



LEGISLATIVE BUDGET BOARD

Fiscal Size-up 2026–27 Biennium

SUBMITTED TO THE EIGHTY-NINTH TEXAS LEGISLATURE

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

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DECEMBER 2025

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2026–27 Biennium

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LEGISLATIVE BUDGET BOARD

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FISCAL SIZE-UP: 2026–27 BIENNIUM

December 2025

Prior to the establishment of the Legislative Budget Board, budgeting was assigned to the Board of Control, the state's purchasing agent. Senate Bill 387, Fifty-first Legislature, Regular Session, 1949, established the initial State Budget Board, later renamed the Legislative Budget Board (LBB). The legislation required all state agencies to submit their budget requests to the LBB for review and recommendations. Over time, the functions of the LBB staff have statutorily evolved to meet the needs and requests of Board members, the Texas Legislature, and the public.

This publication, the *Fiscal Size-up*, continues a long-standing responsibility of the LBB staff to report on the budget and other fiscal actions of each Legislature and to provide contextual information about the structure, operation, and fiscal condition of Texas state government. The *Fiscal Size-up* serves to inform members of the Legislature, state entities, and Texas taxpayers with a comprehensive review of how tax dollars were directed by the Eighty-ninth Legislature during the Regular and Called sessions in 2025.

The first three chapters of the *Fiscal Size-up* summarize the overall fiscal condition of the state as it was when the Eighty-ninth Legislature deliberated the current budget. These opening chapters provide a high-level overview of the 2026–27 biennial state budget, describe the major revenue sources and funds, examine economic indicators for Texas and the U.S., and highlight legislation passed by the Eighty-ninth Legislature, 2025, that may have a significant fiscal impact.

Following this summary, the subsequent chapters of the *Fiscal Size-up* focus in turn on each function of state government, providing comprehensive descriptions of programs and services within the state budget. We approach this discussion by placing significant budget issues within the context of programs, activities, and services of the agencies and institutions that support each function. Along with other LBB publications and resources, the *Fiscal Size-up* is available at www.lbb.texas.gov.

I am extremely grateful for the ongoing commitment and consistent quality work of the LBB staff and for the many state officials and staff that provided the information necessary to compile this publication. The presentation of this information and its associated analysis are solely the responsibility of the LBB staff.

Jerry McGinty

Director

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1. STATE BUDGET OVERVIEW

This chapter provides an overview of Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, referred to as the General Appropriations Act (GAA). This overview includes other bills that appropriate funds passed by the Eighty-ninth Legislature during its Regular Session and First and Second Called Sessions, 2025. These combined appropriations are referred to as the state budget for the 2026–27 biennium.

The overview highlights major changes in the budget from the previous biennium and incorporates the adjustments to 2024–25 biennial appropriations included in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, the supplemental appropriations bill. It also includes supplemental appropriations pursuant to Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025.

The budget is categorized into articles that cover certain areas of state government. For example, Article I is General Government, Article II covers Health and Human Services, and Article III is Public and Higher Education. Six additional articles cover the other areas of government, plus an article providing general provisions to all state agencies and institutions.

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 by 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 Account No. 151 revenues are statutorily dedicated to the Texas

Commission on Environmental Quality to provide funding for various air quality, monitoring, and permitting programs.

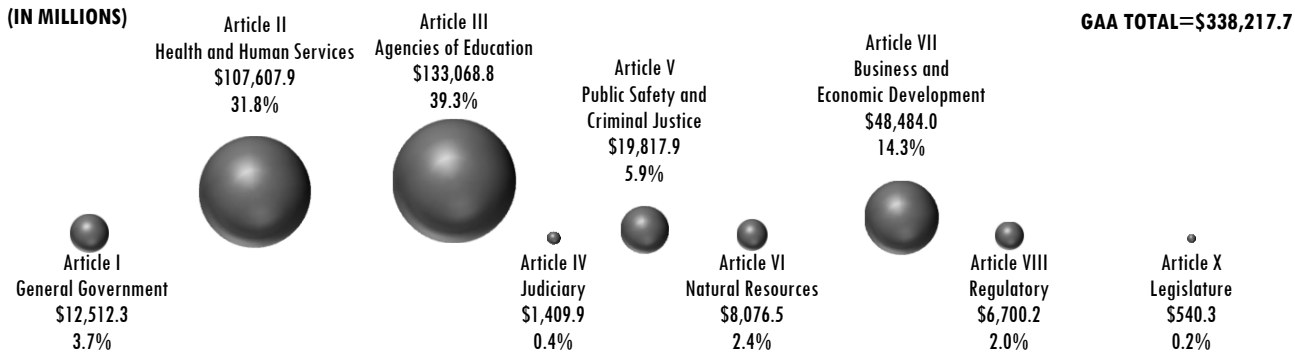
- **Federal Funds** include grants, allocations, payments, or reimbursements received from the federal government by state agencies and institutions. The largest portion of federal funding appropriations is for the Medicaid program in Article II. Other examples of Federal Funds appropriations include the 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 (dedicated or not) or Federal Funds. Examples of Other Funds include the State Highway Fund, the Texas Mobility Fund, the Property Tax Relief Fund, the Economic Stabilization Fund, trust funds, bond proceeds, and Interagency Contracts.

Figures 1 to 14 show the total appropriations for the 2026–27 biennium by each method of finance for each article compared to the 2024–25 biennial estimated or budgeted level of funding. Included are highlights of major funding items or significant policy or fiscal issues across the state; a reconciliation of the base that explains how the previous biennium’s appropriations have been adjusted during the 2024–25 biennium; an itemization of exceptions to 2026–27 baseline funding; and examples of factors affecting the state budget, including budget drivers such as correctional population and public school daily attendance.

This chapter also provides context for understanding the budget, including an analysis of trends in state government expenditures, a discussion of restricted appropriations, and an explanation of constitutional limitations on state appropriations.

FUNDING BY ARTICLE

FIGURE 1
FUNDING BY ARTICLE, ALL FUNDS



NOTE: Object size is proportional to the percentage of All Funds appropriations in the General Appropriations Act (GAA) for all articles, excluding amounts appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025.
SOURCE: Legislative Budget Board.

FIGURE 2
FUNDING BY ARTICLE, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government (1)	\$24,299.7	\$12,512.3	(\$11,787.4)	(48.5%)
Article II – Health and Human Services	\$105,426.3	\$107,607.9	\$2,181.6	2.1%
Article III – Agencies of Education	\$124,422.3	\$133,068.8	\$8,646.5	6.9%
Public Education	\$90,257.0	\$98,709.7	\$8,452.8	9.4%
Higher Education	\$34,165.3	\$34,359.0	\$193.8	0.6%
Article IV – Judiciary	\$1,265.1	\$1,409.9	\$144.8	11.4%
Article V – Public Safety and Criminal Justice	\$21,306.5	\$19,817.9	(\$1,488.6)	(7.0%)
Article VI – Natural Resources	\$13,731.1	\$8,076.5	(\$5,654.5)	(41.2%)
Article VII – Business and Economic Development (2)	\$49,901.5	\$48,484.0	(\$1,417.5)	(2.8%)
Article VIII – Regulatory (2)	\$6,582.2	\$6,700.2	\$117.9	1.8%
Article X – Legislature	\$520.8	\$540.3	\$19.5	3.7%
Total, Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025 (3)	\$347,455.4	\$338,217.7	(\$9,237.7)	(2.7%)
Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025 (4)		\$283.1		
Grand Total	\$347,455.4	\$338,500.8	(\$8,954.6)	(2.6%)

NOTES:

(1) Includes contingent funding appropriated in Article IX, Section 18.38, Contingency for Senate Bill 21, directing the establishment of a Strategic Bitcoin Reserve fund with a deposit of \$10.0 million into the fund. This amount is not represented in the base amounts in Chapter 4, General Government.

(2) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation. Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within the Texas Department of Licensing and Regulation.

(3) Funding appropriated to Article IX, Section 17.15, Appropriations for a Salary Increase for Licensed Attorneys in Certain Positions (\$39.3 million), has been allocated across Articles I to VIII based on assumed utilization. These amounts will not be represented in subsequent chapters because they are estimated.

(4) Appropriations made in Articles I and II related to the supplemental funding appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025, are not represented in base amounts in Chapter 4, General Government, and Chapter 5, Health and Human Services, due to the nature and timing of the appropriations.

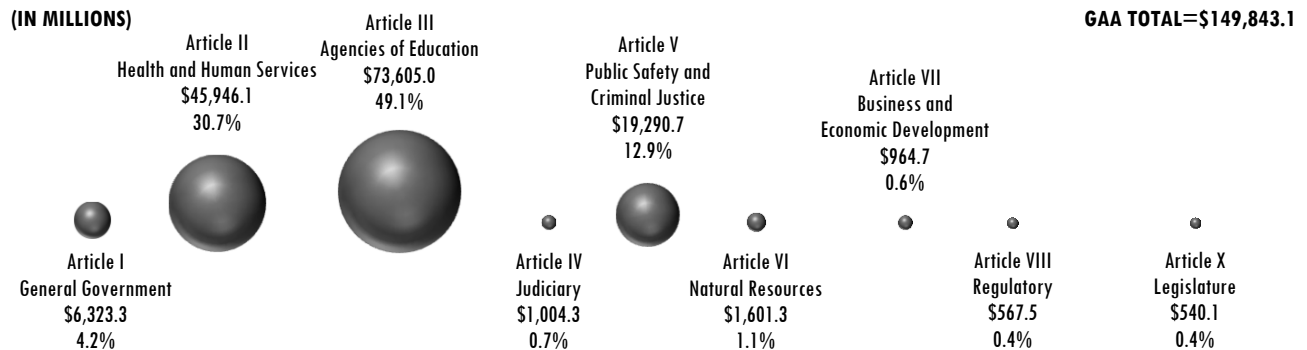
(5) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.

(6) Excludes Interagency Contracts.

(7) 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 appropriations in the General Appropriations Act (GAA) for all articles, excluding amounts appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025.

SOURCE: Legislative Budget Board.

FIGURE 4
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS

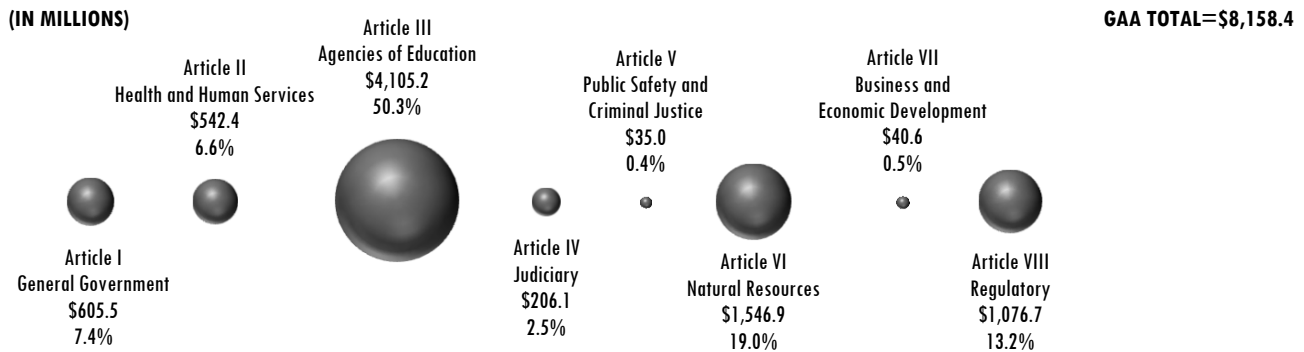
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government (1)	\$12,993.8	\$6,323.3	(\$6,670.6)	(51.3%)
Article II – Health and Human Services	\$45,152.2	\$45,946.1	\$793.9	1.8%
Article III – Agencies of Education	\$72,337.5	\$73,605.0	\$1,267.5	1.8%
<i>Public Education</i>	\$49,250.8	\$49,704.6	\$453.8	0.9%
<i>Higher Education</i>	\$23,086.7	\$23,900.5	\$813.7	3.5%
Article IV – Judiciary	\$874.8	\$1,004.3	\$129.5	14.8%
Article V – Public Safety and Criminal Justice	\$15,222.3	\$19,290.7	\$4,068.5	26.7%
Article VI – Natural Resources	\$4,779.7	\$1,601.3	(\$3,178.3)	(66.5%)
Article VII – Business and Economic Development (2)	\$1,565.7	\$964.7	(\$600.9)	(38.4%)
Article VIII – Regulatory (2)	\$446.9	\$567.5	\$120.6	27.0%
Article X – Legislature	\$520.8	\$540.1	\$19.3	3.7%
Total, Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025 (3)	\$153,893.6	\$149,843.1	(\$4,050.5)	(2.6%)
Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025 (4)		\$2.5		
Grand Total	\$153,893.6	\$149,845.6	(\$4,048.1)	(2.6%)

NOTES:

- (1) Includes contingent funding appropriated in Article IX, Section 18.38, Contingency for Senate Bill 21, directing the establishment of a Strategic Bitcoin Reserve fund with a deposit of \$10.0 million into the fund. This amount is not represented in the base amounts in Chapter 4, General Government.
- (2) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation. Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within the Texas Department of Licensing and Regulation.
- (3) Funding appropriated to Article IX, Section 17.15, Appropriations for a Salary Increase for Licensed Attorneys in Certain Positions (\$39.3 million), has been allocated across Articles I to VIII based on assumed utilization. These amounts will not be represented in subsequent chapters because they are estimated.
- (4) Appropriations made in Article II related to the supplemental funding appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025, are not represented in base amounts in Chapter 5, Health and Human Services, due to the nature and timing of the appropriations.
- (5) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
- (6) 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 appropriations in the General Appropriations Act (GAA) for all articles.

SOURCE: Legislative Budget Board.

FIGURE 6
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$3,130.5	\$605.5	(\$2,525.0)	(80.7%)
Article II – Health and Human Services	\$558.0	\$542.4	(\$15.6)	(2.8%)
Article III – Agencies of Education	\$3,331.6	\$4,105.2	\$773.6	23.2%
<i>Public Education</i>	\$2.6	\$1,002.6	\$1,000.0	38,288.9%
<i>Higher Education</i>	\$3,329.0	\$3,102.6	(\$226.4)	(6.8%)
Article IV – Judiciary	\$172.8	\$206.1	\$33.4	19.3%
Article V – Public Safety and Criminal Justice	\$117.1	\$35.0	(\$82.1)	(70.1%)
Article VI – Natural Resources	\$1,581.2	\$1,546.9	(\$34.3)	(2.2%)
Article VII – Business and Economic Development (1)	\$659.9	\$40.6	(\$619.4)	(93.9%)
Article VIII – Regulatory (1)	\$1,074.9	\$1,076.7	\$1.9	0.2%
Article X – Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025	\$10,625.9	\$8,158.4	(\$2,467.5)	(23.2%)

NOTES:

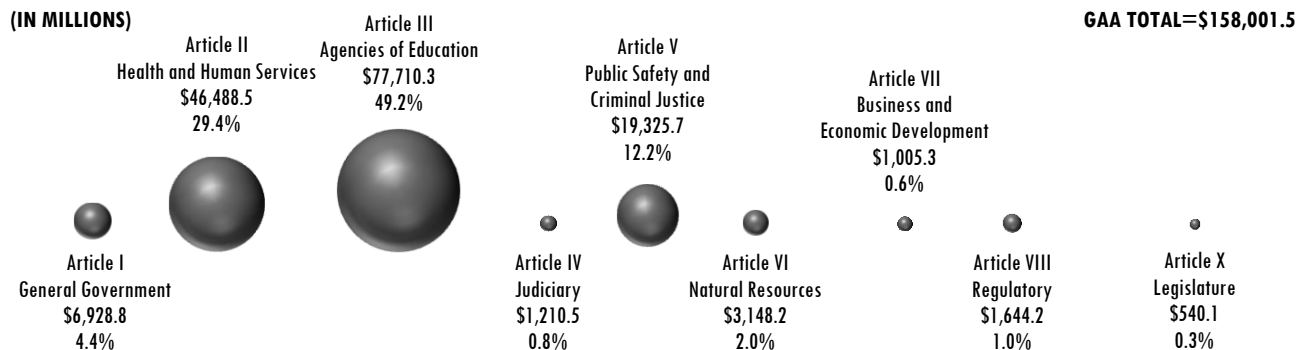
(1) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation. Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within the Texas Department of Licensing and Regulation.

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

(3) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.

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 appropriations in the General Appropriations Act (GAA) for all articles, excluding amounts appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025.

SOURCE: Legislative Budget Board.

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

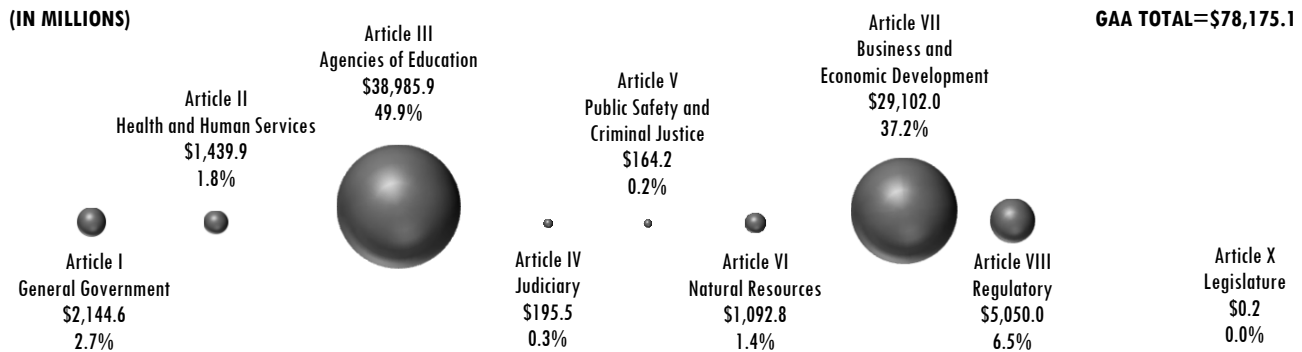
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government (1)	\$16,124.3	\$6,928.8	(\$9,195.5)	(57.0%)
Article II – Health and Human Services	\$45,710.2	\$46,488.5	\$778.3	1.7%
Article III – Agencies of Education	\$75,669.1	\$77,710.3	\$2,041.1	2.7%
<i>Public Education</i>	\$49,253.4	\$50,707.2	\$1,453.8	3.0%
<i>Higher Education</i>	\$26,415.7	\$27,003.1	\$587.3	2.2%
Article IV – Judiciary	\$1,047.6	\$1,210.5	\$162.9	15.5%
Article V – Public Safety and Criminal Justice	\$15,339.3	\$19,325.7	\$3,986.4	26.0%
Article VI – Natural Resources	\$6,360.8	\$3,148.2	(\$3,212.6)	(50.5%)
Article VII – Business and Economic Development (2)	\$2,225.6	\$1,005.3	(\$1,220.3)	(54.8%)
Article VIII – Regulatory (2)	\$1,521.8	\$1,644.2	\$122.5	8.0%
Article X – Legislature	\$520.8	\$540.1	\$19.3	3.7%
Total, Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025 (3)	\$164,519.5	\$158,001.5	(\$6,518.0)	(4.0%)
Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025 (4)		\$2.5		
Grand Total	\$164,519.5	\$158,004.0	(\$6,515.5)	(4.0%)

NOTES:

- (1) Includes contingent funding appropriated in Article IX, Section 18.38, Contingency for Senate Bill 21, directing the establishment of a Strategic Bitcoin Reserve fund with a deposit of \$10.0 million into the fund. This amount is not represented in the base amounts in Chapter 4, General Government.
- (2) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation. Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within the Texas Department of Licensing and Regulation.
- (3) Funding appropriated to Article IX, Section 17.15, Appropriations for a Salary Increase for Licensed Attorneys in Certain Positions (\$39.3 million), has been allocated across Articles I to VIII based on assumed utilization. These amounts will not be represented in subsequent chapters because they are estimated.
- (4) Appropriations made in Article II related to the supplemental funding appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025, are not represented in base amounts in Chapter 5, Health and Human Services, due to the nature and timing of the appropriations.
- (5) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
- (6) 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, OTHER FUNDS



NOTE: Object size is proportional to the percentage of Other Funds appropriations in the General Appropriations Act (GAA) for all articles, excluding amounts appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025.

SOURCE: Legislative Budget Board.

FIGURE 10
FUNDING BY ARTICLE, OTHER FUNDS

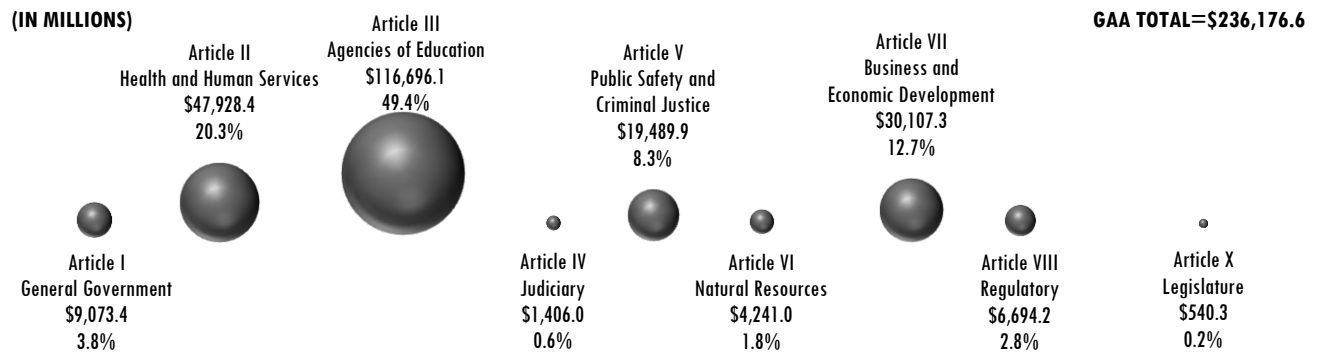
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$2,591.8	\$2,144.6	(\$447.2)	(17.3%)
Article II – Health and Human Services	\$1,539.0	\$1,439.9	(\$99.1)	(6.4%)
Article III – Agencies of Education	\$33,003.3	\$38,985.9	\$5,982.6	18.1%
<i>Public Education</i>	\$28,268.9	\$34,293.3	\$6,024.4	21.3%
<i>Higher Education</i>	\$4,734.3	\$4,692.5	(\$41.8)	(0.9%)
Article IV – Judiciary	\$211.2	\$195.5	(\$15.7)	(7.4%)
Article V – Public Safety and Criminal Justice	\$187.3	\$164.2	(\$23.1)	(12.3%)
Article VI – Natural Resources	\$1,768.7	\$1,092.8	(\$675.9)	(38.2%)
Article VII – Business and Economic Development	\$28,068.4	\$29,102.0	\$1,033.6	3.7%
Article VIII – Regulatory	\$5,054.7	\$5,050.0	(\$4.8)	(0.1%)
Article X – Legislature	\$0.1	\$0.2	\$0.1	276.5%
Total, Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025	\$72,424.5	\$78,175.1	\$5,750.6	7.9%
Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025 (1)		\$280.6		
Grand Total	\$72,424.5	\$78,455.7	\$6,031.1	8.3%

NOTES:

- (1) Appropriations made in Articles I and II related to the supplemental funding appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025, are not represented in base amounts in Chapter 4, General Government, and Chapter 5, Health and Human Services, due to the nature and timing of the appropriations.
- (2) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
- (3) Excludes Interagency Contracts.
- (4) 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, 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 appropriations in the General Appropriations Act (GAA) for all articles, excluding amounts appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025.

SOURCE: Legislative Budget Board.

FIGURE 12
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS

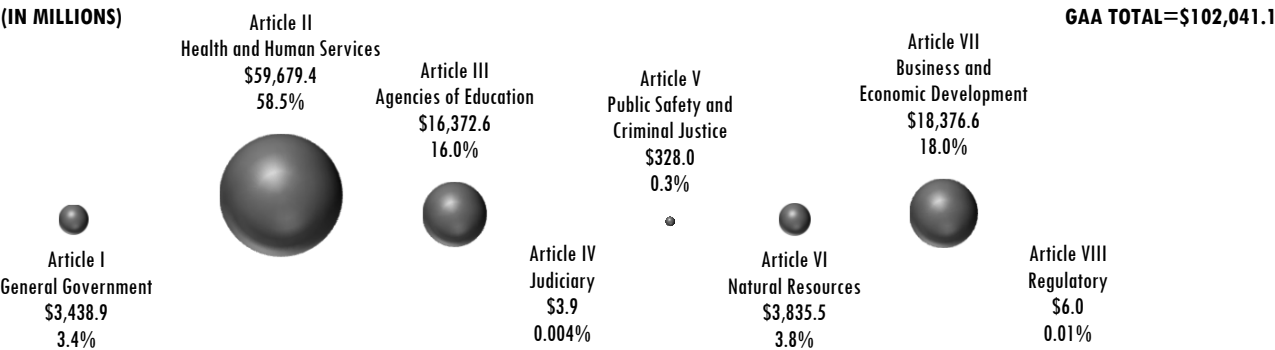
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government (1)	\$18,716.2	\$9,073.4	(\$9,642.8)	(51.5%)
Article II – Health and Human Services	\$47,249.2	\$47,928.4	\$679.2	1.4%
Article III – Agencies of Education	\$108,672.4	\$116,696.1	\$8,023.7	7.4%
<i>Public Education</i>	\$77,522.4	\$85,000.5	\$7,478.2	9.6%
<i>Higher Education</i>	\$31,150.0	\$31,695.6	\$545.5	1.8%
Article IV – Judiciary	\$1,258.8	\$1,406.0	\$147.2	11.7%
Article V – Public Safety and Criminal Justice	\$15,526.7	\$19,489.9	\$3,963.3	25.5%
Article VI – Natural Resources	\$8,129.5	\$4,241.0	(\$3,888.5)	(47.8%)
Article VII – Business and Economic Development (2)	\$30,294.0	\$30,107.3	(\$186.7)	(0.6%)
Article VIII – Regulatory (2)	\$6,576.5	\$6,694.2	\$117.7	1.8%
Article X – Legislature	\$520.8	\$540.3	\$19.5	3.7%
Total, Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025 (3)	\$236,944.1	\$236,176.6	(\$767.5)	(0.3%)
Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025 (4)		\$283.1		
Grand Total	\$236,944.1	\$236,459.7	(\$484.4)	(0.2%)

NOTES:

- (1) Includes contingent funding appropriated in Article IX, Section 18.38, Contingency for Senate Bill 21, directing the establishment of a Strategic Bitcoin Reserve fund with a deposit of \$10.0 million into the fund. This amount is not represented in the base amounts in Chapter 4, General Government.
- (2) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation. Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within the Texas Department of Licensing and Regulation.
- (3) Funding appropriated to Article IX, Section 17.15, Appropriations for a Salary Increase for Licensed Attorneys in Certain Positions (\$39.3 million), has been allocated across Articles I to VIII based on assumed utilization. These amounts will not be represented in subsequent chapters because they are estimated.
- (4) Appropriations made in Articles I and II related to the supplemental funding appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025, are not represented in base amounts in Chapter 4, General Government, and Chapter 5, Health and Human Services, due to the nature and timing of the appropriations.
- (5) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
- (6) Excludes Interagency Contracts.
- (7) 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, FEDERAL FUNDS



NOTE: Object size is proportional to the percentage of Federal Funds appropriations in the General Appropriations Act (GAA) for all articles.
SOURCE: Legislative Budget Board.

FIGURE 14
FUNDING BY ARTICLE, FEDERAL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 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	\$58,177.1	\$59,679.4	\$1,502.4	2.6%
Article III – Agencies of Education	\$15,749.9	\$16,372.6	\$622.8	4.0%
Public Education	\$12,734.6	\$13,709.2	\$974.6	7.7%
Higher Education	\$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	\$3,835.5	(\$1,766.0)	(31.5%)
Article VII – Business and Economic Development	\$19,607.5	\$18,376.6	(\$1,230.8)	(6.3%)
Article VIII – Regulatory	\$5.8	\$6.0	\$0.2	3.9%
Article X – Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025	\$110,511.4	\$102,041.1	(\$8,470.2)	(7.7%)

NOTES:
(1) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
(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.

HIGHLIGHTS OF THE STATE BUDGET

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

FOUNDATION SCHOOL PROGRAM

- Funding of \$73.2 billion in All Funds is included for state aid to school districts and charter schools through the Texas Education Agency Foundation School Program (FSP), an increase of \$13.1 billion from the 2024–25 biennium. Appropriations from General Revenue Funds for the FSP total \$39.6 billion, an increase of \$7.1 billion from the 2024–25 biennium.
- The Eighty-ninth Legislature, General Appropriations Act (GAA), 2026–27 Biennium, Article IX, includes \$8.5 billion in General Revenue Funds for increased public education funding. An estimated \$8.0 billion of this amount is appropriated to the FSP to implement the provisions of legislation enacted by the Eighty-ninth Legislature, Regular Session, 2025, including House Bill 2, relating to public education and public school finance, Senate Bill 569, relating to the provision of virtual education in public schools, and Senate Bill 1490, relating to adult high school charter program funding.
- Funding for the FSP funds requirements in current law fully. This funding includes an estimated \$3.1 billion in All Funds to represent changes in student population projections; a savings of \$4.7 billion in All Funds due to district property value growth; and an estimated \$1.0 billion in All Funds related to a projected increase in the golden penny yield required under prior law, which is instead appropriated to maintain the fiscal year 2025 golden penny yield and to increase the Basic Allotment, pursuant to House Bill 2.
- Funding for tax relief includes an estimated total of \$51.0 billion for the 2026–27 biennium, which maintains property tax relief provided since the enactment of House Bill 3, Eighty-sixth Legislature, 2019; provides new property tax relief pursuant to House Bill 3; and provides new tax relief pursuant to the enactment of legislation by the Eighty-ninth Legislature, 2025.
- Increased funding for property tax relief from 2024–25 biennial levels includes \$10.0 billion from the General Revenue Fund and the Property Tax Relief Fund. Estimated costs of district property tax compression

required by current law during the 2026–27 biennium total \$2.6 billion in General Revenue Funds. Of this amount, \$1.8 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 \$0.8 billion is required to reduce the state compression percentage pursuant to the Texas Education Code, Section 48.2552(c). Included in the \$10.0 billion is \$3.5 billion to maintain property tax relief provided by the Eighty-eighth Legislature, Regular Session, 2023, and \$3.9 billion to implement the following property tax relief legislation from the Eighty-ninth Legislature, Regular Session, 2025: Senate Bill 4 and Senate Joint Resolution 2, which increase the homestead exemption to \$140,000; Senate Bill 23 and Senate Joint Resolution 85, which increase the additional homestead exemption for the elderly or disabled to \$60,000; and House Bill 9 and House Joint Resolution 1, which provide an exemption from taxation of \$125,000 on income-producing tangible personal property.

- Funding from Other Funds for the FSP includes an estimated increase of \$6.0 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 new property tax relief for the 2026–27 biennium. Funding also includes a projected decrease of \$1.1 billion in recapture payments due to the combined enactment of property tax legislation and House Bill 2 and a projected increase of \$643.5 million from the Tax Reduction and Excellence in Education Fund.

MEDICAID

- Funding for the Texas Medicaid program provides \$84.5 billion in All Funds, including \$32.8 billion in General Revenue Funds and \$0.1 billion in General Revenue–Dedicated Funds. This amount is an increase from 2024–25 biennial levels of \$5.3 billion in All Funds and \$2.4 billion in General Revenue Funds. These amounts include \$750.0 million in General Revenue Funds appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, for the Medicaid program in the 2026–27 biennium.
- Total Medicaid appropriations include \$77.8 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 an increase of \$5.0 billion in All Funds for Medicaid client services and an increase of \$0.3 billion in All Funds for other programs supported by Medicaid funding, which is partially offset by a decrease of less than \$0.1 billion in All Funds for administrative funding.

- Projected stabilization of caseload growth and a smaller proportion of the program being funded with Federal Funds due to less favorable federal medical assistance percentages result in increased demand on General Revenue Funds. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.

TRANSPORTATION

- Funding provides \$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 provides \$35.8 billion in All Funds for highway planning and design, right-of-way acquisition, construction, and maintenance and preservation. This 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 provides \$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 Bonds interest payment subsidies.

BEHAVIORAL HEALTH

- Funding for non-Medicaid and Children's Health Insurance Program (CHIP) behavioral health services

provides \$6.5 billion in All Funds, including \$5.6 billion from 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 \$3.9 billion in All Funds for the 2026–27 biennium. CHIP expenditures are estimated to total \$59.6 million in All Funds. These amounts include projected cost growth that is not included in the funding provisions. Total behavioral health-related funding, including estimated Medicaid and CHIP expenditures, is estimated at \$10.5 billion from All Funds for the biennium.
- Funding for non-Medicaid and CHIP behavioral health services decreased by \$2.6 billion in All Funds from 2024–25 biennial spending levels, including \$1.7 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 (\$2.2 billion in General Revenue Funds; \$14.7 million in Federal Funds; \$150.7 million in Other Funds), including supplemental appropriations from House Bill 500 for facility updates and deferred maintenance. These decreases are offset partially by an increase of \$165.9 million from General Revenue Funds; 630.6 full-time-equivalent (FTE) positions in fiscal year 2026 and 1,964.8 FTE positions in fiscal year 2027 for operation of expanded capacity at certain state-owned hospitals; \$92.6 million from General Revenue Funds for rate increases and operation of expanded capacity for community mental health hospitals; and an increase of \$40.0 million from General Revenue Funds at HHSC for youth mobile crisis outreach teams.

CHILD PROTECTIVE SERVICES

- Funding of \$4.2 billion in All Funds, including \$2.8 billion in General Revenue Funds, is provided for all Child Protective Services (CPS) functions at the Texas Department of Family and Protective Services. This amount is an increase of \$88.4 million in All Funds, including \$142.5 million in General Revenue Funds, from the 2024–25 biennium.
- CPS funding includes \$1.8 billion in All Funds, including \$960.3 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 includes \$2.1 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 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. This amount also provides funding to increase the network support payment to \$2,500 per child full-time-equivalent, and provide resource transfer payments for readiness prior to the implementation of each stage.

HIGHER EDUCATION FORMULA FUNDING

- Higher education formulas are supported by \$10.8 billion in General Revenue Funds and \$1.6 billion in statutory tuition in General Revenue–Dedicated Funds. Included in these amounts are increases of \$687.6 million in General Revenue Funds and \$5.6 million in General Revenue–Dedicated Funds.
- The general academic institutions (GAI) Instruction and Operations (I&O) formula rate is increased from \$59.08 to \$60.67 per weighted semester credit hour, and the GAI Infrastructure formula rate is increased from \$5.75 to \$5.94 per predicted square foot. Formula rates for the health-related institutions (HRI) I&O, Infrastructure Support, Graduate Medical Education, and HRI Research Enhancement formulas are comparable to 2024–25 biennial rates.

TEACHER RETIREMENT AND HEALTH BENEFITS

- Funding of \$6.4 billion in All Funds provides 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 FSP, pursuant to the Texas Insurance Code, Section 1579.251, active employee health insurance funding of \$369.2 million in General Revenue Funds is provided in House Bill 500.

ADULT CORRECTIONS AND JUVENILE JUSTICE

- Funding for the Texas Department of Criminal Justice (TDCJ) for the 2026–27 biennium totals \$9.8 billion in All Funds, a decrease of \$411.1 million, or 4.0 percent from the 2024–25 biennial expenditure levels. The decrease is attributable primarily to a decrease of \$328.1 million in General Revenue Funds and a decrease of \$85.4 million in General Revenue–Dedicated Funds to remove onetime funding for major repair and construction projects, vehicles, body scanners, and capital equipment; a decrease of \$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 a decrease of \$11.6 million in General Revenue Funds to transfer funding for education to Windham School District.

- These decreases are offset by funding for salary increases for correctional and parole officers (\$362.6 million); the resumption of services at previously idled units and to fund per diem rate increases at contracted facilities (\$313.0 million); additional funding to address increasing correctional managed healthcare costs (\$259.0 million); additional funding to address increasing operational costs (\$150.0 million); increased funding for local community supervision and corrections departments to address increasing costs and provide salary increases (\$46.4 million); the operation of the Giles W. Dalby Correctional Facility in Post (\$41.2 million); targeted salary increases for TDCJ staff (\$20.0 million); increased infirmary capacity (\$19.3 million); training and retention initiatives (\$15.6 million); increased operating expenses and expanded capacity at the Texas Correctional Office on Offenders with Medical or Mental Impairments (\$9.0 million); and information technology staffing enhancements (\$7.0 million). In addition, House Bill 500 includes supplemental appropriations for the construction of expansion dormitories (\$301.0 million); major repair and restoration projects (\$286.3 million); and the purchase of the Giles W. Dalby Correctional Facility (\$110.0 million).
- In addition to these amounts, funding includes \$4,605.5 million in General Revenue Funds to offset a corresponding decrease of \$4,605.5 million in Federal Funds related to COVID-19 pandemic relief.
- Funding for the Texas Juvenile Justice Department (TJJJD) for the 2026–27 biennium totals \$954.7 million in All Funds, a decrease of \$212.8 million, or 18.2 percent, in All Funds. 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 for salary increases for direct-care staff at state secure facilities and local juvenile probation department staff (\$46.1 million); the biennialization of the statewide salary adjustments (\$24.0 million); the impact of the Legislative Budget Board's January 2025 population projections (\$22.5 million); funding to provide salary increases to direct care staff (\$19.3 million); funding for the Office of Inspector General (\$13.3 million); and funding for pre-adjudication and post-adjudication and regionalization placements

(\$6.4 million). In addition, House Bill 500 includes supplemental funding to complete the construction of two new facilities (\$104.0 million); to reimburse counties holding youth that are pending admission to TJJJD (\$13.3 million); for life safety and preventive maintenance projects (\$5.0 million); and for application modernization (\$4.5 million).

BORDER SECURITY

- Funding includes \$3,351.7 million in All Funds to support border security efforts at 13 state agencies across several articles of government. Most of the funding included for border security is appropriated to three agencies: \$1,765.5 million to the Texas Military Department (TMD); \$1,194.6 million to the Texas Department of Public Safety (DPS); and \$228.5 million to the Office of the Governor (OOG).
- Funding for the 2026–27 biennium includes \$1,765.5 million in General Revenue Funds for border security at TMD. The Texas State Guard and National Guard support Operation Lone Star (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 maintains support for staffing at full deployment levels. Funding includes \$1,194.6 million in General Revenue Funds for OLS and other agency border security efforts. This base funding provides for salary and wages for troopers deployed in the border region, a 50.0-hour work week, human-trafficking prevention, anti-gang activities, cameras, and equipment.
- Funding for the OOG's border security activities totals \$228.5 million in General Revenue Funds for Border Security for the 2026–27 biennium. This amount includes funding for border prosecution grants, anti-gang programs, and border processing centers.
- Border-security appropriations to other agencies for the 2026–27 biennium include \$44.8 million to the Office of Court Administration, \$33.6 million to the Texas Parks and Wildlife Department, \$25.9 million to TDCJ, \$25.1 million to the Texas Department of Motor Vehicles, and \$16.4 million to the Texas Department of State Health Services.

- The 2026–27 GAA, Article IX, Section 7.10, Border Security, specifies the amounts and reporting requirements for agencies receiving border-security appropriations.

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

- Funding of \$2.0 billion in All Funds, including \$1.4 billion in General Revenue Funds and General Revenue–Dedicated Funds, provides for the state contribution to the Employees Retirement System of Texas retirement program. This amount is an increase of \$309.2 million in All Funds, and an increase of \$464.7 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 provides for a 9.5-percent state contribution rate for each fiscal year of the 2026–27 biennium. Funding also continues 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).
- Funding of \$4.7 billion in All Funds, including \$3.3 billion in General Revenue Funds and General Revenue–Dedicated Funds, provides for the state contribution for group insurance benefits (GBP) for general state employees, retirees, and their dependents. The funding is an increase of \$868.9 million in All Funds, including \$1,045.0 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 provides health insurance contributions for local community supervision and corrections department employees, retirees, and dependents who also participate in the GBP. The funding provides an increase of \$13.6 million in General Revenue Funds, which includes an 8.0-percent increase in premiums during each year of the biennium.

- Funding of \$2.8 billion in All Funds, including \$2.3 billion in General Revenue Funds and General Revenue–Dedicated Funds, provides for the state contribution for Social Security payroll taxes for employees of state agencies and institutions of higher education, which is an increase of \$471.9 million in All Funds, including \$650.8 million in General Revenue Funds and General Revenue–Dedicated Funds. The funding is 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 in fiscal years 2026 and 2027, and 5.5 percent and 5.6 percent annual payroll growth, respectively, for higher education employees in fiscal years 2026 and 2027.
- Funding provides for 239,732.8 FTE positions for fiscal year 2026, and 241,206.6 FTE positions for fiscal year 2027. The number of FTE positions for fiscal year 2027 is an increase of 15,966.4 positions from fiscal year 2025 budgeted levels.

DEBT SERVICE

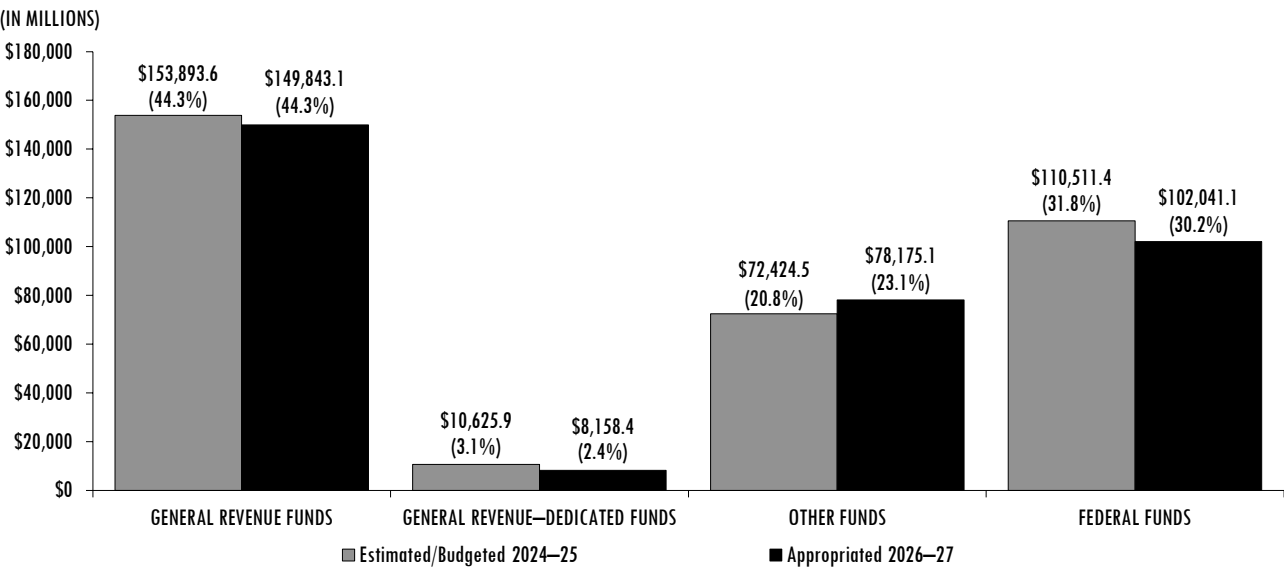
- Funding for the 2026–27 biennium totals \$4.7 billion in All Funds, which funds debt service fully. This amount is a decrease of \$86.2 million from the 2024–25 biennium. Funding provides for debt service for General Obligation and revenue debt issued, or expected to be issued, by the Texas Public Finance Authority, the Texas Facilities Commission, the Texas Water Development Board, TxDOT, and OOG. Funding also provides for reimbursement of debt service payments for Capital Construction Assistance Project bonds issued by various institutions.

BIENNIAL COMPARISON
BY FUND SOURCE

Figure 15 shows a comparison of biennial amounts for each of the four fund sources, known as methods of finance, in the state budget. Estimated and budgeted amounts for the 2024–25 biennium refer to agency-estimated

expenditures for fiscal year 2024, agency-budgeted amounts for fiscal year 2025, and supplemental appropriations for fiscal year 2025. Appropriations for the 2026–27 biennium refer to biennial amounts contained in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium. Percentage amounts represent the percentage of the entire biennial budget represented by that fund source.

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



NOTES:

- (1) Includes contingent funding appropriated in Article IX, Section 18.38, Contingency for Senate Bill 21, directing the establishment of a Strategic Bitcoin Reserve fund with a deposit of \$10.0 million into the fund. This amount is not represented in the base amounts in Chapter 4, General Government.
- (2) Funding appropriated to Article IX, Section 17.15, Appropriations for a Salary Increase for Licensed Attorneys in Certain Positions (\$39.3 million) has been allocated across Articles I to VIII based on assumed utilization. These amounts do not appear in subsequent chapters because they are estimated.
- (3) Other Funds excludes Interagency Contracts.
- (4) Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

APPROPRIATED, ESTIMATED, AND BUDGETED FUNDS COMPARISON

During each biennium, circumstances may result in variances to state agency expenditures (i.e., estimated and budgeted amounts) from the amounts appropriated by the Legislature. Typically, these variances result from changes in population, client demands, or unforeseen events such as natural disasters, changes to federal formulas, grant requirements, or increased or decreased available revenue or balances supporting legislative appropriations. Often, these incremental changes to the current biennial budget are authorized by existing law, either through the Texas Constitution or the General

Appropriations Act, and do not require legislative action. However, some expenditure changes require further action by the Legislature in the form of a supplemental appropriations bill.

Estimated expended and budgeted amounts for the 2024–25 biennium increased by approximately \$25.7 billion, or 8.0 percent, in All Funds. This amount consists of a net increase of \$13.3 billion (8.8 percent) in General Revenue Funds and General Revenue–Dedicated Funds, and a net increase of \$12.5 billion (7.3 percent) in other funding sources (Federal Funds and Other Funds). **Figure 16** shows the most significant changes.

FIGURE 16
RECONCILIATION OF INITIAL 2024–25 BIENNIAL APPROPRIATIONS TO 2024–25 EXPENDED AND BUDGETED AMOUNTS

(IN MILLIONS)	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS	ALL FUNDS
2024–25 Biennial Appropriations as Published in the <i>Fiscal Size-Up</i>	\$151,252.4	\$321,708.8
BUDGET ADJUSTMENTS		
General Government		
Fiscal Programs within the Office of the Comptroller of Public Accounts: actual appropriations for unclaimed property exceeded estimates	\$84.0	\$84.0
Fiscal Programs within the Office of the Comptroller of Public Accounts: transfer from the General Revenue Fund to the Broadband Infrastructure Fund, transfer from the Broadband Infrastructure Fund to the Broadband Pole Replacement Fund, and transfer from the Broadband Infrastructure Fund to the Next Generation 9-1-1 Service Fund	(\$1,500.0)	(\$155.2)
Fiscal Programs within the Office of the Comptroller of Public Accounts: increase in revenue from the federal Infrastructure Investment and Jobs Act for broadband development	\$854.2	\$854.2
Fiscal Programs within the Office of the Comptroller of Public Accounts: unexpended balance authority from fiscal year 2023 of funding from the Broadband Development Fund	\$0.0	\$497.4
Fiscal Programs within the Office of the Comptroller of Public Accounts: actual expenditures from the Broadband Infrastructure Fund less than estimates	\$0.0	(\$466.8)
Texas Department of Information Resources: supplemental appropriations from the General Revenue Fund for regional security operations centers, the continuation and expansion of cybersecurity services, and from other funds for information management security tools	\$58.2	\$61.2
Employees Retirement System of Texas: supplemental appropriations from General Revenue Funds and other funds for legacy payments	\$916.0	\$1,020.0
Texas Facilities Commission (TFC): supplemental appropriation of General Revenue Funds for constructing, completing, and furnishing state buildings; includes an appropriation reduction to offset the sale of the Hobby building	\$190.1	\$190.1
TFC: unexpended balance authority from fiscal year 2023 for the Permian Basin Behavioral Health Center and Texas State Library and Archives Commission archives	\$294.2	\$379.9
Trusted Programs within the Office of the Governor: supplemental appropriations from General Revenue Funds (\$548.6 million) and General Revenue–Dedicated Funds (\$600.0 million)	\$1,148.6	\$1,148.6
Trusted Programs within the Office of the Governor: unexpended balance authority from fiscal year 2023	\$1,656.1	\$1,773.4
Texas Historical Commission: unexpended balance authority from fiscal year 2023	\$219.8	\$219.8

FIGURE 16 (CONTINUED)
RECONCILIATION OF INITIAL 2024–25 BIENNIAL APPROPRIATIONS TO 2024–25 EXPENDED AND BUDGETED AMOUNTS

(IN MILLIONS)	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS	ALL FUNDS
Texas State Preservation Board (TSPB): supplemental appropriations from General Revenue Funds for Senate facility projects, the Governor's mansion, and warehouse construction	\$142.4	\$142.4
TSPB: unexpended balance authority from fiscal year 2023	\$139.2	\$139.2
Health and Human Services		
Health and Human Services Commission (HHSC): projected difference in Medicaid client services from appropriated levels, including program-generated income and other revenue, and other items	(\$771.5)	(\$2,620.2)
HHSC: projected difference from appropriated levels for client services of the federal Children's Health Insurance Program (CHIP), including program-generated income and other revenue and appropriations transferred to other programs and agencies	(\$141.0)	(\$518.5)
HHSC: supplemental appropriations from General Revenue Funds (\$256.4 million) and Federal Funds (\$3.4 million), primarily for mental health services and state-owned facilities	\$256.4	\$259.8
HHSC: unexpended balance authority from fiscal year 2023 of General Revenue Funds (\$2,204.7 million), Federal Funds (\$166.0 million), and Other Funds (\$13.1 million) primarily for non-Medicaid items, including new capacity for mental health services and inpatient facilities	\$2,204.8	\$2,383.5
HHSC: increase of General Revenue Funds and Federal Funds for disaster-related response including Hurricane Beryl and administrative needs and program shortfalls, primarily for state-owned facility operations and increased Federal Funds, including non-Medicaid/CHIP funds received for COVID-19 pandemic response	\$683.1	\$2,440.8
HHSC: projected difference in certain client services from appropriated levels, including Women's Health programs, Temporary Assistance for Needy Families cash assistance, Early Childhood Intervention, and certain behavioral health programs	(\$41.5)	(\$170.5)
HHSC: other increases and decreases for lapsed appropriations, changes in certain federal awards, and other items	(\$8.3)	\$93.4
Department of State Health Services (DSHS): unexpended balance authority from fiscal year 2023	\$46.9	\$73.8
DSHS: supplemental appropriation of General Revenue Funds and Federal Funds for vehicles, boats, seat management, Maternal and Child Health Information Technology (IT) project, and an increase in Federal Funds for new laboratory construction	\$10.6	\$339.0
DSHS: increased Federal Funds	\$0.0	\$616.6
Department of Family and Protective Services (DFPS): a decrease in General Revenue Funds (\$65.8 million) and Federal Funds (\$18.3 million) for adjustments to client services programs for day care, adoption subsidy and permanency care assistance payments, relative caregiver payments, and foster care	(\$65.8)	(\$84.1)
DFPS: supplemental appropriations of General Revenue Funds and Federal Funds for client services and IT projects	\$127.6	\$173.4
DFPS: a decrease in General Revenue Funds and Federal Funds due to lapses	(\$15.7)	(\$88.0)
Public and Higher Education		
Teacher Retirement System of Texas (TRS): actual appropriation exceeded estimates	\$225.5	\$225.5
TRS: supplemental appropriation of General Revenue Funds for TRS-ActiveCare	\$369.2	\$369.2
TRS: increased expenditure of Other Funds due to TRS board decisions	\$0.0	\$64.2
Texas Education Agency (TEA): increased General Revenue Funds and decreased Other Funds changes for the Foundation School Program due to increases in weighted student funding, offset by savings related to district property value growth; decreases in recapture payments resulted in increased General Revenue Funds expenditures	\$1,149.6	(\$1,363.6)

FIGURE 16 (CONTINUED)
RECONCILIATION OF INITIAL 2024–25 BIENNIAL APPROPRIATIONS TO 2024–25 EXPENDED AND BUDGETED AMOUNTS

(IN MILLIONS)	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS	ALL FUNDS
TEA: supplemental appropriations of General Revenue Funds primarily for adopting and using open education resource instructional materials	\$246.1	\$246.1
TEA: unexpended balance authority from fiscal year 2023 for school safety, special education, instructional materials, and other items	\$1,401.9	\$1,401.9
TEA: increased Federal Funds for Title I and school nutrition programs	\$0.0	\$210.6
Texas Higher Education Coordinating Board (THECB): supplemental appropriation of General Revenue Funds for the Texas Research Incentive Program to address a backlog in eligible unmatched donations	\$400.9	\$400.9
THECB: estimated allocations from TEA for the Financial Aid for Swift Transfer Program	\$0.0	\$128.7
University of Texas at Austin: unexpended balance authority from fiscal year 2023 for the Institute of Electronics	\$440.0	\$440.0
University of Texas Health Science Center at Houston: unexpended balance authority from fiscal year 2023 for Texas Epidemic Public Health Institute formula support and Harris County Psychiatric Hospital	\$15.8	\$51.5
Texas Tech University: supplemental appropriations of General Revenue Funds to support Pulsed Power Clean Room and Demonstration Reactor	\$191.0	\$191.0
Texas Tech University Health Sciences Center at El Paso: unexpended balance authority for the Comprehensive Cancer Center and a supplemental appropriation of General Revenue Funds for phase II of construction of the Comprehensive Cancer Center	\$130.0	\$130.0
Texas A&M University System Administrative and General Offices: unexpended balance authority from fiscal year 2023 for advanced technologies and supplemental appropriations from General Revenue Funds for the Bush Combat Development Center and Easterwood Airport runway improvements	\$311.2	\$311.2
University of Houston: unexpended balance authority from fiscal year 2023 for institutional enhancement	\$0.0	\$50.0
General academic institutions: increased General Revenue–Dedicated Funds for estimated statutory tuition	\$252.5	\$252.5
Public community/junior colleges: supplemental appropriations due to a rate increase and higher-than-projected outcomes in the Performance Tier formula	\$89.5	\$89.5
Texas Division of Emergency Management (TDEM): supplemental appropriations from General Revenue Funds for operations facilities and staging areas	\$135.0	\$135.0
TDEM: receipt of the Office of the Governor’s Disaster, Deficiency, and Emergency Grants	\$0.0	\$312.6
Texas A&M Forest Service: supplemental appropriations of General Revenue Funds and General Revenue–Dedicated Funds for natural disaster response (\$124.8 million), volunteer fire department assistance (\$236.3 million), and wildfire suppression aircraft (\$257.0 million)	\$618.0	\$618.0
Texas A&M Engineering Experiment Station: increased receipt of Federal Funds and an increase in estimated Other Funds representing actual funding levels from industry-sponsored contracts	\$0.0	\$148.6
Available University Fund: an increase in estimated Other Funds appropriations	\$0.0	\$726.8
Judiciary		
Texas Comptroller of Public Accounts, Judiciary Section: supplemental appropriation of General Revenue Funds for judicial salary increases	\$82.5	\$82.5
Office of Court Administration: actual appropriations exceeded estimates	\$50.3	\$50.3
Public Safety and Criminal Justice		
Texas Department of Public Safety (DPS): unexpended balance authority from fiscal year 2023 for vehicles, driver license services, an equine facility, aircraft, and debt service	\$140.1	\$158.8

FIGURE 16 (CONTINUED)
RECONCILIATION OF INITIAL 2024–25 BIENNIAL APPROPRIATIONS TO 2024–25 EXPENDED AND BUDGETED AMOUNTS

(IN MILLIONS)	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS	ALL FUNDS
Public Safety and Criminal Justice (continued)		
DPS: supplemental appropriations of General Revenue Funds for vehicles, disaster recovery and IT modernization, driver license services, aircraft, and deferred maintenance	\$287.5	\$287.5
Texas Department of Criminal Justice (TDCJ): unexpended balance authority from fiscal year 2023 for construction of a new training center, vehicles, deferred maintenance, transportation surveillance systems, vocational education, and education and recreation program receipts	\$148.6	\$148.6
TDCJ: supplemental appropriations of General Revenue Funds for operations and correctional managed healthcare, dormitory expansion, repair and restoration projects, purchase of a new facility, broadband and IT upgrades, and vehicles	\$1,467.3	\$1,467.3
TDCJ: a decrease in General Revenue Funds through salary adjustments with the state Coronavirus Relief Fund	(\$314.0)	(\$314.0)
Texas Juvenile Justice Department (TJJD): supplemental appropriations of General Revenue Funds for facility completion, reimbursement to counties for youth pending admission to TJJD, IT upgrades, maintenance, and vehicles	\$135.8	\$135.8
Texas Military Department: supplemental appropriation of \$75.0 million for the State of Texas Armory Revitalization Program and deferred maintenance projects, \$9.7 million for roof replacement, and a decrease of unexpended balance authority (\$159.0 million)	(\$74.3)	(\$74.3)
Natural Resources		
Texas Department of Agriculture: increase in expected expenditures of Federal Funds	\$0.0	\$228.1
General Land Office (GLO): supplemental appropriations from General Revenue Funds for the Alamo Complex	\$150.0	\$150.0
GLO: actual appropriations exceeded estimates	\$0.0	\$2,001.2
Texas Parks and Wildlife Department (TPWD): a transfer from the General Revenue Fund to the Centennial Parks Conservation Fund	(\$1,000.0)	(\$1,000.0)
TPWD: unexpended balance authority from fiscal year 2023	\$125.0	\$125.0
TPWD: supplemental appropriations of General Revenue Funds for local parks grants	\$60.0	\$60.0
Railroad Commission of Texas: supplemental appropriations from General Revenue Funds for well plugging, IT projects, and vehicles	\$131.5	\$131.5
Texas Water Development Board (TWDB): unexpended balances from 2023 in Other Funds	\$0.0	\$403.7
TWDB: supplemental appropriations of General Revenue Funds for matching funds and water infrastructure and supply, and Other Funds for matching funds for Federal Emergency Management Agency grant programs	\$1,750.3	\$2,233.8
TWDB: unexpended balance authority from 2023 for flood mitigation	\$0.0	\$375.0
Business and Economic Development		
Texas Department of Housing and Community Affairs: lapsed Federal Funds	\$0.0	(\$77.9)
Texas Department of Transportation (TxDOT): unexpended balances from fiscal year 2023 from the General Revenue–Dedicated Account No. 5199, Port Access, and from Other Funds	\$200.0	\$2,300.0
TxDOT: actual appropriation of motor vehicle sales tax revenue (Proposition 7, 2015) exceeded estimates	\$0.0	\$572.8
Texas Workforce Commission: anticipated lapse of federal Coronavirus Relief Fund appropriations; reappropriation of these funds, other Federal Funds, and local funds; and actual appropriations of certain Federal Funds exceeded estimate	\$0.0	\$809.4
State Contributions for Employee Benefits		
An increase in estimated state contributions for employee health insurance from General Revenue Funds and a decrease in estimated contributions from Federal Funds	\$82.6	(\$270.9)

FIGURE 16 (CONTINUED)
RECONCILIATION OF INITIAL 2024–25 BIENNIAL APPROPRIATIONS TO 2024–25 EXPENDED AND BUDGETED AMOUNTS

(IN MILLIONS)	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS	ALL FUNDS
Various Other Adjustments		
Nontriggered contingent appropriations	(\$4,546.1)	(\$4,546.1)
Other adjustments	\$1,925.3	\$6,381.3
Subtotal, Adjustments	\$13,267.1	\$25,746.7
Total, Estimated/Budgeted Funds for the 2024–25 Biennium	\$164,519.5	\$347,455.4
NOTE: Totals may not sum due to rounding.		
SOURCE: Legislative Budget Board.		

FACTORS AFFECTING THE STATE BUDGET

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

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

Figure 17 shows the population-based indicators that affect a large portion of the state budget.

FIGURE 17
POPULATION-BASED INDICATORS
FISCAL YEARS 2022 TO 2026

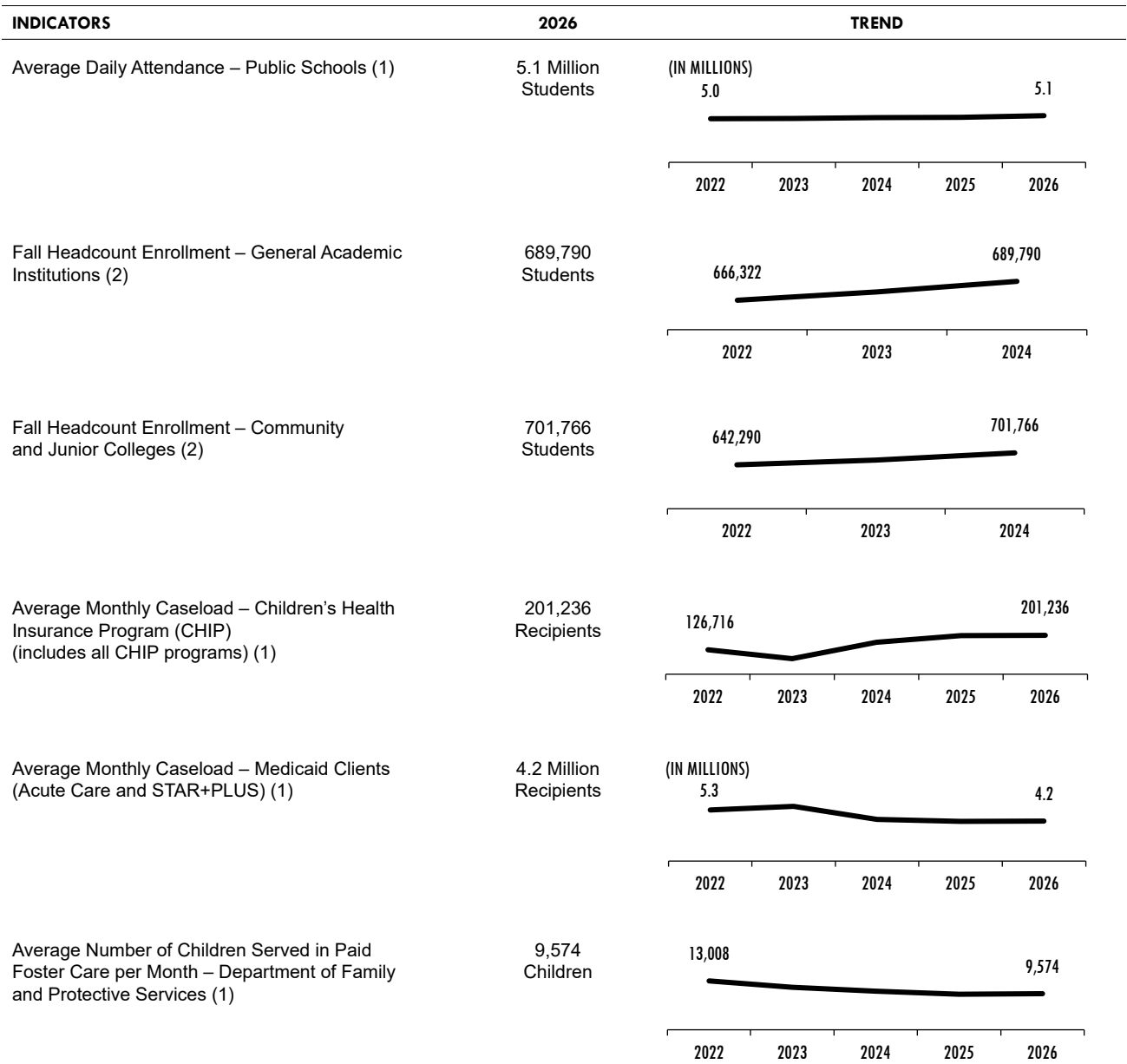
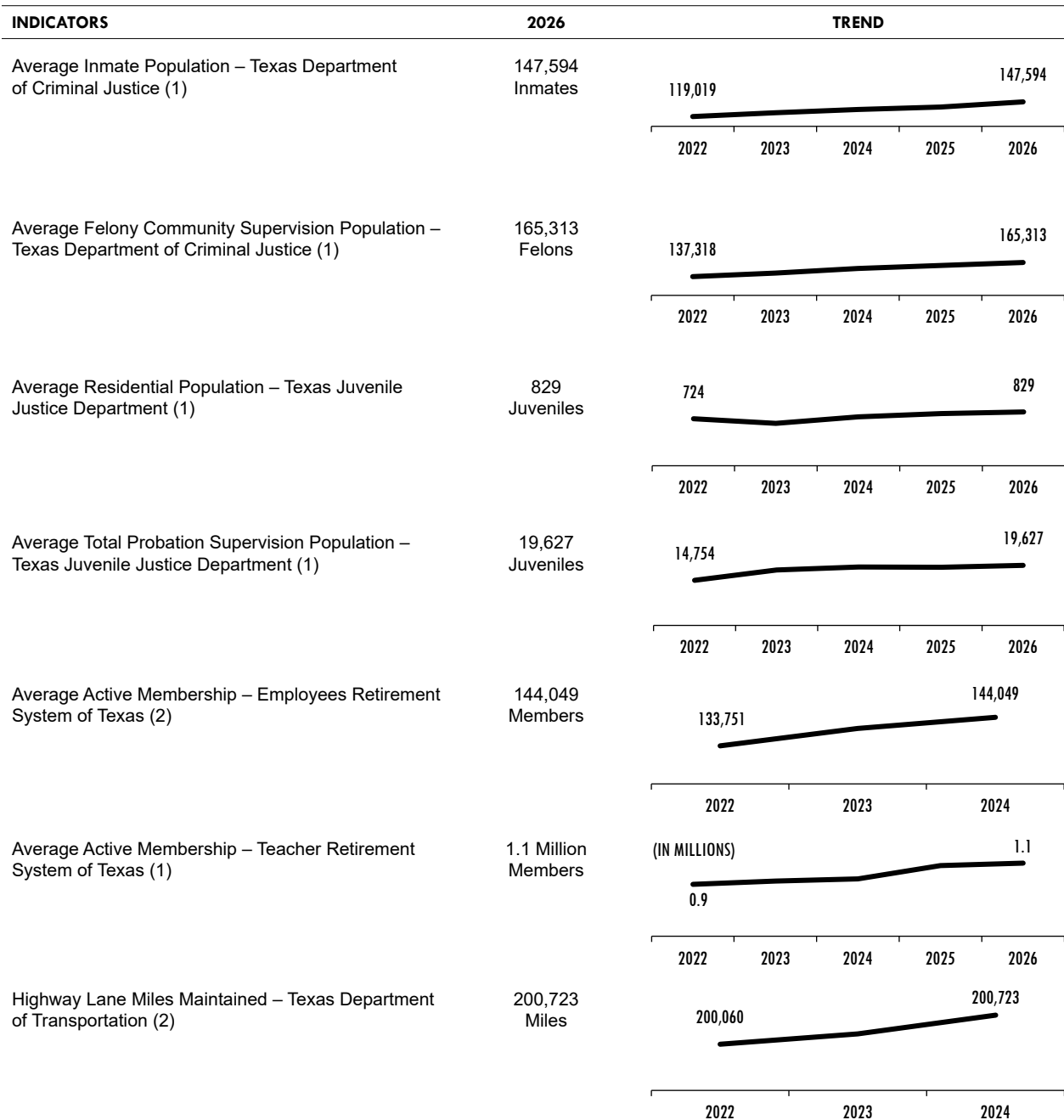


FIGURE 17 (CONTINUED)
POPULATION-BASED INDICATORS
FISCAL YEARS 2022 TO 2026



NOTES:

(1) Projection shown for fiscal year 2026.

(2) The most recent data available is shown for fiscal year 2024.

SOURCE: Legislative Budget Board.

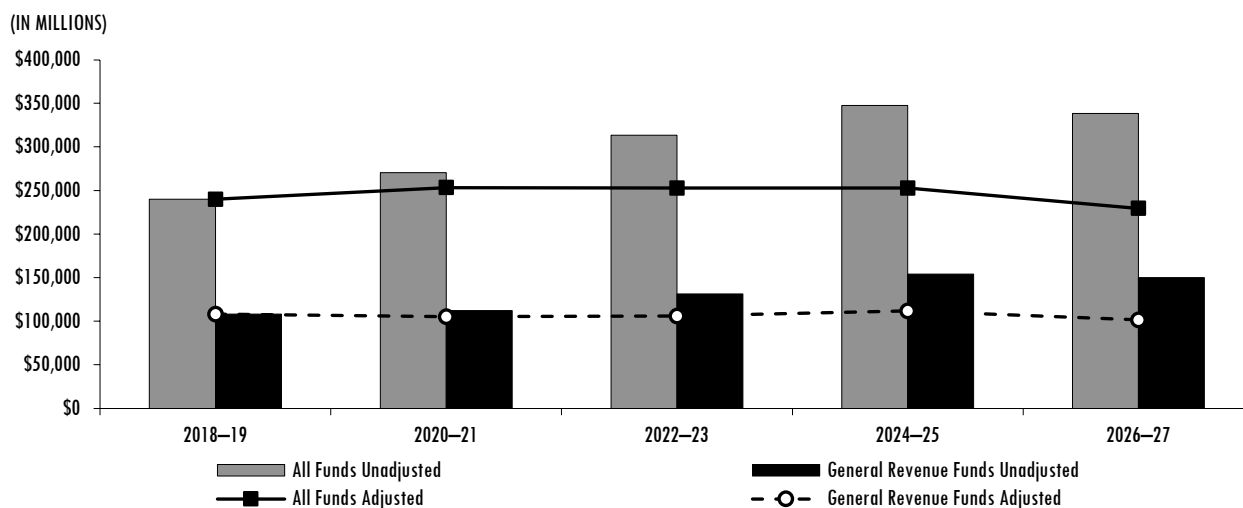
TRENDS IN STATE GOVERNMENT EXPENDITURES

Figure 18 shows biennial All Funds and General Revenue Funds expenditures and appropriations since the 2018–19 biennium. The amounts also adjust current and historical expenditure and appropriation totals into constant 2018–19

biennial dollars based on compounded population and inflation growth. All Funds expenditures increased by 41.2 percent from the 2018–19 to 2026–27 biennia and decreased by 4.3 percent during the same period after adjusting for population and inflation. General Revenue Funds appropriations increased by 38.8 percent during the same period and decreased by 5.9 percent when adjusted for population and inflation.

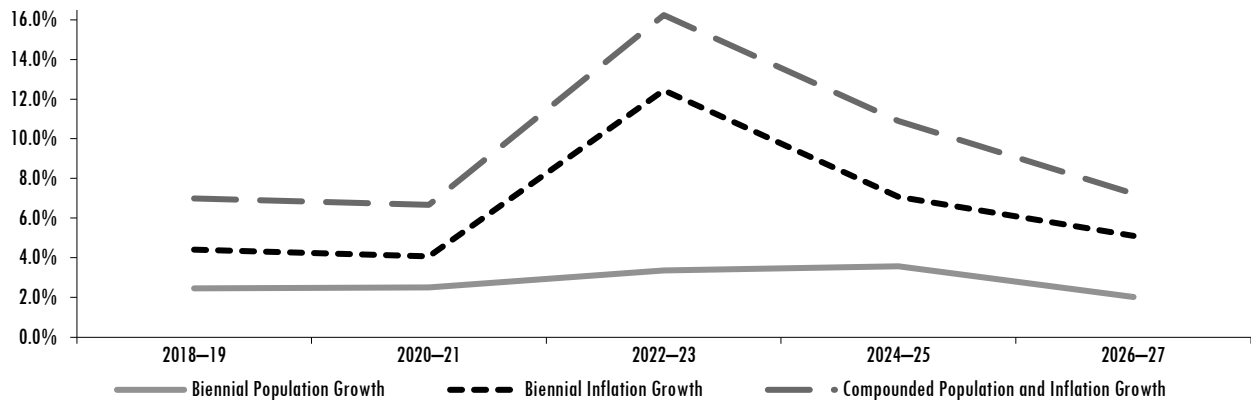
FIGURE 18
TRENDS IN STATE GOVERNMENT EXPENDITURES, 2026–27 BIENNIAL APPROPRIATIONS

(IN MILLIONS)	ALL FUNDS				GENERAL REVENUE FUNDS			
	UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION		UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION	
	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE
2018–19	\$239,797.5	N/A	\$239,797.5	N/A	\$107,986.3	N/A	\$107,986.3	N/A
2020–21	\$270,340.5	12.7%	\$253,423.3	5.7%	\$112,268.1	4.0%	\$105,242.7	(2.5%)
2022–23	\$313,349.6	15.9%	\$252,699.8	(0.3%)	\$131,189.7	16.9%	\$105,797.5	0.5%
2024–25	\$347,455.4	10.9%	\$252,663.8	(0.0%)	\$153,893.6	17.3%	\$111,908.9	5.8%
2026–27	\$338,500.8	(2.6%)	\$229,550.2	(9.1%)	\$149,845.6	(2.6%)	\$101,616.0	(9.2%)



SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

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



SOURCE: Comptroller of Public Accounts.

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

The compounded population and CPI growth shown in **Figure 19** is based on data in the Comptroller of Public Accounts' Fall 2025 State Economic Forecast as published in the October 2025 Certification Revenue Estimate, which forecasted a biennial growth rate of 7.2 percent from the 2024–25 to 2026–27 biennia. Population and inflation growth estimates submitted to the Legislative Budget Board (LBB) in anticipation of the November 2024 LBB public hearing to establish certain restrictions on appropriations and spending (see the **Limits on Appropriations** section) ranged from 8.5 percent to 9.9 percent.

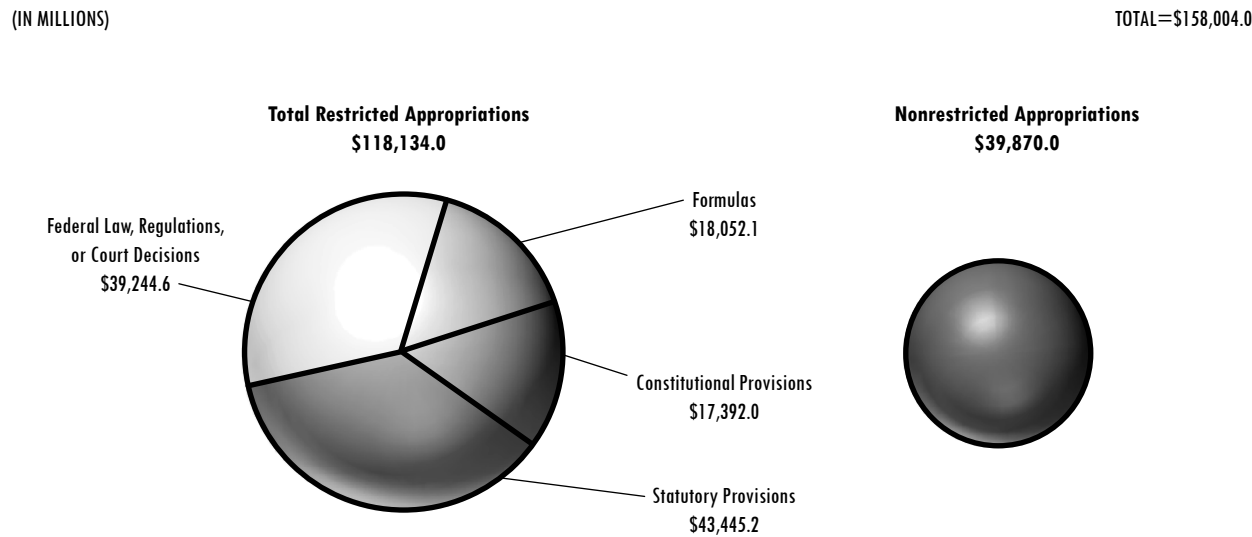
RESTRICTED APPROPRIATIONS

The 2026–27 biennial appropriations from General Revenue Funds and General Revenue–Dedicated Funds total \$158.0 billion. **Figure 20** shows that \$39.9 billion of that total, 25.2 percent, is appropriated by the Legislature without restriction. The remaining \$118.1 billion is restricted by existing constitutional provisions, statutory provisions, federal law, federal regulations, court decisions, and funding formulas.

The Legislature maintains some discretion over a portion of the restricted budget; however, in many cases, it would need to amend statutes outside of the appropriations process to change the restrictions.

Figure 20 shows examples of the largest restrictions by category. The nonrestricted portion of the budget is smaller than the 2024–25 biennial level of 29.0 percent.

FIGURE 20
RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS
2026–27 BIENNIUM



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

(IN MILLIONS)	2026–27 APPROPRIATIONS	PERCENTAGE OF TOTAL
Appropriations Restricted by Constitutional Provisions	\$17,392.0	11.0%
Foundation School Program (Available School Fund)	\$5,771.5	
Teacher Retirement System of Texas (TRS)	\$6,426.8	
Public Education (Instructional Materials)	\$1,578.9	
Appropriations Restricted by Statutory Provisions	\$43,445.2	27.5%
Public Education (Foundation School Program)	\$33,300.5	
TRS, Health Insurance Programs for Public School Retiree Health Insurance	\$1,224.9	
Bond Debt Service	\$1,342.9	
Appropriations Restricted by Federal Law, Regulations, or Court Decisions	\$39,244.6	24.8%
Medicaid Programs	\$32,900.4	
Social Security Match	\$2,325.6	
Children’s Health Insurance Program	\$390.6	

FIGURE 20 (CONTINUED)
RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS
2026–27 BIENNIUM

TOTAL RESTRICTED APPROPRIATIONS VERSUS TOTAL NONRESTRICTED APPROPRIATIONS, 2026–27 BIENNIUM		
(IN MILLIONS)	2026–27 APPROPRIATIONS	PERCENTAGE OF TOTAL
Appropriations Restricted by Formulas	\$18,052.1	11.4%
Higher Education Formulas	\$12,820.2	
Group Health Insurance (General State Employees)	\$3,322.9	
Group Health Insurance (Higher Education Employees)	\$1,909.0	
Total Restricted Appropriations	\$118,134.0	74.8%
Nonrestricted Appropriations	\$39,870.0	25.2%
Texas Department of Criminal Justice	\$9,587.8	
Texas Department of Public Safety	\$3,563.4	
Texas Higher Education Coordinating Board	\$2,978.5	
Texas Juvenile Justice Department	\$907.5	
Total, General Revenue Funds and General Revenue–Dedicated Funds Appropriations	\$158,004.0	100.0%
NOTES:		
(1) Appropriations shown are selected examples that do not sum to the total for each category.		
(2) Totals may not sum due to rounding.		
SOURCE: Legislative Budget Board.		

LIMITS ON APPROPRIATIONS

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

General Revenue Funds appropriations for the 2026–27 biennium total \$149.8 billion. This amount is \$4.7 billion less than the pay-as-you-go limit, based on the 2025 Certification Revenue Estimate (CRE) from the Comptroller of Public Accounts (CPA), as shown in **Figure 21**. General Revenue Funds total \$8.4 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 \$157.3 billion. This amount is \$15.1 billion less than the CGR limit. This analysis includes supplemental appropriations for fiscal year 2025 made in House Bill 500 and House Bill 4486, Eighty-ninth Legislature, Regular Session, 2025. The pay-as-you-go limit is the controlling limit because General Revenue Funds spending authority is lower than for the other two limits.

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

FIGURE 21
REMAINING GENERAL REVENUE FUNDS SPENDING
AUTHORITY, 2026–27 BIENNIUM

LIMIT	AMOUNT (IN BILLIONS)
Pay-as-you-go Limit	\$4.7
Tax Spending Limit	\$8.4
Consolidated General Revenue Limit	\$15.1

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

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 \$203.6 billion in the CRE. This total includes estimated 2026–27 biennial General Revenue Funds revenue collections of \$173.4 billion, less the amount of \$5.0 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 total \$35.3 billion as shown in **Figure 22**.

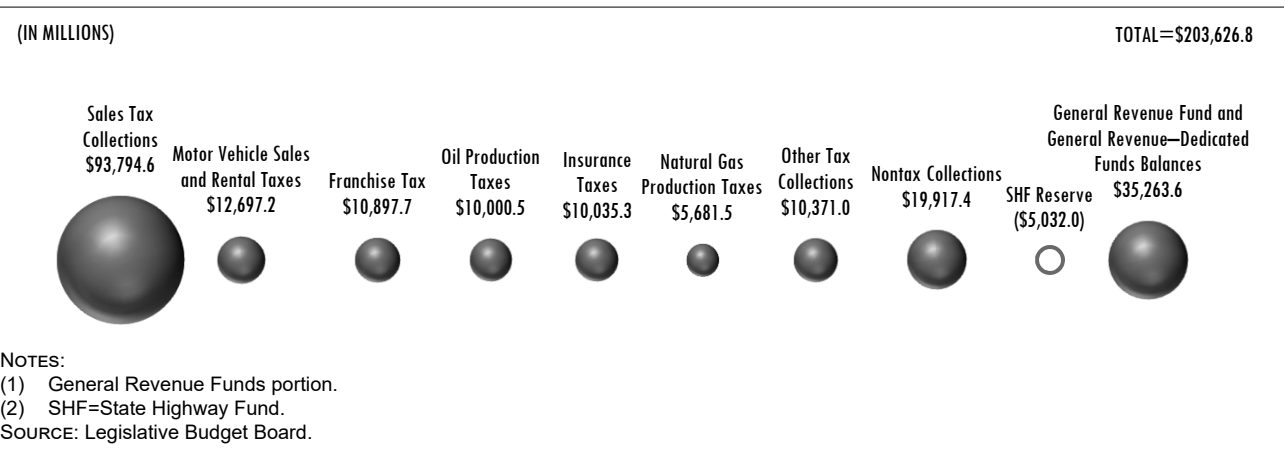
By contrast, the amount of revenue available for the 2024–25 biennium in accordance with the pay-as-you-go limit identified in the 2025 CRE was \$200.2 billion.

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 \$115.0 billion, grown by the adopted growth rate of 8.93 percent. The 2026–27 biennial spending

FIGURE 22
COMPONENTS OF THE PAY-AS-YOU-GO LIMIT, 2026–27 BIENNIUM



limit is estimated to be \$125.3 billion after adjusting supplemental appropriations passed by the Eighty-ninth Legislature, Regular and Called sessions, 2025. The 2026–27 biennial appropriations subject to the spending limit total \$117.5 billion, \$7.8 billion less than the spending limit, as shown in **Figure 23**, after adjusting for all legislation passed by the Eighty-ninth Legislature and revenue estimates in the 2026–27 *Certification Revenue Estimate*.

Because revenue deposits to the General Revenue Fund also include revenue that is not subject to the spending limit, the maximum 2026–27 biennial General Revenue Funds appropriation associated with the \$125.3 billion limit is \$158.2 billion, leaving \$8.4 billion in remaining General Revenue Funds spending capacity less than the spending limit, as shown in **Figure 24**.

**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 CGR. This restriction is referred to as the CGR limit. CGR appropriations are defined as the sum of General Revenue Funds and General Revenue–Dedicated Funds appropriations. During 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.

FIGURE 23
SPENDING LIMIT COMPARED TO THE SUMMARY OF APPROPRIATIONS, 2026–27 BIENNIUM

(IN BILLIONS)	AMOUNT
Spending Limit	\$125.3
Appropriations Subject to the Spending Limit	(\$117.5)
Total Less Than the Spending Limit	\$7.8

SOURCE: Legislative Budget Board.

FIGURE 24
GENERAL REVENUE FUNDS PURSUANT TO THE SPENDING LIMIT COMPARED TO THE SUMMARY OF APPROPRIATIONS, 2026–27 BIENNIUM

(IN BILLIONS)	AMOUNT
Maximum General Revenue Funds Appropriations Pursuant to the Spending Limit	\$158.2
General Revenue Funds Appropriations	(\$149.8)
Total Less Than the Maximum General Revenue Fund Appropriations	\$8.4

SOURCE: Legislative Budget Board.

The 2026–27 biennial CGR limit is estimated to total \$154.9 billion. Consolidated General Revenue Funds amounts total \$157.3 billion, of which \$17.5 billion is excluded from the limitation. After combining these amounts, \$15.1 billion of CGR spending capacity remains under the 2026–27 biennial CGR limit.

ARTICLE III, SECTION 49-j, DEBT LIMIT
The Texas Constitution, Article III, Section 49-j, provides that the Legislature may not authorize additional state debt if in any fiscal year the resulting maximum annual debt service

payable from the General Revenue Fund, excluding revenues constitutionally dedicated for purposes other than payment of state debt, exceeds 5.0 percent of the average annual unrestricted General Revenue Funds 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 must 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 \$338.5 billion. Therefore, the welfare spending limit is \$3.4 billion. The biennial amount included in the General Appropriations Act, 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 \$3.4 billion less than the 1.0 percent limit.

2. REVENUE SOURCES AND ECONOMIC INDICATORS

This chapter examines Texas' state and local government revenue structure for the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium. It discusses state revenue by examining the Comptroller of Public Accounts' (CPA) Certification Revenue Estimate, released in October 2025 for the 2026–27 biennium.

Total All Funds net revenue for the 2026–27 biennium is estimated to be \$354.9 billion, a decrease of \$9.2 billion, or 2.5 percent, from the 2024–25 biennial level. This decrease can be attributed to the decreasing receipt of COVID-19 pandemic-related Federal Funds and an estimated decrease in State Health Service Fees and Rebates. Overall, Federal Funds are estimated to decrease by 5.5 percent, State Health Service Fees and Rebates are estimated to decrease by 25.4

percent, tax collections are estimated to increase by 6.5 percent, and nontax collections other than Federal Funds and State Health Service Fees and Rebates are estimated to decrease by 12.2 percent for the 2026–27 biennium.

STATE REVENUES

According to CPA, state tax collections for the 2026–27 biennium are estimated to total \$176.8 billion, an increase of \$10.7 billion, or 6.5 percent, from the 2024–25 biennial collection levels.

SALES TAX

The sales and use tax continues to contribute most of the state's tax revenue, as shown in **Figures 25, 26, and 27**. CPA estimates that sales tax revenue for the 2026–27 biennium

FIGURE 25
STATE REVENUE BIENNIAL COMPARISON BY SOURCE IN ALL FUNDS, 2024–25 AND 2026–27 BIENNIA

SOURCE	(IN MILLIONS)		PERCENTAGE CHANGE	PERCENTAGE OF 2026–27 TOTAL REVENUE
	2024–25 BIENNium	2026–27 BIENNium		
Sales Taxes	\$96,218.9	\$104,580.5	8.7%	29.5%
Motor Vehicle Sales and Rental Taxes	\$13,920.1	\$14,213.5	2.1%	4.0%
Motor Fuel Taxes	\$7,764.5	\$7,956.4	2.5%	2.2%
Franchise Tax	\$13,941.6	\$14,726.6	5.6%	4.1%
Oil Production Tax	\$11,687.8	\$10,000.5	(14.4%)	2.8%
Insurance Taxes	\$8,666.2	\$10,037.9	15.8%	2.8%
Cigarette and Tobacco Taxes	\$2,180.9	\$2,021.3	(7.3%)	0.6%
Natural Gas Production Tax	\$4,612.9	\$5,681.5	23.2%	1.6%
Alcoholic Beverages Taxes	\$3,564.2	\$3,690.9	3.6%	1.0%
Hotel Occupancy Tax	\$1,543.4	\$1,732.5	12.3%	0.5%
Utility Taxes	\$1,363.2	\$1,539.4	12.9%	0.4%
Other Taxes	\$608.3	\$615.9	1.2%	0.2%
Total, Tax Collections	\$166,072.0	\$176,796.9	6.5%	49.8%
Federal Income	\$117,968.2	\$111,483.6	(5.5%)	31.4%
Licenses, Fees, Fines, and Penalties	\$14,057.8	\$14,328.1	1.9%	4.0%
State Health Service Fees and Rebates	\$28,133.7	\$20,976.7	(25.4%)	5.9%
Net Lottery Proceeds	\$5,901.9	\$5,344.8	(9.4%)	1.5%
Land Income	\$6,865.7	\$6,809.1	(0.8%)	1.9%
Interest and Investment Income	\$10,524.3	\$6,879.9	(34.6%)	1.9%
Settlements of Claims	\$1,842.8	\$1,413.7	(23.3%)	0.4%
Escheated Estates	\$2,900.7	\$2,670.0	(8.0%)	0.8%
Sales of Goods and Services	\$641.4	\$513.6	(19.9%)	0.1%
Other Revenue	\$9,258.0	\$7,706.4	(16.8%)	2.2%
Total, Nontax Collections	\$198,094.4	\$178,125.9	(10.1%)	50.2%
Total, Net Revenue	\$364,166.5	\$354,922.8	(2.5%)	100.0%

NOTE: Totals shown for the 2026–27 biennium are estimates from the Comptroller of Public Accounts' October 14, 2025, Certification Revenue Estimate.

SOURCE: Comptroller of Public Accounts.

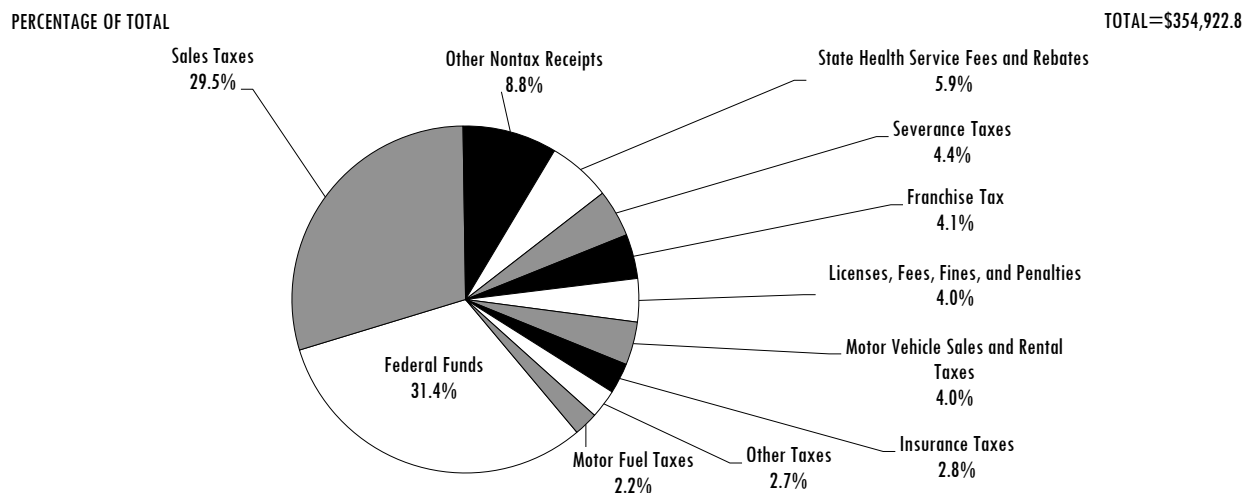
FIGURE 26
STATE REVENUE BY SOURCE, FISCAL YEARS 2023 TO 2027

SOURCE	REVENUE (IN MILLIONS)					PERCENTAGE CHANGE				PERCENTAGE OF TOTAL	
	2023	2024	2025	2026	2027	2024	2025	2026	2027	2023	2027
Sales Taxes	\$46,581.1	\$47,159.9	\$49,058.9	\$51,090.8	\$53,489.8	1.2%	4.0%	4.1%	4.7%	24.8%	26.0%
Motor Vehicle Sales and Rental Taxes	\$6,821.7	\$6,835.1	\$7,085.0	\$7,054.2	\$7,159.3	0.2%	3.7%	(0.4%)	1.5%	3.6%	3.8%
Motor Fuel Taxes	\$3,832.1	\$3,846.5	\$3,918.0	\$3,958.1	\$3,998.3	0.4%	1.9%	1.0%	1.0%	2.0%	2.1%
Franchise Tax	\$6,820.2	\$6,861.3	\$7,080.3	\$7,280.3	\$7,446.3	0.6%	3.2%	2.8%	2.3%	3.6%	3.8%
Oil Production Tax	\$5,931.0	\$6,304.2	\$5,383.7	\$4,878.3	\$5,122.2	6.3%	(14.6%)	(9.4%)	5.0%	3.2%	3.5%
Insurance Taxes	\$4,064.6	\$4,157.6	\$4,508.6	\$4,851.1	\$5,186.8	2.3%	8.4%	7.6%	6.9%	2.2%	2.3%
Cigarette and Tobacco Taxes	\$1,218.3	\$1,069.8	\$1,111.1	\$988.9	\$1,032.4	(12.2%)	3.9%	(11.0%)	4.4%	0.6%	0.6%
Natural Gas Production Tax	\$3,350.4	\$2,133.6	\$2,479.3	\$2,802.9	\$2,878.6	(36.3%)	16.2%	13.1%	2.7%	1.8%	1.2%
Alcoholic Beverages Taxes	\$1,771.6	\$1,773.2	\$1,791.1	\$1,824.2	\$1,866.7	0.1%	1.0%	1.9%	2.3%	0.9%	1.0%
Hotel Occupancy Tax	\$777.9	\$755.8	\$787.6	\$839.6	\$892.9	(2.8%)	4.2%	6.6%	6.4%	0.4%	0.4%
Utility Taxes	\$625.2	\$664.6	\$698.6	\$742.1	\$797.3	6.3%	5.1%	6.2%	7.4%	0.3%	0.4%
Other Taxes	\$351.4	\$312.6	\$295.7	\$304.9	\$311.0	(11.1%)	(5.4%)	3.1%	2.0%	0.2%	0.2%
Total, Tax Collections	\$82,145.6	\$81,874.2	\$84,197.8	\$86,615.3	\$90,181.6	(0.3%)	2.8%	2.9%	4.1%	43.7%	45.2%
Federal Income	\$68,707.0	\$58,866.3	\$59,101.9	\$56,453.6	\$55,030.0	(14.3%)	0.4%	(4.5%)	(2.5%)	36.6%	32.5%
Licenses, Fees, Fines, and Penalties	\$6,663.4	\$6,937.5	\$7,120.3	\$7,222.0	\$7,106.1	4.1%	2.6%	1.4%	(1.6%)	3.5%	3.8%
State Health Service Fees and Rebates	\$10,919.5	\$14,148.2	\$13,985.5	\$10,641.0	\$10,335.7	29.6%	(1.2%)	(23.9%)	(2.9%)	5.8%	7.8%
Net Lottery Proceeds	\$3,349.7	\$3,089.9	\$2,812.0	\$2,706.9	\$2,637.8	(7.8%)	(9.0%)	(3.7%)	(2.6%)	1.8%	1.7%
Land Income	\$3,797.4	\$3,539.7	\$3,325.9	\$3,258.7	\$3,550.4	(6.8%)	(6.0%)	(2.0%)	9.0%	2.0%	2.0%
Interest and Investment Income	\$4,200.9	\$5,755.1	\$4,769.2	\$3,583.9	\$3,296.1	37.0%	(17.1%)	(24.9%)	(8.0%)	2.2%	3.2%
Settlements of Claims	\$631.0	\$848.3	\$994.5	\$719.9	\$693.8	34.4%	17.2%	(27.6%)	(3.6%)	0.3%	0.5%
Escheated Estates	\$1,090.9	\$1,280.7	\$1,620.0	\$1,330.0	\$1,340.0	17.4%	26.5%	(17.9%)	0.8%	0.6%	0.7%
Sales of Goods and Services	\$307.9	\$259.1	\$382.3	\$256.9	\$256.7	(15.9%)	47.6%	(32.8%)	(0.1%)	0.2%	0.1%
Other Revenue	\$5,975.4	\$4,518.4	\$4,739.6	\$3,825.3	\$3,881.1	(24.4%)	4.9%	(19.3%)	1.5%	3.2%	2.5%
Total, Nontax Collections	\$105,643.4	\$99,243.3	\$98,851.2	\$89,998.2	\$88,127.7	(6.1%)	(0.4%)	(9.0%)	(2.1%)	56.3%	54.8%
Total, Net Revenue	\$187,789.0	\$181,117.5	\$183,049.0	\$176,613.5	\$178,309.3	(3.6%)	1.1%	(3.5%)	1.0%	100.0%	100.0%

NOTE: Totals shown for the 2026–27 biennium are estimates from the Comptroller of Public Accounts' October 14, 2025, Certification Revenue Estimate.

SOURCE: Comptroller of Public Accounts.

FIGURE 27
ESTIMATED STATE REVENUE COLLECTIONS, 2026–27 BIENNIUM



NOTE: Percentages shown for the 2026–27 biennium are estimates from the Comptroller of Public Accounts' October 14, 2025, Certification Revenue Estimate.

SOURCE: Comptroller of Public Accounts.

will total \$104.6 billion, an increase of 8.7 percent from 2024–25 biennial collections of \$96.2 billion. Sales taxes are expected to contribute 59.2 percent of total tax collections for the 2026–27 biennium.

The state tax rate is 6.25 percent, which has been in place since 1990. Subject to certain exemptions, the state sales and use tax is imposed on retail sales, leases, and rentals of goods purchased within or brought into the state, and some taxable services. The largest exemptions include property or equipment used in manufacturing, food purchased for home consumption, agricultural items, gas and electricity, and water.

OIL AND GAS PRODUCTION TAXES

The state levies an oil production tax at 4.6 percent of market value and a natural gas production tax at 7.5 percent of market value, less certain deductions. During the 2024–25 biennium, annual oil production was approximately 5.6 million barrels per day for fiscal year 2024 and 5.7 million barrels per day for fiscal year 2025. Oil was priced on the New York Mercantile Exchange (NYMEX) at an average of \$80 per barrel for fiscal year 2024 and \$69 per barrel for fiscal year 2025. Annual natural gas production was 32.6 billion cubic feet per day for fiscal year 2024 and 34.1 billion cubic feet per day for fiscal year 2025, and NYMEX natural gas prices averaged \$2.30 per million British thermal units (MMBtu) for fiscal year 2024, and approximately \$3.14 per MMBtu for fiscal year 2025.

Oil production taxes are expected to decrease during the 2026–27 biennium due to a lower price-per-barrel outlook and a slight decrease in production. Whereas 2024–25 biennial revenues from oil production taxes were \$11.7 billion, CPA estimates the 2026–27 biennial revenues will be \$10.0 billion, a decrease of 14.4 percent.

For the 2024–25 biennium, natural gas production tax collections totaled \$4.6 billion. Production is expected to increase modestly relative to the 2024–25 biennium; however, average prices during the 2026–27 biennium are forecast to increase by 41.8 percent. CPA estimates 2026–27 biennial revenues from natural gas production taxes will increase 23.2 percent to \$5.7 billion.

MOTOR FUEL TAXES

Texas taxes three major types of motor fuel: gasoline, diesel, and liquefied and compressed natural gas. Gasoline and diesel fuel are taxed \$0.20 per gallon; liquefied and compressed natural gas is taxed at a rate of \$0.15 per gasoline or diesel gallon equivalent. Of the net balance, 75.0 percent of motor fuel tax revenues are deposited to the State Highway Fund, and the remaining 25.0 percent of collections are dedicated to public education.

The 2024–25 biennial motor fuels tax collections totaled \$7.8 billion. CPA estimates that fuel tax collections will increase 2.5 percent during the 2026–27 biennium, forecasting \$8.0 billion in revenue.

MOTOR VEHICLE SALES AND RENTAL TAX

The motor vehicle sales tax is levied at a rate of 6.25 percent on the price of a vehicle, less the value of any trade-in. The rental tax rate is 10.0 percent for rentals of 30 days or fewer and 6.25 percent for rentals exceeding 30 days. Also included in motor vehicle sales and rental taxes is the tax on manufactured housing. This tax is levied at a rate of 5.0 percent of 65.0 percent of the manufacturer's selling price. During each fiscal year, 35.0 percent of the net revenue collected in excess of \$5.0 billion is transferred to the State Highway Fund.

Motor vehicle sales and rental taxes increased during the 2024–25 biennium, generating \$13.9 billion in revenue, 4.9 percent more than during the previous biennium. CPA estimates that revenue from motor vehicle sales and rental taxes will increase 2.1 percent to \$14.2 billion for the 2026–27 biennium.

FRANCHISE TAX

House Bill 3, Seventy-ninth Legislature, Third Called Session, 2006, revised the state's business franchise tax. Effective fiscal year 2008, the state converted from imposing a franchise tax that was based on taxable capital (net worth) and on earned surplus to a margins tax, which is based on taxable margin.

Although the name franchise tax remains in the amended statute, it more commonly is called the margins tax because a business entity's taxable base is redefined as the taxable margin. The taxable margin is the lesser value of four methods of calculation: (1) 70.0 percent of total revenue; (2) total revenue minus costs of goods sold; (3) total revenue minus total compensation and benefits; or (4) total revenue minus \$1.0 million. Beginning in fiscal year 2016, most entities pay at a rate of 0.75 percent of their taxable margins. The exception is a lower tax rate of 0.375 percent applied to any taxable entity engaged primarily in retail or wholesale trade. These rates originally were 1.0 percent and 0.5 percent, respectively. The Eighty-third Legislature, Regular Session, 2013, temporarily lowered the rates by 2.5 percent during fiscal year 2014 and 5.0 percent during fiscal year 2015. The Eighty-fourth Legislature, 2015, permanently lowered the rates by 25.0 percent.

After tax revenue increased by 11.6 percent for the 2024–25 biennium, CPA estimates that margins tax revenue will increase by 5.6 percent for the 2026–27 biennium and will generate \$14.7 billion.

House Bill 2, Seventy-ninth Legislature, Third Called Session, 2006, established the Property Tax Relief Fund. This legislation stipulated that the amount that would have been collected in accordance with the previous franchise tax rate every fiscal year is deposited to the General Revenue Fund, and the remainder of revenue from the margins tax established by House Bill 3 is dedicated to the Property Tax Relief Fund. Therefore, of the \$14.7 billion expected collections, in accordance with the statute, \$10.9 billion will be allocated to the General Revenue Fund and \$3.8 billion will be allocated to the Property Tax Relief Fund during the 2026–27 biennium.

CIGARETTE AND TOBACCO TAXES

Excise tax revenue related to cigarettes, cigars, and tobacco totaled \$2.2 billion for the 2024–25 biennium, a decrease of 10.2 percent. CPA estimates revenue for the 2026–27 biennium to total \$2.0 billion, a decrease of 7.3 percent from the 2024–25 biennial level.

The cigarette tax is levied at \$70.50 per 1,000 cigarettes weighing 3.0 pounds or less per 1,000 or \$72.60 per 1,000 cigarettes weighing more than 3.0 pounds per 1,000. The tobacco products tax is levied on cigars, snuff, chewing tobacco, and smoking tobacco. Legislation passed by the Eighty-first Legislature, Regular Session, 2009, amended the base used to calculate the tax imposed on tobacco products, other than cigars, from the manufacturer's listed price to the manufacturer's listed net weight. Beginning in fiscal year 2010, the rate per ounce was \$1.10, which increased \$0.03 per ounce each year through fiscal year 2014. The current law rate remains at \$1.22 per ounce. A portion of the revenue generated in excess of the previous tax rate is deposited to the Physician Education Loan Repayment Program; the remainder of the revenue increase is deposited to the Property Tax Relief Fund.

Since the Seventy-ninth Legislature, Third Called Session, 2006, established the Property Tax Relief Fund, revenue that would have been collected in accordance with the previous tax rates before January 1, 2007, is credited to the General Revenue Fund. The excess revenue greater than this amount that is generated by the increased tax rates is dedicated to the Property Tax Relief Fund. The 2024–25 biennial transfers to the Property Tax Relief Fund from cigarette and tobacco tax revenue totaled \$1.2 billion. CPA estimates transfers to the Property Tax Relief Fund from cigarette and tobacco tax revenue to be \$1.1 billion for the 2026–27 biennium.

ALCOHOLIC BEVERAGE TAXES

Alcoholic beverage taxes consist of the mixed-beverage gross receipts tax; the mixed-beverage sales tax; and volume-based excise taxes imposed on ale, beer, liquor, and wine. The 2024–25 biennial alcoholic beverage tax revenue totaled \$3.6 billion, an increase of 4.4 percent. CPA estimates revenue for the 2026–27 biennium to increase to \$3.7 billion, or 3.6 percent greater than the 2024–25 biennial level.

INSURANCE OCCUPATION TAXES

Insurance occupation taxes include insurance premium taxes and insurance maintenance taxes. Insurance-related entities must remit a percentage of their gross premiums to pay insurance premium taxes. Insurers pay 1.75 percent of accident, health, and life insurance gross premiums; 1.6 percent of property and casualty insurance gross premiums; 1.35 percent of title insurance premiums; and 4.85 percent of independently procured insurance premiums.

Insurance maintenance taxes also are based on premiums. They are levied on insurance-related entities to cover the state's cost of regulating the industry. The Texas Department of Insurance primarily incurs these regulatory costs. Maintenance tax rates are reviewed annually and are based on the funding needs of the regulatory agencies.

In addition to these taxes, retaliatory taxes are imposed on insurers from outside Texas to assist Texas-based companies that are operating in other states. If a Texas-based company pays a higher proportion of taxes to another state than domestic companies pay to that state, the insurance companies from the other state that compete in Texas must pay a retaliatory tax.

CPA forecasts insurance taxes and fees to total \$10.0 billion for the 2026–27 biennium, an increase of 15.8 percent from the 2024–25 biennial level of \$8.7 billion.

UTILITY TAXES

Texas has three forms of utility gross receipts taxes: the gas, electric, and water tax; the public utility gross receipts assessment; and the gas utility pipeline tax. The largest revenue generator is the gas, electric, and water tax, which provides more than 80.0 percent of the state's total utility tax revenues.

Tax rates imposed on utility gross receipts range from 0.581 percent to 1.997 percent, depending on city population. The public utility gross receipts tax is levied at a rate of

0.001667 percent of gross receipts. The gas utility pipeline tax is a levy of 0.5 percent on gas utility gross receipts, less the cost of gas sold.

During the 2024–25 biennium, utility taxes generated \$1.4 billion in revenue, an increase of 15.3 percent. CPA estimates that utility taxes will generate \$1.5 billion for the 2026–27 biennium, an increase of 12.9 percent.

HOTEL OCCUPANCY TAX

Texas imposes a hotel occupancy tax on an individual who pays for the use or possession of a room or space in a hotel. For purposes of the tax, the definition of a hotel includes the short-term rental of all or part of a residential property. The rate of tax is 6.0 percent of the price paid for a room in the hotel.

CPA estimates that the hotel occupancy tax will generate \$1.7 billion for the 2026–27 biennium, which would be 12.3 percent greater than the 2024–25 biennial collections of \$1.5 billion.

OTHER TAXES

Other taxes are levied on various items such as oil well service receipts, unemployment assessments and contributions, cement, and coin-operated amusement machines. CPA estimates that these taxes will generate \$615.9 million during the 2026–27 biennium, an increase of 1.2 percent from the 2024–25 biennial collections of \$608.3 million.

NONTAX REVENUES

In addition to tax revenues, the state receives revenue from various other sources.

FEDERAL RECEIPTS

Federal receipts constitute the state's largest source of nontax revenue. CPA estimates that collections for the 2026–27 biennium will total \$111.5 billion, 31.4 percent of all revenue for the biennium, which would be a decrease of 5.5 percent from 2024–25 biennial receipts.

LICENSES, FEES, FINES, AND PENALTIES

Licenses, fees, fines, and penalties contribute the state's third largest source of nontax revenue. According to CPA, the state is projected to receive \$14.3 billion from this revenue category for the 2026–27 biennium. This amount represents an increase of 1.9 percent from 2024–25 biennial collections of \$14.1 billion. This revenue category is expected to contribute 4.0 percent of all state revenue during the 2026–27 biennium.

INTEREST AND INVESTMENT INCOME

Most interest on fund balances and investment revenue in General Revenue Funds is composed of income deposited to the Available School Fund (ASF) from Permanent School Fund (PSF) investments. Funds distributed from the PSF to the ASF during a 10-year period may not exceed the total return on all PSF investment assets during the same period. Transfers to the ASF totaled \$2.2 billion for fiscal year 2024 and \$2.2 billion for fiscal year 2025. CPA estimates that \$4.8 billion will be transferred to the ASF during the 2026–27 biennium.

All Funds total interest and investment revenue for the 2026–27 biennium is expected to be \$6.9 billion, a decrease of 34.6 percent from the 2024–25 biennial interest and investment revenue of \$10.5 billion.

LOTTERY REVENUE

Texas Lottery ticket sales totaled \$7.9 billion for fiscal year 2025, a decrease of \$0.5 billion, or 5.7 percent, from fiscal year 2024 sales.

Of the fiscal year 2025 total sales, \$5.6 billion was paid out to players; \$1,660.5 million was transferred on a cash basis to the Foundation School Fund; \$28.9 million was transferred to the Texas Veterans Commission; and \$71.3 million of unclaimed prizes was transferred to the state. A portion of

the remaining fiscal year 2025 sales was used to fund administrative expenses and pay retailers commissions and incentive payments.

CPA estimates that lottery revenue of \$1.6 billion for each fiscal year of the 2026–27 biennium will be available for transfer to the Foundation School Fund.

LAND INCOME

Land income is derived from mineral royalties and leases, land sales, and the sale of timber and sand. CPA estimates that the state will collect \$6.8 billion in income from state lands for the 2026–27 biennium. This amount represents a decrease of 0.8 percent from 2024–25 biennial collections of \$6.9 billion.

OTHER REVENUE

SETTLEMENT OF CLAIMS

This category includes proceeds from settlements involving the state of Texas. In January 1998, Texas entered into a settlement agreement with the defendants in the state's action against tobacco manufacturers, which is the primary source of collections in this category. One result of the agreement was the establishment of a series of payments to the state and several political subdivisions to be made by the defendants named in the agreement. The schedule of these payments is outlined in the settlement agreement. Future payments are subject to price, sales volume, and profitability adjustments at tobacco companies. These adjustment factors may cause actual Tobacco Settlement revenue collections to deviate from the original payment schedule.

During the 2024–25 biennium, the state received \$900.1 million as a result of the federal Tobacco Settlement agreement. For the 2026–27 biennium, \$789.9 million in revenue is expected as the volume of domestic cigarette sales decreases. Overall, Settlement of Claims are projected to total \$1.4 billion for the 2026–27 biennium, a decrease of 23.3 percent from the 2024–25 biennial collections of \$1.8 billion.

STATE HEALTH SERVICE FEES AND REBATES

Most state health service fees and rebates are from federally mandated and state-supplemental Medicaid vendor drug programs. These revenues consist of rebates that the state collects from manufacturers of drugs that are covered by state Medicaid programs. CPA estimates that the state will collect \$21.0 billion in state health service fees and rebates for the

2026–27 biennium, 25.4 percent less than the 2024–25 biennial collections of \$28.1 billion.

OTHER SOURCES OF REVENUE

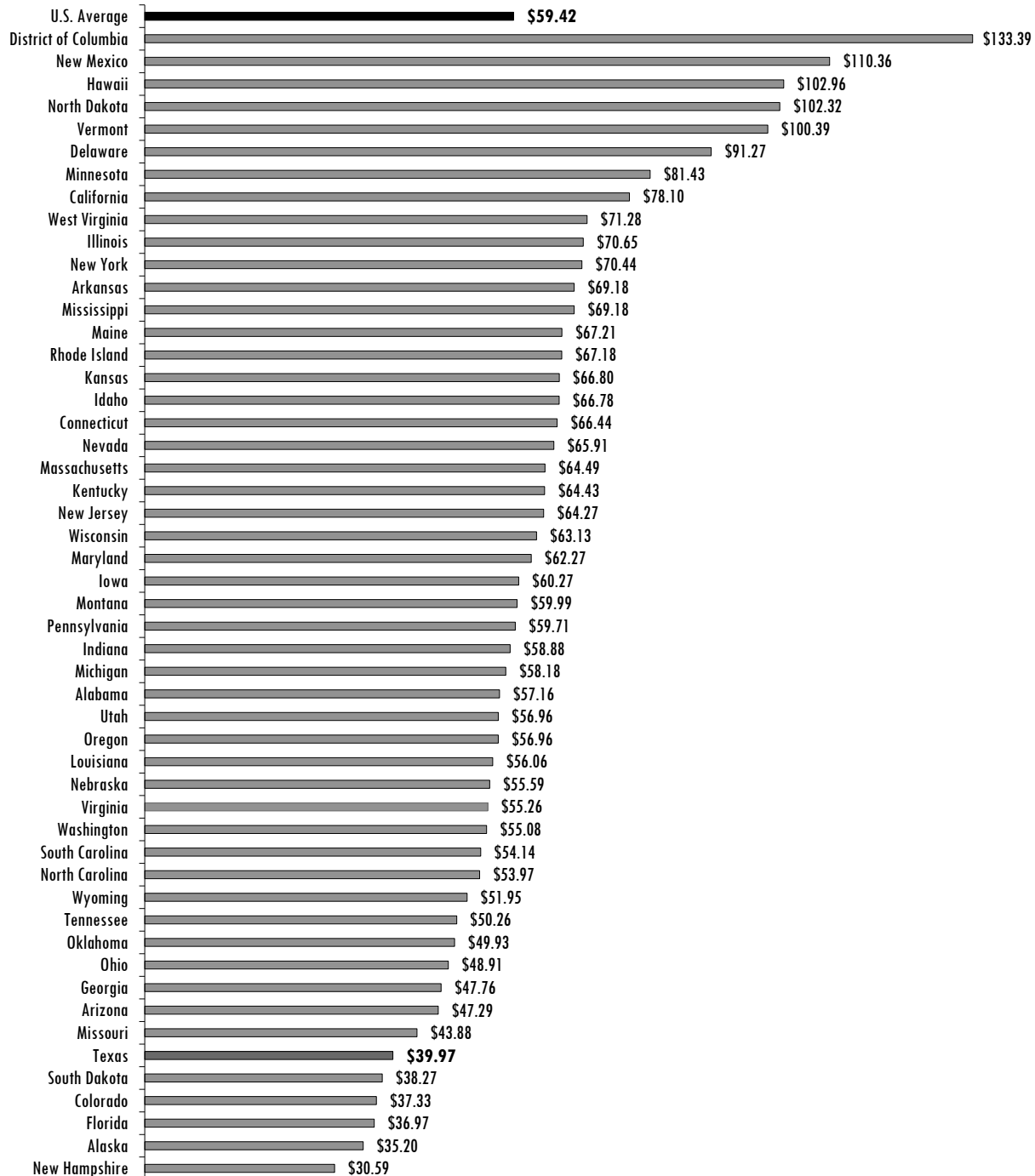
The remaining \$10.9 billion, or 3.1 percent, of estimated state revenue for the 2026–27 biennium is contributed from various sources, including escheated estates, sales of goods and services, child support collections, and several smaller sources. Collections of other revenue are projected to total 14.9 percent less than the 2024–25 biennial collections of \$12.8 billion.

STATE TAXES

Two measures are used commonly to compare state tax burdens among states: state tax revenue per \$1,000 of personal income, and per-capita state tax revenues. Texas

ranks low relative to other states on both measures. For fiscal year 2024, Texans paid \$39.97 in state taxes for each \$1,000 of personal income, or 67.3 percent of the \$59.42 national average, as shown in **Figure 28**. On this metric, Texas ranks as the sixth lowest state in the country.

FIGURE 28
STATE TAX REVENUE PER \$1,000 OF PERSONAL INCOME, FISCAL YEAR 2024



SOURCES: U.S. Census Bureau; U.S. Department of Commerce, Bureau of Economic Analysis.

POPULATION

The annual growth rate of Texas' population has remained relatively constant since calendar year 2008. **Figure 29** shows that the state's population grew by 16.0 percent from calendar years 2014 to 2024. This growth rate was a compounded annual rate of 1.5 percent. Of the 15 most populous U.S.

states, Texas was the second-fastest growing during this period. Moody's Analytics, a national econometric forecasting firm, estimates that Texas' population will increase approximately 1.1 percent per year from calendar years 2025 to 2035. During the same period, Moody's Analytics projects the total U.S. population will increase approximately 0.3 percent per year.

FIGURE 29
RESIDENT POPULATION RANKING, CALENDAR YEARS 2014 AND 2024

RANKING	STATE	POPULATION (IN MILLIONS)			
		2014 CENSUS	2024 CENSUS	CHANGE	PERCENTAGE CHANGE
1	California	38.6	39.4	0.8	2.2%
2	Texas	27.0	31.3	4.3	16.0%
3	Florida	19.8	23.4	3.5	17.8%
4	New York	19.7	19.9	0.2	1.1%
5	Pennsylvania	12.8	13.1	0.3	2.3%
6	Illinois	12.9	12.7	(0.2)	(1.4%)
7	Ohio	11.6	11.9	0.3	2.4%
8	Georgia	10.1	11.2	1.1	11.1%
9	North Carolina	9.9	11.0	1.1	11.2%
10	Michigan	9.9	10.1	0.2	2.1%
11	New Jersey	8.9	9.5	0.6	7.2%
12	Virginia	8.3	8.8	0.5	6.0%
13	Washington	7.1	8.0	0.9	12.8%
14	Arizona	6.7	7.6	0.9	12.7%
15	Tennessee	6.5	7.2	0.7	10.5%
	U.S. Total	318.3	340.1	21.8	6.9%

SOURCE: U.S. Census Bureau.

PERSONAL INCOME

Personal income is a widely used measure of economic well-being. It consists of wages and salaries, other labor income, proprietors’ income, dividends, interest, rent, and transfer payments (e.g., Social Security and unemployment insurance benefits). Per capita personal income (total personal income divided by resident population) is used commonly to compare the relative economic well-being of residents in the states. It is affected by growth or decrease in the wage-earning population (ages 18 to 64) relative to overall population. Texas’ per capita personal income was \$67,942 for calendar year 2024, and the state ranked twenty-eighth among the states, as shown in **Figure 30**.

The ratio of Texas per capita income to U.S. per capita income is an important driver of the Texas state budget. Specifically, this ratio is the determining factor of Texas’ federal medical assistance percentage (FMAP) and, thus, the state’s share of the cost of the Medicaid program. Typically, when this ratio increases, Texas’ FMAP and the federal share of the cost decreases and the state share increases, and vice versa. During the past 20 years, per capita personal income in Texas has fluctuated; it typically has remained less than the U.S. total, as shown in **Figure 31**. The ratio decreased during calendar years 2015 and 2016, primarily because of decreased earnings in the oil and gas industry, and then remained relatively stable during calendar years 2017, 2018, and 2019, before decreasing in 2020. For calendar year 2024, per capita personal income in Texas was approximately 95.4 percent of the U.S. total.

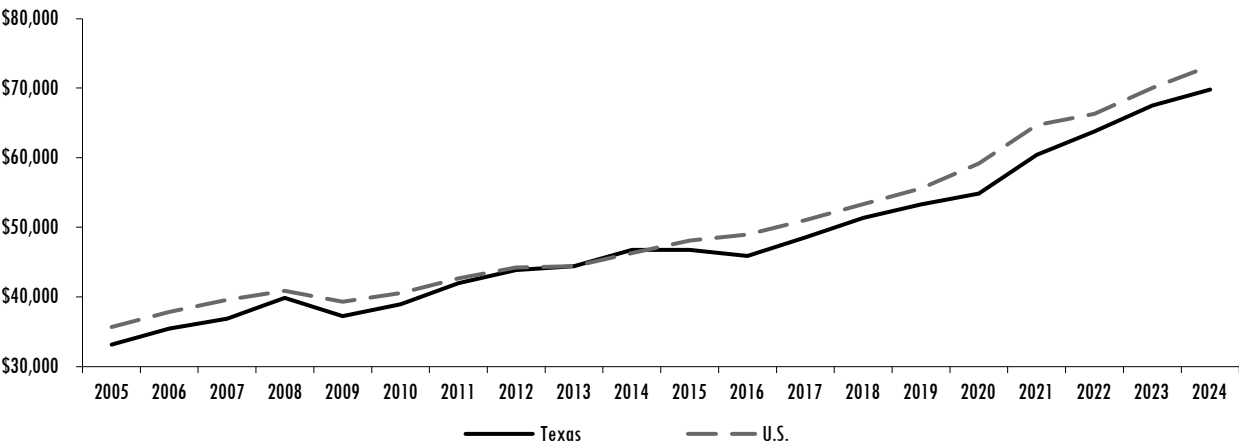
FIGURE 30
15 MOST POPULOUS STATES PER CAPITA
PERSONAL INCOME, CALENDAR YEAR 2024

RANKING	STATE	PER CAPITA PERSONAL INCOME
4	New York	\$85,733
5	California	\$85,518
6	New Jersey	\$84,071
7	Washington	\$83,938
11	Virginia	\$77,093
14	Illinois	\$74,197
17	Pennsylvania	\$71,148
20	Florida	\$70,390
28	Texas	\$67,942
32	Tennessee	\$64,908
33	North Carolina	\$64,855
35	Arizona	\$64,456
36	Ohio	\$64,225
39	Michigan	\$63,221
41	Georgia	\$62,393
	U.S. Total	\$72,425

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

Figure 32 shows that Texas’ cost of living also is relatively low, at 92.1 percent of the national average during the second quarter of 2025. Texas ranked thirty-seventh among the states and ranked thirteenth among the 15 most-populous states on this measure, with first considered the most expensive state and fiftieth considered the least expensive state.

FIGURE 31
PER CAPITA PERSONAL INCOME IN TEXAS AND THE U.S., CALENDAR YEARS 2005 TO 2024



SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

FIGURE 32
15 MOST POPULOUS STATES' COSTS OF LIVING
AS A PERCENTAGE OF THE NATIONAL AVERAGE
CALENDAR YEAR 2025, SECOND QUARTER

RANKING	STATE	PERCENTAGE COST OF LIVING
3	California	142.3%
4	New York	125.1%
9	New Jersey	115.1%
14	Washington	114.1%
15	Arizona	110.7%
20	Florida	102.2%
21	Virginia	100.8%
24	North Carolina	97.8%
27	Pennsylvania	97.2%
33	Illinois	94.7%
35	Ohio	94.3%
36	Georgia	92.5%
39	Texas	92.1%
41	Tennessee	90.3%
45	Michigan	90.1%
	U.S. Average	100.0%

SOURCE: Missouri Economic Research and Information Center.

MAJOR STATE FUNDS

Although more than 500 funds are held in the state Treasury, the General Revenue Fund and a few closely related special funds and accounts are significant in state finance. Funds and accounts in the state Treasury are not directly equivalent to methods of finance in the General Appropriations Act (GAA).

GENERAL REVENUE FUND

The General Revenue Fund consists of nondedicated General Revenue Funds and General Revenue–Dedicated Funds accounts. The nondedicated portion of the General Revenue Fund serves as the state’s primary operating fund. Most state tax revenue, many state fees, and various other sources of revenue are deposited as nondedicated General Revenue Funds.

Among the taxes deposited initially to the nondedicated General Revenue Fund are the state sales tax, the franchise tax, motor vehicle sales taxes, alcohol and tobacco taxes, the oil production tax, the natural gas tax, and motor fuel taxes. Expenditures may be made directly from nondedicated General Revenue Funds, or, in some cases, revenue may be transferred from nondedicated General Revenue Funds to special funds or accounts.

Before fiscal year 1991, most of the accounts that now constitute dedicated General Revenue Funds existed as separate special funds outside the General Revenue Fund. A fund consolidation process initiated in 1991 brought almost 200 special funds into the General Revenue Fund as General Revenue–Dedicated accounts.

An important distinction among special funds and General Revenue–Dedicated accounts is that cash balances in the General Revenue–Dedicated accounts are counted as part of the General Revenue Fund balance in determining the amount of cash available for certification of appropriations from the General Revenue Fund; account balances for special funds do not affect the amount of cash available for this certification. Total General Revenue Fund and General Revenue–Dedicated Fund balances available to certify appropriations ended the 2024–25 biennium at \$36.2 billion.

AVAILABLE SCHOOL FUND

The Available School Fund (ASF) receives a total distribution from the Permanent School Fund (PSF) and one-quarter of net motor fuel taxes. The distribution amount is based upon

a total return methodology, which is a percentage of the average market value of the PSF. The distribution rate cannot exceed 6.0 percent of the average market value. The rate is established by the State Board of Education (SBOE), or by the Legislature during a biennium in which the SBOE does not establish a rate. Additionally, the General Land Office is authorized to make direct deposits into the ASF up to \$600.0 million per year. Of this total, any amount in excess of \$300.0 million during any year is considered part of the Tax Reduction and Excellence in Education Fund described subsequently. In addition, one-quarter of the net revenue from state motor fuel taxes is deposited into the fund.

A portion of ASF revenue is transferred to the State Technology and Instructional Materials Fund. It is used to provide free textbooks and technology to students attending Texas public schools. Remaining revenue in the ASF is allocated to school districts per pupil.

The Comptroller of Public Accounts (CPA) estimates revenue deposited to the ASF will total \$3.4 billion for fiscal year 2026 and \$3.4 billion for fiscal year 2027.

FOUNDATION SCHOOL FUND

One-quarter of occupation taxes—such as the oil production tax, the natural gas production tax, and the gas, water, and electric utility tax—are constitutionally dedicated to public education. The revenue from these taxes initially is deposited to the General Revenue Fund and then transferred to the Foundation School Fund. Legislation passed by the Seventy-fifth Legislature, 1997, statutorily dedicated net lottery proceeds to public education. Those proceeds are deposited to the Foundation School Fund. The Foundation School Fund also receives the revenue from attendance credits purchased by local school districts within the public school finance system. Revenue from the Foundation School Fund is distributed to school districts using Foundation School Program (FSP) formulas and via multiple methods of finance in the GAA. CPA estimates total revenue from occupation taxes, lottery proceeds, and attendance credits to total \$7.3 billion for fiscal year 2026 and \$7.6 billion for fiscal year 2027.

STATE HIGHWAY FUND

The State Highway Fund (SHF) may be used for highway construction and maintenance, acquisition of rights-of-way, and the policing of public roads. The major revenue sources deposited directly to the fund include motor vehicle registration fees, federal highway funds, and the sales tax on motor

lubricants. Motor fuel tax revenue is deposited to the General Revenue Fund, and a significant portion of that amount is allocated to the SHF. Voter approval of Proposition 1, November 2014, directed additional General Revenue Fund allocations to the SHF based on the performance of oil and gas production taxes. Voter approval of Proposition 7, November 2015, directed that a portion of sales tax and motor vehicle sales tax are deposited to the SHF beginning in fiscal years 2018 (sales tax) and 2020 (motor vehicle sales tax). CPA estimates revenue deposited to the SHF to total \$16.8 billion for fiscal year 2026 and \$15.8 billion for fiscal year 2027.

TEXAS MOBILITY FUND

The Texas Mobility Fund (TMF) is a constitutional fund approved by voters in November 2001. TMF is a revolving fund in the state Treasury that is administered by the Texas Transportation Commission and the Texas Department of Transportation for the design, construction, reconstruction, acquisition, and expansion of state highways. It also can be used in the construction of publicly owned toll roads and other public transportation projects

Subject to CPA's approval and the implementation of a strategic plan that outlines the use of TMF revenues, the Texas Transportation Commission is authorized to sell debt obligations of the state to construct highways, toll roads, or other transportation projects. The Eighty-fourth Legislature, 2015, prohibited the issuance of new TMF obligations, with certain exceptions, after January 1, 2015. Bond obligations are guaranteed with a pledge of the state's full faith and credit if the TMF balance proves insufficient to pay outstanding obligations. In that circumstance, the Legislature must appropriate funds from the Treasury to pay any outstanding obligations.

The Legislature may dedicate any taxes or other revenues to the TMF that otherwise are not dedicated by the constitution; namely, motor fuel taxes, lubricant sales taxes, title fees, and motor vehicle registration fees. Deposits include portions of fees for the registration, titling, and inspection of motor vehicles; driver record information; driver licenses; and for state traffic fines and penalties.

PROPERTY TAX RELIEF FUND

A portion of all revenue collected through the motor vehicle sales and use tax, cigarette and tobacco products tax, and the franchise tax is deposited to the Property Tax Relief Fund (PTRF). The 2026–27 GAA, Article III, Texas Education Agency, Rider 76, directs CPA to transfer \$9.4

billion each fiscal year of the biennium from the General Revenue Fund to the PTRF to help fund property tax relief. CPA estimates revenue collections to the fund to total \$2.5 billion for each fiscal year. The PTRF is one of several funds that finances the FSP. Any deposits made to the PTRF will decrease the cost to General Revenue Funds for the FSP by an equal amount.

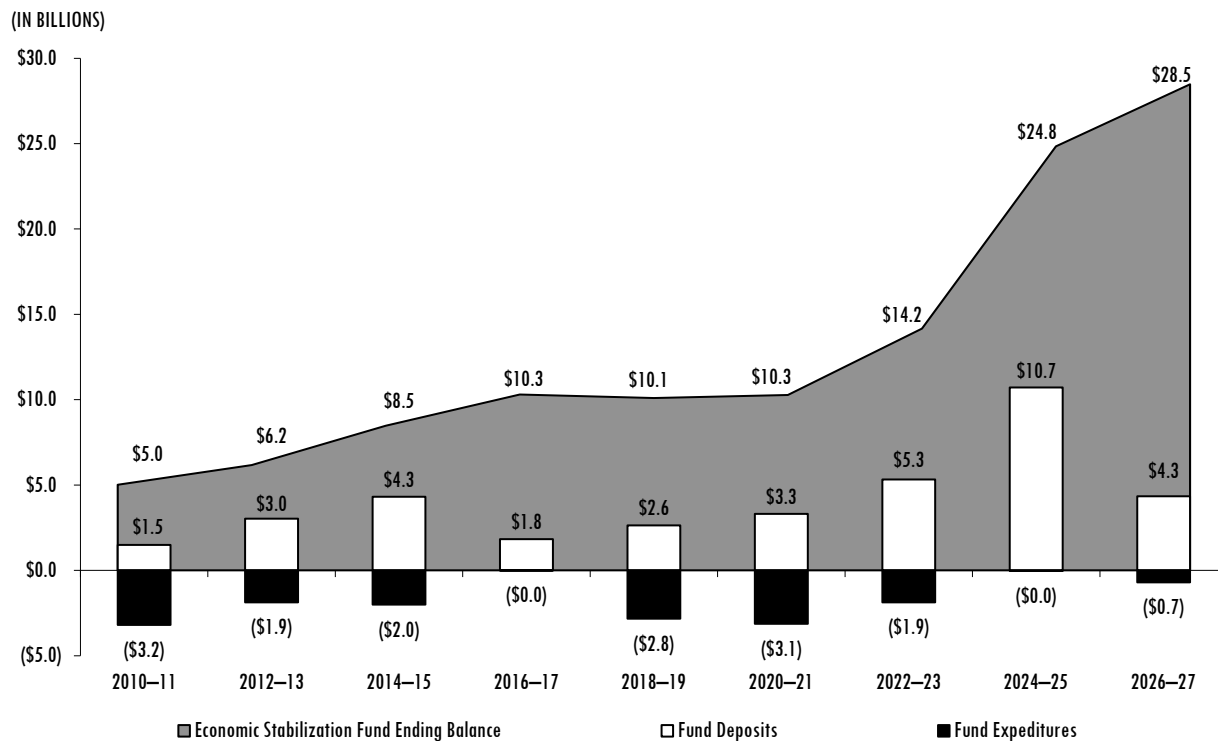
TAX REDUCTION AND EXCELLENCE IN EDUCATION FUND

House Bill 3, Eighty-sixth Legislature, 2019, established the Tax Reduction and Excellence in Education (TREE) Fund. CPA is required monthly to deposit an amount of General Revenue Funds into the TREE Fund equal to the sales and use tax revenue collected from marketplace providers during the previous month, less the amount of revenue the CPA estimates would have been collected from marketplace providers before enactment of House Bill 1525, Eighty-sixth Legislature, 2019. CPA estimates amounts deposited to the fund to be \$2.5 billion for fiscal year 2026 and \$2.7 billion for fiscal year 2027. Similarly to the PTRF, the TREE Fund serves as a source of financing for the FSP.

ECONOMIC STABILIZATION FUND

The Economic Stabilization Fund (ESF) is a constitutional fund approved by voters in November 1988. Whenever collections are sufficient and the balance of the fund is greater than a threshold amount set by the Legislature, the fund receives an amount of General Revenue Funds. Beginning in fiscal year 2022, this threshold amount has been determined by statute instead of by the Legislature. The amount of General Revenue Funds that is deposited to the ESF is equal to 37.5 percent of the amount of tax collections from oil production in excess of fiscal year 1987 levels and 37.5 percent of the amount of tax collections from natural gas in excess of 1987 levels. If the fund balance is less than the threshold balance, the fund can receive up to 75.0 percent of these excess tax collections. The fund also receives one-half of any unencumbered General Revenue Funds balance at the end of each biennium, and interest and investment income. The Legislature also may appropriate revenue to the ESF. Unencumbered balance transfers, interest earnings, and general revenue transfers based upon oil and natural gas production taxes will cease if the balance of the fund exceeds 10.0 percent of General Revenue Funds deposits during the previous biennium. The ESF will continue to receive investment income after the 10.0-percent threshold has been surpassed.

FIGURE 33
ECONOMIC STABILIZATION FUND BIENNIAL DEPOSITS, EXPENDITURES, AND FUND BALANCE
2010–11 TO 2026–27 BIENNIA



NOTE: Amounts shown for fiscal years 2026 to 2027 are projections based on the Comptroller of Public Accounts' October 2025 Certification Revenue Estimate and include supplemental funding appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025.
 SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

Appropriations may be made from the ESF with a three-fifths vote of the members present in each chamber of the Legislature in certain circumstances, which include when a budget deficit develops during a biennium or when CPA estimates that revenue will decrease from one biennium to the next. Appropriations may be made from the ESF for any purpose at any time with a two-thirds vote of the members present in each chamber of the Legislature.

The ESF ended fiscal year 2025 with a balance of \$24.8 billion, and the threshold for ending General Revenue transfers and interest earnings to the ESF is expected to be reached in fiscal year 2026 for the first time in the history of the fund. The Eighty-ninth Legislature, Second Called Session, 2025, appropriated \$280.6 million from the ESF for the 2026–27 biennium. In addition, expenditures of appropriations made by previous Legislatures are estimated to total \$422.8 million during the 2026–27 biennium. After transfers to the fund based on oil and natural gas production tax revenue, transfers based on unencumbered General

Revenue Fund ending balances, interest income, and investment earnings, CPA estimates the ESF to end the 2026–27 biennium with a balance of \$28.5 billion. **Figure 33** shows the revenue, expenditure, and balance history of the ESF since the 2010–11 biennium, and projections for the 2026–27 biennium.

FEDERAL FUNDS APPROPRIATIONS

Appropriated Federal Funds for the 2026–27 biennium total \$102,041.1 million, a decrease of 7.7 percent from the 2024–25 biennial total of \$110,511.4 million shown in **Figure 34**. This decrease can be attributed in part to a decrease in appropriated funds from the federal American Rescue Plan Act of 2021. During the 2024–25 biennium, the Public Safety and Criminal Justice function received a onetime allocation of \$5,449.9 million from the Coronavirus State Fiscal Recovery Fund, which significantly increased its share of federal funding for that biennium. Because this grant funding does not continue for the 2026–27 biennium, overall federal funding for the function has decreased and has been replaced with General Revenue Funds.

The largest changes in federal funding in percentage terms from the 2024–25 to 2026–27 biennia include a decrease of \$5,451.8 million in the Public Safety and Criminal Justice function, \$2,144.6 million in the General Government function, \$1,766.0 million in the Natural Resources function, \$1,280.8 million in the

Business and Economic Development function, and \$351.8 million in the Higher Education function. Federal Funds contribute 30.2 percent of the 2026–27 biennial All Funds budget, as shown in **Figure 35**, which is less than the 31.8 percent share contributed by Federal Funds during the 2024–25 biennium.

Not all federal funding sources directed to Texas are included in these totals. For example, Earned Federal Funds are reimbursements to the state for expenditures already paid with state funds; these funds are included in General Revenue Funds. Most Federal Funds received by higher education institutions and a portion of Medicaid Disproportionate Share Hospital payments also are not included in the Federal Funds totals. Supplemental Nutrition Assistance Program benefits are not appropriated, nor are in-kind federal contributions such as the vaccines the federal government distributes to Texas. Expenditures for federal government salaries and wages, procurement, and direct payments to entities and individuals are not received by the state and, therefore, also are not included in the Federal Funds total.

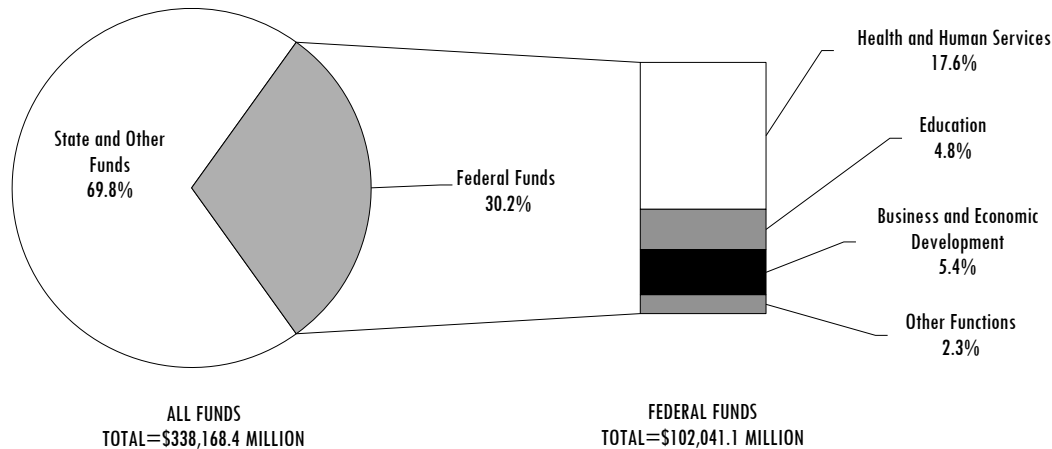
FIGURE 34
FEDERAL FUNDS BY FUNCTION, 2024–25 TO 2026–27 BIENNIA

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 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	\$58,177.1	\$59,679.4	\$1,502.4	2.6%
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	\$3,835.5	(\$1,766.0)	(31.5%)
Article VII – Business and Economic Development	\$19,607.5	\$18,376.6	(\$1,230.8)	(6.3%)
Article VIII – Regulatory	\$5.8	\$6.0	\$0.2	3.9%
Total, All Functions	\$110,511.4	\$102,041.1	(\$8,470.2)	(7.7%)

NOTES:

- (1) Estimated/Budgeted amounts for the 2024–25 biennium include supplemental spending adjustments pursuant to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
 - (2) Appropriated amounts for the 2026–27 biennium include adjustments pursuant to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025.
 - (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
 - (4) Article IX – General Provisions and Article X – Legislature do not contain appropriations from Federal Funds.
- SOURCE: Legislative Budget Board.

FIGURE 35
FEDERAL FUNDS AS PERCENTAGE OF ALL FUNDS, 2026–27 BIENNIUM

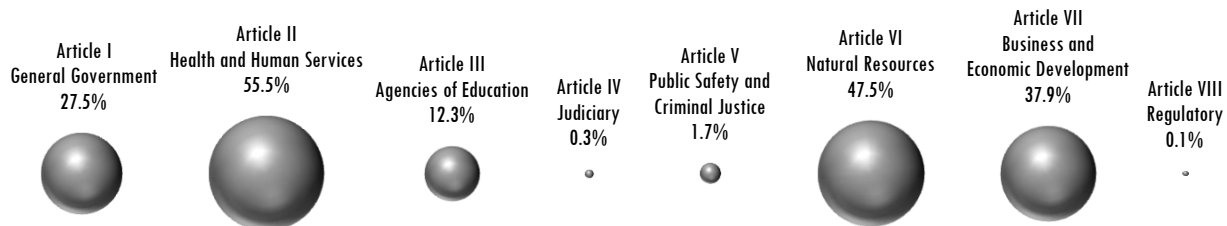


NOTES:

- (1) Other Functions include the following functions: Natural Resources, 1.1%; General Government, 1.0%; Public Safety and Criminal Justice, 0.1%; Judiciary, less than 0.01%; and Regulatory, less than 0.01%.
- (2) Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 36
FEDERAL FUNDS AS A PERCENTAGE OF EACH FUNCTION'S ALL FUNDS BUDGET, 2026–27 BIENNIUM



NOTE: Article IX – General Provisions and Article X – Legislature do not contain appropriations from Federal Funds.

SOURCE: Legislative Budget Board

Most of the Federal Funds that Texas receives, 92.5 percent, are for services provided through the Health and Human Services, Business and Economic Development, and Education functions within the 2026–27 GAA.

Figure 36 shows each function's Federal Funds as a percentage of the function's All Funds budget.

HEALTH AND HUMAN SERVICES

In the 2026–27 GAA, Health and Human Services agencies are estimated to receive \$59,679.4 million in Federal Funds, which is 58.5 percent of the state's total Federal Funds. Federal Funds for these agencies are expected to increase by \$1,502.4 million from 2024–25 biennial levels. See **Chapter 5, Health and Human Services**, for additional information related to federal funding for HHS agencies.

BUSINESS AND ECONOMIC DEVELOPMENT

It is estimated that Business and Economic Development agencies will receive \$18,376.6 million in Federal Funds during the 2026–27 biennium, a decrease of \$1,230.8 million from 2024–25 biennial levels. The decrease is attributable in part to a projected reduction in federal funding reimbursements for the Texas Department of Transportation's highway planning and construction costs and a tapering of COVID-19 pandemic-related funds for the Texas Department of Housing and Community Affairs.

EDUCATION

The Education agencies account for the third-largest portion of Federal Funds in the state budget. Education agencies are expected to receive \$16,372.6 million in Federal Funds during the 2026–27 biennium, or 16.0 percent of the state's

total Federal Funds, which constitutes a net increase of \$622.8 million from 2024–25 biennial levels. The increase is attributable in part to school enrollment growth and an increase in Title I Grants and child nutrition program grants to the Texas Education Agency for the 2026–27 biennium. See **Chapter 6, Agencies of Education**, for additional information related to education funding.

OTHER FUNCTIONS

Federal Funds for the remaining functions—General Government, Judiciary, Public Safety and Criminal Justice, Natural Resources, and Regulatory—are estimated to total \$7,612.4 million (7.5 percent) of the state’s federal receipts during the 2026–27 biennium.

LOCAL REVENUE

Property taxes and local sales and use taxes are levied by school districts, counties, cities, metropolitan transit authorities, and special districts. Although these revenues are not appropriated, these collections may affect state appropriations.

PROPERTY TAXES

Property taxes are levied by school districts, counties, cities, and special districts. The variety of special districts includes the following entities: junior colleges, hospitals, rural firefighting, municipal utilities, flood control, navigation, and economic development reinvestment zones.

TAXABLE VALUES

Gross taxable property values, adjusted for productivity valuation, totaled \$1,282.0 billion for calendar year 2004. Productivity valuation is a measure of land value based on

the land's ability to produce income from agriculture or timber operations. By calendar year 2024, adjusted gross property values totaled \$5,467.6 billion, an increase of 326.5 percent from the 2004 level. For calendar year 2024, net taxable school district property values increased \$207.1 billion, or 5.3 percent from the calendar year 2023 amount, as shown in **Figure 37**. Since 2004, net taxable school district property values decreased once, from calendar years 2009 to 2010, as shown in **Figure 38**.

For calendar year 2004, school district exemptions accounted for \$158.4 billion of reduced taxable value. By calendar year 2024, this amount increased to \$1,348.3 billion, an increase of \$1,189.9 billion from 2004 levels. For calendar year 2024, approximately 83.5 percent of the total exemption amount was attributable to the state-mandated residential homestead exemptions, the 10.0-percent residential homestead appraisal valuation cap, and the property tax freeze for qualified homeowners age 65 or older, as shown in **Figure 39**.

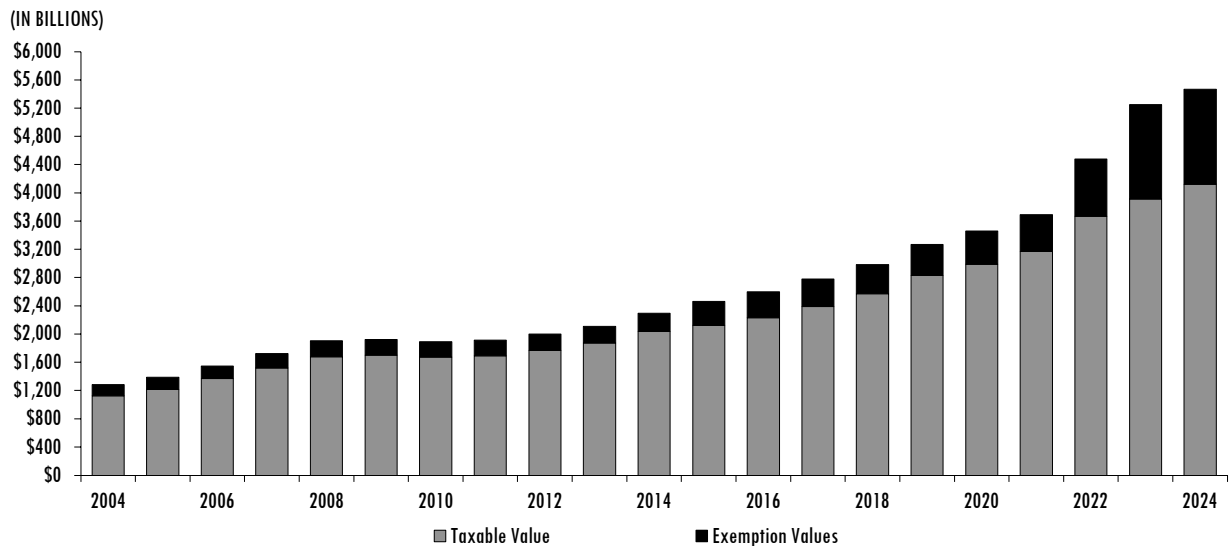
FIGURE 37
SCHOOL DISTRICT NET TAXABLE PROPERTY VALUES, CALENDAR YEARS 2023 AND 2024

(IN BILLIONS)

PROPERTY	2023	2024	PERCENTAGE CHANGE
A. Single-family Residences	\$2,807.9	\$2,921.4	4.0%
B. Multifamily Residences	\$369.9	\$378.4	2.3%
C1. Vacant Platted Lots and Tracts	\$86.6	\$92.1	6.3%
C2. Colonia Lots	\$0.1	\$0.1	26.4%
D1. Real Property: Qualified Acres	\$13.2	\$12.9	(2.3%)
D2. Real Property: Farm and Ranch	\$6.4	\$8.3	30.9%
E. Real Property: Nonqualified Acres	\$189.0	\$206.2	9.1%
F1. Commercial Real	\$696.7	\$736.7	5.7%
F2. Industrial Real	\$239.8	\$258.1	7.6%
G. Oil, Gas, Minerals	\$259.2	\$240.8	(7.1%)
J. Utilities	\$130.9	\$140.4	7.3%
L1. Commercial Personal	\$229.1	\$241.5	5.4%
L2. Industrial Personal	\$170.2	\$180.4	6.0%
M. Mobile Homes and Other Personal	\$14.5	\$16.1	10.8%
N. Intangible Personal	\$0.0	\$0.0	(33.6%)
O. Residential Inventory	\$22.2	\$22.7	2.2%
S. Special Inventory	\$11.2	\$11.4	1.7%
Total Market Value	\$5,247.0	\$5,467.6	4.2%
Exemptions	(\$1,334.8)	(\$1,348.3)	1.0%
Net Taxable Value	\$3,912.2	\$4,119.3	5.3%

SOURCE: Comptroller of Public Accounts.

FIGURE 38
SCHOOL DISTRICT PROPERTY VALUES, CALENDAR YEARS 2004 TO 2024



SOURCE: Comptroller of Public Accounts.

FIGURE 39
SCHOOL PROPERTY TAX EXEMPTIONS, CALENDAR YEARS 2023 AND 2024

(IN MILLIONS)				
EXEMPTION	2023	PERCENTAGE OF TOTAL	2024	PERCENTAGE OF TOTAL
State Homestead and Disabled Veterans	\$605,562.8	45.4%	\$641,640.5	47.6%
Homestead Appraisal Valuation Cap	\$221,255.2	16.6%	\$265,165.4	19.7%
Tax Freeze on Over-65 Homesteads	\$327,075.1	24.5%	\$218,551.7	16.2%
Subtotal, Homestead Exemption Value	\$1,153,893.2	86.4%	\$1,125,357.6	83.5%
Other	\$180,868.8	13.6%	\$222,981.0	16.5%
Total Exemptions	\$1,334,762.0	100.0%	\$1,348,338.6	100.0%

SOURCE: Comptroller of Public Accounts.

PROPERTY TAX LEVIES

For calendar year 2023, the most recent year for which complete property tax data are available, 4,644 local taxing units levied \$81.4 billion in property taxes, an increase of \$0.7 billion, or 0.8 percent, from the 2022 level. As shown in **Figure 40**, school districts levied the largest amount of property taxes for calendar year 2023 at \$39.5 billion, followed by cities at \$15.0 billion, counties at \$14.2 billion, and special districts at \$12.7 billion. The levy imposed by school districts for calendar year 2023 was 10.1 percent lower than for calendar year 2022.

From calendar years 2003 to 2023, statewide property tax levies increased by \$52.6 billion, or 181.9 percent. School district levies increased by the largest amount, \$22.2 billion,

which accounts for 42.3 percent of the total increase. For 2003, school districts levied approximately \$17.3 billion in property taxes, or 59.8 percent of property taxes levied in the state. By 2023, school districts levied \$39.5 billion in property taxes, which constituted 48.1 percent of total property taxes. **Figure 41** shows the percentage change in total property tax levies and total personal income from 2003 to 2023. During this period, total property tax levies increased at an average annual rate of 5.3 percent, which is 0.4 percentage points less than the 5.7 percent average annual increase in personal income in Texas.

LOCAL SALES TAX

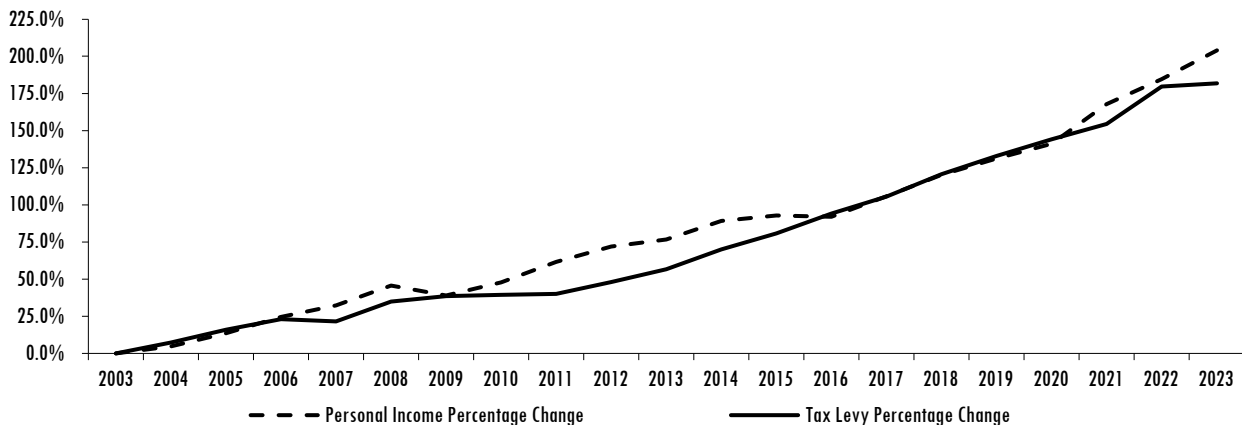
Local governmental entities, such as cities, counties, metropolitan transit authorities, and special districts, may

FIGURE 40
PROPERTY TAX LEVIES, CALENDAR YEARS 2003 TO 2023

(IN MILLIONS) TAX YEAR	SCHOOL DISTRICT	CITY	COUNTY	SPECIAL DISTRICT	TOTAL PROPERTY TAXES	CHANGE FROM PRIOR YEAR
2003	\$17,264.2	\$4,415.2	\$4,121.8	\$3,092.3	\$28,893.4	5.8%
2004	\$18,534.0	\$4,607.8	\$4,462.8	\$3,369.1	\$30,973.6	7.2%
2005	\$20,194.9	\$4,901.8	\$4,772.7	\$3,609.6	\$33,479.0	8.1%
2006	\$20,918.1	\$5,323.0	\$5,339.6	\$3,972.2	\$35,552.9	6.2%
2007	\$18,874.2	\$5,890.3	\$5,837.0	\$4,513.1	\$35,114.6	(1.2%)
2008	\$21,233.5	\$6,451.0	\$6,342.7	\$4,952.7	\$38,980.0	11.0%
2009	\$21,780.1	\$6,593.8	\$6,526.7	\$5,133.8	\$40,034.4	2.7%
2010	\$21,558.3	\$6,755.4	\$6,567.1	\$5,392.5	\$40,273.3	0.6%
2011	\$22,001.6	\$6,810.0	\$6,742.9	\$4,926.1	\$40,480.6	0.5%
2012	\$23,072.8	\$7,055.0	\$7,064.7	\$5,543.4	\$42,735.9	5.6%
2013	\$24,854.7	\$7,324.4	\$7,537.7	\$5,529.4	\$45,246.3	5.9%
2014	\$26,792.7	\$7,828.6	\$8,115.0	\$6,370.5	\$49,106.7	8.5%
2015	\$28,176.5	\$8,380.4	\$8,689.5	\$6,954.1	\$52,200.6	6.3%
2016	\$29,854.8	\$9,165.2	\$9,027.4	\$8,031.4	\$56,078.9	7.4%
2017	\$32,132.6	\$9,730.4	\$9,531.7	\$8,010.2	\$59,405.0	5.9%
2018	\$34,876.9	\$10,387.8	\$10,036.6	\$8,469.3	\$63,770.6	7.3%
2019	\$36,246.5	\$11,152.2	\$11,000.6	\$8,887.2	\$67,286.5	5.5%
2020	\$37,759.7	\$11,963.5	\$11,290.5	\$9,486.2	\$70,499.8	4.8%
2021	\$38,946.1	\$12,495.9	\$11,694.1	\$10,401.0	\$73,537.2	4.3%
2022	\$43,949.0	\$13,634.5	\$12,797.3	\$10,409.2	\$80,790.0	9.9%
2023	\$39,496.6	\$15,049.2	\$14,174.5	\$12,723.4	\$81,443.7	0.8%

SOURCE: Comptroller of Public Accounts.

FIGURE 41
ANNUAL STATE REVENUE, PROPERTY TAX LEVY, AND POPULATION AND INFLATION PERCENTAGE CHANGES
CALENDAR YEARS 2003 TO 2023



SOURCES: Comptroller of Public Accounts; U.S. Department of Commerce, Bureau of Economic Analysis.

FIGURE 42
LOCAL SALES TAX REMITTANCES, CALENDAR YEARS 2022 TO 2024

(IN MILLIONS)			2023			2024		
TAXING UNIT	REMITTED	PERCENTAGE OF TOTAL	REMITTED	PERCENTAGE OF TOTAL	PERCENTAGE INCREASE	REMITTED	PERCENTAGE OF TOTAL	PERCENTAGE INCREASE
Cities	\$8,127.3	63.9%	\$8,512.0	63.4%	4.7%	\$8,676.3	63.2%	1.9%
Transit authorities	\$2,701.7	21.2%	\$2,830.4	21.1%	4.8%	\$2,883.1	21.0%	1.9%
Counties	\$755.1	5.9%	\$824.3	6.1%	9.2%	\$840.7	6.1%	2.0%
Special districts	\$1,132.8	8.9%	\$1,254.2	9.3%	10.7%	\$1,319.6	9.6%	5.2%
Total	\$12,717.0		\$13,420.9		5.5%	\$13,719.8		2.2%

SOURCE: Comptroller of Public Accounts.

impose local sales and use taxes. State law caps the combined rate set by local jurisdictions at 2.0 percent. The taxes are administered and collected by the Comptroller of Public Accounts (CPA) and then remitted back to the local jurisdiction. **Figure 42** shows the remittances from calendar years 2022 to 2024.

ECONOMIC INDICATORS

The Texas economy continued to grow during the 2024–25 biennium, with Real Gross State Product (GSP) increasing by 5.2 percent during fiscal year 2024 and 2.5 percent during fiscal year 2025. Employment levels in Texas also recorded growth during fiscal year 2025, increasing at a rate of 1.5 percent, which maintained the statewide unemployment rate steady at 4.1 percent during the year.

Projections from CPA’s October 2025 Certification Revenue Estimate indicate slowing, but still positive economic growth during the 2026–27 biennium. Texas Real GSP is forecast to increase by 2.3 percent for fiscal year 2026 and 2.3 percent for fiscal year 2027.

Figure 43 shows the recent historical values of several Texas economic indicators and CPA’s most recent forecast of these values for the 2026–27 biennium.

FIGURE 43
TEXAS ECONOMIC-BASED INDICATORS, FISCAL YEARS 2018 TO 2027 (1)

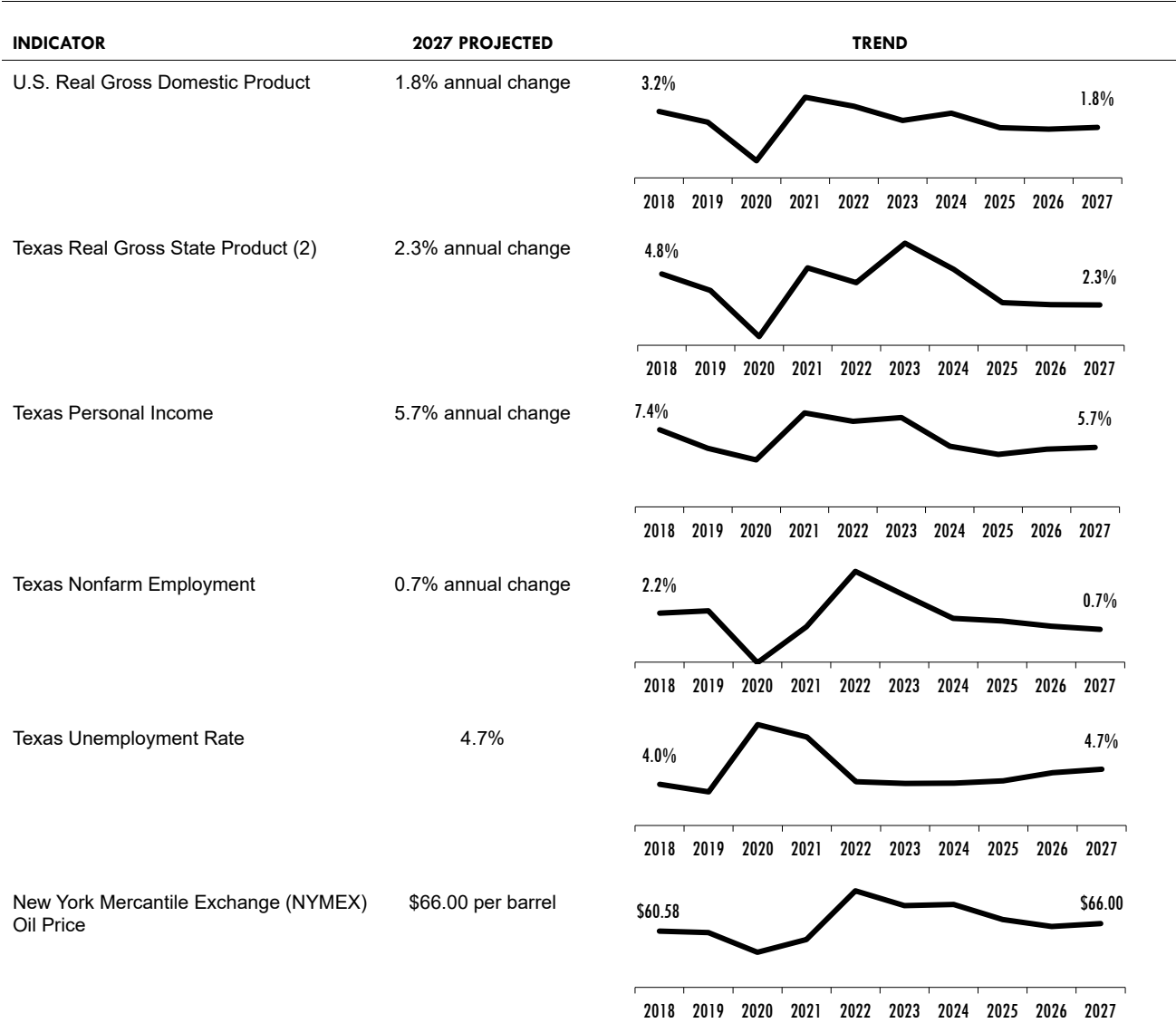
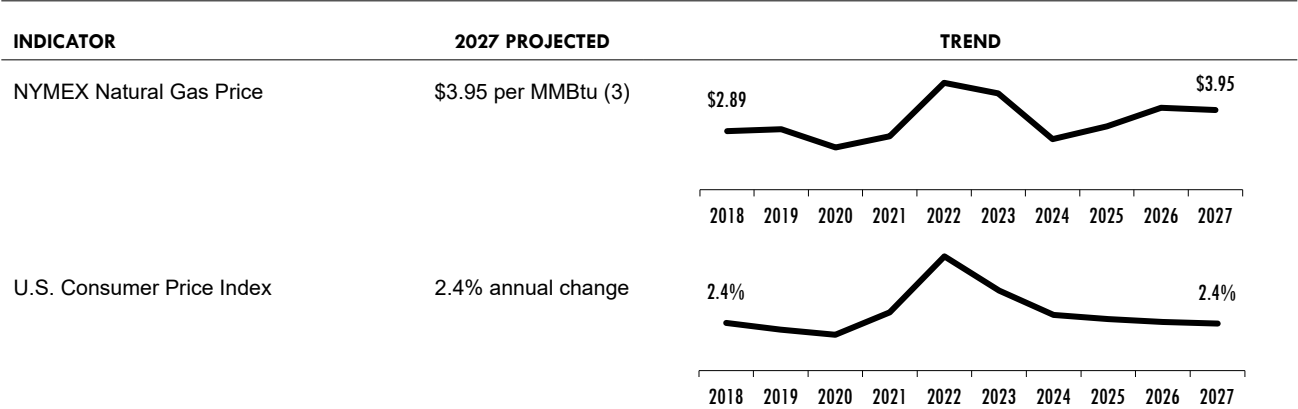


FIGURE 43 (CONTINUED)
TEXAS ECONOMIC-BASED INDICATORS, FISCAL YEARS 2018 TO 2027 (1)



NOTES:
(1) Trends for fiscal years 2025 to 2027 are based on projections from the Comptroller of Public Accounts' October 2025 Certification Revenue Estimate.
(2) Amounts for the Gross State Product are based on 2017 dollars.
(3) MMBtu=million British thermal units.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

3. SUMMARY OF SIGNIFICANT FISCAL LEGISLATION

This chapter provides brief summaries of those bills and joint resolutions passed by the Eighty-ninth Legislature, Regular and Called sessions, 2025, that will affect the state's fiscal condition significantly or that represent a material change to the fiscal operation of the state, beginning with the fiscal year 2025 supplemental appropriations bill. The chapter is divided into three sections: (1) legislation with significant implications for the state budget or operations; (2) legislation that materially affects state fiscal policy; and (3) significant tax and revenue legislation. All other bills and joint resolutions are shown in alphanumeric order by session within each section.

BILLS WITH SIGNIFICANT BUDGETARY OR OPERATIONAL IMPLICATIONS

HOUSE BILL 500

The Texas Constitution authorizes the Legislature to consider and adopt budget bills, referred to as General Appropriations Bills, during regular or called legislative sessions. To maintain the operation of state government, the Legislature passes the bills to provide funding to state agencies and institutions of higher education for the upcoming biennium. As discussed in **Chapter 1, State Budget Overview**, Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, provides funding for the 2026–27 biennium. However, the Legislature may consider additional bills that modify existing spending levels and authority for the current and upcoming fiscal periods. Such bills commonly are referred to as supplemental appropriations bills and include appropriations and provisions that can be effective for up to a two-year period. As deemed necessary by the Legislature or the Governor, one or more items in a supplemental bill may be designated as an emergency pursuant to the Texas Constitution, Article III, Section 5. **Figure 44** shows the 20 supplemental bills enacted since fiscal year 2005.

House Bill 500, Eighty-ninth Legislature, 2025, provides supplemental appropriations for fiscal year 2025 totaling \$12,370.0 million in All Funds and \$13,598.7 million in General Revenue Funds and General Revenue–Dedicated Funds, as shown in **Figure 45**. Funding in House Bill 500 includes the following key budget items:

- \$2.6 billion in All Funds to the Texas Water Development Board, including \$2.5 billion for water

FIGURE 44
SUPPLEMENTAL APPROPRIATIONS BILLS
2004–05 TO 2026–27 BIENNIA

LEGISLATIVE SESSION	BILL
Eighty-ninth, Second Called, 2025	Senate Bill 5
Eighty-ninth, Regular, 2025	House Bill 500
Eighty-eighth, Fourth Called, 2023	Senate Bill 3
Eighty-eighth, Second Called, 2023	Senate Bill 2
Eighty-eighth, Regular, 2023	Senate Bill 30
Eighty-seventh, Third Called, 2021	Senate Bill 8
Eighty-seventh, Second Called, 2021	House Bill 9
Eighty-seventh, Second Called, 2021	House Bill 5
Eighty-seventh, Regular, 2021	House Bill 2
Eighty-sixth, Regular, 2019	Senate Bill 500
Eighty-fifth, Regular, 2017	House Bill 2
Eighty-fourth, Regular, 2015	House Bill 2
Eighty-third, Regular, 2013	House Bill 1025
Eighty-third, Regular, 2013	House Bill 10
Eighty-second, Regular, 2011	House Bill 4
Eighty-second, Regular, 2011	House Bill 275
Eighty-first, Regular, 2009	House Bill 4586
Eightieth, Regular, 2007	House Bill 15
Seventy-ninth, Third Called, 2006	House Bill 63
Seventy-ninth, Regular, 2005	House Bill 10

SOURCE: Legislative Budget Board.

infrastructure and related grants, and \$131.3 million to draw down matching Federal Funds for the base program-level and Infrastructure Investment and Jobs Act grants (Clean Water State Revolving Fund: \$48.3 million; Drinking Water State Revolving Fund: \$83.0 million);

- \$1.6 billion in General Revenue Funds to the Comptroller of Public Accounts (CPA) for the following deposits: contingent funding of \$1.3 billion to the Texas University Fund to provide stable funding for currently eligible institutions; \$300.0 million to the Space Exploration and Aeronautics Research Fund; and \$40.5 million to General Revenue–Dedicated Account No. 469, Compensation to Victims of Crime, to backfill a revenue loss;

FIGURE 45
HOUSE BILL 500 APPROPRIATIONS, FISCAL YEAR 2025

(IN MILLIONS)	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS	ALL FUNDS
FUNCTION		
General Government	\$4,230.7	\$4,338.9
Health and Human Services	\$1,144.7	\$1,398.9
Public Education	\$1,812.6	(\$700.5)
Higher Education	\$1,655.1	\$1,655.1
Judiciary	\$23.9	\$23.9
Public Safety and Criminal Justice	\$1,821.2	\$1,821.2
Natural Resources	\$2,191.8	\$3,072.8
Business and Economic Development	\$701.8	\$742.8
Regulatory	\$16.9	\$16.9
Total	\$13,598.7	\$12,370.0

NOTE: Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

- \$1.4 billion in General Revenue Funds to the Texas Education Agency (TEA), including \$1.1 billion for the Foundation School Program (FSP) resulting from updated projections and contingent funding of \$243.0 million for instructional materials. The legislation also decreases appropriations of Other Funds by \$2.5 billion primarily due to decreases from budgeted recapture amounts following the enactment of Senate Bill 2, Eighty-eighth Legislature, Second Called Session, 2023;
- \$1.3 billion in General Revenue Funds to the Texas Department of Criminal Justice, including \$566.4 million for operations, \$301.0 million for dormitory construction, \$226.3 million for major repair and restoration projects, \$110.0 million for purchase of the Dalby Correctional Facility, and \$60.0 million for other major projects;
- \$1.1 billion in All Funds to the Trusteed Programs within the Office of the Governor, including contingent funding of \$350.0 million for the Texas Advanced Nuclear Development Fund; contingent funding of \$250.0 million to the General Revenue–Dedicated Account No. 5197, Texas Semiconductor Innovation; \$177.2 million to address a shortfall in federal funding for victims of crime; \$149.0 million for state homeland security grants; \$95.0 million for economic development grants; \$64.0 million for disaster grants; \$20.0 million for the Governor’s University Research Initiative; \$10.0 million for defense economic adjustment assistance; \$9.5 million for litigation in a children’s rights case; contingent funding of \$5.0 million for bullet-resistant vehicles; and \$5.0 million for a regional law enforcement training facility at the University of North Texas at Dallas;
- \$1.0 billion in All Funds to the Employees Retirement System of Texas, including \$916.0 million in General Revenue Funds and \$104.0 million in Other Funds for a legacy payment to amortize the system’s unfunded actuarial liabilities and to reduce long-term costs;
- \$982.7 million in General Revenue Funds to the Health and Human Services Commission (HHSC), including \$750.0 million for Medicaid; \$100.0 million for the Dallas State Hospital; \$98.0 million for deferred maintenance; \$20.0 million for the Thriving Texas Families program; \$12.9 million for the Harris County Psychiatric Center; \$1.0 million to address a backlog in abuse, neglect, and exploitation cases; and \$1.0 million for the Terrell State Hospital;
- \$723.9 million in All Funds to various agencies for information technology projects, including \$624.6 million in General Revenue Funds, \$57.2 million in General Revenue–Dedicated Funds, \$4.2 million in Other Funds, and \$37.9 million in Federal Funds;
- \$618.0 million in All Funds to Texas A&M Forest Service, including \$257.0 million in General Revenue Funds for the purchase and operation of aircraft for

wildfire suppression; \$192.3 million to address a backlog for fire department assistance; \$124.8 million to fund the use of firefighting aircraft; and a transfer of \$44.0 million from General Revenue Funds to the General Revenue–Dedicated Account No. 5064, Volunteer Fire Department Assistance, for the Rural Volunteer Fire Department Assistance Program;

- \$536.7 million in General Revenue Funds to other higher education agencies and institutions, including \$135.0 million to the Texas Division of Emergency Management for regional operations facilities and emergency response support; \$120.0 million to Texas Tech University for a demonstration reactor and \$71.0 million for a pulsed power dedicated clean room; \$65.0 million to the Texas Tech University Health Sciences Center at El Paso to support the second phase of a comprehensive oncology center partnership; \$59.8 million to the Texas A&M University System for the Bush Combat Development Center and \$25.0 million for runway improvements at Easterwood Airport; \$25.0 million to the Texas Tech University Health Sciences Center to support the development of a rural cancer collaborative; \$24.9 million to Texas State University to fund construction for the Advanced Law Enforcement Rapid Response Training program; and \$11.0 million for other projects;
- \$511.4 million in General Revenue Funds for facilities, including \$237.4 million to the Texas Facilities Commission for construction of the State Insurance Building, a sensitive compartmentalized information facility, the Rudder Building, and a flex space; \$142.4 million to the State Preservation Board for major repairs to state facilities; \$100.0 million to the Texas Historical Commission for the courthouse grant program; and \$31.5 million for the relocation and reconfiguration of office spaces;
- \$490.4 million in General Revenue Funds to the Texas Higher Education Coordinating Board, including contingent funding of \$400.9 million to address a backlog in eligible unmatched donations certified by the board and \$89.5 million to fund higher-than-projected growth in fundable outcomes for community colleges;
- \$465.8 million in General Revenue Funds to the Texas Department of Transportation, including

\$250.0 million for grants for railroad grade separation projects, \$106.8 million for aviation services, \$52.0 million for the purchase of three new aircraft, \$22.0 million for runway expansion, \$20.0 million for State Highway 99 access road improvement, and \$15.0 million for aircraft hangar construction;

- \$369.2 million in General Revenue Funds to the Teacher Retirement System of Texas (TRS) for the benefit of TRS-ActiveCare;
- \$280.1 million in All Funds to various agencies for vehicle replacement including \$237.0 million in General Revenue Funds, \$4.6 million in General Revenue–Dedicated Funds, and \$38.4 million in Other Funds;
- \$205.0 million in Federal Funds to the Department of State Health Services for the expansion of laboratory capacity;
- \$150.0 million in General Revenue Funds to the General Land Office for improvements to the Alamo;
- \$123.0 million in General Revenue Funds to the Texas Juvenile Justice Department, including \$104.0 million for the completion of new facilities, \$13.3 million to reimburse counties for housing juveniles awaiting transfer to state facilities, and \$5.7 million for other projects;
- \$100.0 million in General Revenue Funds to the Railroad Commission of Texas for the well-plugging program;
- \$98.8 million in General Revenue Funds to the Texas Workforce Commission, including \$68.0 million for the unemployment compensation fund and \$30.8 million for vocational rehabilitation to meet federal maintenance-of-effort requirements;
- \$96.6 million in All Funds, including \$82.6 million in General Revenue Funds and \$14.0 million in Federal Funds, to the Department of Family and Protective Services to address a budget shortfall associated with children without placement, child protective services staffing, adult protective services staffing, and daycare services;
- \$89.0 million in All Funds to the Texas Parks and Wildlife Department, including \$60.0 million in

General Revenue Funds for local park grants; \$21.4 million in General Revenue Funds for headquarters repairs; \$5.6 million in General Revenue–Dedicated Funds for construction across various sites; and \$2.0 million in General Revenue Funds for the Texas State Aquarium Wildlife Rescue Center;

- \$84.6 million in General Revenue Funds to the Texas Military Department, including \$75.0 million for the State of Texas Armory Revitalization program and \$9.6 million for critical roof replacement;
- \$35.3 million in General Revenue Funds to the Texas School for the Deaf for construction related to the Campus Master Plan, Phase 3B;
- \$24.0 million in General Revenue Funds to the Texas Department of Public Safety, including \$20.0 million for deferred maintenance; \$2.5 million for generator expansion at the Austin crime lab; \$1.2 million for lock replacement; and \$0.3 million for Capitol Complex security; and
- other items, which include General Revenue Funds appropriations for the following areas: \$10.0 million to the Department of Information Resources for operations at existing Regional Security Operation Center facilities; \$7.5 million to Education Programs – Comptroller of Public Accounts (EP – CPA) for Texas Education Savings Account Program administration; \$7.4 million to the Texas Civil Commitment Office for offsite healthcare costs and contracted services; \$5.9 million to CPA for administration costs related to the Jobs, Energy, Technology, and Innovation Act program; \$5.1 million to the Office of Court Administration for indigent defense; \$2.5 million to the State Commission on Judicial Conduct for office reconfiguration or moving costs; \$2.5 million to the Texas Department of Licensing and Regulation for agency operations; \$1.4 million to the Texas School for the Blind and Visually Impaired for central administration and related services; a \$159.0 million reduction to the Texas Military Department for anticipated lapses; a \$55.0 million reduction to the Texas Facilities Commission based on actual lease payments; and a \$10.0 million reduction to the Texas Public Finance Authority for actual debt service payments.

HOUSE BILL 2

House Bill 2 makes systemic changes to public education funding, including increasing teacher compensation, establishing educator preparation programs and certain teacher rights, revising special education programs, and increasing support for early childhood education and college, career, and military readiness initiatives.

Significant changes to the FSP include increases to guaranteed yields and other funding formulas related to the Basic Allotment; Special Education Allotment; Early Education Allotment; Teacher Incentive Allotment; School Safety Allotment; Small and Mid-sized District Allotment; and College, Career, or Military Readiness Outcomes Bonus. Changes to the FSP also include the establishment of the Allotment for Basic Costs, Early Literacy Intervention Allotment, Teacher Retention Allotment, Support Staff Retention Allotment, and an allotment to provide funding for educator preparation programs.

The legislation establishes several new non-FSP programs at TEA, including educator preparation programs and grant programs to provide certification exam reimbursements, assist districts with issues regarding teacher quality, provide liability insurance for classroom teachers, and facilitate the adoption of open-education resource materials.

The Legislature appropriates \$8.4 billion in General Revenue Funds in addition to what was required by previous law for public schools to implement the provisions of House Bill 2. Components of this \$8.4 billion in additional funding include \$7.8 billion for increased school funding through the FSP, \$0.6 billion for non-FSP programs and grants at TEA, and a projected \$0.9 billion decrease in recapture payments for the 2026–27 biennium.

HOUSE BILL 14

House Bill 14 establishes the Texas Advanced Nuclear Energy Office (TANEO) within the Office of the Governor to support the development of the nuclear energy industry and establishes the Texas Advanced Nuclear Development fund as a dedicated account in the General Revenue Fund to be administered by TANEO. The legislation authorizes TANEO to use money in the fund to provide reimbursement grants to businesses, nonprofit organizations, and governmental entities, including institutions of higher education, and for costs associated with staff support for TANEO.

The Eighty-ninth Legislature, Regular Session, 2025, requires the transfer of \$350.0 million in General Revenue

Funds to General Revenue–Dedicated Account No. 5203, Texas Advanced Nuclear Development, and appropriates the same amount from the fund to the Trusteed Programs within the Office of the Governor to implement the provisions of House Bill 14.

HOUSE BILL 18

House Bill 18 requires HHSC to establish and maintain the State Office of Rural Hospital Finance within HHSC to provide technical assistance to hospitals and healthcare systems in rural areas of Texas that participate or seek to participate in state or federal financial programs, including Medicaid, and to support the administration of new statewide grant programs established by the legislation. The legislation also requires HHSC to establish the Texas Rural Hospital Officers Academy to provide professional development and financial management training through contracts with selected public universities, with an advisory committee overseeing curriculum development.

House Bill 18 requires the HHSC executive commissioner to develop and calculate an add-on reimbursement rate for rural Medicaid hospitals that have obstetrics and gynecology departments and revises the Pediatric Tele-Connectivity Resource Program by enabling rural hospitals and clinics to access pediatric telemedicine services and grants to support necessary infrastructure and provider contracts. The legislation expands mental health access through the Rural Pediatric Mental Health Care Access Program, which provides telehealth consultations and behavioral health assessments for pediatric and perinatal patients in rural areas, subject to parental consent.

The Eighty-ninth Legislature, Regular Session, 2025, appropriates \$150.0 million in General Revenue Funds to HHSC and the Texas Higher Education Coordinating Board and 10.0 full-time-equivalent (FTE) positions to HHSC to implement the provisions of House Bill 18.

HOUSE BILL 40

House Bill 40 makes various changes relating to the business court. The Eighty-eighth Legislature, Regular Session, 2023, established the business court as a specialized statewide trial court with 11 divisions to address complex business litigation. House Bill 40 removes the expiration date for six of the divisions and moves Montgomery County from the second division to the eleventh division. The legislation reduces the threshold of eligibility of certain disputes for business court consideration from \$10.0 million to \$5.0 million and

expands the list of actions over which the business court has civil jurisdiction concurrent with district courts. House Bill 40 entitles a business court judge to reimbursement from the state for travel and certain other expenses and entitles a county to reimbursement from the state for business court accommodations in county facilities. In addition, the legislation authorizes additional compensation for a business court judge and for the administrative presiding judge of the business court.

HOUSE BILL 149

House Bill 149 establishes provisions regulating the use of artificial intelligence (AI) systems. The legislation requires disclosure of AI systems to consumers under certain circumstances and establishes a list of duties and prohibitions regarding the use of AI. The legislation authorizes the Office of the Attorney General (OAG) to enforce its AI protection provisions, with certain exceptions, and to investigate complaints received from consumers through the agency's website. The legislation imposes a civil penalty on violators of the AI protection provisions and authorizes state agencies to impose sanctions against any violator who is licensed, registered, or certified by the agency upon recommendation of the OAG.

House Bill 149 also establishes the Artificial Intelligence Advisory Council as an administrative attachment to the Texas Department of Information Resources (DIR). The purpose of the council is to oversee the safe implementation of AI and explore ways to improve the efficiency and effectiveness of state government through use of AI systems, among other purposes. The legislation requires DIR to coordinate with the council to develop a regulatory sandbox program that provides legal protection and limited access to the market in Texas for an individual to test AI systems without obtaining a license, registration, or other regulatory authorization. House Bill 149 requires DIR to coordinate with applicable regulatory agencies to oversee the operation of a program participant and establishes certain reporting requirements for DIR and program participants.

The Eighty-ninth Legislature, Regular Session, 2025, appropriates \$7.4 million in General Revenue Funds and 9.0 FTE positions to DIR to implement provisions of House Bill 149, House Bill 2818, and Senate Bill 1964.

HOUSE BILL 150

House Bill 150 establishes the Texas Cyber Command as a state agency with the purpose of preventing and responding

to cybersecurity incidents that affect governmental entities and critical infrastructure in Texas. The legislation transfers certain powers and duties from DIR to the new agency by December 31, 2026. Among other responsibilities, the agency is responsible for providing leadership, guidance, and tools to enhance cybersecurity defenses, facilitating education and training of a cybersecurity workforce, monitoring and coordinating cyberthreat intelligence and information systems, establishing partnerships necessary to carry out its functions, and receiving all cybersecurity incident reports from state agencies and covered entities. The legislation authorizes the Texas Cyber Command to enter an interagency agreement with another state agency to provide administrative support services and to set up in a facility located in San Antonio that has a sensitive compartmented information facility.

The Eighty-ninth Legislature, Regular Session, 2025, appropriates \$135.5 million in General Revenue Funds and 38.0 FTE positions to DIR to implement House Bill 150. The legislation requires DIR to transfer these funds and FTE positions to the Texas Cyber Command.

HOUSE BILL 2818

House Bill 2818 requires DIR to establish an AI division within DIR to assist state agencies in the implementation of generative AI technology. The legislation authorizes the division to use or contract with a vendor that uses generative AI technology to assist agencies with applicable projects. The legislation requires the division to prepare a cost analysis report on completed projects that highlights efficiencies achieved through the use of generative AI.

The Legislature appropriates \$7.4 million in General Revenue Funds and 9.0 FTE positions to DIR to implement House Bill 149, House Bill 2818, and Senate Bill 1964.

SENATE BILL 2

Senate Bill 2 requires CPA, via the EP – CPA division established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, to establish and administer an education savings account (ESA) program to provide funding for approved education-related expenses of children participating in the program.

The legislation establishes eligibility requirements for a child to participate in the ESA program and authorizes EP – CPA to certify up to five certified educational assistance organizations (CEAO) to support the program's administration, which includes administering the

application and program expenditure processes and assisting program participants and applicants. The legislation establishes requirements related to application form accessibility, application deadlines, a program waiting list, a pre-approval process for providers and vendors, provider and vendor removal, and guidelines for program applicants and participants.

Senate Bill 2 requires CEAOs to fill positions by lottery when the program receives more applicants than available positions for a school year and to prioritize applicants by a certain order. The legislation requires CEAOs to transfer to each participating student's account 85.0 percent of the estimated statewide average amount of state and local funding, including TRS retirement contributions, per student in average daily attendance for each school year that the student participates in the ESA program. The transfer amount also includes the amount that a school district would receive if the participating student has a disability; the amount would be based on the student's individualized education program, up to a total transfer amount of \$30,000. The transfer amount may not exceed \$2,000 per school year for a participating student who is home-schooled.

The legislation requires EP – CPA to compile ESA program data and produce an annual report, to collect and report annual demographic information regarding each participating child, and to provide to the Legislature a biennial estimate of the amount necessary to provide an ESA for each child who currently participates in the program, has applied for the waiting list, or is a sibling of a participating child and eligible for the program.

The Legislature appropriates \$1.0 billion and 28.0 FTE positions to EP – CPA to implement the ESA program.

SENATE BILL 5 AND SENATE JOINT RESOLUTION 3

Senate Bill 5 establishes the Dementia Prevention and Research Institute of Texas (DPRIT) to support research on dementia, Alzheimer's disease, Parkinson's disease, and related diseases. Senate Joint Resolution 3 establishes the Dementia Prevention and Research Fund as a fund in the state Treasury to provide a dedicated funding source for DPRIT's activities. The fund consists of \$3.0 billion transferred from the General Revenue Fund. DPRIT can award up to \$300.0 million in grants per year from the Dementia Prevention and Research Fund to support research.

SENATE BILL 8

Senate Bill 8 requires CPA to establish and administer a grant program to defray costs related to agreements between Texas county sheriffs and the U.S. Immigration and Customs Enforcement to enforce federal immigration law. The legislation requires the sheriff of each county that operates a jail or contracts with a private vendor to operate a jail to request and enter into an immigration law enforcement agreement that authorizes the sheriff and officers, employees, and, as applicable, contractors of the sheriff to enforce federal immigration law. Senate Bill 8 requires a sheriff who enters into an agreement to allocate the necessary resources for its implementation. By entering into an agreement, a sheriff is eligible to apply for a grant award ranging from \$80,000 to \$140,000 based on the population of the county the sheriff serves. The legislation requires a sheriff who is awarded a grant to use the funding to pay costs associated with participating in the agreement that are not reimbursable by the federal government. These costs may include employee compensation, certain administrative duties, equipment, training, and the confinement of inmates under the authority granted through the agreement. The legislation establishes certain reporting requirements and grants OAG the enforcement authority regarding a sheriff who fails to comply with the legislation's provisions.

The Eighty-ninth Legislature, Regular Session, 2025, appropriates \$1.2 million in General Revenue Funds and 5.0 FTE positions to CPA to implement Senate Bill 8 and \$20.0 million in General Revenue Funds to the Fiscal Programs within the Office of the Comptroller of Public Accounts to award grants pursuant to Senate Bill 8.

SENATE BILL 14

Senate Bill 14 establishes the Texas Regulatory Efficiency Office (TREO) within the Office of the Governor to reform the process by which state agencies adopt rules and impose regulatory requirements, including preparing and publishing a regulatory economic analysis manual and a regulatory reduction guide. The legislation requires TREO to submit a biennial report and authorizes TREO to establish a Texas Regulatory Efficiency Advisory Panel composed of gubernatorial designees. The legislation authorizes the Governor to place priority on designated individuals who have expertise in state agency rules and the rulemaking process, including expertise in regulatory research, compliance, cost, and impact analysis, and related law and procedure.

Senate Bill 14 also establishes that courts in Texas are not required to defer to a state agency's legal determination regarding the construction, validity, or applicability of the law or a rule adopted by the state agency responsible for the rule's administration, implementation, or other enforcement. The legislation requires the reviewing court of an action for judicial review of a contested case authorized by law and other court actions authorized by law that involve a state agency's legal determination of a constitutional or statutory provision or a rule adopted by the state agency to review all questions of law de novo, without giving deference to any legal determination by a state agency.

The Eighty-ninth Legislature, Regular Session, 2025, appropriates \$8.1 million in General Revenue Funds and 18.0 FTE positions to implement Senate Bill 14.

SENATE BILL 17

Senate Bill 17 prohibits the purchase or acquisition of an interest in real property by certain foreign individuals or entities connected to designated countries. The legislation defines a designated country as one identified by the U.S. Director of National Intelligence that poses a risk to the national security of the United States in at least one of the three most recent Annual Threat Assessments of the U.S. Intelligence Community or a country designated by the Governor pursuant to Senate Bill 17.

The legislation requires OAG to establish procedures to examine a purchase or acquisition of an interest in real property and determine whether an investigation is warranted. If an investigation determines that a violation occurs, OAG may bring an in rem action against the property or refer the matter to appropriate local, state, or federal law enforcement.

SENATE BILL 25

Senate Bill 25 establishes the Texas Nutrition Advisory Committee as an administrative attachment to the Department of State Health Services (DSHS) to develop nutritional guidelines for Texas residents and produce an annual report. The legislation establishes curriculum requirements in physical education and nutrition education for public school districts and open-enrollment charter schools. It establishes nutrition curriculum requirements at certain health-related institutions of higher education and provides for continuing education obligations in nutrition and metabolic health for certain health professionals. Senate Bill 25 also requires warning-label disclosures for foods

containing additives, artificial color, or certain banned chemicals and provides for enforcement by OAG in the form of injunctive relief and civil penalties.

The Legislature appropriates \$5.0 million in General Revenue Funds and 17.0 FTE positions to DSHS to implement Senate Bill 25.

SENATE BILL 36

Senate Bill 36 establishes the Homeland Security Division (HSD) within the Texas Department of Public Safety (DPS) to lead multiagency, multijurisdictional, and public-private efforts to enhance law enforcement initiatives and operations in support of homeland security objectives in Texas. HSD responsibilities include coordinating intelligence for border security operations, developing a comprehensive homeland security strategic plan, planning for the physical protection of critical infrastructure, and operating an infrastructure liaison officer program, among others. The legislation also requires DPS to transfer the management and operations of the Border Security Operations Center and the Joint Operations and Intelligence Centers to HSD.

The Eighty-ninth Legislature, Regular Session, 2025, appropriates \$4.6 million in General Revenue Funds and 19.0 FTE positions to DPS to implement Senate Bill 36.

SENATE BILL 260

Senate Bill 260 changes the amount of the school safety allotment to which a public school district is entitled through the FSP by increasing from \$10 to \$20 the base amount for each student in average daily attendance and increasing from \$15,000 to \$33,540 the amount allocated per campus. The related cost is estimated to be \$241.0 million for fiscal year 2026 and \$241.3 million for fiscal year 2027. The Eighty-ninth Legislature, Regular Session, 2025, includes funding toward this cost in its appropriation to implement House Bill 2, which initiates the same change to the school safety allotment as Senate Bill 260.

SENATE BILL 293

Senate Bill 293 expands the definition of judicial misconduct or incapacity, revises procedures for judicial discipline, requires the reporting of certain judicial transparency information, and increases judicial salaries. The legislation adds persistent or willful violation of the rules for setting bail and failure to meet deadlines, performance measures, or clearance rate requirements to the definition of judicial misconduct. The legislation makes several changes to

procedures followed by the State Commission on Judicial Conduct in the disposition of complaints against judges and authorizes the agency to impose an administrative penalty against an individual who knowingly files a false complaint.

Senate Bill 293 requires district court judges to report certain performance data and requires the Office of Court Administration to prepare an annual report compiling the information and submit it to the Office of the Governor and the Legislature.

The legislation increases the state base salary of a district judge from \$140,000 to \$175,000. By statute, the salaries of many positions in the judiciary, including some prosecutors, are calculated based on the salary of district court judges. Senate Bill 293 also revises the compensation structure for the chief justice or presiding judge of an appellate court and judges who serve as local administrative judges, and the legislation authorizes additional compensation for a business court judge.

The legislation requires the retirement annuity for members of the elected class to be calculated using a salary of \$175,000 and requires the Texas Ethics Commission to assess potential increases every five years beginning in fiscal year 2030.

The Eighty-ninth Legislature, Regular Session, 2025 appropriates \$169.7 million in General Revenue Funds and \$4.6 million in Other Funds to implement the legislation.

SENATE BILL 569

Senate Bill 569 repeals provisions relating to the state virtual school network and replaces them with provisions relating to virtual and hybrid campuses, programs and courses, including provisions concerning quality requirements, student and teacher rights, student eligibility, private and third-party providers, and state support. The legislation requires the Commissioner of Education to adopt rules as necessary to administer those provisions and to adopt procedures for reporting and verifying the attendance of a student enrolled in a hybrid course, virtual course, full-time hybrid program, or full-time virtual program provided by a local education agency (LEA). The legislation makes LEAs eligible for funding for students enrolled in virtual or hybrid courses through the FSP by including those students in average daily attendance (ADA).

The legislation requires the Commissioner to modify or waive requirements applicable to affected LEAs and adopt appropriate safeguards to provide the continued state support and maintenance of public school districts if an emergency

or crisis occurs during a school year and causes a statewide decrease in ADA of school districts entitled to FSP funding or if an emergency or crisis occurs within a specific region of Texas and causes a regional decrease in the ADA of school districts located in the affected region.

The Legislature appropriates \$62.3 million to the Texas Education Agency to implement Senate Bill 569.

SENATE BILL 1150

Senate Bill 1150 authorizes the Railroad Commission of Texas (RRC) to grant, under certain conditions, an extension of the deadline for plugging a well that has been inactive for more than 15 years and was completed more than 25 years before the date the well operator submitted the extension request. The legislation requires RRC to adopt rules relating to the transfer of an inactive well and to establish an administrative penalty for a violation of provisions relating to the extension of a deadline for the plugging of an inactive well.

Senate Bill 1150 requires RRC to submit to the Office of the Governor, Lieutenant Governor, and Legislature an annual report relating to inactive wells. The legislation requires a well operator, for each inactive well for which 15 years have passed since a well completion report was submitted for the well, to submit an annual report to RRC that includes the results of a successful fluid level test or hydraulic pressure test of the well. The legislation also requires RRC to adopt rules as necessary to regulate and monitor inactive wells.

The Eighty-ninth Legislature, Regular Session, 2025, requires RRC to implement the provisions of Senate Bill 1150 from amounts appropriated to the agency.

SENATE BILL 1737

Senate Bill 1737 makes certain law enforcement and custodial officers of the Texas Juvenile Justice Department (TJJD), CPA, and OAG eligible to receive benefits in the Law Enforcement and Custodial Officer Supplemental (LECOS) Retirement Fund administered by the Employees Retirement System of Texas (ERS).

According to ERS, the legislation is anticipated to add approximately 1,661 individuals from TJJD, CPA, and OAG to the membership of LECOS. The Eighty-ninth Legislature, Regular Session, 2025, appropriates \$40.2 million in General Revenue Funds, \$76,720 in General Revenue–Dedicated Funds, and \$23,016 in Federal Funds to implement the legislation.

SENATE BILL 3059

Senate Bill 3059 establishes the Alamo Commission as an administrative attachment to the State Preservation Board for the preservation, maintenance, restoration, and protection of the Alamo Complex and its contents. The commission consists of five members: the Governor; the Lieutenant Governor; the Speaker of the House of Representatives; a member of the Senate appointed by the Lieutenant Governor; and a member of the House of Representatives appointed by the Speaker of the House. The legislation transfers all powers, duties, obligations, rights, contracts, bonds, appropriations, records, property, and personnel of the General Land Office related to the Alamo Complex to the new commission as provided for in a required memorandum of understanding no later than January 1, 2028. The legislation authorizes the Alamo Commission to employ an executive director and other staff and grants the commission jurisdiction over certain artifacts associated with the Alamo.

SENATE BILL 5, SECOND CALLED SESSION

Senate Bill 5 appropriates the following amounts from the Economic Stabilization Fund (ESF) to Trusteed Programs within the Office of the Governor for the two-year period beginning September 18, 2025: \$200.0 million to match federal disaster response, relief, and recovery funding and for state disaster needs; \$50.0 million for grants to local governments in certain counties to implement a system of flood warning sirens and flood gauges; and \$28.0 million for grants for enhanced atmospheric measurement and modeling techniques.

Senate Bill 5 also appropriates to the Department of State Health Services (DSHS) \$2.6 million in Other Funds from the ESF during the two-year period beginning September 18, 2025, and \$2.5 million in General Revenue Funds for fiscal year 2027 to implement provisions of Senate Bill 1, Eighty-ninth Legislature, Second Called Session, 2025, relating to campground and youth safety. Senate Bill 5 requires DSHS to adjust the amount of youth camp license fees to recover the costs of these appropriations and authorizes DSHS during the 2026–27 biennium to use \$500,000 in capital budget authority for these appropriations and to employ 16.0 additional FTE positions.

FISCAL MATTERS AND FUND ACCOUNTING

HOUSE BILL 42

House Bill 42 fulfills the decennial constitutional requirement of the Legislature to review the formula allocation of the

Higher Education Fund appropriation among certain institutions of higher education to be used for capital purposes. The legislation increases the total allocation of annual funding from \$393.8 million to \$590.6 million beginning in fiscal year 2026, and the Eighty-ninth Legislature, Regular Session, 2025, appropriates that increased amount in General Revenue Funds each year of the 2026–27 biennium.

HOUSE BILL 4486

House Bill 4486 directs approved payments of certain miscellaneous claims and judgments against the state out of specified funds. The legislation appropriates \$9.3 million from the General Revenue Fund and \$152.8 million in All Funds to pay the specific claims and judgments. In addition, House Bill 4486 makes a contingent appropriation to pay attorneys' fees when a final judgment or settlement agreement is reached in the state's litigation against Google LLC.

HOUSE BILL 4488

Each regular session since the Seventy-fourth Legislature, 1995, the Legislature has passed a funds consolidation bill.

Like previous funds consolidation bills, House Bill 4488 abolishes all funds, accounts, and revenue dedications established or reestablished by the Eighty-ninth Legislature, Regular Session, 2025, except those specifically exempted by the legislation's provisions. The legislation continues the provision making unappropriated revenue and balances in General Revenue–Dedicated Funds accounts available for general governmental purposes and for CPA's certification of General Revenue Fund appropriations. House Bil 4888 provides an exemption from the requirement that interest generated by General Revenue–Dedicated Funds be deposited in the General Revenue Fund. It authorizes General Revenue–Dedicated Account No. 5201, Education Savings Account Program, to retain interest generated by the account.

SENATE BILL 7 AND HOUSE JOINT RESOLUTION 7

Senate Bill 7 establishes provisions relating to the oversight and financing of certain water infrastructure matters within the jurisdiction of the Texas Water Development Board (TWDB). The legislation establishes the Texas Water Fund Administrative Fund (TWFAF) as a special fund in the state Treasury outside the General Revenue Fund administered by TWDB to cover the costs of administering the Texas Water Fund (TWF) and authorizes TWDB to transfer up to 2.0 percent of annual TWF deposits to the TWFAF for that

purpose. The legislation authorizes TWDB to enter into an agreement with the Texas Commission on Environmental Quality (TCEQ) to pay from the TWFAF up to \$2.0 million in staffing expenses incurred by TCEQ during the 2026–27 biennium for the review of related water infrastructure project permit applications.

Senate Bill 7 requires TWDB to facilitate joint planning and coordination between entities involved in the development of water supply-conveyance infrastructure. The legislation expands eligible uses of the New Water Supply for Texas Fund (NWSTF) to include more types of new water supply infrastructure projects and makes several changes related to the TWF, including increasing the number of accounts and funds into which TWF transfers can be made; authorizing transfers into the State Water Implementation Fund for Texas (SWIFT) to occur without prior project approval; requiring that a portion of money transferred from the TWF must address wastewater infrastructure projects in rural and small communities and technical assistance; and requiring TWDB to allocate at least 50.0 percent of annual TWF deposits resulting from revenue dedications for transfer to the NWSTF, the SWIFT, or both.

Regarding other TWDB funds and accounts, Senate Bill 7 increases the annual cap on General Obligation bonds issued for eligible projects through the Economically Distressed Areas Program from \$50.0 million to \$100.0 million and increases from 70.0 percent to 90.0 percent the percentage of those bonds that may consist of grants; expands the eligible uses of the Texas Water Bank to include purchasing, holding, and transferring water rights that originate from outside Texas; and expands the eligible uses of the State Participation Account to include certain water supply projects.

Regarding oversight, Senate Bill 7 renames the SWIFT Advisory Committee as the Texas Water Fund Advisory Committee and assigns consolidated oversight responsibilities of other TWDB funds and matters and to the renamed committee. The legislation requires TWDB to conduct an interim study on the incorporation of wastewater planning into the state water planning (SWP) process beginning with the SWP planning period ending January 5, 2032.

House Joint Resolution 7 establishes a dedicated revenue source for the TWF by requiring the first \$1.0 billion in sales and use tax revenue, after annual revenue exceeds \$46.5 billion, to be deposited annually by CPA to the TWF. The deposits will occur beginning in fiscal year 2028 and expire after fiscal year 2047. The Texas Constitution authorizes

TWDB to disburse money from the TWF to various other funds authorized by law and administered by TWDB to finance a range of water infrastructure projects without further appropriation. It also authorizes unexpended and unobligated balances in the TWF to be carried from one biennium to the next. House Joint Resolution 7 restricts revenue deposited to the TWF from being transferred to the NWSTF for certain projects related to infrastructure transporting groundwater produced from a well in Texas that was not brackish at the time of production. The resolution requires the dedicated revenue to be maintained in a separate account within the TWF and prohibits funds being drawn from the Treasury unless a specific appropriation is made. The resolution authorizes the Legislature by resolution or general law to allocate how the dedicated revenue is transferred from the TWF to other receiving funds and accounts at TWDB. House Joint Resolution 7 also enables a suspension of allocations during disaster declarations and states that it is the intent of the Legislature that repurposed amounts will be restored to the TWF when practicable.

SENATE BILL 22

Senate Bill 22 establishes the Texas Moving Image Industry Incentive Fund to provide a source of continuous funding for the Office of the Governor to administer the Texas Moving Image Industry Incentive Program and makes numerous changes to the program's conditions and qualifications. The legislation requires CPA to deposit \$300.0 million of sales tax collections into the fund each biennium through fiscal year 2035, for a total deposit of \$1.5 billion during the 10.0-year period. Before the enactment of Senate Bill 22, this sales tax revenue would have been deposited to the General Revenue Fund, resulting in a \$300.0 million revenue loss each biennium.

TAX AND REVENUE

HOUSE BILL 9 AND HOUSE JOINT RESOLUTION 1; SENATE BILL 4 AND SENATE JOINT RESOLUTION 2; AND SENATE BILL 23 AND SENATE JOINT RESOLUTION 85

House Bill 9 and House Joint Resolution 1 provide a property tax exemption of \$125,000 of the appraised value of property that is held for the production of income. The exemption applies to each location in a taxing unit where the property owner holds or uses tangible personal property for the production of income.

Senate Bill 4 and Senate Joint Resolution 2 increase the mandatory residence homestead exemption from \$100,000

to \$140,000. The legislation entitles school districts to additional state aid if a district's combined state and local revenue used to service existing debt after the homestead exemption increase is less than the state and local revenue that would have been available for debt service if the homestead exemption had not increased, if necessary to meet the minimum payment on eligible debt as of September 1, 2025. The legislation entitles school districts to additional state aid if a district's combined state and local revenue used for maintenance and operations after the homestead exemption increase is less than the state and local revenue to which the district would be entitled in the absence of the increased homestead exemption and increased tax rate compression provided by the following legislation: the Eighty-eighth Legislature, Regular and Called sessions, 2023; compression provided to homeowners age 65 or older or who are disabled by the Eighty-seventh Legislature, Third Called Session, 2021; and the increased homestead exemption provided by Senate Bill 4 and Senate Joint Resolution 2.

Senate Bill 23 and Senate Joint Resolution 85 increase the mandatory homestead exemption from \$10,000 to \$60,000 for a person age 65 or older or for a disabled individual. The legislation entitles school districts to additional state aid if a district's combined state and local revenue used to service eligible debt after the homestead exemption increase is less than the state and local revenue that would have been available for debt service as of September 1, 2025, if the homestead exemption had not increased. The legislation entitles school districts to additional state aid if state and local FSP revenues for maintenance and operations combined with the increased homestead exemption would be less than the district's combined state and local revenue if the exemption had not increased.

The provisions of the legislation are expected to increase the state's FSP obligation by \$3.9 billion for the 2026–27 biennium.

SENATE BILL 1018

Senate Bill 1018 adjusts the distribution of revenue from state traffic fines. The legislation increases allocation of state traffic fine receipts to General Revenue–Dedicated Account No. 5111, Designated Trauma Facility and EMS, from 30.0 percent to 50.0 percent and decreases the amount allocated to the General Revenue Fund from 70.0 percent to 50.0 percent. CPA estimates that Senate Bill 1018 will result in a loss to the General Revenue Fund of \$31.4 million with an offsetting gain to Account No. 5111 of \$31.4 million for the 2026–27 biennium.

SENATE BILL 2206

Senate Bill 2206 establishes a franchise tax credit for qualified research expenses, with the amount of credit based on taxable entities' increase in qualified research expenses relative to prior years. The legislation also repeals a similar franchise tax credit that previously existed and a sales tax exemption for certain property used previously in research and development activities. The legislation is estimated to decrease franchise tax revenue by \$247.9 million during the 2026–27 biennium.

SENATE BILL 3070

Senate Bill 3070 abolishes the Texas Lottery Commission and transfers the administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR) and its governing board, the Texas Commission of Licensing and Regulation.

The legislation makes it a misdemeanor offense to play a lottery game or facilitate play of a lottery game by telephone or by Internet application or mobile Internet application. The legislation also makes it a misdemeanor offense to sell more than 100 lottery tickets in a single transaction to one individual.

Senate Bill 3070 designates the method, location, and hours for purchase of a lottery ticket; requires TDLR to initiate an independent review of each existing Texas Lottery Commission contract; and requires TDLR to establish a Lottery Advisory Committee to provide external expertise on the lottery. The legislation requires the Sunset Advisory Commission to conduct a limited-scope review of the state lottery program during the 2028–29 biennium and abolishes the state lottery, unless continued, September 1, 2029.

Resulting revenue losses for the 2026–27 biennium are estimated to be \$52.5 million to the Foundation School Fund and \$17.1 million to the General Revenue–Dedicated Account No. 5025, Lottery.

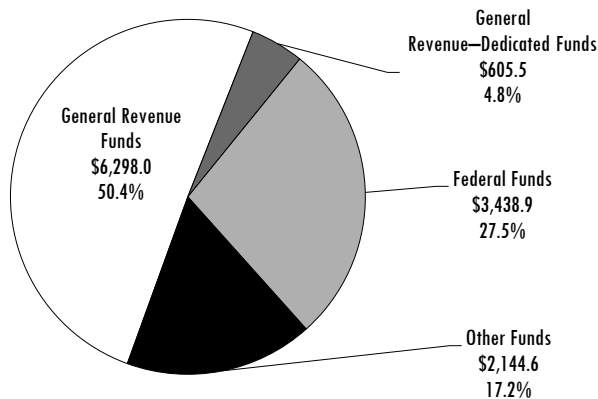
4. GENERAL GOVERNMENT

General Government agencies provide a variety of public and state administrative support services. Included in the functional area are executive-branch elective offices established by the Texas Constitution such as the Office of the Governor, the Comptroller of Public Accounts, and the Office of the Attorney General. In addition to the elective offices, other agencies are responsible for various functions, including the following: oversight and management of state debt; administration of state employee healthcare and retirement benefits; oversight of state and federal election laws; preservation of the state's cultural and historic resources; veterans' education and job training programs; management of information technology and telecommunications services; oversight of building construction and maintenance programs; and administration of cancer prevention and research programs.

FIGURE 46
ARTICLE I – GENERAL GOVERNMENT, BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$12,993.8	\$6,298.0	(\$6,695.8)	(51.5%)
General Revenue–Dedicated Funds	\$3,130.5	\$605.5	(\$2,525.0)	(80.7%)
Federal Funds	\$5,583.6	\$3,438.9	(\$2,144.6)	(38.4%)
Other Funds	\$2,591.8	\$2,144.6	(\$447.2)	(17.3%)
Total, All Methods of Finance	\$24,299.7	\$12,487.1	(\$11,812.6)	(48.6%)

SHARE OF FUNDING BY METHOD OF FINANCE
(IN MILLIONS) TOTAL=\$12,487.1



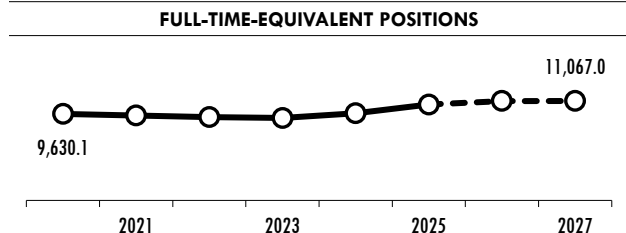
SIGNIFICANT DEVELOPMENTS

Senate Bill 5 and Senate Joint Resolution 3, Eighty-ninth Legislature, Regular Session, 2025, **establish the Dementia Prevention and Research Institute of Texas (DPRIT)**. DPRIT is appropriated **\$600.0 million** for the 2026–27 biennium, primarily to award grants for research and prevention of dementia, Alzheimer's disease, Parkinson's disease, and related disorders.

Funding for the Texas Facilities Commission **decreases by \$2,096.7 million** primarily due to the removal of funding provided for the **construction of buildings in the Capitol Complex** and a **state archives facility**, a onetime grant from the Office of the Governor for the **construction of the Texas–Mexico border wall**, and anticipated reductions in **Interagency Contracts**.

Funding for the Trusted Programs within the Office of the Governor **decreases by \$9,071.9 million** from the 2024–25 biennium, due primarily to funding decreases related to **border security, unexpended balances** from the 2022–23 biennium carried into the 2024–25 biennium, **onetime funding** provided for the 2024–25 biennium, and **supplemental appropriations** totaling **\$1,148.6 million** provided for fiscal year 2025.

Funding for the **Employees Retirement System of Texas** **decreases by \$2,038.8 million**, primarily due to supplemental appropriations of \$1,020.0 million provided for fiscal year 2025 for **legacy payments to reduce the system's unfunded actuarial liability**.



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.
- (3) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
- (4) Amounts shown do not include contingent funding appropriated in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, Article IX, Section 18.38, Contingency for Senate Bill 21, establishing a Strategic Bitcoin Reserve fund with a deposit of \$10.0 million into the fund or funding appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025, for disaster relief and responsiveness.

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

FIGURE 47
ARTICLE I – GENERAL GOVERNMENT APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Commission on the Arts	\$34.2	\$39.8	\$5.7	16.6%
Office of the Attorney General	\$1,578.1	\$1,469.6	(\$108.5)	(6.9%)
Bond Review Board	\$3.2	\$2.8	(\$0.4)	(13.5%)
Cancer Prevention and Research Institute of Texas	\$594.9	\$600.1	\$5.2	0.9%
Comptroller of Public Accounts	\$770.1	\$768.3	(\$1.8)	(0.2%)
Fiscal Programs within the Office of the Comptroller of Public Accounts	\$4,146.7	\$4,460.0	\$313.3	7.6%
Dementia Prevention and Research Institute of Texas	\$0.0	\$600.0	\$600.0	N/A
Commission on State Emergency Communications	\$143.5	\$134.9	(\$8.6)	(6.0%)
Texas Emergency Services Retirement System	\$5.1	\$8.6	\$3.5	67.2%
Employees Retirement System of Texas	\$2,066.3	\$27.5	(\$2,038.8)	(98.7%)
Texas Ethics Commission	\$8.1	\$8.9	\$0.8	9.8%
Texas Facilities Commission	\$2,585.1	\$488.5	(\$2,096.7)	(81.1%)
Texas Public Finance Authority	\$4.4	\$4.9	\$0.4	10.0%
Office of the Governor	\$35.7	\$33.5	(\$2.2)	(6.0%)
Trusted Programs within the Office of the Governor	\$10,795.0	\$1,723.1	(\$9,071.9)	(84.0%)
Texas Historical Commission	\$448.2	\$171.3	(\$277.0)	(61.8%)
Department of Information Resources	\$1,659.3	\$1,737.1	\$77.8	4.7%
Texas State Library and Archives Commission	\$93.3	\$80.1	(\$13.3)	(14.2%)
Pension Review Board	\$3.6	\$2.9	(\$0.7)	(19.4%)
State Preservation Board	\$372.5	\$35.0	(\$337.5)	(90.6%)
State Office of Risk Management	\$108.2	\$116.5	\$8.3	7.7%
Secretary of State	\$180.7	\$142.4	(\$38.3)	(21.2%)
Texas Veterans Commission	\$144.8	\$173.8	\$29.0	20.0%
Subtotal, General Government	\$25,781.2	\$12,829.6	(\$12,951.6)	(50.2%)
Employee Benefits and Debt Service	\$1,051.4	\$1,200.9	\$149.4	14.2%
Less Interagency Contracts	\$2,532.9	\$1,543.3	(\$989.6)	(39.1%)
Total, All Functions	\$24,299.7	\$12,487.1	(\$11,812.6)	(48.6%)

NOTES:

- (1) Fiscal year 2025 includes supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
- (3) Amounts shown do not include contingent funding appropriated in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, Article IX, Section 18.38, Contingency for Senate Bill 21, establishing a Strategic Bitcoin Reserve fund with a deposit of \$10.0 million into the fund or funding appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025, for disaster relief and responsiveness.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

The 2026–27 biennial funding levels for General Government agencies decreased by \$11.8 billion from 2024–25 biennial spending levels. Significant changes include the following components.

Funding for the **Texas Commission on the Arts** totals \$39.8 million in All Funds for the 2026–27 biennium, which is an increase of \$5.7 million from the 2024–25 biennium, primarily due to the removal of funding for onetime items during the previous biennium, offset by increased funding of

\$5.9 million for arts organization grants and \$2.0 million for cultural district grants.

Funding for the **Office of the Attorney General** totals \$1.5 billion in All Funds for the 2026–27 biennium, which is a decrease of \$108.5 million due primarily to the removal of funding for onetime funding items during the 2024–25 biennium. Funding increases include \$29.0 million in salary increases for staff, \$3.9 million for the Criminal Investigations Division, \$7.1 million for the legal services optimization system project, and \$5.0 million in additional funding for victims assistance grants.

Funding for the **Comptroller of Public Accounts** (CPA) totals \$768.3 million in All Funds for the 2026–27 biennium, which is a decrease of \$1.8 million from the 2024–25 biennium. The decrease is due primarily to the removal of \$30.3 million for onetime funding items and unexpended balances during the 2024–25 biennium, and supplemental appropriations of \$25.9 million in General Revenue Funds for fiscal year 2025 pursuant to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, for the following functions: continued development of the State of Texas Accounting and Reporting Resource system; critical information technology (IT) projects; facility needs; and administration for the Jobs, Energy, Technology, and Innovation program. These decreases are offset by new funding of General Revenue Funds, including \$12.5 million to fill various vacancies and add 27.5 new full-time-equivalent (FTE) positions across agency functions; \$8.9 million for targeted salary increases in the Audit and Enforcement divisions, and for IT and accounting professionals; and \$3.9 million for new equipment and 12.0 FTE positions for the Criminal Investigation Division.

Funding for **Fiscal Programs within the Office of the Comptroller of Public Accounts** totals \$4.5 billion in All Funds for the 2026–27 biennium, an increase of \$313.3 million from the 2024–25 biennium. The increase is attributed primarily to an increase of \$74.9 million for mixed beverage tax reimbursements to cities and counties, \$20.0 million for grants to sheriffs who enter agreements with U.S. Immigration and Customs Enforcement to enforce federal immigration law, \$89.2 million for a grant program to provide financial assistance to ambulance service providers in certain rural counties, and \$595.6 million in federal funding for broadband development. These increases are offset by decreases of \$16.4 million for miscellaneous claims, \$36.5 million from appropriations of opioid abatement funding, \$13.9 million for the transfer of Advanced Tax Compliance

duties to the CPA's bill pattern, and \$415.7 million for expenditures from the Broadband Infrastructure Fund.

Funding for the **Commission on State Emergency Communications** totals \$134.9 million in All Funds for the 2026–27 biennium, a decrease of \$8.6 million from the 2024–25 biennium primarily due to removal of \$14.0 million in onetime Federal Funds for the expansion of digital 911 services offset by additional funding of \$5.0 million provided to restore grant reductions to Regional Planning Commissions.

Funding for the **Texas Emergency Services Retirement System** totals \$8.6 million in All Funds for the 2026–27 biennium. This amount includes an increase of \$4.0 million in General Revenue–Dedicated Funds from Account No. 5064, Volunteer Fire Department Assistance, to increase the state contribution to the pension fund pursuant to Senate Bill 2065, Eighty-ninth Legislature, Regular Session, 2025.

Funding for the **Employees Retirement System of Texas** totals \$27.5 million in All Funds for the 2026–27 biennium, a decrease of \$2,038.8 million from the 2024–25 biennium. The decrease is due primarily to the provision of \$1,020.0 million in supplemental appropriations for fiscal year 2025 for legacy payments to reduce the system's unfunded actuarial liability.

Funding for the **Texas Ethics Commission** totals \$8.9 million in All Funds for the 2026–27 biennium, which is an increase of \$0.8 million from the 2024–25 biennium, due primarily to increases in staffing for compliance and technology related to recommendations from the Sunset Advisory Commission.

Funding for the **Texas Facilities Commission** totals \$488.5 million in All Funds for the 2026–27 biennium, which is a net decrease of \$2.1 billion in All Funds from the 2024–25 biennium. This decrease is due primarily to the removal of funding provided for the construction of buildings in the Capitol Complex and North Austin, a onetime grant from the Office of the Governor for the construction of the Texas–Mexico border wall, and funding provided for the construction of an archive facility for the Texas State Library and Archives Commission. These decreases are offset by additional funding for healthcare infrastructure in the Permian Basin (\$123.3 million), deferred maintenance (\$10.0 million), the construction of a consolidated law enforcement center with the Brazoria County Sheriff's Office (\$8.0 million), and for additional FTE positions and a new security contract (\$7.6 million).

Funding for the **Office of the Governor** totals \$33.5 million in All Funds for the 2026–27 biennium, which is a decrease of \$2.2 million from the 2024–25 biennium, due primarily to unexpended balances carried forward from the 2022–23 biennium to the 2024–25 biennium offset by an increase in Other Funds from Appropriated Receipts related to 1.0 FTE position for support of the Texas Space Commission.

Funding for the **Trusted Programs within the Office of the Governor** totals \$1.7 billion in All Funds for the 2026–27 biennium, which is a decrease of \$9.1 billion from the 2024–25 biennium. This decrease is due primarily to funding decreases of \$2,700.2 million for border security, \$1,163.9 million related to unexpended balances from the 2022–23 biennium carried forward into the 2024–25 biennium, and \$720.3 million related to onetime funding provided for the 2024–25 biennium. The biennial decrease also represents supplemental funding provided in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, for fiscal year 2025 totaling \$1,148.6 million, including the following largest funding items: \$350.0 million for the Texas Advanced Nuclear Energy Office; \$250.0 million for the Texas Semiconductor Innovation Fund; \$177.2 million for grants for victims of crime; and \$149.0 million for state homeland security grants.

Funding for the **Texas Historical Commission** totals \$171.3 million in All Funds for the 2026–27 biennium, which is a decrease of \$277.0 million from the 2024–25 biennium, primarily due to the removal of \$249.2 million in onetime projects funded during the 2024–25 biennium, and \$102.4 million in supplemental appropriations for fiscal year 2025, including \$100.0 million for courthouse preservation grants. Additional funding is provided for the 2026–27 biennium, including \$24.9 million for historic sites, \$2.5 million for the Texas Holocaust, Genocide, and Antisemitism Advisory Commission, \$58.8 million for grants to historic organizations for preservation and capital projects, \$2.0 million for the Texas history education grant program, and \$3.0 million for targeted salary increases and new FTE positions across several programs.

Funding for the **Department of Information Resources** totals \$1.7 billion in All Funds for the 2026–27 biennium, primarily in Other Funds from Interagency Contracts and Appropriated Receipts. This increase of \$77.8 million from the 2024–25 biennium is due primarily to new funding of \$135.5 million in General Revenue Funds for the Texas Cyber Command and \$7.4 million in General Revenue Funds for an Artificial Intelligence Regulatory Sandbox

Program, offset by a decrease of \$17.9 million for Shared Technology Services due to estimated usage by customer agencies, and \$61.2 million appropriated for fiscal year 2025 from supplemental appropriations for cybersecurity and IT service-management tools.

Funding for the **State Preservation Board** totals \$35.0 million in All Funds for the 2026–27 biennium, a decrease of \$337.5 million from the 2024–25 biennium. This decrease is due primarily to the removal of \$189.9 million in onetime funding for the House and Senate facilities projects, deferred maintenance, and various capital projects, including at the Texas State Cemetery and the Texas State History Museum. The decrease also represents \$142.4 million in supplemental funding provided for fiscal year 2025 for deferred maintenance, upgrades to the Governor’s Mansion, Senate facility improvement projects, and warehouse construction.

Funding for the **Secretary of State** totals \$142.4 million in All Funds for the 2026–27 biennium, which is a decrease of \$38.3 million from the 2024–25 biennium. This decrease is due primarily to the expenditure of a onetime federal Help America Vote Act grant, removal of funds provided for the second phase of replacing the agency’s Business Entity Secured Transaction system, and removal of additional funding for reimbursement of local election costs and greater-than-expected numbers of constitutional amendments. The decrease also represents supplemental appropriations of \$16.2 million for fiscal year 2025 primarily for IT projects. Additional funding for the 2026–27 biennium is provided for replacement of federal funding for county election audits, and additional staffing for administrative services, business filings, a statewide election listing, and election security.

Funding for the **Texas Veterans Commission (TVC)** totals \$173.8 million in All Funds for the 2026–27 biennium, which is an increase of \$29.0 million from the 2024–25 biennium. This increase is due primarily to the transfer of \$27.9 million for certain veterans mental health programs from the Health and Human Services Commission to TVC. Funding increases also include additional funding of \$5.5 million to develop a veterans outreach database, \$1.7 million to support veterans’ mental health, \$1.2 million for Data Center Services, \$2.2 million for agency operations and new FTE positions, and \$1.0 million for a grant program to provide veterans with veterinary care and pet-lodging services.

TEXAS COMMISSION ON THE ARTS

PURPOSE: To advance the state of Texas economically and culturally by supporting a diverse and innovative arts community through resources that enhance economic development, arts education, cultural tourism, and artist sustainability initiatives.

ESTABLISHED: 1965

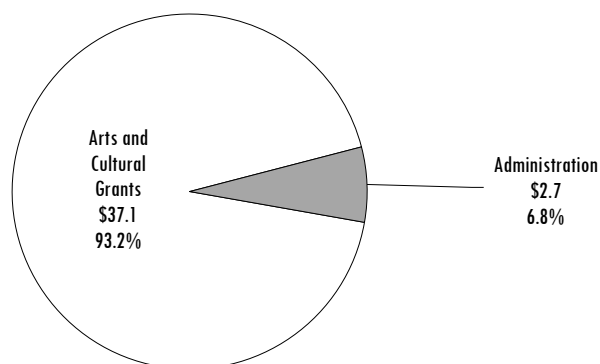
AUTHORIZING STATUTE: The Texas Government Code, §444.001

GOVERNANCE: Commission—nine members appointed by the Governor with advice and consent of the Senate

FIGURE 48
TEXAS COMMISSION ON THE ARTS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$30.7	\$36.6	\$5.8	19.0%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$2.7	\$2.8	\$0.0	0.2%
Other Funds	\$0.7	\$0.5	(\$0.2)	(24.6%)
Total, All Methods of Finance	\$34.2	\$39.8	\$5.7	16.6%

AGENCY PROGRAM AREAS BY APPROPRIATION
(IN MILLIONS) TOTAL=\$39.8

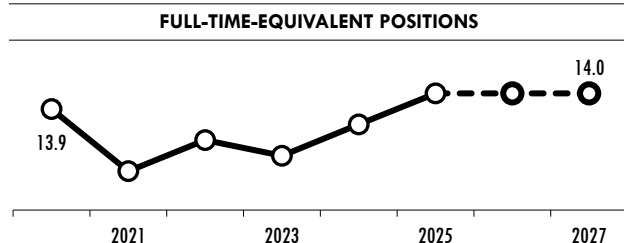


SIGNIFICANT DEVELOPMENTS

Appropriations include an increase of **\$5.9 million** in General Revenue Funds for **Arts Organizations Grants**.

Appropriations include an increase of **\$2.0 million** in General Revenue Funds for **Cultural Tourism Grants**. The agency anticipates offering 400 Cultural Tourism grants during the 2026–27 biennium.

Arts Respond Projects in Education plans to serve **1.4 million individuals** during the 2026–27 biennium.



NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Texas Commission on the Arts (TCA) includes an increase of \$5.7 million, or 16.6 percent, in All Funds, due primarily to increases of \$5.9 million for arts organizations grants and \$2.0 million for cultural district grants, offset by a decrease of \$2.1 million from onetime projects in the 2024–25 biennium.

PROGRAMS

The agency carries out responsibilities through two major program areas: (1) arts and cultural grants; and (2) administration.

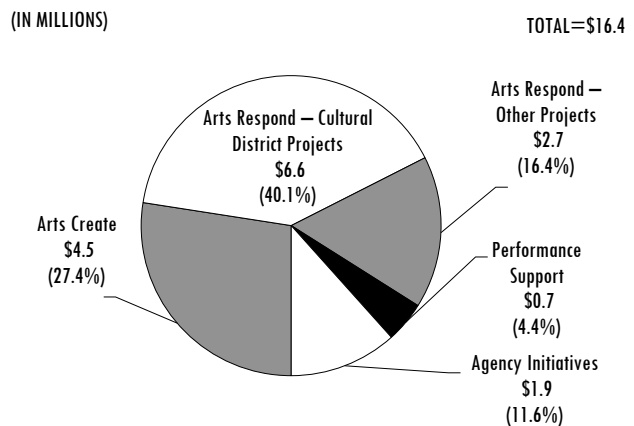
ARTS AND CULTURAL GRANTS

TCA's primary function is providing financial assistance to local entities through grants in three broad categories: Arts Create, Arts Respond, and Performance Support and Agency Initiatives. Arts Create grants provide operational support, and the latter two categories provide support to projects in at least one of the following priority areas: economic development, education, health and human services, natural resources and agriculture, and public safety and criminal justice. **Figure 49** shows the agency's funding allocation for the grant categories for fiscal year 2025.

To promote effective grant distribution, agency staff consult with grant recipients on grant-writing procedures and present webinar trainings, workshops, and seminars on issues relevant to applicants. Agency staff also visit the sites of grant recipients to monitor and evaluate the use of grant funds. The agency's website provides links to arts information and services throughout the state, professional development resources, an online grant application system, and online evaluation report forms.

During fiscal year 2024, the agency received approximately 1,550 applications requesting nearly \$103.0 million in grants, in response to which the agency awarded \$15.1 million to 1,492 applicants. The Arts Create program provides operational support grants to nonprofit and local government arts organizations for administration, exhibits, performances, production, touring exhibitions, and other core programs. The agency awards Arts Create grants to arts organizations in five categories: established arts organizations with operating budgets of greater than \$5.0 million; those with operating budgets ranging from \$1.0 million to \$5.0 million; those with budgets ranging from \$50,000 to less than \$1.0 million; established minority arts organizations with budgets of at least \$50,000; and local arts organizations.

FIGURE 49
TEXAS COMMISSION ON THE ARTS GRANT AWARD
ALLOCATIONS, FISCAL YEAR 2025



NOTE: Amounts are estimated.

SOURCE: Texas Commission on the Arts.

Arts Create grant awards range from \$3,000 to \$21,000. All Arts Create grant awards require a one-to-one match from recipients. Appropriations for the 2026–27 biennium for the Arts Create program total approximately \$14.9 million.

The Arts Respond program includes grants for cultural district projects and other projects that are not affiliated with a cultural district. For the 2026–27 biennium, the agency is appropriated total funding of \$17.0 million in General Revenue Funds for cultural district programs. TCA has designated 52 cultural districts, which may apply for grants for cultural tourism projects that will attract visitors, enhance a cultural district, diversify local economies, or serve other purposes. These grants ranged from \$3,000 to \$225,000 for fiscal year 2024. Other Arts Respond grants are awarded in five categories based on the state's priorities as established by the Governor: economic development, education, health and human services, natural resources and agriculture, and public safety and criminal justice. Typically, Arts Respond grant awards that are not for cultural districts range from \$1,000 to \$8,500. Appropriations for the 2026–27 biennium for these Arts Respond programs total approximately \$20.3 million.

Performance Support grants provide professional artist fees to schools, libraries, and other organizations to hire artists from the agency's touring roster. The TCA Touring Artists and Companies Roster includes Texas-based artists and companies that perform regularly outside their communities and that charge reasonable artistic fees for performances. The Young Masters program awards grants to students in grades

eight to 11 to develop skills in arts disciplines. Quarterly Arts Respond Performance Support grants range from approximately \$75 to \$8,000.

The agency's final grant program is referred to as Agency Initiatives, which is for specifically designated projects typically covered by external funds, such as conferences or Texas Folklife. The agency also awards grants from other funding sources—including those from the National Endowment for the Arts and private donors—for various purposes or initiatives, including Poetry Out Loud, a poetry recitation competition for high school students. Grants for Special Initiatives range from \$4,000 to \$35,000. Appropriations for Performance Support Grants and Agency Initiatives for the 2026–27 biennium total approximately \$1.9 million. Total appropriations for the Arts and Cultural Grants program area are approximately \$37.1 million for the 2026–27 biennium.

ADMINISTRATION

TCA's other major program area is administration, which includes central administration to support the agency and direct administration for awarding grants. Appropriations for administration total \$2.7 million for the 2026–27 biennium, which supports the agency's 14.0 full-time-equivalent positions.

OFFICE OF THE ATTORNEY GENERAL

PURPOSE: To defend the constitution and laws of the state and serve as the legal counsel to the Governor, the Legislature, and the state’s more than 200 agencies, commissions, and institutions of higher education. The Attorney General represents the state in civil and criminal cases, assists and coordinates with local jurisdictions for the prosecution of certain criminal cases, enforces the state’s consumer protection laws, investigates and prosecutes Medicaid fraud and Internet crimes, and administers the state’s child support program and victims’ compensation program.

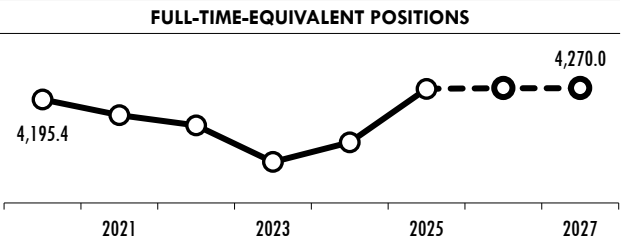
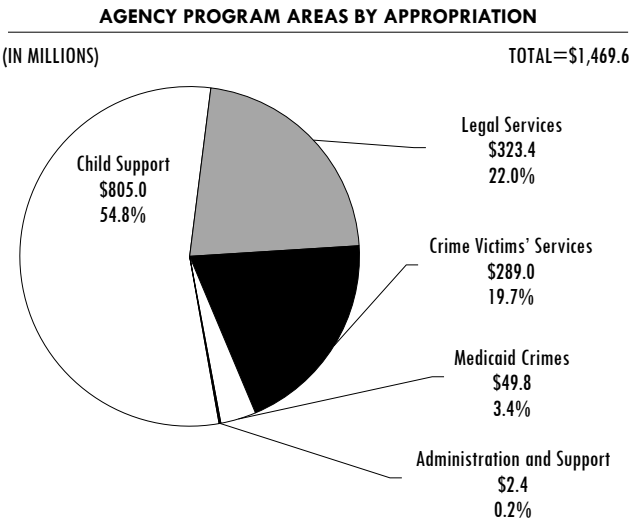
ESTABLISHED: 1876

AUTHORIZING STATUTE:
The Texas Constitution,
Article IV, §22

GOVERNANCE:
Statewide elected official

FIGURE 50
OFFICE OF THE ATTORNEY GENERAL BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$716.9	\$634.9	(\$82.0)	(11.4%)
General Revenue–Dedicated Funds	\$157.6	\$160.4	\$2.8	1.8%
Federal Funds	\$511.2	\$494.1	(\$17.1)	(3.3%)
Other Funds	\$192.3	\$180.2	(\$12.2)	(6.3%)
Total, All Methods of Finance	\$1,578.1	\$1,469.6	(\$108.5)	(6.9%)



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

SIGNIFICANT DEVELOPMENTS

The agency collected **\$8.7 billion** in **child support payments** during the 2024–25 biennium and expects to collect approximately **\$8.7 billion** during the 2026–27 biennium.

Appropriations include an increase of **\$5.0 million** in funding for **Victims Assistance** for the Sexual Assault Prevention and Crisis Services Program and for Sexual Assault Services Program Grants.

Appropriations include **\$2.0 million** in funding for the **Landowner Compensation Program**, which compensates landowners and lessees for property damage that occurs as a result of a border crime.

Appropriations include funding **increases for operations**, including **\$29.0 million** for staff salary increases, **\$6.6 million** to increase staff at the Office of the Attorney General’s law enforcement agency, and **\$3.9 million** for the Criminal Investigations Division.

MAJOR FUNDING

Appropriations for the Office of the Attorney General (OAG) decreased by \$108.5 million in All Funds. This decrease of 6.9 percent is due primarily to the removal of funding for onetime projects from the 2024–25 biennium, including the Child Support Information Technology Modernization project (\$54.3 million), the unexpended balances from Google litigation (\$36.9 million), the legal case modernization system (\$3.9 million), the Texas Data Privacy and Security Act (\$4.1 million), and the onetime payments pursuant to House Bill 90, Eighty-eighth Legislature, Regular Session, 2023 (\$2.0 million).

Other decreases include a reduction in projected appropriated receipts of \$12.1 million, a decrease of \$2.7 million to consolidate funding for the victims notifications system at the Office of the Governor, and a net decrease of \$34.0 million in funding for the landowner compensation program.

Funding decreases are offset partially by increases of \$29.0 million to provide salary increases, \$6.6 million to increase staff for OAG law enforcement, \$3.9 million for the Criminal Investigations Division, \$7.1 million for the legal services optimization system, and \$5.0 million in additional funding for victims assistance grants.

PROGRAMS

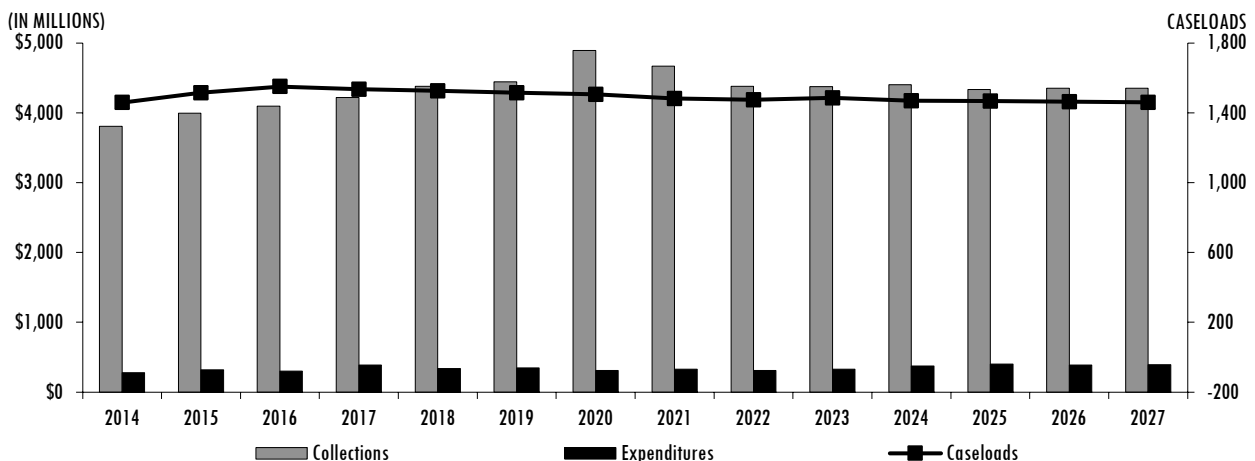
The agency carries out its mission through five main program areas: (1) child support; (2) crime victims' services; (3) legal services; (4) Medicaid crimes; and (5) State Office of Risk Management administrative support.

CHILD SUPPORT

The Child Support Division is OAG's largest program area, representing 54.8 percent of total agency funding and 64.5 percent of the agency's full-time-equivalent (FTE) positions. OAG is responsible for the Child Support Enforcement Program, as established in the federal Social Security Act, Title IV, Part D. The OAG Child Support Division provides services that locate delinquent parents, establish paternity and court-ordered support obligations, and enforce the collection of established support obligations. These activities are supported by state funds matched with Federal Funds. To cover costs associated with managing the retention and distribution of child support payments, OAG is required to collect annual service fees for certain child support cases. The federal government retains 66.0 percent of these annual service fees, which are classified as child support program income; the remainder is deposited to General Revenue Funds.

More than 86.0 percent of child support cases filed with the agency obtain child support orders. The agency concentrates greater resources on enforcement of child support orders, as opposed to establishing paternity and court-ordered support obligations. The agency collected approximately \$4.4 billion in child support payments during fiscal year 2024 and \$4.3 billion during fiscal year 2025. **Figure 51** shows the child support enforcement expenditures, collections, and caseloads from fiscal years 2014 to 2027. The Child Support Division's organizational structure consists of a centrally administered program located in Austin and 11 program service regions statewide that include 11 administration offices, 32 field offices, 23 storefronts, one customer engagement

FIGURE 51
OFFICE OF THE ATTORNEY GENERAL CHILD SUPPORT ENFORCEMENT, FISCAL YEARS 2014 TO 2027



NOTE: Collection and expenditure amounts and caseloads from fiscal years 2025 to 2027 are estimated or projected.
SOURCE: Office of the Attorney General.

FIGURE 52
VICTIMS' ASSISTANCE PROGRAMS AT THE OFFICE OF THE ATTORNEY GENERAL, 2026–27 BIENNIUM

(IN MILLIONS)	ALL FUNDS
PROGRAM	
Victims' Assistance Coordinators and Victims Liaisons Provides grants to local law enforcement agencies and prosecutor's offices to fund statutorily required coordinator and liaison positions.	\$4.9
Sexual Assault Prevention and Crisis Services Program Provides funding and technical assistance to sexual assault programs. Distributes training materials for law enforcement, medical personnel, and sexual assault staff and volunteers. Provides evidence collection protocol for sexual assault forensic evidence collection. Certifies sexual assault training programs and sexual assault nurse examiners.	\$56.8
Sexual Assault Services Program Grants Provides a grant to the Texas Association Against Sexual Assault for program development, technical assistance, and training to support local sexual assault programs. The grant also is used for statewide training for local programs, law enforcement agencies, and other victim services groups.	\$6.0
Victim-related Civil Legal Services Funding for the Supreme Court of Texas to provide grants to local programs that offer civil legal services for victims of violent crime.	\$5.0
Victim Assistance Organizations and Programs Funding for grants to support programs that serve victims of crime, such as Mothers Against Drunk Driving, SAFE – Stop Abuse for Everyone, People Against Violent Crime, Domestic Violence High Risk Teams, and others.	\$22.0
Victim Notification System Funding for the implementation of a statewide automated system at the county level to provide victims with information about a change in offender status or change in court date. Funding for this program is being consolidated at the Trusteed Programs within the Office of the Governor beginning in fiscal year 2027.	\$3.0
Address Confidentiality Provides address confidentiality for victims of family violence, stalking, and sexual assault.	\$0.4
Total, Programs at the Office of the Attorney General	\$98.2
NOTE: Totals may not sum due to rounding.	
SOURCES: Legislative Budget Board; Office of the Attorney General.	

administration office, three customer engagement offices, four specialized offices, and six county-operated Integrated Child Support System local rule offices. The State Disbursement Unit (SDU), which is required by federal statute, provides a central location to which employers send child support payments that are withheld from employees' paychecks. Since fiscal year 2001, the SDU has operated in San Antonio through a contract with a private vendor. The SDU is projected to process 20.5 million child support payments for fiscal year 2025. Appropriations for activities related to child support enforcement and disbursement total approximately \$805.0 million and include 2,753.5 FTE positions in each fiscal year of the biennium.

CRIME VICTIMS' SERVICES

OAG's second-largest program area is related to the Crime Victims' Services Division. OAG administers several programs intended to assist victims of crime, including crime victims' compensation, grants for state and local programs that assist victims, and programs that address confidentiality for victims of family violence, stalking, and

sexual assault. Much of the funding for these programs comes from the General Revenue–Dedicated Account No. 469, Compensation to Victims of Crime (CVC), and from General Revenue–Dedicated Account No. 5010, Sexual Assault Program.

OAG is appropriated funds for various victims' assistance programs. These include grants for local programs that assist crime victims by providing counseling, crisis intervention, assistance with the Crime Victims' Compensation Program, legal assistance, victim advocacy, referrals, and other related information. The agency also administers an address confidentiality program for victims of family violence, stalking, and sexual assault by providing a substitute address and mail-forwarding service for these victims and members of their households. OAG grants also provide for sexual assault nurse examiner training and help local governments cover the costs of victims' assistance coordinators. **Figure 52** shows the allocation of appropriations to victims' assistance programs for the 2026–27 biennium.

The largest of the OAG victims' services programs is the Crime Victims' Compensation Program. The program pays for expenses ranging from medical expenses to loss of wages incurred by victims of violent crimes. Funding for this program comes from the General Revenue–Dedicated CVC account, and matching federal funds. The CVC account is constitutionally dedicated to providing payments and services to crime victims. Revenue, which primarily is collected from court costs assessed against individuals convicted of certain felonies and misdemeanors, is collected in municipal and county treasuries and deposited in the state Treasury. Appropriations for the 2026–27 biennium for the Crime Victims' Compensation Program total \$188.9 million in All Funds and provide 122.4 FTE positions. These appropriations include approximately \$119.6 million in General Revenue–Dedicated Funds from the CVC account. The program is expected to pay more than \$164.8 million in compensation during the 2026–27 biennium. **Figure 53** shows the distribution of fiscal year 2025 awards among various categories. **Figure 54** shows the trends in compensation awarded and in the number of awards from fiscal years 2017 to 2027.

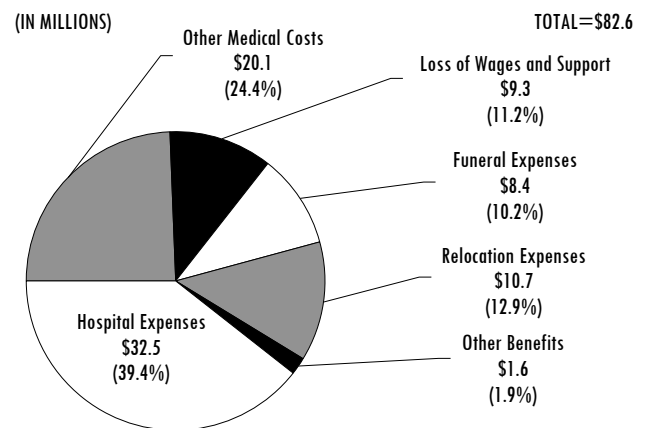
Senate Bill 1133, Eighty-eighth Legislature, Regular Session, 2023, established the Landowner Compensation Program to compensate landowners for the costs associated with real property damage to agricultural land committed by trespassers who are engaging in a border crime or law enforcement response to a trespasser who was engaged in a border crime. Senate Bill 2601, Eighty-ninth Legislature, Regular Session, 2025, continues the program and expands the program's eligibility to landowners and lessees who face economic hardship due to property damage resulting from criminal activity or law enforcement actions along the Texas–Mexico border. Appropriations for the 2026–27 biennium total \$2.0 million in General Revenue Funds.

Appropriations for the Crime Victim Services and Crime Victims' Compensation programs total approximately \$289.0 million and include 150.9 FTE positions each fiscal year.

LEGAL SERVICES

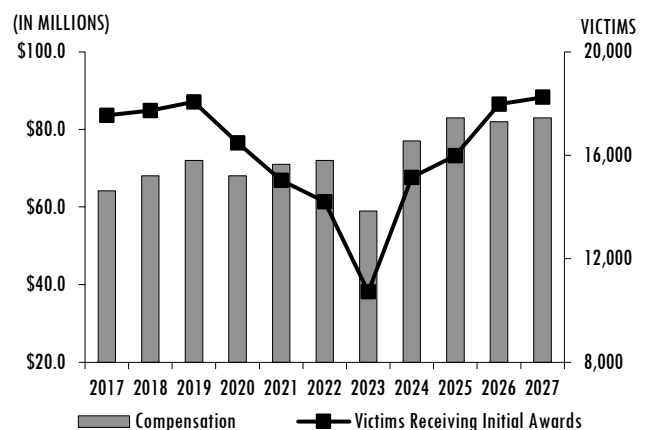
As the state's legal counsel, OAG provides various legal and investigatory services. The agency defends state officials and agencies in lawsuits, provides general counsel upon request, issues opinions interpreting state law, rules on public information requests made to and disputed by governmental bodies, and approves bond issuances for state agencies and

FIGURE 53
AWARDS FROM THE GENERAL REVENUE–DEDICATED FUNDS ACCOUNT NO. 469, COMPENSATION TO VICTIMS OF CRIME, FISCAL YEAR 2025



SOURCE: Office of the Attorney General.

FIGURE 54
TEXAS CRIME VICTIMS' COMPENSATION PROGRAM FISCAL YEARS 2017 TO 2027



NOTE: Compensation amounts and award recipients from fiscal years 2025 to 2027 are estimated.

SOURCE: Office of the Attorney General.

other political subdivisions of the state. OAG also investigates and prosecutes violations of antitrust activities, election law, human trafficking statutes, banking and securities activities, and environmental protection offenses.

OAG is responsible for collecting certain delinquent judgments and debts owed to the state. For fiscal years 2020 to 2025, the agency estimated collections of \$300.0 million and collected \$431.3 million. **Figure 55** shows the estimated and actual collections for fiscal years 2018 to 2025.

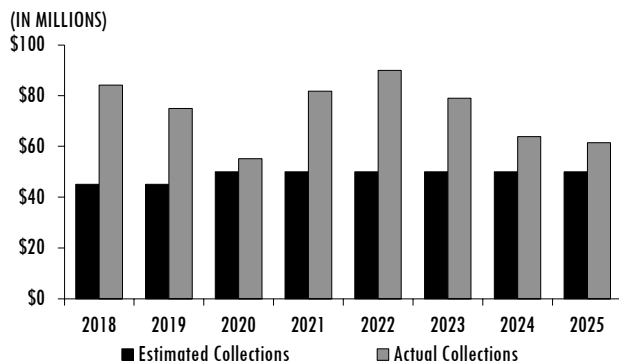
The Human Trafficking and Transnational Organized Crime (HTTOC) section was established in January 2016 to coordinate state and local responses to human trafficking and to provide investigative and prosecutorial assistance to district attorneys. HTTOC conducts an awareness campaign to educate state employees and the public on human trafficking prevention, including an online video and in-person training. Funding of \$6.2 million and 33.0 FTE positions for the 2026–27 biennium is included for HTTOC operations.

The Texas Election Code, Chapter 273, authorizes OAG to investigate and prosecute allegations of election fraud anywhere in the state. Criminal elections violations historically have been prosecuted primarily by the OAG. Allegations of election fraud are reported by the public and local officials and by the Texas Secretary of State. To provide additional specialization regarding election matters within the legal services division, the Election Fraud Unit (EFU) was established during calendar year 2017 with partial grant funding from the Office of the Governor, Criminal Justice Division. Funding of \$4.8 million in General Revenue Funds and 24.0 FTE positions are appropriated for the EFU in the 2026–27 biennium. Since calendar year 2004, OAG has investigated more than 1,259 cases and referred 224 cases for prosecution, totaling 781 violations of election law.

The agency's Cyber Crimes Unit is responsible for the investigation of Internet crimes against children. Law enforcement officers, posing as children in Internet chat rooms and social networking sites, seek out child predators that victimize children by soliciting sex online. In addition, the agency investigates individuals that produce, share, and distribute images of child sexual violence and exploitation. The unit also provides information and training regarding child exploitation crimes and cybersafety to law enforcement agencies across the state, various interest groups, school administrators, students, and the public.

Consumer protection and education are also important functions for the agency. OAG files civil lawsuits against companies in violation of the state Deceptive Trade Practices–Consumer Protection Act (the Texas Business and Commerce Code, Chapter 17, Subchapter E) and other state consumer protection laws. Agency staff also receive and process consumer complaints against a company's business practices, which may result in lawsuits filed on behalf of the state. These lawsuits are not filed on behalf of individual complainants but are filed to enforce state law for the public good. Certain legal actions produce restitution for individual

FIGURE 55
OFFICE OF THE ATTORNEY GENERAL DEBT COLLECTIONS
FISCAL YEARS 2018 TO 2025



NOTE: Fiscal year 2025 collections are estimated.
SOURCE: Office of the Attorney General.

consumers. The agency also promotes public awareness by posting consumer rights and information regarding common scams on its website and offers information regarding a range of consumer issues.

OAG also issues rulings and decisions that determine whether requested information is open to the public in accordance with the Texas Public Information Act (the Texas Government Code, Chapter 552). When a governmental entity receives a written request for documents or other recorded information, Texas law requires that entity to release the information to the requestor. If the governmental entity believes an exception to disclosure may apply to the requested information, the entity must request a decision from OAG regarding whether the claimed exception applies to the requested information. The entity must submit its request for an OAG open records decision, along with the requested information and any legal arguments to support withholding the requested information, within deadlines established pursuant to the Texas Public Information Act. OAG reviews the submitted information, the legal arguments, and applicable laws, and issues a decision within 45 business days of receiving the entity's request for the decision. During the 2024–25 biennium, OAG issued approximately 87,871 open records rulings.

Appropriations for the legal services function total \$323.4 million and provide for 1,153.2 FTE positions.

MEDICAID CRIMES

OAG is responsible for administering a statewide Criminal Medicaid Fraud Investigation Program. This responsibility includes referring for prosecution all violations of laws

pertaining to fraud or misconduct in the administration of the Texas Medicaid program and identifying overpayments obtained through fraudulent provider activity. During the 2024–25 biennium, the agency identified more than \$81.7 million in Medicaid overpayments. Appropriations for Medicaid crimes total approximately \$49.8 million and include 203.8 FTE positions each fiscal year.

OTHER PROGRAM AREAS

OAG's fifth program area is related to the administrative support provided to the State Office of Risk Management (SORM). SORM is attached administratively to OAG and is required to provide administrative support for items such as payroll, human resources, accounting, procurement, and other administrative support. For the 2026–27 biennium, the agency is appropriated approximately \$2.4 million and 8.6 FTE positions each fiscal year for the purpose.

SIGNIFICANT LEGISLATION

House Bill 45 – Prosecuting certain human trafficking offenses. The legislation provides OAG with jurisdiction to prosecute human trafficking cases if a local prosecuting attorney has not taken prosecutorial action within 180 days of receiving a report of an offense from law enforcement.

House Bill 47 – Sexual assault exam reimbursement. The legislation requires OAG to reimburse victims of sexual assault for payment of any prescribed continuing medical care related to the sexual assault during the 30-day period following a forensic examination. The Eighty-ninth Legislature, General Appropriations Act (GAA), 2026–27 Biennium, appropriates \$3.0 million in General Revenue–Dedicated Funds from the CVC account for additional projected compensation pursuant to House Bill 47.

House Bill 149 – Regulation of artificial intelligence. The legislation establishes disclosure requirements and prohibitions on the use of artificial intelligence, grants enforcement authority to OAG, and requires the agency to maintain an online portal to register complaints.

Senate Bill 17 – Restrictions on the purchase or acquisition of real property by certain aliens or foreign entities. The legislation prohibits certain individuals or entities from acquiring real property in the state. Senate Bill 17 establishes that a violation of its provisions may constitute a civil penalty or a criminal offense.

Senate Bill 888 – Attorney General representation of district or county attorneys. The legislation authorizes the

OAG to defend a state district attorney or a county attorney in an action in a federal court if the district or county attorney is a defendant because of their position, the cause of action relates to the enforcement of a state statute, and the district or county attorney requests OAG's assistance in the defense.

Senate Bill 2601 – Landowner Compensation program. The legislation continues the Landowner Compensation program and increases eligibility to include lessees, and the covered damages to include damage to livestock, timber, or crops, or amounts necessary to restore land to agricultural use. The 2026–27 GAA appropriates \$2.0 million in General Revenue Funds for additional projected compensation pursuant to the legislation.

BOND REVIEW BOARD

PURPOSE: To verify that debt financing is used prudently to meet Texas’ infrastructure needs and other public purposes, to support and enhance the debt issuance and debt management functions of state and local entities, and to administer the state’s private activity bond allocation.

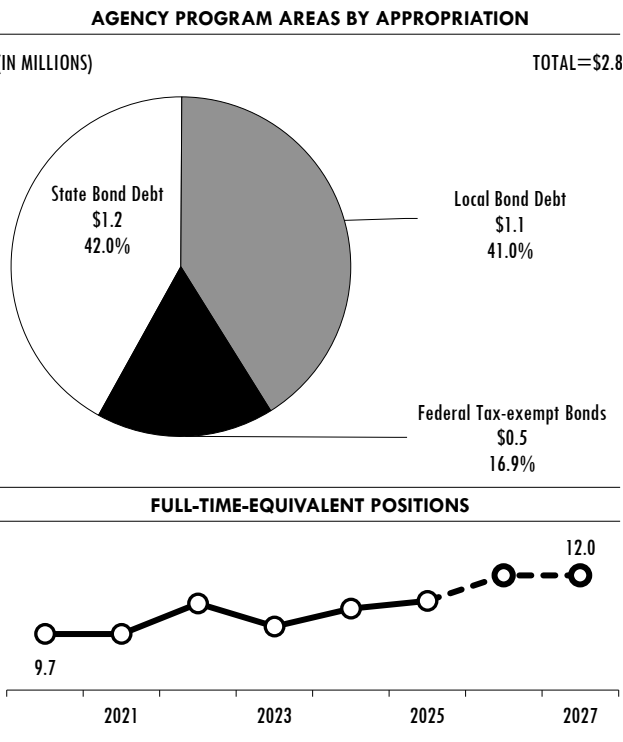
ESTABLISHED: 1987

AUTHORIZING STATUTE: The Texas Government Code, Chapters 1231 and 1372

GOVERNANCE: Board—Governor, Lieutenant Governor, Speaker of the House of Representatives, who serves as a nonvoting member, and Comptroller of Public Accounts, or their respective designees

FIGURE 56
BOND REVIEW BOARD BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$3.2	\$2.8	(\$0.4)	(13.5%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$3.2	\$2.8	(\$0.4)	(13.5%)



SIGNIFICANT DEVELOPMENTS

Outstanding debt totaled \$73.0 billion for fiscal year 2024 for all state agencies and universities, including conduit debt.

The agency **reviewed 26 bond documents** during fiscal year 2024, including proposed bond applications and lease-purchase agreements for state issuers.

The agency analyzed **1,521 local government financings** during fiscal year 2024.

The Bond Review Board reported that the **constitutional debt limit is at 1.70 percent of unrestricted General Revenue Funds** as of the end of fiscal year 2024.

NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the Bond Review Board (BRB) total \$2.8 million for the 2026–27 biennium, which is a decrease of \$0.4 million, or 13.5 percent, from the 2024–25 biennium. This decrease is primarily related to onetime funding in the 2024–25 biennium of \$0.6 million in General Revenue Funds for a website upgrade. The decrease also reflects \$0.5 million in supplemental funding for fiscal year 2025 related to a database modernization project. Additionally, the agency received funding increases for the 2026–27 biennium including \$0.2 million for subscription services, \$0.1 million to provide salary increases, and \$0.3 million related to the implementation of House Bill 3526, Eighty-ninth Legislature, Regular Session, 2025, and a website of information on local bond debt.

The constitutional debt limit, governed by the Texas Constitution, Article III, Section 49-j, is 1.70 percent as of the end of fiscal year 2024.

PROGRAMS

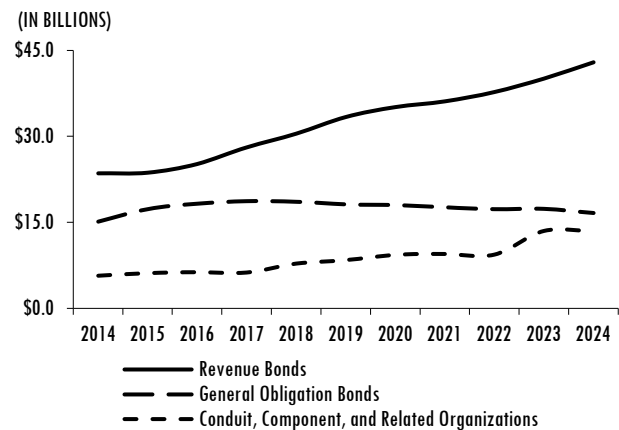
The agency carries out its responsibilities through three major program areas: (1) oversight of state debt issuance; (2) local government bond debt support; and (3) administration of private activity bonds and other federal tax-exempt bonds programs.

STATE BOND DEBT OVERSIGHT

BRB is tasked with ensuring that state bonds attain the highest possible rating and are issued in the most cost-effective manner. The agency accomplishes this goal by establishing guidelines for issuing debt, reviewing state debt issuance, and assisting in statewide capital project planning. The agency verifies the legal authorization for all bond issues proposed by state agencies and certain educational institutions. It also evaluates the proposed use of the proceeds, investment provisions, debt-administration provisions, market conditions for timing the sale of the bonds, and issuance costs.

BRB staff produce reports for the Legislature, local public officials, investors, rating agencies, and other stakeholders to provide information regarding the state's debt burden and creditworthiness. These reports include recommendations for cost-effective capital financing practices to raise the state's bond rating and lower its borrowing costs. The agency reviews proposed bond applications and lease-purchase agreements to verify proper legal authorization, accurate and adequate disclosure, appropriate use of call provisions, bond insurance, and other provisions of the projects.

FIGURE 57
OUTSTANDING STATE DEBT BY TYPE
FISCAL YEARS 2014 TO 2024



SOURCE: Bond Review Board.

BRB is required to submit an annual report to the Legislature regarding state and local debt burdens and the aggregate impact of all recommended state debt issuance on the state's debt burden. **Figure 57** shows the state's total outstanding debt in bonds for fiscal years 2014 to 2024, including \$43.0 billion in revenue bonds and \$16.6 billion in General Obligation (GO) bonds, which are backed legally by the full faith and credit of the state.

Figure 57 also shows the revenue bond conduit debt—which is not a legal liability of the state and which the state is not obligated to pay—at approximately \$13.5 billion as of August 31, 2024. Appropriations include \$4.7 billion for debt service payments for the 2026–27 biennium. As of August 2024, Texas' GO debt was rated at Aaa/AAA/AAA by the three major credit rating agencies. Appropriations for state bond debt oversight total approximately \$1.2 million and include 5.0 full-time-equivalent (FTE) positions each fiscal year.

LOCAL BOND DEBT

BRB collects, maintains, analyzes, and reports on the status of local debt and works to provide local public officials with access to updated information regarding debt issuance, finance, and debt management. BRB does not have direct oversight of local government debt issuance. As of August 31, 2024, the state had a total of \$333.3 billion in local government debt outstanding (excluding conduit debt), an increase of 32.6 percent from \$251.4 billion at the end of fiscal year 2020. These issuing entities include school districts, counties, community and junior colleges, cities, health and hospital districts, water districts, and other special

FIGURE 58
TEXAS PRIVATE ACTIVITY BOND ALLOCATION PROGRAM SET-ASIDE COMPARED TO ISSUED ALLOCATION AMOUNTS
PROGRAM YEAR 2024

(IN MILLIONS)				
SUBCEILING	AVAILABLE ALLOCATION	PERCENTAGE OF TOTAL	ISSUED ALLOCATION	PERCENTAGE OF TOTAL AVAILABLE ALLOCATION
Single-family Housing	\$2,510.8	38.0%	\$712.2	10.8%
State-voted Issues	\$381.3	5.8%	\$112.0	1.7%
Small-issue Industrial Development Bonds	\$76.3	1.2%	\$0.0	0.0%
Multifamily Housing	\$2,399.0	36.3%	\$1,558.6	23.6%
All Other Issues	\$1,237.9	18.7%	\$256.5	3.9%
Total	\$6,605.1	100.0%	\$2,639.2	40.0%

NOTE: Totals may not sum due to rounding. Includes carry-forward amounts. Allocation amounts are reported as of November 15, 2024.
 SOURCE: Bond Review Board.

districts. Local governments issue debt to finance construction and renovation of government facilities (school instructional facilities, public safety buildings, city halls, and county courthouses), public infrastructure (roads, and water and sewer systems), and other projects authorized by law. School districts and cities are the largest issuers of debt.

The Office of the Attorney General collects information regarding bond-issuing entities in the state and forwards the information to BRB. The agency analyzes the information to confirm reporting accuracy, prepares detailed fiscal year-end reports regarding tax-supported and revenue debt outstanding that include debt trends and debt ratios (e.g., debt to assessed value, debt per capita, and debt per student), and provides its findings to bond-issuing entities and state officials.

The agency also compiles data regarding local government debt on its website for policy makers and other stakeholders and assists these local entities. Visitors to the BRB website can access and download spreadsheets that contain debt outstanding, debt ratio, and population data by government type at fiscal year-end. During fiscal year 2025, the agency analyzed more than 800 local government financings. Appropriations for local bond debt analysis and reporting total approximately \$1.1 million and include 5.2 FTE positions each fiscal year.

FEDERAL TAX-EXEMPT BONDS

The third program area involves the administration of federal tax-exempt bonds, primarily private activity bonds and Qualified Energy Conservation Bonds. The Private Activity Bond Allocation Program (PAB) is a federal program authorized by the federal Tax Reform Act of 1986. PAB statutes and rules regulate the amount of tax-exempt bonds that may be issued in the state and restrict the types of

privately owned, public-use projects that may take advantage of this tax-exempt financing authority. The agency must confirm that issuance of tax-exempt bonds by public and private entities is consistent with federal law.

BRB administers the PAB by regulating the state’s total allocation of PAB authority (state ceiling or volume cap) for issuances of tax-exempt bonds and by monitoring the demand for and use of private activity bonds each calendar year. The state’s volume cap is based on a per capita amount multiplied by the state’s most recent population estimate as published by the U.S. Census Bureau. Total issuance authority for calendar year 2024 was set at a ceiling of \$125 per capita and indexed for inflation. For calendar year 2024, Texas’ state ceiling was \$3.8 billion, with an additional \$2.8 billion in carry-forward ceiling. **Figure 58** shows the subceiling authorizations for the PAB and the actual amount of the state ceiling that was issued for program year 2024, showing that approximately 40.0 percent of the total state allocation was issued. Issuers have three years in which to issue authority that has been carried forward from previous years. Most of the PABs issued are from previous years’ authority and do not affect the state ceiling. Appropriations for the administration of federal tax-exempt bonds for 2026–27 total approximately \$0.5 million and include 1.8 FTE positions each fiscal year.

SIGNIFICANT LEGISLATION

House Bill 3526 – Searchable database for local bond obligations. The legislation requires BRB to develop and maintain a publicly accessible and searchable database containing information on each bond proposed or issued by a local government. The agency is appropriated \$0.3 million and 1.0 FTE position to implement the legislation’s provisions.

CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS

PURPOSE: The institute awards grants for cancer research and prevention for the following purposes: (1) to initiate and expedite innovation in the area of cancer research and enhance the potential for a medical or scientific breakthrough in the prevention of cancer and cures for cancer; and (2) to attract, establish, or expand research capabilities of public or private institutions of higher education and other public or private entities that will promote a substantial increase in cancer research and in the establishment of high-quality jobs in the state.

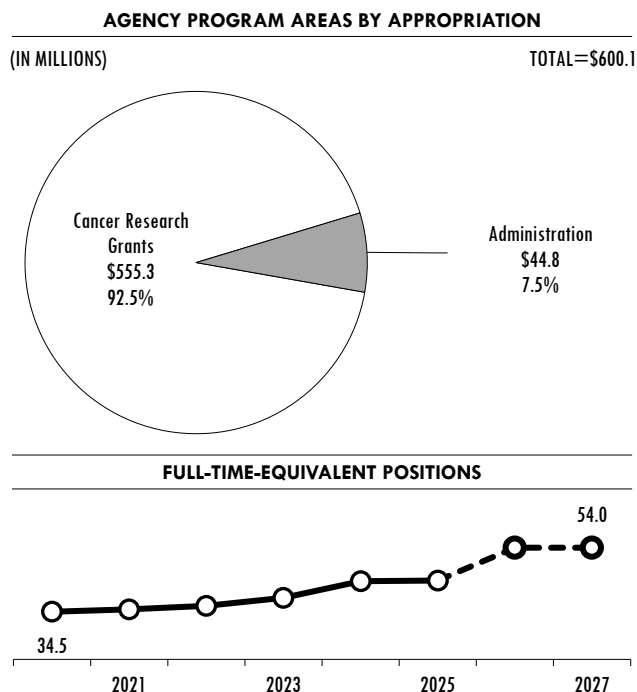
ESTABLISHED: 2007

AUTHORIZING STATUTE: The Texas Health and Safety Code, §102.002

GOVERNANCE: Cancer Prevention and Research Institute of Texas Oversight Committee – nine members with three members each appointed by the Governor, the Lieutenant Governor, and the Speaker of the House of Representatives

FIGURE 59
CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$594.9	\$600.1	\$5.2	0.9%
Total, All Methods of Finance	\$594.9	\$600.1	\$5.2	0.9%



SIGNIFICANT DEVELOPMENTS

The Cancer Prevention and Research Institute of Texas (CPRIT) has awarded **2,140 grants** totaling **\$3.9 billion** through fiscal year 2024.

CPRIT has provided **9.0 million cancer prevention services** to people in all 254 Texas counties through fiscal year 2024.

During the 2026–27 biennium, CPRIT will offer **15 types** of awards for **Academic Research Grants**, **four types** of awards for **Product Development Research Grants**, and **four types** of awards for **Prevention Grants**.

NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

The Cancer Prevention and Research Institute of Texas (CPRIT) is appropriated \$600.1 million in All Funds for the 2026–27 biennium. CPRIT is funded primarily with General Obligation (GO) Bond Proceeds. The agency also receives approximately \$11,000 per fiscal year in revenue from the sale of certain license plates and approximately \$40,000 per fiscal year in Appropriated Receipts consisting of application fees from product development grant applicants.

PROGRAMS

The agency carries out its responsibilities through two major program areas: (1) cancer research grants; and (2) administration.

CANCER RESEARCH AND PREVENTION GRANTS

CPRIT's first major program area is cancer research grants, which fund projects to directly or indirectly benefit subsequent cancer research efforts, cancer public health policy, or the continuum of cancer care from prevention to treatment and cure. Eligible grant recipients must be Texas-based, including the following entities: a public or private institution of higher education; academic health institution; government organization; nongovernmental entity; or a company established in or relocating to Texas upon receipt of a grant award. Grants are made in various amounts across multiyear periods, and GO Bond Proceeds are issued to pay grant recipients on a reimbursement basis.

Within the scope of cancer research grants are academic research grants and product development research grants. Academic research grants provide financial support to entities for research topics or issues related to cancer biology, causation, prevention, detection or screening, treatment, or cure. Product development research grants are related to cancer diagnosis, treatment, or prevention to develop new products with the ability to commercialize and produce returns on investment for the state. CPRIT may take equity ownership in companies that receive CPRIT awards or receive royalty payments, whichever provides the best return to the state, from investments in companies with successfully commercialized discoveries. Appropriations for the 2026–27 biennium for academic research grants and product development research grants total \$500.9 million in Other Funds from GO Bond Proceeds.

CPRIT also has a cancer prevention grant program, which awards grants that provide the following outcomes: affect the

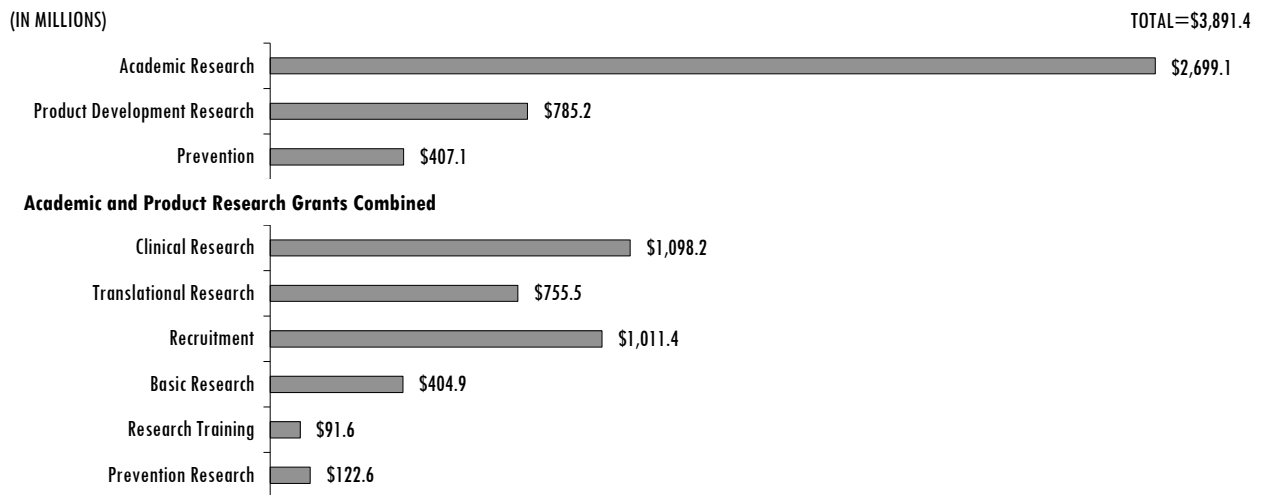
incidence, mortality, or morbidity of cancer; affect personal behaviors leading to prevention, risk reduction, and early detection of cancer; and improve the quality of life for survivors. Appropriations for cancer prevention grants total \$54.4 million for the 2026–27 biennium primarily from GO Bond Proceeds, including \$22,000 in Other Funds generated from sales of the Texans Conquer Cancer license plate and the Cancer of Unknown Primary Origin Awareness license plate.

Since its inception, CPRIT has awarded a total of \$3.9 billion in grant awards. Of this amount, \$2.7 billion was awarded for academic research grants, \$785.2 million was awarded for product development research grants, and \$407.1 million was awarded for cancer prevention grants. **Figure 60** shows the awards by grant type from fiscal years 2010 to 2025.

ADMINISTRATION

CPRIT's other major program area is administration, which includes indirect administration to support the agency and direct administration for awarding grants and oversight. Grant applications for cancer research and prevention projects are reviewed and scored by the Scientific Research and Prevention Program committees, which subsequently recommend eligible grant awards to the program integration committee in a prioritized list. The program integration committee then recommends grant funding to the CPRIT Oversight Committee, which must approve grants by a two-thirds vote. Appropriations for administration total \$44.8 million for the 2026–27 biennium, including \$80,000 from Appropriated Receipts consisting of application fees from product development grant applicants, and support 54.0 full-time-equivalent positions.

FIGURE 60
CANCER RESEARCH GRANT AWARDS BY PROGRAM TYPE, FISCAL YEARS 2010 TO 2025



SOURCE: Cancer Prevention and Research Institute of Texas.

COMPTROLLER OF PUBLIC ACCOUNTS

PURPOSE: To serve as the state’s chief tax collector, accountant, revenue estimator, treasurer, and purchasing manager. To interpret and apply tax laws and collect taxes and fees; monitor the financial status of state agencies; report on the state’s financial condition to the Legislature; oversee the cash management functions of the state; and manage statewide contracts.

ESTABLISHED: 1850

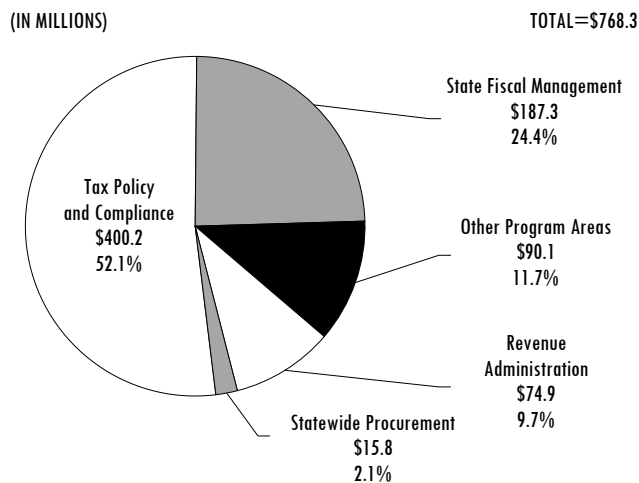
AUTHORIZING STATUTE: The Texas Constitution, Article IV, §23

GOVERNANCE: Statewide elected official

FIGURE 61
COMPTROLLER OF PUBLIC ACCOUNTS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$766.2	\$764.4	(\$1.8)	(0.2%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$3.9	\$3.9	(\$0.0)	(0.8%)
Total, All Methods of Finance	\$770.1	\$768.3	(\$1.8)	(0.2%)

AGENCY PROGRAM AREAS BY APPROPRIATION



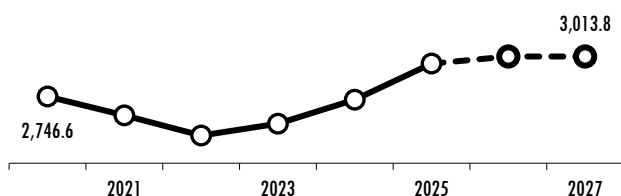
SIGNIFICANT DEVELOPMENTS

Appropriations include an increase of **\$12.5 million** for **27.5 new full-time-equivalent (FTE) positions** across agency functions and to **fill vacancies**.

Funding of **\$8.9 million** is provided for **targeted salary increases** for the Audit and Enforcement divisions and certain information technology (IT) and accounting staff.

Funding of **\$3.9 million** and **12.0 FTE positions** are provided for the **Criminal Investigation Division** to increase law enforcement capabilities and to purchase new equipment.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Total appropriations of \$768.3 million in All Funds for the Comptroller of Public Accounts (CPA) include a decrease in General Revenue Funds of \$1.8 million. This amount includes decreases totaling \$30.3 million in All Funds for onetime funding items during the 2024–25 biennium and the removal of unexpended balances carried forward from the 2022–23 biennium into the 2024–25 biennium. The decrease also is due to supplemental funding of General Revenue Funds for fiscal year 2025 appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, of \$8.7 million to continue development of the State of Texas Accounting and Reporting Resource (STARR) system, funded by the Eighty-eighth Legislature, Regular Session, 2023; \$9.0 million for critical information technology (IT) projects; \$2.4 million for facility needs; and \$5.9 million for administration of the Jobs, Energy, Technology, and Innovation program.

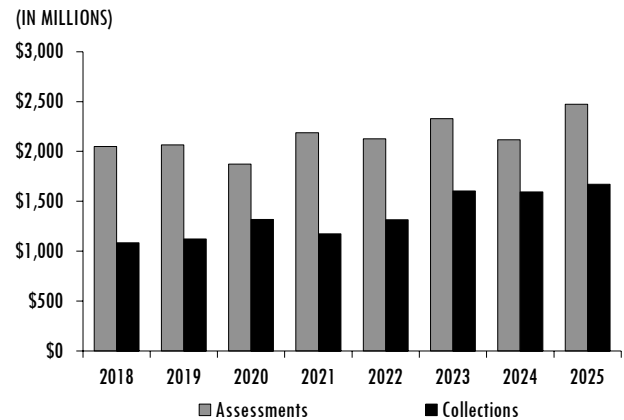
These decreases are offset by increases in General Revenue Funds from the transfer of \$13.9 million for Advanced Tax Compliance functions from the bill pattern of Fiscal Programs within the Office of the Comptroller of Public Accounts, and for agency funding requests including \$12.5 million to fill various vacancies and add 27.5 new full-time-equivalent (FTE) positions across agency functions; \$8.9 million for targeted salary increases in the Audit and Enforcement divisions, and IT and accounting professionals; \$3.9 million for new equipment and 12.0 FTE positions for the Criminal Investigation Division; and \$0.5 million for increased travel and training costs.

Additionally, the agency is appropriated \$3.1 million in General Revenue Funds to implement the provisions of the following legislation passed by the Eighty-ninth Legislature, Regular Session, 2025: House Bill 103, to develop a database of taxing unit bond, tax, and bond-related project information; Senate Bill 8, to report information regarding agreements between Texas sheriffs and the U.S. Immigration and Customs Enforcement to enforce federal immigration law; and House Bill 3000, to administer a grant program to provide financial assistance to qualified ambulance service providers in certain rural counties.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) tax policy and compliance; (2) state fiscal management; (3) revenue administration; (4) statewide procurement; and (5) other program areas.

FIGURE 62
COMPTROLLER OF PUBLIC ACCOUNTS TAX AUDIT
ASSESSMENTS COMPARED TO DELINQUENT COLLECTIONS
FISCAL YEARS 2018 TO 2025



SOURCE: Comptroller of Public Accounts.

TAX POLICY AND COMPLIANCE

The tax policy and compliance program area includes five functional areas. The Tax Policy Division reviews and interprets laws and provides information to taxpayers through policy directives and rules. The agency offers seminars and webinars to taxpayers that provide overviews of the tax responsibilities of buyers, sellers, and service providers to promote their understanding of and compliance with appropriate tax laws. The Audit Division reviews taxpayer records to determine compliance with state tax laws and educates taxpayers about tax requirements. In conjunction with audit functions, the CPA's Enforcement Division manages compliance with tax laws by tracking delinquent taxpayer accounts for collections and contacts taxpayers for payment through call center and remote field office activities. Along with audit and enforcement functions, the Criminal Investigation Division detects, investigates, and prosecutes tax-related fraud. **Figure 62** shows tax audit assessments, which are additional amounts owed by a taxpayer after an audit, compared to delinquent tax collections from fiscal years 2018 to 2025. The agency estimates delinquent tax collections of approximately \$3.0 billion during the 2026–27 biennium.

Additionally, through the tax hearings program, CPA implements an Interagency Contract with the State Office of Administrative Hearings to hold redetermination and refund hearings requests. The CPA's Legal Counsel represents the agency during these hearings and provides agencywide legal research. Appropriations for programs within the tax policy and compliance area total \$400.2 million and provide 1,755.8 FTE positions.

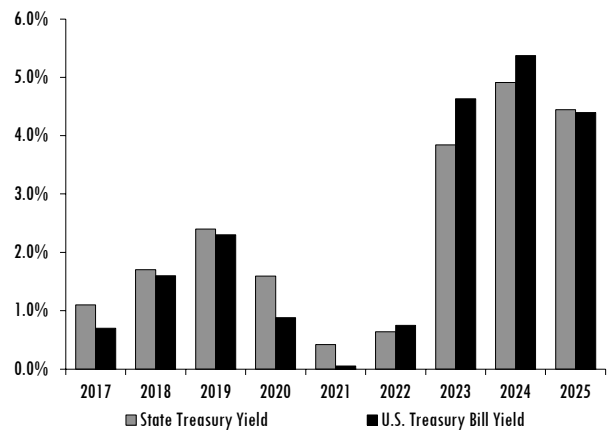
STATE FISCAL MANAGEMENT

State fiscal management programs include statewide accounting, revenue forecasting, and cash management functions. The agency establishes and monitors appropriations to more than 170 state agencies and institutions of higher education for more than 540 funds and accounts each year; processes and issues payments for the state; and conducts post-payment audits of agencies' purchase, travel, and payroll expenditures to monitor compliance with state laws governing expenditures. This area also monitors and projects state revenue and produces fiscal analyses of legislation affecting state revenue, including analyzing appropriations bills to determine whether the funds appropriated are within the amount of revenue certified to be available. Additionally, this area prepares the state's Annual Cash Report and the Texas Annual Comprehensive Financial Report, a set of financial statements detailing the state's financial condition.

Fiscal management uses various IT tools to perform accounting functions, such as the Uniform Statewide Accounting System (USAS) and the Uniform Statewide Payroll/Personnel System. These systems and others are becoming outdated and will be retired after replacement systems have been deployed. To replace these systems and consolidate their functions, the agency implemented and is transitioning state agencies to the Centralized Accounting and Payroll/Personnel System (CAPPS), an enterprise resource-planning system. CAPPS uses a web-based system that includes modules for financials and human resources and payroll. These modules provide agencies with updated access to financial, human resources, and payroll information and include enhanced reporting capabilities. CAPPS also eliminates obsolete business processes, including manual processing and reconciliation and duplicate data entry. In addition to CAPPS, CPA has received funding during the Eighty-eighth Legislature, Regular Session, 2023, and Eighty-ninth Legislature, Regular Session, 2025, to develop and deploy STARR to provide additional functionality that is not available on CAPPS. Additionally, because not all agencies are required to implement CAPPS, STARR will provide statewide oversight and controls similar to what currently is in use through USAS and the Texas Identification Number System.

CPA manages the state Treasury, invests state cash and securities, pays state warrants, and enforces the state's cigarette and tobacco product laws. A primary function of the Treasury program is to manage and protect the state's cash and securities while maximizing the return on

FIGURE 63
AVERAGE YIELD ON STATE FUNDS IN THE STATE
TREASURY COMPARED TO U.S. TREASURY BILLS
FISCAL YEARS 2017 TO 2025



SOURCE: Comptroller of Public Accounts.

investments. During fiscal year 2025, the average balance of the state Treasury portfolio was \$75.8 billion. **Figure 63** shows the yields on annual state Treasury investments compared to the three-month U.S. Treasury Bill interest rate yield from fiscal years 2017 to 2025. In addition, the banking and electronic processing function of the Treasury program expedites the payment of all legitimate warrants. This function also supports the deposit of all revenues within legally required timeframes to maximize interest earnings and minimize collection overhead. Appropriations for state fiscal management programs total \$187.3 million and provide 402.4 FTE positions.

REVENUE ADMINISTRATION

The revenue administration program area collects and processes the state's taxes, including taxes on sales, franchises, crude oil, natural gas, fuels, motor vehicle sales, cigarettes, and alcoholic beverages. CPA also collects and remits local sales taxes on behalf of more than 1,700 Texas city and county governments, special purpose districts, and transit authorities. This area also is responsible for maintaining taxpayer accounts and processing tax payment exceptions and adjustments. During fiscal year 2025, the agency processed approximately 6.5 million tax returns. In fulfilling these responsibilities, revenue administration relies heavily on IT systems to improve service and voluntary compliance with tax laws through multiple automated systems. Those systems include access to self-service options for taxpayers to register, pay, and file taxes through online or automated voice-activated systems. Advanced document

management systems help staff support a high-volume, paper-intensive, and time-sensitive operation. Processing occurs through a scanning and imaging system, which enables timely and accurate processing and results in fewer taxpayer data errors than manual processing. Appropriations for the revenue administration program total \$74.9 million and 438.5 FTE positions.

STATEWIDE PROCUREMENT

The statewide procurement program area is responsible for procurement and support services for state and local government agencies. As the state's purchasing manager, the CPA's Statewide Procurement Division has more than 10,000 registered state vendors and awards hundreds of statewide contracts for goods and services. The division's duties range from administering the Centralized Master Bidders List to processing bid invitations, tabulations, and awards for all statewide term, Texas Multiple Award Schedule Program, and open-market contracts. The division also provides a statewide training and certification program for state agencies, a state credit card account for travel and vehicle management, and support for the Statewide Historically Underutilized Business Program. The procurement program area also consists of the State Mail Office and the Office of Vehicle Fleet Management. The State Mail Office supports statewide mail-related initiatives such as postage and reviews of mail equipment and services for other agencies. The Office of Vehicle Fleet Management administers the State Vehicle Fleet Management Plan, which contains recommendations to improve the administration and operation of the state's vehicle fleet, and the statewide vehicle data reporting system, which assists agencies in managing their fleets. Appropriations for the statewide procurement program area total \$15.8 million and provide 96.1 FTE positions.

OTHER PROGRAM AREAS

Other CPA programs include the property tax program and unclaimed property administration. The property tax program provides the annual Property Value Study (PVS), which is used to certify the taxable value of all property in the state's approximately 1,200 school districts to the Commissioner of Education to determine allocations of state funding for public education. Agency field appraisers inspect and appraise real and personal property by: verifying the condition, description, and contract terms for property that has sold; appraising property that has not sold but is included in the random sample of properties to be studied; obtaining deed information from county clerks; and

collecting sales data from listing services, real estate brokers, and fee appraisers. The program develops values for properties that are appraised uniformly across county lines, such as railroads, pipelines, utilities, oil and gas interests, and agricultural and timber lands. Although the agency conducts the PVS annually, approximately one-half of Texas school districts are subjects of the PVS each year. For a year in which a school district is not a subject of the PVS, the values certified for the district are determined by the appraisal district. The program also conducts reviews of governance, taxpayer assistance, operations, and appraisal procedures during the years in which a PVS is not conducted. Appropriations for the property tax program total \$31.3 million and 129.4 FTE positions.

CPA also administers the unclaimed property program. Businesses, financial institutions, and government entities, referred to as holders, remit property to CPA that is presumed abandoned. Property typically takes the form of forgotten bank accounts, insurance proceeds, uncashed checks, security deposits, and utility refunds. The agency processes claims and provides outreach efforts to help owners identify and claim their property, including an online searchable database, notice mailings, and participation in MissingMoney.com, a national unclaimed property database. Appropriations for the program total \$32.1 million and 87.7 FTE positions for the 2026–27 biennium.

Appropriations for other CPA programs include legal counsel for agency affairs, which totals \$26.7 million for the 2026–27 biennium.

SIGNIFICANT LEGISLATION

House Bill 103 – Establishing a database for tax and bond information. The legislation requires CPA to develop and maintain a database for current and historical information regarding taxes imposed and bonds issued, and requires taxing units to provide this data to CPA. A taxing unit that fails to provide the required information is subject to a civil penalty. CPA is appropriated \$1.2 million to implement the provisions of this legislation.

FISCAL PROGRAMS WITHIN THE OFFICE
OF THE COMPTROLLER OF PUBLIC ACCOUNTS

PURPOSE: Statewide programs that are subject to the oversight of the Comptroller of Public Accounts, including disbursements to local governments, payment of unclaimed property claims, energy conservation programs, broadband development programs, and payment of claims, settlements, and judgments against the state.

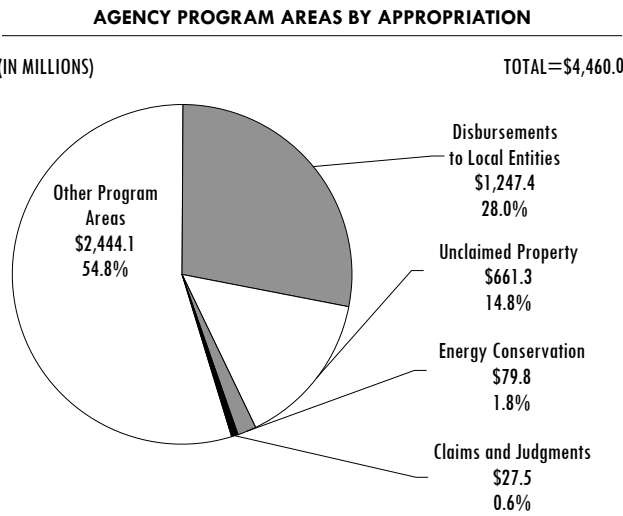
ESTABLISHED: 1850

AUTHORIZING STATUTE: The Texas Constitution, Article IV, §23

GOVERNANCE: Comptroller of Public Accounts, statewide elected official

FIGURE 64
FISCAL PROGRAMS WITHIN THE OFFICE OF THE COMPTROLLER OF PUBLIC ACCOUNTS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,788.4	\$1,936.2	\$147.9	8.3%
General Revenue–Dedicated Funds	\$939.4	\$48.6	(890.8)	(94.8%)
Federal Funds	\$600.2	\$1,993.8	1,393.6	232.2%
Other Funds	\$818.8	\$481.4	(337.4)	(41.2%)
Total, All Methods of Finance	\$4,146.7	\$4,460.0	\$313.3	7.6%

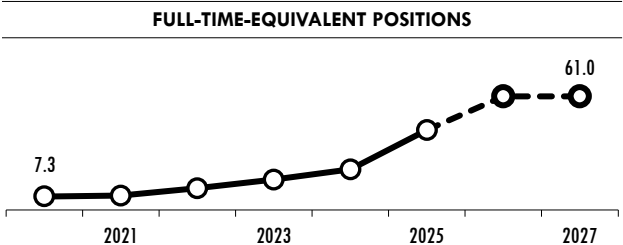


SIGNIFICANT DEVELOPMENTS

Funding provides **\$2.4 billion** for broadband and telecommunications infrastructure, including matching funds for the federal **Broadband Equity Access and Deployment Program**.

Funding provides **\$440.1 million** for **grant programs** to fund additional resources for **rural enforcement agencies and ambulance providers**, including a minimum salary for certain personnel.

A funding increase of **\$74.9 million** is provided to **reimburse** counties and incorporated municipalities a portion of **mixed-beverage gross receipts and sales tax** based on estimated growth in mixed-beverage sales.



- NOTES:
- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
- (3) Amounts shown do not include contingent funding appropriated in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, Article IX, Section 18.38, Contingency for Senate Bill 21, establishing a Strategic Bitcoin Reserve fund with a deposit of \$10.0 million into the fund.

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

MAJOR FUNDING

Appropriations for the 2026–27 biennium for Fiscal Programs within the Office of the Comptroller of Public Accounts (CPA) total \$4.5 billion in All Funds. This amount includes \$710.2 million for reimbursements to cities and counties of mixed-beverage taxes, which represents an increase of \$74.9 million. Appropriations for mixed-beverage tax reimbursements maintain statutorily set minimum disbursement levels of 10.7143 percent of mixed-beverage gross receipts and sales taxes. Also included is \$661.3 million for the payment of unclaimed property claims, which remains relatively consistent with amounts from the 2024–25 biennium. Funding also includes \$2.4 billion in General Revenue Funds and Federal Funds for broadband development; \$350.8 million in funding from grants for additional law enforcement resources in rural counties, which includes new funding of \$20.0 million in General Revenue Funds for sheriffs to enforce federal immigration law; and \$89.2 million in additional funding from grants for qualified ambulance service providers in certain rural counties.

PROGRAMS

Fiscal Programs within the Office of the CPA carry out responsibilities through five major program areas: (1) disbursements to local entities; (2) unclaimed property; (3) energy conservation; (4) broadband development; and (5) other program areas.

DISBURSEMENTS TO LOCAL ENTITIES

Appropriations within the disbursements to local entities program area typically provide for state obligations for disbursements to cities and counties. The largest disbursement within this program area is of mixed-beverage revenues, both the gross receipts tax and sales tax. The Texas Tax Code, Section 183.051, and the Eighty-eighth Legislature, General Appropriations Act (GAA), 2024–25 Biennium, require CPA to distribute to counties and incorporated municipalities 10.7143 percent of mixed-beverage tax revenues received from permit holders within the county or municipality. Estimated funding of \$710.2 million is included for this purpose.

Appropriations for this area also allocate an estimated \$34.0 million to counties for roads and bridges, including distribution of a portion of gross weight and axle weight permit fees and a portion of motor fuels tax revenue, pursuant to the Texas Transportation Code. Counties in which University of Texas endowment lands are located also receive

an estimated \$20.1 million from CPA for payment of county taxes, pursuant to constitutional provisions. Grant funding of \$350.8 million is allocated for additional law enforcement resources to certain rural counties and \$20.0 million for financial assistance to sheriffs that enter an agreement with U.S. Immigration and Customs Enforcement (ICE) to enforce federal immigration law. This amount includes providing a minimum salary to certain personnel. Additional grant funding of \$89.3 million is provided for ambulance service providers in certain rural counties. In addition, \$24.0 million is allocated to local law enforcement agencies for continuing education and training of peace officers. Funding of \$19.0 million is provided for payments to certain qualifying cities and counties to offset their losses of revenue from total property tax exemptions for veterans who are 100.0 percent disabled or their surviving spouses. Funding for disbursements to local entities totals \$1,247.4 million.

UNCLAIMED PROPERTY

Appropriations provide payments of individuals' claims for unclaimed property that was presumed abandoned and remitted to the state by businesses, financial institutions, and government entities. Property typically takes the form of forgotten bank accounts, insurance proceeds, uncashed checks, security deposits, and utility refunds. Funding for payment of these claims is estimated at \$661.3 million for the 2026–27 biennium.

ENERGY CONSERVATION

The energy conservation program area includes administration of the State Energy Conservation Office (SECO) and distribution of Oil Overcharge Funds, federal State Energy Program funds, and federal American Recovery and Reinvestment Act of 2009 (ARRA) funds for energy efficiency, energy-related economic development, and energy training projects. Oil Overcharge Funds became available to states in accordance with federal court settlements regarding violations of price controls in effect for crude oil and refined petroleum products from calendar years 1973 to 1981. State Energy Program funds are received via formula funding from the U.S. Department of Energy. ARRA funds are repaid from loans originated through the ARRA program.

SECO's largest program, Loans to Save Taxes and Resources (LoanSTAR), is a revolving loan program that finances energy-efficient facility retrofits for state agencies, institutions of higher education, cities, counties, public schools, hospitals, and other government entities. The program's revolving loan mechanism enables borrowers to repay loans through

cost savings generated by the funded projects. Funding for the LoanSTAR program comes from Oil Overcharge funds, federal State Energy Program funds, and ARRA funds. The LoanSTAR fund balance, including loan receivables, is \$263.6 million as of August 31, 2025. The fund balance consists of approximately \$159.8 million from Oil Overcharge funds, \$12.2 million in Federal Funds, and \$91.6 million from ARRA funds. **Figure 65** shows the distribution of LoanSTAR loans by entity type for the 2024–25 biennium.

SECO administers other energy programs that provide technical assistance, training, and grants to state agencies and local entities related to energy conservation and renewable or alternative fuels. Appropriations for energy conservation programs total \$79.8 million and 38.0 full-time-equivalent (FTE) positions.

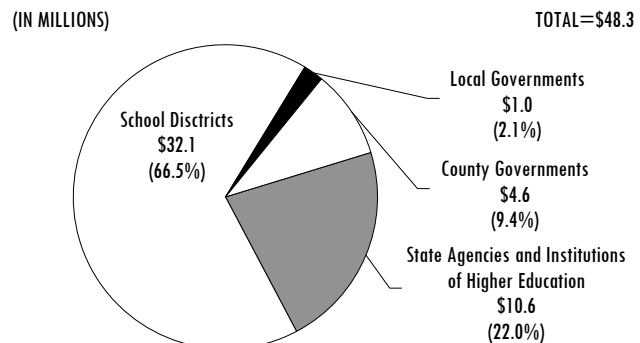
BROADBAND DEVELOPMENT

The broadband development program area includes the administration of the Broadband Development Office (BDO) and distribution of federal and state funds as grants, low-interest loans, and other financial incentives to expand broadband service to unserved and underserved areas of the state. During early 2023, BDO published a broadband availability map that divides the state into eligible and ineligible areas for funding based on the availability of broadband service in each area and prior federal funding commitments. Additionally, BDO published the State Broadband Plan in 2022, which contains observations and analysis from research and surveys conducted by CPA and recommendations to improve broadband access and service.

Funding for broadband development comes from both General Revenue Funds appropriations and grant funding from federal broadband programs. Senate Bill 8, Eighty-seventh Legislature, Third Called Session, 2021, appropriated \$500.5 million from federal funding provided through the American Rescue Plan Act for broadband infrastructure.

In addition to federal programs, BDO administers the Bringing Online Opportunities to Texas (BOOT) program, which funds infrastructure projects in eligible areas, and the Pole Replacement Program, which reimburses broadband providers and pole owners the lesser of \$5,000 or 50.0 percent of costs incurred to replace a pole that deploys broadband service. The 2024–25 GAA appropriated \$1.5 billion to expand broadband and telecommunications statewide. This amount provides funding across multiple

FIGURE 65
LOANSTAR PROGRAM DISTRIBUTIONS
OF APPROPRIATIONS, 2024–25 BIENNIUM



SOURCE: Comptroller of Public Accounts.

biennia for BOOT, the Pole Replacement Program, 911 and Next Generation 911 services, and matching funds for the Broadband Equity, Access, and Deployment program. Appropriations for broadband development programs total \$2,419.0 million and 23.0 FTE positions.

OTHER PROGRAM AREAS

Other programs and functions administered within the Fiscal Programs include the following areas: payments of certain claims, judgments, and settlements against the state; payments to victims of crime who have not made claims for restitution from local probation departments; the Texas Bullion Depository; opioid abatement programs; and funding outside of the Treasury for the Habitat Protection Fund for research on certain species for the development and administration of conservation plans. Funding levels for these programs total \$52.6 million for the 2026–27 biennium.

SIGNIFICANT LEGISLATION

House Bill 3000 – Establishing a grant program for rural ambulance providers. The legislation requires CPA to administer the Rural Ambulance Service Grant Program to provide financial assistance to qualified counties to purchase ambulances, including accessories and modifications, as provided by CPA rule. The agency is appropriated \$89.3 million to implement the legislation.

Senate Bill 8 – Establishing a grant program to enforce federal immigration law. The legislation requires CPA to establish a grant program to cover costs incurred by sheriffs that enter an agreement with ICE in enforcing federal immigration law. Grant funds may be used for

nonreimbursable expenses including employee compensation, administrative duties, equipment, training, and confinement of inmates. The agency is appropriated \$20.0 million to implement the legislation.

Senate Bill 21 – Establishing the Strategic Bitcoin Reserve.

The legislation establishes the Strategic Bitcoin Reserve as a fund outside the Treasury, authorizing CPA to invest and manage funds, including bitcoin and other cryptocurrencies, in the reserve. The Eighty-ninth Legislature, Regular Session, 2025, appropriated \$10.0 million from the General Revenue Fund to CPA for deposit to the reserve.

DEMENTIA PREVENTION AND RESEARCH INSTITUTE OF TEXAS

PURPOSE: Through awarding of grants for research and prevention relating to dementia, Alzheimer’s disease, Parkinson’s disease, and related disorders: (1) to initiate and expedite innovation in dementia research to improve health and enhance the potential for medical or scientific breakthrough and research in Texas; and (2) to attract, establish, or expand research capabilities of public or private institutions of higher education and other public or private entities that will increase dementia research and establish high-quality jobs in the state.

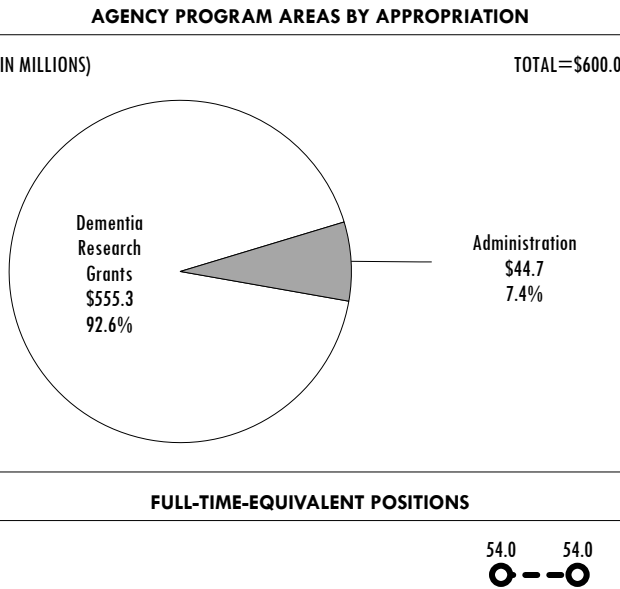
ESTABLISHED: 2025

AUTHORIZING STATUTE: The Texas Health and Safety Code, §101A.002

GOVERNANCE: Dementia Prevention and Research Institute of Texas Oversight Committee – nine members with three members each appointed by the Governor, the Lieutenant Governor, and the Speaker of the House of Representatives

FIGURE 66
DEMENTIA PREVENTION AND RESEARCH INSTITUTE OF TEXAS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$600.0	\$600.0	N/A
Total, All Methods of Finance	\$0.0	\$600.0	\$600.0	N/A



SIGNIFICANT DEVELOPMENTS

Senate Bill 5 and Senate Joint Resolution 3, Eighty-ninth Legislature, Regular Session, 2025, **establish the Dementia Prevention and Research Institute of Texas (DPRIT)** and authorize a **transfer of \$3.0 billion from the General Revenue Fund to the Dementia Prevention and Research Fund**.

DPRIT is appropriated **\$600.0 million from the Dementia Prevention and Research Fund** for the 2026–27 biennium, primarily to award **grants for research and prevention** of dementia, Alzheimer’s disease, Parkinson’s disease, and related disorders.

NOTE: Full-time-equivalent positions show appropriated positions for fiscal years 2026 and 2027.
SOURCES: Legislative Budget Board.

SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY

PURPOSE: To administer payment of state and employee Social Security and Medicare taxes to the federal government.

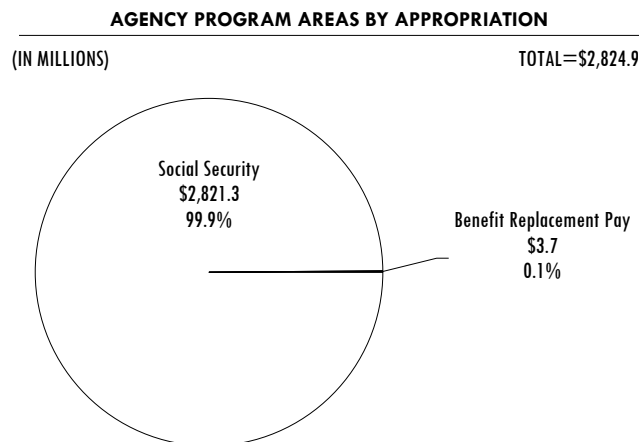
ESTABLISHED: 1935

AUTHORIZING STATUTE: The Texas Government Code, §606.063

GOVERNANCE: N/A

FIGURE 67
SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,476.3	\$2,104.1	\$627.8	42.5%
General Revenue–Dedicated Funds	\$202.2	\$224.1	\$21.9	10.8%
Federal Funds	\$489.0	\$290.4	(\$198.5)	(40.6%)
Other Funds	\$187.4	\$206.3	\$18.9	10.1%
Total, All Methods of Finance	\$2,354.9	\$2,824.9	\$470.1	20.0%



SIGNIFICANT DEVELOPMENTS

State contributions for Social Security fund the 6.2 percent employer payroll tax and the 1.45 percent Medicare payroll tax.

Benefit Replacement Pay is a benefit supplement for certain state employees that began employment before September 1, 1995.

Appropriations assume a 0.93 percent **increase** in Social Security for fiscal years 2025, 2026, and 2027 due to payroll growth. They also assume an 18.7 percent **decrease** in Benefit Replacement Pay for fiscal years 2025, 2026, and 2027 due to decreasing membership in this program.

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.

MAJOR FUNDING

Appropriations for the 2026–27 biennium for the employer Social Security payroll tax constitute an increase of \$471.9 million in All Funds. This increase is related to payroll growth and changes in full-time-equivalent positions at certain state agencies and institutions of higher education.

Appropriations for the 2026–27 biennium for Benefit Replacement Pay (BRP) contributions decreased by approximately \$1.9 million in All Funds, a decrease of 33.9 percent for this program, which serves state employees hired before September 1, 1995.

PROGRAMS

The Comptroller of Public Accounts (CPA) is responsible for the payment of state and employee Social Security taxes to the federal government. Appropriations for the 2026–27 biennium fund the 6.2 percent employer payroll tax contribution for the Social Security program and the 1.45 percent payroll tax for the state Medicare program. The Social Security wage base,

which is the amount of wages subject to the 6.2 percent tax, increased from \$137,700 for calendar year 2020 to \$176,100 for calendar year 2025. Since calendar year 1993, Medicare-taxable earnings have had no limit.

BRP contributions for certain state employees also are appropriated to CPA within the Social Security benefits program area. Before fiscal year 1996, the state paid for a portion of the employees' Social Security obligations. The Seventy-fourth Legislature, 1995, replaced that portion with a benefit supplement to prevent the reduction of employees' take-home pay. Employees retain BRP as long as they do not have a lapse in service from the state for 30 days. Employees hired after August 31, 1995, are not eligible to receive the benefit supplement or the additional state-paid Social Security benefit.

As with Employees Retirement System state contributions, the General Appropriations Act allocates the Social Security appropriation by functional area of state government, as shown in **Figure 68**.

FIGURE 68
SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY, 2024–25 AND 2026–27 BIENNIA, ALL FUNDS

(IN MILLIONS) CATEGORY	ESTIMATED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Social Security – Employer Match				
General Government	\$105.0	\$118.3	\$13.3	12.7%
Health and Human Services	\$504.7	\$554.0	\$49.3	9.8%
Education	\$828.8	\$1,098.7	\$269.8	32.6%
Judiciary	\$30.7	\$34.0	\$3.2	10.6%
Public Safety and Criminal Justice	\$523.2	\$623.9	\$100.8	19.3%
Natural Resources	\$98.6	\$112.8	\$14.2	14.4%
Business and Economic Development	\$203.3	\$216.0	\$12.7	6.3%
Regulatory	\$32.3	\$40.4	\$8.2	25.3%
Legislature	\$22.7	\$23.1	\$0.4	1.9%
Subtotal, Social Security	\$2,349.3	\$2,821.3	\$471.9	20.1%
Benefit Replacement Pay				
General Government	\$0.6	\$0.4	(\$0.2)	(33.9%)
Health and Human Services	\$1.8	\$1.2	(\$0.6)	(33.9%)
Education	\$0.1	\$0.1	(\$0.0)	(33.9%)
Judiciary	\$0.2	\$0.1	(\$0.1)	(33.9%)
Public Safety and Criminal Justice	\$1.1	\$0.7	(\$0.4)	(33.9%)
Natural Resources	\$0.6	\$0.4	(\$0.2)	(33.9%)
Business and Economic Development	\$1.0	\$0.6	(\$0.3)	(35.3%)
Regulatory	\$0.2	\$0.1	(\$0.0)	(25.7%)
Legislature	\$0.1	\$0.1	(\$0.0)	(33.9%)
Subtotal, Benefit Replacement Pay	\$5.5	\$3.7	(\$1.9)	(33.9%)
Total, Social Security and Benefit Replacement Pay	\$2,354.9	\$2,824.9	\$470.1	20.0%

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.

COMMISSION ON STATE EMERGENCY COMMUNICATIONS

PURPOSE: To preserve and enhance public safety and health in Texas through reliable access to emergency communications services. Agency functions support the standardized 911 emergency communications services statewide and maintain the state's poison control network.

ESTABLISHED: 1987

AUTHORIZING STATUTE: The Texas Health and Safety Code, Chapter 771

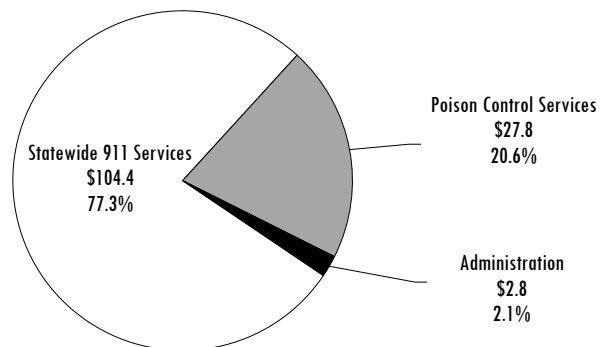
GOVERNANCE: Commission—12 members: nine appointed members and three ex officio members

FIGURE 69
COMMISSION ON STATE EMERGENCY COMMUNICATIONS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$21.3	\$21.3	\$0.0	0.0%
General Revenue–Dedicated Funds	\$107.5	\$112.9	\$5.4	5.0%
Federal Funds	\$14.8	\$0.7	(\$14.0)	(94.9%)
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$143.5	\$134.9	(\$8.6)	(6.0%)

AGENCY PROGRAM AREAS BY APPROPRIATION

(IN MILLIONS) TOTAL=\$134.9

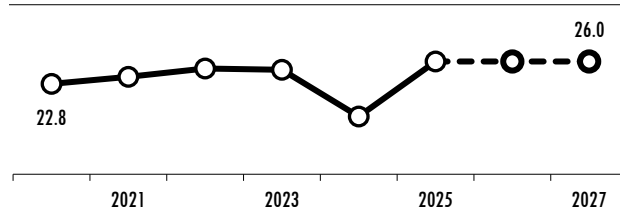


SIGNIFICANT DEVELOPMENTS

Appropriations decreased by **\$14.0 million** in onetime **Federal Funds related to the COVID-19 pandemic for the transition to digital 911 services** during fiscal year 2025.

An additional **\$5.4 million** is appropriated to the agency's 911 programs to restore grant reductions to Regional Planning Commissions and to expand services to a county previously served by a dissolved Emergency Communications District.

FULL-TIME-EQUIVALENT POSITIONS



The agency's 911 program serves more than **4.4 million Texans**, 14.3 percent of the state's population. The poison control program serves all residents of the state.

NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Commission on State Emergency Communications (CSEC) decreased by \$8.6 million, primarily due to the removal of \$14.0 million in onetime federal funding related to the COVID-19 pandemic for the expansion of digital 911 service, offset by increases of \$5.0 million to restore grant reductions to Regional Planning Commissions for equipment replacement and \$0.4 million provided to the agency for funding a county previously served by a dissolved Emergency Communications District.

Appropriations of General Revenue–Dedicated Funds constitute 83.7 percent of the agency’s budget, and 16.3 percent is provided from General Revenue Funds and Federal Funds. General Revenue–Dedicated Funds appropriations to the agency are derived from four telecommunications fees: the 911 equalization surcharge, the emergency service fee, the wireless emergency service fee, and the prepaid wireless emergency service fee. **Figures 70** and **71**, respectively, show an overview of each telecommunications fee for the 2024–25 biennium and historical collections of these fees.

As shown in **Figure 71**, decreases in the emergency service fees collected are due primarily to metropolitan areas leaving the statewide 911 program. General Revenue–Dedicated Account No. 5050, 911 Service Fees, historically has provided most of the funds for the agency’s 911 program; however, decreases in the emergency services fee revenue sources placed the account at risk of depletion. To address this issue, the agency’s appropriations have been supplemented with General Revenue Funds since the 2024–25 biennium to offset the decrease in revenues to Account No. 5050.

PROGRAMS

The agency carries out its responsibilities through two major program areas: (1) administering the state 911 service program; and (2) the statewide poison control program.

STATEWIDE 911 SERVICES

The first major program area provides 911 emergency communication services statewide primarily by administering grants to regional planning commissions (RPC). The agency also provides public education, reviews regional plans for compliance with statewide standards and funding allocations, coordinates 911 activities with emergency communications districts and national organizations, and participates in state and federal regulatory proceedings.

Texas residents who use landline telephones in their homes or businesses to place 911 calls can be located immediately because their addresses are relayed to a 911 public safety answering point (PSAP). In addition, wireless carriers are required to provide the wireless telephone number from which a 911 call is made to the PSAP. All counties in Texas have implemented services that assist emergency responders by providing (1) a callback number in the event of a dropped call, and (2) the caller’s location by providing the phone’s approximate location by latitude and longitude.

During fiscal year 2010, CSEC began funding a transition to Next Generation 911 services, formerly called the Emergency Services Internet Protocol Network. This new service is compatible with digital devices that transmit texts, images, and videos. Additionally, emergency calls route faster, more efficiently, and more reliably. Caller information can be transferred among geographically dispersed PSAPs and to the appropriate public safety dispatchers. Full implementation of digital Next Generation 911 services for RPCs in the CSEC statewide program was completed in fiscal year 2023.

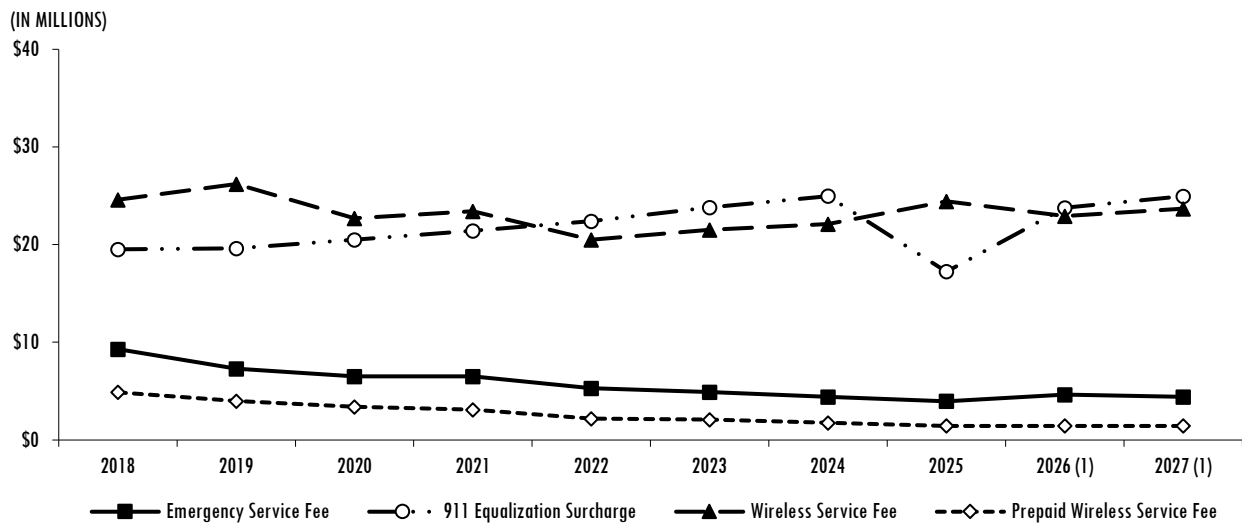
Appropriations for 911 activities for the 2026–27 biennium total \$104.4 million and include a net decrease of \$10.7 million from the 2024–25 biennium. This decrease is due to the removal of federal grants provided for the expansion of digital 911 service statewide, administered through CSEC.

FIGURE 70
COMMISSION ON STATE EMERGENCY COMMUNICATIONS TELECOMMUNICATION FEES, 2024–25 BIENNIUM

CHARACTERISTIC	EMERGENCY SERVICE FEE	EMERGENCY SERVICE FEE FOR WIRELESS CONNECTIONS	PREPAID WIRELESS EMERGENCY SERVICE FEE	911 EQUALIZATION SURCHARGE
Rate	Maximum of \$0.50 per telephone line per month; may vary by RPC, currently at \$0.50 in all 20 RPCs	\$0.50 per wireless connection per month	2.0% of the retail sale of the prepaid wireless service	Not more than \$0.06 per telephone line or wireless connection per month; excludes prepaid wireless
Levied on	Standard telephone service	Wireless telephone service	Prepaid wireless telephone service	Standard and wireless telephone service
Rate set by	Agency, with review and comment by PUC	Legislature	Legislature	Agency, with review and comment by PUC

NOTE: RPC=regional planning commission; PUC=Public Utility Commission of Texas.
SOURCE: Commission on State Emergency Communications.

FIGURE 71
COMMISSION ON STATE EMERGENCY COMMUNICATIONS COLLECTIONS OF TELECOMMUNICATION FEES
FISCAL YEARS 2018 TO 2027



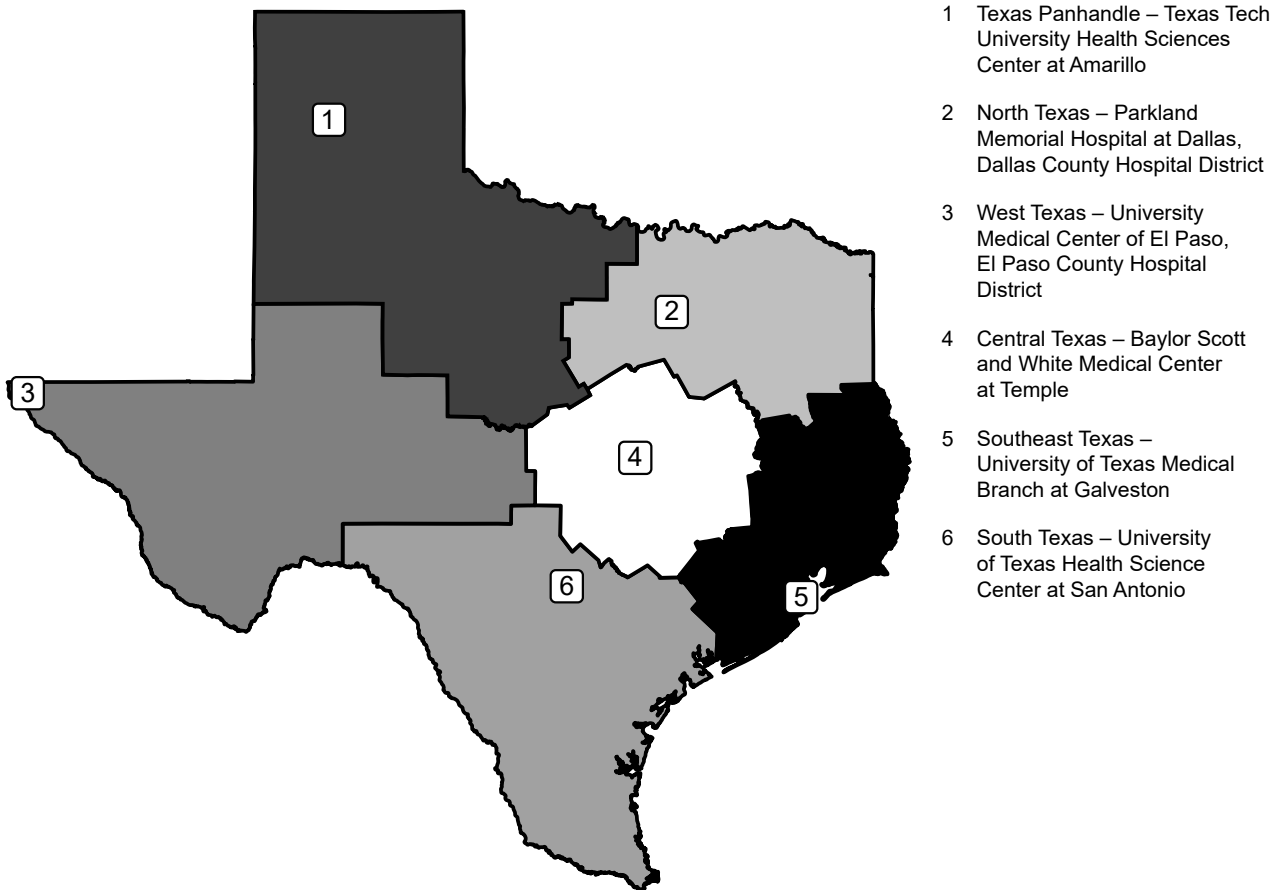
NOTE: (1) Amounts for fiscal years 2026 and 2027 are estimated.
 SOURCE: Commission on State Emergency Communications.

POISON CONTROL SERVICES

The agency's second major program area provides a statewide poison control center network that aids in the treatment and prevention of poisonings. The Texas Poison Center Network provides information to individuals that call the poison control toll-free telephone number and suspect they have been exposed to toxic substances. The network consists of six geographically diverse poison centers located within medical facilities and linked by a telecommunications network. Individuals that call the poison control network speak directly with a healthcare professional trained in various aspects of toxicology and poison control and prevention. The network is intended to provide sufficient information to treat a poisoning incident at home, precluding the dispatch of emergency medical services or a visit to a healthcare facility.

The agency operates a statutory program to award grants to the six regional poison control centers, shown in **Figure 72**. The agency also oversees poison center operations and administers the telecommunications network operations. Appropriations for the poison control center program total \$27.8 million.

FIGURE 72
TEXAS POISON CENTER NETWORK, 2026–27 BIENNIUM



SOURCE: Commission on State Emergency Communications.

TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

PURPOSE: The Texas Emergency Services Retirement System is a statewide retirement system with a pooled investment fund established to finance pension, death, and disability benefits for volunteer firefighters and volunteer emergency medical personnel.

ESTABLISHED: 1977

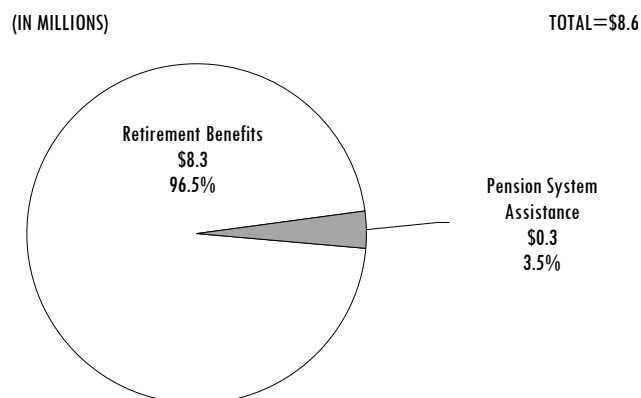
AUTHORIZING STATUTE: The Texas Government Code, §865.001

GOVERNANCE: Board of Trustees—nine members appointed by the Governor, subject to Senate confirmation

FIGURE 73
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2.6	\$2.0	(\$0.6)	(22.0%)
General Revenue—Dedicated Funds	\$2.6	\$6.6	\$4.0	155.2%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$5.1	\$8.6	\$3.5	67.2%

AGENCY PROGRAM AREAS BY APPROPRIATION

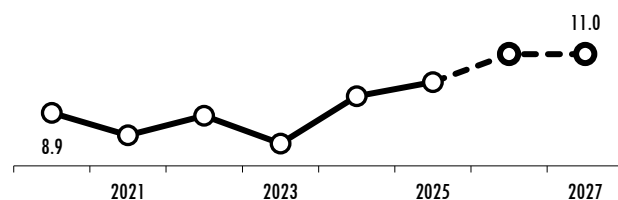


SIGNIFICANT DEVELOPMENTS

Senate Bill 2065, Eighty-ninth Legislature, Regular Session, 2025, changes the state's contribution to the pension system to an actuarially defined contribution necessary to amortize the pension system's legacy liability by August 31, 2055.

The state's contribution to the retirement system for the 2024–25 biennium consists of **\$6.6 million in General Revenue—Dedicated Funds from Account No. 5064, Volunteer Fire Department Assistance**.

FULL-TIME-EQUIVALENT POSITIONS



The agency provided **\$9.4 million in benefit payments to 3,991 retirees and beneficiaries** during fiscal year 2024.

NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

The Texas Emergency Services Retirement System (TESRS) was appropriated \$8.6 million in All Funds for the 2026–27 biennium. This amount reflects an increase of \$3.5 million from the 2024–25 biennium, primarily related to an increase of \$4.0 million in General Revenue–Dedicated Funds from Account No. 5064, Volunteer Fire Department Assistance, to increase the state contribution to the pension fund in accordance with the enactment of Senate Bill 2065, Eighty-ninth Legislature, Regular Session, 2025. The agency also received \$947,800 in supplemental General Revenue Funds appropriations in fiscal year 2025 for the migration of servers to the Texas Data Center Services program, software procurement, and ongoing maintenance of current systems.

PROGRAMS

The agency carries out its responsibilities through two major program areas: (1) administering the retirement system, and (2) recruiting and technical assistance.

SYSTEM ADMINISTRATION

The agency’s primary function is to administer the statewide retirement system for volunteer firefighters and volunteer emergency medical personnel. This function includes collecting contributions, investing the proceeds, and calculating and paying benefits to retirees and their beneficiaries. Contributions to TESRS are made by participating departments on behalf of each eligible member and by the state. The state’s contribution to the system for the 2026–27 biennium totals \$6.6 million in General Revenue–Dedicated Funds from Account No. 5064. This amount represents an increase of \$4.0 million from the 2024–25 biennium. Total funding provided for system administration for the 2026–27 biennium is \$8.3 million.

TESRS’s August 31, 2024, Actuarial Valuation determined that the amortization period of the system is infinite, whereas the amortization period was 21.0 years as of the fiscal year 2022 actuarial valuation. The 2024 valuation also estimated the funding ratio at 76.0 percent and the unfunded actuarial accrued liability at \$45.6 million.

At the end of fiscal year 2024, 252 fire departments and emergency service districts participated in TESRS, which included 3,394 active members. As of that date, the system provided monthly annuity payments to 3,991 retirees and beneficiaries, totaling approximately \$9.4 million in benefit payments for the year.

Figure 74 shows the net market value of TESRS assets from fiscal years 2014 to 2024.

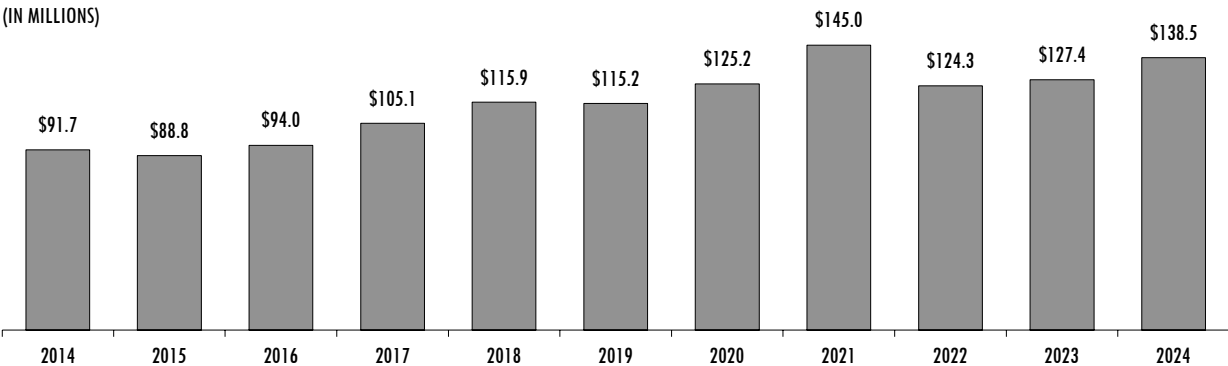
RECRUITING AND TECHNICAL ASSISTANCE

Recruiting and technical assistance began at the agency during fiscal year 2016. Appropriations provide funding to enroll more departments into the system and monitor departments. Appropriations for these activities include \$0.3 million for the 2026–27 biennium.

SIGNIFICANT LEGISLATION

Senate Bill 2065 – Additional state contribution to TESRS. The legislation deletes a provision in statute which previously had limited the state’s contribution to the pension system to one-third of the total of all contributions by governing bodies in a particular year. Senate Bill 2065 makes the annual state contribution to the pension system an actuarially determined contribution necessary to amortize the pension system’s legacy liability by not later than fiscal year 2055. The legislation also specifies that state contributions may not be used to fund benefit enhancements for departments participating in the system.

FIGURE 74
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM FUND NET MARKET VALUE OF ASSETS, FISCAL YEARS 2014 TO 2024



SOURCE: Texas Emergency Services Retirement System.

EMPLOYEES RETIREMENT SYSTEM OF TEXAS

PURPOSE: To provide retirement, insurance, and death and survivor benefits to state employees, retirees, and eligible family members; and manage assets held in a trust.

ESTABLISHED: 1947

AUTHORIZING STATUTE: The Texas Constitution, Article XVI, §67; the Texas Government Code, Title 8, Subtitle B

GOVERNANCE: Board of Trustees – six members, with one member appointed by the Governor, one appointed by the Chief Justice of the Supreme Court, and one appointed by the Speaker of the House of Representatives, all with the advice and consent of the Senate, and three elected members

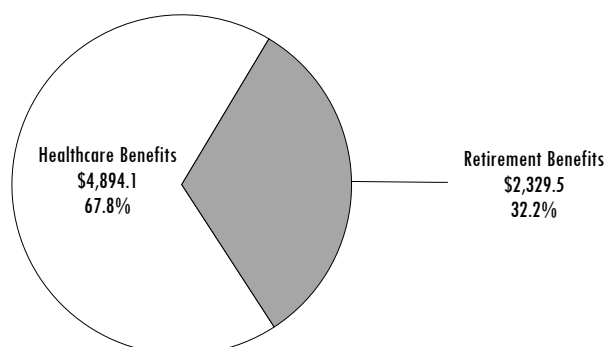
FIGURE 75
EMPLOYEES RETIREMENT SYSTEM OF TEXAS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$5,988.1	\$4,860.4	(\$1,127.7)	(18.8%)
General Revenue–Dedicated Funds	\$314.8	\$370.0	\$55.2	17.5%
Federal Funds	\$1,627.6	\$1,159.2	(\$468.4)	(28.8%)
Other Funds	\$902.6	\$834.0	(\$68.6)	(7.6%)
Total, All Methods of Finance	\$8,833.1	\$7,223.6	(\$1,609.5)	(18.2%)

AGENCY PROGRAM AREAS BY APPROPRIATION

(IN MILLIONS)

TOTAL=\$7,223.6

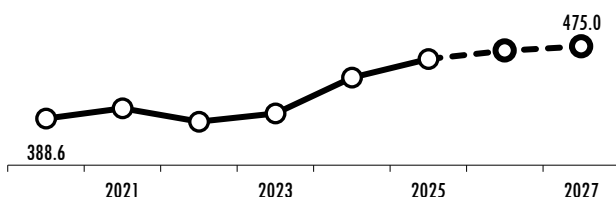


SIGNIFICANT DEVELOPMENTS

Appropriations include **\$520.7 million for increases to the Group Benefits Plan** for state employees to address increasing healthcare costs, especially pharmacy costs, and the projected long-term depletion of the contingency reserve fund balance.

Senate Bill 1737, Eighty-ninth Legislature, Regular Session, 2025, makes certain law enforcement and custodial officers of the Texas Juvenile Justice Department, Comptroller of Public Accounts, and Office of the Attorney General eligible to receive benefits in the Law Enforcement and Custodial Officers Supplemental Retirement Fund. This fund provides an increased retirement benefit for members.

FULL-TIME-EQUIVALENT POSITIONS



Funding of \$1.0 billion for the 2026–27 biennial **legacy payments** is provided in **supplemental appropriations** through House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.

NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for programs administered by the Employees Retirement System of Texas (ERS) decreased by \$1.6 billion in All Funds, or 18.2 percent, from the 2024–25 biennium. The decrease is due primarily to the funding of \$1.0 billion for legacy payments in supplemental appropriations through House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, instead of through the General Appropriations Act (GAA). Appropriating the funds for legacy payments through the supplemental bill is anticipated to provide an additional \$125.0 million in investment earnings.

The decrease in All Funds also is attributed to the reduction of onetime funding of \$772.0 million, provided in the Eighty-eighth Legislature, GAA, 2024–25 Biennium, to pay off the unfunded liability for the Law Enforcement and Custodial Officers Supplemental Retirement Fund, and the reduction of onetime funding of \$99.0 million to pay off the unfunded liability for Judicial Retirement System – Plan II (JRS II).

These decreases were offset partially by increases in the Group Benefits Program (GBP) for state employees and for Probation Health Insurance. These increases were due to increasing healthcare costs, most notably pharmacy costs,

and the expected depletion of the contingency reserve fund balance in fiscal year 2029 if additional funding had not been provided. The increases are also attributed partially to growth among the number of active and retired members.

Figure 76 shows 2026–27 biennial appropriations for all benefits administered by ERS, compared with 2024–25 biennial budgeted and expended amounts.

PROGRAMS

The agency carries out responsibilities through two major program areas: (1) healthcare benefits; and (2) retirement benefits. The appropriations are made within each article in the GAA.

HEALTHCARE

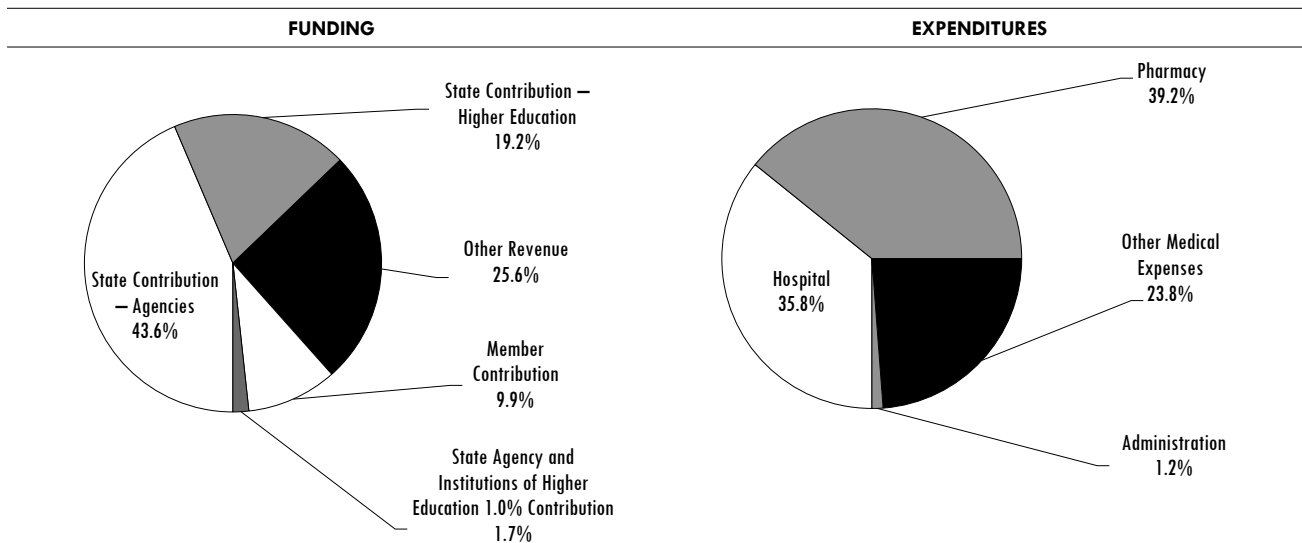
ERS provides healthcare benefits to state employees, retirees, and their dependents through the GBP. This program provides group health insurance, life insurance, dental insurance, accident insurance, and short-term and long-term income protection insurance for disability to GBP participants. During fiscal year 2024, the number of participants totaled 548,169 in all GBP health plans, including 215,719 employees, 129,806 retirees, 196,165 dependents, and 6,479 survivors and others.

FIGURE 76
EMPLOYEES RETIREMENT SYSTEM OF TEXAS EMPLOYEE BENEFITS APPROPRIATIONS IN ALL FUNDS
2024–25 AND 2026–27 BIENNIA, INCLUDING SUPPLEMENTAL FUNDING OF \$1,020.0 MILLION FOR LEGACY PAYMENTS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
BENEFITS				
Employees Retirement System of Texas Retirement Contributions	\$1,661.1	\$1,970.3	\$309.2	18.6%
Law Enforcement and Custodial Officers Supplemental Retirement Fund	\$842.4	\$103.3	(\$739.0)	(87.7%)
Judicial Retirement System – Plan II	\$135.6	\$95.9	(\$39.7)	(29.3%)
Judicial Retirement System – Plan I	\$33.3	\$33.2	(\$0.1)	(0.2%)
Public Safety Benefits	\$82.9	\$99.3	\$16.4	20.0%
Retiree Death Benefits	\$26.3	\$27.5	\$1.2	4.7%
Legacy Payments (1)	\$2,040.0	\$0	(\$2,040.0)	(100.0%)
Group Insurance Program	\$3,875.1	\$4,744.1	\$868.9	22.4%
Community Supervision and Correctional Department Group Insurance	\$136.4	\$150.0	\$13.6	9.9%
Total	\$8,833.1	\$7,223.6	(\$1,609.5)	(18.2%)

NOTES:
(1) No funding is provided for legacy payments in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium; legacy payments are funded at \$1,020.0 million in supplemental appropriations for fiscal year 2025 in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
(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.

FIGURE 77
PROJECTED DISTRIBUTION OF EMPLOYEES RETIREMENT SYSTEM HEALTHCARE FUNDING AND EXPENDITURES
2026–27 BIENNIUM



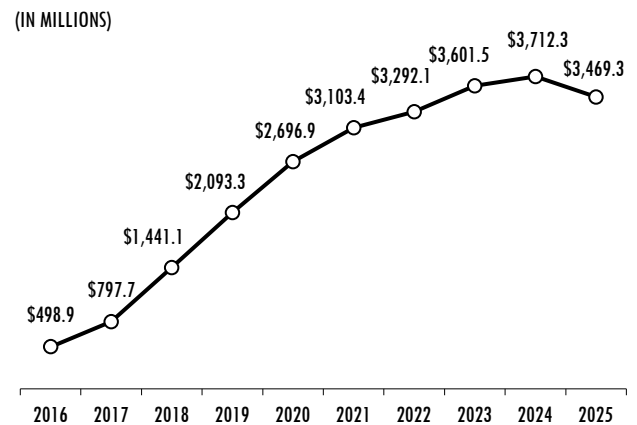
SOURCE: Employees Retirement System of Texas.

Newly hired employees become eligible to receive health benefits on the first day of the month following their sixtieth day of employment. The state pays 100.0 percent of the insurance premium for full-time employees and 50.0 percent of dependent coverage; members pay the other 50.0 percent of dependent coverage. Active employees who work part-time receive a state contribution equal to 50.0 percent of the rate of full-time employees for health insurance. Employees are fully responsible for the costs of voluntary coverage, such as accidental death insurance, dental insurance, and disability plans.

Since fiscal year 2018, ERS also has received appropriations for health insurance for employees of local community supervision and correctional departments (CSCD). Before 2018, appropriations for health insurance for employees of CSCDs were made to the Texas Department of Criminal Justice.

The combination of state contributions, the 1.0 percent agency contribution, employee premium payments, refunds, rebates, and subsidies earned from the federal Medicare Part D prescription drug plan provide revenue for the insurance trust fund, which provides funding for expenses paid by the healthcare program. **Figure 77** shows the distribution of funding sources for the benefits and the major categories of expenditures projected for the 2026–27 biennium. **Figure 78** shows the GBP reserve fund balance from fiscal years 2016 to 2025.

FIGURE 78
GROUP BENEFITS PROGRAM RESERVE FUND BALANCE
FISCAL YEARS 2016 TO 2025



NOTE: The amount shown for fiscal year 2025 is estimated.
 SOURCE: Employees Retirement System of Texas.

Through a separate appropriation to the Higher Education Group Insurance program, the state also contributes toward group insurance for higher education employees that are paid with state funds. See **Chapter 6, Agencies of Education**, the **Higher Education Group Insurance** section, for more information. The University of Texas and Texas A&M University systems administer separate group health insurance programs for their employees and retirees. Employees and retirees of the other institutions of higher

education, including community colleges, are part of the GBP within ERS.

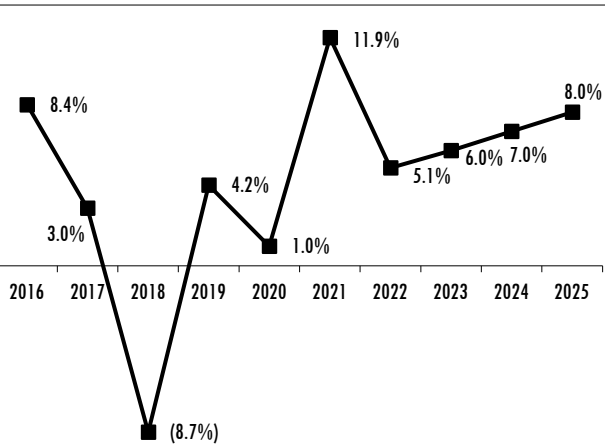
ERS offers a prescription drug plan and a managed healthcare plan called HealthSelect through state-contracted vendors. Although ERS self-insures the programs, the state contracts with outside administrators to administer the managed-care, point-of-service health plan and the prescription drug plan. **Figure 79** shows the cost trend as measured by annual percentage change for health plan benefits from fiscal years 2016 to 2025.

The state contribution for group insurance covers various levels of health coverage, depending on the category of coverage selected by the employee (e.g., employee only, employee and spouse). **Figure 80** shows the state and employee contributions as portions of the total cost in each of the various coverage categories for the HealthSelect plan for fiscal years 2022, 2024, and 2026. Member and state contribution levels increase for 2026 due to an 8.0 percent increase in premiums. That increase is the result of increasing healthcare costs, particularly pharmacy costs, and to avoid depletion of the contingency reserve fund balance.

RETIREMENT

The second program area that ERS administers includes various retirement and death benefits available to state employees. ERS Retirement is the primary retirement plan that the system offers to general state employees and elected

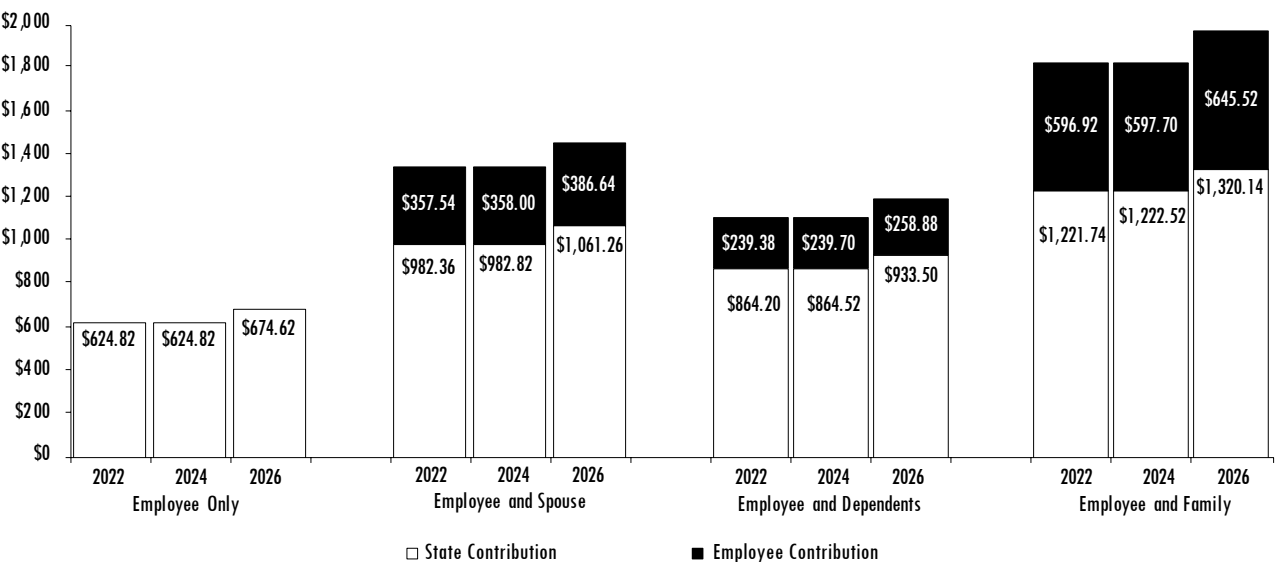
FIGURE 79
COST TREND FOR HEALTH PLAN BENEFITS
FISCAL YEARS 2016 TO 2025



NOTE: The amount shown for fiscal year 2025 is estimated.
SOURCE: Employees Retirement System of Texas.

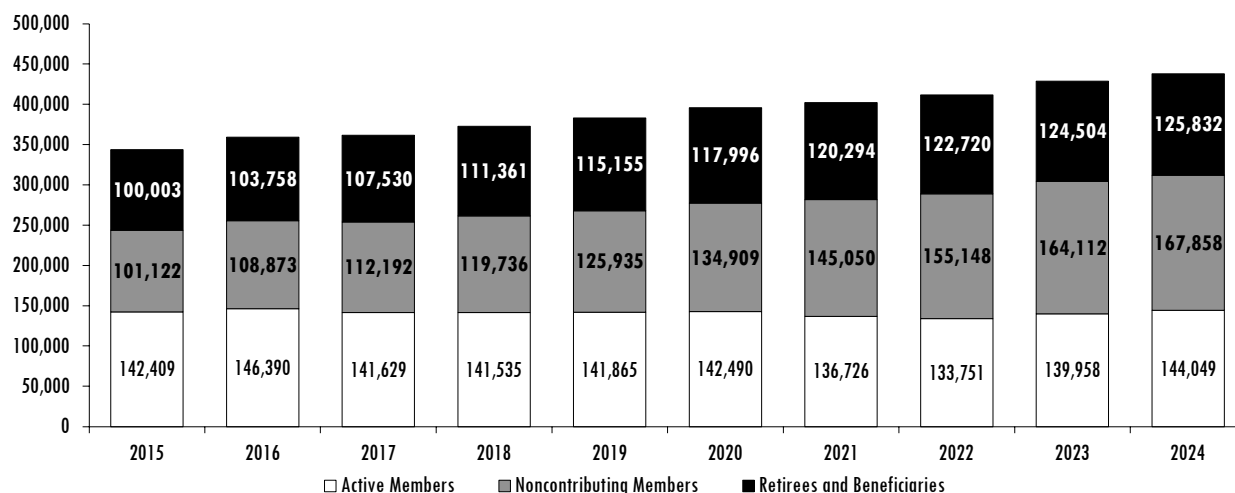
members. This plan is a defined-benefit retirement that results in a guaranteed annuity. The annuity formula calculation depends upon whether the member's service began before September 1, 2022 (Groups 1–3) or on or after September 1, 2022 (Group 4). The formula used to calculate a member's annuity multiplies years of service by final average salary by the benefit multiplier of 2.3 percent. The formula used to calculate a group member's annuity is based on the member's account balance and state match. The state's

FIGURE 80
HEALTHSELECT MONTHLY CONTRIBUTION LEVELS, FISCAL YEARS 2022, 2024, AND 2026



SOURCE: Employees Retirement System of Texas.

FIGURE 81
EMPLOYEES RETIREMENT SYSTEM OF TEXAS MEMBERSHIP, FISCAL YEARS 2015 TO 2024



SOURCE: Employees Retirement System of Texas.

retirement contribution rate established by the Eighty-ninth Legislature, Regular Session, 2025, is 9.5 percent for each fiscal year of the 2026–27 biennium; when combined with the 0.5 percent agency contribution, the total state contribution is 10.0 percent.

An actuarial valuation report is completed annually for the ERS retirement trust fund, and an additional valuation update is completed during each regular legislative session. An actuarial valuation is a report regarding the financial status of the pension plan. The valuation includes a measurement of the plan's accrued liability and compares it to the plan's assets, then analyzes the reasons for changes from the previous plan year. The valuation also determines the actuarial soundness of the total contribution rate to the pension plan. For the plan to be actuarially sound, contributions must be sufficient to fund the normal cost, which is the cost of benefits being earned during the plan year by active members, and to amortize the unfunded accrued liability during no more than 31.0 years. According to the August 31, 2024, actuarial valuation report, the funding period at the end of fiscal year 2024 is 30.0 years.

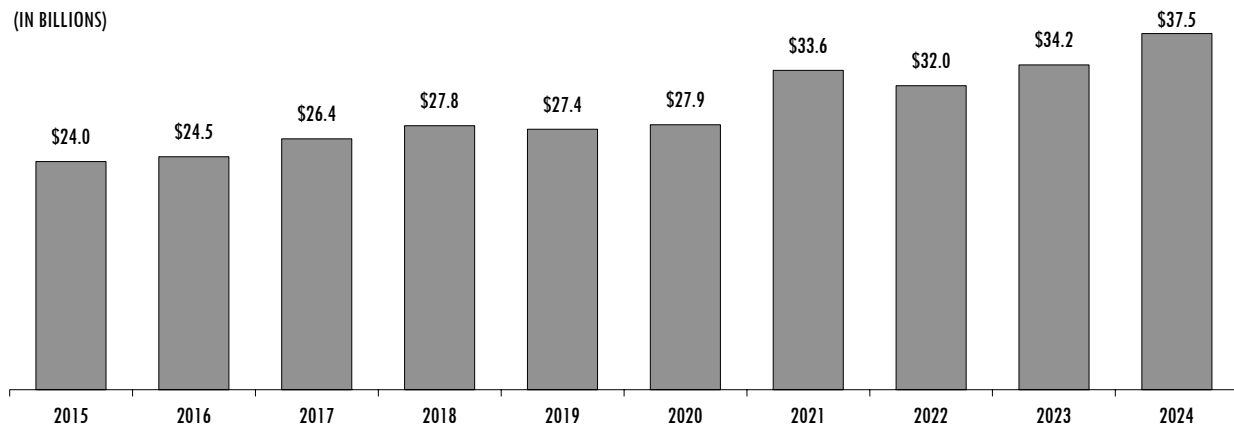
The August 31, 2024, actuarial valuation of the ERS retirement trust fund assessed the unfunded actuarial accrued liability—the amount of liabilities in excess of assets—at \$13.9 billion. The plan's funded ratio—assets divided by liabilities—was 72.0 percent.

As of August 31, 2024, ERS had 144,049 active contributing members and 167,858 noncontributing members, who are

former state employees who have not withdrawn their retirement funds. At that time, 125,832 retirees and beneficiaries were receiving annuities. **Figure 81** shows ERS membership for current and retired employees since fiscal year 2015. For the five-year period from fiscal years 2020 to 2024, the number of active members increased 1.1 percent, the number of noncontributing members increased 24.4 percent, and the number of retirees and beneficiaries increased 6.6 percent.

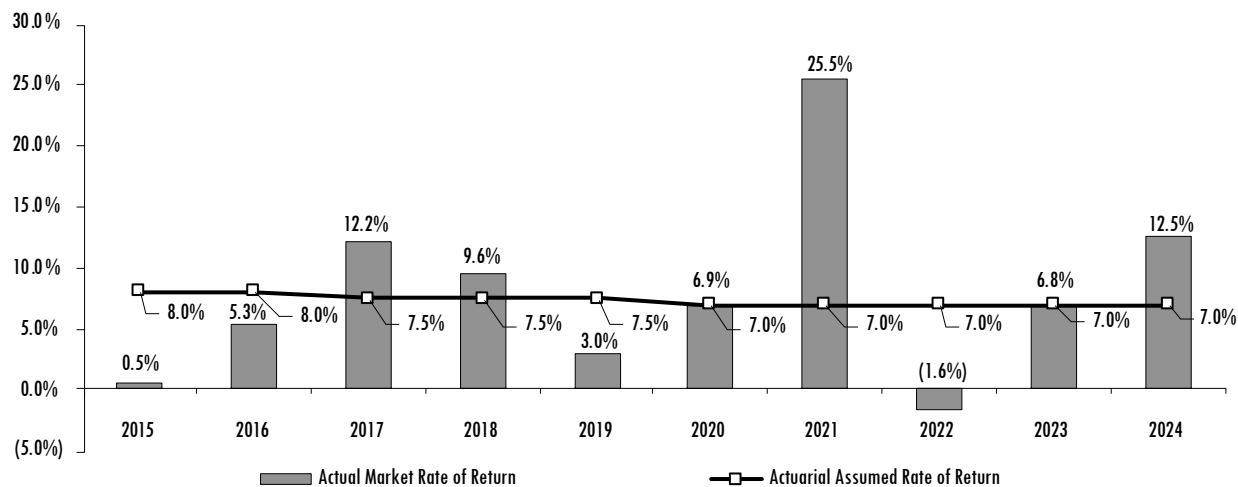
Trained professional personnel, in accordance with trustee policies and constitutional and statutory regulations, invest state contributions, member contributions, and investment income. To assist agency staff with investment recommendations and decisions, the ERS board employs investment managers and utilizes an Investment Advisory Committee composed of financial and business community professionals appointed by the ERS board. ERS also retains an independent consultant to evaluate and analyze investment results. As of August 31, 2024, the market value of the ERS assets was \$37.5 billion, which was \$3.2 billion more than at the end of fiscal year 2023. **Figure 82** shows the historical market value trend in the assets of the ERS retirement fund from fiscal years 2015 to 2024. During that period, the value of assets has increased \$13.5 billion. **Figure 83** shows the annual gross rate of return on investment for the retirement trust fund's assets since fiscal year 2015, and the assumed rate of return, which was 8.0 percent until 2017 when the board changed it to 7.5 percent. The rate was changed to 7.0 percent in May 2020.

FIGURE 82
MARKET VALUE OF EMPLOYEES RETIREMENT SYSTEM OF TEXAS CONSOLIDATED PENSION INVESTMENT FUND ASSETS
FISCAL YEARS 2015 TO 2024



SOURCE: Employees Retirement System of Texas.

FIGURE 83
EMPLOYEES RETIREMENT SYSTEM TRUST FUND ASSETS ANNUAL RATES OF RETURN ON INVESTMENT,
ACTUAL COMPARED TO ASSUMED, FISCAL YEARS 2015 TO 2024



NOTE: The five-year average annual return is 9.66 percent, and the 10-year average annual return is 7.83 percent.

SOURCE: Employees Retirement System of Texas.

Certain members of ERS also are members of the Law Enforcement and Custodial Officer Supplemental (LECOS) Retirement Fund, which provides an increased retirement benefit for certain employees who are certified peace officers and custodial officers. LECOS funds a 0.5 percent supplement to the principal retirement formula. Members of LECOS in Groups 1 through 3 receive about 82.0 percent of their retirement annuity from the ERS Trust Fund and 18.0 percent from the LECOS Retirement Trust Fund. Members of LECOS in Group 4 are projected to receive approximately 65.0 percent of their retirement annuity from the ERS Trust

Fund and 35.0 percent from the LECOS Retirement Trust Fund. The state's LECOS contribution rate established by the Eighty-ninth Legislature, Regular Session, 2025, is 1.75 percent for the 2026–27 biennium and an estimated \$25.5 million in court fees.

As of August 31, 2024, the market value of the LECOS Retirement Fund was \$2.0 billion, an increase of \$939.3 million from the August 31, 2023, valuation report. As of August 31, 2024, a total of 32,143 active members were contributing to the fund, 36,497 members were

FIGURE 84
EMPLOYEES RETIREMENT SYSTEM OF TEXAS RETIREMENT PLANS CONTRIBUTION STRUCTURE
FISCAL YEARS 2026 AND 2027

PLAN	STATE	MEMBER	OTHER	TOTAL
Employees Retirement System of Texas				
Hired before September 1, 2022	9.5%	9.5%	0.5% (1)	19.5%
Hired on or after September 1, 2022	9.5%	6.0%	0.5% (1)	16.0%
Law Enforcement and Custodial Officer Supplement				
Hired before September 1, 2022	1.75%	0.5%	\$25.5 million (2)	2.25% + \$25.5 million
Hired on or after September 1, 2022	1.75%	2.0%	\$25.5 million (2)	3.75% + \$25.5 million
Judicial Retirement System – Plan II				
Hired before September 1, 2024	19.25%	9.36% (3)	N/A	28.61%
Hired on or after September 1, 2024	19.25%	6.0%	N/A	25.25%

NOTES:

- (1) Agencies contribute 0.5% of payroll in addition to the state's 9.5% contribution.
- (2) The \$25.5 million in Other contributions includes court fees for the 2026–27 biennium.
- (3) The Texas Government Code, Section 840.102, specifies a Judicial Retirement System – Plan II member contribution rate of 9.5 percent. The effective member contribution rate shown is 9.36 percent, as some active members elect to cease contributions. The effective member contribution rate is the rate used in actuarial valuations of the system.

SOURCE: Employees Retirement System of Texas.

noncontributing, and 16,801 retirees and beneficiaries were receiving supplemental benefits.

Before September 1, 2025, eligible employees for LECOS included law enforcement officers with the Texas Department of Public Safety, the Texas Alcoholic Beverage Commission, and the Texas Parks and Wildlife Department. LECOS also included custodial officers at the Texas Department of Criminal Justice and parole officers and caseworkers at the Texas Board of Pardons and Paroles. As of September 1, 2025, eligible employees also include certain employees of the Texas Juvenile Justice Department (TJJD), Comptroller of Public Accounts (CPA), and Office of the Attorney General (OAG), pursuant to Senate Bill 1737, Eighty-ninth Legislature, Regular Session, 2025. ERS anticipates that this legislation will add 1,661 members to LECOS.

ERS administers two retirement plans for judges: the Judicial Retirement System I (JRS I) and Judicial Retirement System II (JRS II). JRS I was closed August 31, 1985, and is financed on a pay-as-you-go basis. Funds required for monthly annuity payments and refunds of member contributions are appropriated each fiscal year from General Revenue Funds. As of August 31, 2025, less than 10 active contributing members remain in the system.

JRS II was established for judges who took the bench on or after September 1, 1985. The JRS II plan is prefunded on an actuarial basis, similarly to the ERS Retirement Fund and the LECOS

Retirement Fund. The state contribution rate established by the Eighty-ninth Legislature, Regular Session, 2025, is 19.25 percent for each fiscal year of the 2026–27 biennium. The member contribution rate is 9.5 percent of payroll for those who took office before September 1, 2024, and 6.0 percent for those who took office on or after September 1, 2024. As of August 31, 2024, a total of 658 active members were contributing, with 152 noncontributing members. As of the same date, 585 retirees and beneficiaries were receiving annuities.

Figure 84 shows the combined contributions to the ERS retirement trust fund, the LECOS retirement fund, and the JRS II fund.

ERS also administers two death benefit programs, public safety death benefits and retiree death benefits. Survivors of a law enforcement officer, firefighter, or other public safety employee who is killed in the line of duty on or after September 1, 2025, receive a lump-sum payment of \$628,858 and other benefits, such as funeral expenses and additional benefits for surviving children. The lump-sum amount is adjusted each year by the percentage change in the Consumer Price Index for All Urban Consumers.

Retiree death benefits include a \$5,000 lump-sum death benefit provided to the survivor or estate of an individual who retired while a member of any of the retirement programs administered by ERS. Retiree death benefits are the appropriation made directly to the agency.

SIGNIFICANT LEGISLATION

House Bill 1306 – Increasing eligibility for public safety death benefits. The legislation adds certain medical examiners, death investigators, and justices of the peace to the cohort of individuals eligible for benefits pursuant to the Texas Government Code, Chapter 615. This statute provides financial assistance to eligible survivors of certain individuals who died as a result of a personal injury sustained in the line of duty. The lump-sum amount provided to eligible survivors for a death occurring during fiscal year 2025 is \$611,135, and the amount for a death occurring during fiscal year 2026 is \$628,858. Appropriations for these payments are made from the General Revenue Fund. The lump-sum amount is adjusted each year by the percentage change in the Consumer Price Index for All Urban Consumers.

Senate Bill 1737 – Adding members of certain agencies to LECOS retirement fund. The legislation makes certain law enforcement and custodial officers of TJJD, CPA, and OAG eligible to receive benefits in the LECOS Retirement Fund. This fund provides an increased retirement benefit for members. Before this legislation, membership was limited to certain employees of the Texas Department of Public Safety, Texas Alcoholic Beverage Commission, Texas Parks and Wildlife Department, Texas Department of Criminal Justice, and Board of Pardons and Paroles.

According to ERS, the legislation is estimated to add approximately 1,661 individuals from TJJD, the CPA, and the OAG to the membership of LECOS. The agency is appropriated \$40.3 million to implement the legislation.

TEXAS ETHICS COMMISSION

PURPOSE: To promote individual participation and confidence in electoral and governmental processes by enforcing and administering ethics laws and by providing information that enables the public to oversee the conduct of public officials and those attempting to influence public officials.

ESTABLISHED: 1991

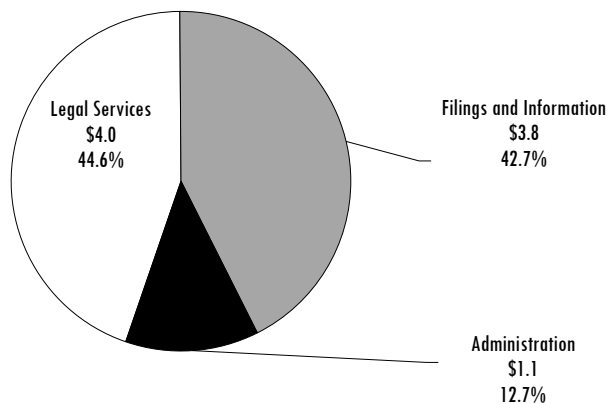
AUTHORIZING STATUTE: The Texas Constitution, Article III, §24a

GOVERNANCE: Commission – four members appointed by the Governor, two members appointed by the Lieutenant Governor, two members appointed by the Speaker of the House of Representatives, with no more than four commissioners from the same political party

FIGURE 85
TEXAS ETHICS COMMISSION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$8.1	\$8.9	\$0.8	9.8%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	(\$0.0)	(100.0%)
Total, All Methods of Finance	\$8.1	\$8.9	\$0.8	9.8%

AGENCY PROGRAM AREAS BY APPROPRIATION
(IN MILLIONS) TOTAL=\$8.9



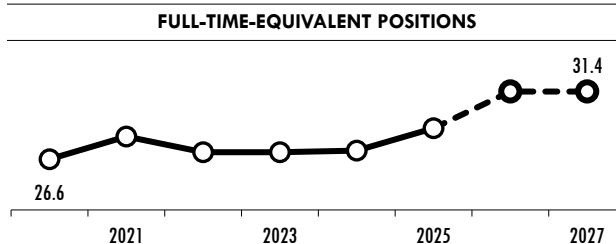
SIGNIFICANT DEVELOPMENTS

The legal services division returned **6,206 calls** during fiscal year 2025, and the agency issued **14 advisory opinions**.

The agency collected approximately **\$1.9 million in fees** for the 2024–25 biennium related to **lobbyist registrations**, which were deposited into the General Revenue Fund.

The agency is provided **\$0.2 million and 1.0 full-time-equivalent (FTE) position** for the 2026–27 biennium to implement recommendations of the Sunset Advisory Commission related to the Electronic Filing System.

The agency is provided **\$0.5 million and 2.0 FTE positions** to implement recommendations of the Sunset Advisory Commission related to compliance and legal guidance.



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the Texas Ethics Commission (TEC) include an increase of approximately \$0.8 million in General Revenue Funds and 3.0 full-time-equivalent (FTE) positions. This increase is due to the addition of \$0.2 million and 1.0 FTE position for a manager for the Electronic Filing System; \$0.3 million to extend the capacity for the Electronic Filing System; and \$0.5 million and 2.0 FTE positions for compliance and legal guidance to implement recommendations of the Texas Sunset Advisory Commission.

PROGRAMS

The agency carries out its responsibilities through three major program areas: (1) filings and information; (2) legal services; and (3) administration.

FILINGS AND INFORMATION

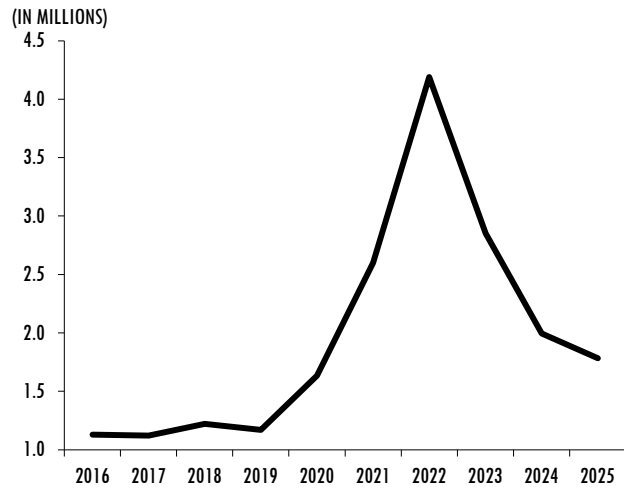
TEC's primary program area relates to filings and information, which includes appropriations for administering, supporting, and enforcing deadlines related to financial and campaign reports submitted to the agency by elected officials, candidates for elected office, lobbyists, and certain state officials. TEC makes certain reports available on the agency's website, and other reports are available upon request. State law requires that certain disclosure reports are filed electronically with the agency. All disclosure reports are processed through an agency-maintained electronic filing system, which was purchased and developed during the 2014–15 biennium with transition to a cloud-based server completed in fiscal year 2024. **Figure 86** shows the change in filings from fiscal years 2016 to 2025.

The electronic filing system consists of web-based filing applications for campaign finance, lobby, and personal financial statements for the state's filers, an internal filing application manager, and other databases. The Information Resources division manages the filing application and provides the planning, management, and operation of information technology systems and equipment for the agency. Appropriations for filings and information resources total approximately \$3.8 million for the 2026–27 biennium and provide for 12.0 FTE positions.

LEGAL SERVICES

Another TEC program area provides legal services to the public and filers by responding to requests for

FIGURE 86
ITEMIZED CONTRIBUTIONS SUBMITTED TO THE TEXAS
ETHICS COMMISSION, FISCAL YEARS 2016 TO 2025



SOURCE: Texas Ethics Commission.

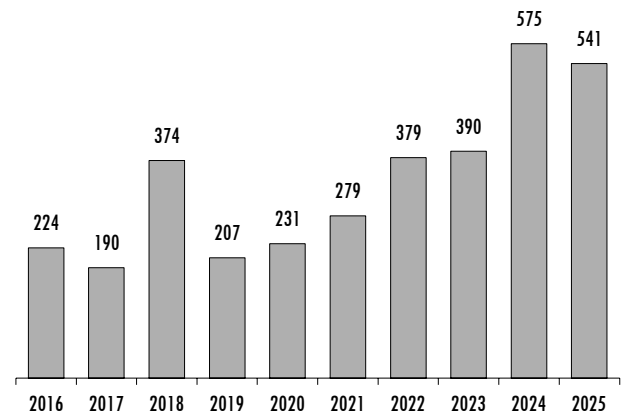
guidance, primarily by telephone, and providing instruction regarding laws that the agency administers. TEC uses an online training program and agency-developed educational guides and brochures to educate state employees and the public regarding ethics laws. The agency also issues advisory opinions to assist and educate the public and entities that the agency regulates regarding the laws it enforces. For fiscal year 2025, the agency reports issuing 18 advisory opinions and returning 6,549 calls made to the legal division.

Legal services also include enforcing provisions of campaign finance law, lobby law, and government ethics laws on individuals that file with TEC or with local authorities such as county or city clerks. The agency may initiate investigations and subpoena witnesses pertaining to violations of state law related to ethics. These services include receiving sworn complaints from individuals alleging violation of certain laws that TEC is responsible for enforcing. **Figure 87** shows the number of complaints received by the agency from fiscal years 2016 to 2025. The number of complaints received is related to several factors, including election timing. TEC is authorized to impose civil penalties through fines for reporting violations. The fines that the agency levies and collects are deposited directly into General Revenue Funds and are not appropriated to the agency. Appropriations for legal services total approximately \$4.0 million for the 2026–27 biennium and provide for 14.4 FTE positions.

ADMINISTRATION

The agency's final program area is administration, which includes the indirect administrative functions that provide agencywide support functions, including executive leadership, finance, purchasing, human resources management, and staff services. Appropriations for administration total approximately \$1.1 million for the 2026–27 biennium and provide for 5.0 FTE positions.

FIGURE 87
TEXAS ETHICS COMMISSION SWORN COMPLAINTS
RECEIVED, FISCAL YEARS 2016 TO 2025



SOURCE: Texas Ethics Commission.

TEXAS FACILITIES COMMISSION

PURPOSE: To support state government through strategic planning, asset management, design, construction, maintenance, and leasing of state facilities and the reallocation or disposal of state and federal surplus.

ESTABLISHED: 2007

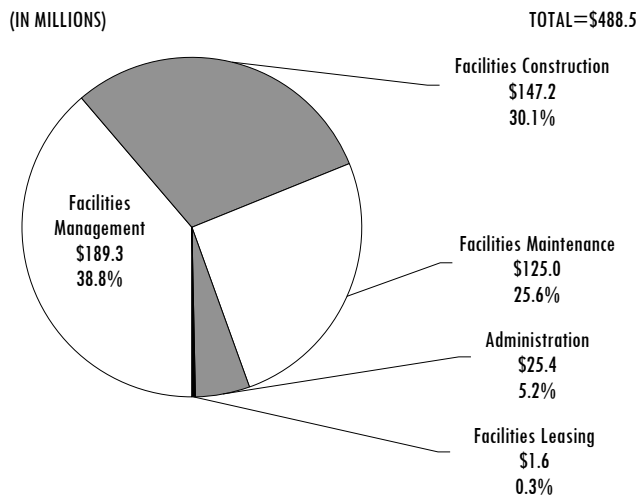
AUTHORIZING STATUTE: The Texas Government Code, Chapter 2152

GOVERNANCE: Commission—five members appointed by the Governor, and two members appointed by the Lieutenant Governor

FIGURE 88
TEXAS FACILITIES COMMISSION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Revenue Funds	\$894.1	\$301.8	(\$592.3)	(66.3%)
General Revenue–Dedicated Funds	\$125.5	\$129.3	\$3.7	3.0%
Federal Funds	\$40.0	\$0.0	(\$40.0)	(100.0%)
Other Funds	\$1,525.5	\$57.4	(\$1,468.1)	(96.2%)
Total, All Methods of Finance	\$2,585.1	\$488.5	(\$2,096.7)	(81.1%)

AGENCY PROGRAM AREAS BY APPROPRIATION



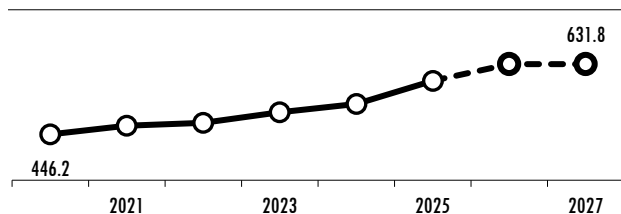
SIGNIFICANT DEVELOPMENTS

All Funds appropriations decrease by \$2.1 billion primarily due to the removal of onetime Revenue Bond appropriations for new buildings in the Capitol Complex, the removal of a onetime grant from the Office of the Governor for the construction of the Texas–Mexico border wall, anticipated decreases in Interagency Contracts, and removal of onetime funding provided for the construction of a state archives facility.

Supplemental appropriations of \$190.1 million in General Revenue Funds are provided for the reconstruction and rehabilitation of two buildings in the Capitol Complex and for the construction of a secure compartmentalized information facility in the Lubbock area.

Appropriations of \$123.3 million are provided for the construction of healthcare infrastructure in the Permian Basin.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Texas Facilities Commission (TFC) includes a decrease of \$2.1 billion in All Funds, primarily due to funding reductions for the following onetime items in the 2024–25 biennium: \$421.2 million in Revenue Bonds and \$243.8 million in General Revenue Funds provided for the completion of Phase 2 of the Capitol Complex project; \$631.1 million in Other Funds for a grant provided by the Office of the Governor for the construction of the Texas–Mexico border wall; \$369.0 million in anticipated Interagency Contracts for the construction of facilities for other state agencies; and \$210.0 million for the construction of an archive facility for the Texas State Library and Archives Commission. These decreases were offset partially by additional funding of \$123.3 million for healthcare infrastructure in the Permian Basin, \$10.0 million for deferred maintenance, \$8.0 million for the construction of a consolidated law enforcement center with the Brazoria County Sheriff's Office, and \$7.6 million for additional full-time-equivalent (FTE) positions and a new security contract.

In addition, supplemental appropriations of \$190.1 million in General Revenue Funds are provided through House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, primarily related to the reconstruction of the State Insurance Building, renovation of the Rudder Building, and a secure compartmentalized information facility in the Lubbock area.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) oversight and management of facilities design and construction; (2) oversight and management of facility repairs and deferred maintenance projects; (3) management of state-owned facilities; (4) agency administration; and (5) management of facility leasing for state agencies.

FACILITIES DESIGN AND CONSTRUCTION

The facilities design and construction program area is responsible for providing professional architectural, engineering, and construction project management services to all state agencies. Four construction contracts, totaling approximately \$90.3 million, were completed during fiscal year 2025. As of August 2025, TFC is managing 94 projects on behalf of 23 state agencies with a total value of approximately \$4.3 billion.

Appropriations for the facilities design and construction program area include \$147.2 million for the biennium and provide for 66.6 FTE positions.

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025 provides supplemental appropriations for renovation and construction projects, including \$121.0 million for the renovation of the State Insurance Building, \$44.0 million for the construction of a sensitive compartmentalized information facility in the Lubbock Area, and \$50.9 million for the renovation of the Rudder Building. House Bill 500 also decreases the amount of General Revenue Funds previously appropriated for Phase 2 of the Capitol Complex project by \$53.3 million to account for proceeds of the sale of the Hobby Building appropriated for this purpose.

FACILITIES MAINTENANCE

The facilities maintenance program area involves administering the deferred maintenance and minor construction programs. Deferred maintenance, also known as maintenance and renewal, projects include repairing or replacing broken or outdated building systems, upgrading building systems to increase building capacities, and improving energy conservation by installing high-efficiency equipment to decrease utility costs. Funding of \$121.4 million in General Revenue–Dedicated Funds is provided for maintenance and renewal.

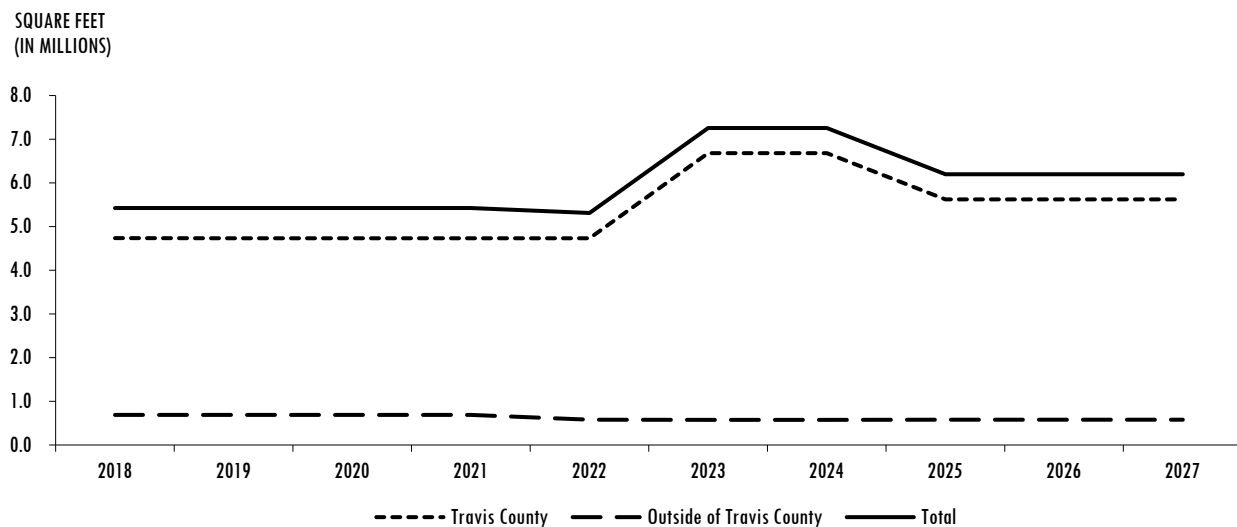
The minor construction program performs minor renovations and rehabilitation for tenants of TFC buildings on a cost-recovery basis. TFC charges agencies a 20.0 percent flat fee for minor construction services or contract administration if a private vendor performs the renovation with TFC oversight. The total fee for contract administration varies depending on the size and complexity of the contract.

Appropriations for the facilities maintenance program area include \$125.0 million for the biennium and provide for 12.1 FTE positions.

FACILITIES MANAGEMENT

The agency's facilities management program area is responsible for custodial services for state-owned buildings, facilities operation and management services, facilities planning, grounds management, parking and special events services, recycling and waste management, surplus property management, and utilities. During fiscal year 2024, the agency's portfolio of leased, owned, and managed facilities totaled more than 27.5 million square feet, supporting the needs of 92 state agencies and 63,700 employees throughout 239 Texas cities and towns. TFC has planning and oversight responsibilities to determine facility requirements and to allocate and assign space to the agencies located in TFC's

FIGURE 89
STATE-OWNED OFFICE SPACE, FISCAL YEARS 2018 TO 2027



NOTE: Amounts shown for fiscal years 2026 and 2027 are projected.
 SOURCE: Texas Facilities Commission.

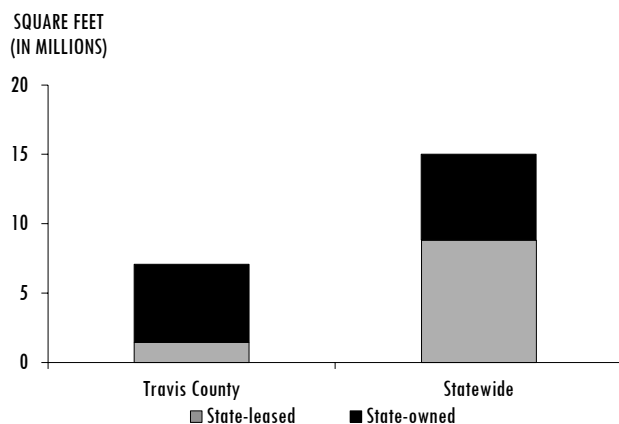
leased, owned, and managed inventory. This program evaluates and approves all requests for space allocation, relinquishment, or modifications. **Figure 89** shows the change in state-owned space (as defined by square footage) from fiscal years 2018 to 2027 due to the completion of the North Austin and Capitol complexes in Travis County and the sale of the Hobby Building.

Figure 90 shows that TFC manages 79.7 percent of all the state-occupied office space in Travis County. State-owned and state-managed space constitutes approximately 41.3 percent of the total inventory of office space that state agencies occupy.

The custodial operations program provides cleaning services for state-owned and state-managed facilities within TFC's inventory. Inspections performed randomly on all phases of custodial services are intended to ensure the provision of quality service. TFC also manages the state's recycling and waste program. The recycling program provides proper disposal of these items at no cost to tenants in TFC-managed buildings.

The facilities operations program is responsible for utility plants and building systems. This section is staffed on a continuous 24-hour work schedule to monitor five central utility plants that provide chilled water and steam to 48 buildings. This program also is responsible for 66 standalone systems in buildings that do not receive chilled water or steam from the central utility plants.

FIGURE 90
STATE OFFICE SPACE, FISCAL YEAR 2025



SOURCE: Texas Facilities Commission.

Facilities planning is a continuous process at TFC, in which the agency monitors and evaluates facility space utilization and needs along with state agencies' anticipated requirements. TFC works closely with other agencies to develop planning assessments to meet particular agency needs in the areas of space utilization, facility acquisition, disposition, leasing, modification, or new construction.

The grounds maintenance program maintains and repairs the grounds, parking garages, and surface lots on state property

in Travis County. Agency staff, in conjunction with contract labor, perform routine landscape maintenance services such as mowing, edging, blowing, and weeding for approximately 372 acres of state-owned property in Travis County. Staff also perform nightly cleaning for 17 state-owned parking garages.

The commercial parking and special events program is responsible for administering temporary leasing of state facilities in the Austin area for after-hours parking, movie productions, special events, and tailgating. Additionally, the program administers the conference room reservation system, a web-based scheduling system for conference rooms, common areas, or exterior areas in TFC-managed, state-owned buildings for use by state agencies. During fiscal year 2024, the program generated approximately \$3.2 million in revenue returned to the state Treasury from fees charged for parking after hours, on weekends, during excess daytime special events, and lease agreements in the Capitol Complex and Hobby Complex in Austin.

TFC is statutorily charged with the administration of the Texas State and Federal Surplus Property programs. The State Surplus Property Program facilitates the placement and disposal of state surplus and salvage property for state agencies. For fiscal year 2025, the state program deposited proceeds totaling approximately \$6.8 million to the state Treasury, of which a portion may be expended by participating state agencies and counties. The Federal Surplus Property Program is responsible for administering the donation of federal surplus personal property in Texas. During fiscal year 2025, the program generated \$4.1 million in revenue.

The Office of Energy Management explores ways to decrease utility costs and to conserve energy in state-owned facilities. The program oversees procurement, use, and distribution of TFC's utilities appropriations. This function includes performing cost-benefit analysis on equipment, evaluating and improving business practices, refining methods of building operation, developing and implementing program policies and procedures, and researching and planning for the use of advanced technologies.

Appropriations for the Facilities Management program area include \$189.3 million for the biennium and provide for 473.2 FTE positions.

FACILITIES LEASING

TFC's leasing services program procures and manages leased facilities to meet state agencies' operational needs throughout the state. During fiscal year 2024, the program managed

more than 709 active leases for office, warehouse, and training purposes for 32 state agencies in 238 Texas cities and towns. The program evaluates the facility requirements of tenant agencies; monitors real estate market rent and operating-cost characteristics; and procures, negotiates, and manages lease contracts that represent the best value to the state. TFC's leasing portfolio totaled 8.9 million square feet with a value of \$15.1 million during fiscal year 2024.

Appropriations for the facilities leasing program area include \$1.6 million for the biennium and provide for 7.0 FTE positions.

ADMINISTRATION

The agency administration and information technology programs support the overall efficiency and effectiveness of TFC operations. Appropriations for the administration program area include \$25.4 million for the biennium and provide for 72.9 FTE positions.

TEXAS PUBLIC FINANCE AUTHORITY

PURPOSE: To issue General Obligation and revenue bonds for designated state agencies, maintain the Master Lease Purchase Program, and act as the exclusive issuer in other statutes when designated by the Legislature.

ESTABLISHED: 1983

AUTHORIZING STATUTE: The Texas Government Code, Chapter 1232

GOVERNANCE: Board of Directors – seven members appointed by the Governor with advice and consent of the Senate

FIGURE 91
TEXAS PUBLIC FINANCE AUTHORITY BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Revenue Funds	\$2.5	\$2.6	\$0.0	2.0%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$1.9	\$2.3	\$0.4	20.5%
Total, All Methods of Finance	\$4.4	\$4.9	\$0.4	10.0%

AGENCY PROGRAM AREAS BY APPROPRIATION

(IN MILLIONS)

TOTAL=\$4.9



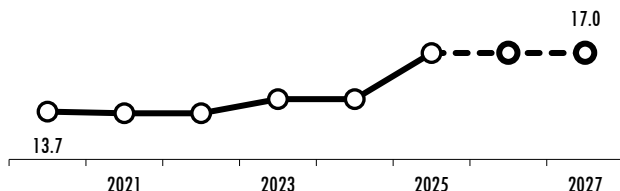
SIGNIFICANT DEVELOPMENTS

Texas Public Finance Authority **General Obligation (GO) bond debt totals \$2.8 billion, with debt service payments totaling \$756.1 million** for the 2026–27 biennium.

The agency approved **three requests for financings, refundings, and cash defeasances** during fiscal year 2024.

Of the **\$2.8 billion in outstanding GO bonds, \$2.3 billion, or 80.4 percent**, is for bonds for the Cancer Prevention and Research Institute of Texas.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations to fund the Texas Public Finance Authority (TPFA) for the 2026–27 biennium are divided into two components: agency operations and debt service payments on new and existing General Obligation (GO) bonds. Funding for TPFA's agency operations increased by \$0.4 million, or 10.0 percent, from the 2024–25 biennium. The increase is related to funding for staff salary increases and other personnel costs.

PROGRAMS

TPFA issues GO and revenue bonds for designated state agencies to provide financing for the construction or acquisition of facilities and maintains the Master Lease Purchase Program (MLPP) to provide financing for equipment acquisition. The agency carries out its responsibilities through two major program areas: (1) issuing and managing bonds on behalf of state agencies; and (2) issuing debt that is not a legal liability of the state on behalf of third-party entities.

ISSUE AND MANAGE BONDS

Within the first major program area, TPFA issues GO and revenue bonds for designated state entities, shown in

Figure 92, and administers the MLPP, which is used primarily to finance capital equipment such as computers, telecommunications systems, software, vehicles, and energy performance contracts.

TPFA issues GO bonds on behalf of certain state agencies. GO debt must be authorized by the adoption of a constitutional amendment passed by the Legislature and approved by voters at a statewide election. GO debt is backed by the full faith and credit of the state, requiring that the first monies coming into the state Treasury that otherwise are not constitutionally dedicated are used to pay the debt service on these obligations. The state operates several GO bond programs, including bonds for general state government construction projects on behalf of several state agencies, the Texas Military Revolving Loan Fund for loans to defense communities, and initiatives of the Cancer Prevention and Research Institute of Texas. TPFA monitors all debt obligations to verify compliance with federal tax law and bond covenants. The agency's staff manages ongoing bond proceeds and issues timely payments of principal and interest to the bond holders.

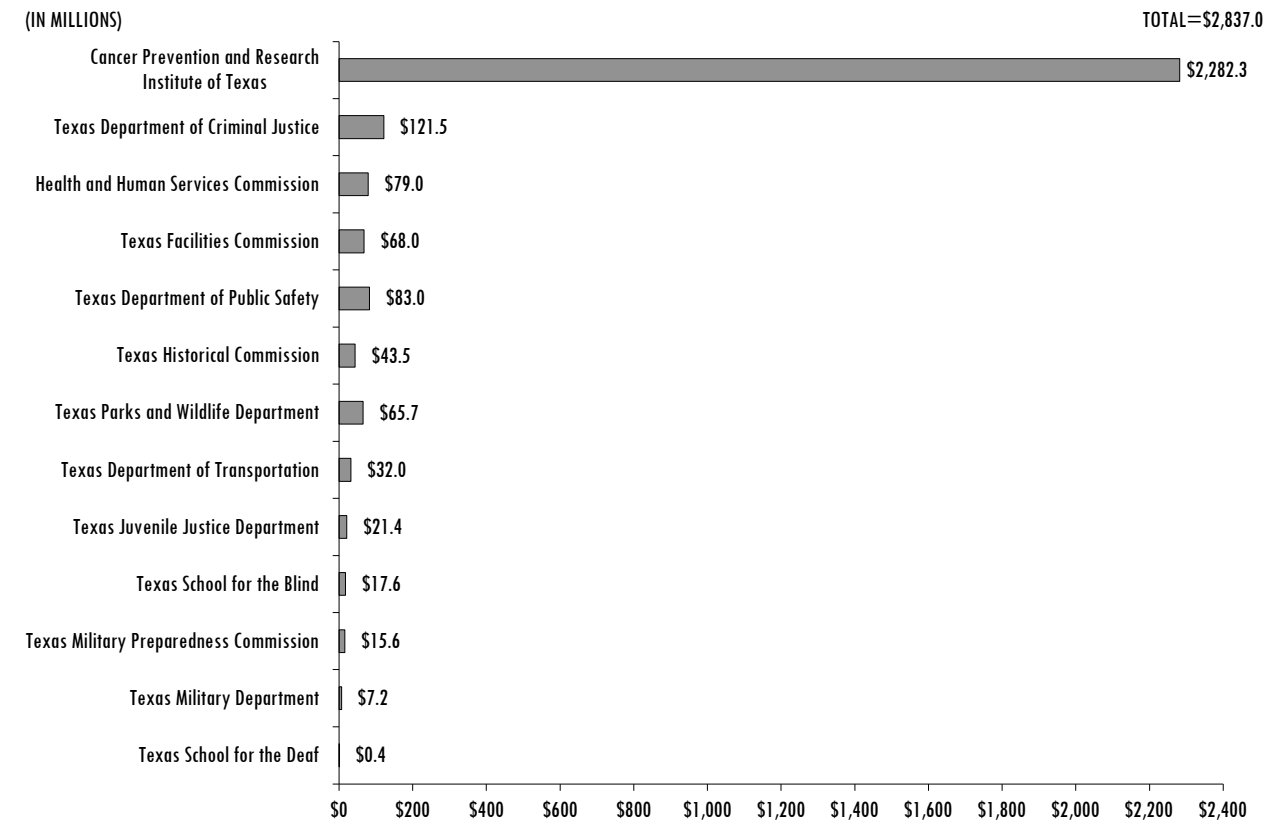
As of August 31, 2024, outstanding non-self-supporting GO bonds totaled \$2.8 billion. **Figure 93** shows the amount of

FIGURE 92
TEXAS PUBLIC FINANCE AUTHORITY CLIENT AGENCIES BY TYPE OF FINANCING, 2026–27 BIENNIUM

GENERAL OBLIGATION BONDS	REVENUE BONDS	MASTER LEASE PURCHASE PROGRAM
Cancer Prevention and Research Institute of Texas	Texas Facilities Commission	All state agencies and institutions of higher education
Texas Facilities Commission	Texas Historical Commission	
Texas Historical Commission	Texas Department of Motor Vehicles	
Texas Military Preparedness Commission (Texas Military Value Revolving Loan Fund)	Health and Human Services Commission	
Health and Human Services Commission	Department of State Health Services	
Department of State Health Services	Texas Military Department	
Texas School for the Blind and Visually Impaired	Texas Workforce Commission	
Texas School for the Deaf	Midwestern State University	
Texas Military Department	Texas Southern University	
Texas Department of Public Safety	Texas Windstorm Insurance Association	
Texas Department of Criminal Justice	Texas Department of Transportation	
Texas Juvenile Justice Department		
Texas Department of Agriculture		
Texas Agricultural Finance Authority		
Texas Parks and Wildlife Department		
Texas Department of Transportation		

SOURCE: Texas Public Finance Authority.

FIGURE 93
OUTSTANDING GENERAL OBLIGATION BOND DEBT AS OF AUGUST 31, 2024



NOTES:

- (1) Totals may not sum due to rounding.
- (2) General Obligation bonds debt service for the State Preservation Board and Texas Department of Agriculture totals less than \$10,000 per biennium and is not shown.

SOURCE: Texas Public Finance Authority.

debt outstanding by agency. Appropriations for debt service payment for GO bonds total \$756.1 million for the 2026–27 biennium, an increase of \$61.6 million, or 8.9 percent, from the 2024–25 biennial estimated and budgeted amounts. **Figure 94** shows the appropriations for debt service on GO bonds for the 2026–27 biennium by agency.

Due to favorable market conditions and conservative debt service estimations, TPFA identified \$10.0 million in savings from GO bond debt service payments during the 2024–25 biennium. TPFA appropriation authority for fiscal year 2025 was reduced by this amount in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.

Unlike GO bonds, revenue bonds do not require voter approval. TPFA issues revenue bonds to fund a project on behalf of another state agency and leases the project to the agency. Funds for debt service payments on revenue bonds are

appropriated to the applicable agency as lease payments to TPFA. These appropriations typically are made from General Revenue Funds; however, debt service for revenue bonds issued by TPFA for the Texas Department of Transportation’s Austin Campus Consolidation project will be paid out of the State Highway Fund. Appropriations for debt service payments on revenue bonds total \$249.3 million for the 2026–27 biennium, a decrease of \$22.9 million, or 8.4 percent, from 2024–25 biennial spending levels, as shown in **Figure 95**.

As shown in **Figure 96**, outstanding revenue bond debt totaled \$1,169.5 million as of August 31, 2024. Of this amount, \$231.2 million, or 19.8 percent, is outstanding debt primarily for Capital Construction Assistance Projects bonds and other university bonds issued by TPFA on behalf of certain higher education institutions, which include Midwestern State University and Texas Southern University.

FIGURE 94
GENERAL OBLIGATION BOND DEBT SERVICE APPROPRIATIONS IN ALL FUNDS BY AGENCY, 2024–25 AND 2026–27 BIENNIA

(IN MILLIONS)				
AGENCY	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Facilities Commission	\$25.2	\$20.4	(\$4.9)	(19.3%)
Texas Historical Commission	\$19.3	\$14.5	(\$4.8)	(25.0%)
Cancer Prevention and Research Institute of Texas	\$446.7	\$563.0	\$116.3	26.0%
Texas Military Preparedness Commission	\$8.7	\$16.5	\$7.8	89.3%
Health and Human Services Commission	\$36.0	\$27.1	(\$8.9)	(24.7%)
Texas School for the Blind and Visually Impaired	\$9.0	\$6.5	(\$2.6)	(28.4%)
Texas School for the Deaf	\$0.4	\$0.2	(\$0.2)	(57.8%)
Texas Military Department	\$3.2	\$2.4	(\$0.8)	(24.4%)
Texas Department of Public Safety	\$30.8	\$25.5	(\$5.3)	(17.3%)
Texas Juvenile Justice Department	\$9.7	\$7.3	(\$2.5)	(25.2%)
Texas Department of Criminal Justice	\$58.5	\$41.5	(\$17.0)	(29.1%)
Texas Department of Agriculture	\$0.7	\$2.4	\$1.8	260.7%
Texas Parks and Wildlife Department	\$20.1	\$17.2	(\$2.9)	(14.4%)
Texas Department of Transportation	\$16.2	\$11.8	(\$4.4)	(27.4%)
Total	\$694.5	\$756.1	\$71.6	10.5%

NOTES:

(1) Totals may not sum due to rounding.

(2) General Obligation bonds debt service for the State Preservation Board totals less than \$10,000 per biennium and is not shown.

SOURCE: Texas Public Finance Authority.

FIGURE 95
REVENUE BOND-RELATED DEBT SERVICE APPROPRIATIONS IN ALL FUNDS, 2024–25 AND 2026–27 BIENNIA

(IN MILLIONS)				
AGENCY	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Facilities Commission	\$181.4	\$172.0	(\$9.3)	(5.2%)
Texas Historical Commission	\$0.9	\$0.4	(\$0.5)	(53.8%)
Higher Education Institutions	\$34.4	\$34.4	(\$0.07)	(0.02%)
Texas Military Department	\$0.9	\$0.0	(\$0.9)	(100.0%)
Texas Department of Transportation	\$42.1	\$42.4	\$0.4	0.8%
Texas Department of Motor Vehicles	\$12.5	\$0.0	(\$12.5)	(100.0%)
Total	\$272.3	\$249.3	(\$22.9)	(8.4%)

NOTES:

(1) Higher education institutions include Midwestern State University and Texas Southern University. Higher education estimated/budgeted amounts are not verified by Texas Public Finance Authority because the institutions make their own debt service payments.

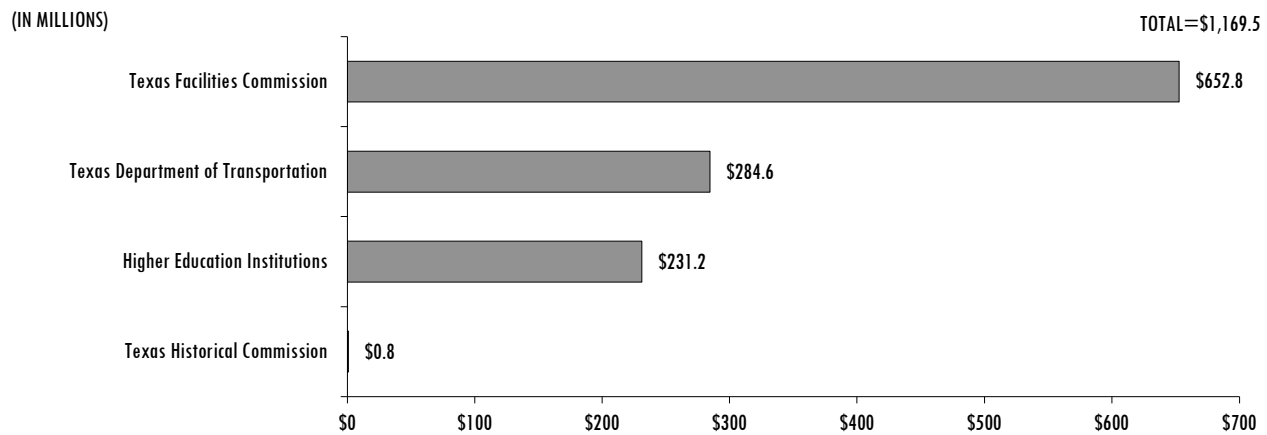
(2) Totals may not sum due to rounding.

SOURCE: Texas Public Finance Authority.

The MLPP is a lease revenue-financing program initially authorized by the Seventy-first Legislature, Regular Session, 1989, primarily to finance equipment acquisitions for state agencies. The program provides financing for computers, telecommunications, and other capital equipment on purchases greater than \$10,000, and for equipment with a

useful life of at least three years. MLPP acquisitions are funded with tax-exempt commercial paper, a short-term, variable-rate financing instrument. The agency charges its client agencies an administrative fee based on the outstanding principal balance of each lease. As of August 31, 2025, approximately \$71.4 million in debt was outstanding for the MLPP.

FIGURE 96
OUTSTANDING REVENUE BOND (NON-GENERAL OBLIGATION) DEBT, AS OF AUGUST 31, 2024



NOTES:

(1) Data includes university bonds for Midwestern State University and Texas Southern University.

(2) Master Lease Purchase Program and conduit debt not included.

SOURCE: Texas Public Finance Authority.

CONDUIT DEBT

The second major program area is issuing debt that is not a legal liability of the state on behalf of third-party entities. The state is authorized by statute to issue conduit debt for certain purposes, including charter schools, transportation, single-family mortgages, multifamily dwellings, and economic development. TPFA issues conduit debt for the Texas Windstorm Insurance Association and for Texas charter schools via the TPFA Charter School Finance Corporation. Debt service for conduit debt typically is provided by project revenue and is secured by a third party. Although conduit revenue debt obligations bear the name of the agency as the issuer, the agency is not liable financially for the debt beyond the revenues provided by a lease or loan with the third party on whose behalf they are issued.

OFFICE OF THE GOVERNOR

PURPOSE: As the chief executive officer of Texas, the Governor is responsible for carrying out various constitutional and statutory responsibilities, including serving as the commander in chief of the state's military forces, serving as the chief budget officer, and appointing members of state boards and commissions.

ESTABLISHED: 1845

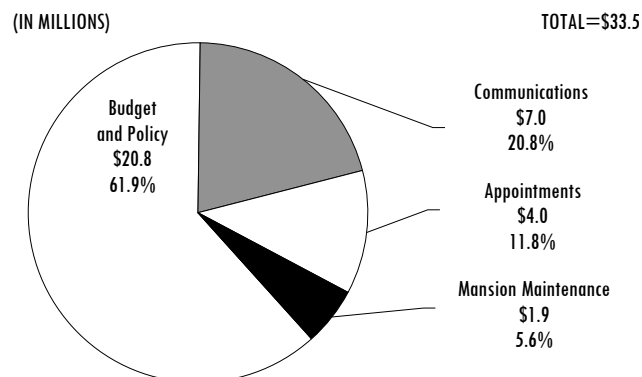
AUTHORIZING STATUTE: The Texas Constitution, Article IV

GOVERNANCE: Statewide elected official

FIGURE 97
OFFICE OF THE GOVERNOR BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$35.7	\$33.3	(\$2.4)	(6.7%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.2	\$0.2	1,406.3%
Total, All Methods of Finance	\$35.7	\$33.5	(\$2.2)	(6.0%)

AGENCY PROGRAM AREAS BY APPROPRIATION

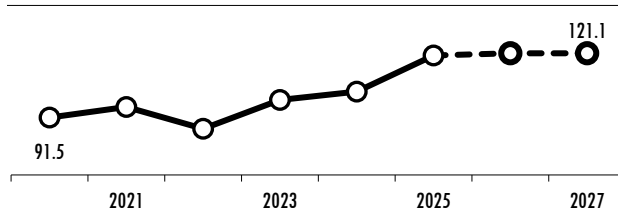


SIGNIFICANT DEVELOPMENTS

Funding for the Office of the Governor includes **\$0.2 million** in Other Funds from Appropriated Receipts related to support of the **Texas Space Commission**.

Funding from **General Revenue Funds** represent a **decrease of \$2.4 million**, primarily from balances carried forward from the 2022–23 biennium and spent down during the 2024–25 biennium.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations to fund the Office of the Governor for the 2026–27 biennium decreased by \$2.2 million, or 6.0 percent, from the 2024–25 biennium. The decrease is related primarily to unexpended balances carried forward from the 2022–23 biennium offset by an increase in Appropriated Receipts related to 1.0 full-time-equivalent (FTE) position for support of the Texas Space Commission.

PROGRAMS

The agency carries out responsibilities through four major program areas: (1) budget and policy; (2) communications; (3) appointments; and (4) mansion maintenance.

BUDGET AND POLICY

The first major program area encompasses the Office of the Governor's Budget and Policy Division, which assists the Governor in formulating and implementing state policy by coordinating with state agencies, the Legislature, and various constituents and stakeholder groups. The Budget and Policy Division provides fiscal information and analysis in support of the Governor's statutory role as the state's chief budget officer. It advises the Governor regarding the state's fiscal condition, recommends fiscal policies to the Governor, and prepares the Governor's state biennial budget for distribution to the Legislature. Other budget activities include approving agency requests to enter into contracts with consultants and reviewing agency budget submissions and other submissions required by law. In conjunction with the Legislative Budget Board, the Budget and Policy Division coordinates the state agency strategic-planning process, issues budget instructions to state agencies, and conducts hearings regarding agency budget requests. Funding for the budget and policy program area is \$20.8 million, or 61.9 percent of appropriations, and provides for 48.5 FTE positions for the 2026–27 biennium.

COMMUNICATIONS

Communications is the second major program area of the Office of the Governor. The Communications Office manages media relations for the Governor and the First Lady. The program prepares news releases and speeches for the Governor and manages media calls and requests for interviews. It also receives calls from individuals with concerns or issues about state government through its information and referral hotline, refers callers to appropriate agencies for assistance, and reports constituents' concerns to the Governor. In addition, the program makes travel

arrangements and prepares detailed schedules for the Governor. Funding for the communications program area is \$7.0 million, or 20.8 percent of appropriations, and provides for 48.7 FTE positions for the 2026–27 biennium.

APPOINTMENTS

The third major program area in the Office of the Governor helps the Governor recruit, screen, select, and prepare individuals who are appointed to the state's boards, commissions, and advisory committees. When required, the Appointments Office prepares appointees for confirmation by the Texas Senate. This program also supports the processes of filling vacancies in statewide elected and judicial district offices. During a four-year term, the Governor makes approximately 300 appointments on average. Funding for the appointments program area is \$4.0 million, or 11.8 percent of appropriations, and provides for 12.4 FTE positions for the 2026–27 biennium.

MANSION MAINTENANCE

Mansion maintenance is the fourth major program area of the Office of the Governor. The Governor's mansion has served as the official residence of Texas governors and their families since 1856. The mansion staff provides for the standard operations of the mansion. The mansion staff also plans, coordinates, and executes special events. Funding for the mansion maintenance program area is \$1.9 million, or 5.6 percent of appropriations, and provides for 11.5 FTE positions for the 2026–27 biennium.

TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

PURPOSE: The Trusted Programs within the Office of the Governor are statewide programs that the chief executive's office directly oversees. Programs include the Disaster Assistance Grants for state agencies and local governments, Border Security efforts, the Film and Music Marketing Program, the Criminal Justice Division, the Economic Development and Tourism Division, the Texas Military Preparedness Commission, the Homeland Security Division, the Committee on People with Disabilities, the Commission for Women, the Office of State–Federal Relations, the Texas Semiconductor Innovation Consortium, the Texas Regulatory Efficiency Office, and the Texas Advanced Nuclear Energy Office.

ESTABLISHED: 1845

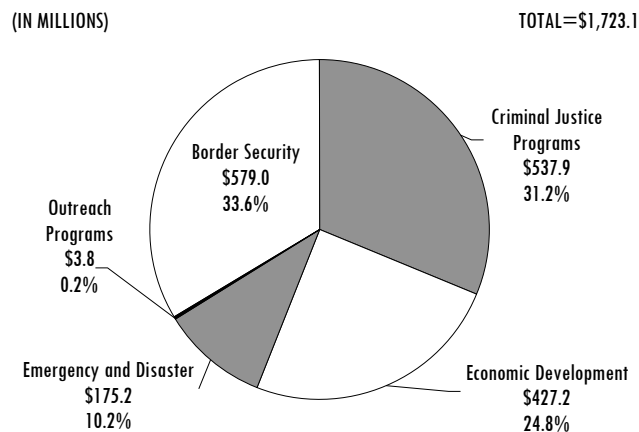
AUTHORIZING STATUTE:
The Texas Constitution,
Article IV

GOVERNANCE:
Statewide elected
official

FIGURE 98
TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$4,799.5	\$816.4	(\$3,983.1)	(83.0%)
General Revenue–Dedicated Funds	\$1,773.4	\$117.7	(\$1,655.7)	(93.4%)
Federal Funds	\$4,219.8	\$787.4	(\$3,432.3)	(81.3%)
Other Funds	\$2.4	\$1.6	(\$0.8)	(33.8%)
Total, All Methods of Finance	\$10,795.0	\$1,723.1	(\$9,071.9)	(84.0%)

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

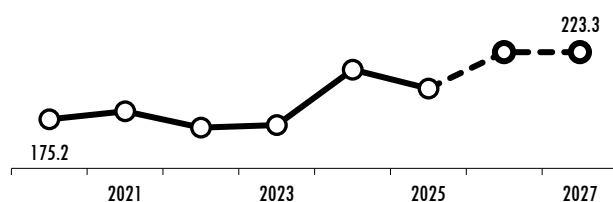
Funding for **disaster assistance grants** totals **\$149.7 million in General Revenue Funds** in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium. In addition to these appropriations, **\$278.0 million in Other Funds from the Economic Stabilization Fund** is appropriated in Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025, for this purpose.

Economic development funding for the 2026–27 biennium includes **\$30.0 million in General Revenue Funds** to provide for a higher education film workforce pilot program.

Funding for **border security** programs for the 2026–27 biennium totals **\$579.0 million**, which includes increased funding of \$63.0 million in General Revenue Funds for anti-gang programs.

Supplemental funding provided by the Eighty-ninth Legislature, Regular Session, 2025, includes **\$250.0 million** for the **Texas Semiconductor Innovation Consortium** and **\$350.0 million** for the **Texas Advanced Nuclear Development Office**.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Trusteed Programs within the Office of the Governor for the 2026–27 biennium decreased by \$9,071.9 million, or 84.0 percent, from the 2024–25 biennium. This decrease is due primarily to funding decreases of \$2,700.2 million related to border security, \$1,163.9 million related to unexpended balances from the 2022–23 biennium carried into the 2024–25 biennium, and \$720.3 million related to onetime funding provided for the 2024–25 biennium. The biennial decrease also includes supplemental funding provided in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, for fiscal year 2025 totaling \$1,148.6 million, primarily related to the following purposes: \$350.0 million for the Texas Advanced Nuclear Energy Office (TANEO); \$250.0 million for the Texas Semiconductor Innovation Fund; \$177.2 million for grants for victims of crime; and \$149.0 million for state homeland security grants.

Funding decreases are offset by the following amounts: \$30.0 million for a higher education film workforce program; \$10.0 million for local law enforcement equipment for the Houston Police Department; \$5.0 million for community services infrastructure in Montgomery County; \$20.0 million for grants related to House Bill 33, Eighty-ninth Legislature, Regular Session, 2025; and \$8.1 million related to the administration of the Texas Regulatory Efficiency Office (TREO).

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) economic development; (2) criminal justice activities; (3) border security; (4) emergency, deficiency, and disaster grants; and (5) other outreach programs.

ECONOMIC DEVELOPMENT

Funding for various economic development and jobs generation programs totals \$427.2 million in All Funds for the 2026–27 biennium.

The Texas Tourism program markets Texas as a travel and tourist destination in out-of-state domestic and international markets. The program promotes the state as a premier travel, meetings, and convention destination, utilizing advertising in digital media, national cable television, consumer and trade publications, radio, and the TravelTexas.com website. In addition, the program analyzes trends in domestic and international travel and the effectiveness of travel literature, the influence of Texas advertising, and consumers' images of Texas. Appropriations for the Texas Tourism program for the 2026–27 biennium total \$128.0 million in All Funds.

Established in fiscal year 2003, the Texas Military Preparedness Commission (TMPC) consists of 13 members appointed by the Governor. The core mission of TMPC is to preserve, protect, expand, and attract new military missions, assets, and installations in the state. Additionally, TMPC encourages defense-related businesses to expand or relocate to Texas. TMPC administers the Defense Economic Adjustment Assistance Grant Program (DEAAG) and the Military Value Revolving Loan Program. The DEAAG program is appropriated \$30.0 million for the 2026–27 biennium for grants to assist defense communities affected or potentially affected by U.S. Department of Defense plans or decisions. Supplemental appropriations for DEAAG for fiscal year 2025 total \$10.0 million.

The Texas Enterprise Fund (TEF) was established by the Seventy-eighth Legislature, Regular Session, 2003. The fund, which is administered statutorily by the Governor, promotes economic, infrastructure, and community development; job training programs; and business incentives. Since the beginning of fiscal year 2004, approximately \$878.4 million in TEF grants has been awarded to 213 entities.

The Eighty-fourth Legislature, 2015, established the Governor's University Research Initiative (GURI) to help Texas universities recruit top-tier faculty, including Nobel Prize laureates and members of national academies or other honorific societies. Priority of awards is given to applications from academic institutions that involve the recruitment of distinguished researchers in the fields of science, technology, engineering, mathematics, and medicine. GURI is a matching grant program, and Texas institutions of higher education receive grants on an ongoing basis. The Eighty-seventh Legislature, Regular Session, 2021, established the Governor's University Research Initiative Advisory Board to assist in the review of applications for grant funding from the program. Supplemental appropriations for GURI for fiscal year 2025 total \$20.0 million.

The Texas Film Commission provides information regarding filming locations; the state's industry infrastructure such as crews, talent, and vendors; and state laws and sales tax exemptions for filmmakers seeking to produce movies or television shows in the state. The agency also manages the Moving Image Industry Incentive Program, which offers grants to production companies that help generate jobs by producing films, television programs, video games, instructional and educational videos, or commercials in Texas. The agency works statewide with local communities to realize and promote regional assets for filmmaking activity.

through the Film Friendly Texas certification program. Beginning in fiscal year 2016, the Texas Film Commission has helped local communities realize continued economic benefit after films are produced in their regions through the Texas Film Tourism program.

The Texas Music Office (TMO) helps promote the state's music industry by providing referrals to Texas music businesses, performers, and events to attract new business to the state and to foster the economic development of in-state music businesses and musicians. The office publishes the annual Texas Music Industry Directory online, which contains more than 15,000 Texas music businesses cross-referenced by multiple music categories. TMO also maintains the Texas Music International Tip Sheet, a referral network consisting of international music businesses interested in Texas music and music businesses. TMO administers a specialty license plate grant program and uses the grant program's proceeds to provide musical instruments and music lessons to students in low-income schools. Appropriations for the Texas Music Film Television and Multimedia program for the 2026–27 biennium total \$55.8 million in All Funds, which includes \$20.2 million in General Revenue–Dedicated Funds for the Texas Music Incubator Fund Program. The Eighty-ninth Legislature, Regular Session, 2025, established the Texas Moving Image Industry Incentive Fund as a fund outside the Treasury managed by the Texas Treasury Safekeeping Trust Company and administered by the Music, Film, Television, and Multimedia Office to provide grants according to the Moving Image Industry Incentive Program.

The Eighty-eighth Legislature, Regular Session, 2023, established the Texas Semiconductor Innovation Consortium (TSIC) as an advisory panel to the Governor and the Legislature tasked with identifying potential opportunities for innovation and funding relating to semiconductor research and manufacturing. Since the end of fiscal year 2024, approximately \$445.4 million in TSIC grants has been awarded to 24 entities. Supplemental appropriations for TSIC for fiscal year 2025 total \$250.0 million in General Revenue–Dedicated Funds.

The Eighty-ninth Legislature, Regular Session, 2025, established TREO as an office within the Office of the Governor tasked with streamlining regulatory process, assisting agencies in evaluating and reducing rules, and improving public access to informational materials. Appropriations for TREO for the 2026–27 biennium include \$8.1 million in General Revenue Funds.

In addition, the Eighty-ninth Legislature, Regular Session, 2025, established TANE0 as an office within the Office of the Governor tasked with promoting and developing advanced nuclear reactor projects in the state. Supplemental appropriations for TANE0 for fiscal year 2025 total \$350.0 million in General Revenue Funds.

CRIMINAL JUSTICE

The Trusteed Programs' second major program area is criminal justice, which encompasses most of the programs administered by the Public Safety Office (PSO). The PSO's mission is to establish and support programs to increase public safety, decrease crime, provide services to victims, and promote accountability, efficiency, and effectiveness within the state's criminal justice system. Eligible applicants for PSO grant funds include state agencies, regional councils of governments, cities, counties, independent school districts, institutions of higher education, and nonprofit organizations that are related to criminal justice. PSO serves as the administering state agency for various formula grants from the federal government. PSO grants are used to fund efforts to enhance public safety by prosecuting criminal offenders, decrease domestic violence, prevent sexual assault and human trafficking, decrease gang activity, increase services for victims of crime, decrease drug and juvenile crime, support border security efforts, support safe schools, assist victims, and increase the safety and effectiveness of law enforcement personnel. Criminal justice grants are monitored and evaluated by PSO and the Office of the Governor's compliance staff. **Figure 99** shows the top five state and federal grant and program funding amounts estimated to be available for the 2026–27 biennium and their eligible uses. Appropriations for criminal justice activities, including grants and division operations, for the 2026–27 biennium total \$537.9 million in All Funds, including \$166.4 million in General Revenue Funds and General Revenue–Dedicated Funds and \$371.5 million in Federal Funds. Supplemental appropriations for criminal justice programs for fiscal year 2025 total \$196.7 million, primarily related to the Victims of Crime Act funding shortfall.

BORDER SECURITY

The third major program area is Border Security and Border Prosecutions programs, which include several grant programs facilitated through the PSO that are targeted to assist in border security activities at various government entities. The program area provides grant funding to support border security initiatives, including grants to local law enforcement agencies to help in the

FIGURE 99
OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION, TOP FIVE FUNDING PROGRAMS AND GRANTS
2026–27 BIENNIUM

PROGRAM OR FUND	ESTIMATED FUNDING (IN MILLIONS)
Victims of Crime Act Formula Grant Program	\$263.9
Federal Funds. Eligible uses: Provide services and assistance directly to victims of crime.	
Edward Byrne Justice Assistance Grants	\$58.8
Federal Funds. Eligible uses: Programs that prevent and control crime and make improvements to the criminal justice system.	
State Criminal Justice Planning Fund	\$43.6
General Revenue Funds and General Revenue–Dedicated Funds. Eligible uses: Support programs intended to decrease crime and improve the criminal or juvenile justice systems.	
Violence Against Women Act Fund	\$27.9
Federal Funds. Eligible uses: Develop and strengthen effective criminal justice strategies and victim services programs to combat violent crimes against women.	
Drug Courts	\$24.0
General Revenue–Dedicated Funds. Eligible uses: Specialty court programs established pursuant to the Texas Government Code, Title 2, Subtitle K (family drug courts, mental health courts, veteran treatment courts, etc.)	
SOURCE: Legislative Budget Board.	

prosecution of crimes along the border and the installation and maintenance of cameras along the border. Border security programs also include anti-gang programs, which support regional, multidisciplinary approaches to combat gang violence through the coordination of gang prevention, intervention, and suppression activities across the state.

Total funding for the border security program area for the 2026–27 biennium is \$579.0 million in All Funds. This amount includes \$132.0 million to support anti-gang programs and \$110.2 million for local border security grants.

EMERGENCY AND DISASTER FUNDS

The fourth major program area is emergency, deficiency, and disaster funding. The Texas Government Code, Section 403.075, authorizes the Governor to fund and address certain fiscal problems of the state without calling a special legislative session or using budget execution authority. The emergency deficiency grants program provides assistance to state agencies with insufficient funds to operate or to meet the needs of unforeseen circumstances. The Governor also may provide disaster assistance grants to local governments and other state agencies to respond to unforeseen disasters. According to the Texas Government Code, Section 418.073, disaster contingency funds are available to state and local agencies only after they have spent funds regularly appropriated to them for the purpose of disaster response. The Governor has the authority to consider approval of disaster assistance grants for agencies that have insufficient funds to operate or meet unanticipated situations. Examples

of disaster funding provided to state and local entities include grants to fight and assist with recovery related to severe floods and wildfires; hurricane recovery efforts along the Gulf Coast; evacuation assistance for individuals that are forced out of dangerous or unsafe areas; and rebuilding of infrastructure such as roads and public buildings after a disaster event. Appropriations for the emergency and disaster program area total \$175.2 million for the 2026–27 biennium.

OUTREACH PROGRAMS

The Trustees Programs' fifth major area, outreach, contains three programs: the Office of State–Federal Relations (OSFR), the Governor's Committee on People with Disabilities, and the Governor's Commission for Women.

The OSFR acts as primary liaison to the federal government for the Governor, the Legislature, and state agencies. The mission of OSFR is to advance state policy by promoting communications and building relationships between the state and federal governments. Appropriations for OSFR for the 2026–27 biennium total \$1.8 million in All Funds.

The Governor's Committee on People with Disabilities (GCPD) was established by the Seventy-second Legislature, Regular Session, 1991, and is guided by statutory mandates in the Texas Human Resources Code, Chapter 115. GCPD makes recommendations to the Governor and the Legislature regarding disability issues; promotes compliance with disability-related laws; promotes a network of local committees doing similar work; recognizes employers for

hiring and retaining employees with disabilities; and recognizes media professionals and students for positively depicting Texans with disabilities. GCPD also serves as the state's liaison agency with the federal President's Committee on Employment of Persons with Disabilities and other entities involved in activities or concerns affecting people with disabilities. Appropriations for GCPD for the 2026–27 biennium total \$1.6 million in General Revenue Funds.

The Governor's Commission for Women (GCW) promotes and advances the status of women through its research and advocacy activities, education initiatives, referral services, recognition of outstanding Texas women, and professional training for state employees. The GCW's primary missions are to help make Texas the national leader in women-owned businesses; to help women veterans of the armed services transition into the Texas workforce; and to encourage young women to study science, technology, engineering, and mathematics. GCW has 15 commissioners, who are appointed by the Governor to serve two-year terms. Appropriations for GCW for the 2026–27 biennium total \$0.4 million in General Revenue Funds.

SIGNIFICANT LEGISLATION

House Bill 14 – Texas Advanced Nuclear Energy Office.

The legislation establishes TANEEO as an office within the Office of the Governor and the Texas Advanced Nuclear Development Fund as a dedicated account in the General Revenue Fund to be administered by the office. Using money available in the fund, TANEEO may provide reimbursement grants to businesses, nonprofit organizations, and governmental entities, including institutions of higher education, to support the development of the nuclear energy industry. The agency is appropriated \$350.0 million pursuant to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, to implement the legislation.

House Bill 33 – Active shooter incidents and other emergencies. The legislation requires law enforcement agencies to adopt a policy for responding to active shooter incidents. House Bill 33 establishes the First Responder and Telecommunicator Active Attack Integrated Response Training Grant program. The program is administered by the Office of the Governor to provide financial assistance to first responders and telecommunicators to attend a training course regarding active attack integrated response through the Advanced Law Enforcement Rapid Response Training Center at Texas State University, or a similar course approved by the Office of the Governor. The agency is appropriated \$20.0 million to implement the provisions of the legislation.

Senate Bill 14 – Texas Regulatory Efficiency Office. The legislation establishes TREO within the Office of the Governor to support state agencies in their review of rules and in developing cost-benefit analyses of rules. The TREO is tasked with the following duties: (1) identifying opportunities to implement efficiencies in the process by which state agencies adopt rules, the regulatory review process, and the process by which contested cases are conducted; (2) assisting state agencies in identifying unnecessary and ineffective rules; (3) coordinating with the Secretary of State, the Department of Information Resources, and other state agencies to improve public access to information regarding state rules, forms, and filings, and establishing a website for public use to search for rules and requirements applicable to their activities; (4) coordinating with state agencies to reduce rules or other regulatory requirements; and (5) preparing and publishing written manuals, guides, or other publications. The agency is appropriated \$8.1 million and 18.0 full-time-equivalent (FTE) positions to implement the legislation.

Senate Bill 22 – Texas Moving Image Industry Incentive Program and Fund.

The legislation establishes the Texas Moving Image Industry Incentive Fund outside the state Treasury to be administered by the Office of the Governor. It directs the Comptroller of Public Accounts to deposit \$300.0 million of sales and use tax to the fund each state fiscal biennium. Pursuant to Senate Bill 22, the fund will be abolished August 31, 2035. The agency's appropriations are decreased by a net total of \$42.1 million to account for the grant funding provided in the legislation, and the agency is appropriated 7.0 FTE positions to implement its provisions.

Senate Bill 5, Second Called Session – Supplemental appropriations for disaster relief and preparedness.

The legislation increases appropriations for the Trusteed Programs within the Office of the Governor by a total of \$278.0 million in Other Funds from the Economic Stabilization Fund for the 2026–27 biennium. Senate Bill 5 includes \$200.0 million to provide for the disaster needs of the state and to match federal money received related to disaster response, relief, and recovery; \$50.0 million for local grants to assist counties, municipalities, or other local governments operating in counties as provided by the Governor's declaration of disaster related to the July 4, 2025, flooding in establishing a system of flood warning sirens and related equipment; and \$28.0 million for disaster preparedness grants to improve meteorological forecasting.

TEXAS HISTORICAL COMMISSION

PURPOSE: To protect and preserve the state’s historic and prehistoric resources for the use, education, economic benefit, and enjoyment of present and future generations.

ESTABLISHED: 1953

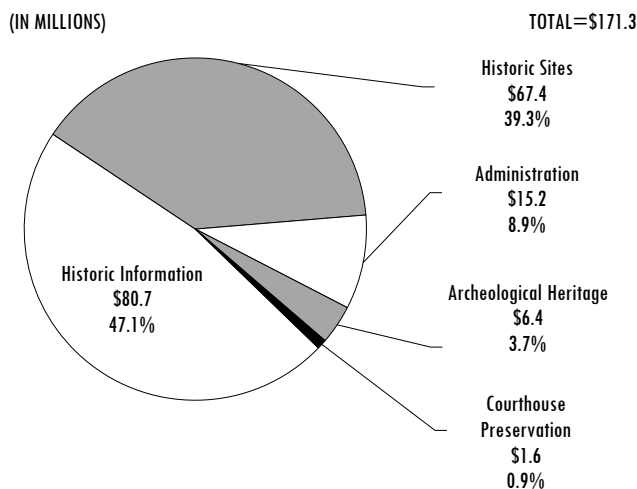
AUTHORIZING STATUTE: The Texas Government Code, Chapter 442

GOVERNANCE: Commission—nine members appointed by the Governor, with the advice and consent of the Senate

FIGURE 100
TEXAS HISTORICAL COMMISSION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Revenue Funds	\$425.6	\$164.2	(\$261.4)	(61.4%)
General Revenue–Dedicated Funds	\$5.3	\$1.8	(\$3.5)	(66.1%)
Federal Funds	\$5.7	\$2.9	(\$2.8)	(48.7%)
Other Funds	\$11.6	\$2.3	(\$9.3)	(80.2%)
Total, All Methods of Finance	\$448.2	\$171.3	(\$277.0)	(61.8%)

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

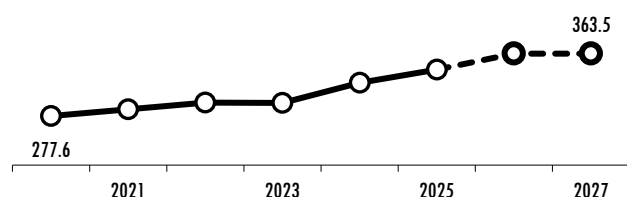
Supplemental appropriations for fiscal year 2025 **total \$102.4 million** in General Revenue Funds for the courthouse grant program, modernization of the agency’s information technology systems, and motor vehicle purchases.

Funding includes increases of **\$24.9 million for historic sites** and **\$58.8 million for grants to historic organizations** for preservation and capital projects.

Additional appropriations for the 2026–27 biennium include **\$2.5 million for the Texas Holocaust, Genocide, and Antisemitism Advisory Commission**, including **\$1.5 million for operations and operations support**, and **\$1.0 million for the Antisemitism College Initiative**.

Total funding from the **Sporting Goods Sales Tax** includes **\$38.4 million** for the Historic Sites program area. This amount represents the statutory allocation of 7.0 percent of the revenues to the agency.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Texas Historical Commission (THC) includes a decrease of \$277.0 million, or 61.8 percent, from funding during the 2024–25 biennium.

This decrease is primarily a result of the removal of \$249.2 million in All Funds for onetime projects from the 2024–25 biennium. The decrease also includes supplemental funding appropriated for fiscal year 2025 totaling \$100.0 million for the courthouse grant program, \$1.0 million for information technology modernization, and \$1.5 million for motor vehicle purchases.

The agency received the following funding increases for the 2026–27 biennium: \$24.9 million for historic sites; \$1.2 million for the Texas Heritage Trails Program; \$2.5 million for the Texas Holocaust, Genocide, and Antisemitism Advisory Commission; \$58.8 million for grants to historic organizations for preservation and capital projects; \$2.0 million for a Texas history education grant program; and \$3.0 million for targeted salary increases and new full-time-equivalent (FTE) positions across several programs.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) overseeing the agency's 42 historic attractions throughout the state; (2) providing grants and technical assistance through the Texas Historic Courthouse Preservation program; (3) promoting and providing assistance for historic and cultural resources; (4) identifying, protecting, and preserving Texas' archaeological heritage; and (5) performing administrative duties in support of all agency functions.

HISTORIC SITES

THC maintains and operates 42 historic sites throughout the state, as shown in **Figure 101**. Most sites, including forts, battlegrounds, homes, plantations, and other historically significant sites, were transferred from the Texas Parks and Wildlife Department pursuant to various legislation from fiscal years 2005 to 2025. THC also received responsibility for the Mission Dolores Historic Site from the City of San Augustine during fiscal year 2016 and received management of the French Legation site in Austin from the Texas Facilities Commission during fiscal year 2017. Additionally, management of the Star of the Republic Museum was transferred from Blinn College District during fiscal year 2019. During fiscal year 2024, the agency entered into an agreement to operate and manage the Iwo Jima Monument

and Museum in Harlingen. The Eighty-ninth Legislature, Regular Session, 2025 passed legislation establishing the First Capitol of Texas State Historic Site. Appropriations for the historic sites program area total \$67.4 million in All Funds.

COURTHOUSE PRESERVATION

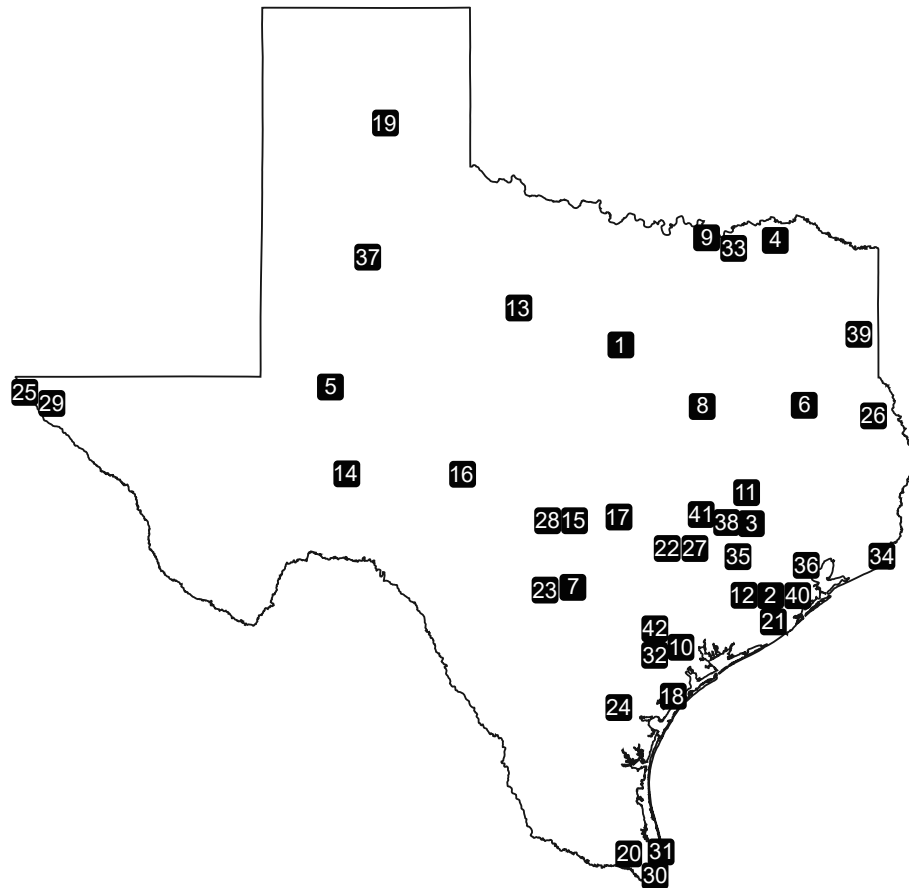
After the National Trust for Historic Preservation added Texas courthouses to its list of America's 11 Most Endangered Historic Places during calendar year 1998, the Historic Courthouse Preservation Program was established during fiscal year 1999. Through this program, THC provides matching grants to eligible entities, including counties and cities, for the preservation of their courthouses. The maximum Courthouse Preservation grant that may be awarded is \$10.0 million. Since the program was initiated, \$385.9 million has been awarded to assist with the restoration and preservation of 107 courthouses, including 81 full restorations, of which 71 are complete. Courthouse Preservation grant awards from fiscal years 2000 to 2024 are shown in **Figure 102**. THC anticipates awarding 16 Courthouse Preservation grants during the 2026–27 biennium, as shown in **Figure 103**. The program received \$100.0 million in supplemental funding for fiscal year 2025 pursuant to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025. Funding for the program for the 2026–27 biennium totals \$1.6 million.

HISTORIC INFORMATION

Acting in partnership with communities and regions throughout Texas, the agency works to stimulate tourism and economic development. Through the Main Street Program, THC helps Texas cities revitalize their historic downtowns and commercial districts. Each year, THC may accept up to five cities to receive services that include onsite evaluations by architects and other experts in historic preservation, marketing programs for heritage tourism, and training for Main Street managers and board members. Across Texas, 85 cities are participating in the Main Street program.

Through its Heritage Tourism program, the agency collaborates with communities to identify historic resources and develop heritage corridors and regions that stimulate tourism within an area of the state. Although originally developed to promote tourism around 10 scenic driving trails developed by the Office of the Governor and the Texas Department of Transportation, the agency expanded the Heritage Trails program to include other communities. The agency provides networking, statewide heritage travel promotion, and professional support

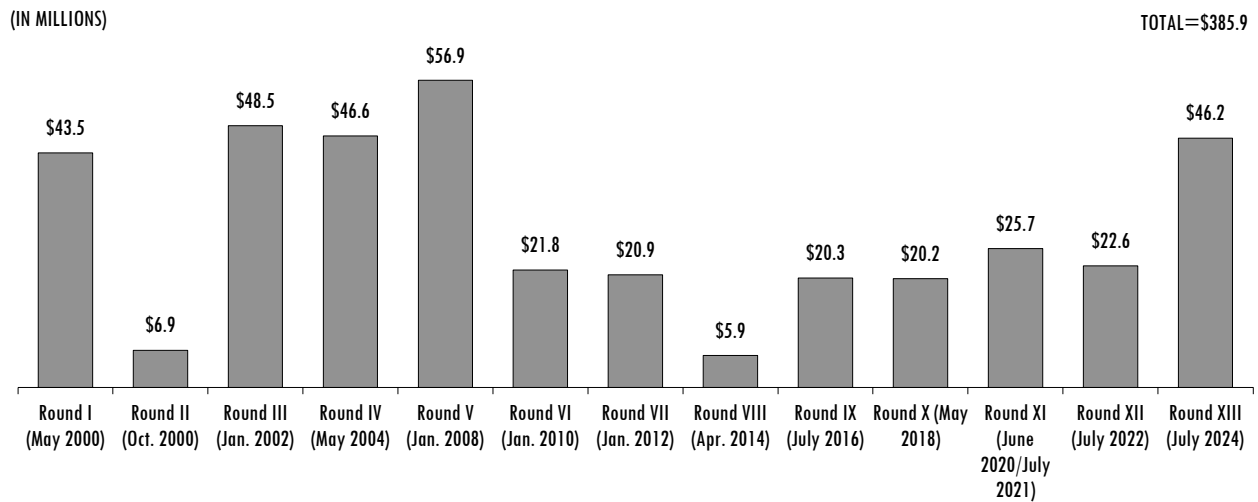
FIGURE 101
TEXAS HISTORICAL COMMISSION HISTORIC SITES, 2026–27 BIENNIUM



1 Acton State Historic Site, Acton, Hood County	22 Kreische Brewery, La Grange, Fayette County
2 Stephen F. Austin Memorial, West Columbia, Brazoria County	23 Landmark Inn, Castroville, Medina County
3 Barrington Plantation, Washington, Washington County	24 Lipantitlan, Sandia, Nueces County
4 Sam Bell Maxey House, Paris, Lamar County	25 Magoffin Home, El Paso, El Paso County
5 Bush Family Home, Midland, Midland County	26 Mission Dolores, San Augustine, San Augustine County
6 Caddo Mounds, Alto, Cherokee County	27 Monument Hill, La Grange, Fayette County
7 Casa Navarro, San Antonio, Bexar County	28 National Museum of the Pacific War, Fredericksburg, Gillespie County
8 Confederate Reunion Grounds, Mexia, Limestone County	29 Old Socorro Mission, El Paso, El Paso County
9 Eisenhower Birthplace, Denison, Grayson County	30 Palmito Ranch Battlefield, Brownsville, Cameron County
10 Fannin Battleground, Goliad, Goliad County	31 Port Isabel Lighthouse, Port Isabel, Cameron County
11 Fanthorp Inn, Anderson, Grimes County	32 Presidio La Bahía, Goliad, Goliad County
12 First Capitol of Texas, West Columbia, Brazoria County	33 Sam Rayburn House Museum, Bonham, Fannin County
13 Fort Griffin, Albany, Shackelford County	34 Sabine Pass Battleground, Sabine Pass, Jefferson County
14 Fort Lancaster, Sheffield, Pecos County	35 San Felipe de Austin, San Felipe, Austin County
15 Fort Martin Scott, Fredericksburg, Gillespie County	36 San Jacinto Battleground, La Porte, Harris County
16 Fort McKavett, Menard County	37 Slaton Harvey House, Slaton, Lubbock County
17 French Legation, Austin, Travis County	38 Star of the Republic Museum, Washington, Washington County
18 Fulton Mansion, Fulton, Aransas County	39 Starr Family Home, Marshall, Harrison County
19 Charles and Mary Ann Goodnight Ranch, Armstrong County	40 Varner-Hogg Plantation, West Columbia, Brazoria County
20 Iwo Jima Monument and Museum, Harlingen, Cameron County	41 Washington-on-the-Brazos, Washington, Washington County
21 Levi Jordan Plantation, Brazoria, Brazoria County	42 Zaragoza Birthplace, Goliad, Goliad County

SOURCE: Texas Historical Commission.

FIGURE 102
COURTHOUSE PRESERVATION GRANT AWARDS, FISCAL YEARS 2000 TO 2024



SOURCE: Texas Historical Commission.

FIGURE 103
HISTORIC PRESERVATION GRANTS, FISCAL YEARS 2022 TO 2027

GRANT OR PROGRAM	2022	2023	2024	2025	2026	2027
Texas Preservation Trust Fund Grants						
Total Amount	\$219,776	\$271,275	\$848,650	\$748,056	\$386,984	\$386,984
Grants Awarded	11	12	16	16	11	11
Certified Local Government Grants (2)						
Total Amount	\$173,095	\$197,066	\$207,639	\$197,000	\$0	\$0
Grants Awarded	8	7	25	10	0	0
Texas Historic Courthouse Preservation Program						
Total Amount (in millions)	\$25.9	\$0.1	\$40.6	\$13.6	\$13.6	\$13.6
Grants Awarded	11	1	10	10	8	8
Heritage Tourism Grants						
Total Amount	\$815,000	\$815,000	\$815,000	\$815,000	\$815,000	\$815,000
Grants Awarded	10	10	10	10	10	10

NOTES:

(1) Amounts for fiscal years 2026 and 2027 are budgeted.

(2) Amounts Certified Local Government Grants for 2025 are estimated. No federal funding is anticipated for Certified Local Government Grants for fiscal years 2026 and 2027.

SOURCE: Texas Historical Commission.

training to the 10 heritage trail regions. THC also supports regional nonprofit heritage tourism boards financially.

THC assists local communities in historic preservation by providing leadership and training to county historical commissions, heritage organizations, and museums in Texas' 254 counties. Through the state's historical marker program, the agency reviews requests for three types of

markers: (1) Recorded Texas Historic Landmarks; (2) educational subject markers; and (3) Historic Texas Cemetery markers. In coordination with the National Park Service, THC also reviews nominations for the National Register of Historic Places.

In addition, the agency offers financial assistance for preservation activities through several grant programs. In

accordance with the Certified Local Government Program, at least 10.0 percent of funding from the federal Historic Preservation Fund that the agency receives must be used for matching grants to communities for developing preservation programs and planning. Another matching-grant program, the Preservation Trust Fund Grant Program, provides for the historic preservation of architecture and archeological properties from the General Revenue–Dedicated Account No. 664, Texas Preservation Trust.

Figure 103 shows the number of grantees and amounts awarded for each of THC’s historic preservation grant programs from fiscal years 2022 to 2027. Appropriations for the historic information program area for the 2026–27 biennium total \$80.7 million.

ARCHEOLOGICAL HERITAGE

The agency’s Archeology Division reviews and advises activities to identify, protect, and preserve Texas’ archeological heritage. In accordance with the National Historic Preservation Act of 1966 and the Antiquities Code of Texas (the Texas Natural Resources Code, Title 9, Chapter 191), the division reviews public construction projects that may affect an archeological site. The Archeology Division also is responsible for designating State Antiquities Landmarks, formerly known as State Archeological Landmarks. THC archeologists provide assistance, primarily to private landowners, to identify, record, and preserve archeological sites throughout Texas. Agency archeologists also administer the Texas Archeological Stewardship Network, in which volunteer vocational archeologists assist in preserving archeological sites and artifacts. The Archeology Division also coordinates the annual observance of Texas Archeology Month.

THC is charged, pursuant to the Antiquities Code of Texas, with managing the proper care of archeological collections within the state’s public domain; these collections are referred to as state held-in-trust collections. Due to the vastness of such collections, the agency transfers stewardship of them to various curatorial facilities in Texas. The agency’s Curatorial Facility Certification Program verifies that these facilities meet standards related to the care and management of state artifact collections, facilitates the housing of these artifacts in museums and repositories across the state, and maintains an inventory of the held-in-trust collections.

THC maintains the Texas Historic Sites Atlas website, which contains historic and archeological site records documenting Texas history. Included in the website’s database is detailed

information about Official Texas Historical Markers, the National Register of Historic Places, historic courthouses, museums, and cemeteries. The website was established to provide state and federal land-use planners with information regarding the location and condition of Texas’ cultural resources. It also provides the public and qualified users with historic photographs and interactive maps of historic sites in Texas. Appropriations for the archeological heritage protection program area total \$6.4 million.

ADMINISTRATION

The agency administration program area supports the overall efficiency and effectiveness of THC operations. Appropriations for the central administration program area total \$15.2 million.

SIGNIFICANT LEGISLATION

House Bill 5616 – Presidential Library Promotion Program. The legislation establishes the Presidential Library Promotion program to provide funding and support the Lyndon Baines Johnson Library and Museum, the George H.W. Bush Presidential Library and Museum, and the George W. Bush Presidential Library and Museum. The program promotes the libraries and collaborates with them to develop a mobile exhibit for display in communities, schools, and public institutions.

Senate Bill 519 – Texas History Grant Program. The legislation establishes the Texas History Grant Program to provide grants to nonprofit entities that support educational engagement with Texas history by hosting Texas history competitions for elementary school and secondary school students and publishing works on Texas history by students or faculty members. The agency is appropriated \$2.0 million to implement the grant program.

Senate Bill 1426 – First Capitol State Historic Site. The legislation gives THC jurisdiction over the First Capitol of Texas State Historic Site. The legislation directs the agency to move the House of Representatives replica at the site to a historically accurate location and to construct a replica Senate building and visitors’ center on the site. The agency is appropriated \$2.9 million to implement the legislation.

DEPARTMENT OF INFORMATION RESOURCES

PURPOSE: To provide information technology (IT) services to state and local government entities, including consolidated data centers, telecommunication services, IT security services, statewide IT procurement, the statewide Texas.gov web portal, and technology planning and policy.

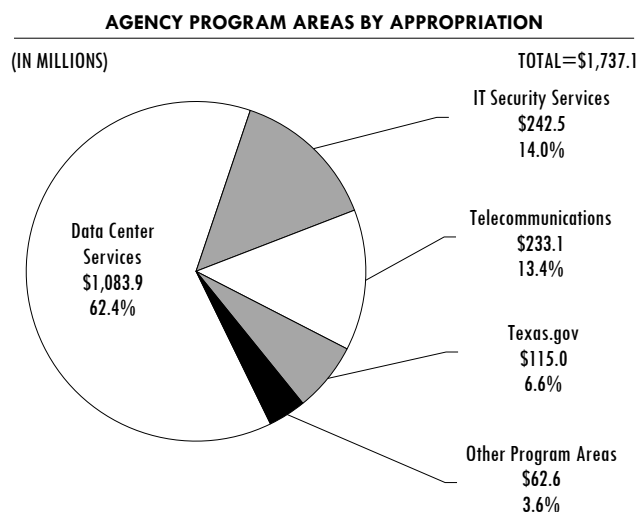
ESTABLISHED: 1989

AUTHORIZING STATUTE: The Texas Government Code, §2054.004

GOVERNANCE: Board of Directors – seven voting members appointed by the Governor with the advice and consent of the Senate and four ex officio nonvoting members appointed by the Governor, specified in the Texas Government Code, §2054.021(c)

FIGURE 104
DEPARTMENT OF INFORMATION RESOURCES BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$158.8	\$200.0	\$41.3	26.0%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.3	\$0.0	(\$0.3)	(100.0%)
Other Funds	\$1,500.3	\$1,537.1	\$36.8	2.5%
Total, All Methods of Finance	\$1,659.3	\$1,737.1	\$77.8	4.7%



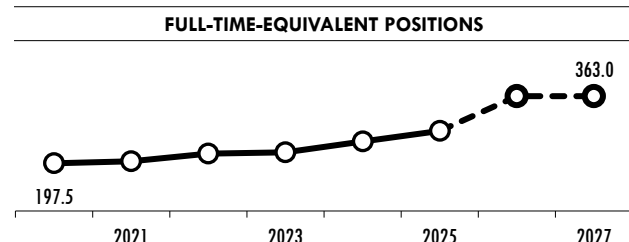
SIGNIFICANT DEVELOPMENTS

Shared Technology Services appropriations decrease by **\$17.9 million** to align with appropriations to **customer agencies** for services provided by the agency.

IT Security Services funding increases by **\$68.4 million** in All Funds to provide **security services**, primarily due to the implementation of the **Texas Cyber Command**, offset by supplemental **cybersecurity funding** appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.

Telecommunications program funding increases by **\$11.9 million** due to growth in customer usage, including **network connectivity for new construction** of Capitol Complex buildings.

House Bill 500 includes **\$48.2 million** for the continuation and expansion of **cybersecurity services** and **\$10.0 million** for the operation of existing **Regional Security Operations Centers**.



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations to the Department of Information Resources (DIR) primarily provide payments to service providers of telecommunications and Shared Technology Services for costs of services for which the agency directly bills customers (i.e., state agencies, institutions of higher education, and local entities) and to service providers for operation of the Texas.gov state website. Appropriations include \$1,404.6 million in All Funds for cost of services for the following programs:

- Telecommunications, including Capitol Complex Telephone System and Texas Agency Network – Funding provides \$231.9 million in Other Funds, which is an increase of \$11.9 million from the 2024–25 biennium;
- Shared Technology Services (STS) – Funding provides \$1,064.3 million, which represents a decrease of \$17.9 million based on anticipated decreased usage of services by customer agencies. Costs represent amounts to maintain service levels and projects initiated during the 2024–25 biennium, including fully supported cloud servers, data systems upgrades, website upgrades, data management, and data governance; and
- Texas.gov – Funding provides \$108.4 million, including an increase of \$11.5 million from fiscal year 2024–25 levels, in estimated payments to service providers for application development, application maintenance, and customer support for the website.

Funding also provides \$242.5 million, an increase of \$68.4 million in All Funds, to provide cybersecurity services for agencies and institutions of higher education. Additional funding includes \$135.5 million to implement the provisions of House Bill 150, Eighty-ninth Legislature, Regular Session, 2025, which establishes the Texas Cyber Command. This funding, and all other funding, personnel, and functions and activities performed by DIR that relate to cybersecurity pursuant to the Texas Government Code, Chapters 2059 and 2063, will be transferred to the command by December 31, 2026.

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, includes \$10.0 million to operate the existing Regional Security Operations Centers and \$48.2 million for the continuation and expansion of cybersecurity services. It is assumed that these appropriations also will transfer to the Texas Cyber Command in accordance with House Bill 150.

DIR is funded primarily through fees generated through the telecommunications, Cooperative Contracts, STS, and Texas.gov programs. The agency receives telecommunications and STS revenues generated from administrative fees that DIR levies on services or goods that contracted vendors provide. For certain telecommunications services that DIR provides directly, the fee is included in service pricing. Texas.gov revenues are generated primarily through convenience or transaction fees for services offered through the website. The fees recover DIR's operational costs to oversee the four related programs and costs for statewide policy functions, information technology (IT) security initiatives, and DIR's indirect administrative costs. **Figure 105** shows fees charged to customers of DIR's programs.

PROGRAMS

DIR carries out its responsibilities through five major program areas: (1) Shared Technology Services; (2) telecommunications; (3) Texas.gov; (4) information technology security services; and (5) other program areas.

SHARED TECHNOLOGY SERVICES

DIR's consolidated Shared Technology Services (STS) program provides IT services to multiple state agencies on a cost-sharing basis. With the goal of upgrading technology, increasing security, and leveraging economies of scale, the Seventy-ninth Legislature, Regular Session, 2005, authorized a program to merge the data centers of 25 state agencies into two consolidated data centers in Austin and San Angelo. Consolidated data center services primarily include mainframe services; public and private cloud; application services; and print, mail, and digitization. Additionally, Managed Security Services provides a standardization of security and disaster recovery plans and assessments.

Shared Technology Services are provided in accordance with six primary service provider contracts, which include contracts with the following providers:

- Capgemini as the oversight and services integration vendor that coordinates services and provides service-level calculation and management, desk support, program management, business continuity, disaster recovery testing and planning, financial management, and invoicing;
- Atos for private cloud and the delivery of infrastructure services for mainframe, servers, networks, and data center operations;
- Xerox for bulk printing and mail services;

FIGURE 105
DEPARTMENT OF INFORMATION RESOURCES COST-RECOVERY PROGRAMS AND FUNDING SOURCES, 2026–27 BIENNIUM

PROGRAM	FEE RATES	OTHER FUNDS ACCOUNT
Telecommunications, including Capitol Complex Telephone System (CCTS) and Texas Agency Network (TEX-AN)	For services that the Department of Information Resources (DIR) provides directly, such as CCTS and shared Internet services, fees are included in the prices. Fee levels for other telecommunication services are: • 12.0% for services billed by DIR; • 2.0% for wireless services and conferencing services that are billed directly by the vendor; • 4.0% for local services and other TEX-AN Next Generation services that are billed directly by the vendor; and • 0.5% for managed services that are billed directly by the vendor. Fee rates are not capped and are not applied to surcharges billed from telecommunication providers.	Telecommunications Revolving Account (Appropriated Receipts and Interagency Contracts)
Cooperative Contracts	Actual fees, which are included in the purchase price of information technology commodities and services, vary by contract: • Apple, Dell, and HP Inc. branded products and related services – 0.5% • IT Staff Augmentation Contracts – 1.0% • Other Services – 0.75% Fee rates are capped at 2.0% in the Eighty-ninth Legislature, General Appropriations Act (GAA), 2026–27 Biennium, Article I, DIR, Rider 3.	Clearing Fund (Appropriated Receipts)
Shared Technology Services	Fee is set at 2.75% of Shared Technology Services costs billed by contracted service providers, except for Staff Augmentation through Technology Solution Services, which is 1.0%. The fee is uncapped. The agency must receive written approval from the Legislative Budget Board and Office of the Governor before increasing the fee, pursuant to the 2026–27 GAA, Article I, DIR, Rider 9.	Statewide Technology Account (Appropriated Receipts and Interagency Contracts)
Texas.gov	Actual fees vary by service and governmental entity. Fees per transaction typically include one of the following fees: • payment processing fees, which typically include both fixed-fee and variable-fee components; • fixed fees range from \$0.10 to \$2.00 per transaction; • variable fees range from 2.25% to 2.75% of the transaction cost; • subscription fees range from \$2 to \$5 per transaction or 3.0% for facility licenses; and • other convenience fees ranging from \$0.20 to \$5.75 per transaction. Fees and charges are not capped, pursuant to the 2026–27 GAA, DIR, Rider 6.	Statewide Network Applications Account (Appropriated Receipts and Interagency Contracts)

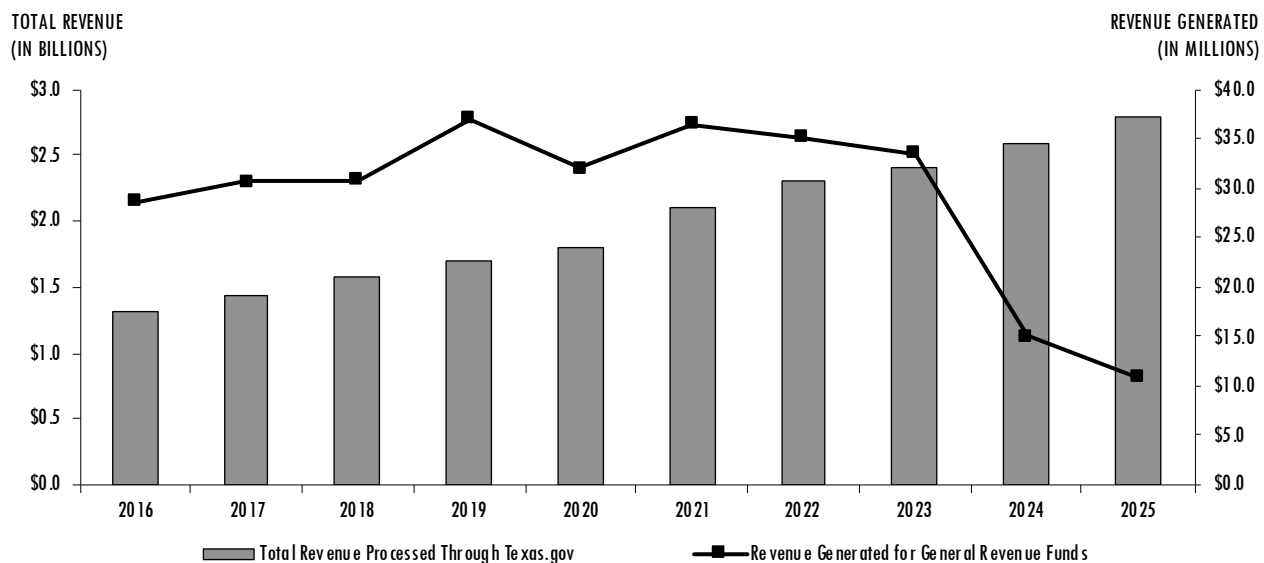
NOTE: These fees were approved by the DIR Board in August 2024.

SOURCE: Department of Information Resources.

- Rackspace for public cloud services, including Microsoft Office 365, through Amazon Web Services, Azure, Google, and Oracle;
- AT&T for managed security services including endpoint detection, malware detection and prevention, incident response, and security risk assessments; and
- Deloitte for application services including development and maintenance, legacy modernization, and staff augmentation.

Agencies are billed for each specific service consumed, such as mainframe central processing unit hours or compute and storage. Twenty-five agencies are mandated to participate in the Data Center Services (DCS) program. Additionally, approximately 90 organizations, including state agencies, institutions of higher education and units of local government, voluntarily utilize services offered through the program. Appropriations for the DCS program total \$1,083.9 million and provide for 41.8 full-time-equivalent (FTE) positions.

FIGURE 106
STATE REVENUE FROM THE TEXAS.GOV WEBSITE, FISCAL YEARS 2016 TO 2025



SOURCE: Department of Information Resources.

TELECOMMUNICATIONS

DIR's telecommunications programs provide voice, data, video, and Internet services for the state through the Capitol Complex Telephone System (CCTS) and Texas Agency Network (TEX-AN). CCTS operations provide local telephone service for 37 state office buildings in the Capitol Complex and 77 satellite office buildings and remote locations. CCTS services include installation of new telephones or telephone services, moving and removal of existing telephones, and voicemail installation and training. TEX-AN is the voice and data communication system for state government and offers enhanced Internet and videoconferencing capabilities. Through TEX-AN, the agency also offers telecommunication services to other political subdivisions such as cities, counties, councils of governments, public school districts, and public institutions of higher education, with the goal of providing cost saving and communications service options. Funding for CCTS and TEX-AN totals \$233.1 million and provides 73.6 FTE positions.

TEXAS.GOV

The Texas.gov program provides contract oversight, performance monitoring, planning, policy development, and program management of the state's Texas.gov website. Through the site, the public can access state agency and local government services and applications in multiple

languages. Several agencies' services are offered through the site, such as driver license renewal, vehicle registration, professional and occupational license renewals, vital records (i.e., birth, death, and marriage certificates), and utility bill payments. Revenue generated through Texas.gov consists primarily of transaction-based fees charged for services provided through the website. The fees support DIR's administration of the program and payments to contracted vendors for application development and maintenance and customer support. The site also generates revenue for the General Revenue Fund, in that Texas.gov revenues that exceed DIR's expenditures and allowable fund balances are deposited to the General Revenue Fund.

Figure 106 shows the state's revenue in contrast with total revenues processed through the site from fiscal years 2016 to 2025. The decrease in state revenue share for fiscal years 2024 and 2025 is due primarily to the agency expending a greater portion of revenue, which in turn decreases the balances the state revenue share. The additional funding was used for application development on the Texas.gov website to accommodate legislative mandates. Appropriations for Texas.gov total \$115.0 million and provide for 12.9 FTE positions.

IT SECURITY SERVICES

DIR provides several IT security services to state agencies and institutions of higher education and is responsible for

the physical and logical security of the state's data systems and networks. DIR operates the Network Security Operations Center (NSOC) to provide computer network security services to state agencies. NSOC monitors, reports, analyzes, and provides coordinated responses to cyber threats and attacks against the state network. NSOC also provides network testing services to identify and evaluate network and system vulnerabilities that are susceptible to cyberattack. DIR develops statewide IT security policies, procedures, standards, and guidelines for state agencies; monitors agencies' compliance with state security policies; recommends remedial actions for agencies out of compliance; and provides access to security research and advisory materials and to security training. Security assessments provided by DIR through a third-party vendor assess agencies' overall security postures and identify areas for improvement. Additional security services provided by DIR include: multifactor authentication services; endpoint detection and response; and regional security operations centers, which provide cybersecurity support and network security to regional offices or locations for state agencies and other entities that elect to participate in and receive services. Appropriations for the agency's IT security operations total \$242.5 million and provide for 79.0 FTE positions.

OTHER PROGRAM AREAS

DIR's administration and support programs include agencywide administrative and technology support, the statewide IT procurement Cooperative Contracts program, management of large enterprise contracts, technology innovation and modernization initiatives, statewide technology planning and policy development, and the implementation of artificial intelligence (AI).

The agency is responsible for the solicitation, negotiation, and management of the statewide IT procurement program known as Cooperative Contracts. The program's objective is to leverage the state's buying power to lower the cost and improve the quality of technology commodities and services to state agencies and political subdivisions. All governmental entities in Texas are eligible customers, including state agencies, universities, cities, counties, and public schools. The program streamlines the procurement process for customers by eliminating the need to issue individual solicitations. The program provides favorable prices for commodity items such as personal and laptop computers and related desktop software, hardware, and software maintenance; staffing services; disaster recovery

planning; and other associated goods and services with high customer demand. According to DIR, the program provided savings to approximately 3,200 eligible customers and cost avoidance of an estimated \$376.3 million during fiscal year 2024.

The Technology Planning and Policy program provides strategic policy, procedures, and direction to implement and manage technology in the state. The office manages one of the agency's core activities, development of the State Strategic Plan for Information Resources Management. Through the State Strategic Plan, DIR establishes a common direction for all state agencies and universities to implement technology, to promote coordination, and to eliminate redundancy. In conjunction with the State Strategic Plan, the agency develops the Biennial Report for Information Resources Management, which evaluates the state's progress in IT. Additionally, DIR provides leadership, guidance, and best practices to state agencies to promote modernization of agencies' IT infrastructure, software, and applications and develops shared services for agency use. The AI program administers the AI division within the department to assist state agencies in the implementation of generative AI technologies. It also administers the AI Regulatory Sandbox Program, which allows an entity to engage in pre-deployment activities related to AI systems in a controlled environment without regulatory authorization. Funding for the agency's administration and other programs totals \$62.6 million and provides for 155.7 FTE positions.

SIGNIFICANT LEGISLATION

House Bill 149 – AI regulations and sandbox program.

The legislation sets provisions regulating the use of AI systems and imposes civil penalties. In addition, it requires DIR to coordinate with the Texas Artificial Intelligence Council, also established by House Bill 149, to administer the AI Regulatory Sandbox Program to provide a controlled environment for entities to test AI systems without obtaining regulatory authorization.

House Bill 150 – Establishing the Texas Cyber Command.

The legislation established Texas Cyber Command to prevent and respond to cybersecurity incidents that affect governmental entities and critical infrastructure in Texas. House Bill 150 transfers cybersecurity-related powers and duties, as well as funding and personnel, from DIR to the command by December 31, 2026. Appropriations for DIR to implement the provisions of the legislation total \$135.5 million and 38.0 FTE positions.

House Bill 2818 – AI division within DIR. The legislation requires DIR to establish an internal AI division to assist agencies with the implementation of generative AI technology.

Senate Bill 1964 – Use of AI by state entities and AI sandbox program. The legislation requires DIR to collect information from state agencies about their AI systems and develop an AI code of ethics, standards, and educational materials for use by state agencies. Additionally, it establishes a Public Sector AI Systems Advisory Board to obtain and share information to assist agencies that use AI systems and requires DIR to administer an AI System Sandbox Program to support entities in contracting with vendors to engage in certain pre-deployment activities related to AI systems.

The agency is appropriated total of \$7.4 million and 9.0 FTE positions to implement the provisions of House Bill 149, House Bill 2818, and Senate Bill 1964.

TEXAS STATE LIBRARY AND ARCHIVES COMMISSION

PURPOSE: To safeguard significant state resources; provide information services to support research, education, and workforce readiness; help meet the reading needs of Texans and support literacy; promote the management of public records to foster government accountability; and enhance the capacity for achievement of current and future generations.

ESTABLISHED: 1909

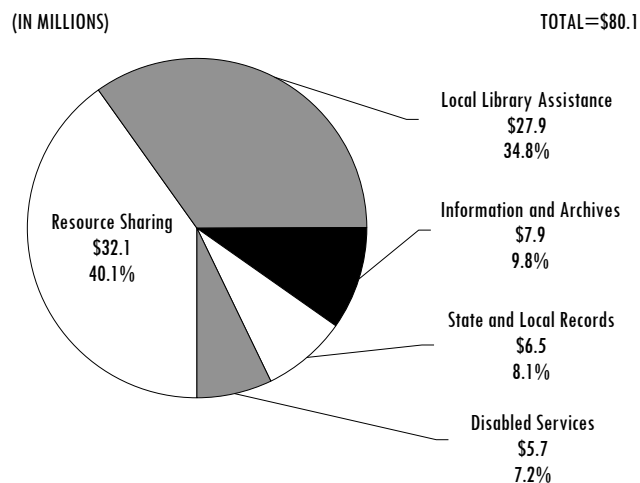
AUTHORIZING STATUTE: The Texas Government Code, Chapter 441

GOVERNANCE: Commission – seven members appointed by the Governor with the advice and consent of the Senate

FIGURE 107
TEXAS STATE LIBRARY AND ARCHIVES COMMISSION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$37.7	\$43.0	\$5.3	14.0%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$31.6	\$24.0	(\$7.6)	(23.9%)
Other Funds	\$24.1	\$13.1	(\$11.0)	(45.7%)
Total, All Methods of Finance	\$93.3	\$80.1	(\$13.3)	(14.2%)

AGENCY PROGRAM AREAS BY APPROPRIATION



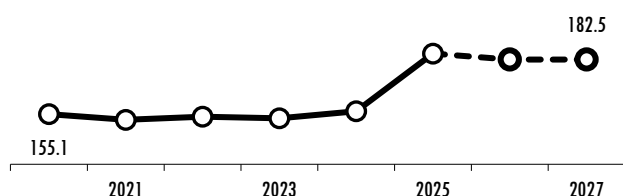
SIGNIFICANT DEVELOPMENTS

Funding of **\$4.0 million** is included to provide **grants** to local libraries to partner with nonprofit organizations to enroll children in a **monthly mail-order book delivery program**.

The agency offered records storage services to **77 client entities**, including **72 state agencies** and five **local governments**.

A total of **652 libraries** participate in the **TexShare** program administered by the agency, which primarily provides access to online database resources, including health or business information, academic journals, popular magazines, genealogy, and job and career development materials.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Texas State Library and Archives Commission (TSLAC) includes \$80.1 million in All Funds, a decrease of \$13.3 million from the 2024–25 biennium. This decrease is due to a decrease of \$7.6 million in Federal Funds from the Broadband Development Office, grant awards to local libraries in 2025, and a decrease in funding through the Library Services and Technology Act; a decrease of \$11.0 million in Other Funds, primarily for adjustments for unexpended balances carried forward into the 2024–25 biennium and revenue adjustments for the TexShare and TexQuest programs; and \$0.7 million in General Revenue Funds for a change in net unexpended balances and requested amounts for capital projects. These decreases are offset by an increase of \$5.4 million in All Funds, primarily due to new funding of \$4.0 million to provide grants to local libraries to partner with a 501(c)(3) organization to enroll children in a monthly mail order book delivery program. Other increases include \$1.4 million in All Funds for various agency funding requests, including a salary increase of 3.0 percent for leadership positions; professional development and training, increased costs related to information technology, insurance, and the Statewide Cost Allocation Plan; and 2.0 additional full-time equivalent positions. Additionally, a new rider in the agency's bill pattern provides an appropriation of up to \$17.0 million contingent on the suspension or interruption of federal funding through the Institute of Museum and Library Services.

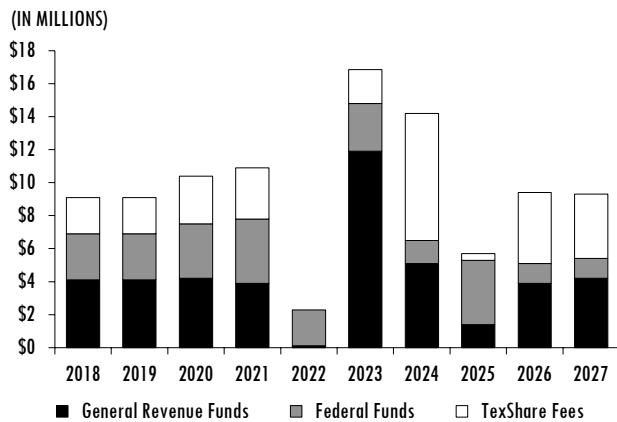
PROGRAMS

TSLAC carries out its responsibilities through three major program areas: (1) delivery of services, including resource sharing, local library assistance, and disabled services; (2) access to government information and archives; and (3) state and local records management.

DELIVERY OF SERVICES

TSLAC offers resource-sharing services in three main program areas: TexShare, TexQuest, and the interlibrary loan program. TexShare is a statewide consortium of 652 academic, public, and clinical medicine libraries that, through access purchased by TSLAC, share print and electronic materials and other online resources. During fiscal year 2025, 115 TexShare core databases with approximately 30.0 million core materials were available 24 hours a day to registered patrons of participating Texas libraries. **Figure 108** shows TexShare funding from fiscal

FIGURE 108
TEXSHARE DATABASE FUNDING LEVELS
FISCAL YEARS 2018 TO 2027



NOTE: Amounts for fiscal years 2026 and 2027 are estimated.
SOURCE: Texas State Library and Archives Commission.

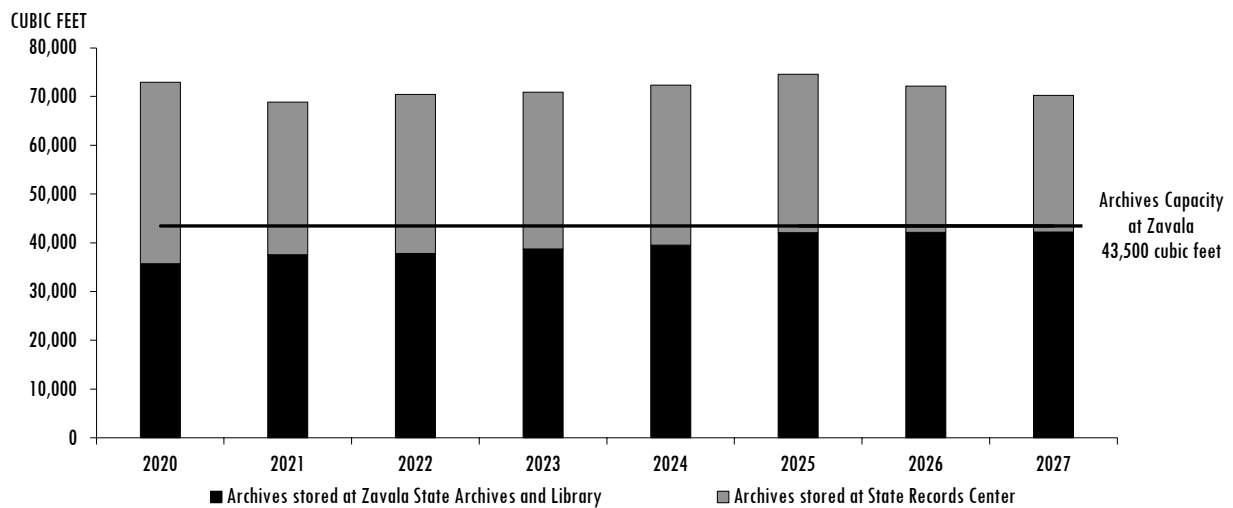
years 2018 to 2027. TSLAC waived \$627,082 in membership fees during fiscal year 2022 and changed to quarterly billing rather than full payments in advance, resulting in lower payments for that year. Advance payments were resumed in fiscal year 2023.

The agency negotiates cost-sharing electronic resources for primary and secondary public school libraries with memberships in the TexQuest program. These databases provide content and sources for online information for learning and research at all grade levels. Total funding for TexShare and TexQuest is \$23.2 million for the 2026–27 biennium.

Through a series of grant programs, the statewide interlibrary loan program enables patrons of 537 member libraries to access materials that are not available locally. Funded in part by the federal Library Services and Technology Act and General Revenue Funds, this program is appropriated \$7.1 million for the 2026–27 biennium.

The Library Development and Networking Division at TSLAC provides shared resources to expand the capabilities of local public, academic, school, and special libraries. The agency provides statewide training and consultation related to library management, operations, and information technology in online and in-person formats. TSLAC also assists local libraries' community-engagement efforts, such as summer reading programs and website assistance. The agency is appropriated \$11.6 million for support services to Texas libraries for the 2026–27 biennium.

FIGURE 109
TEXAS STATE LIBRARY AND ARCHIVES COMMISSION STORAGE CAPACITY, FISCAL YEARS 2020 TO 2027



NOTE: Amounts for fiscal years 2026 and 2027 are estimated.
 SOURCE: Texas State Library and Archives Commission.

In addition to consulting, training, and technical services, TSLAC awards grants that support literacy, education attainment, workforce development, technology, and other needs to local libraries. Funding of \$8.3 million is provided for competitive library grants for the 2026–27 biennium.

The Talking Book Program (TBP) at TSLAC provides free library services to qualifying Texans that have visual, physical, or reading disabilities. In collaboration with other state programs, libraries, and the National Library Services for the Blind and Print Disabled, a program administered by the Library of Congress, TSLAC provides a service that delivers narrated, downloadable, digital audiobooks, and books in braille and large print directly to blind, low-vision, and other qualified users. During fiscal year 2024, TBP served 27,839 patrons. The TBP is appropriated \$5.7 million for the 2026–27 biennium.

ACCESS TO GOVERNMENT INFORMATION AND ARCHIVES

The Archives and Information Services Division (ARIS) of TSLAC identifies and collects official archival records of state government and subsequently makes them available to Texans in physical and digital form. ARIS maintains and provides access to more than 2.0 million documents including federal, state, and other sources. During fiscal year 2024, the agency provided approximately 4.5 million services to individuals accessing archival or government information. The Texas Digital Archive, which manages, preserves, and facilitates access to electronic records, including state agency

records, now includes over 245 terabytes of information across more than 30.0 million files.

Since fiscal year 2019, the agency has nearly 75,000 cubic square feet of materials stored in state archives, housed in the Lorenzo de Zavala State Archives and Library and the State Records Center buildings in Austin. Additional archival records of state or local historical significance are maintained in Regional Historical Resource Depositories. These depositories, except for the Sam Houston Regional Library and Research Center, are not funded or staffed by TSLAC, although the agency may offer some staff assistance. **Figure 109** shows archives' storage capacity since fiscal year 2020. The agency is appropriated \$7.9 million for archives and information services for the 2026–27 biennium.

MANAGING STATE AND LOCAL RECORDS

TSLAC assists state and local governments with training, resources, and consultation regarding records management. Through its State and Local Records Management Division, TSLAC sets the state minimum retention schedule, reviews and approves retention schedules submitted by state governmental entities, and reviews the schedules for local governments. The agency offers document imaging and duplication services and storage of noncurrent state agency and local records at the State Records Center (SRC) on a cost-recovery basis. During fiscal year 2025, the agency offered records storage services to 77 client entities, including 72 state agencies and five local governments. The state and

local records management program area is appropriated \$6.5 million for the 2026–27 biennium.

The SRC is approaching its capacity of approximately 383,000 cubic feet of storage at its current facility in Austin. Additional space at Promontory Point provides another 65,000 cubic feet for expansion. To provide for future space needs, the Texas Facilities Commission was appropriated \$210.3 million by the Eighty-eighth Legislature, Regular Session, 2023, to construct a new records and archive storage facility for TSLAC.

The new archival and records storage facility to be constructed in Pflugerville will house key areas of operation in addition to storage for state and local records. The facility will offer state-of-the art archival storage spaces, conservation department and digitization labs, as well as new recording studios for the Talking Book Program.

Planning is underway for the new facility, which should become operational toward the end of fiscal year 2027. The new facility will add another 149,000 cubic feet of storage for records and provide adequate space for staffing and equipment to handle increasing requests for imaging and digitization of documents.

PENSION REVIEW BOARD

PURPOSE: To provide the necessary information and recommendations to reinforce that Texas public retirement systems are financially sound, benefits are equitable, the systems are managed properly, and tax expenditures for employee benefits are kept to a minimum while providing for those employees; and to expand the knowledge and education of administrators, trustees, and members of Texas public pension funds.

ESTABLISHED: 1979

AUTHORIZING STATUTE: The Texas Government Code, §801.101

GOVERNANCE: Board – seven board members appointed by the Governor with the advice and consent of the Senate

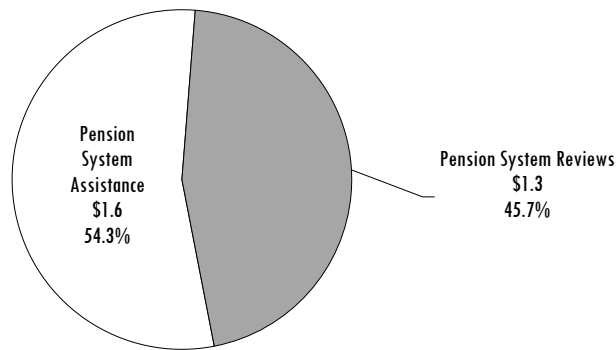
FIGURE 110
PENSION REVIEW BOARD BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$3.6	\$2.9	(\$0.7)	(19.4%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$3.6	\$2.9	(\$0.7)	(19.4%)

AGENCY PROGRAM AREAS BY APPROPRIATION

(IN MILLIONS)

TOTAL=\$2.9



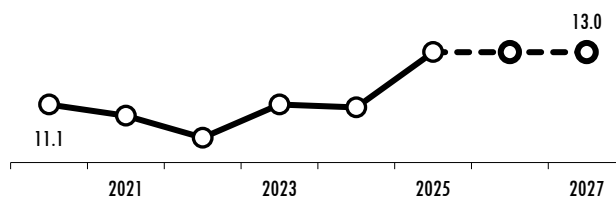
SIGNIFICANT DEVELOPMENTS

The agency has oversight responsibility for **351 public retirement systems in Texas**: 100 actuarially funded, defined benefit plans; 170 defined contribution plans; and 81 pay-as-you-go, volunteer firefighter plans.

The **100 defined benefit plans** in Texas reported approximately **\$391.4 billion** in total net assets and 3.5 million active and retired members as of July 2025.

The Pension Review Board is appropriated **\$700,000 in supplemental funding** for fiscal year 2025 for enhancements to its three main **information technology** systems and replacement of information technology equipment.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

The Pension Review Board (PRB) is appropriated \$2.9 million in All Funds for the 2026–27 biennium, which is a reduction of \$0.7 million from the 2024–25 biennium, during which an additional \$700,000 in supplemental General Revenue Funds were appropriated for fiscal year 2025 for enhancements to the agency's three main information technology systems and replacement of information technology equipment.

PROGRAMS

The agency carries out its responsibilities through two major program areas: (1) providing technical assistance and information to public pension systems; and (2) reviewing public retirement systems.

PENSION SYSTEM TECHNICAL ASSISTANCE AND INFORMATION

PRB's primary program area provides technical assistance and information to public pension systems. This area may include recommending policies, practices, and legislation to public retirement systems and appropriate governmental entities. The agency also is charged with preparing and providing an actuarial impact statement for a bill or resolution that proposes to change the amount or number of benefits or participation in benefits of a public retirement system, or that proposes to change a fund liability of a public retirement system. Additionally, PRB is directed to develop and administer an educational training program for trustees and system administrators of Texas public retirement systems.

During the Eighty-ninth Legislature, Regular Session, 2025, PRB tracked 381 bills, including 118 pension bills, and provided 55 actuarial impact statements for proposed legislation. Appropriations for providing technical assistance and other information total \$1.6 million for the 2026–27 biennium.

PENSION SYSTEM REVIEWS

The agency's secondary program area is reviewing public retirement systems. This area includes ongoing reviews of public retirement systems through the following actions:

- compiling and comparing information about benefits, creditable service, financing, and administration of systems; and
- conducting intensive studies of potential or existing problems that threaten the actuarial soundness of or

inhibit an equitable distribution of benefits in one or more public retirement systems.

All public retirement systems in Texas are required to register and file certain reports for review with PRB. The agency reviews public pension systems to detect those in need of corrective action and monitors those with amortization periods of greater than 30.0 years. PRB has oversight responsibility for 351 public retirement systems in Texas, including 100 actuarially funded, defined benefit plans; 170 defined contribution plans; and 81 pay-as-you-go, volunteer firefighter plans. As of July 2025, the defined benefit plans had approximately \$391.4 billion in total net assets and 3.5 million active and retired members. Appropriations for this review function total approximately 1.3 million for the 2026–27 biennium.

STATE PRESERVATION BOARD

PURPOSE: To preserve and maintain the Texas Capitol, the Capitol Extension, the Capitol Visitors Center (1857 General Land Office Building), other designated buildings, their contents, and their grounds; preserve and maintain the Texas Governor's Mansion; operate the Bullock Texas State History Museum and the Texas State Cemetery; and provide educational programs centered on Texas history, government, and culture.

ESTABLISHED: 1983

AUTHORIZING STATUTE: The Texas Government Code, §443.001

GOVERNANCE: Board – six members including the Governor, Lieutenant Governor, Speaker of the House of Representatives, one senator, one representative, and one public representative

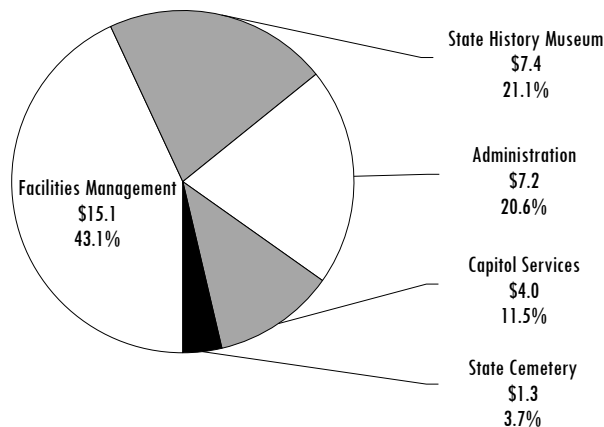
FIGURE 111
STATE PRESERVATION BOARD BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$320.8	\$34.9	(\$285.9)	(89.1%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$15.5	\$0.0	(\$15.5)	(100.0%)
Other Funds	\$36.2	\$0.0	(\$36.1)	(99.9%)
Total, All Methods of Finance	\$372.5	\$35.0	(\$337.5)	(90.6%)

AGENCY PROGRAM AREAS BY APPROPRIATION

(IN MILLIONS)

TOTAL=\$35.0



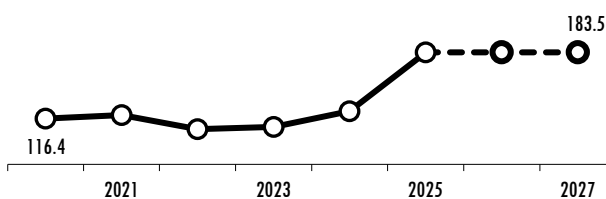
SIGNIFICANT DEVELOPMENTS

Appropriations include an increase of **\$3.5 million** to renovate the ranching exhibit at the **Bob Bullock Texas State History Museum**.

Supplemental appropriations for fiscal year 2025 include an increase of **\$20.0 million** for upgrades to the **Governor's Mansion**.

Supplemental appropriations for fiscal year 2025 include **\$47.2 million** for **construction** of facilities to serve as a **warehouse, server space, document storage, and flexible office space** for legislative agency employees.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the State Preservation Board (SPB) for the 2026–27 biennium total \$35.0 million in All Funds, which represents an overall decrease of \$337.5 million. This decrease results primarily from a reduction of \$189.9 million in All Funds related to onetime funding for the House and Senate facilities projects, deferred maintenance, and various capital projects, including capital projects for the Texas State Cemetery and the Texas State History Museum. The biennial decrease also reflects \$142.4 million in supplemental funding provided in fiscal year 2025 for deferred maintenance, upgrades to the Governor’s Mansion, Senate facility improvement projects, and warehouse construction. The funding decrease is offset partially by increases of \$3.5 million for renovation of the Texas State History Museum’s ranching exhibit and \$1.2 million for information technology services.

PROGRAMS

SPB carries out its responsibilities through five major program areas: (1) facilities management; (2) State History Museum; (3) State Cemetery; (4) Capitol services; and (5) administration.

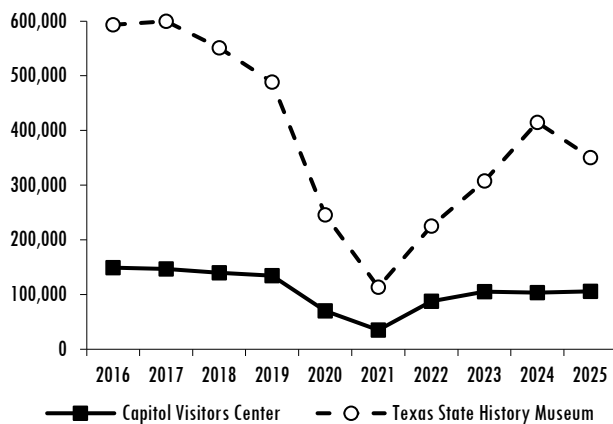
FACILITIES MANAGEMENT

The facilities management program area includes several programs and functions involving facilities repairs, renovation, and maintenance services to the Capitol, Capitol Extension, Capitol Visitors Center (CVC), Governor’s Mansion, Texas Mall, State History Museum, and certain legislative office buildings. A primary goal for SPB is to preserve the historic integrity of artifacts and buildings within its purview. As a result, the agency’s Building Modifications and Design program is responsible for approving all repairs and changes involving construction, restoration, and repair to the Capitol and grounds, CVC, and Governor’s Mansion. SPB’s Curatorial Services program employs a curator to oversee repairs and renovation to these buildings and their contents.

In addition to providing maintenance and repair services, SPB is responsible for general housekeeping of buildings within its purview. Agency staff and contracted vendors provide housekeeping services, such as floor cleaning, waste collection, and other general custodial services. In addition to general housekeeping functions, a vendor provides groundskeeping services for the Capitol grounds, which includes mowing, hedge cutting, and other general

FIGURE 112

VISITORS TO THE CAPITOL VISITORS CENTER AND TEXAS STATE HISTORY MUSEUM, FISCAL YEARS 2016 TO 2025



NOTE: Amounts shown for fiscal year 2025 are estimated.
SOURCE: State Preservation Board.

landscaping duties. Appropriations for facilities management programs total \$15.1 million and 97.0 full-time-equivalent (FTE) positions.

STATE HISTORY MUSEUM

State History Museum programs provide for the operation of the Bob Bullock Texas State History Museum, as well as educational and curatorial services. The museum, which opened in Austin during calendar year 2001, was established for the purpose of engaging visitors and displaying objects and information relating to the state’s history. To retain and build audiences, the museum offers changing exhibitions and programs and three floors of permanent galleries devoted to the history of Texas. The main permanent exhibit displays and interprets the seventeenth-century La Belle shipwreck recovered from Matagorda Bay and artifacts from the shipwreck. In addition, the museum presents professional development training for teachers and curriculum-based, onsite and distance-learning opportunities for students. Revenues from admission fees, parking, gift shop, concessions, IMAX Theater, and facility rentals are deposited into the Museum Fund, held outside the state Treasury, which is used to operate the museum. **Figure 112** shows visitation for the museum from fiscal years 2016 to 2025, which decreased substantially during fiscal years 2020 and 2021 due to the COVID-19 pandemic. Appropriations for the State History Museum for the 2026–27 biennium total \$7.4 million and 25.0 FTE positions, which includes an additional \$3.5 million appropriated for the renovation of the museum’s ranching exhibit.

STATE CEMETERY

Since September 2015, SPB has overseen operations of the State Cemetery in Austin. The cemetery, established in 1851, is the burial site for governors, state and federal legislators, judges, and other eligible individuals that have made significant contributions to Texas history. The cemetery grounds are located approximately 1.0 mile east of the Capitol building and include several monuments dedicated to honor groups of Texans, including veterans. Appropriations for the Texas State Cemetery total \$1.3 million for operations and capital projects and provide for 6.5 FTE positions.

CAPITOL SERVICES

Capitol services programs provide educational and visitation services at the Capitol and CVC and manage enterprises, events, and activities at the Capitol and its grounds. SPB provides interpretation and guided tours of the Capitol and CVC. Other educational programs offered at the CVC include interactive computer learning stations, multimedia presentations, and traditional exhibits. **Figure 112** shows the number of visitors to the CVC from fiscal years 2016 to 2025. The number of visitors decreased substantially during fiscal years 2020 and 2021 due to the COVID-19 pandemic.

The agency also coordinates public events, activities, and exhibits and manages revenue-generating enterprises, such as gift shops, cafeterias, parking meters, visitor parking garages, and the leasing of other Capitol spaces. Revenue from these activities is deposited to the Capitol Fund, which is held outside the state Treasury and supports educational programming, historic preservation, facilities services, and other operating expenses of the Capitol and CVC. Appropriations for Capitol services total \$4.0 million and provide 32.0 FTE positions.

ADMINISTRATION

SPB received \$7.2 million and 23.0 FTE positions for its administration program area. This program area provides agencywide support functions, including executive leadership, finance, internal audit, legal services, purchasing, human resources management, and staff services.

SIGNIFICANT LEGISLATION

House Bill 1397 – Victory or Death Letter, Texas Constitution, and Texas Declaration of Independence.

The legislation transfers responsibility for the care, custody and display of the Victory or Death Letter, the Texas Constitution, and the Texas Declaration of Independence to

SPB from the Texas State Library and Archives Commission (TSLAC). House Bill 1397 requires SPB, in consultation with the Texas Historical Commission (THC) and TSLAC, to designate an appropriate place in the Alamo Complex for the secure display of the Victory or Death Letter, and to coordinate with THC regarding the transfer of the letter to the Alamo Complex. SPB also is required to collaborate with THC and TSLAC to determine an appropriate public location in the Capitol Complex to display the Texas Constitution and the Declaration of Independence.

Senate Bill 3059 – Establishing the Alamo Commission.

The legislation establishes the Alamo Commission for the purpose of preserving and protecting the Alamo Complex and its contents. Senate Bill 3059 transfers responsibility and funding for the Alamo Complex from the General Land Office to the Alamo Commission and administratively attaches the commission to SPB. The transfer must occur by January 1, 2028.

STATE OFFICE OF RISK MANAGEMENT

PURPOSE: To assist state agencies in developing risk management programs and administer the state's self-insured government employees workers' compensation program and the state risk management programs.

ESTABLISHED: 1997

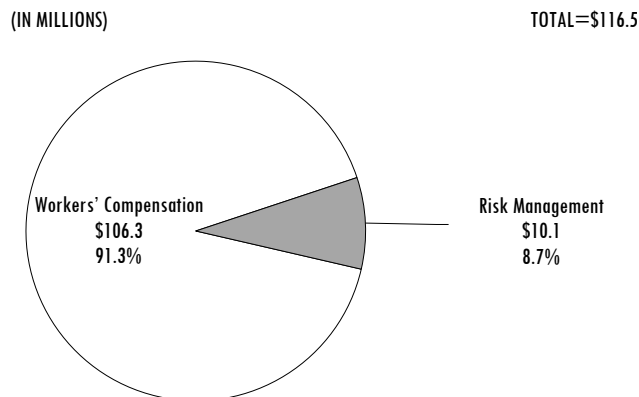
AUTHORIZING STATUTE: The Texas Labor Code, §412.011

GOVERNANCE: Risk Management Board – five members appointed by the Governor with staggered six-year terms

FIGURE 113
STATE OFFICE OF RISK MANAGEMENT BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$108.2	\$116.5	\$8.3	7.7%
Total, All Methods of Finance	\$108.2	\$116.5	\$8.3	7.7%

AGENCY PROGRAM AREAS BY APPROPRIATION



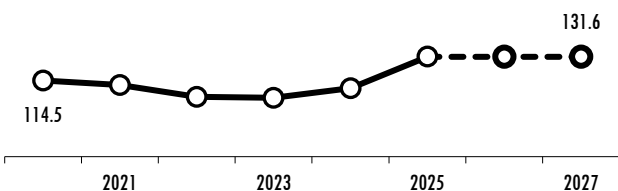
SIGNIFICANT DEVELOPMENTS

The agency paid approximately **\$86.1 million** in medical and income benefits during the 2024–25 biennium. For the 2026–27 biennium, the agency estimates that it will pay approximately **\$91.2 million** in these benefits.

The agency expects to process approximately **71,000 medical bills** and **27,000 indemnity bills** during fiscal year 2026.

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, appropriates **\$1.2 million** for integrating additional functionality to the cloud-based **Risk Management Information System**.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the State Office of Risk Management (SORM) is provided through interagency contracts received through its allocation program and subrogation receipts. The agency's appropriations increased by \$8.3 million from the 2024–25 biennium to \$116.5 million. The increase is due primarily to projected increases in indemnity and medical payments in the 2026–27 biennium.

Supplemental appropriations to the agency for fiscal year 2025 also provide \$1.2 million for the purpose of integrating additional functionality into the cloud-based Risk Management Information System, including enterprise risk management, insurance purchasing, continuity of operations, and current and future operational systems.

PROGRAMS

SORM carries out its mission through two main program areas: (1) workers' compensation; and (2) risk management.

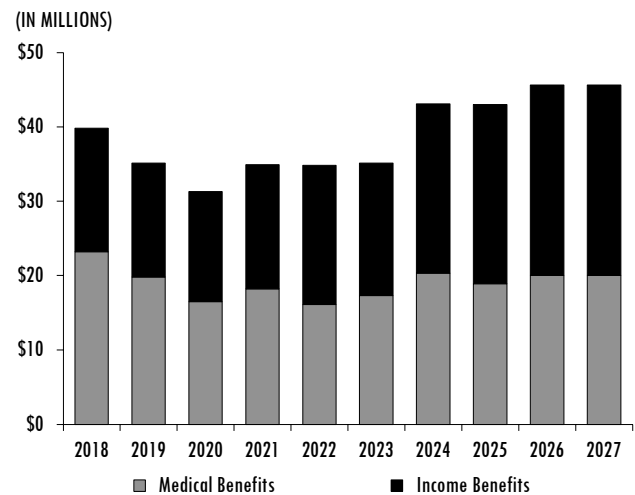
WORKERS' COMPENSATION

SORM administers the state workers' compensation program, which covers all state employees except those statutorily exempt at the University of Texas (UT) System, the Texas A&M University (TAMU) System, the Employees Retirement System of Texas (ERS), the Teacher Retirement System of Texas (TRS), and the Texas Department of Transportation (TxDOT). Also covered within the state workers' compensation program are county employees at community supervision and corrections departments and employees of the Windham School District.

As part of claims processing, the Claims Operation Department investigates, evaluates, and provides customer support for injury claims and oversees contracted medical cost-containment services. Appropriations for the 2026–27 biennium include \$18.4 million in Other Funds through Interagency Contracts to administer claims processing. Agency projections for fiscal year 2025 include processing approximately 74,000 medical bills and 26,000 indemnity bills (income payments). SORM expects to process approximately 71,000 medical bills and 27,000 indemnity bills during fiscal year 2026.

SORM is appropriated \$87.9 million to provide payments to approved workers' compensation claimants for the 2026–27 biennium. Payments are funded by assessments to client agencies for workers' compensation coverage. Annual assessments are based on a formula that considers payroll

FIGURE 114
WORKERS' COMPENSATION BENEFITS PAID
FISCAL YEARS 2018 TO 2027



NOTE: Amounts for fiscal years 2026 and 2027 are projected.
SOURCE: State Office of Risk Management.

size, number of full-time-equivalent (FTE) positions, claims costs, number of claims, and injury frequency rate per 100.0 FTE positions. The formula determines a proportionate share for each agency of the total workers' compensation costs to the state and is structured so that agencies with decreased numbers of injuries and losses may pay smaller proportionate shares; conversely, the proportionate share increases for agencies whose loss performance worsens relative to all other client agencies.

Figure 114 shows the amount paid for medical and income benefits from fiscal years 2018 to 2027. During fiscal year 2024, SORM received 6,536 new claims, of which 5,835 were accepted and led to payments totaling approximately \$43.2 million, including claims with dates of injury from preceding fiscal years. This amount represents an 8.0 percent decrease in the number of claims received and a 23.1 percent increase in the amount of total payments from fiscal year 2023. SORM's appropriations for workers' compensation-related activities including operational expenses are \$106.3 million for the 2026–27 biennium.

RISK MANAGEMENT

SORM provides risk management, insurance, and business continuity services to client state agencies. Its Enterprise Risk Management program is intended to help state entities establish and maintain comprehensive risk management programs to promote a safe environment for state employees

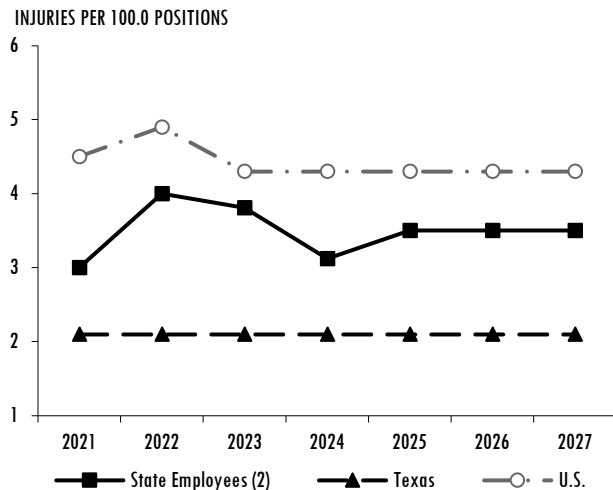
and the public served by state agencies. All state entities participate in the program, excluding the following agencies, which are exempted by the Texas Labor Code, Section 412.011: UT System, TAMU System, ERS, TRS, TxDOT, the Texas State University System, and the Texas Tech University System. For fiscal year 2025, the agency expects to conduct approximately 229 onsite consultations and to review 25 risk management programs.

Through SORM, the state sponsors nine lines of insurance, of which six currently have active participants, including auto, directors' and officers' liability, property, volunteer, builder's risk, and fine arts. The agency also approves purchases of insurance from outside providers. During fiscal year 2024, the agency issued 88 state-sponsored insurance policies. Additionally, the agency approved 79 purchased lines of insurance from outside providers for 36 state agencies.

The Continuity of Operations Planning program assists agencies in developing processes and guidelines to help with continuity of service after a catastrophic or disruptive event. Working with the Texas Office of Homeland Security, the Texas Division of Emergency Management, and the Texas Department of Information Resources, the agency provides resources to assist agencies in developing continuity of operations plans.

Figure 115 shows a comparison of the number of injuries sustained per 100.0 FTE positions by state employees at agencies that have contracts with SORM for risk management services, by Texas private industry employees, and by employees nationwide since fiscal year 2021. Appropriations for SORM's risk management program area total \$10.1 million for the 2026–27 biennium.

FIGURE 115
INJURY FREQUENCY RATES PER 100.0
FULL-TIME-EQUIVALENT POSITIONS
FISCAL YEARS 2021 TO 2027



NOTES:

- (1) Data shown for state employees for fiscal years 2026 and 2027 are projected.
- (2) Data shown for state employees are only those employed by agencies or entities that have contracts with the State Office of Risk Management.

SOURCE: State Office of Risk Management.

SECRETARY OF STATE

PURPOSE: The Secretary of State serves as chief election officer for Texas, assisting county election officials and overseeing the uniform application and interpretation of election laws throughout Texas. The office also provides a repository for required official, business, and commercial records; publishes government rules and regulations; commissions notaries public; and serves as keeper of the state seal and attester to the Governor's signature on official documents.

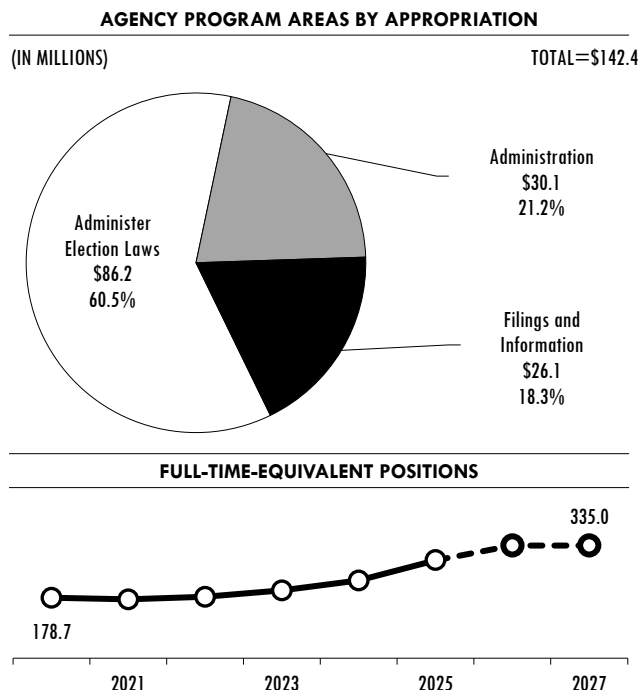
ESTABLISHED: 1845

AUTHORIZING STATUTE: The Texas Constitution, Article IV, §21

GOVERNANCE: Constitutional office appointed by the Governor with the advice and consent of the Senate

FIGURE 116
SECRETARY OF STATE BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$139.2	\$124.8	(\$14.4)	(10.4%)
General Revenue–Dedicated Funds	\$1.2	\$1.2	\$0.0	0.0%
Federal Funds	\$26.0	\$0.0	(\$26.0)	(100.0%)
Other Funds	\$14.4	\$16.5	\$2.1	14.7%
Total, All Methods of Finance	\$180.7	\$142.4	(\$38.3)	(21.2%)



SIGNIFICANT DEVELOPMENTS

Appropriations include \$7.3 million in General Revenue Funds for **expanded regulation of elections**, including **\$2.6 million** for operation of the statewide election management system; **\$3.5 million** for cybersecurity; and **\$1.2 million** for conversion of cloud-based software to onsite software.

Supplemental appropriations of \$16.2 million in General Revenue Funds are provided for various information technology projects and for the digitization of historical paper and microfiche records.

Appropriations increase General Revenue Funds by \$8.5 million to offset a corresponding decrease in Federal Funds due to removal of a **federal election grant**.

Appropriations include increases in General Revenue Funds for **services to businesses**, including **\$3.9 million** for expedited filing and **\$2.4 million** for expansion filing services.

NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Secretary of State (SOS) includes a net decrease of \$38.3 million in All Funds. This amount includes a decrease of \$26.0 million in Federal Funds due to the expenditure of a onetime Help America Vote Act (HAVA) grant during the prior biennium, a decrease of \$24.1 million in onetime funding provided for the second phase of the replacement of the agency's Business Entity Secured Transaction system, a decrease of \$2.0 million for lapsed funds provided for reimbursement of local election costs, and \$1.1 million for publishing official notices for a greater-than-expected number of constitutional amendments.

Decreases in the agency's funding are offset partly by an increase in General Revenue Funds of \$8.5 million for replacement of expired HAVA funding related to county election security audits, \$3.9 million and 12.0 full-time-equivalent (FTE) positions for expedited business filings, \$3.1 million and 10.0 FTE positions for administrative services, \$2.6 million for operation of the statewide election management System (TEAM), \$2.4 million and 10.0 FTE positions for expansion of business filings services, \$3.5 million and 5.0 FTE positions for election security, \$1.4 million for expanded Data Center Services, \$1.2 million for a transition from Microsoft Office 365, and \$1.0 million for overseas balloting materials.

In addition, total funding of \$16.2 million in General Revenue Funds was provided in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, as supplemental appropriations for multiple projects, including \$4.5 million to digitize the agency's paper and microfiche records, \$5.2 million to redesign the agency's website, and \$5.7 million to establish an internal dashboard of key performance indicators.

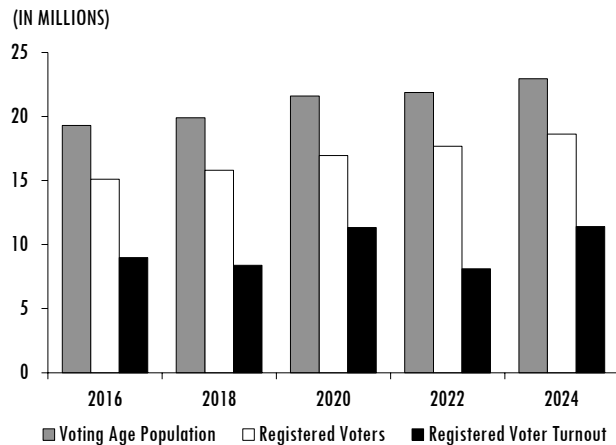
PROGRAMS

The agency carries out its responsibilities through three major program areas: (1) administering election laws; (2) filings and information; and (3) border affairs.

ADMINISTERING ELECTION LAWS

As chief elections officer, the SOS is responsible for the interpretation and application of the Texas Election Code. SOS administers election laws through five interrelated functions: administration of statewide elections, election and voter registration funds, constitutional amendments, administration of HAVA, and voter registration.

FIGURE 117
TEXAS GENERAL ELECTION TURNOUT AND VOTER
REGISTRATION, FISCAL YEARS 2016 TO 2024



SOURCE: Secretary of State.

Historical data regarding voter turnout and registration is shown in **Figure 117**. Voting-age population refers to the total number of individuals in the state that are age 18 or older, regardless of citizenship, military status, felony conviction, or mental state. The agency received additional General Revenue Funds of \$3.5 million and 5.0 FTE positions for expanded cybersecurity, \$2.6 million for the expansion of the TEAM system, and \$0.4 million and 2.0 FTE positions for a new statewide election listing.

The Eighty-ninth Legislature, Regular Session, 2025, passed 17 proposed constitutional amendments, which voters approved in November 2025. SOS also will disburse approximately \$24.9 million to county political parties for payment of poll workers and operating costs associated with primary elections for fiscal year 2026. Overall appropriations for administering election laws include \$86.2 million and 128.0 FTE positions for the 2026–27 biennium.

FILINGS AND INFORMATION

The agency's responsibilities regarding information management are to provide accurate, reliable, and timely access to public information; to process documents efficiently; and to monitor compliance with laws and rules relating to filing documents and accessing documents filed with the agency. The agency's electronic filing system website, the Secretary of State Online Access, enables external users to file documents and obtain information regarding Uniform Commercial Code (UCC) and business-entity filings. In the business and public filings program, the agency accepts or

rejects business-entity documents, UCC documents, notary public, assumed names, trademark documents, and other statutory filings.

The business and public filings program is appropriated \$24.3 million and 114.0 FTE positions for the 2026–27 biennium. These amounts include General Revenue Funds of \$3.9 million and 12.0 FTE positions for an expedited business filing program and \$2.4 million and 10.0 FTE positions for additional business filing staff.

The other primary program within information management is document publishing, which provides for the filing, editing, compiling, and publishing of the Texas Administrative Code and the *Texas Register* weekly journal. The program receives appropriations of \$1.8 million and 11.0 FTE positions for the biennium. The agency anticipates processing 20.7 million filings and related information requests for the 2026–27 biennium.

BORDER AFFAIRS

The primary function of the border affairs program area is to provide for protocol services and the representation of the Governor and the state at meetings with Mexican officials and at events and conferences involving the diplomatic corps, government officials, and business leaders. Appropriations for the protocol and border affairs program include \$0.6 million for the biennium and provide for 3.0 FTE positions.

SIGNIFICANT LEGISLATION

House Bill 346 – Revisions to certain business fees prescribed by SOS. The legislation eliminates a statutory fee for expedited business filings and authorizes SOS to set a fee schedule for these filings.

Senate Bill 693 – Education requirements for notaries public. The legislation directs the agency to establish education requirements for Texas notaries. SOS receives appropriations of \$1.2 million, including \$0.4 million in fee revenue, to implement the provisions of Senate Bill 693.

Senate Bill 2753 – Integrating early voting by personal appearance and election-day voting. The legislation modifies early voting and election-day voting procedures and requires a report on implementation of these changes.

TEXAS VETERANS COMMISSION

PURPOSE: To help guarantee that Texas veterans and their families secure all the rights and benefits provided for them by law through advocacy, counseling, and financial assistance.

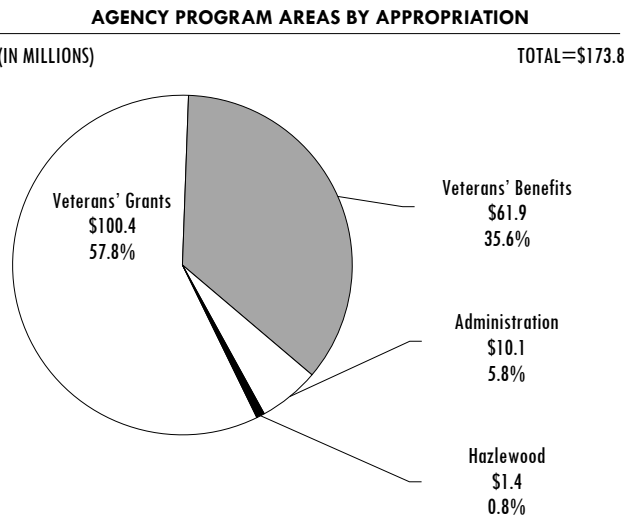
ESTABLISHED: 1927 as the Veterans State Service Office and renamed the Texas Veterans Commission in 1985

AUTHORIZING STATUTE: The Texas Government Code, Chapter 434

GOVERNANCE: Commission – five members appointed by the Governor with the advice and consent of the Senate

FIGURE 118
TEXAS VETERANS COMMISSION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Revenue Funds	\$42.1	\$82.1	\$40.0	94.9%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$26.4	\$27.7	\$1.3	5.0%
Other Funds	\$76.3	\$64.0	(\$12.3)	(16.2%)
Total, All Methods of Finance	\$144.8	\$173.8	\$29.0	20.0%



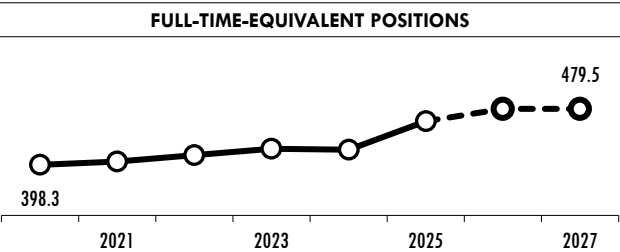
SIGNIFICANT DEVELOPMENTS

During fiscal year 2024, the agency managed a total of 328,721 active Veterans Assistance benefit cases and filed 14,017 appeals for Texas veterans and their families. Funding for **Claims Assistance and Counseling to Veterans and their Families** totals **\$16.2 million** for the 2026–27 biennium.

Texas is home to approximately **207,522 women veterans**, the most among U.S. states. Appropriations include **\$0.7 million** and 5.0 full-time-equivalent positions for the Women Veterans Program to fund efforts intended to connect with and assist women veterans.

The agency is appropriated **\$63.8 million** in Other Funds for **grant awards through the Fund for Veterans' Assistance**.

Appropriations include **\$27.9 million** for a transfer of **veterans' mental health programs** from the Health and Human Services Commission pursuant to House Bill 114, Eighty-ninth Legislature, Regular Session, 2025.



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

SOURCES: Legislative Budget Board; State Auditor's Office, Texas Veterans Commission.

MAJOR FUNDING

Appropriations for the Texas Veterans Commission (TVC) increased by \$29.0 million, or 20.0 percent, from the 2024–25 biennium.

The increase is due primarily to the transfer of \$27.9 million for veterans' mental health programs from the Health and Human Services Commission (HHSC) to TVC by the Eighty-ninth Legislature, 2025. The funding change also includes General Revenue Fund increases of \$5.5 million for the development and maintenance of an electronic veterans outreach database pursuant to Senate Bill 1814, Eighty-ninth Legislature, Regular Session, 2025; \$1.7 million to support veterans mental health; \$1.2 million for Data Center Services; \$2.2 million to support agency operations; and \$1.0 million for a grant program to provide veterans with veterinary care and pet lodging services.

PROGRAMS

The agency carries out its responsibilities to veterans and their families through four major program areas: (1) veterans' benefits, (2) veterans' grants, (3) Hazlewood Act administration, and (4) administration.

VETERANS' BENEFITS

The veterans' benefits program area includes 14 programs and functions. The largest program, claims representation, assists veterans, families of veterans, and survivors in pursuit of eligible benefits. According to TVC, Texas ranks second among U.S. states in total veteran population, with approximately 1.6 million veterans. TVC informs veterans and their families of available benefits, assists them through the claims process, and offers guidance regarding benefit appeals. The agency uses the Public Assistance Reporting Information System to forward new or additional benefits claims to the U.S. Department of Veterans Affairs (VA). TVC also provides training for Veterans County Service Officers, which provide local assistance to veterans. Appropriations for claims representation total \$16.2 million for the 2026–27 biennium.

During fiscal year 2024, TVC managed 328,721 active Veterans Assistance benefit cases. A total of 48,446 claims were submitted, including 14,017 appeals. In 2024, the agency tracked 21,194 adjudications reviewed by the State Strike Force Team as part of its oversight and quality assurance efforts.

As part of its Veterans Employment Services program, TVC provides comprehensive services to eligible veterans and

veterans' spouses in pursuit of long-term, meaningful employment. These services include assistance with completing job applications, reviewing resumes, job matching and searches, referrals to training, targeted services to those facing significant obstacles to employment, and other services. Additionally, TVC works with employers, government entities, and institutions of higher education to help them understand the benefits of hiring veterans and to navigate and simplify veteran hiring practices. Appropriations for the 2026–27 biennium include \$26.4 million for Veterans Employment Services.

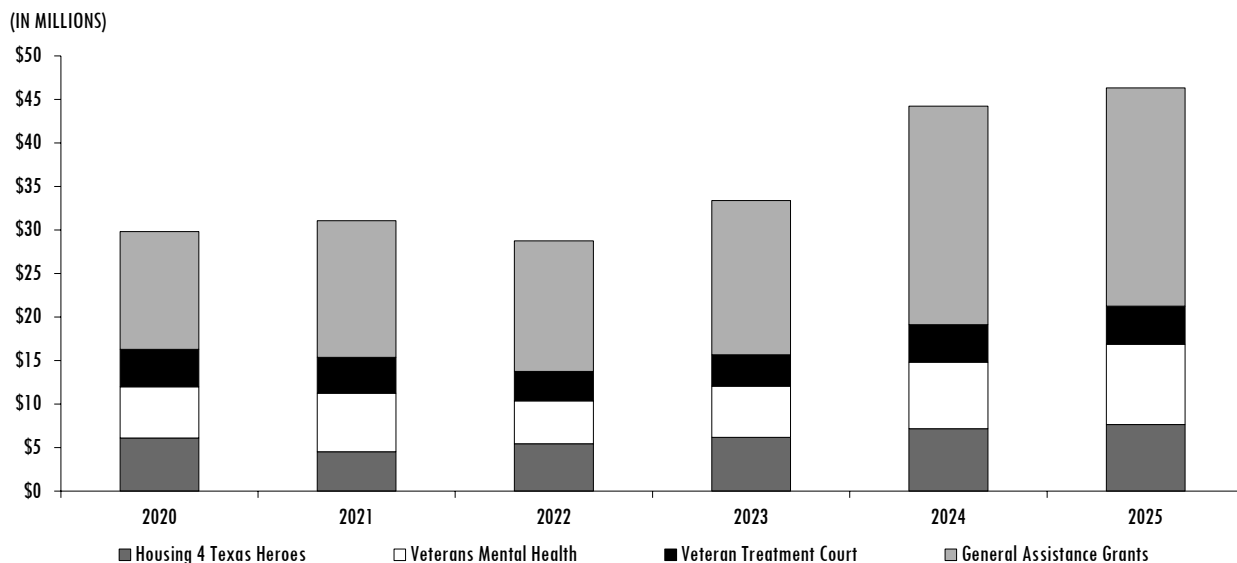
TVC's Veterans Education Program serves as the state's approving agency for federal GI Bill benefits and serves as administrator for Hazlewood Act benefits. The Eighty-fifth Legislature, Regular Session, 2017, transferred TVC funding for the Hazlewood Legacy Program to the Permanent Fund Supporting Military and Veterans Exemptions to combine funding sources for the Hazlewood Legacy Program. The agency reviews, evaluates, approves, and oversees education and training programs for veterans and other eligible individuals. TVC conducts VA-directed risk-based survey visits to examine reporting accuracy at schools and training establishments, to monitor tuition and fee charges to veterans and the VA, and to strengthen VA payment accuracy.

The agency approves programs at Texas colleges, universities, trade and vocational schools, and training facilities to enable eligible veterans and their families to use benefits offered through the GI Bill. TVC's Veterans Education program responds to inquiries regarding education benefits, conducts onsite visits, and completes VA-directed risk-based survey visits throughout the state. Additionally, the Veterans Education Department participates in veterans' job fairs, benefits fairs, and other outreach events in Texas to connect veterans and families to services. The agency is appropriated \$4.0 million for veterans' education-related services for the 2026–27 biennium.

Veteran Health Care Advocacy staff act as liaisons between veterans and the VA to resolve access issues involving VA healthcare-related services. Texas has 24 Health Care Advocacy Regions. This program is appropriated \$3.2 million for the 2026–27 biennium.

TVC's Veterans Outreach program uses a multimedia approach to inform veterans of benefits and services. This program is appropriated \$6.4 million for the 2026–27 biennium. In its outreach efforts, TVC staff completed more

FIGURE 119
TEXAS VETERANS COMMISSION FUND FOR VETERANS' ASSISTANCE GRANTS, FISCAL YEARS 2020 TO 2025



NOTE: Amounts for fiscal years 2024 and 2025 are estimated.
 SOURCE: Texas Veterans Commission.

than 1.4 million veteran engagements during fiscal year 2025, including connections made via social media and other online campaigns.

Similar to the Veterans Outreach Program, the Women Veterans Program informs the women veterans of Texas of the benefits and services available. Texas has the largest number of women veterans among U.S. states, with approximately 207,522 women veterans as of 2025. The Women Veterans Program is appropriated \$0.7 million for the 2026–27 biennium.

The Veteran Entrepreneur Program (VEP) assists veterans with starting and growing businesses through various services including one-on-one consultations, TVC-verified Veteran-owned Business Certification and Logos, webinars, and outreach and advocacy for veteran entrepreneurship. In addition, the VEP reviews and provides qualifying veterans a letter of verification, which is used to waive certain business-filing fees. The program provided approximately 16,310 services to veterans and their families during fiscal year 2025, including business planning, development, opening assistance, and other targeted guidance. The VEP is appropriated \$0.8 million for the 2026–27 biennium.

Appropriations for the 13 programs within the Veterans' Benefit area total \$61.9 million for the 2026–27 biennium.

VETERANS' GRANTS

The Fund for Veterans' Assistance (FVA) was established by the Eightieth Legislature, 2007, to address the needs of Texas veterans and their families. Revenue in the fund consists primarily of proceeds from the sale of lottery tickets. The Commission awards grants from FVA to eligible organizations, local governmental agencies, and Veteran Service Organizations with veteran-specific programs and services to support Texas veterans and their families. Related programs include General Assistance, Veterans Mental Health, Veteran Treatment Court, and Housing 4 Texas Heroes. **Figure 119** shows the awards that FVA has granted from fiscal years 2020 to 2025.

General Assistance grants are awarded to certain organizations that provide limited emergency assistance; child and family services; transportation services; legal services; and employment, training, education, and job placement assistance to veterans. Veterans Mental Health grants are awarded to organizations that work to meet the mental health needs of veterans and their families. These organizations typically offer services including clinical counseling, peer-delivered services, and nonclinical support services. Appropriations for these grants include funding transferred to TVC from HHSC by the Eighty-ninth Legislature, Regular Session, 2025. Housing 4 Texas Heroes grants provide financial support to organizations that assist

Texas veterans and their families to obtain, maintain, or improve housing. Veteran Treatment Court grants support local efforts to serve veterans through treatment court programs. TVC receives \$100.4 million in appropriations for state grant programs for the 2026–27 biennium.

HAZLEWOOD ACT ADMINISTRATION

The Hazlewood Act, codified in the Texas Education Code, Section 54.341, provides an educational benefit to eligible Texas veterans residing in the state and certain dependents or spouses of Texas veterans. The Hazlewood exemption program is a state benefit that provides qualified individuals with an education benefit of up to 150.0 semester credit hours of tuition exemption, including most fees, at public institutions of higher education in Texas.

The Hazlewood Legacy Program, which began in fall 2009, enables a veteran to transfer this educational benefit to a dependent. Spouses and dependents of veterans are eligible for this exemption if a veteran spouse or parent was killed in action, died while in service, died as a result of service-related injuries or illness, is classified as missing in action, became totally and permanently disabled, or meets the requirements for individual unemployability due to a service-related injury.

TVC's Veterans Education program administers the Hazlewood tuition exemption program. It also maintains the Hazlewood database, which records information from public institutions of higher education in Texas pertaining to the number and classification of veterans and other eligible Hazlewood students, and the funding exempted by each institution for the various Hazlewood eligibility categories. The Eighty-fifth Legislature, Regular Session, 2017, transferred TVC funding for the Hazlewood Legacy Program to the Permanent Fund Supporting Military and Veterans Exemptions (SMVE) to combine the SMVE and TVC funding for the Hazlewood Legacy Program into one appropriations bill pattern. The agency is appropriated \$1.4 million for the 2026–27 biennium related to its administration and improvement of the Hazlewood Act and Database.

ADMINISTRATION

The agency facilitates the management and distribution of funds, grants, and complex support services to support its agency programs. For the 2026–27 biennium, agency appropriations total \$10.1 million for administrative functions.

SIGNIFICANT LEGISLATION

House Bill 114 – Veterans mental health consolidation.

The legislation transfers oversight and funding for certain veteran-focused mental health programs from HHSC to TVC, including the Mental Health Program for Veterans and the Texas Veterans Family Alliance Grant Program. A total of \$27.9 million in General Revenue Funds is transferred to TVC in accordance with House Bill 114.

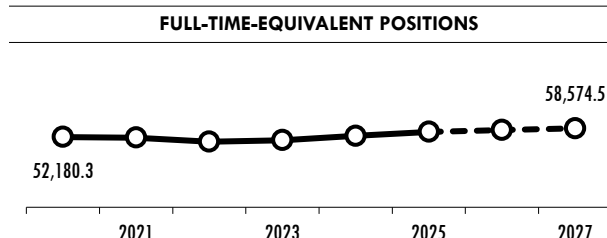
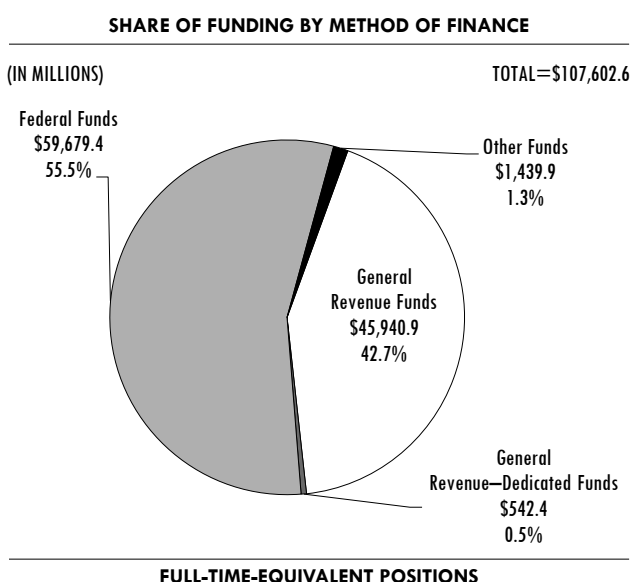
Senate Bill 1814 – Database of resources for veterans. The legislation directs TVC to establish a database of veterans in Texas to allow state agencies and veterans service organizations to inform veterans about state and local benefits and resources available to veterans, including employment and training opportunities, housing, entrepreneurial and health care services, and veteran support groups. The agency is appropriated \$5.5 million in General Revenue Funds to implement the provisions of Senate Bill 1814.

5. HEALTH AND HUMAN SERVICES

Health and Human Services is the second-largest function of Texas state government in terms of General Revenue Funds appropriations. Spending is driven primarily by caseloads for Medicaid, the Children's Health Insurance Program (CHIP), and child protective services. Other significant programs include inpatient and outpatient mental health services, services for individuals with intellectual disabilities, and programs to protect and improve public health.

FIGURE 120
ARTICLE II – HEALTH AND HUMAN SERVICES, BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$45,152.2	\$45,940.9	\$788.7	1.7%
General Revenue–Dedicated Funds	\$558.0	\$542.4	(\$15.6)	(2.8%)
Federal Funds	\$58,177.1	\$59,679.4	\$1,502.4	2.6%
Other Funds	\$1,539.0	\$1,439.9	(\$99.1)	(6.4%)
Total, All Methods of Finance	\$105,426.3	\$107,602.6	\$2,176.4	2.1%



SIGNIFICANT DEVELOPMENTS

Appropriations for the **Medicaid program** total **\$84.5 billion** in All Funds, including \$32.9 billion in General Revenue Funds and General Revenue–Dedicated Funds, an increase of \$5.3 billion in All Funds from the 2024–25 biennial expenditure level.

Funding for **non-Medicaid/CHIP behavioral health services** totals **\$5.1 billion** in All Funds, including \$4.3 billion in General Revenue Funds and General Revenue–Dedicated Funds.

Funding for **Child Protective Services** totals **\$4.2 billion** in All Funds, an increase of \$88.4 million primarily for Community-based Care and foster care rate modernization.

Funding to maintain higher fiscal year 2025 costs for **statewide salary adjustments** includes an increase of \$175.0 million in All Funds, including \$130.8 million in General Revenue Funds and General Revenue–Dedicated Funds.

NOTES:

- (1) Fiscal year 2025 includes supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
- (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.
- (4) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

FIGURE 121
ARTICLE II – HEALTH AND HUMAN SERVICES APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27 (1)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	\$5,051.4	\$4,918.8	(\$132.6)	(2.6%)
Department of State Health Services	\$3,331.3	\$2,367.7	(\$963.6)	(28.9%)
Health and Human Services Commission	\$95,327.1	\$98,208.6	\$2,881.4	3.0%
Subtotal, Health and Human Services	\$103,709.8	\$105,495.1	\$1,785.3	1.7%
Employee Benefits and Debt Service	\$2,430.5	\$2,803.6	\$373.1	15.3%
Less Interagency Contracts	\$714.0	\$696.0	(\$18.0)	(2.5%)
Total, All Functions	\$105,426.3	\$107,602.6	\$2,176.4	2.1%

NOTES:

(1) Amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, for fiscal years 2026 and 2027 Medicaid expenditures.

(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.

MAJOR FUNDING

MEDICAID

The primary funding item for the health and human services (HHS) function is Medicaid, constituting more than three-quarters of HHS All Funds appropriations. Of this Medicaid funding, 99.9 percent is appropriated to the Health and Human Services Commission (HHSC) for Medicaid client services, programs supported by Medicaid funding, and administration of Medicaid and programs supported by Medicaid funding. The remaining 0.1 percent is appropriated to the Department of State Health Services and the Department of Family and Protective Services for programs supported by Medicaid funding and administration of Medicaid and programs supported by Medicaid funding.

A total of \$84.5 billion in All Funds (\$32.8 billion in General Revenue Funds, \$0.1 billion in General Revenue–Dedicated Funds, \$0.6 billion in Other Funds, and \$50.9 billion in Federal Funds) in Medicaid funding is appropriated across the HHS function for the 2026–27 biennium. These appropriations represent a \$5.3 billion increase in All Funds from the 2024–25 biennial expenditure level, which includes an increase of \$5.0 billion in All Funds in Medicaid client services, an increase of \$0.3 billion in All Funds in Medicaid funding for programs supported by Medicaid funding, and a decrease of less than \$0.1 billion in administrative funding. **Figure 122** shows 2024–25 biennial estimated/budgeted amounts for Medicaid compared to 2026–27 biennial appropriations.

BEHAVIORAL HEALTH

Funding for non-Medicaid/Children’s Health Insurance Program (CHIP) behavioral health services and related expenditures at HHS agencies includes \$5.1 billion in All Funds (\$4.3 billion in General Revenue Funds and General Revenue–Dedicated Funds). This amount is a decrease of \$2.3 billion in All Funds (\$1.8 billion in General Revenue Funds and General Revenue–Dedicated Funds) from the 2024–25 biennial expenditure level. The decrease is due primarily to a \$2.3 billion decrease in All Funds (\$2.2 billion in General Revenue Funds) in supplemental funding appropriated for new capacity for mental health services and inpatient facilities. The decrease represents the inclusion of funds provided in Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, and House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, in 2024–25 biennial spending levels, although the agency has authority to continue to spend the funds to complete the construction projects and it likely will continue to spend the funding during the 2026–27 biennium. These decreases are offset partially by increases at HHSC totaling \$0.3 billion in General Revenue Funds related to investments in youth mobile crisis outreach teams, operation of expanded capacity at certain state-owned hospitals, and rate increases and expanded capacity for community mental health hospitals.

Estimated Medicaid expenditures for behavioral health services total \$3.9 billion in All Funds for the 2026–27 biennium, and estimated CHIP expenditures total \$0.1

FIGURE 122
MEDICAID APPROPRIATIONS IN ALL FUNDS BY AGENCY
2024–25 TO 2026–27 BIENNIA

(IN MILLIONS)			
CATEGORY	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27 (1)	BIENNIAL CHANGE
Department of Family and Protective Services			
Medicaid Funding for Administration	\$14.7	\$10.4	(\$4.3)
Programs Providing Client Services with Medicaid Funding	\$58.2	\$38.5	(\$19.7)
Subtotal, Department of Family and Protective Services	\$72.9	\$48.9	(\$24.0)
Department of State Health Services			
Medicaid Funding for Administration	\$22.2	\$22.2	\$0.0
Health and Human Services Commission			
Medicaid Program Client Services	\$72,821.1	\$77,814.8	\$4,993.8
Medicaid Funding for Administration	\$4,246.5	\$4,240.0	(\$6.5)
Programs Providing Client Services with Medicaid Funding	\$2,023.0	\$2,361.0	\$338.0
Subtotal, Health and Human Services Commission	\$79,090.6	\$84,415.8	\$5,325.2
Total, All Health and Human Services Agencies	\$79,185.7	\$84,486.9	\$5,301.2

NOTES:

- (1) Amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, for fiscal years 2026 and 2027 Medicaid expenditures.
(2) Amounts may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 123
HEALTH AND HUMAN SERVICES BEHAVIORAL HEALTH APPROPRIATIONS IN ALL FUNDS BY AGENCY
2024–25 TO 2026–27 BIENNIA

(IN MILLIONS)			
AGENCY	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27 (1)	BIENNIAL CHANGE
Department of Family and Protective Services	\$103.8	\$79.9	(\$23.9)
Department of State Health Services	\$6.8	\$8.1	\$1.3
Health and Human Services Commission	\$7,331.0	\$5,030.8	(\$2,300.2)
Subtotal, Non-Medicaid and Children's Health Insurance Program (CHIP)	\$7,441.6	\$5,118.8	(\$2,322.8)
Estimated Medicaid and CHIP	\$3,553.7	\$3,940.5	\$386.8
Total, All Health and Human Services Agencies	\$10,995.3	\$9,059.3	(\$1,936.1)

NOTES:

- (1) Amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, for fiscal years 2026 and 2027 Medicaid expenditures.
(2) Amounts may not sum due to rounding.
(3) Amounts at the Health and Human Services Commission include appropriations for the Texas Civil Commitment Office.

SOURCE: Legislative Budget Board.

billion in All Funds. Total behavioral health funding at the HHS agencies, including estimated Medicaid and CHIP expenditures, is \$9.1 billion in All Funds for the 2026–27 biennium. **Figure 123** shows 2024–25 biennial estimated/budgeted amounts for behavioral health compared to 2026–27 biennial appropriations.

DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

PURPOSE: Protect children, the elderly, and people with disabilities from abuse, neglect, and exploitation by involving clients, families, and communities.

ESTABLISHED: 2004

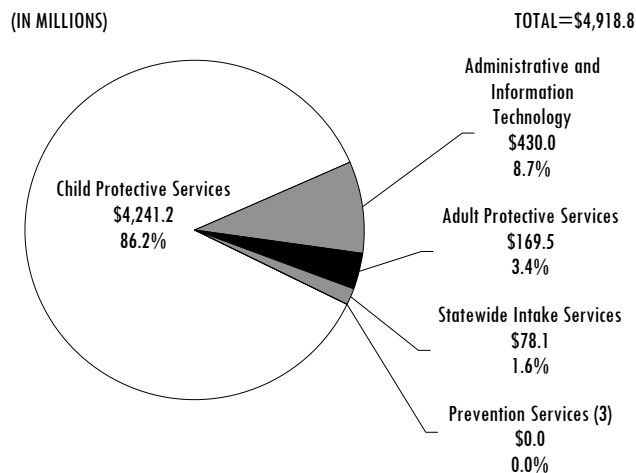
AUTHORIZING STATUTE: The Texas Human Resources Code, Title 2, Chapters 40, 42, and 48

GOVERNANCE: Commissioner, appointed by the Governor, with the advice and consent of the Senate; Family and Protective Services Council – nine members of the public appointed by the Governor to assist with development of rules and policies

FIGURE 124
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$3,276.8	\$3,321.5	\$44.8	1.4%
General Revenue–Dedicated Funds	\$4.3	\$0.0	(\$4.3)	(100.0%)
Federal Funds	\$1,745.8	\$1,572.7	(\$173.1)	(9.9%)
Other Funds	\$24.5	\$24.6	\$0.1	0.3%
Total, All Methods of Finance	\$5,051.4	\$4,918.8	(\$132.6)	(2.6%)

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

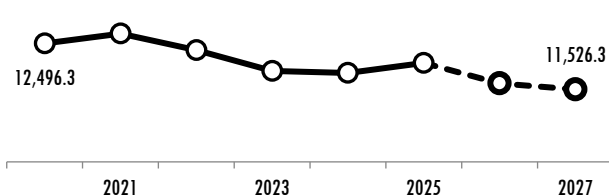
Appropriations for **Community-based Care (CBC)** total \$171.6 million in All Funds to maintain existing services and to expand CBC into Regions 7a, 7b, 11a, and 11b and Stage II in Regions 8a, 6a, 6b, and 7a.

Appropriations for **Child Protective Services (CPS) Direct Delivery Staff** total \$2.1 billion in All Funds, an increase of \$97.0 million primarily related to CBC support and staff salary adjustments.

Appropriations for **CPS client services**, including day care, foster care, adoption subsidies and permanency care assistance, and relative caregiver payments result in a net decrease of \$13.3 million in All Funds, primarily for caseload assumptions.

Appropriations include a **rate increase** for Relative and Other Designated Caregivers from \$12.67 to \$23.45 per day.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
- (3) The Prevention Services program functions and funding were transferred to the Health and Human Services Commission during fiscal year 2025 pursuant to Senate Bill 24, Eighty-eighth Legislature, Regular Session, 2023.

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

MAJOR FUNDING

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, increased appropriation authority of the Department of Family and Protective Services (DFPS) in fiscal year 2025 by \$173.4 million in All Funds, for the following purposes:

- \$82.6 million in General Revenue Funds and \$14.0 million in Federal Funds for costs associated with children without placement, Child Protective Services (CPS) staffing, Adult Protective Services (APS) staffing, and day-care services;
- \$24.2 million in General Revenue Funds and \$30.4 million in Federal Funds to develop a new case management system;
- \$12.5 million in General Revenue Funds and \$0.8 million in Federal Funds to implement the Search Engine for Multi-agency Reportable Conduct (SEMARC); and
- \$8.4 million in General Revenue Funds and \$0.6 million in Federal Funds to address cybersecurity needs.

Appropriations for DFPS for the 2026–27 biennium total \$4.9 billion in All Funds, including \$3.3 billion in General Revenue Funds, representing a decrease of \$132.6 million in All Funds and an increase of \$44.8 million in General Revenue Funds from 2024–25 biennial spending levels.

Appropriations for DFPS for the 2026–27 biennium also include \$89.6 million in All Funds (\$84.5 million in General Revenue Funds) for the expansion of Community-based Care (CBC). CBC affects funding for CPS direct delivery staff, program support, and foster care payments. CBC implementation occurs in two stages through which a single-source continuum contractor (SSCC) assumes responsibility for finding foster homes or other out-of-home placements for children in state care and for providing additional services. In Stage I, the SSCC provides foster care services, including placement. In Stage II, the SSCC assumes responsibility for case management of children in state care. As CBC expands into additional regions and stages, DFPS funding is increased and full-time-equivalent (FTE) positions are decreased as SSCCs assume responsibilities previously performed by state staff. The increased funding includes start-up costs and resource transfers, which provide FTE position costs that otherwise would be appropriated to DFPS, and funding for benefits that would have been appropriated outside of DFPS's budget. Additional costs are also associated with

network support payments provided for each child for which an SSCC is responsible.

CBC was implemented in Stage I in Region 3w (Tarrant County and surrounding counties) in fiscal year 2015; in Region 2 (Abilene, Wichita Falls, and surrounding counties) in fiscal year 2019; Region 1 (Amarillo and Lubbock) in fiscal year 2020; Region 8b (counties surrounding Bexar County) in fiscal year 2021; and in Regions 3e (East Dallas Area and surrounding counties), 4 (Northeast Texas, including Tyler), and 5 (East Texas, including Beaumont) in fiscal year 2024. CBC was implemented in Stage II in Regions 3w and 2 in fiscal year 2020; in Regions 8b and 1 in fiscal year 2022; and in Regions 3e, 4, and 5 in fiscal year 2024. Stage I in Regions 8a (Bexar County), 6a (Harris County), and 6b (Bay Area/Montgomery) are expected to be implemented in the 2026–27 biennium.

Appropriations for the 2026–27 biennium assume maintaining current regions and the expansion of Stage I into four additional regions—7a (Central Texas/Waco), 7b (Capital Area), 11a (South Texas/Corpus Christi), and 11b (Rio Grande Valley)—and into Stage II in Regions 8a, 6a, 6b, and 7a. The funding increase for CBC for the 2026–27 biennium totals \$171.6 million in All Funds (\$161.0 million in General Revenue Funds). **Figure 125** shows the 11 DFPS regions and their headquarters.

Region 9 (West Texas, including Midland/Odessa) Stage I was expected to be implemented in fiscal year 2023, but the agency did not receive applications for the region. Additionally, DFPS did not receive applications for Region 10 (El Paso). The Legislature approved a rural CBC pilot program to address concerns in these regions. It is assumed the agency will implement Stage I in those regions in fiscal year 2029.

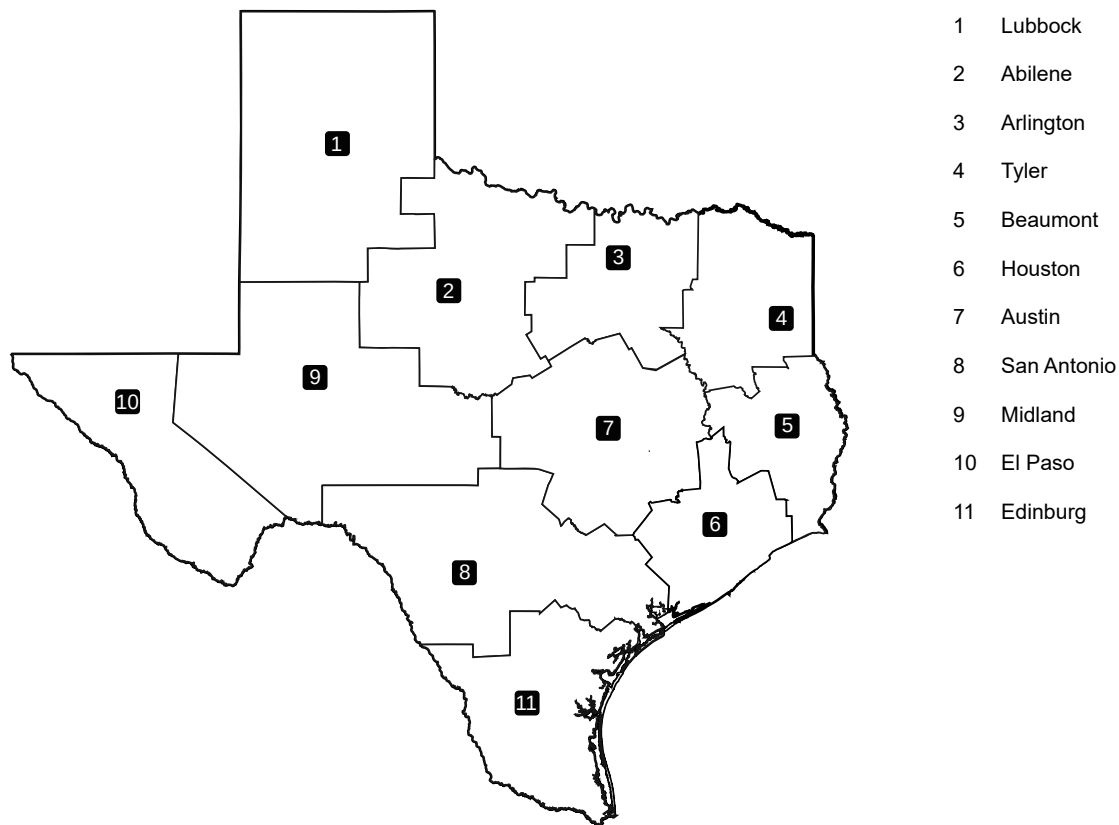
PROGRAMS

The agency carries out its responsibilities through four major program areas: (1) CPS; (2) Administrative and Information Technology; (3) Adult Protective Services; and (4) Statewide Intake Services.

CHILD PROTECTIVE SERVICES

The CPS program investigates reports of suspected abuse or neglect of children and takes action to protect abused and neglected children from further harm. Program staff also work with children and their families to help alleviate the effects of abuse. The CPS program provides direct protective

FIGURE 125
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES REGIONS AND REGIONAL HEADQUARTERS, FISCAL YEAR 2025



NOTE: Community-based Care regions are based on current Department of Family and Protective Services (DFPS) regions. Certain regions are divided further, designated by letters following the number, such as region 3e and 3w recently delineating between Dallas and Tarrant counties. DFPS intends to establish additional divisions in Regions 6, 7, 8, and 11.
SOURCE: Department of Family and Protective Services.

services through six primary programs: CPS Direct Delivery Staff, CPS Program Support, CPS Purchased Services, Foster Care Payments, Adoption Subsidy/Permanency Care Assistance Payments, and Relative Caregiver Monetary Assistance Payments. In addition to the direct services, the Office of CBC Transition within DFPS provides support and management for the implementation and oversight of CBC in Texas. Biennial funding totals \$4.2 billion in All Funds (\$2.8 billion in General Revenue Funds).

CPS DIRECT DELIVERY STAFF

The largest portion (48.4 percent) of CPS funding is provided for CPS Direct Delivery Staff. These staff provide services including: investigating reports of suspected abuse or neglect; developing and implementing protective service plans; placing children in temporary care or permanent homes; providing long-term casework; and serving families in crisis to help prevent the out-of-home placement of children.

Funding for direct delivery staff also includes amounts transferred to SSCCs for CBC. Biennial funding totals \$2.1 billion in All Funds (\$1.6 billion in General Revenue Funds) and provides for 8,335.3 FTE positions in fiscal year 2026 and 8,177.3 FTE positions in fiscal year 2027. Funding represents a net increase of \$97.0 million in All Funds (\$136.1 million in General Revenue Funds) due to the following changes:

- an increase of \$171.5 million in All Funds (\$160.9 million in General Revenue Funds) and 27.0 FTE positions each fiscal year to support current CBC regions and stages and the expansion of CBC into Stage I in Regions 7a, 7b, 11a, and 11b, and into Stage II in Regions 8a, 6a, 6b, and 7a, and to provide child and adolescent needs and strengths assessments for all children in CBC regions. Stage I and Stage II funding includes start-up costs in each region, the

cost of benefits included in resource transfers, and network support payments. Stage II also includes additional resource transfers. Additionally, funding to increase the network support payment to \$2,500 per child full-time-equivalent, provide resource transfer payments for readiness prior to the implementation of each stage and as well as expand kinship support. FTE positions decrease by 467.0 for fiscal year 2026 and 635.0 for fiscal year 2027 for CBC expansion;

- an increase of \$53.6 million in All Funds (\$51.3 million in General Revenue Funds) to support the statewide salary adjustment and to address salary compression and compensation;
- an increase of \$2.5 million in General Revenue Funds to implement a rural CBC pilot program pursuant to Senate Bill 513, Eighty-ninth Legislature, Regular Session, 2025;
- an increase of \$2.4 million in All Funds (\$2.2 million in General Revenue Funds) to support statewide consistency in reason to believe cases and improve timeliness for due process;
- an increase of \$1.0 million in General Revenue Funds to support connecting technology services;
- an increase of 10.0 FTE positions for fiscal year 2027 to implement the new case management system;
- an increase of 71.2 FTE positions for fiscal year 2026 to maintain fiscal year 2025 FTE positions into the 2026–27 biennium;
- a decrease of \$1.5 million in General Revenue Funds due to the removal of onetime funding for the business process redesign;
- a decrease of \$2.1 million in General Revenue Funds due to the transfer of funding to Strategy B.1.2, CPS Program Support, to address background check costs;
- a decrease of \$7.7 million in All Funds (\$7.6 million in General Revenue Funds) and 54.0 FTE positions each fiscal year to allocate funding and staff to various strategies to support services for APS, timeliness for due process, and statewide intake and APS quality assurance;
- a decrease of \$9.3 million in General Revenue Funds due to removal of onetime salary actions;
- a decrease of \$28.9 million in General Revenue Funds due to the removal of onetime CBC costs;

- a decrease of \$31.0 million in All Funds to align Other Funds and Federal Funds with anticipated awards, including the full allocation of the Family First Transition Act (FFTA) federal grant; and
- a decrease of \$53.5 million in All Funds (\$32.4 million in General Revenue Funds) and 7.0 FTE positions in fiscal year 2027 to represent supplemental appropriation adjustments made during fiscal year 2025 pursuant to House Bill 500.

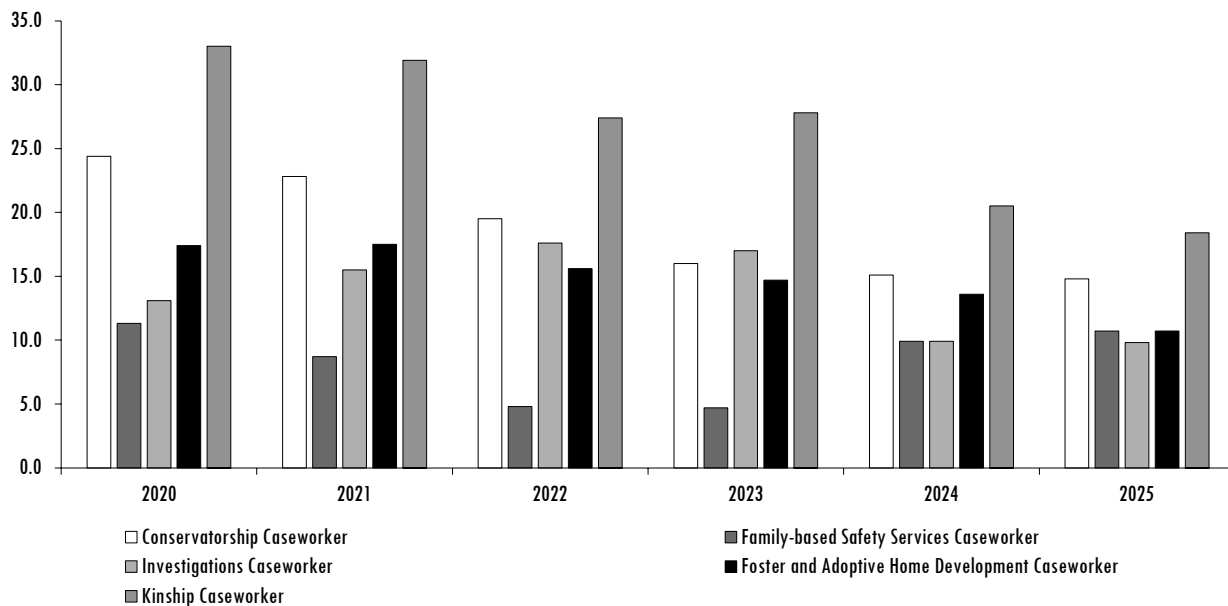
Figure 126 shows the historical caseload for each caseworker type funded in CPS Direct Delivery from fiscal years 2020 to 2025.

CPS PROGRAM SUPPORT

CPS Program Support provides support services such as program administration, contract management, staff training, federal funds eligibility determination, and administration of discretionary federal programs. Biennial funding totals \$223.9 million in All Funds (\$145.5 million in General Revenue Funds) and provides for 736.1 FTE positions in fiscal year 2026 and 741.6 FTE positions in fiscal year 2027. Funding represents a net increase of \$1.1 million in All Funds (\$23.9 million in General Revenue Funds), due to the following changes:

- an increase of \$22.8 million in All Funds (\$21.1 million in General Revenue Funds) and 6.0 FTE positions in each fiscal year to maintain and expand the Texas Family First pilot program;
- an increase of \$4.0 million in All Funds (\$3.7 million in General Revenue Funds) to support CBC process evaluations;
- an increase of \$2.9 million in General Revenue Funds to support the statewide salary adjustment;
- an increase of \$2.3 million in All Funds (\$2.1 million in General Revenue Funds) due to the transfer of funding from Strategy B.1.1, CPS Direct Delivery Staff, to address background check costs;
- an increase of \$1.6 million in General Revenue Funds to implement a rural CBC pilot program pursuant to Senate Bill 513;
- an increase of \$0.5 million in All Funds (\$0.4 million in General Revenue Funds) to address salary compression and compensation;
- an increase of \$0.5 million in All Funds (\$0.4 million in General Revenue Funds) to support increased costs related to background checks;

FIGURE 126
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES CASELOAD PER CASEWORKER
FISCAL YEARS 2020 TO 2025



SOURCES: Legislative Budget Board; Department of Family and Protective Services.

- an increase of \$0.4 million in All Funds (\$0.4 million in General Revenue Funds) to continue and expand a contract for services related to residential treatment;
- an increase of \$0.1 million in All Funds (\$0.1 million in General Revenue Funds) related to parent–child relationships and family preservation services pursuant to Senate Bill 1398, Eighty-ninth Legislature, Regular Session, 2025;
- an increase of 2.0 FTE positions in fiscal year 2026 and 7.5 FTE positions in fiscal year 2027 to implement the new case management and SEMARC systems;
- an increase of 2.0 FTE positions in fiscal year 2026 to maintain fiscal year 2025 FTE positions into the 2026–27 biennium;
- an increase of 48.0 FTE positions in fiscal year 2026 to align with the State Auditor Office’s (SAO) report;
- a decrease of \$4.4 million in All Funds (\$3.2 million in General Revenue Funds) to represent supplemental appropriation adjustments made during fiscal year 2025 pursuant to House Bill 500;
- a decrease of \$5.7 million in General Revenue Funds due to the removal of onetime salary actions and children’s safe harbor facility grant; and

- a decrease of \$23.9 million in All Funds to align Federal Funds with anticipated awards. In addition, the decrease represents the end of grants related to the COVID-19 pandemic, and the full allocation of the FFTA federal grant.

CPS PURCHASED SERVICES

CPS Purchased Services provide day care, adoption, post-adoption, preparation for adult living (PAL), substance abuse, and other purchased services for children and families. Biennial funding totals \$305.9 million in All Funds (\$129.5 million in General Revenue Funds).

Day Care services are purchased from the Texas Workforce Commission (TWC). TWC contracts with local workforce development boards that contract with local childcare management system agencies. TWC bills DFPS monthly for reimbursement of day-care service cost plus an administrative fee. Biennial funding for day care totals \$137.6 million in All Funds (\$23.3 million in General Revenue Funds), an increase of \$6.0 million in All Funds (a decrease of \$5.7 million in General Revenue Funds) for the following purposes:

- an increase of \$15.6 million in All Funds (a decrease of \$3.6 million in General Revenue Funds) due to a more favorable federal medical assistance percentage

(FMAP), an increase in the population eligible for Child Care Development Block grant federal funds, and the assumption of an increase in the utilization of protective day-care services;

- an increase of \$6.8 million in All Funds (\$0.4 million in General Revenue Funds) to expand day-care services for kinship families; and
- a decrease of \$16.5 million in All Funds (\$2.5 million in General Revenue Funds) to represent supplemental appropriation adjustments made during fiscal year 2025 pursuant to House Bill 500.

Adoption Purchased Services provides contracted adoption services through child-placing agencies that recruit, train, and verify adoptive homes; handle adoptive placements; provide post-placement supervision; and facilitate consummation of adoptions. Biennial funding totals \$28.6 million in All Funds (\$19.8 million in General Revenue Funds), an increase of \$4.0 million in General Revenue Funds from 2024–25 biennial spending levels. The increase in General Revenue Funds is due to the transfer from B.1.8, Other CPS Purchased Services, to address demand in services.

Post-adoption Purchased Services provides services to help families that adopt children in the care of DFPS to adjust to the adoption. Available services include casework, support groups, parent training, therapeutic counseling services, respite care, and residential therapeutic care. Biennial funding totals \$12.8 million in All Funds (\$8.0 million in General Revenue Funds), maintaining 2024–25 biennial appropriated levels.

PAL Purchased Services provides services to help youth in CPS substitute care prepare for their eventual departure from DFPS care and support. It also provides funding for post-secondary education and training programs. Biennial funding totals \$21.2 million in All Funds (\$5.5 million in General Revenue Funds). Funding represents an increase of \$3.6 million in All Funds (\$3.2 million in General Revenue Funds) from 2024–25 biennial spending levels to support transitional living services, to establish peer support for youth and to align Federal Funds with anticipated awards.

Substance Abuse Purchased Services provides services to address parenting impairment caused by substance abuse. The services help prevent children from being removed from their homes or enable them to be reunited with their families more quickly. Biennial funding totals \$27.2 million in All

Funds (\$26.7 million in General Revenue Funds), maintaining 2024–25 biennial appropriated levels.

Other CPS Purchased Services includes a range of therapeutic and supportive services for abused or neglected children and their families. The services include, but are not limited to, counseling, case management, skills training, and respite care. Biennial funding totals \$78.4 million in All Funds (\$46.3 million in General Revenue Funds), which is a decrease of \$4.0 million in All Funds (\$4.0 million in General Revenue Funds) from 2024–25 biennial spending levels due to the transfer of funding to B.1.6, Adoption Purchased Services, to address demand in services and to align Federal Funds with anticipated awards.

FOSTER CARE PAYMENTS

DFPS pays a daily rate for the care and maintenance of children who have been removed from their homes and placed in foster homes or residential treatment facilities as a result of abuse or neglect allegations. Biennial funding for the foster care program, including CBC, totals \$1.0 billion in All Funds (\$637.3 million in General Revenue Funds). Funding represents a net decrease of \$23.4 million in All Funds (\$22.2 million in General Revenue Funds) for the following purposes:

- an increase of \$22.2 million in All Funds (\$23.4 million in General Revenue Funds) due to a more favorable FMAP and to support foster care rate modernization, offset by continued declines in Temporary Assistance for Needy Families (TANF) eligibility;
- an increase of \$16.7 million in General Revenue Funds to maintain current CBC regions and to support the expansion of CBC into Stage I in Regions 7a, 7b, 11a, and 11b, and into Stage II in Regions 8a, 6a, 6b, and 7a;
- a decrease of \$7.0 million in General Revenue Funds to address costs associated with a new residential treatment facility at the Health and Human Services Commission (HHSC); and
- a decrease of \$55.3 million in General Revenue Funds to represent supplemental appropriation adjustments made in fiscal year 2025 pursuant to House Bill 500.

ADOPTION SUBSIDY/PERMANENCY CARE ASSISTANCE PAYMENTS

Adoption Subsidy payments are made to families that adopt children with disabilities, school-age children, minority

children, and children in sibling groups. Permanency Care Assistance (PCA) Payments are provided to qualified relatives who assume permanent managing conservatorship of children leaving DFPS care. Funding is also provided for nonrecurring payments for families that incur certain expenses during the adoption or PCA process. Biennial funding for all programs totals \$578.4 million in All Funds (\$264.2 million in General Revenue Funds). Funding represents a decrease of \$11.9 million in All Funds (\$3.2 million in General Revenue Funds), due to a more favorable FMAP, and the assumption for an increase in PCA caseloads, offset by declines in Adoption Subsidy caseloads.

RELATIVE CAREGIVER MONETARY ASSISTANCE

The Relative Caregiver Monetary Assistance program assists income-eligible relatives and other designated caregivers that are not verified foster parents in meeting the needs of children placed in their care who are under the conservatorship of DFPS. Biennial funding for the program totals \$54.8 million in All Funds (\$35.5 million in General Revenue Funds). Funding represents an increase of \$16.1 million in All Funds (\$10.3 million in General Revenue Funds) due to increase in the daily rate increase from \$12.67 to \$23.45, and an increase in care days offset by continued decreases in TANF eligibility.

OFFICE OF CBC TRANSITION

The Office of CBC Transition provides support and management for the implementation and oversight of CBC in Texas. The office was established in fiscal year 2022 pursuant to Senate Bill 1896, Eighty-seventh Legislature, Regular Session, 2021. Biennial funding provides \$23.7 million in All Funds (\$21.9 million in General Revenue Funds) and 104.2 FTE positions in fiscal year 2026 and 113.2 FTE positions in fiscal year 2027. Funding represents an increase of \$4.4 million in All Funds (\$4.9 million in General Revenue Funds) and 20.0 FTE positions in fiscal year 2026 and 22.0 FTE positions in fiscal year 2027 for the following purposes:

- an increase of \$5.8 million in All Funds (\$5.4 million in General Revenue Funds) and 20.0 FTE positions each fiscal year to support the expansion of CBC into Stage I in Regions 7a, 7b, 11a, and 11b, and into Stage II in Regions 8a, 6a, 6b, and 7a;
- an increase of \$0.3 million in General Revenue Funds to support the statewide salary adjustment;
- an increase of 2.0 FTE positions for fiscal year 2027 to implement the new case management system;

- a decrease of \$0.1 million in General Revenue Funds due to the removal of onetime salary actions;
- a decrease of \$0.2 million in Federal Funds to align with anticipated awards; and
- a decrease of \$1.4 million in All Funds (\$0.7 million in General Revenue Funds) to represent supplemental appropriation adjustments made in fiscal year 2025 pursuant to House Bill 500.

ADMINISTRATIVE AND INFORMATION TECHNOLOGY

Administrative and information technology (IT) programs provide indirect administration, IT-related program support, and funding for the agency's capital projects. Biennial funding totals \$430.0 million in All Funds, including \$334.8 million in General Revenue Funds and 1,015.2 FTE positions for fiscal year 2026 and 1,026.2 FTE positions for fiscal year 2027. Funding represents a net decrease of \$75.1 million in All Funds, including \$35.9 million in General Revenue Funds, due to the following changes:

- an increase of \$7.4 million in All Funds (\$7.0 million in General Revenue Funds) and 7.0 FTE positions each fiscal year to support the expansion of CBC into Stage I in Regions 7a, 7b, 11a, and 11b, and into Stage II in Regions 8a, 6a, 6b, and 7a;
- an increase of \$4.9 million in All Funds (\$4.8 million in General Revenue Funds) to support the statewide salary adjustment and to address salary compression and compensation;
- an increase of \$4.7 million in All Funds (\$4.4 million in General Revenue Funds) and 31.0 FTE positions each fiscal year to support statewide consistency in reason to believe cases and improve timeliness for due process;
- an increase of \$1.3 million in All Funds (\$1.1 million in General Revenue Funds) related to certain screenings pursuant to House Bill 451, Eighty-ninth Legislature, Regular Session, 2025;
- an increase of \$0.9 million General Revenue Funds due to transfers in the 2024–25 biennium that were not maintained in the 2026–27 biennium;
- an increase of \$0.7 million in All Funds (\$0.7 million in General Revenue Funds) to support APS Financial Exploitation teams, expansion of day care and to sustain the Texas Family First pilot program;
- an increase of \$0.4 million in General Revenue Funds and 1.0 FTE position each fiscal year related

to parent-child relationships and family preservation services pursuant to Senate Bill 1398;

- an increase of \$0.3 million in All Funds (\$0.3 million in General Revenue Funds) for transfers between strategies to address staffing needs and data center consolidation;
- an increase of 36.0 FTE positions for fiscal year 2026 and 47.0 FTE positions for fiscal year 2027 to implement the new case management and SEMARC systems;
- an increase of 6.5 FTE positions for fiscal year 2026 to maintain fiscal year 2025 FTE positions into the 2026–27 biennium;
- a decrease of \$0.5 million in General Revenue Funds for costs related to the assessment with HHSC;
- a decrease of \$1.2 million in General Revenue Funds due to the removal of onetime salary actions;
- a decrease of \$11.7 million in All Funds to align Federal Funds with anticipated awards;
- a decrease of \$14.7 million in All Funds (\$14.6 million in General Revenue Funds) due to the removal of onetime IT upgrades; and
- a decrease of \$67.4 million in All Funds (\$39.0 million in General Revenue Funds) to represent supplemental appropriation adjustments made in fiscal year 2025 pursuant to House Bill 500.

ADULT PROTECTIVE SERVICES

APS programs investigate reports of abuse, neglect, and exploitation to protect adults with disabilities who are age 18 or older and any adults age 65 or older living in their homes. These services are provided in three ways: APS Direct Delivery Staff, APS Program Support, and APS Purchased Emergency Client Services. Biennial funding for these services totals \$169.5 million in All Funds (\$122.3 million in General Revenue Funds).

APS DIRECT DELIVERY STAFF

APS Direct Delivery Staff provides protective services for individuals living at home. The services include investigating reports of abuse, neglect, or exploitation; providing or arranging for services to remedy or prevent further abuse; and purchasing services to meet short-term client needs. Biennial funding totals \$136.5 million in All Funds (\$107.2 million in General Revenue Funds) and provides for 868.3 FTE positions in each fiscal year. Funding represents an

increase of \$5.9 million in All Funds (\$11.1 million in General Revenue Funds) for the following changes:

- an increase of \$8.9 million in All Funds (\$8.8 million in General Revenue Funds) and 39.0 FTE positions each fiscal year to the support the APS Financial Exploitation teams and strengthen APS services;
- an increase of \$6.0 million in All Funds (\$6.0 million in General Revenue Funds) to support the statewide salary adjustment and to address salary compression and compensation;
- an increase of 102.0 FTE positions in fiscal year 2026 to align with the SAO report;
- a decrease of \$0.8 million in General Revenue Funds due to the removal of onetime salary actions;
- a decrease of \$0.8 million in General Revenue Funds due to transfers in the 2024–25 biennium that were not maintained for the 2026–27 biennium;
- a decrease of \$2.2 million in General Revenue Funds to represent supplemental appropriation adjustments made in fiscal year 2025 pursuant to House Bill 500; and
- a decrease of \$5.1 million in All Funds to align Other Funds and Federal Funds with anticipated awards.

APS PROGRAM SUPPORT

APS program support provides direct support and management of APS Direct Delivery Staff. Functions include developing and maintaining policies, legal and IT support, and program training. Biennial appropriations total \$12.3 million in All Funds (\$8.1 million in General Revenue Funds) and provide for 52.3 FTE positions each fiscal year. Funding represents a net decrease of \$3.4 million in All Funds (an increase of \$2.4 million in General Revenue Funds) due to the following changes:

- an increase of \$1.9 million in All Funds (\$1.9 million in General Revenue Funds) and 5.0 FTE positions each fiscal year to support APS policy and quality assurance staff, address background checks costs and strengthen APS services;
- an increase of \$0.4 million in All Funds (\$0.4 million in General Revenue Funds) for transfers between strategies to address staffing needs;
- an increase of \$0.2 million in General Revenue Funds to support the statewide salary adjustment;

- an increase of 11.1 FTE positions in fiscal year 2026 to align with the SAO report;
- a decrease of \$0.1 million in General Revenue Funds due to the removal of onetime salary actions; and
- a decrease of \$5.8 million in All Funds to align Other Funds and Federal Funds with anticipated awards.

APS PURCHASED EMERGENCY CLIENT SERVICES

APS Purchased Emergency Client Services provides emergency purchased client services for clients in confirmed cases of abuse, neglect, or exploitation. These services are purchased when an APS caseworker determines that resources in the community cannot meet the client's needs. Emergency client services include emergency shelter, food, medications, adaptive equipment, minor home repairs, restoration of utilities, rent, short-term medical or mental health services, and transportation. Biennial funding totals \$20.8 million in All Funds (\$6.9 million in General Revenue Funds). Funding represents a net increase of \$0.8 million in All Funds (\$0.8 million in General Revenue Funds) due to transfers between strategies to address staffing needs.

STATEWIDE INTAKE SERVICES

Statewide Intake (SWI) services include funding for the statewide centralized intake center. The center receives, assesses, prioritizes, and routes reports of abuse, neglect, and exploitation of children, elder adults, and individuals with disabilities. It also provides 24-hour expedited background checks for CPS caseworkers and information and referral services.

Appropriations for SWI services for the 2026–27 biennium total \$80.0 million in All Funds (\$54.4 million in General Revenue Funds) and provide for 544.4 FTE positions in fiscal year 2026 and 547.4 FTE positions in fiscal year 2027. Funding represents an increase of \$6.7 million in All Funds (\$7.4 million in General Revenue Funds) due to the following changes:

- an increase of \$4.0 million in General Revenue Funds and 2.0 FTE positions each fiscal year to implement a new hotline and safe haven public awareness campaign;
- an increase of \$3.0 million in All Funds (\$3.0 million in General Revenue Funds) to support the statewide salary adjustment and to address salary compression and compensation;
- an increase of \$1.5 million in All Funds (\$1.5 million in General Revenue) and 7.0 FTE positions each fiscal year to support SWI quality assurance staff and transfers between strategies to address staffing needs;

- an increase of 7.1 FTE positions in fiscal year 2026 to maintain fiscal year 2025 FTE positions into the 2026–27 biennium;
- an increase of 3.0 FTE positions in fiscal year 2027 to implement the new case management system;
- a decrease of \$0.3 million in General Revenue Funds due to the transfer of certain related functions to HHSC pursuant to House Bill 4696, Eighty-eighth Legislature, Regular Session, 2023;
- a decrease of \$0.4 million in All Funds to align Other Funds and Federal Funds with anticipated awards;
- a decrease of \$0.5 million in General Revenue Funds due to the removal of onetime salary actions; and
- a decrease of \$0.7 million in All Funds (\$0.3 million in General Revenue Funds) to represent supplemental appropriation adjustments made in fiscal year 2025 pursuant to House Bill 500.

PREVENTION AND EARLY INTERVENTION

The Prevention and Early Intervention (PEI) program provides at-risk prevention services for children, youth, and their families through five programs: Services to At-risk Youth, Community Youth Development, child abuse prevention grants, maternal and child home visiting programs, and other at-risk prevention services. Contractual arrangements with community-based organizations deliver most of the services. At-risk prevention program support provides contract management and support services.

PEI programs and funding in fiscal year 2025 were transferred to HHSC pursuant to Senate Bill 24, Eighty-eighth Legislature, Regular Session, 2023. See the **Health and Human Services Commission** section for information on PEI funding. The transition of these programs account for a reduction of \$158.8 million in All Funds (\$87.0 million in General Revenue funds) from the 2024–25 biennial spending level related to the fiscal year 2024 administration of these programs at DFPS.

SIGNIFICANT LEGISLATION

House Bill 451 – Screening for the risk of commercial sexual exploitation of certain children. The legislation requires DFPS to screen for the risk of commercial sexual exploitation using a validated, evidence-informed tool.

House Bill 500 – Supplemental appropriations. The legislation increases the appropriation authority of DFPS by \$173.4 million in All Funds (\$127.7 million in General Revenue Funds) in fiscal year 2025. Appropriation authority includes \$96.6 million in All Funds (\$82.6 million in General Revenue Funds) for children without placement and staffing needs, and \$76.9 million in All Funds (\$45.1 million in General Revenue Funds) for IT projects.

Senate Bill 513 – Rural CBC pilot program. The legislation requires DFPS to develop and implement a rural CBC pilot program.

Senate Bill 1398 – Related to parent-child relationships and family preservation services. The legislation directs implementation of family preservation services in CBC and requires DFPS to adopt a capitated funding model.

DEPARTMENT OF STATE HEALTH SERVICES

PURPOSE: To improve the health, safety, and well-being of Texans through good stewardship of public resources and a focus on core public health functions.

ESTABLISHED: 2004

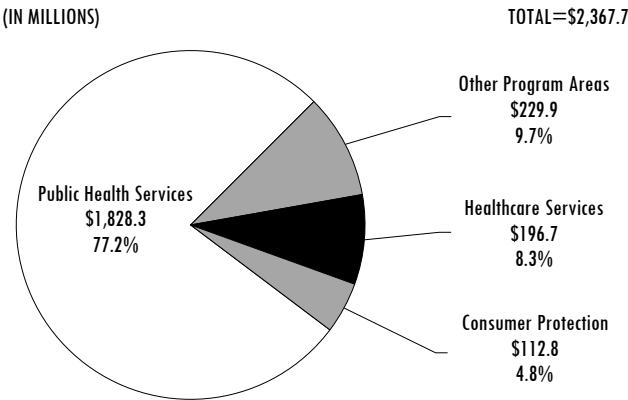
AUTHORIZING STATUTE: The Texas Health and Safety Code, Chapter 1001

GOVERNANCE: Department of State Health Services (DSHS) Commissioner, appointed by the Health and Human Services Executive Commissioner, with the approval of the Governor

FIGURE 127
DEPARTMENT OF STATE HEALTH SERVICES BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$749.3	\$834.7	\$85.4	11.4%
General Revenue–Dedicated Funds	\$354.9	\$331.2	(\$23.6)	(6.7%)
Federal Funds	\$1,954.0	\$931.0	(\$1,023.0)	(52.4%)
Other Funds	\$273.1	\$270.8	(\$2.4)	(0.9%)
Total, All Methods of Finance	\$3,331.3	\$2,367.7	(\$963.6)	(28.9%)

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

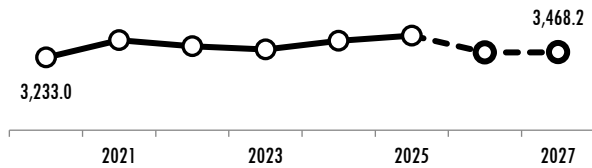
In addition to appropriated amounts for the 2026–27 biennium, the agency is appropriated \$328.3 million in Federal Funds for fiscal year 2025 for the **construction of a new laboratory**.

Appropriations include \$23.6 million in General Revenue Funds for **pilot programs** including \$13.0 million for a Spay and Neuter pilot program, \$10.0 million for a Whole Blood pilot program, and \$0.6 million for an HIV Long-Acting Injectable Treatment pilot program.

DSHS has implemented the **Texas Insurance Assistance Program-PLUS** to enable eligible HIV Medication Program clients to purchase insurance directly to minimize the need for rebates and provide long-term stability to the program.

Appropriations include a decrease of \$614.8 million in **onetime Federal Funds** related to the **COVID-19 pandemic** from the 2024–25 biennium.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, increases appropriation authority for the Department of State Health Services (DSHS) in fiscal year 2025 by \$339.0 million in All Funds, including \$10.6 million in General Revenue Funds. The supplemental appropriation includes a Federal Funds increase of \$328.3 million for a new laboratory; and General Revenue Funds increases of \$5.6 million for a maternal and child health information technology (IT) project, \$2.5 million for seat management, \$1.5 million for the replacement of three oyster boats, and \$1.0 million to partially replace agency vehicles.

Funding for DSHS totals \$2.4 billion in All Funds, including \$1.2 billion in General Revenue Funds and General Revenue–Dedicated Funds, for the 2026–27 biennium, which represents a decrease of \$963.6 million in All Funds from the 2024–25 biennium.

General Revenue Funds total \$834.7 million for the 2026–27 biennium, which is an increase of \$85.4 million from 2024–25 biennial spending levels. Significant General Revenue Funds increases for the 2026–27 biennium include the following amounts:

- \$15.4 million for Data Center Services;
- \$13.0 million for a Spay and Neuter pilot program;
- \$12.7 million to replace Federal Funds for public health data-set infrastructure project;
- \$11.6 million to implement legislation from the Eighty-ninth Legislature, Regular Session, 2025;
- \$10.0 million for a Whole Blood pilot program;
- \$8.4 million to develop a program to improve child mortality and morbidity due to congenital syphilis;
- \$8.4 million for Texas Center for Infectious Disease operations and deferred maintenance;
- \$7.8 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium;
- \$6.9 million for Regional Clinic Costs and Space Planning;
- \$5.6 million to replace and expand Interagency Contracts (IAC) funding to maintain the Cancer Registry;
- \$5.0 million to provide salary increases for meat safety employees;

- \$3.0 million for additional funding for the Emergency Medical Task Force;
- \$2.7 million for lab building maintenance of critical infrastructure and systems;
- \$2.6 million to replace human immunodeficiency virus (HIV) Vendor Drug Rebate loss funding and for an HIV Long-acting Injectable Treatment pilot program;
- \$1.8 million for facility costs increases;
- \$1.6 million to support the Birth Defects Registry Surveillance Capacity;
- \$1.5 million for expanding the Texas Alliance for Innovation on Maternal Health (AIM) program and other maternal health initiatives; and
- \$1.0 million for the Future Healthcare Workforce Apprenticeship program.

Increases in General Revenue Funds are offset partially by the removal of onetime funding provided during the 2024–25 biennium.

General Revenue–Dedicated Funds total \$331.2 million for the 2026–27 biennium, which is a decrease of \$23.6 million from 2024–25 biennial spending levels. Significant decreases for the 2026–27 biennium are primarily attributable to adjustments made to align appropriations with estimated revenue and for onetime funding provided in the 2024–25 biennium. These decreases also are offset partly by an increase of \$1.8 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium.

Federal Funds total \$931.0 million for the 2026–27 biennium, which is a decrease of \$1.0 billion from 2024–25 biennial spending levels, primarily attributable to \$614.8 million in onetime funding granted to the agency to respond to the COVID-19 pandemic. In addition, House Bill 500 provides onetime supplemental funding for fiscal year 2025 of \$328.3 million for a new laboratory.

Other Funds total \$270.8 million for the 2026–27 biennium, which is a net decrease of \$2.4 million from 2024–25 biennial spending levels. The decrease is attributable to a reduction of \$45.8 million in estimated revenue from HIV Vendor Drug Rebates and \$5.6 million in projected IAC revenue. These decreases are offset primarily by an increase of \$48.6 million in estimate revenue in Public Health Medicaid Reimbursements, associated with the newborn screening program.

PROGRAMS

The agency carries out its responsibilities through four major program areas: (1) public health services; (2) healthcare services; (3) consumer protection services; and (4) other program areas, primarily administration and information technology.

PUBLIC HEALTH SERVICES

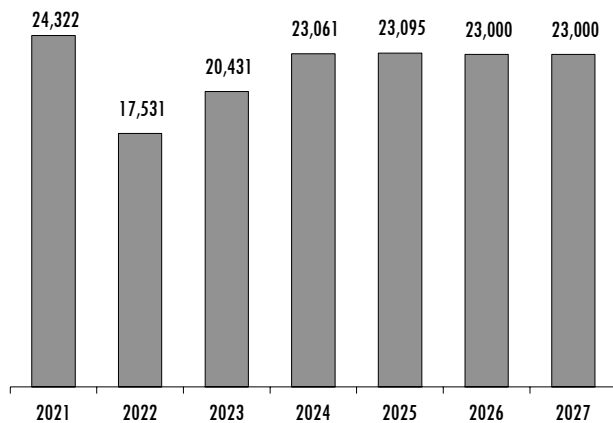
DSHS provides a variety of public health services, including HIV/STD prevention, immunizations, emergency medical services and trauma care systems, infectious disease control, and emergency preparedness. Biennial appropriations for public health services total \$1.8 billion, which includes \$807.4 million in General Revenue Funds and General Revenue–Dedicated Funds.

HIV/STD PREVENTION

The HIV/STD Prevention program includes interventions to prevent and reduce the spread of sexually transmitted diseases (STD), which include HIV, syphilis, chlamydia, and gonorrhea. Interventions include HIV and STD screening and testing; evidence-based prevention programs for individuals, groups, and communities; and partner services and referrals. Funding also supports local providers that offer outpatient medical services, medical case management, and other medical and supportive services to individuals living with HIV or acquired immunodeficiency syndrome (AIDS). In addition, DSHS operates the HIV Medication Program, which provides medications to low-income Texans who live with HIV or AIDS. **Figure 128** shows the number of clients served in the HIV Medication Program from fiscal years 2021 to 2027.

Biennial appropriations total \$463.9 million in All Funds (\$144.8 million in General Revenue Funds) and provide for 323.3 full-time-equivalent (FTE) positions in each fiscal year. Appropriations represent a net decrease of \$84.2 million in All Funds from the 2024–25 biennial spending levels primarily attributable to a decrease of \$53.2 million in Federal Funds related to onetime federal funding granted to address the COVID-19 pandemic and other HIV mitigation-related grants, \$45.8 million in an anticipated decrease in HIV Vendor Drug Rebates, and \$0.1 million in Appropriated Receipts. These decreases are offset by an increase of \$15.0 million in General Revenue Funds attributable to \$8.4 million for a program to improve child mortality and morbidity due to congenital syphilis, a shift of \$3.5 million back to the HIV/STD Prevention program that was transferred out in the 2024–25 biennium to address the

FIGURE 128
CLIENTS PROVIDED SERVICES IN TEXAS HIV MEDICATION PROGRAM, FISCAL YEARS 2021 TO 2027



NOTE: Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.

SOURCE: Department of State Health Services.

Hurricane Beryl disaster, \$2.0 million to partially address the expected shortfall in HIV Vendor Drug Rebates, \$0.6 million for an HIV long-acting injectable treatment pilot program, and \$0.6 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. These increases in General Revenue Funds were slightly offset by a \$0.1 million decrease in General Revenue Funds due to a onetime HIV Testing pilot program during the 2024–25 biennium that was not continued for the 2026–27 biennium.

EMS AND TRAUMA CARE SYSTEMS

Emergency health programs include regional emergency medical services (EMS) and trauma systems development; stroke facilities and neonatal facilities; regulation of EMS providers; development and maintenance of a trauma reporting and analysis system; and assurance of coordination and cooperation with neighboring states. **Figure 129** shows the number of designated trauma and stroke facilities in Texas for fiscal years 2021 to 2027.

Biennial appropriations total \$231.4 million in All Funds, which consist entirely of General Revenue and General Revenue–Dedicated Funds and provide for 73.7 FTE positions for each fiscal year. Appropriations represent a net increase of \$2.1 million in All Funds from 2024–25 biennial spending levels, including an increase of \$3.5 million in General Revenue and General Revenue–Dedicated Funds. The increase of \$10.1 million in General

Revenue Funds is attributable to \$10.0 million for a Whole Blood pilot program and \$0.1 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. The decrease of \$6.6 million in General Revenue–Dedicated Funds appropriations is attributable primarily to a reduction of \$6.3 million in projected revenue from Account No. 5111, Designated Trauma Facility and EMS, used primarily to reimburse hospitals for uncompensated trauma care.

Of the total appropriation of \$187.9 million from Account No. 5111, \$80.1 million in each fiscal year must be transferred to the Health and Human Services Commission (HHSC) to provide add-on payments for trauma care and safety-net hospitals in Medicaid.

Additionally, appropriations include a decrease of \$1.4 million in onetime federal funding to respond to the COVID-19 pandemic.

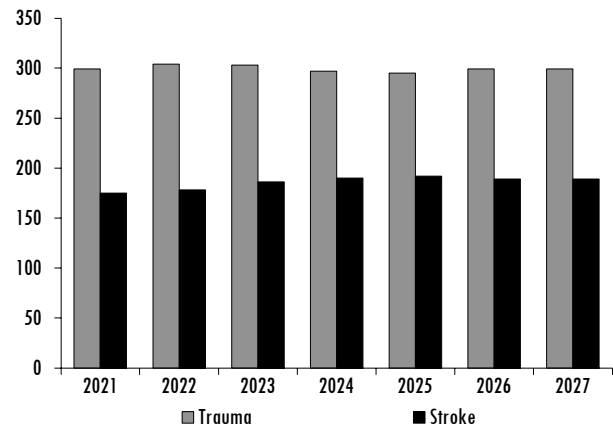
IMMUNIZE CHILDREN AND ADULTS

The agency provides immunization services to prevent, control, reduce, and eliminate vaccine-preventable diseases in children and adults, with emphasis on children younger than 36 months. DSHS also manages the state immunization registry. Biennial appropriations total \$163.7 million in All Funds (\$65.3 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 256.3 FTE positions for each fiscal year. Appropriations represent a net decrease of \$247.0 million in All Funds from 2024–25 biennial spending levels. The net decrease in All Funds is due primarily to a decrease of \$248.7 million in Federal Funds, including \$216.2 million in onetime federal funding to respond to the COVID-19 pandemic. The decrease in federal funding is offset partially by an increase of \$1.7 million in General Revenue Funds to replace federal funding for a public health dataset infrastructure project and to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. **Figure 130** shows the number of vaccine doses administered to children from fiscal years 2021 to 2027.

PUBLIC HEALTH PREPAREDNESS AND COORDINATED SERVICES

DSHS coordinates state public health and healthcare systems' preparedness programs and response activities. This coordination includes providing oversight and management of the Public Health Emergency Preparedness program and the Hospital Preparedness Program. DSHS also provides public health services to communities where

FIGURE 129
TEXAS DESIGNATED TRAUMA AND STROKE FACILITIES
FISCAL YEARS 2021 TO 2027

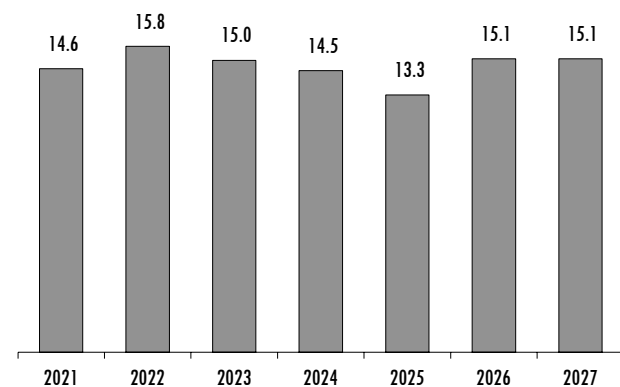


NOTE: Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.

SOURCE: Department of State Health Services.

FIGURE 130
VACCINE DOSES ADMINISTERED TO TEXAS CHILDREN
FISCAL YEARS 2021 TO 2027

(IN MILLIONS)



NOTE: Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.

SOURCE: Department of State Health Services.

local health departments do not exist or that do not have the capacity to provide them. DSHS provides funding to public health regions for disease prevention, syndromic surveillance, disaster response, and protection against environmental hazards. Biennial appropriations total \$308.4 million in All Funds (\$73.8 million in General Revenue Funds) and provide for 219.2 FTE positions in each fiscal year.

Appropriations represent a net decrease of \$67.5 million in All Funds from 2024–25 biennial spending levels primarily attributable to a decrease of \$38.8 million in federal funding, including a decrease of \$28.4 million in onetime federal funding to respond to the COVID-19 pandemic, and a decrease of \$28.7 million in General Revenue Funds. The net decrease in General Revenue Funds is attributable to transfers totaling \$40.0 million from other programs to this program during the 2024–25 biennium to address disasters, which is offset partially by an increase of \$6.9 million to address regional clinic costs and space planning, \$3.0 million for additional funding for the Emergency Medical Taskforce, \$1.0 million for a Future Healthcare Workforce Apprenticeship Program, and \$0.4 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium.

LABORATORY SERVICES

The state's public health laboratory conducts analysis of human, animal, and environmental samples; responds to biological and chemical threats; and provides professional consultation. Biennial appropriations total \$199.0 million in All Funds (\$60.2 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 417.2 FTE positions in each fiscal year.

Appropriations represent a net decrease of \$300.0 million in All Funds from 2024–25 biennial spending levels primarily attributable to a decrease in Federal Funds of \$344.8 million, which includes a decrease of \$328.3 million for construction of a new laboratory provided in House Bill 500 for fiscal year 2025, \$16.6 million in onetime federal funding to respond to the COVID-19 pandemic, which is offset partially by an increase of \$0.1 million for other in non-pandemic-related Federal Funds. Appropriations represent a net decrease of \$3.8 million in General Revenue and General Revenue–Dedicated Funds, which is attributable to decreases of \$7.3 million due to additional General Revenue–Dedicated Funds revenue accumulated during the 2024–25 biennium and \$6.5 million in General Revenue–Dedicated Funds from Account No. 5183, Newborn Screening Preservation. These decreases are offset partially by increases of \$6.1 million in General Revenue–Dedicated Funds from Account No. 524, Public Health Services Fees, \$2.7 million for lab building maintenance and infrastructure, and \$1.2 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. Additional increases include \$48.6 million in Other Funds from Public Health Medicaid Reimbursements estimates.

TUBERCULOSIS SURVEILLANCE AND PREVENTION

The tuberculosis (TB) program at DSHS conducts several activities to control and prevent TB in Texas. The program provides funding to local health departments to provide TB screening; provides technical assistance to correctional facilities in establishing TB control plans and dealing with cases of TB; tracks confirmed cases of drug-resistant TB throughout treatment; and maintains a genotyping database. Biennial appropriations total \$65.8 million in All Funds (\$51.8 million in General Revenue Funds) and provide for 121.6 FTE positions in each fiscal year. Appropriations represent a net decrease of \$1.3 million in All Funds from 2024–25 biennial spending levels, primarily attributable to a decrease of \$1.7 million in Federal Funds and an estimated reduction of \$0.2 million in Appropriated Receipts. These decreases are offset partially by an increase of \$0.7 million in General Revenue Funds to biennialize the statewide salary adjustment initiated during the 2024–25 biennium.

INFECTIOUS DISEASE PREVENTION, EPIDEMIOLOGY, AND SURVEILLANCE

DSHS implements programs to prevent, control, and treat infectious diseases, including hepatitis and Hansen's disease (leprosy), and to minimize the incidence of diseases transmittable from animals to humans (zoonotic diseases). Biennial appropriations total \$180.5 million in All Funds (\$62.9 million in General Revenue Funds) and provide for 18.0 FTE positions in each fiscal year. Appropriations represent a net decrease of \$276.9 million in All Funds from 2024–25 biennial spending levels attributable to a decrease of \$303.7 million in Federal Funds, including \$301.9 million for onetime federal funding to respond to the COVID-19 pandemic. These decreases are offset partially by increases in General Revenue Funds including \$13.0 million for a Spay and Neuter pilot program, \$11.7 million to replace federal funding for a public health datasets infrastructure project, \$1.8 million transferred from this program to address the Hurricane Beryl disaster in the 2024–25 biennium, and \$0.3 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium.

VITAL STATISTICS

The Vital Statistics Unit (VSU) at DSHS maintains the state's vital records system, which includes original birth and death records, applications for marriage licenses, and reports of divorces and annulments. Additionally, VSU maintains a paternity registry and voluntary adoption registry. Biennial appropriations total \$62.0 million in All Funds (\$20.2 million in General Revenue and General Revenue–Dedicated Funds)

and provide for 195.5 FTE positions in each fiscal year. Appropriations represent a net decrease of \$9.1 million in All Funds from 2024–25 biennial spending levels attributable to a decrease in General Revenue–Dedicated Funds from Account No. 19, Vital Statistics, of \$6.1 million to realign funding with revenue estimates and \$4.5 million in additional revenue estimated in the 2024–25 biennium. These decreases are offset partially by an increase of \$0.2 million in General Revenue Funds and \$0.3 million in General Revenue–Dedicated Funds to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. Additional increases include \$0.4 million in General Revenue Funds to fund implementation of Senate Bill 1467, Eighty-ninth Legislature, Regular Session, 2025; and increases of \$0.8 million in Other Funds in anticipated Appropriated Receipts and IAC revenue. Figure 131 shows the average number of days to certify vital records from fiscal years 2021 to 2027.

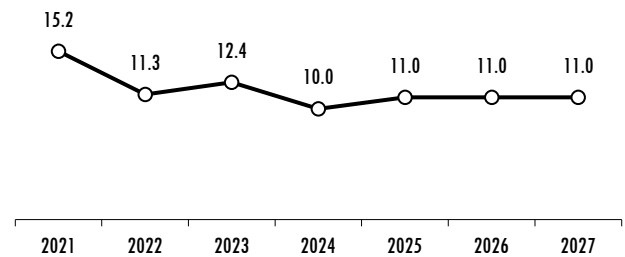
HEALTH REGISTRIES

The agency conducts disease surveillance, investigates unusual occurrences of disease, assesses environmental exposures, and conducts population research studies using several health registries. These registries track conditions such as birth defects, cancer, and elevated blood lead levels, among others. Biennial appropriations total \$35.8 million in All Funds (\$18.0 million in General Revenue Funds) and provide for 175.6 FTE positions in each fiscal year. Appropriations represent a net increase in All Funds of \$4.3 million from 2024–25 biennial spending levels attributable to an increase of \$2.9 million in General Revenue Funds including \$1.6 million to expand the birth defects registry surveillance capacity; \$1.0 million to implement a sickle cell disease registry pursuant to House Bill 107, Eighty-ninth Legislature, Regular Session, 2025; and \$0.4 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. Additional increases include \$0.9 million in Federal Funds and \$0.1 million in estimated Appropriated Receipts.

TEXAS CENTER FOR INFECTIOUS DISEASE

The Texas Center for Infectious Disease (TCID) is a public health facility for the treatment of TB. The center provides medical care, conducts research, and provides professional education to healthcare providers who treat patients with TB and other infectious diseases. TCID also operates as an outpatient clinic for patients with Hansen's disease. Biennial appropriations total \$45.1 million in All Funds (\$44.4 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 157.9 FTE positions in each fiscal year.

FIGURE 131
AVERAGE NUMBER OF DAYS TO CERTIFY TEXAS VITAL RECORDS, FISCAL YEARS 2021 TO 2027



NOTE: Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.

SOURCE: Department of State Health Services.

Appropriations represent a net increase in All Funds of \$6.9 million including increases in General Revenue Funds of \$6.6 million for additional deferred maintenance needs, \$1.8 million for increases costs for operations, and \$0.6 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. Additional increases include \$0.2 million in Other Funds to align with estimated Chest Hospital Fees. These increases are offset partially by a decrease of \$2.3 million in General Revenue Funds in onetime capital funding appropriated in the 2024–25 biennium.

REDUCE USE OF TOBACCO PRODUCTS

DSHS conducts comprehensive tobacco prevention and control activities at various levels throughout the state, including community mobilization, tobacco use prevention education in schools and communities, and cessation activities through education and a statewide telephone counseling service. Biennial appropriations total \$18.2 million in All Funds (\$12.2 million in General Revenue Funds) and provide for 16.0 FTE positions in each fiscal year. Appropriations represent a net decrease in All Funds of less than \$0.1 million from 2024–25 biennial spending levels attributable to a decrease of \$0.5 million in estimated IAC amounts, offset partially by an increase of \$0.5 million in National and State Tobacco Control Program federal funding and less than \$0.1 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium.

HEALTH PROMOTION AND CHRONIC DISEASE PREVENTION

DSHS implements population-based and community-based interventions to reduce the burden of the most common chronic diseases, including cardiovascular disease, stroke,

diabetes, asthma, arthritis, and certain cancers. DSHS works with public and private partners to increase local capacity for chronic disease prevention programs, which support healthy behaviors such as maintaining a healthy weight, good nutrition, physical activity, and preventive healthcare. DSHS collaborates with school districts to implement coordinated school health programs and operates the Safe Rider program that promotes the correct use of child safety seats. Biennial appropriations total \$32.4 million in All Funds (\$12.6 million in General Revenue Funds) and provide for 50.5 FTE positions in each fiscal year. Appropriations represent a net decrease in All Funds of less than \$0.1 million from 2024–25 biennial spending levels.

HEALTH DATA AND STATISTICS

DSHS is responsible for collecting, storing, analyzing, and disseminating health data and information to improve public health. The agency achieves this goal by operating the Center for Health Statistics (CHS). CHS conducts research on public health issues and health disparities in Texas; collects and reports on healthcare activity in hospitals and health maintenance organizations operating in Texas through the Texas Health Care Information Collection; collects, analyzes, and disseminates information regarding health and healthcare providers, which includes operating the Health Professions Resource Center and the Texas Center for Nursing Workforce Studies; and provides library and information services, including a medical and research library, an audiovisual library, and a funding information center. Biennial appropriations total \$17.3 million in All Funds (\$7.0 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 40.5 FTE positions for each fiscal year. Appropriations represent a net decrease in All Funds of \$12.9 million from 2024–25 biennial spending levels primarily attributable to a decrease of \$13.1 million in Federal Funds, including \$12.8 million in onetime federal funding to respond to the COVID-19 pandemic. These decreases are offset partially by increases of approximately \$0.2 million in General Revenue Funds and General Revenue–Dedicated Funds to biennialize the statewide salary adjustment initiated during the 2024–25 biennium.

BORDER HEALTH AND COLONIAS

DSHS operates the state's Office of Border Public Health (OBPH). OBPH coordinates and promotes health issues between Texas and Mexico. Biennial appropriations total \$4.6 million in All Funds (\$2.7 million in General Revenue

Funds) and provide for 18.0 FTE positions in each fiscal year. Appropriations represent a net increase of \$0.2 million in All Funds from 2024–25 biennial spending levels.

HEALTHCARE SERVICES

Healthcare services include initiatives promoting maternal and child health, services for children with special healthcare needs, and operations of the Texas Primary Care Office. Biennial appropriations total \$196.7 million in All Funds (\$100.9 million in General Revenue Funds and General Revenue–Dedicated Funds).

MATERNAL AND CHILD HEALTH SERVICES

The agency develops, implements, and promotes maternal and child public health initiatives intended to improve health outcomes for federally identified Social Security Act, Title V, populations in Texas. Initiatives are implemented through research and surveillance, promotion of best practices, statewide public health collaboration efforts, and strengthening of the public health infrastructure, while meeting specified national and state performance measures. DSHS also serves as a connection between direct care services provided by the Medicaid Texas Health Steps program at HHSC and other health and social services programs. Additionally, the agency facilitates collaboration and education, serves as information conduits for public health messaging at the local level, and provides administrative support to the Maternal Mortality and Morbidity Review Committee.

Biennial appropriations total \$130.5 million in All Funds (\$47.9 million in General Revenue Funds) and provide for 401.5 FTE positions in each fiscal year. Appropriations represent a net decrease of \$7.3 million in All Funds from 2024–25 biennial spending levels primarily attributable to a decrease of \$14.2 million in General Revenue Funds including \$6.4 million in onetime funding, \$2.1 million to realign funding to a different program, and \$5.6 million provided in House Bill 500 in fiscal year 2025 for a maternal and child health IT project. Additional decreases include \$1.0 million in Federal Funds. These decreases are offset partially by increases in General Revenue Funds, including \$5.0 million for implementing House Bill 37, Eighty-ninth Legislature, Regular Session, 2025, which supports maternal bereavement care; \$1.5 million for expanding maternal health initiatives including the Texas AIM program; and \$1.3 million for an adjustment to biennialize the statewide salary adjustment initiated during the 2024–25 biennium.

CHILDREN WITH SPECIAL HEALTH CARE NEEDS

The Children with Special Health Care Needs (CSHCN) program provides medical, dental, and case-management services that are not covered by Medicaid, the Children's Health Insurance Program, or private insurance for children with special healthcare needs. The program also provides family support services (FSS) to eligible clients, including respite care, vehicle and home modifications, and special equipment and family supports and community resources (FSCR), which are population health initiatives available to the general CSHCN population. HHSC provides the medical, dental, and FSS portion of the CSHCN program and DSHS provides case management and FSCR services. Biennial appropriations total \$24.4 million in All Funds (\$12.1 million in General Revenue Funds) and provide for 85.7 FTE positions in each fiscal year. Appropriations represent a net increase in All Funds of \$0.5 million from 2024–25 biennial level spending levels attributable to an increase of \$0.3 million in General Revenue Funds to biennialize the statewide salary adjustment initiated during the 2024–25 biennium and \$0.2 million in anticipated Federal Funds awards.

TEXAS PRIMARY CARE OFFICE

DSHS operates the Texas Primary Care Office, which assesses needs for the underserved, designates parts of the state as health professional shortage areas or as medically underserved, recruits and retains providers to work in these areas, and works with communities to improve access to primary medical, dental, and mental healthcare. DSHS also operates the Federally Qualified Health Center Incubator program. Biennial appropriations total \$41.8 million in All Funds (\$40.9 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 10.1 FTE positions in each fiscal year. Appropriations represent a net decrease of \$2.6 million in All Funds from 2024–25 biennial spending levels primarily attributable to a decrease of \$2.6 million for onetime federal funding to respond to the COVID-19 pandemic.

CONSUMER PROTECTION SERVICES

Consumer protection services include public health efforts related to protecting food and drug safety, minimizing environmental hazards, and regulating activities related to radiation. Funding for consumer protection is generated largely through fee revenue deposited to the General Revenue Fund or to specific General Revenue–Dedicated Funds accounts. Biennial appropriations total \$112.8 million in All

Funds (\$99.3 million in General Revenue Funds and General Revenue–Dedicated Funds).

FOOD (MEAT) AND DRUG SAFETY

Food, meat, and drug safety activities include inspecting and monitoring foods, drugs, medical devices, cosmetics, shellfish-growing areas and processing plants, facilities that produce milk and milk products, and certain public-school cafeterias. In addition, the agency inspects retail food establishments in counties that have no local health authority. DSHS also conducts monitoring activities intended to ensure that all meat and poultry processed in Texas for consumption is derived from healthy animals, is slaughtered and prepared in a sanitary manner, has no harmful ingredients added, and is packaged and labeled truthfully. Biennial appropriations total \$77.5 million in All Funds (\$66.4 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 405.1 FTE positions for fiscal year 2026 and 411.1 FTE positions for fiscal year 2027.

Appropriations represent a net increase in All Funds of \$9.0 million from 2024–25 biennial spending levels attributable to increases in General Revenue Funds of \$9.6 million, including \$5.0 million for salary increases for meat safety FTE positions; \$5.0 million to implement Senate Bill 25, Eighty-ninth Legislature, Regular Session, 2025; \$0.2 million to implement Senate Bill 1008, Eighty-ninth Legislature, Regular Session, 2025; and \$0.7 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. Increases in General Revenue–Dedicated Funds include \$0.3 million for salary increases for meat safety FTE positions and \$0.4 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. These increases are offset partially by decreases in General Revenue Funds of \$1.5 million due to onetime funding provided in House Bill 500 for the replacement of three oyster boats; additional General Revenue–Dedicated Funds revenue of \$0.4 million accumulated in the 2024–25 biennium; and realignment of \$0.2 million of seat management and program costs. Additional decreases include \$0.3 million in Federal Funds and \$0.1 million in projected Appropriated Receipts.

RADIATION CONTROL

The agency has a primary role in regulating the use of radiation in Texas. DSHS licenses radioactive materials; certifies individuals to practice industrial radiography; certifies x-ray and mammography equipment and facilities; and provides emergency response for nuclear facilities. Biennial

appropriations total \$20.5 million in All Funds (\$19.5 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 109.0 FTE positions for each fiscal year. Appropriations represent a net increase of \$0.3 million in All Funds from 2024–25 biennial levels attributable to an increase of \$0.4 million in General Revenue and General Revenue–Dedicated Funds to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. These increases are offset partially by decreases in projected Federal Funds and Other Funds of \$0.2 million.

ENVIRONMENTAL HEALTH

DSHS provides licensure, inspection, and regulation of asbestos, lead-based paints, hazardous products, abusable volatile chemicals, community sanitation, and other agents. Additionally, the agency monitors the environmental health safety of schools, youth camps, public swimming pools, and public lodging facilities. Biennial appropriations total \$14.7 million in All Funds (\$13.5 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 92.0 FTE positions in each fiscal year. Appropriations represent a net increase in All Funds of \$0.5 million from 2024–25 biennial levels primarily attributable to an increase of \$0.3 million in General Revenue Funds and General Revenue–Dedicated Funds to biennialize the statewide salary adjustment initiated during the 2024–25 biennium, and \$0.2 million in General Revenue–Dedicated Funds for the realignment of seat management and program costs.

OTHER PROGRAM AREAS

CENTRAL ADMINISTRATION

Central Administration supports all agency programs by directing and managing agencywide operations, establishing and administering overall agency policy, and directing and managing business and fiscal operations. Biennial appropriations total \$73.8 million in All Funds (\$21.1 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 237.2 FTE positions in each fiscal year. Appropriations represent a net increase of \$2.5 million from 2024–25 biennial spending levels attributable to increases in General Revenue Funds of \$1.8 million for facility costs increases and \$0.4 million to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. Additional increases include \$0.4 million in Federal Funds.

AGENCYWIDE INFORMATION TECHNOLOGY PROJECTS

DSHS has two major agencywide IT projects: seat management and data center consolidation. Biennial

appropriations total \$96.2 million in All Funds (\$80.7 million in General Revenue Funds and General Revenue–Dedicated Funds). Appropriations represent a net increase of \$6.0 million in All Funds attributable to a net increase of \$21.5 million in General Revenue Funds including \$15.4 million for data center services, \$6.6 million transferred from this program to address the Hurricane Beryl disaster in the 2024–25 biennium, and \$2.1 million to realign funding for maternal and child health initiatives, offset partially by a decrease of \$2.5 million for seat management funding provided in House Bill 500. Federal funds were decreased by \$15.5 million to align with estimated federal funding attributable to a decrease of \$25.1 million for onetime federal COVID-19 pandemic related funding offset partially by an increase of \$9.7 million provided for data center services.

INFORMATION TECHNOLOGY PROGRAM SUPPORT

IT program support implements and supports the automation and management of information resources throughout the agency. Biennial appropriations total \$50.0 million in All Funds (\$49.8 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 14.8 FTE positions in each fiscal year. Appropriations represent a net increase of \$13.6 million in All Funds from 2024–25 biennial spending levels attributable to \$14.6 million in disaster related funding transferred from this program in the 2024–25 biennium and \$0.1 million for an adjustment to biennialize the statewide salary adjustment initiated during the 2024–25 biennium. These increases are offset partially by decreases in General Revenue Funds of \$0.8 million to remove onetime capital funding provided for a web application firewall and of \$0.2 million provided for an assessment adjustment.

OTHER SUPPORT SERVICES

Other support services include facilities management, mail distribution, and management and maintenance of physical assets and material resources. Biennial appropriations total \$5.2 million in All Funds (\$2.2 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 23.4 FTE positions in each fiscal year. Appropriations represent a net decrease of \$0.2 million from 2024–25 biennial spending levels primarily attributable to a decrease of \$0.2 million in Federal Funds.

REGIONAL ADMINISTRATION

DSHS provides infrastructure support for eight regional offices, which assist with community needs assessments, manage contracts, and provide public health services.

Biennial appropriations total \$3.3 million in All Funds (\$3.1 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 0.1 FTE positions in each fiscal year. Appropriations represent a net decrease of \$0.9 million in All Funds from 2024–25 biennial spending levels attributable to decreases in General Revenue Funds including \$1.0 million in onetime purchases for vehicle fleet replacement and \$1.0 million in additional funding provided in House Bill 500 for fiscal year 2025 for additional vehicle fleet replacement purchases. These decreases are offset partially by an increase of \$1.1 million in General Revenue Funds attributable to funding transferred from this program to address the Hurricane Beryl disaster in the 2024–25 biennium.

TEXAS.GOV

Applications and renewals for licenses for certain professionals and businesses can be processed through Texas.gov, the official website for the state of Texas. Appropriations include \$1.4 million in All Funds, provided entirely from General Revenue Funds and General Revenue–Dedicated Funds, for Texas.gov services.

SIGNIFICANT LEGISLATION

House Bill 37 – Perinatal bereavement care. This legislation sets requirements for perinatal bereavement care services for certain hospitals, establishes a perinatal bereavement care initiative to be established and administered by DSHS, and develops a perinatal bereavement care hospital recognition program.

House Bill 107 – Sickle-cell disease registry. This legislation requires DSHS to establish and maintain a sickle-cell disease registry consisting of records of sickle-cell disease cases that occur in the state and related information.

House Bill 2844 – Mobile food vendors licensing and regulation. This legislation establishes DSHS licensing and regulation requirements for mobile food vendors and preempts a local authority's power to prohibit or regulate mobile food vendors that conflicts with the legislation.

Senate Bill 25 – Revising state health and nutrition standards. This legislation authorizes health and nutrition standards, which includes food labeling; physical and nutrition education requirements for primary, secondary, and post-secondary institutions; and continuing education requirements for certain healthcare professionals. The legislation also establishes the Texas Nutrition Advisory Committee.

Senate Bill 5, Second Called Session – Supplemental Appropriations for Texas Summer Camp Safety. This legislation increases appropriations to DSHS by a total of \$5.1 million to assist in the implementation of House Bill 1 and Senate Bill 1, Eighty-ninth Legislature, Second Called Session, 2025. House Bill 1 requires youth camps to adopt and update emergency plans annually that establish procedures for responding to an emergency event, and these plans are to be approved and stored digitally at DSHS. DSHS is authorized to enforce compliance through inspections, complaint investigations, and license suspensions or denials. House Bill 1 establishes the Youth Camp Safety Multidisciplinary Team to propose minimum standards for youth camps. Senate Bill 1 prohibits DSHS from licensing youth camps within floodplains with exceptions, requires emergency training and planning, establishes an online registry of youth camps, provides health and safety standards and guidelines for emergency plans, and outlines additional campground safety requirements.

HEALTH AND HUMAN SERVICES COMMISSION

PURPOSE: To improve the health, safety, and well-being of Texans with good stewardship of public resources.

ESTABLISHED: 1991

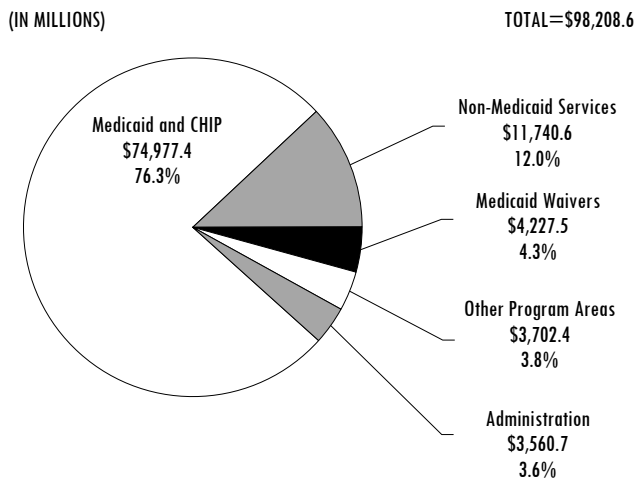
AUTHORIZING STATUTE: The Texas Government Code, §521.0001, et seq.

GOVERNANCE: Health and Human Services (HHS) Executive Commissioner, appointed by the Governor, with the advice and consent of the Senate; the HHS Executive Council receives public input and advises the executive commissioner regarding operation of the commission

FIGURE 132
HEALTH AND HUMAN SERVICES COMMISSION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$39,590.7	\$39,958.3	\$367.6	0.9%
General Revenue–Dedicated Funds	\$162.6	\$169.9	\$7.3	4.5%
Federal Funds	\$53,620.2	\$56,242.9	\$2,622.7	4.9%
Other Funds	\$1,953.7	\$1,837.5	(\$116.2)	(5.9%)
Total, All Methods of Finance	\$95,327.1	\$98,208.6	\$2,881.4	3.0%

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

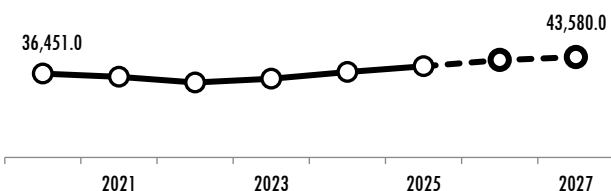
Funding for **Medicaid client services**, excluding waivers, represents an increase of \$4.6 billion in All Funds, including \$2.0 billion in General Revenue Funds, primarily due to increased per-member, per-month rates and projected caseloads.

Funding for **state hospital operations** represents an increase of \$130.4 million in General Revenue Funds and includes funding to staff additional inpatient capacity and to establish a new residential treatment facility for youth in Department of Family and Protective Services conservatorship.

Appropriations to maintain higher fiscal year 2025 costs for **statewide salary increases** for all agency staff, including staff employed at state-owned facilities, represent an increase of \$117.0 million in All Funds, including \$72.8 million in General Revenue Funds and General Revenue–Dedicated Funds.

Appropriations include a decrease of \$259.8 million in All Funds, including \$256.4 million in General Revenue Funds, related to non-Medicaid supplemental funds provided in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, primarily related to **facility construction, facility operations, and client service programs**.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
- Amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, for fiscal years 2026 and 2027 Medicaid expenditures.

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

MAJOR FUNDING

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, increased the Health and Human Services Commission's (HHSC) appropriation authority in fiscal year 2025 by \$1.0 billion in All Funds (\$1.0 billion in General Revenue Funds), including the following amounts:

- \$750.0 million in General Revenue Funds for the Medicaid Program. The funds were appropriated in fiscal year 2025; however, the funds were appropriated for a two-year period with the intent that HHSC would expend the funds during the 2026–27 biennium. Therefore, the funds are included in 2026–27 biennial spending levels in this document;
- \$111.8 million in General Revenue Funds for deferred maintenance and related repairs and renovations at HHSC-owned facilities, including the Harris County Psychiatric Center;
- \$100.0 million in General Revenue Funds and 144.0 full-time-equivalent (FTE) positions for the Dallas State Hospital;
- \$20.0 million in General Revenue Funds for the Thriving Texas Families program;
- \$11.8 million in All Funds, including \$8.4 million in General Revenue Funds, for information technology projects;
- \$7.9 million in General Revenue Funds for vehicle replacement, including vehicles for the Texas Civil Commitment Office (TCCO);
- \$7.4 million in General Revenue Funds to reimburse TCCO for offsite healthcare costs and services related to operations; and
- \$1.0 million in All Funds, including \$1.0 million in General Revenue Funds, and 34.0 FTE positions, to address backlogs of abuse, neglect, and exploitation investigations.

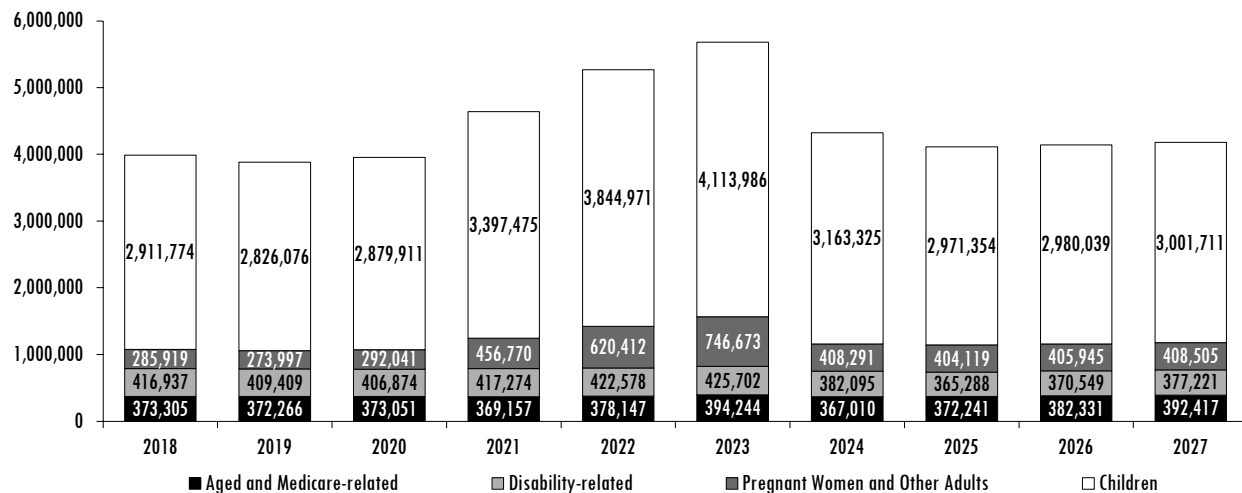
Appropriations for HHSC for the 2026–27 biennium total \$98.2 billion in All Funds, including \$40.0 billion in General Revenue Funds, which represents an increase of \$2.9 billion in All Funds from 2024–25 biennial spending levels. Significant funding changes include the following items:

- Medicaid funding at HHSC totals \$84.4 billion in All Funds, including \$32.9 billion in General Revenue Funds and General Revenue–Dedicated

Funds. These amounts include \$77.8 billion in All Funds (\$30.5 billion in General Revenue Funds and General Revenue–Dedicated Funds) for client services, \$2.4 billion in All Funds (\$0.9 billion in General Revenue Funds) for programs supported by Medicaid funding, and \$4.2 billion in All Funds (\$1.5 billion in General Revenue Funds) for administration of the Medicaid program and other programs supported by Medicaid funding. These amounts are an overall increase of \$5.3 billion in All Funds, which includes a \$2.4 billion increase in General Revenue Funds and a \$3.0 billion increase in Federal Funds from 2024–25 biennial spending levels. Projected stabilization of caseload growth and a lower proportion of the program being funded with Federal Funds due to less favorable federal medical assistance percentages (FMAP) result in increased demand on General Revenue Funds. These amounts include \$750.0 million in General Revenue Funds appropriated in House Bill 500 assumed for the Medicaid program in the 2026–27 biennium.

- Children's Health Insurance Program (CHIP) client services funding totals \$1.4 billion in All Funds, including \$0.4 billion in General Revenue Funds, which is an increase of \$0.2 billion in All Funds, including \$0.1 billion in General Revenue Funds, from 2024–25 biennial spending levels. The All Funds increase is due primarily to projected caseload increases in the 2026–27 biennium.
- Behavioral health funding at HHSC totals \$5.0 billion in All Funds, including \$4.2 billion in General Revenue Funds and General Revenue–Dedicated Funds. This amount is a decrease of \$2.3 billion in All Funds, including \$1.8 billion in General Revenue Funds and General Revenue–Dedicated Funds, from 2024–25 biennial spending levels. The decrease is due primarily to \$2.3 billion in All Funds (\$2.2 billion in General Revenue Funds) from House Bill 500 and previous supplemental appropriations bills to build new capacity for mental health services. The decrease is offset partially by an increase of \$298.5 million in General Revenue Funds related to investments in youth mobile crisis outreach teams, operation of expanded capacity at certain state-owned hospitals, and rate increases and expanded capacity for community mental health hospitals. In addition, an estimated \$3.9 billion in All Funds is anticipated to

FIGURE 133
MEDICAID FULL-BENEFIT SERVICES AVERAGE MONTHLY CASELOAD, FISCAL YEARS 2018 TO 2027



NOTE: Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.
 SOURCES: Legislative Budget Board; Health and Human Services Commission.

be expended on behavioral health services through Medicaid and CHIP.

- Funding for selected specialty health and client services programs, including Women's Health Programs, Thriving Texas Families, Early Childhood Intervention, Family Violence Services, and Child Advocacy Programs, totals \$1.3 billion in All Funds (\$771.3 million in General Revenue Funds and General Revenue–Dedicated Funds), an increase of \$212.0 million in All Funds (\$128.6 million in General Revenue Funds) from 2024–25 biennial spending levels.
- Funding for additional staff resources totals \$29.8 million in All Funds, including \$20.8 million in General Revenue Funds. Funding provides for additional 90.0 FTE positions for each fiscal year to address a variety of workload needs, including information technology, contract management oversight, legal services, and other administrative support.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) Medicaid and CHIP; (2) Medicaid Waivers; (3) Non-Medicaid Services; (4) Other Program Areas, including eligibility determinations; and (5) Administration.

MEDICAID CLIENT SERVICES

Funding for Medicaid client services in the 2026–27 biennium includes \$77.8 billion in All Funds, which consists of \$30.3 billion in General Revenue Funds, \$0.1 billion in General Revenue–Dedicated Funds, \$0.6 billion in Other Funds, and \$46.7 billion in Federal Funds. This amount is an increase of \$5.0 billion in All Funds, including an increase of \$2.1 billion in General Revenue Funds and General Revenue–Dedicated Funds, from the projected 2024–25 biennial spending levels. The 2026–27 biennial amount for Medicaid includes \$750.0 million in General Revenue Funds appropriated in House Bill 500.

The All Funds increase in Medicaid client services is related primarily to a projected increase in caseloads and recent increases in per-member, per-month rates, offset by a decrease of \$550.0 million in General Revenue Funds for assumed savings associated with cost containment. In addition, a decrease in the proportion of Federal Funds is a result of a less favorable FMAP combined with changes in federal program eligibility and grant amounts. Full funding for anticipated increases in cost due to medical inflation, higher utilization, and increased acuity is not included.

Figure 133 shows the average monthly caseload of Medicaid full-benefit recipients from fiscal years 2018 to 2027.

Figure 134 shows the average monthly caseload of Medicaid long-term care non-entitlement recipients from fiscal years 2018 to 2027. Programs include Home and

Community-based Services, Community Living Assistance and Support Services, Deaf-blind with Multiple Disabilities, Texas Home Living, and the Program of All-inclusive Care for the Elderly.

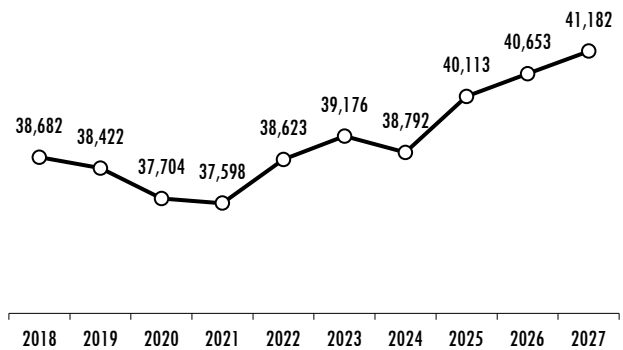
Funding provides \$2.5 billion in All Funds, including \$1.0 billion in General Revenue Funds, for community-based long-term care, including the following increases:

- \$2.4 billion in All Funds, including \$0.9 billion in General Revenue Funds, to increase the base wage for personal attendant services to \$13.00 per hour; increase the associated payroll costs, taxes, and benefits percentage to 15.0 percent for services provided in residential settings and 14.0 percent for services provided in non-residential settings; and increase the associated administrative rate by \$0.24 per hour;
- \$69.4 million in All Funds, including \$27.6 million in General Revenue Funds, to fund additional Medicaid waiver slots; and
- \$10.4 million in All Funds, including \$4.3 million in General Revenue Funds, to establish diversion slots for medically fragile children to enroll in the Medically Dependent Children Program without a stay in a nursing facility.

Funding provides \$582.6 million in All Funds, including \$234.0 million in General Revenue Funds, for the following provider rate increases:

- \$533.9 million in All Funds, including \$214.4 million in General Revenue Funds, to increase the dietary and administrative reimbursement rates for nursing facilities;
- \$31.1 million in All Funds, including \$12.5 million in General Revenue Funds, to increase the reimbursement rate for certain applied behavior analysis services to \$14.50 per unit in both Medicaid fee-for-service and managed care models;
- \$13.6 million in All Funds, including \$5.5 million in General Revenue Funds, to increase the reimbursement rate for maternal fetal medicine radiological services by 10.0 percent; and
- \$4.0 million in All Funds, including \$1.6 million in General Revenue Funds, to revise the reimbursement methodology for an intellectual

FIGURE 134
MEDICAID LONG-TERM CARE NON-ENTITLEMENT
SERVICES AVERAGE MONTHLY CASELOAD,
FISCAL YEARS 2018 TO 2027



NOTE: Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.

SOURCES: Legislative Budget Board; Health and Human Services Commission.

and developmental disability (IDD) nursing facility special reimbursement class, in which 90.0 percent of residents have a Preadmission Screening and Resident Review positive screen for IDD, to match that of the allowable Medicare equivalent.

Funding provides \$78.2 million in All Funds, including \$31.4 million in General Revenue Funds, for the following rural hospital payments:

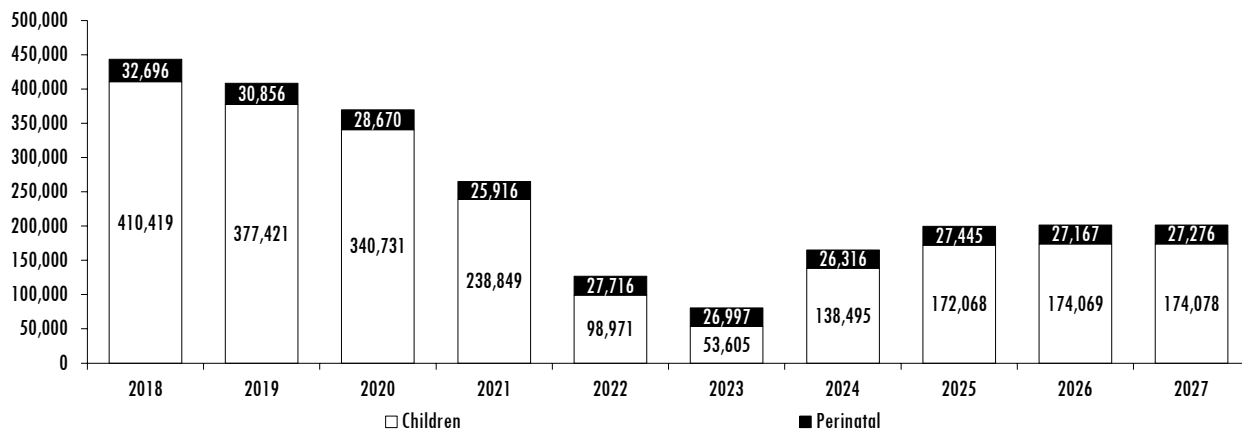
- \$63.0 million in All Funds, including \$25.3 million in General Revenue Funds, to increase the reimbursement rates for Medicaid inpatient and outpatient services provided by rural hospitals; and
- \$15.2 million in All Funds, including \$6.1 million in General Revenue Funds, for a Medicaid add-on payment for rural hospitals that have a department of obstetrics and gynecology.

CHILDREN'S HEALTH INSURANCE PROGRAM

Biennial funding for CHIP totals \$1.4 billion in All Funds, including \$0.4 billion in General Revenue Funds, which is an increase from 2024–25 biennial spending levels of \$0.2 billion in All Funds, including an increase of \$0.1 billion in General Revenue Funds, primarily due to a projected increase in caseloads and recent increases in per-member, per-month rates.

Total funding includes \$774.5 million in All Funds (\$217.8 million in General Revenue Funds) to provide medical

FIGURE 135
CHILDREN'S HEALTH INSURANCE PROGRAM AVERAGE MONTHLY CASELOAD
FISCAL YEARS 2018 TO 2027



NOTE: Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.
 SOURCES: Legislative Budget Board; Health and Human Services Commission.

services to children enrolled in CHIP, \$309.4 million in All Funds (\$87.0 million in General Revenue Funds) for CHIP Perinatal services, \$206.5 million in All Funds (\$58.1 million in General Revenue Funds) for CHIP Prescription Drugs, and \$99.5 million in All Funds (\$28.0 million in General Revenue Funds) for CHIP Dental Services. The CHIP program is matched at the enhanced FMAP, a more favorable rate that decreases the state's share compared to the FMAP. Funding for anticipated increases in cost due to medical inflation, higher utilization, and increased acuity is not included. **Figure 135** shows the average monthly caseload of CHIP recipients from fiscal years 2018 to 2027.

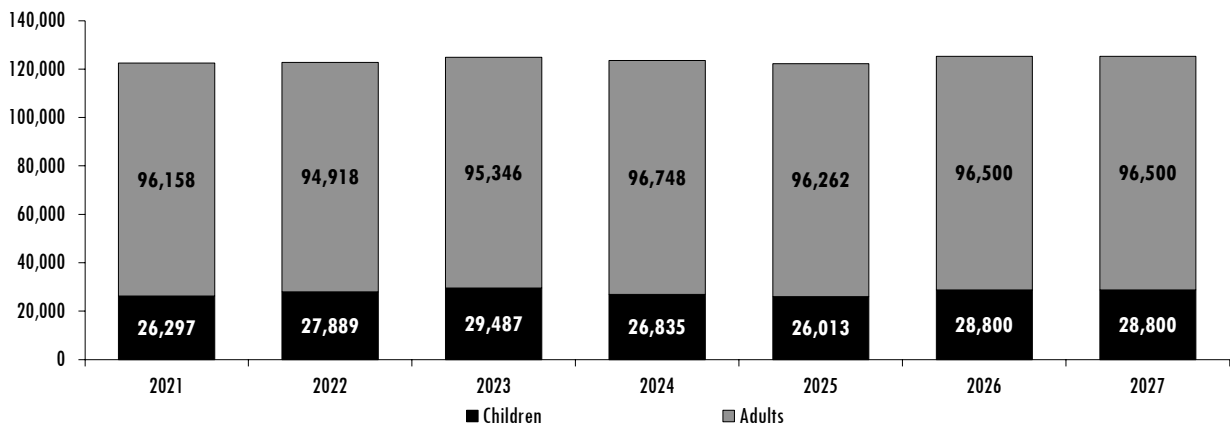
NON-MEDICAID SERVICES BEHAVIORAL HEALTH SERVICES **COMMUNITY MENTAL HEALTH SERVICES**

HHSC provides community mental health services to adults and children through contracts with local mental health authorities (LMHA) and local behavioral health authorities (LBHA). Services include screening and assessment, service coordination, medication-related services, and outpatient and inpatient services. In addition, certain services are available specifically for adults or children, such as employment and housing assistance for adults and respite services for children. HHSC also contracts with LMHAs/LBHAs and local communities to provide services including crisis hotlines, mobile outreach, children's outpatient services, walk-in services, extended observation, crisis stabilization units, crisis residential units, respite services, and transportation.

Community mental health funding for adults totals \$1.5 billion in All Funds (\$1.3 billion in General Revenue Funds). Funding amounts represent an increase of \$6.8 million in All Funds (\$148.0 million in General Revenue Funds) from 2024–25 biennial spending levels, primarily due to the following items:

- an increase of \$50.0 million in General Revenue Funds to implement the provisions of Senate Bill 2308, Eighty-ninth Legislature, Regular Session, 2025, which establishes a consortium to conduct U.S. Food and Drug Administration's (FDA) drug development clinical trials with ibogaine to secure FDA approval of the medication's use for treatment of opioid use disorder, co-occurring substance use disorder, and any other neurological or mental health conditions for which ibogaine demonstrates efficacy and to the administration of that treatment;
- an increase of \$49.0 million in General Revenue Funds to provide additional support for crisis services, including post-crisis services, respite, extended observation units, crisis stabilization units, and related facilities such as the Uvalde Behavioral Health Campus; and
- an increase of \$40.0 million in General Revenue Funds to expand youth mobile crisis outreach teams, including funding to establish at least eight new teams and establish coverage tiers for crisis response, stabilization, follow-up care, and community outreach and engagement activities.

FIGURE 136
AVERAGE MONTHLY NUMBER OF CHILDREN AND ADULTS RECEIVING COMMUNITY MENTAL HEALTH SERVICES
FISCAL YEARS 2021 TO 2027



NOTE: Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.
 SOURCE: Health and Human Services Commission.

These increases are offset partially by decreases of \$7.9 million in General Revenue Funds related to the transfer of appropriations for the Mental Health Program for Veterans from HHSC to the Texas Veterans Commission (TVC) pursuant to House Bill 114, Eighty-ninth Legislature, Regular Session, 2025, and \$141.1 million in Federal Funds due to projected changes in certain federal awards, including \$112.0 million related to onetime COVID-19 pandemic response. These amounts exclude an internal reallocation of \$17.0 million in existing General Revenue Funds from mental health community hospitals related to crisis stabilization units.

Figure 136 shows the monthly average number of children and adults receiving community mental health services from fiscal years 2021 to 2027.

The Home and Community-based Services – Adult Mental Health program provides community-based services to divert adults with a serious mental illness from inpatient psychiatric settings. Services are provided in the individual's home or other community-based settings and include psychosocial rehabilitation, employment, home-delivered meals, and transportation services. Funding for the 2026–27 biennium totals \$65.7 million in All Funds (\$34.1 million in General Revenue Funds) to serve an estimated 430 individuals per month in fiscal year 2026 and 442 individuals per month in fiscal year 2027. The Youth Empowerment Services waiver provides home and community-based services to children ages three to 18 who exhibit symptoms of a serious emotional disturbance. Services include family supports, minor home

modifications, specialized therapies, and respite care. Funding for the 2026–27 biennium totals \$12.1 million in All Funds (\$4.8 million in General Revenue Funds) to serve an estimated 658 individuals per month in fiscal year 2026 and 651 individuals per month in fiscal year 2027. Funding for the 2026–27 biennium also includes \$3.8 million in All Funds (\$2.6 million in General Revenue Funds) for non-client services, including contracts with institutions of higher education for provider trainings and support. Funding for these programs and services represents a decrease of \$2.0 million in All Funds (\$0.7 million in General Revenue Funds), primarily due to projected changes in caseload, onetime funding made available through the federal American Rescue Plan Act, and less favorable FMAs.

HHSC operates certain community mental health matching grant programs to provide funding to support local community mental health programs; funding intended to reduce recidivism, arrests, and incarceration of individuals with serious mental illness; funding to support community-based initiatives that improve access to care for children and families; and funding to support Healthy Community Collaboratives that provide services to individuals experiencing homelessness, substance use, and mental health issues. Funding for all grant programs totals \$215.5 million in General Revenue Funds. Funding represents a decrease of \$130.9 million in General Revenue Funds, due primarily to a combined \$115.9 million in funding provided in previous supplemental appropriations to establish a community mental health program for county-based collaboratives and a

FIGURE 137
COMMUNITY MENTAL HEALTH GRANT PROGRAMS AT THE HEALTH AND HUMAN SERVICES COMMISSION
2026–27 BIENNIUM

(IN MILLIONS)	GENERAL REVENUE FUNDS
PROGRAM	
Mental Health Grant Program for Justice-Involved Individuals Provide grants to reduce recidivism rates, arrests, and incarceration among people with mental illness, and reduce the wait time for forensic commitment of individuals with mental illness to a state hospital.	\$90.0
Community Mental Health Grant Program Provide grants for a variety of projects intended to support community mental health programs providing services and treatment to individuals experiencing mental illness.	\$55.0
Healthy Community Collaboratives Program Provide grants to establish or expand community collaboratives that bring public and private sectors together to provide services to individuals experiencing homelessness, substance-use issues, or mental illness.	\$38.0
Supporting Mental Health and Resiliency in Texans Innovation Grant Program Provide grants for community-based initiatives that promote identification of mental health issues and improve access to early intervention and treatment for children and families.	\$29.5
Rural Mental Health Initiative Grant Program Provide grants to establish or expand regional behavioral health centers or jail diversion centers in primarily rural areas.	\$3.0
Total, Programs at the Health and Human Services Commission	\$215.5
NOTES:	
(1) Totals may not sum due to rounding.	
(2) Excludes \$20.0 million in General Revenue Funds transferred to the Texas Veterans Commission related to the Texas Veterans and Family Alliance Grant Program.	
SOURCES: Legislative Budget Board; Health and Human Services Commission.	

children's hospital construction grant program and the transfer of \$20.0 million in General Revenue Funds for the Texas Veterans and Family Alliance Grant Program from HHSC to TVC pursuant to House Bill 114. This decrease is offset partially by an increase of \$5.0 million in grants for Healthy Community Collaboratives. Funding also includes an additional \$10.0 million in General Revenue Funds for the Mental Health Grant Program for Justice-involved Individuals reallocated from other programs.

Figure 137 shows General Revenue Funds for community health grant programs included in the 2026–27 biennium.

SUBSTANCE ABUSE PREVENTION, INTERVENTION, AND TREATMENT

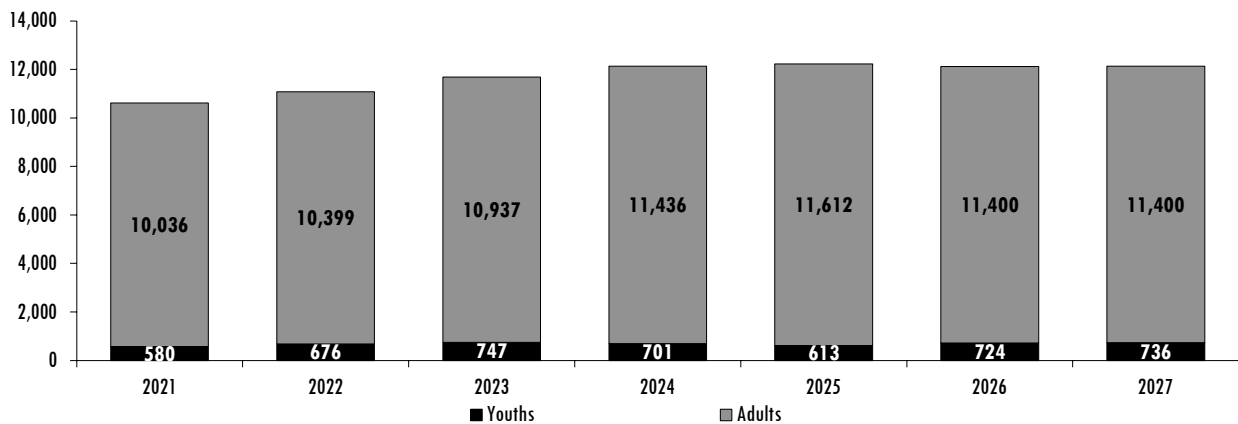
HHSC is the designated state agency for the federal Substance Use Prevention, Treatment, and Recovery Services block grant (SUBG). To meet federal maintenance-of-effort requirements, the state must maintain spending for substance use services at a level that is greater than or equal to the average of expenditures for the previous two fiscal years.

Prevention programs implement one or more of the SUBG-required prevention approaches and include prevention education and skills training for youth and families, problem

identification and referral to appropriate services, information dissemination, alternative activities, and community collaboration. Substance-use intervention services include the Outreach, Screening, Assessment, and Referral programs, which provide referrals to treatment and other appropriate services, assist with transportation to services, and assist individuals in enrolling in community-based support services after receiving treatment. Other intervention services include outreach, human immunodeficiency virus (HIV) early intervention services, family services, and screening and assessment services. Recovery support services are non-clinical services that initiate, support, and maintain long-term recovery.

HHSC gives comprehensive and appropriate treatment priority status to the needs of pregnant women and mothers and individuals at risk of contracting HIV. Youth ages 13 to 17 with substance-use or dependence disorder also are eligible to receive treatment. Treatment services include residential and ambulatory withdrawal management, residential treatment, outpatient treatment, and medication-assisted treatment programs. **Figure 138** shows the monthly average number of youths and adults served in substance use treatment programs from fiscal years 2021 to 2027.

FIGURE 138
AVERAGE MONTHLY NUMBER OF YOUTHS AND ADULTS SERVED IN TREATMENT PROGRAMS FOR SUBSTANCE USE
FISCAL YEARS 2021 TO 2027



NOTE: Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.
 SOURCE: Health and Human Services Commission.

Biennial funding for substance-use services totals \$502.8 million in All Funds (\$100.9 million in General Revenue Funds and General Revenue–Dedicated Funds). Funding for substance-use services represents a decrease of \$207.9 million in All Funds (an increase of \$2.8 million in General Revenue–Dedicated Funds) primarily due to the following changes:

- an increase of \$2.8 million in General Revenue–Dedicated Funds to implement the provisions of House Bill 5155, Eighty-ninth Legislature, Regular Session, 2025, which continues the maternal opioid misuse model of care for certain Medicaid recipients;
- a decrease of \$166.1 million in Federal Funds received for response to the COVID-19 pandemic; and
- a decrease of \$44.5 million in Federal Funds due to projected changes in certain federal awards.

MENTAL HEALTH STATE HOSPITALS – DAILY OPERATIONS

The mental health state hospital system includes 11 existing state-operated mental health hospitals, including inpatient mental health services provided at the Rio Grande State Center and one state-owned psychiatric residential treatment facility in Waco for adolescents. In addition, HHSC currently is constructing two new state hospitals in Amarillo and Lubbock, bringing the total number of HHSC-owned and -operated hospitals to 13. These facilities provide inpatient hospitalization and general psychiatric services for persons with severe mental illness who require intensive treatment. Individuals needing specialized short-term or long-term care

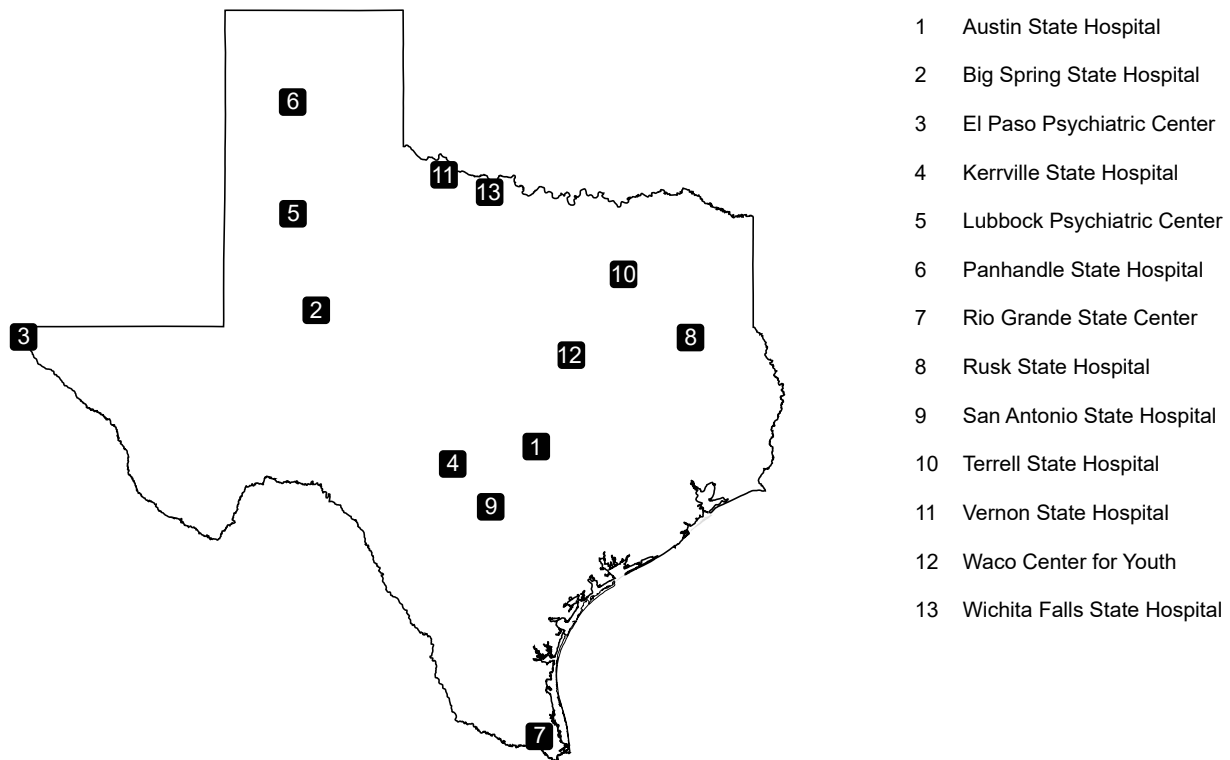
can receive services such as therapeutic programming and skills building to reduce acute symptoms and restore their ability to function in the community. HHSC also owns the John S. Dunn Behavioral Sciences Center in Harris County, which is a psychiatric hospital operated by the University of Texas Health Science Center at Houston.

Figure 139 shows the 13 HHSC-owned and -operated hospitals, including hospitals currently under construction.

Funding for the 2026–27 biennium totals \$1.6 billion in All Funds (\$1.6 billion in General Revenue Funds) and provides for 10,111.3 FTE positions in fiscal year 2026 and 11,445.5 FTE positions in fiscal year 2027. Appropriations represent an increase of \$130.4 million in General Revenue Funds from 2024–25 biennial spending levels. Adjustments are due primarily to the following changes:

- an increase of \$165.9 million in General Revenue Funds, 630.6 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, including the following amounts:
 - \$139.3 million in General Revenue Funds, 216.6 FTE positions in fiscal year 2026, and 1,550.8 FTE positions in fiscal year 2027, to staff additional capacity at Rio Grande, Terrell, San Antonio, and the new Lubbock and Panhandle state hospitals resulting from inpatient mental health construction authorized by Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023; and

FIGURE 139
HEALTH AND HUMAN SERVICES COMMISSION STATE HOSPITALS, 2026–27 BIENNIUM



NOTES:

- (1) Excludes John S. Dunn Behavioral Sciences Center and the new Dallas State Hospital.
- (2) Pursuant to House Bill 913, Eighty-ninth Legislature, Regular Session, 2025, the two campuses at North Texas State Hospital were restructured as Vernon State Hospital and Wichita Falls State Hospital.
- (3) Pursuant to House Bill 913, the Panhandle State Hospital and Lubbock Psychiatric Center were added to the state hospital system.

SOURCES: Legislative Budget Board; Health and Human Services Commission.

- \$26.6 million in General Revenue Funds and 414.0 FTE positions in each fiscal year to staff Austin, Kerrville, Rusk, and San Antonio state hospitals at full capacity;
- an increase of \$29.9 million in General Revenue Funds and 255.0 FTE positions in each fiscal year to provide dedicated bed capacity at Terrell State Hospital for youth in the Department of Family and Protective Services conservatorship;
- an increase of \$24.6 million in General Revenue Funds to maintain higher fiscal year 2025 costs for statewide salary adjustments; and
- a net decrease of \$4.2 million in General Revenue Funds related to inflationary costs that were designated as onetime costs in the 2024–25 biennium.

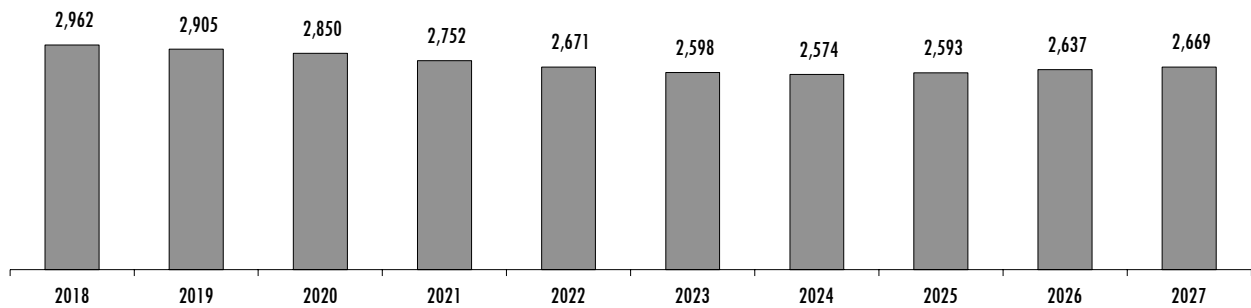
In addition to these amounts, the Eighty-ninth Legislature, General Appropriations Act (GAA), 2026–27 Biennium,

provides HHSC with \$14.2 million in General Revenue Funds and 1,366.5 FTE positions for the 2026–27 biennium, and House Bill 500 provides \$100.0 million in General Revenue Funds and 144.0 FTE positions for fiscal year 2025 for the Dallas State Hospital, which currently is under construction. The hospital will include 200 adult and 92 pediatric inpatient beds. Pursuant to the 2026–27 GAA, Article II, HHSC, Rider 63, Dallas State Hospital, HHSC must issue a request for information by October 1, 2025, to assess the cost and feasibility of contracting for the operations of the hospital.

MENTAL HEALTH COMMUNITY HOSPITALS

Mental Health Community Hospitals funding supports inpatient services at psychiatric facilities located throughout the state. The facilities provide services such as assessment, crisis stabilization, skills training, and medication management. Funds are allocated primarily to the community hospitals through performance contracts with LMHAs and LBHAs.

FIGURE 140
STATE SUPPORTED LIVING CENTERS AVERAGE MONTHLY CENSUS, FISCAL YEARS 2018 TO 2027



NOTES: Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium. Fiscal year 2025 data is not final.

SOURCE: Health and Human Services Commission.

Appropriations for the 2026–27 biennium total \$782.1 million in General Revenue Funds. Appropriations represent an increase of \$47.4 million in All Funds (\$62.1 million in General Revenue Funds), primarily due to an increase of \$85.1 million in General Revenue Funds to increase the bed-day rate for existing contracted beds and fund the operation of certain new contracted beds coming online. These increases are offset partially by a decrease of \$14.7 million in pandemic-related federal stimulus funds appropriated through previous supplemental appropriations bills and \$6.0 million in onetime General Revenue Funds provided for an outpatient integrated care clinic project. These amounts exclude an internal reallocation of \$17.0 million in existing General Revenue Funds to community mental health services related to crisis stabilization units.

OTHER STATE-OWNED FACILITIES – STATE SUPPORTED LIVING CENTERS

State Supported Living Centers (SSLC) are large, state-operated, intermediate care facilities for individuals with intellectual disability (ICF/IID). Appropriations support 13 centers across Texas (including the ICF/IID component of Rio Grande State Center), located in Abilene, Austin, Brenham, Corpus Christi, Denton, El Paso, Harlingen, Lubbock, Lufkin, Mexia, Richmond, San Angelo, and San Antonio.

Appropriations for SSLCs for the 2026–27 biennium total \$2.0 billion in All Funds (\$0.8 billion in General Revenue Funds) and provide for 11,788.0 FTE positions in each fiscal year. This amount is an increase of \$93.7 million in All Funds (\$8.4 million in General Revenue Funds) from the 2024–25 biennial level. Appropriations include the following items:

- an increase of \$58.3 million in Federal Funds based on HHSC-projected changes in federal reimbursement;
- an increase of \$37.3 million in All Funds (\$13.8 million in General Revenue Funds) to maintain higher fiscal year 2025 costs for statewide salary adjustments;
- an increase of \$5.8 million in All Funds (\$2.3 million in General Revenue Funds) to support additional pay for employees working in designated specialized Behavioral Management Units; and
- a net decrease of \$7.7 million in General Revenue Funds related to inflationary costs that were designated as onetime costs in the 2024–25 biennium.

Figure 140 shows the average monthly census at the SSLCs from fiscal years 2018 to 2027. While the average monthly census generally has decreased each fiscal year, the cost to operate the SSLCs has not decreased to the same degree during the same period, in part because of fixed overhead costs such as salaries, benefits, and capital needs.

OTHER STATE-OWNED FACILITIES – RIO GRANDE STATE CENTER AND CORPUS CHRISTI BOND HOMES

In addition to inpatient mental health services and ICF/IID services, the Rio Grande State Center in Harlingen provides primary medical care to individuals living in the lower Rio Grande Valley. HHSC also operates two small ICFs/IID (bond homes) in Corpus Christi. Appropriations for these services for the 2026–27 biennium total \$13.1 million in All Funds (\$9.8 million in General Revenue Funds) and provide for 68.0 FTE positions each fiscal year. This represents an

increase of \$0.3 million in All Funds (\$0.2 million in General Revenue Funds) from 2024–25 biennial spending levels, primarily related to maintaining higher fiscal year 2025 costs for statewide salary adjustments.

OTHER NON-MEDICAID CLIENT SERVICES – WOMEN’S HEALTH SERVICES

HHSC operates three women’s health programs: the Healthy Texas Women (HTW) Program, Family Planning Program (FPP), and Breast and Cervical Cancer Services (BCCS). HTW provides no-cost women’s health, family planning, and preventive health services to women who are U.S. citizens or eligible immigrants ages 15 to 44 who have a household income at or less than 204.2 percent of the federal poverty level (FPL). Clients also must be uninsured and not pregnant. HTW Plus offers enhanced postpartum care services for HTW clients pregnant within 12 months before enrollment. HHSC received approval from the Centers for Medicare and Medicaid Services (CMS) in January 2020, for the HTW Section 1115 Demonstration Waiver, making the program eligible for federal matching funds for services in the HTW Program. FPP provides low-cost or no-cost reproductive healthcare, family planning, prenatal care, and preventive screenings to men and women age 64 or younger who have incomes at or less than 250.0 percent of the FPL. BCCS provides access to screening and diagnostic services for breast and cervical cancers for women who do not have health insurance and have household incomes at or less than 200.0 percent of the FPL.

Biennial appropriations for women’s health programs total \$460.6 million in All Funds (\$267.0 million in General Revenue Funds), which constitutes an increase of \$192.4 million in All Funds (\$93.4 million in General Revenue Funds) from projected 2024–25 biennial spending levels. The All Funds increase includes the following changes:

- a net increase of \$177.4 million in All Funds (\$78.4 million in General Revenue Funds), primarily to maintain 2024–25 appropriated levels for women’s health programs, resulting in an increase relative to projected 2024–25 biennial spending levels;
- an increase of \$10.0 million in General Revenue Funds for additional support for Women’s Preventive Mobile Health Units; and
- an increase of \$5.0 million in General Revenue Funds to provide grants to organizations implementing maternal health outcome programs.

OTHER NON-MEDICAID CLIENT SERVICES – THRIVING TEXAS FAMILIES

Thriving Texas Families, previously known as Alternatives to Abortion, provides pregnancy support services that promote childbirth, including information and referrals. Some material services, such as maternity clothes and car seats, also are available. Biennial appropriations total \$180.0 million in General Revenue Funds. This amount is an increase of \$5.6 million in General Revenue Funds from 2024–25 biennial spending levels, primarily related to an increase of \$40.0 million in General Revenue Funds to provide additional funding for the program. This increase is offset partially by a decrease of \$34.4 million in General Revenue Funds related to supplemental funding, including \$20.0 million in General Revenue Funds provided in fiscal year 2025 through House Bill 500 and \$14.4 million in General Revenue Funds from previous supplemental appropriations.

OTHER NON-MEDICAID CLIENT SERVICES – EARLY CHILDHOOD INTERVENTION SERVICES

Early Childhood Intervention (ECI) Services are for eligible children younger than age three who have a disability or developmental delay. These services are provided through contracts with local agencies, including community centers, education service centers, and private nonprofit entities. These agencies determine eligibility, assess the child’s needs, and coordinate the delivery of comprehensive services. Appropriations for ECI client services total \$409.9 million in All Funds (\$173.7 million in General Revenue Funds). This amount is an increase of \$33.5 million in All Funds (\$18.1 million in General Revenue Funds) from 2024–25 biennial amounts, primarily to address agency-anticipated caseload growth.

Figure 141 shows the distribution of appropriations for ECI client services for the 2024–25 biennium and the 2026–27 biennium. The share of ECI client services funded by General Revenue Funds increased by 3.2 percentage points from the 2024–25 biennium to the 2026–27 biennium. Additional sources of funding for ECI services not shown in **Figure 141** include some therapy services funded through Medicaid and Children’s Health Insurance Program (CHIP) client services and other funding sources that are not included in the GAA, including third-party collections and local contributions.

Figure 142 shows historical changes in the number of children served through ECI. The average monthly caseload increased from fiscal years 2018 to 2027 but decreased slightly during fiscal years 2020 and 2021. The average

monthly caseload is estimated to increase by 3.7 percent from fiscal years 2025 to 2027.

In addition to the client services discussed previously, the ECI program receives appropriations for respite services. Biennial appropriations for these activities total \$0.8 million in General Revenue Funds.

OTHER NON-MEDICAID CLIENT SERVICES – CHILDREN WITH SPECIAL HEALTH CARE NEEDS

The Children with Special Health Care Needs (CSHCN) program provides medical, dental, and case-management services not covered by Medicaid, CHIP, or private insurance for children with special healthcare needs. The program also provides family support services (FSS) to eligible clients, including respite care, vehicle and home modifications, and special equipment; and family supports and community resources (FSCR), which are population health initiatives available to the general CSHCN population. HHSC provides the medical, dental, and FSS portion of the CSHCN program, and the Department of State Health Services provides case management and FSCR services. Biennial appropriations for medical, dental, and FSS total \$48.9 million in All Funds (\$42.6 million in General Revenue Funds).

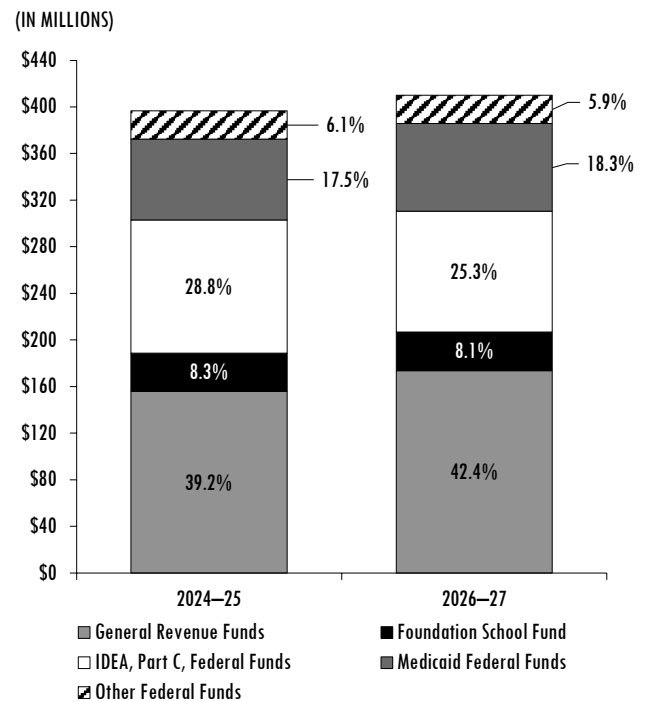
OTHER SPECIALTY CARE PROGRAMS

HHSC operates several additional specialty care programs, including the Kidney Health Care Program; Title V Maternal and Child Health Program; Autism Program; Blind Children's Vocational Discovery and Development Program; Epilepsy Program; Blindness Education, Screening, and Treatment (BEST) Program; and Hemophilia Assistance Program.

The Kidney Health Care Program assists Texans with end-stage renal disease in paying for treatment. Biennial appropriations total \$30.7 million in All Funds (\$27.7 million in General Revenue Funds).

The Title V Maternal and Child Health program provides preventive and primary health care and dental services to low-income youth age 21 and younger who do not qualify for Medicaid, CHIP, or another program that covers similar services. The program also provides up to 60 days of prenatal care for pregnant women while they await Medicaid or CHIP Perinatal coverage, and dental care for pregnant women up to three months postpartum. Biennial appropriations total \$12.5 million in All Funds (\$2.8 million in General Revenue Funds).

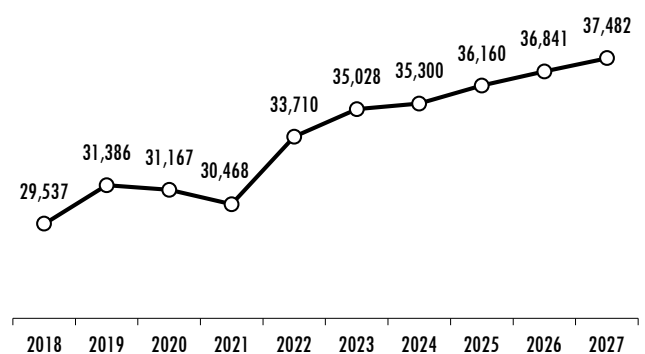
FIGURE 141
EARLY CHILDHOOD INTERVENTION PROGRAM
APPROPRIATIONS BY FUND TYPE
2024–25 AND 2026–27 BIENNIA



NOTE: IDEA, Part C=the federal Individuals with Disabilities Education Act, Part C, Program for Infants and Toddlers with Disabilities.

SOURCE: Legislative Budget Board.

FIGURE 142
EARLY CHILDHOOD INTERVENTION PROGRAM AVERAGE
MONTHLY CHILDREN SERVED
FISCAL YEARS 2018 TO 2027



NOTE: Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.

SOURCES: Legislative Budget Board; Health and Human Services Commission.

The Multi-assistance Demonstration Project provides comprehensive medical, therapeutic, and nonmedical services to adults and children with special needs in Bexar County and the South Texas region. Biennial appropriations for the 2026–27 biennium total \$15.0 million in General Revenue Funds.

The Autism Program serves children ages three to 15 with a diagnosis of autism spectrum disorder. Appropriations total \$13.7 million in General Revenue Funds.

The Blind Children's Vocational Discovery and Development Program provides services through specialists who are trained in the care of blind children and function as case managers and direct-care providers. Appropriations total \$12.1 million in All Funds (\$10.0 million in General Revenue Funds) and provide for 77.5 FTE positions in each fiscal year. Appropriations represent an increase of \$0.1 million in All Funds (\$0.1 million in General Revenue Funds) primarily to maintain higher fiscal year 2025 costs for statewide salary adjustments.

The Epilepsy Program connects low-income Texans with epilepsy and seizure-like symptoms to comprehensive outpatient care. Services can include diagnosis, treatment, and case management. Biennial appropriations for the Epilepsy Program total \$3.8 million in General Revenue Funds.

The BEST Program provides vision screenings and treatment for individuals with eye conditions. Appropriations total \$0.9 million in General Revenue Funds and provide for 1.0 FTE position in each fiscal year.

The Hemophilia Assistance Program assists low-income adults with hemophilia who are not eligible for other programs in paying for medical care. Biennial appropriations for the Hemophilia Assistance Program total \$0.3 million in General Revenue Funds.

COMMUNITY PRIMARY CARE SERVICES

The Community Primary Care Services program contracts with clinics throughout the state to provide primary health care services to low-income men, women, and children who do not receive similar services through another program. Biennial appropriations total \$23.8 million in General Revenue Funds.

PRESCRIPTION DRUG SAVINGS PROGRAM

House Bill 18, Eighty-seventh Legislature, Regular Session, 2021, established the prescription drug savings program, Texas Cares. The program is required to partner with a pharmacy benefit manager to make prescription drugs

available to uninsured individuals at a discounted rate. Biennial appropriations for the program total \$28.6 million in General Revenue Funds, which represents an increase of less than \$0.1 million in General Revenue Funds from 2024–25 biennial spending levels to maintain higher fiscal year 2025 costs for statewide salary adjustments. Funding includes 8.5 FTE positions in each fiscal year.

CASH ASSISTANCE

Temporary Assistance for Needy Families (TANF) grants provide time-limited cash assistance to very-low-income families with children. Grants are provided to single-parent families and to two-parent families in which one or both parents are unemployed or have a disability. The monthly cash grant amount paid to a family is based on household size, income, and the family's basic needs.

Appropriations for TANF cash assistance include \$48.9 million in All Funds, including \$45.9 million in General Revenue Funds. These amounts represent a decrease of \$4.0 million in All Funds, including \$4.8 million in General Revenue Funds.

Figure 143 shows changes in the TANF caseload and grant amount per recipient from fiscal years 2018 to 2027.

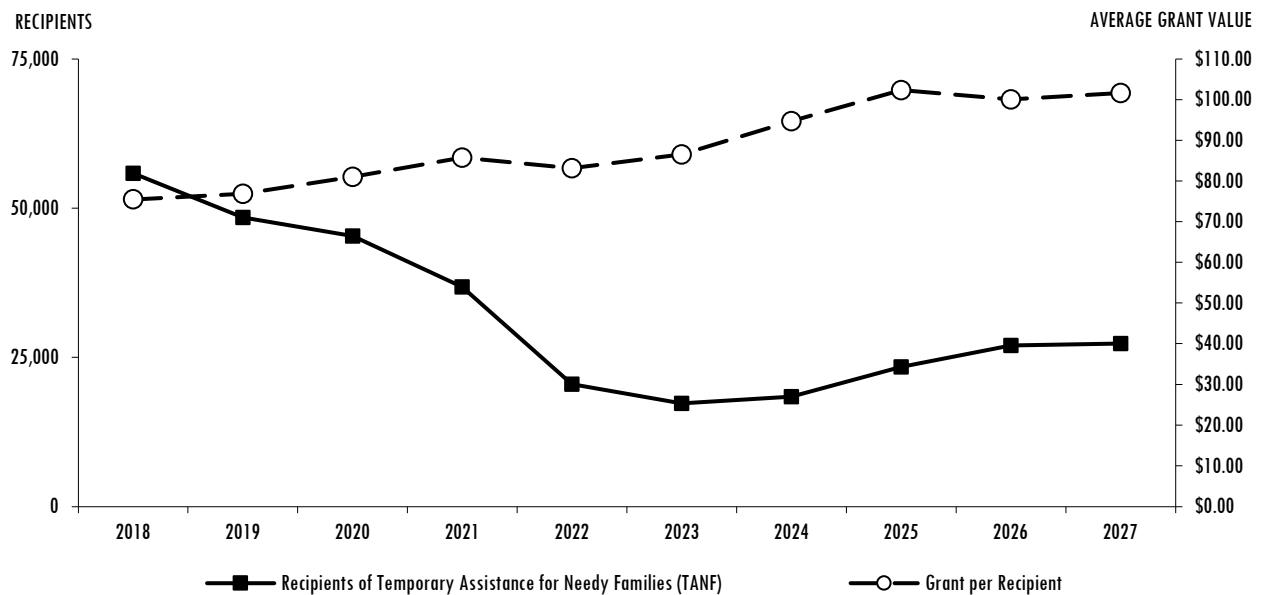
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

Nutrition services are delivered through the federally funded Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). This program uses smart cards, which function similarly to debit cards, to provide food assistance through electronic benefits transfer for infants, young children, and low-income pregnant and postpartum women. The program also provides nutrition education to pregnant and postpartum women. WIC rebates are collected from manufacturers of infant formula. Biennial appropriations for WIC total \$2.5 billion in All Funds, including \$0.5 billion in WIC rebates (Other Funds), and provide for 206.0 FTE positions in each fiscal year. This amount is an increase of \$621.8 million in All Funds (\$567.9 million in Federal Funds and \$54.0 million in Other Funds), primarily related to projected changes in certain federal awards and anticipated collections for WIC rebates.

DISASTER ASSISTANCE

HHSC administers the Other Needs Assistance provision of the Federal Assistance to Individuals and Households Program, which provides financial assistance to victims of floods, hurricanes, tornadoes, and other disasters when insurance and other avenues of recovery are exhausted.

FIGURE 143
CASH ASSISTANCE CASELOAD AND AVERAGE MONTHLY GRANT PER RECIPIENT, FISCAL YEARS 2018 TO 2027



NOTES:

(1) Fiscal year 2025 includes estimates.

(2) Targets for fiscal years 2026 and 2027 are established in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.

SOURCES: Legislative Budget Board; Health and Human Services Commission.

Funding for disaster assistance is made available when the U.S. president declares a disaster. Although funds are not appropriated explicitly for disasters, the Eighty-ninth Legislature, General Appropriations Act (GAA), 2026–27 Biennium, authorizes the reallocation and transfer of funding from one or more agencies to address funding needs in response to a disaster. Onetime funding for disaster response during the 2024–25 biennium accounts for a decrease of \$944.2 million in All Funds (\$229.9 million in General Revenue Funds) during the 2026–27 biennium, including funding to respond to Hurricane Beryl and Texas wildfires.

GUARDIANSHIP

The Guardianship Services Program includes services for adults with diminished capacity; arranging for placement in facilities such as long-term-care facilities, hospitals, or foster homes; managing estates; and making medical decisions. The program serves individuals referred by Adult Protective Services at the Department of Family and Protective Services (DFPS) and courts with jurisdiction of probate matters. Funding totals \$21.6 million in All Funds (\$7.1 million in General Revenue Funds) and provides for 124.0 FTE positions in each fiscal year. This amount is a decrease of \$3.3 million in General Revenue Funds from 2024–25 biennial spending levels related to the following changes:

- an increase of \$1.3 million in General Revenue Funds to increase the contracted rates to a maximum of \$425 per client, per month;
- an increase of \$0.4 million in General Revenue Funds to maintain higher fiscal year 2025 costs for statewide salary adjustments; and
- a decrease of \$5.0 million in General Revenue Funds due to the removal of onetime funding made available through the federal American Rescue Plan Act.

NON-MEDICAID COMMUNITY SERVICES

Non-Medicaid Community Services include services funded by the state and the federal government, including through the U.S. Social Security Act, Title XX, Social Services Block Grant, and Federal Funds from the Older Americans Act. These services are provided in community settings to assist persons who are aging or have disabilities to maintain their independence and avoid institutionalization. Unlike entitlement services, funding does not necessarily increase as the demand for services increases.

Funding for these programs totals \$381.3 million in All Funds (\$95.7 million in General Revenue Funds) for the 2026–27 biennium. Funding provides an increase of \$0.7

million in All Funds (\$20.2 million in General Revenue Funds) from 2024–25 biennial spending levels, primarily due to an increase of \$19.9 million in General Revenue Funds to increase the base wage for personal attendant services to \$13.00 per hour, and \$0.3 million in General Revenue Funds to maintain higher fiscal year 2025 appropriations for attendant wages and rate enhancement programs. This increase is offset partially by a decrease of \$19.5 million in Federal Funds due to the removal of onetime Federal Funds related to the COVID-19 pandemic.

NON-MEDICAID INTELLECTUAL AND DEVELOPMENTAL DISABILITY SERVICES

Non-Medicaid Intellectual and Developmental Disability Services provide funding to local intellectual and developmental disability authorities (LIDDA) to serve individuals with intellectual or developmental disabilities in the community. Services may include service coordination, residential support services, employment services, day training services, and specialized therapies. Funding for these services totals \$106.4 million in All Funds (\$106.4 million in General Revenue Funds). Funding provides an increase of \$4.8 million in General Revenue Funds to fund 12 new teams at the LIDDAs to provide outpatient mental health services.

INDEPENDENT LIVING SERVICES

The Independent Living Services program provides services to promote independence at home and in the community among individuals with significant disabilities, including those who are blind or visually impaired. HHSC contracts with Centers for Independent Living, which are community-based nonprofit organizations, to provide services. Services may include providing assistive technology and devices, such as hearing aids and prosthetics, or the provision of core services mandated by federal law, such as independent-living skills training and peer counseling. Combined appropriations for all services total \$29.4 million in All Funds (\$9.2 million in General Revenue Funds) and provide for 24.0 FTE positions each fiscal year. Funding provides an increase of less than \$0.1 million in General Revenue Funds to maintain higher fiscal year 2025 costs for statewide salary adjustments, offset partially by a decrease of less than \$0.1 million in Federal Funds related to projected changes in certain federal awards.

COMPREHENSIVE REHABILITATION

The Comprehensive Rehabilitation Services program provides rehabilitation services to persons with traumatic injuries to the spinal cord or brain. Core services include

inpatient comprehensive medical rehabilitation services, post-acute brain injury rehabilitation services, and outpatient rehabilitation services. Comprehensive rehabilitation services are time-limited and focus on mobility, self-care, and communication skills. HHSC anticipates serving approximately 361 individuals per month in each fiscal year of the 2026–27 biennium. Appropriations total \$47.2 million in All Funds (\$47.2 million in General Revenue Funds) and provide for 37.0 FTE positions in each fiscal year. These totals constitute an increase of less than \$0.1 million in General Revenue Funds from 2024–25 biennial spending levels to maintain higher fiscal year 2025 costs for statewide salary adjustments.

FAMILY VIOLENCE

HHSC provides emergency shelter and support services to victims of family violence and their children, educates the public, and provides training and prevention support to various agencies. The agency contracts with residential and nonresidential centers. Services include shelter, transportation, legal assistance, medical assistance, educational arrangements for children, and employment assistance. Appropriations total \$93.9 million in All Funds (\$37.6 million in General Revenue Funds) and provide for 13.0 FTE positions in each fiscal year. Funding represents a decrease of \$31.0 million in All Funds from 2024–25 biennial spending levels, including a decrease of \$30.6 million in Federal Funds associated with the reduction of onetime federal COVID-19 pandemic funding. This decrease is offset partially by an increase of less than \$0.1 million in General Revenue Funds to maintain higher fiscal year 2025 costs for statewide salary adjustments.

CHILD ADVOCACY PROGRAMS

The Children's Advocacy Center (CAC) program provides funds to develop and support local children's advocacy programs that offer a coordinated, multidisciplinary response to cases of suspected child abuse. Appropriations for the CAC program total \$93.6 million in All Funds (\$79.7 million in General Revenue Funds and General Revenue–Dedicated Funds). Funding includes an increase of \$10.0 million in General Revenue Funds to provide additional funding for CACs.

The Court Appointed Special Advocates (CASA) program provides funds to help develop and support local CASA programs, which coordinate court-appointed volunteers who advocate for the best interests of abused or neglected children

involved in the legal and welfare systems. Appropriations for the CASA program total \$33.4 million in All Funds (\$33.4 million in General Revenue Funds) and include an increase of \$1.5 million in General Revenue Funds to provide additional funding for CASA programs.

FAMILY SUPPORT SERVICES

Pursuant to Senate Bill 24, Eighty-eighth Legislature, Regular Session, 2023, the Prevention and Early Intervention Program at DFPS transferred to HHSC in fiscal year 2025 and was renamed Family Support Services. These services provide at-risk prevention services for children, youth, and their families through five programs: Services to At-risk Youth, Community Youth Development, child abuse prevention grants, maternal and child home visiting programs, and other at-risk prevention services. Contractual arrangements with community-based organizations deliver most of the services. Appropriations for Family Support Services total \$275.8 million in All Funds (\$192.1 million in General Revenue Funds and General Revenue–Dedicated Funds), and 3.0 FTE positions in each fiscal year of the 2026–27 biennium. Appropriations include a net increase of \$123.3 million in All Funds (\$86.4 million in General Revenue Funds and General Revenue–Dedicated Funds) primarily to account for the transfer of the programs from DFPS for the full biennia.

The Maternal and Child Home Visiting area has two primary programs. The Nurse Family Partnership is a voluntary, evidence-based home visitation program that pairs registered nurses with low-income, first-time mothers to improve prenatal care and provide individual child development education and counseling. The Texas Home Visiting program's mission is to provide evidence-based home visiting services in targeted communities across Texas to contribute to the development of a comprehensive early childhood system that promotes maternal, infant, and early childhood health, safety, and development. Funding totals \$96.0 million in All Funds (\$34.1 million in General Revenue Funds) for the 2026–27 biennium.

Other at-risk prevention services include Community-based Family Services program, Healthy Outcomes through Prevention and Early Support, Universal Prevention Services, Statewide Youth Services Network, and Texas Families: Together and Safe. Services also include prevention services for veterans and military families and safe-baby campaigns to address shaken-baby and safe-sleep risk factors. These prevention programs seek to strengthen families and increase

youth resiliency through local collaborations. Funding totals \$85.7 million in General Revenue Funds and General Revenue–Dedicated Funds for the 2026–27 biennium. Funding for the 2026–27 biennium includes an additional \$1.0 million in General Revenue Funds for parent education and resources to fathers and \$1.0 million in General Revenue Funds to support organizations that provide services to families with active or veteran service members.

The Family and Youth Success program is intended to provide crisis intervention, temporary emergency shelter, and counseling services for young persons at risk of delinquent or criminal behavior. Funding totals \$63.2 million in All Funds (\$56.2 million in General Revenue Funds) for the 2026–27 biennium.

The Community Youth Development program provides grant awards that help targeted communities alleviate conditions in the family and the community that lead to juvenile crime. Funding totals \$20.5 million in All Funds (\$16.0 million in General Revenue Funds) for the 2026–27 biennium.

Child abuse prevention grants provide funding for local partnerships that strengthen and support families and for community-based, child abuse prevention services. Funding totals \$10.3 million in All Funds (less than \$0.1 million in General Revenue Funds) and 3.0 FTE positions for the 2026–27 biennium.

OTHER PROGRAM AREAS

MENTAL HEALTH STATE HOSPITALS – CONSTRUCTION PROJECTS

Since the Eighty-fifth Legislature, Regular Session, 2017, HHSC has received appropriations each biennium to support numerous construction projects at the state hospitals, including funding to repair and replace existing infrastructure or to develop new capacity within the state.

Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, appropriated an additional \$1.9 billion in General Revenue Funds for new capacity for mental health services and inpatient facilities. Many of the projects add maximum security or forensic inpatient capacity to the state and are currently under construction. The funding was appropriated in fiscal year 2023, but HHSC is authorized to continue to spend the funds as the projects progress, which resulted in \$1.9 billion in General Revenue Funds related to Senate Bill 30 included in 2024–25 biennial spending levels.

In addition, funding in 2024–25 biennial spending levels includes \$148.2 million in Other Funds appropriated or authorized by the Eighty-seventh Legislature, Regular Session, 2021, and the Eighty-eighth Legislature, Regular Session, 2023, primarily related to construction efforts at the new hospital in Dallas.

Overall, onetime funding included in the 2024–25 biennium for new construction at the state hospitals and other state-funded inpatient mental health facilities accounts for a total decrease of \$2.1 billion in All Funds (\$1.9 billion in General Revenue Funds) during the 2026–27 biennium.

OTHER STATE-OWNED FACILITY SUPPORT SERVICES, REPAIRS, AND RENOVATIONS

HHSC provides program oversight, business and communications support, and other administrative services to assist with the operation of state-owned facilities, including the SSLCs and state mental health hospitals. HHSC also receives funding for repairs, renovations, and construction projects at the state-owned facilities. Appropriations for all other facility support services, repairs, and renovations total \$67.5 million in All Funds (\$56.5 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 125.0 FTE positions in each fiscal year. This amount is a decrease of \$201.9 million in All Funds (\$192.8 million in General Revenue Funds) from 2024–25 biennial spending levels due to the following decreases:

- \$119.6 million in General Revenue Funds associated with supplemental funding provided in House Bill 500 for deferred maintenance at the state-owned facilities, repairs at Harris County Psychiatric Center, fencing at Terrell State Hospital, and vehicle replacement; and
- \$83.0 million in All Funds (\$74.2 million in General Revenue Funds) associated primarily with previous supplemental funding provided by the Eighty-eighth Legislature, Regular Session, 2023, for deferred maintenance, emergency repairs at the state-owned facilities, and vehicle replacement.

Decreases are offset partially by an increase of \$0.7 million in General Revenue Funds for Master Lease Purchase Program lease payments, and \$0.5 million in All Funds (\$0.3 million in General Revenue Funds) to maintain higher fiscal year 2025 costs for statewide salary adjustments.

ELIGIBILITY DETERMINATION

HHSC is responsible for making eligibility determinations for Medicaid, CHIP, Healthy Texas Women (HTW),

Supplemental Nutrition Assistance Program (SNAP), and TANF. The commission provides outreach and application assistance; develops and implements policy; and provides training, oversight, and quality assurance for eligibility and enrollment functions. HHSC also provides state oversight staff and administers the contract for the operation of the Lone Star electronic benefits transfer card system, which issues TANF and SNAP benefits to eligible recipients.

The Families First Coronavirus Response Act, enacted in March 2020, required states to maintain Medicaid eligibility during the federally declared COVID-19 pandemic public health emergency (PHE) to receive an increased FMAP and additional federal funding. This period of continuous coverage increased Medicaid caseloads, resulting in increased workloads for eligibility staff. Continuous coverage ended on March 31, 2023, and HHSC was required to complete an eligibility redetermination for every client. In anticipation of this increased workload, HHSC began planning for the end of continuous coverage during the PHE, and the agency used funding during the 2022–23 biennium for retention, recruitment, and training of eligibility staff. Additional funding was provided for the 2024–25 biennium to assist in the unwinding process, including hiring temporary FTE positions. While the additional resources increased HHSC's capacity to process program applications, the agency continued to have challenges maintaining compliance with federal timeliness requirements. Additional funding and onetime FTE position authority is provided for the 2026–27 biennium to manage the additional workload.

Biennial appropriations for eligibility determination functions total \$1.8 billion in All Funds (\$612.3 million in General Revenue Funds) and provide for 8,614.0 FTE positions in fiscal year 2026 and 8,615.5 FTE positions in fiscal year 2027. This amount is a net increase of \$14.8 million in All Funds, including a decrease of \$5.9 million in General Revenue Funds, from 2024–25 biennial spending levels. The All Funds increase is due to the following changes:

- an increase of \$223.2 million in All Funds (\$21.0 million in General Revenue Funds) for various measures to address the end of continuous Medicaid coverage and PHE unwind, including eligibility staffing and overtime, state funding needs for the CMS Federal Data Services Hub, and increased costs for the Eligibility Support Services contract;
- an increase of \$18.2 million in All Funds (\$8.9 million in General Revenue Funds) to maintain higher fiscal year 2025 costs for statewide salary adjustments;

- an increase of \$5.5 million in All Funds (\$2.0 million in General Revenue Funds) for ongoing outyear operational and licensing costs for the new Genesys call center platform;
- an increase of \$0.3 million in All Funds (\$0.1 million in General Revenue Funds) for eligibility determination functions related to the funding of additional Medicaid waiver slots and diversion slots for medically fragile children to enroll in the Medically Dependent Children Program without a stay in a nursing facility;
- a net decrease of \$119.2 million in All Funds (a decrease of \$127.9 million in Federal Funds and an increase of \$8.7 million in Other Funds) due to projected changes in certain federal awards and revenue collections; and
- a decrease of \$113.3 million in All Funds (\$37.9 million in General Revenue Funds) for appropriations designated as temporary pursuant to the 2024–25 GAA, Article II, HHSC, Rider 27, Funding for the Unwinding of Continuous Medicaid Coverage.

In addition to eligibility determination functions for Medicaid, CHIP, HTW, SNAP, and TANF, HHSC also provides for functional eligibility determinations, development of individual service plans, and assistance to consumers in obtaining information and authorization for appropriate long-term-care services. Funding for long-term-care intake and access totals \$562.2 million in All Funds (\$261.3 million in General Revenue Funds), which provides for 1,415.4 FTE positions in fiscal year 2026 and 1,422.1 FTE positions in fiscal year 2027. This amount is a net increase of \$6.4 million in All Funds, including a decrease of \$0.8 million in General Revenue Funds, from 2024–25 biennial spending levels. Decreases primarily include a net decrease of \$11.7 million in All Funds (\$11.1 million in General Revenue Funds and \$0.6 million in Federal Funds) due to the removal of onetime funds made available through the federal American Rescue Plan Act and projected changes in certain federal awards. The All Funds increase is due to the following changes:

- an increase of \$4.1 million in All Funds (\$2.1 million in General Revenue Funds) to support long-term care contract administration, provider monitoring, and utilization review activities;
- an increase of \$3.7 million in All Funds (\$0.9 million in General Revenue Funds) and 15.0 FTE positions

in each fiscal year to fulfill policy, programmatic, contractual, and monitoring requirements related to Intellectual and Developmental Disability Habilitative Specialized Services;

- an increase of \$3.6 million in All Funds (\$2.5 million in General Revenue Funds) to maintain higher fiscal year 2025 costs for statewide salary adjustments;
- an increase of \$2.8 million in All Funds (\$1.4 million in General Revenue Funds) for major information technology projects, including modernizing Medicaid Enterprise Systems and systems to support client-led service planning;
- an increase of \$2.3 million in All Funds (\$1.8 million in General Revenue Funds) for long-term care intake and access functions related to the funding of additional Medicaid waiver slots and mental health resources for people with intellectual and developmental disabilities; and
- an increase of \$1.5 million in General Revenue Funds to support services provided by the Long-term Care Ombudsman.

TEXAS INTEGRATED ELIGIBILITY REDESIGN SYSTEM

Texas utilizes the Texas Integrated Eligibility Redesign System (TIERS) to make eligibility determinations and enroll clients in Medicaid, CHIP, HTW, SNAP, and TANF. Appropriations to support TIERS total \$481.9 million in All Funds (\$170.5 million in General Revenue Funds), which supports 357.8 FTE positions in each fiscal year. This funding level is an increase of \$102.4 million in All Funds (\$29.2 million in General Revenue Funds) due to the following changes:

- an increase of \$54.1 million in All Funds (\$15.5 million in General Revenue Funds) for improvements to TIERS related to the end of continuous Medicaid coverage, including improvements to reduce service times, and continued implementation of the TIERS Learning Environment and Eligibility Workload Management System;
- an increase of \$44.0 million in All Funds (\$13.2 million in General Revenue Funds) to continue the migration of TIERS to cloud services and for ongoing outyear operational and licensing costs for the new Genesys call center platform;
- an increase of \$3.0 million in All Funds (a decrease of \$0.1 million in General Revenue Funds offset by

an increase of \$3.1 million in Federal Funds and less than \$0.1 million in Other Funds) due to projected changes in certain federal awards and revenue collections and the removal of onetime funds; and

- an increase of \$1.3 million in All Funds (\$0.5 million in General Revenue Funds) to maintain higher fiscal year 2025 costs for statewide salary adjustments.

ABSTINENCE EDUCATION

Through the Abstinence Education Program, HHSC contracts with local providers for abstinence-only sex education and, where appropriate, mentoring, counseling, and adult-supervised activities to decrease the teen pregnancy rate and the rate of sexually transmitted infections in youth ages 10 to 19. Biennial appropriations total \$12.0 million in Federal Funds.

SERVICES FOR DEAF AND HARD OF HEARING

The agency provides services to persons who are deaf or hard of hearing through contracted services, education and training, interpreter certification, and specialized telecommunication assistance. Combined appropriations for all services total \$8.6 million in All Funds (\$5.8 million in General Revenue Funds) for the 2026–27 biennium and provide for 23.5 FTE positions in each fiscal year. Funding represents an increase of less than \$0.1 million in All Funds (less than \$0.1 million in General Revenue Funds) primarily to maintain higher fiscal year 2025 costs for statewide salary adjustments.

RURAL HOSPITAL STABILIZATION AND INNOVATION

House Bill 18, Eighty-ninth Legislature, Regular Session, 2025, establishes a broad set of programs to improve access to and financial stability of rural health care services in Texas, including financial stabilization grants to support and improve the financial stability of rural hospitals; emergency hardship grants to support rural hospitals facing man-made or natural disasters, or other unforeseeable circumstances; innovation grants to support rural hospitals that pursue certain initiatives to improve quality of care and financial health; and rural hospital support grants to support long-term viability. The Texas Rural Hospital Officers Academy is established to provide professional development and continuing education programs for the officers of rural hospitals and health care providers. House Bill 18 also modifies the existing Pediatric Tele-Connectivity Resource Program for Rural Texas. Appropriations for Rural Hospital Stabilization and Innovation grant programs total \$123.9 million in General Revenue Funds, including

\$72.0 million in additional General Revenue Funds and the reallocation of \$51.9 million in existing General Revenue Funds related to other hospital grant programs and the pediatric teleconnectivity resource program.

FACILITY, COMMUNITY-BASED, LONG-TERM-CARE, AND ACUTE-CARE REGULATION

Staff in the healthcare facility and community-based regulation program license and regulate nursing facilities, ICFs/IID, assisted living facilities, day activity and health services facilities, home and community support services agencies, Medicaid waiver program providers, and healthcare facilities. Staff conduct inspections, investigate complaints and provider-reported incidents, and monitor the performance of facilities found to be out of compliance with state and federal regulations. Additionally, the long-term-care quality outreach program conducts quality-monitoring activities in long-term-care facilities. Biennial appropriations total \$341.0 million in All Funds (\$175.3 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 1,836.4 FTE positions in each fiscal year of the 2026–27 biennium.

Appropriations represent an increase of \$32.6 million in All Funds (\$39.4 million in General Revenue Funds and General Revenue–Dedicated Funds) from 2024–25 biennial spending levels for the following items:

- a net increase of \$22.5 million in General Revenue Funds and 111.9 FTE positions in each fiscal year of the 2026–27 biennium to address backlogs of abuse, neglect, and exploitation investigations in a variety of different settings including: Home and Community Services waiver programs; licensed facilities like assisted living facilities; state hospital investigations; and processing referrals and enforcement actions related to the Employee Misconduct Registry. Funding also provides related administrative support. Amounts include \$0.9 million in General Revenue Funds included in House Bill 500 and \$7.1 million in General Revenue Funds included as onetime appropriations in the 2026–27 GAA to clear all backlogs relating to abuse, neglect, and exploitation investigations by December 31, 2026;
- an increase of \$11.9 million in All Funds (\$10.8 million in General Revenue Funds) to enhance the Texas Unified Licensure Information Portal;
- an increase of \$5.5 million in All Funds (\$5.1 million in General Revenue Funds and General Revenue–

Dedicated Funds), to maintain higher fiscal year 2025 costs for statewide salary adjustments;

- an increase of \$1.5 million in General Revenue Funds and 7.0 FTE positions in each fiscal year to support the establishment of a new residential treatment facility for youth in DFPS conservatorship;
- an increase of \$0.6 million in General Revenue Funds and 2.0 FTE positions in each fiscal year to implement the provisions of Senate Bill 457, Eighty-ninth Legislature, Regular Session, 2025, which concerns the regulation of certain nursing facilities, including licensing requirements and Medicaid participation and reimbursement requirements; and
- a net decrease of \$9.4 million in All Funds (\$1.1 million in General Revenue Funds) primarily due to projected decreases in certain federal awards, including onetime COVID-19 pandemic-related Federal Funds, collected revenue, and other onetime costs.

CHILD CARE REGULATION

The Child Care Regulation Program develops and enforces minimum standards for the delivery of childcare services throughout the state. Providers range in size from small family homes to large, 24-hour, residential care facilities. The program licenses, registers, or lists providers; conducts monitoring inspections; investigates complaints; takes action when violations are confirmed; and provides technical assistance and training to help providers improve services. The program also obtains abuse or neglect and criminal history information on individuals who come into contact with children in regulated settings and disseminates information about childcare services that are available throughout the state. Appropriations for Child Care Regulation total \$138.9 million in All Funds (\$99.9 million in General Revenue Funds) and provide for 838.5 FTE positions in each fiscal year. This amount represents an increase of \$2.5 million in All Funds (\$2.4 million in General Revenue Funds) from 2024–25 biennial spending levels for the following items:

- an increase of \$3.8 million in General Revenue Funds and 12.0 FTE positions in each fiscal year to continue implementation efforts related to Senate Bill 1849, Eighty-eighth Legislature, Regular Session, 2023, which established an interagency reportable conduct search engine;
- an increase of \$2.5 million in General Revenue Funds to maintain higher fiscal year 2025 costs for statewide salary adjustments;

- an increase of \$2.1 million in General Revenue Funds and 5.0 FTE positions in each fiscal year to address backlogs related to the Employee Misconduct Registry;
- an increase of \$1.0 million in General Revenue Funds to conduct an independent assessment of HHSC's rules and minimum standards for licensed day-care centers, day-care homes, family homes, and certain school programs; and
- a net decrease of \$7.0 million in All Funds (\$7.0 million in General Revenue Funds) due primarily to projected changes in certain federal awards, anticipated revenue collections, and the discontinuation of onetime funding provided by the Eighty-eighth Legislature, Regular Session, 2023, including funding provided in previous supplemental appropriations for enhancements to the Child Care Licensing Automated Support System.

CREDENTIALING AND CERTIFICATION OF HEALTHCARE OCCUPATIONS

The credentialing and certification program regulates certain long-term-care and behavioral health occupations. The primary activities include the nursing facility administrator licensing and enforcement function, operation of the nurse aide registry and the nurse-aide training and competency evaluation program, operation of the employee misconduct registry, issuing and renewing permits for medication aides, conducting continuing education activities, and licensing chemical dependency counselors and sex offender treatment providers. Biennial appropriations total \$7.3 million in All Funds (\$6.0 million in General Revenue Funds) and provide for 45.0 FTE positions in each fiscal year. Appropriations represent an increase of \$0.2 million in All Funds (\$0.1 million in General Revenue Funds) from 2024–25 biennial spending levels primarily due to an increase to maintain higher fiscal year 2025 costs for statewide salary adjustments.

Applications and renewals for licenses for certain occupations and facilities regulated by HHSC may be processed through the Texas.gov website. Biennial appropriations for HHSC's Texas.gov subscription total less than \$0.1 million in All Funds (less than \$0.1 million in General Revenue Funds and General Revenue–Dedicated Funds).

DISABILITY DETERMINATION SERVICES

The Disability Determination Services (DDS) program makes medical determinations of disability for Texans

who apply for disability benefits through Social Security Disability Insurance or Supplemental Security Income. DDS is funded completely by the U.S. Social Security Administration. Biennial appropriations total \$218.0 million in Federal Funds and provide for 617.2 FTE positions in each fiscal year. This amount represents an increase of \$2.1 million in Federal Funds to maintain higher fiscal year 2025 costs for statewide salary adjustments.

TEXAS CIVIL COMMITMENT OFFICE

The Texas Civil Commitment Office (TCCO) is an independent agency responsible for the supervision and treatment of civilly committed sexually violent offenders. It is attached administratively to HHSC. Biennial funding for TCCO, including administration, totals \$66.0 million in All Funds (\$65.7 million in General Revenue Funds) and provides for 42.0 FTE positions in each fiscal year. This amount is an increase of \$10.4 million in All Funds (\$10.5 million in General Revenue Funds) from 2024–25 biennial spending levels. General Revenue Fund increases include the following amounts:

- \$12.7 million to support client services, including \$5.6 million to support agency-projected caseload and \$5.0 million to address rising offsite healthcare costs;
- \$5.0 million primarily to maintain certain higher fiscal year costs provided by the Eighty-eighth Legislature, Regular Session, 2023, for caseloads and contracted rates; and
- \$0.3 million for additional staffing costs, including \$0.1 million to maintain higher fiscal year 2025 costs for statewide salary adjustments and \$0.1 million to support salary increases for case managers.

These increases are offset partially by a decrease of \$7.5 million in General Revenue Funds related to supplemental funding provided by House Bill 500 in fiscal year 2025 for client services, vehicles, and Microsoft Office licenses.

TEXAS PHARMACEUTICAL INITIATIVE

The Eighty-eighth Legislature, Regular Session, 2023, provided \$150.0 million in General Revenue Funds to implement the provisions of House Bill 4990, Eighty-eighth Legislature, Regular Session, 2023, which established the Texas Pharmaceutical Initiative (TPI). The initiative is attached administratively to HHSC and is intended to provide cost-effective access to prescription drugs and other

medical supplies for certain state employees, dependents, retirees, and clients of certain state programs. House Bill 4638, Eighty-ninth Legislature, Regular Session, 2025, extends the expiration date of TPI to September 1, 2027. No additional funding was provided for TPI in the 2026–27 biennium. However, pursuant to the 2026–27 GAA, Article II, HHSC, Rider 124, Texas Pharmaceutical Initiative, the initiative may transfer any unexpended and unobligated funds from the original appropriation of funding into the 2026–27 biennium.

OTHER PROGRAMS

The Eighty-ninth Legislature, Regular Session, 2025, provided funding for a variety of other grant programs and client outreach and coordination services, including the Office of Disability Prevention for Children, the Healthy Marriage Program, mobile stroke units, the Texas Colorectal Cancer Initiative, and the Indigent Health Care Services program. Appropriations for these programs total \$24.4 million in All Funds (\$23.8 million in General Revenue Funds and General Revenue–Dedicated Funds). Funding for the 2026–27 biennium is a decrease of \$46.9 million in All Funds (\$46.9 million in General Revenue Funds) from 2024–25 biennial spending levels, primarily due to the reallocation of \$51.9 million in existing General Revenue Funds to support rural hospital grants pursuant to House Bill 18, Eighty-ninth Legislature, Regular Session, 2025. Total funding also represents the following notable changes:

- an increase of \$6.0 million in General Revenue Funds to support new grant initiatives appropriated by the Eighty-ninth Legislature, Regular Session, 2025, including \$5.0 million in General Revenue Funds for mobile stroke units and \$1.0 million in General Revenue Funds to support developmentally appropriate care for pediatric nursing facility residents; and
- a decrease of \$1.0 million in General Revenue Funds related to onetime previous supplemental appropriations to provide a grant to an organization that provides low-cost preventive and primary healthcare in the Houston area.

ADMINISTRATION

MEDICAID AND CHIP CONTRACTS AND ADMINISTRATION

HHSC performs administrative functions for Medicaid and CHIP, including maintaining the contract for a claims

administrator, supporting the Medicaid Management Information System, and contracting with an enrollment broker. Biennial funding for Medicaid and CHIP-related contracts and administration totals \$1.6 billion in All Funds (\$0.5 billion in General Revenue Funds), which supports 1,077.0 FTE positions in fiscal year 2026 and 1,076.5 FTE positions in fiscal year 2027. This amount is a decrease of \$235.9 million in All Funds (\$29.7 million in General Revenue Funds) from 2024–25 biennial spending levels, primarily due to the following decreases:

- \$172.0 million in All Funds (\$22.3 million in General Revenue Funds) in onetime funds appropriated by Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, for information technology modernization projects and technology updates;
- \$117.3 million in All Funds (\$104.6 million in Federal Funds and \$12.7 million in Other Funds) due to projected changes in certain federal awards and other revenue collections, including contingency contract revenue;
- \$44.3 million in All Funds (\$22.1 million in General Revenue Funds) in onetime funds made available through the federal American Rescue Plan Act; and
- \$27.7 million in All Funds (\$11.3 million in General Revenue Funds) in onetime funds provided in the 2024–25 GAA for the nursing facility Patient Driven Payment Model conversion, charity care and hospital transparency reporting, and upgrades to the Texas Medicaid and Healthcare Partnership system to report on nonmedical health-related needs of eligible pregnant women pursuant to House Bill 1575, Eighty-eighth Legislature, Regular Session, 2023, and funds to maintain lower fiscal year 2025 costs for Medicaid and CHIP contract cost growth.

These decreases are offset partially by the following increases:

- \$89.8 million in All Funds (\$16.6 million in General Revenue Funds), 53.0 FTE positions in fiscal year 2026, and 51.0 FTE positions in fiscal year 2027 for major information technology projects, including ongoing outyear operational and licensing costs for the new Genesys call center platform, modernizing Medicaid Enterprise Systems and legacy mainframes, systems to support client-led service planning, and information technology staff augmentation contractors;

- \$23.1 million in All Funds (\$4.3 million in General Revenue Funds) to support enhancements to the Provider Enrollment and Management System;
- \$8.8 million in All Funds (\$3.9 million in General Revenue Funds) for additional staff resources, including support for Medicaid and CHIP contract administration and provider monitoring, financial reporting and audit coordination, and vendor drug program activities;
- \$3.0 million in All Funds (\$1.3 million in General Revenue Funds) to maintain higher fiscal year 2025 costs for statewide salary adjustments;
- \$2.0 million in All Funds (\$0.5 million in General Revenue Funds) to maintain higher fiscal year 2025 costs, including ongoing costs related to the Medicaid and CHIP Provider Enrollment and Credentialing Portal and support for long-term care administration; and
- \$0.2 million in All Funds (\$0.1 million in General Revenue Funds) for eligibility determination functions related to the funding of additional Medicaid waiver slots and diversion slots for medically fragile children to enroll in the Medically Dependent Children Program without a stay in a nursing facility.

In addition to these amounts, HHSC received \$1.5 million in All Funds (\$0.7 million in General Revenue Funds) in fiscal year 2025 from House Bill 500 for increased license costs for Medicaid and CHIP forecasting and rate setting, and the 2026–27 GAA, HHSC, Rider 26, Contingent Transfer Authority for Certain Federal Medicaid Access Regulations, provides the agency with authority to transfer amounts as needed to implement certain federal Medicaid access regulations related to reimbursement rate transparency in fee-for-service and managed care, direct care staff spending requirements, public input processes for provider payment rates, and directed payment program spending analyses and limitations.

ADMINISTRATION FOR CERTAIN HEALTH PROGRAMS

Primary Health and Specialty Care Administration provides administrative support to a number of other non-Medicaid client services programs, including the Women's Health Programs, Early Childhood Intervention Services, and Other Specialty Care Programs. Biennial funding totals \$56.8 million in All Funds (\$42.3 million in General Revenue Funds) and provides for 168.0 FTE positions in each fiscal year. This amount is a decrease of \$3.7 million in

All Funds (\$1.5 million in General Revenue Funds), primarily related to a decrease of \$4.3 million in All Funds (\$2.1 million in General Revenue Funds) related to onetime funding provided by the Eighty-eighth Legislature, Regular Session, 2023, for administrative support related to the transfer of family support services from DFPS and to expand the family resource website. This decrease is offset partially by an increase of \$0.6 million in General Revenue Funds to maintain higher fiscal year 2025 costs for statewide salary adjustments.

Community Behavioral Health Administration oversees the implementation of the state's non-Medicaid community behavioral health and substance-use services. Funding for administration includes \$151.8 million in All Funds (\$75.0 million in General Revenue Funds) and provides for 633.3 FTE positions in fiscal year 2026 and 626.3 FTE positions in fiscal year 2027. This amount is an increase of \$2.8 million in All Funds (\$3.6 million in General Revenue Funds), primarily related to increases of \$3.2 million in All Funds (\$3.2 million in General Revenue Funds) and 11.0 FTE positions in each fiscal year for additional staff resources relating to the Prevention and Early Intervention Reporting System, \$1.9 million in General Revenue Funds for ongoing operations for a grant management system, and \$1.7 million in General Revenue to maintain higher fiscal year 2025 costs for statewide salary adjustments. This increase is offset partially by a net decrease of \$4.0 million in All Funds (\$3.2 million in General Revenue Funds), primarily related to reduced or onetime costs, including costs for a public reporting system of LMHA and LIDDA performance measures.

At-risk prevention program support provides contract management and support services for Family Support Services. Funding in fiscal year 2025 totals \$22.0 million in All Funds (\$16.1 million in General Revenue Funds) and provides for 88.7 FTE positions in each fiscal year. Funding for this purpose transferred from DFPS to HHSC in fiscal year 2025 pursuant to Senate Bill 24, Eighty-eighth Legislature, Regular Session, 2023.

SYSTEM OVERSIGHT AND PROGRAM SUPPORT

HHSC also performs administrative functions for all other internal programs and performs certain administrative functions for the Department of State Health Services and DFPS. HHSC uses a federally approved cost-allocation plan to determine the other agencies' shares of administrative costs. HHSC then bills the agencies for their allocated costs, and payments from the agencies are received as Interagency Contracts.

Enterprise Oversight and Policy consists of services such as procurement, human resources, and legal. Funding for Enterprise Oversight and Policy totals \$371.7 million in All Funds (\$144.8 million in General Revenue Funds) and provides for 1,460.4 FTE positions in each fiscal year. This amount is an increase of \$20.0 million in All Funds (\$23.0 million in General Revenue Funds) primarily due to the following changes:

- an increase of \$14.6 million in All Funds (\$13.1 million in General Revenue Funds) and 41.0 FTE positions in each fiscal year to provide additional staff resources for several areas including legal services, contract management, and staff to respond to the State Office of Administrative Hearings;
- an increase of \$9.0 million in General Revenue Funds and 10.0 FTE positions in each fiscal year to administer the implementation of House Bill 18, Eighty-ninth Legislature, Regular Session, 2025, which establishes certain programs and services providing health care services to rural counties;
- an increase of \$4.7 million in All Funds (\$3.3 million in General Revenue Funds) to maintain higher fiscal year 2025 costs for statewide salary adjustments;
- an increase of \$1.4 million in All Funds (\$1.1 million in General Revenue Funds) and 1.0 FTE position in each fiscal year for ongoing operations related to information technology projects authorized by the Eighty-eighth Legislature, Regular Session, 2023, including a grant management system and an interagency reportable conduct search engine;
- an increase of \$1.2 million in General Revenue Funds and 3.0 FTE positions in each fiscal year for onetime administrative costs to develop a reimbursement rate for certain substance-use residential treatment services;
- a net decrease of \$9.0 million in All Funds (\$6.4 million in General Revenue Funds) primarily related to onetime funding for certain information technology projects, including a new system for submission of provider cost and accountability reports; and
- a net decrease of \$2.0 million in All Funds (net increase of \$1.8 million in General Revenue Funds) for other adjustments, including the reallocation of existing funding related to information technology support, and projected changes in certain federal awards and revenue collections.

Information Technology Oversight and Program Support includes project management, application development and support, network management, help-desk services, Internet security, and information resource procurement review. Funding for Information Technology Oversight and Program Support totals \$860.7 million in All Funds (\$444.8 million in General Revenue Funds and General Revenue–Dedicated Funds) and provides for 894.8 FTE positions in each fiscal year. This amount is an increase of \$101.9 million in All Funds (\$43.8 million in General Revenue Funds) from 2024–25 biennial spending levels. The increases are attributed to the following changes:

- \$109.6 million in All Funds (\$82.8 million in General Revenue Funds) and 4.0 FTE positions in each fiscal year primarily related to modernization efforts, project stabilization, or implementation of certain new projects. Major areas affected include TIERS, Data Center Services, and Medicaid Enterprise Systems;
- \$30.2 million in All Funds (\$0.3 million in General Revenue Funds) primarily related to projected changes in certain federal awards and revenue collections, and to support administrative efforts of programs that are newly funded or received new funding from the Eighty-ninth Legislature, Regular Session, 2025;
- \$16.0 million in All Funds (\$11.1 million in General Revenue Funds) and 13.0 FTE positions in each fiscal year for information technology projects related to cybersecurity and operations monitoring;
- \$9.2 million in All Funds (\$6.7 million in General Revenue Funds) and 28.0 FTE positions in each fiscal year to provide additional staff resources for several programs including financial systems and data integration and critical projects;
- \$4.2 million in All Funds (\$2.9 million in General Revenue Funds) to support the implementation of new legislation relating to licensing of mental hospitals and mental facilities, regulation of certain nursing facilities, and peace officers commissioned by the Office of Inspector General;
- \$3.8 million in All Funds (\$2.8 million in General Revenue Funds) to maintain higher fiscal year 2025 costs for statewide salary adjustments;
- \$1.9 million in All Funds (\$1.4 million in General Revenue Funds) to maintain higher fiscal year 2025

amounts for compliance upgrades to the agency's instance of the Centralized Accounting and Payroll/Personnel System (CAPPS); and

- \$1.0 million in General Revenue Funds to provide additional support to individuals contacting the information technology help desk related to reportable conduct.

These increases are offset partially by the following decreases:

- a net decrease of \$47.4 million in All Funds (\$45.4 million in General Revenue Funds) related to the removal of onetime funding provided in previous supplemental appropriations, offset partially by increases related to ongoing operations for the projects. Projects include a grant management system and a state hospital electronic health record system upgrade;
- a net reduction of \$17.8 million in All Funds (\$13.2 million in General Revenue Funds) primarily related to initiatives funded by the Eighty-eighth Legislature, Regular Session, 2023, that have reduced ongoing costs for the 2026–27 biennium; and
- a decrease of \$8.7 million in All Funds (\$6.7 million in General Revenue Funds) related to supplemental funding provided by House Bill 500 in fiscal year 2025 for certain information technology efforts, including further enhancements to the agency's System of Contract Operation and Reporting (SCOR).

In addition to these amounts, the 2026–27 GAA, HHSC, Rider 163, CAPPS Accounts Receivable Module, provides the agency with the authority to use certain Medicaid Program income to develop a module in CAPPS to replace the Accounts Receivable Tracking System.

Central Program Support provides administrative support for other internal administrative functions, such as accounting, budget, contract and grant administration, internal audit, external relations, and legal services. Appropriations for Central Program Support total \$108.7 million in All Funds (\$50.7 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 564.9 FTE positions in fiscal year 2026 and 564.8 FTE positions in fiscal year 2027. This amount is an increase of \$4.3 million in All Funds (a decrease of less than \$0.1 million in General Revenue Funds) from 2024–25 biennial spending levels, primarily related to the following items:

- an increase of \$6.1 million in All Funds (\$4.9 million in General Revenue Funds), 25.5 FTE positions in fiscal year 2026, and 25.4 FTE positions in fiscal year 2027, to support administration of programs that are newly funded or received additional funding from the Eighty-ninth Legislature, Regular Session, 2025, including \$1.9 million in General Revenue Funds to support the establishment of a new residential treatment facility for youth in DFPS conservatorship;
- an increase of \$4.0 million in All Funds (\$2.7 million in General Revenue Funds) and 13.0 FTE positions in each fiscal year to provide additional staff resources for several areas including accounting, human resources, and other administrative support functions;
- an increase of \$1.8 million in All Funds (\$1.2 million in General Revenue Funds) to maintain higher fiscal year 2025 costs for statewide salary adjustments;
- a decrease of \$5.0 million in General Revenue Funds to transfer resources to the University of Texas Health Science Center at Houston related to an All Payor Claims Database;
- a decrease of \$2.5 million in All Funds (\$3.8 million in General Revenue Funds) primarily related to reductions in onetime funding provided by the Eighty-eighth Legislature, Regular Session, 2023, relating to the transfer of family support services from DFPS to HHSC, and changes in certain federal awards; and
- a decrease of \$0.2 million in All Funds (\$0.1 million in General Revenue Funds) related to supplemental funding provided by House Bill 500 for certain information technology efforts, including enhancements to SCOR.

Additionally, Regional Program Support provides administrative support to regional offices. Appropriations for Regional Program Support total \$223.3 million in All Funds (\$22.4 million in General Revenue Funds) and provide for 298.0 FTE positions in each fiscal year. This amount is an increase of \$2.0 million in All Funds (\$1.4 million in General Revenue Funds) from 2024–25 biennial spending levels, primarily due to the following changes:

- an increase of \$1.0 million in All Funds (\$0.8 million in General Revenue Funds) to maintain higher fiscal year 2025 costs for statewide salary adjustments;

- an increase of \$0.5 million in All Funds (\$0.3 million in General Revenue Funds) and 2.0 FTE positions in each fiscal year to provide additional staff resources; and
- a net increase of \$0.5 million in All Funds (\$0.2 million in General Revenue Funds) due primarily to projected changes in certain federal awards and to support administration of programs that are newly funded or received additional funding from the Eighty-ninth Legislature, Regular Session, 2025.

In addition to these amounts, the 2026–27 GAA, HHSC, Rider 162, Childcare Development Center, authorizes the agency to use certain Medicaid Program income to construct a childcare development center at the HHSC North Austin Complex.

OFFICE OF INSPECTOR GENERAL

The Office of Inspector General (OIG) is responsible for the prevention, detection, audit, inspection, review, and investigation of fraud, waste, and abuse in the provision of health and human services. OIG is charged with protecting the integrity of the Texas Medicaid program, CHIP, SNAP, TANF, WIC, and other programs through investigation of allegations of provider and recipient fraud, waste, and abuse; audit of contracts, providers, and administrative services and functions; and inspection of Texas Health and Human Services (HHS) programs, systems, and functions. OIG serves as an independent office within the HHS system, and the Inspector General is appointed by the Governor. Biennial funding for OIG totals \$158.5 million in All Funds (\$74.0 million in General Revenue Funds) and provides for 650.4 FTE positions in each fiscal year. This amount is an increase of \$27.0 million in All Funds, including \$17.4 million in General Revenue Funds, from 2024–25 biennial spending levels primarily related to the following changes:

- an increase of \$10.0 million in All Funds (\$5.0 million in General Revenue Funds) and 3.0 FTE positions in each fiscal year to implement the provisions of House Bill 142, Eighty-ninth Legislature, Regular Session, 2025, which revises certain OIG duties and provisions for the agency's review of certain Medicaid claims and the recovery of certain Medicaid overpayments;
- an increase of \$6.0 million in General Revenue Funds to replace funding that is no longer available primarily due to changes in federal matching rates;

- an increase of \$3.9 million in All Funds (\$2.8 million in General Revenue Funds) and 2.5 FTE positions in each fiscal year to replace the Medicaid Program Integrity legacy case management system;
- an increase of \$2.6 million in All Funds (\$2.4 million in General Revenue Funds) to implement the provisions of Senate Bill 502, Eighty-ninth Legislature, Regular Session, 2025, regarding the compensation of peace officers commissioned by the OIG;
- an increase of \$2.1 million in All Funds (\$1.3 million in General Revenue Funds) and 8.0 FTE positions in each fiscal year to conduct statutorily required performance audits of each local mental health authority and local behavioral health authority at least once every five years;
- an increase of \$2.0 million in All Funds (\$1.1 million in General Revenue Funds) to maintain higher fiscal year 2025 costs for statewide salary adjustments;
- an increase of \$1.2 million in All Funds (\$0.6 million in General Revenue Funds) and 6.0 FTE positions in each fiscal year to provide additional dedicated staff to research, process, and manage settlements, fines, and penalties;
- a net increase of \$0.7 million in All Funds (a decrease of \$1.0 million in General Revenue Funds) primarily related to projected changes in certain federal awards and the removal of onetime funding provided for information technology upgrades by the Eighty-eighth Legislature, Regular Session, 2023; and
- a decrease of \$1.5 million in All Funds (\$0.9 million in General Revenue Funds) and 5.0 FTE positions in fiscal year 2025 related to supplemental funding in House Bill 500 to provide for additional staff resources. Appropriations for the 2026–27 biennium maintain authority for the additional 5.0 FTE positions in each fiscal year.

SIGNIFICANT LEGISLATION

House Bill 18 – Grant programs and systems to support financial stability of rural hospitals. The legislation establishes the State Office of Rural Hospital Finance to provide technical assistance for rural hospitals and health care systems. The legislation requires HHSC to contract with

institutions of higher education to administer a Texas Rural Hospital Officers Academy that offers coursework on matters that affect the financial stability of rural hospitals and rural healthcare systems. House Bill 18 requires HHSC to establish a Medicaid hospital add-on reimbursement rate for rural hospitals that have a department of obstetrics and gynecology. The legislation makes modifications to the grantees eligible to receive funding through the Pediatric Tele-Connectivity Resource Program for Rural Texas. House Bill 18 establishes the following grant programs to support rural hospitals, hospital districts, and hospital authorities:

- a financial stabilization grant program to support and improve financial stability for rural hospitals;
- an emergency hardship grant program to support rural hospitals facing man-made or natural disasters;
- an innovation grant program to support certain initiatives to improve quality of care and financial health; and
- a rural hospital support grant program to support long-term viability.

HHSC received a total of \$149.1 million in All Funds (\$140.0 million in General Revenue Funds) and 10.0 FTE positions in each fiscal year to implement the provisions of the legislation, including \$96.2 million in All Funds (\$87.1 million in General Revenue Funds) in new funding and \$52.9 million in General Revenue Funds in existing resources for the Pediatric Tele-connectivity Resource Program, legacy rural hospital grant program, and related administration.

House Bill 18 also establishes the Rural Pediatric Mental Health Care Access Program within the Texas Child Mental Health Care Consortium (TCMHCC) to assist health care practitioners in rural areas with identifying and assessing the behavioral health needs of pediatric and perinatal patients. TCMHCC received \$10.0 million in General Revenue Funds to implement the provisions of the legislation.

House Bill 26 – Nutrition counseling and instruction services in lieu of state Medicaid plan services. The legislation requires HHSC to permit Medicaid managed care organizations to offer nutrition counseling and instruction services in lieu of services specified in the state Medicaid plan. House Bill 26 also allows HHSC to establish a pilot program to provide additional nutrition support services to certain pregnant Medicaid recipients in lieu of services specified in the state Medicaid plan and report outcomes and recommendations.

House Bill 109 – Changes to inpatient facility and residential treatment facility operations. The legislation permits HHSC to award money as a onetime grant directly to an entity if the Legislature appropriates money for the purpose of construction, expansion, or operation of certain inpatient mental health facilities. House Bill 109 also broadens the definition of residential treatment facility to include a state facility designated by the agency. Previously, this term applied only to the Waco Center for Youth.

House Bill 114 – Transferring veterans mental health programs to the Texas Veterans Commission (TVC). The legislation transfers powers, duties, functions, and activities relating to the Texas Veterans and Family Alliance grant program and the Mental Health Program for Veterans from HHSC to TVC on September 1, 2025. HHSC received \$20.0 million in General Revenue Funds for the Texas Veterans and Family Alliance grant program and \$7.9 million in General Revenue Funds for the Mental Health Program for Veterans in the 2026–27 biennium that is included in the transfer to TVC.

House Bill 136 – Medicaid coverage and reimbursement for lactation consultation services. The legislation requires HHSC to provide coverage of lactation consultation services in the Medicaid program when delivered by an individual certified by an approved certification program.

House Bill 142 – Expansion of recovery audit contractor functions to managed care. The legislation allows the Recovery Audit Contractor (RAC) program to identify Medicaid underpayments and overpayments under the Medicaid managed care program. Prior to the legislation, the RAC program identified Medicaid underpayments and overpayments under the Medicaid Fee-for-service model. HHSC's OIG receives \$10.0 million in All Funds (\$5.0 million in General Revenue Funds) and 3.0 FTE positions for each fiscal year of the 2026–27 biennium to implement the legislation's provisions.

House Bill 426 – Medicaid and CHIP coverage and reimbursement for childhood cranial remolding orthosis. The legislation requires HHSC to provide coverage of childhood cranial remolding orthosis for certain children in the Medicaid and CHIP programs and requires that such reimbursement not be less favorable than the coverage required for other orthotics in the Medicaid program.

House Bill 500 – Supplemental appropriations for the 2024–25 biennium. The legislation increases appropriation authority of HHSC in fiscal year 2025 by \$1.0 billion in All

Funds (\$1.0 billion in General Revenue Funds), including the following amounts:

- \$750.0 million in General Revenue Funds for the Medicaid Program;
- \$111.8 million in General Revenue Funds for deferred maintenance and related repairs and renovations at HHSC-owned facilities, including the Harris County Psychiatric Center;
- \$100.0 million in General Revenue Funds and 144.0 FTE positions for the Dallas State Hospital;
- \$20.0 million in General Revenue Funds for the Thriving Texas Families program;
- \$11.8 million in All Funds, including \$8.4 million in General Revenue Funds, for information technology projects;
- \$7.9 million in General Revenue Funds for vehicle replacement, including vehicles for the Texas Civil Commitment Office (TCCO);
- \$7.4 million in General Revenue Funds to reimburse TCCO for offsite healthcare costs and services related to operations; and
- \$1.0 million in All Funds, including \$1.0 million in General Revenue Funds and 34.0 FTE positions, to address backlogs of abuse, neglect, and exploitation investigations.

House Bill 913 – Changes to the state mental health hospital system. The legislation reorganizes the North Texas State Hospital into the Vernon State Hospital and Wichita Falls State Hospital. House Bill 913 also expands the number of HHSC state-owned and -operated mental health facilities to include the new Lubbock Psychiatric Center and the Panhandle State Hospital, which both are currently under construction. The legislation requires each state hospital to employ a superintendent.

House Bill 3560 – Additional facility types subject to reportable conduct investigations. The legislation adds certain private mental hospitals and other mental health facilities to the possible types of facilities the agency must investigate for reportable conduct. HHSC received \$2.1 million in All Funds (\$1.4 million in General Revenue Funds) and 2.0 FTE positions in each fiscal year of the 2026–27 biennium to implement the legislation's provisions.

House Bill 4638 – Continuation of the Texas Pharmaceutical Initiative (TPI). The legislation extends the expiration date of TPI from September 1, 2025, to September 1, 2027. House Bill 4638 makes other changes to the TPI business plan and board member terms. The Eighty-eighth Legislature, Regular Session, 2023, provided \$150.0 million in General Revenue Funds to establish the TPI. The 2026–27 GAA, Article II, HHSC, Rider 124, Texas Pharmaceutical Initiative, authorizes HHSC to transfer unexpended and unobligated balances from the initial \$150.0 million appropriation into the 2026–27 biennium.

House Bill 5155 – Continuing the maternal opioid misuse model of care. The legislation requires HHSC to continue implementing the maternal misuse model of care, to the extent funds are available for this purpose. House Bill 5155 allows the use of funds from the General Revenue–Dedicated Account No. 5189, Opioid Abatement, to support the program. HHSC received \$2.8 million in General Revenue–Dedicated Funds for the 2026–27 biennium to implement the provisions of the legislation.

House Bill 5342 – Establishing a 988 trust fund. The legislation establishes the 988 suicide and crisis lifeline trust fund as a trust fund outside of the state treasury that is administered by HHSC. Money deposited into the fund may be used to implement, maintain, or improve the 988 Suicide and Crisis Lifeline. House Bill 5342 requires HHSC to prepare reports on Texas crisis center services and on recommendations to support the operation of the 988 Suicide and Crisis Lifeline, including evaluating the feasibility of establishing a telecommunication service fee.

Senate Bill 457 – Nursing facility licensing requirements and Medicaid participation. The legislation requires applications for issuing or renewing the license of a nursing facility and related institution to include the name of each person with direct or indirect ownership interest of 5.0 percent or more in the facility or the real property on which the facility is located, and to describe the ownership interest. Senate Bill 457 requires a license holder to notify HHSC of changes made to the ownership interest information included in the application. HHSC received \$2.1 million in All Funds (\$1.6 million in General Revenue Funds) for the 2026–27 biennium and 3.0 FTE positions in each fiscal year of the biennium to implement the provisions of the legislation.

Senate Bill 502 – Compensation of OIG peace officers. The legislation requires that peace officers employed by HHSC's OIG are compensated according to Schedule C of

the position classification salary schedule prescribed by the GAA. HHSC receives \$3.3 million in All Funds (\$2.9 million in General Revenue Funds) for the 2026–27 biennium to implement the provisions of the legislation.

Senate Bill 1266 – Medicaid provider enrollment and credentialing processes. The legislation requires HHSC to establish a support team for the Internet portal through which providers enroll in Medicaid. Senate Bill 1266 also requires HHSC to annually evaluate the performance of the support team, post the results of the evaluation on its website, and develop a procedure for Medicaid providers to submit complaints and feedback about enrollment and credentialing processes and support.

Senate Bill 2308 – Establishing a consortium relating to drug development clinical trials with ibogaine. The legislation establishes a consortium to conduct drug development clinical trials with ibogaine and secure federal approval of ibogaine as a medication for the treatment of opioid use disorder, co-occurring substance use disorder, and any other neurological or mental health condition for which ibogaine demonstrates efficacy. Senate Bill 2308 requires the consortium to select a lead institution of higher education to represent the consortium and perform administrative functions. The legislation requires the allocation to the state of not less than 20.0 percent of revenue attributable to intellectual property and other rights. Senate Bill 2308 requires HHSC to contract with the lead institution to implement the clinical trials. HHSC received \$50.0 million in General Revenue Funds for the 2026–27 biennium to implement the provisions of the legislation.

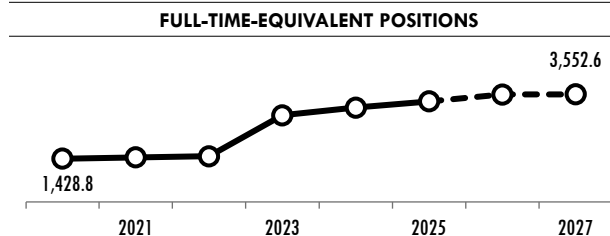
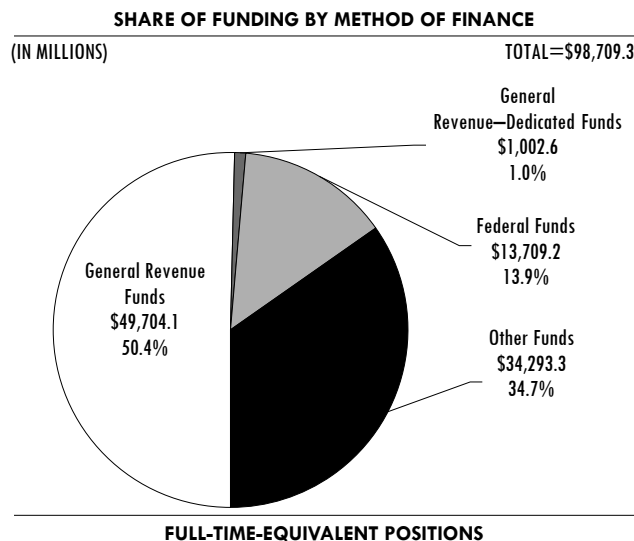
6. AGENCIES OF EDUCATION

PUBLIC EDUCATION

Public education is the largest function of Texas state government, receiving 33.2 percent of all General Revenue Funds appropriations. The largest public education agency, the Texas Education Agency (TEA), is responsible for supporting and distributing funding to school districts and charter schools throughout the state. The public education system serves approximately 5.5 million students enrolled in 8,172 campuses, located in 1,021 districts and 916 charter school campuses. The public education function also includes the Texas School for the Blind and Visually Impaired and Texas School for the Deaf, Education Programs – Comptroller of Public Accounts, and the Texas Permanent School Fund Corporation. Although the Teacher Retirement System of Texas (TRS) and the Optional Retirement Program include higher education functions, they are considered public education entities for the purpose of the General Appropriations Act.

FIGURE 144
ARTICLE III – AGENCIES OF EDUCATION – PUBLIC EDUCATION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$49,250.8	\$49,704.1	\$453.3	0.9%
General Revenue–Dedicated Funds	\$2.6	\$1,002.6	\$1,000.0	38,288.9%
Federal Funds	\$12,734.6	\$13,709.2	\$974.6	7.7%
Other Funds	\$28,268.9	\$34,293.3	\$6,024.4	21.3%
Total, All Methods of Finance	\$90,257.0	\$98,709.3	\$8,452.3	9.4%



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.
- (3) Full-time-equivalent (FTE) positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
- (4) Data shown include Teacher Retirement System of Texas funding and FTE positions for public education purposes.

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

SIGNIFICANT DEVELOPMENTS

Appropriations to TEA and TRS provide **\$8.5 billion** in General Revenue Funds for **public education funding increases** to implement House Bill 2 and Senate Bill 569, Eighty-ninth Legislature, Regular Session, 2025.

Foundation School Program appropriations total \$73.2 billion in All Funds, an increase of \$13.1 billion. Appropriations include **\$10.0 billion** in additional state aid related to property tax relief, **\$1.0 billion** to maintain the fiscal year 2025 golden penny yield and increase the basic allotment, and **\$3.1 billion** for student enrollment growth.

Appropriations provide **\$1.0 billion** in General Revenue–Dedicated Funds for the **Education Savings Account Program** at the Education Programs – Comptroller of Public Accounts established by Senate Bill 2, Eighty-ninth Legislature, Regular Session, 2025.

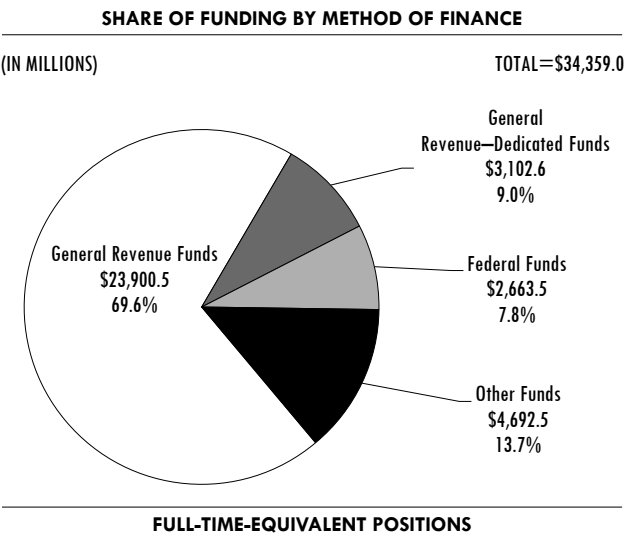
Supplemental appropriations in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, for **TRS** include **\$369.2 million in General Revenue Funds for active employee health insurance funding** to maintain TRS-ActiveCare premium increases at 10.0 percent per year during the 2026–27 biennium.

HIGHER EDUCATION

Texas’ system of public higher education encompasses 37 general academic institutions; three lower-division institutions; 50 community and junior college districts; one technical college system; and 14 health-related institutions. Higher education also includes the Texas Higher Education Coordinating Board, whose mission is to administer an effective system of higher education; eight Texas A&M University System agencies that provide research and training support; two constitutionally authorized funds to support new construction and maintenance programs; several statutorily authorized research funds; and funds to assist public institutions of higher education offset the waived tuition and fee revenue from the Hazlewood Legacy Program.

FIGURE 145
ARTICLE III – AGENCIES OF EDUCATION – HIGHER EDUCATION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$23,086.7	\$23,900.5	\$813.7	3.5%
General Revenue–Dedicated Funds	\$3,329.0	\$3,102.6	(\$226.4)	(6.8%)
Federal Funds	\$3,015.2	\$2,663.5	(\$351.8)	(11.7%)
Other Funds	\$4,734.3	\$4,692.5	(\$41.8)	(0.9%)
Total, All Methods of Finance	\$34,165.3	\$34,359.0	\$193.8	0.6%

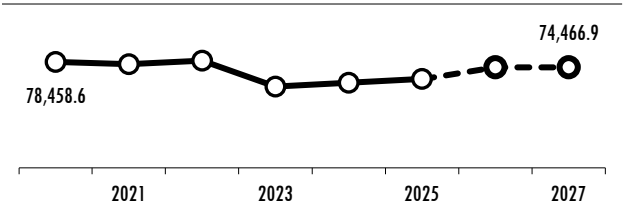


SIGNIFICANT DEVELOPMENTS

Higher education formulas are supported by **\$10.8 billion** in General Revenue Funds, an increase of **\$580.5 million** from the 2024–25 biennium.

Appropriations include **\$1.9 billion** in General Revenue Funds for **nonformula support** items at all institutions of higher education.

Texas Higher Education Coordinating Board appropriations for the TEXAS Grant program total \$1,233.9 million.



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.

(3) Full-time-equivalent (FTE) positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

(4) Data shown includes Optional Retirement Program funding and Teacher Retirement System of Texas funding and FTE positions used for higher education purposes.

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

FIGURE 146
ARTICLE III – EDUCATION APPROPRIATIONS BY AGENCY OR GROUP, ALL FUNDS

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	\$77,165.6	\$89,974.6	\$12,809.1	16.6%
Education Programs – Comptroller of Public Accounts	\$0.0	\$1,000.0	\$1,000.0	N/A
Texas Permanent School Fund Corporation	\$115.6	\$119.6	\$4.0	3.5%
Texas School for the Blind and Visually Impaired	\$71.8	\$74.1	\$2.3	3.1%
Texas School for the Deaf	\$119.9	\$84.9	(\$35.0)	(29.2%)
Subtotal, Public Education (1)	\$77,472.9	\$91,253.2	\$13,780.3	17.8%
Public Higher Education				
General Academic Institutions	\$10,408.9	\$9,543.8	(\$865.2)	(8.3%)
Health-related Institutions	\$4,239.1	\$4,383.1	\$144.0	3.4%
Texas A&M Service Agencies	\$5,247.8	\$3,903.5	(\$1,344.3)	(25.6%)
Texas Higher Education Coordinating Board	\$3,428.8	\$3,303.7	(\$125.0)	(3.6%)
Higher Education Funds	\$5,022.9	\$5,391.1	\$368.2	7.3%
Article III, Special Provisions	\$0.0	\$850.0	\$850.0	N/A
Two-year Institutions				
Public Community/Junior Colleges	\$2,402.3	\$2,458.4	\$56.0	2.3%
Lamar State Colleges	\$152.2	\$170.4	\$18.1	11.9%
Texas State Technical Colleges	\$288.4	\$393.0	\$104.6	36.3%
Subtotal, Two-year Institutions	\$2,843.0	\$3,021.7	\$178.8	6.3%
Subtotal, Public Higher Education (1)	\$31,190.4	\$30,397.0	(\$793.5)	(2.5%)
Employee Benefits				
Teacher Retirement System of Texas	\$13,468.9	\$8,200.2	(\$5,268.7)	(39.1%)
Optional Retirement Program	\$316.4	\$322.5	\$6.1	1.9%
Higher Education Employees Group Insurance Contributions	\$1,595.4	\$1,909.0	\$313.6	19.7%
Retirement and Group Insurance	\$135.6	\$171.4	\$35.8	26.4%
Social Security and Benefit Replacement Pay	\$829.0	\$1,098.7	\$269.8	32.5%
Subtotal, Employee Benefits	\$16,345.2	\$11,701.8	(\$4,643.3)	(28.4%)
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	\$124,422.3	\$133,068.3	\$8,646.1	6.9%

NOTES:

- (1) Subtotal does not include employee benefits or debt service and includes Interagency Contracts.
 - (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
 - (3) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
- SOURCE: Legislative Budget Board.

MAJOR FUNDING

The Eighty-ninth Legislature, Regular and Called Sessions, 2025, appropriated \$133.1 billion in All Funds for public and higher education for the 2026–27 biennium. This amount is an increase of \$8.6 billion, or 6.9 percent, from the 2024–25 biennial spending level.

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, also increased funding for the 2024–25 biennium. For public education, significant additional 2024–25 biennial funding includes \$1.1 billion in General Revenue Funds provided for school district and charter school Foundation School Program (FSP) payments, \$243.0 million in General Revenue Funds to assist school districts and charter schools in adopting and implementing open educational resource instructional materials, and \$369.2 million in General Revenue Funds to mitigate premium increases for TRS-ActiveCare.

PUBLIC EDUCATION

Agencies of public education, excluding the Teacher Retirement System of Texas (TRS) and Optional Retirement Program, were appropriated \$91.3 billion in All Funds for the 2026–27 biennium. This amount is an increase of \$13.8 billion, or 17.8 percent, from the 2024–25 biennial spending level. Included in these amounts are \$73.2 billion in All Funds for state aid to school districts and charter schools through the FSP. Funding for the FSP fully funds current law and includes an estimated \$3.1 billion for student enrollment growth; \$6.1 billion in additional state aid related to property tax compression and other property tax reductions pursuant to the Texas Education Code; \$3.9 billion in additional state aid related to property tax relief legislation by the Eighty-ninth Legislature, Regular Session, 2025; and \$8.5 billion appropriated to the Texas Education Agency and TRS in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, Article IX, Section 18.86, following the enactment of legislation relating to public education and public school finance.

The Legislature appropriated an additional \$5.0 billion in General Revenue Funds to fully fund costs to provide a onetime additional annuity payment and an ongoing cost-of-living adjustment to certain TRS retirees pursuant to Senate Bill 10 and House Joint Resolution 2, Eighty-eighth Legislature, Regular Session, 2023. TRS funding for the 2026–27 biennium represents the removal of this onetime appropriation.

HIGHER EDUCATION

Appropriations to support higher education, excluding end-of-article benefits, total \$30.4 billion in All Funds for the 2026–27 biennium, a decrease of \$793.5 million, or 2.5 percent, from the 2024–25 biennial spending level. This decrease largely is related to estimated versus actual tuition revenue collected, supplemental funding, and onetime appropriations in the 2024–25 biennium.

Higher education formulas are supported by \$10.8 billion in General Revenue Funds and \$1.6 billion in General Revenue–Dedicated Funds, which primarily come from statutory tuition. **Figure 147** shows the biennial change in General Revenue formula appropriations for the different types of institutions across all formulas. The increase in formula appropriations represents additional funding provided to maintain and increase certain formula rates across general academic institutions, Lamar State Colleges, and the Texas State Technical College System, as well as largely to maintain formula rates at health-related institutions and add two new mission-specific formulas.

Funding for institutions of higher education includes funding for nonformula support items, which are direct appropriations for projects specifically identified by the Legislature for support. Nonformula support item funding for the 2026–27 biennium includes General Revenue Funds appropriations shown in **Figure 148**.

Funding for the **Texas Higher Education Coordinating Board** for the 2026–27 biennium includes a decrease of \$125.0 million in All Funds from the 2024–25 biennium, due primarily to \$400.9 million appropriated in House Bill 500 to address unmatched donations in the Texas Research Incentive Program following its repeal in fiscal year 2025. Appropriations for the 2026–27 biennium include the following amounts:

- \$1,233.9 million for the Toward EXcellence, Access, and Success Grants program;
- \$302.8 million and \$30.6 million, respectively, for the Texas Educational Opportunity Grant (TEOG) Public Community College Program and the TEOG State and Technical Colleges program;
- \$232.6 million for the Tuition Equalization Grants program;
- \$304.4 million for the Graduate Medical Education Expansion program, which is an increase of \$71.3 million in All Funds from the 2024–25 biennium; and

FIGURE 147
GENERAL REVENUE FUNDS FORMULA FUNDING ACROSS INSTITUTIONS, 2024–25 AND 2026–27 BIENNIA

INSTITUTIONS	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/ BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Academic Institutions	\$4,665.0	\$4,817.8	\$152.9	3.3%
Lamar State Colleges	\$93.2	\$119.3	\$26.1	28.0%
Texas State Technical Colleges	\$207.7	\$261.7	\$54.0	26.0%
Health-related Institutions	\$2,918.4	\$3,227.6	\$309.3	10.6%
Public Community and Junior Colleges	\$2,362.7	\$2,400.9	\$38.2	1.6%

NOTE: Formula amounts for the health-related institutions include amounts appropriated to the Texas Higher Education Coordinating Board for Baylor College of Medicine.
SOURCE: Legislative Budget Board.

FIGURE 148
NONFORMULA SUPPORT ITEM GENERAL REVENUE FUNDS APPROPRIATIONS, 2024–25 AND 2026–27 BIENNIA

INSTITUTIONS	(IN MILLIONS)			PERCENTAGE CHANGE
	APPROPRIATED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Academic Institutions	\$1,867.4	\$1,245.1	(\$622.3)	(33.3%)
Lamar State Colleges	\$24.6	\$14.0	(\$10.6)	(43.0%)
Texas State Technical Colleges	\$22.7	\$114.7	(\$8.0)	(35.4%)
Health-related Institutions	\$475.3	\$475.9	\$0.6	0.1%
Public Community and Junior Colleges	\$39.6	\$57.5	\$17.9	45.0%

NOTE: Amounts include supplemental appropriations for fiscal year 2025.
SOURCE: Legislative Budget Board.

- \$291.4 million in General Revenue Funds for the Texas Child Mental Health Care Consortium, which is an increase of \$3.9 million from the 2024–25 biennium.

Appropriations for the **Texas A&M University System agencies** for the 2026–27 biennium total \$3.9 billion in All Funds, which is a decrease of \$1.3 billion from the 2024–25 biennium, largely driven by supplemental appropriations provided for fiscal year 2025.

TEXAS EDUCATION AGENCY

PURPOSE: To oversee the primary and secondary public education system in Texas through the distribution of state and federal funding, administration of statewide assessment and accountability systems, support of curriculum development and textbook adoption, administration of a public school data collection system, and supervision of compliance with state and federal regulations.

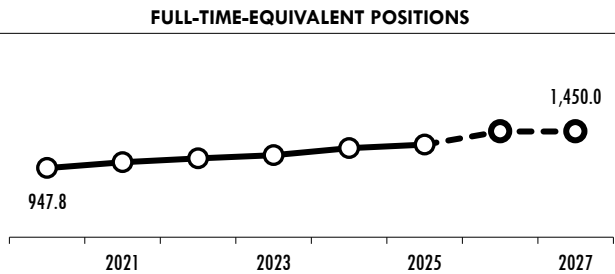
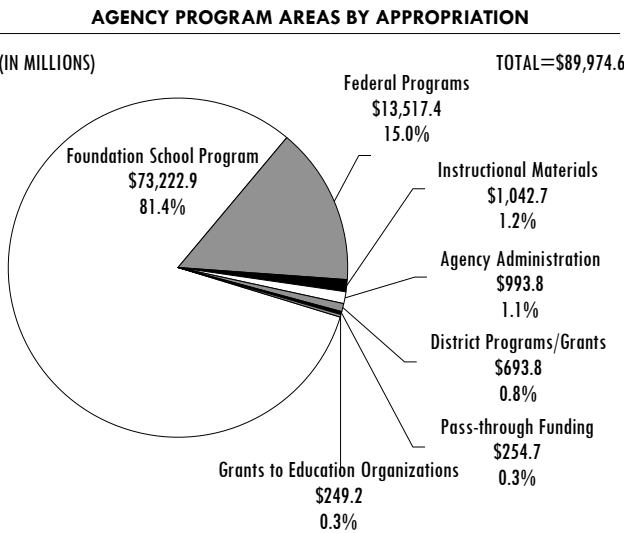
ESTABLISHED: 1949

AUTHORIZING STATUTE: The Texas Education Code, §7.002

GOVERNANCE: A governor-appointed Commissioner of Education, an elected State Board of Education, and an appointed State Board for Educator Certification

FIGURE 149
TEXAS EDUCATION AGENCY BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$36,834.3	\$42,681.4	\$5,847.2	15.9%
General Revenue–Dedicated Funds	\$2.6	\$2.6	\$0.0	0.0%
Federal Funds	\$12,698.9	\$13,670.1	\$971.2	7.6%
Other Funds	\$27,629.7	\$33,620.4	\$5,990.7	21.7%
Total, All Methods of Finance	\$77,165.6	\$89,974.6	\$12,809.1	16.6%



SIGNIFICANT DEVELOPMENTS

All Funds appropriations for the **Foundation School Program (FSP) total \$73.2 billion**, an increase of \$13.1 billion. FSP funding covers \$3.1 billion in projected costs related to enrollment growth; \$1.0 billion to maintain the fiscal year 2025 golden penny yield and increase the Basic Allotment pursuant to House Bill 2, Eighty-ninth Legislature, Regular Session, 2025; and \$10.0 billion in increased costs for property tax relief, including the compression of school district tax rates, increases to the residence homestead exemption, and tax relief for businesses.

Appropriations include **\$13,670.1 million in Federal Funds**, an increase of \$971.2 million. This amount includes an \$82.1 million increase in Title I Grants and an \$836.8 million increase in Child Nutrition Programs.

Technology and instructional materials appropriations total \$1,047.6 million. Additionally, appropriations include an estimated **\$531.3 million for open-education resource materials** provided through the FSP.

Appropriations to the Texas Education Agency for **public education funding increases** total \$8.4 billion in General Revenue Funds, including \$8.2 billion for the 2026–27 biennium to implement House Bill 2 and Senate Bill 569, Eighty-ninth Legislature, Regular Session, 2025. Additionally, appropriations in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, provide **\$243.0 million for open educational resource instructional materials**, pursuant to House Bill 2.

NOTES:
(1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
SOURCES: Legislative Budget Board; State Auditor’s Office.

MAJOR FUNDING

Funding for the Texas Education Agency (TEA) for the 2026–27 biennium includes All Funds increases of \$13.1 billion for the Foundation School Program (FSP) from the 2024–25 biennium for statutory entitlements associated with student growth and property tax decreases (see the **Foundation School Program** section).

In addition to the FSP, TEA administers several state and federally funded educational grant and support programs. The 2026–27 biennial appropriation for non-FSP programs and administration is \$3.1 billion in General Revenue Funds, a decrease of \$1.3 billion, or 29.1 percent, from 2024–25 biennial spending levels, primarily attributable to the removal of \$1.1 billion in onetime funding for school safety grants and \$232.1 million in unexpended balances for instructional materials from the 2024–25 biennium. The All Funds 2026–27 biennial appropriation for non-FSP programs and administration is \$16.8 billion, a decrease of \$308.2 million, or 1.8 percent, from 2024–25 biennial spending levels. The General Revenue Funds decrease is offset partially by increases of approximately \$1.0 billion in Federal Funds.

Figure 150 shows trends in TEA funding for prekindergarten to grade 12 since fiscal year 2018, using compounded state population and inflation growth, and the number of students in average daily attendance (ADA).

FUNDING FOR PUBLIC EDUCATION INITIATIVES

The Eighty-ninth Legislature, Regular Session, 2025, provided significant funding for several new education initiatives during the 2026–27 biennium.

HOUSE BILL 2 – SCHOOL FINANCE

House Bill 2, Eighty-ninth Legislature, Regular Session, 2025, made significant systemic changes to public education funding. Key changes to the FSP include the repeal and establishment of multiple allotments, changes to guaranteed yields and other funding formulas, and property tax compression. The legislation also increased teacher compensation; established educator preparation programs and certain teacher rights; amended special education programs; and increased supports for early childhood education and college, career, and military readiness initiatives. House Bill 2 further establishes several new non-FSP programs at TEA, including educator preparation programs and grant programs to provide certification exam reimbursements, assist districts with teacher quality, provide classroom teachers with liability insurance, and facilitate the

adoption of open-education resource materials. Changes resulting from the legislation are discussed in more detail in subsequent sections.

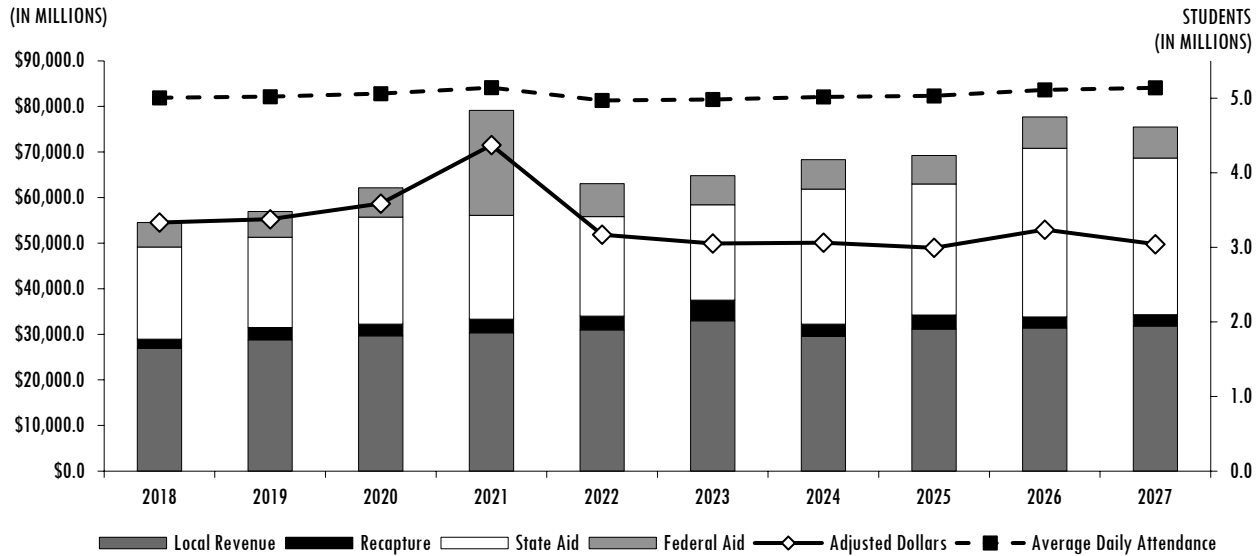
The Eighty-ninth Legislature, Regular Session, 2025, appropriated \$8.4 billion in General Revenue Funds in addition to what was required by previous law for public schools to implement the provisions of House Bill 2. Components of the \$8.4 billion in additional funding include \$7.9 billion for increased school funding through the FSP and \$0.6 billion for non-FSP programs and grants at TEA and associated Teacher Retirement System of Texas (TRS) benefits costs.

SCHOOL PROPERTY TAX REDUCTIONS

FSP appropriations to reduce local school district property taxes include an estimated total of \$51.0 billion for the 2026–27 biennium, which maintains property tax relief provided since the enactment of House Bill 3, Eighty-sixth Legislature, 2019, and provides for new property tax relief. Appropriations for the FSP include an estimated \$10.0 billion in new additional state aid to reduce local school district property taxes. Of this amount, \$6.1 billion is appropriated for additional property tax relief required pursuant to House Bill 3, Eighty-sixth Legislature, 2019, and Senate Bill 2, Eighty-eighth Legislature, Second Called Session, 2023. As a result, the maximum Tier 1 tax rate decreases from \$0.6855 in fiscal year 2025 to \$0.6322 in fiscal year 2026 and \$0.6254 in fiscal year 2027 per \$100 of valuation.

The Eighty-ninth Legislature, Regular Session, 2025, granted additional property tax relief through several pieces of legislation, including three constitutional amendments approved by voters in November 2025. Senate Bill 4 and Senate Joint Resolution 2 provide for further property tax relief by increasing the mandatory residence homestead exemption from \$100,000 to \$140,000. Senate Bill 23 and Senate Joint Resolution 85 also increase the additional homestead exemption for a person who is elderly or disabled from \$10,000 to \$60,000, bringing the total homestead exemption to \$200,000 for a person who is elderly or disabled. Additionally, House Bill 9 and House Joint Resolution 1 provide for the exemption from taxation of \$125,000 of the appraised value of income-producing tangible personal property. House Bill 9, Senate Bill 4, and Senate Bill 23 are estimated to increase the state's FSP General Revenue Funds obligation by a combined \$3.9 billion for the 2026–27 biennium.

FIGURE 150
TRENDS IN PREKINDERGARTEN TO GRADE 12 TEXAS EDUCATION AGENCY FUNDING
FISCAL YEARS 2018 TO 2027



YEAR	ACTUAL DOLLARS				TOTAL ACTUAL DOLLARS	TOTAL ADJUSTED DOLLARS (1)	AVERAGE DAILY ATTENDANCE (2)
	LOCAL REVENUE	RECAPTURE	STATE AID	FEDERAL AID			
2018	\$26,939.2	\$2,004.9	\$20,213.4	\$5,380.7	\$54,538.2	\$54,538.2	5,005,005
2019	\$28,780.3	\$2,702.8	\$19,818.5	\$5,647.9	\$56,949.5	\$55,246.4	5,020,341
2020	\$29,661.9	\$2,556.7	\$23,505.9	\$6,409.2	\$62,133.6	\$58,690.3	5,061,017
2021	\$30,339.1	\$2,967.0	\$22,800.9	\$23,023.6	\$79,130.6	\$71,523.9	5,140,653
2022	\$30,979.2	\$3,006.4	\$21,823.8	\$7,260.3	\$63,069.7	\$51,862.6	4,969,086
2023	\$32,962.0	\$4,537.6	\$20,923.6	\$6,397.7	\$64,820.9	\$49,928.3	4,982,336
2024	\$29,541.8	\$2,679.9	\$29,631.8	\$6,467.4	\$68,320.9	\$50,106.6	5,017,210
2025	\$31,144.4	\$3,081.8	\$28,773.6	\$6,231.6	\$69,231.3	\$48,992.1	5,030,482
2026	\$31,386.2	\$2,428.9	\$37,007.9	\$6,856.5	\$77,679.4	\$52,973.8	5,110,941
2027	\$31,797.7	\$2,505.2	\$34,362.5	\$6,813.7	\$75,479.1	\$49,773.7	5,138,665

NOTES:

- (1) Adjusted dollars are calculated with compounded state population and inflation growth.
 - (2) Average daily attendance (ADA) for fiscal years 2020 and 2021 includes additional student attendance to maintain district funding during the COVID-19 pandemic. ADA for fiscal year 2022 includes the Operational Minutes Adjustment to hold districts harmless for decreased attendance rates due to the pandemic for the first four six-week periods of school year 2021–22.
 - (3) Amounts for fiscal years 2024 and 2025 are estimated; amounts for fiscal years 2026 and 2027 are projected.
- SOURCES: Legislative Budget Board; Comptroller of Public Accounts; Texas Education Agency.

PROGRAMS

The agency carries out its responsibilities through seven major program areas: (1) FSP; (2) instructional materials; (3) district programs and grants; (4) grants to education organizations; (5) pass-through funding; (6) federal education programs; and (7) agency administration.

FOUNDATION SCHOOL PROGRAM

The FSP is the principal vehicle for distributing state aid to school districts, which in turn use state funds, local property tax revenue, and federal funding to provide educational services. The FSP is the largest appropriation item for TEA, accounting for 81.4 percent of the agency's 2026–27 biennial All Funds appropriation. It is also the largest single appropriation item in the state budget from General Revenue Funds and General Revenue–Dedicated Funds. The Eighty-ninth Legislature, General Appropriations Act (GAA), 2026–27 Biennium, Article III, TEA, Strategies A.1.1, FSP – Equalized Operations, and A.1.2, FSP – Equalized Facilities, address FSP appropriations, and set-aside appropriations in other strategies address programs that are funded statutorily from the FSP.

All Funds appropriations to FSP for the 2026–27 biennium total \$73.2 billion, representing a \$13.1 billion increase from the 2024–25 biennial spending level. The increase is attributable primarily to increases to public school funding provided in House Bill 2, property tax relief legislation, and projected enrollment growth in public schools, partially offset by increased local revenue due to projected growth in district property values.

Figure 151 shows the major cost drivers for FSP for the 2026–27 biennium compared to 2024–25 biennial spending levels. The combined effect of major cost drivers is an increase in state FSP obligations of approximately \$13.1 billion in All Funds and \$7.1 billion in General Revenue Funds.

Increases in the overall cost of the FSP to the state are attributed to three primary cost drivers: property tax reduction, student enrollment growth, and changes to the calculation of the golden penny yield.

Property tax reductions result in a projected \$10.0 billion increase in General Revenue Funds and Other Funds from the Property Tax Relief Fund for the 2026–27 biennium. This amount includes \$2.6 billion for statutorily required Tier 1 rate compression based on estimated statewide average property value growth and district property value growth (see the section on **House Bill 3, Property Tax**

Compression); \$3.5 billion to maintain property tax relief provided by the Eighty-eighth Legislature, Regular Session, 2023; and \$3.9 billion to implement the legislation relating to property tax relief enacted by the Eighty-ninth Legislature, Regular Session, 2025. This legislation increases the homestead exemption to \$140,000, increases the additional homestead exemption for the elderly or disabled to \$60,000, and provides an exemption from taxation of \$125,000 on income-producing tangible personal property.

An estimated \$3.1 billion in additional funding for projected student enrollment growth constitutes another major cost driver from the 2024–25 biennium. This projection includes an increase of about 108,000 students in ADA from fiscal years 2025 to 2027. Additionally, appropriations for enrollment growth fund an increase in the number of students who generate higher levels of weighted funding through various FSP allotments, equal to a projected increase of about 496,000 students in weighted ADA from fiscal 2025 to fiscal year 2027.

Another major cost driver is an estimated \$1.0 billion in additional funding related to increases to the golden penny yield that would have occurred under prior law before the enactment of House Bill 2, Eighty-ninth Legislature, Regular Session, 2025. The golden penny yield is the guaranteed level of revenue to which districts are entitled for each of the first eight cents of optional Tier 2 enrichment tax effort levied by districts. Pursuant to prior law, the golden penny yield would have increased during the 2026–27 biennium based on increases in the level of revenue available to the district projected to be at the ninety-sixth percentile of wealth per weighted student. Pursuant to House Bill 2, beginning in fiscal year 2026 the golden penny yield is instead equal to the amount that results from multiplying the maximum amount of the Basic Allotment by 0.02804. For fiscal years 2026 and 2027, this would maintain the fiscal year 2025 golden penny yield of \$129.52. Using the savings attained from the calculation change, House Bill 2 instead amends the Basic Allotment to provide an additional Guaranteed Yield Increment Adjustment to the Basic Allotment every fiscal year. For the 2026–27 biennium, the Eighty-ninth Legislature, Regular Session, 2025, sets the Guaranteed Yield Increment Adjustment at \$55, and sets the Basic Allotment at \$6,215.

Additionally, FSP funding for the 2026–27 biennium incorporates \$8.0 billion for school district entitlement increases related to the enactment of House Bill 2, Senate Bill 569, and Senate Bill 1490, Eighty-ninth Legislature, Regular Session, 2025.

FIGURE 151
MAJOR FOUNDATION SCHOOL PROGRAM (FSP) GENERAL REVENUE FUNDS COST DRIVERS AND LEGISLATIVE ACTIONS
2026–27 BIENNIUM

CURRENT LAW OBLIGATIONS AND COST DRIVERS GREATER THAN 2024–25 BIENNIUM	COST CHANGES (IN MILLIONS)
Projected Student Enrollment Growth	\$3,059.1
Fiscal Year 2026 – 80,000	
Fiscal Year 2027 – 28,000	
Projected School District Property Value and Revenue Increase	(\$4,672.3)
Tax Year 2024 – 2.87% (Budgeted), 5.29% (Actual)	
Tax Year 2025 – 5.60%	
Tax Year 2026 – 3.60%	
Estimated Current Law Tax Rate Compression and Other Property Tax Reductions (1)	\$1,629.7
Increases to the Golden Penny Yield (3)	\$978.4
Increase to the Teacher Incentive Allotment	\$754.3
Increased Facilities Payments	\$66.7
Settle-up and Other Adjustments	\$1,043.8
Actions of the Eighty-ninth Legislature, 2025	
Legislation Relating to Public Education Funding	\$7,934.6
House Bill 2, Regular Session	
Senate Bill 569, Regular Session	
Senate Bill 1490, Regular Session	\$20.4
Legislation Relating to Property Tax Relief	\$3,900.0
House Bill 9, Regular Session	
Senate Bill 4, Regular Session	
Senate Bill 23, Regular Session	
Reduced Recapture Revenue due to Enacted Legislation	(\$1,597.5)
Total, Net Foundation School Program Cost Change (All Funds) from 2024–25 Biennial Adjusted Base	\$13,117.2
General Revenue Funds Cost Changes Above Base Due to Changes in Other Funds	
Decrease Compared to 2024–25 Base in Budgeted Recapture Payments – Attendance Credits	\$1,127.2
Increase in Property Tax Relief Fund, primarily due to \$6.5 billion increase in transfer from General Revenue Fund for tax relief pursuant to the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, Article III, Texas Education Agency, Rider 76	(\$6,489.4)
Increase in Tax Reduction and Excellence in Education Fund	(\$643.5)
Net Change to General Revenue Funds from Increases to Other Funds	(\$6,005.7)
Total, Net FSP Comparison to 2024–25 Biennial Base, General Revenue Funds	\$7,111.5

NOTES:

- (1) Tax Rate Compression and Other Property Tax Reductions include statutorily required Tier 1 rate compression based on projected statewide average property value growth and district property value growth. Estimated General Revenue Funds costs of tax relief for current law excluding property tax legislation enacted by the Eighty-ninth Legislature, Regular Session, 2025, total \$2.6 billion when combined with \$0.9 billion in decreased recapture payments included in General Revenue Funds Cost Changes Above Base Due to Changes in Other Funds.
- (2) Increases to Other Funds Methods of Finance for the FSP result in a decrease of equal value to General Revenue Funds FSP obligations.
- (3) Pursuant to House Bill 2, Eighty-ninth Legislature, Regular Session, 2025, funding that would increase the golden penny yield is instead required to be used to increase the Basic Allotment through the Guaranteed Yield Increment Adjustment for the 2026–27 biennium.
- (4) Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

Offsetting these major cost increases is a savings of approximately \$4.7 billion for the 2026–27 biennium due to the growth of local property values, which increases property tax collections and decreases the level of state aid required to fund school district FSP entitlement. (See the section regarding **State and Local Revenue Contribution**.)

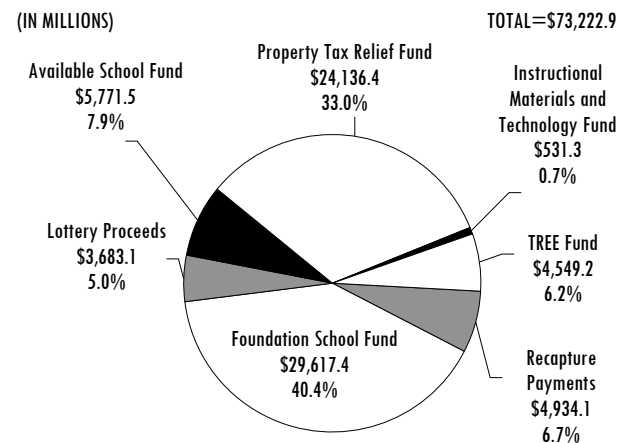
Although overall FSP state costs increased by \$13.1 billion for the 2026–27 biennium, costs to General Revenue Funds increased by \$7.1 billion due to a projected \$6.0 billion increase in Other Funds, primarily attributable to a transfer from General Revenue Funds to the Property Tax Relief Fund of \$18.8 billion, an increase of \$6.5 billion from the 2024–25 biennium, which was appropriated for property tax relief provided by the Eighty-ninth Legislature, Regular Session, 2025. The FSP is structured so that any change in estimated revenue from a dedicated revenue stream is made up by an opposite and equal change in General Revenue Funds. As a result, increases in Other Funds from the previous biennium will decrease the amount of General Revenue Funds required to finance the FSP. Additionally, settle-up contributed to General Revenue Funds savings. School districts are paid based on estimates of major cost drivers such as student counts and local property values, and the state settles up with districts during the following school year based on actual data.

FOUNDATION SCHOOL PROGRAM FUNDING SOURCES

Figure 152 shows all the appropriated sources that fund the FSP for the 2026–27 biennium. General Revenue Funds contribute an estimated 54.1 percent of the FSP appropriation through four sources: the Available School Fund (ASF), Instructional Materials and Technology Funds (IMTF), Texas Lottery Proceeds, and the Foundation School Fund, which is an amount distributed from the state’s General Revenue Funds sufficient to fulfill the state’s FSP funding obligation.

FSP funding sources that are not General Revenue Funds are categorized as Other Funds. An additional \$24.1 billion is projected to come from the Property Tax Relief Fund (PTRF), which consists of certain revenue generated by the state’s franchise tax, tobacco taxes, and a tax on used car sales, as well as amounts transferred from the General Revenue Fund by the Legislature. Included in the \$24.1 billion is a transfer of \$18.8 billion from General Revenue Funds that was appropriated for property tax relief legislation passed by the Eighty-ninth Legislature, Regular Session, 2025, and constitutional amendments approved by voters. Appropriations from wealth-equalizing recapture payments,

FIGURE 152
FOUNDATION SCHOOL PROGRAM APPROPRIATIONS
BY FUNDING SOURCE, 2026–27 BIENNIUM



NOTE: General Revenue Funds include Foundation School Fund, Lottery Proceeds, Instructional Materials and Technology Fund, and the Available School Fund. Other Funds include the Property Tax Relief Fund, Tax Reduction and Excellence in Education (TREE) Fund, and Recapture Payments.
SOURCE: Legislative Budget Board.

budgeted as Recapture Payments – Attendance Credits, from property-wealthy school districts total \$4.9 billion and are used to offset the state cost of the school finance system. This represents an estimated reduction of \$1.6 billion from prior law projections following the enactment of legislation modifying the FSP formulas by the Eighty-ninth Legislature, including property tax relief legislation, and school finance reform provided by House Bill 2. Statute requires that recapture payments are used only as a source of funding for the FSP.

Additionally, the Tax Reduction and Excellence in Education (TREE) Fund (Other Funds) consists of deposits of certain sales and use tax collections, money appropriated to the fund by the Legislature, and annual transfers in excess of \$300.0 million from the Permanent School Fund to the ASF by the School Land Board, the State Board of Education, or the Permanent School Fund Corporation, pursuant to the Texas Constitution, Article VII, Section 5(g). Appropriations from the TREE Fund may be used only to pay the cost of Tier 1 allotments in the FSP or for the purpose of decreasing school district maintenance and operations property tax rates. These appropriations total \$4.5 billion for the 2026–27 biennium.

Revenues from the ASF, Lottery Proceeds, IMTF, PTRF, TREE Fund, and Recapture Payments are estimated and may increase or decrease during the biennium based on actual revenue collections. The Foundation School Fund also

is estimated; however, it draws from the state Treasury. These estimated appropriations constitute a sum-certain All Funds appropriation amount for the FSP. In practice, if revenue for the ASE, Lottery Proceeds, IMTE, PTRF, TREE Fund, or Recapture Payments is greater than estimated, the amount of General Revenue Funds drawn through the Foundation School Fund decreases; conversely, if revenue is less than expected, the General Revenue Funds cost increases.

STATE AND LOCAL REVENUE CONTRIBUTION

The 2026–27 biennial FSP appropriation, in combination with an estimated \$63.2 billion in local property tax revenue not included in appropriations, represents the \$136.7 billion total FSP entitlement for the 2026–27 biennium, as shown in **Figures 153** and **154**. The FSP is a shared funding model, which depends on contributions from state and local revenue sources to fund the level of entitlement generated by the statutory formulas. As such, fluctuations in local property tax revenue partially determine the amount of state funding needed to fund district entitlement in the school finance system. The measure of the proportion of the FSP system funded from state revenues is referred to as the state share.

Prior to fiscal year 2020, local revenue driven by strong property value growth outpaced both FSP entitlement increases and additional property tax relief, resulting in a steady decrease in the state share. House Bill 3, Eighty-sixth Legislature, 2019, slowed this trend by increasing school district entitlement and providing automatic compression to Tier 1 tax rates to offset property value growth exceeding 2.5 percent annually. (See the section regarding **House Bill 3 Property Tax Compression**.) However, certain limits on compression may result in local revenue growth greater than 2.5 percent in years when actual statewide property value growth greatly exceeds the level of growth originally projected. For example, fiscal year 2023 statewide average property value growth was projected to be 4.36 percent, compared to actual estimated statewide average property growth of 17.5 percent. As is shown in **Figure 153**, this actual estimated average growth resulted in significant local revenue increases and a decrease in the state share of the FSP for fiscal year 2023.

Following the enactment of House Bill 2 and property tax relief legislation by the Eighty-ninth Legislature, Regular Session, 2025, the total state share is projected to be 50.0 percent for fiscal year 2026 and 50.4 percent for fiscal year 2027, or 52.4 percent for fiscal year 2026 and 53.1 percent for fiscal year 2027 when only maintenance and operations (M&O) funding is considered, as shown in **Figure 154**.

HOUSE BILL 3 PROPERTY TAX COMPRESSION

School district M&O tax rates are made up of the district's Tier 1 tax rates and, for most districts, an additional Tier 2 tax rate, which is an optional enrichment tax rate. Following the enactment of House Bill 3, Eighty-sixth Legislature, 2019, Tier 1 tax rates are compressed annually based on the amount that a district's property value growth rate or the statewide average property value growth rate exceeds 2.5 percent, whichever is greater. The tax rate based on statewide average property value growth is known as the State Compression Percentage (SCP). For example, if the Comptroller of Public Accounts projected property values to increase by 4.0 percent statewide, the SCP would compress by 1.4 percent (divide the previous SCP by 104.0 percent and multiply by 102.5 percent). If a district's property value growth rate exceeds the statewide average, the Tier 1 tax rate is compressed even further, but compression is limited by the minimum rate for that year, equal to 90.0 percent of the highest district's rate. For most districts, this compression has the effect of limiting the growth of property tax collections to no more than 2.5 percent per year.

In addition to the statutorily required compression based on property value growth, statute requires the Legislature to reduce the SCP further in the GAA using the amount of state savings realized during the prior biennium due to the 90.0 percent limitation on Tier 1 tax rate compression. For the 2026–27 biennium, appropriations reduce the SCP by an additional 3.31 percentage points each fiscal year.

FOUNDATION SCHOOL PROGRAM STRUCTURE

The FSP includes a two-tiered structure to provide M&O funding for basic program costs and enrichment of the program, and a separate structure to provide state aid for district debt service, most commonly for facilities construction bonds. The system contains a set of funding formulas by which every school district's total revenue entitlement, local tax revenue, and the resulting state aid is determined. The formulas are established by the Legislature in the Texas Education Code, and certain portions are specified further in the GAA. District information, including property values, level of tax effort, the number and type of students, and certain district characteristics are entered into these formulas to compute entitlement. The portion of this entitlement that is not covered by eligible local revenue is funded with state aid.

MAINTENANCE AND OPERATIONS – TIER 1

Most of the district entitlement for M&O is provided in Tier 1 through the funding formula element called the Basic

FIGURE 153
STATE AND LOCAL FOUNDATION SCHOOL PROGRAM FUNDING FOR COMBINED MAINTENANCE AND OPERATIONS AND FACILITIES, FISCAL YEARS 2018 TO 2027

YEAR	LOCAL	RECAPTURE	STATE (1)	TOTAL	PERCENTAGE STATE SHARE
2018	\$26,939.2	\$2,004.9	\$19,100.2	\$48,044.3	39.8%
2019	\$28,780.3	\$2,702.8	\$18,424.4	\$49,907.5	36.9%
2020	\$29,661.9	\$2,556.7	\$22,345.2	\$54,563.8	41.0%
2021	\$30,339.1	\$2,967.0	\$22,416.6	\$55,722.8	40.2%
2022	\$30,979.2	\$3,006.4	\$21,080.5	\$55,066.1	38.3%
2023	\$32,962.0	\$4,537.6	\$18,885.3	\$56,384.8	33.5%
2024	\$29,541.8	\$2,679.9	\$27,980.2	\$60,201.9	46.5%
2025	\$31,144.4	\$3,081.8	\$27,951.7	\$62,177.8	45.0%
2026	\$31,386.2	\$2,428.9	\$33,840.2	\$67,655.3	50.0%
2027	\$31,797.7	\$2,505.2	\$34,792.5	\$69,095.4	50.4%

NOTES:

- (1) The State category includes appropriations of Other Funds from the Economic Stabilization Fund of \$806.5 million for fiscal year 2019, \$424.0 million for fiscal year 2020, and \$212.0 million for fiscal year 2021 for districts affected by Hurricane Harvey. The category also includes federal funding from the Coronavirus Relief Fund of \$1,145.9 million in fiscal year 2020 and \$1,109.2 million in fiscal year 2021 to hold districts harmless for attendance decreases related to the COVID-19 pandemic.
- (2) Amounts for fiscal years 2024 and 2025 are estimated and amounts for 2026 and 2027 are projected.

SOURCE: Legislative Budget Board.

FIGURE 154
STATE AND LOCAL FOUNDATION SCHOOL PROGRAM SHARES FOR MAINTENANCE AND OPERATIONS FISCAL YEARS 2018 TO 2027

YEAR	LOCAL	RECAPTURE	STATE (1)	TOTAL	PERCENTAGE STATE SHARE
2018	\$23,007.7	\$2,004.9	\$18,563.7	\$43,576.3	42.6%
2019	\$24,620.3	\$2,702.8	\$17,934.3	\$45,257.3	39.6%
2020	\$25,229.7	\$2,556.7	\$21,929.4	\$49,715.7	44.1%
2021	\$25,793.0	\$2,967.0	\$22,052.7	\$50,812.7	43.4%
2022	\$26,380.1	\$3,006.4	\$20,782.0	\$50,168.4	41.4%
2023	\$28,332.5	\$4,537.6	\$18,512.4	\$51,382.5	36.0%
2024	\$24,851.7	\$2,679.9	\$26,865.2	\$54,396.8	49.4%
2025	\$26,501.0	\$3,081.8	\$26,832.4	\$56,415.1	47.6%
2026 (1)	\$26,657.8	\$2,428.9	\$32,011.7	\$61,098.3	52.4%
2027 (1)	\$27,042.7	\$2,505.2	\$33,363.6	\$62,911.5	53.0%

NOTES:

- (1) The State category includes appropriations of Other Funds from the Economic Stabilization Fund of \$806.5 million for fiscal year 2019, \$424.0 million for fiscal year 2020, and \$212.0 million for fiscal year 2021 for districts affected by Hurricane Harvey. The category also includes federal funding from the Coronavirus Relief Fund of \$1,145.9 million in fiscal year 2020 and \$1,109.2 million in fiscal year 2021 to hold districts harmless for attendance decreases related to the COVID-19 pandemic.
- (2) Amounts for fiscal years 2024 and 2025 are estimated and amounts for 2026 and 2027 are projected.

SOURCE: Legislative Budget Board.

Allotment, which is an amount of total state and local funding that the state guarantees to districts per student in ADA. The Basic Allotment is further used in other components of the funding formulas that account for student characteristics, such as whether a student is determined to be

entitled to bilingual education, compensatory education, or special education services, among other factors. Tier 1 also includes other student-based and non-student-based allotments including funding for school safety, career and technology education, and the Teacher Incentive Allotment.

FIGURE 155
RECAPTURE REVENUE, FISCAL YEARS 2018 TO 2027

YEAR	TOTAL RECAPTURE PAID (IN MILLIONS)	RECAPTURE AS A PERCENTAGE OF TOTAL M&O REVENUE	DISTRICTS PAYING RECAPTURE	PERCENTAGE OF TOTAL ADA
2018	\$2,004.9	4.6%	185	18.2%
2019	\$2,702.8	6.0%	215	26.5%
2020	\$2,556.7	5.1%	150	20.1%
2021	\$2,967.0	5.8%	158	22.0%
2022	\$3,006.4	6.0%	156	22.1%
2023	\$4,537.6	8.8%	227	28.6%
2024	\$2,679.9	4.9%	217	24.8%
2025	\$3,081.8	5.5%	238	30.8%
2026	\$2,428.9	4.0%	207	25.5%
2027	\$2,505.2	4.0%	213	28.7%

NOTES:

- (1) Amounts shown for fiscal year 2025 are estimated, and amounts shown for fiscal years 2026 and 2027 are projected.
(2) Data show Tier 1 and Tier 2 recapture. For fiscal year 2026, 91 districts are anticipated to pay recapture at the Tier 1 level, some of which also pay Tier 2 recapture; and 116 districts are anticipated to pay recapture only at the Tier 2 level. For fiscal year 2027, these amounts are projected at 93 and 120, respectively.
(3) M&O=maintenance and operations; ADA=average daily attendance.

SOURCES: Legislative Budget Board; Texas Education Agency.

The additional funding earned by the district through these allotments contributes to the calculation of an adjusted student count for each school district, called weighted average daily attendance.

MAINTENANCE AND OPERATIONS – TIER 2

The final major funding formula for M&O entitlement is the enrichment tier, or Tier 2, established during fiscal year 2006 to provide meaningful tax-rate discretion to school districts. Tier 2 provides a guaranteed yield per penny of property tax effort levied greater than the district's Tier 1 tax rate. The first eight pennies of tax effort are called golden pennies because they generate a higher yield and are not subject to recapture; a district is guaranteed \$129.52 in fiscal years 2026 and 2027 per weighted student per penny of tax effort. The remaining pennies are called copper pennies because they have a lower yield and are subject to recapture; a district is guaranteed \$49.72 per weighted student per penny of tax effort.

RECAPTURE REVENUE

To address inequities among school districts in terms of access to revenue for public education, the Texas Education Code, Chapter 49, requires certain school districts in which a calculation of local revenue (based on local property values) exceeds entitlement to exercise one of five options to reduce property tax revenue available to

the district. All school districts currently required to exercise an option choose to remit tax revenues associated with property value in excess of entitlement directly to the state through a process called recapture. Recapture revenue is used only as a method of financing the state's FSP obligations and not for any other non-FSP related appropriation. Revenues associated with Tier 1 and copper pennies are subject to recapture; revenues associated with golden pennies levied in Tier 2 are not subject to recapture, meaning that districts retain 100.0 percent of those tax revenues locally.

For fiscal years 2018 to 2027, **Figure 155** shows the total recapture revenue, the share of recapture as a percentage of total M&O revenue, and the total number of districts paying recapture. During this period, recapture generally has increased as a percentage of total M&O revenue due primarily to the growth of property values at a faster rate than FSP program entitlement as determined by statutory formulas. Years during which this percentage decreased are attributed to significant legislation reducing property taxes and increasing FSP entitlement. For the 2026–27 biennium, recapture revenue is estimated to decrease by an estimated \$1.6 billion compared to projections pursuant to prior law due to the combined enactment of House Bill 2 and property tax legislation provided by the Eighty-ninth Legislature, Regular Session, 2025.

PUBLIC SCHOOL FACILITIES

State funding to assist school districts with debt-service costs related to public school facilities is conducted through three programs: the Instructional Facilities Allotment (IFA), the Existing Debt Allotment (EDA), and Additional State Aid for Homestead Exemption (ASAHE). IFA and EDA provide state aid to equalize interest-and-sinking (I&S) tax effort. IFA equalizes I&S tax effort at \$35.00 per \$0.01 per student in ADA. EDA equalizes I&S tax effort at an estimated \$40.00 per \$0.01 per student in ADA for fiscal year 2026.

Although the basic structure of IFA and EDA is similar, some key differences separate the two programs. IFA funding is limited to instructional facilities, whereas district debt service for any type of facility is potentially eligible for EDA support. IFA is a sum-certain appropriation, and the Legislature makes specific appropriation decisions regarding new grant awards. In contrast, debt service is eligible automatically for EDA funding during a biennium if the district made a payment during the previous biennium. EDA assistance is restricted to \$0.29 of tax effort. The Legislature did not appropriate any funding for new grants through the IFA for the 2026–27 biennium.

ASAHE provides additional state aid to offset district revenue losses resulting from previous increases to the statewide mandatory residence homestead exemption from \$15,000 to \$25,000; \$25,000 to \$40,000; \$40,000 to \$100,000; and \$100,000 to \$140,000. An additional ASAHE is provided to offset losses resulting from the increase to the homestead exemption from \$10,000 to \$60,000 for homeowners age 65 and older and those with disabilities. Through ASAHE, school districts receive additional state funds equal to the amount of funding they would have generated at lower levels of each homestead exemption through higher tax collections that are not otherwise offset by increases in state aid through the IFA or EDA programs.

The Eighty-fifth Legislature, Regular Session, 2017, first provided \$60.0 million per fiscal year for charter school facilities funding statewide during the 2018–19 biennium. House Bill 2, Eighty-ninth Legislature, Regular Session, 2025, amended charter school facilities funding to increase total statewide funding to \$320.6 million for the 2026–27 biennium, an estimated increase of \$200.6 million compared to the 2024–25 biennium.

Total appropriated state aid for facilities programs is \$3.3 billion for the 2026–27 biennium.

CHARTER SCHOOL FUNDING

Charter schools are not authorized to levy local property taxes. Therefore, the entire FSP entitlement for a charter school is provided as state aid.

House Bill 2 increased the amount of operational funding received by charters. The charter school Tier 1 entitlement is determined by multiplying counts of students enrolled in general and targeted education programs by applicable program weights and the state average of school district adjusted allotments. Enrichment funding provided through Tier 2 for charter schools is calculated using the state average number of enrichment pennies levied by school districts with taxing authority.

Figure 156 shows, from fiscal years 2018 to 2027, charter school state aid, the percentage of total state aid, charter school ADA, and the percentage of total ADA attributed to charter schools. From fiscal years 2018 to 2025, charter school ADA growth averaged approximately 18,000 students per year.

PREKINDERGARTEN

House Bill 3, Eighty-sixth Legislature, 2019, required school districts to provide prekindergarten if they identify more than 15 children that meet statutory eligibility requirements. Each prekindergarten class for children that are at least age four must be operated on a full-day basis and comply with the program standards required for high-quality prekindergarten programs. Following the enactment of House Bill 2, Eighty-ninth Legislature, Regular Session, 2025, school districts generate full-day attendance for these prekindergarten students for the purposes of FSP funding.

INSTRUCTIONAL MATERIALS AND TECHNOLOGY

INSTRUCTIONAL MATERIALS AND TECHNOLOGY ALLOTMENT

Aside from the FSP, the largest state-funded public education program appropriation is for technology and instructional materials. For the 2026–27 biennium, non-FSP appropriations for the Instructional Materials and Technology Allotment (IMTA) total \$1.0 billion. Of that amount, \$861.0 million is deposited directly into school district and charter school accounts based on ADA. \$181.7 million is available for other costs associated with statewide procurement and distribution of instructional materials, and an additional \$5.0 million is appropriated for administration of the program.

The 2026–27 biennial appropriation for IMTA represents a decrease of \$2.3 million from the 2024–25 biennial base appropriations. In addition, the Texas Education Agency (TEA) reported an estimated \$263.7 million in unexpended district and charter balances carried forward from the 2024–25 biennium and \$9.3 million in unexpended balances for administrative and IMTA-funded capital projects.

FIGURE 156
CHARTER SCHOOL STATE AID AND AVERAGE DAILY ATTENDANCE, FISCAL YEARS 2018 TO 2027

YEAR	STATE AID (IN MILLIONS)	PERCENTAGE OF TOTAL STATE SHARE	AVERAGE DAILY ATTENDANCE (ADA)	PERCENTAGE OF TOTAL ADA
2018	\$2,553.6	13.4%	271,652	5.4%
2019	\$2,858.4	15.5%	289,903	5.8%
2020	\$3,236.5	14.5%	298,717	5.9%
2021	\$3,680.7	16.4%	337,592	6.6%
2022	\$3,782.2	18.0%	343,618	6.9%
2023	\$4,033.6	21.4%	360,644	7.2%
2024	\$4,447.2	15.9%	380,290	7.6%
2025	\$4,706.2	16.8%	395,521	7.9%
2026	\$5,499.0	16.2%	421,923	8.3%
2027	\$5,833.1	16.8%	437,707	8.5%

NOTE: Amounts shown for fiscal years 2024 and 2025 are estimated; amounts shown for fiscal years 2026 and 2027 are projected.
SOURCES: Legislative Budget Board; Texas Education Agency.

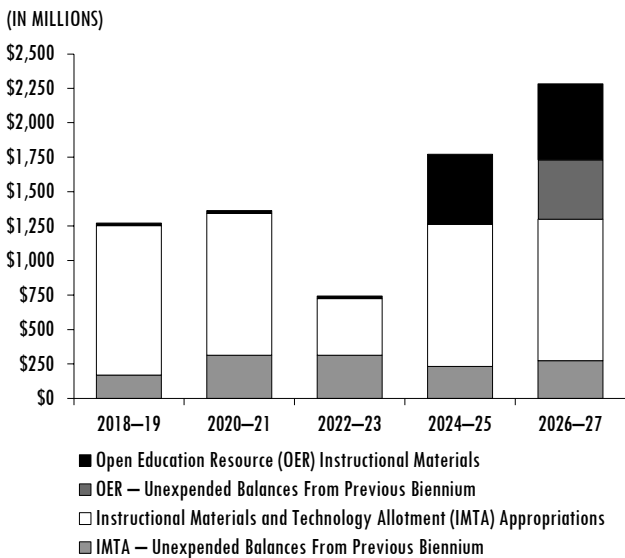
OPEN EDUCATIONAL RESOURCE INSTRUCTIONAL MATERIALS

Appropriations for the Foundation School Program also include an estimated \$531.3 million in appropriations for Open Educational Resource (OER) instructional materials for the 2026–27 biennium. Districts and charters are entitled to two allotments, including one allotment of \$20 per ADA for the printing and shipping of instructional materials and an additional allotment of \$40 per ADA for the procurement of instructional materials approved by the State Board of Education. These allotments are distributed through district and charter Instructional Materials and Technology Accounts. In addition to amounts appropriated for the 2026–27 biennium, TEA estimated an additional \$376.3 million in unexpended balances of these FSP allotments were carried forward from the 2024–25 biennium into the 2026–27 biennium.

In addition to the FSP allotments, House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, included \$243.0 million in General Revenue Funds to support school districts and charter schools in adopting and using OER instructional materials. Unexpended balances of non-FSP funding for OER materials from the 2024–25 biennium into the 2026–27 biennium are estimated to total \$53.8 million.

Figure 157 shows an overview of technology and instructional materials funding from the 2018–19 to the 2026–27 biennia. The total available funding for instructional materials in the 2026–27 biennium is an estimated \$2.3 billion including appropriations in the 2026–27 GAA and unexpended balances carried forward

FIGURE 157
**TECHNOLOGY AND INSTRUCTIONAL MATERIALS
FUNDING, 2018–19 TO 2026–27 BIENNIA**



SOURCES: Legislative Budget Board; Texas Education Agency.

from the 2024–25 biennium for both IMTA and OER instructional materials.

DISTRICT PROGRAMS AND GRANTS

TEA awards grants and distributes funds for numerous programs to school districts and charter schools. The 2026–27 biennial appropriation for district programs and grants is \$693.8 million. The following programs are among the most significant.

HOUSE BILL 2 GRANT PROGRAMS

House Bill 2, Eighty-ninth Legislature, 2025, established several grant programs for school districts and charter schools, including approximately \$60.0 million for local optional teacher designation system grants, \$15.0 million for additional-day school year grants, \$49.4 million for the Rural Pathway Excellence Partnership program, \$19.2 million for early literacy interventions for certain students, and \$51.4 million for various teacher quality assistance grants.

STRONG FOUNDATIONS

The Strong Foundations Grant Program was established through House Bill 4545, Eighty-seventh Legislature, Regular Session, 2021, and offers Tier 1 instructional supports for kindergarten through grade five math and literacy, including curriculum, and support for instructional leadership and planning. School districts and charter schools are eligible to apply for two types of grants under the program: planning grants to adopt or prepare to use high-quality instructional materials and implementation grants for technical assistance to support effective implementation of the state-developed OER instructional materials. The Legislature appropriated \$150.0 million in the 2026–27 biennium for the Strong Foundations Grant Program.

TEACHER ACADEMIES

Appropriations for teacher academies total \$27.2 million for the 2026–27 biennium. This amount includes \$9.4 million for Mathematics Achievement Academies and \$17.7 million for Literacy Achievement Academies. House Bill 2, Eighty-ninth Legislature, Regular Session, 2025, provided onetime stipends for teacher candidates completing achievement academies, expanded evaluation of the effectiveness of the academies, and established additional literacy and mathematics interventionist academies for educators to provide student interventions.

STUDENT SUCCESS INITIATIVE/ COMMUNITY PARTNERSHIPS

The Student Success Initiative/Community Partnerships is an instructional intervention program related to student performance on state assessments. Appropriations for the 2026–27 biennium for the program total \$10.5 million. The 2026–27 GAA, Article III, TEA, Rider 31, requires the Commissioner of Education to award grants to schools that have high percentages of students who do not perform satisfactorily on relevant state assessments, and that serve certain neighborhoods to implement a comprehensive

support program that increases the number of students performing at grade level by leveraging academic, community, and governmental support.

EDUCATOR QUALITY INITIATIVES

The 2026–27 GAA, Article III, TEA, Rider 29, Educator Quality and Leadership, requires the Commissioner of Education to spend \$29.0 million for the 2026–27 biennium for certain initiatives that systematically transform educator quality and effectiveness statewide and ensure that funds directed by the rider maximize the receipt of federal grant funding for similar purposes. Additionally, Rider 29 directs portions of the appropriation toward funding the following for the 2026–27 biennium: \$7.0 million to implement standards on educator quality; \$2.0 million to support Humanities Texas, a nonprofit organization providing professional development for teachers in their first or second years of service; \$19.5 million for innovative programs that support educator development or increase achievement outcomes, such as Math Innovation Zones; and \$0.5 million for the development and implementation of a Digital Teaching Micro-credential to recognize educator readiness and skill in delivering virtual education with excellence and geared toward student success.

TEXAS GATEWAY AND ONLINE RESOURCES

Texas Gateway and Online Resources is a web-based platform operated by TEA that includes a collection of professional development opportunities for educators and supplemental instruction for students in an interactive learning environment. Texas Gateway uses existing and new professional development resources and builds professional learning communities where educators can collaborate and participate in online learning opportunities. The appropriation to support Texas Gateway for the 2026–27 biennium is \$14.6 million in General Revenue Funds. From this total, the 2026–27 GAA, Article III, TEA, Rider 39, directs the agency's use of funds as follows: \$3.0 million in each fiscal year of the biennium to host and maintain online educator and student educational resources and provide secure user accounts; \$1.4 million in each fiscal year for the Lesson Study Initiative for teacher development of best-practice lessons and supporting tools; \$2.0 million in each fiscal year to reimburse costs related to students enrolled in OnRamps Dual Enrollment courses; and \$1.0 million in each fiscal year for professional development provided by UTeach, a science, technology, engineering, and mathematics teacher preparation program offered by the University of Texas.

TEXAS STRATEGIC LEADERSHIP SUPPORT

The 2026–27 GAA, Article III, TEA, Rider 78, Texas Strategic Leadership Support, provides \$30.0 million in General Revenue Funds for the 2026–27 biennium to support Regional Education Service Center District Leadership Coaching Teams, Specialized Leadership Coaching Teams, performance management data tools, and Texas Leadership Academies for Public Education.

CELL PHONE SECURITY GRANTS

Pursuant to House Bill 1481, Eighty-ninth Legislature, Regular Session, 2025, public schools must prohibit the use of personal communication devices during the school day on school property. TEA is appropriated \$20.0 million to establish a grant program to assist school district and open-enrollment charter schools with implementing the legislation.

INTENSIVE EDUCATIONAL SUPPORTS

The 2026–27 GAA, Article III, TEA, Rider 62, Intensive Educational Supports, appropriates \$30.0 million for the 2026–27 biennium to implement supports intended to ensure that students perform on grade level and graduate ready for college, career, or the military. The grant program and interventions may include expanded learning options for Pathways in Technology at Early College High Schools, tutoring, learning acceleration supports, extended instructional time, and supports for teachers.

CIVICS TRAINING

The 2026–27 GAA, Article III, TEA, Rider 64, Civics Training Program, requires the Commissioner of Education to spend \$29.3 million during the 2026–27 biennium to develop, administer, and make available civics training programs for teachers and administrators.

GRANTS TO EDUCATION ORGANIZATIONS

In addition to providing funds to school districts and charter schools, TEA provides funds to organizations providing educational services. The 2026–27 biennial appropriation for grants to education organizations is \$249.2 million in All Funds.

COMMUNITIES IN SCHOOLS

The Communities in Schools (CIS) program is affiliated with a national nonprofit organization and administered at the state level by TEA. The program's goals include improving school attendance, improving academic achievement, and addressing the behavior of students at

risk of dropping out of school. Based on a case-management model, local CIS coordinators support individual students with services according to an individualized needs assessment. TEA's 2026–27 biennial appropriations include \$61.0 million in General Revenue Funds and \$8.1 million in Federal Funds for Temporary Assistance for Needy Families to support the program.

TEACH FOR AMERICA

Appropriations for Teach for America (TFA) are \$11.0 million for the 2026–27 biennium. Funding is directed to support placing at least 2,100 TFA public school employees in Texas schools, with priority for the employment of mathematics teachers. The 2026–27 GAA, Article III, TEA, Rider 79, also requires TFA to work jointly with the agency and representatives of districts that employ TFA teachers on implementing a plan to improve retention rates of TFA teachers and to provide expenditure and performance data to assess the success of TFA in meeting the rider requirements.

PASS-THROUGH FUNDING

TEA provides pass-through funding to other state entities and governmental organizations for education programs. The 2026–27 biennial appropriation for pass-through funding is \$254.7 million. The following programs are among the more significant.

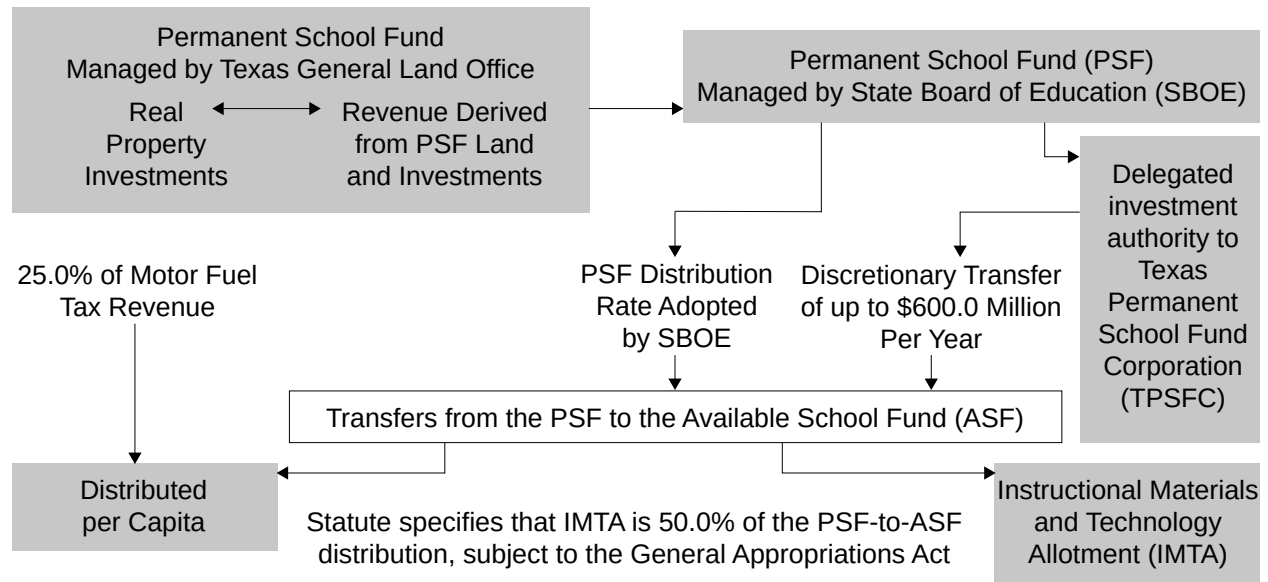
WINDHAM SCHOOL DISTRICT FUNDING

The Windham School District (WSD) provides educational programming for inmates in the adult correctional system in Texas. The funding to support this function is provided through TEA; however, the agency does not have oversight of WSD operations. The appropriation to support WSD for the 2026–27 biennium is \$156.2 million, an increase of \$21.3 million from 2024–25 biennial spending levels. These funds support high school, vocational, and technical education programs in the prison system. Pursuant to House Bill 2, WSD receives approximately \$4.2 million annually for teacher and staff retention allotments in the 2026–27 biennium.

REGIONAL EDUCATION SERVICE CENTERS

The appropriation to support core services at regional Education Service Centers (ESC) is \$23.8 million for the 2026–27 biennium. The 2026–27 GAA, Article III, TEA, Rider 24, directs the Commissioner of Education to determine a formula by which these funds are distributed among the 20 ESCs to favor those serving small and rural school districts.

FIGURE 158
ALLOCATION OF FUNDS FROM THE PERMANENT SCHOOL FUND TO AVAILABLE SCHOOL FUND, 2026–27 BIENNIUM



NOTE: The Texas General Land Office and the State Board of Education also have constitutional authority to make additional discretionary transfers; however, only the Texas Permanent School Fund Corporation intends to consider future discretionary transfers, as most of the Permanent School Fund assets are under its management.
SOURCES: Legislative Budget Board.

AGENCY ADMINISTRATION

Appropriations to TEA for agency and program administration for the 2026–27 biennium total \$993.8 million in All Funds, including \$872.0 million in General Revenue Funds.

METHODS OF FINANCING PUBLIC EDUCATION

The TEA budget includes General Revenue Funds, Other Funds, and Federal Funds. Among the General Revenue Funds and Other Funds are several methods of financing the public education system with unique qualities or statutory or constitutional dedications.

GENERAL REVENUE FUNDS

AVAILABLE SCHOOL FUND

The Available School Fund (ASF) is a constitutionally dedicated fund for the support of the public education system. It is funded from distributions from returns on investment of the Permanent School Fund (PSF) and also receives 25.0 percent of the state's motor fuels tax revenue (see the section on **Other Funds**). Before each legislative session, the State Board of Education (SBOE) sets an assumed rate of total return on all PSF investment assets that determines the amount to be distributed to the ASF. The

ASF funds the state's technology and instructional materials purchases through a transfer to the state Technology and Instructional Materials Fund and also provides an annual per capita distribution to school districts. The per capita distribution is a method of finance for the FSP.

Figure 158 shows the allocation of PSF-related funds to the ASF for the 2026–27 biennium. The total distribution rate that SBOE adopts each biennium is based on the average market value of the PSF for the preceding 16 fiscal quarters. The rate is set with consideration of a policy of intergenerational equity, whereby the distribution rate cannot jeopardize the probability that the PSF will be able to support the public education of subsequent generations of Texas students at a comparable level. Since the adoption of the total rate of return methodology for determining the distribution, rates have ranged from 4.5 percent for the 2004–05 and 2006–07 biennia to 2.5 percent for the 2010–11 biennium, due to changing market conditions. For the 2026–27 biennium, the adopted rate of 3.45 percent is projected to yield about \$3.6 billion.

In addition to constitutionally required distributions from the PSF to the ASF, the Texas Permanent School Fund Corporation (TPSFC) is authorized, at its discretion, to transfer up to \$600.0 million per year directly from the PSF

to the ASF. Appropriations include an additional transfer of \$600.0 million for fiscal year 2026 and \$600.0 million for fiscal year 2027 for discretionary transfers.

TECHNOLOGY AND INSTRUCTIONAL MATERIALS FUND

Transfers from the ASF supply funding for the Technology and Instructional Materials Fund, which provides school districts with funding for textbooks and other instructional materials. Statute requires that 50.0 percent, or an alternate amount specified in the GAA, of the amount transferred from the PSF to the ASF be deposited into the Technology and Instructional Materials Fund during each biennium.

LOTTERY PROCEEDS

Since fiscal year 1997, net proceeds from the sale of Texas Lottery games, after paying administration costs and awarding prizes, are dedicated statutorily to funding the FSP and transferring a small portion of net proceeds to the Texas Veterans Commission. For the 2026–27 biennium, lottery proceeds account for \$3.7 billion of the \$73.2 billion in state funds appropriated to fund the FSP, a decrease of \$105.2 million compared to the 2024–25 biennial amount.

FOUNDATION SCHOOL FUND

The Foundation School Fund is an account within the General Revenue Fund that is used exclusively to fund public education. It is appropriated primarily as a method of financing the FSP; however, some appropriations for programs outside the FSP are made from the Foundation School Fund. For the 2026–27 biennium, \$29.9 billion from the Foundation School Fund is appropriated to TEA, of which \$29.6 billion is appropriated for the FSP.

FUND NO. 1

For the 2026–27 biennium, TEA's appropriations include approximately \$1.7 billion in other General Revenue Funds (Fund No. 1) to support agency administration and certain programs outside of the FSP.

OTHER FUNDS

PERMANENT SCHOOL FUND

A unique aspect of public school funding in Texas is the provision of state funds from the Permanent School Fund, an endowment fund established by the Texas Constitution that consists of fixed income and equity holdings, state lands, mineral rights, and royalty earnings. PSF investments are managed primarily by TPSFC, with a portion of PSF-owned

lands and associated mineral rights managed by the General Land Office. (See the **Chapter 6** section on the **Texas Permanent School Fund Corporation** for additional details regarding the PSF.)

PROPERTY TAX RELIEF FUND

The Property Tax Relief Fund (PTRF), established by the Seventy-ninth Legislature, Third Called Session, 2006, is a fund outside of the General Revenue Fund that serves as a method of financing the FSP. The fund was established as part of the effort to compress school district maintenance and operations (M&O) property tax rates by one-third and serves to finance a portion of the state cost of replacing that lost local revenue. PTRF is funded with revenues resulting from a package of legislation that was enacted in 2006, which altered the franchise (business margins) tax, motor vehicle sales and use tax, and taxes on tobacco products. The amounts deposited to PTRF essentially are the amounts generated by the authorized change in those taxes, with the greatest contributions coming from the franchise tax. For the 2026–27 biennium, PTRF contributes \$24.1 billion in state funds appropriated to fund the FSP, including \$18.8 billion transferred to the PTRF from General Revenue Funds that was appropriated for property tax relief legislation enacted in 2023 and 2025, a projected increase of \$6.5 billion from the 2024–25 biennial spending level.

TAX REDUCTION AND EXCELLENCE IN EDUCATION FUND

House Bill 3, Eighty-sixth Legislature, 2019, established the Tax Reduction and Excellence in Education (TREE) Fund, which is a fund in the Treasury but outside General Revenue Funds. The TREE Fund may be appropriated only to pay for Tier 1 allotment costs and to decrease school district M&O tax rates.

The legislation established two revenue sources to be deposited into the fund, and an additional potential revenue increase to the ASF that is considered part of the fund. The first source consists of certain revenues previously allocated pursuant to the Texas Constitution, Article III, Section 49-g, which instead are deposited to the TREE Fund. The second source deposits net sales tax revenue collected by marketplace providers during the previous fiscal year. An additional, potential source of revenue consists of amounts in excess of \$300.0 million each year distributed to the ASF, pursuant to the Texas Constitution, Article VII, Section 5(g), which may be appropriated only to pay for the cost of Tier 1 allotments. Appropriations for the FSP for the 2026–27 biennium include a total of \$4.5 billion from the TREE Fund, a projected increase of \$643.5 million from the 2024–25 biennium.

RECAPTURE PAYMENTS – ATTENDANCE CREDITS

The final estimated method of finance supporting FSP is Recapture Payments – Attendance Credits, which consists entirely of revenue from school districts that are subject to wealth-equalization recapture. For the 2026–27 biennium, appropriated recapture receipts contribute \$4.9 billion of the FSP appropriation, a \$1.1 billion decrease from the 2024–25 biennium budgeted levels. Before the enactment of legislation modifying the FSP formulas and property taxes by the Eighty-ninth Legislature, Regular Session, 2025, recapture payments were estimated to increase to a total of \$6.5 billion for the 2026–27 biennium. All recapture payments support the FSP; statute prohibits the use of recapture for any other purpose.

FEDERAL FUNDS

TEA receives major federal funding through the Elementary and Secondary Education Act, primarily via Title I grants that support schools with high percentages of low-income students. Additional significant sources include the Individuals with Disabilities Education Act for special education programs and federal funds for emergent bilingual students, child nutrition programs, and pandemic-related relief initiatives. For the 2026–27 biennium, TEA's federal funding totals \$13.7 billion, an increase of \$971.2 million or 7.6 percent.

TEXAS STUDENTS AND DISTRICTS

Texas' public schools and public school students have a variety of characteristics that drive funding and policy decisions within the state and result in a unique public education environment relative to other states.

STUDENTS IN AVERAGE DAILY ATTENDANCE

Recent average daily attendance (ADA) trends for Texas and ADA projections for the 2026–27 biennium are shown in **Figure 159**. The 2026–27 biennial projections include a March 2025 update of estimates prepared by TEA for the Eighty-ninth Legislature, Regular Session, 2025. ADA data for fiscal years 2020 and 2021 include additional ADA added by the Commissioner of Education to hold districts harmless for attendance decreases resulting from the COVID-19 pandemic. ADA data for fiscal year 2022 includes the Operational Minutes Adjustment to hold districts harmless for decreases in attendance rates due to the COVID-19 pandemic for the first four six-week periods of school year 2021–22. Charter school ADA is included in the data shown in **Figure 159**.

FIGURE 159

TEXAS PUBLIC SCHOOL AVERAGE DAILY ATTENDANCE FISCAL YEARS 2018 TO 2027

FISCAL YEAR	SCHOOL YEAR	TOTAL ADA	PERCENTAGE CHANGE
2018	2017–18	5,005,005	0.7%
2019	2018–19	5,020,341	0.3%
2020	2019–20	5,061,017	0.8%
2021	2020–21	5,140,653	1.6%
2022	2021–22	4,969,086	(3.3%)
2023	2022–23	4,982,336	0.2%
2024	2023–24	5,017,210	0.7%
2025	2024–25	5,030,482	0.3%
2026	2025–26	5,110,941	1.6%
2027	2026–27	5,138,665	0.5%

NOTES:

- (1) Amounts for fiscal year 2025 are estimated; amounts for fiscal years 2026 and 2027 are projected.
- (2) Average daily attendance (ADA) counts include charter schools and exclude all state-administered schools.
- (3) ADA data for fiscal years 2020 and 2021 include additional ADA added by the Commissioner of Education to hold districts harmless for attendance decreases resulting from the COVID-19 pandemic. ADA data for fiscal year 2022 includes the Operational Minutes Adjustment to hold districts harmless for decreases in attendance rates due to the pandemic for the first four six-week periods of school year 2021–22.

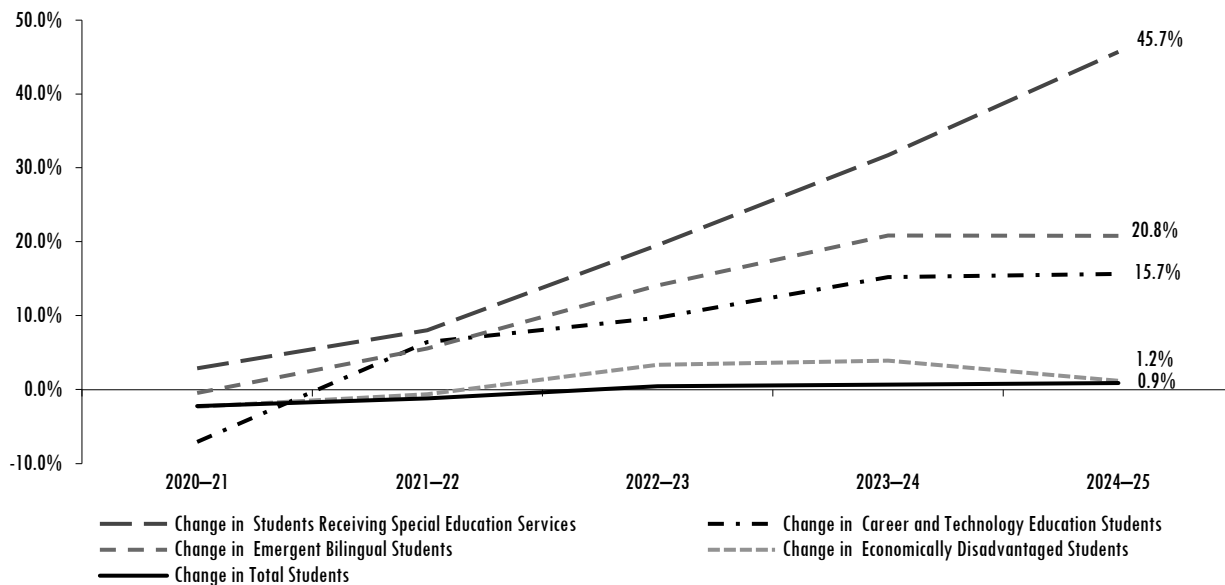
SOURCES: Legislative Budget Board; Texas Education Agency.

For school year 2026–27, charter school ADA is projected to be 437,707.

For the 2026–27 biennium, it is estimated that ADA will increase by 1.6 percent for fiscal year 2026 and increase by 0.5 percent for fiscal year 2027.

The FSP provides weighted funding for certain student populations. **Figure 160** shows enrollment trends for various student populations that drive FSP funding. The highlighted populations include students participating in career and technology education (CTE) programs, emergent bilingual (EB) students, economically disadvantaged students, and students receiving special education services. From school years 2020–21 to 2024–25, total enrollment has increased at an average annual growth rate of 0.8 percent. During this period, the number of EB/English learner students, economically disadvantaged students, CTE students, and special education students increased at average annual growth rates of 5.0 percent, 0.9 percent, 5.8 percent, and 9.1 percent, respectively. The growth of these populations at faster rates than total student enrollment increases the cost of the FSP.

FIGURE 160
ENROLLMENT TRENDS OF CERTAIN TEXAS STUDENT POPULATIONS COMPARED TO SCHOOL YEAR 2019–20
SCHOOL YEARS 2020–21 TO 2024–25



NOTE: Changes in total students, students receiving special education services, emergent bilingual, and economically disadvantaged students are based on the number of enrolled students. Change in career and technology education students is based on full-time-equivalent student attendance data.

SOURCE: Texas Education Agency.

TEXAS PUBLIC SCHOOL EMPLOYEES

For school year 2024–25, Texas public schools employed 766,320 full-time-equivalent positions, of which about half were teachers. **Figure 161** shows public school employees by function and subdivides those functions into instructional and noninstructional roles. Instructional roles are defined as functions that primarily serve students in the classroom. **Figure 161** shows that approximately three-fifths of public education employees are in this instructional category, and those proportions have been similar for at least the past 10 school years.

STATE BOARD FOR EDUCATOR CERTIFICATION

The State Board for Educator Certification (SBEC), an appointed board whose functions are carried out within TEA's Educator Preparation, Certification, and Enforcement Division, oversees a range of teacher credentialing, recruitment and retention, and professional conduct-related activities. This oversight includes the accreditation of more than 122 educator preparation programs. With few exceptions, SBEC functions are self-funded, which means they are paid from fees charged to educators and educator candidates for credentialing-related services.

Aspiring Texas educators must obtain a bachelor's degree, complete an SBEC-approved educator preparation program, pass required certification exams, submit a state application, and complete fingerprinting. SBEC specifies the classes of educator certificates to be issued, the period for which a certificate is valid, and rules relating to initial issuance and renewal. To confirm that educators possess the necessary content and professional knowledge for effectiveness, SBEC manages the development and oversees administration of the Texas Educator Certification Examination Program's certification exams, which include pre-admission content testing, candidates in educator preparation program exams, additional certification by exam, out-of-state and out-of-country testing, and charter school testing, and their associated teaching certificates align educator certification standards with the Texas Essential Knowledge and Skills curriculum framework. In April 2024, the SBOE approved new standards adopted by SBEC, including an enhanced standard certificate to be awarded to candidates who complete a high-quality, yearlong teacher residency program. House Bill 2, Eighty-ninth Legislature, Regular Session, 2025, includes approximately \$6.2 million in funding to subsidize the cost of certain educator certification exams and related fees.

FIGURE 161
TEXAS PUBLIC SCHOOL EMPLOYEES BY FUNCTION
SCHOOL YEARS 2015–16, 2019–20, AND 2024–25

FUNCTION	2015–16		2019–20		2024–25	
	FTE POSITIONS (1)	PERCENTAGE OF TOTAL	FTE POSITIONS	PERCENTAGE OF TOTAL	FTE POSITIONS	PERCENTAGE OF TOTAL
Instructional (2)						
Teachers	347,328	50.4%	363,185	49.3%	369,800	48.3%
Classroom support	66,034	9.6%	78,286	10.6%	82,170	10.7%
Total, Instructional	413,362	60.0%	441,471	60.0%	451,971	59.0%
Noninstructional (2)						
Administrative staff	27,627	4.0%	30,421	4.1%	35,350	4.6%
Non-classroom support (3)	68,700	10.0%	75,649	10.3%	83,708	10.9%
Auxiliary staff (4)	179,801	26.1%	188,764	25.6%	195,292	25.5%
Total, Noninstructional	276,127	40.0%	294,834	40.0%	314,350	41.0%
Total, FTE Positions	689,489		736,305		766,320	
Ratio of Instructional to Noninstructional	1.5		1.5		1.4	

NOTES:

(1) FTE position=full-time-equivalent position.

(2) The instructional function includes professional staff reported with a Classroom ROLE-ID code in the Public Education Information Management System (PEIMS). The noninstructional function includes professional staff reported with a Non-Classroom ROLE-ID code in PEIMS and auxiliary staff reported without a specific ROLE-ID. The instructional and noninstructional functions shown may differ from other staff groupings included in Texas Education Agency reports. Instructional support includes roles that provide direct services to students in a classroom setting, such as paraprofessional staff and certain therapists.

(3) Non-classroom support includes roles that provide support services primarily outside the classroom such as librarians, counselors, diagnosticians, supervisors, and other professional roles.

(4) Auxiliary staff includes roles such as bus drivers, cafeteria staff, janitorial services, and grounds services.

SOURCE: Texas Education Agency.

Figure 162 shows the number of individuals that were issued initial educator certificates from fiscal years 2015 to 2024. From fiscal years 2015 to 2019, SBEC issued an annual average of 32,440 initial teaching certificates. However, during fiscal year 2020, the board issued 24,603 initial certificates due to effects of the COVID-19 pandemic. The number issued increased in fiscal year 2021 to 30,959 but continued to fall each subsequent fiscal year. In fiscal year 2024, SBEC issued only 22,131 initial certificates, a 10.1 percent decrease from the previous fiscal year, and a 33.8 percent decrease from the high of 33,429 in fiscal year 2017. House Bill 2 includes funding for high-quality preparation pathways and related provisions to enhance teacher certification processes and support the retention of educators in Texas.

The most common route to obtaining a teaching certificate for fiscal year 2024 was through a traditional four-year University Undergraduate program, followed by Texas Alternative Certification Programs (ACP). ACPs enable individuals that meet certain educational criteria to become certified as educators

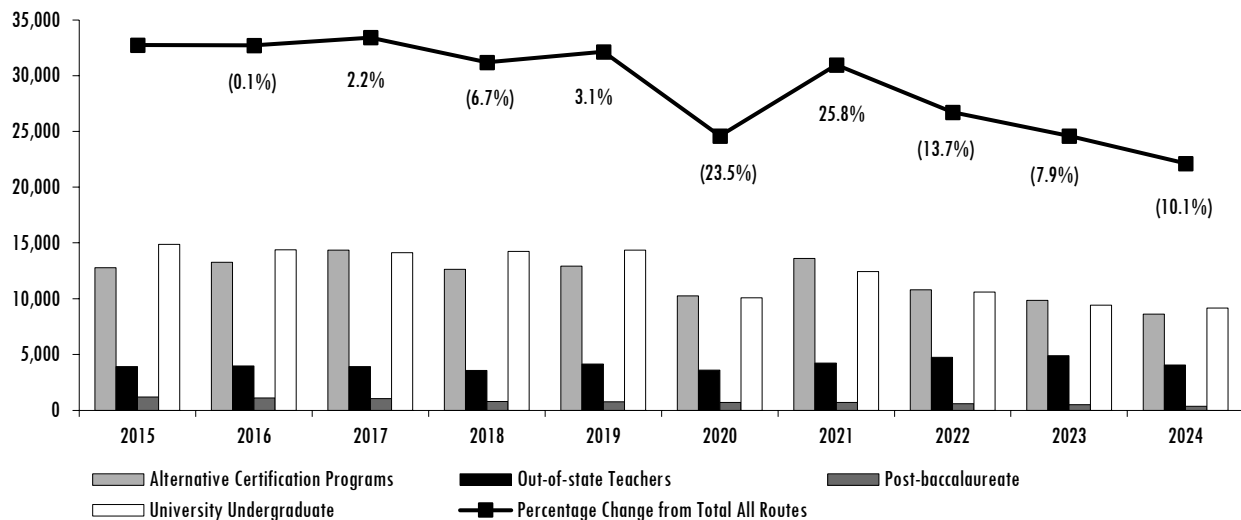
in approximately one year through course work and fieldwork outside of a traditional undergraduate or graduate program.

PUBLIC SCHOOL ACCOUNTABILITY FOR STUDENT PERFORMANCE

Figure 163 shows a timeline of major events in the evolution of testing and accountability in the state since calendar year 1990.

The first iteration of the statewide accountability system for Texas public schools was established by the Seventy-third Legislature, 1993, to hold Texas public schools accountable for student performance. The accountability ratings system was based on an annual student dropout rate and student performance on a set of assessments called the Texas Assessment of Academic Skills (TAAS). TAAS included tests on reading, writing, mathematics, and social studies. Each school district and campus was rated according to its ability to meet state passing standards on each test for all students and for certain disaggregated student groups—African American, Hispanic, White, and economically disadvantaged—and its ability to

FIGURE 162
INITIAL EDUCATOR CERTIFICATES ISSUED BY CERTIFICATION ROUTE
FISCAL YEARS 2015 TO 2024



NOTE: Number of certificates does not include renewals, temporary credentials, or professional certifications.
SOURCE: Texas Education Agency.

meet state dropout standards. Each district and campus received a rating of exemplary, recognized, acceptable, or unacceptable/low-performing.

The system was amended during calendar year 2004 to align with the transition to a new assessments program, the Texas Assessment of Knowledge and Skills (TAKS), and to align with new performance standards set in the federal No Child Left Behind Act of 2001. The system was amended to incorporate performance on the alternative assessments for special education students and to use longitudinal completion rates instead of annual dropout rates.

During school year 2011–12, the state again transitioned to a new assessment system, the State of Texas Assessments of Academic Readiness (STAAR), pursuant to actions of the Eightieth Legislature, 2007. The STAAR system includes assessments in grades three to eight in reading, mathematics, science, social studies, and writing. STAAR also replaced the exit-level TAKS exam for high school students with 15 subject-specific, end-of-course assessments in foundation subjects. The Eighty-third Legislature, Regular Session, 2013, amended the number of end-of-course assessments for high school students from 15 to five, including algebra I, biology, English I, English II, and U.S. history.

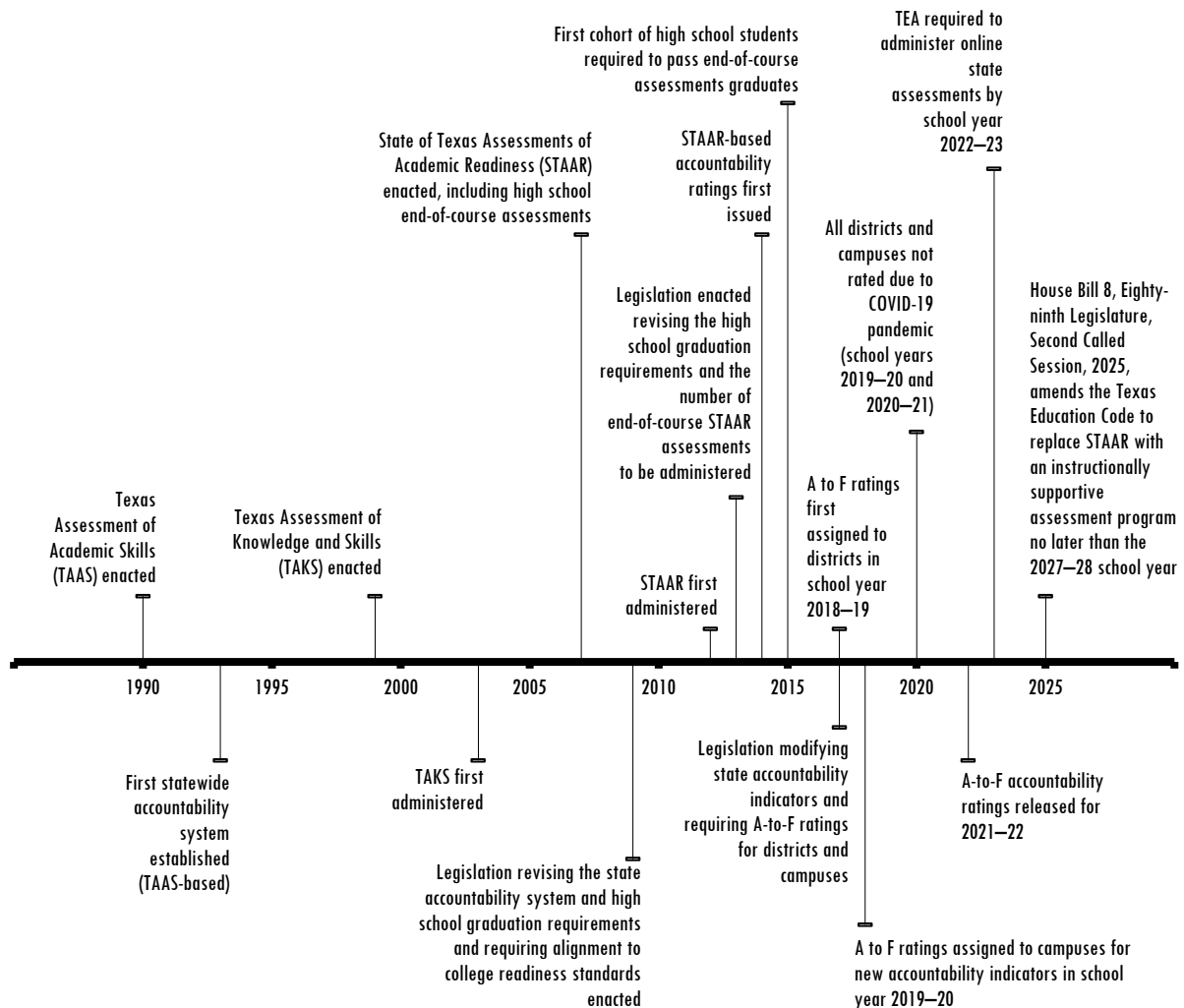
The Eighty-fifth Legislature, Regular Session, 2017, further modified the state accountability system indicators for

districts and campuses. House Bill 22 restructured and reduced the achievement indicators from a five-domain system (student achievement, student progress, closing performance gaps, postsecondary readiness, and community and student engagement) to a three-domain system (student achievement, student progress, and closing the gaps). Additionally, the legislation changed the way overall grades for campuses and districts are calculated; delayed the implementation of the letter rating for campuses until school year 2019–20; and established a local accountability plan to enable districts to rate campuses using locally developed domains and accountability measures.

The A-to-F accountability system debuted during the 2018–19 school year. During the first year, districts were awarded accountability scores from 0 to 100 and ratings from A to F. Campuses were assigned scores of 0 to 100 during the first year, and A-to-F scores were added to campus ratings during the 2019–20 school year. **Figure 164** shows the distribution of accountability ratings for Texas school districts during school years 2023–24 and 2024–25.

House Bill 3261, Eighty-seventh Legislature, Regular Session, 2021, required TEA to administer state assessments online by the 2022–23 school year, except to students taking the STAAR Alternate 2 assessment and students who require accommodations that cannot be provided online. Beginning

FIGURE 163
TEXAS PUBLIC EDUCATION ASSESSMENT AND ACCOUNTABILITY SYSTEM
CALENDAR YEARS 1990 TO 2025



NOTE: TEA=Texas Education Agency.
 SOURCE: Legislative Budget Board.

in the 2026–27 biennium, House Bill 8, Eighty-ninth Legislature, Second Called Session, 2025, will restructure the state assessment system and make changes to the state accountability system.

STUDENT PERFORMANCE ON STATE ASSESSMENTS

In school year 2011–12 the STAAR replaced the TAKS as the method for assessing student performance in Texas. As shown in **Figure 165**, overall performance and the disaggregated performance of Hispanic, and African American students all showed an upward trend from school years 2017–18 to 2018–19. Achievement gaps between

African American/White and Hispanic/White achievement gaps also decreased during this period.

STAAR testing in spring 2020 was canceled due to effects of the COVID-19 pandemic. The school year 2020–21 STAAR results recorded a significant decrease in the number of students passing all tests, from 78.0 percent in school year 2018–19 to 67.0 percent in school year 2020–21. African American and Hispanic students' performance decreased more precipitously than performance among White students, exacerbating achievement gaps between African American students and White students and between Hispanic students and White students. In school years 2023–24

FIGURE 164
SCHOOL DISTRICT AND CHARTER SCHOOL ACCOUNTABILITY RATINGS, SCHOOL YEARS 2023–24 AND 2024–25

ACCOUNTABILITY RATING	2023–24		2024–25	
	COUNT	PERCENTAGE	COUNT	PERCENTAGE
A	136	11.4%	169	14.1%
B	443	37.1%	491	41.1%
C	392	32.9%	360	30.1%
D	182	15.3%	139	11.6%
F	40	3.4%	36	3.0%
Not Rated	14		13	

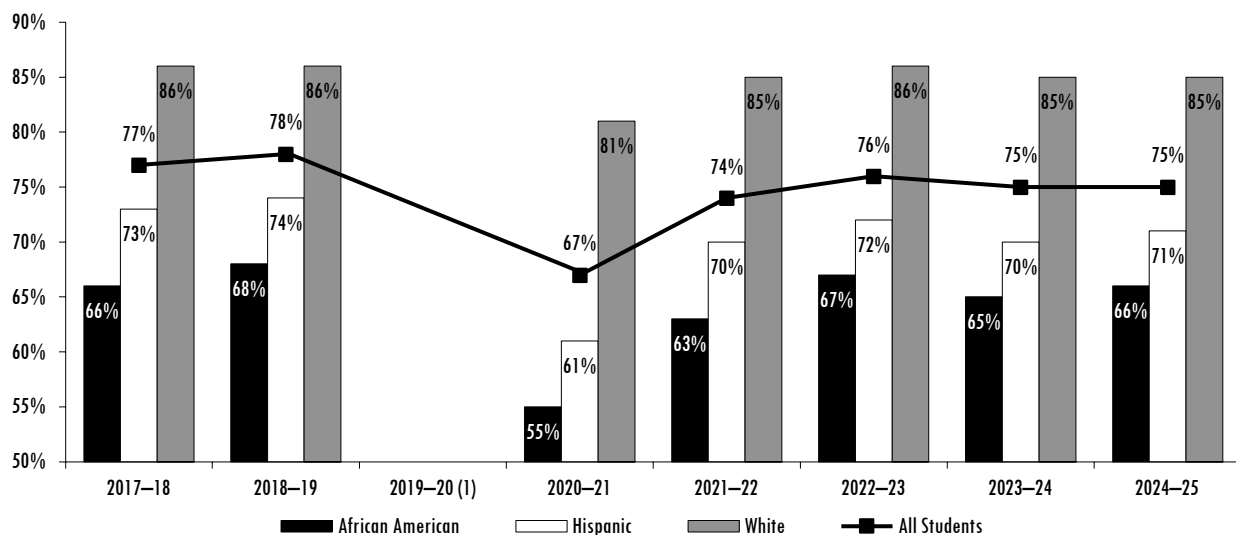
NOTE: Districts designated as Not Rated are excluded from percentage calculations.
SOURCE: Texas Education Agency.

and 2024–25, 75.0 percent of students overall scored at approaching grade level or above. However, achievement gaps on student performance between African American students and White students and between Hispanic students and White students remained significant. TEA maintains webpages with comprehensive data on student assessment results, including disaggregated data with results broken down by student groups such as race and ethnicity, socioeconomic status, language program, and other demographic factors.

House Bill 1525, Eighty-seventh Legislature, Regular Session, 2021, established the Texas COVID-19 Learning

Acceleration Supports (TCLAS) program to address the effects of the pandemic on learning loss and teacher retention. TEA was appropriated \$1.3 billion in federal funding from the Coronavirus Relief Fund for these purposes. Additionally, House Bill 4545, Eighty-seventh Legislature, Regular Session, 2021, established the Strong Foundations Grant program to provide accelerated instruction for students who fail to achieve satisfactory performance on certain assessments. TEA combined TCLAS and Strong Foundations to establish the TCLAS grant to facilitate strategic planning, rigorous instruction materials, high-impact tutoring, innovative school models, and support for teachers. Following the

FIGURE 165
STUDENT PERFORMANCE ON STATE OF TEXAS ASSESSMENTS OF ACADEMIC READINESS (STAAR) BY ETHNICITY
SCHOOL YEARS 2017–18 TO 2024–25



NOTES:
(1) The spring 2020 STAAR exams were not administered during the COVID-19 pandemic.
(2) Data shows the percentage of students scoring at approaching grade level or above for all grades and all subjects.
SOURCE: Texas Education Agency.

implementation of these programs during school year 2022–23, the percentage of students passing all tests increased to 76.0 percent. For school years 2024–25 and 2025–26, the Strong Foundations grants were available for planning and implementation grants to support schools in effectively implementing high quality instructional materials. Beginning in school year 2026–27, these grants will be called Leadership and Instructional Foundations for Texas (LIFT) and include some additional components. For the 2026–27 biennium, TEA is appropriated \$150.0 million for this grant program.

SIGNIFICANT LEGISLATION

House Bill 2 – Public education and public school finance.

The legislation makes broad reforms to public education finance, increasing teacher compensation, expanding early childhood and special education supports, and establishing new educator preparation and retention programs. House Bill 2 modifies key Foundation School Program (FSP) allotments and establishes several new ones, while also establishing non-FSP initiatives such as grant programs and liability insurance for teachers. The Legislature appropriated \$8.4 billion in additional General Revenue Funds for the 2026–27 biennium to implement these provisions, including \$7.9 billion for FSP increases and \$0.6 billion for new TEA programs and associated TRS benefits.

House Bill 9 and House Joint Resolution 1– Property tax exemption. The legislation provides a \$125,000 property tax exemption for income-producing tangible personal property at each location within a taxing unit, increasing the state’s FSP obligation by an estimated \$193.5 million for the 2026–27 biennium.

Senate Bill 2 – Education savings accounts. The legislation establishes an education savings account program administered by the Comptroller of Public Accounts, with \$1.0 billion appropriated for the 2026–27 biennium to fund approved education-related expenses for eligible students. Senate Bill 2 sets participation and funding requirements, authorizes up to five certified educational assistance organizations to manage applications and accounts, and prioritizes enrollment by lottery based on sibling status, disability, and household income.

Senate Bill 4 and Senate Joint Resolution 2 – Property tax exemption. The legislation increases the mandatory residence homestead exemption from \$100,000 to \$140,000 and provides school districts with additional state aid as needed to offset revenue losses for debt service and maintenance and

operations. The provisions are estimated to increase the state’s FSP obligation by \$2.7 billion in the 2026–27 biennium.

Senate Bill 23 and Senate Joint Resolution 85 – Property tax exemption. The legislation increases the mandatory homestead exemption for individuals aged 65 or older and disabled individuals from \$10,000 to \$60,000 and provides additional state aid to school districts to offset revenue losses for debt service and maintenance and operations. The provisions are estimated to increase the state’s FSP obligation by \$1.2 billion in the 2026–27 biennium, or \$1.0 billion when enacted in combination with the provisions of Senate Bill 4 and Senate Joint Resolution 2, Eighty-ninth Legislature, Regular Session, 2025.

Senate Bill 260 – School safety allotment. The legislation amends the school safety allotment through the Foundation School Program. Senate Bill 260 increases school district entitlement to \$20 per student in average daily attendance (ADA), plus an additional amount per student when the basic allotment is increased, and \$33,540 per campus.

Senate Bill 569 – Virtual education. The legislation authorizes school districts and charter schools to provide virtual or hybrid courses and establish virtual or hybrid campuses, subject to Commissioner of Education rulemaking, with funding provided through the FSP by including participating students in ADA. Senate Bill 569 further authorizes the commissioner to verify ADA for such students and to grant waivers or modifications to preserve school district funding entitlements during emergencies or crises.

Senate Bill 571 – Misconduct reporting and investigation. The legislation expands the state’s framework for reporting and investigating misconduct and child abuse by school employees and related personnel, broadens the so-called Do Not Hire registry to include contractors and volunteers, and strengthens background check and accountability measures to improve student safety.

Senate Bill 1490 – Adult high school charter program funding. The legislation adjusts the number of instructional days a student in an adult education program operated under a charter school may be considered to be in ADA with a 100.0 percent attendance rate based on certain criteria.

House Bill 8, Second Called Session – Instructionally supportive state assessment system. The legislation restructures the state assessment system by replacing the single end-of-year STAAR exam with three shorter

assessments administered at the beginning, middle, and end of the school year. House Bill 8 requires that only the end-of-year assessment be used for accountability purposes and that results be reported within 48 hours. Implementation begins with a pilot program and is scheduled for statewide implementation beginning in the 2027–28 school year. The legislation also directs TEA to provide advance notice of accountability changes and to incorporate educator input in assessment development.

EDUCATION PROGRAMS – COMPTROLLER OF PUBLIC ACCOUNTS

PURPOSE: Provide funding for approved education-related expenses of children participating in the Education Savings Account Program.

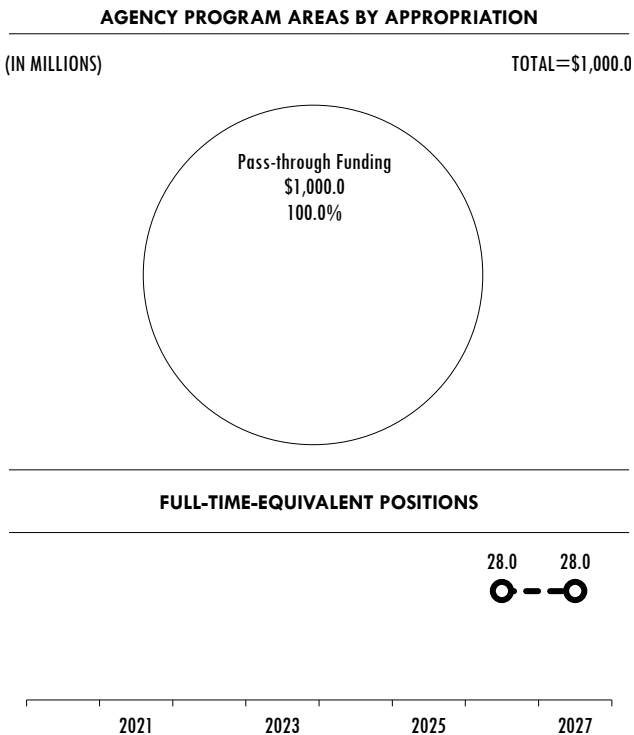
ESTABLISHED: 2025

AUTHORIZING STATUTE: The Texas Education Code, Chapter 29, Subchapter J

GOVERNANCE: Comptroller of Public Accounts, statewide elected official

FIGURE 166
EDUCATION PROGRAMS – COMPTROLLER OF PUBLIC ACCOUNTS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$0.0	\$1,000.0	\$1,000.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$0.0	\$1,000.0	\$1,000.0	N/A



SIGNIFICANT DEVELOPMENT

Senate Bill 2, Eighty-ninth Legislature, Regular Session, 2025, **establishes the Education Savings Account Program** at the Comptroller of Public Accounts and establishes the General Revenue–Dedicated Account No. 5201, Education Savings Account Program. The program is appropriated **\$1.0 billion** from the Education Savings Account for fiscal year 2026.

NOTE: Full-time-equivalent positions show appropriated positions for fiscal years 2026 and 2027.
SOURCES: Legislative Budget Board.

TEXAS PERMANENT SCHOOL FUND CORPORATION

PURPOSE: Managing and investing the assets of the Texas Permanent School Fund to provide intergenerational equity in public education funding. The corporation also uses its AAA credit rating to guarantee bonds for school districts, including charter schools, through the Bond Guarantee Program.

ESTABLISHED: 2023

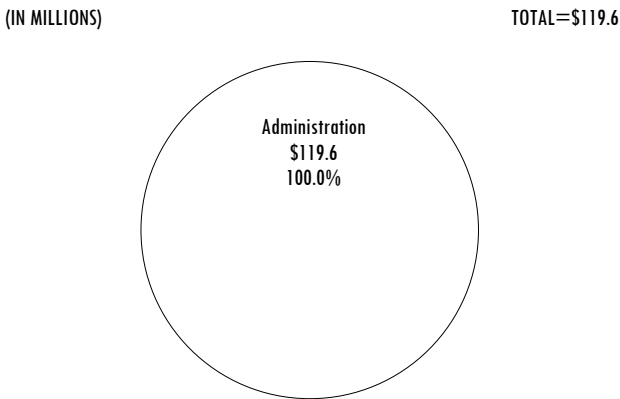
AUTHORIZING STATUTE: The Texas Education Code, Chapter 43, Subchapter B

GOVERNANCE: A board of directors consisting of five members of the State Board of Education, the Land Commissioner, one Land Commissioner appointee, and two gubernatorial appointees; the three members appointed by the Land Commissioner and Governor must have substantial expertise in investments and asset management

FIGURE 167
TEXAS PERMANENT SCHOOL FUND CORPORATION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$115.6	\$119.6	\$4.0	3.5%
Total, All Methods of Finance	\$115.6	\$119.6	\$4.0	3.5%

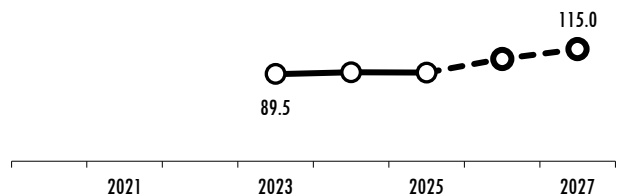
AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

Other Funds appropriations include \$119.6 million, an increase of \$4.0 million from the 2024–25 biennium. This amount includes an increase to Permanent School Fund appropriations related to staffing increases to maximize returns and rent increases, partially offset by the removal of onetime capital expenses from the 2024–25 biennium.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2023 and 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding appropriated to the Texas Permanent School Fund Corporation (TPSFC) for the 2026–27 biennium totals \$119.6 million from the Permanent School Fund (PSF) (Other Funds), an increase of \$4.0 million, or 3.5 percent. This increase is attributable primarily to funding for additional investment and operational staffing and rent increases, partially offset by the removal of onetime capital expenses from the previous biennium.

PROGRAMS

INVESTMENT MANAGEMENT, SUPPORT, AND ADMINISTRATION

The agency's program areas include functions related to establishing TPSFC, ongoing operations and administration, and managing investments related to the PSF. The PSF is an endowment fund established by the Texas Constitution for the support of public free schools that consists of fixed income and equity holdings, state lands, mineral rights, and royalty earnings. TPSFC administrative operations and investment management functions are funded by appropriation from the PSF.

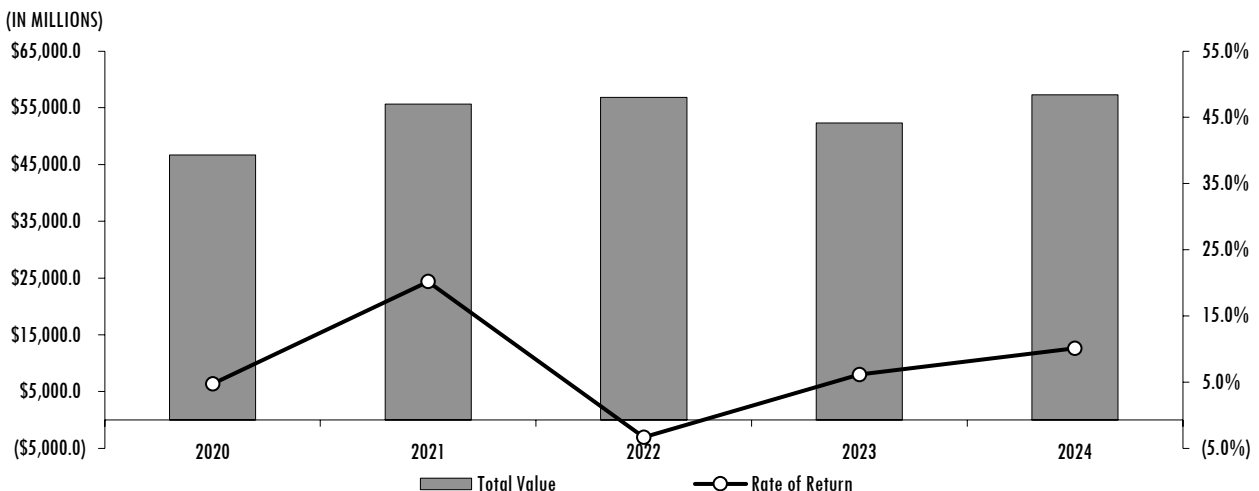
Pursuant to the Texas Education Code, Chapter 43, the State Board of Education (SBOE) delegates authority to manage and invest PSF assets to TPSFC. The TPSFC board of directors adopts an annual Investment Policy Statement, an outline of investment policies and objectives that guides investment decisions.

TPSFC manages assets across a diversified portfolio allocation. The TPSFC board sets the asset allocation policy for the PSF, including determining the available asset classes for investment and approving target percentages and ranges for allocation to each asset class. The board conducts a formal asset allocation study at least every two years, or more frequently at its discretion. In February 2024, the TPSFC board of directors adopted target asset class allocations that included 14 classes with weights ranging from 2.0 percent to 20.0 percent, with the heaviest weights for private equity, large-cap domestic equity, real estate, and core bonds. Compared to the previous targets set in June 2022, the board added private credit and decreased weights for public equities. The strategic asset class allocation is designed to increase long-term returns, while reducing risk and portfolio return volatility.

At the end of fiscal year 2024, the market value of assets totaled \$56.9 billion and the annual return on investment for fiscal year 2024 was 10.1 percent. **Figure 168** shows the changes to the total fund value and time-weighted rate of return (net of fees) of the PSF from fiscal years 2020 to 2024. During this period, the TPSFC-calculated rates of return for total PSF assets range from negative 3.3 percent in fiscal year 2022 to 20.2 percent in fiscal year 2021.

A portion of funds from the PSF is allocated to the Available School Fund (ASF). The ASF funds the state's technology and instructional materials purchases through a transfer to the state Technology and Instructional Materials Fund and also provides an annual per capita distribution to school

FIGURE 168
PERMANENT SCHOOL FUND FAIR MARKET VALUE AND TOTAL RATE OF RETURN, FISCAL YEARS 2020 TO 2024



SOURCES: Texas Permanent School Fund Corporation; State Auditor's Office.

districts. The per capita distribution is a method of finance for the Foundation School Program, the primary mechanism for state funding of public schools. SBOE sets the distribution rate pursuant to the Texas Constitution, Article VII, Section 5(a), and follows a policy intended to maintain intergenerational equity whereby the distribution rate cannot jeopardize the probability that the PSF will be able to support the public education of subsequent generations of Texas students at a comparable rate. Additionally, pursuant to Article VII, Section 5(g), an entity managing PSF assets may make additional discretionary transfers of up to \$600.0 million per year. Beginning in fiscal year 2026, the TPSFC will set minimum discretionary transfer rates for the PSF allocations to the ASF.

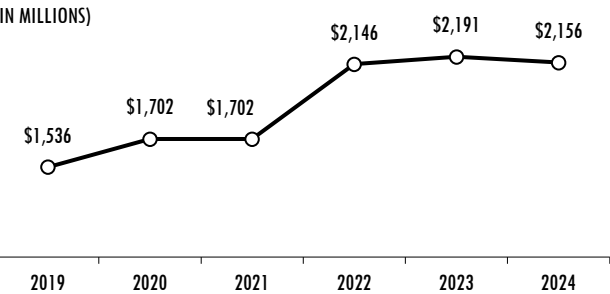
Figure 169 shows distributions from the PSF to the ASF from fiscal years 2019 to 2024. These distributions represent total PSF allocations to the ASF, inclusive of discretionary transfers made from the PSF by the School Land Board (SLB) and the SBOE. For fiscal year 2024, distributions totaled \$2.2 billion, of which \$600.0 million was distributed on behalf of the SLB. For each fiscal year of the 2026–27 biennium, the PSF will distribute \$2.4 billion to the ASF, which includes \$600.0 million in annual discretionary transfers by TPSFC.

For more information about the ASF, see the Chapter 6 section on the **Texas Education Agency**.

BOND GUARANTEE PROGRAM

The Bond Guarantee Program (BGP), using the corpus of the PSF, guarantees bonds issued by school districts or charter schools. For school districts with lower than AAA ratings

FIGURE 169
DISTRIBUTIONS FROM THE PERMANENT SCHOOL FUND TO THE AVAILABLE SCHOOL FUND
FISCAL YEARS 2019 TO 2024



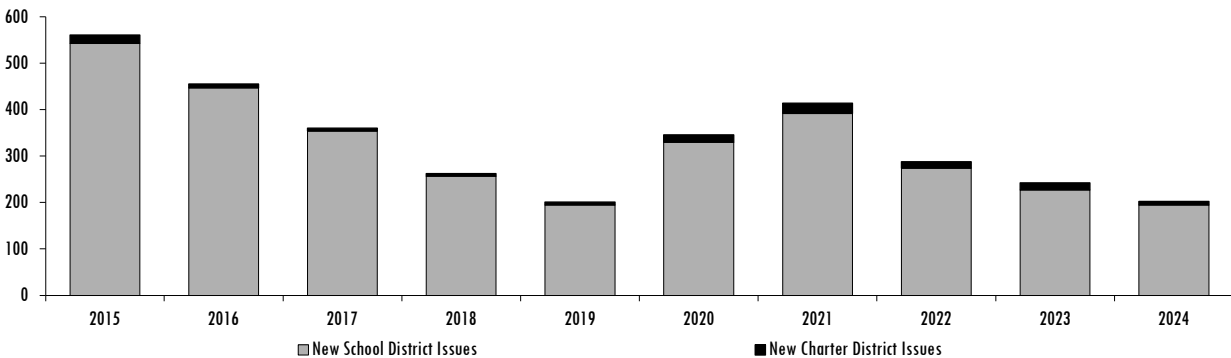
SOURCES: Legislative Budget Board; State Auditor's Office.

from the major bond rating services, the PSF guarantee replaces the need for private bond insurance and enables participants to borrow at a lower cost, which could provide cost savings for taxpayers. Texas Education Agency staff administer the program, including evaluation of school and charter district applications.

As of fiscal year 2024, the balance of outstanding guaranteed bonds was approximately \$121.0 billion in school district bonds for 867 public school districts and \$4.8 billion in charter district bonds for 32 charter districts. The TPSFC estimates that the BGP saves taxpayers approximately \$400.0 million annually. Compared to the previous fiscal year, the total number of outstanding issues decreased by eight, and the value of outstanding issues increased by approximately \$10.1 billion, or 8.7 percent.

Figure 170 shows the number of new bond issues by fiscal year for school districts and charters from fiscal years 2015 to

FIGURE 170
BOND GUARANTEE PROGRAM NEW ISSUES, FISCAL YEARS 2015 TO 2024



SOURCES: Texas Permanent School Fund Corporation; State Auditor's Office.

2024 through the BGP. For fiscal year 2024, the BGP guaranteed 195 new school district issues totaling approximately \$17.4 billion and seven new charter district issues totaling \$782.3 million.

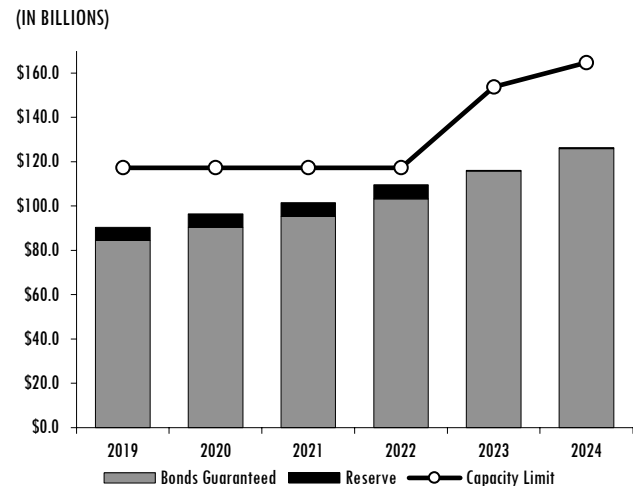
The maximum capacity of the bond guarantee program is the lesser of two limitations. The first is a limit imposed by the Internal Revenue Service (IRS), which previously was set by private letter ruling restricting the capacity to 500.0 percent of the cost value of the PSF as of 2009, calculated to be \$117.3 billion. A second state capacity limit is set by the SBOE at 350.0 percent of the historical cost value of the assets in the PSF. In addition, the SBOE by statute sets aside a percentage reserve of the maximum capacity. Charter school participation in the program is subject to additional limitations.

In fiscal year 2023, the BGP began to reach its capacity limits. From November 2022 to January 2023, TEA turned down \$8.4 billion in applications from public school districts. Effective March 2023, the SBOE lowered the program capacity reserve from 5.0 percent to 0.25 percent, freeing up approximately \$6.0 billion in capacity. In May 2023, the IRS published a notice removing the 2009 date limitation for the value of the PSF assets, which increased the IRS limit to \$219.6 billion.

Figure 171 shows the outstanding value of bonds guaranteed, reserves set aside by SBOE, and the capacity limit for BGP from fiscal years 2019 to 2024. From fiscal years 2019 to 2022, the IRS capacity limit of \$117.3 billion was the determining limit for the TPSFC's bond guarantee program limit. Beginning in fiscal year 2023, the IRS increased the limit of the program and the state limit determined the program's capacity. As of August 31, 2024, the bond guarantee program had an existing remaining capacity of \$38.4 billion.

Additionally, the Charter District Bond Guarantee Reserve Fund, managed by TPSFC and administered by TEA, serves as a protective measure to uphold bond commitments. Charter districts involved in the BGP are mandated to submit payments to the Charter Reserve Fund upon each bond issuance. These contributions bolster a reserve pool established to alleviate risks linked to bond defaults or financial instability within charter districts. Through the establishment of this dedicated reserve fund, the program aims to foster investor trust, thereby enabling charter districts to access advantageous financing conditions. The TPSFC board manages the reserve fund in the same manner

FIGURE 171
CAPACITY AND USE OF THE TEXAS PERMANENT SCHOOL FUND CORPORATION'S BOND GUARANTEE PROGRAM
FISCAL YEARS 2019 TO 2024



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

as the PSF and may invest money in the fund in accordance with the prudent investor standard described in the Texas Constitution, Article VII, Section 5(f).

TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

PURPOSE: Serves as a leading center of expertise and support, working in partnership with schools, families, and organizations to improve educational outcomes for students that are blind or visually impaired, including those with deaf-blindness or additional disabilities. The school provides full-time classroom and residential programs during the school year for students whose needs cannot be met at local school districts.

ESTABLISHED: 1856

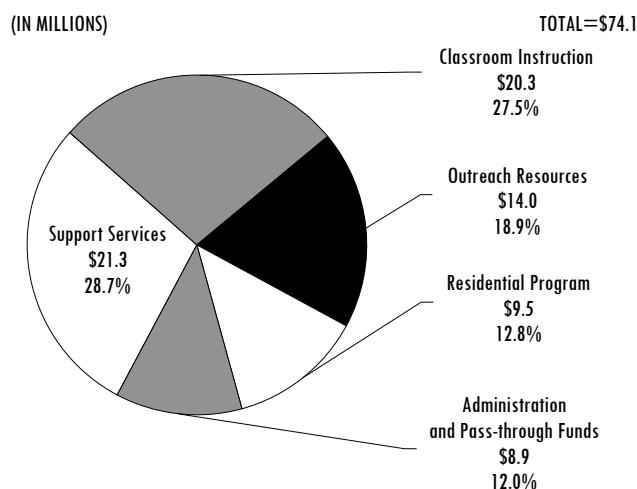
AUTHORIZING STATUTE: The Texas Education Code, Chapter 30, Subchapter B

GOVERNANCE: Board of Trustees – nine members appointed by the Governor and confirmed by the Senate, filling specified positions

FIGURE 172
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Revenue Funds	\$54.2	\$57.5	\$3.3	6.0%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$4.5	\$4.6	\$0.1	2.1%
Other Funds	\$13.1	\$12.0	(\$1.1)	(8.4%)
Total, All Methods of Finance	\$71.8	\$74.1	\$2.3	3.1%

AGENCY PROGRAM AREAS BY APPROPRIATION

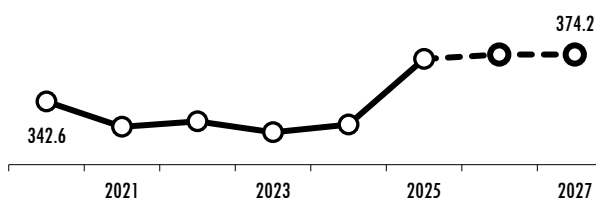


SIGNIFICANT DEVELOPMENTS

Appropriations provide a net All Funds increase of **\$2.3 million**, or 3.1 percent, primarily to **maintain salary increases** provided during the 2024–25 biennium, for **campus security**, and for **special education student services**.

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, appropriates **\$3.4 million** in General Revenue Funds for **technology and information systems projects, vehicles**, and program funds for certain **administrative** and **special education services** for fiscal year 2025.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding appropriated to the Texas School for the Blind and Visually Impaired (TSBVI) for the 2026–27 biennium amounts to an All Funds increase of \$2.3 million, or 3.1 percent. Funding increases are attributable primarily to increases in General Revenue Funds of \$1.8 million to maintain teacher and classified staff salary adjustments provided during the 2024–25 biennium, \$5.7 million for special education programs and services, and \$1.2 million for campus security. This increase is offset partially by the removal of onetime General Revenue Funds provided during the 2024–25 biennium, including \$3.1 million appropriated for campus infrastructure upgrades by Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, and \$3.4 million appropriated for technology and information systems projects, vehicles, and program funds for special education services, central administration, and student transportation in fiscal year 2025 by House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.

PROGRAMS

TSBVI staff work in conjunction with local school districts and the state’s regional Education Service Centers to provide a continuum of services to students with visual impairments. Students receive instruction that prepares them for high school graduation; for return to their local school districts; or for transition to further education, training, or placement in local communities. The school serves these students through five major program areas: (1) Outreach Resources; (2) Classroom Instruction; (3) Student Support Services; (4) Residential Programs; and (5) School Administration.

OUTREACH RESOURCES

The Outreach Resources program, which includes Outreach Development and Training for Schools and Families, provides training services for parents and professionals statewide, including information related to adapted materials, technology, student transition and assessment, and individual consultations for blind and visually impaired students. TSBVI maintains extensive resources that are accessed internationally. Outreach staff offer online and live presentations related to many aspects of visual impairment and deaf–blindness, including assessment, programming, adapted materials, mobility, and assistive technology. Individual consultations support students who are blind and visually impaired in their local communities, and TSBVI staff visit districts throughout the state upon request. During

school year 2023–24, TSBVI conducted or facilitated 223 conferences and workshops for 7,101 participants. TSBVI indirectly serves most of the state’s students that are visually impaired or deaf–blind through collaboration with regional Education Service Centers to support school districts and families statewide.

The TSBVI Curriculum Department provides evaluation and instructional support to classroom teachers and residential instructors on campus. In addition, the department develops and provides instructional materials sold worldwide and used by families and professionals serving students with visual impairments, blindness, and deaf–blindness.

TSBVI Short-term Programs offer three-day to five-day classes on campus and online that emphasize adaptive technology, math tools, social interaction, travel, and independent living. During school year 2023–24, Short-term Programs served 259 students. Summer Programs emphasize real-life skills such as personal care, home care, money management, and travel. The calendar year 2023 summer program served 215 students, and the calendar year 2024 program served 205 students.

In addition, Outreach Resources includes Professional Education in Visual Impairment, a collaborative teacher preparation program among TSBVI and Texas Tech and Stephen F. Austin universities that provides tuition stipends to educate qualified specialists for blind and visually impaired students.

Funding appropriated for Outreach Resources totals \$14.0 million in All Funds.

CLASSROOM INSTRUCTION

Classroom Instruction provides comprehensive instructional services for elementary school through high school during the regular school year for students ages six to 21 who are blind, deaf–blind, or visually impaired, who need specialized and intensive services related to their visual impairments, and for whom an appropriate education is not available in their local schools. The school’s 45.0-acre campus is located in Austin. The school is accredited by the Texas Education Agency and is established as part of the public education system of Texas to serve as a special school in the continuum of statewide alternative placements for students that have visual impairments.

Local school districts that place students at TSBVI are required by the Texas Education Code to share the cost of

educating those students. In accordance with federal law, the local (home) school district is responsible for providing a free appropriate public education (FAPE) that addresses the intensive or specialized needs of visually impaired children and youth. When local districts are unable to meet FAPE requirements, a referral for admission to TSBVI may be originated by the student's local school district in collaboration with the student's parent or guardian. TSBVI cannot accept direct referrals from parents or guardians. **Figure 173** shows the number of students enrolled in Classroom Instruction, Residential, Short-term, and Summer Programs at TSBVI during school year 2023–24.

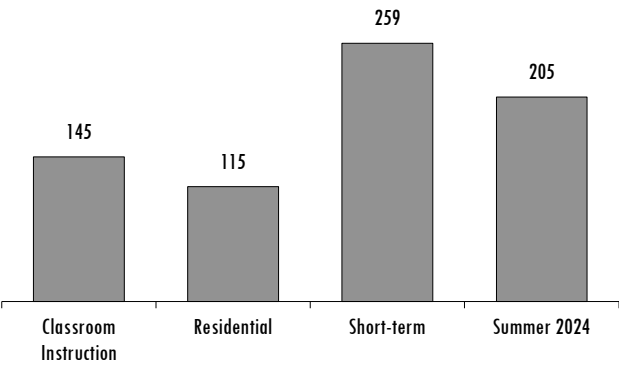
During school year 2023–24, the school's Classroom Instruction programs served 145 students, including eight postsecondary students. Appropriations for the school's comprehensive special education programs for the 2026–27 biennium total \$20.3 million in All Funds.

Figure 174 shows the number of students with multiple disabilities, including deaf-blindness, autism, cerebral palsy, and other disabilities. During the past five school years, the percentage of students with multiple disabilities typically has ranged from 70.0 percent to 80.0 percent of the total student population.

STUDENT SUPPORT SERVICES

Student Support Services provides related services for visually impaired students including orientation and mobility, social

FIGURE 173
STUDENTS SERVED BY PROGRAMS AT THE TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED
SCHOOL YEAR 2023–24



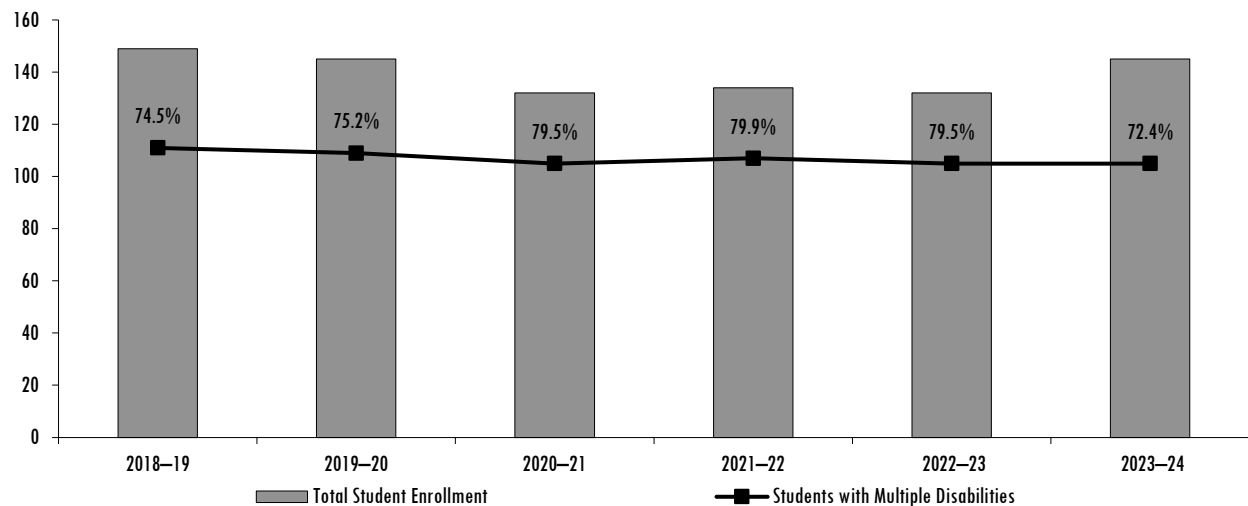
SOURCE: Texas School for the Blind and Visually Impaired.

work, physical therapy, occupational therapy, and speech therapy. Support Services includes Student Transportation. Funding appropriated for Support Services totals \$21.3 million in All Funds.

RESIDENTIAL PROGRAMS

Residential Programs include Residential Housing and Instruction – Independent and Supported Living Curriculum, which provides on-campus housing for residential students and student development programs

FIGURE 174
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED STUDENTS WITH MULTIPLE DISABILITIES COMPARED TO TOTAL STUDENT POPULATION IN THE SCHOOL YEAR CLASSROOM INSTRUCTION PROGRAM, SCHOOL YEARS 2018–19 TO 2023–24



SOURCE: Texas School for the Blind and Visually Impaired.

such as independent living, social and daily living skills, and decision-making skills. Of the 145 students served in the Classroom Instruction program during school year 2023–24, 115 were Residential Program students. Funding appropriated for Residential Programs totals \$9.5 million in All Funds.

SCHOOL ADMINISTRATION

School Administration includes Central Administration, which supports administrative functions including the governing board, superintendent's office, internal audit, human resources, business office, and information management. It also includes Campus Support Services for daily operations, including warehouse functions, mail services, data processing and repairs, telephone and utilities, and federal Americans with Disabilities Act accommodations. Funding appropriated for School Administration totals \$8.9 million in All Funds.

TEXAS SCHOOL FOR THE DEAF

PURPOSE: Provides direct educational services to students ages 0 to 22 years, including residential programs, and serves as a statewide educational resource center on deafness by providing various services to deaf students, their families, school districts, and professionals involved in deaf education.

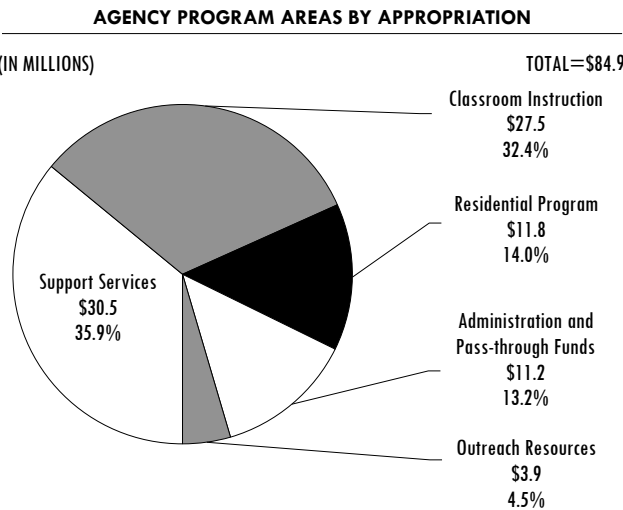
ESTABLISHED: 1856

AUTHORIZING STATUTE: The Texas Education Code, Chapter 30, Subchapter C

GOVERNANCE: Board of Trustees – nine members appointed by the Governor and confirmed by the Senate, meeting certain statutory specifications

FIGURE 175
TEXAS SCHOOL FOR THE DEAF BY METHOD OF FINANCE

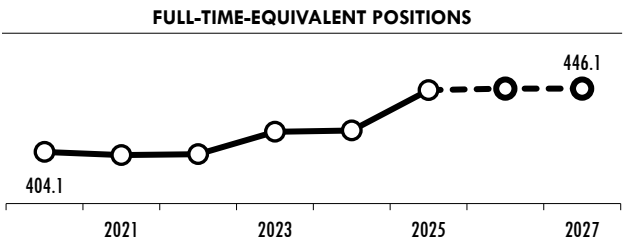
METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$85.7	\$56.1	(\$29.6)	(34.6%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$3.0	\$2.0	(\$0.9)	(31.0%)
Other Funds	\$31.2	\$26.7	(\$4.5)	(14.3%)
Total, All Methods of Finance	\$119.9	\$84.9	(\$35.0)	(29.2%)



SIGNIFICANT DEVELOPMENTS

Appropriations include a funding decrease of \$35.0 million in All Funds, primarily due to the appropriation of **\$35.3 million** in onetime funding for **campus building projects** pursuant to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.

Biennial funding decreases are offset partially by an increase of \$1.7 million in General Revenue Funds to maintain salary adjustments initiated during the 2024–25 biennium.



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding appropriated for the Texas School for the Deaf (TSD) for the 2026–27 biennium represents an All Funds decrease of \$35.0 million, or 29.2 percent. This decrease is attributable primarily to a decrease of \$35.3 million in onetime General Revenue Funds appropriated for campus building projects, \$1.0 million for information technology and cybersecurity projects, and \$0.5 million for vehicles in fiscal year 2025 through House Bill 500, Eighty-ninth Legislature, Regular Session, 2025. Additionally, appropriations represent decreases of \$7.2 million in Other Funds and \$0.9 million in Federal Funds due to reduced federal grant payments. These decreases are offset partially by an increase of \$1.7 million in General Revenue Funds million to maintain teacher and classified staff salary adjustments provided during the 2024–25 biennium and increases of \$5.5 million in General Revenue Funds and \$2.7 million in Other Funds for other special education programs and services.

PROGRAMS

TSD operates a 67.5-acre campus located in Austin and provides students who are deaf or hard of hearing with early childhood education, academic and career training from kindergarten to high school, and transitional postsecondary services. **Figure 176** shows the number of students enrolled in the school's Classroom Instruction, Residential, and Career and Transition Programs. A comprehensive program of extracurricular and cocurricular services includes athletics, intramural sports, and Special Olympics training after school hours. Students also are supported by specialized related services including counseling, physical therapy, health services, occupational therapy, and audiological and speech therapy.

In addition to day services and residential educational services, the school is the primary statewide resource center on deafness. TSD provides expertise and technical assistance to students, families, and professionals throughout Texas.

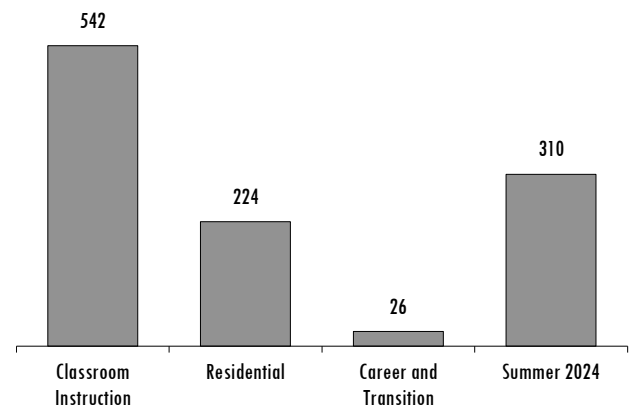
SUPPORT SERVICES

Support Services includes Assessment and Diagnostics, which provides the initial evaluation of each child as required by the federal Individuals with Disabilities Education Act and reevaluations of all enrolled students.

Additional student services include counseling, behavioral support, speech therapy, audiology, interpreting services, health services, physical therapy, and occupational therapy.

FIGURE 176

**STUDENT ENROLLMENT AT TEXAS SCHOOL FOR THE DEAF
SCHOOL YEAR 2023–24**



SOURCE: Texas School for the Deaf.

The number of students with other disabilities in addition to deafness accounts for 57.0 percent of student enrollment during the 2024–25 school year. These students may have visual impairments, physical impairments, cognitive or developmental impairments, autism spectrum disorders, or other health impairments. Some students may have significant psychological, emotional, or behavioral issues that require intervention plans. **Figure 177** shows the number of students with multiple disabilities compared to total student enrollment.

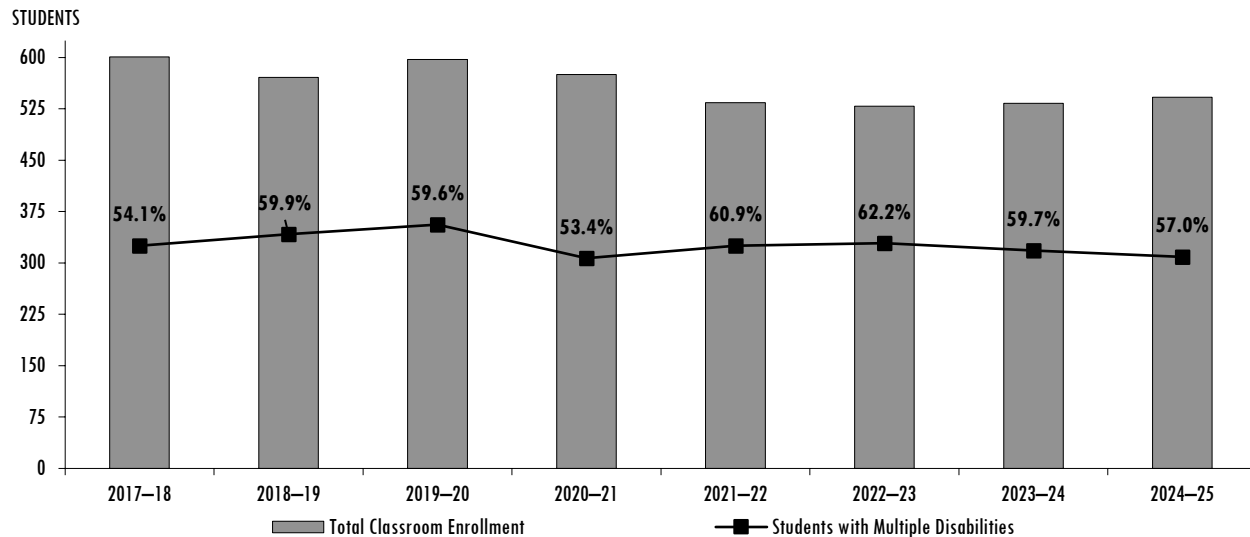
The Career Center and Career Technical Education programs provide hands-on technical training to prepare students with marketable job skills and career center services to help students explore potential career fields. The Adult Curriculum for Community, Employment, and Social Skills (ACCESS) program is an adult transitional program for community living, employment, and social skills. Services are individualized and focus on work training, postsecondary preparation, independent living skills, and social and emotional development.

Student transportation is provided daily for Austin-area students, and weekend home transportation is provided statewide to students that reside on campus during the school week. Funding appropriated for transportation totals \$7.6 million in All Funds.

CLASSROOM INSTRUCTION

Classroom Instruction includes the Instructional Services (Parent/Infant through High School) program, which provides comprehensive educational services during the

FIGURE 177
TEXAS SCHOOL FOR THE DEAF STUDENTS WITH MULTIPLE DISABILITIES COMPARED TO TOTAL CLASSROOM ENROLLMENT
SCHOOL YEARS 2017–18 TO 2024–25



NOTE: Students who have multiple disabilities include those identified as having learning disability, other health impairment, autism spectrum disorder, emotional disturbance, speech or language impairment, visual impairment, deaf-blindness, intellectual disability, orthopedic impairment, or traumatic brain injury.

SOURCE: Texas School for the Deaf.

school year for individuals age 21 or younger who are deaf or hard of hearing and who may have multiple disabilities. Students may be referred to TSD through the admission, review, and dismissal (ARD) process by their local school districts or by their parents. Early childhood intervention programs may refer children younger than age three, and students ages 18 or older may refer themselves for admission.

The Texas Education Code requires local school districts to share in the cost of educating students attending TSD. When a local school district makes a referral on a student's behalf, the district conducts an ARD meeting, which includes parents and local school district representatives. When a parent referral is made, TSD staff conducts the ARD meeting, and district staff are encouraged to attend.

Classroom Instruction includes academic, career, life skills, and related services. During school year 2023–24, TSD served 542 students in classroom instruction programs. Funding appropriated for Classroom Instruction for the 2026–27 biennium totals \$27.5 million in All Funds.

RESIDENTIAL PROGRAMS

Residential Programs provide on-campus housing, tutoring, character education, independent living training, and other social and cultural experiences. In addition, after-school

programs include athletics, performing arts, a tutor center, American Sign Language, and the student worker program. During the school year, approximately 41.3 percent of TSD students live on campus while attending classes, and the remainder are nonresidential students who attend classes as day students and live in Austin and surrounding areas. During school year 2023–24, 224 students were enrolled in the school's residential program. During school year 2024–25, 211 students were enrolled in the school's residential program. Funding appropriated for Residential Programs for the 2026–27 biennium totals \$11.8 million in All Funds.

SCHOOL ADMINISTRATION

School Administration supports daily operations of the agency, including the superintendent's office and security and safety. Funding appropriated for School Administration totals \$11.2 million in All Funds.

OUTREACH RESOURCES

Outreach Resources provide multiple programs and resources for students, families, professionals, and school districts such as retreats, distance learning opportunities, sign language instruction, parent mentoring, and summer programs. Funding appropriated for Outreach Resources totals \$3.9 million in All Funds.

CAMPUS CONSTRUCTION PROJECTS

For the 2024–25 biennium, TSD was appropriated \$35.3 million in General Revenue Funds in House Bill 500 for Phase 3-B of the TSD Campus Master Plan, which will upgrade the central utility plant to expand capacity of the chilled water and heating water systems, including replacement of the site distribution piping and the connected building pump systems. Including previous Phase 1, Phase 2, and Phase 3-A, Campus Master Plan project appropriations total \$111.7 million from fiscal years 2018 to 2025. Previous projects have included a campus security entrance, a culinary arts kitchen, a central services building, an early learning center, additional parking space, ACCESS dorms and classrooms, and a new security entrance.

TEACHER RETIREMENT SYSTEM OF TEXAS

PURPOSE: Deliver service and disability retirement benefits, death and survivor benefits, and group healthcare coverage for employees of public school districts and institutions of higher education; and manage assets held in trust.

ESTABLISHED: 1937

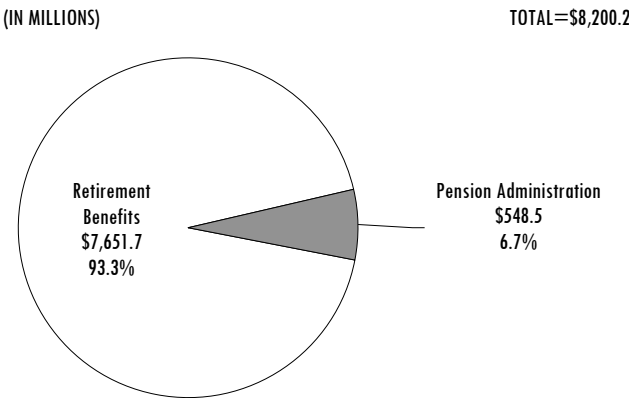
AUTHORIZING STATUTE: The Texas Government Code, Chapters 821–825

GOVERNANCE: Board of Trustees – nine members appointed by the Governor with the advice and consent of the Senate

FIGURE 178
TEACHER RETIREMENT SYSTEM OF TEXAS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$12,846.4	\$7,569.3	(\$5,277.1)	(41.1%)
General Revenue–Dedicated Funds	\$78.2	\$82.4	\$4.2	5.4%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$544.3	\$548.5	\$4.2	0.8%
Total, All Methods of Finance	\$13,468.9	\$8,200.2	(\$5,268.7)	(39.1%)

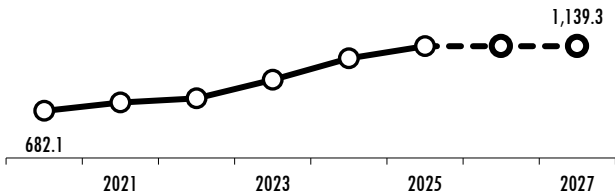
AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

- Funding for the Teacher Retirement System of Texas (TRS) includes the **state contribution rate to the retirement fund of 8.25 percent** during the 2026–27 biennium and projected payroll growth for public and higher education.
- Funding provides a **1.25 percent state contribution to TRS-Care**, the retiree healthcare program. Public education employers and employees also contribute 0.75 percent and 0.65 percent, respectively.
- Funding includes **\$369.2 million in General Revenue Funds** appropriated through House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, **for active employee health insurance funding** to maintain TRS-ActiveCare premium increases at 10.0 percent per year during the 2026–27 biennium.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding appropriated to the Teacher Retirement System of Texas (TRS) for the 2026–27 biennium totals \$8.2 billion in All Funds, a decrease of \$5.3 billion, or 39.1 percent. This decrease is attributable primarily to the removal of onetime funding of \$5.0 billion in General Revenue Funds for onetime stipends and ongoing cost of living increases for certain TRS retirees provided during the 2024–25 biennium pursuant to Senate Bill 10 and House Joint Resolution 2, Eighty-eighth Legislature, Regular Session, 2023, partially offset by payroll growth for statutorily required state contributions. TRS also receives \$369.2 million in General Revenue Funds in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, to mitigate premium increases for TRS-ActiveCare. Additionally, funding for pension administration for the 2026–27 biennium includes an increase of \$18.4 million in Other Funds (TRS Trust Account) and maintains fiscal year 2025 full-time-equivalent (FTE) positions at 1,139.3 for the 2026–27 biennium.

PROGRAMS

RETIREMENT

TRS administers a traditional, defined-benefit retirement plan that provides service and disability retirement and death and survivor benefits to eligible Texas public education and higher education employees and their beneficiaries. As of August 31, 2024, TRS reported approximately 2.1 million members, including 970,874 active members, 508,701 retirement recipients, and 578,035 inactive vested and nonvested members. Benefit calculations are determined by statute and are based on an employee's age and years of creditable service. Certain eligible employees of institutions of higher education may choose instead to participate in the Optional Retirement Program, a defined-contribution plan overseen by the Texas Higher Education Coordinating Board. Funding for TRS retirement for the 2026–27 biennium totals \$6.4 billion in All Funds for statutorily required state contributions.

Retirement benefits are financed by member, state, and employer contributions based on employee payroll, and by investment earnings of the TRS Trust Account. Senate Bill 12, Eighty-sixth Legislature, 2019, increased the statutorily required state, member, and employer contributions from fiscal years 2020 to 2025 to make the trust account actuarially sound.

Appropriated amounts to pay the state contribution are estimated and based on a state contribution rate of 8.25 percent of eligible compensation for the 2026–27 biennium, which maintains the rate from the previous biennium. In addition to General Revenue Funds and General Revenue–Dedicated Funds, a portion of the state contribution is paid by public and higher education employers, as required by statute. State retirement contributions to TRS for public community and junior colleges are limited to 50.0 percent of the creditable compensation of members whose duties are instructional or administrative. An additional limit to state retirement contributions applies for each community and junior college. The limit is based on the growth in each college's staff size in proportion to changes in student enrollment.

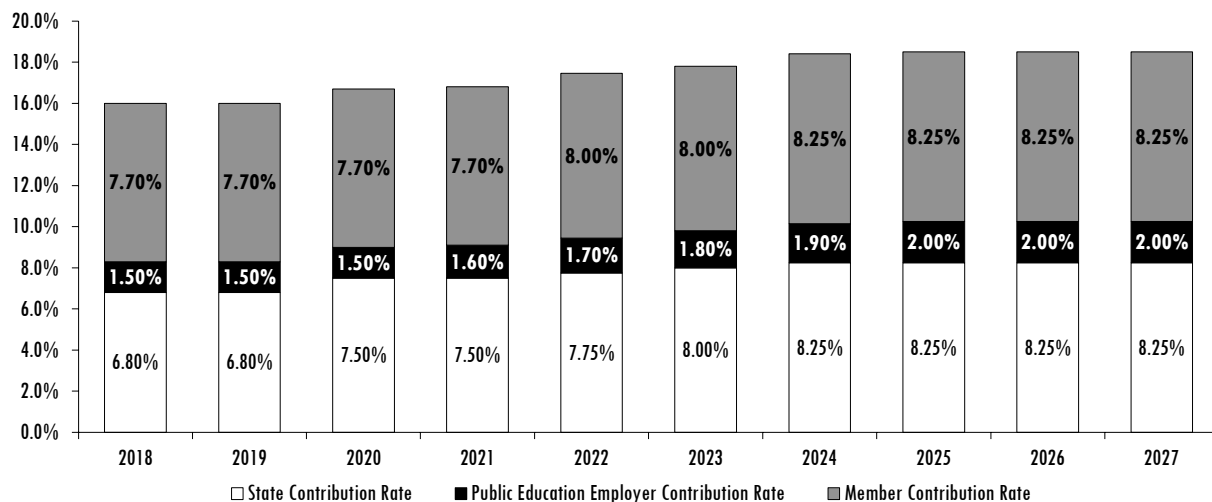
Pursuant to Senate Bill 12, all public education employers are required to contribute an additional percentage of either actual employee pay or the statutorily required minimum salary for employees, subject to the Minimum Salary Schedule pursuant to the Texas Education Code, Section 21.402. This contribution rate for fiscal years 2026 and 2027 is 2.0 percent, which maintains the rate from fiscal year 2025.

Figure 179 shows the funded contribution rates from fiscal years 2018 to 2027.

The payroll growth rate is another significant factor in determining state funding requirements, because state contributions for retirement and retiree health are based on a percentage of active employee compensation. Estimated annual payroll growth during the 2024–25 biennium was 3.6 percent for public education retirement and TRS-Care programs and 6.0 percent for higher education, with actual public education payroll growth of 4.6 percent for public education and 11.3 percent for higher education during fiscal year 2024. This growth includes both salary increases for existing public and higher education staff and payroll cost increases associated with increases in the overall number of employees. The assumed growth rate of public education payroll for the 2026–27 biennium is an average of 5.0 percent for each fiscal year for TRS retirement and TRS-Care programs. Appropriations are predicated on annual higher education payroll growth of 7.9 percent for TRS retirement.

Investment earnings play a major role in determining the health of the TRS Trust Account. TRS manages assets across a diversified portfolio allocation that includes global equity, stable value, and real return. The annual return on investment

FIGURE 179
TEACHER RETIREMENT SYSTEM OF TEXAS STATE, EMPLOYER, AND MEMBER CONTRIBUTION RATES
FISCAL YEARS 2018 TO 2027



NOTE: For fiscal years 2018 and 2019, only public education employers that did not participate in the federal Social Security program were required to contribute 1.5 percent of payroll. Beginning in fiscal year 2020, all public education employers are required to make this contribution.
SOURCE: Teacher Retirement System of Texas.

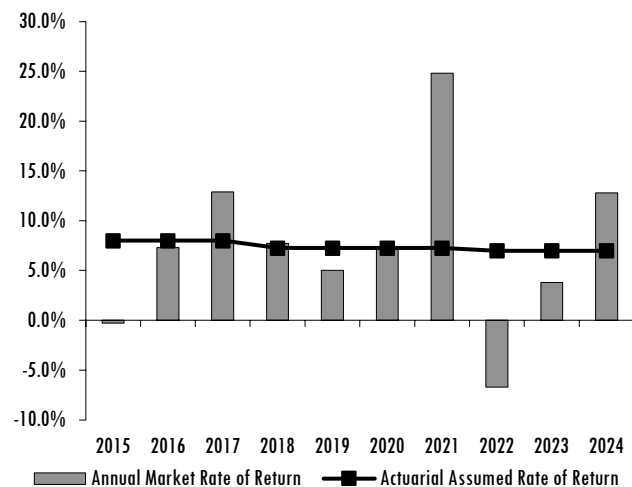
for fiscal year 2024 was 12.8 percent, increasing the market value of pension assets to \$210.5 billion at the end of fiscal year 2024. The three-year, five-year, and 10-year returns as of August 31, 2024, are 3.0 percent, 7.9 percent, and 7.2 percent, respectively.

The annual actuarial assumed rate of return is 7.0 percent. This assumption is used to assess the long-term health of the retirement trust and determine whether the system will be able to meet obligations. A lower return assumption increases the projected contributions and length of time, or funding period, needed to pay off the unfunded actuarially accrued liability. In fiscal year 2022, the TRS Board of Trustees decreased the return assumption from 7.25 percent to 7.0 percent to provide a more reasonable forecast of current and future financial conditions. As of August 31, 2024, the TRS funding period is 28.0 years. Pursuant to statute, plans with funding periods of less than 31.0 years are considered actuarially sound. **Figure 180** shows the actuarial assumed rate of return and the annual market rate of return on investments since fiscal year 2015.

ADMINISTRATIVE OPERATIONS

The TRS Trust Account finances administrative operations for the retirement program and investment management. Funding for the 2026–27 biennium totals \$548.5 million in Other Funds (TRS Trust Account) and 1,139.3 FTE

FIGURE 180
TEACHER RETIREMENT SYSTEM TRUST FUND'S ACTUAL ANNUAL RETURN ON INVESTMENT COMPARED TO ACTUARIAL ASSUMED RATE OF RETURN
FISCAL YEARS 2015 TO 2024



NOTE: The 10-year average annual return for fiscal years 2015 to 2024 is 7.2 percent.
SOURCE: Teacher Retirement System of Texas.

positions. This funding level represents an increase of \$18.4 million in Other Funds (TRS Trust Account) from the previous biennium, primarily for increases to information technology systems. Amounts appropriated for administrative

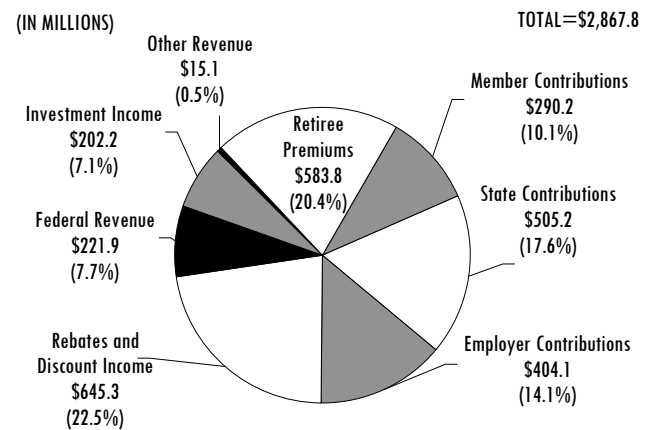
operations of the agency apply only to expenditures associated with payment of retirement benefits and management of the assets in the TRS Trust Account. Administrative expenses associated with other programs administered by the agency, including TRS-Care and TRS-ActiveCare, are paid from trust funds or accounts associated with those programs and are not part of the appropriations process.

RETIREE HEALTHCARE

Health coverage through TRS-Care is available for eligible retirees and their dependents. As of August 31, 2024, TRS-Care had 214,560 total participants, of which 177,603 are retirees and the balance are dependents, surviving spouses, and surviving dependent children. The TRS-Care program is funded by participant premiums, federal subsidies, and regular payroll contributions from the state, active employees, and school districts. Unlike the retirement plan, which is prefunded, TRS-Care is funded on a pay-as-you-go basis. For the 2026–27 biennium, state, employer, and active employee contribution rates are 1.25 percent, 0.75 percent, and 0.65 percent, respectively. Statutorily required state contributions to TRS-Care for the 2026–27 biennium total \$1.2 billion in General Revenue Funds, an increase of \$170.3 million to cover projected payroll growth during the 2025–26 biennium. **Figure 181** shows total revenue by source for TRS-Care for fiscal year 2024.

Before fiscal year 2018, TRS-Care experienced a structural funding shortfall due to the recurring funding gap between the growth of payroll-based contributions and program costs and additional legislative restrictions on member premiums. For several previous biennia, the General Appropriations Act (GAA) directed TRS not to increase retiree premiums, and statute directed TRS to provide a basic health plan at no cost to the retiree. These provisions, intended to keep retiree healthcare affordable while a long-term solution was found, decreased the program's capacity to generate the level of revenue required to fully fund benefits. House Bill 3976, Eighty-fifth Legislature, Regular Session, 2017, and the Eighty-fifth Legislature, GAA, 2018–19 Biennium, eliminated the structural shortfall by removing the restriction on premiums and eliminating the requirement that TRS offer a basic plan at no cost to retirees. The legislation further decreased the gap between revenues and costs by significantly modifying plan structure and benefits and by providing \$394.6 million in onetime additional General Revenue Funds. Following these changes, the average premium per member increased by 47.0 percent during plan year 2018. Since then, the Legislature has directed TRS not to increase premiums above the plan year 2019 level.

FIGURE 181
TRS-CARE REVENUE BY SOURCE
FISCAL YEAR 2024



NOTE: Employer contributions include the 0.75 percent employer contribution, amounts paid by districts from federal funding and private grants to fund the 1.25 percent state contribution as required by statute, and district payments to the Teacher Retirement System of Texas (TRS) for a surcharge owed on return-to-work employees. State contributions include statutorily required contributions and supplemental appropriations.
SOURCE: Teacher Retirement System of Texas.

ACTIVE MEMBER HEALTHCARE

TRS administers TRS-ActiveCare, which is a group healthcare program for active employees of local public schools. Currently, 968 school districts, charter schools, and regional Education Service Centers participate. With few exceptions, school districts that have 500 or fewer employees are required to participate in the ActiveCare program, and districts that have more than 500 employees may join the program with proper notification to the TRS trustees. School districts that elect to join the ActiveCare program may not discontinue participation in the program unless the fifth anniversary of that election has passed and with proper notification to the TRS trustees, and school districts may not elect to join again until a five-year period has passed. As of August 31, 2024, the TRS-ActiveCare program served 418,622 participants, consisting of 268,767 employees and 149,855 dependents.

TRS-ActiveCare is funded by state and employer contributions and by employee premiums. Statute requires a minimum state contribution of \$75 per employee per month, which is distributed through the Foundation School Program school finance formulas. Districts are required to contribute a minimum of \$150 per employee per month toward the premiums of participating members, for a total of \$225 toward the cost of coverage. Employee

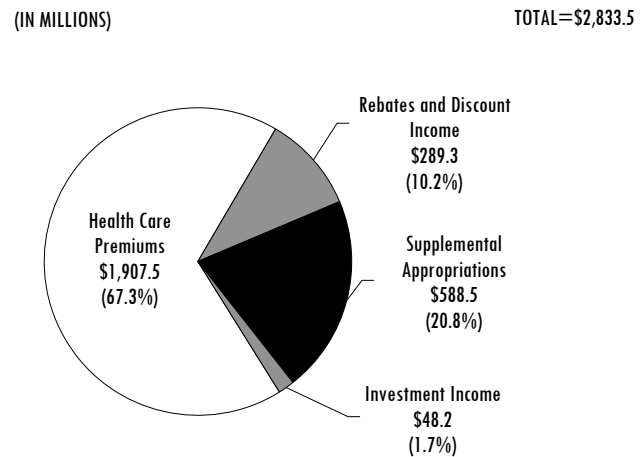
premiums cover the remainder of program costs. Minimum state and employer contributions have not changed since the program was implemented in fiscal year 2001. **Figure 182** shows total funding by revenue source for TRS-ActiveCare for fiscal year 2024. Compared to the previous fiscal year, ActiveCare revenues included an increase of \$61.0 million to rebates and discount income due to a new rebate structure and an increase of \$76.0 million to premium income due to changes in enrollment and plan choices. According to TRS, rising costs for prescription drugs, including specialty drugs, and other medical cost increases contribute significantly to plan costs. To balance costs and revenues, TRS has raised premiums significantly and made several benefit design changes since the program began.

Regarding the COVID-19 pandemic, TRS received federal funding to prevent member premium increases or benefit design changes resulting from pandemic-related claims. For the 2022–23 biennium, appropriations to TRS-ActiveCare included \$638.3 million in Federal Funds to cover the costs associated with the COVID-19 pandemic and to prevent an increase in member premiums. As a result, TRS reported no increases in the total premiums charged at any rate or tier, and several rates decreased for plan year 2023. TRS-ActiveCare was appropriated \$588.5 million for the 2024–25 biennium to offset partially the decrease in pandemic-related Federal Funds and to maintain the average annual premium increase at less than 10.0 percent while compensating for the difference between current premiums and expected costs. TRS-ActiveCare received a supplemental appropriation of \$369.2 million for fiscal year 2025 to maintain average annual premium increases at less than 10.0 percent for the 2026–27 biennium.

SIGNIFICANT LEGISLATION

House Bill 2 – Public education and public school finance. The legislation increases compensation for public education employees through the Foundation School Program. House Bill 2 includes additional compensation based on various factors, and establishes that compensation increases from the Teacher Retention Allotment and Support Staff Retention Allotment are considered creditable compensation. House Bill 2 also repeals the prohibition preventing public education employers from passing the costs of pension and health care surcharges to retirees returning to full-time work, and establishes these surcharges as an allowable use of the allotment for basic costs.

FIGURE 182
TRS-ACTIVECARE CONTRIBUTIONS BY SOURCE
FISCAL YEAR 2024



NOTES:

- (1) Health Care Premiums are paid in part through state funding for active employee healthcare through the Foundation School Program formula funding administered by the Texas Education Agency. Districts receive state funds of \$75 per employee per month for state contributions and \$150 per employee per month for required district contributions. Districts also may provide employees with additional contributions toward health care premiums.
- (2) Supplemental appropriations are state funds for TRS-ActiveCare that are not statutorily required.

SOURCE: Teacher Retirement System of Texas.

House Bill 34 – Prohibiting certain investments of state money. The legislation prohibits the investment of state funds in certain countries and private business entities based in those countries. It requires TRS and other state investment entities to divest from holdings in “countries of concern,” which include China, Iran, North Korea, Russia, and any country designated by the Governor.

House Bill 3126 – Return to TRS-ActiveCare. The legislation allows entities previously discontinued participation in TRS-ActiveCare as of September 1, 2022, to rejoin the program before the end of the five-year exclusion period. TRS may apply a risk stabilization fee to premiums starting in the plan year beginning September 1, 2026, to offset potential cost increases to the program.

House Bill 4945 – Feasibility study for firefighter retirement benefits. The legislation requires TRS to conduct a study regarding the feasibility of offering alternative service retirement benefits to Texas A&M Forest Service wildland firefighters. The study, due to the Legislature by December 31, 2026, will assess the costs, impact, and viability of establishing two new tiers within the TRS retirement plan.

Senate Bill 667 – Prohibiting certain investments for certain state governmental entities. The legislation prohibits certain state governmental entities, including TRS, from investing in specified Chinese-affiliated entities. Senate Bill 667 requires these entities to identify direct and indirect investments in such entities and to divest certain direct holdings within prescribed timeframes. The divestment requirement does not apply if an entity determines that compliance would conflict with fiduciary duties or other legal obligations governing the investment of state assets.

OPTIONAL RETIREMENT PROGRAM

PURPOSE: Provide a defined contribution plan for public higher education faculty, librarians, and certain administrators and professionals as an alternative to the defined benefit retirement plan administered by the Teacher Retirement System of Texas.

ESTABLISHED: 1967

AUTHORIZING STATUTE: The Texas Government Code, Chapter 830

GOVERNANCE: Texas Higher Education Coordinating Board oversees applicable rules; each university administers its own program

FIGURE 183
OPTIONAL RETIREMENT PROGRAM BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$267.3	\$273.6	\$6.3	2.4%
General Revenue–Dedicated Funds	\$49.1	\$48.9	(\$0.2)	(0.5%)
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$316.4	\$322.5	\$6.1	1.9%

AGENCY PROGRAM AREAS BY APPROPRIATION

(IN MILLIONS)

TOTAL=\$322.5



SIGNIFICANT DEVELOPMENTS

The **state contribution rate** is **6.6 percent** of employee compensation for the 2026–27 biennium. Schools may contribute additional amounts up to the 8.5 percent statutory limit. The employee contribution rate is 6.65 percent.

State funding for public community and junior college instructional and administrative employees is **limited to 50.0 percent** of qualifying compensation. A further decrease applies to these colleges if employee growth exceeds student enrollment growth.

Appropriations from All Funds for the 2026–27 biennium increase by 1.9 percent from 2024–25 biennial levels. Funding levels maintain the statutorily required state contribution rate with increases due to the growth of payroll covered by General Revenue Funds that is offset partially by the decrease of payroll covered by General Revenue–Dedicated Funds.

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.

MAJOR FUNDING

Estimated appropriations for the state contribution to the Optional Retirement Program (ORP) total \$322.5 million in All Funds for the 2026–27 biennium, an increase of \$6.1 million from the 2024–25 biennium. This amount is based on an assumed annual payroll growth of 3.1 percent. This amount assumes an annual decrease of 1.8 percent for contributions paid from General Revenue Funds and an assumed decrease of 3.2 percent for contributions paid from General Revenue–Dedicated Funds, based on the actual average rates of change from fiscal years 2019 to 2024.

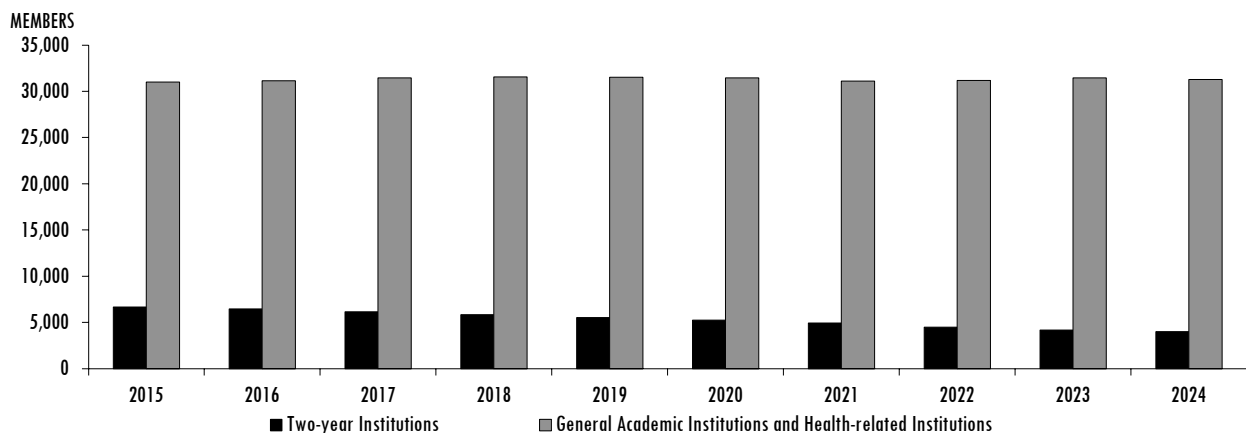
PROGRAMS

New public higher education employees that are employed in an ORP-eligible position have 90 days from the first date of eligibility to make a onetime irrevocable choice between participation in ORP or Teacher Retirement System of Texas (TRS) membership. Employees that elect ORP in lieu of TRS membership must continue to participate in ORP for the remainder of their careers in Texas public higher education. As of August 31, 2024, 4,008 employees of two-year institutions and 31,278 university and health-related institution employees participated in the program. **Figure 184** shows a 10.0-year trend in ORP membership for two-year institutions compared to four-year and health-related institutions.

ORP features one-year vesting and is a portable benefit that enables participants to maintain their retirement savings after separation from employment in Texas public higher education. Participants that terminate state employment before meeting the ORP vesting requirement forfeit employer contributions made during that period of employment. Employee contribution amounts are based on a percentage of the employee's salary, which is 6.65 percent as established by the Legislature. All contributions are invested by the employee through individual investment contracts, pursuant to the U.S. Internal Revenue Code, Section 403(b), purchased from authorized companies. The retirement benefit provided within ORP is based on the accumulated contributions and rate of return earned during the employee's career and does not include disability retirement benefits or death and survivor benefits. **Figure 185** shows the state and employee contribution rates since fiscal year 2008.

Each institution's governing board administers its ORP, and vendor selections must be made from the employer's authorized list at the same time that ORP is elected. ORP participants assume full responsibility for monitoring their selected companies and investments. The ORP participant's benefit amount depends directly on the actual amounts contributed. The defined contribution plan enables participants to manage their personal investment accounts; therefore, no state provisions are made for improvement of benefits after termination (e.g., cost-of-living adjustments).

FIGURE 184
OPTIONAL RETIREMENT PROGRAM MEMBERSHIP FROM TWO-YEAR INSTITUTIONS COMPARED TO GENERAL ACADEMIC INSTITUTIONS AND HEALTH-RELATED INSTITUTIONS
FISCAL YEARS 2015 TO 2024



SOURCE: Texas Higher Education Coordinating Board.

FIGURE 185
OPTIONAL RETIREMENT PROGRAM STATE AND EMPLOYEE CONTRIBUTION RATES
FISCAL YEARS 2008 TO 2027



SOURCE: Texas Higher Education Coordinating Board.

TEXAS HIGHER EDUCATION COORDINATING BOARD

PURPOSE: Coordinate Texas higher education and administer various student financial aid, federal grant, and state-funded trustee programs. The agency establishes a master plan for higher education in Texas; prescribes the role and mission of public higher education institutions; reviews university academic programs, academic and vocational technical programs at the community and technical colleges, and health-related programs; and promotes access to and quality in higher education.

ESTABLISHED: 1965

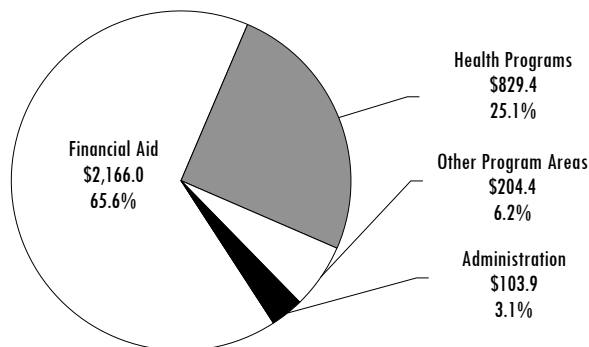
AUTHORIZING STATUTE: The Texas Education Code, §61.021

GOVERNANCE: Texas Higher Education Coordinating Board—nine members appointed by the Governor with the advice and consent of the Senate

FIGURE 186
TEXAS HIGHER EDUCATION COORDINATING BOARD BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,947.4	\$2,942.9	(\$4.5)	(0.2%)
General Revenue—Dedicated Funds	\$179.6	\$35.5	(\$144.1)	(80.2%)
Federal Funds	\$94.5	\$88.5	(\$6.0)	(6.4%)
Other Funds	\$207.2	\$236.7	\$29.5	14.2%
Total, All Methods of Finance	\$3,428.8	\$3,303.7	(\$125.0)	(3.6%)

AGENCY PROGRAM AREAS BY APPROPRIATION
(IN MILLIONS) TOTAL=\$3,303.7



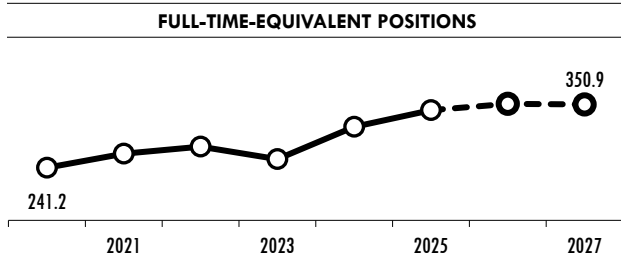
SIGNIFICANT DEVELOPMENTS

Appropriations for the **Toward EXcellence, Access, and Success Grant program**, which supports students attending public universities, total **\$1,233.9 million**, an increase of **\$177.3 million**.

Appropriations for the **Tuition Equalization Grant program**, which supports students attending private universities, total **\$232.6 million** in General Revenue Funds, an increase of \$28.8 million.

Appropriations for the **Graduate Medical Education Expansion Program**, which supports residency training, total **\$304.4 million**, an increase of **\$71.3 million**.

Appropriations for the **Texas Child Mental Health Care Consortium**, which supports behavioral health initiatives for children, total **\$291.4 million**, an increase of **\$3.9 million**.



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Texas Higher Education Coordinating Board (THECB) for the 2026–27 biennium totals \$3,303.7 million, which is a decrease of \$125.0 million from the 2024–25 biennium. This funding includes increases of \$215.9 million in financial aid programs and \$103.4 million in health programs, offset by a decrease of \$434.2 million in research funding associated with the Texas Research Incentive Program and \$9.2 million in Other Programs, primarily in tobacco funds and federal funding.

PROGRAMS

The agency carries out its responsibilities through three major program areas: (1) financial aid, which includes grant and scholarship funding for students attending public and private institutions of higher education; (2) research programs; and (3) health programs, which include Graduate Medical Education (GME) programs, loan repayment programs for healthcare professional, nursing programs, and funding for Baylor College of Medicine.

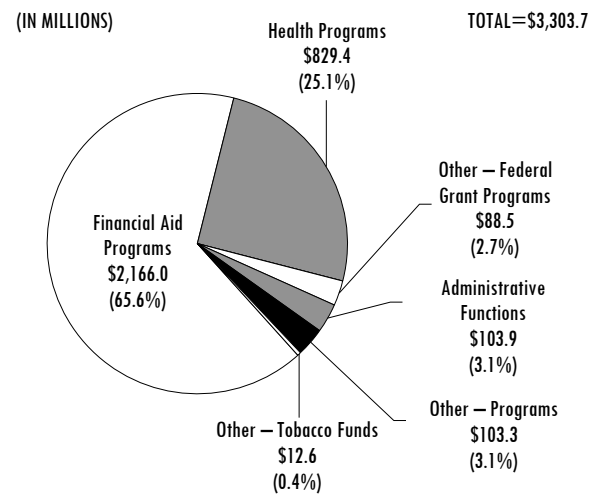
The remaining funding includes programs intended to increase student participation and access, federally funded programs, and programs supported by tobacco funds and administrative functions. **Figure 187** shows the agency’s appropriations by program area.

FINANCIAL AID

Financial aid constitutes 65.6 percent of All Funds appropriated to THECB and 67.2 percent of General Revenue Funds and General Revenue–Dedicated Funds. This area includes programs that provide financial assistance to students attending public and private institutions of higher education. **Figure 188** shows the appropriations to these programs.

The largest financial aid program is the Toward EXcellence, Access, and Success (TEXAS) Grant Program. Appropriations for this program total \$1,233.9 million in General Revenue Funds, an increase of \$177.3 million. This funding level is intended to support approximately 67.5 percent of eligible students and implements policy changes that include guaranteeing an award for eligible students in the top 25.0 percent of their graduating high school class. Appropriations to the Tuition Equalization Grant Program total \$232.6 million in General Revenue Funds, an increase of \$28.8 million intended to support 67.5 percent of eligible students.

FIGURE 187
TEXAS HIGHER EDUCATION COORDINATING BOARD
APPROPRIATIONS, 2026–27 BIENNIUM

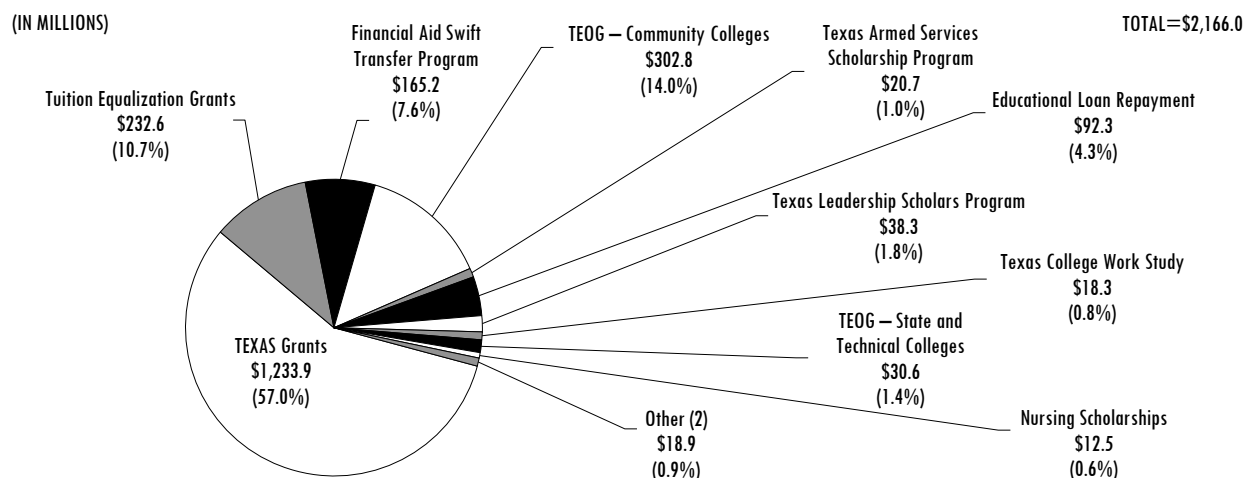


SOURCE: Legislative Budget Board.

Appropriations to the Texas Educational Opportunity Grant (TEOG) Public Community College Program total \$302.8 million, an increase of \$80.8 million. Appropriations to the TEOG State and Technical Colleges Program total \$30.6 million, an increase of \$8.3 million. These funding levels are intended to support approximately 67.5 percent of eligible students in the programs. The TEOG Public Community College Program awards grants to students attending public community colleges. The TEOG State and Technical Colleges Program awards grants to students attending Lamar State College – Orange, Lamar State College – Port Arthur, Lamar Institute of Technology, and the Texas State Technical Colleges. These programs are supported by appropriations from General Revenue Funds. Appropriations to the Work Study Program total \$18.3 million, which maintains 2024–25 biennial funding levels. Appropriations for the Texas Transfer Grant Program total \$12.4 million, a decrease of \$12.4 million. Funding for this program was transferred to the TEXAS Grant program to support treating TEOG transfer students as TEXAS Grant renewal students.

Appropriations to the Financial Aid for Swift Transfer program, which is supported by transfers from the Foundation School Program and enables eligible students to enroll at no cost in dual-credit courses offered by participating institutions of higher education, total \$165.2 million, an increase of \$36.5 million. Appropriations to the Texas Leadership Scholars Program total \$38.3 million, an increase of \$28.0 million.

FIGURE 188
TEXAS HIGHER EDUCATION COORDINATING BOARD FINANCIAL AID PROGRAMS, 2026–27 BIENNIUM



NOTES:

- (1) TEXAS Grants=Toward EXcellence, Access and Success Grants; TEOG=Texas Educational Opportunity Grant.
 - (2) The Other category includes funding for the Texas Transfer Grant Program (\$12.4 million), Rural Veterinarians Grant Program (\$5.0 million), Scholarship Program (\$1.0 million), and License Plate Programs (\$0.5 million).
 - (3) Totals may not sum due to rounding.
- SOURCE: Legislative Budget Board.

The agency's seven educational loan repayment programs are consolidated into one strategy, Educational Loan Repayment, and include the following programs:

- Teach for Texas Loan Repayment Program;
- Math and Science Scholars Loan Repayment Program;
- Peace Officer Loan Repayment Program;
- Physician Education Loan Repayment Program;
- Mental Health Professionals Loan Repayment Program;
- Nursing Faculty Loan Repayment Program; and
- Nursing Loan Repayment Program.

Total funding for the Educational Loan Repayment strategy maintains the 2024–25 biennial funding level of \$92.3 million. The Teach for Texas Loan Repayment Program, which provides loan repayments to qualified teachers at preschool, primary, or secondary levels in Texas public schools, is funded at \$2.6 million in General Revenue Funds. Appropriations for the Math and Science Scholars Loan Repayment Program and Peace Officer Loan Repayment Program total \$2.6 million and \$4.1 million, respectively. Appropriations for the Physician Education Loan Repayment Program total \$35.5 million. The program provides loan repayment assistance to qualified physicians that practice in designated health professional shortage areas or provide specified service levels for individuals enrolled in Medicaid or

the Children's Health Insurance Program. Appropriations for the Mental Health Professionals Loan Repayment Program total \$28.0 million. Appropriations for the Nursing Faculty Loan Repayment Program and the Nursing Loan Repayment Program total \$7.0 million and \$12.5 million, respectively.

Appropriations for the Texas Armed Services Scholarships Program total \$20.7 million, an increase of \$6.1 million. Appropriations for license plate programs total \$0.5 million, which maintains 2024–25 biennial funding levels.

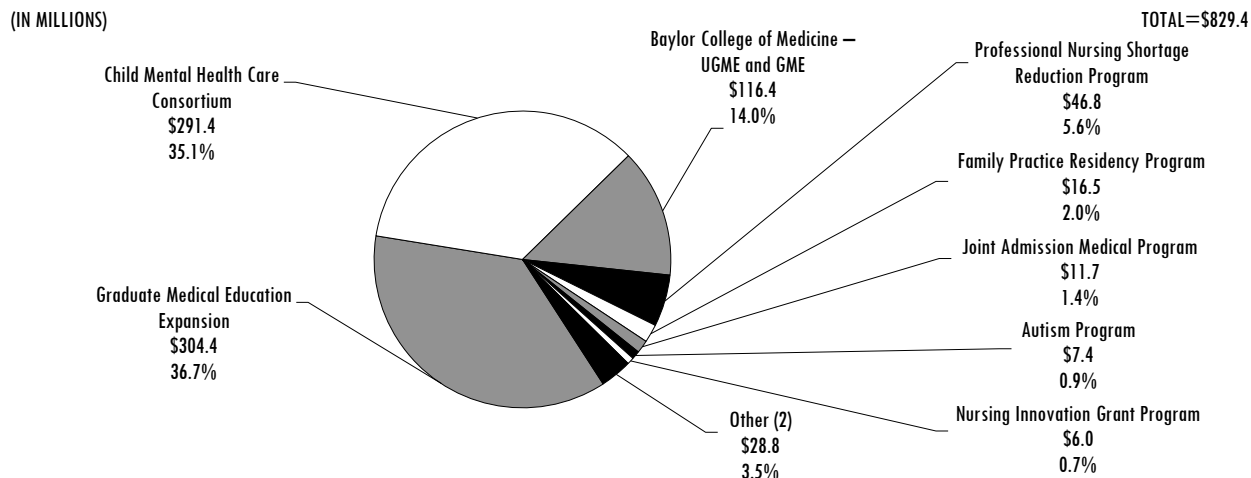
The agency is appropriated \$1.0 million for the Scholarships Program, which is committed to the Senfronia Thompson Scholarship Program, and \$12.5 million for nursing scholarships. Appropriations for the Rural Veterinarians Grant Program total \$5.0 million.

Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, appropriated all unexpended balances remaining as of August 31, 2024, in the General Revenue–Dedicated Account No. 5103, Texas B-On-Time Student Loan, estimated to be \$141.5 million, to eligible institutions based on a formula adopted by THECB. These funds were disbursed during fiscal year 2025.

HEALTH PROGRAMS

Appropriations for the health-related programs, which include funding for Baylor College of Medicine, total \$829.4 million

FIGURE 189
TEXAS HIGHER EDUCATION COORDINATING BOARD HEALTH-RELATED PROGRAMS APPROPRIATIONS, 2026–27 BIENNIUM



NOTES:

- (1) UGME=undergraduate medical education program; GME=graduate medical education program.
- (2) The Other category includes funding for the Physician and Nursing Trauma Care Program (\$5.9 million), Forensic Psychiatry Fellowship Program (\$5.0 million), Preceptorship Program (\$4.9 million), Rural Resident Physician Program (\$3.0 million), Behavioral Health Innovation Grant Program (\$5.0 million), and Family Medicine-Obstetrics Postgraduate Training Grant Program (\$5.0 million).

SOURCE: Legislative Budget Board.

for the 2026–27 biennium, an increase of \$1,103.4 million.

Figure 189 shows the appropriations to these programs.

This increase is due primarily to increased funding for the GME Expansion program and funding for Baylor College of Medicine. Total funding for the GME Expansion program is \$304.4 million, which is an increase of \$71.3 million in General Revenue Funds to meet the 1.1-to-1.0 ratio of first-year residency positions for each Texas medical school graduate. Senate Bill 18, Eighty-fourth Legislature, 2015, established the Permanent Fund Supporting Graduate Medical Education, supported by a transfer of funds from the Texas Medical Liability Joint Underwriting Association. GME Expansion supports onetime GME planning and partnership grants, funding to enable new or existing GME programs to increase the number of first-year residency positions, funding for unfilled residency positions, and continuation awards for programs that received grant awards during fiscal year 2015.

Funding for the Professional Nursing Shortage Reduction Program totals \$46.8 million. The Eighty-eighth Legislature, Regular Session, 2023, incorporated new metrics for the program and requires the agency to distribute funding through three different tiers. The Growth Tier requires the agency to distribute funding to institutions with nursing programs based on increases in the numbers of students graduating. The Production Tier requires the agency to

distribute funding based on the total number of nursing students graduating from a program each year. The Faculty Tier requires the agency to distribute funding based on the total number of doctoral level and master's in nursing education students graduating from a program each year.

Senate Bill 11, Eighty-sixth Legislature, 2019, established the Texas Child Mental Health Care Consortium. Total funding for the program is \$291.4 million, an increase of \$3.9 million in General Revenue Funds. Funding is allocated for the following initiatives: (1) Child Psychiatry Access Network, which provides consultation services and training opportunities for pediatricians and primary-care providers; (2) Texas Child Health Access Through Telemedicine for the establishment or expansion of telemedicine or telehealth programs to identify and assess behavioral health needs and provide access to mental healthcare services; (3) Workforce Expansion to support community psychiatric workforce expansion projects; (4) Child and Adolescent Psychiatry Fellowships, which expands the number of child and adolescent psychiatry fellowship positions in Texas and the number of these training programs at health-related institutions; (5) research that coordinates mental health research across the state university systems in accordance with the statewide behavioral health strategic plan developed by the Texas Health and Human Services Commission; and (6) Rural Texas Pediatric Mental Health Access.

THECB was appropriated \$16.5 million for the Family Practice Residency Program for the 2026–27 biennium. THECB allocates the funds based on the certified number of residents training in each approved family practice residency program.

Appropriations for the Preceptorship Program total \$4.9 million in General Revenue Funds. The program provides stipends to medical students that participate in the program as incentive for them to pursue careers in the primary-care field.

Appropriations for the Nurse and Trauma Care Program total \$5.9 million. The program provides funding to support partnerships between hospitals and GME programs that increase the number of emergency medicine and trauma physicians and fellows in the state.

Appropriations for Autism Programs total \$7.4 million. These programs support autism research centers at institutions of higher education that currently provide evidence-based behavioral services and training.

The Sixty-first Legislature, Regular Session, 1969, authorized THECB to contract with the Baylor College of Medicine, a private institution, for the education of undergraduate medical students that are Texas residents. The amount of funding that Baylor College of Medicine receives is based on the average annual state tax support per undergraduate medical student at the University of Texas Medical Branch at Galveston and the University of Texas Southwestern Medical Center at Dallas. The Eighty-ninth Legislature, Regular Session, 2025, provided Baylor College of Medicine with \$92.4 million in General Revenue Funds for the 2026–27 biennium, an increase of \$15.7 million. Baylor College of Medicine also receives funding for GME totaling \$24.0 million in General Revenue Funds for the 2026–27 biennium, an increase of \$6.0 million.

Appropriations to the Joint Admission Medical Program (JAMP) total \$11.7 million in General Revenue Funds. The program provides assistance to select economically disadvantaged undergraduates enrolled in Texas general academic institutions. Such designated JAMP students are provided with ongoing educational support in preparation for medical school, including summer experiences on medical school campuses and medical college admissions test preparation. Successful students that progress through the undergraduate curriculum are guaranteed admission to a Texas medical school.

Appropriations to the Forensic Psychiatry Fellowship Program and Rural Resident Physician Grant Program total \$5.0 million and \$3.0 million respectively. Funding for the Nursing Innovation Grant Program totals \$6.0 million.

The agency was appropriated funding for two new programs, the Behavioral Health Innovation Grant Program (\$5.0 million) and Family Medicine-Obstetrics Postgraduate Training Grant Program (\$5.0 million).

RESEARCH PROGRAMS

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, appropriated \$400.9 million to address the backlog in unmatched donations received by emerging research universities through the Texas Research Incentive Program. This funding was contingent on the program being repealed, a condition met pursuant to the enactment of Senate Bill 2066, Eighty-ninth Legislature, Regular Session, 2025.

OTHER PROGRAM AREAS

OTHER PROGRAMS

Appropriations for the Academic Innovation and Success strategy total \$56.4 million. This strategy includes funding for several programs, including Developmental Education (\$2.6 million), My Texas Future (\$18.6 million), College and Career Advising (\$7.1 million), Student Success Programs (\$10.2 million) and Open Education and Course Sharing (\$16.5 million).

Appropriations to the Workforce Education and Reskilling Programs total \$29.3 million and support the Texas Reskilling and Upskilling Through Education Program (\$25.0 million) and the Texas Innovative Adult Career and Education Grant Program (\$4.3 million). The agency is appropriated \$14.0 million, an increase of \$4.0 million, to consolidate and streamline computer science education through the Computer Science Pipeline Initiative. Appropriations to the Bilingual Education Program total \$2.2 million, and appropriations to the Educational Aide Program total \$1.0 million.

The agency was appropriated funding for two new studies, a Veterinary Medicine Workforce Study (\$0.2 million) and an Education and Retention Study (\$0.2 million), to study the education and retention of obstetricians and gynecologists in Texas.

FEDERAL GRANT PROGRAMS

Other program areas include the Career and Technical Education Program, which receives \$88.5 million in Federal

Funds, a decrease of \$4.6 million. The federal Carl D. Perkins Vocational and Technical Education Act funds this program for the improvement of vocational and technical programs at postsecondary institutions. The funding is trustee to THECB through the U.S. Department of Education.

TOBACCO FUNDS

Other program areas also include several programs supported by tobacco-related funds established by the Seventy-sixth Legislature, 1999, including the Permanent Health Fund for Higher Education; permanent endowments for each of the individual health-related institutions; the Permanent Fund for Higher Education Nursing, Allied Health, and Other Health-related Programs; and the Permanent Fund for Minority Health Research and Education. THECB provides grants from the Permanent Fund for Higher Education Nursing, Allied Health, and Other Health-related Programs to public institutions that offer upper-level instruction and training in nursing, allied health, or other health-related education. THECB provides grants from the Permanent Fund for Minority Health Research and Education to institutions, including Centers for Teacher Education, that conduct research or educational programs that address minority health issues. These grants also may be awarded to institutions that form partnerships with minority organizations, colleges, or universities to conduct research and educational programs to address minority health issues. The total funding for these two programs is \$5.9 million. Additionally, THECB is trustee to Baylor College of Medicine's endowment fund and Baylor College of Medicine's share of the Permanent Health Fund. Allocations for these two funds total \$6.7 million for the 2026–27 biennium.

ADMINISTRATIVE FUNCTIONS

THECB has three administrative strategies: Agency Operations, Student Loan Programs, and Office of the Ombudsman. The Agency Operations function includes the Commissioner of Higher Education's Office, accounting services, and network operations. Student Loan Programs provide funding for the agency's loan programs, including the Texas Armed Services Scholarship Program. Appropriations for the Agency Operations strategy total \$85.0 million, a decrease of \$3.4 million due to the removal of \$5.0 million onetime funding for cybersecurity the agency received in Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023. These decreases were offset by a \$1.8 million increase in funding to biennialize the statewide salary

adjustments. Funding for Student Loan Programs was maintained at \$16.5 million. The agency was appropriated \$2.5 million in additional funding due to the enactment of Senate Bill 37, Eighty-ninth Legislature, Regular Session, 2025, which established the Office of the Ombudsman at the Higher Education Coordinating Board

SIGNIFICANT LEGISLATION

Senate Bill 37 – Governance of public institutions of higher education. The legislation establishes the Office of the Ombudsman at THECB to serve as an intermediary between the Legislature, the public, and institutions of higher education to receive and investigate reports regarding noncompliance with required institution governance.

Senate Bill 2066 – Repeal of the Texas Research Incentive Program. The legislation repeals the Texas Research Incentive Program, which provided matching funds to eligible institutions in leveraging private gifts for research. House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, appropriates \$400.9 million to address the backlog in eligible unmatched donations received through the program, contingent on its repeal.

GENERAL ACADEMIC INSTITUTIONS

PURPOSE: The general academic institutions in Texas consist of 37 public colleges and universities that provide baccalaureate, masters, professional, and doctoral degree programs. Although all general academic institutions have common goals (instruction, research, and public service), each has a unique set of academic offerings and a unique regional or statewide mission.

ESTABLISHED: Various

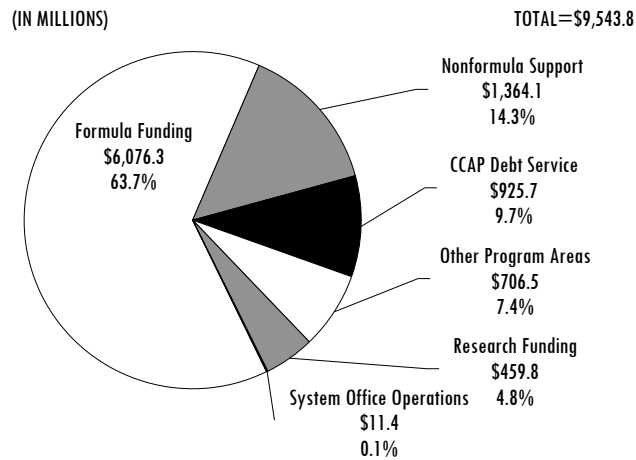
AUTHORIZING STATUTE: The Texas Education Code, Chapters 65–111

GOVERNANCE: Nine-member boards of regents appointed by the Governor with the advice and consent of the Senate

FIGURE 190
GENERAL ACADEMIC INSTITUTIONS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$7,926.1	\$7,183.6	(\$742.5)	(9.4%)
General Revenue–Dedicated Funds	\$2,413.9	\$2,352.3	(\$61.6)	(2.6%)
Federal Funds	\$61.0	\$0.0	(\$61.0)	(100.0%)
Other Funds	\$7.8	\$7.8	(\$0.0)	(0.1%)
Total, All Methods of Finance	\$10,408.9	\$9,543.8	(\$865.2)	(8.3%)

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

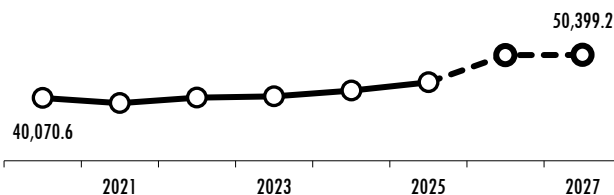
Formula funding increases by **\$41.7 million** in All Funds compared to the 2024–25 biennium. Funding increases for the 2026–27 biennium are offset by changes in the estimated tuition revenue versus actual revenue collected during the 2024–25 biennium.

Appropriations represent a decrease of **\$24.6 million** related to debt service on the **Capital Construction Assistance Project bonds** authorized by the Eighty-fourth Legislature, 2015, and by the Eighty-seventh Legislature, Regular Session, 2021, for the general academic institutions.

Nonformula support decreases by **\$960.1 million** in General Revenue Funds and General Revenue–Dedicated Funds due to onetime appropriations during the 2024–25 biennium and fiscal year 2025 supplemental appropriations totaling \$306.7 million in General Revenue Funds for nonformula support items at certain institutions.

Research funding increases by **\$102.0 million** for the Texas Research University Fund, the National Research Support Fund (formerly the Core Research Support Fund), and the Comprehensive Research Fund.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
- (3) CCAP=Capital Construction Assistance Project bonds.

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

MAJOR FUNDING

Appropriations for the 2026–27 biennium for the general academic institutions total \$9,543.8 million in All Funds, a decrease of \$865.2 million from the 2024–25 biennium. Appropriations of General Revenue Funds for the 2026–27 biennium total \$7,183.6 million, a decrease of \$742.5 million compared to estimated and budgeted amounts in the 2024–25 biennium. General Revenue–Dedicated Funds, which primarily include income from tuition and student fees, total \$2,352.3 million for the 2026–27 biennium, a \$61.6 million decrease compared to estimated and budgeted amounts in the 2024–25 biennium. Appropriations for the general academic institutions also include \$7.8 million in Other Funds, mainly comprised of tobacco-settlement funds and license plate receipts.

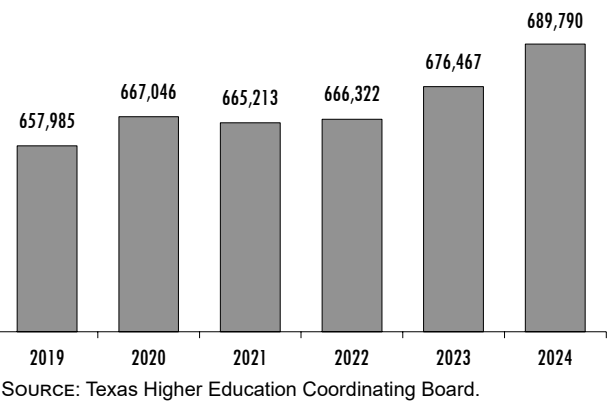
Significant funding increases for general academic institutions in General Revenue Funds in the 2026–27 biennium include:

- \$130.6 million to increase formula rates in the Instruction and Operations and Infrastructure formulas;
- \$97.0 million to maintain formula rates for the research formulas; and
- \$323.8 million for additional nonformula support items.

These increases are offset by changes related to estimated versus actual tuition revenue collected, supplemental funding, and one-time appropriations in the 2024–25 biennium.

Additionally, general academic institutions are provided state support outside of their bill patterns in other portions of the General Appropriations Act, such as appropriations for Higher Education Employees Group Insurance, the Available

FIGURE 191
GENERAL ACADEMIC INSTITUTIONS HEADCOUNT
ACADEMIC YEARS 2019 TO 2024

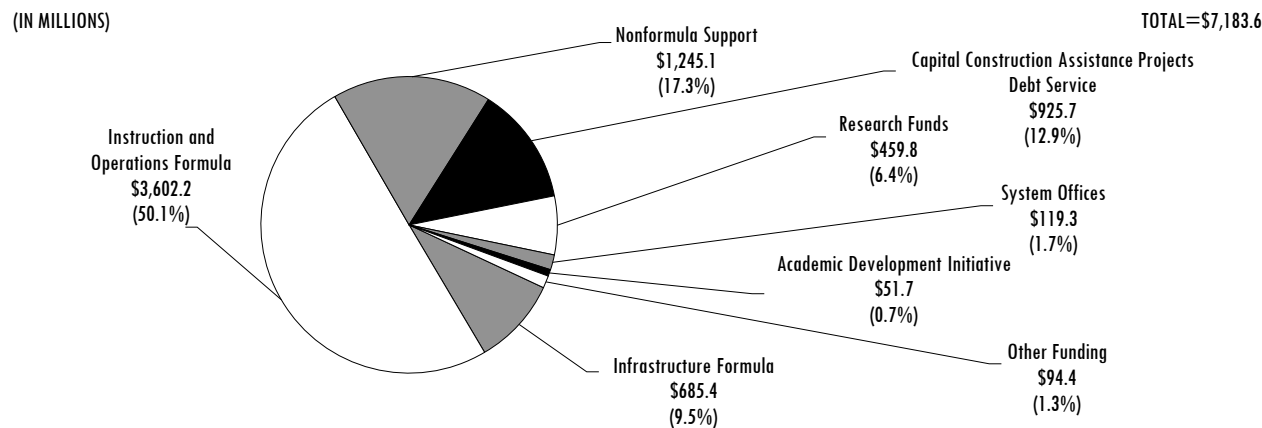


University Fund, the Higher Education Fund, Support for Military and Veterans Exemptions, and the Available Texas University Fund.

PROGRAMS

The 37 general academic institutions and seven university system offices carry out their responsibilities through five major program areas: (1) formula funding; (2) nonformula support funding; (3) other program areas; (4) Capital Construction Assistance Projects (CCAP) bond debt service; and (5) research funding. **Figure 191** shows the enrollment trend from academic years 2019 to 2024 at the general academic institutions. **Figure 192** shows the appropriations of General Revenue Funds by function for the general academic institutions and the seven university system offices. **Figure 193** shows the All Funds appropriation level for each of the general academic systems.

FIGURE 192
GENERAL REVENUE FUNDS APPROPRIATIONS TO GENERAL ACADEMIC INSTITUTIONS BY FUNCTION, 2026–27 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 193
ALL FUNDS APPROPRIATIONS FOR GENERAL ACADEMIC INSTITUTIONS AND SYSTEM OFFICES, 2026–27 BIENNIUM

INSTITUTION	APPROPRIATIONS (IN MILLIONS)	INSTITUTION	APPROPRIATIONS (IN MILLIONS)
University of Texas at Arlington	\$464.4	University of Houston	\$552.6
University of Texas at Austin	\$1,023.4	University of Houston – Clear Lake	\$86.6
University of Texas at Dallas	\$471.1	University of Houston – Downtown	\$100.6
University of Texas at El Paso	\$344.0	University of Houston System Administration	\$124.2
University of Texas Rio Grande Valley	\$351.0	Subtotal, University of Houston System	\$863.9
University of Texas Permian Basin	\$97.7	Texas Woman's University	\$213.8
University of Texas at San Antonio	\$416.9	Texas Woman's University System Administration	\$0.5
University of Texas at Tyler	\$131.7	Subtotal, Texas Woman's University System	\$214.3
Stephen F. Austin State University	\$112.8	University of North Texas	\$489.7
University of Texas System Administration	\$60.1	University of North Texas at Dallas	\$101.0
Subtotal, University of Texas System	\$3,473.2	University of North Texas System Administration	\$11.8
Texas A&M University	\$1,136.9	Subtotal, University of North Texas System	\$602.6
Texas A&M University at Galveston	\$84.1	Texas Tech University	\$599.1
Prairie View A&M University	\$168.0	Angelo State University	\$103.2
Tarleton State University	\$178.0	Midwestern State University	\$66.5
Texas A&M University – Central Texas	\$55.3	Texas Tech University System Administration	\$2.6
Texas A&M University – Corpus Christi	\$154.3	Subtotal, Texas Tech University System	\$771.4
Texas A&M University – Kingsville	\$117.3	Lamar University	\$211.3
Texas A&M University – San Antonio	\$94.7	Sam Houston State University	\$234.7
Texas A&M International University	\$120.6	Texas State University	\$420.2
East Texas A&M University	\$126.9	Sul Ross State University	\$38.1
West Texas A&M University	\$109.3	Sul Ross State University Rio Grande College	\$21.8
Texas A&M University – Texarkana	\$69.6	Texas State University System Administration	\$4.6
Texas A&M University – Victoria (1)	\$58.9	Subtotal, Texas State University System	\$930.8
Texas A&M University System Administration and General Offices	\$36.0	Texas Southern University	\$177.6
Subtotal, Texas A&M University System	\$2,510.0	Grand Total	\$9,543.8

NOTES:

(1) Senate Bill 2361, Eighty-ninth Legislature, Regular Session, 2025, transferred the University of Houston – Victoria to the Texas A&M University System.

(2) Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FORMULA FUNDING

General academic institutions receive funding through two main formulas and two supplemental formulas. The Instruction and Operations (I&O) formula provides funding based on weighted semester credit hours taught at each institution, which provides for faculty salaries, administration, student services, and other support based on weighted semester credit hours. The Teaching Experience Supplement, which provides additional funding for undergraduate semester credit hours taught by tenured and tenure-track faculty, is a supplemental formula for I&O. Semester credit hours are weighted according to an

expenditure study produced by the Texas Higher Education Coordinating Board (THECB), which evaluates the cost of teaching each course at every level. As adopted by the Eightieth Legislature, 2007, Texas A&M Galveston's I&O formula funding is increased by 50.0 percent to support its mission as the state's marine and maritime institution. The Eighty-ninth Legislature, Regular Session, 2025, provides I&O formula funding at a rate of \$60.67 per weighted semester credit hour for the 2026–27 biennium for a total of \$4.8 billion in General Revenue Funds and General Revenue–Dedicated Funds, not including Board Authorized Tuition.

FIGURE 194
GENERAL REVENUE FUNDS I&O AND INFRASTRUCTURE FORMULA FUNDING FOR GENERAL ACADEMIC INSTITUTIONS
2026–27 BIENNIUM

INSTITUTION	FUNDING (IN MILLIONS)	INSTITUTION	FUNDING (IN MILLIONS)
University of Texas at Arlington	\$208.3	University of Houston	\$307.5
University of Texas at Austin	\$476.5	University of Houston – Clear Lake	\$43.0
University of Texas at Dallas	\$194.1	University of Houston – Downtown	\$53.6
University of Texas at El Paso	\$150.7	Subtotal, University of Houston System	\$404.1
University of Texas Rio Grande Valley	\$181.5	University of North Texas	\$204.1
University of Texas Permian Basin	\$22.8	University of North Texas at Dallas	\$24.9
University of Texas at San Antonio	\$203.8	Subtotal, University of North Texas System	\$229.1
University of Texas at Tyler	\$62.3	Texas Tech University	\$353.1
Stephen F. Austin State University	\$54.3	Angelo State University	\$44.4
Subtotal, University of Texas System	\$1,554.1	Midwestern State University	\$26.7
Texas A&M University	\$617.8	Subtotal, Texas Tech University System	\$424.2
Texas A&M University at Galveston	\$26.3	Lamar University	\$93.5
Prairie View A&M University	\$36.7	Sam Houston State University	\$113.1
Tarleton State University	\$78.3	Texas State University	\$208.5
Texas A&M University – Central Texas	\$16.3	Sul Ross State University	\$12.3
Texas A&M University – Corpus Christi	\$59.3	Sul Ross State University Rio Grande College	\$5.4
Texas A&M University – Kingsville	\$37.4	Subtotal, Texas State University System	\$432.9
Texas A&M University – San Antonio	\$32.9	Texas Woman's University	\$98.1
Texas A&M International University	\$49.2	Subtotal, Texas Woman's University System	\$98.1
East Texas A&M University	\$79.6	Texas Southern University	\$31.1
West Texas A&M University	\$47.4	Total, General Academic Institutions	\$4,287.6
Texas A&M University – Texarkana	\$13.1		
Texas A&M University – Victoria (1)	\$19.9		
Subtotal, Texas A&M University System	\$1,114.0		

NOTES:

(1) Senate Bill 2361, Eighty-ninth Legislature, Regular Session, 2025, transferred the University of Houston – Victoria to the Texas A&M University System.

(2) Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

The Infrastructure formula provides funding for each institution based on a calculation of the space needed, or its predicted square feet, to achieve its educational purposes as evaluated by THECB. The Small Institution Supplement, an amount set aside within the Infrastructure formula, provides supplemental funding to institutions with headcounts of fewer than 10,000 students. Institutions with fewer than 5,000 students receive the full supplement of \$2.6 million; the supplement decreases proportionate to headcount until the student population reaches 10,000. The Infrastructure formula includes ship space for Texas A&M University at Galveston and provides Texas A&M and Texas Tech veterinary schools with funds in accordance with the Health-related Institutions Infrastructure formula rate. The Eighty-ninth Legislature, Regular Session, 2025, provides Infrastructure formula funding at a rate of \$5.94 per

predicted square foot for a total of \$923.5 million in General Revenue Funds and General Revenue–Dedicated Funds, not including Board Authorized Tuition.

Figure 194 shows the General Revenue Funds I&O and Infrastructure formula funding amounts by institution.

Additionally, the enactment of Senate Bill 1295, Eighty-seventh Legislature, Regular Session, 2021, allows for performance-based funding for institutions designated as a comprehensive, doctoral, or master's university under THECB's accountability system. The Eighty-eighth Legislature, Regular Session, 2023, established a methodology and funded what is now referred to as the Performance-based Comprehensive Regional University formula with a base rate of \$500,000 per institution plus \$1,911 per at-risk degree awarded. The Eighty-ninth Legislature, Regular Session,

2025, appropriated \$70.4 million in General Revenue Funds to these maintain formula rates.

NONFORMULA SUPPORT

General academic institutions also receive funding through nonformula support items, which include Institutional Enhancement and direct appropriations to institutions for projects or programs that are identified specifically by the Legislature for support. Appropriations to the general academic institutions and seven university system offices for nonformula support funding total \$1,364.1 million in All Funds for the 2026–27 biennium, a decrease of \$960.1 million from the 2024–25 biennium, which also includes supplemental appropriations in fiscal year 2025 of \$306.7 million in General Revenue Funds for nonformula support items at certain institutions.

Other program area funding for the general academic institutions includes staff group insurance, workers' compensation insurance, organized activities, academic development initiative, funding for the lease of facilities, system office operations, and Texas Public Education Grants. Institutions receive General Revenue–Dedicated Funds, consisting of other educational and general income, in staff group insurance amounts for staff whose salaries are not paid with General Revenue Funds. Pursuant to the Texas Education Code, Chapter 56, Subchapter C, and the Texas Education Code, Section 54.051, institutions must set aside a portion of tuition revenue for Texas Public Education Grants. Fifteen percent of each resident student's tuition and 3.0 percent of each nonresident student's tuition are set aside for financial aid to students at the institution.

Unemployment insurance and workers' compensation insurance is funded at institution-requested levels. System office operations funding and certain nonformula support item funding is provided at all the system offices. Funding for system offices totals \$239.8 million in General Revenue Funds, of which \$11.4 million is appropriated for system office operations, \$117.5 million for CCAP debt service, and \$99.1 million for nonformula support items. The University of Texas System Administration and the Texas A&M University System Administrative and General Offices do not receive direct appropriations for system office operations but receive support through the Available University Fund. Appropriations for the Academic Development Initiative are provided to Prairie View A&M University and Texas Southern University and total \$51.7 million for the 2026–27 biennium.

CAPITAL CONSTRUCTION ASSISTANCE PROJECTS BOND DEBT SERVICE

After CCAP bonds are authorized by the Legislature and approved by the Texas Bond Review Board, institutions can issue these bonds and make debt payments. Legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service. Appropriations for CCAP bond debt service for the general academic institutions, not including Texas State Technical Colleges and the Lamar State Colleges, total \$925.7 million for the 2026–27 biennium, a decrease of \$24.6 million from the 2024–25 biennium.

RESEARCH FUNDING

The Legislature provides direct support for research to the institutions through various funding formulas for (1) the Texas Research University Fund; (2) the National Research Support Fund; and (3) the Comprehensive Research Fund. The Eighty-ninth Legislature, Regular Session, 2025, appropriated \$459.8 million in General Revenue Funds for these research formulas, an increase of \$102.0 million from the 2024–25 biennium.

The Texas Research University Fund provides funding to eligible research universities to support faculty and promote excellence in instruction and research. To be eligible for funding from the Texas Research University Fund, the Texas Education Code, Section 62.051, establishes that an institution must be defined as a research university in THECB's accountability system and have an average of at least \$450.0 million in total annual research expenditures for three consecutive fiscal years. The University of Texas at Austin and Texas A&M University are eligible for the Texas Research University Fund. Total appropriations for the Texas Research University Fund are \$191.6 million in General Revenue Funds for the 2026–27 biennium, an increase of \$40.0 million from the 2024–25 biennium.

The National Research Support Fund, formerly the Core Research Support Fund, provides funding to promote increased research capacity at certain general academic institutions. The fund name, eligibility, and allocation methodology were amended by the Eighty-eighth Legislature, Regular Session, 2023, through the enactment of House Bill 1595. To be eligible for the National Research Support Fund, the Texas Education Code, Section 62.132, establishes that an institution must be entitled to participate in funding from the Available University Fund, have spent a three-year average of at least \$20.0 million in federal and

private research funds, and have awarded a three-year average of at least 45 research doctoral degrees. Funding is allocated accordingly: 85.0 percent of the total amount is allocated based on an institution's proportionate share of the total three-year average of federal and private research funds for all eligible institutions; and 15.0 percent is allocated based on an institution's proportionate share of the total three-year average of research doctoral degrees awarded for all eligible institutions. University of Texas Rio Grande Valley became eligible for the National Research Support Fund for the 2026–27 biennium. Total appropriations for the National Research Support Fund provide \$233.2 million for the 2026–27 biennium to five eligible institutions, an increase of \$54.8 million from the 2024–25 biennium.

The Comprehensive Research Fund provides funding to promote increased research capacity at eligible general academic teaching institutions. The Texas Education Code, Section 62.092, establishes that general academic institutions are eligible to receive funding through the Comprehensive Research Fund if they are not eligible to receive funding from either the Texas Research University Fund or the National Research Support Fund. Funding is allocated based on a three-year average of eligible institutions' total federal and private research funds. Total appropriations for the Comprehensive Research Fund are \$35.1 million in General Revenue Funds for the 2026–27 biennium, an increase of \$7.1 million from the 2024–25 biennium.

State support for research at general academic institutions is not limited solely to appropriations made directly in their bill patterns. For example, the Texas University Fund provides research support to certain eligible institutions. See the **Higher Education Funds – Texas University Fund** and the **Texas Higher Education Coordinating Board** sections regarding the Texas Research Incentive Program and **Chapter 4 – General Government, Trusteed Programs within the Office of the Governor**, regarding the Governor's University Research Initiative.

SIGNIFICANT LEGISLATION

Senate Bill 2361– Transfer of the University of Houston – Victoria to the Texas A&M University System. This legislation transfers the governance, control, management, and property of the University of Houston – Victoria from the board of regents of the University of Houston System to the board of regents of the Texas A&M University System.

Among other provisions, it transfers all funds that, on the effective date of the transfer, have been appropriated to the University of Houston – Victoria for the use and benefit of Texas A&M University – Victoria.

HEALTH-RELATED INSTITUTIONS

PURPOSE: Health-related institutions' (HRI) mission is to: (1) educate future health professionals and scientists; (2) engage in basic and applied research; (3) provide compassionate, scientifically based clinical care for the sick; and (4) develop public and community health programs.

ESTABLISHED: 1891–2023

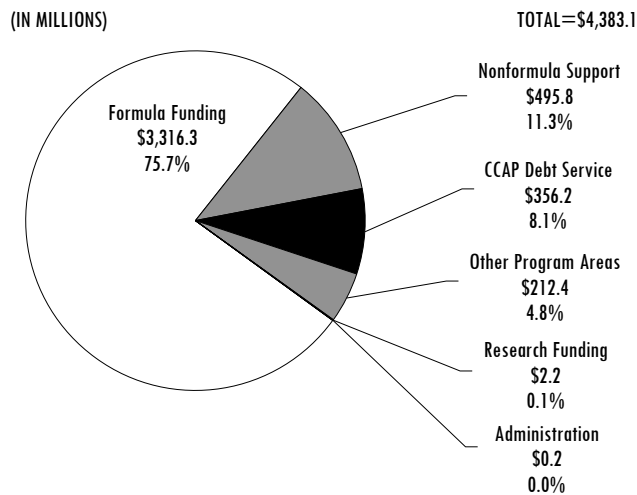
AUTHORIZING STATUTE: The Texas Education Code, Chapters 61, 63, 74, 79, 89, 96, 105, 110, and 111

GOVERNANCE: Board of Regents of each respective university system, appointed by the Governor and confirmed by the Senate

FIGURE 195
HEALTH-RELATED INSTITUTIONS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$3,720.6	\$3,977.9	\$257.3	6.9%
General Revenue–Dedicated Funds	\$284.6	\$277.1	(\$7.5)	(2.6%)
Federal Funds	\$35.7	\$0.0	(\$35.7)	(100.0%)
Other Funds	\$198.1	\$128.1	(\$70.0)	(35.3%)
Total, All Methods of Finance	\$4,239.1	\$4,383.1	\$144.0	3.4%

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

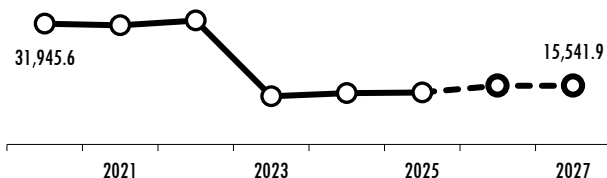
Funding includes appropriations to **14 institutions**, including funding for the University of Texas (UT) at Austin Dell Medical School and Sam Houston State University (SHSU) College of Osteopathic Medicine, which are included as separate bill patterns from their general academic components.

Funding includes appropriations for **12 mission-specific formulas**, including two new formulas established at the UT Dell Medical School and SHSU College of Osteopathic Medicine.

Formula funding increases by **\$286.5 million** in All Funds across **all HRI funding formulas**.

Funding for **nonformula support** includes the addition of new items totaling **\$160.5 million** in General Revenue Funds.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
 - (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
 - (3) CCAP=Capital Construction Assistance Project bonds.
- SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FUNDING

Appropriations for the 2026–27 biennium for the health-related institutions total \$4,383.1 million in All Funds, an increase of \$144.0 million from the 2024–25 biennium. Appropriations of General Revenue Funds for the 2026–27 biennium total \$3,977.9 million, an increase of \$257.3 million from the 2024–25 biennium. General Revenue Funds and General Revenue–Dedicated Funds appropriations total \$4,255.0 million, or 97.1 percent of total appropriations for the 2026–27 biennium. General Revenue–Dedicated Funds include income from tuition and student fees. Appropriations for health-related institutions also include \$128.1 million in Other Funds, which are primarily tobacco settlement endowment funds.

Significant funding increases for health-related institutions in General Revenue Funds in the 2026–27 biennium include:

- \$146.4 million to maintain rates for the four primary formulas;
- \$207.1 million to maintain rates for mission-specific formulas and the addition of two new formulas; and
- \$160.5 million for additional nonformula support items.

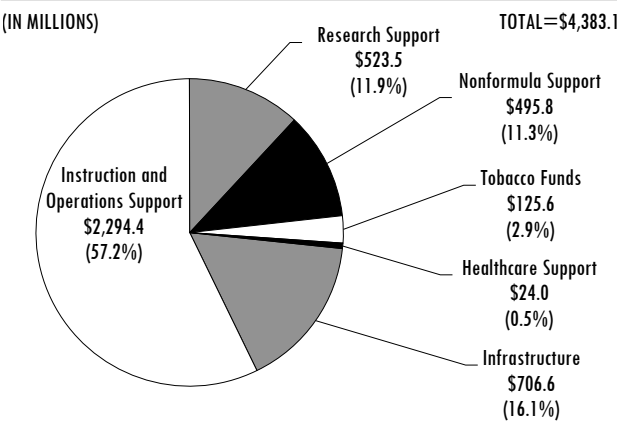
These increases are offset by changes related to estimated versus actual tuition revenue collected, supplemental funding, and onetime appropriations during the 2024–25 biennium.

Figure 196 shows appropriations for the health-related institutions by goal, and **Figure 197** shows the distribution of funding among the institutions.

Patient income, which is revenue that is generated through the operation of a hospital, clinic, or dental clinic (inpatient and outpatient charges), is not appropriated to the health-related institutions. This revenue is shown in informational riders in the General Appropriations Act for the affected institutions, which continue to receive this funding.

The Texas Higher Education Coordinating Board (THECB) contracts with Baylor College of Medicine (BCM), a private institution, to provide funding for its undergraduate and graduate medical students. BCM receives funding based on the average cost per undergraduate medical student enrolled at the University of Texas Medical Branch at Galveston and the University of Texas Southwestern Medical Center. Appropriations for BCM’s undergraduate medical education

FIGURE 196
HEALTH-RELATED INSTITUTIONS APPROPRIATIONS BY GOAL AND FROM SPECIAL PROVISIONS IN ALL FUNDS 2026–27 BIENNIUM



NOTE: Totals may not sum due to rounding
SOURCE: Legislative Budget Board.

total \$92.4 million in General Revenue Funds for the 2026–27 biennium, an increase of \$15.7 million from the 2024–25 biennium. Appropriations of General Revenue Funds for BCM’s graduate medical education total \$24.0 million for the 2026–27 biennium and are funded through the Graduate Medical Education formula.

Figure 198 shows the locations of the health-related institutions’ main campuses.

PROGRAMS

State funding for health-related institutions includes appropriations to 14 public institutions. Health-related institutions receive state funding through four major funding areas: (1) formula funding; (2) nonformula support items; (3) Capital Construction Assistance Projects bond debt service; and (4) other program areas.

FORMULA FUNDING

Formula funding appropriations for the 2026–27 biennium total \$3,316.3 million in All Funds, an increase of \$286.5 million from the 2024–25 biennium. This funding includes General Revenue Funds and General Revenue–Dedicated Funds, including board-authorized tuition, and does not include appropriations to BCM. Approximately 75.7 percent of All Funds appropriations to the institutions for the 2026–27 biennium is included in the formula funding strategies. The formulas are intended to provide for an equitable allocation of funds among the institutions and to establish the level of funding to adequately support higher education.

FIGURE 197
COMPARISON OF HEALTH-RELATED INSTITUTIONS APPROPRIATED FUNDS, 2024–25 AND 2026–27 BIENNIA

(IN MILLIONS)	GENERAL REVENUE FUNDS			ALL FUNDS		
	ESTIMATED/ BUDGETED 2024–25	APPROPRIATED 2026–27	PERCENTAGE CHANGE	ESTIMATED/ BUDGETED 2024–25	APPROPRIATED 2026–27	PERCENTAGE CHANGE
INSTITUTION						
UT Southwestern Medical Center	\$393.7	\$441.3	12.1%	\$425.6	\$475.4	11.7%
UT Medical Branch at Galveston	\$575.1	\$579.6	0.8%	\$611.1	\$615.4	0.7%
UT Health Science Center at Houston	\$436.2	\$472.0	8.2%	\$536.3	\$536.9	0.1%
UT Health Science Center at San Antonio	\$324.1	\$376.5	16.2%	\$437.8	\$455.9	4.1%
UT Rio Grande Valley School of Medicine	\$83.8	\$91.0	8.5%	\$90.2	\$97.1	7.6%
UT M.D. Anderson Cancer Center	\$449.0	\$514.7	14.6%	\$476.2	\$537.2	12.8%
UT Health Science Center at Tyler	\$121.6	\$140.9	15.9%	\$131.1	\$149.9	14.3%
UT Austin Dell Medical School	\$30.2	\$61.9	104.7%	\$37.8	\$67.2	77.6%
Texas A&M University System Health Science Center	\$405.4	\$417.3	2.9%	\$462.3	\$467.4	1.1%
University of North Texas Health Science Center at Fort Worth	\$223.4	\$250.4	12.1%	\$258.9	\$278.4	7.5%
Texas Tech University Health Sciences Center	\$323.5	\$324.4	0.3%	\$377.3	\$363.5	(3.7%)
Texas Tech University Health Sciences Center at El Paso	\$286.7	\$161.1	(43.8%)	\$310.6	\$177.3	(42.9%)
University of Houston College of Medicine	\$35.5	\$90.7	155.4%	\$43.2	\$96.7	123.9%
Sam Houston State University College of Osteopathic Medicine	\$32.3	\$56.2	73.7%	\$40.4	\$64.7	60.0%
Total	\$3,720.6	\$3,977.9	6.9%	\$4,239.1	\$4,383.1	3.4%

NOTE: UT=the University of Texas System.

SOURCE: Legislative Budget Board.

Health-related institutions receive funding through the following primary formulas:

- Instruction and Operations (I&O) Support formula;
- Infrastructure Support formula;
- Research Enhancement formula; and
- Graduate Medical Education formula.

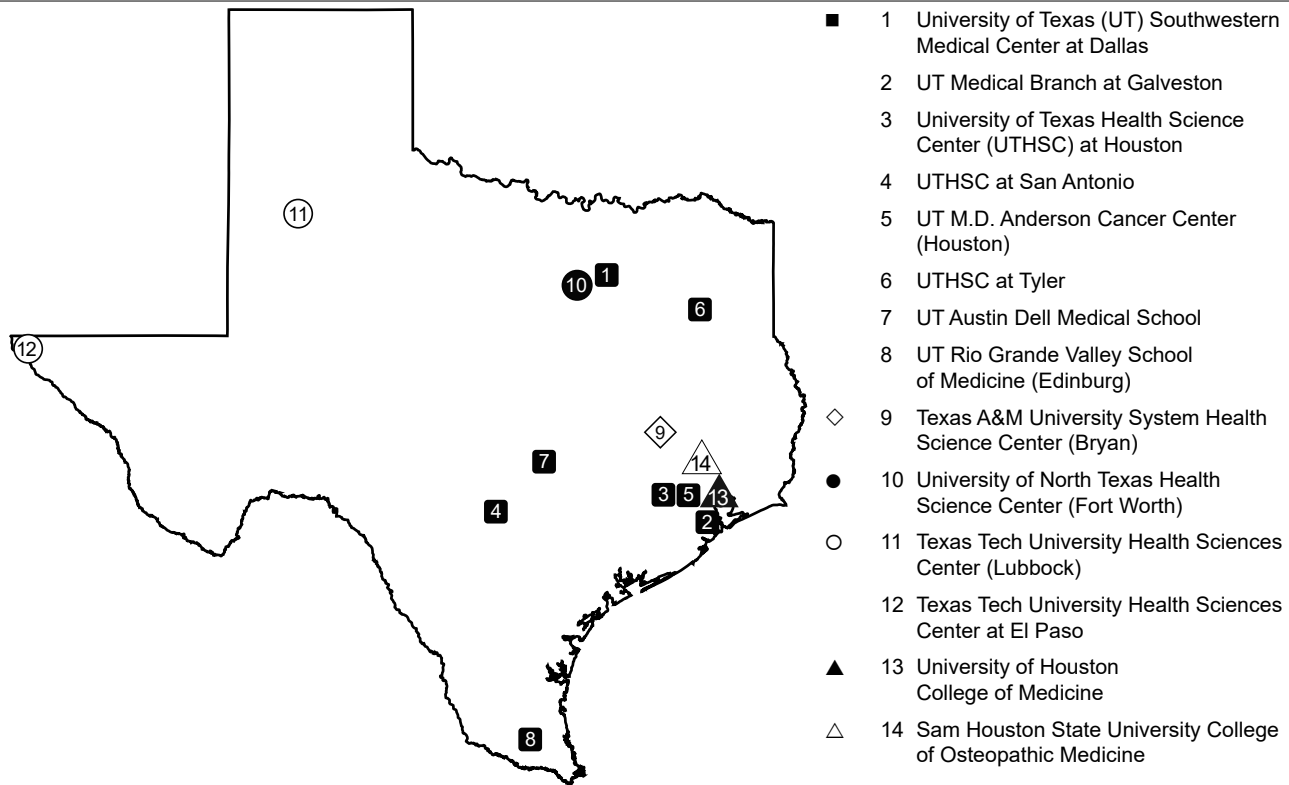
The method of financing for the I&O Support formula and for the Infrastructure Support formula is based on General Revenue Funds and General Revenue–Dedicated Funds (tuition and fees). The difference between the total formula allocation and an institution's estimated tuition income is funded with General Revenue Funds. The other formulas are funded primarily with General Revenue Funds. For the 2026–27 biennium, appropriations of General Revenue Funds for the primary formulas total \$1,910.7 million, an increase of \$102.5 million from the 2024–25 biennium.

INSTRUCTION AND OPERATIONS SUPPORT

The I&O Support formula provides funding for the ongoing academic and administrative programs of the institutions. The Eighty-ninth Legislature, Regular Session, 2025, provides I&O Support formula funding at an annual rate of \$9,689 per weighted full-time student equivalent (FTSE) for the 2026–27 biennium. Appropriations for the I&O Support formula for the 2026–27 biennium total \$1,556.3 million, an increase of \$23.1 million from the 2024–25 biennium. These appropriations are allocated to institutions per FTSE with a funding weight predicated on the student's instructional program. General Revenue Funds for the 2026–27 biennium contribute 88.4 percent of the formula, or \$1,376.1 million; General Revenue–Dedicated Funds, primarily tuition and fees, contribute 11.6 percent.

In addition, the main campus at the University of Texas Health Science Center at Tyler and instructional programs with enrollments of fewer than 200 students at remote

FIGURE 198
HEALTH-RELATED INSTITUTION LOCATIONS, OCTOBER 2025



NOTE: Locations show the main campus for each health-related institution and do not include any regional campuses operated by the institutions.

SOURCE: Legislative Budget Board.

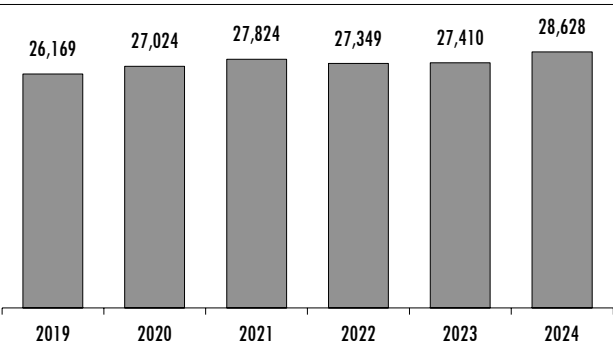
individual campuses receive a Small Campus Supplement, which is additional funding to compensate for diseconomies of scale. The additional funding is on a sliding scale, and programs that have small enrollments receive more additional funding per student.

Figure 199 shows the total fall headcount at health-related institutions from academic years 2019 to 2024.

INFRASTRUCTURE SUPPORT

All health-related institutions are responsible for maintaining physical facilities and equipment, providing direct support of the institutional educational and research missions, and providing adequate utilities to operate the institutions' facilities. The Infrastructure Support formula provides funding for the maintenance and operation, including utilities, of the institutions' physical plants. The Eighty-ninth Legislature, 2025, provided an annual Infrastructure Support rate of \$6.14 per predicted square foot. Appropriations for the Infrastructure Support formula for the 2026–27 biennium total \$343.0 million, an increase

FIGURE 199
HEALTH-RELATED INSTITUTIONS FALL HEADCOUNT
ACADEMIC YEARS 2019 TO 2024



SOURCE: Texas Higher Education Coordinating Board.

of \$58.1 million from the 2024–25 biennium. General Revenue Funds for the 2026–27 biennium contribute 93.0 percent of the formula, or \$319.0 million; General Revenue–Dedicated Funds, primarily statutory tuition and fees, contribute 7.0 percent.

FIGURE 200
HEALTH-RELATED INSTITUTIONS EXPENDITURES FOR RESEARCH AND DEVELOPMENT, FISCAL YEARS 2021 TO 2024

(IN MILLIONS)					PERCENTAGE CHANGE (2021–2024)
INSTITUTION	2021	2022	2023	2024	
UT Southwestern Medical Center	\$554.4	\$640.5	\$707.8	\$755.2	36.2%
UT Medical Branch at Galveston	\$161.6	\$172.0	\$202.0	\$214.6	32.8%
UT Health Science Center at Houston	\$285.8	\$309.6	\$338.4	\$381.7	33.5%
UT Health Science Center at San Antonio	\$203.3	\$221.4	\$261.0	\$288.2	41.7%
UT Rio Grande Valley School of Medicine	\$22.8	\$21.0	\$4.4	\$1.3	(94.2%)
UT M.D. Anderson Cancer Center	\$1,021.6	\$1,074.2	\$1,160.7	\$1,260.9	23.4%
UT Health Science Center at Tyler	\$25.7	\$27.9	\$28.3	\$23.7	(7.8%)
UT Austin Dell Medical School	\$37.1	\$45.6	\$47.0	\$44.6	20.3%
Texas A&M University System Health Science Center	\$240.4	\$175.4	\$172.7	\$187.7	(21.9%)
University of North Texas Health Science Center	\$53.3	\$57.3	\$82.8	\$94.3	77.0%
Texas Tech University Health Sciences Center	\$41.5	\$46.3	\$48.7	\$52.7	27.0%
Texas Tech University Health Sciences Center at El Paso	\$11.1	\$13.5	\$12.7	\$15.1	36.3%
University of Houston College of Medicine	\$0.7	\$0.8	\$1.0	\$2.0	183.9%
Sam Houston State University College of Osteopathic Medicine	\$0.4	\$0.5	\$0.7	\$1.0	180.0%
Total	\$2,659.6	\$2,805.9	\$3,068.2	\$3,323.0	24.9%

NOTES:

(1) UT=the University of Texas System.

(2) Totals may not sum due to rounding.

SOURCE: Texas Higher Education Coordinating Board.

Appropriations for the Infrastructure Support formula are distributed based on the predicted square feet at the institutions multiplied by a rate per square foot, which is estimated by THECB. The THECB Space Projection Model predicts the educational and general space (predicted square feet) required for a public institution to fulfill its missions of teaching, research, and public service. The space model prediction is based on the following factors: (1) the number and level of FTSEs; (2) the number of faculty; (3) single or multiple programs and campuses; (4) actual clinical space; and (5) research and educational and general expenditures.

RESEARCH ENHANCEMENT

All health-related institutions conduct research within the institution and in collaboration with other entities such as community organizations, academic institutions, health professions organizations, and healthcare and managed-care systems. The Research Enhancement formula funds medical and clinical research at health-related institutions. The Eighty-ninth Legislature, Regular Session, 2025, provided an annual Research Enhancement rate of 1.17 percent match of

institutions' fiscal year 2024 research expenditures, plus a base funding amount of \$1.4 million for each institution per year. Combined research expenditures at health-related institutions in fiscal year 2024 matched by the formula totaled \$3,323.0 million, an increase of \$517.2 million from the fiscal year 2022 match for the 2024–25 biennium. Appropriations for the Research Enhancement formula for the 2026–27 biennium total \$117.1 million in General Revenue Funds, an increase of \$18.4 million from the 2024–25 biennium. **Figure 200** shows the expenditures for research and development at each institution from fiscal years 2021 to 2024.

GRADUATE MEDICAL EDUCATION

In addition to providing undergraduate medical education, the health-related institutions provide residency training, also called Graduate Medical Education (GME), in the form of residency positions, fellowships, and continuing education for practicing physicians and medical scientists. The GME formula funds the health-related institutions' residency programs. The Seventy-ninth Legislature, Regular Session,

2005, established the GME formula and directed the institutions to use these funds to increase the total number of residency slots in Texas and to support faculty costs relating to GME. The Eighty-ninth Legislature, Regular Session, 2025, provided an annual rate of \$5,970 per resident for the GME formula for the 2026–27 biennium. Appropriations for the GME formula for the 2026–27 biennium total \$98.4 million in General Revenue Funds, an increase of \$2.6 million from the 2024–25 biennium. In addition to this funding, \$24.0 million in General Revenue Funds is appropriated to BCM for GME through THECB’s bill pattern. Health-related institutions also are eligible to participate in GME expansion programs at THECB to assist in filling vacant residency positions and increasing the number of residency positions.

MISSION-SPECIFIC FORMULAS

In addition to the four formulas previously discussed, several health-related institutions receive appropriations totaling \$1,201.5 million through Mission-specific Formulas, which fall into two categories: Clinical Operations formulas and Performance Based Research Operations formulas.

CLINICAL OPERATIONS FORMULAS

Each institution receives the following Clinical Operations formula appropriations for the 2026–27 biennium:

- **UT M.D. Anderson Cancer Center – Operations formula.** The Eightieth Legislature, 2007, established the Cancer Center Operations formula for the University of Texas M.D. Anderson Cancer Center. The formula provides funding to support the institution’s statutory mission to eliminate cancer through patient care, research, education, and prevention. The Eighty-ninth Legislature, Regular Session, 2025, provided an annual rate of \$1,529 per Texas cancer patient for the Cancer Center Operations formula for the 2026–27 biennium. Appropriations for the Cancer Center Operations formula for the 2026–27 biennium total \$329.4 million in General Revenue Funds. For the 2026–27 biennium, funding is based on the number of Texas cancer patients served during fiscal year 2024. Funding increases in the Cancer Center Operations formula may not exceed the average growth in funding for health-related institutions in the I&O Support formula for the biennium.
- **UT Health Science Center at Tyler – Chest Disease Operations formula.** The Eighty-first Legislature, Regular Session, 2009, established the Chest Disease

Center Operations formula for the University of Texas Health Science Center (UTHSC) at Tyler. The formula provides funding to support the institution’s statutory mission to conduct research, develop diagnostic and treatment techniques, provide training and teaching programs, and provide diagnosis and treatment of inpatients and outpatients with respiratory diseases. The Eighty-ninth Legislature, 2025, provided an annual rate of \$97 per Texas chest disease patient for the Chest Disease Center Operations formula for the 2026–27 biennium. Appropriations for the Chest Disease Center Operations formula for the 2026–27 biennium total \$72.9 million in General Revenue Funds. For the 2026–27 biennium, funding is based on the number of chest disease patients served during fiscal year 2024. Funding increases in the Chest Disease Center Operations formula may not exceed the average growth in funding for health-related institutions in the I&O Support formula for the biennium.

- **UT Medical Branch at Galveston – Health System Operations formula and hospital funding.** The Eighty-sixth Legislature, 2019, established the Health System Operations formula for the University of Texas Medical Branch (UTMB) at Galveston. The formula provides funding to support UTMB hospitals and clinics that provide services to patients and serve as the training ground for medical, nursing, and health profession students. The Eighty-ninth Legislature, 2025, provided a rate of \$153 per Texas patient encounter in trauma, primary care, diabetes, heart, psychiatry, and telemedicine. Appropriations for the Health System Operations formula for the 2026–27 biennium total \$331.2 million in All Funds. For the 2026–27 biennium, funding is based on the number of patient encounters during fiscal year 2024. Funding increases in the Health System Operations formula may not exceed the average growth in funding for health-related institutions in the I&O Support formula for the biennium.
- **Texas Tech University Health Sciences Center at El Paso – Border Health Operations formula.** The Eighty-seventh Legislature, 2021, established the Border Health Operation formula for the Texas Tech University Health Sciences Center at El Paso. The formula provides funding to support border and rural communities through healthcare programs and operations. The Eighty-ninth Legislature, Regular

Session, 2025, provided a rate of \$21 per patient encounter for Texas residents. Appropriations for the Border Health Operations formula for the 2026–27 biennium total \$28.6 million in General Revenue Funds. For the 2026–27 biennium, funding is based on the number of patient encounters during fiscal year 2024. Funding increases in the Border Health Operations formula may not exceed the average growth in funding for health-related institutions in the I&O Support formula for the biennium.

- **University of Texas at Austin Dell Medical School – Texas Academic Medical Center formula.** The Eighty-ninth Legislature, Regular Session, 2025, established the Texas Academic Medical Center formula for the University of Texas at Austin Dell Medical School. The formula provides funding to support its clinical care network which serves Texans throughout Central Texas. The Legislature provided a rate of \$150 per patient encounter in General Revenue Funds. Appropriations for the Texas Academic Medical Center formula for the 2026–27 biennium total \$29.4 million in General Revenue Funds. For the 2026–27 biennium, funding is based on the number of patient encounters during fiscal year 2024. Funding increases in the Texas Academic Medical Center formula may not exceed the average growth in funding for health-related institutions in the I&O Support formula for the biennium.
- **Sam Houston State University College of Osteopathic Medicine – Sam Houston Regional Education Consortium formula.** The Eighty-ninth Legislature, 2025, established the Sam Houston Regional Education Consortium formula for Sam Houston State University College of Osteopathic Medicine. The formula provides funding to support the Sam Houston Regional Education Consortium of resident doctors and the clinical care in rural and underserved areas of Texas. The Legislature provided a rate of \$150 per patient encounter in General Revenue Funds. Appropriations for the Sam Houston Regional Education Consortium formula for the 2026–27 biennium total \$3.6 million in General Revenue Funds. For the 2026–27 biennium, funding is based on the number of patient encounters during fiscal year 2024. Funding increases in the Sam Houston Regional Education Consortium formula may not exceed the average growth in funding for health-related institutions in the I&O Support formula for the biennium.

PERFORMANCE-BASED RESEARCH OPERATIONS FORMULAS

The Eighty-sixth Legislature, 2019, established Performance Based Research Operations formulas for three health-related institutions: the UT Southwestern Medical Center, the UTHSC at Houston, and the UTHSC at San Antonio. In addition to these three formulas, the Eighty-seventh Legislature, 2021, established three new Performance Based Research Operations formulas for Texas A&M University System Health Sciences Center, the University of North Texas Health Science Center at Fort Worth, and the Texas Tech University Health Sciences Center.

The formulas provide funding to enhance research capacity at the institutions, assist each institution in leveraging external research grants and gifts, and support the expansion of the institutions' research operations. They are similar in structure and design, but each institution's formula distributes funds based on different rates and drivers. Funding is allocated to each formula through two mechanisms. The first mechanism is a Base Match set at a specified rate of certain research expenditures during the three-year base period preceding the biennium. The second mechanism is a Tiered Match, which provides funding in three tiers that increase on a sliding scale based on the increase in average annual research expenditures of the same type. All six Performance Based Research Operations formula increases are limited to 5.0 percent of the institution's total General Revenue Funds appropriations during the prior biennium, excluding Capital Construction Assistance Projects bond debt service.

The Performance Based Research Operations formulas for UT Southwestern Medical Center, UTHSC at Houston, and UTHSC at San Antonio provide a dynamic Base Match rate that is adjusted each biennium in proportion to the increase or decrease of average annual research expenditures from the prior biennium's three-year base average. The Base Match rates for the three newer Performance Based Research Operations for Texas A&M University System Health Sciences Center, University of North Texas Health Science Center at Fort Worth, and Texas Tech University Health Sciences Center are determined based on available General Revenue Funds and do not use the dynamic Base Match calculation.

Each institution receives the following Performance Based Research Operations formula appropriations for the 2026–27 biennium:

- **UT Southwestern Medical Center** – \$163.6 million in General Revenue Funds, with a Base Match rate of 14.21 percent of total research expenditures, excluding state appropriations;
- **UTHSC at Houston** – \$69.7 million in General Revenue Funds, with a Base Match rate of 6.93 percent of total research expenditures, excluding state appropriations;
- **UTHSC at San Antonio** – \$61.0 million in General Revenue Funds, with a Base Match rate of 9.25 percent of total research expenditures, excluding state appropriations;
- **Texas A&M University System Health Science Center** – \$52.3 million in General Revenue Funds, with a Base Match rate of 12.17 percent of total research expenditures, excluding state appropriations and amounts associated with the Biomedical Advanced Research and Development Authority;
- **University of North Texas Health Science Center at Fort Worth** – \$39.2 million in General Revenue Funds, with a Base Match rate of 28.58 percent of total research expenditures, excluding state appropriations; and
- **Texas Tech University Health Sciences Center** – \$20.4 million in General Revenue Funds with a Base Match rate of 24.59 percent of total research expenditures, excluding state appropriations. The Eighty-ninth Legislature, 2025, adjusted the operation of the Performance Based Research Operations formula for Texas Tech University Health Sciences Center. The Legislature increased formula appropriations by \$15.1 million for the 2026–27 biennium and expanded the category of research expenditures matched by the formula to include all research expenditures, excluding state appropriations, which aligns the operation of the Performance Based Research Operations formulas to other health-related institutions.

NONFORMULA SUPPORT

In addition to formula funding, health-related institutions also receive funding through nonformula support items, which are direct appropriations to institutions for projects that the Legislature specifically identified for support. This support includes funding for projects in the areas of public service, research, residency programs, instructions and operations, and healthcare. Nonformula support appropriations for the

2026–27 biennium total \$475.9 million in General Revenue Funds, an increase of \$0.6 million from the 2024–25 biennium. Additionally, House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, provides supplemental nonformula support funding in fiscal year 2025, including \$65.0 million for Phase II of the Comprehensive Cancer Center project at Texas Tech University Health Sciences Center at El Paso, \$25.0 million to establish the Rural Cancer Collaborative at Texas Tech University Health Sciences Center, and \$5.0 million to establish the Aging and Technology Initiative at UT Medical Branch at Galveston. New nonformula support item funding appropriated in the 2026–27 biennium includes the following increases:

- \$30.0 million to expand the College of Medicine at the University of Houston College of Medicine;
- \$30.0 million for the Cell Therapy Institute at UT M.D. Anderson Cancer Center;
- \$18.0 million for the Cell and Gene Therapy Institute at UT Southwestern Medical Center;
- \$15.0 million to expand the Rural Engagement Program at Texas A&M University System Health Science Center;
- \$15.0 million for the University of Houston College of Medicine to establish a Research Center in the Rio Grande Valley;
- \$10.5 million for the School of Behavioral Health at UT Health Science Center at Houston;
- \$10.0 million for the School of Public Health at UT Health Science Center at San Antonio;
- \$9.0 million for the Texas All-Payor Claims Database at UT Health Science Center at Houston;
- \$8.0 million for inpatient facility funding at UT Health Science Center at Tyler;
- \$5.0 million for a Texas Firefighter Cancer Study at UT Health Science Center at Houston;
- \$5.0 million for the Cancer Immunology Center at UT Rio Grande Valley School of Medicine; and
- \$5.0 million for Operation Enduring Brain Health at the University of North Texas Health Science Center at Fort Worth.

UT Health Science Center at San Antonio also is appropriated \$18.2 million in General Revenue–Dedicated Funds from

FIGURE 201
TOBACCO SETTLEMENT ENDOWMENTS AND PERMANENT FUNDS FOR HEALTH-RELATED INSTITUTIONS
2026–27 BIENNIUM

(IN MILLIONS)		
INSTITUTION/FUND	ENDOWMENT	APPROPRIATION
UT Southwestern Medical Center	\$50.0	\$7.7
UT Medical Branch at Galveston	\$25.0	\$3.8
UT Health Science Center at Houston	\$25.0	\$3.8
UT Health Science Center at San Antonio	\$200.0	\$30.6
UT M.D. Anderson Cancer Center	\$100.0	\$15.3
UT Health Science Center at Tyler	\$25.0	\$3.8
Texas A&M University System Health Science Center	\$25.0	\$2.8
University of North Texas Health Science Center at Fort Worth	\$25.0	\$2.3
Texas Tech University Health Sciences Center	\$25.0	\$3.9
Texas Tech University Health Sciences Center El Paso	\$25.0	\$2.8
Subtotal, Individual Endowments	\$525.0	\$76.7
Permanent Health Fund for Higher Education	\$350.0	\$48.8
Total Endowments/Funds	\$875.0	\$125.6

NOTES:

(1) UT=the University of Texas System.

(2) Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

Account No. 5189, Opioid Abatement, to support Opioid Abuse Prevention and Treatment.

CAPITAL CONSTRUCTION ASSISTANCE PROJECTS BOND DEBT SERVICE, AND OTHER DEBT SERVICE

Appropriations for Capital Construction Assistance Projects (CCAP) bond debt service reimburse institutions for debt service that is associated with CCAP bonds. Appropriations for the 2026–27 biennium for CCAP bond debt service to health-related institutions total \$356.2 million in General Revenue Funds for existing projects. CCAP bonds must be authorized in statute, and legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service.

In addition to CCAP bond debt service, health-related institutions receive other appropriations for debt service when the Legislature finds, pursuant to the Texas Constitution, Article VII, Section 17(j), or Section 18(i), a demonstrated need for the support of new facilities at institutions of higher education. Appropriations of non-CCAP bond debt service to health-related institutions for the 2026–27 biennium include \$7.2 million to Texas A&M

University Health Science Center to support facilities in Round Rock.

CORRECTIONAL MANAGED HEALTHCARE FUNDING

UTMB and the Texas Tech University Health Sciences Center also provide healthcare for all Texas Department of Criminal Justice (TDCJ) state-managed inmates. Senate Bill 2, Eighty-second Legislature, First Called Session, 2011, authorized TDCJ to contract directly with governmental providers to provide healthcare services, including psychiatric support, pharmacy services, acquired immunodeficiency syndrome (AIDS) care, and hospice care. The institutions provide healthcare services for incarcerated offenders at TDCJ facilities and at the TDCJ hospital, which is located on the UTMB campus. The Texas Juvenile Justice Department contracts with UTMB to provide medical care for youth in its care.

OTHER PROGRAM AREAS

TOBACCO FUNDS

Health-related institutions receive appropriations from interest earnings from the Permanent Health Fund for Higher Education and permanent endowments

established in statute for each individual institution.

Figure 201 shows the tobacco settlement endowments and related appropriations for the institutions. Estimated appropriations from the endowments to the institutions total \$125.6 million.

The Permanent Health Fund for Higher Education is a \$350.0 million endowment from which distributions are appropriated for programs that benefit medical research, health education, or treatment programs. Appropriations from this fund are distributed to 15 public health-related institutions, including BCM. Institutions receive distributions from the Permanent Health Fund of 70.0 percent in equal amounts to each institution, and 30.0 percent based on each institution's proportional expenditures on instruction, research, and charity care.

Individual health-related institutions' endowments total \$525.0 million, from which the estimated distributions are appropriated to the institutions based on the original endowment amount. Funds from the individual endowments may be used only for research and other programs that benefit public health that are conducted by the institution for which the fund was established.

DENTAL CLINICAL EDUCATION

Four institutions receive appropriations to support dental clinical education: UT Health Science Center at San Antonio, UT Health Science Center at Houston, Texas A&M University Health Science Center, and Texas Tech University Health Sciences Center at El Paso. The Eighty-ninth Legislature, 2025, increased funding for dental clinical education, formerly referred to as dental clinic operations funding, to \$6.0 million at each institution for the 2026–27 biennium. Appropriations for the 2026–27 biennium total \$24.0 million in General Revenue Funds. The Eighty-ninth Legislature expressed intent to provide dental clinical education funding through a formula mechanism based on average per-patient cost and the number of patient encounters at each institution's dental clinics in future biennia.

PUBLIC COMMUNITY/JUNIOR COLLEGES

PURPOSE: The mission of the community colleges is to teach and award certifications or degrees in arts and sciences, vocational programs, and technical courses. Their mission also includes providing continuing education, developmental education consistent with open admission policies, counseling and guidance programs, workforce development training, and adult literacy and basic skills programs.

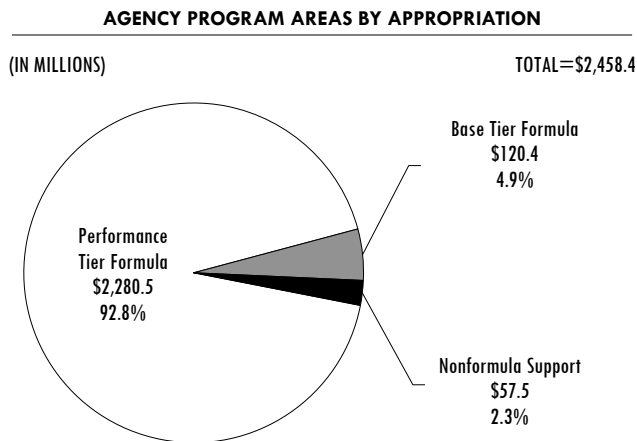
ESTABLISHED: Various

AUTHORIZING STATUTE: The Texas Education Code, Chapters 130–131

GOVERNANCE: Community college board of trustees, elected by local community

FIGURE 202
PUBLIC COMMUNITY/JUNIOR COLLEGES BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,402.3	\$2,458.4	\$56.0	2.3%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$2,402.3	\$2,458.4	\$56.0	2.3%



SIGNIFICANT DEVELOPMENTS

In the **Performance Tier formula**, funding per credential awarded ranges from **\$1,000 to \$3,500**; funding per student transfer to or co-enrollment with a four-year institution is **\$3,500**; and funding per student dual-credit completion is **\$3,500**.

In the Base Tier Formula, contact hours are funded at 22.15 percent of the cost of instruction. The Basic Allotment per weighted full-time student equivalent is **\$1,623**.

The **total number of contact hours** for the 2026–27 biennium **decreases by 9.9 percent** from the 2024–25 biennium.

Twenty institutions received Base Tier formula funding to cover the cost of instruction and operations.

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.

MAJOR FUNDING

Appropriations for the 2026–27 biennium for Texas public community colleges total \$2,458.4 million in General Revenue Funds, an increase of \$56.0 million, or 2.3 percent, from the 2024–25 biennium. Formula funding totals \$2,400.9 million, an increase of \$38.2 million, or 1.6 percent, from the 2024–25 biennium. Among total appropriations, 97.7 percent are allocated through formula funding. Of the remainder of the appropriations, \$57.5 million provides for nonformula support items at 15 institutions, an increase of \$17.9 million, or 45.0 percent, from the 2024–25 biennium. Most of this funding is related to student outcomes through a Performance Tier model, and the remainder is related to enrollment through a Base Tier model. **Figure 203** shows funding changes from the 2024–25 biennium.

In addition to state appropriations, community colleges are supported primarily by local tax revenue, federal funding, and tuition and fees. **Figure 204** shows the proportion of these revenue sources for fiscal year 2024.

PROGRAMS

Community colleges receive state funding through two major funding areas: (1) formula funding, including the base tier and performance tier formulas; and (2) nonformula support funding.

FORMULA FUNDING – BASE TIER AND PERFORMANCE TIER

The Base Tier formula funds the difference between assumed appropriations necessary to cover basic instruction and operations needs—weighted by cost of instruction in varying disciplines, size of the institution’s student body, and the number of academically disadvantaged, economically disadvantaged, and adult students at the institution—and funding that institutions are able to generate through tuition and local property taxes. Institutions able to generate sufficient revenue through tuition and local property taxes to cover basic instruction and operations needs do not receive Base Tier funding. Base Tier funding totals \$120.4 million for the 2026–27 biennium.

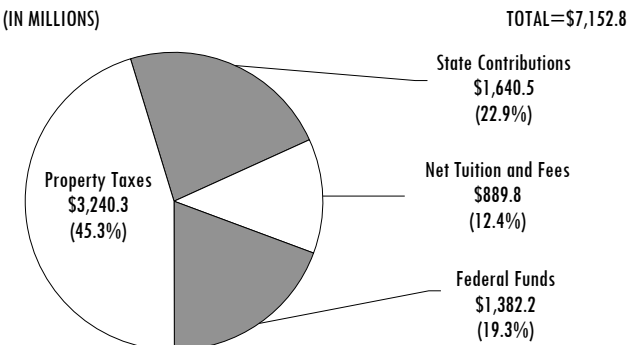
The Performance Tier formula provides funding for institutions producing fundable outcomes, including the award of fundable credentials as defined by the Texas Higher Education Coordinating Board (THECB), student completion of 15.0 semester credit hours in a co-enrollment program or before transferring to a general academic

FIGURE 203
PUBLIC COMMUNITY COLLEGE FUNDING
2024–25 AND 2026–27 BIENNIA

(IN MILLIONS)			
FORMULA	2024–25	2026–27	PERCENTAGE CHANGE
Base Tier Formula	\$114.5	\$120.4	5.2%
Performance Tier Formula	\$2,248.2	\$2,280.5	1.4%
Nonformula Support	\$39.6	\$57.5	45.0%
Total	\$2,402.3	\$2,458.4	2.3%

SOURCE: Legislative Budget Board.

FIGURE 204
COMMUNITY COLLEGES’ MAJOR ANNUAL OPERATING
REVENUE SOURCES
FISCAL YEAR 2024



NOTE: State contributions include state appropriated funds, grants, and contracts.
SOURCE: Texas Higher Education Coordinating Board.

institution or a private or independent institution of higher education, and student completion of 15.0 semester credit hours of dual-credit courses that apply toward academic and workforce program requirements at the postsecondary level. Credentials awarded that receive funding in the formula are defined by THECB as those that meet the criteria of a credential of value, including providing a positive return on a student’s financial investment and an individual self-sufficient wage within five years for certain associate degrees and providing a positive return on investment within 10 years for all other credentials, as well as certain workforce credentials that meet a minimum contact-hour threshold. Credentials awarded may receive additional funding in the formula if they are aligned with occupations in specified high-demand fields or if a student achieves a positive return on investment at or before the year in which most of the students in the same program area achieve a positive return. Certain fundable outcomes may also receive additional

funding if they are obtained by academically disadvantaged, economically disadvantaged, or adult students. Performance Tier formula funding totals \$2,280.5 million.

NONFORMULA SUPPORT

In addition to formula funding, community colleges receive appropriations for nonformula support, which totals \$57.5 million for the 2026–27 biennium, an increase of \$17.9 million from the 2024–25 biennium. This increase is due to the following funding changes:

- \$3.0 million appropriated to Blinn College for its Waller Workforce program;
- \$0.1 million appropriated to Hill College for its existing Heritage Museum and Genealogy Center;
- \$10.0 million appropriated to San Jacinto College for its Center for Biotechnology and Biomanufacturing Training;
- \$3.5 million appropriated to Tyler Junior College for its Perkins Campus and Community Center; and
- \$3.0 million and \$4.0 million appropriated to Wharton County Junior College for its existing Economic Development Trade School and Nuclear Workforce Development program, respectively.

SIGNIFICANT LEGISLATION

Senate Bill 1786 – Public higher education formula funding. The legislation authorizes community colleges to receive Performance Tier formula funding for student transfers to private or independent four-year institutions of higher education and formalizes the methodology for determining a credential of value in the Performance Tier formula.

LAMAR STATE COLLEGES

PURPOSE: The three Lamar State Colleges are lower-division institutions of higher education within the Texas State University System. Lamar State College – Orange and Lamar State College – Port Arthur offer freshman and sophomore courses, and the primary focus of the Lamar Institute of Technology is to teach technical and vocational courses.

ESTABLISHED: 1995

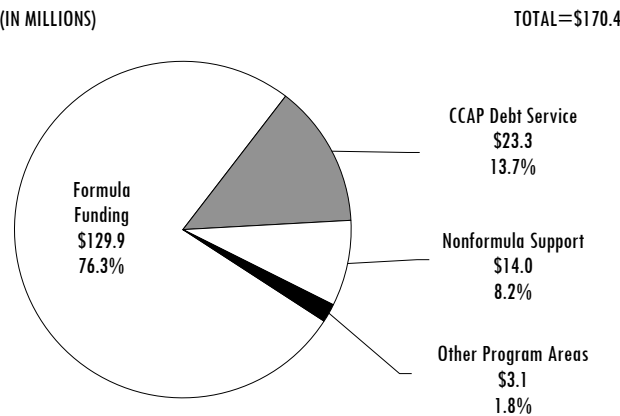
AUTHORIZING STATUTE: The Texas Education Code, §§96.703 and 96.704

GOVERNANCE: Texas State University System – nine-member board of regents appointed by the Governor with the advice and consent of the Senate

FIGURE 205
LAMAR STATE COLLEGES BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$142.8	\$156.7	\$13.9	9.7%
General Revenue–Dedicated Funds	\$9.4	\$13.7	\$4.3	46.4%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.1	\$0.0	(\$0.1)	(100.0%)
Total, All Methods of Finance	\$152.2	\$170.4	\$18.1	11.9%

AGENCY PROGRAM AREAS BY APPROPRIATION



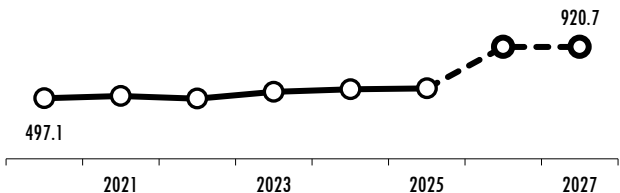
SIGNIFICANT DEVELOPMENTS

Formula funding increases by **\$33.3 million** in All Funds and increases the contact hour rate for the Instruction and Administration Formula to \$9.16 from \$8.16 during the 2024–25 biennium.

Nonformula support decreases by **\$10.6 million** from the 2024–25 biennium.

Appropriations include a decrease of **\$1.7 million** related to debt service on **Capital Construction Assistance Projects bonds** authorized by the Eighty-fourth Legislature, 2015, and the Eighty-seventh Legislature, Regular Session, 2021.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
- (3) CCAP=Capital Construction Assistance Project bonds.
- SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FUNDING

The Lamar State Colleges receive appropriations providing state support, but unlike community colleges, they do not have local taxing authority. Funding for the Lamar State Colleges for the 2026–27 biennium includes an increase of \$13.9 million in General Revenue Funds from biennial estimated and budgeted amounts in 2024–25 primarily due to an increase in formula funding, and an increase of \$4.3 million in statutory tuition compared to biennial estimated and budgeted amounts in 2024–25.

PROGRAMS

The Lamar State Colleges include Lamar Institute of Technology, Lamar State College – Orange, and Lamar State College – Port Arthur. The three institutions carry out their responsibilities through four major program areas: (1) formula funding; (2) nonformula support funding; (3) other program areas; and (4) Capital Construction Assistance Projects (CCAP) bond debt service. **Figure 206** shows the All Funds appropriation level for each of the Lamar State Colleges.

FORMULA FUNDING

The largest source of funding for the Lamar State Colleges is formula funding, which is allocated across institutions through the Instruction and Administration (I&A) formula based on contact hours, and the Infrastructure formula based on predicted square feet. The Eighty-ninth Legislature, Regular Session, 2025, provided I&A formula funding at a rate of \$9.16 per contact hour for the 2026–27 biennium, which is an increase from the 2024–25 biennial rate of \$8.16. Appropriations for the I&A formula total \$102.5 million in General Revenue Funds across the three institutions.

In addition to I&A formula amounts, the Lamar State Colleges, like the Texas State Technical Colleges, are included

in the general academic institutions' Infrastructure formula and receive a small institution supplement (SIS) consistent with the methodology used for the general academic institutions. The maximum amount received through the SIS for schools with a headcount of less than 5,000 students is \$2.6 million per biennium. The Eighty-ninth Legislature, Regular Session, 2025, provided funding to support a rate of \$5.94 per predicted square foot, increasing the rate from the 2024–25 biennium by \$0.19 per predicted square foot. Appropriations to the Lamar State Colleges from the Infrastructure formula total \$17.9 million in All Funds for the 2026–27 biennium.

NONFORMULA SUPPORT

Nonformula support includes Institutional Enhancement and direct appropriations to institutions for projects that are identified specifically by the Legislature for support. Appropriations to the Lamar State Colleges for nonformula support funding total \$14.0 million for the 2026–27 biennium, which is a decrease of \$10.6 million from 2024–25 biennial amounts, largely due to previous onetime funding related to disaster mitigation and renovation.

OTHER PROGRAMS

Other program funding for the Lamar State Colleges includes funding for staff group insurance and Texas Public Education Grants. Institutions are appropriated General Revenue–Dedicated Funds, which consist of other educational and general income, in staff group insurance appropriation amounts for staff whose salaries are not paid with General Revenue Funds. Pursuant to the Texas Education Code, Chapter 56, Subchapter C, and the Texas Education Code, Section 54.051, institutions must set aside a portion of tuition revenue for Texas Public Education Grants. Fifteen percent of each resident student's tuition and 3.0 percent of each nonresident student's tuition are set aside for financial

FIGURE 206
LAMAR STATE COLLEGES ALL FUNDS APPROPRIATIONS, 2024–25 AND 2026–27 BIENNIA

(IN MILLIONS)	ESTIMATED/BUDGETED	APPROPRIATED		
INSTITUTION	2024–25	2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Lamar Institute of Technology	\$60.4	\$64.9	\$4.6	7.6%
Lamar State College – Orange	\$44.5	\$46.8	\$2.3	5.1%
Lamar State College – Port Arthur	\$47.3	\$58.6	\$11.3	23.8%
Total	\$152.2	\$170.4	\$18.1	11.9%

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

aid to students at the institution. Appropriations for other program funding at the Lamar State Colleges total \$3.1 million for the 2026–27 biennium.

CAPITAL CONSTRUCTION ASSISTANCE PROJECTS
BOND DEBT SERVICE

After CCAP bonds are authorized by the Legislature and approved by the Bond Review Board, institutions can issue these bonds and make debt payments. Legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service. Appropriations for CCAP bond debt service for the Lamar State Colleges total \$23.3 million for the 2026–27 biennium, a decrease of \$1.7 million from 2024–25 biennial amounts.

TEXAS STATE TECHNICAL COLLEGES

PURPOSE: Two-year institutions of higher education that offer courses of study in technical–vocational education offering occupationally oriented programs with supporting academic course work, emphasizing technical and vocational areas for certificates or associate degrees.

ESTABLISHED: 1965–2015

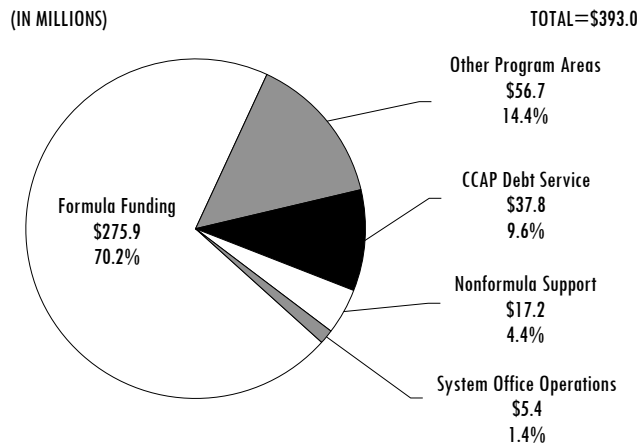
AUTHORIZING STATUTE: The Texas Education Code, §135.01

GOVERNANCE: Texas State Technical College System – nine-member board of regents appointed by the Governor with the advice and consent of the Senate

FIGURE 207
TEXAS STATE TECHNICAL COLLEGES BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$280.1	\$374.5	\$94.4	33.7%
General Revenue–Dedicated Funds	\$8.3	\$18.5	\$10.2	123.8%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$288.4	\$393.0	\$104.6	36.3%

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

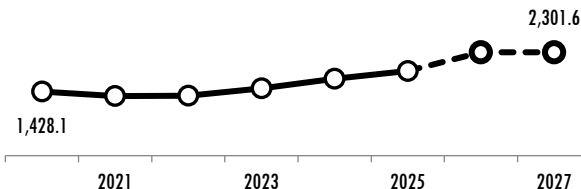
Instruction and Administration formula funding is based on 56.1 percent of the returned value to the state generated by the Texas State Technical Colleges (TSTC), an increase of \$39.9 million in General Revenue Funds from the 2024–25 biennium.

Infrastructure Formula funding totals \$30.3 million in All Funds for the 2026–27 biennium.

Appropriations represent an increase of **\$1.2 million** to annualize debt service on the **Capital Construction Assistance Projects bonds** authorized by the Eighty-fourth Legislature, 2015, and the Eighty-seventh Legislature, Regular Session, 2021.

Other Program Areas include, contingent on approval of a constitutional amendment by voters, an estimated amount from the General Revenue Fund for fiscal year 2027, up to \$52.0 million, that equals the difference of \$52.0 million and the total of the fiscal year 2027 annual distribution to the TSTC System out of the Higher Education Fund and a newly established, constitutionally dedicated fund to support **TSTC capital needs**.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
- (3) CCAP=Capital Construction Assistance Project bonds.

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

MAJOR FUNDING

Institutions within the Texas State Technical College System (TSTC) receive appropriations providing state support but, unlike community colleges, they do not have local taxing authority. Appropriations to TSTCs for the 2026–27 biennium include a \$94.4 million increase in General Revenue Funds from the 2024–25 projected biennial spending level, and an increase of approximately \$10.2 million in General Revenue–Dedicated Funds consisting of statutory tuition.

TSTC System Administration is located in Waco with campuses in Harlingen, Marshall, Waco, Fort Bend County, North Texas, and West Texas. The Eighty-eighth Legislature, Regular Session, 2023, codified three new campus locations for TSTC, including a unified site in Comal and Guadalupe counties, a site in Williamson County, and a site for a future campus in Denton County. **Figure 208** shows the TSTC campus locations in operation as of fiscal year 2025.

PROGRAMS

TSTC System Administration and its component institutions carry out their responsibilities through five

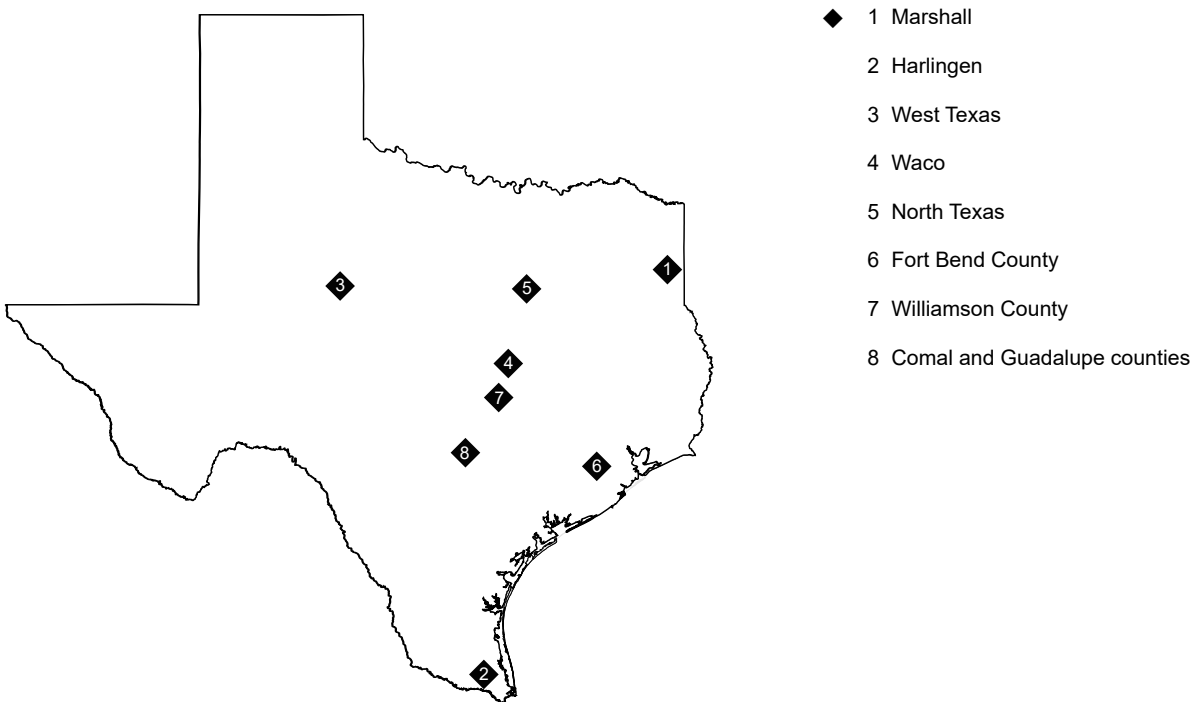
major program areas: (1) formula funding; (2) nonformula support funding; (3) other program areas; (4) system office operations; and (5) Capital Construction Assistance Projects (CCAP) bond debt service.

Figure 209 shows All Funds appropriation levels from the 2024–25 to the 2026–27 biennia for the system administration and each of the colleges in operation during both biennia.

FORMULA FUNDING

TSTC’s primary source of funding comes from two funding formulas, the Instruction and Administration (I&A) and the Infrastructure formulas. Before the 2014–15 biennium, the institutions received funding through the I&A formula based on contact hours similar to the Lamar State Colleges. The Eighty-third Legislature, Regular Session, 2013, modified the calculation of the I&A formula to base it on the returned value to the state generated by the TSTCs. The Eighty-ninth Legislature, Regular Session, 2025, continues providing formula support through the returned value methodology but adjusted it to use average student wages upon completion of 9.0 semester credit hours or more at a

FIGURE 208
TEXAS STATE TECHNICAL COLLEGES, FISCAL YEAR 2025



NOTE: In addition to the locations shown, the Eighty-eighth Legislature, Regular Session, 2023, codified a new campus site to be located in Denton County, which is not yet operational.
SOURCE: Legislative Budget Board.

FIGURE 209
TEXAS STATE TECHNICAL COLLEGES (TSTC) ALL FUNDS, 2024–25 BASE COMPARED TO 2026–27 APPROPRIATIONS

(IN MILLIONS)	ESTIMATED/BUDGETED	APPROPRIATED		
INSTITUTION	2024–25	2026–27	DIFFERENCE	PERCENTAGE CHANGE
TSTC System Administration	\$15.9	\$58.1	\$42.2	265.2%
TSTC – Harlingen	\$68.7	\$77.0	\$8.3	12.1%
TSTC – Marshall	\$22.4	\$28.5	\$6.1	27.1%
TSTC – Waco	\$106.0	\$121.2	\$15.2	14.4%
TSTC – Fort Bend County	\$22.9	\$25.6	\$2.8	12.2%
TSTC – North Texas	\$13.8	\$18.6	\$4.8	34.6%
TSTC – West Texas	\$38.7	\$48.3	\$9.6	24.7%
TSTC – East Williamson County	\$0.0	\$15.6	\$15.6	N/A
Total	\$288.4	\$393.0	\$104.6	36.3%

NOTE: Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

TSTC institution compared to the mean wage for high school graduates in Texas with no postsecondary education attainment, rather than minimum wage, to determine the additional estimated direct and indirect values that an individual generates for the state after attending a TSTC institution. For the 2026–27 biennium, the cohort of students that completed at least 9.0 semester credit hours at TSTC during fiscal years 2017 and 2018 generated approximately \$410.3 million in returned value to the state according to the formula calculation. TSTCs are appropriated 56.1 percent of this amount, or \$230.1 million in General Revenue Funds, for I&A funding for the 2026–27 biennium. The Eighty-ninth Legislature, Regular Session, 2025, increased General Revenue Funds appropriations for the returned value formula by \$39.9 million, increasing the returned value formula rate from 35.9 percent to 56.1 percent.

In addition to I&A formula amounts, TSTCs and Lamar State Colleges are included in the general academic institutions' Infrastructure formula and receive the small institution supplement, consistent with the methodology used for the general academic institutions. The Eighty-eighth Legislature, Regular Session, 2023, increased the small institution supplement maximum for the TSTCs from \$1.3 million to \$2.6 million, establishing parity with the general academic institutions and the Lamar State Colleges. The Infrastructure formula is based on predicted square feet, and the Eighty-ninth Legislature, Regular Session, 2025, provided a rate of \$5.94 per predicted square foot.

Appropriations to TSTCs from the Infrastructure formula total \$33.0 million in All Funds for the 2026–27 biennium.

NONFORMULA SUPPORT

Nonformula support includes Institutional Enhancement and direct appropriations to institutions or the system office for projects that are identified specifically by the Legislature for support. Total appropriations to the TSTC system office and its component institutions for nonformula support funding total \$14.6 million in General Revenue Funds for the 2026–27 biennium, a decrease from the 2024–25 expended level for nonformula support due to reductions in start-up funding for newer campuses.

OTHER PROGRAMS

Other program funding for TSTCs includes staff group insurance, workers' compensation insurance, dual credit, and Texas Public Education Grants. Institutions receive General Revenue–Dedicated Funds, which consist of other educational and general income, in staff group insurance appropriation amounts for staff whose salaries are not paid with General Revenue Funds. Pursuant to the Texas Education Code, Chapter 56, Subchapter C, and the Texas Education Code, Section 54.051, institutions must set aside a portion of tuition revenue for Texas Public Education Grants. Fifteen percent of each resident student's tuition and 3.0 percent of each nonresident student's tuition are set aside for financial aid to students at the institution. Appropriations for other program funding total \$6.5 million for the 2026–27 biennium.

SYSTEM OFFICE OPERATIONS

TSTC institutions are governed by the TSTC System Administration headquartered in Waco. A nine-member board of regents and the TSTC chancellor direct the system. The system office provides coordination and planning across the institutions and processing for financial and reporting requirement duties for all institutions within the TSTC System. Appropriations for system office operations for the 2026–27 biennium total \$5.4 million in General Revenue Funds.

Additionally, contingent on approval of a constitutional amendment by voters, the Eighty-ninth Legislature, Regular Session, 2025, appropriated an estimated amount from the General Revenue Fund in fiscal year 2027, not to exceed \$52.0 million, that equals the difference of \$52.0 million and the total of the fiscal year 2027 annual distribution to the TSTC System Administration out of the Higher Education Fund and a newly established constitutionally dedicated fund to support TSTC capital needs.

CAPITAL CONSTRUCTION ASSISTANCE PROJECTS BOND DEBT SERVICE

After CCAP bonds are authorized by the Legislature and approved by the Bond Review Board, institutions can issue these bonds and make debt payments. Legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service. Appropriations for CCAP bond debt service for TSTC total \$37.8 million for the 2026–27 biennium, an increase of \$1.2 million due to the authorization of new CCAP bonds by the Eighty-seventh Legislature, 2021.

SIGNIFICANT LEGISLATION

Senate Joint Resolution 59 – Constitutionally dedicated funds to support TSTC System capital needs. The resolution, approved by voters in November 2025, establishes constitutionally dedicated funds to support the capital needs of educational programs offered by the Texas State Technical College System. The Comptroller of Public Accounts is appropriated \$850.0 million in General Revenue Funds to be deposited into a separate fund establishing the Permanent Technical Institution Infrastructure Fund and the Available Workforce Education Fund as special funds in the state Treasury outside the General Revenue Fund. The Comptroller may administer these funds without further appropriation to provide a dedicated source of funding for capital projects and equipment purchases related to education programs offered by the TSTC System.

HIGHER EDUCATION FUNDS

PURPOSE: The Available University Fund and Higher Education Fund provide eligible higher education institutions funding support for acquiring land, constructing and equipping buildings, major repair of buildings, acquisition of capital equipment, and other permanent improvements.

The Support for Military and Veterans Exemptions provides public institutions of higher education financial assistance to offset the waived tuition and fee revenue from the federal Hazlewood Legacy Program.

The Available Texas University Fund (ATUF), which replaced the Available National Research University Fund during fiscal year 2024, provides a dedicated and equitable source of funding to enable certain general academic teaching institutions in Texas to achieve national prominence as major research universities and strengthen the state economy.

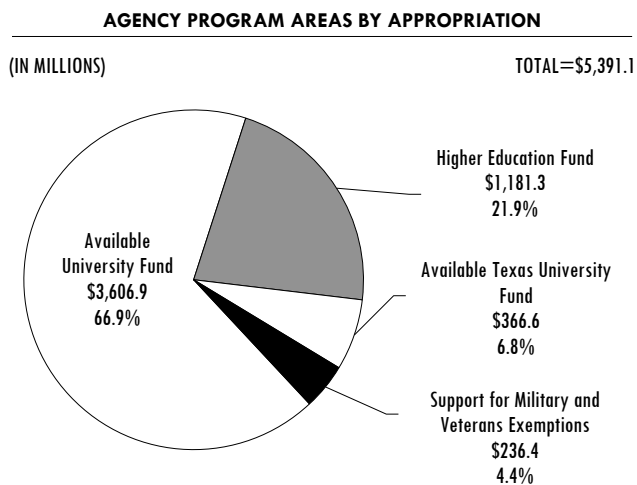
ESTABLISHED: Available University Fund (AUF) – 1876; Higher Education Fund (HEF) – 1984; Support for Military and Veterans Exemptions (SMVE) – 2013; Available Texas University Fund (ATUF) – 2024

AUTHORIZING STATUTE: AUF – the Texas Constitution, Article VII, §18; HEF – the Texas Constitution, Article VII, §17; ATUF – the Texas Constitution, Article VII, §20; SMVE – the Texas Education Code, §54.3411

GOVERNANCE: The Texas Legislature governs these funds; eligible institutions' boards of regents oversee AUF-funded projects, HEF-funded projects, and activities funded through ATUF; the Texas Treasury Safekeeping Trust Company administers the SMVE

FIGURE 210
HIGHER EDUCATION FUNDS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,138.7	\$1,396.1	\$257.4	22.6%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$3,884.2	\$3,995.0	\$110.8	2.9%
Total, All Methods of Finance	\$5,022.9	\$5,391.1	\$368.2	7.3%



SIGNIFICANT DEVELOPMENTS

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, appropriates **\$1.3 billion** from the General Revenue Fund for deposit to the Texas University Fund contingent on up to two institutions becoming eligible for entry into the fund or an increased distribution.

Texas State University has met the threshold for eligibility for Level 1 funding and will receive an **increased distribution** for the 2026–27 biennium.

Funding for the **Support for Military and Veterans Exemptions** totals **\$236.4 million** to maintain the increased funding level from the 2024–25 biennium.

Annual appropriations for HEF-eligible institutions are included in the Texas Education Code, Chapter 62, Subchapter B. Allocations are updated for a 10.0-year period starting in fiscal year 2026, and **total annual funding increases from \$393.8 million to \$590.6 million for the 2026–27 biennium.**

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.

MAJOR FUNDING

Funding for the Higher Education Fund (HEF), Available University Fund (AUF), Available Texas University Fund (ATUF), and Support for Military and Veterans Exemptions for the 2026–27 biennium totals \$5.4 billion in All Funds, which is an increase of \$368.2 million from the 2024–25 biennium.

Funding for the HEF for the 2026–27 biennium totals \$1.2 billion in General Revenue Funds, which is an increase of \$393.8 million from the 2024–25 biennium. Funding for the AUF for the 2026–27 biennium totals an estimated \$3.6 billion in Other Funds, which is a decrease of \$119.2 million from the 2024–25 biennium. Funding for the ATUF for the 2026–27 biennium totals an estimated \$366.6 million in All Funds, which is an increase of \$93.3 million from the 2024–25 biennium. Funding for the Support for Military and Veterans Exemptions for the 2026–27 biennium totals an estimated \$236.4 million in All Funds, which includes an increase of \$0.5 million in Other Funds due to anticipated growth of the Permanent Fund Supporting Military Veterans Exemptions as projected by the Texas Treasury Safekeeping Trust Company (TTSTC).

HIGHER EDUCATION FUND

HEF was established by constitutional amendment as a counterpart to the Permanent University Fund (PUF) for Texas public institutions of higher education that are constitutionally ineligible to receive proceeds from the PUF. **Figure 211** shows Texas institutions that are eligible to receive support from the two capital funds and the types of funding they may receive.

The Texas Constitution requires the Legislature to review the HEF's formula allocation every 10 years, and the Legislature may, once every five years, adjust the amount and the allocation of the constitutional appropriation for the subsequent five years. An adjustment requires a two-thirds majority vote, and the reallocation may not impair any debt service obligation established by the issuance of HEF bonds or notes.

From fiscal years 1986 to 1995, the Legislature appropriated \$100.0 million each year to the HEF for distribution to eligible institutions based on a formula allocation incorporating three elements: (1) space deficit, (2) facilities condition, and (3) institutional complexity. The Seventy-third Legislature, 1993, increased the formula allocation to \$175.0 million each year starting in fiscal year 1996. The Seventy-sixth Legislature, 1999, adopted a new

allocation for the \$175.0 million distributed to universities pursuant to Texas Higher Education Coordinating Board (THECB) recommendations.

The Seventy-ninth Legislature, Regular Session, 2005, maintained the \$175.0 million annual appropriation level for fiscal years 2006 and 2007 and increased the annual appropriation level to \$262.5 million starting in fiscal year 2008. The Legislature also reallocated the appropriations of General Revenue Funds starting in fiscal year 2006 based on THECB's recommendations.

The Eighty-first Legislature, Regular Session, 2009, maintained the \$262.5 million annual HEF appropriation level for fiscal years 2010 and 2011. To promote the equitable distribution of the HEF appropriation, the legislation corrected the distribution of fiscal years 2009 and 2010 HEF allocations by using revised formula calculations. Based on these revised calculations, the Legislature also factored in updated data elements to generate the annual HEF allocation for the five-year period starting in fiscal year 2011. The Legislature also authorized the University of North Texas at Dallas to participate in the HEF allocation upon the institution's operation as a general academic teaching institution.

The Eighty-fourth Legislature, 2015, maintained the \$262.5 million annual HEF appropriation level for fiscal year 2016, and increased the annual allocation amount to \$393.8 million for fiscal years 2017 to 2020. Beginning in fiscal year 2016, the University of North Texas at Dallas and Texas Tech University Health Sciences Center at El Paso were added for the HEF distribution, and the University of Texas – Pan American and the University of Texas at Brownsville were discontinued from the distribution.

Senate Bill 709, Eighty-sixth Legislature, 2019, reallocated the \$393.8 million for fiscal years 2021 to 2025 among the eligible institutions based on THECB's recommendations. Senate Bill 1055, Eighty-eighth Legislature, Regular Session, 2023, reallocated the \$393.8 million for fiscal years 2024 and 2025 to account for the transfer of Stephen F. Austin University to the University of Texas System, making the institution eligible for the AUF and ineligible for the HEF.

House Bill 42, Eighty-ninth Legislature, Regular Session, 2025, increased from \$393.8 million to \$590.6 million the annual HEF allocation for the 10-year period beginning in fiscal year 2026. Based on THECB's recommendations, House Bill 42 updated the formula allocation to include a facilities supplement for institutions with fewer than 20,000

FIGURE 211
ELIGIBLE CAPITAL FUNDS BY INSTITUTION/SYSTEM OFFICE, 2026–27 BIENNIUM

INSTITUTION/SYSTEM OFFICE	PUF (2)	HEF	INSTITUTION/SYSTEM OFFICE	PUF (2)	HEF
University of Texas System Administration	XX		Texas A&M Transportation Institute	X	
University of Texas at Arlington	X		Texas A&M Engineering Extension Service	X	
University of Texas at Austin	XX		Texas A&M Forest Service	X	
University of Texas at Dallas	X		Texas A&M Veterinary Medical Diagnostic Laboratory (3)	N	N
University of Texas at El Paso	X		Texas Division of Emergency Management (3)	N	N
University of Texas Rio Grande Valley	X		University of Houston System Administration		X
University of Texas of the Permian Basin	X		University of Houston		X
University of Texas at San Antonio	X		University of Houston – Clearlake		X
University of Texas at Tyler	X		University of Houston – Downtown		X
Stephen F. Austin University	X		University of Houston College of Medicine		X
University of Texas Southwestern Medical Center	X		University of North Texas System Administration		X
University of Texas Medical Branch at Galveston	X		University of North Texas		X
University of Texas Health Science Center at Houston	X		University of North Texas at Dallas		X
University of Texas Health Science Center at San Antonio	X		University of North Texas Health Science Center at Fort Worth		X
University of Texas M.D. Anderson Cancer Center	X		Texas Southern University		X
University of Texas Health Science Center at Tyler	X		Texas Tech University System Administration		X
Texas A&M University System Administrative and General Offices	XX		Texas Tech University		X
Texas A&M University	XX		Angelo State University		X
Texas A&M University at Galveston	XX		Midwestern State University		X
Prairie View A&M University	XX		Texas Tech University Health Science Center		X
Tarleton State University	X		Texas Tech University Health Science Center El Paso		X
Texas A&M University – Central Texas	X		Texas Woman's University System		X
Texas A&M University – Corpus Christi		X	Texas Woman's University		X
Texas A&M University – Kingsville		X	Texas State University System		X
Texas A&M University – San Antonio	X		Lamar University		X
Texas A&M International University		X	Lamar University Institute of Technology		X
East Texas A&M University		X	Lamar University – Orange		X
West Texas A&M University		X	Lamar University – Port Arthur		X
Texas A&M University – Texarkana		X	Sam Houston State University		X
Texas A&M University – Victoria (4)		X	Sam Houston State University College of Osteopathic Medicine		X
Texas A&M University Health Science Center	XX		Texas State University		X
Texas A&M AgriLife Research	X		Sul Ross State University		X
Texas A&M AgriLife Extension Service	X		Sul Ross State University Rio Grande College		X
Texas A&M Engineering Experiment Station	X		Texas State Technical College System		X

NOTES:

- (1) PUF=Permanent University Fund; HEF=Higher Education Fund.
- (2) XX=PUF-eligible institutions that are eligible for support and maintenance funding from the Available University Fund, in addition to debt service funding.
- (3) N=Not eligible for either capital fund.
- (4) Senate Bill 2361, Eighty-ninth Legislature, Regular Session, 2025, transferred the University of Houston – Victoria to the Texas A&M University System.

SOURCE: Legislative Budget Board.

students. Additionally, the University of Houston College of Medicine and Sam Houston State University College of Osteopathic Medicine became eligible to receive their own HEF allocations. **Figure 212** shows each eligible institution's annual allocations from fiscal years 2016 to 2035.

AVAILABLE UNIVERSITY FUND

The PUF is a public endowment contributing to the support of all institutions in the University of Texas (UT) System and several institutions in the Texas A&M University (TAMU) System. The Texas Constitution established the PUF in 1876 by appropriating land grants previously given to UT plus 1.0 million acres. In 1883, the PUF received another land grant of an additional 1.0 million acres. The fund contains approximately 2.1 million acres located in 24 West Texas counties.

PUF lands produce two lines of income: surface and mineral. The Texas Constitution requires all surface lease income to be deposited to the AUF. Mineral income and income from the sale of PUF lands remain in the PUF and are invested in equity, fixed-income, and derivative securities. Proposition 17, 1999, amended the Texas Constitution to authorize the UT Board of Regents to use a total return on investment assets from the PUF to be distributed to the AUF. Pursuant to the Texas Constitution, the distribution determination must provide the AUF with a stable annual income stream while maintaining the PUF's purchasing power. The estimated market value of the PUF corpus as of August 31, 2024, was \$36.5 billion, representing growth of approximately 127.8 percent since fiscal year 2015. **Figure 213** shows the annual market value of the PUF corpus since fiscal year 2015.

FIGURE 212
ANNUAL HIGHER EDUCATION FUND ALLOCATIONS TO ELIGIBLE INSTITUTIONS, FISCAL YEARS 2016 TO 2035

(IN MILLIONS)					
INSTITUTION (BY SYSTEM)	2016	2017 TO 2020	2021 TO 2023	2024 TO 2025	2026 TO 2035
Lamar University	\$9.4	\$14.1	\$13.1	\$13.5	\$20.4
Lamar Institute of Technology	\$1.7	\$2.6	\$2.6	\$2.6	\$8.0
Lamar State College – Orange	\$1.1	\$1.7	\$1.5	\$1.5	\$5.6
Lamar State College – Port Arthur	\$1.4	\$2.2	\$2.2	\$2.3	\$6.9
Sul Ross State University	\$1.4	\$2.1	\$2.2	\$2.2	\$4.7
Sul Ross State University Rio Grande College	\$0.3	\$0.4	\$0.5	\$0.5	\$2.9
Sam Houston State University	\$11.6	\$17.3	\$18.2	\$18.8	\$22.8
Sam Houston State University College of Osteopathic Medicine	\$0.0	\$0.0	\$0.0	\$0.0	\$7.6
Texas State University	\$24.8	\$37.2	\$37.6	\$38.7	\$57.7
Subtotal, Texas State University System	\$51.7	\$77.6	\$77.9	\$80.2	\$136.6
Texas A&M University – Corpus Christi	\$7.4	\$11.1	\$11.5	\$11.8	\$16.2
Texas A&M International University	\$4.5	\$6.7	\$7.5	\$7.7	\$11.7
Texas A&M University – Kingsville	\$6.0	\$9.0	\$8.9	\$9.1	\$10.5
East Texas A&M University	\$7.2	\$10.8	\$11.1	\$11.5	\$12.8
Texas A&M University – Texarkana	\$1.2	\$1.8	\$2.1	\$2.1	\$4.7
West Texas A&M University	\$4.8	\$7.2	\$7.4	\$7.7	\$11.5
Texas A&M University – Victoria (1)	\$0.0	\$0.0	\$0.0	\$0.0	\$6.0
Subtotal, Texas A&M University System	\$31.1	\$46.6	\$48.4	\$49.9	\$73.4
University of Houston	\$35.2	\$52.8	\$54.5	\$56.2	\$70.7
University of Houston – Clear Lake	\$5.3	\$8.0	\$7.7	\$8.0	\$10.0
University of Houston – Downtown	\$7.8	\$11.8	\$10.8	\$11.2	\$14.1
University of Houston – Victoria (1)	\$2.9	\$4.3	\$3.5	\$3.6	\$0.0
University of Houston College of Medicine	\$0.0	\$0.0	\$0.0	\$0.0	\$5.7
Subtotal, University of Houston System	\$51.2	\$76.8	\$76.6	\$78.9	\$100.6

FIGURE 212 (CONTINUED)
ANNUAL HIGHER EDUCATION FUND ALLOCATIONS TO ELIGIBLE INSTITUTIONS, FISCAL YEARS 2016 TO 2035

(IN MILLIONS)					
INSTITUTION (BY SYSTEM)	2016	2017 TO 2020	2021 TO 2023	2024 TO 2025	2026 TO 2035
Stephen F. Austin State University (2)	\$7.8	\$11.6	\$11.3	\$0.0	\$0.0
Subtotal, University of Texas System	\$7.8	\$11.6	\$11.3	\$0.0	\$0.0
Subtotal, Texas State Technical College System	\$5.8	\$8.7	\$8.7	\$8.7	\$13.0
Subtotal, Texas Southern University	\$7.8	\$11.7	\$11.7	\$12.1	\$12.8
Texas Tech University	\$32.8	\$49.2	\$49.9	\$51.4	\$82.7
Texas Tech University Health Sciences Center	\$15.6	\$23.4	\$21.7	\$22.3	\$29.1
Texas Tech University Health Sciences Center at El Paso	\$4.2	\$6.2	\$5.6	\$5.7	\$11.5
Angelo State University	\$3.5	\$5.3	\$6.8	\$7.0	\$10.3
Midwestern State University	\$3.4	\$5.1	\$4.9	\$5.1	\$7.3
Subtotal, Texas Tech University System	\$59.5	\$89.2	\$88.8	\$91.5	\$140.8
University of North Texas	\$25.0	\$37.6	\$37.3	\$38.5	\$65.1
University of North Texas Health Sciences Center	\$11.4	\$17.1	\$15.1	\$15.6	\$21.7
University of North Texas at Dallas	\$1.4	\$2.1	\$3.4	\$3.5	\$7.2
Subtotal, University of North Texas System	\$37.8	\$56.8	\$55.8	\$57.5	\$94.0
Total, All Eligible Institutions	\$262.6	\$393.8	\$393.8	\$393.8	\$590.6

NOTES:

- (1) Senate Bill 2361, Eighty-ninth Legislature, Regular Session, 2025, transferred the University of Houston – Victoria to the Texas A&M University System.
- (2) The Eighty-eighth Legislature, Regular Session, 2023, made Stephen F. Austin State University part of the University of Texas System.
- (3) Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

Surface and investment income is distributed from the PUF into the AUF for use by the TAMU and UT systems. The constitution designates two-thirds of the AUF for the UT System and one-third for the TAMU System. The first obligation of any income earned by the PUF is to pay the debt service (both principal and interest) on existing PUF bonds.

The residual income, after debt service, is dedicated to support and maintenance at UT at Austin, UT System administration, TAMU System administration, TAMU at College Station, and Prairie View A&M University. Support and maintenance includes special programs, such as library enhancement, specialized equipment purchases for science and engineering, student counseling services, graduate student fellowships, and scholarships. **Figure 214** shows that support and maintenance funding is estimated to total \$900.1 million for fiscal year 2024 and \$949.5 million for fiscal year 2025.

The two systems' respective governing boards determine the allocation of PUF bond proceeds among their component institutions. The UT System is authorized to issue PUF

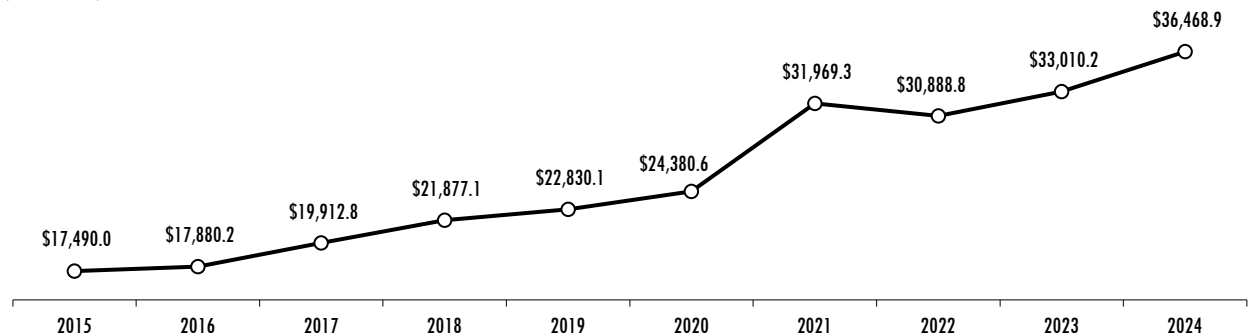
bonds up to 20.0 percent of the book value of the PUF; the TAMU System is authorized to issue up to 10.0 percent of the book value of the fund.

The Eighty-second Legislature, Regular Session, 2011, amended the composition of the governing board for the University of Texas/Texas A&M Investment Management Company (UTIMCO) to require two appointees representing the TAMU System. UTIMCO is the firm that invests and manages the PUF and other endowments, most of which are not appropriated through the General Appropriations Act (GAA).

The Eighty-fourth Legislature, GAA, 2016–17 Biennium, established riders requiring certain reporting and notification regarding the uses of the AUF. An annual report due December 1 requires additional information regarding AUF support and maintenance allocations and expenditures for system office operations and initiatives by activity. Each activity must include information regarding purpose, authority, objects of expense, and full-time-equivalent positions, and list other funds outside of AUF used for each activity.

FIGURE 213
MARKET VALUE OF THE PERMANENT UNIVERSITY FUND, FISCAL YEARS 2015 TO 2024

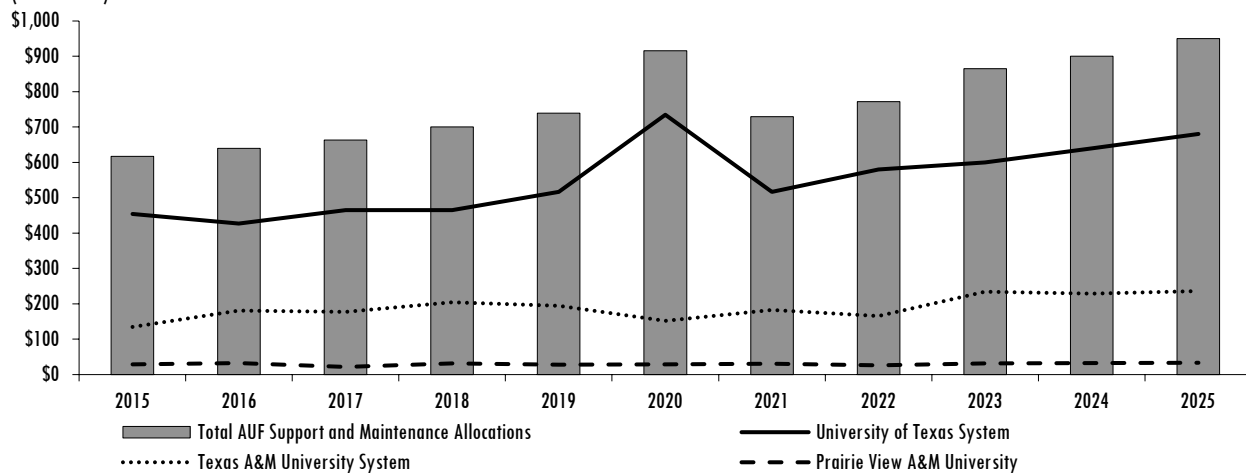
(IN MILLIONS)



SOURCE: University of Texas/Texas A&M Investment Management Company.

FIGURE 214
AVAILABLE UNIVERSITY FUND (AUF) SUPPORT AND MAINTENANCE ALLOCATIONS, FISCAL YEARS 2015 TO 2025

(IN MILLIONS)



NOTE: Amounts for fiscal years 2023 to 2025 are estimated.

SOURCES: Legislative Budget Board; the University of Texas System; Texas A&M University System.

Beginning in fiscal year 2016, AUF appropriations may not be used for system initiatives without written notification to the Legislative Budget Board (LBB) at least 30 days before the board of regents takes action on the system initiatives. Another rider requirement established during the 2016–17 biennium requires that all AUF expenditures be categorized by one of the following program categories: debt service, system office operations, system initiatives, or support of eligible component institutions.

AVAILABLE TEXAS UNIVERSITY FUND

The Eighty-eighth Legislature, Regular Session, 2023, established the Texas University Fund (TUF) as a permanent endowment to replace the National Research University Fund

(NRUF) in fiscal year 2024, pursuant to House Bill 1595 and the constitutional amendment (Proposition 5) approved by voters in November 2023. In combination with the existing balance of the NRUF corpus, \$3.0 billion was appropriated to the credit of the new TUF during fiscal year 2023.

Additionally, the adoption of Proposition 5 established an annual appropriation from the Economic Stabilization Fund (ESF) to the TUF. Each fiscal year, an amount equal to the interest, dividends, and investment earnings attributable to the ESF for the preceding fiscal year, up to \$100.0 million in fiscal year 2024 or an amount adjusted for inflation of up to 2.0 percent, thereafter, is appropriated to the Comptroller of Public Accounts (CPA) for deposit to the credit of the TUF.

The TTSTC, which administers and invests the fund, determines the amount available for distribution from the fund. The total amount appropriated from the ATUF for any fiscal year may not exceed 7.0 percent of the average net market value of the fund. The net asset value of the TUF as of August 31, 2024, was \$4.2 billion. In lieu of a distribution from the permanent fund in fiscal year 2024, \$136.4 million in General Revenue Funds was appropriated to the ATUF for distribution to eligible institutions. In fiscal year 2025, the distribution from the TUF totaled \$183.3 million.

The following general academic teaching institutions are eligible to receive ATUF distributions: Texas State University; Texas Tech University, the University of Houston, and the University of North Texas. Another institution may become eligible if the following criteria are met:

- the institution is not entitled to participate in PUF funding;
- the institution spent, on average, at least \$20.0 million in federal and private research funds during each of the three fiscal years preceding fiscal year 2024, or an amount adjusted for inflation for a fiscal year that precedes fiscal year 2025;
- the institution awarded on average at least 45 research doctoral degrees per academic year during the preceding three academic years; and
- the Legislature appropriates an amount of money to the ATUF sufficient to ensure as nearly as practicable a stable and predictable stream of annual distributions from the fund to each eligible institution, the formula for which is outlined in statute.

The amount appropriated from the ATUF for distribution to eligible institutions must be allocated as follows: 75.0 percent to permanent endowment for education and research base funding and 25.0 percent to research performance funding. Of the permanent endowment for education and research base funding portion, each eligible institution is entitled to a fraction based on two tiers of research performance. Of the research performance funding portion, 85.0 percent is allocated to institutions based on federal and private research expenditures and 15.0 percent is allocated to institutions based on research doctoral degrees awarded. The LBB, in consultation with THECB, determines the amount of each allocation from the ATUF distribution to which each eligible institution is entitled.

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, includes an appropriation of \$650.0 million from the General Revenue Fund to the CPA for deposit by the CPA to the Texas University Fund for each institution becoming eligible for entry into the fund or to receive an increased distribution, not to exceed a total of \$1.3 billion. Based on the fiscal year 2026 research expenditure threshold and the most recent three-year data on federal and private research expenditures certified by and provided to the LBB from THECB in March 2025, Texas State University met the research expenditure threshold to increase their distribution via eligibility for Permanent Endowment for Education and Research Base Level 1 funding in fiscal year 2026. With the contingency met, the CPA deposited \$650.0 million to the credit of the TUF and the fiscal year 2026 distribution will be updated accordingly.

SUPPORT FOR MILITARY AND VETERANS EXEMPTIONS

The Eighty-third Legislature, Regular Session, 2013, established the Permanent Fund Supporting Military and Veterans Exemptions (SMVE) to assist public institutions of higher education to offset the waived tuition and fee revenue from the Hazlewood Legacy Program (HLP). Although no initial funding was appropriated to the SMVE by the Eighty-third Legislature, the SMVE received a onetime donation of \$248.0 million from the Texas Guaranteed Student Loan Corporation during September 2013. The TTSTC determines the amount available for distribution from SMVE in accordance with policy adopted by the CPA. Historically, the Legislature has appropriated General Revenue Funds in addition to the SMVE distribution to offset the cost of the HLP to institutions. The SMVE distribution and additional General Revenue Funds are allocated to eligible institutions in proportion to each institution's respective share of the aggregate cost to all institutions of the tuition exemptions pursuant to the HLP.

In accordance with the HLP, a veteran who qualifies for education benefits of the Hazlewood Act pursuant to the Texas Education Code, Section 54.341(a), may assign any unused credit hours to dependents who meet certain statutory eligibility requirements.

To qualify for up to 150.0 credit hours of tuition exemption under the Hazlewood Act, a veteran must:

- at the time of entry into active duty in the U.S. Armed Forces, designate Texas as home of record; enter the service in Texas; or be a Texas resident;

- have received an honorable discharge or separation or a general discharge with honorable conditions as indicated on the veteran's Certificate of Release or Discharge from Active Duty;
- have served at least 181.0 days of active-duty service, excluding training;
- have no federal veteran's education benefits dedicated to the payment of tuition and fees, or have no such federal veterans education benefits that are equal to or exceed the value of Hazlewood Act benefits received during a semester or other term;
- not be in default on a student loan made or guaranteed by the state of Texas;
- be enrolled in classes for which the college receives tax support (i.e., a course that does not depend solely on student tuition and fees to cover its cost), unless the college's governing board has ruled to let veterans receive the benefit while enrolled in nonfunded courses;
- meet the grade point average (GPA) requirement of the institution's satisfactory academic progress policy in a degree or certificate program as determined by the institution's financial aid policy and, as an undergraduate student, not be considered to have attempted an excessive amount of credit hours; and
- if granted their first Hazlewood Act exemptions beginning fall 2011, reside in Texas during the semester or term for which the exemption is claimed. This requirement does not apply to a veteran that received the exemption before academic year 2011–12, reenlisted into active duty, or resides with a spouse who is on active duty.

To be eligible to receive transferred credit hours from a qualified veteran under HLP, a dependent must:

- be classified by the institution as a Texas resident;
- be the biological child, stepchild, adopted child, or be claimed as a dependent during the current or previous tax year;
- be age 25 or younger on the first day of the semester or term for which the exemption is claimed, unless granted an extension due to a qualifying illness or debilitating condition; and

- meet the GPA requirement of the institution's satisfactory academic progress policy in a degree or certificate program as determined by the institution's financial aid policy and, as an undergraduate student, not be considered to have attempted an excessive amount of credit hours.

HLP recipients will receive an exemption for the number of degree-certified hours reported by the institution for that term or semester. Maximum degree-certified hours awarded to the HLP recipient depend on the degree or certificate program and must be consistent with the program length as defined within the school catalog as approved by the regional accreditation commission. If a veteran's dependent to whom hours have been delegated fails to use all of the assigned hours, a veteran may reassign the unused hours to another dependent. Only one dependent may use HLP benefits at a time. The Eighty-third Legislature, Regular Session, 2013, transferred the administrative responsibility for HLP from THECB to the Texas Veterans Commission.

The Eighty-eighth Legislature, Regular Session, 2023, increased funding for HLP reimbursements by \$184.8 million in General Revenue Funds in accordance with 72.0 percent of the 2022 total cost of reimbursement, allocated among institutions according to the statutory methodology. This funding was contingent upon the institutions adopting policies to maintain total resident undergraduate academic costs, including tuition, mandatory academic fees, all academic-related general fees, and college course fees for two academic years. The Eighty-ninth Legislature, Regular Session, 2025, maintained the \$214.8 million in General Revenue Funds for the 2026–27 biennium.

SIGNIFICANT LEGISLATION

House Bill 42 – HEF formula allocation. This legislation fulfills the decennial constitutional requirement of the Legislature to review the formula allocation of the HEF appropriation among certain institutions of higher education to be used for capital purposes. House Bill 42 increases the total allocation of funding from \$393.8 million each fiscal year to \$590.6 million each fiscal year beginning in fiscal year 2026, and the Eighty-ninth Legislature, Regular Session, 2025, appropriated that amount from the General Revenue Fund for the 2026–27 biennium.

TEXAS A&M UNIVERSITY SYSTEM AGENCIES

PURPOSE: Provide and conduct a variety of research, regulatory, workforce development, and emergency management programs. The focus of the system agencies' programs includes agriculture, forestry, animal health, public safety, infrastructure, transportation, emergency management, and economic development.

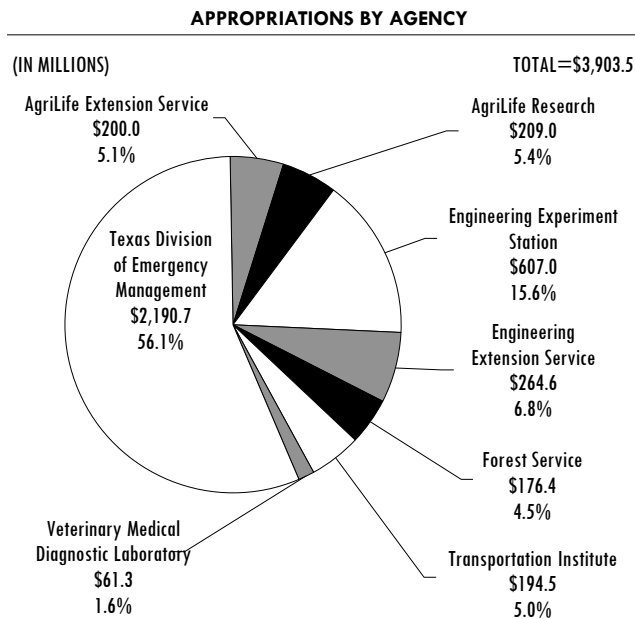
ESTABLISHED: Texas A&M AgriLife Research – 1887; Texas A&M AgriLife Extension Service – 1915; Texas A&M Engineering Experiment Station – 1914; Texas A&M Transportation Institute – 1950; Texas A&M Engineering Extension Service – 1948; Texas A&M Forest Service – 1915; Texas A&M Veterinary Medical Diagnostic Laboratory – 1967; Texas Division of Emergency Management – 1951

AUTHORIZING STATUTE: The Texas Education Code, Chapter 88

GOVERNANCE: Texas A&M University System Board of Regents—nine members appointed by the Governor with the advice and consent of the Senate

FIGURE 215
TEXAS A&M UNIVERSITY SYSTEM AGENCIES BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,330.4	\$670.0	(\$660.4)	(49.6%)
General Revenue–Dedicated Funds	\$178.6	\$131.6	(\$46.9)	(26.3%)
Federal Funds	\$2,819.8	\$2,570.3	(\$249.5)	(8.8%)
Other Funds	\$919.1	\$531.6	(\$387.5)	(42.2%)
Total, All Methods of Finance	\$5,247.8	\$3,903.5	(\$1,344.3)	(25.6%)



SIGNIFICANT DEVELOPMENTS

Funding for the eight **Texas A&M University System Agencies** totals **\$801.6 million** in General Revenue Funds and General Revenue–Dedicated Funds for the 2026–27 biennium.

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, appropriates **\$762.9 million** in supplemental funding for fiscal year 2025 for certain projects, including \$135.0 million for regional emergency management facilities, \$257.0 million for wildfire suppression aircraft, and \$236.9 million to support rural volunteer fire departments.

Texas A&M Engineering Experiment Station receives an increase of **\$55.0 million** in General Revenue Funds for artificial intelligence initiatives.

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.

MAJOR FUNDING

Funding for the Texas A&M University (TAMU) System agencies for the 2026–27 biennium includes the following changes:

- an increase of \$55.0 million in General Revenue Funds at the Texas A&M Engineering Experiment Station (TEES) for artificial intelligence initiatives and an increase of \$9.0 million in General Revenue Funds for ongoing support for the Center for Microdevices and Systems;
- an increase of \$10.0 million in General Revenue Funds at the Texas A&M Engineering Extension Service (TEEX) as part of the transfer of the Rio Grande Valley Advanced Manufacturing Innovation Hub from TEES to TEEX;
- an increase of \$1.3 million in General Revenue Funds at the Texas A&M Forest Service (TFS) to support the Columbus and League City Volunteer Fire Departments;
- an increase of \$10.0 million in General Revenue Funds at the Texas Division of Emergency Management (TDEM) to support the Potter County and Jackson County Emergency Operations Centers;
- an increase of \$7.3 million in General Revenue Funds across TAMU System agencies receiving Infrastructure Support Inside Brazos County (all but TDEM) due to an increase in predicted square feet, as reported by the Texas Higher Education Coordinating Board, and an increased rate to match the general academic institutions' Infrastructure formula rate; and
- an increase of \$24.0 million in All Funds across all TAMU System agencies to biennialize the 2024–25 statewide salary adjustment.

This funding is in addition to supplemental funding in fiscal year 2025, which provided \$762.9 million in All Funds, including \$135.0 million in General Revenue Funds for TDEM for regional emergency management operations facilities, \$257.0 million in General Revenue Funds for TFS for wildfire suppression aircraft, and \$236.3 million in General Revenue Funds and General Revenue–Dedicated Funds for TFS to support the Rural Volunteer Fire Department Assistance Program.

TEXAS A&M AGRILIFE RESEARCH

Texas A&M AgriLife Research conducts research activities at 13 major research and extension centers statewide to address

Texas' geographic diversity and corresponding plant and animal variety. The agency integrates its programs with the AgriLife Extension Service's through colocation of staff at research and extension centers, cooperative planning, joint appointments, and joint publications.

The goals of AgriLife Research are to promote agricultural competitiveness, environmental quality, agricultural product quality, and economic development. The agency conducts research on livestock, plants, crops, and processing techniques to enhance the competitiveness of Texas agriculture. AgriLife Research also focuses on conserving natural resources and research that addresses air, soil, and water quality. Additionally, the agency is expanding its research portfolio in the area of human health and nutrition. Central to this effort is the agency's state and federal partnership, Advancing Health through Agriculture. This initiative develops research and information tools to provide reliable information for all levels of the supply chain to aid in better nutrition decision making. A key emphasis of this program is to enhance public health and reduce instances of preventable disease through better nutrition.

AgriLife Research also administers two regulatory services. The Texas Apiary Inspection Service (TAIS) is charged with regulating the state's honeybee industry. The service has a 2026–27 biennial operating budget of \$0.6 million, which is supported partially by fees. TAIS regulates honeybees to maintain a population of bees that benefits pollination needs and honey production. TAIS issues permits and certifications, conducts inspection operations, and limits honeybee migration through quarantine procedures. TAMU's Department of Entomology provides the testing services for TAIS.

The second regulatory service AgriLife Research administers involves the Office of the Texas State Chemist (OTSC) and includes the Feed and Fertilizer Control Service (FFCS) and the Agriculture Analytical Service (AAS). FFCS regulates the distribution of feed and fertilizer to confirm that the products conform to state commercial feed and fertilizer codes. FFCS licenses distributors of feed and registers all fertilizer distributors and manufacturers and distributors of ammonium nitrate materials. The FFCS operating budget is generated by fee revenue, including contracts with the U.S. Food and Drug Administration (FDA) and the U.S. Department of Agriculture (USDA). OTSC supports field investigators commissioned by the FDA that conduct facility audits, investigate animal deaths associated with feed, review product labels, and collect investigatory samples for AAS analysis. OTSC's 2026–27 biennial operating budget is \$11.4 million.

TEXAS A&M AGRILIFE EXTENSION SERVICE

The agency conveys scientific information and technology transfer programs to the public, developed through the TAMU System, USDA, and private and public research organizations. The extension service's programs address areas in agriculture and natural resources; youth, community, and leadership development; environmental quality; and food safety. The Texas 4-H program is one of the youth programs the agency administers, which prepares participants to learn leadership, citizenship, and life skills.

A statewide network of approximately 510 county extension agents, along with program specialists located in research and extension centers, delivers educational programs to all 254 Texas counties. District extension administrators, which supervise personnel and programs, are located in 13 research and extension centers across the state. The extension service has more than 240 program specialists located on and off campus that support 13 academic departments on TAMU campuses. The program specialists provide direct program support for district and county activities. Salaries for county extension agents are paid from county, state, and federal sources. General Revenue Funds contribute approximately one-half the cost of agent salaries, with counties providing approximately 35.0 percent, and the federal government providing the remaining portion. The extension service works in partnership with county courts statewide to provide educational resources to its clients.

In response to damages caused by Hurricane Harvey, the Eighty-sixth Legislature, 2019, increased funding for the extension service to support six regional Disaster Assessment and Recovery Teams (DART) consisting of extension professionals with expertise in community resiliency planning, hazard mitigation education, emergency preparedness, and long-term recovery processes. DART also played a significant role in the state's response to the COVID-19 pandemic.

TEXAS A&M ENGINEERING EXPERIMENT STATION

The agency's goal is to conduct basic and applied research in engineering and related fields. TEES accomplishes this goal through engineering and technology-oriented research and educational collaborations. The agency provides programs for students in engineering research and education at the secondary, undergraduate, and graduate levels. TEES also forms collaborations among industries, communities, and academic institutions that position Texas to be competitive for federal grant funding and provides technical assistance

for licensing and the commercialization of products. TEES research is focused on six strategic areas: energy systems and services, healthcare, information systems and sensors, materials and manufacturing, infrastructure, and national security safety. TEES also operates the George H.W. Bush Combat Development Complex; Center for Infrastructure Renewal; Offshore Technology Research Center; Nuclear Engineering and Science Center; National Center for Therapeutics Manufacturing; Aerospace Laboratory for Lasers, ElectroMagnetics and Optics; AggieFab Nanofabrication Facility; Center for Autonomous Vehicles and Sensor Systems; National Corrosion and Materials Reliability Laboratory; and other research facilities.

TEES has partnerships with elementary and secondary schools, community colleges, universities, and industries to offer short courses, certificate programs, and distance education. TEES participates in education partnerships that enhance science, technology, engineering, and mathematics (STEM) education to increase the number of engineers and scientists in the state. The Energy System Laboratory within TEES assists in energy efficiency and renewable energy research, along with emissions reduction calculations for the Texas Emissions Reduction Plan, administered by the Texas Commission on Environmental Quality.

TEES also generates external research funds, most of which are contributed from federal sponsors, including the U.S. Department of Energy, National Science Foundation, U.S. Department of Defense, U.S. Department of Health and Human Services, National Institutes of Health, and the National Aeronautics and Space Administration (NASA).

The Eighty-sixth Legislature, 2019, transferred a NASA cooperative education and technology outreach program for students to TEES from the University of Houston System. This program provides research and education partnerships with the goal of increasing the number of students pursuing STEM degrees and careers by providing interactive, online-learning experiences, and visits to NASA's Johnson Space Center in Houston.

Building on funding provided by the Eighty-sixth Legislature, 2019, to support a partnership with the U.S. Army Futures Command, TEES continues to engage the state's public institutions of higher education with private-sector industries to operate and equip a proving ground site and to commercialize and manufacture critical emerging technologies for infrastructure networks, public safety, and national defense. The work conducted in this initiative is driven primarily by the Army's Modernization Priorities.

The Eighty-seventh Legislature, 2021, appropriated \$5.0 million in General Revenue Funds each fiscal year to TEES for the Rio Grande Valley Advanced Manufacturing Innovation (RAMI) Hub. The RAMI Hub engages with the Brownsville Navigation District, TEEX, and other regional partners to establish and operate an advanced manufacturing innovation hub in the Lower Rio Grande Valley to provide workforce development for skills in demand by the advanced manufacturing sector. The Eighty-eighth Legislature, 2023, appropriated \$5.0 million in General Revenue Funds to TEES for fiscal year 2024. During the 2024–25 biennium, funding for the RAMI Hub was subawarded from TEES to TEEX and was transferred to TEEX for the 2026–27 biennium.

The Eighty-eighth Legislature, 2023, appropriated \$26.4 million in General Revenue Funds to TAMU System for the purpose of establishing the Center for Microdevices and Systems. Funding for the center was subawarded from TAMU System to TEES during the 2024–25 biennium and was transferred to TEES’ 2026–27 budget structure. Funding is intended to develop a workforce training program, provide prototyping services to small- and medium-sized businesses in Texas, and expand the AggieFab Nanofabrication Facility. In 2026–27, TEES was appropriated \$9.0 million in General Revenue Funds for ongoing support for the Center for Microdevices and Systems.

TEXAS A&M TRANSPORTATION INSTITUTE

Texas A&M Transportation Institute’s (TTI) goals are to anticipate, identify, and solve transportation problems; disseminate the results of research to improve the overall transportation system; and enhance the quality of transportation education in Texas. The agency researches all transportation modes, including air, water, surface, rail, and pipeline. The agency also researches ways to develop effective and efficient multimodal transportation systems. TTI conducts more than 700 research projects with more than 200 public and private sponsors annually. In addition to the agency’s office in College Station and its research annex at the Texas A&M System RELIS Campus in Brazos County, TTI maintains field offices in Austin, Dallas, El Paso, Fort Worth, Houston, Laredo, San Antonio, and Waco. TTI conducts much of its research through its 12 state and national centers, which include the Center for Transportation Safety and the Center for Ports and Waterways (CPW). CPW addresses issues such as trade movements and trends, intermodal concerns, landside access, economic and environmental effects, international commerce, port

development, and security. CPW provides maritime interests with research, development, technology transfer, and education programs.

TTI has a Center for International Intelligent Transportation Research located in El Paso, which seeks to improve mobility, border-crossing efficiency, and security. TTI conducts full-scale crash tests of safety designs at the agency’s Proving Grounds Research Facility, which tests roadside devices, crash cushions, and barrier systems. TTI also operates the state’s full-scale evaluation facility for performance testing of erosion control materials used by the Texas Department of Transportation (TxDOT) and a drive-in Environmental and Emissions Research Facility capable of accommodating tractor-trailers and buses.

Most of the agency’s funding is provided through sponsored research grants and contracts with private and governmental entities. Approximately 40.4 percent of TTI’s funding is contributed from Interagency Contracts, and TxDOT provides most of those contracts.

TEXAS A&M ENGINEERING EXTENSION SERVICE

TEEX provides public-sector and private-sector training, technology-transfer assistance, and emergency response. Public service programs fulfill training requirements for certification in structural fire protection, emergency medical services, law enforcement, water, and wastewater treatment. Industrial-sector training includes programs in occupational safety, heavy equipment operation, power distribution, job safety, telecommunications, electronics, and workforce and economic development.

In addition to facilities in Bryan and College Station, TEEX maintains regional training centers in Galveston, Mesquite, and San Antonio. Galveston is home to the Center for Marine Training and Safety, which offers training for maritime, oil exploration, and drilling industries. The Mesquite office is the site of the federal Occupational Safety and Health Administration’s Training Institute Education Center, which provides occupational, construction, and industrial safety training. The San Antonio office focuses on technical training courses, including water and wastewater, electric power, occupational safety and health, and other areas of infrastructure training and assistance.

As previously noted, funding for the RAMI Hub was subawarded from TEES to TEEX during the 2024–25 biennium and subsequently was transferred to TEEX’s 2026–27 budget structure. For the 2026–27 biennium,

TEEX received \$5.0 million in General Revenue Funds due to the transfer from TEES, and an additional \$5.0 million in General Revenue Funds to expand the scope of the RAMI Hub program.

Additionally, TEEX is the designated state fire training provider. The agency's Brayton Fire Training Field includes full-scale buildings, towers, tanks, industrial plant structures, and a ship superstructure that are used during liquid-fueled, live-fire training simulations. Adjacent to the fire field are TEEX's Emergency Operations Training Center, a simulation and computer-based technologies training facility, and Disaster City, a search and rescue training facility.

TEEX is the sponsoring agency for Texas A&M Task Force 1 (TX-TF1), which functions as part of the Federal Emergency Management Agency's (FEMA) National Urban Search and Rescue System and as Texas' only statewide search-and-rescue team, working with the Texas Division of Emergency Management. TX-TF1 includes more than 600 emergency response personnel from approximately 60 organizations and departments statewide. State and federal deployments of TX-TF1 have included emergency responder activities at the World Trade Center following the September 11, 2001, attacks; recovery efforts during the Columbia space shuttle disaster; and rescue missions after hurricanes Katrina, Rita, Ike, and Harvey. TX-TF1 typically is reimbursed for costs associated with each deployment from the state and the federal governments following each response activation.

In addition to funding for TX-TF1, the Eighty-ninth Legislature, Regular Session, 2025, continued the appropriation of \$2.0 million in General Revenue Funds for Texas Task Force 2's (TX-TF2) operational readiness. TX-TF2 is primarily a regional urban search-and-rescue response team for all hazardous disasters in the North Central Texas area. TX-TF2 provides coordinated efforts including necessary personnel and equipment to locate, extricate, rescue, and provide immediate medical treatment to victims trapped due to a natural or human-caused disaster; and assist first responders when their capabilities are exceeded. Since February 2024, TEEX also has been the sponsoring agency for Texas A&M Task Force 3 (TX-TF3), located in the Lower Rio Grande Valley.

TEEX also operates the National Emergency Response and Recovery Training Center, part of the National Domestic Preparedness Consortium, to provide homeland security training in incident management and unified command to elected officials and emergency response personnel, covering

various areas including all-hazard events, terrorist acts, cybersecurity, and natural disasters.

TEXAS A&M FOREST SERVICE

TFS delivers wildfire response and protection to 156.0 million acres across Texas through its Texas Wildfire Protection Plan (TWPP). TWPP is an emergency response model emphasizing ongoing analysis, mitigation, prevention, and preparation, followed by a coordinated response through TFS locations across the state. TWPP includes the Rural Volunteer Fire Department Assistance Program, which provides grants to local volunteer fire departments to help rural areas establish their own firefighting capabilities by sharing the cost of firefighting equipment and training. House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, appropriated \$236.3 million in General Revenue Funds and General Revenue-Dedicated Funds to address the backlog of the Rural Volunteer Fire Department Assistance Program grants and to increase the annual level of grants available. TWPP also includes the Texas Intrastate Fire Mutual Aid System program, which provides reimbursement grants to fire departments that are not eligible for grant assistance from the Rural Volunteer Fire Department Assistance Program.

Historically, the Texas Legislature appropriates funding as needed to TFS for wildfire costs incurred by the state. These supplemental appropriations are used as state matching funds to receive FEMA funds and to cover costs that are not paid through FEMA reimbursements. FEMA typically reimburses Texas for eligible costs, whether as part of a presidential disaster declaration or through the Fire Management Assistance Grant Program, and the state reimburses any responding agencies that assisted in fighting the wildfires. Cost sharing among federal and state governments for fighting wildfires varies depending on the severity of a fire season and the resources deployed. For fiscal year 2025, TFS received a supplemental appropriation of \$124.8 million from the General Revenue Fund for the purpose of paying for, or reimbursing payments made for, costs incurred by TFS associated with responding to various weather-related emergencies. Additionally, House Bill 500 appropriated \$257.0 million for the purchase, maintenance, and operation of aircraft for wildfire suppression.

As requested by TDEM, TFS helps coordinate other response efforts for hurricanes, floods, tornadoes, and other disasters.

In addition to response efforts, TFS conducts applied research in the field of forest insects and diseases and disseminates information to landowners. The agency dedicates time to reforestation efforts, urban forestry programs, resource development assistance, windbreak development, ecosystem services, and community assistance. TFS maintains statistics on annual forest growth, harvest trends, and forest industry production levels. The agency also operates a nursery and a seed orchard for the production of tree seedlings.

TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY

The Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) performs veterinary diagnostic services, export testing, and disease surveillance. The agency also works to detect, report, and respond to potential disease outbreaks among Texas' animal populations, including foot-and-mouth disease and avian influenza. TVMDL conducts laboratory tests on specimens from live or deceased animals and their environments. In addition, the agency's four laboratories facilitate commerce of Texas livestock by providing tests required for international, intrastate, and interstate movement of animals. TVMDL also provides laboratory data necessary to identify disease outbreaks, including emerging, reemerging, and zoonotic diseases, and provides appropriate warnings to individuals and governmental agencies.

The agency works with many partners, including the Texas Animal Health Commission, the Texas Parks and Wildlife Department, the Texas Department of State Health Services, the National Center for Foreign Animal and Zoonotic Disease Defense, and the USDA Veterinary Services. TVMDL is one of 12 core labs that constitutes the National Animal Health Laboratory Network, a group of state and regional diagnostic laboratories. The two full-service labs in Amarillo and College Station perform diagnostic testing and disease surveillance services ranging from toxicology and necropsy to basic veterinary services. The agency also serves as the state regulatory testing laboratory, pursuant to Sunset Advisory Commission recommendations adopted by the Eighty-seventh Legislature, Regular Session, 2021.

The Sixty-ninth Legislature, Second Called Session, 1986, enacted the Texas Racing Act to authorize pari-mutuel wagering on animal racing and to establish the Texas Racing Commission. TVMDL was identified to conduct drug testing for racing animals and granted authority to charge

fees for such services; however, General Revenue funds were not appropriated to the Texas Racing Commission or TVMDL for this purpose. The Texas Occupations Code, Section 2034.003 provides that racetracks are financially responsible for drug testing. Pursuant to Section 2034.002, drug testing must be conducted either by TVMDL or another certified laboratory selected by the Texas Racing Commission after consultation with TVMDL. In fiscal year 2024, TVMDL began the process of discontinuing all drug testing for racing animals due to a decline in drug-testing fee revenue, the prohibitive cost of upgrading necessary equipment and personnel, and to focus on the agency's primary mission of animal and zoonotic disease surveillance. After working with the Office of the Governor, TVMDL and the Texas Racing Commission have implemented a new contract for fiscal year 2025, which provided for the University of California, Davis to conduct drug testing through a subcontract with TVMDL. TVMDL did not request nor receive any appropriations for drug testing for the 2026–27 biennium.

TEXAS DIVISION OF EMERGENCY MANAGEMENT

House Bill 2794, Eighty-sixth Legislature, 2019, transferred administration of TDEM from the Department of Public Safety to the TAMU System and established the entity as an agency of higher education. This transfer was made in response to recommendations from the Office of the Governor's Commission to Rebuild Texas following Hurricane Harvey to unify certain emergency management functions. The Governor appoints the chief of TDEM.

TDEM is the state's primary emergency response division and is charged with executing a statewide, comprehensive, all-hazard emergency management program. This program includes pre-disaster and post-disaster mitigation of known hazards; emergency planning, training, and other preparedness activity exercises; provisions for effective response to emergency situations; and recovery programs for major disasters. TDEM also is charged with assisting local and state agencies to plan and implement emergency management programs.

TDEM's purpose is to enhance emergency preparedness at the state and local levels, effectively administer homeland security and emergency management grant programs, and coordinate a prompt, effective response to and recovery from natural and human-made disasters. TDEM assists local jurisdictions in responding to major emergencies and disasters, including hurricanes, tornadoes, floods, wildfires,

and hazardous material spills. TDEM maintains state emergency plans, reviews local emergency plans, and conducts emergency management training for local officials and for state and local emergency responders. It coordinates state disaster-response operations with local governments, federal agencies, volunteer groups, and private-sector partners. TDEM administers federal and state disaster recovery and hazard mitigation grants to local governments, school districts, and state agencies.

TDEM manages the State Operations Center, which serves as the focal point for state weather and health warning systems and is the control facility for emergency operations. During a typical year, the State Operations Center coordinates 3,000 to 4,000 local incidents. Additionally, House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, appropriated \$135.0 million in General Revenue Funds to construct and support regional emergency management operations facilities and resource staging areas in certain areas of the state.

Most of TDEM's funding consists of federal grants from FEMA and the U.S. Department of Homeland Security, including Emergency Management Performance Grants, Public Assistance Grants, and Hazard Mitigation Grants. These Federal Funds pass through TDEM to individuals, cities, counties, school districts, state agencies, and other public entities for disaster response, recovery, and mitigation.

HIGHER EDUCATION EMPLOYEES GROUP INSURANCE

PURPOSE: Coordinate Texas higher education and administer various student financial aid, federal grant, and state-funded trustee programs. The agency establishes a master plan for higher education in Texas; prescribes the role and mission of public higher education institutions; reviews university academic programs, academic and vocational technical programs at the community and technical colleges, and health-related programs; and promotes access to and quality in higher education.

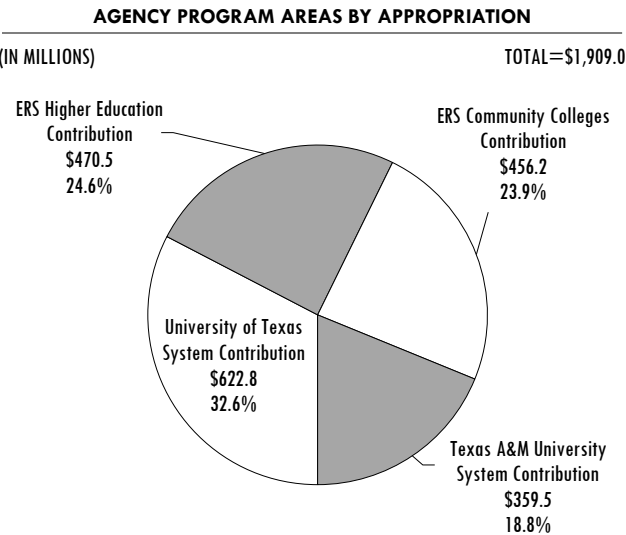
ESTABLISHED: Various

AUTHORIZING STATUTE: The Texas Insurance Code, Chapter 1601 for the University of Texas (UT) and Texas A&M University (TAMU) systems and Chapter 1551 for Employees Retirement System of Texas (ERS) institutions

GOVERNANCE: ERS, UT System, and TAMU System

FIGURE 216
HIGHER EDUCATION EMPLOYEES GROUP INSURANCE BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,589.2	\$1,901.6	\$312.4	19.7%
General Revenue–Dedicated Funds	\$6.2	\$7.5	\$1.3	20.9%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$1,595.4	\$1,909.0	\$313.6	19.7%



SIGNIFICANT DEVELOPMENTS

State institutions of higher education are funded at 88.6 percent of full Employees Retirement System of Texas (ERS) premium rates.

Community college districts are funded at 50.0 percent of full ERS premium rates.

The number of participants (active employees, retirees, and dependents) in the group insurance programs for the UT System, TAMU System, and ERS totaled 541,859 for fiscal year 2025.

Due to decreases in enrollment, five community colleges received employee-level hold harmless funding through the benefits petition process.

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.

MAJOR FUNDING

Appropriations for Higher Education Employees Group Insurance (HEGI) for the 2026–27 biennium total \$1,901.6 million in General Revenue Funds and \$7.5 million in General Revenue–Dedicated Funds, increases of \$312.4 million and \$1.3 million from the 2024–25 biennium, respectively. The increase in funding is due mainly to an increase in the health premium contribution rates funded by the state, as was applied to general state employee premiums. Appropriations for group health insurance are based on the number of eligible enrollees multiplied by premium contribution rates, which then are multiplied by annual rate increases. Contribution rates vary by insuring system and type of institution. State contributions for general state employees are funded at 100.0 percent of the Employees Retirement System of Texas (ERS) premium rates, whereas state contributions for employees of state institutions of higher education are funded at 88.6 percent of full ERS premium rates, and contributions at local community college districts are funded at 50.0 percent of full ERS premium rates.

For the 2026–27 biennium, an institution's allocation of General Revenue Funds is based on the number of employees at the institution enrolled in the health insurance program as of December 1, 2024. Funding is based on a sum-certain appropriation methodology in which state contributions to individual institutions are capped at the respective institution's line-item amount and additional costs, if any,

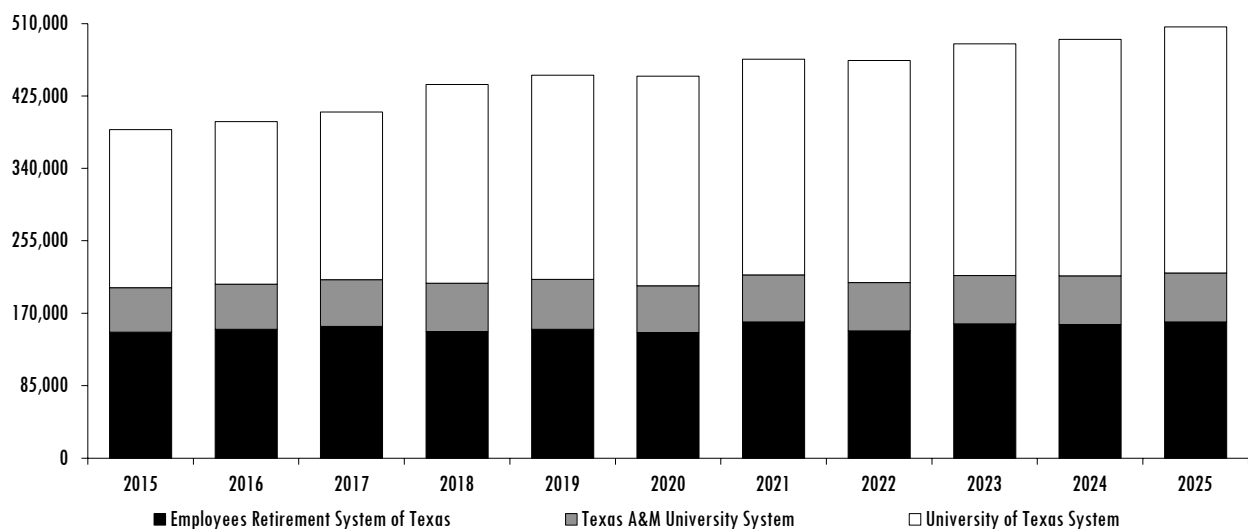
must be borne by individual institutions out of other appropriated or local funds. However, ERS and the University of Texas (UT) and Texas A&M University (TAMU) systems are authorized to transfer HEGI appropriations among institutions within their respective group insurance programs to address needs related to General Revenue Funds group insurance premiums.

PROGRAMS

HEGI encompasses appropriations of state funds to individual institutions that participate in one of three systems providing health benefits coverage to higher education employees: UT System, TAMU System, and ERS. The ERS Group Benefits Program serves all institutions of higher education, except components of the UT System and TAMU System. **Figure 217** shows each system's participants, including active employees, retirees, and dependents, from fiscal years 2015 to 2025.

The insurance contribution policy for ERS-covered institutions is the same as for general state employees. For full-time employees, the state and the institution of higher education pay the employee-only premium in full and half the difference between the employee-only premium and the premium for dependent coverage. For full-time employees of the UT and TAMU systems, the state and university systems also pay the employee-only premium in full and half the difference between the employee-only premium and the premium for dependent coverage. Employees of the UT

FIGURE 217
HIGHER EDUCATION EMPLOYEE HEALTH INSURANCE TOTAL PARTICIPATION, FISCAL YEARS 2015 TO 2025



NOTE: Amount for fiscal year 2025 is estimated.

SOURCES: Employees Retirement System; Texas A&M University System; the University of Texas System.

System and TAMU System receive benefits similar to those offered to general state employees by ERS.

For all institutions of higher education except public community colleges, appropriations for HEGI are intended to provide state contributions to individual institutions' costs of health insurance premiums in a manner prescribed by proportional cost-sharing requirements. As such, institutions are required to pay all the health benefit costs for those employees whose salaries are paid from sources other than the General Revenue Fund.

Unlike other institutions of higher education, state contributions for group health insurance for community colleges are based on the costs associated with eligible instructional or administrative employees whose salaries may be fully paid from funds appropriated in the General Appropriations Act, regardless of whether such salaries are paid from appropriated funds. Contributions may not be adjusted in a proportion greater than the change in student enrollment, with the exception that a college experiencing a decrease in student enrollment may petition the Legislative Budget Board to maintain the number of eligible employees up to 98.0 percent of the previous biennium. **Figure 218** shows employee hold harmless levels corresponding to each range of enrollment decrease in contact hours. For example, a community college that experienced an 8.0 percent decrease in contact hours received a 95.0 percent employee level of hold-harmless funding. Similarly, a community college that experienced a 4.0 percent decrease in contact hours received a 98.0 percent employee level of hold-harmless funding.

SIGNIFICANT LEGISLATION

Senate Bill 2361 – Transferring the University of Houston – Victoria to the Texas A&M University System. The legislation transfers the governance, control, management, and property of the University of Houston – Victoria from the board of regents of the University of Houston System to the board of regents of the Texas A&M University System. Among other provisions, it transfers all funds that, on the effective date of the transfer, have been appropriated to the use of the University of Houston – Victoria for the use and benefit of Texas A&M University Houston – Victoria.

**FIGURE 218
COMMUNITY COLLEGE STEPPED
EMPLOYEE HOLD-HARMLESS LEVELS**

PERCENTAGE DECREASE IN CONTACT HOURS	HOLD-HARMLESS LEVEL
2.0% to 5.0%	98.0%
5.0% to 10.0%	95.0%
10.0% to 15.0%	90.0%
More than 15.0%	85.0%

SOURCE: Legislative Budget Board.

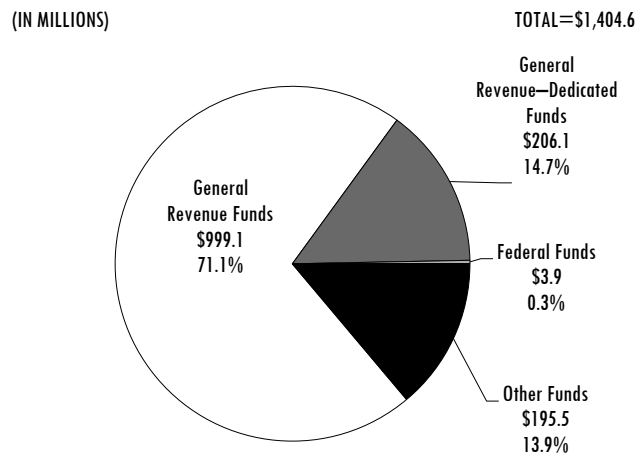
7. JUDICIARY

The Judiciary is the third branch of state government. Appropriations for the Judiciary support operation and administration of the state's court system, which includes the Supreme Court of Texas, the Court of Criminal Appeals, 15 Courts of Appeals, and 2,792 trial courts. Appropriations for the courts and six judicial branch agencies include funding for access to the courts for low-income Texans, judicial education, e-filing, fair defense for indigent defendants, review of allegations of judicial misconduct or disability, publicly available legal resources, prosecutor pay and expenses, juror pay, and nonresident witness expenses.

FIGURE 219
ARTICLE IV – JUDICIARY, BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$874.8	\$999.1	\$124.2	14.2%
General Revenue–Dedicated Funds	\$172.8	\$206.1	\$33.4	19.3%
Federal Funds	\$6.3	\$3.9	(\$2.4)	(37.6%)
Other Funds	\$211.2	\$195.5	(\$15.7)	(7.4%)
Total, All Methods of Finance	\$1,265.1	\$1,404.6	\$139.5	11.0%

SHARE OF FUNDING BY METHOD OF FINANCE



SIGNIFICANT DEVELOPMENTS

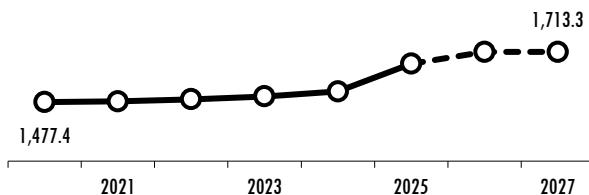
Senate Bill 293, Eighty-ninth Legislature, Regular Session, 2025, **increases the annual base salary for a district judge by 25.0 percent from \$140,000 to \$175,000.** Appropriations provide \$88.0 million in All Funds to implement the provisions of the legislation.

Funding for **Basic Civil Legal Services totals \$80.3 million, a decrease of \$21.2 million from the 2024–25 biennium,** to provide civil legal services to eligible recipients. The entirety of the decrease is in Other Funds from the Judicial Fund due to an anticipated decrease in civil penalties recovered and collected by the Office of the Attorney General.

Appropriations for the **Texas Indigent Defense Commission** total \$165.2 million in All Funds, a decrease of **\$5.2 million** from 2024–25 biennial spending levels. This amount includes a decrease of \$20.3 million in General Revenue–Dedicated Funds from Account No. 5073, Fair Defense, due to a \$10.0 million decrease in revenue and the expiration of \$10.3 million in Unexpended Balance authority provided by Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, for indigent defense services associated with Operation Lone Star, offset by an increase in \$20.1 million in General Revenue Funds to establish new public defender offices and provide the issuance of Improvement and Formula Grants to counties.

Appropriations include **\$10.1 million in All Funds to provide a 6.0-percent salary adjustment for all nonjudicial staff** positions within the Judiciary.

FULL-TIME-EQUIVALENT POSITIONS



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.
- (3) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

FIGURE 220
ARTICLE IV – JUDICIARY APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED	APPROPRIATED	BIENNIAL	PERCENTAGE
FUNCTION	2024–25	2026–27	CHANGE	CHANGE
Supreme Court of Texas	\$124.5	\$107.4	(\$17.1)	(13.7%)
Court of Criminal Appeals	\$41.9	\$47.0	\$5.0	12.0%
First Court of Appeals District, Houston	\$11.6	\$13.0	\$1.4	12.5%
Second Court of Appeals District, Fort Worth	\$9.4	\$10.6	\$1.2	12.7%
Third Court of Appeals District, Austin	\$8.0	\$9.0	\$1.0	13.0%
Fourth Court of Appeals District, San Antonio	\$9.2	\$11.1	\$1.9	20.9%
Fifth Court of Appeals District, Dallas	\$16.5	\$18.6	\$2.1	12.6%
Sixth Court of Appeals District, Texarkana	\$4.0	\$4.5	\$0.5	12.6%
Seventh Court of Appeals District, Amarillo	\$5.3	\$5.9	\$0.7	12.8%
Eighth Court of Appeals District, El Paso	\$4.0	\$4.8	\$0.8	18.8%
Ninth Court of Appeals District, Beaumont	\$5.2	\$6.2	\$1.0	18.5%
Tenth Court of Appeals District, Waco	\$4.2	\$4.7	\$0.5	12.9%
Eleventh Court of Appeals District, Eastland	\$4.1	\$4.7	\$0.5	12.8%
Twelfth Court of Appeals District, Tyler	\$4.2	\$4.7	\$0.5	13.0%
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	\$8.0	\$9.0	\$1.0	12.2%
Fourteenth Court of Appeals District, Houston	\$12.0	\$13.6	\$1.6	13.1%
Fifteenth Court of Appeals District, Austin	\$2.3	\$6.9	\$4.6	195.6%
Office of Court Administration, Texas Judicial Council	\$336.9	\$382.6	\$45.8	13.6%
Office of Capital and Forensic Writs	\$6.5	\$8.7	\$2.2	33.8%
Office of the State Prosecuting Attorney	\$1.0	\$1.5	\$0.4	42.2%
State Law Library	\$2.7	\$3.1	\$0.5	18.4%
State Commission on Judicial Conduct	\$5.6	\$4.7	(\$0.9)	(15.7%)
Judiciary Section, Comptroller's Department	\$402.1	\$484.2	\$82.1	20.4%
Subtotal, Judiciary	\$1,029.1	\$1,166.4	\$137.3	13.3%
Employee Benefits and Debt Service	\$260.8	\$264.5	\$3.7	1.4%
Less Interagency Contracts	\$24.8	\$26.3	\$1.5	5.9%
Total, All Functions	\$1,265.1	\$1,404.6	\$139.5	11.0%

NOTES:

(1) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.

(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.

MAJOR FUNDING

The Eighty-ninth Legislature, Regular Session, 2025, appropriated \$1,166.4 million in All Funds for courts and agencies of the Judiciary, an increase of \$137.3 million, or 13.3 percent, from the 2024–25 biennium.

APPELLATE COURT FUNDING

Appropriations for all the appellate courts, including the **Supreme Court of Texas (SCOT)**, the **Court of Criminal**

Appeals (CCA), and the 15 **appellate courts**, total \$281.6 million in All Funds, an increase of \$7.3 million, or 2.7 percent. The increase primarily includes the following changes:

- an increase of \$9.3 million in General Revenue Funds to provide a 25.0-percent increase to the base salary of a district judge and all positions statutorily attached to the base salary of a district judge pursuant to Senate Bill 293, Eighty-ninth Legislature, Regular Session, 2025;

- an increase of \$6.4 million in General Revenue Funds to provide for a 6.0-percent salary adjustment for all nonjudicial staff positions;
- an increase of \$3.5 million in General Revenue Funds to biennialize appropriations provided by the enactment of Senate Bill 1045, Eighty-eighth Legislature, Regular Session, 2023, to establish the Fifteenth Court of Appeals and to fund the construction of a dedicated courtroom;
- an increase of \$1.7 million in All Funds to the CCA Judicial Education Program, which provides grants to entities that offer continuing legal education, technical assistance, and innocence training for judicial and court staff; program funding totals \$27.5 million in All Funds for the 2026–27 biennium;
- an increase of \$1.5 million in General Revenue Funds to expand the Local Mental Health Court Liaison Pilot Program, administered by SCOT, to an additional five counties; and
- a decrease of \$21.2 million in All Funds to SCOT’s Basic Civil Legal Services program, which provides grants to entities that provide legal services to eligible recipients including victims of sexual assault, people experiencing mental and physical challenges, and veterans and their families; program funding totals \$80.3 million in All Funds. The decrease is due to an anticipated reduction in civil penalties recovered by the Office of the Attorney General.

JUDICIAL BRANCH AGENCIES

Judicial branch agencies include the **Office of Court Administration**, **Texas Judicial Council** (OCA); the **Office of Capital and Forensic Writs** (OCFW); the **Office of the State Prosecuting Attorney**; the **State Law Library**; the **State Commission on Judicial Conduct**; and the **Judiciary Section, Comptroller’s Department**. Appropriations for these agencies total \$884.8 million in All Funds, an increase of \$130.0 million, or 17.2 percent. This increase primarily includes the following changes.

Appropriations for the **OCA** increased by \$45.8 million, or 13.6 percent, in All Funds, including the following amounts:

- a combined increase of \$40.7 million in General Revenue–Dedicated Funds from Account No. 5157, Statewide Electronic Filing System, and Account No. 5173, Forensic Science Commission, to align the

estimated appropriation to the Comptroller of Public Accounts’ 2026–27 Biennial Revenue Estimate;

- an increase of \$10.0 million in General Revenue Funds for Texas Indigent Defense Commission to provide grants to counties for indigent defense services;
- an increase of \$6.1 million in General Revenue Funds for the expansion and continued maintenance of the Public Safety Reporting System pursuant to the enactment of Senate Bill 9, Eighty-ninth Legislature, Regular Session, 2025;
- an increase of \$5.8 million in All Funds to provide a 10.0 percent salary adjustment to vacant positions that did not receive the salary adjustment provided in the 2024–25 biennium, a 15.0-percent salary adjustment for all court coordinator positions, to biennialize statewide salary adjustments provided in the 2024–25 biennium, and to provide a 6.0-percent salary adjustment for non-judicial staff;
- an increase of \$4.8 million in General Revenue Funds to implement provisions of Senate Bill 1620, Eighty-ninth Legislature, Regular Session, 2025, establishing the Texas Forensic Analyst Apprenticeship Pilot Program;
- an increase of \$3.3 million in General Revenue Funds and 6.0 full-time-equivalent (FTE) positions for unanticipated costs associated with the establishment of five business courts pursuant to House Bill 19, Eighty-eighth Legislature, Regular Session, 2023;
- an increase of \$1.9 million in General Revenue Funds and 11.0 FTE positions to standardize data reporting across all 11 judicial regions;
- a decrease of \$13.5 million in All Funds 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 pursuant to House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021, and Bail Reform pursuant to House Bill 5, Eighty-seventh Legislature, Second Called Session; and
- a net decrease of \$8.7 million in All Funds due to the removal of onetime expenses related to information technology, the Fifteenth Court of Appeals, and the expiration of the National Criminal History

Improvement Program grant provided by the American Rescue Plan Act.

Appropriations for the **Judiciary Section, Comptroller's Department**, increased by \$82.1 million General Revenue Funds, or 20.4 percent, in All Funds. The increase is due primarily to the following changes:

- an increase of \$73.1 million in General Revenue Funds to provide a 25.0-percent salary adjustment to the base pay of a district judge and all salaries and supplements statutorily linked to the base pay of a district judge, pursuant to Senate Bill 293, Eighty-ninth Legislature, Regular Session, 2025;
- an increase of \$3.4 million in General Revenue Funds for the Special Prosecutors Unit in Walker County for salary adjustments and three new divisional trail teams; and
- an increase of \$1.8 million in General Revenue Funds to increase the county supplement paid to constitutional county judges, pursuant to House Bill 2529, Eighty-ninth Legislature, Regular Session, 2025.

Appropriations for the **State Commission on Judicial Conduct** total \$4.7 million in General Revenue Funds, a decrease of \$0.9 million from 2024–25 spending levels. This amount provides for five additional FTE positions, including 2.0 attorney positions, 1.0 legal assistant position, 1.0 administrative assistant position, and 1.0 investigator position, as well as funding for travel, legal resources, and additional onboarding costs.

Appropriations for the **OCFW** increased by \$2.2 million in General Revenue Funds, or 33.8 percent, to establish a new litigation team to accept additional death penalty cases, hire paralegal and administrative positions, and establish a new mitigation specialist fellowship program.

SUPREME COURT OF TEXAS

PURPOSE: The Supreme Court of Texas is the court of last resort in civil and juvenile matters. Other responsibilities include original jurisdiction to issue writs, final jurisdiction of the involuntary retirement or removal of judges, promulgating rules and other standards, and regulating the legal profession in Texas.

ESTABLISHED: 1845

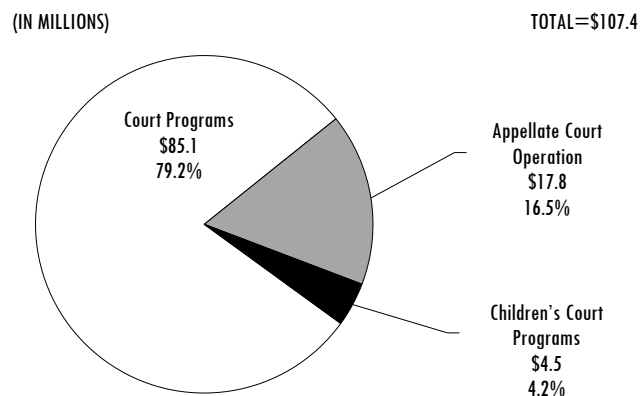
AUTHORIZING STATUTE: The Texas Constitution, Article 5, §2

GOVERNANCE: One Chief Justice and eight justices elected to staggered six-year terms through statewide elections

FIGURE 221
SUPREME COURT OF TEXAS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$47.5	\$52.7	\$5.1	10.8%
General Revenue–Dedicated Funds	\$10.0	\$10.0	\$0.0	0.0%
Federal Funds	\$3.8	\$3.9	\$0.1	3.0%
Other Funds	\$63.2	\$40.9	(\$22.4)	(35.3%)
Total, All Methods of Finance	\$124.5	\$107.4	(\$17.1)	(13.7%)

AGENCY PROGRAM AREAS BY APPROPRIATION



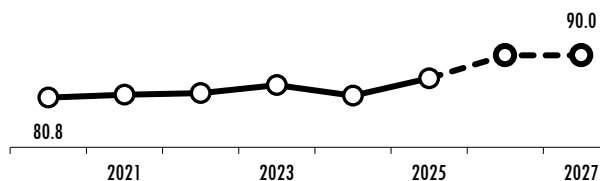
SIGNIFICANT DEVELOPMENTS

Basic Civil Legal Services (BCLS) appropriations total **\$80.3 million in All Funds**, a decrease of **\$21.2 million from the 2024–25 biennium**, to provide civil legal services to eligible recipients. This decrease includes **\$21.2 million** in Other Funds from the Judicial Fund, due primarily to anticipated reductions in civil penalties collected by the Office of the Attorney General. Civil penalty collections have varying settlement terms; therefore, the collection and allocation to the BCLS program can vary among biennia.

Appropriations from **General Revenue Funds** for BCLS total **\$31.0 million** to provide services to indigent clients, including \$20.3 million for eligible clients, \$7.0 million for veterans and their families, and \$3.7 million for youth experiencing mental and physical challenges in schools and communities. Appropriations from **General Revenue–Dedicated Funds** total **\$10.0 million** to provide BCLS to victims of sexual assault, which continues 2024–25 biennial spending levels.

Appropriations provide \$1.5 million in **General Revenue Funds** to expand the Local Mental Health Liaison Pilot Program to an additional five counties.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Supreme Court of Texas decreased by \$17.1 million in All Funds from 2024–25 biennial spending levels. This decrease is attributed primarily to the following changes:

- a decrease of \$21.2 million in Other Funds from the Judicial Fund due to an estimated decrease in civil penalty collections deposited to the account;
- an increase of \$1.5 million in General Revenue Funds to expand the Local Mental Health Court Liaison Pilot Program to an additional five counties;
- a decrease of \$1.0 million in Interagency Contracts related to discontinued contracts with the Department of Family and Protective Services;
- an increase of \$0.9 million in General Revenue Funds to provide a 6.0-percent salary adjustment for all nonjudicial staff positions;
- an increase of \$0.8 million in General Revenue Funds to provide funding for 4.0 full-time-equivalent (FTE) positions, including an attorney for the Permanent Judicial Commission for Children, Youth, and Families (Children's Commission), a program specialist for the Judicial Commission on Mental Health, and 2.0 paralegal positions;
- an increase of \$0.5 million in General Revenue Funds to provide a 25.0-percent increase to the base salary of a district judge and all positions statutorily calculated from the base salary of a district judge;
- an increase of \$0.4 million in General Revenue Funds to biennialize the statewide salary adjustments initiated during the 2024–25 biennium;
- an increase of \$0.3 million in General Revenue Funds to provide a staff attorney position to assist in mandamus filings and emergent matters;
- an increase of \$0.3 million in General Revenue Funds for increased operating costs and travel funding for oral arguments held outside of Austin; and
- an increase of \$0.1 million in General Revenue Funds to provide for a Juvenile Justice Program to be administered by the Children's Commission

to provide judicial training in the juvenile justice system.

PROGRAMS

The Supreme Court carries out its responsibilities through two program areas: (1) Appellate Court Operations; and (2) Court Programs.

APPELLATE COURT OPERATIONS

The Appellate Court Operations program area includes funding for the court's primary function and other responsibilities including the promulgation and enforcement of rules of civil procedure and evidence; administrative oversight of the State Bar of Texas; licensing and supervision of attorneys in Texas; appointing members to the Board of Law Examiners; supervision of the Office of Court Administration; and the equalization of the 15 Courts of Appeals dockets.

The court is appropriated \$17.8 million in All Funds and 69.0 FTE positions for Appellate Court Operations. This amount is an increase of \$2.7 million in General Revenue Funds, or 17.8 percent, from 2024–25 spending levels. This increase includes \$0.9 million to provide a 25.0-percent increase adjustment for positions statutorily calculated from the base pay of a district judge; \$0.6 million to provide a 6.0-percent increase adjustment for all nonjudicial staff positions; \$0.4 million for an additional 2.0 paralegal FTE positions; and \$0.1 million for the court to continue hearing out-of-town oral arguments.

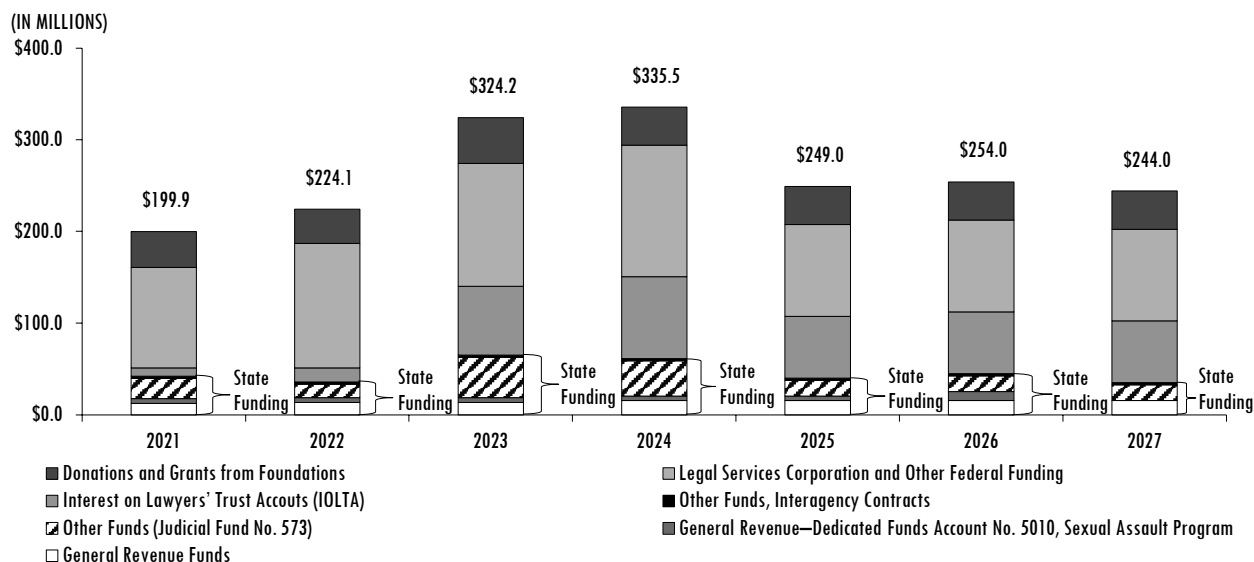
COURT PROGRAMS

The Court Programs area provides funding for basic civil legal services (BCLS) for indigent clients, the Judicial Commission on Mental Health, multidistrict litigation costs, and the Children's Commission.

The BCLS program provides civil legal services to indigent clients. The Texas Access to Justice Foundation (TAJF) administers the program on behalf of the court. The BCLS program is funded from various sources within and outside of the General Appropriations Act, which include state funds, federal funding, donations or grants from foundations, and other funding sources such as Interest on Lawyers Trust Accounts.

TAJF is a nonprofit organization that manages grants to legal aid organizations. Using all sources of funding, Texas legal aid organizations provide legal services to

FIGURE 222
BASIC CIVIL LEGAL SERVICES FUNDING SOURCES, FISCAL YEARS 2021 TO 2027



NOTES:

- (1) Amounts shown for fiscal years 2021 to 2024 are actual; amounts shown for fiscal year 2025 are estimated; and amounts shown for fiscal years 2026 to 2027 are budgeted.
- (2) State funding includes appropriations from General Revenue Funds, General Revenue—Dedicated Funds, and Other Funds, including the Judicial Fund and Interagency Contracts.
- (3) Interest on Lawyers' Trust Accounts estimates for fiscal years 2026 and 2027 are based on anticipated rates established by the Federal Reserve.

SOURCES: Legislative Budget Board; Texas Access to Justice Foundation.

approximately 100,000 people each fiscal year. For the 2026–27 biennium, TAJF estimates that funding will be made available to approximately 23 legal aid providers. **Figure 222** shows annual funding for BCLS from all sources of funding from fiscal years 2021 to 2027. State funding represents an estimated 14.3 percent of total BCLS funding for the 2026–27 biennium.

The Supreme Court is appropriated \$80.3 million in All Funds for the BCLS program, a decrease of \$21.2 million, or 20.9 percent, from 2024–25 spending levels. This decrease is due entirely to an estimated reduction in civil penalties collected by the Office of the Attorney General and court fee collections to the Judicial Fund. Because civil penalty collections have varying settlement terms, the collection and allocation to the BCLS program can vary between biennium. Total funding includes \$34.3 million in Other Funds from the Judicial Fund, \$31.0 million in General Revenue Funds, \$10.0 million in General Revenue—Dedicated Funds from Account No. 5010, and \$5.0 million in Other Funds from Interagency Contracts.

The Children's Commission program supports the strengthening of courts for children, youth, and families in

the child protection system through collaborative partnerships and is appropriated \$4.5 million in All Funds, including \$3.9 million in Federal Funds, \$0.7 million in General Revenue Funds, and 14.0 FTE positions. This is a decrease of \$0.4 million or 7.6 percent, from 2024–25 biennial spending levels due to a decrease of \$1.0 million in Other Funds from Interagency Contracts with the Department of Family and Protective Services, offset by an increase of \$0.3 million for 1.0 attorney position to provide cross-system training for juvenile judges; \$0.1 million to provide a 6.0-percent salary adjustment for all nonjudicial staff positions; \$0.1 million to biennialize the statewide salary adjustments initiated during the 2024–25 biennium; and \$0.1 million for reimbursements for federal salaries.

The Judicial Commission on Mental Health program develops and coordinates policy initiatives intended to improve the court's interaction with children, adults, and families that have mental health needs through a joint commission of the Supreme Court of Texas and the Court of Criminal Appeals. The program is appropriated \$4.6 million in General Revenue Funds and 7.0 FTE positions. This amount includes an increase of \$1.5 million in General

Revenue Funds for the purpose of expanding the Local Mental Health Court Liaison Program to an additional five counties; \$0.1 million for 1.0 Program Specialist position for curriculum development and statewide training; \$0.1 million for the biennialization of the statewide salary adjustments initiated during the 2024–25 biennium; \$0.1 million for increased operational costs; and \$0.1 million to provide a 6.0-percent salary adjustment for all nonjudicial staff positions.

For the 2026–27 biennium, the court’s multidistrict litigation program is appropriated \$0.2 million in General Revenue Funds for grants to trial courts and appellate courts for additional court staff and technology to handle multidistrict litigation cases, such as asbestosis-related and silicosis-related cases. This amount continues 2024–25 biennial spending levels.

Total appropriations for the Court Programs for the 2026–27 biennium include \$89.7 million in All Funds and 21.0 FTE positions.

SIGNIFICANT LEGISLATION

Senate Bill 293 – Judicial compensation. The legislation increases the base salary of a district judge from \$140,000 to \$175,000. By statute, the salaries of many positions in the judiciary, including the Justices of the Supreme Court, are calculated based on the salary of a district court judge. Appropriations to the Supreme Court of Texas total \$0.5 million in General Revenue Funds each fiscal year to implement provisions of the legislation.

COURT OF CRIMINAL APPEALS

PURPOSE: The court has statewide final appellate jurisdiction in criminal cases, exclusive jurisdiction in death penalty cases, and the authority to issue writs; promulgates rules of evidence and appellate procedures for criminal cases; and makes grants to training entities that provide judicial education.

ESTABLISHED: 1891

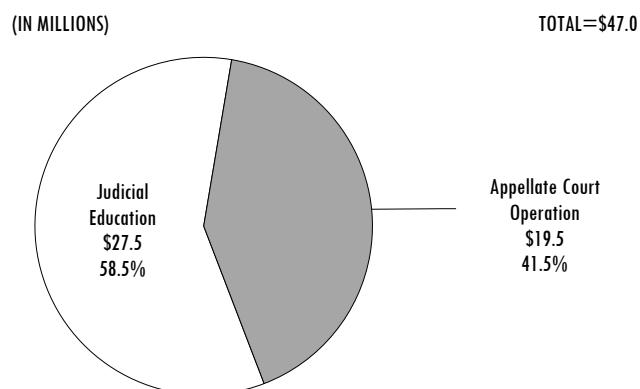
AUTHORIZING STATUTE: The Texas Constitution, Article V, §4

GOVERNANCE: One Presiding Judge and eight judges elected to staggered six-year terms through statewide elections

FIGURE 223
COURT OF CRIMINAL APPEALS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$16.3	\$20.0	\$3.7	22.9%
General Revenue–Dedicated Funds	\$24.9	\$26.2	\$1.3	5.1%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.7	\$0.7	\$0.0	0.0%
Total, All Methods of Finance	\$41.9	\$47.0	\$5.0	12.0%

AGENCY PROGRAM AREAS BY APPROPRIATION

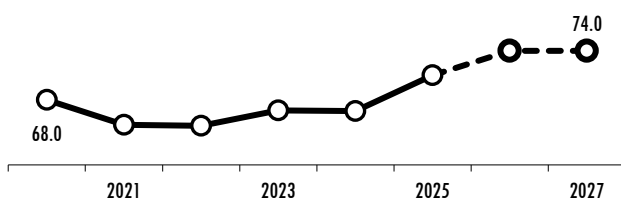


SIGNIFICANT DEVELOPMENTS

Judicial Education appropriations total \$27.5 million in All Funds, an increase of \$1.7 million, to provide grant funding for organizations conducting continuing legal education training. The number of participants anticipated to receive training in judicial education courses is **31,740** during each fiscal year.

Civil filing fee and court cost revenue is expected to increase **Judicial Education appropriations by \$1.3 million in General Revenue–Dedicated Funds**. Expenditures from these funds totaled \$26.2 million during the 2024–25 biennium.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Court of Criminal Appeals increased by \$5.0 million in All Funds, or 12.0 percent, from 2024–25 biennial spending levels. This increase is attributed primarily to an increase of \$1.3 million, or 5.1 percent, in General Revenue–Dedicated Funds from Account No. 540, Judicial and Court Personnel Training, from civil filing fee and court cost revenues, and an increase of \$3.7 million, or 30.0 percent, in General Revenue Funds to provide the following amounts:

- an increase of \$1.3 million in General Revenue–Dedicated Funds from Account No. 540 due to an anticipated increase in court cost fee revenue in the 2026–27 biennium;
- an increase of \$0.8 million in General Revenue Funds to provide a 6.0-percent salary adjustment for all nonjudicial staff positions;
- an increase of \$0.6 million in General Revenue Funds to provide 2.0 full-time-equivalent (FTE) positions, including a research attorney position and an administrator position;
- an increase of \$0.9 million in General Revenue Funds for a 25.0-percent increase to the base salary of a district judge and all positions statutorily attached to the base salary of a district judge;
- an increase of \$0.4 million in General Revenue Funds to offset increased costs associated with hosting judicial education seminars, including lodging and travel;
- an increase of \$0.3 million in All Funds to biennialize salary adjustments initiated during the 2024–25 biennium;
- an increase of \$0.2 million in General Revenue Funds to provide travel reimbursements to judges who may reside outside of Austin pursuant to the Texas Government Code, Section 22.3015;
- an increase of \$0.2 million in General Revenue Funds to provide for court facility upgrades; and
- an increase of \$0.2 million in General Revenue Funds for increased operating expenses to provide a salary adjustment for all deputy clerk positions, and travel funding for oral arguments held outside of Austin.

PROGRAMS

The Court of Criminal Appeals carries out its responsibilities through two program areas: (1) Appellate Court Operations and (2) Judicial Education.

APPELLATE COURT OPERATIONS

The Appellate Court Operations program area includes funding for the court's primary function as the highest state appellate court for criminal cases, for promulgating related rules, and for granting writs of habeas corpus providing relief from final felony convictions. These functions include reviewing appeals submitted to the court for decisions made by lower courts on criminal cases and requests for further review among some of those appeals. The court produces a written opinion for each appeal it chooses to review.

The court is appropriated \$19.5 million in All Funds and 71.0 FTE positions for this program area. This amount includes an increase of \$3.3 million in General Revenue Funds, or 20.7 percent, to provide \$0.8 million for a 6.0-percent salary adjustment; \$0.7 million for 3.0 FTE positions including a research attorney, a court law clerk, and an administrator position; \$0.5 million for a 25.0-percent adjustment to the base salary of a district judge; \$0.3 million to biennialize salary adjustments initiated during the 2024–25 biennium; \$0.2 million for court facility upgrades; \$0.2 million to provide travel reimbursements to judges who may reside outside of Austin; \$0.1 million for the court to continue hearing out-of-town oral arguments at law schools; and \$0.1 million for increased operational costs.

JUDICIAL EDUCATION

The court administers a grant program to provide continuing legal education and technical assistance for judges, court staff, prosecuting attorneys and their staff, criminal defense attorneys that regularly represent indigent defendants in criminal matters, and to provide innocence training. This function is funded primarily through the collection of court costs in criminal case convictions and civil filing fee revenue. Grant use is monitored and audited by Court of Criminal Appeals staff. **Figure 224** shows grant recipients for fiscal year 2026.

The Judicial Education program area is appropriated \$27.5 million in All Funds and 3.0 FTE positions for the 2026–27 biennium, including \$26.2 million in General Revenue–Dedicated Funds from Account No. 540 and \$1.3 million in General Revenue Funds. This is an increase of \$1.3 million from 2024–25 biennial spending levels due to an anticipated

FIGURE 224
FISCAL YEAR 2026 JUDICIAL EDUCATION GRANT RECIPIENTS, AS OF JULY 2025

RECIPIENT	GRANT PURPOSE
Texas Center for the Judiciary	Training for judges and clerks serving in statutory county, district, and appellate courts
Texas Association of Counties	Training for judges and clerks serving in constitutional county courts at which at least 40.0% of the functions performed by the judge are judicial functions
Texas Municipal Courts Education Center	Training for judges and clerks serving municipal courts
Texas Justice Court Training Center	Training for justices of the peace, clerks, and constables serving justice of the peace courts
Texas District and County Attorneys Association	Training for prosecutors, investigators, and other staff representing the government in district-level and county-level trial courts
Texas Criminal Defense Lawyers Association	Training for criminal defense attorneys that regularly represent indigent defendants in criminal matters
Center for American and International Law	Judge, prosecutor, and criminal defense attorney training
Texas District Court Alliance	District clerk and court staff training

SOURCE: Court of Criminal Appeals.

increase in court cost and filing fee revenue to Account No. 540, which funds court grants to judicial education training entities that offer continuing legal education to judicial and court personnel.

General Revenue Funds appropriations include \$0.4 million for the court to contract with statewide professional associations and other entities to provide continuing legal education, courses, and programs for judges and court staff regarding mental health issues and pretrial diversion. It also includes \$0.5 million to maintain, in coordination with the Supreme Court of Texas, a training program to educate and inform judges and their staff regarding mental healthcare resources available in the state, and \$0.4 million to offset increased costs associated with hosting judicial education seminars, including lodging and travel.

SIGNIFICANT LEGISLATION

Senate Bill 293 – Judicial compensation. The legislation increases the base salary of a district judge from \$140,000 to \$175,000. By statute, the salaries of many positions in the judiciary, including the Judges of the Court of Criminal Appeals, are calculated from the salary of a district court judge. Appropriations to the Court of Criminal Appeals total \$0.5 million in General Revenue Funds each fiscal year to implement the provisions of the legislation.

COURTS OF APPEALS

PURPOSE: Fifteen intermediate appellate courts have appellate jurisdiction in all criminal and civil cases other than those in which the death penalty has been assessed.

ESTABLISHED: 1876 to 2024

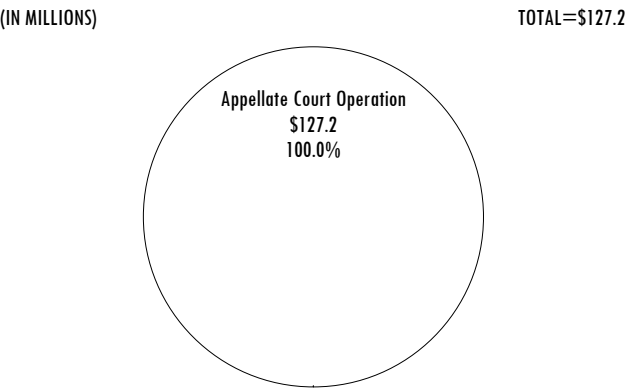
AUTHORIZING STATUTE: The Texas Government Code, Chapter 22, Subchapter C, and the Texas Constitution, Article 5, §6

GOVERNANCE: Each court of appeals has from two to 12 justices and one chief justice elected to six-year terms

FIGURE 225
COURTS OF APPEALS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$101.9	\$121.2	\$19.3	18.9%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$6.0	\$6.0	(\$0.0)	(0.4%)
Total, All Methods of Finance	\$108.0	\$127.2	\$19.3	17.9%

AGENCY PROGRAM AREAS BY APPROPRIATION



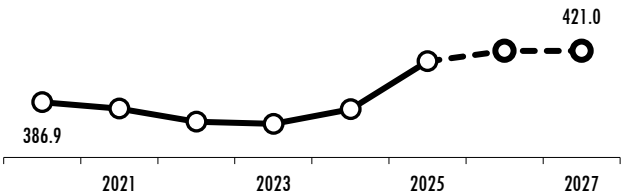
SIGNIFICANT DEVELOPMENTS

Appropriations provide **\$7.5 million in General Revenue Funds** for a 25.0-percent increase to the base pay of all positions that are statutorily attached to the base salary of a district judge, pursuant to **Senate Bill 293, Eighty-ninth Legislature, Regular Session, 2025**.

Appropriations provide for **83 justices, including 15 chief justices and 68 justices, and 421.0 full-time-equivalent positions for other necessary staff** to carry out intermediate appellate court operations.

Appropriations provide **\$4.8 million in General Revenue Funds** for a 6.0-percent salary adjustment for all nonjudicial staff.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Total appropriations across all 15 Courts of Appeals increased by \$19.3 million in All Funds, or 17.9 percent, compared to 2024–25 biennial spending levels. This increase is attributable to the following changes:

- an increase of \$7.5 million in General Revenue Funds to provide a 25.0-percent increase to the base salary of a district judge and all positions statutorily attached to the base salary of a district judge;
- an increase of \$4.8 million in General Revenue Funds to provide a 6.0-percent salary adjustment for all nonjudicial staff;
- an increase of \$2.3 million in General Revenue Funds to biennialize appropriations pursuant to Senate Bill 1045, Eighty-eighth Legislature, Regular Session, 2023, for the establishment of the Fifteenth Court of Appeals;
- an increase of \$1.8 million in General Revenue Funds to biennialize the statewide salary adjustments initiated during the 2024–25 biennium;
- an increase of \$1.2 million in General Revenue Funds to provide additional funding for the buildout of a dedicated courtroom for the Fifteenth Court of Appeals;
- an increase of \$0.7 million in General Revenue Funds to provide 2.0 full-time-equivalent (FTE) additional staff attorney positions for the Fourth Court of Appeals to process cases relating to Operation Lone Star;
- an increase of \$0.5 million in General Revenue Funds to provide salary adjustments for the staff positions that were not eligible for the statewide salary adjustments initiated during the 2024–25 biennium;
- an increase of \$0.3 million in General Revenue Funds to provide an additional staff attorney position for the Ninth Court of Appeals; and
- an increase of \$0.2 million in General Revenue Funds to provide 2.0 FTE additional staff attorney positions for the Eighth Court of Appeals to process cases relating to Operation Lone Star.

PROGRAMS

The 15 Courts of Appeals exercise intermediate appellate jurisdiction in civil and criminal cases other than those in which the death penalty has been assessed. The courts carry

out their responsibilities in separate districts across the state, with one court of appeals in each district, except the First and the Fourteenth courts of appeals, which share a building in Houston and serve the same counties, and the Fifteenth Court of Appeals, located in Austin, which serves every county in the state. The other courts are in Fort Worth (Second), Austin (Third), San Antonio (Fourth), Dallas (Fifth), Texarkana (Sixth), Amarillo (Seventh), El Paso (Eighth), Beaumont (Ninth), Waco (Tenth), Eastland (Eleventh), Tyler (Twelfth), and Corpus Christi–Edinburg (Thirteenth). Eighty-three justices preside among the 15 courts of appeals; the number of justices at each court is set by statute and varies from three to 13.

Total appropriations for the 15 Courts of Appeals include \$127.2 million in All Funds and 421.0 full-time-equivalent positions for the 2026–27 biennium.

SIGNIFICANT LEGISLATION

Senate Bill 293 – Judicial compensation. The legislation increases the base salary of a district judge from \$140,000 to \$175,000. By statute, the salaries of many positions in the judiciary, including the Justices of the Courts of Appeals, are calculated from the salary of a district court judge. Appropriations for the Courts of Appeals total \$7.5 million in General Revenue Funds for the biennium to implement the provisions of the legislation.

OFFICE OF COURT ADMINISTRATION, TEXAS JUDICIAL COUNCIL

PURPOSE: To provide resources and support to trial, appellate, and specialty courts, and to regulatory boards and policy-making entities; and to provide information about the judicial branch to the legislative and executive branches, the judiciary, and the public.

ESTABLISHED: 1977

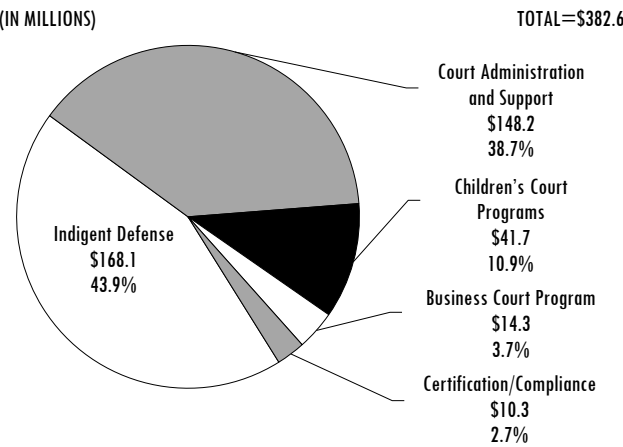
AUTHORIZING STATUTE: The Texas Government Code, Chapter 72

GOVERNANCE: Directed and supervised by the Supreme Court of Texas and the Chief Justice

FIGURE 226
OFFICE OF COURT ADMINISTRATION, TEXAS JUDICIAL COUNCIL BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$190.1	\$195.9	\$5.8	3.0%
General Revenue–Dedicated Funds	\$129.2	\$169.2	\$40.0	30.9%
Federal Funds	\$2.3	\$0.0	(\$2.3)	(100.0%)
Other Funds	\$15.1	\$17.5	\$2.4	15.6%
Total, All Methods of Finance	\$336.9	\$382.6	\$45.8	13.6%

AGENCY PROGRAM AREAS BY APPROPRIATION



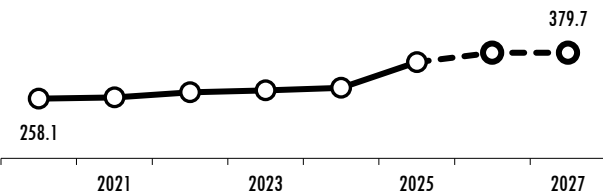
SIGNIFICANT DEVELOPMENTS

Appropriations for the **Texas Indigent Defense Commission** total \$165.2 million in All Funds, a decrease of **\$5.2 million** from 2024–25 biennial spending levels. This amount includes a decrease of \$20.3 million in General Revenue–Dedicated Funds from Account No. 5073, Fair Defense, due to a \$10.0 million decrease in revenue and the expiration of \$10.3 million in Unexpended Balance authority provided by Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, for indigent defense services associated with Operation Lone Star, offset by an increase in \$20.1 million in General Revenue Funds to establish new public defender offices and to issue Improvement and Formula Grants to counties.

Appropriations provide **\$6.1 million in General Revenue Funds** to expand the Public Safety Reporting System to include whether defendants are released on bail or other pretrial release programs, pursuant to Senate Bill 9, Eighty-ninth Legislature, Regular Session, 2025.

Appropriations provide **\$103.8 million in General Revenue–Dedicated Funds from Account No. 5157, Statewide Electronic Filing System**, an increase of \$50.3 million from 2024–25 biennial spending levels, to provide for vendor contract payments and statewide technology projects for all judicial branch agencies.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Office of Court Administration (OCA), Texas Judicial Council, increased by a net \$45.8 million, or 13.6 percent, in All Funds compared to 2024–25 biennial spending levels, primarily due to the following changes:

- a combined increase of \$40.7 million in General Revenue–Dedicated Funds from Account No. 5157, Statewide Electronic Filing System, and Account No. 5173, Texas Forensic Science Commission, to align the estimated appropriation to the Comptroller of Public Accounts' 2026–27 Biennial Revenue Estimate;
- an increase of \$10.0 million in General Revenue Funds for Texas Indigent Defense Commission (TIDC) to provide grants to counties for indigent defense services;
- a decrease of \$13.5 million in All Funds 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 pursuant to House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021, and the Bail Reform program pursuant to House Bill 5, Eighty-seventh Legislature, Second Called Session, 2021;
- an increase of \$8.8 million in General Revenue Funds to TIDC to establish new public defender offices and expand the issuance of Improvement Grants to counties;
- an increase of \$5.8 million in All Funds to provide a 10.0-percent salary adjustment to vacant positions that did not receive the salary adjustment initiated during the 2024–25 biennium and a 15.0-percent salary adjustment for all court coordinator positions, to biennialize statewide salary adjustments initiated during the 2024–25 biennium, and to provide a 6.0-percent salary adjustment for nonjudicial staff;
- an increase of \$6.1 million in General Revenue Funds for the expansion and continued maintenance of the Public Safety Report System pursuant to Senate Bill 9, Eighty-ninth Legislature, Regular Session, 2025;
- an increase of \$5.5 million in All Funds to implement provisions of Senate Bill 293, Eighty-ninth Legislature, Regular Session, 2025, providing a 25.0 percent increase to the base salary of a district

judge and all positions statutorily attached to the base salary of a district judge and the collection judicial transparency information;

- an increase of \$4.8 million in General Revenue Funds to implement provisions of Senate Bill 1620, Eighty-ninth Legislature, Regular Session, 2025, establishing the Texas Forensic Analyst Apprenticeship Pilot Program;
- an increase of \$3.3 million in General Revenue Funds and 6.0 full-time-equivalent (FTE) positions for unanticipated costs associated with the establishment of five business courts provided by House Bill 19, Eighty-eighth Legislature, Regular Session, 2023;
- a net decrease of \$8.7 million in All Funds due to the removal of onetime expenses related to information technology, the Fifteenth Court of Appeals, and the expiration of the National Criminal History Improvement Program grant provided by the American Rescue Plan Act;
- an increase of \$1.9 million in General Revenue Funds and 11.0 FTE positions to standardize data reporting across all 11 judicial regions;
- an increase of \$1.0 million in General Revenue Funds to TIDC to establish and operate a regional public defender office to serve Terrell and Val Verde counties;
- an increase of \$0.5 million in General Revenue Funds and 1.0 FTE position to develop a new cross-discipline training program and an additional scientist position to address updated accreditation requirements from the American National Standards Institute National Accreditation Board; and
- an increase of \$0.5 million in General Revenue to retain 2.0 court interpreter positions due to the expiration of the American Rescue Plan Act.

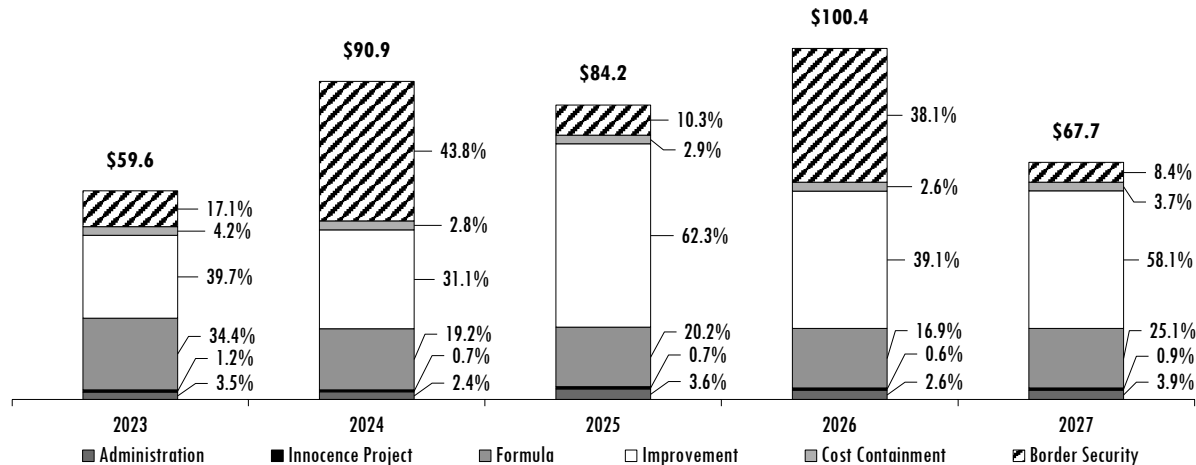
The agency also receives supplemental appropriations for the 2024–25 biennium totaling \$20.9 million in General Revenue Funds pursuant to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) indigent defense, (2) court administration and support, (3) children's court programs, (4) certification and compliance, and (5) the business court program.

FIGURE 227
TEXAS INDIGENT DEFENSE COMMISSION FUNDING BY PROGRAM
FISCAL YEARS 2023 TO 2027

(IN MILLIONS)



SOURCE: Office of Court Administration, Texas Judicial Council.

INDIGENT DEFENSE

TIDC is a 13-member standing committee of the Texas Judicial Council consisting of eight ex officio members, including the Presiding Judge of the Court of Criminal Appeals and the Chief Justice of the Supreme Court of Texas, and five additional members appointed by the Governor. TIDC carries out its responsibilities in the indigent defense program area through four programs that provide financial and technical support to counties to develop and maintain quality, cost-effective indigent defense systems that meet the needs of local communities and the requirements of the constitution and state law. **Figure 227** shows program funding totals for TIDC from fiscal years 2023 to 2027.

Total appropriations for the indigent defense program area include \$168.1 million in All Funds, a net decrease of \$7.0 million, or 4.0 percent, from 2024–25 biennial spending levels, and 29.5 FTE positions.

TIDC GRANT PROGRAMS

Appropriations for TIDC's grant programs total \$117.7 million in All Funds, including \$58.6 million in General Revenue–Dedicated Funds from Account No. 5073, Fair Defense, and \$59.0 million in General Revenue Funds for the 2026–27 biennium, a decrease of \$0.8 million, or 0.6 percent from 2024–25 biennial spending levels. TIDC provides two types of grants to counties: formula grants and discretionary grants.

TIDC distributes formula grants to all 254 Texas counties to provide constitutionally required indigent defense representation in compliance with the Fair Defense Act (Senate Bill 7, Seventy-seventh Legislature, 2001). Grant allocations consider factors such as county population and the county's portion of statewide expenditures for direct indigent defense during the previous year. Counties may use formula grant funds to pay direct litigation costs on behalf of a criminal defendant or juvenile respondent determined by a court to be indigent, including attorney fees, investigator expenses, expert witness expenses, and other costs. Appropriations for the 2026–27 biennium provide \$34.0 million in All Funds for formula grants.

TIDC provides discretionary grants to help counties develop new programs or processes to improve indigent defense. These improvements may include funding new public defender offices; new managed assigned counsel systems; mental health, juvenile, or other specialty defender offices; indigent defense coordinators; and other programs that implement cost-containment initiatives intended to limit local indigent defense cost increases. Appropriations for the 2026–27 biennium provide \$83.7 million in All Funds for discretionary grants.

BORDER SECURITY

The Border Security program provides \$43.9 million in General Revenue Funds and 7.5 FTE positions to provide indigent defense services including indigent legal

representation, foreign language interpreters for courts, visiting judge costs, and travel costs for in person adjudication related to Operation Lone Star.

TIDC INNOCENCE PROJECTS

The Innocence Project program provides \$0.6 million each fiscal year to six state law schools (\$100,000 per school each fiscal year) as grants to authorize students to collaborate with attorneys to review noncapital criminal case convictions, to research claims of actual innocence for wrongfully convicted individuals, and to identify reforms to improve criminal defense practices. The funding provides law students with opportunities to gain practical experience while furthering their education and serving the public interest. These law schools include Texas Tech University, the University of Houston, the University of Texas at Austin, Texas Southern University, the University of North Texas, and Texas A&M University. Appropriations for the program total \$1.2 million in General Revenue–Dedicated Funds from Account No. 5073, which continues 2024–25 biennial spending levels.

TIDC ADMINISTRATION

TIDC is appropriated \$5.3 million in General Revenue–Dedicated Funds from Account No. 5073 and 22.0 FTE positions for administration and operation expenses, an increase of \$0.1 million, or 2.2 percent, from 2024–25 biennial spending levels.

COURT ADMINISTRATION AND SUPPORT

OCA provides various services and support to Texas courts, state and federal agencies, the Legislature, and the public through eight programs in the court administration and support program area.

Total appropriations for the court administration and support program area include \$148.2 million in All Funds, a net increase of \$40.0 million, or 30.9 percent, from 2024–25 biennial spending levels, and 111.3 FTE positions. This amount includes \$6.1 million to update the Public Safety Report System pursuant to provisions of Senate Bill 9.

STATEWIDE ELECTRONIC FILING SYSTEM

OCA manages a statewide electronic filing system through a contract with a third-party vendor that manages and operates eFileTexas, the state's electronic filing system manager, to support a Supreme Court of Texas electronic civil filing mandate. The current contract operates through August 31, 2027. Appropriations for the program total

\$97.5 million in General Revenue–Dedicated Funds from Account No. 5157, an increase of \$50.3 million, or 109.9 percent, from 2024–25 biennial spending levels.

UNIFORM CASE MANAGEMENT SYSTEM

OCA maintains the Uniform Case Management System to provide magistrates immediate access to critical information and expedite the timely reporting of court records for federal firearm background checks. The agency currently contracts with three vendors, each of which will begin providing services to one county clerk's office before expanding into others. Appropriations total \$5.2 million in General Revenue–Dedicated Funds from Account No. 5157, a decrease of \$0.1 million, or 1.6 percent, from 2024–25 biennial spending levels.

INDIRECT ADMINISTRATION

The program provides executive, legal, human resource, and information technology support to OCA's staff, courts, and other judicial branch agencies and for the statewide salary adjustment. Appropriations total \$30.1 million in All Funds, a decrease of \$7.8 million, or 20.7 percent, from 2024–25 biennial spending levels.

GUARDIANSHIP COMPLIANCE PROGRAM

OCA assists courts with reviewing and auditing guardianship filings for the elderly and incapacitated to prevent fraud and abuse. OCA estimates that Texas has more than 50,693 active guardianships and \$4.1 billion in assets under court and guardian control. Appropriations for the program total \$4.4 million in General Revenue Funds, including 27.0 FTE positions, a decrease of \$0.6 million, or 12.2 percent, from 2024–25 biennial spending levels.

COURT SECURITY AND EMERGENCY PREPAREDNESS

The program provides support to courts and counties in assessing and improving personal and courthouse security through court security consultation, emergency preparedness training, and the implementation of privacy protections for judges. Appropriations total \$0.8 million in General Revenue Funds, including 4.0 FTE positions, which continues 2024–25 biennial spending levels.

COURT CONSULTING SERVICES

OCA provides technical assistance and training to courts on a range of court administration topics such as evaluating and implementing case management, administrative programs, and advising jury management. OCA anticipates providing

274 educational presentations to various external groups on topics in court administration during the 2026–27 biennium. Appropriations for the program total \$3.1 million in All Funds and 27.4 FTE positions. This amount represents an increase of \$0.4 million, or 15.1 percent, from 2024–25 biennial spending levels.

BAIL REFORM

The Bail Reform program provides \$3.2 million in All Funds to implement provisions of Senate Bill 6, Eighty-seventh Legislature, Second Called Session, 2021. This amount includes \$0.9 million in General Revenue–Dedicated Funds from Account No. 5157 and \$2.3 million in General Revenue Funds to develop and maintain a public safety report system that is accessible to officials in each county and municipality and provides information for a magistrate to consider before setting bail for certain defendants.

CASE LEVEL DATA SYSTEM

The Case Level Data System program provides \$4.0 million in General Revenue Funds to replace a legacy information technology (IT) system that collects and analyzes high-level, limited judicial data with a new, vendor-based and cloud-based system capable of collecting a larger range of case-level data from district, county, justice, and municipal courts and from the 15 Courts of Appeals, the Court of Criminal Appeals, and the Supreme Court of Texas. The current IT system was implemented in calendar year 2003 and last updated in calendar year 2011.

CHILDREN'S COURTS PROGRAMS

The children's courts program area includes the Child Protection Courts program, Child Support Courts program, and the Court Improvement Program Technology Project program, which funds the operation and maintenance of these courts and provide case management and videoconferencing support.

Total appropriations for the children's court program area include \$41.7 million in All Funds, a net increase of \$7.4 million, or 21.5 percent, from 2024–25 biennial spending levels, and 151.9 FTE positions. Included in this increase is \$5.2 million to provide a 25.0 percent increase to the base salary of a district judge and all positions statutorily attached to the base salary of a district judge; \$1.2 million for a 15.0-percent salary adjustment for court coordinators; and \$0.5 million for a 6.0-percent salary adjustment for nonjudicial staff.

CHILD SUPPORT COURTS

OCA is authorized to employ associate judges, which are appointed by presiding judges of the administrative judicial regions, to hear child support enforcement cases within expedited timeframes set by federal requirements. The agency maintains 43 child support courts located across the state. Appropriations for the program total \$23.5 million in All Funds, an increase of \$4.0 million, or 20.6 percent, from 2024–25 biennial spending levels, and 85.7 FTE positions. This amount includes \$8.2 million in General Revenue Funds and \$15.3 million in Other Funds through an Interagency Contract with the Office of the Attorney General to obtain Federal Funds pursuant to the U.S. Social Security Act, Title IV, Part D. These pass-through Federal Funds are used to pay associate judge salaries and program operating expenses.

CHILD PROTECTION COURTS

OCA's child protection courts reduce the time children spend in temporary foster care by expediting the judicial administration of child abuse, neglect, and adoption cases. The agency maintains 30 child protection courts located across the state. Appropriations for the child protection courts program total \$18.3 million in All Funds, an increase of \$3.4 million, or 22.8 percent, from 2024–25 biennial spending levels, and 66.2 FTE positions.

CERTIFICATION AND COMPLIANCE

Appropriations for the certification and compliance program area total \$3.1 million in All Funds, including 36.0 FTE positions.

TEXAS FORENSIC SCIENCE COMMISSION

The Texas Forensic Science Commission (TFSC) is administratively attached to OCA. TFSC investigates allegations of professional negligence or professional misconduct that could affect the integrity of the results of a forensic analysis conducted by an accredited laboratory. Appropriations total \$5.7 million in All Funds and 7.0 FTE positions, an increase of \$3.8 million from 2024–25 spending levels. This amount includes \$5.4 million in General Revenue Funds and \$0.3 million in General Revenue–Dedicated Funds from Account No. 5173 from fees collected from the issuance and renewal of forensic analyst licenses. These amounts include \$3.6 million to establish the Texas Forensic Analyst Apprenticeship Pilot Program pursuant to Senate Bill 1620, Eighty-ninth Legislature, Regular Session, 2025.

JUDICIAL BRANCH CERTIFICATION COMMISSION

OCA oversees the certification, registration, and licensing of court reporters and court reporting firms, guardians and guardianship programs, process servers, and licensed court interpreters through the Judicial Branch Certification Commission (JBCC) program. JBCC includes nine members appointed by the Supreme Court of Texas that serve staggered terms and are advised by four boards, one for each of the four types of certifications that JBCC oversees. OCA staff provide administrative support for JBCC. Appropriations total \$1.5 million in All Funds, an increase of \$0.1 million, or 7.5 percent, to provide a 6.0 percent salary adjustment for nonjudicial staff.

BUSINESS COURT PROGRAM

Appropriations for the business court program area total \$14.3 million in General Revenue Funds, including 49.0 FTE positions, to establish a specialized business trial court with statewide jurisdiction to hear certain business-related cases. The court, located in Austin, is served by 16 judges appointed by the Governor with advice and consent from the Senate. Appropriations total \$14.3 million in All Funds, an increase of \$4.5 million, or 45.9 percent. This amount includes \$3.3 million and 6.0 FTE positions for unanticipated costs for the establishment of the five business courts, \$0.5 million for a 10.0-percent salary adjustment for vacant positions which did not receive salary adjustments provided by the Eighty-eighth Legislature, Regular Session, 2023, and \$0.6 million for a 6.0-percent salary adjustment for nonjudicial staff.

SIGNIFICANT LEGISLATION

Senate Bill 9 – Bail reform. The legislation requires OCA to expand the Public Safety Report System to include whether defendants are released on bail or other pretrial release programs. Appropriations to OCA total \$6.1 million in General Revenue Funds during the 2026–27 biennium to implement the provisions of the legislation.

Senate Bill 293 – Judicial compensation. The legislation increases the base salary of a district judge from \$140,000 to \$175,000. By statute, the salaries of many positions in the judiciary, including the Associate Judges of the Child Support and Child Protection Courts, are calculated from the salary of a district judge. Appropriations to OCA total \$5.5 million in General Revenue Funds during the 2026–27 biennium to implement the provisions of the legislation.

Senate Bill 1620 – Texas Forensic Analyst pilot program. The legislation requires OCA to develop and implement a

Texas Forensic Analyst Apprenticeship Pilot Program to address the growing need for forensic science professionals in the state. Appropriations to OCA total \$4.8 million in General Revenue Funds during the 2026–27 biennium to implement the provisions of the legislation.

OFFICE OF CAPITAL AND FORENSIC WRITS

PURPOSE: To provide quality legal representation for indigent death row inmates in post-conviction writs of habeas corpus and related proceedings, and in forensic writs for noncapital cases.

ESTABLISHED: 2009

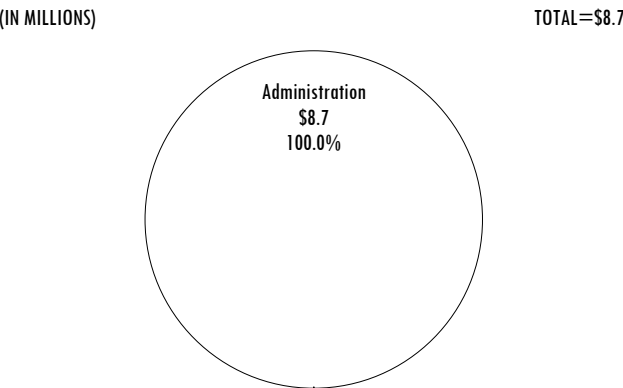
AUTHORIZING STATUTE: The Texas Government Code, Chapter 78

GOVERNANCE: The Court of Criminal Appeals appoints a director to supervise office operations based on recommendations from a committee consisting of judges and attorneys appointed by the State Bar of Texas

FIGURE 228
OFFICE OF CAPITAL AND FORENSIC WRITS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$0.1	\$8.7	\$8.6	6,530.1%
General Revenue–Dedicated Funds	\$6.4	\$0.0	(\$6.4)	(100.0%)
Federal Funds	\$0.0	\$0.0	(\$0.0)	(100.0%)
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$6.5	\$8.7	\$2.2	33.8%

AGENCY PROGRAM AREAS BY APPROPRIATION



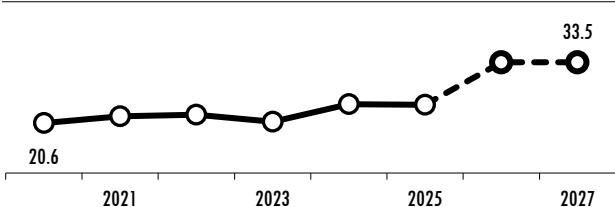
SIGNIFICANT DEVELOPMENTS

Appropriations from General Revenue–Dedicated Account No. 5073, Fair Defense, are replaced with General Revenue Funds to address court fee revenue shortfalls in the dedicated account.

Appropriations provide \$1.3 million in General Revenue Funds to establish a new litigation team that will accept additional death penalty cases, including 2.0 attorney positions, 2.0 mitigation specialist positions, and 1.0 paralegal position.

Appropriations provide \$0.3 million in General Revenue Funds to provide a 6.0-percent salary adjustment for all nonjudicial staff.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

All Funds appropriations to the Office of Capital and Forensic Writs (OCFW) for the 2026–27 biennium increased from 2024–25 biennial spending levels by \$2.2 million, or 33.8 percent, and 9.0 full-time-equivalent (FTE) positions. This increase includes the following changes:

- an increase of \$1.3 million in General Revenue Funds to establish a litigation team to accept additional death penalty cases, including 2.0 attorney positions, 2.0 mitigation specialist positions, and 1.0 paralegal position;
- an increase of \$0.3 million in General Revenue Funds to provide a 6.0-percent salary adjustment for nonjudicial staff positions;
- an increase of \$0.2 million in General Revenue Funds to establish a mitigation specialist fellowship program;
- an increase of \$0.4 million in General Revenue Funds and 3.0 FTE positions to provide paralegal and administrative support; and
- a method-of-finance adjustment replacing all appropriations from General Revenue–Dedicated Account No. 5073, Fair Defense, with General Revenue Funds to address appropriation shortfalls in the account.

PROGRAMS

OCFW provides legal representation for indigent death row inmates in post-conviction habeas corpus proceedings through its Post-conviction Capital Representation program. A writ of habeas corpus provides new evidence that may prove an inmate's innocence, mitigating circumstances, or a violation of an individual's constitutional rights during trial proceedings. OCFW develops these writs and files them in the original convicting court, which must address the writ.

OCFW staff investigators work with the agency's staff attorneys to identify any potential new evidence that could be included within the appeal. The convicting trial court may grant OCFW an evidentiary hearing. This hearing provides OCFW with the opportunity to present new information that the court may not have considered at the trial-court level. These proceedings, any answers or motions filed, exhibits introduced, and findings of fact and conclusions of law that are proposed by counsel and entered by the court are transmitted to the Court of Criminal Appeals for review.

The agency anticipates accepting six new capital cases, filing six writ applications, and to be in various stages of litigation of nine post-conviction evidentiary hearings each fiscal year.

Appropriations for the Post-conviction Capital Representation program total \$7.8 million in All Funds, an increase of \$2.1 million, or 36.5 percent, and 30.3 FTE positions.

In addition, OCFW represents certain noncapital inmates in cases involving questionable forensic science through its Post-conviction Non-capital Representation program. The Texas Forensic Science Commission refers cases to OCFW following an investigation into negligence or misconduct of forensic analysts or unsupported forensic scientific analysis and testimony.

Appropriations for the Post-conviction Non-capital Representation Program total \$0.9 million in All Funds, an increase of \$0.1 million, or 13.3 percent, and 3.2 FTE positions. This increase includes 0.3 FTE positions to provide administrative and operational support for the agency and to provide a 6.0-percent salary adjustment for all non-judicial staff positions. The agency expects that it will accept four new noncapital cases each fiscal year.

OFFICE OF THE STATE PROSECUTING ATTORNEY

PURPOSE: The Office of the State Prosecuting Attorney (OSPA) represents the state in all proceedings conducted by the Court of Criminal Appeals. OSPA also may represent the state in any stage of a criminal case presented to a Court of Appeals if considered necessary for the interest of the state, and it may assist or be assisted by a district or county attorney in representing the state to a Court of Appeals.

ESTABLISHED: 1923

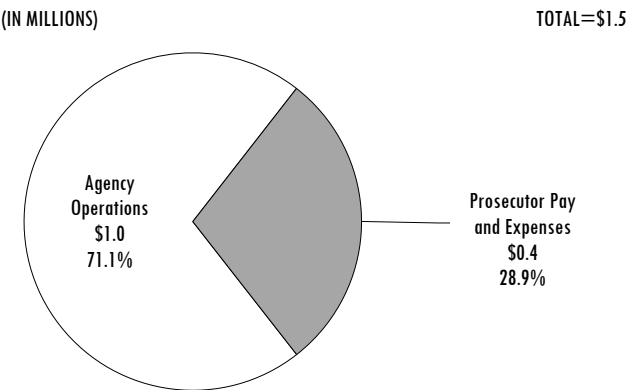
AUTHORIZING STATUTE: The Texas Government Code, Chapter 42

GOVERNANCE: Appointed by the Court of Criminal Appeals

FIGURE 229
OFFICE OF THE STATE PROSECUTING ATTORNEY BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1.0	\$1.4	\$0.4	44.1%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	0.0%
Total, All Methods of Finance	\$1.0	\$1.5	\$0.4	42.2%

AGENCY PROGRAM AREAS BY APPROPRIATION



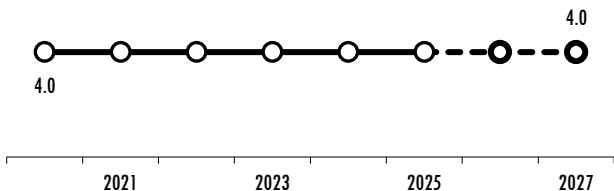
SIGNIFICANT DEVELOPMENTS

OSPA anticipates that the Court of Criminal Appeals will grant **17 petitions for discretionary review** during each fiscal year of the 2026–27 biennium.

Appropriations include **\$0.3 million in General Revenue Funds for a temporary contract attorney position.**

Appropriations include **\$0.1 million in General Revenue Funds to provide a 25.0-percent salary increase for the State Prosecuting Attorney** pursuant to Senate Bill 293, Eighty-ninth Legislature, Regular Session, 2025.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

All Funds appropriations for the Office of the State Prosecuting Attorney (OSPA) increased by \$0.4 million, or 42.2 percent, from 2024–25 biennial spending levels. This increase in General Revenue Funds includes \$0.3 million for a temporary contract attorney position, \$77,000 to provide a 25.0-percent salary increase for the State Prosecuting Attorney, \$37,776 to provide a 6.0-percent salary increase for nonjudicial staff, \$18,458 for a statutorily required salary increase for the State Prosecuting Attorney based on tenure, and \$16,151 to biennialize salary adjustments initiated during the 2024–25 biennium.

PROGRAMS

Through its Administration and Salary program areas, OSPA carries out its responsibilities by representing the state in all proceedings conducted by the Court of Criminal Appeals (CCA). The office also may represent the state at any stage of a criminal case presented to a state court of appeals if deemed in the state's interest. This representation may include filing petitions for discretionary review in the CCA when the state seeks review of a decision of one of the 15 Courts of Appeals in a criminal case. This petition challenges a Court of Appeals decision, and the CCA has discretion to grant or deny the appeal. If granted, the CCA will order the state and defendant to file briefs and may grant oral argument. The CCA then issues a written opinion that either affirms or reverses the lower court's opinion.

The agency also functions as the primary source of guidance and assistance for many local prosecutors. To that end, the State Prosecuting Attorney and assistant state prosecuting attorneys are required to remain updated regarding criminal law issues and to review opinions from Texas appellate courts that reverse criminal convictions or modify trial courts' judgments. The agency may submit petitions, briefs, and oral arguments in cases considered to be of the greatest importance to the state's criminal jurisprudence. OSPA also may become involved in local and county cases as necessary to advance the state's interests.

OSPA is appropriated \$1.5 million in All Funds and 4.0 full-time-equivalent positions. This amount includes \$1.0 million in All Funds in the Administration program area and \$0.4 million in General Revenue Funds in the Salary program area, which includes an increase of \$95,458, or 29.1 percent, to provide a statutorily required salary increase based on tenure and a 25.0-percent increase to the base salary of the State Prosecuting Attorney.

SIGNIFICANT LEGISLATION

Senate Bill 293 – Judicial compensation. The legislation increases the base salary of a district judge from \$140,000 to \$175,000. By statute, the salaries of many positions in the judiciary, including the State Prosecuting Attorney, are calculated from the salary of district court judges. The salary of the State Prosecuting Attorney increases by \$38,500 each fiscal year due to the legislation.

STATE LAW LIBRARY

PURPOSE: Maintains a legal reference facility for use by the Supreme Court of Texas, the Court of Criminal Appeals, the Office of the Attorney General, other state agencies, and Texas residents.

ESTABLISHED: 1971

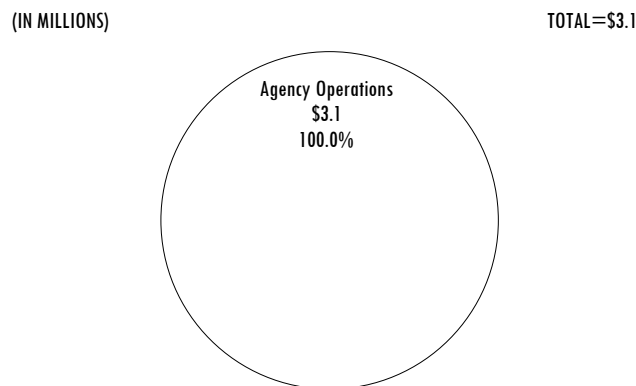
AUTHORIZING STATUTE: The Texas Government Code, Chapter 91

GOVERNANCE: Board consisting of representatives for the Chief Justice of the Supreme Court, the Presiding Judge of the Court of Criminal Appeals, and the Attorney General

FIGURE 230
STATE LAW LIBRARY BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2.6	\$3.1	\$0.5	18.5%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	(\$0.0)	(6.7%)
Total, All Methods of Finance	\$2.7	\$3.1	\$0.5	18.4%

AGENCY PROGRAM AREAS BY APPROPRIATION

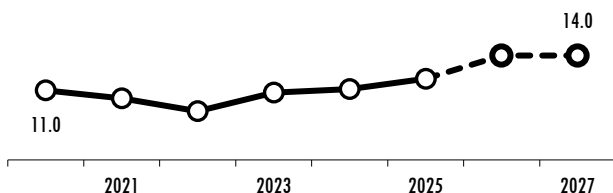


SIGNIFICANT DEVELOPMENTS

Appropriations include **\$0.3 million to translate a portion of the agency's website to Spanish** and 2.0 new full-time-equivalent librarian positions.

Appropriations include **\$0.2 million to provide a salary adjustment for all staff and to biennialize salary adjustments provided during the 2024–25 biennium.**

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Total appropriations for the State Law Library increased by \$0.5 million in All Funds, or 18.4 percent, from 2024–25 biennial spending levels. The increase includes \$0.2 million for 2.0 additional full-time-equivalent (FTE) librarian positions, \$0.1 million to translate portions of the agency's website to Spanish, and \$0.2 million to provide a salary adjustment for all staff positions and biennialize salary adjustments initiated during the 2024–25 biennium.

PROGRAMS

The State Law Library's Administration program area includes the following responsibilities: (1) collection management; (2) maintaining the judicial collection; (3) providing reference services for library patrons; (4) providing reference services for incarcerated offenders within the Texas Department of Criminal Justice (TDCJ) and their families; and (5) providing virtual legal resources to remote users.

The library's collection includes more than 100,000 items of primary and secondary source material on Texas law, information on Texas legal history, federal primary source materials, major law reviews, treatises and monographs on general law, and selected federal publications. In addition, the library purchases, distributes, and maintains a judicial collection ordered and used by the judges and staff of the Court of Criminal Appeals and the Supreme Court of Texas. The library updates these collections and addresses any library-related issues raised by court staff.

Library staff assist visitors with locating legal reference materials and answering questions via phone, email, and mail. In addition, library staff maintain topical guides regarding specific sections of the law, maintain and enhance the library's website, and provide training for library patrons on conducting legal research. The library also charges fees to provide reference and copy services to incarcerated offenders within TDCJ and their families. This service includes providing copies of case files, answering basic legal reference questions, and providing copies of case law, law review articles, historical statutes, and other legal reference material.

Since fiscal year 2014, the library has provided remote access service to its legal databases, electronic books, digitized historical statutes, and the topical research guides maintained by library staff. The agency reports that registrants for these digital resources represent 239 of the 254 Texas counties. The agency also reports that it added 11,321 new remote registrants and recorded 11.3 million views of its website during fiscal year 2024.

The administration program area is appropriated \$3.1 million in All Funds and 14.0 FTE positions for the 2026–27 biennium. General Revenue Funds provide \$3.1 million, or 99.6 percent, of the appropriations, and Appropriated Receipts contribute the remaining \$14,000, or 0.4 percent.

STATE COMMISSION ON JUDICIAL CONDUCT

PURPOSE: To investigate judicial misconduct or judicial incapacity and, if necessary, take appropriate action including discipline, education, censure, or the filing of formal procedures that could result in removal from office.

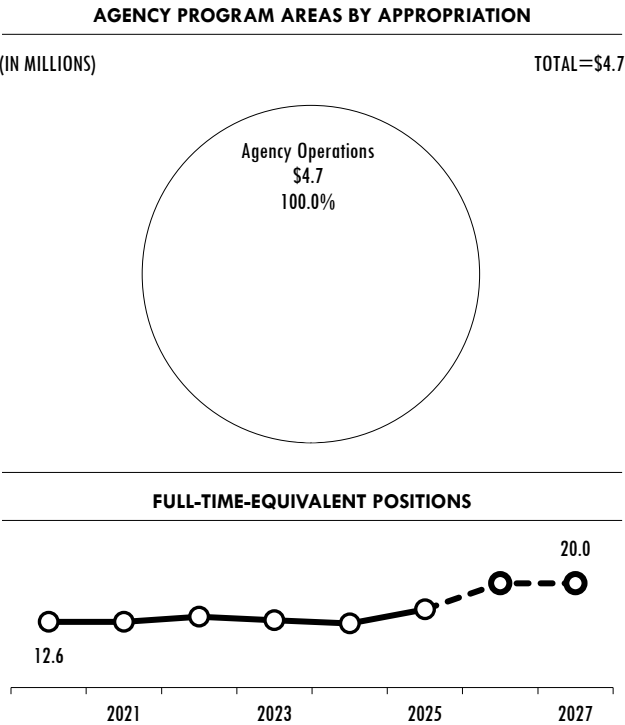
ESTABLISHED: 1965

AUTHORIZING STATUTE: The Texas Constitution, Article V, §1-a; the Texas Government Code, Chapter 33

GOVERNANCE: 13-member commission appointed by the Supreme Court of Texas, State Bar of Texas, and the Governor

FIGURE 231
STATE COMMISSION ON JUDICIAL CONDUCT BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$5.6	\$4.7	(\$0.9)	(15.7%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$5.6	\$4.7	(\$0.9)	(15.7%)



SIGNIFICANT DEVELOPMENTS

The **State Commission on Judicial Conduct** anticipates that it will **dispose of 2,000 cases** alleging judicial misconduct or incapacity during the 2026–27 biennium.

Appropriations include **\$1.0 million in General Revenue Funds** for new full-time-equivalent positions, including 2.0 FTE attorney positions, 1.0 legal assistant position, 1.0 administrative assistant position, and 1.0 investigator position.

Appropriations include **\$0.7 million in General Revenue Funds to provide a salary adjustment for all staff**, including the executive director.

NOTES:

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

(2) Full-time-equivalent (FTE) positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations to the State Commission on Judicial Conduct (SCJC) decrease by \$0.9 million in General Revenue Funds, or 15.7 percent, from 2024–25 biennial spending levels. This change is due primarily to the following changes:

- an increase of \$1.0 million for 5.0 additional full-time-equivalent (FTE) positions including 2.0 attorney positions, 1.0 legal assistant position, 1.0 administrative assistant position, and 1.0 investigator position and funding for travel, legal resources, and additional onboarding costs;
- an increase of \$0.7 million to provide a salary increase for all staff; and
- an increase of \$0.1 million for additional court reporter services and to biennialize salary adjustments initiated during the 2024–25 biennium.

The agency also receives supplemental appropriations through House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, including \$2.5 million for an office renovation or relocation and \$0.1 million for a new case management system.

PROGRAMS

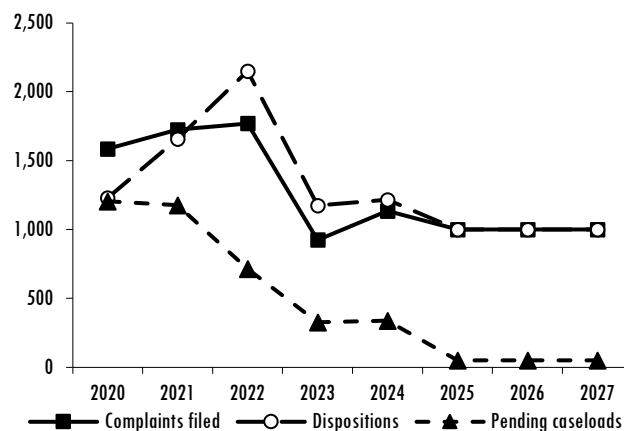
SCJC carries out its responsibilities through its Administration program area.

The SCJC Administration and Enforcement program enforces the Code of Judicial Conduct promulgated by the Supreme Court of Texas by considering allegations of judicial misconduct or incapacity from the public, which could lead to investigation by SCJC staff. SCJC also may accept complaints, conduct investigations, and take actions with respect to candidates for judicial office in the same manner as actions taken with respect to a judge. **Figure 232** shows the agency's record of complaints accepted and disposed and pending caseloads.

After an investigation, SCJC may dismiss the complaint or issue an order of additional education, suspension, or private or public sanction; or the judge may resign in lieu of disciplinary action. The judge may appeal any of these decisions to a panel of three appellate judges, known as a special court of review, which will preside over a trial that is open to the public.

SCJC may initiate either informal or formal proceedings, the latter of which includes the filing of a formal charge against

FIGURE 232
COMPLAINTS ACCEPTED, DISPOSITIONS, AND PENDING CASELOADS AT THE STATE COMMISSION ON JUDICIAL CONDUCT, FISCAL YEARS 2020 TO 2027



NOTE: Data for fiscal years 2026 and 2027 are projected.
SOURCE: State Commission on Judicial Conduct.

the judge. In the event of formal proceedings, all filings and proceedings in the case become public. After the notice of formal charges, a fact-finding hearing is conducted by either SCJC or a special master appointed by the Supreme Court.

After a public trial or formal hearing, the special master reports findings of fact to SCJC, which then votes for dismissal or public censure, or recommends the judge's removal or involuntary retirement to the Supreme Court. A judge receiving a public censure may appeal this decision to a special court of review, which may move for dismissal, affirm the SCJC's decision, or move for formal proceedings.

The administration program area is appropriated \$4.7 million in General Revenue Funds and 20.0 FTE positions for the 2026–27 biennium.

SIGNIFICANT LEGISLATION

Senate Bill 293 – Judicial compensation and discipline of judges. The legislation expands the definition of willful or persistent misconduct for which SCJC may issue discipline, shortens the timeframes and revises the process for investigating and disposing of complaints, and authorizes SCJC to impose an administrative penalty for knowingly filing a false complaint.

Senate Joint Resolution 27 – Membership and authority of the State Commission on Judicial Conduct. The voter-approved constitutional amendment revises the membership of the SCJC and certain processes related to how it may issue discipline.

JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT

PURPOSE: To manage judicial branch expenditures, including compensation and payments to district judges, county-level judges, and local prosecutors, including the Special Prosecution Unit. Special programs include reimbursements to counties for juror pay and certain witness expenses.

ESTABLISHED: 1835

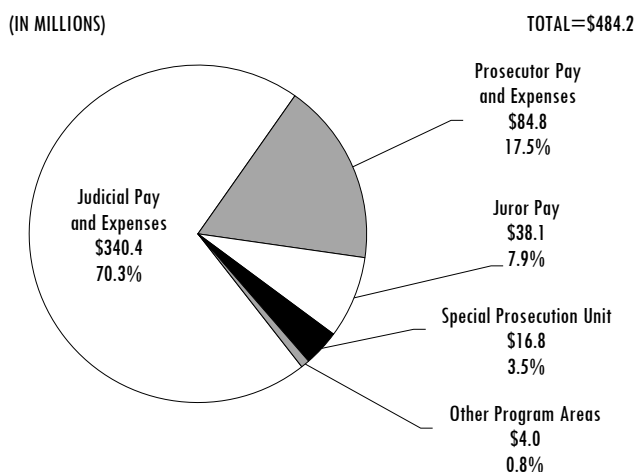
AUTHORIZING STATUTE: Various chapters of the Texas Government Code and the Texas Code of Criminal Procedure

GOVERNANCE: Appropriations at the Comptroller of Public Accounts fund the direct costs of administering judicial branch payments

FIGURE 233
JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT, BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$261.6	\$340.4	\$78.9	30.2%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$140.5	\$143.7	\$3.2	2.3%
Total, All Methods of Finance	\$402.1	\$484.2	\$82.1	20.4%

AGENCY PROGRAM AREAS BY APPROPRIATION

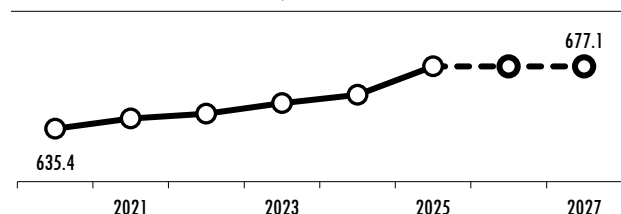


SIGNIFICANT DEVELOPMENTS

Appropriations include **\$73.1 million in General Revenue Funds** to provide a 25.0-percent salary adjustment to the base salary of a district judge and for salaries and supplements calculated from the base pay of a district judge, pursuant to **Senate Bill 293, Eighty-ninth Legislature, Regular Session**.

Appropriations include **\$1.8 million in General Revenue Funds** to increase the county supplement paid to constitutional county judges, pursuant to House Bill 2529, Eighty-ninth Legislature, Regular Session, 2025.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the Judiciary Section, Comptroller's Department (Comptroller of Public Accounts), increased by a net \$82.1 million, or 20.4 percent, in All Funds from 2024–25 biennial spending levels primarily due to the following changes:

- an increase of \$73.1 million in General Revenue Funds to provide a 25.0-percent salary adjustment to the base pay of a district judge and all salaries and supplements statutorily calculated from the base pay of a district judge, pursuant to Senate Bill 293, Eighty-ninth Legislature, Regular Session, 2025;
- an increase of \$2.4 million in General Revenue Funds to hire a database manager and establish three new trial teams at the Special Prosecution Unit in Walker County;
- an increase of \$1.8 million in General Revenue Funds to increase the county supplement paid to constitutional county judges, pursuant to the provisions of House Bill 2529, Eighty-ninth Legislature, Regular Session, 2025;
- an increase of \$0.8 million to biennialize amounts appropriated for House Bill 3474, Eighty-eighth Legislature, Regular Session, 2023;
- an increase of \$0.6 million to provide a salary adjustment to prosecutors employed at the Special Prosecution Unit;
- an increase of \$0.3 million for increased benefits costs and administrative fees assessed by Walker County for the Special Prosecution Unit; and
- an increase of \$0.3 million in General Revenue Funds to provide a 6.0-percent salary adjustment for all non-attorney staff at the Special Prosecution Unit.

PROGRAMS

The Judiciary Section receives appropriations for five program areas: (1) judicial pay and expenses; (2) prosecutor pay and expenses; (3) reimbursements to counties for juror pay; (4) pass-through grants to the Special Prosecution Unit, headquartered in Walker County; and (5) other program areas.

Appropriations for the Judiciary Section total \$484.2 million in All Funds, including \$340.5 million in General Revenue Funds and \$143.7 million in Other Funds. Revenue from

Other Funds consist mainly of criminal court costs and civil filing fees and provides a portion of the funding for district judge, statutory county judge, and prosecutor salaries and salary supplements.

JUDICIAL PAY AND EXPENSES

The responsibilities of the Judicial Pay and Expenses program area are carried out through 12 programs that provide salaries and payments to district and visiting judges and salary supplement payments to constitutional, statutory county, and statutory probate judges.

DISTRICT JUDGES

District courts serve as the primary trial courts in the state, handling civil and criminal cases. Funding for district court judges totals \$211.8 million in All Funds, distributed among three programs. Funding for the District Judges Salaries program totals \$210.8 million in All Funds, an increase of \$41.8 million, or 24.8 percent, of which \$41.1 million implements the provisions of Senate Bill 293, Eighty-ninth Legislature, Regular Session, 2025, for a 25.0-percent salary adjustment to the base pay of a district judge from \$140,000 to \$175,000.

The District Judges – Travel program provides for the payment of the expenses of district judges while they are performing their duties in a county other than their county of residence. Funding totals \$0.6 million in All Funds, which continues 2024–25 biennial expenditure levels.

The Judicial Salary Per Diem program provides for the payment of a per diem for active, retired, and former district judges and statutory county-court-at-law judges serving on assignment, and for active and retired appellate justices when holding court outside of their district or county when assigned. Funding totals \$0.4 million in All Funds, which also continues 2024–25 biennial expenditure levels.

COUNTY JUDGES

Funding for county-level judges is provided through three programs totaling \$81.8 million in All Funds. County judges receive salary supplements through the Statutory County Judge Supplement, Statutory Probate Judge Supplement, and Constitutional County Judge Supplement programs. The state salary supplement for the judges of the 280 statutory county and statutory probate courts in operation as of September 1, 2025, is \$105,000. Funding for the Statutory County Judge Supplement program totals \$57.9 million in All Funds and funding for the Statutory Probate Judge

Supplement program totals \$6.1 million in All Funds, an increase of \$14.9 million from 2024–25 biennial spending levels primarily due to provisions of Senate Bill 293, which provides a 25.0-percent salary adjustment to supplements statutorily calculated from the base pay of a district judge.

The state provides an annual salary supplement of \$31,500 to a constitutional county judge if at least 40.0 percent of the functions that the judge performs are judicial functions through appropriations for the Constitutional County Judge Supplement program, which totals \$17.8 million in All Funds, an increase of \$4.6 million due to the enactment of Senate Bill 293 and House Bill 2529, Eighty-ninth Legislature, Regular Session, 2025, which increases the county supplement paid to constitutional county judges based on years of service and provides a 25.0-percent salary adjustment to supplements statutorily calculated from the base pay of a district judge.

VISITING JUDGES

Funding for visiting judges is provided through two programs totaling \$27.6 million in All Funds. The Visiting Judge – Appellate and Visiting Judge – Regions programs provide funding for the assignment of visiting judges at the trial and appellate court levels by the presiding judges of the administrative judicial regions. Visiting Judge – Appellate program appropriations total \$0.7 million in All Funds and the Visiting Judge – Regions program appropriations total \$26.9 million in All Funds, maintaining appropriations levels from the 2024–25 biennium.. Visiting judges serving in district and appellate courts are compensated at 100.0 percent of the salary of an active district judge or appellate justice.

OTHER JUDICIAL PAY AND EXPENSES

Funding for the three remaining programs that provide for judicial pay and expenses total \$1.9 million in All Funds, an increase of \$0.8 million, or 72.7 percent. Multidistrict Litigation Judges Salary and Benefits program appropriations total \$0.4 million in General Revenue Funds to provide for the payment of salaries, salary supplements, and benefits for active and retired judges assigned to multidistrict courts. Appropriations for the First Multicounty Court at Law total \$0.4 million in Other Funds from the Judicial Fund to provide payments to Fisher and Nolan counties. Appropriations for the Second Multicounty Court at Law total \$0.3 million in General Revenue Funds to provide payments to Bee, Live Oak, and McMullen counties. Finally, appropriations for the Local Administrative Judge

Supplement program total \$0.8 million in General Revenue Funds for the payment of state salary supplements to local administrative judges serving in counties with more than five district courts.

Appropriations for the Judicial Pay and Expenses program area total \$323.1 million in All Funds, an increase of \$62.1 million, or 24.0 percent, from 2024–25 biennial spending levels, including 513.1 full-time-equivalent (FTE) positions.

PROSECUTOR PAY AND EXPENSES

The responsibilities of the Prosecutor Pay and Expenses program area are carried out through eight programs that fund salaries and salary supplements for positions calculated from the state base salary of a district judge by statute: professional prosecutors, which include 155 district attorneys, criminal district attorneys, county attorneys prohibited from the private practice of law, and five prosecutors permitted to engage in private practice; and for salary supplements paid to 224 constitutional county attorneys.

PROFESSIONAL PROSECUTOR SALARIES

Funding for prosecutor salaries is provided through four programs totaling \$66.7 million in All Funds, which is an increase of \$12.8 million from 2024–25 biennial spending levels.

The District Attorney – Salaries program provides salary payments to district attorneys permitted to engage in the private practice of law. Funding totals \$2.1 million in All Funds, an increase of \$0.3 million from 2024–25 biennial spending levels, or 18.7 percent. The Professional Prosecutors: Salaries program provides salary payments to district attorneys included in the Professional Prosecutors Act. Funding totals \$63.2 million in All Funds, which is \$12.2 million greater than 2024–25 biennial spending levels.

The Felony Prosecutors – Salaries program provides salary payments to select criminal district attorneys and to two county attorneys that perform the duties of a district attorney. Funding totals \$1.1 million in All Funds, an increase of \$0.3 million from 2024–25 biennial spending levels for estimated prosecutor compensation obligations. The Prosecutors – Subchapter C program provides a portion of funding for prosecution in certain eligible counties where a district attorney is not receiving a state salary (Harris County). Funding totals \$0.3 million in All Funds, which is equivalent to the 2024–25 biennial spending levels.

FELONY PROSECUTOR TRAVEL AND OFFICE APPORTIONMENTS

The Felony Prosecutors – Travel program provides funding for prosecuting attorneys engaged in official duties in a county other than the prosecutor’s county of residence for the payment of travel and other necessary expenses. Funding totals \$0.3 million in All Funds, which is equivalent to the 2024–25 biennial spending levels.

The Felony Prosecutors – Expenses program provides funding for the reimbursement of authorized expenses that a professional prosecutor incurs in the discharge of official duties. This funding pays for salaries of assistant district attorneys, investigators, and secretarial help; supplies; and expenses, with payment amounts that vary by district population as established in the Eighty-ninth Legislature, General Appropriations Act (GAA), 2026–27 Biennium. The GAA provides \$22,500 per office for felony prosecutors serving districts with populations of more than 50,000; \$27,500 for felony prosecutors serving districts with populations of less than 50,000; and \$11,083 for the Harris County District Attorney. Funding totals \$8.3 million in All Funds, which continues 2024–25 biennial spending levels.

COUNTY ATTORNEY SUPPLEMENTS

The County Attorney Supplement program provides funding for a salary supplement to constitutional county attorneys that do not have general felony jurisdiction and that are not state prosecutors, pursuant to the Texas Government Code, Chapter 46, the Professional Prosecutors Act. County attorneys are authorized to receive a supplement based upon one-half the state base salary of a district judge divided by the number of counties within the jurisdiction of a state prosecutor serving the county, but in an amount not less than one-sixth of a district judge’s state base salary. Funding totals \$17.3 million in General Revenue Funds, an increase of \$3.7 million from 2024–25 biennial spending levels, to implement the provisions of Senate Bill 293, which increases the base salary of a district judge from \$140,000 to \$175,000. County supplements are calculated from the base salary of a district judge; therefore, the supplement also increases.

ASSISTANT STATE PROSECUTOR LONGEVITY PAY

The Assistant Prosecutor Longevity Pay program provides assistant state prosecutors with longevity pay of \$20 per month for each year of lifetime service credit up to \$5,000 annually. Funding totals \$9.5 million in All Funds, maintaining 2024–25 biennial spending levels.

Appropriations for the Prosecutor Pay and Expenses program area total \$102.1 million in All Funds, an increase of \$16.5 million from 2024–25 biennial spending levels, including 164.0 FTE positions. This increase is due to a 25.0-percent salary adjustment to all salaries that are calculated from the base pay of a district judge, pursuant to Senate Bill 293.

JUROR PAY

The Juror Pay program provides funding to meet legal requirements that counties pay jurors \$40 or more per day after the first day of service, and the state reimburses counties for \$14 on the first day and \$52 each remaining day. Funding for the Juror Pay program area totals \$38.1 million, maintaining 2024–25 biennial spending levels. The state contribution toward juror pay is funded from revenues generated by a court fee charged upon conviction of any offense, other than pedestrian-related or parking-related offenses.

SPECIAL PROSECUTION UNIT

The responsibilities of the Special Prosecution Unit (SPU) program area are carried out through the SPU office located in Walker County. SPU is staffed by Walker County employees and has three divisions: Criminal, Juvenile, and Civil. The Criminal Division prosecutes crimes committed within the Texas Department of Criminal Justice prison system. The Juvenile Division prosecutes criminal offenses or delinquent conduct committed within Texas Juvenile Justice Department facilities. The Civil Division assists local county prosecutors with the initiation of civil commitments of sexually violent predators.

Appropriations for the SPU program area total \$16.9 million for the 2026–27 biennium, an increase of \$3.4 million in General Revenue Funds, or 25.1 percent, to provide \$2.4 million for three new trial teams and 1.0 database manager, \$0.6 million to provide a salary adjustment for certain prosecutor positions, \$0.2 million to pay for insurance and benefits premiums, and \$0.1 million for increased administrative costs provide to SPU by Walker County.

OTHER PROGRAM AREAS

This program area provides appropriations for the following five programs:

- \$2.8 million for the Witness Expenses program, which provides for payment of county expenses for witnesses called in criminal proceedings that reside outside the county where the trial is held;

- \$1.2 million for the National Center for State Courts program, which provides for payment of a membership assessment with the National Center for State Courts on behalf of the Texas Judiciary;
- \$0.1 million for the Indigent Inmate Defense program, which provides reimbursement for payment of expenses incurred by counties for attorney compensation and expenses awarded when the court appoints an attorney for an inmate's legal defense;
- \$50,000 for the Death Penalty Habeas Representation program, which provides compensation of court appointed counsel representing death row inmates in habeas corpus representation; and
- \$10,000 for the Docket Equalization program, which provides funding to support the Supreme Court of Texas' transfer of cases from one court of appeals to another, including payment of travel expenses incurred by appellate justices and their staff that travel to hear cases transferred to them for disposition.

Appropriations for Other Program Areas total \$4.2 million in All Funds, which is an increase of 2.1 percent from 2024–25 biennial spending levels.

SIGNIFICANT LEGISLATION

House Bill 2529 – Salary supplement for certain county judges. The legislation requires the state supplement for certain county judges to increase after four years and eight years of services as a constitutional county judge. Appropriations total \$0.9 million in General Revenue Funds each fiscal year to implement the provisions of the legislation.

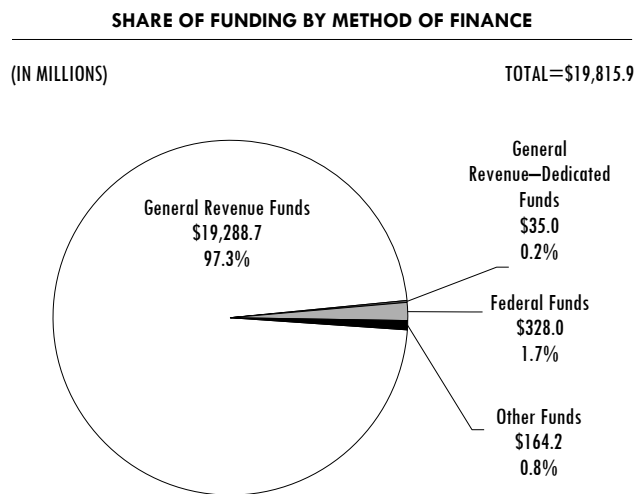
Senate Bill 293 – Judicial compensation. The legislation increases the base salary of a district judge from \$140,000 to \$175,000. By statute, the salaries of many positions and supplements are calculated from the base salary of a district judges. Appropriations to the Comptroller of Public Accounts, Judiciary Section, total \$36.5 million in General Revenue Funds each fiscal year to implement the provisions of the legislation.

8. PUBLIC SAFETY AND CRIMINAL JUSTICE

Public safety and criminal justice agencies are funded in Article V of the General Appropriations Act and provide various services to protect the safety and security of Texans. Those services include the adult and juvenile corrections systems (community supervision, incarceration, and parole services), law enforcement and highway patrol, the Texas military forces, and driver license processing. Additional services include county jail regulation, law enforcement officer training and licensing, alcoholic beverage industry oversight, and firefighter certification. Border security is coordinated among several agencies in Article V and agencies in other articles of government.

FIGURE 234
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$15,222.3	\$19,288.7	\$4,066.4	26.7%
General Revenue–Dedicated Funds	\$117.1	\$35.0	(\$82.1)	(70.1%)
Federal Funds	\$5,779.8	\$328.0	(\$5,451.8)	(94.3%)
Other Funds	\$187.3	\$164.2	(\$23.1)	(12.3%)
Total, All Methods of Finance	\$21,306.5	\$19,815.9	(\$1,490.6)	(7.0%)



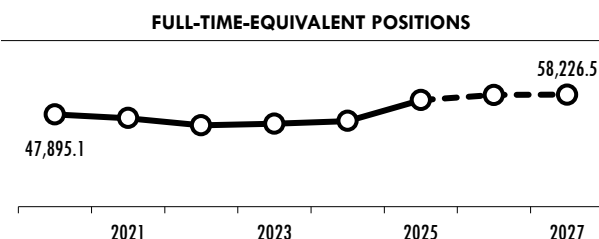
SIGNIFICANT DEVELOPMENTS

In addition to biennializing funding for the statewide salary adjustment initiated during the 2024–25 biennium (\$196.9 million), the Legislature appropriated funds to provide further salary adjustments for **correctional officers at the Texas Department of Criminal Justice (\$330.6 million)** and **direct-care staff at the Texas Juvenile Justice Department (\$19.3 million)**.

Funding for border security at public safety and criminal justice agencies totals \$2,993.6 million, primarily to support Operation Lone Star activities at the Texas–Mexico border.

Local juvenile probation department **funding increases by \$31.8 million to align funding with 2026–27 biennial population projections and provide salary increases to juvenile probation department staff.**

Funding of \$319.5 million in General Revenue Funds is provided to the Texas Department of Public Safety for 467.0 new commissioned law enforcement officer FTE positions and 135.5 support FTE positions.



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.
- (3) Full-time-equivalent (FTE) positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

FIGURE 235**ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE APPROPRIATIONS BY AGENCY, ALL FUNDS**

(IN MILLIONS)				
FUNCTION	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Alcoholic Beverage Commission	\$128.3	\$120.8	(\$7.5)	(5.8%)
Texas Department of Criminal Justice	\$10,163.7	\$9,752.6	(\$411.1)	(4.0%)
Texas Commission on Fire Protection	\$6.3	\$7.9	\$1.5	24.2%
Texas Commission on Jail Standards	\$4.1	\$4.4	\$0.3	7.2%
Texas Juvenile Justice Department	\$1,167.5	\$954.7	(\$212.8)	(18.2%)
Texas Commission on Law Enforcement	\$26.9	\$39.5	\$12.5	46.5%
Texas Military Department	\$2,467.8	\$2,083.1	(\$384.7)	(15.6%)
Texas Department of Public Safety	\$4,148.3	\$3,790.9	(\$357.4)	(8.6%)
Subtotal, Public Safety and Criminal Justice	\$18,113.0	\$16,753.8	(\$1,359.2)	(7.5%)
Employee Benefits and Debt Service	\$3,411.1	\$3,233.1	(\$178.0)	(5.2%)
Less Interagency Contracts	\$217.6	\$170.9	(\$46.6)	(21.4%)
Total, All Functions	\$21,306.5	\$19,815.9	(\$1,490.6)	(7.0%)

NOTES:

(1) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.

(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.

MAJOR FUNDING

The 2026–27 biennial funding levels for public safety and criminal justice (PSCJ) agencies and benefits total \$19.8 billion in All Funds, which is primarily General Revenue Funds. This amount is a decrease of \$1.5 billion, or 7.0 percent, from 2024–25 biennial funding levels. The following sections provide details regarding selected increases at PSCJ agencies.

PAY INCREASES

In addition to the biennialization of the statewide salary adjustment initiated during the 2024–25 biennium (\$196.9 million), the Eighty-ninth Legislature, Regular Session, 2025, authorized salary adjustments for public safety and criminal justice agencies in various amounts: a 10.0 percent increase for Texas Department of Criminal Justice (TDCJ) correctional officers (\$330.6 million), a 15.0 percent increase for parole officers at both TDCJ and the Board of Pardons and Paroles (\$32.0 million), and targeted increases for all other TDCJ staff (\$20.0 million); a 15.0 percent increase for Texas Juvenile Justice Department (TJJD) direct-care staff (\$19.3 million); targeted increases for noncommissioned staff at the Texas Department of Public Safety (DPS) (\$16.1 million); targeted increases for health professionals who provide care for TJJD youth (\$1.1 million); an increase for

commissioned peace officers to be placed on salary classification schedule C at TJJD (\$0.8 million) and at the Texas Commission on Law Enforcement (TCOLE) (\$0.7 million); targeted increases for certain administrative staff positions at the Texas Alcoholic Beverage Commission (TABC) (\$0.6 million); and targeted adjustments at the Texas Commission on Fire Protection (\$0.2 million) and the Texas Commission on Jail Standards (TCJS) (\$0.1 million). Raises also were provided for local adult and juvenile probation department employees.

BORDER SECURITY

The Eighty-ninth Legislature, Regular Session, 2025, appropriated \$3,351.7 million to 13 state agencies for border security. These agencies include six PSCJ agencies: the Texas Military Department (TMD) receives \$1,765.5 million, DPS receives \$1,194.6 million, TDCJ receives \$25.9 million, TABC receives \$6.9 million, TCJS receives \$0.4 million, and TCOLE receives \$0.3 million.

TMD receives \$1,756.5 million for Operation Lone Star (OLS) and to support other border security activities. The State Guard and National Guard support OLS by maintaining security points, conducting mobile land and river patrols, and constructing temporary fencing and barriers along the Texas–Mexico border.

At DPS, border security funding includes a decrease of \$40.0 million, or 3.2 percent, related to the removal of an Interagency Contract with the Trusteed Programs within the Office of the Governor for border security operations. Funding received includes the following amounts: \$942.6 million appropriated previously to the agency for salary and wages for 650 additional troopers, a 50.0-hour work week, human trafficking prevention, antigang activities, cameras, and equipment; \$75.5 million for salary adjustments; \$25.1 million reallocated to capital budget projects related to OLS; and \$151.4 million to biennialize OLS 52-week surge costs.

SUPPLEMENTAL FUNDING

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, includes supplemental appropriations in General Revenue Funds for PSCJ agencies for fiscal year 2025. Supplemental appropriations from General Revenue Funds are provided to TDCJ for correctional managed healthcare (\$336.4 million), the construction of additional dormitories (\$301.0 million), deferred maintenance (\$286.3 million), agency operations (\$230.0 million), various information technology-related projects (\$160.0 million), the purchase of the Dalby Correctional Facility (\$110.0 million), and agency vehicles (\$43.6 million). DPS is appropriated funding for agency vehicles (\$146.9 million), various information technology projects (\$116.7 million), and facility needs (\$24.0 million). TJJD is appropriated funding to complete the construction of two new facilities (\$104.0 million), reimburse counties for holding youth (\$13.3 million), purchase agency vehicles (\$6.4 million), complete deferred maintenance (\$5.0 million), and modernize agency applications (\$4.5 million). TMD is appropriated funding for State of Texas Armory Revitalization projects (\$75.0 million) and roof replacements (\$9.7 million).

TEXAS ALCOHOLIC BEVERAGE COMMISSION

PURPOSE: To deter violations of the Texas Alcoholic Beverage Code by inspecting licensed establishments within the alcoholic beverage industry, investigating complaints, regulating the personal importation of alcoholic beverages and cigarettes through the state’s ports-of-entry locations with Mexico and the seaport at Galveston, and enforcing state law.

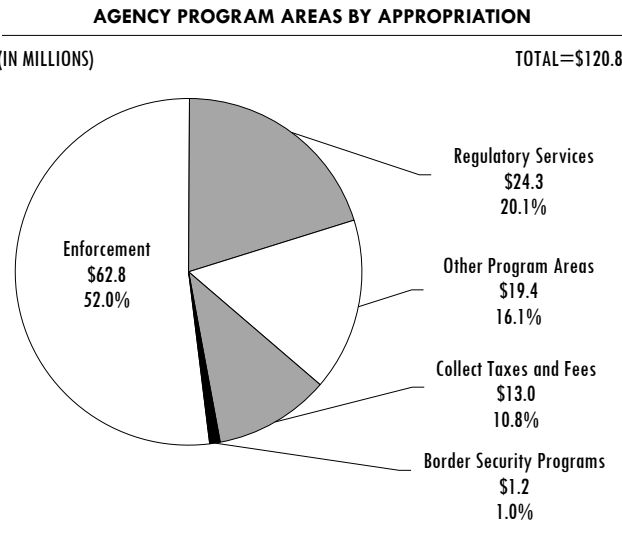
ESTABLISHED: 1970

AUTHORIZING STATUTE: The Texas Alcoholic Beverage Code, §5.01

GOVERNANCE: Five-member commission appointed by the Governor, with the advice and consent of the Senate

FIGURE 236
TEXAS ALCOHOLIC BEVERAGE COMMISSION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$126.5	\$119.8	(\$6.7)	(5.3%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$1.3	\$0.8	(\$0.5)	(39.2%)
Other Funds	\$0.4	\$0.2	(\$0.2)	(54.3%)
Total, All Methods of Finance	\$128.3	\$120.8	(\$7.5)	(5.8%)



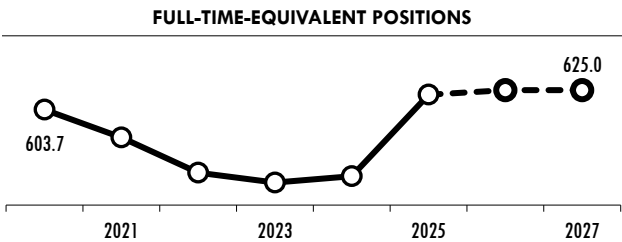
SIGNIFICANT DEVELOPMENTS

The Texas Alcoholic Beverage Commission (TABC) **collected \$260.4 million** in taxes, **\$94.6 million** in license and permit fees, and **\$7.2 million** in other collections for a **total of \$362.3 million** during fiscal year 2025.

TABC **issued 50,526 permits and licenses** and **conducted 2,195 audits** during fiscal year 2025.

Appropriations of **\$64.0 million** and **300.4 full-time-equivalent positions** are provided for **investigations regarding human trafficking, criminal activities, and border security**.

Appropriations include **\$5.0 million** to compensate TABC agents in accordance with the **Schedule C Classification Salary Schedule**.



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the Texas Alcoholic Beverage Commission (TABC) for the 2026–27 biennium total \$120.8 million, a decrease of \$7.5 million in All Funds, or 5.8 percent from the 2024–25 biennial expenditure level. Appropriated funding includes an increase of \$5.0 million in General Revenue Funds to compensate peace officers in accordance with the state's Position Classification Plan, Salary Schedule C; \$1.7 million in General Revenue Funds to biennialize the statewide salary adjustment implemented during the 2024–25 biennium; and \$0.6 million in General Revenue Funds for salary increases for indirect administration employees. These increases were offset by a decrease of \$7.4 million in General Revenue Funds for Alcohol Industry Management System (AIMS) onetime funding, \$2.7 million in General Revenue Funds for vehicles, and \$0.7 million in Federal Funds and Other Funds.

TABC received \$3.1 million in General Revenue Funds for information technology improvements and \$1.4 million in General Revenue Funds for motor vehicle purchases for fiscal year 2025 as supplemental appropriations.

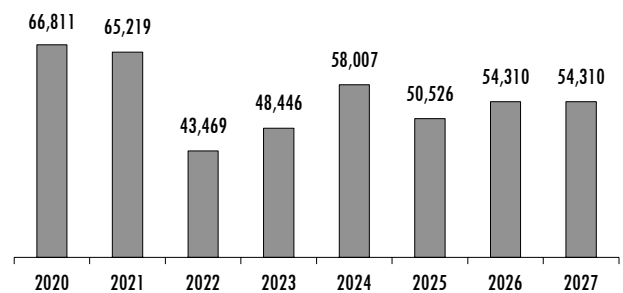
PROGRAMS

TABC carries out its responsibilities through three primary program areas: (1) enforcement, (2) regulatory services, and (3) collection of taxes and fees. A fourth program area includes other functions such as information technology, central administration, and other support services.

The enforcement program area coordinates with local, other state, and federal law enforcement agencies to gather intelligence and conduct administrative and criminal investigations of licensed premises, including those in the Texas–Mexico border region to promote border security. TABC employs commissioned peace officers to serve as TABC agents. Within the criminal investigations program, TABC law enforcement agents conduct inspections, underage compliance operations, and undercover operations in TABC-licensed businesses across the state. Specialized units engage in long-term investigations of organized criminal activity, such as human trafficking, narcotics, money laundering, and tax fraud, on premises associated with a TABC license or permit holder.

Appropriations for the enforcement program area for the 2026–27 biennium total \$64.0 million, consisting primarily of General Revenue Funds, and provide for 300.4 full-time-

FIGURE 237
ALCOHOLIC BEVERAGE LICENSES AND PERMITS ISSUED
FISCAL YEARS 2020 TO 2027



NOTE: Amounts for fiscal years 2026 and 2027 are projected.
SOURCE: Texas Alcoholic Beverage Commission.

equivalent (FTE) positions, representing a \$1.9 million increase from 2024–25 biennial spending levels. At the program level, All Funds appropriations for the criminal investigations program total \$57.7 million and include 265.4 FTE positions, appropriations for the human trafficking program total \$5.2 million and 29.0 FTE positions, and appropriations for the border security program total \$1.2 million and 6.0 FTE positions.

The regulatory services program area includes the licensing and labeling, regulatory compliance, and marketing programs. The licensing and label approval program processes applications for the alcoholic beverage industry, including manufacturing, sales, purchases, transportation, storage, and distribution. The licensing and label approval program confirms that each applicant is qualified to hold the requested license or permit and complies with all applicable regulatory requirements and registers alcoholic beverages distributed for sale in Texas. The regulatory compliance program conducts inspections, audits, fee analyses, and other financial reviews to prevent fraud and to promote compliance with the Texas Alcoholic Beverage Code. The marketing practices program provides training and educational materials for stakeholders. Appropriations for the regulatory services program area for the 2026–27 biennium total \$24.3 million and 143.2 FTE positions.

Figure 237 shows the actual performance for the number of alcoholic beverage licenses and permits issued from fiscal years 2020 to 2027. The large decrease in the number of licenses and permits issued during fiscal years 2022 and 2023 is due primarily to the consolidation in the type of licenses and permits from 75 to 37, and the slight increase for fiscal year 2023 can be attributed to additional applications received.

The taxes and fees collection program area includes the excise tax administration program and the ports-of-entry program. The excise tax administration program oversees the review and processing of excise tax reports, excise tax payments, and other periodic reports required by law. During fiscal year 2025, TABC collected \$362.3 million in fees and taxes, most of which is deposited to the state Treasury. Appropriations for the excise tax administration program total \$1.5 million in All Funds for the 2026–27 biennium.

The ports-of-entry program is responsible for the collection of excise taxes imposed on imported alcoholic beverages along the Texas–Mexico border and at the Port of Galveston. In fiscal year 2025, tax compliance officers collected \$5.5 million in taxes and administrative fees at 30 ports of entry. Appropriations for the ports of entry program total \$11.6 million in All Funds and 105.8 FTE positions.

In addition to these program areas, appropriations for the information resources program total \$11.0 million in All Funds, which represents a 52.9 percent decrease from the 2024–25 biennium. The Eighty-seventh Legislature, Regular Session, 2021, directed TABC to modernize the licensing and tax technology systems used by enforcement agents, auditors, and licensing agents. The Eighty-ninth Legislature, Regular Session, 2025, maintained appropriations of \$3.9 million for ongoing costs related to AIMS licensing and support.

TEXAS DEPARTMENT OF CRIMINAL JUSTICE

PURPOSE: To incarcerate inmates in state prisons, state jails, and private correctional facilities; to provide funding and certain oversight of community supervision departments; and to be responsible for the supervision of offenders released from prison on parole. The mission of the department is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society, and assist victims of crime.

ESTABLISHED: 1989

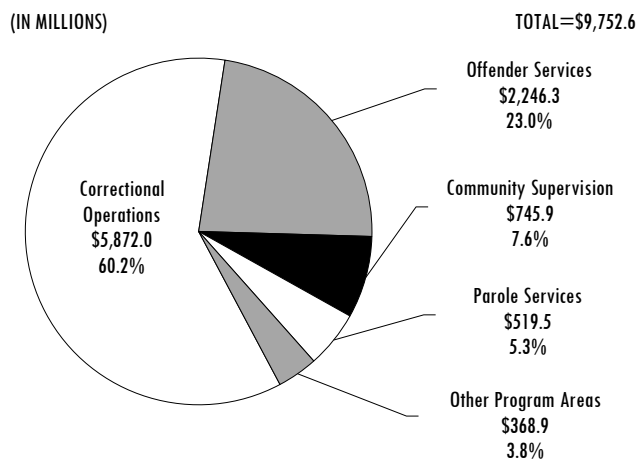
AUTHORIZING STATUTE: The Texas Government Code, Chapter 493

GOVERNANCE: Nine-member board appointed by the Governor with the advice and consent of the Senate

FIGURE 238
TEXAS DEPARTMENT OF CRIMINAL JUSTICE BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$5,254.0	\$9,590.5	\$4,336.5	82.5%
General Revenue–Dedicated Funds	\$85.5	\$1.5	(\$84.1)	(98.3%)
Federal Funds	\$4,651.3	\$18.5	(\$4,632.8)	(99.6%)
Other Funds	\$172.9	\$142.1	(\$30.8)	(17.8%)
Total, All Methods of Finance	\$10,163.7	\$9,752.6	(\$411.1)	(4.0%)

AGENCY PROGRAM AREAS BY APPROPRIATION



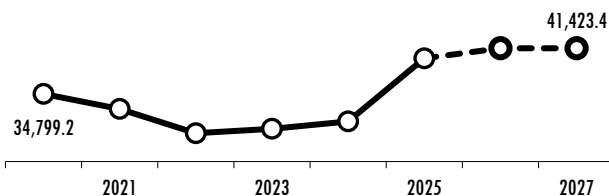
SIGNIFICANT DEVELOPMENTS

Appropriations include **\$330.6 million to provide a 10.0 percent salary increase for correctional officers**. At the end of fiscal year 2025, 18,915.0 full-time-equivalent correctional officer positions, or 77.2 percent of the position cap, were filled.

Correctional managed healthcare funding totals \$1,865.5 million in General Revenue Funds. Appropriations also include \$336.4 million for fiscal year 2025 healthcare expenditures.

Appropriations include **\$128.3 million for the major repair of facilities**. Appropriations for fiscal year 2025 also include \$301.0 million for the construction of new dormitory beds, \$226.3 million for additional major repair of facility projects, and \$110.0 million for the purchase of the Dalby Correctional Facility in Post.

FULL-TIME-EQUIVALENT POSITIONS



Appropriations for community supervision and parole increase by \$24.9 million to align with 2026–27 biennial population projections. Appropriations also include an additional **\$71.4 million in General Revenue Funds for community supervision** and \$32.0 million in General Revenue Funds to provide a 15.0-percent salary increase for Parole Officers.

NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

The 2026–27 biennial appropriation for the Texas Department of Criminal Justice (TDCJ) is \$9,752.6 million in All Funds, a net decrease of \$411.1 million from the 2024–25 biennial spending level. Significant General Revenue Funds increases for the 2026–27 biennium include the following amounts:

- \$330.6 million to provide a 10.0-percent pay increase for correctional officers;
- \$259.0 million to address increasing costs in Correctional Managed Health Care (CMHC);
- \$235.6 million to fund the operation of units reopened to address the increased population;
- \$150.0 million to address increasing operation costs;
- \$124.5 million to biennialize the statewide salary adjustments implemented during the 2024–25 biennium;
- \$46.0 million to bring previously privately operated facilities under state operation;
- \$41.3 million for the operation of the Dalby Correctional Facility;
- \$35.2 million to align funding levels for basic supervision with Legislative Budget Board population projections;
- \$32.0 million to provide a 15.0-percent pay increase for parole officers;
- \$31.5 million to address increased per diem rates at privately operated facilities and programs;
- \$23.2 million to provide salary increases to local community supervision and corrections department (CSCD) staff;
- \$23.2 million to maintain current service levels at CSCD-operated facilities and substance abuse treatment programs;
- \$25.0 million for pretrial diversion programming;
- \$20.0 million for targeted salary increases for TDCJ staff;
- \$19.3 million to expand the number of infirmary beds in the system;
- \$15.6 million for Data Center Services;
- \$15.6 million for training and retention initiatives;
- \$9.8 million for the inmate telephone system;

- \$9.0 million to expand services within the Texas Correctional Office on Offenders with Medical or Mental Impairments;
- \$7.0 million to enhance information technology staffing;
- \$4.4 million to convert the Bell Unit to an outpatient mental health facility;
- \$2.1 million to address increased lease expenses at the Board of Pardons and Paroles (BPP);
- \$1.3 million to fund the victim's liaison program at BPP;
- \$1.0 million for targeted salary increases for staff at BPP;
- \$1.0 million to hire 10.0 additional full-time-equivalent institutional parole officer positions at BPP;
- \$0.9 million in additional funding for battering intervention and prevention programs; and
- \$0.3 million for exempt position salary increases at BPP.

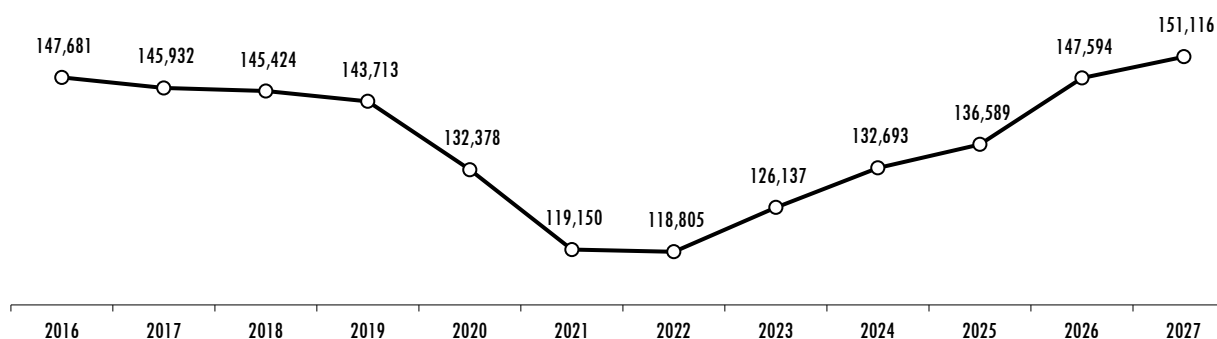
These amounts are offset partially by decreases such as the discontinuation of \$328.1 million in onetime funding from the 2024–25 biennium for deferred maintenance, vehicle replacements, and information technology system enhancements.

Funding for CMHC totals \$1,865.5 million in All Funds, a net \$13.8 million decrease from 2024–25 biennial funding levels. Supplemental appropriations include \$336.4 million to fund CMHC expenditures for fiscal year 2025.

In addition to the supplemental CMHC appropriations, significant funding changes for fiscal year 2025 pursuant to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, include the following General Revenue Funds amounts:

- \$301.0 million for the construction of additional dormitories;
- \$286.3 million for various deferred maintenance projects;
- \$230.0 million to address a shortfall in agency operations;
- \$160.0 million for various information technology projects;

FIGURE 239
ACTUAL AND PROJECTED AVERAGE END-OF-MONTH CORRECTIONAL INSTITUTIONS POPULATION
FISCAL YEARS 2016 TO 2027



NOTE: Fiscal years 2026 and 2027 populations are projected.

SOURCES: Legislative Budget Board; Texas Department of Criminal Justice.

- \$110.0 million for the purchase of the Dalby Correctional Facility; and
- \$43.6 million for agency vehicles.

PROGRAMS

TDCJ's statutory mission is to provide public safety, promote change in offender behavior, reintegrate incarcerated individuals into society, and assist victims of crime. TDCJ carries out its responsibilities through five major program areas: (1) correctional operations, (2) offender services, (3) community supervision, (4) other programs, and (5) parole services.

CORRECTIONAL OPERATIONS

The correctional operations program area includes 13 programs that are responsible for managing and operating the state's correctional institutions. TDCJ's major correctional operations programs for incarcerated individuals include correctional security, support, and training; agriculture operations; classification and records; commissary operations; contract prison and privately operated state jails; food and unit services; and Texas Correctional Industries (TCI).

Figure 239 shows TDCJ's actual and projected correctional populations from fiscal years 2016 to 2027. The projected end-of-month yearly average of incarcerated individuals is 147,594 for fiscal year 2026 and 151,116 for fiscal year 2027. The incarcerated population in TDCJ correctional institutions decreased from fiscal years 2016 to 2025 and is expected to increase from fiscal years 2026 to 2030. Incarcerated individuals are confined in 103 correctional

units, including prisons, state jails, pre-release facilities, and substance abuse facilities across the state.

Appropriations for the correctional operations program area for the 2026–27 biennium total \$5,872.0 million in All Funds for the purpose of confining and supervising adult felons incarcerated in TDCJ's correctional institutions. This amount represents a \$396.0 million increase from the previous biennium. Included in the appropriations for this program area is \$18.1 million for a continued contract with one privately operated multiuse facility. In addition, \$46.0 million is appropriated to place four contract prisons, located in Bridgeport, Kyle, Lockhart, and Overton, and three contract state jails, located in Henderson, Jacksboro, and Raymondville, under state operation.

As part of the rehabilitative process, TCI provides training and work opportunities to prepare incarcerated individuals for employment. TCI operates 34 factories and plants at 27 prison units and produces goods and services for TDCJ's use and for sale. Sales totaled approximately \$68.2 million during fiscal year 2025. The 2026–27 biennial appropriation for TCI is \$153.4 million.

The agriculture operations program manages 111,000 acres in 32 Texas counties. The division has operations at 20 prison units. Production ranges from 23 varieties of edible crops to a cattle herd of more than 14,000 head. The 2026–27 biennial appropriation for this purpose is \$106.6 million.

The Eighty-ninth Legislature, Regular Session, 2025, appropriates \$330.6 million to TDCJ to provide a 10.0-percent pay increase for correctional officers to continue to address staffing shortages from higher-than-average

turnover. Supplemental appropriations for fiscal year 2025 include an increase of \$230.0 million for correctional security operations and institutional goods, operations, and maintenance, and an increase of \$43.6 million for agency vehicles.

OFFENDER SERVICES

The offender services program area consists of 27 programs that include CMHC, the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI), reentry transitional coordinators, vocational and academic programs, specialized treatment services, and behavioral health. For the 2026–27 biennium, \$2,246.3 million in All Funds is appropriated to TDCJ for these purposes. The Windham School District, which is funded through the Texas Education Agency’s bill pattern, provides educational programs for incarcerated inmates.

The delivery of correctional healthcare services to incarcerated individuals within TDCJ facilities includes medical, dental, nursing, pharmacy, hospital, and mental health services. The direct delivery of correctional healthcare primarily involves two state entities: the University of Texas Medical Branch (UTMB) at Galveston and the Texas Tech University Health Sciences Center (TTUHSC) at Lubbock. Both entities utilize a combination of university employees and outsourcing to provide correctional healthcare services. UTMB provides care for those incarcerated in the eastern and southern parts of the state, where most facilities are located, and TTUHSC provides care for those in the western and northern regions of the state.

TCOOMMI coordinates with criminal justice, health and human services, and other affected organizations to provide continuity of care for individuals with special needs, which include the elderly and those with physical disabilities, terminal illness, mental illness, or intellectual disabilities. TDCJ is appropriated \$70.7 million in All Funds for the 2026–27 biennium to provide a comprehensive continuity-of-care system for individuals with special needs. Appropriations for the 2026–27 biennium also include \$4.0 million for reentry services pilot programs and \$3.1 million to add additional dual-diagnosis beds to provide post-release, community-based services.

After orientation, screening, and assessment, offenders received into TDCJ custody receive an individual treatment plan (ITP). The ITP prioritizes participation in programs and services offered according to the individual’s needs, program or service availability, and parole or discharge date.

The following programs and services are offered: counseling, including substance abuse and sex offender treatment; adult basic education; special education; and vocational training, often in conjunction with TCI. One such treatment program is the In-prison Therapeutic Community (IPTC) Program, which provides substance abuse treatment for eligible individuals that are within six months of parole release. The 2026–27 biennial appropriation for IPTC is \$47.8 million in All Funds.

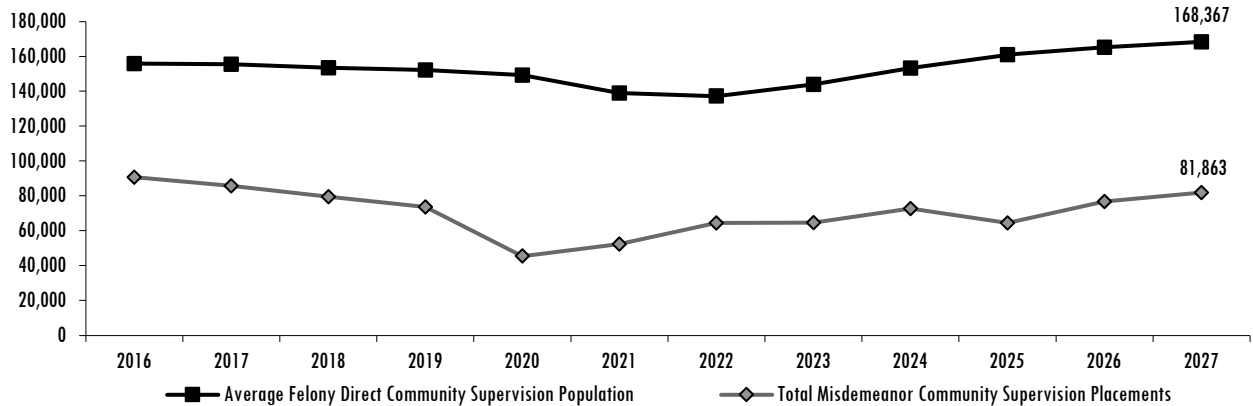
In addition to specialized services, certain individuals may be housed in facilities based on specific needs. These facilities include TDCJ’s specialized correctional institutions, such as geriatric and medical units, developmentally disabled and psychiatric units, transfer facilities, pre-release, and substance abuse felony punishment facilities (SAFPF). SAFPFs are secure correctional facilities that use a therapeutic community approach to substance abuse treatment that combines individual and group counseling. Individuals may be sentenced to SAFPF as a condition of community supervision, or the BPP may place an individual on parole into an SAFPF in lieu of revocation. The 2026–27 biennial appropriation for SAFPF is \$110.2 million in All Funds.

COMMUNITY SUPERVISION

Community supervision (adult probation) provides programs that support the goal of diverting individuals from traditional incarceration. Such programs include coordinated work with local CSCD, distribution of grants, and specialized community-based diversion programs. TDCJ is appropriated \$745.9 million in All Funds for the 2026–27 biennium to support community supervision and other community-based programs. Most of these funds will be distributed as state aid to local CSCDs, which are local entities established by district judges for supervising and rehabilitating individuals placed onto supervision for committing felony and misdemeanor offenses. The 2026–27 biennial appropriations include a \$35.2 million increase to fund basic supervision at projected 2026–27 biennial levels.

During fiscal year 2025, CSCDs employed an end-of-month average of 2,688 community supervision officers to directly supervise and provide services to an end-of-month average population of 161,014 individuals on felony direct community supervision. **Figure 240** shows the actual end-of-month yearly average of the felony direct community supervision population and misdemeanor placements on community supervision for fiscal years 2016 to 2027, and the projected populations for fiscal years 2026 and 2027. The projected average number of felons on community

FIGURE 240
ACTUAL AND PROJECTED AVERAGE END-OF-MONTH FELONY DIRECT AND MISDEMEANOR COMMUNITY SUPERVISION
POPULATIONS
FISCAL YEARS 2016 TO 2027



NOTE: Populations and placements for fiscal years 2026 and 2027 are projected.
 SOURCES: Legislative Budget Board; Texas Department of Criminal Justice.

supervision is 165,313 for fiscal year 2026 and 168,367 for fiscal year 2027. The actual number of misdemeanor placements during fiscal year 2025 was 64,515. The projected number of misdemeanor community supervision placements is 64,285 for fiscal year 2026 and 64,221 for fiscal year 2027. At the beginning of fiscal year 2026, 122 CSCDs served the state's 254 counties. TDCJ is appropriated \$336.6 million for the basic supervision of individuals on community supervision during the 2026–27 biennium.

In addition to basic supervision funding, TDCJ is appropriated \$290.7 million for the 2026–27 biennium to award discretionary grants to CSCDs, counties, municipalities, and nonprofit organizations. Discretionary grants enable the Community Justice Assistance Division (CJAD) to fund community corrections proposals developed at the local level. Such programs increase diversions from traditional, more costly incarceration and improve the delivery of community supervision statewide. **Figure 241** shows the grant award categories funded for fiscal year 2025.

The agency is appropriated \$86.4 million for the 2026–27 biennium to continue statutory formula funding for community-based correctional programs that encourage the development of alternatives to incarceration. To be eligible for formula funding, CSCDs must submit an acceptable local strategic plan to CJAD. This state aid provides local entities with increased resources for the control, management, and rehabilitation of individuals on community supervision,

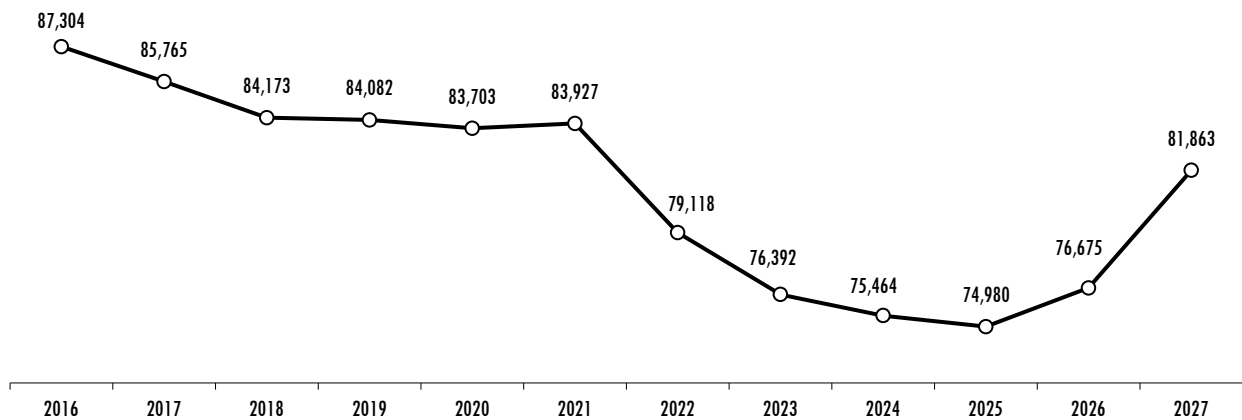
FIGURE 241
COMMUNITY JUSTICE ASSISTANCE DIVISION
DISCRETIONARY GRANT FUNDING, FISCAL YEAR 2025

PROGRAM TYPE	GRANT PROGRAMS	AMOUNT (IN MILLIONS)
Community corrections facilities	23	\$62.3
Substance abuse treatment programs	57	\$14.9
Caseload reduction grants	26	\$11.3
Substance abuse treatment caseloads and aftercare caseloads	39	\$5.2
Mental health initiative caseloads	39	\$5.1
Sex offender caseloads	21	\$3.8
High-risk/gang/youth/culturally specific caseloads	16	\$1.4
Drug courts	18	\$2.3
Battering intervention and prevention programs	28	\$2.5
Intensive supervision/surveillance caseloads	5	\$0.6
Pretrial diversion programs	60	\$5.1
Total	332	\$114.5

SOURCE: Texas Department of Criminal Justice.

and it typically is used for the same types of programs shown in **Figure 241**.

FIGURE 242
ACTUAL AND PROJECTED AVERAGE END-OF-MONTH ACTIVE PAROLE SUPERVISION POPULATION
FISCAL YEARS 2016 TO 2027



NOTE: Populations for fiscal years 2026 and 2027 are projected.
 SOURCES: Legislative Budget Board; Texas Department of Criminal Justice.

OTHER PROGRAMS

The other programs area includes agency and program administration and support, major repair of facilities, the Office of the Inspector General, information resources, and victim services. TDCJ is appropriated \$368.9 million in All Funds for the 2026–27 biennium for these programs.

TDCJ operates 103 facilities that require regular maintenance and repairs. The Eighty-ninth Legislature, General Appropriations Act (GAA), 2026–27 Biennium, appropriates \$128.3 million in General Revenue Funds for the repair and rehabilitation of buildings and correctional facilities; the agency also receives supplemental funding for fiscal year 2025 totaling \$301.0 million for the construction of several new expansion dormitories, \$286.3 million for repair and rehabilitation projects, and \$110.0 million to purchase an existing correctional facility in Post.

For the 2026–27 biennium, the information technology program is appropriated \$133.0 million in All Funds, a decrease of \$71.4 million from the 2024–25 biennium. In addition to these amounts, the Legislature extended funding originally appropriated in fiscal year 2019 for the Corrections Information Technology System by two years.

TDCJ's appropriations for the Office of the Inspector General, victim services, central administration, and other support services for the 2026–27 biennium total \$107.6 million in All Funds.

PAROLE SERVICES

The parole services program area consists of the BPP, a constitutionally authorized and separate state entity that shares certain support functions with TDCJ; halfway house facilities; intermediate sanction facilities; parole release processing; and parole supervision. This program area is responsible for providing basic supervision and rehabilitative services to those released from prison onto parole. Parole is the discretionary release of an incarcerated individual by a BPP decision to serve the remainder of an incarceration sentence on parole supervision within the community. TDCJ is appropriated \$519.5 million in All Funds for the 2026–27 biennium for the parole services program area. Of this total, \$270.6 million is designated to fund parole supervision, which includes a \$10.2 million decrease to fund parole at projected 2026–27 biennial levels. Approximately \$150.0 million in All Funds is appropriated to provide adequate surveillance and control of individuals on parole residing in residential facilities, including halfway houses and intermediate sanction facilities. The projected averages for the daily active adult parole population are 76,675 for fiscal year 2026 and 81,863 for fiscal year 2027. During fiscal year 2025, the number of parole officers averaged 1,145 in 67 district parole offices statewide. At the close of fiscal year 2025, parole officers had supervised an average end-of-month population of 74,980 individuals released to supervision. **Figure 242** shows actual active parole supervision populations at the end of each fiscal year since 2016 and projected active parole populations for fiscal years 2026 and 2027.

The parole review and release process includes identifying individuals eligible for parole. BPP reviews the case summary, which outlines criminal, social, medical, psychological, and institutional adjustment history, to make a decision and to determine conditions of parole. Cases are screened for multiple factors, including protests, victim information, disciplinary conduct, and board-imposed special conditions. If approved for parole, the individual is released on the parole eligibility date or the date that BPP specifies. If parole is denied, most individuals will be eligible to have their cases reviewed again in one year. Individuals convicted of certain offenses may have subsequent reviews set off for up to five years or in some situations 10 years, pursuant to the Texas Government Code, Section 508.149. Local law enforcement is notified of the pending release.

BPP appropriations are included in TDCJ's budget structure in the GAA. Appropriations for BPP for the 2026–27 biennium total \$75.4 million in All Funds and 609.1 full-time-equivalent positions to support the board's operations and the parole selection and revocation processes.

SIGNIFICANT LEGISLATION

House Bill 1024 – Warrant execution for parole or supervision violations. The legislation requires law enforcement to prioritize the execution of warrants for individuals in the Super-intensive Supervision Program who violate electronic monitoring conditions.

House Bill 2017 – Penalties for intoxication manslaughter convictions. The legislation establishes that the mandatory minimum sentence for the conviction of intoxication manslaughter is 10 years for those who are shown to be in the country illegally at the time of the offense. All calendar time must be served, without consideration of good time, before release to mandatory supervision or parole.

House Bill 2306 – Removing parole release for trafficking convictions. The legislation removes the eligibility for inmates serving sentences related to trafficking offenses involving children and disabled individuals to be considered for parole.

House Bill 2756 – Correctional officer training. The legislation, known as the Jovian Motley Act, establishes a structured training program for correctional officers focused on de-escalation techniques, crisis intervention, and behavioral health awareness. The training must cover the use of alternatives to physical restraints, lighting, and safety techniques during cell extractions, fundamental life-saving procedures, and necessary personnel involvement.

Senate Bill 663 – TDCJ approvals for CSCD budgets and planning. The legislation requires that the budget of each community supervision and corrections department is approved by TDCJ's Community Justice Assistance Division.

Senate Bill 1021 – Removing supervision for stalking convictions. The legislation makes any individual convicted of stalking ineligible for community supervision.

Senate Bill 2405 – TDCJ, BPP, Correctional Managed Health Care Committee, and Windham School District Sunset legislation. The legislation continues the operations of each entity for 12 years and requires strategic updates to the agencies' policies and organization. New requirements include a 10-year plan to identify capacity and facility needs, a rehabilitation and reentry programming plan, and the transfer of postsecondary education to the Windham School District.

TEXAS COMMISSION ON FIRE PROTECTION

PURPOSE: To develop professional standards and enforce statewide fire laws to assist local governments to protect lives and property, including the safety of fire-service providers, from fires and related hazards.

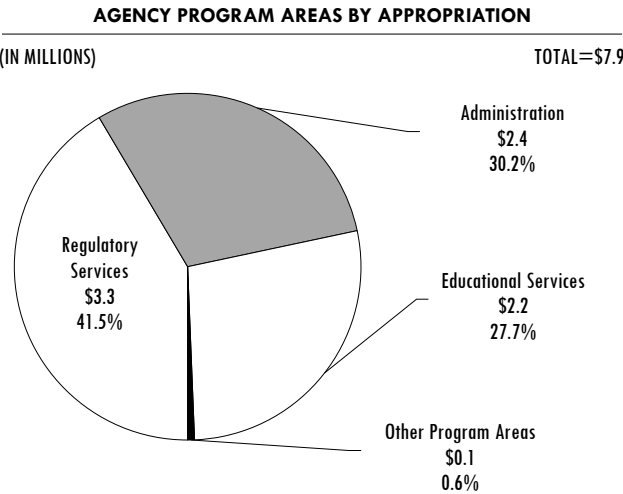
ESTABLISHED: 1991

AUTHORIZING STATUTE: The Texas Government Code, §419.002

GOVERNANCE: Thirteen members appointed by the Governor, with six members being selected from lists provided by certain firefighter associations

FIGURE 243
TEXAS COMMISSION ON FIRE PROTECTION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$6.1	\$7.4	\$1.3	21.8%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.2	\$0.5	\$0.2	87.5%
Total, All Methods of Finance	\$6.3	\$7.9	\$1.5	24.2%

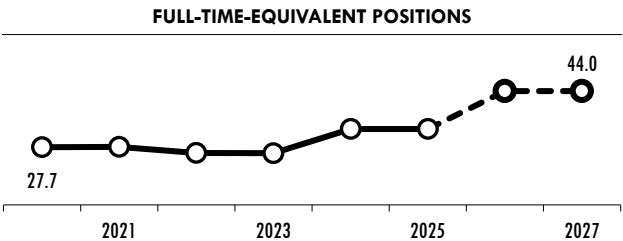


SIGNIFICANT DEVELOPMENTS

The agency certified **43,628 fire service personnel** during **fiscal year 2025**, for an increase of 11,869, or 37.4 percent, from fiscal years 2016 to 2025.

Required fee revenue collections greater than appropriated amounts **are maintained at \$1.5 million for the 2026–27 biennium.**

The agency receives **\$1.3 million for 11.0 additional full-time-equivalent positions**, **\$0.6 million for wildland urban interface firefighter training**, **\$0.2 million for vehicles**, and **\$0.2 million for salary increases.**



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

The 2026–27 biennial appropriation for the Texas Commission on Fire Protection (TCFP) is \$7.9 million in All Funds, representing a net increase of \$1.5 million from the 2024–25 biennial expenditure level. Significant funding increases include \$1.3 million for 11.0 additional full-time-equivalent (FTE) positions, \$0.6 million for wildland urban interface firefighter training, \$0.2 million for vehicles, and \$0.2 million for salary increases. Appropriations for TCFP are limited to revenue collections and are contingent upon the agency collecting \$1.5 million more than the amount appropriated through revenue generated by certification fees.

PROGRAMS

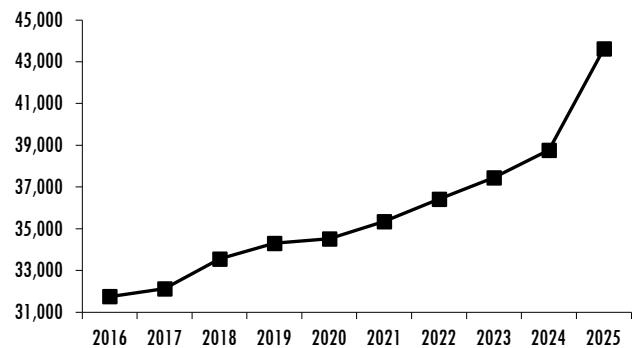
TCFP's mission is to protect the lives and property of Texans through the development and enforcement of recognized professional standards, including certification and regulation of fire service personnel, facilities, and equipment, and conducting fire protection education and informational programs. This mission is accomplished primarily through two program areas: regulatory services and educational services.

The agency's regulatory services program area consists of the certification and compliance programs. The certification program provides certification for full-time and part-time paid fire service personnel and volunteers and certifies fire service training facilities. **Figure 244** shows the annual number of fire service personnel receiving TCFP certification since fiscal year 2016.

The compliance program activities include inspection and investigation of regulated entities, including fire departments, local government entities providing fire protection, and institutions or facilities conducting training for fire protection personnel or recruits. Appropriations for the regulatory service program area total \$3.3 million and 21.0 FTE positions for the 2026–27 biennium.

The educational services program area includes the following programs: curriculum development, fire safety information and outreach, and testing. The testing program serves to validate the training curriculum taught by fire training schools to confirm that the content of the training materials meets state, national, and international standards. Appropriations for the educational services program area total \$2.2 million and 10.0 FTE positions for the 2026–27 biennium.

FIGURE 244
TEXAS COMMISSION ON FIRE PROTECTION FIRE
PERSONNEL CERTIFIED, FISCAL YEARS 2016 TO 2025



SOURCE: Texas Commission on Fire Protection.

TEXAS COMMISSION ON JAIL STANDARDS

PURPOSE: To establish and enforce minimum standards for the provision and operation of jails, and to provide consultation, training, and technical assistance to help local governments comply with those standards.

ESTABLISHED: 1975

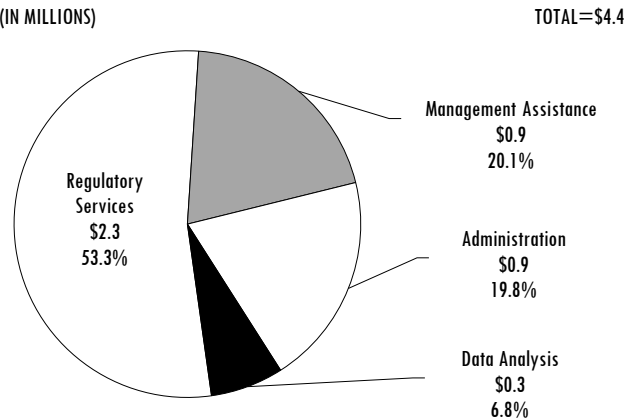
AUTHORIZING STATUTE: The Texas Government Code, Chapter 511

GOVERNANCE: Nine-member commission appointed by the Governor with the advice and consent of the Senate

FIGURE 245
TEXAS COMMISSION ON JAIL STANDARDS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Revenue Funds	\$4.1	\$4.4	\$0.3	7.2%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	0.0%
Total, All Methods of Finance	\$4.1	\$4.4	\$0.3	7.2%

AGENCY PROGRAM AREAS BY APPROPRIATION

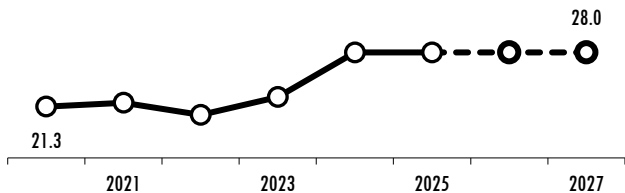


SIGNIFICANT DEVELOPMENTS

The agency conducted 130 comprehensive inspections, 172 limited compliance reviews, 27 onsite limited compliance reviews, and 176 special inspections of local jails during fiscal year 2025; 21 jails failed comprehensive inspections, and 28 jails failed special inspections. As of August 31, 2025, 20 jails were noncompliant with minimum jail standards.

At the beginning of fiscal year 2025, facilities within the agency's purview operated at **72.0 percent capacity** and held **70,623 inmates**.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the 2026–27 biennium for the Texas Commission on Jail Standards (TCJS) include \$4.4 million in General Revenue Funds, representing a net increase of \$0.3 million from the 2024–25 biennial expenditure level. Significant funding increases include \$0.3 million for Continuity of Care Query Report, \$0.1 million for travel expenses, and appropriations for salary increases and data cloud maintenance.

PROGRAMS

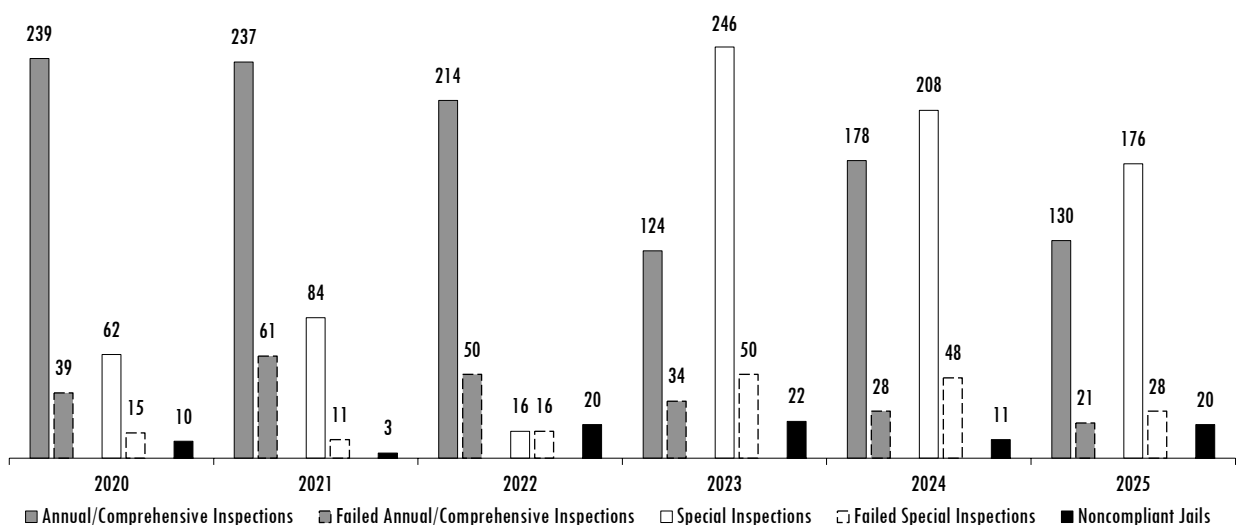
TCJS carries out its responsibilities through four major program areas: (1) regulatory services, (2) management assistance, (3) data analysis, and (4) administration.

TCJS is the regulatory agency responsible for performing comprehensive inspections and enforcing minimum jail standards for all county jails and privately operated municipal jails in the state. TCJS is responsible for establishing effective jail standards by researching, developing, and disseminating minimum standards and technical assistance for jail construction, health and safety, records and classifications, and operations. The minimum standards for jail construction address requirements for facility maintenance, renovation, and new construction. The standards for jail operations include requirements for custody, care, and offender treatment; offender rehabilitation, education, and recreation programs; and the number of jail supervisory personnel, programs, and services to meet the needs of those incarcerated.

The Texas Government Code, Section 511.0086, requires TCJS to inspect and report on the conditions of each jail facility under its purview using a risk-based inspection model. This requirement is intended to verify that all facilities comply with the Texas Administrative Code and the agency's minimum standards and rules and enables the agency to determine how frequently and intensively it conducts risk-based inspections. Inspections include a full walk-through of the correctional facility and offender housing areas, and a review of jailer observation logs, meal plans, medical and recreation records, intake documents, mental health screening forms, and other documents related to facility operations and offender welfare. TCJS may conduct special inspections for facilities identified by the agency as high-risk or not in compliance with minimum jail standards during a previous inspection. As of August 31, 2025, the 254 Texas counties contained 230 county-operated jails, eight privately operated or combined facilities, and two Operation Lone Star units for a total of 240 facilities within the agency's purview. During fiscal year 2025, TCJS conducted 130 comprehensive inspections that resulted in 21 failed inspections and conducted 176 special inspections that resulted in 28 failed inspections. As of August 31, 2025, 20 jails were noncompliant with minimum jail standards, as shown in **Figure 246**. Appropriations for the regulatory services program area total \$2.3 million for the 2026–27 biennium.

State statute also requires TCJS to provide construction and management assistance to local jails. This assistance includes

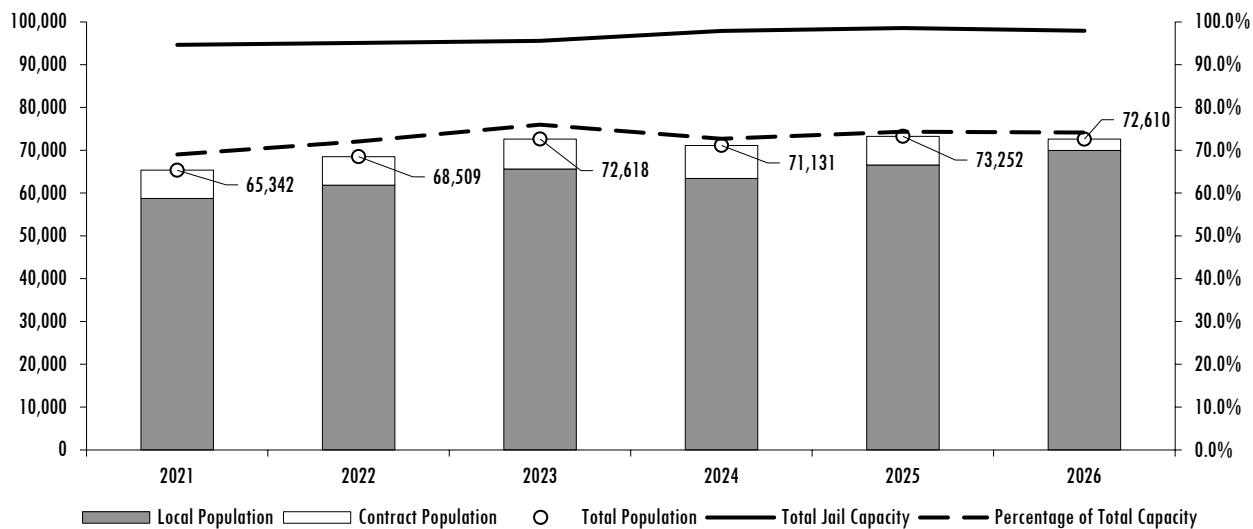
FIGURE 246
TEXAS COMMISSION ON JAIL STANDARDS JAIL INSPECTIONS, FISCAL YEARS 2020 TO 2025



NOTE: Pursuant to House Bill 1545, Eighty-seventh Legislature, Regular Session, 2021, the agency changed in fiscal year 2023 from annual jail inspections to comprehensive jail inspections using a risk-based inspection model. Accordingly, special inspections increased as they are intended for higher-risk facilities.

SOURCE: Texas Commission on Jail Standards.

FIGURE 247
COUNTY JAIL POPULATION AND CAPACITY AT THE BEGINNING OF EACH FISCAL YEAR
FISCAL YEARS 2021 TO 2026



SOURCE: Texas Commission on Jail Standards.

reviewing and commenting on plans for the construction, major modification, or renovation of county jails. TCJS collaborates with local government officials to provide technical assistance for jail operations and offender management that addresses the needs of certain facilities. Consultations and technical assistance include developing plans for the following activities: (1) establishing an inmate classification system; (2) determining jail staffing patterns; (3) providing health services; (4) meeting sanitation needs; (5) developing inmate discipline and grievance procedures; (6) establishing recreation and exercise programs; (7) implementing education and rehabilitation programs; (8) responding to emergencies; and (9) determining a range of inmate privileges. The agency also provides training sessions in jail management for county staff. Appropriations for the management assistance program area total \$0.9 million for the 2026–27 biennium.

TCJS also is required to collect and analyze monthly data regarding county jail populations and operational costs. This data assists state and local government agencies to plan for and project incarceration trends in Texas. **Figure 247** shows the number of inmates in local facilities, including county jails and privately operated facilities, at the beginning of each fiscal year since 2021. The contract population consists of offenders housed in privately operated facilities and county jail inmates that are from outside the county's jurisdiction (e.g., state offenders,

federal detainees). At the beginning of fiscal year 2026, a total of 72,610 inmates in facilities were within TCJS's purview, with the facilities operating at 74.2 percent of total jail capacity. Appropriations for the data analysis program area total \$0.3 million for the 2026–27 biennium.

County jailers receive at least 8.0 hours of Texas Commission on Law Enforcement-accredited mental health training pursuant to the Texas Occupations Code, Section 1701.310(a)(1). County jailers learn how to use the mental health intake screening form, de-escalate a situation in which an individual is experiencing a mental health crisis, and recognize the signs of various mental illnesses. During fiscal year 2025, TCJS provided mental health training to 626 licensed jailers in 16 counties. TCJS employs 1.0 full-time-equivalent position to provide the required training statewide.

TEXAS JUVENILE JUSTICE DEPARTMENT

PURPOSE: To provide financial and professional assistance to local juvenile probation departments, to provide regulatory oversight of local probation departments, and to protect public safety and deliver effective programming and rehabilitative services to youth committed to the Texas Juvenile Justice Department state services and facilities.

ESTABLISHED: 2012

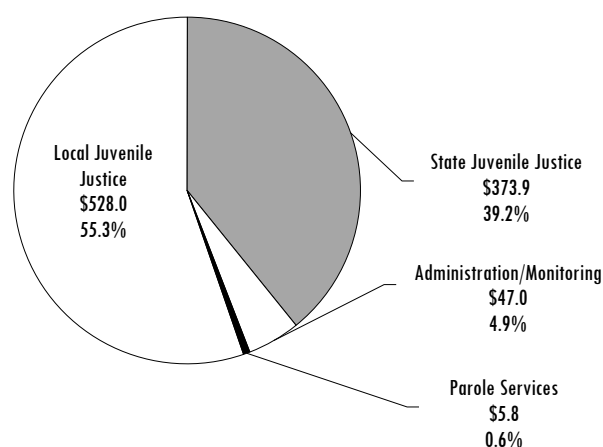
AUTHORIZING STATUTE: The Texas Human Resources Code, Title 12, Subtitle A

GOVERNANCE: Nine-member board appointed by the Governor with the advice and consent of the Senate

FIGURE 248
TEXAS JUVENILE JUSTICE DEPARTMENT BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,122.8	\$907.5	(\$215.4)	(19.2%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$20.9	\$15.7	(\$5.3)	(25.1%)
Other Funds	\$23.8	\$31.6	\$7.8	32.7%
Total, All Methods of Finance	\$1,167.5	\$954.7	(\$212.8)	(18.2%)

AGENCY PROGRAM AREAS BY APPROPRIATION
(IN MILLIONS) TOTAL=\$954.7



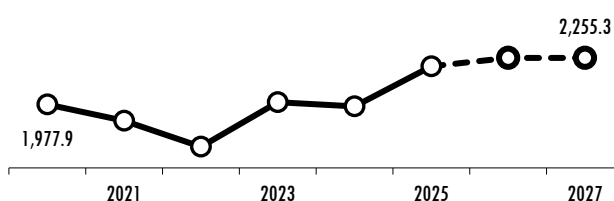
SIGNIFICANT DEVELOPMENTS

Appropriations include **\$19.3 million in General Revenue Funds to provide a 15.0-percent salary increase for direct-care staff.** Funding also includes **\$24.0 million in General Revenue Funds to biennialize statewide salary adjustments initiated during the 2024–25 biennium.**

Appropriations for local juvenile probation departments increase by \$5.0 million in General Revenue Funds to align with 2026–27 biennial population projections. Appropriations also include \$26.8 million in General Revenue Funds to provide salary increases for juvenile probation department staff.

Appropriations include a **\$12.9 million increase in General Revenue Funds and 27.0 FTE positions for the Office of the Inspector General.**

FULL-TIME-EQUIVALENT POSITIONS



For fiscal year 2025, the agency is **appropriated \$104.0 million in General Revenue Funds to complete the construction of two new facilities, \$13.3 million in General Revenue Funds to reimburse counties for youth pending admission to state facilities, and \$5.0 million in General Revenue Funds for preventive maintenance at state facilities.**

NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent (FTE) positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations to the Texas Juvenile Justice Department (TJJD) for the 2026–27 biennium total \$954.7 million in All Funds, which is a net decrease of \$212.8 million from the 2024–25 biennial expenditure level. Appropriations for the 2026–27 biennium include the following All Funds increases:

- \$26.8 million to provide salary increases at local juvenile probation departments;
- \$24.0 million to biennialize salary increases provided to TJJD staff during the 2024–25 biennium;
- \$19.3 million to provide salary increases to direct care staff at TJJD;
- \$12.9 million for additional full-time-equivalent (FTE) positions and other initiatives at the Office of the Inspector General;
- \$6.5 million for pre/post adjudication and regionalization placements;
- \$2.2 million for body scanners and body-worn camera upgrades; and
- \$1.1 million for the Office of the Independent Ombudsman.

These amounts are offset by the removal of onetime funding made in the 2024–25 biennium, including a \$200.0 million appropriation for the construction of two new secure facilities.

Additionally, funding for fiscal year 2025 includes supplemental appropriations made by the Eighty-ninth Legislature, Regular Session, 2025, totaling \$135.8 million in General Revenue Funds.

PROGRAMS

TJJD carries out its responsibilities through four major program areas: (1) state juvenile justice; (2) local juvenile justice; (3) administration and monitoring; and (4) parole services.

STATE JUVENILE JUSTICE

State juvenile justice facilities include 16 programs that provide education, treatment, and supervision for youth committed to TJJD state facilities as the result of a court order related to the commission of a felony. When youth are committed to state custody, three categories of facilities are available: state-operated secure facilities, state-operated halfway houses, and contract residential placement facilities.

During the 2026–27 biennium, TJJD operated five secure correctional facilities located in Brownwood, Edinburg, Gainesville, Giddings, and Mart. Services for youth within secure facilities include education and workforce programs, healthcare, mental healthcare, and rehabilitation treatment. The agency employs juvenile correctional officers, food service workers, case managers and case management supervisors, dorm supervisors, parole officers, parole supervisors, and youth safety managers, all of whom are considered direct-care staff. The agency also employs certified teachers to provide youth with academic, vocational, and special education programming. TJJD's workforce development programs offer youth opportunities in vocational skills development. TJJD emphasizes improved educational levels and achievement of a high school diploma or general equivalency diploma as critical to reducing recidivism.

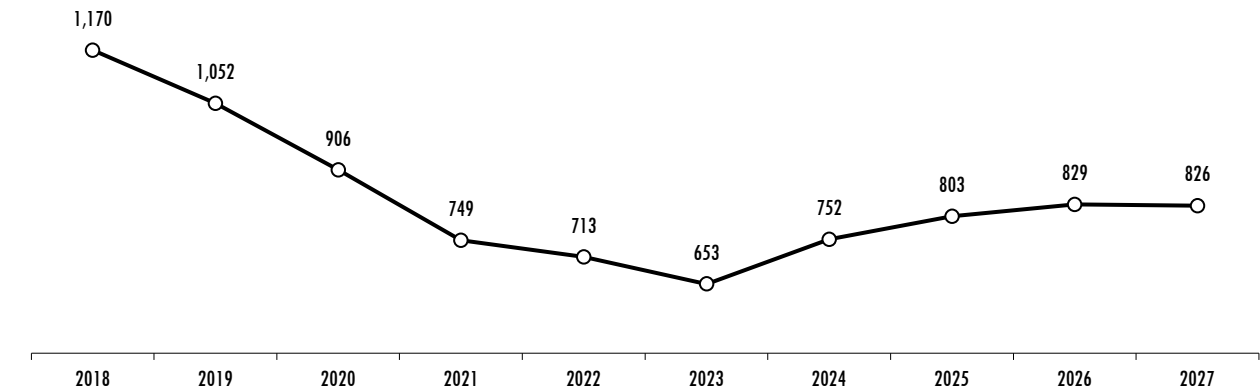
In July 2022, TJJD increased salaries for direct-care staff by 15.0 percent to address high turnover rates and increase employee retention. The Eighty-ninth Legislature, Regular Session, 2025, appropriated \$19.3 million in General Revenue Funds to provide direct-care staff with an additional 15.0 percent salary increase during the 2026–27 biennium.

The projected average state juvenile justice daily population, which includes state-operated secure facilities, halfway houses, and contract residential placements, is 829 for fiscal year 2026, and 826 for fiscal year 2027. **Figure 249** shows the actual and projected average daily population (ADP) of juveniles in state custody from fiscal years 2018 to 2027.

In addition to secure facilities, TJJD operates three halfway house programs in El Paso, Harlingen, and San Antonio. Some of these programs provide specialized independent-living preparedness, aggression replacement therapy, and substance abuse treatment. Youth receive aftercare follow-up programs at all halfway houses.

Youth placed in TJJD custody take part in general rehabilitation treatment programs and receive specialized treatment plans to address specific needs. Specialized rehabilitation treatment includes treatment for capital offenders, violent offenders, sex offenders, those with chemical dependency, and those with severe mental health issues. Assessment and orientation operations are performed at the Ron Jackson State Juvenile Correctional Complex in Brownwood where staff determine programming, healthcare, and educational needs of youth through testing and assessments. Staff recommend an initial facility assignment

FIGURE 249
ACTUAL AND PROJECTED JUVENILE STATE RESIDENTIAL AVERAGE DAILY POPULATION, FISCAL YEARS 2018 TO 2027



NOTE: Populations for fiscal years 2026 and 2027 are projected.

SOURCES: Legislative Budget Board; Texas Juvenile Justice Department.

and develop a comprehensive treatment plan including transitional services. TJJD contracts with the University of Texas Medical Branch at Galveston and private providers for medical and mental healthcare for youth in its custody.

Youth may be received into TJJD under an indeterminate or a determinate sentence from the courts. Youth with indeterminate sentences receive a length of stay that is administratively determined by TJJD. TJJD also determines what types of services the youth will receive, what level of restriction they require, and when they will be released to parole supervision. Sentenced youth receive a specific sentence to TJJD by the juvenile court, pursuant to determinate-sentencing statutes. Appropriations for the 2026–27 biennium for the state juvenile justice program area total \$373.9 million and 1,930.5 FTE positions. Included in this program area is \$30.7 million and 157.0 FTE positions for the Office of the Inspector General.

LOCAL JUVENILE JUSTICE

Local juvenile justice includes nine programs that provide financial assistance to local juvenile probation departments (JPD). TJJD allocates funds and dedicated grants to JPDs to provide basic supervision and various treatment, residential, and outpatient services to youth. Appropriations for local juvenile justice total \$528.0 million and 25.7 FTE positions to support probation grant administration activities. The Regional Diversion Alternatives program, which requires TJJD and JPDs to develop regional plans to divert certain youth from state commitment, became operational during fiscal year 2017. The target for youth served by the program is 275 per year; during fiscal year

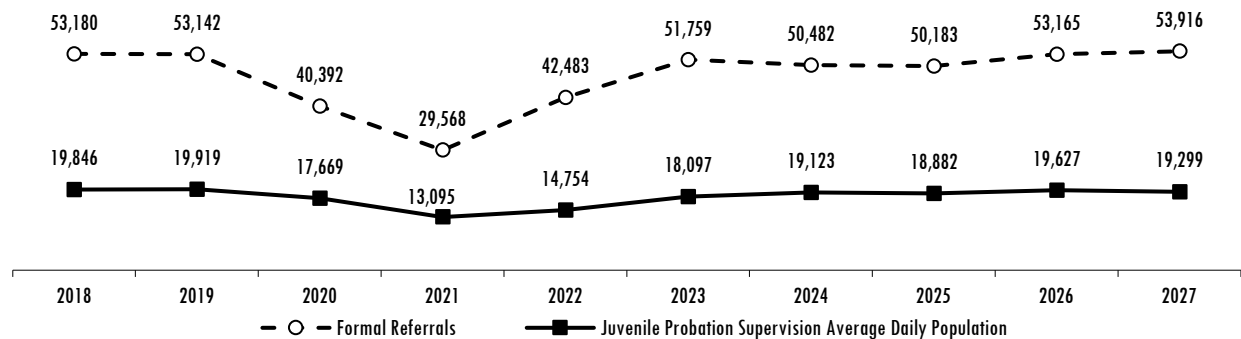
2025, a total of 274 youths were diverted from TJJD facilities through this program.

Youth are referred to a JPD primarily by law enforcement, school districts, municipal courts, and justice courts. **Figure 250** shows the number of youths referred to JPDs compared to the actual average daily population of youth on probation supervision from fiscal years 2018 to 2025 and projected populations for fiscal years 2026 and 2027. **Figure 251** shows state-funded expenditure levels of JPDs for fiscal years 2018 to 2024, and appropriations for fiscal years 2025, 2026, and 2027. The Eighty-eighth Legislature, Regular Session, 2023, amended the method for calculating funding appropriated for JPDs. Previously, appropriations were based on the ADP of youth placed on formal probation supervision. The large increase in appropriations for fiscal years 2024 and 2025 and forward shown in **Figure 251** represents the new funding formula that considers all referred youth, regardless of supervision placement.

Basic probation supervision refers to the case management of a youth under supervision by an assigned officer through contacts (e.g., in-person, home, telephone) with the youth, family, or others with whom the youth is involved. Youth are placed on one of three types of basic supervision as authorized by the Texas Family Code, Chapters 53 and 54—adjudicated probation, deferred prosecution, or conditional predisposition.

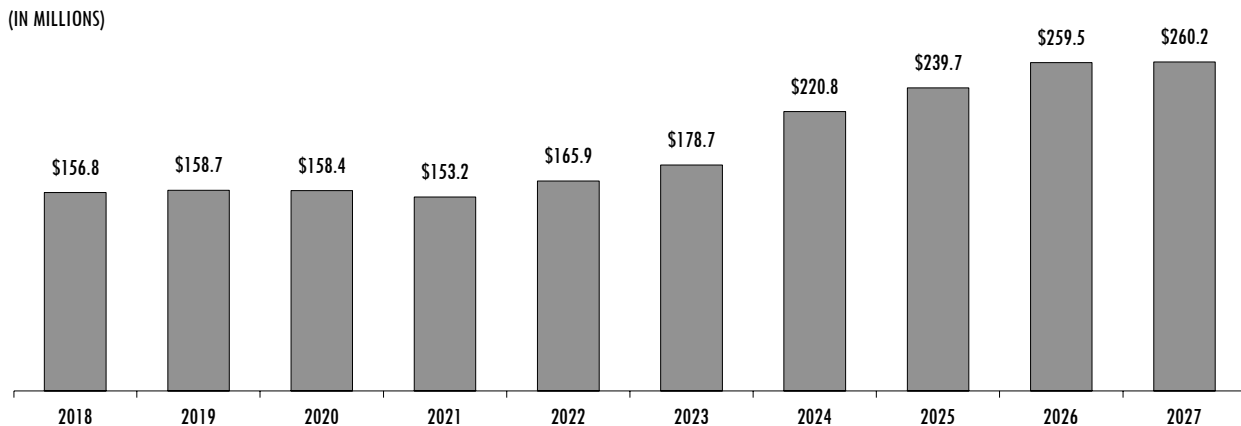
Appropriations for local pre-adjudication and post-adjudication facilities provide grants for the placement of youth in local secure and nonsecure residential facilities. Pre-adjudication facilities primarily house youths from the time a youth enters custody after the commission of an offense

FIGURE 250
ACTUAL AND PROJECTED JUVENILE PROBATION SUPERVISION AVERAGE DAILY POPULATION AND FORMAL REFERRALS TO JUVENILE PROBATION DEPARTMENTS, FISCAL YEARS 2018 TO 2027



NOTE: Fiscal years 2026 and 2027 show projected values. Formal referrals show year-end totals.
 SOURCES: Legislative Budget Board; Texas Juvenile Justice Department.

FIGURE 251
STATE ASSISTANCE TO LOCAL JUVENILE PROBATION DEPARTMENTS, FISCAL YEARS 2018 TO 2027



NOTE: Fiscal years 2018 to 2024 show expenditures, and fiscal years 2025, 2026, and 2027 show appropriated amounts.
 SOURCES: Legislative Budget Board; Texas Juvenile Justice Department.

until the case is heard in juvenile court. Residential post-adjudication facilities provide an alternative to state facility incarceration through placement in a locally operated secure or nonsecure facility for youth. Departments also contract for nonsecure placements in facilities licensed by the Department of Family and Protective Services. **Figure 252** shows the ADP of juveniles in local residential facilities from fiscal years 2016 to 2024. Regional Diversion Alternative grants and Basic Probation Support appropriations for the 2026–27 biennium total \$55.0 million.

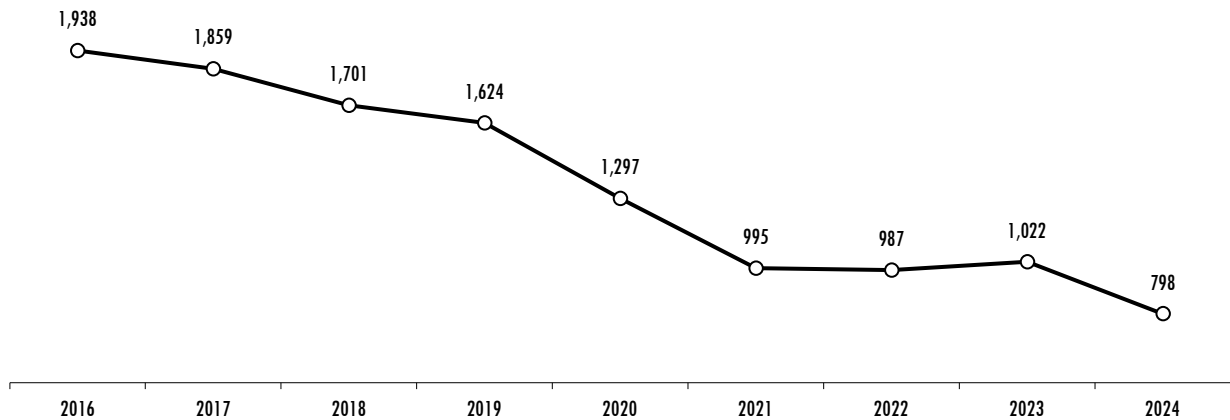
Juvenile Justice Alternative Education Programs (JJAEP) provide off-campus alternative education programs for students removed from public school classrooms for disciplinary reasons. The number of students entering JJAEPs for fiscal year 2025 was 733, a 76.8 percent decrease

from fiscal year 2023. The decrease is largely attributable to the enactment of House Bill 114, Eighty-eighth Legislature, Regular Session, 2023, which no longer requires mandatory expulsion to a JJAEP for a student engaging in certain conduct related to marijuana, tetrahydrocannabinol, and e-cigarettes or vaping pens.

ADMINISTRATION AND MONITORING

The administration and monitoring program area includes the agency's oversight and administrative functions, such as information technology, monitoring and inspections, training and certification, and the Office of the Independent Ombudsman (OIO). TJJD provides training, certification, and technical assistance to local juvenile probation department staff, sets minimum standards for juvenile probation officers and juvenile supervision officers, and

FIGURE 252
AVERAGE DAILY POPULATION OF JUVENILES IN LOCAL RESIDENTIAL FACILITIES, FISCAL YEARS 2016 TO 2024



SOURCES: Legislative Budget Board; Texas Juvenile Justice Department.

requires 40.0 hours of continuing education annually. The agency also provides technical assistance and training for compliance with the federal Prison Rape Elimination Act. Additionally, the Texas Family Code requires TJJD to conduct annual inspections of each of the state's public or private detention facilities and of secure and nonsecure juvenile post-adjudication facilities.

The OIO is a separate state agency that investigates, evaluates, and secures the rights of youth in TJJD state facilities, county-operated facilities, and on TJJD parole. It provides families of youth within TJJD with various information, including a guide to grievance procedures, a family handbook, prevention information, and a parents' bill of rights. Appropriations for this agency are distributed through TJJD.

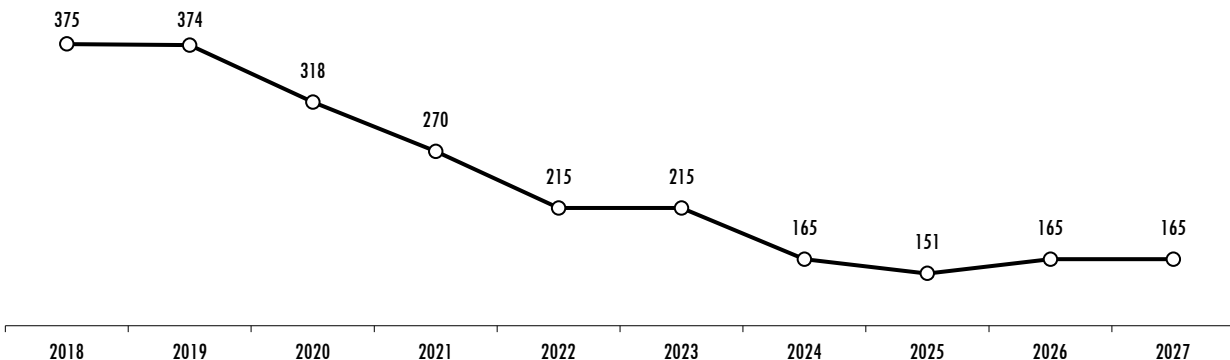
Administration and monitoring appropriations for the 2026–27 biennium total \$47.0 million and 243.3 FTE

positions. Included in this program area is \$3.3 million and 19.6 FTE positions for the OIO.

PAROLE SERVICES

The parole services program area includes direct supervision and programs and services for youth released from residential programs. The agency employs parole officers and contracts with juvenile probation departments and a private contractor to provide a pre-determined level of supervision based on the risk posed by the youth. A youth's parole may be revoked, and the juvenile will be returned to a TJJD facility if they violate their conditions of parole. **Figure 253** shows the actual and projected ADP of youth on parole supervision for fiscal years 2018 to 2027. Parole services appropriations for the 2026–27 biennium total \$5.8 million and 55.8 FTE positions.

FIGURE 253
ACTUAL AND PROJECTED JUVENILE PAROLE SUPERVISION AVERAGE DAILY POPULATION, FISCAL YEARS 2018 TO 2027



NOTE: Fiscal years 2026 and 2027 populations are projected.

SOURCES: Legislative Budget Board; Texas Juvenile Justice Department.

TEXAS COMMISSION ON LAW ENFORCEMENT

PURPOSE: To screen, develop, and monitor resources for continuing education for law enforcement officers, and set standards for behavior; and to develop, maintain, and enforce minimum qualifications for the selection, training, and certification of law enforcement personnel, county correctional officers, and telecommunicators.

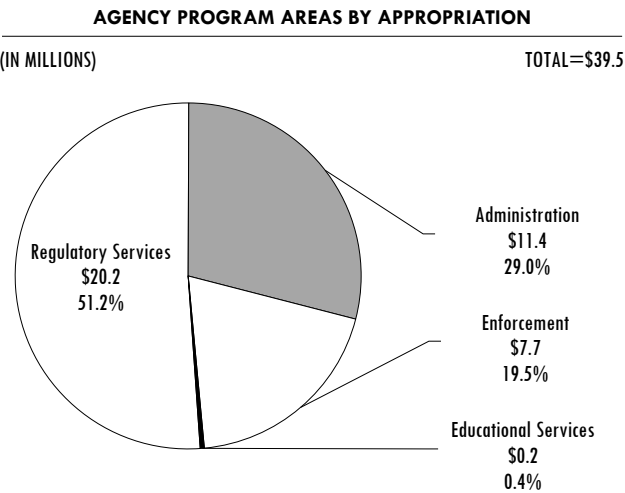
ESTABLISHED: 1965

AUTHORIZING STATUTE: The Texas Occupations Code, §1701.051

GOVERNANCE: Nine-member commission appointed by the Governor with the advice and consent of the Senate; three must be chief administrators of law enforcement agencies; three must be individuals licensed by the commission; and three must be from the private sector

FIGURE 254
TEXAS COMMISSION ON LAW ENFORCEMENT BY METHOD OF FINANCE

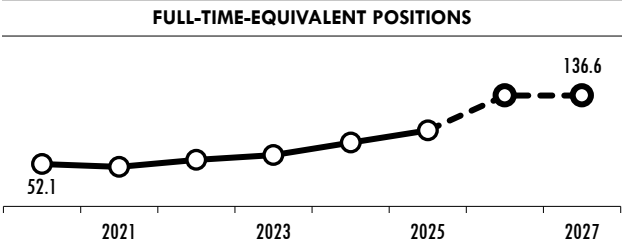
METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$25.6	\$37.9	\$12.4	48.5%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	0.0%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$1.4	\$1.5	\$0.1	10.1%
Total, All Methods of Finance	\$26.9	\$39.5	\$12.5	46.5%



SIGNIFICANT DEVELOPMENTS

Appropriations include **\$3.9 million in General Revenue Funds** and 12.0 full-time-equivalent (FTE) positions to improve the agency's ability to provide technical assistance to local law enforcement entities. Appropriations also include an increase of \$2.0 million in General Revenue Funds and 7.0 FTE positions to improve the agency's oversight of licensed training providers and academies.

Appropriations include an **increase of \$2.4 million in General Revenue Funds** and 9.0 FTE positions to maintain and improve the agency's information technology systems.



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations to the Texas Commission on Law Enforcement (TCOLE) for the 2026–27 biennium total \$39.5 million in All Funds, which is a net increase of \$12.5 million, or 46.5 percent, from the previous biennium. Appropriation increases include the following amounts:

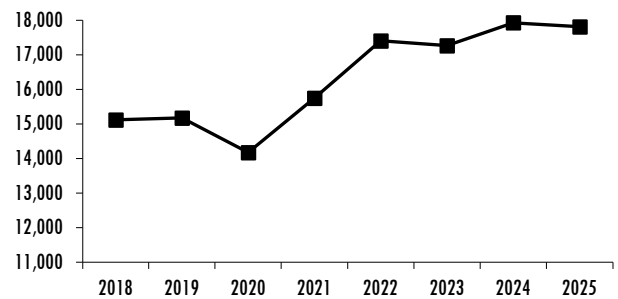
- \$3.9 million for 12.0 full time-equivalent (FTE) positions to improve responsiveness to technical assistance requests;
- \$2.4 million for 9.0 FTE positions to improve information technology capabilities;
- \$2.0 million for 6.0 FTE positions to expand the criminal justice career pipeline program;
- \$2.0 million for 7.0 FTE positions to enhance training academy oversight;
- \$1.2 million for 4.0 FTE positions to serve as compliance analysts;
- \$0.7 million to place commissioned peace officers employed by the agency on salary classification schedule C;
- \$0.7 million for Data Center Services;
- \$0.5 million for 2.0 FTE positions to support the legal division;
- \$0.4 million to biennialize the statewide salary increases provided in the 2024–25 biennium;
- \$0.4 million to establish and maintain a statewide law enforcement recruitment website; and
- \$0.3 million to establish a records management division.

These increases are offset by decreases in General Revenue Funds from onetime funding projects, including \$1.8 million for vehicles and \$0.2 million for the development of a training course on dealing with individuals that have an intellectual or developmental disability.

PROGRAMS

TCOLE licenses, regulates, and provides continuing education for more than 119,000 active law enforcement, corrections, and telecommunications personnel that are employed by more than 2,786 state and local government agencies. The agency executes these functions primarily through four program areas:

FIGURE 255
TEXAS COMMISSION ON LAW ENFORCEMENT NEW
LICENSES ISSUED, FISCAL YEARS 2018 TO 2025



SOURCE: Texas Commission on Law Enforcement.

(1) regulatory services, (2) administration, (3) law enforcement, and (4) educational services.

The regulatory services program area includes the licensing and standards development programs. The licensing program issues licenses to individuals, including peace officers, contract jailers, telecommunicators, and school marshals, and to law enforcement agencies through appropriate examinations and other qualification criteria.

Unlike peace officer standards and training commissions in most states, TCOLE does not operate a police academy. TCOLE licenses state and local governments to operate training academies with a curriculum that conforms to basic standards. Texas has 124 licensed law enforcement academies and 217 contractual training providers that offered approximately 1,646 law enforcement training courses during fiscal year 2025. The agency maintains a statewide network of 64 facilities for administering licensing examinations. During fiscal year 2025, TCOLE administered 17,760 licensing exams and issued 17,814 new licenses. **Figure 255** shows the number of new licenses the agency issued from fiscal years 2018 to 2025.

During fiscal year 2018, TCOLE received \$0.1 million in funding from the Office of the Governor to increase the number of school marshals. Before the first grant-funded course during fiscal year 2018, the state had 34 appointed school marshals. As of August 2025, the state had 631 appointed school marshals participating from 107 districts.

The standards development program establishes standards for enrollment in licensing courses for law enforcement officers, contract jailers, telecommunicators, school marshals, and law enforcement agencies. This program also oversees the development and delivery of law enforcement training

and education in Texas. The regulatory services program area is appropriated \$20.2 million in All Funds and 67.7 FTE positions for the 2026–27 biennium.

The administration program area consists of the technical assistance and indirect administration programs. The technical assistance program provides assistance to licensees such as audits and investigations to enforce rules and standards and to verify licensees' qualifications. The indirect administration program supports agency functions and the other program areas through budgeting, payroll, and human resource services. The program area is appropriated \$11.4 million in All Funds and 37.5 FTE positions for the 2026–27 biennium.

The law enforcement program area serves to revoke, suspend, or cancel licenses, and to issue reprimands to licensees for violations of statutes or TCOLE rules. It includes the enforcement, border security investigations, and civil justice data repository programs. Inquiries are initiated when information emerges about conduct by licensed personnel that may result in disciplinary action or investigation. This program area is appropriated \$7.7 million in All Funds and 31.4 FTE positions for the 2026–27 biennium. A portion of this funding supports 2.0 investigator positions dedicated to liaising with the Department of Public Safety regarding border security efforts.

The educational services program area includes the distance learning program, which operates and maintains TCOLE Online, previously known as the Peace Officers Standards Education Internet Training program. TCOLE Online enables peace officers to enroll in continuing education courses online. Beginning in fiscal year 2012, TCOLE Online has been funded primarily by revenues collected by the agency from issuing intermediate, advanced, and master peace officer and jailer certifications. This program is appropriated \$0.2 million in All Funds for the 2026–27 biennium.

TEXAS MILITARY DEPARTMENT

PURPOSE: To provide administrative and financial resources for state activities conducted by the three branches of the Texas military forces: the Texas Army National Guard, the Texas Air National Guard, and the Texas State Guard.

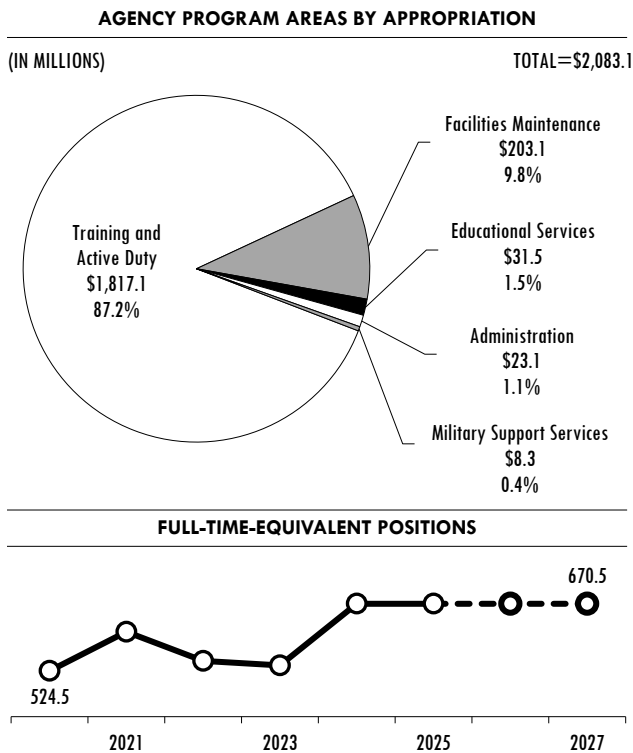
ESTABLISHED: 1905

AUTHORIZING STATUTE: The Texas Government Code, Chapter 437

GOVERNANCE: Adjutant General, appointed by the Governor with the advice and consent of the Senate

FIGURE 256
TEXAS MILITARY DEPARTMENT BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,305.7	\$1,917.7	(\$388.0)	(16.8%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$150.3	\$143.0	(\$7.3)	(4.9%)
Other Funds	\$11.7	\$22.3	\$10.6	90.4%
Total, All Methods of Finance	\$2,467.8	\$2,083.1	(\$384.7)	(15.6%)



SIGNIFICANT DEVELOPMENTS

Appropriations of **\$1,765.5 million in General Revenue Funds** are provided for border security activities as part of Operation Lone Star for the 2026–27 biennium.

Appropriations for **State Military Tuition Assistance** total **\$14.0 million** in General Revenue Funds, a \$7.4 million increase from the previous biennium. Awards are provided for up to 15.0 credit hours per semester.

Appropriations for the **State of Texas Armory Revitalization program** total \$100.0 million in General Revenue Funds for development and implementation of multiple armory renovation projects.

NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

The Texas Military Department’s (TMD) appropriations for the 2026–27 biennium total \$2,083.1 million in All Funds, which is a net decrease of \$384.7 million from the 2024–25 biennial expenditure level, primarily due to a \$500.0 million reduction in funding for State Active Duty disaster response. This decrease is offset by funding of \$25.0 million for State of Texas Armory Revitalization Projects and \$7.4 million for State Military Tuition Assistance.

PROGRAMS

TMD carries out its responsibilities through five major program areas: (1) training and active duty, (2) facilities maintenance and operations, (3) administration, (4) educational services, and (5) military support services.

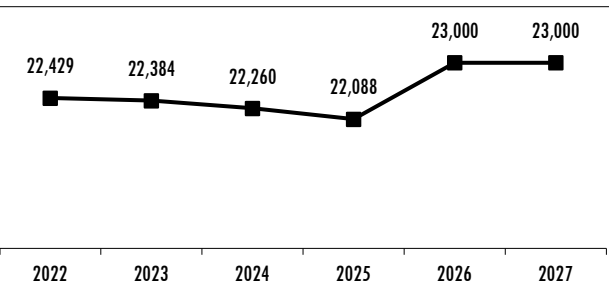
TRAINING AND ACTIVE DUTY

This program area encompasses activities of the Texas military forces: the Texas Army National Guard and the Texas Air National Guard (collectively, TXNG), and the Texas State Guard (TXSG). Approximately 23,542 service members are serving in the Texas military forces, making it the largest state military force in the country. **Figures 257 and 258** show trends during recent years in the number of personnel serving in the TXNG and TXSG, respectively. Appropriations for the training and active-duty program area for the 2026–27 biennium total \$1,817.1 million in All Funds and 19.0 full-time-equivalent (FTE) positions.

TXNG consists of 22,088 service members as of August 2025, and it has a dual mission. First, the Governor may order the TXNG to active duty to provide trained and equipped military personnel to assist civil authorities in the protection of life and property and the preservation of law, order, and public safety in the state. TXNG’s second role is as a first-line reserve component of the U.S. Army and the U.S. Air Force, and it may be called into active federal service by the U.S. President to provide military personnel for war, for national emergencies, or to augment active forces in the interest of national security. Members provide emergency response support to law enforcement, support to civil authorities, cold weather operations support, and response to wildfire outbreaks, as needed. TXNG members currently are supporting major federal operations in the Middle East.

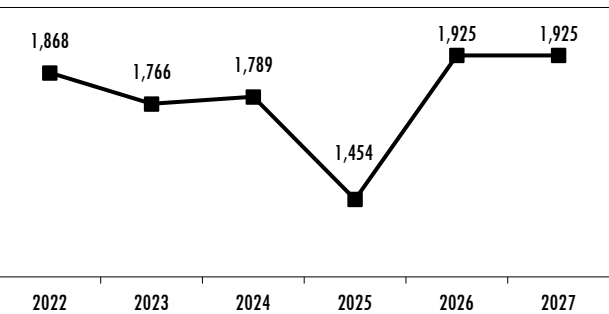
TXNG also has participated in border security missions in the state since fiscal year 2006, with missions primarily being funded federally until fiscal year 2014. The Eighty-ninth Legislature, Regular Session, 2025, appropriated a total of

FIGURE 257
TEXAS NATIONAL GUARD MEMBERS
FISCAL YEARS 2022 TO 2027



NOTE: Amounts for fiscal years 2026 and 2027 are projected.
SOURCES: Legislative Budget Board; Texas Military Department.

FIGURE 258
TEXAS STATE GUARD MEMBERS
FISCAL YEARS 2022 TO 2027



NOTE: Amounts for fiscal years 2026 and 2027 are projected.
SOURCES: Legislative Budget Board; Texas Military Department.

\$1,765.5 million in General Revenue Funds for TXNG’s continued border security involvement as part of Operation Lone Star for the 2026–27 biennium.

The other component of the Texas military forces, TXSG, is an all-volunteer state defense force, subject to active duty when called by the Governor to serve Texas in time of emergency. During fiscal year 2025, approximately 1,454 TXSG members were in military units typically placed with TXNG units. TMD estimates that personnel will complete 29,870 TXSG and TXNG training days per year for the 2026–27 biennium.

FACILITIES MAINTENANCE AND OPERATIONS

The facilities maintenance and operations program includes the utilities, repair, and maintenance of military facilities and equipment owned or licensed by the state located on state or federal property. For the 2026–27 biennium, the agency will maintain approximately 800 buildings statewide, totaling more than 7.4 million square feet. Appropriations for the facilities maintenance program area

total \$203.1 million in All Funds and 402.5 FTE positions for the 2026–27 biennium.

The Eighty-ninth Legislature, Regular Session 2025, appropriates \$100.0 million in All Funds for the State of Texas Armory Revitalization program to provide funding for the design and execution of multiple construction projects during the 2026–27 biennium.

ADMINISTRATION

Administration programs include debt service on outstanding bonds, insurance, audit fees, and administrative fees to finance the state costs of armory construction and major maintenance and repair, and the central administration, finance, and human resource divisions of the agency. Appropriations for the administration program area for the 2026–27 biennium total \$23.1 million in All Funds and 116.0 FTE positions.

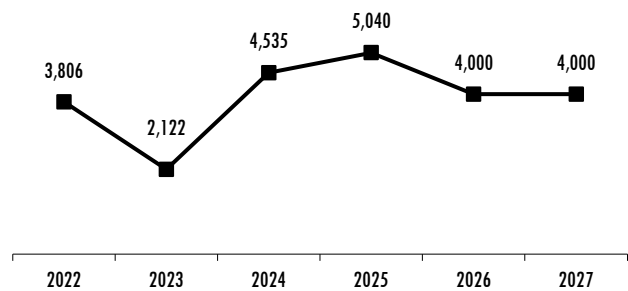
EDUCATIONAL SERVICES

The educational services program area primarily consists of the ChalleNGe Academy program, the STARBASE program, and the military tuition assistance program. The ChalleNGe Academy is a five-month residential cooperative program and yearlong mentoring program between Texas and the National Guard Bureau. The ChalleNGe Academy is a military-style training, education, and skills program serving a projected 260 youths per year. ChalleNGe targets youth ages 16 to 18 who have dropped out of high school or are at risk of not completing high school with the goal of helping them earn diplomas, certificates of high school general equivalency, or additional high school credits. The ChalleNGe Academy is funded through a combination of Federal Funds and an Interagency Contract from the Foundation School Program. The total All Funds appropriation for the ChalleNGe Academy is \$10.5 million for the 2026–27 biennium.

STARBASE is a five-week, in-class, interactive, academic outreach program that aims to increase middle school youths' interest and knowledge in science, math, engineering, and technology fields. STARBASE is funded with Federal Funds from the National Guard Bureau, which total \$2.7 million for the 2026–27 biennium.

Texas military forces members may use state military tuition assistance for tuition costs and mandatory fees associated with postsecondary education. The military tuition assistance program is the only type of educational assistance available for certain Texas military forces members. The

FIGURE 259
TEXAS MILITARY DEPARTMENT CLIENTS RECEIVING
MENTAL HEALTH SERVICES, FISCAL YEARS 2022 TO 2027



NOTE: Fiscal years 2026 and 2027 client populations are projected.
SOURCES: Legislative Budget Board; Texas Military Department.

Eighty-ninth Legislature, 2025, appropriated \$14.0 million in General Revenue Funds for tuition assistance for the 2026–27 biennium.

Appropriations for the educational services program area total \$31.5 million in All Funds for the 2026–27 biennium.

MILITARY SUPPORT SERVICES

The military support services program area includes the mental health services program, which provides counseling services to service members of TXNG and TXSG. The program previously provided counseling services for National Guard and State Guard members, families, and veterans.

Figure 259 shows the actual number of individuals served through TMD's mental health services from fiscal years 2022 to 2025 and projected numbers for the 2026–27 biennium. This measure previously included group training and now is defined as individual sessions. Appropriations for the military support services program area total \$8.3 million in General Revenue Funds, including \$4.6 million for family readiness services and \$0.2 million for a sexual offense prevention and response program.

TEXAS DEPARTMENT OF PUBLIC SAFETY

PURPOSE: To enforce laws protecting and promoting public safety by the prevention and detection of crime and terrorism; improve highway safety and public safety communications; and provide regulatory and licensing services.

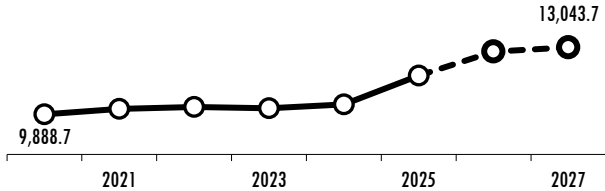
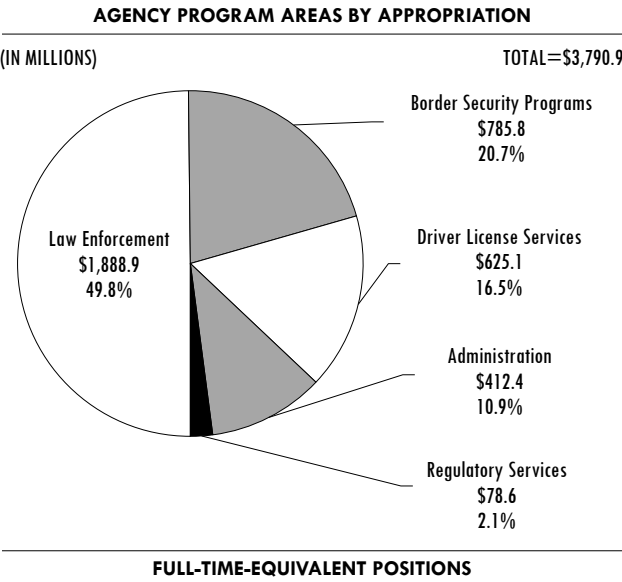
ESTABLISHED: 1935

AUTHORIZING STATUTE: The Texas Government Code, §411.002

GOVERNANCE: Five-member board appointed by the Governor and confirmed by the Senate; members must have and maintain a secret security clearance granted by the U.S. government

FIGURE 260
TEXAS DEPARTMENT OF PUBLIC SAFETY BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$3,833.0	\$3,538.3	(\$294.7)	(7.7%)
General Revenue–Dedicated Funds	\$24.7	\$25.1	\$0.5	1.9%
Federal Funds	\$96.2	\$90.4	(\$5.7)	(6.0%)
Other Funds	\$194.4	\$137.0	(\$57.4)	(29.5%)
Total, All Methods of Finance	\$4,148.3	\$3,790.9	(\$357.4)	(8.6%)



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

SIGNIFICANT DEVELOPMENTS

Appropriations include **\$319.5 million in General Revenue Funds for 467.0 new full-time-equivalent (FTE) positions** for commissioned law enforcement officers and **135.5 support FTE positions**.

Appropriations include **\$47.1 million in General Revenue Funds** for 399.0 FTE positions to **issue driver licenses remotely** and **\$28.5 million in General Revenue Funds** for **130.2 FTE positions at customer service centers**.

Appropriations include **\$20.5 million in General Revenue Funds** and 51.5 FTE positions to expand cold-case investigation capacity.

Appropriations provide **\$56.1 million in General Revenue Funds** for six replacement helicopters and one additional fixed-wing airplane.

MAJOR FUNDING

Appropriations for the Department of Public Safety (DPS) for the 2026–27 biennium total \$3,790.9 million in All Funds, which is a net decrease of \$357.4 million, or 8.6 percent, from the 2024–25 biennial spending level. Appropriation increases include the following amounts in General Revenue Funds:

- \$319.5 million for 467.0 new full-time-equivalent (FTE) positions for commissioned law enforcement officers and 135.5 support FTE positions;
- \$56.1 million for six replacement helicopters and one fixed-wing airplane;
- \$47.1 million for 399.0 FTE positions to support the remote issuance of driver licenses;
- \$43.5 million for the biennialization of statewide salary adjustments;
- \$28.5 million for 130.2 driver license customer service center FTE positions;
- \$26.4 million for two new driver license offices and 83.3 FTE positions;
- \$20.4 million for law enforcement equipment including body-worn cameras and data storage, vehicular cameras' data storage, and dispatch systems;
- \$20.4 million for 51.5 FTE positions to expand forensic cold-case investigation capacity;
- \$16.1 million for noncommissioned staff merit and retention pay;
- \$12.0 million and 28.0 FTE positions to establish the driver license performance improvement group;
- \$11.7 million to implement recently enacted legislation related to homeland security, oil field theft, and the establishment of a rapid DNA pilot program;
- \$10.0 million for the Texas Ranger Hall of Fame and Museum;
- \$2.0 million to expand the Together We Learn Community Safety Education program;
- \$0.6 million for ongoing costs for the content management system; and
- \$0.5 million to increase funding for the Statewide Safe Gun Storage Campaign.

These increases are offset primarily by decreases in General Revenue Funds from the removal of \$450.0 million in onetime funding for various facility-related projects, including the Williamson County Training Academy facility; \$123.4 million in onetime vehicle replacement and aircraft costs; \$34.3 million in onetime funding for various information technology projects; and \$13.7 million in onetime funding for various crime laboratory and driver license initiatives.

Other decreases include \$49.4 million in Other Funds related to a net decrease in collected Appropriated Receipts and Interagency Contracts, primarily due to onetime border security funding, \$8.0 million in General Obligation Bond Proceeds, and \$5.7 million in Federal Funds.

House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, provides DPS with the following increases in fiscal year 2025:

- \$138.3 million in General Revenue Funds for motor vehicle replacements;
- \$97.0 million in General Revenue Funds for information technology disaster recovery and application modernization;
- \$20.0 million in General Revenue Funds for deferred maintenance and facility repairs;
- \$18.9 million in General Revenue Funds for information technology improvements for driver license operations and customer service;
- \$8.6 million in General Revenue Funds for aircraft maintenance and engine overhauls;
- \$2.5 million in General Revenue Funds to expand generator capacity at the Austin crime laboratory;
- \$1.5 million in General Revenue Funds for security improvements including facility locks and security cameras; and
- \$0.8 million in General Revenue Funds to implement an accounts payable invoice tracking system.

FULL-TIME-EQUIVALENT POSITIONS

As shown in **Figure 261**, the total number of FTE positions employed by DPS increased by 34.0 percent, from 9,733.4 positions during fiscal year 2018 to 13,043.7 appropriated positions for fiscal year 2027. Included in these total positions is an increase in the number of commissioned peace officers

from 4,222.2 FTE positions to 5,203.0 positions, or 23.2 percent. The Eighty-ninth Legislature, Regular Session, 2025, appropriated \$319.5 million for 467.0 new commissioned law enforcement positions and 135.5 support FTE positions. During the same period, the number of noncommissioned staff increased from 5,511.2 FTE positions to 7,840.2 positions, or 42.3 percent, primarily attributed to increased staffing to support the new state troopers, increased staffing at the driver license customer service center, and new FTE positions to support remote issuance of driver licenses.

DPS replenishes its cadre of active troopers by operating recruit schools at various times of the year. DPS trains qualified trooper applicants through a 30-week recruit school that graduates successful recruits as probationary troopers. DPS is appropriated \$71.5 million to conduct a minimum of six recruit school classes during the 2026–27 biennium with an estimated graduation rate of 100 new troopers per class. The average cost per recruit is approximately \$75,000, which includes a \$5,000 bonus to graduating troopers.

PROGRAMS

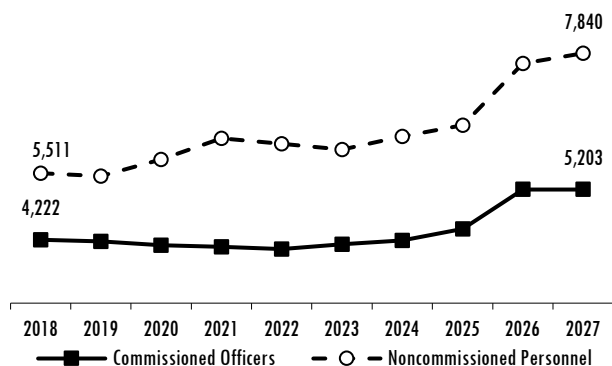
DPS is organized into 20 major divisions: Texas Highway Patrol, Texas Rangers, criminal investigations, aircraft operations, driver license, finance, office of general counsel, information technology, infrastructure operations, intelligence and counterterrorism, crime laboratory, crime records, training operations, regulatory services, executive office, chief auditor's office, office of inspector general, cybersecurity, media and communications, and government relations.

DPS accomplishes its mission of preventing crime and terrorism, saving lives, protecting property, maintaining public order, and providing secure licensing services through five major program areas: (1) law enforcement; (2) administration; (3) border security; (4) driver license services; and (5) regulatory services.

LAW ENFORCEMENT

The law enforcement program area focuses on the agency's core mission to promote improved public safety outcomes by eliminating high-threat criminal organizations, enhancing highway security, providing forensic evidence analysis and access to criminal justice and emergency information, facilitating interoperable public safety communications, and conducting investigations that result in the incarceration of corrupt public officials and high-threat criminals. Appropriations for the law enforcement program area for the 2026–27 biennium total

FIGURE 261
DEPARTMENT OF PUBLIC SAFETY COMMISSIONED AND NONCOMMISSIONED STAFF, FISCAL YEARS 2018 TO 2027



NOTE: Positions shown for fiscal years 2018 to 2025 are actual, filled full-time-equivalent (FTE) positions. Positions shown for fiscal years 2026 and 2027 are appropriated FTE positions.

SOURCES: Legislative Budget Board; Department of Public Safety.

\$1,888.9 million in All Funds, an increase of 10.8 percent. The main functions are accomplished through 17 programs such as traffic enforcement, criminal investigations, intelligence, crime laboratory services, crime records services, anti-human trafficking, and cold case investigations.

TRAFFIC ENFORCEMENT

The largest program within the law enforcement program area is traffic enforcement, which is part of the Texas Highway Patrol Division (THPD). THPD protects public safety in Texas through the enforcement of traffic and criminal laws. It also has regulatory responsibilities in the areas of commercial vehicle and motor carrier regulations. THPD assists in disaster-response activities and provides security and law enforcement for the Capitol and the Capitol Complex. Program-level funding for traffic enforcement totals \$803.6 million in All Funds for the 2026–27 biennium; appropriations for THPD are included in several programs, including traffic enforcement, and total \$990.6 million for the 2026–27 biennium with an anticipated staffing level for fiscal year 2027 of 3,426.5 FTE positions, including commissioned officers and support staff. Appropriation increases primarily include \$223.5 million for 415.0 new commissioned troopers, \$9.4 million for law enforcement equipment, \$2.0 million for the Together We Learn Community Safety Education expansion, and \$1.2 million for merit and retention pay.

CRIMINAL INVESTIGATIONS

The criminal investigation functions of the agency include the Texas Rangers and Criminal Investigations divisions.

The Criminal Investigations Division (CID) is responsible for conducting criminal enterprise investigations targeting organized criminal groups that constitute the greatest threats to the state. CID includes programs focused on human and drug trafficking, gang activity, and other specialized investigations such as fraud, cargo theft, vehicle theft, illegal gambling, sex offenders and other violent fugitives. CID also provides polygraph services and technical investigative support within DPS and to other law enforcement agencies. Appropriations for the 2026–27 biennium for programs within the Criminal Investigations Division total \$247.6 million in All Funds, with an anticipated fiscal year 2027 staffing level of 919.7 FTE positions. Appropriation increases primarily include \$27.8 million for 52.0 commissioned special agents; \$4.6 million to implement the provisions of Senate Bill 36, Eighty-ninth Legislature, Regular Session, 2025, which establishes the Homeland Security Division; \$2.0 million to implement the provisions of House Bill 48, Eighty-ninth Legislature, Regular Session, 2025, which establishes an organized oil field theft prevention unit; and \$0.3 million for merit and retention pay.

The Texas Rangers Division's (TRD) primary responsibilities include major crime investigation and investigation of public corruption and criminal conduct by DPS staff. TRD also assists local police agencies with investigating felony offenses such as murder, sexual assault, and robbery, and operates the Unsolved Crimes Investigation Program (UCIP) and the Public Integrity Unit (PIU). UCIP investigates murders, missing persons cases, or linked criminal transactions that are no longer active within other law enforcement agencies. PIU conducts public corruption investigations and includes fiscal and criminal analytical resources. During fiscal year 2025, criminal investigations by the Texas Rangers resulted in 586 arrests, including 314 arrests that were the result of special response teams. Appropriations for the 2026–27 biennium for TRD totals \$80.2 million in All Funds, with an anticipated fiscal year 2027 staffing level of 260.8 FTE positions. Appropriation increases primarily include \$10.0 million for the Texas Ranger Hall of Fame and Museum, \$7.1 million for Forensic Specialist FTE positions to assist with investigations, \$5.0 million to establish a DNA investigation program within the Unsolved Crime Investigation Program, and \$0.1 million for merit and retention pay.

TRD also includes a Special Operations Group that oversees the agency's Special Weapons and Tactics Team, Regional Special Response Teams, Ranger Reconnaissance Team,

Crisis Negotiations Unit, and Explosive Ordinance Disposal Unit.

The Eighty-ninth Legislature, Regular Session, 2025, appropriated \$4.6 million in General Revenue Funds, and 19.0 FTE positions to establish the Homeland Security Division within DPS. The division directs multi-agency efforts across various jurisdictions to support law enforcement related homeland security operations and objectives, including border security operations, critical infrastructure preparedness, and intelligence sharing. The operation and management of Joint Operations Intelligence Centers and the Border Security Operations Center are now the responsibility of the division.

INTELLIGENCE

DPS's Intelligence and Counterterrorism (ICT) Division serves as a statewide intelligence entity that leverages DPS's intelligence and fusion capabilities with those of other intelligence entities. ICT gathers and disseminates criminal intelligence information related to terrorist activities to advance homeland security initiatives. It also is responsible for the Texas Fusion Center, located in Austin, which works with federal, state, regional, and local law enforcement and serves as the state repository for homeland security information and incident reporting. The Texas Fusion Center provides intelligence support to law enforcement and public safety authorities and consolidates information regarding suspicious activities that may represent threats to the public. Appropriations for the 2026–27 biennium for intelligence programs total \$77.9 million in All Funds, with an anticipated fiscal year 2027 staffing level of 229.6 FTE positions. Appropriation increases primarily include \$10.0 million for additional staff to support new troopers, \$1.1 million for merit and retention pay, and \$0.2 million to support cold case investigation capacity.

CRIME LABORATORY SERVICES

DPS provides forensic and analytical services to law enforcement agencies investigating crimes through a system of 16 crime laboratories in locations across Texas, including two statewide programs related to the DNA database and breath alcohol testing. The agency provides analysis of biological evidence or DNA evidence; seized drugs; toxicology, including alcohol and drug; trace evidence, such as hair, fibers, gunshot residue, and fire debris; and evidence from other forensic disciplines. Crime laboratory personnel also provide expert testimony regarding analysis of evidence and interpretation of technical data and findings. Appropriations for the 2026–27 biennium for crime laboratory services total \$197.7 million in All Funds, with an

anticipated fiscal year 2027 staffing level of 687.8 FTE positions. Appropriation increases primarily include \$6.3 million to support cold-case investigation capacity and improve forensic testing capabilities; \$5.1 million to implement Senate Bill 1723, Eighty-ninth Legislature, Regular Session, 2025, which establishes a rapid DNA analysis pilot program; \$3.0 million to for additional staff to support new troopers, and \$2.1 million for merit and retention pay.

Figure 262 shows the number of sexual assault kit and drug toxicology tests the lab completed from fiscal years 2018 to 2025. In fiscal year 2025, DPS reported a backlog of 1,985 drug toxicology kits and no in-house backlog for sexual assault kits. Drug toxicology kits are considered backlogged if not tested within 60.0 days and sexual assault kits are considered backlogged if not tested within 90.0 days.

CRIME RECORDS SERVICE

DPS administers statewide information systems to provide criminal justice information to authorized users in a rapid and usable format. The Crime Records Service collects information regarding criminal history and fingerprinting records, sex offender identification, and crime statistics. The Crime Records Service relies significantly upon information sharing among local, state, and federal law enforcement agencies. During fiscal year 2025, the Crime Records Service processed more than 0.9 million fingerprint criminal history checks and 6.4 million criminal justice, public site, and secure site name searches.

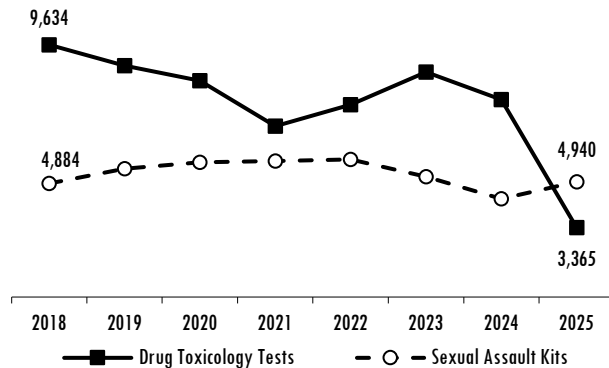
ADMINISTRATION

The administration program area includes programs relating to direct or indirect administration at DPS. These six programs include facilities management, financial management, headquarters administration, information technology, office of the inspector general, and training academy and development. Appropriations for the administration program area total \$412.4 million in All Funds for the 2026–27 biennium, which is a decrease of \$488.7 million, or 54.2 percent. The decrease is attributable primarily to the removal of onetime funding for facilities-based projects, including \$381.5 million to expand the Williamson County Training Academy Facility, \$32.3 million for various facility projects, \$23.7 million for a special threat training facility, \$22.5 million information technology, and \$10.0 million to plan a regional headquarters facility in El Paso.

BORDER SECURITY PROGRAMS

The border security programs include activities centering on Operation Lone Star (OLS) and other efforts responding to

FIGURE 262
DEPARTMENT OF PUBLIC SAFETY CRIME LABORATORY
SERVICES' SEXUAL ASSAULT KIT AND DRUG TOXICOLOGY
TESTS COMPLETED, FISCAL YEARS 2018 TO 2025



SOURCES: Legislative Budget Board; Department of Public Safety.

law enforcement threats in the border region. Historically, the Legislature has made significant fiscal investments in state and local efforts to enhance border security.

The Border Security program area represents \$785.8 million in All Funds. An additional \$408.8 million in border security-related funds is appropriated to other goals and program areas, primarily Law Enforcement, for trooper salaries and overtime. DPS's border security funding in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, includes the following items across all goals and program areas:

- \$693.1 million appropriated to the agency prior to the Eighty-seventh Legislature, Regular Session, 2021, for border security efforts such as 500.0 additional troopers, human trafficking prevention, anti-gang activities, and a mandatory 50.0-hour work week;
- \$56.7 million for 100.0 additional border troopers; \$38.0 million for mobile command and control systems, tactical airboats, aircraft, and drawbridge cameras; and \$154.8 million and 79.0 FTE positions appropriated by the Eighty-seventh Legislature, Regular Session, 2021, for OLS 52-week surge costs and marine unit vessels;
- \$23.6 million to capital budget projects related to OLS, and \$1.5 million to drones for border security purposes in the 2022–23 biennium; and
- \$151.4 million to biennialize OLS 52-week surge costs in the 2024–25 biennium, and \$75.5 million for salary adjustments.

This amount represents a \$40.0 million decrease in Interagency Contracts from TruSTeed Programs within the Office of the Governor for border security operations, including overtime expenses and costs due to increased law enforcement presence.

DRIVER LICENSE SERVICES

The Driver License Division (DLD) serves license-qualified drivers and removes privileges from unsafe drivers; provides accurate records and documents in a timely manner to eligible customers; and supports law enforcement and criminal justice partners. DLD regulates the competency of Texas drivers by testing new drivers and determining the eligibility of renewal applicants. The division administered 5.8 million driver license examinations during fiscal year 2025. DLD also is responsible for issuing most of the state identification used for voter identification purposes. During fiscal year 2025, 57.6 percent of those applying for a driver license or identification card experienced wait times of less than 45.0 minutes.

Appropriations for DLD total \$625.1 million in All Funds and 3,539.8 FTE positions for fiscal year 2026 and 3,739.3 FTE positions for fiscal year 2027, which is an increase of \$90.6 million in All Funds or 17.0 percent. Appropriation increases primarily include \$41.1 million for staffing to implement remote driver license issuance, \$25.4 million to increase customer service center staffing, \$17.7 million for a driver license office located near Hays and Caldwell Counties, \$12.0 million to implement a performance review group, \$8.8 million for a driver license office in Brenham, and \$6.0 million for merit and retention pay increases. These increases were offset by the removal of \$5.3 million in onetime funding for two driver license offices.

In addition to these amounts, House Bill 500 provides DPS with \$13.9 million for information technology improvements for driver license operations and applications and \$5.0 million for customer service center information technology improvements as supplemental appropriations for fiscal year 2025.

REGULATORY SERVICES

The regulatory services program area provides regulatory services to all external and internal customers, and improves responsiveness, customer focus, and modern business practices in the delivery of all services. Appropriations for the regulatory services program area total \$78.6 million in All

Funds for the 2026–27 biennium, which is a decrease of \$19.2 million, or 19.7 percent. The decrease is primarily attributable to the removal of onetime funding of \$22.5 million for a License to Carry and licensing platform to replace legacy systems. Appropriation increases primarily include \$2.3 million for merit and retention pay and the Statewide Safe Gun Storage Campaign.

The regulatory programs at DPS include regulatory service compliance and safety education. Program area functions are administered by the Regulatory Services Division and carried out through several programs including the Private Security Program, handgun licensing, the vehicle inspection program, and the Texas metals program.

PRIVATE SECURITY PROGRAM

The Private Security Program (PSP) is an advisory committee that regulates the private security industry in Texas. State regulations for this industry include licensing private security companies and registering individuals employed by those companies. The former standalone Texas state agency that licensed and regulated private security ultimately had its functions transferred to DPS, which then established PSP. PSP is associated with the statutorily established Texas Private Security Board, a seven-member board appointed by the Governor, which was established to hear appeals from applicants in accordance with the Texas Private Security Act. In addition, the board sets rules to administer the act. During fiscal year 2025, PSP issued 111,565 individual and 10,198 business licenses and registrations.

HANDGUN LICENSING PROGRAM

DPS administers the Handgun Licensing Program as authorized by the Texas Government Code, Chapter 411, Subchapter H. DPS licenses individuals to carry handguns within Texas, evaluates the eligibility of applicants through criminal history background checks, and monitors those licensed to confirm their continued eligibility. DPS also trains and certifies instructors that teach the required courses to applicants. House Bill 1927, Eighty-seventh Legislature, Regular Session, 2021, removed the handgun license requirement for individuals 21 years of age or older not otherwise prohibited by state or federal law from possessing, carrying, transporting, or storing a firearm or other weapon. The legislation did not repeal the License to Carry program and citizens still may apply for a handgun license, although it is not a requirement.

VEHICLE INSPECTION PROGRAM

The DPS Vehicle Inspection Program (VIP) certifies vehicle inspectors and inspection stations, monitors compliance with inspection standards, and supervises vehicle emission programs intended to meet federal clean air requirements. VIP has the authority to deny certification of inspectors and stations and to suspend or revoke station and inspector certification. VIP also is responsible for the sale and fulfillment of orders for inspection certificates. During fiscal year 2025, the vehicle safety program ended. From September 1, 2024, to December 31, 2025, 48,324 certified vehicle inspectors at 11,595 licensed inspection stations performed 7.7 million safety, commercial, and emission vehicle inspections. From January 1, 2025, to August 31, 2025, 29,423 certified vehicle inspectors at 7,320 licensed inspection stations performed 9.1 million commercial and emission vehicle inspections.

METAL RECYCLING ENTITIES

Pursuant to the Texas Occupations Code, Chapter 1956, DPS is responsible for registering all metal recycling entities operating in Texas. Registered entities are required to collect certain identifying information from sellers of recycled material to aid law enforcement in tracking entities and individuals that are buying or selling stolen material. The information collected in DPS's Metals Registration Program database records reported metals transactions across Texas. DPS has the authority to deny applications for certificates of registration to entities that do not meet the agency's criteria. During fiscal year 2025, DPS issued 387 metal registration certifications. DPS also has the authority to reprimand registrants and suspend or revoke certificates of registration for reasons set in state statute and for failure to comply with DPS rules.

SIGNIFICANT LEGISLATION

House Bill 33 – Active shooter incidents and other emergencies at school facilities. The legislation directs various governmental agencies, including DPS, to coordinate and develop plans related to active shooter incidents and other emergencies at school facilities.

House Bill 48 – Establishing an organized oil field theft prevention unit. DPS received \$1.9 million from General Revenue Funds and 4.0 FTE positions for the 2026–27 biennium to establish a unit to prevent the organized theft of oil and gas equipment in coordination with local law enforcement, conduct education initiatives, and maintain a central database of related offenses.

House Bill 1422 – Rights of victims of sexual assault and other sex offenses and collection of DNA evidence. The legislation allows for a survivor or other authorized person to provide limited consent for the testing of DNA evidence. House Bill 1422 also establishes and revises provisions related to criminal offenses, criminal penalties, and eligibility for community supervision, mandatory supervision, and parole.

Senate Bill 36 – Establishing the Homeland Security Division. DPS received \$4.6 million from General Revenue Funds and 19.0 FTE positions for the 2026–27 biennium to establish the Homeland Security Division to direct multi-agency efforts across various jurisdictions to support law enforcement-related homeland security operations and objectives including border security operations, critical infrastructure protection, statewide intelligence efforts, and strategic planning.

Senate Bill 1660 – Retention and preservation of toxicological evidence for certain offenses. The legislation directs crime laboratories to notify a prosecutor's office of the date the laboratory received toxicological evidence and permits the destruction of toxicological evidence under certain conditions.

Senate Bill 1723 – Establishing a rapid DNA analysis pilot program. DPS received \$5.1 million to establish a rapid DNA analysis pilot program in at least two Texas counties and comply with statutory reporting requirements.

Senate Bill 2332 – Operation of DPS aircraft. DPS received 13.0 FTE positions for the 2026–27 biennium to maintain and schedule agency aircraft.

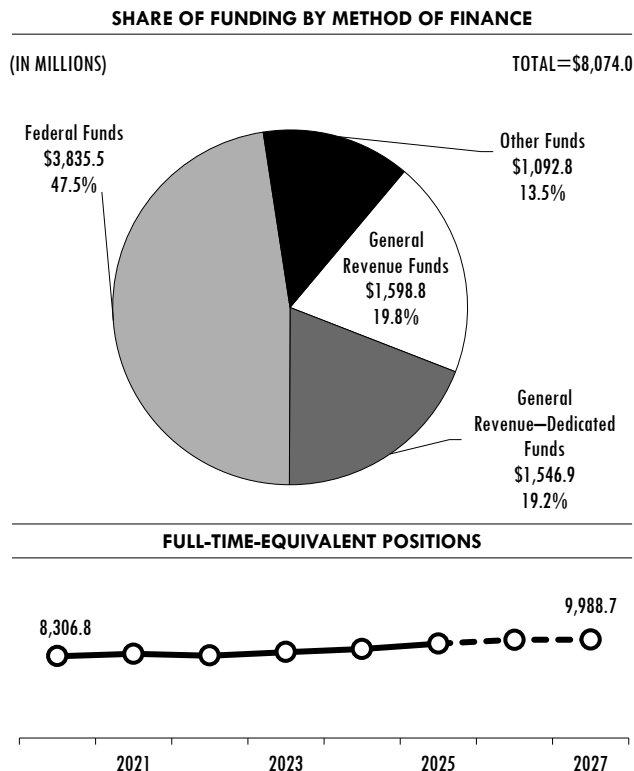
Senate Bill 2514 – Establishing the hostile foreign adversaries unit within DPS. The legislation establishes the hostile foreign adversaries unit within DPS. The unit is responsible for reporting on incidents of foreign adversary operations within the state, developing strategies to combat foreign adversary operations, and securing certain sensitive information.

9. NATURAL RESOURCES

Natural Resource agencies play a major role in the state's economy and in maintaining a healthy environment for Texans. These state agencies are charged with the responsibility of influencing the management and development of these resources through scientific research, planning, education, preservation, regulation, remediation, and financial assistance. These activities are directed to the achievement of state goals such as clean air; clean water; safe management of waste; conservation and development of water through resource planning and financial assistance; safe production, fair pricing, and transportation of energy resources; supporting state and local parks and outdoor activities; development of agribusiness; administering child and special nutrition programs; managing state-owned lands and assets; and many others.

FIGURE 263
ARTICLE VI – NATURAL RESOURCES BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$4,779.7	\$1,598.8	(\$3,180.9)	(66.6%)
General Revenue–Dedicated Funds	\$1,581.2	\$1,546.9	(\$34.3)	(2.2%)
Federal Funds	\$5,601.6	\$3,835.5	(\$1,766.0)	(31.5%)
Other Funds	\$1,768.7	\$1,092.8	(\$675.9)	(38.2%)
Total, All Methods of Finance	\$13,731.1	\$8,074.0	(\$5,657.1)	(41.2%)



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.
- (3) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

SIGNIFICANT DEVELOPMENTS

Disaster recovery funding totals **\$1.3 billion in All Funds**, a decrease of **\$1.5 billion in Federal Funds** related primarily to **flooding** and **Hurricane Harvey** recovery. Funding includes **\$148.4 million** for housing projects and **\$1.1 billion** for infrastructure projects.

General Revenue Funds provide **\$1.8 billion for water infrastructure funding** pursuant to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, including **\$1.0 billion for general water infrastructure**, **\$581.0 million for specific local projects**, **\$83.0 million for the Drinking Water State Revolving Fund**, and **\$48.3 million for the Clean Water State Revolving Fund**.

Funding for **Child and Adult Nutrition programs** totals **\$1.5 billion in All Funds**, which is anticipated to provide an average number of 775,000 meals daily to children and adults.

State and local parks funding totals **\$376.0 million in All Funds**, a decrease of **\$239.8 million** primarily related to onetime funding and anticipated decreases in Federal Funds and Other Funds from Appropriated Receipts.

FIGURE 264
ARTICLE VI – NATURAL RESOURCES APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS)				
FUNCTION	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Department of Agriculture	\$1,887.9	\$1,927.5	\$39.6	2.1%
Texas Animal Health Commission	\$39.9	\$43.9	\$4.0	10.0%
Texas Commission on Environmental Quality	\$837.0	\$921.2	\$84.2	10.1%
Texas General Land Office and Texas Veterans Land Board	\$4,840.5	\$2,434.6	(\$2,405.9)	(49.7%)
Texas Low-level Radioactive Waste Disposal Compact Commission	\$1.0	\$1.0	(\$0.0)	(1.0%)
Texas Parks and Wildlife Department	\$1,547.6	\$1,113.4	(\$434.2)	(28.1%)
Railroad Commission of Texas	\$632.3	\$461.5	(\$170.8)	(27.0%)
Texas State Soil and Water Conservation Board	\$166.7	\$164.5	(\$2.2)	(1.3%)
Texas Water Development Board	\$3,316.3	\$455.3	(\$2,861.0)	(86.3%)
Subtotal, Natural Resources	\$13,269.3	\$7,522.8	(\$5,746.5)	(43.3%)
Employee Benefits and Debt Service	\$497.7	\$581.4	\$83.7	16.8%
Less Interagency Contracts	\$35.9	\$30.3	(\$5.7)	(15.8%)
Total, All Functions	\$13,731.1	\$8,074.0	(\$5,657.1)	(41.2%)

NOTES:

(1) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.

(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.

MAJOR FUNDING

The Eighty-ninth Legislature, Regular Session, 2025, appropriates \$8.1 billion in All Funds for Natural Resources agencies, which is a decrease of \$5.7 billion, or 41.2 percent, from the 2024–25 biennium.

Funding for the **Texas Water Development Board (TWDB)** decreases by \$2.9 billion in All Funds primarily due to the following changes:

- a decrease of \$1.8 billion in General Revenue Funds appropriated in the supplemental appropriations bill, House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, which includes the following amounts:
 - \$1.0 billion for flood and water supply infrastructure project grants to be administered as determined by TWDB, of which \$13.0 million is required to be transferred by TWDB to the Texas Water Fund Administrative Fund (TWFAF) as part of the contingency funding to implement the provisions of Senate Bill 7, Eighty-ninth Legislature, Regular Session, 2025, related to the oversight and

financing of certain water infrastructure matters within TWDB's jurisdiction;

- \$581.0 million for specific flood and water supply infrastructure project grants to various local entities;
- \$131.3 million for deposit to state revolving funds to be used for the state match for various water infrastructure projects, including \$83.0 million for the Drinking Water State Revolving Fund (DWSRF) and \$48.3 million for the Clean Water State Revolving Fund (CWSRF). These matching funds are anticipated to draw a total amount of \$714.6 million in Federal Funds for capitalization grants; and
- \$5.4 million for information technology (IT) projects including server migration and risk mitigation and to address current obligations for Data Center Services (DCS);
- a net decrease of \$136.7 million in General Revenue Funds for various water project grants;
- a net increase of \$14.9 million in General Revenue Funds including an increase of \$18.0 million to

provide salary adjustments; new IT; and additional staff and resources to support financial assistance programs, data collection analysis, the TexMesonet hydrometeorological network, additional research grant funding, and to improve the management of floodplains and grants; this increase is offset by a decrease of \$3.1 million for the removal of funding for various onetime expenditures for various administrative and startup expenses from increases in the number of full-time-equivalent (FTE) positions occurring during the 2024–25 biennium, funds reallocated to address DCS costs, and motor vehicle replacements funded through supplemental appropriations pursuant to Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, that were carried forward from fiscal year 2023 into the 2024–25 biennium;

- a net decrease of \$950.5 million in Other Funds and an increase of 34.0 FTE positions primarily due to the following amounts:
 - \$483.5 million from the Texas Infrastructure Resiliency Fund (TIRF), which primarily includes the following supplemental appropriations made in House Bill 500, 2025: (1) \$264.0 million in unexpended balance authority for estimated remaining balances within the Hurricane Harvey subaccount of the TIRF for matching funds for Federal Emergency Management Agency (FEMA) Public Assistance grants related to Hurricane Harvey disaster recovery, which initially were appropriated pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, and subsequently re-appropriated pursuant to Senate Bill 30, 2023, for the same purposes; and (2) \$219.5 million in unexpended balance authority for estimated remaining balances within the Hurricane Harvey subaccount of the TIRF for matching funds for FEMA for Hazard Mitigation grants related to Hurricane Harvey disaster recovery, initially appropriated pursuant to Senate Bill 500, 2019, and subsequently re-appropriated pursuant to Senate Bill 30, 2023, for the same purposes;
 - a decrease of \$375.0 million from the Flood Infrastructure Fund (FIF) resulting from estimated expenditures reported during fiscal year 2025;
 - a net decrease of \$75.4 million for debt service including the following amounts: (1) a net decrease of \$78.9 million from the Water Infrastructure

Fund (WIF) due to the completion of WIF debt service payments and the appropriation of estimated remaining WIF balances; (2) a net increase of \$2.7 million from the Rural Water Assistance Fund from anticipated loan repayment proceeds for debt service payments on interfund debt; and (3) an increase of \$1.3 million from the Economically Distressed Areas Bond Payment Account for anticipated increases in Economically Distressed Areas Program (EDAP) bond repayment proceeds available for EDAP debt service payments;

- a decrease of \$27.7 million from the TIRF resulting from estimated expenditures reported during fiscal year 2025;
- an increase of \$8.5 million in TWFAF and 34.0 FTE positions to address new water supply-conveyance coordination responsibilities, to assist with increased reporting requirements related to the Texas Water Fund (TWF), and to provide technical assistance to applicants seeking financial assistance from TWDB to implement the provisions of Senate Bill 7, 2025. Senate Bill 7 established the TWFAF to receive transfers of up to 2.0 percent of annual deposits occurring to the TWF to pay for necessary and reasonable expenses of administering the TWF; and
- a net increase of \$4.2 million from the Agricultural Water Conservation Fund (AWCF) to appropriate the anticipated remaining AWCF balance to issue conservation-related grants and loans; and
- a net decrease of \$33.0 million in Federal Funds and an increase of 30.0 FTE positions primarily due to the following amounts:
 - a decrease of \$37.9 million for federal Flood Mitigation Assistance grant funding due to the expenditure of remaining balances from previous fiscal year obligations that occurred during fiscal year 2024; and
 - an increase of \$4.8 million and 30.0 FTE positions for administering financial assistance from the federal programs for the CWSRF (\$2.4 million and 15.0 FTE positions) and DWSRF (\$2.4 million and 15.0 positions).

Funding for the **General Land Office** decreases by \$2.4 billion in All Funds primarily due to the following changes:

- a decrease of \$1.5 billion in Federal Funds primarily for disaster recovery for short-term and community housing and infrastructure projects. This decrease represents the spending down of historical disaster recovery funds awarded to the state;
- a net decrease of \$1.1 billion in General Revenue Funds, which primarily includes the following changes: a decrease of \$549.4 million for the preservation, maintenance, and operation of the Alamo and Alamo Complex including \$150.0 million appropriated in the supplemental appropriations bill, House Bill 500, 2025; and a net decrease of \$539.7 million to provide grants, oversight, and coordination to the Gulf Coast Protection District;
- a net increase of \$213.1 million in Other Funds, primarily due to the following changes:
 - a net increase of \$397.1 million from the Texas Veterans Homes Administration Fund for continued administration of Texas veterans' home programs;
 - a decrease of \$146.7 million from Appropriated Receipts, primarily due to anticipated revenue decreases from the Gulf of Mexico Energy Security Act, 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;
 - a decrease of \$21.7 million in onetime funding during fiscal year 2024 from the Permanent School Fund (PSF) for completion of the Rollover Pier Construction Project;
 - a decrease of \$7.4 million in onetime funding from the Economic Stabilization Fund for the preservation, maintenance, and operation of the Alamo and Alamo Complex;
 - a decrease of \$6.6 million in funding from the PSF from the Surface Damage Account for Well Plugging and Carbon Dioxide Sequestration; and
 - a decrease of \$3.9 million for onetime funding for boat purchases; and
- a net decrease of \$9.1 million in General Revenue–Dedicated Funds primarily due to decreases in estimated hotel occupancy tax revenue collections for General Revenue–Dedicated Account No. 5176, Coastal Erosion Response Fund, offset by increases in

anticipated revenues from the Alamo Gift Shop and Museum for General Revenue–Dedicated Account No. 5152, Alamo Complex, and increases in program operational costs for oil spill response projects and capital items for General Revenue–Dedicated Account No. 27, Coastal Protection.

Funding for the **Texas Department of Agriculture** increases by \$39.6 million in All Funds primarily due to the following significant changes:

- an increase of \$81.1 million in Other Funds primarily due to an increase of \$100.0 million from the Texas Agricultural Fund for the Texas Agricultural Finance Authority (TAFA) to provide low-interest loans and financial assistance to farmers, which is offset by decreases of \$15.1 million from the Texas Economic Development Fund due to an anticipated reduction in available fund balances and \$3.2 million from Appropriated Receipts for Rural Health program grants due to anticipated decreases in revenues;
- a net increase of \$0.9 million in General Revenue Funds which primarily includes the following amounts:
 - a net increase of \$15.2 million for various programs providing grant funding for food services and food banks;
 - an increase of \$1.4 million to biennialize the statewide salary adjustments initiated during the 2024–25 biennium;
 - an increase of \$0.6 million for the operation of Mexican fruit fly traps in the Rio Grande Valley;
 - a net decrease of \$16.6 million for the removal of onetime funding primarily due to the following changes: (1) a decrease of \$7.3 million appropriated for facility renovations in House Bill 500, 2025, including \$6.3 million for the state seed laboratory and \$1.0 million for an office facility donated by the Texas Cooperative Inspection Program; (2) a decrease of \$5.9 million for new IT systems including \$5.0 million for the development of a new licensing system and \$0.9 million for website rewriting appropriated in House Bill 500; (3) a decrease of \$3.1 million for vehicle replacements including \$1.5 million appropriated in House Bill 500, \$1.0 million appropriated in Senate Bill 30, 2023, carried forward from fiscal year 2023 into the 2024–25 biennium, and \$0.6 million for six mobile inspection vehicles for entry point stations;

and (4) \$0.5 million for the Young Farmer Grant, which is reestablished as the Agricultural Grant program pursuant to House Bill 43, Eighty-ninth Legislature, Regular Session, 2025, and receives funding for the 2026–27 biennium through TAFAs;

- a net decrease of \$4.1 of General Revenue–Dedicated Funds from Account No. 5047, Permanent Fund for Rural Health Facility Capital Improvement, to provide funding equivalent to estimated remaining balances; and
- a net decrease of \$38.3 million in Federal Funds due primarily to a net increase of \$43.9 million for various child and adult nutrition programs being offset by decreases in funding that no longer is anticipated to be available, including \$50.3 million in onetime federal funding related to increases provided during the COVID-19 pandemic, \$29.1 million in funding from the Community Development Block Grant, and \$5.6 million across various other federal programs.

Funding for the **Texas Parks and Wildlife Department** (TPWD) decreases by \$434.2 million in All Funds primarily due to the following changes:

- a decrease of \$230.5 million in Federal Funds across various federal programs primarily due to the expenditure of federal grant allotments during the 2024–25 biennium from previous years, the agency’s conservative approach in projecting available funding during a biennium, and the removal of onetime funding from the Coronavirus Relief Fund appropriated for fiscal year 2024 that no longer is expected to be available for the 2026–27 biennium;
- a net decrease of \$163.4 million in General Revenue Funds and General Revenue–Dedicated Funds, which includes net decreases of \$98.0 million in General Revenue Funds and \$65.5 million in various General Revenue–Dedicated Funds, due to the following changes:
 - Sporting Goods Sales Tax (SGST) funds appropriated directly to TPWD total \$444.3 million, an increase of \$20.8 million from 2024–25 biennial spending levels. This appropriation amount represents an increase from the amount of SGST estimated in the Comptroller of Public Accounts’ Biennial Revenue Estimate for the 2026–27 biennium;
 - a net increase of \$56.3 million for law enforcement, including an increase of \$70.8 million in General Revenue Funds offsetting a decrease of \$14.5 million in General Revenue–Dedicated Funds from Account No. 9, Game, Fish, and Water Safety, and 2.0 FTE

positions to provide extended work week hours for law enforcement officers, game warden vehicles and equipment, aircraft operations and maintenance, and vehicles for new pilots;

- an increase of \$25.2 million including \$6.0 million in General Revenue Funds and \$12.2 million in General Revenue–Dedicated Funds to provide targeted salary increases and to biennialize salary adjustments initiated during the 2024–25 biennium, and \$7.0 million in General Revenue Funds to provide a grant to the Battleship Texas Foundation for the renovation and maintenance of the Battleship Texas;
- a decrease of \$191.5 million, including \$146.8 million in General Revenue Funds and \$44.7 million in General Revenue–Dedicated Funds, for the removal of onetime funding for land purchases, construction and deferred maintenance, and IT projects for the following changes: (1) a decrease of \$135.0 million to purchase land including \$125.0 million in General Revenue Funds appropriated in Senate Bill 30, 2023, and carried forward from fiscal year 2023 into the 2024–25 biennium to acquire park land and \$10.0 million from Account No. 9 for the purchase of 3,000 acres for migratory game bird habitat; (2) a net decrease of \$50.7 million for the removal of onetime funding for construction and deferred maintenance including \$19.8 million in General Revenue Funds and \$30.8 million in General Revenue–Dedicated Funds. Of this amount, House Bill 500, 2025, appropriates \$21.4 million in General Revenue Funds for construction at the TPWD headquarters and \$5.6 million in General Revenue–Dedicated Funds for construction needs at field offices, state parks, natural areas, historic sites, wildlife management areas, fish hatcheries, and outreach centers. This amount also includes \$25.1 million in General Revenue–Dedicated Funds including \$16.7 million for maintenance and repairs at the Sea Center of Texas and \$8.4 million for unexpended balances carried forward from fiscal year 2023 into the 2024–25 biennium for various construction projects; and (3) a decrease of \$5.1 million including \$1.3 million in General Revenue Funds for the expansion and improvement of TPWD’s network appropriated in House Bill 500 and \$3.8 million from Account No. 9 for the Boat Registration Information and Titling System;

- a net decrease of \$49.3 million in General Revenue Funds for onetime funding to provide various grants, including the following amounts: (1) a net decrease of \$58.2 million for various local park grants including decreases of \$60.0 million appropriated in House Bill 500, 2025, and \$21.0 million appropriated during the 2024–25 biennium offset by an increase of \$22.8 million appropriated for the 2026–27 biennium; and (2) a net increase of \$8.9 million for other grants including increases of \$10.0 million for a memorial at Robb Elementary School in Uvalde and \$0.9 million for the Shell Bottom Boat Ramp in Clear Lake Shores offset by a decrease of \$2.0 million for the Texas State Aquarium in Corpus Christi appropriated in House Bill 500;
- a decrease of \$21.4 million for onetime funding for motor vehicles and boats, excluding purchases for game warden vehicles, including decreases of \$11.9 million in General Revenue–Dedicated Funds appropriated in Senate Bill 30, 2023, and carried forward from fiscal year 2023 into the 2024–25 biennium for vehicles; \$6.0 million in General Revenue Funds and \$3.1 million in General Revenue–Dedicated Funds appropriated in House Bill 500, 2025, for vehicles; and \$0.6 million in General Revenue Funds for a coastal fisheries research vessel;
- a decrease of \$2.3 million in General Revenue–Dedicated Funds for the removal of onetime funding from unexpended balances carried forward from fiscal year 2023 into the 2024–25 biennium including \$1.1 million in General Revenue–Dedicated Funds from Account No. 64, State Parks, from the vehicle registration and renewal processes designated for the state park system and \$1.2 million from Account No. 9 for collected Managed Lands Deer Program Participation Fees; and
- a decrease of \$1.5 million in onetime funding from Account No. 9 for the Oyster License Buyback Program; TPWD has appropriation authority to carry forward any balances remaining at the end of fiscal year 2025 into the 2026–27 biennium for purchasing active licenses; and
- a decrease of \$40.3 million in Other Funds including \$34.5 million from Appropriated Receipts primarily for anticipated fluctuations in donations, seized assets, and revenue collections; \$4.2 million from

onetime grant funding received from the Office of the Governor for Operation Lone Star that is not anticipated to continue; \$0.8 million from Interagency Contracts due to completion of contracts or changes in scope of contracts with the Texas Department of Transportation, the Department of Public Safety, and the University of Texas; \$0.4 million from bond proceeds due to the completion of debt service payments during fiscal year 2021 with no unexpended bond proceeds anticipated to be available; and \$0.4 million from the License Plate Trust Fund due to anticipated decreases in revenues.

Funding for the **Texas Commission on Environmental Quality** (TCEQ) increases by \$84.2 million in All Funds. Significant issues include the following changes:

- a net increase of \$69.1 million in Federal Funds primarily due to increases of \$64.8 million from the U.S. Department of Energy for the new Texas Voluntary Marginal Conventional Well Plugging Program and \$11.4 million for the National Dam Safety Program, which includes \$1.2 million in supplemental funding from the federal Infrastructure Investment and Jobs Act (IIJA), 2021, for the same purpose offset by a net decrease of \$6.7 million in various federal program funding that no longer is anticipated to be available;
- a net increase of \$9.7 million in Other Funds primarily due to the following changes:
 - an increase of \$9.4 million from the Leaking Water Wells Fund to provide grants for plugging leaking water wells in Pecos County;
 - an increase of \$1.8 million in onetime funding from the TWFAF and 9.0 FTE positions to implement the provisions of Senate Bill 7, 2025, contingent on TWDB entering an agreement with TCEQ to pay for administrative and staffing expenses that TCEQ incurs when reviewing related water infrastructure project permit applications that seek financial assistance originating from the TWF; and
 - a decrease of \$1.4 million in Other Funds including \$0.7 million in Appropriated Receipts and \$0.8 million in Interagency Contracts that are not anticipated to continue into the 2026–27 biennium;
- a net increase of \$5.4 million in General Revenue Funds and General Revenue–Dedicated Funds and 147.5 FTE positions for fiscal year 2026 and 150.5 FTE positions

for fiscal year 2027. This amount includes a net decrease of \$3.7 million in General Revenue Funds offset by a net increase of \$9.1 million in General Revenue–Dedicated Funds primarily due to the following amounts:

- \$42.2 million for salary increases, including: (1) \$1.5 million in General Revenue Funds and \$31.0 million in General Revenue–Dedicated Funds for targeted salary increases intended to increase classifications for staff whose salaries are in the bottom to midpoints of their specified salary ranges; and (2) \$2.2 million in General Revenue Funds and \$7.5 million in General Revenue–Dedicated Funds to biennialize the statewide salary adjustments initiated during the 2024–25 biennium;
- an increase of \$33.8 million in General Revenue–Dedicated Funds and 137.5 FTE positions for fiscal year 2026 and 140.5 FTE positions for fiscal year 2027 to enhance permitting, compliance, monitoring, comprehensive review processes, planning, public engagement, and administrative costs to address increasing responsibilities and environmental changes due to increasing demands with Texas’ growth and expanding federal requirements and to implement the provisions of Senate Bill 1145, Eighty-ninth Legislature, Regular Session, 2025, authorizing TCEQ to issue permits for the land application of water produced from certain mining and oil and gas extraction operations contingent on the enactment of the legislation;
- an increase of \$3.2 million in General Revenue Funds and 10.0 FTE positions to administer available federal grants and update water quality stream model monitoring and provide increased reporting for certain rivers;
- an increase of \$1.4 million in General Revenue–Dedicated Funds from Account No. 5071, Texas Emissions Reduction Plan (TERP), held inside the Treasury to fund the TERP Trust held outside the Treasury, to administer the TERP program; and
- a decrease of \$75.2 million in General Revenue and General Revenue–Dedicated Funds including \$10.6 million in General Revenue Funds and \$64.6 million in General Revenue–Dedicated Funds for the removal of onetime expenditures. This decrease primarily includes the following amounts: (1) \$50.1 million in General Revenue–Dedicated

Funds for IT projects including: (a) \$42.1 million appropriated in House Bill 500, 2025, for cybersecurity, cybersecurity modernization, computer replacements, and DCS projects; and (b) \$8.0 million for website enhancements to update the agency’s website to increase usability and data accessibility; Federal Lead and Copper Rule Revisions; software and program upgrades to existing IT systems required to implement the provisions of the agency’s sunset bill, Senate Bill 1397, Eighty-eighth Legislature, Regular Session, 2023; and the Compliance History database system to increase the frequency of mass classifications to determine the status of an entity’s compliance history; (2) \$10.0 million in General Revenue Funds for water rights litigation between Texas and the State of New Mexico related to the Rio Grande Compact that is not anticipated to continue; (3) \$9.1 million in General Revenue–Dedicated Funds from Account No. 550, Hazardous and Solid Waste Remediation Fees, for cleanup and remediation payments for recovery fees that are not anticipated to continue; (4) \$3.5 million in All Funds including \$0.6 million in General Revenue Funds and \$2.9 million in General Revenue–Dedicated Funds to digitize agency records and publish documents online; and (5) \$2.2 million in General Revenue–Dedicated Funds for vehicles, including \$1.1 million appropriated in House Bill 500, 2025; \$0.9 million appropriated in Senate Bill 30, 2023; and \$0.2 million to implement Senate Bill 1397, the agency’s Sunset legislation enacted in 2023.

Funding for the **Railroad Commission of Texas** decreases by \$170.8 million in All Funds. Funding maximizes all available General Revenue–Dedicated Funds accounts related to oil and gas regulation and cleanup. Significant issues include the following changes:

- a decrease of \$132.7 million in General Revenue Funds and General Revenue–Dedicated Funds from Account No. 5155, Oil and Gas Regulation and Cleanup, for the following onetime funding decreases:
 - a decrease of \$100.0 million in General Revenue Funds appropriated in House Bill 500, 2025, for emergency well plugging;
 - a net decrease of \$25.3 million in All Funds for the following IT projects: (1) a net increase

of \$1.4 million in All Funds for the Mainframe Transformation Project, which includes an increase of \$9.7 million in General Revenue Funds for maintenance offset by a onetime funding decrease of \$8.2 million in General Revenue–Dedicated Funds from Account No. 5155 and \$16,232 in General Revenue Funds from supplemental appropriations provided in Senate Bill 30, 2023; and (2) a decrease of \$26.7 million in General Revenue Funds primarily for funds appropriated in House Bill 500, 2025, for projects including DCS costs to maintain current obligations; a Produced Water Injection Data Reporting System; Oversight and Safety Regulatory Filing and Permitting Systems; an Oil and Gas Authorized Pit Registration System; and migration of the current geographic information system to a cloud-based platform;

- a decrease of \$12.9 million for vehicle purchases including \$4.7 million in General Revenue Funds and \$1.5 million in General Revenue–Dedicated Funds from Account No. 5155 appropriated in Senate Bill 30, 2023; \$4.9 million in General Revenue Funds appropriated in House Bill 500, 2025; and \$1.8 million in General Revenue Funds for the onetime purchase of pipeline safety inspector vehicles; and
- a decrease of \$5.3 million in General Revenue Funds for various onetime costs including \$2.8 million for supply-chain mapping; \$1.8 million for costs to digitize records for public access to historical records; and \$0.7 million for optical gas-imaging cameras;
- an increase of \$5.4 million in General Revenue Funds and General Revenue–Dedicated Funds from Account No. 5155 for the following amounts:
 - \$3.8 million including \$2.9 million in General Revenue Funds and \$0.9 million in General Revenue–Dedicated Funds from Account No. 5155 to biennialize the statewide salary adjustments initiated during the 2024–25 biennium;
 - \$1.3 million in General Revenue Funds to provide an Underground Injection Well Investigation Team and 5.0 FTE positions to investigate hydrogeologic phenomena resulting from the injection of produced water into subsurface formations;
 - \$0.3 million in General Revenue Funds and 2.0 FTE positions to review complex cleanup projects

and respond to public information requests about cleanup projects; and

- a decrease of \$34.3 million in Federal Funds primarily due to anticipated available funding from the federal IIJA to plug, remediate, and reclaim oil and gas wells.

Funding for the **Texas Animal Health Commission** increases by a net \$4.0 million in All Funds, primarily due to an increase of \$5.8 million in General Revenue Funds. This amount includes \$3.3 million to support 21.0 FTE positions for various responsibilities, including veterinarians, vehicle fleet management, livestock investigators, movement data and analytics, preparing emergency secure food supply plans, staffing a new ectoparasite field laboratory, administration, and training and development; \$3.1 million including 2.0 FTE positions to implement the provisions of Senate Bill 503, Eighty-ninth Legislature, Regular Session, 2025, to establish and produce an electronic registry of livestock marks; \$1.0 million for salary increases; and a revenue increase of \$0.3 million for animal health programs anticipated in the Comptroller of Public Accounts' Biennial Revenue Estimate, offset by a decrease of \$1.7 million in Federal Funds for plant and animal disease, pest control, and animal care that are not anticipated to be available for the 2026–27 biennium.

Funding for the **Texas State Soil and Water Conservation Board** decreases by \$2.2 million in All Funds, primarily due to the following changes:

- a net decrease of \$10.8 million in General Revenue Funds, primarily due to the removal of \$11.2 million in onetime funding for unexpended balances carried forward from fiscal year 2023 into the 2024–25 biennium, which is offset by increases of \$0.2 million to provide 1.0 FTE position for a new flood control dam safety engineer and \$0.2 million to biennialize the statewide salary adjustments initiated during the 2024–25 biennium; and
- an increase of \$8.5 million, primarily due to a federal subaward received from the Texas A&M AgriLife Extension Service for the implementation of the Texas Climate-Smart Initiative.

TEXAS DEPARTMENT OF AGRICULTURE

PURPOSE: To partner with Texas farmers, ranchers, and agribusiness to expand markets while protecting public health; protect consumers by enforcing standards; fund child and adult nutrition programs; support research relating to Texas-produced food and fibers; and administer programs promoting rural health and community and economic development.

ESTABLISHED: 1907

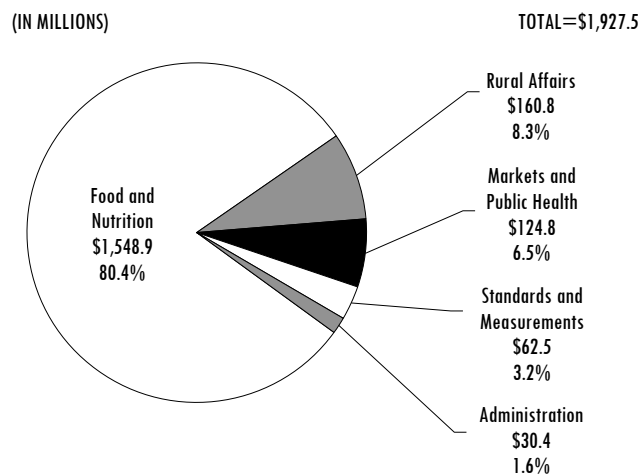
AUTHORIZING STATUTE: The Texas Agriculture Code, Chapters 11 and 12

GOVERNANCE: Commissioner, statewide-elected official

FIGURE 265
TEXAS DEPARTMENT OF AGRICULTURE BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$169.0	\$169.9	\$0.9	0.5%
General Revenue–Dedicated Funds	\$9.4	\$5.3	(\$4.1)	(43.8%)
Federal Funds	\$1,670.0	\$1,631.7	(\$38.3)	(2.3%)
Other Funds	\$39.5	\$120.6	\$81.1	205.2%
Total, All Methods of Finance	\$1,887.9	\$1,927.5	\$39.6	2.1%

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

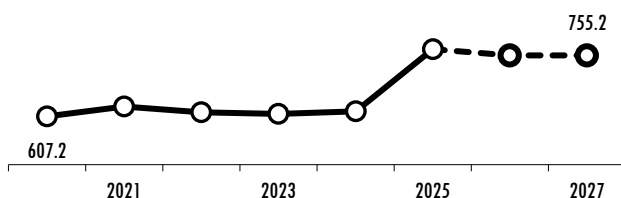
Funding for **Child and Adult Nutrition programs** total **\$1.5 billion in All Funds**, a net increase of **\$43.9 million in Federal Funds**, primarily due to a decrease of **\$171.2 million** for the **School Nutrition Program** offset by an increase of **\$215.1 million** for the **Community Nutrition Program**.

Funding for the **Texans Feeding Texans – Surplus Agricultural Products Grant Program** totals **\$20.2 million in All Funds** to provide surplus agricultural products to food banks and other charitable organizations that serve individuals in need or who have low incomes.

Funding for the **Texans Feeding Texans – Home-delivered Meals Program** totals **\$24.9 million in All Funds** to supplement and extend home-delivered meal programs for senior and disabled Texans.

Funding for the **Texas Agricultural Finance Authority** increases by **\$100.0 million in Other Funds from the Texas Agricultural Fund** to expand loan programs and fund uses pursuant to **House Bill 43**, Eighty-ninth Legislature, Regular Session, 2025.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the Texas Department of Agriculture (TDA) total \$1.9 billion in All Funds, which is an increase of \$39.6 million, or 2.1 percent, from 2024–25 biennial spending levels.

Significant funding changes from 2024–25 spending levels include a net decrease of \$38.3 million in Federal Funds, or 2.3 percent, due primarily to the following changes:

- a net increase of \$43.9 million in various Federal Funds primarily related to child and adult nutrition programs;
- a decrease of \$50.3 million in onetime federal funding related to increases provided during the COVID-19 pandemic that no longer are anticipated to be available;
- a decrease of \$29.1 million in Community Development Block Grant funding that is not anticipated to be available in the 2026–27 biennium; and
- a net decrease of \$5.6 million that is no longer anticipated to be available across various other federal programs.

Significant funding changes from 2024–25 spending levels include a net decrease of \$3.2 million, or 1.8 percent, in General Revenue Funds and General Revenue–Dedicated Funds, which includes an increase of \$0.9 million, or 0.5 percent, in General Revenue Funds; and a net decrease of \$4.1 million, or 43.8 percent, in General Revenue–Dedicated Funds, primarily due to the following changes:

- a net increase of \$15.2 million in General Revenue Funds for various programs providing grant funding for food services and food banks including the following changes:
 - an increase of \$13.2 million to provide free lunch in lieu of reduced-price lunch to qualified students;
 - an increase of \$5.0 million to provide home-delivered meals through the Texans feeding Texans program;
 - a net decrease of \$2.0 million to provide grants to food banks, which includes a decrease of \$10.0 million for a food bank facility in Houston, an increase of \$5.0 million for the El Paso Area Food Bank, and an increase of \$3.0 million for the Tarrant Area Food Bank; and
 - a decrease of \$1.0 million for the removal of onetime funding appropriated through the supplemental appropriations bill, Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023,

to provide fresh fruits and vegetables to eligible recipients through the Brighter Bites program;

- an increase of \$1.4 million in All Funds to biennialize the statewide salary adjustments included in the 2024–25 biennium, including \$1.4 million in General Revenue Funds and \$17,185 in General Revenue–Dedicated Funds from Account No. 5178, State Hemp Program;
- an increase of \$0.6 million in General Revenue Funds for the operation of Mexican fruit fly traps in the Rio Grande Valley;
- a net decrease of \$16.6 million in General Revenue Funds for the removal of onetime funding primarily due to the following changes:
 - a net decrease of \$7.1 million for facility renovations and leases, including an increase of \$0.2 million in lease costs due to inflation and a decrease of \$7.3 million appropriated for facility renovations through House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, including \$6.3 million for the state seed laboratory and \$1.0 million for an office facility donated by the Texas Cooperative Inspection Program;
 - a decrease of \$5.9 million for new information technology systems, including \$5.0 million for the development of a new licensing system and \$0.9 million for website rewrite funding appropriated in House Bill 500;
 - a decrease of \$3.1 million for vehicle replacements, including \$1.5 million appropriated in House Bill 500; \$1.0 million appropriated in Senate Bill 30, 2023; and \$0.6 million for six mobile inspection vehicles for Entry Point Stations; and
 - \$0.5 million for the Young Farmer Grant program; and
- a net decrease of \$4.1 million in the General Revenue–Dedicated Account No. 5047, Permanent Fund for Rural Health Facility Capital Improvement, to provide funding equivalent to estimated remaining balances.

Significant funding changes from 2024–25 biennial spending levels include a net increase of \$81.1 million in Other Funds, or 205.2 percent, primarily due to the following changes:

- an increase of \$100.0 million from the Texas Agricultural Fund for the Texas Agricultural Finance

Authority to provide low-interest loans and financial assistance to farmers;

- a decrease of \$15.1 million from the Texas Economic Development Fund due to an anticipated reduction in available fund balances;
- a decrease of \$3.2 million in Appropriated Receipts for Rural Health program grants due to anticipated decreases in revenues not expected to continue for the 2026–27 biennium; and
- a decrease of \$0.6 million from the Permanent Endowment Fund for Rural Communities' Health Care Investment Program to represent available fund balances.

COST-RECOVERY PROGRAMS

Appropriations for TDA's 11 cost-recovery programs total \$59.1 million in All Funds, a decrease of \$23.2 million, or 28.2 percent, from 2024–25 biennial spending levels. Apart from specific statutory or legislative authority, these programs are funded with fee-generated revenues, the use of which is limited to the program for which the revenues were collected. Revenue collections totaling \$33.8 million are required to cover direct appropriations made from General Revenue Funds and General Revenue–Dedicated Funds from Account No. 5178 for these purposes. Revenue collections also are required to cover \$9.5 million appropriated elsewhere in the General Appropriations Act for other direct and indirect costs, such as employee benefits. **Figure 266** shows funding for TDA's cost-recovery programs.

PROGRAMS

The agency operates five major program areas: (1) food and nutrition; (2) rural affairs; (3) standards and measurements; (4) markets and public health; and (5) administration.

FOOD AND NUTRITION

TDA carries out its responsibilities in the food and nutrition program area through the following programs that provide funding and technical assistance statewide: (1) Child Nutrition – Community Nutrition; (2) Child Nutrition – School Nutrition; (3) Texans Feeding Texans – Home Delivered Meals; and (4) Texans Feeding Texans – Surplus Agricultural Products Grant Program. In addition, funding for the food and nutrition program area includes onetime grant funding supporting various food banks.

CHILD NUTRITION – COMMUNITY NUTRITION

This program provides state administration and funding for federal nutrition programs that provide meals or food

FIGURE 266

TEXAS DEPARTMENT OF AGRICULTURE'S COST-RECOVERY PROGRAMS, 2026–27 BIENNIUM

PROGRAM AREA	APPROPRIATION
Standards and Measurements	
Agricultural Pesticide Regulation	\$12,885,929
Plant Health	\$19,959,923
Weights, Measures, and Metrology	\$10,056,002
Structural Pest Control	\$5,484,260
Hemp	\$1,134,604
Egg Quality Regulation	\$1,126,021
Grain Warehouse	\$715,074
Organic Certification	\$1,259,587
Prescribed Burn	\$48,068
Markets and Public Health	
International and Domestic Trade	\$6,437,894
Handling and Marketing of Perishable Commodities	\$34,288
Total for all programs	\$59,141,650

SOURCE: Legislative Budget Board.

packages to qualifying individuals through private nonprofit organizations, governmental agencies, for-profit organizations, residential childcare facilities, schools, and food banks. The following funding and activities are included through the program:

- \$1.2 billion for the Child and Adult Care Food program, which reimburses childcare centers, day-care home providers, and adult day-care centers for part of the cost associated with serving approved meals and snacks to children and adults;
- \$41.1 million for the Summer Food Service program, which provides meals to qualifying children during the summer months;
- \$26.5 million for the Emergency Food Assistance program, which distributes commodities from the U.S. Department of Agriculture (USDA) to emergency food organizations such as food pantries, soup kitchens, and housing authorities;
- \$15.0 million for the Commodity Supplement Food program, which provides food packages that local organizations distribute for home consumption;
- \$1.1 million for the Farmers Market Nutrition program, which provides vouchers to participating farmers' market associations to certain qualified participants in

the USDA's Special Supplemental Nutrition Program for Women, Infants, and Children; and

- \$0.2 million for the Senior Farmers' Market Nutrition program, which provides vouchers for participating farmers' market associations to qualifying seniors.

Appropriations for the Child Nutrition – Community Nutrition program total \$1.3 billion in All Funds and support 87.0 full-time-equivalent (FTE) positions, which is an increase of \$215.1 million, or 19.4 percent, from 2024–25 biennial spending levels. This increase is primarily due to anticipated funding increases in various federal nutrition programs during the 2026–27 biennium.

CHILD NUTRITION – SCHOOL NUTRITION

This program provides administration of federally assisted meal programs operated by school food authorities (SFA) in public, charter, and nonprofit private school and residential childcare institutions. SFAs receive USDA food commodities and cash reimbursement based on household eligibility and program guidelines. The following amounts in Federal Funds are appropriated for activities included through the program:

- \$29.5 million for the National School Lunch program, including the Seamless Summer Option, which serves free or reduced-price lunches to qualifying students in public and nonprofit private schools in Texas throughout the school year and during the summer for schools opting to extend the program throughout the year;
- \$14.0 million for the School Breakfast program, which provides free or reduced-price breakfasts to qualifying students in public and nonprofit private schools in Texas throughout the school year;
- \$34.9 million for the Fresh Fruit and Vegetable program, which serves students at selected Texas elementary schools free fresh fruits and vegetables outside of regular meal times; and
- \$4,000 for the Special Milk program, which makes milk available to qualifying children at schools, camps, and childcare centers that do not participate in a school meal program.

In addition, General Revenue Funds appropriated for program activities include \$13.2 million to provide free lunch in lieu of reduced-price lunch to qualified students and \$6.6 million to provide free breakfast in lieu of reduced priced breakfast to qualified students.

Appropriations for the Child Nutrition – School Nutrition program total \$173.9 million in All Funds and support 157.6 FTE positions, which is a decrease of \$171.2 million, or 49.6 percent, from 2024–25 biennial spending levels. This decrease includes a net change across various federal nutrition programs in the 2026–27 biennium.

Since fiscal year 2003, TDA has administered the Child Nutrition Programs through an Interagency Contract with the Texas Education Agency (TEA). Reimbursement payments for the programs are budgeted at TEA. Funding includes \$5.8 billion in Federal Funds and \$28.5 million in General Revenue Funds.

TEXANS FEEDING TEXANS – HOME-DELIVERED MEAL GRANT PROGRAM

The Texans Feeding Texans – Home Delivered Meals program provides support to supplement and extend home-delivered meal programs for seniors and disabled Texans. Governmental and nonprofit agencies are eligible for this grant program. Appropriations for the Texans Feeding Texans – Home Delivered Meals program total \$24.9 million in General Revenue Funds, an increase of \$5.0 million, or 25.2 percent, from 2024–25 biennial spending levels, and support 3.5 FTE positions.

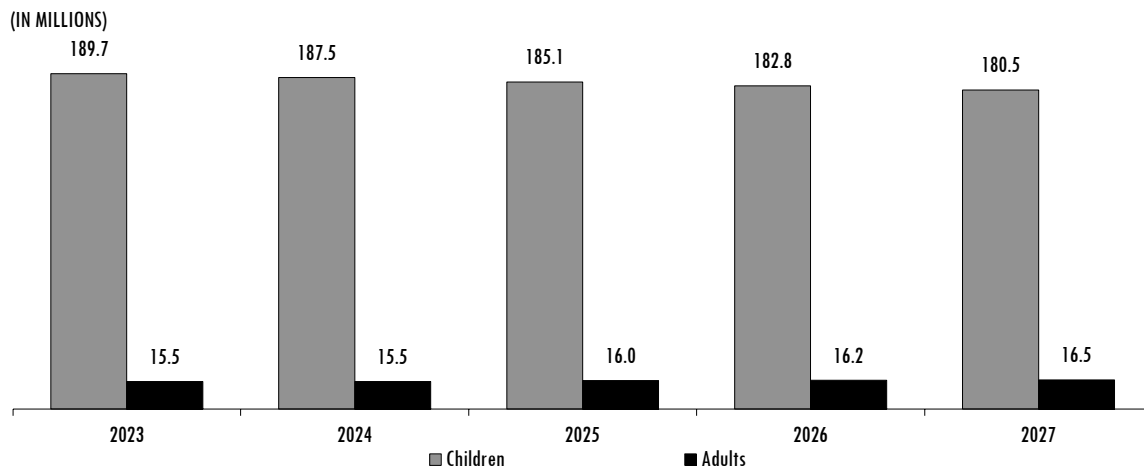
TEXANS FEEDING TEXANS – SURPLUS AGRICULTURAL PRODUCTS GRANT PROGRAM

The Texans Feeding Texans – Surplus Agricultural Products Grant program provides surplus agricultural products to food banks and other charitable organizations that serve needy or low-income individuals. TDA awards grant funding to help offset the costs of harvesting, gleaning, and transporting Texas products to food banks. Appropriations for the Texans Feeding Texans – Surplus Agricultural Products Grant program total \$20.2 million in General Revenue Funds, which essentially maintains 2024–25 biennial spending levels and supports 2.4 FTE positions.

ONETIME GRANT FUNDING

Appropriations for the food and nutrition program area include onetime grant funding totaling \$8.0 million in General Revenue Funds, which is a decrease of \$11.0 million from 2024–25 biennial spending levels. This funding includes \$5.0 million for a food bank in El Paso and \$3.0 million for a food bank serving Fort Worth and surrounding counties, which offsets reductions of \$10.0 million for a food bank in Houston and \$1.0 million for providing fresh fruits and vegetables to eligible recipients through the Brighter Bites program appropriated in Senate Bill 30, 2023.

FIGURE 267
NUMBER OF CHILDREN'S AND ADULTS' MEALS SERVED ANNUALLY THROUGH THE CHILD AND ADULT CARE FOOD PROGRAM, FISCAL YEARS 2023 TO 2027



NOTE: Amounts for fiscal years 2026 and 2027 are projected.
 SOURCE: Texas Department of Agriculture.

Figure 267 shows the number of children's and adults' meals served annually through the Child and Adult Care Food Program from fiscal years 2023 to 2025 and the projected amounts for fiscal years 2026 and 2027.

Food and nutrition program area appropriations total \$1.5 billion in All Funds, an increase of \$45.9 million, or 3.1 percent, from 2024–25 biennial spending levels, primarily due to increases in anticipated Federal Funds across several programs and increases in General Revenue Funds, primarily for grants, offset by decreases in Federal Funds provided during the COVID-19 pandemic that no longer are anticipated to be available. These appropriations contribute 80.4 percent of the agency's total appropriations.

RURAL AFFAIRS

The rural affairs program area consists of two programs: (1) Rural Community and Economic Development; and (2) Rural Health.

RURAL COMMUNITY AND ECONOMIC DEVELOPMENT

Most of the funding for the agency's Rural Community and Economic Development program is provided from federal Community Development Block Grant (CDBG) funds distributed to the state by the U.S. Department of Housing and Urban Development (HUD) and General Revenue Funds for required matching funding. TDA provides grants through HUD for community and economic development projects in rural areas, principally for low-income to moderate-income populations. CDBG funds that TDA

administers assist nonentitlement areas of the state, which consist of cities with populations of less than 50,000 and counties that have a nonmetropolitan population of less than 200,000 and are not eligible for direct CDBG funding from HUD. Program funding also includes appropriations of Other Funds from the Texas Economic Development Fund for economic development loan and grant activities.

Appropriations for the Rural Community and Economic Development program total \$147.4 million in All Funds, a decrease of \$44.2 million, or 23.1 percent, from 2024–25 biennial spending levels, and support 34.6 FTE positions. The decrease is due primarily to an anticipated reductions of \$29.1 million in CDBG funding and various other federal funds in the 2026–27 biennium.

RURAL HEALTH

Through the Rural Health program in the State Office of Rural Health, TDA works to promote access to and quality of healthcare services by administering programs and technical assistance to approximately 376 rural health clinics and 160 rural hospitals, which include the state's 91 critical access hospitals. The agency supports the recruitment and retention of trained medical professionals in rural areas of the state through financial assistance for medical, dental, and allied health educations, through grants for recruitment and retention of rural nurses, and through submission of expedited license requests to the Texas Medical Board for physicians. Additionally, the agency provides grants to rural

health facilities for the acquisition, construction, or improvement of facilities, equipment, or real property used to provide health services.

Appropriations for the Rural Health program total \$13.4 million in All Funds and support 10.2 FTE positions. This amount includes a net decrease of \$32.2 million, or 70.7 percent, from 2024–25 biennial spending levels. Funding changes are due primarily to a decrease of \$23.8 in Federal Funds provided during the COVID-19 pandemic that no longer are anticipated to be available, and a decrease of \$3.2 million in Appropriated Receipts for Rural Health program grants due to anticipated decreases in revenues not expected to continue during the 2026–27 biennium.

The rural affairs program area appropriations total \$160.8 million in All Funds, or 8.3 percent of the agency's total appropriations, and support 44.8 FTE positions. This amount includes a decrease of \$76.4 million, or 32.2 percent, from 2024–25 biennial spending levels. The decrease includes the removal of \$0.5 million in General Revenue Funds for Young Farmer Grant program in addition to the reductions in Federal Funds and Appropriated Receipts discussed above. The Young Farmer Grant program is reestablished as the Agricultural Grant program in House Bill 43, Eighty-ninth Legislature, Regular Session, 2025, regarding certain programs administered by the Texas Agricultural Finance Authority (TAFSA). Funding for the grant program now is provided through the TAFSA program included in the markets and public health program area.

STANDARDS AND MEASUREMENTS

TDA is responsible for protecting consumers by regulating industries and services; establishing and enforcing standards; and increasing the likelihood that goods sold in Texas are measured, priced, and marketed properly through the following 12 programs in the standards and measurements program area: (1) Agricultural Pesticide Regulation; (2) Plant Health; (3) Weights, Measures, and Metrology; (4) Structural Pest Control; (5) Pesticide Data; (6) Hemp; (7) Egg Quality Regulation; (8) Pesticide Disposal; (9) Grain Warehouse; (10) Organic Certification; (11) Texas Cooperative Inspection Program (TCIP); and (12) Prescribed Burn.

Standards and measurements program area appropriations total \$62.5 million in All Funds, or 3.2 percent of the agency's total appropriations, and support 320.6 FTE positions. This amount is a decrease of \$9.4 million, or 13.1 percent, from 2024–25 biennial spending levels, which is

due primarily to increases in 2025 appropriations for the renovation of the State Seed Laboratory, and the renovation of a facility donated by the Texas Cooperative Inspection Program provided in House Bill 500, 2025.

AGRICULTURAL PESTICIDE REGULATION

TDA provides regulatory oversight of pesticide laws, certification of applicators, registration of pesticides, and protection and education of pesticide workers and handlers. The Agricultural Pesticide Regulation program investigates complaints and provides laboratory analysis of pesticide residue samples. The agency expects to investigate 225 pesticide complaints during each fiscal year of the 2026–27 biennium. Appropriations for the cost-recovery program total \$12.9 million in All Funds and support 77.8 FTE positions, which essentially continues 2024–25 biennial spending levels.

PLANT HEALTH

TDA regulates the licensing for nurseries and florists, provides phytosanitary inspection, and makes available a quality source of seeds and vegetative propagating materials. Program activities help to confirm that consumers receive the quality and type of seed for which they pay. The agency expects to analyze approximately 3,500 seed samples during each fiscal year of the 2026–27 biennium.

The agency enforces quarantine restrictions that prevent destructive pests and plant diseases afflicting nursery and floral products from being shipped out of quarantined areas or into pest-free areas within the state. In addition, the agency prevents destructive pests and plant diseases from being transported into the state by establishing road stations at strategic points periodically along the Texas border to stop shipments of pest-infested plants from entering the state. The agency expects to conduct 8,000 nursery and floral establishment inspections during each fiscal year of the 2026–27 biennium. Appropriations for the cost-recovery program total \$20.0 million in All Funds and support 98.9 FTE positions. This amount includes a decrease of \$7.7 million, or 27.9 percent, from 2024–25 biennial spending levels, which is due primarily to \$6.3 million in General Revenue Funds provided in House Bill 500 for renovations at the State Seed Laboratory.

WEIGHTS, MEASURES, AND METROLOGY

Through the Weights, Measures, and Metrology program, TDA confirms that weighing and measuring devices perform within acceptable tolerances and that packages are labeled

properly before sale to promote fair trade in the marketplace. TDA is the state agency responsible for certifying weights and measures standards for mass and volume that are supported by national and international standards. TDA inspects various devices ranging from bulk meters used at airports for fueling airplanes to scales at grocery stores. Liquefied petroleum gas meters used to fill small tanks for backyard grills and those used to fill storage tanks at businesses or homes also are inspected. In addition, packaging ranging from cereal boxes to packaged polyethylene sheeting is weighed or measured to determine whether the contents meet or exceed the quantity stated on the label. The agency also oversees that the prices displayed on the shelf for consumer products are the same prices consumers pay at the checkout counter.

Appropriations for the cost-recovery program total \$10.1 million in All Funds and support 64.2 FTE positions. This amount includes a decrease of \$0.4 million, or 4.6 percent, from 2024–25 biennial spending levels.

STRUCTURAL PEST CONTROL

TDA licenses and regulates pest management professionals that apply pesticides in and around structures. During each fiscal year of the 2026–27 biennium, the program anticipates issuing 8,000 new licenses, resolving 125 complaints, and performing 225 school district inspections. Appropriations for the cost-recovery program total \$5.5 million in General Revenue Funds and support 36.4 FTE positions. This amount is a decrease of \$0.3 million, or 5.1 percent, from 2024–25 biennial spending levels, which is due primarily to a \$0.3 million increase for fiscal year 2025 for vehicles provided in House Bill 500.

PESTICIDE DATA

TDA manages the collection, analysis, data entry, and reporting of pesticide residues on agricultural commodities in the nation's food supply, with an emphasis on commodities consumed in large amounts by infants and children. Appropriations for the Pesticide Data program total \$1.1 million in Federal Funds and support 8.7 FTE positions. This amount is a decrease of \$0.7 million, or 37.6 percent, from 2024–25 biennial spending levels due to anticipated reductions in Federal Funds.

HEMP

TDA monitors and regulates the production of hemp in Texas and certifies hemp seeds through the Hemp program. Appropriations for the cost-recovery program total \$1.1

million from Account No. 5178 and support 2.0 FTE positions. This essentially continues funding at 2024–25 biennial spending levels.

EGG QUALITY REGULATION

TDA enforces egg quality standards by licensing egg packers, wholesalers, and distributors. A memorandum of understanding with the Department of State Health Services specifies each agency's inspection responsibilities to avoid duplication of efforts at retail stores. Appropriations for the cost-recovery program total \$1.1 million in General Revenue Funds and support 7.9 FTE positions. This essentially continues funding at 2024–25 biennial spending levels.

PESTICIDE DISPOSAL

TDA organizes pesticide waste and pesticide container collection activities statewide in coordination with the Texas Commission on Environmental Quality and the Texas A&M AgriLife Extension Service through the Pesticide Disposal program. Appropriations for this program total \$1.3 million in Other Funds from the Pesticide Disposal Fund, which maintains 2024–25 biennial spending levels.

GRAIN WAREHOUSE

TDA is responsible for protecting the producers or other depositors of grain stored in public warehouses through the Grain Warehouse program. Inspectors monitor grain inventories, warehouse accounting practices, and risks associated with potential insolvency of public grain warehouses. Appropriations for the cost-recovery program total \$0.7 million in General Revenue Funds and support 2.8 FTE positions, which essentially continues funding at 2024–25 biennial spending levels.

ORGANIC CERTIFICATION

TDA oversees the integrity of organic agriculture products that are produced and manufactured in Texas by providing certification services to Texas producers and agribusinesses through the Organic Certification program. Appropriations for the cost-recovery program total \$1.3 million in All Funds and support 4.4 FTE positions. This essentially continues funding at 2024–25 biennial spending levels.

TEXAS COOPERATIVE INSPECTION PROGRAM

TDA conducts grading and standardization inspections of citrus fruits, vegetables, tree nuts, and peanuts through TCIP. Program appropriations total \$7.4 million in Other Funds from Appropriated Receipts and support 17.5 FTE positions,

which essentially continues funding at 2024–25 biennial spending levels.

PRESCRIBED BURN

TDA regulates certified and insured prescribed-burn managers that work to control vegetative fuels that can contribute to wildfires through the Prescribed Burn program. Appropriations for the cost-recovery program total \$48,068 in General Revenue Funds, which essentially continues funding at 2024–25 biennial spending levels.

MARKETS AND PUBLIC HEALTH

The markets and public health program area contains seven programs that enable Texas farmers, ranchers, and agribusiness to expand profitable markets for agricultural products while protecting public health and natural resources. These programs include: (1) Boll Weevil Eradication; (2) International and Domestic Trade; (3) Commodity Boards; (4) Handling and Marketing of Perishable Commodities; (5) License Plates; (6) Texas Agricultural Finance Authority; and (7) Agricultural Development.

Appropriations for the markets and public health program area total \$124.9 million in All Funds, or 6.5 percent of the agency's total appropriation, and supports 31.8 FTE positions. This amount represents an increase of \$85.4 million, or 216.2 percent, from 2024–25 biennial spending levels, primarily due to an increase in funding to the Texas Agricultural Finance Authority.

BOLL WEEVIL ERADICATION

TDA oversees the Texas Boll Weevil Eradication Foundation, which is responsible for administering the Boll Weevil Eradication program. TDA approves budgets, posts agendas, receives annual reports, conducts elections for board members, and provides general oversight of foundation activities. At the beginning of fiscal year 2024, approximately 21,832 cotton growers participated in the program. As shown in **Figure 268**, the maintenance areas in East Texas and West Texas have been declared eradicated, and the Lower Rio Grande Valley Eradication Zone remains in quarantine status.

Appropriations the Boll Weevil Eradication program total \$10.0 million in General Revenue Funds, which essentially continues funding at 2024–25 biennial spending levels.

INTERNATIONAL AND DOMESTIC TRADE

TDA promotes Texas agriculture through the GO TEXAN program to showcase Texas-made and Texas-raised products

through the International and Domestic Trade program. GO TEXAN is a broad-based marketing program to increase awareness of products, culture, and communities of Texas domestically, nationally, and internationally. Appropriations for the cost-recovery program total \$6.4 million in All Funds and support 16.2 FTE positions, which is a decrease of \$14.6 million, or 69.4 percent, from 2024–25 biennial spending levels. The net decrease is primarily due to reductions of \$12.2 million in onetime Federal Funds provided during the COVID-19 pandemic and \$2.6 million in various other Federal Funds that no longer are anticipated to be available, which are offset partially by an increase of \$0.1 million in General Revenue Funds from anticipated increased revenues.

COMMODITY BOARDS

TDA oversees 11 commodity boards in Texas that collect producer assessments voluntarily for use in research, marketing, and education through the Commodity Boards program. Program appropriations total \$88,419 in General Revenue Funds and support 0.4 FTE positions, which essentially continues funding at 2024–25 biennial spending levels.

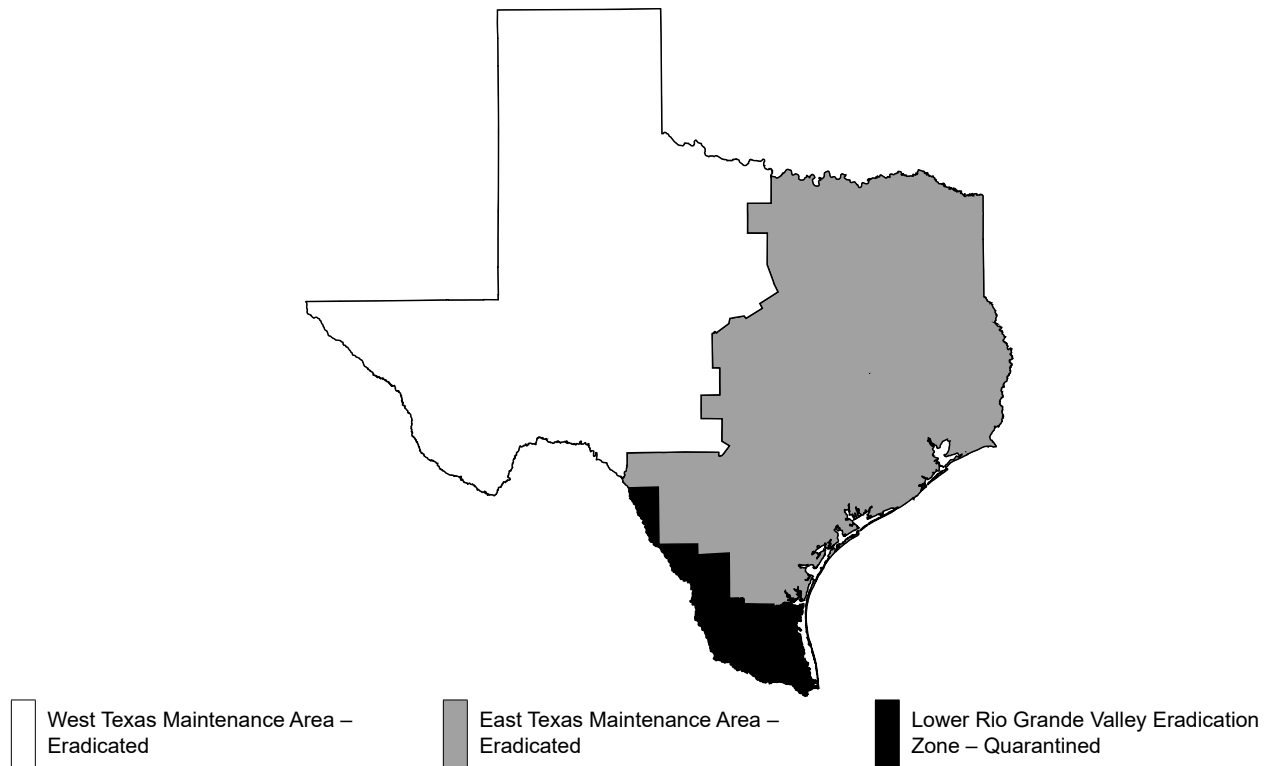
HANDLING AND MARKETING OF PERISHABLE COMMODITIES

TDA helps verify that producers of Texas-grown perishable commodities receive timely compensation for commodities they sell through the Handling and Marketing of Perishable Commodities program. Producers and sellers are authorized to recover a portion of their damages from the Produce Recovery Fund, a special account funded with some of the license fees paid. Appropriations for the cost-recovery program total \$34,288 in General Revenue Funds and support 0.2 FTE positions, which essentially continues funding at 2024–25 biennial spending levels.

LICENSE PLATES

Through the License Plates program, TDA acts as a nominating state agency for nonprofit organizations to receive and distribute funds collected by the Department of Motor Vehicles from the sale of specialized license plates. Proceeds from the grant program that TDA administers support the GO TEXAN program, American Quarter Horse Association, Masonic Grand Lodge of Texas, and Order of the Eastern Star. Appropriations for the License Plates program total an estimated \$0.1 million in Other Funds from the License Plate Trust Fund from revenue generated from license plate sales, which continues funding at 2024–25 biennial spending levels.

FIGURE 268
TEXAS BOLL WEEVIL ERADICATION STATUS, FISCAL YEAR 2025



SOURCE: Texas Department of Agriculture.

TEXAS AGRICULTURAL FINANCE AUTHORITY

TDA provides financial assistance for the expansion, development, and diversification of agricultural products and further rural economic development in Texas through the TAFE program. Appropriations for the program total \$102.3 million in All Funds and support 4.4 FTE positions. This amount is an increase of \$100.2 million, or 4,710.5 percent, from 2024–25 biennial spending levels. This increase is due primarily to the appropriation of \$100.0 million in Other Funds from the Texas Agricultural Fund to implement the provisions of House Bill 43, Eighty-ninth Legislature, Regular Session, 2025, which provides additional financial assistance to agricultural businesses and farmers.

AGRICULTURAL DEVELOPMENT

Through the Agriculture Development program, TDA provides food safety education, inspection activities, and activities related to enhancing agricultural crops and industries, including but not limited to specialty crops (fruits, vegetables, horticulture, and more), livestock, and commodities (cotton, corn, sorghum, etc.). Appropriations for the Agriculture Development program total \$5.8 million

in Federal Funds and support 9.4 FTE positions. This amount is a decrease of \$0.3 million, or 4.2 percent, from 2024–25 biennial spending levels, which is due to anticipated decreases in funding for various federal programs for the 2026–27 biennium.

ADMINISTRATION

The agency's administration program area consists of the Indirect Administration program, which provides administrative support for TDA operations. These operations include executive management, internal audit, legal, human resources, accounting, budget, purchasing, facilities, fleet services, communications, external affairs, revenue collection, and information technology (IT) infrastructure support. Appropriations for the Indirect Administration program total \$30.4 million in All Funds and support 107.5 FTE positions. This amount is a decrease of \$5.5 million, or 15.3 percent, from 2024–25 biennial spending levels. The decrease is due primarily to reductions in onetime funding from the General Revenue Fund for two completed IT projects, including the Website Rewrite IT project funded in House Bill 500, 2025, and a licensing system IT project funded by

the Eighty-eighth Legislature, Regular Session, 2023; offset by an increase to biennialize salary adjustments initiated during the 2024–25 biennium.

SIGNIFICANT LEGISLATION

House Bill 43 – Expanding agricultural financial assistance programs. The legislation expands the definition of an agricultural business to include a non-profit organization whose primary purpose is to maintain the agricultural use of land and changes the composition and size of TAFA's board of directors. House Bill 43 also: (1) removes limits on the maximum allowable aggregate loan amounts to a single business for boll weevil eradication; (2) increases the maximum allowable loan in the Farmer Interest Rate Reduction Program, formerly the Young Farmer Interest Rate Reduction Program, from \$500,000 to \$1.0 million; (3) increases the maximum allowable grant under the Agriculture Grant Program, formerly the Young Farmer Grant Program, from \$20,000 to \$500,000; (4) changes applicant eligibility for the Agricultural Grant Program to include being an agricultural producer or business; (5) requires that matching funds be provided in an amount of no less than 10.0 percent of grant funds received through the Agricultural Grant Program; and (6) requires TAFA to provide financial assistance through the Texas Agricultural Fund to the Texas Animal Health Commission, the Texas A&M AgriLife Extension Service, or Texas A&M AgriLife Research to implement programs to control agriculture-related diseases, pests, or predators in the newly established Pest and Disease Control and Depredation Program. TDA is appropriated \$100.0 million in Other Funds from the Texas Agricultural Fund for the 2026–27 biennium to implement the provisions of the legislation and to provide eligible entities with loans, interest rate reductions, and grants.

TEXAS ANIMAL HEALTH COMMISSION

PURPOSE: To protect and enhance the health of Texas animal populations by preventing, controlling, and eliminating animal diseases; monitoring and diagnosing animal illnesses; responding to emergency situations involving animals; and promoting productivity and marketability while minimizing risks to human health.

ESTABLISHED: 1949

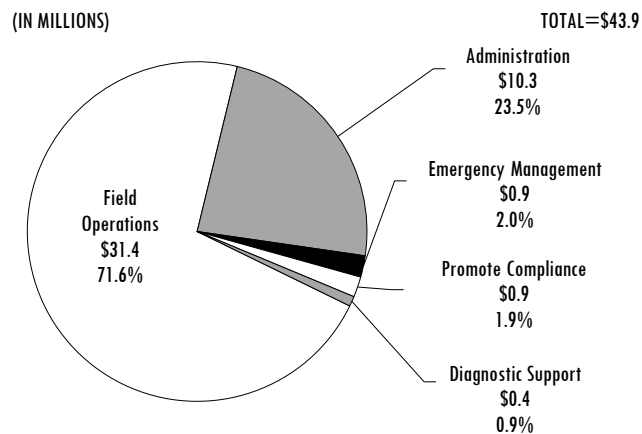
AUTHORIZING STATUTE: The Texas Agriculture Code, §161.021

GOVERNANCE: 13 members appointed by the Governor with the advice and consent of the Senate

FIGURE 269
TEXAS ANIMAL HEALTH COMMISSION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$34.6	\$40.4	\$5.8	16.6%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$5.3	\$3.5	(\$1.7)	(32.9%)
Other Funds	\$0.0	\$0.0	(\$0.0)	(100.0%)
Total, All Methods of Finance	\$39.9	\$43.9	\$4.0	10.0%

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

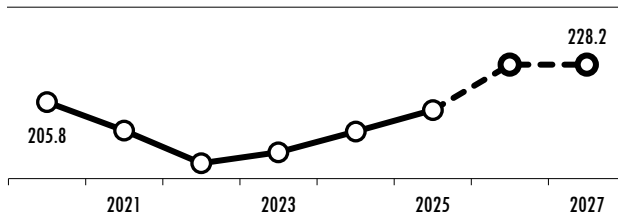
Cattle health program funding totals **\$15.3 million** in **All Funds**, an increase of \$3.7 million from 2024–25 biennial spending levels. Funding includes **\$9.3 million** for **cattle fever tick prevention, control, and eradication activities**.

Funding includes **\$2.0 million in General Revenue Funds** and 10.0 full-time-equivalent positions to assist the Texas Department of Agriculture to operate five statewide **agricultural and livestock inspection stations** and to conduct an estimated **70,000 livestock inspections** each fiscal year.

Anticipated fee-generated General Revenue Funds collections from health certificates, chronic wasting disease inspections, and fowl registrations totaling **\$1.7 million** will fund **22.8 percent** of field operations expenditures, excluding salaries and wages and other personnel costs.

Funding provides **\$3.1 million in General Revenue Funds** to establish an electronic registry of livestock marks and brands pursuant to **Senate Bill 503**, Eighty-ninth Legislature, Regular Session, 2025.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the Texas Animal Health Commission (TAHC) total \$43.9 million in All Funds for the 2026–27 biennium, an increase of \$4.0 million, or 10.0 percent, from 2024–25 biennial spending levels. This funding change is due primarily to the following changes:

- an increase of \$3.1 million in General Revenue Funds, including 2.0 full-time-equivalent (FTE) positions, to implement the provisions of Senate Bill 503, Eighty-ninth Legislature, Regular Session, 2025, which establishes an electronic registry of livestock marks and brands;
- an increase totaling \$3.0 million in General Revenue Funds to fund 19.0 FTE positions, including \$1.0 million for 4.0 veterinarian positions, \$0.1 million for 1.0 fleet manager position for vehicle fleet safety and improvements, \$0.7 million for 5.0 livestock investigator positions, \$0.1 million for 1.0 training and development position, \$0.2 million for 1.0 Central Administration position, \$0.6 million for 5.0 positions within the Epidemiology and Program Records departments to provide animal movement data and analytics, and \$0.3 million for 2.0 program specialist positions to prepare emergency secure food supply plans;
- an increase totaling \$1.0 million in General Revenue Funds for staff salary increases, including \$0.8 million to biennialize the 2024–25 salary adjustments and \$0.1 million for targeted salary increases for existing veterinarian positions;
- an increase of \$0.3 million in General Revenue Funds for a new ectoparasite field laboratory, including 2.0 FTE positions;
- an increase of \$0.3 million in General Revenue Funds for revenue increases for animal health programs anticipated in the Comptroller of Public Accounts' (CPA) Biennial Revenue Estimate (BRE);
- a decrease of \$2.0 million in General Revenue Funds due to onetime cost reductions, including \$1.3 million for vehicles provided in fiscal year 2025 in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; \$0.4 million for vehicle and operating costs for entry-point inspection stations; and \$0.3 million for cattle fever tick experimental trial funding; and
- a decrease of \$1.7 million in Federal Funds for Plant and Animal Disease, Pest Control, and Animal Care that are not anticipated to be available during the 2026–27 biennium.

PROGRAMS

TAHC carries out its responsibilities of enhancing the health of Texas animal populations and facilitating productivity and marketability while minimizing risks to human health through five program areas: (1) field operations; (2) administration; (3) diagnostic support; (4) promoting compliance; and (5) emergency management. In addition to the increases in funding previously discussed, field operations, diagnostic support, and promoting compliance receive significant transfers among programs within the same strategies in the General Appropriations Act.

FIELD OPERATIONS

The field operations program area constitutes the primary workload of TAHC, including various methods to prevent, monitor, diagnose, control, and eradicate diseases within livestock herds and flocks. The program area includes field offices, which serve as bases of operations for inspectors and other agency personnel who perform their duties at auction sites, ranches, and other remote locations. Within this program area, the agency performs the following duties:

- conducts inspections at concentration points such as livestock auctions and slaughterhouses;
- inspects, tests, and quarantines infected herds and flocks;
- inspects livestock shipments;
- issues movement permits and monitors livestock movements;
- maintains databases containing animal, herd, and premises information;
- serves as a resource regarding disease and management problems for the livestock and poultry industries;
- registers certain poultry sellers, distributors, and transporters; and
- depopulates certain infected herds and flocks when necessary.

TAHC allocates a portion of its field operations budget toward specific species, diseases, or parasites. **Figure 270** shows the biennial funding amounts specified for certain programs within the field operations program area that represent anticipated spending by species. Minor funding changes are made across these programs each biennium to reallocate funding and resources to areas in greater need based on the status of different diseases across the state at certain times each fiscal year.

FIGURE 270
FIELD OPERATIONS PROGRAMS AND FUNDING BY SPECIES, 2026–27 BIENNIUM

PROGRAM	DESCRIPTION	APPROPRIATIONS
Cattle Health	Implement standard disease management, analysis, and reporting activities. (1)	\$15,251,184
Equine Health	Implement standard disease management, analysis, and reporting activities. (1)	\$1,433,341
Swine Health	Implement standard disease management, analysis, and reporting activities. (1)	\$1,302,186
Avian Health	Manage and prevent outbreaks of infectious diseases through surveillance, testing, diagnosis, promotion of biosecurity, and identification of poultry populations at greatest risk of infection. Develop disease control and eradication plans. Manage poultry registration program.	\$1,830,247
Cervid Health	Increase chronic wasting disease surveillance in farmed deer and in elk; decrease the risk of the introduction of chronic wasting disease; provide early disease detection.	\$1,042,449
Sheep/Goat Health	Implement standard disease management, analysis, and reporting activities. (1)	\$672,805
Total		\$21,532,212

NOTE: (1) Rapidly detect and survey for foreign and emerging disease trends and threats affecting the animal population. Respond to disease outbreaks; develop disease control and eradication plans; advise management of disease trends, potential threats, and mitigation strategies.
 SOURCE: Legislative Budget Board.

The agency assesses fees that are deposited to the General Revenue Fund and cover certain inspection costs. These fees support field operations programs such as Cervid Health and Avian Health, but do not provide for salaries. **Figure 271** shows fees that TAHC assesses, actual revenue collections for the 2024–25 biennium, and estimated collections for the 2026–27 biennium. The agency is appropriated \$1.7 million from these revenues, which is equal to the amount of revenue the agency was estimated to generate in the CPA's 2026–27 BRE. Any revenue collected that is greater than the BRE amount also is appropriated to TAHC.

The most recent U.S. Department of Agriculture National Agricultural Statistics Service, 2022 Census of Agriculture, ranked Texas first in the country in overall production of livestock and poultry, specifically cattle and calves. The total market value of Texas livestock, poultry, and their products sold during calendar year 2022 totaled \$24.9 billion. Of this amount, \$15.5 billion, or 62.2 percent, was from cattle and calves, \$5.0 billion, or 20.1 percent, was from poultry and eggs, and \$3.5 billion, or 14.1 percent, was from milk from cows.

The remaining programs in the field operations program area include Field Operations Administration and Animal Disease Traceability. Both programs apply to multiple species, and funding totals \$9.9 million in All Funds. All field operations program area FTE positions are budgeted through these two programs.

The Field Operations Administration program is appropriated \$2.8 million in All Funds, a decrease of \$5.4 million, or 65.6 percent, from 2024–25 biennial spending levels, and

FIGURE 271
TEXAS ANIMAL HEALTH COMMISSION FEES
2024–25 AND 2026–27 BIENNIA

FEE	ACTUAL 2024–25	ESTIMATED 2026–27
Health Certificate	\$1,215,227	\$1,435,372
Chronic Wasting Disease Inspection	\$7,754	\$7,878
Fowl Registration Fees	\$174,035	\$242,750
Total Collected	\$1,397,016	\$1,686,000

SOURCES: Texas Animal Health Commission; Comptroller of Public Accounts' Biennial Revenue Estimate.

supports 170.2 FTE positions. The program includes regional offices that serve as localized bases of operations for field staff that provide TAHC services to livestock and poultry producers statewide. TAHC operates six regional offices in Amarillo, Beeville, Laredo, Rockdale, Stephenville, and Sulphur Springs.

Through the Animal Disease Traceability program, TAHC traces animal disease outbreaks by assisting producers and dealers to register their premises with the agency and properly identify all animals held on those premises for more than seven days. Appropriations total \$7.1 million in All Funds, an increase of \$1.3 million, or 21.7 percent, from 2024–25 biennial spending levels, and support 4.0 FTE positions.

Appropriations for the field operations program area total \$31.4 million in All Funds, an increase of \$1.0 million, or 3.4 percent, and provide for 174.2 FTE positions, which constitute 75.2 percent of the agency's total positions. The

increase is due primarily to additional funding provided for new positions.

ADMINISTRATION

The administration program area includes the Central Administration, Information Resources, and Other Support Services programs. These programs provide for the agency's general administrative functions, including commissioners, executive administration, information technology resources, and other support services based in the Austin office. Appropriations for the Central Administration program total \$4.0 million, an increase of \$0.2 million, or 4.2 percent, from 2024–25 biennial spending levels, and support 17.0 FTE positions. Appropriations for the Information Resources program total \$5.6 million, an increase of \$3.1 million, or 126.3 percent, and support 10.0 FTE positions. Appropriations for the Other Support Services program total \$0.7 million, which maintains funding at 2024–25 biennial spending levels and supports 3.0 FTE positions.

Appropriations for the administration program area total \$10.3 million in All Funds, an increase of \$3.3 million, or 46.7 percent from 2024–25 biennial spending levels, and support 30.0 FTE positions. The increase is due primarily to funding provided for the new electronic registry for cattle marks and brands pursuant to Senate Bill 503, including 2.0 FTE positions.

DIAGNOSTIC SUPPORT

The diagnostic support program area includes the Diagnostic Administration program, which provides epidemiology services to assist in interpreting tests and diagnoses, develop disease control and eradication plans, and provide advice regarding management of potential threats and mitigation strategies. Since September 1, 2021, all diagnostic testing of samples submitted by field staff or other veterinarians has been conducted by the Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) pursuant to Senate Bill 705, Eighty-seventh Legislature, Regular Session, 2021, which closed TAHC's State–Federal Laboratory and designated TVMDL as the state's regulatory animal health laboratory. TAHC and TVMDL annually enter a memorandum of understanding that determines the scope of laboratory services and a fee structure between the agencies for each fiscal year. Appropriations for the Diagnostic Administration program total \$0.4 million, a decrease of \$0.3 million, or 40.6 percent, from 2024–25 biennial spending levels, and support 9.0 FTE positions. The decrease is due primarily to the removal of onetime funding associated with cattle fever tick clinical trials.

PROMOTE COMPLIANCE

The promote compliance program area includes the agency's Legal and Compliance program, which provides public information and education for producers related to animal health regulations and statutes, legal counsel, and enforcement of intrastate and interstate regulations. The agency promotes voluntary compliance through education. When compliance is not forthcoming, TAHC's attorneys and investigators become involved. Appropriations for this program area total \$0.9 million in General Revenue Funds, a decrease of \$0.3 million, or 28.3 percent, from 2024–25 biennial spending levels, and support 10.0 FTE positions.

EMERGENCY MANAGEMENT

Appropriations for the emergency management program area total \$0.9 million in General Revenue Funds, an increase of \$0.3 million, or 50.3 percent, from 2024–25 biennial spending levels, and support 5.0 FTE positions. The emergency management program assists in planning, coordination, transportation, sheltering, and care of animals during natural disasters or disease events. TAHC serves as the lead state agency for animal health issues during disasters, is a first responder for foreign and emergency diseases, and supports industry biosecurity and response planning for catastrophic disease situations. The increase in funding is due to increased funding for the Secure Food Supply program.

SIGNIFICANT LEGISLATION

Senate Bill 503 – Electronic registry of livestock marks and brands. The legislation establishes an electronic registry of livestock marks and brands and requires livestock owners to record livestock with county clerks, who are required to keep an electronic record of the marks, brands, or other generally accepted identification methods of each applicant for recording of a mark or brand. Senate Bill 503 also requires county clerks to deliver an electronic copy of the record to the TAHC, including the date on which the generally accepted identification method is recorded and the part of the animal on which it is placed. TAHC was appropriated \$3.1 million in General Revenue Funds and 2.0 FTE positions to establish an electronic registry of livestock marks and brands and to implement other provisions of the legislation.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

PURPOSE: To strive to protect the state's human and natural resources consistent with sustainable economic development through environmental assessment, planning, permitting, and monitoring, and through pollution prevention and remediation activities.

ESTABLISHED: 1993

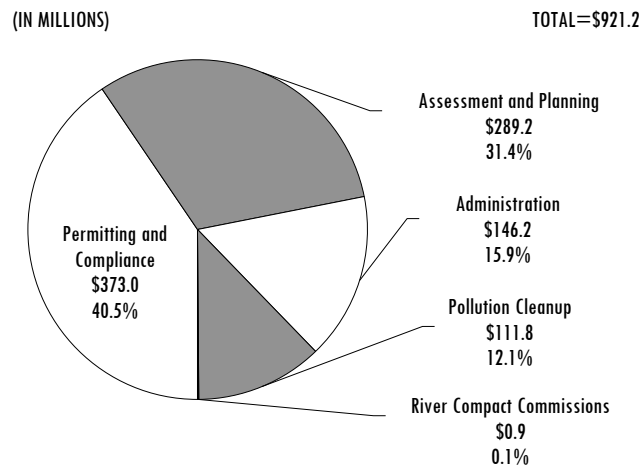
AUTHORIZING STATUTE: The Texas Government Code, the Texas Health and Safety Code, the Texas Local Government Code, the Texas Natural Resources Code, the Texas Occupations Code, the Texas Tax Code, and the Texas Water Code

GOVERNANCE: Three-member, full-time commission appointed by the Governor with the advice and consent of the Senate

FIGURE 272
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$50.0	\$46.2	(\$3.8)	(7.6%)
General Revenue–Dedicated Funds	\$641.8	\$651.0	\$9.1	1.4%
Federal Funds	\$112.4	\$181.5	\$69.1	61.4%
Other Funds	\$32.8	\$42.5	\$9.7	29.7%
Total, All Methods of Finance	\$837.0	\$921.2	\$84.2	10.1%

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

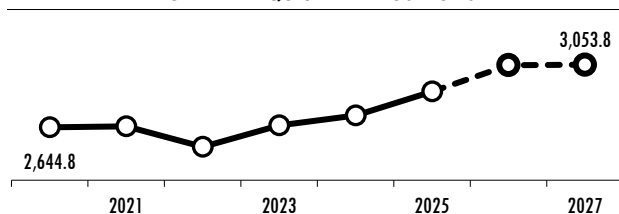
Funding provides **\$42.2 million in General Revenue Funds and General Revenue–Dedicated Funds for salary increases**, including \$9.7 million to biennialize statewide salary adjustments initiated during the 2024–25 biennium, and \$32.5 million for targeted salary increases for specific classifications.

Funding provides **\$32.6 million in General Revenue–Dedicated Funds** to enhance permitting, compliance, monitoring, comprehensive review processes, planning, public engagement, and administrative costs to address increasing responsibilities and environmental challenges due to increasing demands with Texas' growth and expanding federal requirements.

Funding provides **\$3.0 million in All Funds** including **\$1.2 million in General Revenue–Dedicated Funds** and **6.0 FTE positions** for produced water permit processing to implement the provisions of **Senate Bill 1145, Eighty-ninth Legislature, Regular Session, 2025**; and **\$1.8 million in Other Funds** and **9.0 FTE positions** to process permit applications for water infrastructure projects that are financed by money originating from the Texas Water Fund to implement the provisions of **Senate Bill 7, Eighty-ninth Legislature, Regular Session, 2025**.

Funding provides **\$10.0 million in Other Funds** from the **Leaking Water Wells Fund** to provide grants to plug leaking water wells in Pecos County.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent (FTE) positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the Texas Commission on Environmental Quality (TCEQ) total \$921.2 million in All Funds, a net increase of \$84.2 million, or 10.1 percent, from 2024–25 biennial spending levels.

Significant funding changes from 2024–25 biennial spending levels include a net increase of \$69.1 million in Federal Funds, or 61.4 percent, primarily due to the following changes:

- an increase of \$64.8 million through the U.S. Department of Energy for the new Texas Voluntary Marginal Conventional Well Plugging Program;
- an increase of \$11.4 million in Federal Funds for the National Dam Safety Program, which includes \$1.2 million in supplemental funding from the federal Infrastructure Investment and Jobs Act for the same purpose; and
- a net decrease of \$6.7 million in various federal program funding no longer anticipated to be available.

Significant funding changes from 2024–25 biennial spending levels also include a net increase of \$9.7 million, or 29.7 percent, in Other Funds, primarily due to the following changes:

- an increase of \$9.4 million in the Leaking Water Wells Fund to appropriate the remaining fund balance of to provide grants to plug leaking water wells in Pecos County;
- an increase of \$1.8 million from the Texas Water Fund Administrative Fund in onetime funding and 9.0 full-time-equivalent (FTE) positions to implement the provisions of Senate Bill 7, Eighty-ninth Legislature, Regular Session, 2025, related to the oversight and financing of certain water infrastructure matters under the jurisdiction of the Texas Water Development Board (TWDB), contingent on TWDB entering into an agreement with TCEQ to pay for administrative and staffing expenses; and
- a decrease of \$1.4 million in various remaining Other Funds, primarily including \$0.7 million in Appropriated Receipts and \$0.8 million in Interagency Contracts that are not anticipated to continue during the 2026–27 biennium.

Significant funding changes from 2024–25 biennial spending levels also include a net increase of \$5.4 million, or 0.8 percent,

in General Revenue Funds and General Revenue–Dedicated Funds, and 147.5 FTE positions for fiscal year 2026 and 150.5 FTE positions for fiscal year 2027. This amount includes a net decrease of \$3.7 million, or 7.6 percent, in General Revenue Funds, offset by a net increase of \$9.1 million, or 1.4 percent, in General Revenue–Dedicated Funds. These increases to General Revenue Funds and General Revenue–Dedicated Funds are due primarily to the following changes:

- an All Funds increase of \$42.2 million for salary increases including the following amounts:
 - \$32.5 million, including \$1.5 million in General Revenue Funds and \$31.0 million in General Revenue–Dedicated Funds, for targeted salary increases to raise classifications for staff currently earning less than the midpoints of their specific salary ranges; and
 - \$9.7 million, including \$2.2 million in General Revenue Funds and \$7.5 million in various General Revenue–Dedicated Funds, to biennialize the statewide salary adjustments initiated during the 2024–25 biennium;
- an increase of \$33.8 million in General Revenue–Dedicated Funds and 137.5 FTE positions for fiscal year 2026 and 140.5 FTE positions for fiscal year 2027 to enhance permitting, compliance, monitoring, comprehensive review processes, planning, public engagement, and administrative costs to address increasing responsibilities and environmental changes due to increasing demands with Texas’ growth and expanding federal requirements and to implement the provisions of Senate Bill 1145, Eighty-ninth Legislature, Regular Session, 2025, which authorizes TCEQ to issue permits for the land application of water produced from certain mining and oil and gas extraction operations. This increase includes the following elements:
 - \$13.5 million and 58.6 FTE positions to enhance air quality planning, permitting, and monitoring at TCEQ, funding additional staff and capital equipment resources. This amount includes \$2.0 million from the General Revenue–Dedicated Account No. 151, Clean Air, for air quality planning activities to reduce fine particulate matter in affected counties identified in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, Article VI, TCEQ, Rider 7, Air Quality Planning;

- \$6.8 million and 23.0 FTE positions to enhance oversight of water permitting, rights, and supply; and to fund additional staff resources, capital equipment, and contracted services;
 - \$3.7 million and 14.0 FTE positions to enhance regional field Investigator activities; to fund additional investigative staff and associated contracting and equipment resources; and to enforce compliance with state and federal regulations for a growing number of regulated entities statewide;
 - \$3.4 million and 16.0 FTE positions in fiscal year 2026 and 19.0 FTE positions in fiscal year 2027 to assist with processing an anticipated increase in produced water permitting applications and to develop a comprehensive review process assessing potential environmental effects of produced water discharges;
 - \$2.6 million in General Revenue–Dedicated Funds from Account No. 549, Waste Management, and 12.4 FTE positions to enhance Underground Injection Control permitting, primarily for additional staff resources to manage increased permitting volume and interpreter services to support public engagement and meetings;
 - \$2.3 million to support administrative functions, including \$1.4 million and 6.0 FTE positions to provide additional staff for human resources, information technology (IT), and budget and fiscal matters and \$0.9 million to address lease cost increases across various regional offices;
 - \$1.2 million and 6.0 FTE positions to implement the provisions of Senate Bill 1145, which authorizes TCEQ to issue permits for the land application of water produced from certain mining and oil and gas extraction operations; and
 - \$0.3 million in General Revenue–Dedicated Funds from Account No. 468, TCEQ Occupational Licensing, and 1.5 FTE positions to process increasing license denial actions and hearings;
 - an increase of \$3.2 million in General Revenue Funds and 10.0 FTE positions to administer available federal grants and update water-quality stream model monitoring and provide increased reporting for certain rivers including the following amounts:
 - \$1.7 million and 10.0 FTE positions to provide dedicated staff resources to administer federal grants for coastal restoration projects from the Resources and Ecosystem Sustainability, Tourist Opportunities, and Revised Economies (RESTORE) of the Gulf Coast States Act program;
 - \$1.0 million to update a water-quality stream model monitoring conditions on a segment of the Neches River;
 - \$0.5 million to produce reports in three-month intervals from March 2026 to November 2026 regarding characteristics of the Upper San Saba River; and
 - an increase of \$1.4 million in General Revenue–Dedicated Funds from Account No. 5071, Texas Emissions Reduction Plan (TERP Account), held inside the Treasury, for cash-flow purposes to the TERP Trust held outside the Treasury, to administer the TERP program;
- Decreases to General Revenue Funds and General Revenue–Dedicated Funds that contributed to the net increase of \$5.4 million previously discussed are due primarily to the removal of onetime expenditures and funding that is not expected to continue for certain purposes, which include \$10.6 million in General Revenue Funds and \$64.6 million in General Revenue–Dedicated Funds, for a total of \$75.2 million. Decreases in General Revenue Funds and General Revenue–Dedicated Funds include the following items:
- \$50.1 million in General Revenue–Dedicated Funds for IT projects, including the following amounts:
 - \$42.1 million in supplemental appropriations for cybersecurity, cybersecurity modernization, personal computer replacements, and Data Center Services projects appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025;
 - \$5.0 million for enhancements to the agency's website to increase usability and data accessibility;
 - \$1.5 million in General Revenue–Dedicated Funds from Account No. 153, Water Resource Management;
 - \$1.2 million for software and program upgrades to existing IT systems required to implement

the provisions of the agency's Sunset legislation, Senate Bill 1397, Eighty-eighth Legislature, Regular Session, 2023; and

- \$0.3 million to update the Compliance History database system to increase the frequency of mass classifications to determine the status of an entity's compliance history;
- \$10.0 million in General Revenue Funds for water rights litigation between Texas and the State of New Mexico under the Rio Grande Compact that is not anticipated to continue;
- \$9.1 million in General Revenue–Dedicated Funds from Account No. 550, Hazardous and Solid Waste Remediation Fee, for cleanup and remediation payments for recovery fees that are not anticipated to continue, which includes \$3.8 million in supplemental appropriations through Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023;
- \$3.5 million in All Funds including \$0.6 million in General Revenue Funds and \$2.9 million in General Revenue–Dedicated Funds to digitize, review, redact agency records and publish documents on the agency's online portal; and
- \$2.2 million in General Revenue–Dedicated Funds for vehicles including the following amounts:
 - \$1.1 million appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025;
 - \$0.9 million appropriated in Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023; and
 - \$0.2 million to implement the provisions of Senate Bill 1397, Eighty-eighth Legislature, Regular Session, 2023.

PROGRAMS

TCEQ fulfills its responsibilities through five major program areas: (1) assessment and planning; (2) permitting and compliance; (3) administration; (4) pollution cleanup; and (5) river compact commissions.

ASSESSMENT AND PLANNING

The assessment and planning program area functions to reduce toxic releases in the state and guide the state's regulatory framework. The agency performs assessment and planning in air, water, waste, and radioactive materials management. It also

provides oversight of the safe drinking program. Appropriations for the assessment and planning program area total \$289.2 million, or 31.4 percent, of the agency's All Funds appropriations and support 580.5 FTE positions. This amount is a net increase of \$95.9 million in All Funds, or 49.6 percent, from 2024–25 biennial spending levels.

AIR QUALITY

TCEQ assesses the effects of air emissions and develops solutions for regional air quality problems. The air quality subarea includes the following programs: (1) Air Monitoring; (2) Air Quality Planning; (3) Vehicle Emission Inspections, also known as the Vehicle Emissions Inspection and Maintenance Program (VEIMP); and (4) Texas Emissions Reduction Plan (TERP).

The Air Monitoring program has established an extensive statewide monitoring network that includes more than 230 air-monitoring sites, depending on the time of year and other factors. The program collects air samples and analyzes data to determine pollutant levels in air throughout statewide. Many of the monitoring sites have multiple sampling instruments. The Texas network operates approximately 1,010 individual samplers, more than three-quarters of which are controlled predominantly by TCEQ. Like the number of sites, the number of sampling instruments changes occasionally as interest in different parameters fluctuates. These stations contain specialized instrumentation that provides continuous and non-continuous measurements of air pollutant levels and meteorological conditions. The data from these stations are transmitted to the agency's headquarters in Austin and published on the agency's website. Appropriations for the Air Monitoring program total \$44.3 million in All Funds and support 119.8 FTE positions. This amount is a net decrease of \$4.0 million in All Funds, or 8.3 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to net increases for additional staff and resources being offset by net decreases for reallocations and the removal of onetime funding.

Through the Air Quality Planning program, the agency develops the State Implementation Plan (SIP) and associated regulatory actions to help verify that all areas of Texas either comply or will comply with National Ambient Air Quality Standards (NAAQS). The agency updates an inventory of all emissions, including point, area, and mobile air pollution sources, for submission to the U.S. Environmental Protection Agency (EPA) every three calendar years. In addition, the point-source inventory is updated every year and submitted

FIGURE 273
EIGHT-HOUR OZONE LEVELS IN SELECTED TEXAS AREAS
THREE-YEAR AVERAGES, CALENDAR YEARS 2016 TO 2024

(IN PARTS PER BILLION)							
REGION	2016–18	2017–19	2018–20	2019–21	2020–22	2021–23	2022–24
Dallas–Fort Worth	76	77	76	76	77	80	83
Houston–Galveston	78	81	79	77	78	83	84
Beaumont–Port Arthur	67	70	68	66	63	65	66
San Antonio	72	73	72	73	75	76	75
El Paso	73	75	76	75	73	74	76
Austin	68	69	65	63	64	71	72
Tyler–Longview	65	66	65	64	65	69	69
Victoria	N/V	N/V	N/V	61	60	60	62
Waco	N/V	N/V	64	64	64	68	69
Corpus Christi	61	61	61	62	62	63	63
Hood County	66	67	66	64	69	75	78

NOTE: Amounts exceeding the calendar year 2015 ozone standard of 70 parts per billion (ppb), which is based on the three-year average of the annual fourth-highest daily-maximum eight-hour ozone, are shaded. Previous standards included 85 ppb since calendar year 1997 and 75 ppb since calendar year 2008. Values are based on data from regulatory monitors. N/V indicates that the data from that year does not meet the data validity criteria.

SOURCE: Texas Commission on Environmental Quality.

to the EPA. These inventories assist in development of the SIP for all areas in the state that EPA designates as nonattainment areas for NAAQS. To bring such areas into compliance with federal standards, the agency develops control strategies through the SIP, such as vehicle emissions and inspection testing; point-source emissions limitations, including emissions cap-and-trade programs; and idling restrictions for heavy-duty vehicle engines. TCEQ uses computer models to test the effectiveness of various pollution-control strategies when determining which control measures would be effective and appropriate for an area. After the control measures are implemented, progress in air quality is measured by the extent to which monitors detect reduced levels of air pollution.

Appropriations for the Air Quality Planning program total \$117.3 million in All Funds and support 217.0 FTE positions. This amount is a net increase of \$81.3 million in All Funds, or 226.1 percent, from 2024–25 biennial spending levels. The net increase is due primarily to an increase in Federal Funds for the new Texas Voluntary Marginal Conventional Well Plugging Program, supplemented with other increases for salary increases, reallocations, and additional staff and resources for air quality planning.

Figure 273 shows air quality measured in nonattainment and near-nonattainment areas from calendar years 2016 to

2024, based on the three-year average of the annual fourth-highest daily-maximum eight-hour ozone. Design values provide a metric of a location's air-quality status relative to the NAAQS level.

The agency assists the Texas Department of Public Safety in implementing the VEIMP through the Vehicle Emission Inspections program. Tailpipe emissions inspections are required pursuant to the federal Clean Air Act based on the severity of each city's nonattainment status level. In addition, any area may participate in VEIMP voluntarily. VEIMP is implemented in 17 Texas counties: Brazoria, Collin, Dallas, Denton, Ellis, El Paso, Fort Bend, Galveston, Harris, Johnson, Kaufman, Montgomery, Parker, Rockwall, Tarrant, Travis, and Williamson. Travis and Williamson counties participate voluntarily. Appropriations for the Vehicle Emission Inspections program total \$4.4 million from Account No. 151 and support 17.3 FTE positions. This amount is a net increase of \$0.2 million from Account No. 151, or 1.0 percent, from 2024–25 biennial spending levels. The net increase is primarily due to reallocations.

The TERP program implements several grant programs targeting nonattainment areas and other areas in the state to promote reduced emissions from on-road vehicles, nonroad heavy-duty equipment, locomotives, marine vessels, and stationary engines.

House Bill 3745, Eighty-sixth Legislature, 2019, extended the sources of funding for the TERP program after August 31, 2019, until each active or revoked ozone NAAQS area in Texas has been designated by the EPA as being in attainment or nonclassifiable. Most of the revenue supporting the TERP program comes from a portion of the certificate of title fee (\$20 in nonattainment areas, \$15 in all other areas) that is deposited to the Texas Mobility Fund; the TERP Account is reimbursed with an equal transfer from the State Highway Fund. Other sources of revenue to TERP include: the Limited Sales and Use Tax, which is a fee on the sale or lease of diesel equipment; the Motor Vehicles Sales and Use Tax, which is a fee on the sale and use of on-road diesel vehicles; the Commercial Motor Vehicle Registration Fee, which is a 10.0 percent surcharge on the registration of a commercial vehicle; and the Commercial Motor Vehicle Inspection Fee, which is a \$10 fee on inspections of commercial vehicles. The deposit of fees and surcharges to the credit of the TERP Account and transfers from the State Highway Fund deposited to the credit of TERP were continued until September 1, 2021.

After this date, House Bill 3745 established the TERP Trust fund held outside of the Treasury by the Comptroller of Public Accounts and administered by TCEQ. This fund consists of revenues from fees and surcharges previously deposited to the TERP Account, including transfers from the State Highway Fund. The legislation authorizes TCEQ to spend money in the TERP Trust fund without legislative appropriation and directs TCEQ to deposit any remaining unencumbered balances to the TERP Account inside the Treasury at the end of each biennium.

Appropriations for the TERP program total \$1.4 million from the TERP Account and include no FTE positions. This amount is a net increase of \$1.4 million to the TERP Account from the 2024–25 biennial levels. The TERP program must return any funds appropriated back to the TERP Account from revenue collected and deposited to the credit of the TERP Trust fund held outside the Treasury. TCEQ anticipates that a net \$203.2 million for each of fiscal years 2026 and 2027, totaling \$406.4 million for the biennium, will be available for the TERP program after statutorily required transfers are made to the State Highway Fund. In addition, \$1.4 million in the TERP Account is appropriated for temporary cash-flow purposes during the first fiscal year to cover initial operating costs while revenues are collected in the TERP Trust fund because the trust fund is statutorily required to begin each biennium with a zero balance. Any expenditures from the temporary cash-flow appropriation

must be repaid from the TERP Trust to the TERP Account by the end of the fiscal year.

Appropriations for the air quality subarea total \$167.4 million in All Funds and include 354.1 FTE positions. This amount is a net increase of \$78.7 million in All Funds, or 88.8 percent, from 2024–25 biennial spending levels.

WATER QUALITY

TCEQ protects the state's water quality by monitoring and evaluating water quality in lakes, streams, and groundwater and by establishing water-quality standards to protect aquatic life, human health, drinking water, and recreation. TCEQ develops and coordinates water-quality improvement strategies with other state agencies and local stakeholders. The water quality subarea includes the following programs: (1) Water Assessment and Planning; (2) Water Quality Assessment and Planning – Total Maximum Daily Load; (3) Clean Rivers Program; (4) Groundwater Protection and Management; (5) Protection and Restoration of Bays and Estuaries; (6) Water Quality Assessment and Planning – Nonpoint Source Program; (7) Dam Safety; and (8) Water Quality Standards.

The Water Assessment and Planning program assesses water quality and coordinates monitoring for surface water in Texas. The agency has 31 continuous water quality-monitoring sites established as of August 2025. As with the air-quality sites, data from the continuous water quality-monitoring sites is transmitted to the agency's headquarters and is shown on the agency's website. TCEQ expects to complete 91 surface water assessments and 108 groundwater assessments during the 2026–27 biennium. Appropriations for the Water Assessment and Planning program total \$34.5 million in All Funds and support 139.5 FTE positions. This amount is a net increase of \$5.2 million in All Funds, or 17.9 percent, from 2024–25 biennial spending levels, which is due primarily to increases for additional staff and resources, salary increases, rider funding, and dedicating resources to the RESTORE program, which are offset by decreases for reallocations and the removal of onetime funding.

TCEQ also is responsible for developing plans to restore polluted bodies of water to acceptable surface water-quality standards by developing total maximum daily loads through its Total Maximum Daily Load (TMDL) program. A TMDL value establishes the maximum level of a pollutant that a body of water can assimilate and still meet water-quality standards. The Texas State Soil and Water Conservation Board (TSSWCB) and other state agencies, including the Texas Parks and Wildlife Department and institutions of

higher education, assist TCEQ in TMDL development. TCEQ is responsible for overall TMDL development, and stakeholders are responsible for developing an implementation plan with steps to improve water quality. For example, TSSWCB's responsibilities focus on TMDLs specifically affected by agricultural and silvicultural (forestry-related) practices. Appropriations for the TMDL program total \$5.0 million in All Funds and support 12.4 FTE positions. This amount is a net decrease of \$0.2 million in All Funds, or 3.6 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to funding reallocations among programs and the removal of onetime funding.

The Clean Rivers Program implements a statewide framework through which 15 regional partners, including river authorities and others, collect water quality data and provide a public forum for managing water quality in each Texas river basin. Funding enables the 15 regional partners to provide water quality data for the agency to use in federal water quality standards reporting. This funding also supports increased lab costs to process water quality samples, maintain current programs, add additional water quality parameters to sample, and increase monitoring and conduct water quality special studies. Appropriations for the Clean Rivers Program total \$10.6 million in General Revenue–Dedicated Funds from Account No. 153 and support 4.5 FTE positions. This amount is a net decrease of \$0.1 million, or 0.8 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to the removal of onetime funding.

The Groundwater Protection and Management program supports and coordinates Texas' efforts to protect groundwater by designating priority groundwater management areas and implementing oversight and implementation of groundwater district plans. These activities are coordinated through the Texas Groundwater Protection Committee, administered by TCEQ. Appropriations for the Groundwater Protection and Management program total \$0.8 million in All Funds and support 5.8 FTE positions. This amount is a net decrease of \$8,672 in All Funds, or 1.0 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to funding reallocations between programs and the removal of onetime funding.

The Water Quality Assessment and Planning – Nonpoint Source program provides funds to protect and restore water quality affected by nonpoint source pollution, updates the State Water Quality Management Plan, and carries out planning activities. TSSWCB is the lead agency for agricultural and silvicultural nonpoint source pollution abatement; TCEQ focuses on all other nonpoint source pollution, such as land

runoff, precipitation, and atmospheric deposition, and updates the State Water Quality Management Plan. Appropriations for the Nonpoint Source program total \$12.4 million in All Funds and support 8.8 FTE positions. This amount is a net increase of \$1.0 million in All Funds, or 8.4 percent, from 2024–25 biennial spending levels. The net increase is due primarily to funding reallocations from other programs.

The Protection and Restoration of Bays and Estuaries program implements federally approved conservation management plans developed to protect and restore the health and productivity of Galveston and Coastal Bend bays and estuaries, while supporting continued economic growth and public use. Implementation is achieved through local partnerships and stakeholder involvement. Appropriations for the Protection and Restoration of Bays and Estuaries program total \$10.9 million in All Funds and support 7.7 FTE positions. This amount is a net decrease of \$0.3 million in All Funds, or 2.6 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to increases in Federal Funds that are offset by decreases due to funding reallocations among programs and the removal of onetime funding.

The Dam Safety program monitors and regulates private and public dams, inspects dams that pose a great or significant hazard, and provides recommendations and reports to responsible parties. The program is intended to ensure that these facilities are constructed, maintained, repaired, and removed safely. TCEQ also maintains the Texas Dam Inventory, a database with information regarding dam ownership, hazard classification, and location. TSSWCB and the Texas Water Development Board also operate programs that offer funding options to assist with dam construction, maintenance, repair, and rehabilitation. Appropriations for the Dam Safety Program total \$33.6 million in All Funds and support 39.1 FTE positions. This amount is a net increase of \$12.1 million in All Funds, or 56.3 percent, from 2024–25 biennial spending levels. The net increase is due primarily to decreases from the removal of onetime funding, which are offset by increases in salaries and Federal Funds from the federal Infrastructure Investment and Jobs Act.

The Water Quality Standards program provides funding for the development and coordination of the Texas Surface Water Quality Standards, which set the targets for water-quality management efforts in Texas. This responsibility includes establishing the uses and criteria for the streams, rivers, reservoirs, and estuaries of Texas. Appropriations for the Water Quality Standards program total \$1.5 million in All Funds and support 5.3 FTE positions. This amount is a

net decrease of \$47,300 in All Funds, or 3.1 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to funding reallocations between programs.

Appropriations for the water quality subarea total \$109.2 million in All Funds and support 223.1 FTE positions. This amount is a net increase of \$17.7 million in All Funds, or 19.3 percent, from 2024–25 biennial spending levels.

WASTE DISPOSAL

TCEQ monitors the generation, treatment, and storage of solid waste; tracks the capacity of waste-disposal facilities; and provides technical assistance to municipal solid waste planning regions for the development and implementation of waste-reduction plans through the following waste disposal subarea programs: (1) Waste Assessment and Planning; and (2) Municipal Solid Waste Disposal Grant.

The Waste Assessment and Planning program assesses municipal solid waste disposal capacity, identifies waste-management trends, and assesses future waste-management needs across the state. Appropriations for the Waste Assessment and Planning program total \$1.6 million in All Funds and support 3.3 FTE positions. This amount is a net decrease of \$0.5 million in All Funds, or 22.9 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to funding for salary increases, which are offset by funding being reallocated to other programs and the removal of onetime funding.

As a part of the Municipal Solid Waste (MSW) Disposal Grant program, TCEQ's waste permits division collects and analyzes facility capacity data, provides technical assistance to the regulated community, and provides financial assistance to local and regional solid waste projects through four councils of government (COG). Each COG maintains a regional solid waste-management plan and also may maintain local solid waste-management plans. Each biennium, the COGs prepare a regional funding plan to identify funding priorities in their regions and their solid waste-management needs. The MSW Disposal Grant program provides funding to the COGs for these priorities. Appropriations for the MSW Disposal Grant program total \$11.0 million in All Funds and include no FTE positions. This amount maintains 2024–25 biennial spending levels.

Appropriations for the waste disposal subarea total \$12.6 million in All Funds and support 3.3 FTE positions. This amount is a net decrease of \$0.5 million in All Funds, or 3.6 percent, from 2024–25 biennial spending levels.

PERMITTING AND COMPLIANCE

Through the permitting and compliance program area, TCEQ regulates discharges to air and water and the disposal of solid and hazardous waste. The agency plans and conducts assessments and inspections to reduce toxic releases for air, water, and waste, and conducts occupational licensing, compliance, pollution prevention, recycling, and enforcement duties. Appropriations for the permitting and compliance program area total \$373.0 million in All Funds, or 40.5 percent of the agency's All Funds appropriations, and support 1,751.1 FTE positions in fiscal year 2026 and 1,754.1 FTE positions in fiscal year 2027. This amount is a net increase of \$32.1 million in All Funds, or 9.4 percent, from 2024–25 biennial spending levels.

AIR QUALITY PERMITTING

Air quality permitting subarea programs are responsible for issuing permits to facilities that release pollutants into the air. TCEQ regulates air quality through three programs: (1) Air Permitting – Title V, Operating Permits; (2) Air Permitting – New Source Review; and (3) Air Pollution Control Equipment Exemptions.

The Air Permitting – Title V, Operating Permits, program oversees facility compliance with Title V of the federal Clean Air Act amendments of 1990 by assessing and issuing permits to operate major sources and certain minor sources of air pollution. Title V requires all major sites to apply for an operating permit that codifies and consolidates all applicable regulations at that site into one permit. TCEQ expects to issue approximately 1,300 permits during the 2026–27 biennium. Appropriations for the Air Permitting – Title V, Operating Permits, program total \$23.2 million in All Funds and support 129.3 FTE positions. This amount is a net increase of \$2.8 million in All Funds, or 13.5 percent, from 2024–25 biennial spending levels. The net increase is due primarily to additional funding for salary increases, reallocations from other programs, and additional staff and resources for air-related permit processing.

The Air Permitting – New Source Review program is responsible for verifying that new or expanding air-pollution-emitting facilities use the best available technology to control and reduce emissions, and that emissions do not have adverse health effects on the inhabitants of surrounding areas. TCEQ expects to review 14,000 permits, amendments, renewals, standard permits, and permit-by-rule registrations during the 2026–27 biennium. Appropriations for the Air Permitting – New

Source Review program total \$20.6 million in All Funds and support 105.1 FTE positions. This amount is a net increase of \$0.9 million in All Funds, or 4.6 percent, from 2024–25 biennial spending levels. The net increase is due primarily to the reallocation of funding to other programs, which is offset by additional funding for salary increases and staff and resources for air-related permit processing.

The Air Pollution Control Equipment Exemptions program reviews applications for entities seeking a property tax exemption for pollution control equipment. If TCEQ determines that property qualifies as pollution-control property, the agency sends a positive-use determination to the applicant and the appropriate local property tax appraisal authority for a final determination. The program is funded through application fees deposited to the General Revenue Fund. Appropriations for the Air Pollution Control Equipment Exemptions program total \$0.5 million in All Funds and support 2.0 FTE positions. This amount is a net increase of \$24,359, or 5.1 percent, from 2024–25 biennial spending levels. The net increase is due primarily to funding reallocations from other programs.

Appropriations for the air quality permitting subarea total \$44.3 million in All Funds and support 236.4 FTE positions. This amount is a net increase of \$3.7 million in All Funds, or 9.1 percent, from 2024–25 biennial spending levels.

WATER RESOURCE PERMITTING

TCEQ operates three water resource permitting subarea programs: (1) Water Resource Permitting; (2) Watermaster Administration; and (3) Edwards Aquifer Protection. These programs are charged with reviewing permits and other authorizations relating to the quality and uses of the state's water. TCEQ issues permits regulating wastewater and storm water discharges to maintain federal and state water-quality standards in streams, lakes, bays, and estuaries. The agency anticipates reviewing approximately 34,944 water-quality permit applications during the 2026–27 biennium.

The Water Resource Permitting program processes permits to divert, use, or store surface water, and permits to discharge wastewater and storm water. The wastewater and storm water permitting activities include permits for storm water runoff from construction sites, industrial facilities, and certain storm sewers; and permits for wastewater discharge into state water through the Texas Pollutant Discharge Elimination System permits and Texas Land Application permits. To administer surface water rights, TCEQ evaluates water availability, conservation and

drought contingency plans, and the environmental effects of the diversion of state water. TCEQ anticipates reviewing 1,280 water rights permits during the 2026–27 biennium. Additionally, TCEQ anticipates reviewing 14,243 applications to address water quality impacts in fiscal year 2026, and 20,701 in fiscal year 2027. Appropriations for the Water Resource Permitting program total \$35.2 million in All Funds and support 174.7 FTE positions. This amount is a net increase of \$7.2 million in All Funds, or 25.7 percent, from 2024–25 biennial spending levels. The net increase is due primarily to funding reallocations directed to other programs being offset by increases for salaries and additional staff and resources for water permit processing including responsibilities related to implementing the provisions of Senate Bill 7 and Senate Bill 1145, Eighty-ninth Legislature, 2025.

The Watermaster Administration program oversees four Watermaster programs in the state: Brazos, Concho River, Rio Grande, and South Texas. These programs are concerned specifically with the allocation and use of surface water within each Watermaster area. Watermasters enforce compliance with water rights in their designated service areas, which is necessary especially during times of drought conditions and diminished stream flows. Appropriations for the Watermaster Administration program total \$5.0 million in All Funds and support 32.8 FTE positions. This amount is a decrease of \$0.1 million in All Funds, or 2.8 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to funding increases for salaries and additional staff and resources that are offset by funding being reallocated to other programs.

The Edwards Aquifer is a groundwater system in Central-South Texas. The Edwards Aquifer Protection program reviews applications and construction plans submitted to the agency for construction projects in the recharge, transition, or contributing zones of the aquifer. Approved plans are also monitored, and fees are charged to applicants to cover the cost of the program. Appropriations for the Edwards Aquifer program total \$3.8 million in All Funds and support 21.9 FTE positions. This amount is a net increase of \$0.1 million in All Funds, or 3.9 percent, from 2024–25 biennial spending levels. The net increase is due primarily to the reallocation of funding from other programs.

Appropriations for the water resource permitting subarea total \$44.0 million in All Funds and support 229.4 FTE positions. This amount is a net increase of \$7.2 million, or 19.5 percent, from 2024–25 biennial spending levels.

WASTE MANAGEMENT AND PERMITTING

TCEQ regulates all industries engaged in the generation, treatment, storage, and disposal of hazardous, industrial, and municipal waste. Permit issuance provides a mechanism for regulating waste management practices to protect human health and the environment. Waste management and permitting subarea programs include: (1) Municipal Solid Waste; (2) Registration and Reporting; and (3) Underground Injection Control.

The Municipal Solid Waste program oversees the management and disposal of municipal solid waste sites across the state. It is a permitting program that regulates industries engaged in the generation, treatment, storage, and disposal of municipal solid waste. Appropriations for the MSW program total \$10.0 million in All Funds and support 46.1 FTE positions. This amount is a net increase of \$0.1 million in All Funds, or 1.2 percent, from the 2024–25 biennial spending levels. The net increase is due primarily to the reallocation of funding from other programs. Appropriations are supported by fees imposed on industrial solid or hazardous waste generation owners or operators of permitted facilities and other fees related to waste management.

The Registration and Reporting program processes registrations and provides information and customer service for the following TCEQ registration activity areas: industrial and hazardous waste; medical waste; enclosed containers; used oil recycling; sludge transporters; and television manufacturing recycling registration. Appropriations for the Registration and Reporting program total \$4.0 million in All Funds and support 31.5 FTE positions. This amount is a net increase of \$0.2 million in All Funds, or 5.5 percent, from 2024–25 biennial spending levels. The net increase is due primarily to salary increases and funding reallocations among other programs.

The objective of the Underground Injection Control (UIC) program is to protect underground sources of drinking water (USDW) through permitting of underground injection of fluids through the permitting of classes I, III, IV, and V injection wells. Regulation of wells used for underground injection must maintain the quality of fresh water to an extent consistent with public health and welfare and the operation of existing industries. Through permit issuance, the UIC program regulates site location, construction, operation, maintenance, monitoring, and closure of the following classes of injection wells:

- Class I, which are used to inject hazardous and nonhazardous wastes into deep, isolated rock formations underneath USDWs;
- Class III, which are used to inject fluids to dissolve and extract minerals (e.g., uranium, sulfur, and sodium sulfate);
- Class IV, which are shallow wells used to inject hazardous or radioactive wastes into or above a geologic formation that contains a USDW. These wells typically are banned by state and federal law, but they may be used in certain environmental cleanup operations in accordance with EPA and TCEQ rules; and
- Class V, which typically includes shallow wells used to inject nonhazardous fluids to clean up groundwater contamination.

The Railroad Commission of Texas (RRC) regulates Class II wells, which are used exclusively to inject fluids associated with oil and gas production, and Class VI wells, used to inject carbon dioxide into underground subsurface rock formations for long-term storage or geologic sequestration.

Appropriations for the UIC program total \$4.7 million in All Funds and support 25.1 FTE positions. This amount is a net increase of \$2.6 million in All Funds, or 116.8 percent, from 2024–25 biennial spending levels. The net increase is due primarily to funding increases for additional staff and resources provided for UIC permit processing.

Appropriations for the waste management and permitting subarea total \$18.7 million in All Funds and support 102.7 FTE positions. This amount is a net increase of \$2.9 million in All Funds, or 18.2 percent, from 2024–25 biennial spending levels.

OCCUPATIONAL LICENSING

The Occupational Licensing program issues permits and registrations for the following occupations: backflow prevention assembly testers; customer service inspectors; landscape irrigators; irrigation technicians and irrigation inspectors; corrective action specialists and project managers for leaking petroleum storage tanks; municipal solid waste facility supervisors; onsite sewage facility installers; designated representatives, apprentices, maintenance providers, maintenance technicians, and site evaluators; public water system operators and operations companies; wastewater operators and operations companies; water treatment specialists; underground storage tank contractors and onsite supervisors; and training providers for visible emissions

evaluators. The program develops and holds training sessions, develops and administers proficiency examinations, approves basic and continuing education training, issues occupational licenses, and monitors licenses. Appropriations for the Occupational Licensing program total \$3.7 million in All Funds and include 24.0 FTE positions. This amount is a net increase of \$0.5 million in All Funds, or 14.5 percent, from 2024–25 biennial spending levels. The net increase is due primarily to additional funding for salary increases and additional staff and resources to process an anticipated increase in license denial actions and hearings.

ENVIRONMENTAL ASSISTANCE

The Environmental Assistance program provides accurate, comprehensive, and timely responses and technical assistance to agency customers without the threat of enforcement, focusing on small businesses and local governments, with the goal of improving compliance with state environmental regulations. Appropriations for the Environmental Assistance program total \$7.7 million in All Funds and support 52.0 FTE positions. This amount is a net increase of \$0.9 million in All Funds, or 13.1 percent, from 2024–25 biennial spending levels. The net increase is due primarily to the reallocation of funding among programs.

RADIOACTIVE MATERIALS AND WASTE MANAGEMENT

The agency operates two radioactive materials management subarea programs: (1) Radioactive Materials; and (2) Low-level Radioactive Waste.

The Radioactive Materials program licenses, permits, and regulates source material recovery (uranium mining), commercial radioactive waste processing and storage, by-product material disposal, disposal of naturally occurring radioactive waste materials that are not related to oil and gas production, and classes I and III UIC wells. Additionally, the program oversees the reclamation of historic radioactive materials, burial sites, and other sites contaminated with radioactive material, including former uranium recovery sites. Appropriations for the Radioactive Materials program total \$3.7 million in All Funds and support 14.2 FTE positions. This amount is a net decrease of \$2.8 million in All Funds, or 43.3 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to additional funding for salary increases, which are offset by the redirection of an equivalent amount of \$3.0 million in General Revenue–Dedicated funds from Account No. 5158, Environmental Radiation and Perpetual Care, to various other programs as other General Revenue–

Dedicated Funds following site cleanups being completed in the 2024–25 biennium and TCEQ’s anticipation that funding from Account No. 5158 will not be needed for cleanups during the 2026–27 biennium.

The Low-level Radioactive Waste program performs technical reviews, issues licenses, and monitors compliance for the low-level radioactive waste disposal site in Andrews County. During fiscal year 2009, TCEQ issued a license to Waste Control Specialists, LLC (WCS), a private waste management company, for the operation of the low-level radioactive waste disposal facility. The facility has two components, the Compact Waste Disposal Facility (CWF) and the Federal Waste Disposal Facility (FWF). The CWF accepts commercial low-level radioactive waste from the Texas Compact generators of Texas and Vermont and nonparty generators located outside those states. The FWF accepts low-level radioactive waste that is the responsibility of the federal government and is required to be transferred to the U.S. Department of Energy upon decommissioning.

Pursuant to Texas statute, Texas owns the land and the CWF facilities, and WCS serves as the operator of the site. The facility became operational in April 2012 and since has collected approximately \$91.7 million in fee revenues that have been remitted to the state from facility operations. Appropriations for the Low-level Radioactive Waste program total \$3.6 million in All Funds and support 16.3 FTE positions. This amount is a net increase of \$0.3 million, or 7.7 percent, from 2024–25 biennial spending levels. The net increase is due primarily to additional funding for salary increases and the reallocation of funding among programs.

Appropriations for the Radioactive Materials and Waste Management subarea total \$7.3 million in All Funds and support 30.5 FTE positions. This amount is a net decrease of \$2.6 million in All Funds, or 25.9 percent, from 2024–25 biennial spending levels.

SAFE DRINKING WATER OVERSIGHT

Safe drinking water oversight subarea programs protect public health and the environment by monitoring the delivery of safe drinking water, providing regulation, and promoting regional water strategies. Safe Drinking Water Oversight subarea programs include: (1) Drinking Water Quality and Standards (DWQS); and (2) Utility Regulation/District Applications.

The DWQS program implements the federal State Drinking Water Act through measures to protect the quality of drinking water for Texans served by public drinking water

systems. It conducts sampling from public water systems to monitor the quality of drinking water. By definition, a public drinking water system serves at least 15 connections or at least 25 individuals for a minimum of 60 days per year. Approximately 7,300 public water systems serve more than 32.1 million Texas residents. During the 2026–27 biennium, TCEQ expects to collect and analyze 116,556 water samples to monitor the safety and integrity of the state's public drinking water supply. The agency also provides free onsite financial, managerial, and technical assistance to utilities and public water systems to achieve compliance with agency rules. Appropriations for the DWQS program total \$65.3 million in All Funds and support 141.2 FTE positions in fiscal year 2026 and 141.7 FTE positions in fiscal year 2027. This amount is a net increase of \$1.7 million in All Funds, or 2.7 percent, from 2024–25 biennial spending levels. The net increase is due primarily to the removal of onetime funding, which is offset by increases for salaries and additional staff and resources for water permit processing.

The Utility Regulation/District Applications program supervises, inspects, responds to complaints, and investigates regulated utility districts, which provide water, sewage, and other utility-related services. Appropriations for the Utility Regulation/District Applications program total \$4.3 million in All Funds and support 19.8 FTE positions. This amount is a net increase of \$0.4 million in All Funds, or 10.7 percent, from 2024–25 biennial spending levels. The net increase is due primarily to increases in Federal Funds and from the reallocation of funding among programs.

Appropriations for the Safe Drinking Water Oversight subarea total \$69.5 million in All Funds and support 161.0 FTE positions in fiscal year 2026 and 161.5 FTE positions in fiscal year 2027. This amount is a net increase of \$2.1 million in All Funds, or 3.1 percent, from 2024–25 biennial spending levels.

FIELD INSPECTIONS AND COMPLAINT RESPONSE

TCEQ conducts field investigations and responds to complaints from the public through its Field Inspections and Complaint Response program. The agency maintains 16 regional offices, three satellite offices, and laboratories in Houston and Austin to monitor and assess air and water quality, investigate facilities, respond to complaints, promote voluntary compliance through education and technical assistance, and respond to emergencies such as accidental releases of chemicals into the environment. The agency anticipates that regional staff will perform 205,000 investigations during the 2026–27 biennium. **Figure 274**

shows the number and types of investigations that TCEQ performed from fiscal years 2021 to 2025.

Appropriations for the Field Inspections and Complaint Response program total \$135.2 million in All Funds and support 718.0 FTE positions. This amount is a net increase of \$14.0 million in All Funds, or 11.5 percent, from 2024–25 biennial spending levels. The net increase is due primarily to increased funding for investigative field staff and resources to enforce compliance with state and federal regulations, supplemented by funding increases for salaries, vehicle replacements, to address regional office lease costs, and other related equipment purchases and support functions.

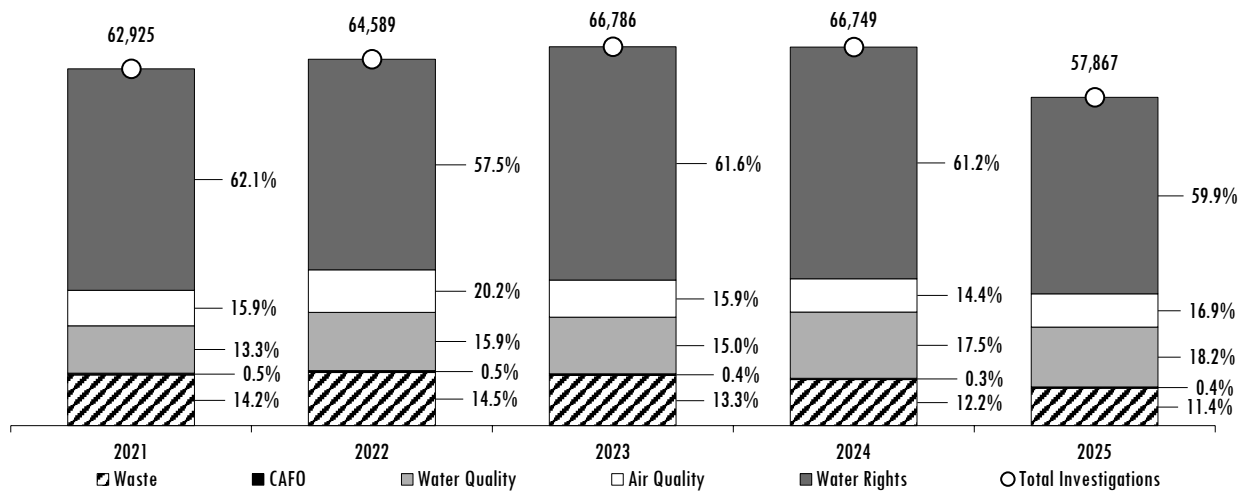
ENFORCEMENT AND COMPLIANCE

The agency's enforcement and compliance subarea includes the following programs: (1) Enforcement; (2) Tier II Chemical Reporting; and (3) Environmental Laboratory Accreditation. These programs serve to respond to complaints, coordinate multimedia inspections, and prosecute violators.

The Enforcement program determines penalties, tracks compliance with orders, and monitors the progress of supplemental environmental projects that are sponsored or undertaken by violators seeking to defer or mitigate their fines through TCEQ-approved environmental projects. TCEQ conducts several enforcement activities offering specific assistance to certain regulated communities that have special needs. Federal and state laws require TCEQ to provide compliance assistance to small businesses; the agency also offers this service to small local governments. The service is confidential, except in the case of an imminent threat to the environment. Appropriations for the Enforcement program total \$30.4 million in All Funds and support 157.3 FTE positions. This amount is a net increase of \$2.2 million in All Funds, or 7.9 percent, from 2024–25 biennial spending levels. The net increase is primarily due to decreases in Federal Funds and the removal of funding for onetime costs, which is offset by increases for salaries, additional equipment and resources for produced water and regional field investigative staff.

The Tier II Chemical Reporting program maintains the state repository for the federally required hazardous chemical inventory reports called Texas Tier II Reports, pursuant to the federal Emergency Planning and Community Right-to-Know Act. The program maintains electronic files that contain facility and owner-operator identification information, and detailed data regarding hazardous chemicals stored at reporting facilities within the state. Emergency response personnel, such

FIGURE 274
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FIELD INVESTIGATIONS BY TYPE, FISCAL YEARS 2021 TO 2025



NOTE: CAFO=concentrated animal feeding operation.

SOURCES: Legislative Budget Board; Texas Commission on Environmental Quality.

as firefighters and healthcare providers, use this data to protect workers and the community during an emergency. The program promotes compliance with federal and state laws and supports local communities' right-to-know planning and education. Appropriations for the Tier II Chemical Reporting program total \$2.6 million in All Funds and support 11.6 FTE positions. This amount is a net increase of \$0.1 million in All Funds, or 4.7 percent, from 2024–25 biennial spending levels, which is due primarily to salary increases.

The Environmental Laboratory Accreditation program inspects and accredits environmental laboratories statewide. Fees associated with application review and inspections fund the program's appropriations. Appropriations total \$2.3 million in General Revenue–Dedicated Funds from Account No. 5065, Environmental Testing Laboratory Accreditation, and support 9.7 FTE positions in fiscal year 2026 and 10.2 FTE positions in fiscal year 2027. This amount is a net increase of \$0.6 million, or 34.8 percent, from 2024–25 biennial spending levels. The net increase is due primarily to additional funding to implement Senate Bill 1145, Eighty-ninth Legislature, Regular Session, 2025; to the reallocation of funding from other programs; to provide salary increases; and for anticipated produced-water permitting needs.

Appropriations for the enforcement and compliance program subarea total \$35.4 million in All Funds and support 178.6 FTE positions in fiscal year 2026 and 179.1 FTE positions in fiscal year 2027. This amount is a net increase of \$3.0 million in All Funds, or 9.1 percent, from 2024–25 biennial spending levels.

POLLUTION PREVENTION AND RECYCLING

The agency's functions for pollution prevention, recycling, and education include two subarea programs: (1) Pollution Prevention and Recycling; and (2) Seminars for the Regulated Community.

The Pollution Prevention and Recycling program consists of mandatory, voluntary, and educational programs promoting recycling and pollution prevention through a combination of technical assistance, performance-based regulation, and public education. The program includes the following major pollution prevention efforts: (1) the administrative rules implementing the Waste Reduction Policy Act; (2) the hazardous household waste collection program; (3) the Resource Exchange Network for Eliminating Waste program; (4) the Don't Mess With Texas Waters program; and (5) the Take Care of Texas program. In addition, state law requires TCEQ to implement programs that encourage recycling. Several of these programs include: (1) the Computer Equipment Recycling program; (2) the Television Recycling program; (3) the Recycling Market Development Implementation program; and (4) technical assistance to the public regarding the understanding of recycling regulations and the establishment of a recycling business. Appropriations for the Pollution Prevention and Recycling program total \$5.3 million in All Funds and support 20.5 FTE positions. This amount is an increase of \$0.5 million in All Funds, or 11.4 percent, from 2024–25 biennial spending levels. The net increase is due primarily to funding reallocated from other programs and the removal of onetime funding.

The Seminars for Regulated Community program administers cost-recovery compliance assistance workshops, seminars, and conferences for entities that TCEQ regulates. Appropriations for the Seminars for Regulated Community program total \$1.9 million in All Funds and support no FTE positions. This funding maintains 2024–25 biennial spending levels.

Appropriations for the pollution prevention and recycling program subarea total \$7.1 million in All Funds and support 20.5 FTE positions. This amount is a net increase of \$0.5 million in All Funds, or 8.2 percent, from 2024–25 biennial spending levels.

POLLUTION CLEANUP

The pollution cleanup program area protects public health and the environment by identifying, assessing, and prioritizing contaminated sites for cleanup and remediation. Appropriations for the Pollution Cleanup program area total \$111.8 million in All Funds, or 12.1 percent of the agency's All Funds appropriations, and support 230.6 FTE positions. This amount is a net increase of \$3.4 million in All Funds, or 3.2 percent, from 2024–25 biennial spending levels.

PETROLEUM STORAGE TANK CLEANUP

The subarea to address petroleum storage tank cleanup consists of the following programs: (1) Petroleum Storage Tank (PST); (2) Petroleum Storage Tank Administration and Regulatory (PSTAR); and (3) Performance Standards for Safety at Storage Vessels (PSSSV).

The PST program identifies leaking PST sites and manages the remediation of soil and groundwater contamination according to state and federal health and safety standards. The program oversees the cleanup of leaks from storage tanks conducted by the responsible parties and the state. The agency expects to clean up approximately 400 PST sites during the 2026–27 biennium. Appropriations for the PST program total \$31.4 million in All Funds and support no FTE positions. This amount is a net increase of \$6.1 million in All Funds, or 24.3 percent, from 2024–25 biennial spending levels. The net increase is due primarily to the removal of onetime funding, which is offset by funding increases for salaries and from funding reallocated from other programs.

The PSTAR program processes registrations for underground and above-ground storage tanks; provides delivery certification for self-certified underground tanks; offers technical assistance to tank owners and operators; interprets and reviews requests for variance from rule requirements; and maintains a registry for PSTs. As of

August 1, 2025, approximately 42,000 underground storage tanks and 28,400 above-ground storage tanks are registered at more than 32,600 active facilities in Texas. Appropriations for the PSTAR program total \$3.6 million in All Funds and support 56.4 FTE positions. This amount is a net decrease of \$5.0 million in All Funds, or 58.1 percent, from 2024–25 biennial spending levels. The net funding increase is due primarily to reallocations of funding among other programs and salary increases.

The PSSSV program promotes the safety of storage vessels by adopting requirements for their design, construction, operation, and maintenance, which is designed to protect groundwater and surface water resources in the event of accidents and natural disasters. Appropriations for the PSSSV program total \$0.7 million in General Revenue Funds and support 2.6 FTE positions. This amount is a net increase of \$0.1 million in General Revenue Funds, or 10.1 percent, from 2024–25 biennial spending levels. The net increase is due primarily to salary increases.

Appropriations for the PST cleanup subarea total \$35.8 million in All Funds and support 59.0 FTE positions. This amount is a net increase of \$1.2 million in All Funds, or 3.3 percent, from 2024–25 biennial spending levels.

HAZARDOUS MATERIALS CLEANUP

The agency administers four programs in its hazardous materials cleanup subarea: (1) Superfund Assessment and Cleanup; (2) Voluntary Cleanup and Other Remediation; (3) Dry Cleaning Assessment and Remediation; and (4) Industrial Hazardous Waste.

The Superfund Assessment and Cleanup program consists of state and federal efforts to investigate and evaluate the release or threatened release of hazardous substances, identify responsible parties, and remediate federal and state Superfund sites. The federal Superfund program identifies and ranks the most serious hazardous waste sites on the federal National Priorities List (NPL). Texas has 56 NPL sites. Sites that are not eligible for the NPL may be included on TCEQ's State Superfund Registry. Texas has 43 sites proposed for listing or listed on this registry. TCEQ expects to complete remedial actions at a combined four state and federal sites during the 2026–27 biennium. Appropriations for the Superfund Assessment and Cleanup program total \$33.7 million in All Funds and support 54.3 FTE positions. This amount is a net decrease of \$11.0 million in All Funds, or 24.7 percent, from 2024–25 spending levels. The net decrease is due primarily to funding increases for salaries, which are offset by the

reallocation of funds to other programs and the removal of onetime funding.

The Voluntary Cleanup and Other Remediation program provides a process through which sites can be cleaned up voluntarily in a timely manner while protecting human health and the environment. The program provides administrative, technical, and legal incentives to participants for investigation, cleanup, and redevelopment. It also provides a certificate to innocent owners and operators if property is contaminated from a source that is not located on the property, and they did not cause the contamination. TCEQ approves voluntary cleanup agreements submitted by program applicants, oversees cleanup actions, and certifies cleanup completion; 2,812 sites have been completed as of August 1, 2025. Certification by the agency releases future landowners and lenders from liability caused by past contamination. TCEQ anticipates issuing 122 certificates of completion through the program during the 2026–27 biennium. Appropriations for the Voluntary Cleanup and Other Remediation program total \$12.2 million in All Funds and support 57.7 FTE positions. This amount is a net increase of \$3.3 million in All Funds, or 36.9 percent, from 2024–25 biennial spending levels. The net increase is due primarily to the reallocation of funds from other programs and for salaries.

The Dry Cleaning Assessment and Cleanup program was established to regulate and pay for state-conducted soil and groundwater cleanups of solvent releases at dry cleaner sites. The program consists of dry cleaner facility registration requirements, fees, performance standards, distributor registration, revenue disbursements, and a prioritization list of dry cleaner release sites that are being assessed or remediated through the program. Sites that meet TCEQ regulatory standards are placed on a closure list. As of August 1, 2025, 120 sites have been remediated, and 161 of the 246 sites on the prioritization list are on active status. Appropriations for the Dry Cleaning Assessment and Cleanup program total \$7.4 million in All Funds and support 5.0 FTE positions. This amount is a net increase of \$0.1 million in All Funds, or 1.9 percent, from 2024–25 biennial spending levels. The net increase is due primarily to salary increases.

The Industrial Hazardous Waste program is a permitting program for governing the management and disposal of industrial and hazardous waste sites statewide. The program regulates industries engaged in the generation, treatment, storage, and disposal of hazardous and industrial waste and

performs several functions, including the corrective action program, the federal Resource Conservation Recovery Act (RCRA)/Non-RCRA Industrial Corrective Action Program, the Natural Resource Trustee Program, and the federal RESTORE of the Gulf Coast States Act. The RCRA/Non-RCRA Industrial Corrective Action Program oversees soil and groundwater cleanup activities at industrial and hazardous waste facilities to monitor that the cleanups protect human health and the environment. Most facilities have multiple sites that need remediation. Cleanup is considered complete when the cleanup goals of all closure or remediation projects at industrial solid waste and municipal hazardous waste facilities have been achieved. As of August 1, 2025, the agency reports that 985 active sites are involved in the Industrial Corrective Action Program.

The Natural Resource Trustee Program works cooperatively with responsible parties and other state and federal natural resource agencies to restore natural resources that have been affected by oil spills and releases of hazardous materials. As of August 1, 2025, the program had negotiated final natural resource restoration settlements at 52 sites. The program continues to be involved in assessment and restoration projects associated with the BP Deepwater Horizon oil spill that began in April 2010.

Appropriations for the Industrial Hazardous Waste program total \$12.7 million in All Funds and support 54.6 FTE positions. This amount is a net increase of approximately \$0.5 million in All Funds, or 3.7 percent, from 2024–25 biennial spending levels. The net increase is due primarily to the amount of funds reallocated to other programs being offset by a funding increase for salaries.

Appropriations for the hazardous materials cleanup subarea total \$66.0 million in All Funds and support 171.6 FTE positions. This amount is a net decrease of \$7.1 million in All Funds, or 9.7 percent, from 2024–25 spending levels.

LEAKING WATER WELLS

The Leaking Water Wells program provides grants to eligible applicants to plug leaking water wells in counties that have a population of 16,000 or less and are adjacent to at least seven counties with a population of less than 15,000 people. Appropriations for the Leaking Water Wells program total \$10.0 million in Other Funds from the Leaking Water Wells Fund and support no FTE positions. This amount is a net increase of \$9.4 million, or 1,544.3 percent, from 2024–25 biennial spending levels. The net increase is due to the appropriation of the remaining fund balance of the Leaking

Water Wells Fund to provide grants to plug leaking water wells in eligible counties.

RIVER COMPACT COMMISSIONS

The river compact commissions' program area includes the River Compact Commissions program, which consists of five signatory interstate compacts that apportion river and stream waters flowing through Texas and other states. These compacts are the Canadian River Compact, the Pecos River Compact, the Red River Compact, the Rio Grande Compact, and the Sabine River Compact.

The shared mission of the Texas River Compact Commissions is to ensure that Texas residents receive their share of river waters as allocated by the various compact agreements. Each river compact is administered by its own commission, which includes representatives of each signatory state and one presidential appointee. Of the seven Texas River Compact Commissioners, the Governor appoints six, and the executive director of TCEQ serves in an ex officio capacity in accordance with statutory provisions. Commissioners engage in activities that include the following protective actions: (1) negotiating with signatory states to resolve disputes regarding compact interpretation; (2) investigating and monitoring water resource data collection; (3) conducting surveys to determine the effect of upstream water diversions on water deliveries; (4) working with state, federal, and local entities to address environmental and endangered species issues involving interstate waters; and (5) implementing programs to increase the quantity and improve the quality of water available to Texas.

Appropriations for the river compact commissions' program area total \$0.9 million in General Revenue Funds, or 0.1 percent of the agency's All Funds appropriations, and support 7.0 FTE positions. This amount is a net decrease of \$10.1 million in General Revenue Funds, or 91.4 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to the removal of \$10.0 million in General Revenue Funds as a onetime expense for Rio Grande Litigation purposes and a reallocation of funds to other programs partially, which are offset by increased funding for salaries. The litigation was expected to be resolved in fiscal year 2024 as a settlement had been reached between parties; however, the U.S. Supreme Court rejected the settlement on June 21, 2024. Although 2026–27 appropriations do not anticipate ongoing litigation costs, continuing litigation actions could occur.

In 2013, Texas filed the initial motion with the U.S. Supreme Court, alleging that New Mexico's water permitting policies

deprive Texas of water apportioned to it under the compact. The Supreme Court ruled that the U.S. may pursue the compact-related claims in March 2018, and a trial commenced. In fiscal year 2025, a denied settlement and mediation related to the litigation occurred, and it is currently unknown whether these actions will result in a resolution or a trial at a later date. TCEQ's appropriations provide unexpended balance authority between biennia for litigation appropriations, so any unobligated and unexpended funds remaining from the \$10.0 million appropriation at the end of fiscal year 2025 may be carried into the 2026–27 biennium for litigation-related expenditures. As of July 31, 2025, Texas has spent \$32.6 million in litigation costs on this case since fiscal year 2013.

ADMINISTRATION

TCEQ's administration program area operates divisions that support the agency's four other program areas indirectly. The three programs in the administration program area are (1) Central Administration; (2) Information Resources; and (3) Other Support Services. Central administration includes the Office of General Counsel, Alternative Dispute Resolution, Office of Administrative Services, Office of the Chief Clerk, Internal Audit, Office of Public Assistance, and Office of Public Interest Counsel. Appropriations for the administration program area total \$146.2 million in All Funds, or 15.9 percent of the agency's All Funds appropriations, and support 481.6 FTE positions. This amount is a net decrease of \$37.3 million in All Funds, or 20.3 percent, from 2024–25 biennial spending levels. The net decrease is primarily due to the removal of onetime funding provided in House Bill 500 in fiscal year 2025 for various IT projects included in the Information Resources program, which partially are offset by net funding increases in the Central Administration and Other Support Services programs for salaries and administrative costs associated with various programs.

SIGNIFICANT LEGISLATION

House Bill 3229 – Renewable energy component recycling facilities. The legislation requires renewable energy component recycling facilities to submit reports to TCEQ regarding cost, inventory, and disposal timeline details of the facility, including demonstrating certain levels of financial assurance. TCEQ is required to maintain a list of facilities in compliance with these requirements and is authorized to impose an administrative penalty on facilities in violation of the requirements.

Senate Bill 7 – Oversight and financing of certain water infrastructure matters. The legislation establishes the Texas Water Fund Administrative Fund as an Other Fund to be administered by TWDB to pay for necessary and reasonable expenses of administering the Texas Water Fund. The legislation authorizes TCEQ to receive up to \$2.0 million in appropriations from the Administrative Fund for the 2026–27 biennium only, contingent on TWDB entering into an agreement with TCEQ to pay for administrative and staffing expenses that TCEQ incurs while it reviews related water infrastructure project permit applications seeking financial assistance originating from the Texas Water Fund.

TCEQ is appropriated \$1.8 million from the Administrative Fund in onetime funding and 9.0 FTE positions to fulfill these provisions.

Senate Bill 1145 – Permits for land application of produced water. The legislation transfers permitting authority for land application permits of produced water that has been treated for beneficial use from the RRC to TCEQ. TCEQ is required to adopt standards for the land application of treated produced water, including standards that prevent pollution of surface water and groundwater. TCEQ was appropriated \$1.2 million in General Revenue–Dedicated Funds and 6.0 FTE positions to issue permits for the land application of water produced from certain mining and oil and gas extraction operations.

Senate Bill 2037 – Expedited permits for liquefied natural gas (LNG) export terminals. The legislation requires TCEQ to establish an expedited permit application fee and review process for LNG export terminal projects and authorizes overtime or contracted labor to process the expedited permits as necessary. Potential applicants may opt into the process by paying the additional fee, which would prompt TCEQ to initiate a public comment period while the State Office of Administrative Hearings conducted preliminary hearings prior to approval of the expedited permits.

GENERAL LAND OFFICE AND VETERANS LAND BOARD

PURPOSE: The agency manages oil and gas leases on state lands; investments of the Permanent School Fund; appraisals of state-owned property; coastal erosion grants; archives of historical land records; and the Alamo Complex. The Texas General Land Office (GLO) is the lead agency for oil spill prevention and response, and GLO disburses disaster-related grants for rebuilding housing and infrastructure.

The Veterans Land Board (VLB) administers land and housing loans and long-term care, and manages cemeteries for Texas veterans.

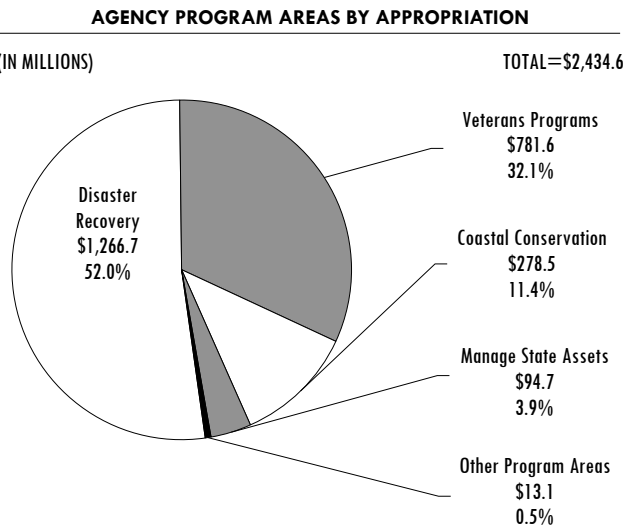
ESTABLISHED: 1837 (GLO); 1946 (VLB)

AUTHORIZING STATUTE: The Texas Constitution, Articles III, IV, and XIV; the Texas Natural Resources Code

GOVERNANCE: Commissioner, statewide elected official

FIGURE 275
GENERAL LAND OFFICE AND VETERANS LAND BOARD BY METHOD OF FINANCE

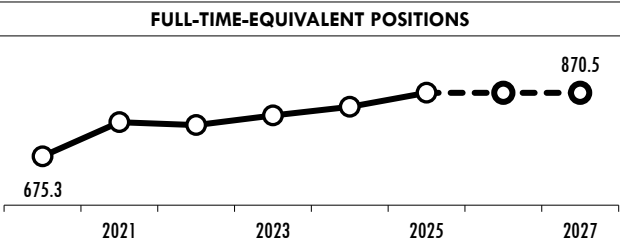
METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,143.4	\$52.1	(\$1,091.2)	(95.4%)
General Revenue–Dedicated Funds	\$111.3	\$102.1	(\$9.2)	(8.3%)
Federal Funds	\$3,037.3	\$1,518.7	(\$1,518.6)	(50.0%)
Other Funds	\$548.5	\$761.6	\$213.1	38.9%
Total, All Methods of Finance	\$4,840.5	\$2,434.6	(\$2,405.9)	(49.7%)



SIGNIFICANT DEVELOPMENTS

Disaster recovery funding totals **\$1.3 billion in All Funds**, a **decrease of \$1.5 billion in Federal Funds** related primarily to **flooding** and **Hurricane Harvey** recovery. Total funding includes **\$148.4 million** for housing projects and **\$1.1 billion** for **544 infrastructure projects**.

The Alamo is funded with \$29.7 million in All Funds for the preservation and maintenance of the Alamo and Alamo Complex. House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, provides an additional **\$150.0 million in General Revenue Funds** for continued construction costs, support for new Alamo exhibit and collection costs, and property enhancements.



Funding for **Coastal Management** and **Coastal Erosion Response Projects** totals **\$251.8 million in All Funds**, including unexpended balance authority for the **\$550.0 million** appropriated for **the Gulf Coast Protection District** during the 2024–25 biennium for various construction and development activities, and matching funds for studies and coastal projects conducted by the U.S. Army Corps of Engineers.

NOTES:
(1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
SOURCES: Legislative Budget Board; State Auditor’s Office.

MAJOR FUNDING

All Funds appropriations to the General Land Office (GLO) decreased by \$2.4 billion, or 49.7 percent, from 2024–25 biennial spending levels. Major funding adjustments include the following changes:

- a net decrease of \$1.5 billion in Federal Funds, which primarily includes the following changes:
 - a decrease of \$1.5 billion in disaster recovery funding for short-term housing, community housing, and infrastructure projects;
 - a decrease of \$33.3 million for completion of the Rollover Pier Construction Project in 2024;
 - a decrease of \$25.4 million for onetime federal funding related to the construction of the West Texas Veterans Cemetery and expansion grant from the Department of Veterans Affairs; and
 - a net decrease of \$5.3 million for veterans' state nursing homes, including a decrease of \$37.2 million from the state Coronavirus Relief Fund related to onetime program operational cost reductions partially offset by an increase of \$31.9 million in other grants from the U.S. Department of Veterans Affairs;
- a net decrease of \$1.1 billion in General Revenue Funds, which primarily includes the following changes:
 - a decrease of \$549.4 million for the preservation, maintenance, and operation of the Alamo and Alamo Complex including \$150.0 million appropriated in the supplemental appropriations bill, House Bill 500, Eighty-ninth Legislature, Regular Session, 2025;
 - a net decrease of \$539.7 million to provide grants, oversight, and coordination to the Gulf Coast Protection District including a onetime reduction of \$549.4 million appropriated in the 2024–25 biennium for this purpose, including \$350.0 million for matching funds for studies and coastal projects conducted by the U.S. Army Corps of Engineers, offset by an increase of \$9.7 million for remaining unexpended balances carried forward from fiscal year 2025;
 - a decrease of \$10.6 million for programs related to veterans' concerns to including \$10.0 million pursuant to the agency's determination that the funds no longer are required to prevent a nursing home resident room rate increase for the Texas State Veterans' Home program and \$0.6 million for onetime funding for the construction of the West Texas State Veterans' Cemetery;
- a decrease of \$2.1 million for additional Earned Federal Funds drawn down during the 2024–25 biennium that are not anticipated to be available during the 2026–27 biennium;
- a decrease of \$0.9 million for onetime funding appropriated in House Bill 500 for vehicles;
- an increase of \$8.4 million related to Coastal Erosion Planning and Response Act (CEPRA) project operational costs and a reallocation of indirect administrative costs; and
- an increase of \$0.7 million to biennialize the statewide salary adjustments included in the 2024–25 appropriations;
- a decrease of \$9.1 million in General Revenue–Dedicated Funds, primarily due to the following changes:
 - a decrease of \$14.1 million from Account No. 5176, Coastal Erosion Response, due to agency-anticipated decreases in Hotel Occupancy Tax collections;
 - a net increase of \$4.3 million from Account No. 27, Coastal Protection, including an increase of \$5.7 million for increased program operational costs and equipment for oil spill projects, offset by a decrease of \$1.5 million for onetime vehicle and boat purchases; and
 - an increase of \$0.6 million from Account No. 5152, Alamo Complex, for anticipated increases in Alamo Gift Shop, Museum, and other miscellaneous revenues;
- a net increase of \$213.1 million in Other Funds, primarily due to the following changes:
 - a net increase of \$397.1 million from the Texas Veterans Homes Administration Fund, including an increase of \$398.0 million to align with the Comptroller of Public Accounts' Biennial Revenue Estimate for continued administration of Texas veterans' home programs offset by a decrease of \$0.9 million replaced with anticipated Federal Funds;

- a decrease of \$146.7 million in Appropriated Receipts, primarily due to anticipated revenue decreases from the Gulf of Mexico Energy Security Act, 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;
- a decrease of \$21.7 million in onetime funding from the Permanent School Fund (PSF) for completion of the Rollover Pier Construction Project in 2024;
- a decrease of \$7.4 million in onetime Other Funds from the Economic Stabilization Fund (ESF) for the preservation, maintenance, and operation of the Alamo and Alamo Complex;
- a decrease of \$6.6 million in PSF funds from the Surface Damage Account for Well Plugging and CO₂ Sequestration; and
- a decrease of \$3.9 million in onetime funding for boat purchases.

In addition to appropriated amounts, the Veterans Land Board administers \$2.5 billion in investments outside of the state Treasury that are used: (1) to originate low-interest housing and land loans to eligible Texas veterans; and (2) to fund the construction and ongoing maintenance of cemeteries and long-term skilled nursing facilities for eligible Texas veterans.

PROGRAMS

The agency carries out its activities through five major program areas: (1) disaster recovery; (2) managing state assets; (3) coastal conservation; (4) veterans' programs; and (5) other program areas.

DISASTER RECOVERY

GLO is the state's lead agency for administering disaster recovery funding using Community Development Block Grants from the U.S. Department of Housing and Urban Development. The disaster recovery program includes multiple housing activities to assist households recovering from natural disasters such as the 2011 Central Texas wildfires; flooding during calendar years 2015, 2016, 2018, and 2019; Hurricane Harvey, which made landfall in August 2017; the 2021 winter storms; and the 2024 disasters. Housing activities include single-family home repair,

reconstruction, new construction, demolition, acquisition, and code enforcement. GLO also manages a multifamily affordable housing rental repair and reconstruction program.

Non-housing activities include infrastructure projects, repairs, public facilities ranging from roads to seawalls, drainage, energy generators, equipment acquisition and installation, and economic development. Firms specializing in design engineering, grant administration, and environmental services provide local services. The agency estimates completing 544 disaster recovery infrastructure projects during the 2024–25 biennium.

Appropriations for the disaster recovery program area total \$1.3 billion in All Funds, or 52.0 percent of total agency appropriations, including 306.1 full-time-equivalent (FTE) positions. This amount is a decrease of \$1.5 billion, or 53.5 percent, from 2024–25 biennial spending levels, primarily due to Community Development Block Grant funding; sub-recipient grants related to responses for Hurricanes Ike and Harvey; responses to flooding during calendar years 2015, 2016, and 2018; responses to disasters during calendar year 2019; and the Mitigation program being spent down.

MANAGE STATE ASSETS

The program area to manage state assets includes seven programs that provide funding to enhance the value of state assets and the revenues they generate through management, acquisition, and investments of agency and state-owned land, minerals, and other assets. The programs in this area include subarea activities related to the following tasks: (1) maintenance and oversight of the Alamo and facilities in the Alamo Complex program; (2) state-owned land value enhancement and revenue generation; and (3) the sale and purchase of real property, including sales and purchases to enhance the values of the PSF.

ALAMO COMPLEX

GLO took charge of operations and maintenance of the Alamo Complex on September 1, 2011. Through the Alamo Complex program, GLO has established an agreement with a nonprofit endowment for the management, operation, and financial support of the Alamo and surrounding facilities. Revenues from the operation of the Alamo, grants, donations, and investment income are deposited into Account No. 5152. GLO is authorized to use the account for expenses related to the Alamo, which also includes salaries and benefits for commissioned peace officers beginning in fiscal year 2024,

pursuant to Senate Bill 2612, Eighty-eighth Legislature, Regular Session, 2023. For the 2026–27 biennium, GLO is required to enter into an interagency agreement with the Texas Department of Public Safety (DPS) using \$51.5 million of General Revenue Funds appropriated to DPS for the purpose of providing additional security operations for the Alamo and Alamo Complex.

Appropriations for the Alamo Complex program total \$29.7 million in All Funds, including 3.0 FTE positions. This amount is a net decrease of \$556.1 million, or 94.9 percent, from 2024–25 biennial spending levels for preservation, maintenance, and operation of the Alamo Complex and for implementation of the Alamo Master Plan. This includes onetime funding decreases of \$549.4 million in General Revenue Funds including \$150.0 million in supplemental appropriations through House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, and \$7.4 million in Other Funds from the ESF used to acquire real property and to complete planned construction, restoration, and development of various projects that are part of the Alamo Master Plan, offset by an increase of \$0.6 million in General Revenue–Dedicated Funds from Account No. 5152 for anticipated increases in Alamo Gift Shop, Museum, and other miscellaneous revenues.

The Alamo Master Plan has been under development since 2016. In addition to the amounts discussed previously, the Eighty-fourth Legislature, 2015, appropriated \$25.0 million in General Revenue Funds, and the Eighty-fifth Legislature, Regular Session, 2017, appropriated \$75.0 million in Other Funds from the ESF for the implementation of the Alamo Master Plan. In October 2018, the San Antonio City Council approved the agency's plan to redevelop the Alamo, which included the approval of a 50-year lease with two 25-year renewal options giving the agency control of land and streets owned by the city surrounding the Alamo shrine. In addition, the Eighty-seventh Legislature, Regular Session, 2021, appropriated \$50.0 million in Other Funds from the ESF, and the Eighty-eighth Legislature, Regular Session, 2023, appropriated \$400.0 million in General Revenue Funds for the Alamo Master Plan. Full implementation of the remainder of the master plan is estimated to cost roughly \$213.0 million, with \$38.0 million committed by the city of San Antonio, \$25.0 million planned to be disbursed as grants to the Alamo Trust by Bexar County, and \$150.0 million in General Revenue Funds committed by the State of Texas through the additional appropriation in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025. The

nonprofit Alamo Endowment is responsible for raising the remaining funds for the Alamo Museum and other site improvements, and for the expansion of Alamo historical programming. The Legislature has appropriated \$700.0 million in All Funds for the Alamo Master Plan since fiscal year 2016. This includes \$575.0 million in General Revenue Funds and \$125.0 million in Other Funds from the ESF.

STATE-OWNED LAND VALUE ENHANCEMENT AND REVENUE GENERATION

Four programs contribute to this objective: (1) Energy Resources and Energy Marketing, (2) Asset/Energy/Coastal/Uplands Inspections, (3) Defense and Prosecution of Mineral Lease Claims/Cases, and (4) Commercial Leasing of State-owned Land. Combined, these programs are appropriated \$35.0 million in All Funds, or roughly 1.4 percent of total agency appropriations.

The Energy Resources and Energy Marketing program issues geophysical permits and prospect permits for mineral exploration, evaluates state lands for mineral potential and value, and reviews applications to combine multiple oil and gas leases for permitting and drilling purposes. Contained within the program is the State Energy Marketing Program, which sells natural gas from selected mineral leases to provide utility savings to public customers, with revenues deposited into the PSF. However, GLO is prohibited from entering into electricity contracts with new customers and from extending contracts with any existing electricity customers after January 1, 2024, pursuant to House Bill 2263, Eighty-sixth Legislature, 2019. Appropriations for the Energy Resources and Energy Marketing program total \$19.3 million in All Funds, including 68.8 FTE positions. This amount is an increase of \$0.4 million, or 2.1 percent, from 2024–25 biennial spending levels.

The Asset/Energy/Coastal/Uplands Inspections program manages activities involving the use of state-owned coastal and upland property. Upland property is defined as land located at an elevation higher than the mean high-tide line. This program is responsible for inspecting and monitoring state oil, gas, and hard-mineral leases. Program staff issue surface leases and conduct field assessments of proposed and existing coastal projects. Appropriations for the program total \$4.5 million in All Funds, including 21.0 FTE positions. This amount is a decrease of \$0.8 million, or 15.4 percent, from 2024–25 biennial spending levels.

The Defense and Prosecution of Mineral Lease Claims/Cases program prosecutes claims for deficiencies in payments of

mineral royalties and other revenue owed to the PSF for oil, gas, and hard-mineral leases. Resources also are allocated for the prosecution of cases defending the title to PSF lands and mineral or royalty interests against claims filed by third parties. Appropriations for the program total \$6.4 million in All Funds, including 19.5 FTE positions. This amount is a decrease of \$0.6 million, or 9.2 percent, from 2024–25 biennial spending levels.

The Commercial Leasing of State-owned Land program issues permits, easements, and leases on all state-owned lands, including submerged lands in bays and within tidewater limits of coastal lakes, bayous, inlets, streams, estuaries, rivers, and creeks. The program analyzes revenue prospects of uses and coordinates assessment of environmental effects. In accordance with this program, uplands are leased for agricultural purposes, grazing, hunting, recreational use, and oil-and-gas platform sites. Coastal leases include grants of interest to the Texas Parks and Wildlife Department (TPWD) or an eligible city or county for public recreational purposes; TPWD for estuarine preserves; any nonprofit, tax-exempt environmental organization approved by the School Land Board for managing a wildlife refuge; or any scientific or educational organization or institution for conducting scientific research. Before a land-use contract is issued, GLO evaluates the proposal for consistency with state leasing policy and determines compensation due to the state. Revenue that the agency collects from uplands leases is deposited into the PSF; this revenue totaled \$8.0 million during fiscal year 2025. Revenue that the agency collects from coastal leases, also deposited to the PSF, totaled \$7.1 million during fiscal year 2025. Application fees that the agency collects for these leases are deposited to the credit of the General Revenue Fund. For the 2026–27 biennium, the agency expects revenues of approximately \$4.5 million per fiscal year from uplands leases and \$7.8 million per fiscal year from coastal leases. Program appropriations total \$4.7 million in All Funds, including 19.7 FTE positions. This amount is an increase of approximately \$0.5 million, or 11.0 percent, from 2024–25 spending levels.

SALE AND PURCHASE OF REAL PROPERTY

Two programs constitute this subarea: (1) PSF Asset Management; and (2) State-owned Property Appraisals. Combined, these programs were appropriated \$30.0 million in All Funds, or 1.2 percent of total agency appropriations.

Through the PSF Asset Management program, GLO manages state PSF lands and mineral rights properties

totaling 13.2 million acres. These properties include beaches, bays, estuaries, and other submerged lands extending to 10.3 miles in the Gulf of Mexico; institutional acreage; grazing lands in West Texas; and timberlands in East Texas. In managing those properties, GLO leases drilling rights for oil and gas production on state lands, producing revenue and royalties. These proceeds are deposited to an escrow account connected to the PSF called the Real Estate Special Fund Account (RESFA), which may be used for the acquisition of real property interests on behalf of the PSF.

Senate Bill 1232, Eighty-seventh Legislature, Regular Session, 2021, authorized the State Board of Education (SBOE) to incorporate the Permanent School Fund Corporation (PSFC) to manage the PSF, consolidating certain investment functions related to the PSF within the Texas Education Agency and the GLO State Land Board (SLB) at the new agency. The corporation is governed by nine members, including five appointed by the SBOE, two appointed by the Governor, the Land Commissioner, and a member appointed by the Land Commissioner. The legislation requires the SLB to transfer all revenue derived from mineral or royalty interests, less any amounts specified to be retained, to the corporation for investment in the PSF. In addition, the legislation abolished the Permanent School Fund Liquid Account (PSFLA), which previously was used to house certain funds that were invested by the SBOE in liquid assets only. The balance of the PSFLA was transferred to the PSF upon abolishment.

GLO transferred \$1.4 billion in fiscal year 2024 and \$766.4 million in fiscal year 2025 from the SLB to the PSFC. These revenue transfers occur in an automated process, which happens as revenues are received throughout each fiscal year.

The agency also conducts field audits to review oil, gas, and hard-mineral royalties on state leases to identify unpaid and underpaid royalties and penalties. **Figure 276** shows the number of royalty audits completed from fiscal years 2016 to 2025, the corresponding unpaid royalties detected, and amounts recovered by GLO staff.

The PSF Asset Management program acquires real property for value appreciation and revenue for the PSF. The program identifies targets for acquisition and disposition of investment property and provides management of the PSF investment portfolio and PSF property. The program oversees conservation and reclamation projects, permanent improvements on PSF land, and the purchase of easements. Proceeds from the sale of PSF lands are deposited to RESFA.

Revenue from PSF land sales may be used to acquire additional real property interests for PSF.

GLO provides administrative support to the SLB, which is responsible for the management and development of all real property owned by PSF. SLB consists of the Land Commissioner and four public representatives.

GLO transferred \$600.0 million in fiscal year 2024 and \$600.0 million in fiscal year 2025 to the Available School Fund (ASF). The GLO anticipates transferring \$1.2 billion in each fiscal year of the 2026–27 biennium. The GLO's final transfer to the PSFLA prior to its abolition totaled \$75.0 million.

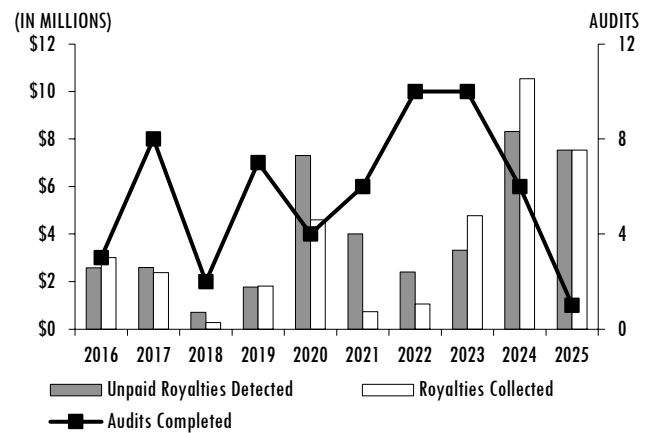
Figure 277 shows GLO contributions to the PSF for equity investment, excluding the revenue generated by uplands, coastal, and miscellaneous leases, and the revenue remaining in the agency's RESFA from fiscal years 2016 to 2025.

Previously, the primary focus of the SLB and the GLO Investment Advisory Committee was diversification of assets by investment in real estate funds rather than the actual acquisition of real property to be held by the PSF. As a result, during the past several biennia, the SLB approved relatively few acquisitions of specific tracts of land. Pursuant to the enactment of Senate Bill 1232 in 2021, which changed GLO's investment activities, the agency's Investment Advisory Committee no longer advises on fund investments. However, it will continue to be involved in real estate transactions. Pursuant to statute, SLB is authorized to deposit funds directly to the ASF. **Figure 278** shows how revenue is deposited to the PSF.

The PSF distribution to the ASF is governed by the Texas Constitution, Article VII, Section 5(a), and the Texas Education Code, Section 43.002. In 2019, Texas voters approved a constitutional amendment to authorize SBOE, in addition to GLO, to distribute revenue from PSF land or properties to the ASF in an amount not to exceed \$600.0 million per year. Senate Bill 1232, Eighty-seventh Legislature, Regular Session, 2021, requires the newly formed PSFC to establish an annual minimum distribution rate from the PSF to the ASF.

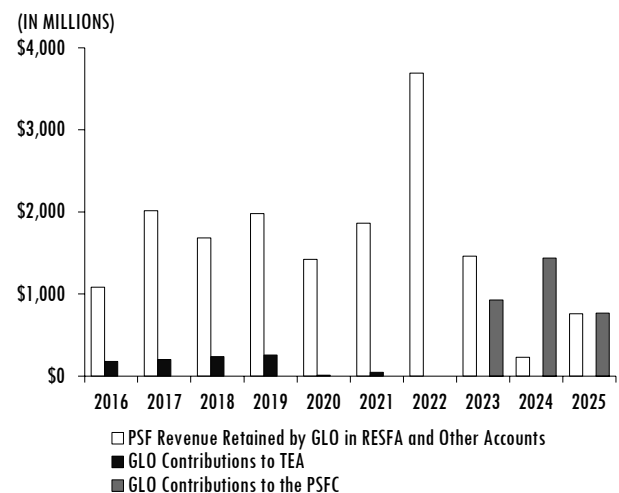
Appropriations for the PSF Asset Management program total \$26.8 million in All Funds, including 67.6 FTE positions. This amount is a decrease of \$9.0 million, or 25.2 percent, from 2024–25 biennial spending levels. This decrease is primarily due to the removal of onetime costs from the Surface Damage Account for Well Plugging and CO₂ Sequestration, and the completion of the Rollover Pier Construction Project.

FIGURE 276
PERMANENT SCHOOL FUND ROYALTY REVENUE AUDITS
FISCAL YEARS 2016 TO 2025



SOURCE: General Land Office and Veterans Land Board.

FIGURE 277
PERMANENT SCHOOL FUND CONTRIBUTIONS AND REAL ESTATE SPECIAL FUND ACCOUNT RECEIPTS
FISCAL YEARS 2016 TO 2025



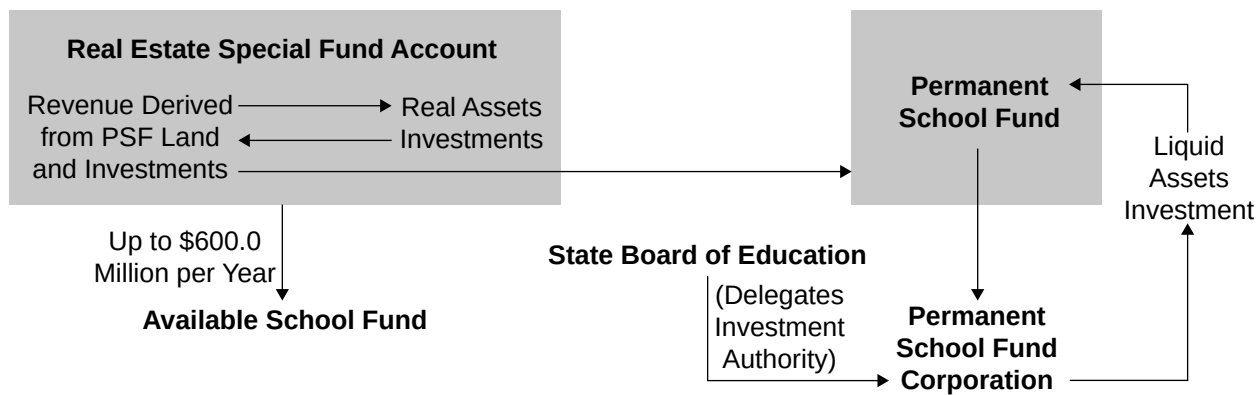
NOTES:

- (1) PSF=Permanent School Fund; GLO=General Land Office; RESFA=Real Estate Special Fund Account; TEA=Texas Education Agency; PSFC=Permanent School Fund Corporation.
- (2) General Land Office Escrow Account amounts include mineral lease royalty revenues.

SOURCE: General Land Office and Veterans' Land Board.

The State-owned Property Appraisals program provides property values to the Asset Management program and SLB to facilitate informed decisions regarding the PSF portfolio. In addition, GLO is statutorily required to appraise all state-owned properties of the largest agencies. GLO

FIGURE 278
PERMANENT SCHOOL FUND REVENUE PROCESS
2026–27 BIENNIUM



SOURCE: Legislative Budget Board.

maintains an inventory of real property owned by state agencies and determines the properties' market value. The program is appropriated \$3.2 million in All Funds, including 18.0 FTE positions. This amount is a decrease of \$0.1 million, or 4.4 percent, from 2024–25 biennial spending levels.

Appropriations for the manage state assets program area total \$94.7 million in All Funds, representing 3.8 percent of the agency's total appropriation, and provide for 217.6 FTE positions. This amount represents a decrease of \$565.9 million, or 85.7 percent, from 2024–25 biennial spending levels. The decrease is due primarily to the removal of onetime costs for the Alamo Master Plan, the Surface Damage Account for Well Plugging and CO₂ Sequestration, and the completion of the Rollover Pier Construction Project.

COASTAL CONSERVATION

GLO is the lead agency for coastal management in Texas and is charged with developing a long-term strategy for the protection and enhancement of the coastal environment and economy. The agency is responsible for 367 miles of Texas coastline and 3,300 miles of bay shoreline. The coastal conservation program area includes six programs in two subareas: (1) protect and maintain Texas coastal resources; and (2) prevent and respond to oil spills.

PROTECT AND MAINTAIN TEXAS COASTAL RESOURCES

Three programs constitute this subarea: (1) Coastal Management, (2) Coastal Erosion Response Projects, and (3) Adopt-A-Beach.

The Coastal Management Program (CMP) administers federal management grants for coastal zones and an erosion program, engages in education and outreach, and participates in coastal planning and policy making. The Land Commissioner, in consultation with representatives from seven state agencies and four public appointees, has rulemaking and grant-making authority for CMP. CMP awards approximately 90.0 percent of the available Federal Funds as grants to universities, nonprofit organizations, and coastal communities. GLO retains approximately 10.0 percent of CMP funds for program administration. Appropriations total \$93.8 million in All Funds, including 25.9 FTE positions. This amount is a decrease of \$548.4 million, or 85.4 percent, from 2024–25 biennial spending levels. The decrease is due primarily to the removal of onetime funding totaling \$549.4 million to provide required state contributing matching funds and oversight and coordination to the Gulf Coast Protection District (GCPD), offset by an increase of \$9.7 million to appropriate estimated remaining unexpended balances carried forward from fiscal year 2025.

The Eighty-sixth Legislature, 2019, appropriated \$200.0 million in Other Funds from the ESF as matching funds for the construction of a new levee system in Orange County and to update and expand two existing levee systems in Brazoria and Jefferson counties. The project is being constructed by the U.S. Army Corps of Engineers (USACE) and will cost approximately \$4.2 billion, with the state contributing matching funds for 35.0 percent of the total cost. GLO was appropriated an additional \$200.0 million in General Revenue Funds during the 2022–23 biennium as a

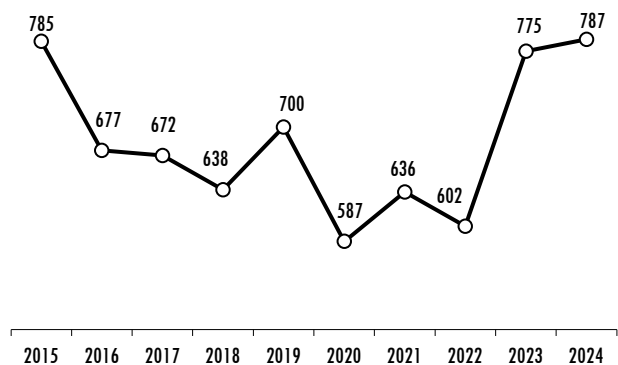
contribution toward this requirement pursuant to Senate Bill 1160, Eighty-seventh Legislature, Regular Session, 2021, which established the GCPD, and Federal Funds supplanting General Revenue Funds of the same amount elsewhere in the General Appropriations Act.

Senate Bill 1160 established the GCPD to manage the projects identified in the Coastal Texas and Sabine Pass to Galveston Bay studies that offer solutions for storm surge flooding on the Texas Gulf Coast in Chambers, Galveston, Harris, Jefferson, and Orange counties. It also authorized the entity to issue bonds, impose fees, impose a tax, and exercise the power of eminent domain. These powers provide the GCPD with the authority to sign a project partnership agreement with USACE as a local sponsor, which is necessary for the state to receive federal funding for improvements included in the studies. The studies, led by USACE, are in partnership with GLO. The Eighty-eighth Legislature, 2023, appropriated \$550.0 million in General Revenue Funds and 3.0 FTE positions to support ongoing activities, to provide required state contributing matching funds, and to provide oversight and coordination to the GCPD.

The Coastal Erosion Response Projects program provides funding for beach nourishment, dune restoration, shoreline protection, marsh restoration, structure and debris removal, and studies on shoreline change. Funding for the Coastal Erosion Response Projects program totals \$158.0 million in All Funds, including 46.1 FTE positions. This amount is a net decrease of \$195.7 million, or 55.3 percent, from 2024–25 biennial spending levels, due primarily to the following changes: decreases in General Revenue–Dedicated Funds from Account No. 5176, Coastal Erosion Response, for estimated revenue collections from the Hotel Occupancy Tax; decreases in Other Funds from Appropriated Receipts related to the federal Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (RESTORE) Act, Texas Trustee Implementation Group, Natural Resource Damage Assessment, National Fish and Wildlife Foundation, and CEPRA match projects; and decreases in All Funds for the completion of the Rollover Pier Construction Project.

The Adopt-A-Beach program is an all-volunteer effort dedicated to preserving and protecting beaches by keeping them clean and safe. Since the first cleanup in 1986, more than 590,000 volunteers have helped remove more than 10,000.0 tons of trash from Texas beaches. Appropriations total \$0.2 million, including 1.0 FTE position, which is a \$0.2 million decrease, or 47.4 percent, from 2024–25

FIGURE 279
OIL SPILL RESPONSES IN TEXAS COASTAL WATERS
FISCAL YEARS 2015 TO 2024



SOURCE: General Land Office and Veterans Land Board.

biennial spending levels, primarily due to an anticipated reduction in Appropriated Receipts.

PREVENT AND RESPOND TO OIL SPILLS

GLO is the lead state agency responsible for preventing and responding to oil spills in coastal waters. The agency monitors the integrity of oil transport through Texas coastal waters to respond quickly and efficiently to oil spills. Three programs constitute this subarea: (1) Oil Spill Prevention; (2) Oil Spill Response; and (3) Oil Spill Research and Development.

The Oil Spill Prevention program involves patrolling on land and water for discharges and monitoring the loading and offloading of petroleum products at refineries. The program also includes an education component to instruct vessel operators regarding environmental damage caused by small chronic spills and to provide prevention measures. Appropriations total \$14.5 million in General Revenue–Dedicated Funds from Account No. 27, Coastal Protection, including 50.1 FTE positions, which is an increase of \$4.5 million, or 45.3 percent from 2024–25 biennial spending levels. The increase is primarily due to increased program operational costs for oil spill projects and capital budget projects. Account No. 27 receives revenues from a \$0.013 fee per barrel on crude oil loaded or unloaded in Texas ports by vessel. Fee collections are suspended when the unencumbered account balance reaches \$20.0 million and resume when the balance reaches less than \$10.0 million.

The Oil Spill Response program consists of five regional offices that respond to oil spills and provide audits, inspections, and harbor patrols by boat and vehicle. **Figure 279** shows GLO oil spill responses from fiscal years 2015 to

2024. Additionally, the program oversees implementation of restoration projects associated with the BP Deepwater Horizon oil spill during calendar year 2010. Appropriations total \$9.6 million in All Funds, including 16.5 FTE positions, which is a decrease of \$0.2 million, or 2.2 percent, from 2024–25 biennial spending levels.

The Oil Spill Research and Development program conducts oil spill-related research relating to dispersants, shoreline cleaners, bioremediations studies, and high-frequency radar. Appropriations total \$2.4 million in General Revenue–Dedicated Funds from Account No. 27 and include no FTE positions because all services are contracted. This amount continues 2024–25 biennial spending levels.

Appropriations for the coastal conservation program area total \$278.5 million in All Funds, representing 11.4 percent of the agency's total appropriation, and provides 139.6 FTE positions. This amount represents a decrease of \$740.0 million, or 72.7 percent, from 2024–25 biennial spending levels, which is due primarily to decreases for the GCPD in the CMP and the CEPRA project.

VETERANS' PROGRAMS

The Veterans Land Board (VLB), with two public members and the Land Commissioner as chair and administrator, was established by the Legislature in fiscal year 1946. VLB administers and markets three major benefit programs for qualifying Texas veterans: (1) low-interest loans for the purchase of land, homes, and home improvements; (2) cemetery operations; and (3) oversight of the operation of long-term, skilled nursing homes. In addition, GLO has program funding to construct cemeteries, market the benefit programs, and provide customer services to veterans.

The program area to provide Texas veterans with these services and opportunities includes the following five programs: (1) Veterans Land Board Marketing and Customer Service program; (2) Veterans' Land and Housing – Loan Operations program; (3) State Veterans' Homes program; (4) Veterans' Cemetery Operations program; and (5) Veterans' Cemetery Construction program.

VLB MARKETING AND CUSTOMER SERVICE

The Veterans Land Board Marketing and Customer Service program maintains the VLB website and manages multiple veteran, lender, and real estate agency databases to provide support for direct-mail marketing, social media, television, radio, and Internet advertising. The program is appropriated \$3.2 million in All Funds, which provides for 16.0 FTE positions to respond to inquiries regarding benefits and

services offered by VLB and the U.S. Department of Veterans Affairs (VA). This amount includes a decrease of \$1.1 million, or 25.8 percent, from 2024–25 biennial spending levels. This decrease is primarily due related to reductions in marketing media and program operational funding for the 2026–27 biennium.

VETERANS' LAND AND HOUSING – LOAN OPERATIONS

The Veterans' Land and Housing – Loan Operations program receives, processes, originates, and closes land, housing, and home improvement loan applications for veterans. It also mediates and resolves customer complaints and processes housing and home improvement loan releases of liens and foreclosure documents. In addition, the program conducts forfeited land sealed-bid lease sales.

The program is a self-supporting program that provides low-interest, fixed-rate 30.0-year loans of up to \$150,000 to Texas veterans for the purchase of land. Two other loan programs aid veterans in purchasing and improving their homes. The Veterans' Housing Assistance Program enables an eligible veteran to borrow up to \$726,200 to buy a home. The Veterans' Home Improvement Program enables an eligible veteran to borrow up to \$50,000 for home improvements. The agency expects to provide 4,900 land, housing, and home improvements loans during the 2026–27 biennium.

Figure 280 shows the loan activity from fiscal years 2016 to 2025. The agency's programs are financed with fees and constitutionally authorized General Obligation Bond Proceeds (Other Funds) that are repaid by the veterans participating in the programs. This program is appropriated \$29.6 million in All Funds, including 96.9 FTE positions. This amount represents a decrease of \$1.2 million, or 3.9 percent, from 2024–25 biennial spending levels. This decrease is due primarily to reallocations of indirect administrative funding for the program.

STATE VETERANS' HOMES

The State Veterans' Homes program oversees the operation of long-term, skilled-care, nursing homes at the following 10 sites: Amarillo, Big Spring, Bonham, El Paso, Floresville, Fort Worth, Houston, McAllen, Temple, and Tyler. The program is available for qualified veterans and their spouses and for certain parents of deceased veterans. Daily operations of the veterans' homes are the responsibility of contract operators. In addition to its program-management responsibilities, VLB provides each veterans' home with full-time staff that are responsible for confirming that the contract operators are complying with the terms of the management agreement and delivering quality care. These staff also assist

with marketing activities such as distributing information to the community and assisting potential residents and their families with admission application forms.

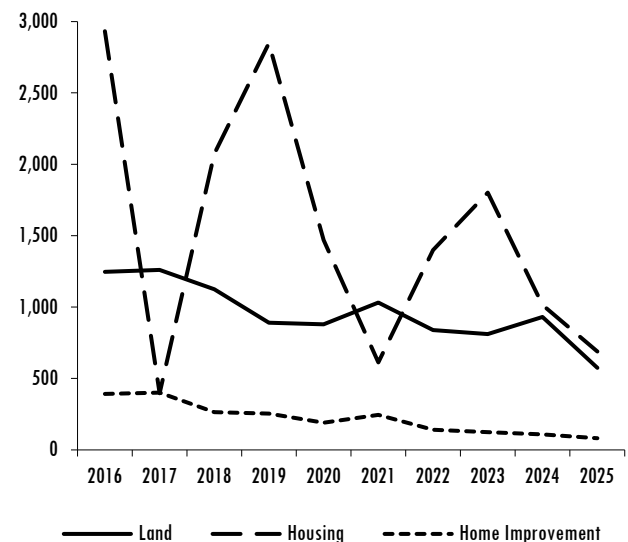
The program is a partnership among the VA, VLB, and private-sector healthcare providers. It has significant administrative participation from the Texas Veterans Commission, Veterans County Service Officers, and veterans' organizations in the communities in which the homes are located. The homes provide skilled nursing care; specialized services such as physical, speech, and occupational therapies; and various recreational and educational activities. Operating costs for the skilled nursing homes are financed by the participating veterans' Social Security benefits, a VA per-diem subsidy, Medicare and Medicaid payments, disability entitlements, private insurance, and personal income.

Program appropriations total \$733.3 million, including 44.7 FTE positions, which represents an increase of \$384.6 million, or 110.3 percent, from 2024–25 biennial spending levels. This increase is due primarily to an increase of \$398.0 million to align with the Comptroller's Biennial Revenue Estimate for continued administration of the State Veterans' Home program, offset by a decrease of \$10.0 million in General Revenue Funds pursuant to the agency's determination that the funds no longer would be required to prevent a resident room rate increase and have the program remain fiscally solvent.

CEMETERY OPERATIONS AND CEMETERY CONSTRUCTION

VLB is authorized to operate and construct up to seven state veterans' cemeteries through the Veterans' Cemetery Operations program and the Veterans' Cemetery Construction program. These cemeteries are designed, constructed, and equipped through grants from the VA. After cemetery construction is completed, VLB owns and operates the cemetery and funds most of the cost of operations. These cemeteries serve veterans, their spouses, and their dependents that are not served already by one of the four national cemeteries in Texas. VLB operates five veterans' cemeteries in Abilene, Corpus Christi, Killeen, Lubbock, and Mission. Funding for the operation of the state veterans' cemeteries is provided from the assets of the VLB loan programs, as authorized by the Texas Constitution. Appropriations for the Veterans' Cemetery Operations program total \$15.5 million in All Funds, including 10.4 FTE positions, which is a net decrease of \$1.5 million, or 8.7 percent, from 2024–25 biennial spending levels. This decrease is due primarily to execution of operational

FIGURE 280
VETERANS LAND BOARD LOAN ACTIVITY
FISCAL YEARS 2016 TO 2025



YEAR	LOANS		
	LAND	HOUSING	HOME IMPROVEMENT
2016	1,247	2,933	391
2017	1,260	396	401
2018	1,124	2,074	264
2019	890	2,848	254
2020	879	1,469	190
2021	1,031	612	245
2022	838	1,399	140
2023	811	1,801	124
2024	931	1,015	108
2025	575	688	81

SOURCE: General Land Office and Veterans Land Board.

contracts with local governments, decreases in capital expenditures, and completion of the West Texas State Veterans' Cemetery. Veterans' Cemetery Construction program funding for construction of state veterans cemeteries is provided through VA grants totaling \$80,000, which is a decrease of \$25.8 million, or 99.7 percent, primarily due to the removal of onetime funding for the construction of the West Texas Veterans Cemetery in Lubbock and expansion grant funding from the VA. This program has no FTE positions.

Appropriations for the veterans' programs area total \$781.6 million in All Funds, which includes an increase of \$355.0

million, or 83.2 percent, from 2024–25 biennial spending levels and provides for 168.0 FTE positions. This increase is due primarily to the increase in Texas Veterans Homes Administration Fund No. 374 to align with the Comptroller's Biennial Revenue Estimate for continued administration of Texas veterans' home programs.

OTHER PROGRAM AREAS

The other program areas include the (1) Archives and Records program; and the (2) Surveying and Tide Gauge program.

GLO serves as the custodian of original land grant records, maps, and other records of historic significance to Texas through activities in its Archives and Records program. In addition to preserving historic records, the program digitizes records for public use and assists the public with genealogical, land title, historical, and mineral rights research. Program appropriations total \$5.7 million in All Funds, including 28.0 FTE positions, which includes a decrease of \$0.4 million, or 6.9 percent, from 2024–25 biennial spending levels, primarily due to an anticipated reduction in Appropriated Receipts.

Through its activities in the Surveying and Tide Gauge program, GLO defines boundaries of PSF properties and uses tide gauges to document beach erosion and maintain coastal boundaries, including boundaries of state-owned submerged land. Program appropriations total \$7.5 million in All Funds, including 11.2 FTE positions, which is an increase of \$0.6 million, or 9.3 percent, from 2024–25 biennial spending levels.

Appropriations for other program areas total \$13.1 million in All Funds and provide for 39.2 FTE positions, which includes an increase of \$0.2 million, or 1.7 percent, from 2024–25 biennial spending levels.

SIGNIFICANT LEGISLATION

House Bill 1089 – Establishing the Gulf Coast Protection Account. The legislation establishes the General Revenue–Dedicated Funds account Gulf Coast Protection, administered by GLO. The account may be used only for the following purposes: (1) to pay for expenditures necessary to fulfill nonfederal sponsor obligations in accordance with agreements with USACE; (2) to comply with the terms of a local cooperation agreement executed by GLO and the GCPD; (3) to support projects necessary or useful for the protection of the GCPD; and (4) to support projects that

would benefit the GCPD and are designated as Coastal Storm Risk Management Projects within the Coastal Texas Study. The Eighty-ninth Legislature, Regular Session, 2025, did not make any appropriations or transfers to fund the account.

Senate Bill 3059 – Establishing the Alamo Commission.

Effective September 1, 2027, the legislation transfers the duties and powers of the GLO relating to the Alamo and Alamo Complex to the newly established Alamo Commission, which consists of the Governor, Lieutenant Governor, Speaker of the House of Representatives, a senator appointed by the Lieutenant Governor, and a member of the House appointed by the Speaker of the House of Representatives. The Alamo Commission is charged with the continued preservation, maintenance, restoration, and protection of the Alamo and Alamo Complex. The commission is attached administratively to the State Preservation Board, which is required to provide administrative support to the commission. The GLO and the Alamo Commission are required to enter into a memorandum of understanding regarding the transfer of power and duties for the Alamo and Alamo Complex, and the transfer must be completed by January 1, 2028.

TEXAS LOW-LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION

PURPOSE: To uphold the compact between Texas and Vermont to manage low-level radioactive waste generated within the two states by cooperating to protect the health, safety, and welfare of their residents and the environment; and by providing for and encouraging the economic management and disposal of low-level radioactive waste.

ESTABLISHED: 1998

AUTHORIZING STATUTE: The Texas Health and Safety Code, Chapter 403

GOVERNANCE: Compact Commission – six members from Texas, two members from Vermont, each appointed by their respective governors

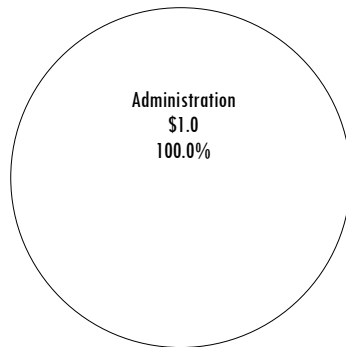
FIGURE 281
TEXAS LOW-LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$1.0	\$1.0	(\$0.0)	(1.0%)
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$1.0	\$1.0	(\$0.0)	(1.0%)

AGENCY PROGRAM AREAS BY APPROPRIATION

(IN MILLIONS)

TOTAL=\$1.0



SIGNIFICANT DEVELOPMENTS

Approximately **\$91.7 million in fees** have been remitted to the state for **waste disposed** by Texas compact generators and nonparty generators **since April 2012**.

As of the end of fiscal year 2025, the agency estimates that **85.0 percent of the volumetric capacity** and **74.0 percent of the activity capacity** in the compact waste disposal facility **remains available**.

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.

MAJOR FUNDING

Appropriations for the Low-level Radioactive Waste Disposal Compact Commission (LLRWDCC) total \$1.0 million in General Revenue–Dedicated Funds, Account No. 5151, Texas Low-level Radioactive Waste Disposal Compact Commission, which is a decrease of \$10,000, or 1.0 percent, from the 2024–25 biennial spending level. The decrease is due to the removal of onetime funding utilized to upgrade the LLRWDCC’s website and other technology including a new laptop, printer, and software.

PROGRAMS

LLRWDCC is an interstate compact approved by the Texas Legislature in fiscal year 1993 and subsequently ratified by the U.S. Congress during calendar year 1998. In accordance with the terms of the compact, Texas is the host state for a disposal site for compact participants, which include Texas and Vermont.

LLRWDCC enforces compliance with the terms of the agreement’s language by administratively supporting the functions of the commission. These terms include estimating the quantity of waste generated within the compact member states for disposal during a period ending in fiscal year 2045, and then assuring that the annual volume limits and the proportional disposal volume limits stated in the agreement are met. As part of its function, the agency is authorized to grant permission to in-compact generators to export waste to disposal sites outside the compact and to enter into agreements that would enable out-of-compact generators to dispose of waste in the Texas compact for management or disposal in accordance with prescribed parameters.

The agreement requires that each party state provide financial support for the commission’s activities before the date of facility operation. Funding for commission operations comes from Account No. 5151, which consists of revenue from a surcharge on facility disposal fees specifically assessed to cover the compact’s administrative costs. Proportional contributions from Vermont to cover commission costs are expected to continue. The commission is not authorized to employ full-time-equivalent positions, and it hires contractors to perform necessary administrative duties.

TEXAS PARKS AND WILDLIFE DEPARTMENT

PURPOSE: Manage and conserve the natural and cultural resources of Texas and provide hunting, fishing, and outdoor recreational opportunities; enforce hunting and fishing laws; and safely operate state parks, historic sites, natural areas, and wildlife management areas.

ESTABLISHED: 1963

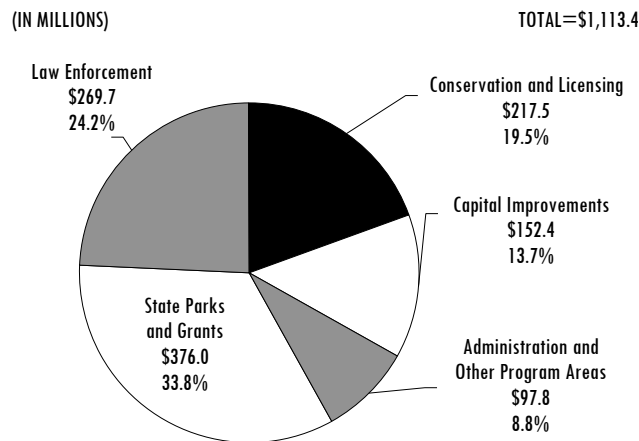
AUTHORIZING STATUTE: The Texas Parks and Wildlife Code, §11.011

GOVERNANCE: Texas Parks and Wildlife Commission – nine members appointed by the Governor with the advice and consent of the Senate

FIGURE 282
TEXAS PARKS AND WILDLIFE DEPARTMENT BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$733.1	\$635.1	(\$98.0)	(13.4%)
General Revenue–Dedicated Funds	\$405.0	\$339.5	(\$65.5)	(16.2%)
Federal Funds	\$359.5	\$129.0	(\$230.5)	(64.1%)
Other Funds	\$50.1	\$9.8	(\$40.3)	(80.4%)
Total, All Methods of Finance	\$1,547.6	\$1,113.4	(\$434.2)	(28.1%)

AGENCY PROGRAM AREAS BY APPROPRIATION



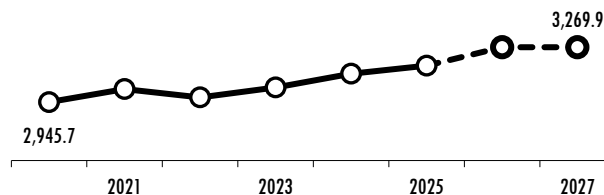
SIGNIFICANT DEVELOPMENTS

Sporting Goods Sales Tax (SGST) appropriations total \$444.3 million, or 100.0 percent, of the SGST estimated to be available for the Texas Parks and Wildlife Department. This amount is an increase of \$20.8 million from 2024–25 biennial spending.

Funding for State Parks operations totals \$205.8 million in All Funds. All Funds for grant funding includes \$77.7 million for local parks and \$28.2 million for boating access and other recreational opportunities.

Funding for Capital Improvements and Major Repairs totals \$104.6 million in All Funds, a 48.6 percent decrease from 2024–25 biennial spending. This amount includes \$91.7 million from SGST appropriations.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

A remaining balance of **\$1.1 billion** is anticipated to be available in the **Centennial Parks Conservation Fund**, a trust fund outside the Treasury administered by the Texas Parks and Wildlife Department to establish and improve state parks.

MAJOR FUNDING

Appropriations for the Texas Parks and Wildlife Department (TPWD) total approximately \$1.1 billion in All Funds, which is a decrease of \$434.3 million, or 28.1 percent, from 2024–25 biennial spending levels.

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. Although Federal Funds are appropriated each year by the U.S. Congress, appropriations at the federal level typically provide spending authority for multiple years, aside from specific funding exceptions.

Federal Funds appropriations decreased by \$230.5 million, or 64.1 percent, from 2024–25 biennial spending levels based on agency estimates. The Federal Funds decrease is related primarily to the agency's expenditure of federal grant allotments during the 2024–25 biennium from previous years, the agency's conservative approach in projecting available funding during a biennium, and the removal of onetime funding from the Coronavirus Relief Fund appropriated to the agency during fiscal year 2024 that no longer are expected to be available for the 2026–27 biennium.

According to TPWD, the agency typically has three years to spend federal grants for authorized expenses. However, spending patterns could change depending on how the agency spends federal grant allotments from previous fiscal years and if the agency receives additional funding during a biennium. As a conservative protocol when submitting its legislative appropriations request, the agency typically estimates an amount of Federal Funds that most likely will be available specifically for a biennium. Historically, this estimate does not consider or reflect anticipated changes in spending from prior fiscal years that may result in funds being available to spend within an upcoming biennium, which consistently has resulted in greater amounts of Federal Funds being received during a biennium than initially anticipated and appropriated.

General Revenue Funds and General Revenue–Dedicated Funds appropriations decreased by a net \$163.4 million, or 14.4 percent, from the 2024–25 biennial spending level. The net decrease results from the following items:

- a net decrease of \$191.5 million in All Funds, including \$146.8 million in General Revenue Funds and \$44.7 million in General Revenue–Dedicated Funds, for the removal of onetime funding for land

purchases, construction and deferred maintenance, and information technology projects, which include the following items:

- a decrease of \$135.0 million in All Funds to purchase land, including \$125.0 million in General Revenue Funds appropriated in Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, and carried forward into the 2024–25 biennium for the purpose of park land acquisition and \$10.0 million in General Revenue–Dedicated Funds from Account No. 9, Game, Fish, and Water Safety, for the purchase of 3,000 acres for migratory game bird habitat;
- a net decrease of \$51.5 million in All Funds, including \$20.6 million in General Revenue Funds and \$30.8 million in various General Revenue–Dedicated Funds, for construction and deferred maintenance that primarily includes: (1) a decrease of \$21.4 million in General Revenue Funds appropriated in the supplemental appropriations bill, House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, for construction at TPWD headquarters; (2) a decrease of \$16.7 million in General Revenue–Dedicated Funds, including \$10.0 million from the General Revenue–Dedicated Account No. 544, Lifetime License Endowment, and \$6.7 million from Account No. 9, for maintenance and repairs of Sea Center Texas and the Perry R. Bass Marine Fisheries Research Center; (3) a decrease of \$8.4 million in General Revenue–Dedicated Funds, including \$6.5 million from Account No. 9 and \$1.9 million from Account No. 64, State Parks, for unexpended balances carried forward from fiscal year 2023 into the 2024–25 biennium for various construction projects; (4) a decrease of \$5.6 million in General Revenue–Dedicated Funds, including \$3.3 million from Account No. 9, \$0.2 million from Account No. 64, and \$2.1 million from Account No. 544 appropriated in House Bill 500 for construction needs for various land and facility holdings, including field offices, state parks, natural areas, historic sites, wildlife management areas, fish hatcheries, and outreach centers; and (5) an increase of \$0.8 million in General Revenue Funds for deferred maintenance and repair at fish hatcheries; and

- a decrease of \$5.1 million in All Funds, which includes \$1.3 million in General Revenue Funds for the expansion and improvement of TPWD's network appropriated in House Bill 500 and \$3.8 million from Account No. 9 for the Boat Registration Information and Titling System;
- a net decrease of \$49.3 million in General Revenue Funds for onetime funding to provide various grants, including: a net decrease of \$58.2 million for various local park grants, which includes a decrease of \$60.0 million appropriated in House Bill 500; a decrease of \$21.0 million appropriated during the 2024–25 biennium, and an increase of \$22.8 million appropriated for the 2026–27 biennium; a decrease of \$2.0 million for the State Aquarium appropriated in House Bill 500; an increase of \$10.0 million for a memorial at Robb Elementary School in Uvalde; and an increase of \$0.9 million for the Shell Bottom Boat Ramp;
- a net decrease of \$4.3 million in All Funds for the onetime funding of motor vehicles and boats, including an increase of \$10.7 million in General Revenue Funds offsetting a decrease of \$14.9 million in General Revenue–Dedicated Funds for the following items:
 - an increase of \$17.5 million in All Funds including \$17.4 million in General Revenue Funds for Game Wardens and \$0.1 million in General Revenue–Dedicated Funds from Account No. 9 for law enforcement fixed-wing aircraft pilots;
 - a decrease of \$11.9 million in General Revenue–Dedicated Funds, including \$2.2 million from Account No. 9 and \$9.7 million from Account No. 64 appropriated in Senate Bill 30, 2023, and carried forward into the 2024–25 biennium;
 - a decrease of \$9.1 million in All Funds appropriated in House Bill 500, 2025, including \$6.1 million in General Revenue Funds, \$0.5 million in General Revenue–Dedicated Funds from Account No. 64, and \$2.6 million in General Revenue–Dedicated Funds from Account No. 9; and
 - a decrease of \$0.6 million for a coastal fisheries research vessel;
- a decrease of \$2.3 million in General Revenue–Dedicated Funds for the removal of onetime funding from unexpended balances carried forward from fiscal year 2023 into the 2024–25 biennium, which includes \$1.1 million from Account No. 64 from the vehicle registration and renewal processes designated for the state park system and \$1.2 million from Account No. 9 for collected Managed Lands Deer Program Participation Fees;
- a decrease of \$1.5 million in onetime funding from Account No. 9 for the Oyster License Buyback Program, for which TPWD is provided appropriation authority that allows the agency to carry forward into the 2026–27 biennium any remaining fiscal year 2025 balances used to purchase active licenses;
- a net increase of \$38.9 million in All Funds to provide extended work-week hours for law enforcement officers, Game Warden equipment, and aircraft operations and maintenance, including an increase of \$53.4 million in General Revenue Funds offsetting a decrease of \$14.6 million in General Revenue–Dedicated Funds from Account No. 9, and 2.0 full-time-equivalent (FTE) positions for the following items:
 - an increase of \$45.1 million in General Revenue Funds to provide extended work-week hours for law enforcement for Game Wardens and park police;
 - an increase of \$7.1 million in General Revenue Funds to provide additional equipment for Game Wardens including body camera data storage and on-board computer systems and automation for vehicles; and
 - a net decrease of \$13.4 million in All Funds, including an increase of \$1.2 million in General Revenue Funds and \$1.1 million from Account No. 9, with an additional 2.0 FTE positions for aircraft operations and maintenance, offsetting a reduction of \$15.7 million in onetime funding appropriated from Account No. 9 in the supplemental appropriations bill, Senate Bill 30, 2023, and carried forward into the 2024–25 biennium;
- an increase of \$20.8 million in Sporting Goods Sales Tax (SGST) revenue from 2024–25 biennial spending levels, which provides a total of \$444.3 million directly to TPWD;
- an increase of \$18.2 million in All Funds including \$6.0 million in General Revenue Funds and \$12.2 million in General Revenue–Dedicated Funds, to provide targeted

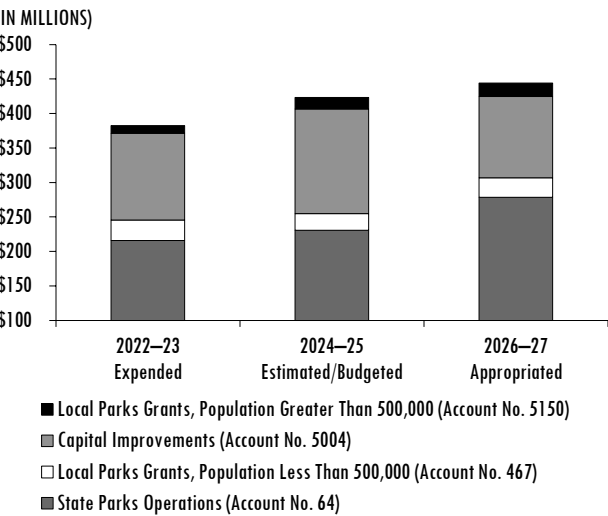
salary increases and to biennialize salary adjustments initiated during the 2024–25 biennium; and

- an increase of \$7.0 million in General Revenue Funds to provide a grant to the Battleship Texas Foundation for the repair, renovation, operation and maintenance of the Battleship Texas.

As shown in **Figure 283**, General Revenue Funds and General Revenue–Dedicated Funds include SGST transfers to four General Revenue–Dedicated Funds accounts: Account No. 64; Account No. 467, Texas Recreation and Parks; Account No. 5150, Large County and Municipal Recreation and Parks; and Account No. 5004, Texas Parks and Wildlife Conservation and Capital. SGST is not a separate tax; it is an estimated amount of state tax revenue collected from the sale, storage, or use of sporting goods that TPWD is constitutionally required to receive. Pursuant to the voter approval of Proposition 5, 2019, SGST revenue is not available for certification by the Comptroller of Public Accounts (CPA).

Since the 2008–09 biennium, the CPA has estimated the amount of SGST revenue that will be available from state tax revenue collected from the sale, storage, or use of sporting goods and deposited in the General Revenue Fund. Since September 1, 2021, SGST revenue must be appropriated automatically to TPWD and the Texas Historical Commission (THC) pursuant to voter approval of Proposition 5, 2019. In accordance with current law, 93.0 percent of this amount must be appropriated to TPWD, and the remaining 7.0 percent must be appropriated to THC. The availability of SGST appropriations for TPWD is governed by direction provided in the Eighty-ninth Legislature, General Appropriations Act (GAA), 2026–27 Biennium. This direction specifies into which General Revenue–Dedicated accounts SGST revenue must be transferred and statutory spending requirements the agency must meet for each account. The 2026–27 GAA, Article VI, TPWD, Rider 14, SGST, authorizes the Legislative Budget Board (LBB), in consultation with TPWD, to determine which strategies and SGST-related General Revenue–Dedicated accounts will receive increased appropriation authority pursuant to the constitutional requirement if the CPA determines that more SGST revenues will be available than initially were appropriated during the Eighty-ninth Legislature, Regular Session, 2025. The rider also includes the following directions: (1) provides additional capital budget authority for any increased funding allocated to SGST-related General Revenue–

FIGURE 283
TOTAL SPORTING GOODS SALES TAX TRANSFERS
BY GENERAL REVENUE–DEDICATED ACCOUNT
2022–23 TO 2026–27 BIENNIA



NOTES:

- (1) Expended 2022–23 amounts represent final expenditures from amounts appropriated to the agency as of July 2023.
- (2) Estimated/Budgeted 2024–25 amounts represent those appropriated to the agency as of July 2025.

SOURCES: Legislative Budget Board; Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.

Dedicated accounts through this process; (2) authorizes TPWD to request approval from the LBB to change SGST methods of financing provided in initial strategy appropriations between SGST-related General Revenue–Dedicated accounts; and (3) prohibits TPWD from changing SGST methods of financing provided in initial strategy appropriations among SGST-related General Revenue–Dedicated accounts for capital budget projects included in TPWD’s Rider 2, Capital Budget, without LBB approval.

Figure 284 shows 2024–25 biennial amounts of SGST funding compared to 2026–27 biennial appropriations. For the 2026–27 biennium, the Legislature appropriated \$547.9 million, which is 100.0 percent of SGST funding estimated to be available. This amount includes \$65.3 million for employee benefits, retiree insurance, and debt service payments.

Other Funds appropriations decreased by \$40.3 million, or 80.4 percent, from 2024–25 biennial spending levels. The decreases include \$34.5 million from Appropriated Receipts primarily for anticipated fluctuations in donations and the agency’s estimation practices; \$4.2 million from onetime grant funding received from the Office of the Governor for

FIGURE 284
SPORTING GOODS SALES TAX FUNDING, 2024–25 AND 2026–27 BIENNIA

(IN MILLIONS)			
PURPOSE	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE
Texas Parks and Wildlife Department	\$423.4	\$444.3	\$20.8
Texas Historical Commission	\$42.2	\$38.4	(\$3.8)
Employee Benefits, Retiree Insurance, and Debt Service	\$71.2	\$65.3	(\$5.9)
Total	\$536.9	\$547.9	\$11.0

NOTES:

(1) Amounts shown for Estimated/Budgeted 2024–25 represent amounts appropriated to the agency as of July 2025.

(2) Employee benefits, retiree insurance, and debt service are estimated in appropriated amounts for the 2026–27 biennium.

(3) Totals and differences may not sum due to rounding.

SOURCES: Legislative Budget Board; Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, Article VI, Parks and Wildlife Department, Rider 14, Sporting Goods Sales Tax.

Operation Lone Star; \$0.8 million from Interagency Contracts due to completion of contracts or changes in scope of contracts with Texas Department of Transportation, Department of Public Safety, and the University of Texas; \$0.4 million from bond proceeds due to debt service payments ending in fiscal year 2021, and no anticipated unexpended bond proceeds being available; and \$0.4 million from the License Plate Trust Fund due to anticipated decreases in revenues.

As with the estimation of Federal Funds, the appropriated amounts from Appropriated Receipts represent existing agreements and could increase as the agency receives reimbursements, donations and gifts, and other revenues that are not part of the revenue sources for General Revenue Funds or General Revenue–Dedicated Funds accounts.

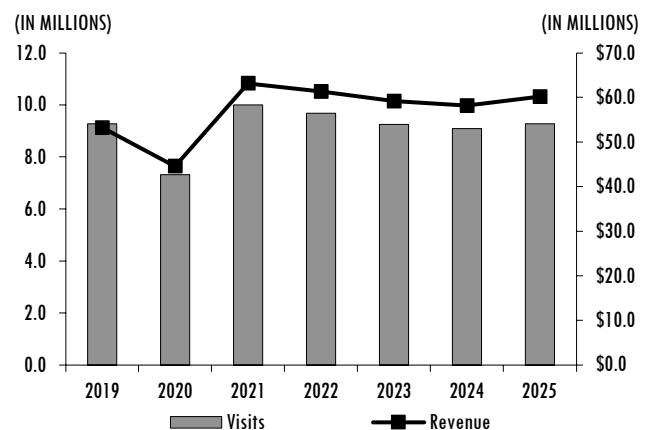
PROGRAMS

TPWD carries out its responsibilities for conserving the state's natural and cultural resources and providing hunting, fishing, and outdoor recreation opportunities through five program areas: (1) state parks and grants; (2) capital improvements; (3) conservation and licensing; (4) law enforcement; and (5) administration and other programs.

STATE PARKS AND GRANTS

The state parks and grants program area includes six programs that provide two main functions: operation and support of state parks, and providing grants to local parks and for boating access and other recreation opportunities. These six programs include: (1) State Park Operations, (2) State Parks Visitor Services, (3) Parks Minor Repair program, (4) Parks Support program, (5) Texas Farms and Ranchlands, and (6) Recreation Grants Assistance.

FIGURE 285
STATE PARK REVENUE AND VISITS
FISCAL YEARS 2019 TO 2025



SOURCE: Texas Parks and Wildlife Department.

STATE PARK OPERATIONS

Through the State Parks Operations program, TPWD operates and maintains 83 state parks, state historic sites, and state natural areas. Visitation to these facilities totaled 9.1 million during fiscal year 2024. **Figure 285** shows total visits, including paid visits and those not subject to fees, and total revenue collected from state park users from fiscal years 2019 to 2025. Growth in revenue typically has outpaced growth in visitation since fiscal year 2017 due to increased sales of prepaid park passes and concessions, including swimming pool and golf course access. Revenue from entrance fees is deposited in Account No. 64 and is used to partially fund state park operations and capital improvements. Funding for the State Park Operations program totals \$205.8 million in All Funds, an increase of \$4.9 million, or 2.4 percent, from

2024–25 biennial spending levels and supports 1,150.8 FTE positions. The increase is due primarily to a \$39.3 million in General Revenue Funds and increases in SGST revenue, offset by decreases that include \$12.8 million from Account No. 64 for onetime vehicle purchases that were funded in fiscal year 2023 through Senate Bill 30; agency funding reallocations from Account No. 64 to various other programs; \$2.7 million in Federal Funds primarily due to COVID-19 pandemic-related funding that is not available for the 2026–27 biennium; and \$5.1 million in Other Funds from Appropriated Receipts due to anticipated decreases in revenue collections.

The State Parks Visitor Services program provides interpretive services to explain the significance of natural and cultural resources at parks, historic sites, and natural areas, and conducts administrative functions. Interpretive services include guided tours and camping workshops. Administrative functions include operating the reservation center, managing concessions and concessionaires, sales, managing exhibit shops, and community outreach. Funding for this program totals \$13.1 million in All Funds, an increase of \$1.3 million, or 10.8 percent, from 2024–25 biennial spending levels and supports 61.5 FTE positions. This increase is due primarily to the allocation of increases in SGST funding to the program.

The Parks Minor Repair program provides for routine and preventive maintenance of facilities at state parks. These maintenance projects, which cost less than \$100,000, are intended to keep state parks functioning in a clean, safe manner and reduce the need for major repairs. Appropriations for the program total \$32.5 million in All Funds, an increase of \$8.6 million, or 35.8 percent, from 2024–25 biennial spending levels due primarily to additional SGST funding to support increased project costs. The appropriations support 14.0 FTE positions.

The Parks Support program provides management of the functions and programs in the State Parks Division, including direct support for state park operations, visitor services, and public safety. These functions include management of natural and cultural resources, interpretive services, management of exhibits, management of state parks law enforcement officers, and management of business activities such as visitor reservations and entrance-fee collection. Funding for the program totals \$16.5 million in All Funds, an increase of \$1.0 million, or 6.6 percent, from 2024–25 biennial spending levels, primarily due to an increase in SGST revenues allocated to the program. Funding provides 86.5 FTE positions.

The Eighty-fourth Legislature, 2015, transferred the Texas Farm and Ranchlands program from the General Land Office to TPWD. The program provides pass-through grants for qualified easement holders to acquire conservation easements for long-term protection of privately owned working lands that have high values for water, fish, wildlife, and agriculture production and that are at risk for development. Appropriations for the program total \$2.1 million in General Revenue Funds and support 1.0 FTE position, which is a decrease of 98.4 percent from 2024–25 biennial spending levels of \$125.0 million, which was appropriated in Senate Bill 30, 2023, and carried forward into the 2024–25 biennium for the purpose of park land acquisition.

LOCAL PARK, BOATING, AND RECREATION GRANTS

Through the Recreation Grants Assistance program, TPWD provides grants to local units of government and other entities to expand outdoor recreation opportunities and enjoyment of natural and cultural resources managed by local governments or private organizations. The agency typically provides 50.0-percent matching grants to local governments and other entities, or direct assistance grants to provide the requisite matching funds to qualify for grants from the federal government or other sources. Although most projects are selected through competition, projects specified by the Legislature include \$33.7 million in General Revenue Funds during the 2026–27 biennium for grants to several local units of government for construction, renovation, and development of local park facilities. Appropriations for the Recreation Grants Assistance program support 26.0 FTE positions and total \$106.0 million in All Funds, of which \$77.8 million is for local parks grants and \$28.2 million is for boating access and other grants. The total represents a net decrease of \$130.6 million, or 55.2 percent, from 2024–25 biennial spending levels. The decrease is due primarily to an agency-projected decrease of \$88.2 million in Federal Funds that are not anticipated to continue during the 2026–27 biennium and the removal of onetime funding from General Revenue Funds that provided: (1) \$81.0 million for specific local parks grants, including \$60.0 million appropriated in House Bill 500, 2025, and \$21.0 million in the 2024–25 biennium; and (2) \$2.0 million appropriated in House Bill 500 for a grant to the State Aquarium. These decreases are offset primarily by an increase of \$33.7 million in General Revenue Funds to provide various grants, including: (1) \$22.8 million for specific local parks; (2) \$10.0 million for a memorial at Robb Elementary School in Uvalde; and (3) \$0.9 million for the Shell Bottom Boat Ramp.

Appropriations for the state parks and grants program area total \$376.0 million in All Funds, a decrease of \$239.8 million, or 38.9 percent, from 2024–25 biennial spending levels and support 1,339.8 FTE positions.

CAPITAL IMPROVEMENTS

The capital improvements program area includes two programs related to capital construction and maintenance, land acquisition, and debt service: (1) Capital Construction and Project Delivery and (2) Land Conservation.

The Capital Construction and Project Delivery program carries out capital improvements and major repairs to agency facilities and sites statewide. The program includes architectural design, engineering design, project management, a memorandum of understanding between TPWD and the Texas Department of Transportation, and other related activities. TPWD is responsible for maintaining and developing more than 190 different locations throughout the state. Appropriations for the program total \$122.8 million in All Funds, a decrease of \$98.2 million, or 44.4 percent, and support 90.0 FTE positions. The net decrease is due primarily to onetime funding reductions including: (1) \$34.5 million in various SGST funds reallocated to various other programs; (2) an All Funds decrease of \$27.0 million appropriated in House Bill 500, 2025, including \$21.4 million in General Revenue Funds for construction renovations at TPWD's headquarters and \$5.6 million in various General Revenue–Dedicated Funds, including \$3.3 million from Account No. 9; \$0.2 million from Account No. 64; and \$2.1 million from Account No. 544 appropriated in House Bill 500 for construction needs for various land and facility holdings, including field offices, state parks, natural areas, historic sites, wildlife management areas, fish hatcheries, and outreach centers; (3) \$16.7 million in General Revenue–Dedicated Funds, including \$10.0 million from Account No. 544 and \$6.7 million from Account No. 9, for maintenance and repairs of Sea Center Texas; and (4) \$8.4 million in General Revenue–Dedicated Funds, including \$6.5 million from Account No. 9 and \$1.9 million from Account No. 64, for unexpended balances carried forward from fiscal year 2023 into the 2024–25 biennium for various construction projects, offset by an increase of \$7.0 million in General Revenue Funds to provide a grant to the Battleship Texas Foundation for the repair, renovation, operation and maintenance of the Battleship Texas.

The Land Conservation program carries out capital budget authority for acquisition of land and other real property.

Funding for the program totals approximately \$29.6 million in All Funds, a decrease of \$16.7 million, or 36.1 percent, from 2024–25 biennial spending levels and supports 5.0 FTE positions. The decrease is due primarily to the removal of \$10.0 million in onetime funding from Account No. 9 for the acquisition and conservation of priority migratory game bird habitat and the reallocation of SGST revenues to various other programs.

Appropriations for the capital improvements program area totals \$152.4 billion, a decrease of \$114.9 million, or 43.0 percent, from 2024–25 biennial spending levels and supports 95.0 FTE positions.

CONSERVATION AND LICENSING

The conservation and licensing program area includes the 12 programs associated with the agency's Wildlife Division, including protection and management of game and nongame animal species, freshwater and saltwater aquatic life habitats, and hunting and fishing activities. The program area also includes functions related to the sale of hunting and fishing licenses and boat registration. The 12 programs include: (1) Wildlife Conservation, (2) Technical Guidance, (3) Hunting and Wildlife Recreation, (4) Coastal Fisheries Resource Management, (5) Coastal Fisheries Science and Policy Resources, (6) Coastal Hatcheries Operations, (7) Freshwater Fisheries Conservation, (8) Inland Habitat Conservation, (9) Aquatic Vegetation and Invasive Species Management, (10) Inland Hatcheries Operations, (11) Artificial Reef, and (12) License and Boat Revenue.

GAME AND WILDLIFE CONSERVATION

The Wildlife Conservation program provides for the regulation and management of game species, nongame species, and protection of endangered, threatened, and rare species. The program is responsible for the management and operation of wildlife management areas established to perform research on wildlife populations and habitat, provide education on resource management, and provide outdoor recreation opportunities to the public. Texas has 50 wildlife management areas representing most of the state's ecological regions. The program also conducts wildlife and harvest surveys, facilitates collaboration with universities to conduct research, issues permits to take and hold captive wildlife, develops wetlands and other habitats, and assesses the effects of human activities on wildlife. Program appropriations total \$76.3 million in All Funds, a decrease of \$83.9 million, or 52.4 percent, from 2024–25 biennial spending levels, which is due primarily to decreases of \$75.3 million in Federal

Funds and \$4.4 million in Other Funds related to agency-projected collection decreases. Appropriations provide for 206.0 FTE positions.

The Technical Guidance program provides assistance and information to private landowners and the public regarding programs such as the Private Lands and Public Hunting program and the Managed Lands Deer Program (MLDP). The Private Lands and Public Hunting program supports landowners engaging in voluntary habitat conservation practices through a written wildlife management plan. The MLDP supports sound management and stewardship of native wildlife and wildlife habitats on private lands. Landowners enrolled in either the MLDP Harvest Option or Conservation Option can take advantage of extended season lengths and liberalized harvest opportunities. Additionally, the Technical Guidance program provides certain cost-share assistance, primarily utilizing federal funding, through the Landowner Incentive Program. According to the agency, more than 8,500 landowners operating more than 33.0 million acres in the state have received these services through the Technical Guidance program at TPWD. Appropriations for the Technical Guidance program total \$19.8 million in All Funds, a decrease of \$6.3 million, or 24.0 percent, from 2024–25 biennial spending levels and support 84.0 FTE positions. The decrease is due primarily to agency-projected decreases of \$5.4 million in Federal Funds and \$1.2 million from Account No. 9 in collected MLDP Participation Fees.

AQUATIC CONSERVATION

The Coastal Fisheries Resource Management program provides oversight and support to the Coastal Fisheries Division. The program includes three field offices that monitor and assess marine life populations and environmental conditions. Appropriations for the program total \$19.4 million in All Funds, a decrease of \$10.9 million, or 36.0 percent, from 2024–25 biennial spending levels and support 87.0 FTE positions. The net decrease is due primarily to: (1) an agency-projected decrease of \$7.0 million in Federal Funds; (2) a \$3.8 million decrease from Account No. 9, primarily due to a onetime funding reduction of \$1.5 million to purchase active licenses through the Oyster License Buyback Program, a reallocation of \$1.2 million to various other programs, and onetime funding decreases for unexpended balances carried forward from fiscal year 2023 into the 2024–25 biennium from Oyster Shell Recovery and Cultch Replacement Receipts totaling \$39,804 and fees related to Oyster Mariculture totaling \$24,150; and (3) an agency-projected decrease of \$0.2 million in Appropriated Receipts.

The Coastal Fisheries Science and Policy Resources program includes research and assessment programs, such as species population health, investigation of pollution and fish-kill incidents, implementation of habitat restoration projects, and management of invasive plant and animal species. Appropriations for the program total \$10.5 million in All Funds, a decrease of \$7.6 million, or 42.2 percent, from 2024–25 biennial spending levels and support 58.0 FTE positions. The decrease is due primarily to an agency-projected decrease of \$7.8 million in Federal Funds, including a decrease of \$2.8 million in COVID-19 pandemic-related funds no longer anticipated to be available and \$5.0 million in various other Federal Funds.

The Coastal Hatcheries Operations program stocks fish in coastal waters for recreational fishing. Three saltwater hatcheries raise and release juvenile red drum and spotted speckled trout, in addition to conducting research on fish genetics, marine habitats, and the effects of stocking on wild populations. Appropriations for the Coastal Hatcheries Operations program total \$10.5 million in All Funds, an increase of \$0.6 million, or 6.0 percent, from 2024–25 biennial spending levels and support 42.0 FTE positions. The increase is due primarily to an increase of \$0.3 million in General Revenue Funds to increase flounder production and maintain red drum and spotted sea trout production, and an agency-projected increase of \$0.3 million in Federal Funds.

The Freshwater Fisheries Conservation program provides management and oversight of the Inland Fisheries Division, which conducts surveys of fish populations, habitats, and anglers to determine the status and needs of the state's freshwater fisheries resources. Appropriations for the program total \$23.2 million in All Funds, an increase of \$15.0 million, or 185.4 percent, from 2024–25 biennial spending levels and support 103.0 FTE positions. The increase is due primarily to increases of \$7.9 million from Account No. 9, which consists of agency reallocations to align with agency priorities and \$0.9 million in additional funding to improve angler access and fish habitat enhancements in streams and state reservoirs, and an increase of \$7.5 million in agency projected Federal Funds.

The Inland Habitat Conservation program develops and implements conservation plans for 185 species of freshwater fishes, conducts fish habitat restoration projects, consults with other agencies regarding regulatory actions affecting fish habitats, and improves river access for anglers and paddlers. Other functions include pollution response and restoration, stream-flow studies, implementation of species recovery

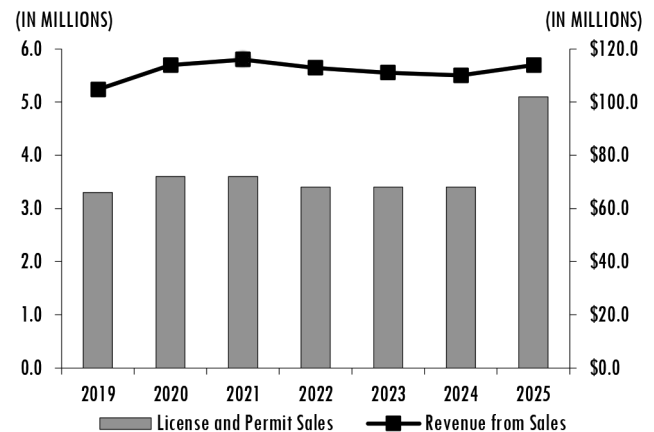
plans, and permitting for the sale of marl, sand, gravel, and shells taken from Texas bodies of water. Appropriations for Inland Habitat Conservation total \$5.6 million in All Funds, a decrease of \$23.9 million, or 81.1 percent, from 2024–25 biennial spending levels and support 11.0 FTE positions. This decrease primarily includes agency-projected decreases of \$18.8 million in Federal Funds and \$0.5 million in Appropriated Receipts, and the reallocation of \$4.6 million from Account No. 9 to various other programs.

The Aquatic Vegetation and Invasive Species Management program manages aquatic vegetation to maintain boat lanes and general access to outdoor recreational activities in freshwater bodies across the state. This program also manages efforts to contain aquatic invasive species such as giant salvinia, hydrilla, and zebra mussels. Appropriations for this program total \$7.7 million in All Funds, a decrease of \$1.6 million from 2024–25 biennial spending levels and support 10.0 FTE positions. The decrease is due primarily to a decrease of \$1.1 million in Federal Funds anticipated by the agency and a decrease of \$0.6 million in General Revenue Funds for the removal of onetime funding for the purchase of a coastal fisheries research vessel.

The Inland Hatcheries Operations program provides stocked fish for freshwater fisheries. The program operates five hatcheries that produce various species of sportfish, conducts aquaculture research, and performs public outreach and education. Appropriations for the Inland Hatcheries Operations program total \$17.1 million in All Funds, a decrease of \$0.2 million, or 1.1 percent, from 2024–25 biennial spending levels and support 79.0 FTE positions. The decrease is due primarily to agency-projected decreases of \$0.3 million in Federal Funds, \$0.4 million in Appropriated Receipts, and \$0.3 million from Account No. 9 reallocated to other programs, which are offset by a General Revenue Funds increase of \$0.9 million for scheduled and deferred maintenance and repair projects at hatchery facilities.

The Artificial Reef program oversees the development and maintenance of artificial reefs off the Texas coast and evaluates the use of artificial reefs by marine species and humans. The program repurposes structures such as boats, oil rig platforms, deconstructed bridges, and other items to assemble the reefs. Appropriations for the Artificial Reef program total \$1.0 million, a decrease of \$14.0 million, or 93.6 percent, from 2024–25 biennial spending levels and provide 3.0 FTE positions. The decrease is due primarily to an agency-projected decrease of \$13.7 million from Appropriated Receipts.

FIGURE 286
HUNTING AND FISHING LICENSE SALES
FISCAL YEARS 2019 TO 2025



SOURCE: Parks and Wildlife Department.

LICENSING AND REGISTRATION

The License and Boat Revenue program oversees the sale of recreational and commercial hunting and fishing licenses and boat registration and titling. Hunting and fishing licenses may be purchased in person from a licensing agent or TPWD office, through a mail-in application, by telephone, or online. Boat registration and titling may be conducted in person at one of TPWD's 29 law enforcement offices, including TPWD headquarters, and participating county tax assessor-collectors or through a mail-in application; registration renewals must be completed online. **Figure 286** shows actual hunting and fishing license sales and revenue from fiscal years 2019 to 2025. Revenue from license sales and titling is deposited in Account No. 9 and is used for various conservation and law enforcement purposes. The use of collected revenues is limited depending on the specific revenue source; for example, revenue from the migratory game bird stamp, a federally required licensing tool, may be appropriated only for purposes related to management and research of migratory game birds and their habitats. Appropriations for the License and Boat Revenue program total \$21.3 million in All Funds, a decrease of \$1.2 million, or 5.4 percent, from 2024–25 biennial spending levels and support 30.0 FTE positions. The decrease is due primarily to an agency-projected reduction of \$1.3 million in Appropriated Receipts.

Appropriations for the conservation and licensing program area total \$217.5 million in All Funds, a decrease of \$133.8 million, or 38.1 percent, from 2024–25 biennial spending levels and support 725.0 FTE positions.

LAW ENFORCEMENT

The law enforcement program area includes four programs that provide for the operation, training, and support of game wardens and park police officers statewide, including those dedicated to the Texas–Mexico border region for border security efforts. These programs include: (1) Enforcement Programs; (2) Game Warden Training; (3) State Park – Law Enforcement – Public Safety; and (4) Law Enforcement Support.

Enforcement programs enforce the state's game, fish, and water safety laws through public education, crime prevention, and apprehension of offenders. TPWD maintains 28 law enforcement offices throughout the state that support 551.0 FTE positions budgeted for game wardens. These offices also provide public services including the sale of licenses, boat registration and titling, and education. In addition to general law enforcement, the program also conducts activities related to disaster response and homeland security. For the 2026–27 biennium, 90 game wardens will be assigned to conduct law enforcement activities in counties bordering Mexico and counties on the Gulf Coast, and an additional 49 game wardens are dedicated to the area for enhanced border security activities.

Appropriations for Enforcement programs total \$212.8 million in All Funds, an increase of \$36.5 million, or 20.7 percent, from 2024–25 biennial spending levels, and support 596.0 FTE positions. The net increase primarily includes: (1) an increase of \$61.9 million in General Revenue Funds, which consists of \$40.0 million to provide extended work week hours for law enforcement for Game Wardens; \$17.4 million for additional Game Warden vehicles; \$3.3 million for additional Game Warden equipment including body cameras and car automation; and \$1.2 million for ongoing aircraft operations; (2) a net reduction of \$14.7 million from Account No. 9, which consists primarily of an increase of \$1.3 million for aircraft maintenance and two new pilot positions (2.0 FTE positions) with two vehicles, offset by a decrease of \$15.7 million in onetime funding for fixed wing aircraft; (3) an agency-projected decrease of \$4.2 million in Federal Funds; (4) an agency-projected decrease of \$2.6 million in Appropriated Receipts, which includes primarily revenue from seized assets; and (5) \$3.8 million in onetime grant funding from the Office of the Governor for Operation Lone Star.

The Game Warden Training program administers and operates the Texas Game Warden Training Center to train new game warden cadets and prepare them for the peace officer licensing exam. Beginning in fiscal year 2015, new park police officers

also began training through this program. The training center offers continuing education to game wardens and training to outside law enforcement entities. Appropriations for the Game Warden Training program total \$6.0 million in All Funds, a decrease of \$0.3 million, or 4.7 percent, from 2024–25 biennial spending levels and support 35.0 FTE positions. This decrease is due primarily to a reallocation of \$0.4 million from Account No. 9 to other programs.

The State Park – Law Enforcement – Public Safety program provides law enforcement and public safety services to state parks. This program includes park police officers dedicated to law enforcement full-time, but it does not include commissioned park superintendents and managerial staff for whom law enforcement activities are only one component of their duties. Park police officers are distinct from the game wardens in the law enforcement program area, although they also are trained at the Game Warden Academy. Appropriations for the State Park – Law Enforcement – Public Safety program total \$39.5 million in All Funds, an increase of \$12.6 million, or 46.5 percent, from 2024–25 biennial spending levels and support 143.0 FTE positions. The net increase is due primarily to: (1) an increase of \$5.1 million in General Revenue Funds to provide funding for a 50.0-hour work week for state parks police officers; (2) a net increase of reallocated funds, including an increase of \$8.1 million in SGST revenues offset by a decrease of \$0.3 million from Account No. 64 reallocated to other programs; and a decrease of \$0.4 million in onetime grant funding from the Office of the Governor for Operation Lone Star.

The Law Enforcement Support program provides management of the Law Enforcement Division, including administrative functions such as budgeting, coordination, implementation of policies and procedures, and oversight. Major oversight areas include wildlife enforcement, fisheries enforcement, and marine safety enforcement. Funding for the program totals \$11.4 million in All Funds, an increase of \$3.9 million, or 52.0 percent, from 2024–25 biennial spending levels and supports 25.0 FTE positions.

Funding for the law enforcement program area totals \$269.7 million in All Funds, an increase of \$2.7 million, or 24.3 percent, from 2024–25 biennial spending levels and supports 799.0 FTE positions. **Figure 287** shows salaries for game warden and park police FTE positions from fiscal years 2020 to 2027.

ADMINISTRATION AND OTHER PROGRAMS

The administration and other programs area includes three programs related to the Administrative Resources,

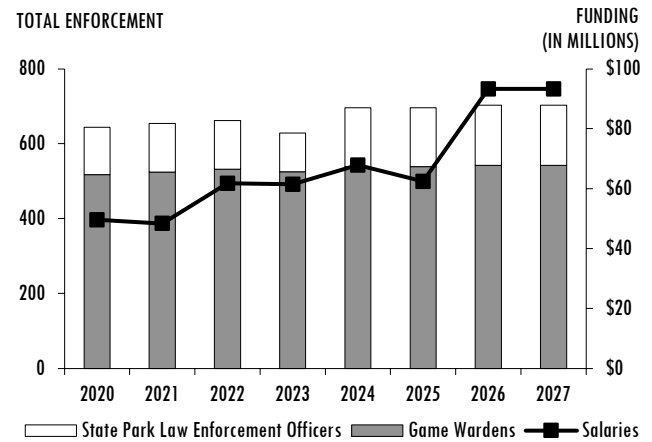
Communications, Human Resources, Information Technology (IT), Legal divisions, and the noncapital functions of the Infrastructure Division. In general, this program area provides statewide administrative support to TPWD and mass communication to the public or targeted constituencies through the following programs: (1) IT, Accounting Control, and Agency Services; (2) Communication Products and Services; and (3) Outreach and Education.

The IT, Accounting Control, and Agency Services program provides the agency's primary administration and management. The executive office coordinates activities related to the Texas Parks and Wildlife Commission and outside entities, such as the Legislature and the Texas Parks and Wildlife Foundation. The program implements IT solutions to support the agency's functions, including customer-service applications. Other functions performed by the program include financial and accounting services, human resources, legal services, risk management, and agencywide records management. Appropriations for the program total \$79.3 million in All Funds, an increase of \$5.7 million, or 7.7 percent, from 2024–25 biennial spending levels and support 246.1 FTE positions. This increase is due primarily to net increases of \$3.7 million in General Revenue Funds, primarily including increases of \$2.4 million for Game Warden car automation and \$1.5 million for game warden computers, and \$2.0 million from Account No. 64, offset by a decrease of \$0.9 million in other funds due to a reallocation of funds among other programs.

The Communication Products and Services program includes production and publication of TPWD media, including *Texas Parks and Wildlife Magazine*, the *Texas Parks and Wildlife* television program, video news reports, news releases, marketing, website development, social media, and creative and interactive services. Appropriations for the program total \$11.7 million in All Funds, a decrease of \$1.0 million, or 7.6 percent, from 2024–25 spending levels and support 39.0 FTE positions. The increase is due primarily to an agency-projected decrease of \$1.5 million in Appropriated Receipts.

The Outreach and Education program provides education that encourages hunters, boaters, and other water users to be safe, knowledgeable, and responsible while pursuing outdoor recreation activities. Education and outreach programs also aim to encourage the development of new outdoor recreation enthusiasts. The program includes hunter education and boater education programs required of all participants of a certain age to hunt or boat legally in the state. Other functions include outdoor skills workshops, outreach events,

FIGURE 287
PARKS AND WILDLIFE DEPARTMENT FUNDING FOR GAME WARDEN AND PARK POLICE FULL-TIME-EQUIVALENT POSITIONS, FISCAL YEARS 2020 TO 2027



NOTES:

- (1) Amounts from fiscal years 2020 to 2025 represent final expenditures.
- (2) Estimated/budgeted 2026–27 amounts represent those appropriated to the agency as of July 2025.

SOURCE: Texas Parks and Wildlife Department.

and programs that utilize trained volunteers to provide education regarding conservation and outdoor recreation. Appropriations for the program total \$6.8 million in All Funds, a decrease of \$3.1 million, or 31.5 percent, from 2024–25 biennial spending levels and support 26.0 FTE positions. The decrease is due primarily to agency-projected decreases of \$3.3 million in Federal Funds.

Appropriations for administration and other programs areas total \$97.8 million in All Funds, a decrease of \$1.6 million, or 1.6 percent, from 2024–25 biennial spending levels and support 311.1 FTE positions.

RAILROAD COMMISSION OF TEXAS

PURPOSE: To regulate the state’s oil and natural gas industries, with responsibilities for permitting, monitoring, and inspecting facilities. The agency works to enforce the safe production and transportation of the state’s energy resources, while protecting public health and the environment. The agency also works to maintain fair pricing through its oversight of gas utilities rates.

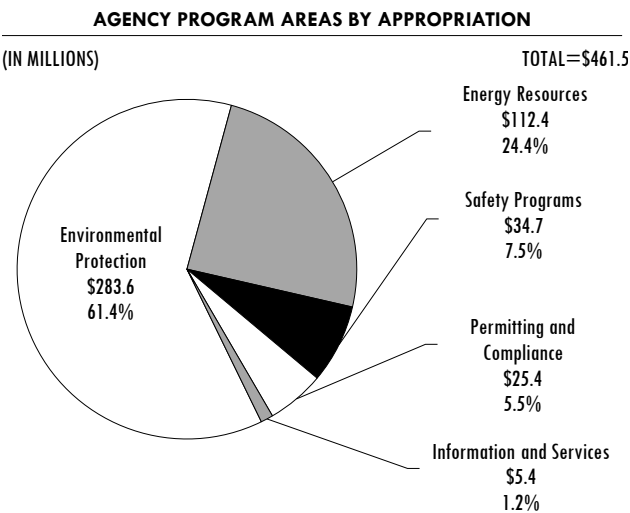
ESTABLISHED: 1891

AUTHORIZING STATUTE: The Texas Constitution, Articles X and XVI; the Texas Natural Resources Code

GOVERNANCE: Three statewide-elected officials

FIGURE 288
RAILROAD COMMISSION OF TEXAS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$323.7	\$194.7	(\$129.0)	(39.8%)
General Revenue–Dedicated Funds	\$162.6	\$153.8	(\$8.8)	(5.4%)
Federal Funds	\$142.9	\$108.6	(\$34.3)	(24.0%)
Other Funds	\$3.1	\$4.3	\$1.3	41.7%
Total, All Methods of Finance	\$632.3	\$461.5	(\$170.8)	(27.0%)

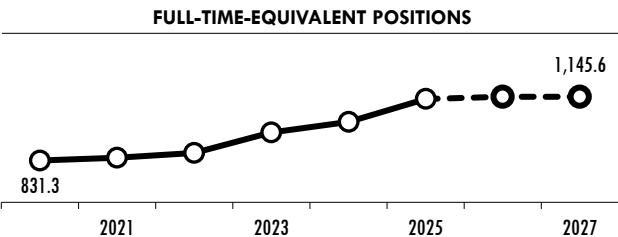


SIGNIFICANT DEVELOPMENTS

Appropriations provide **\$234.4 million in All Funds** for oil and gas **well plugging and remediation**, including **\$95.1 million in Federal Funds**, **\$109.4 million in General Revenue–Dedicated Funds** from Account No. 5155, Oil and Gas Regulation and Cleanup, and **\$29.9 million in General Revenue Funds**.

Appropriations provide **\$153.8 million in General Revenue–Dedicated Funds** from Account No. 5155, which supports the agency’s **regulation of oil and gas development**.

Funding for **pipeline safety and inspection** totals **\$24.4 million in All Funds** to support inspections of regulated systems at least once every five years.



Appropriations include **\$25.4 million in General Revenue Funds** and **120.0 full-time-equivalent positions** to continue ongoing efforts to identify and inspect critical energy infrastructure for **weather preparedness** and to establish **best practices to maintain service during extreme weather events**.

NOTES:
(1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
SOURCES: Legislative Budget Board; State Auditor’s Office.

MAJOR FUNDING

Appropriations for the Railroad Commission of Texas (RRC) total \$461.5 million in All Funds, a net decrease of \$170.8 million, or 27.0 percent, from 2024–25 biennial spending levels. A net decrease in General Revenue Funds, General Revenue–Dedicated Funds, and Federal Funds is offset by an increase in Other Funds.

General Revenue–Dedicated Funds appropriations consist entirely of funding from the General Revenue–Dedicated Account No. 5155, Oil and Gas Regulation and Cleanup, which is used to pay costs of regulating and monitoring the oil and gas industry, plugging abandoned wells, and cleaning up oil and gas sites. Revenue deposited to this account primarily includes production-related taxes and permitting fees paid by the oil and gas industry. Two such fees deposited to the credit of the account are: (1) a pumping fee of five-eighths of \$0.01 per barrel produced; and (2) a surcharge of no more than 185.0 percent of the original pumping fee.

The price of West Texas Intermediate crude oil, the main oil benchmark for North America, is considered one of the primary drivers of industry activity. Account No. 5155 experiences revenue decreases when the industry's activity records a downturn, such as the activity recorded during the second half of fiscal year 2020, which can result in revenue not being available to support appropriations. Agency appropriations from the account are estimated and include any revenue collections greater than amounts indicated in the Comptroller of Public Accounts' Biennial Revenue Estimate (BRE). However, not all balances in Account No. 5155 are available for the agency to spend. For example, an estimated \$5.6 million is required each fiscal year for employee benefits, which are paid through appropriations to the Employees Retirement System of Texas, and certain financial securities paid by oil and gas well operators related to specific well plugging insurance policies are held in escrow in the account. As of August 2025, approximately \$101.6 million of the account balance is estimated to be financial securities held in escrow.

General Revenue Funds and General Revenue–Dedicated Funds appropriated to the agency for the 2026–27 biennium decreased by a net \$137.8 million, or 28.3 percent from the 2024–25 biennial spending level. The decrease is due primarily to supplemental appropriations not available for 2026–27 biennium, including \$126.6 million from House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, and \$6.2 million from Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023.

The net decrease primarily includes a decrease of \$100.0 million in General Revenue Funds for emergency well plugging appropriated in House Bill 500, 2025, and a net decrease of \$25.3 million in All Funds for various information technology projects, including the following changes:

- a net increase of \$1.4 million in All Funds for the Mainframe Transformation Project, which includes an increase of \$9.7 million in General Revenue Funds for maintenance in the 2026–27 biennium, offset by onetime costs of \$8.2 million from Account No. 5155 and \$16,232 in General Revenue Funds from appropriations made in Senate Bill 30, 2023; and
- a decrease of \$26.7 million in General Revenue Funds, including \$0.1 million in onetime decreases for Cybersecurity and Data Governance information technology costs to comply with the Texas Government Code, Chapter 2054, as established in Senate Bill 475, Eighty-seventh Legislature, Regular Session, 2021, and \$26.6 million for increased appropriations in House Bill 500, 2025, including the following information technology projects:
 - \$7.7 million for new (\$4.7 million) and current (\$3.0 million) Data Center Services (DCS) costs;
 - \$7.7 million for a new Produced Water Injection Data Reporting System to collect produced water and injection data from well sites and make it available to industry, state regulators, and other interested parties;
 - \$6.3 million for a new Oversight and Safety Regulatory Filing and Permitting Systems to provide a new online filing system to (1) streamline utility company reporting through a paperless process; and (2) enhance RRC auditing capabilities related to the sale of natural gas;
 - \$2.7 million for a new Oil and Gas Authorized Pit Registration System to provide information about pits used to store or manage oil field fluids and oil and gas waste, particularly regarding size, location, and uses of fluids and waste; and
 - \$2.1 million to migrate the current geographic information system (GIS) from its current platform to a cloud-based platform.

The net decrease in General Revenue Funds and General Revenue–Dedicated Funds also is attributed to the following items:

- a net decrease of \$12.9 million in All Funds for vehicle purchases including: (1) \$6.2 million in All Funds, including \$4.7 million in General Revenue Funds and \$1.5 million from Account No. 5155 for supplemental appropriations in Senate Bill 30, 2023; (2) \$4.9 million in General Revenue Funds for supplemental appropriations in House Bill 500, 2025; and (3) \$1.8 million for the onetime purchase of pipeline safety inspector vehicles;
- a decrease of \$5.3 million in General Revenue Funds for various onetime costs, including \$2.8 million for supply-chain mapping, \$1.8 million for costs to digitize records for public access to historical records, and \$0.7 million for optical gas-imaging cameras;
- an increase of \$3.8 million in All Funds, including \$2.9 million in General Revenue Funds and \$0.9 million from Account No. 5155, to biennialize the statewide salary adjustments initiated during the 2024–25 biennium; and
- an increase of \$1.3 million in General Revenue Funds to provide an Underground Injection Well Investigation Team, including 5.0 full-time-equivalent (FTE) positions to investigate hydrogeologic phenomena resulting from the injection of produced water into subsurface formations; and
- an increase of \$0.3 million in General Revenue Funds, including 2.0 FTE positions to review complex cleanup projects and respond to public information requests about cleanup projects.

Federal Funds decreased by \$34.3 million from 2024–25 biennial spending levels, or 24.1 percent, due to anticipated available funding from the federal Infrastructure Investment and Jobs Act of 2021 (IIJA) to plug, remediate, and reclaim oil and gas wells. Texas could qualify for up to \$318.7 million in federal funding through fiscal year 2030 for this purpose. An initial grant of \$25.0 million was awarded to the state at the end of August 2022, and the agency submitted its application for Phase I of the Formula Grant in September 2023.

Other Funds for the agency increased by \$1.3 million, or 41.7 percent, from 2024–25 biennial spending levels, due primarily to increases including \$0.9 million from Appropriated Receipts and \$0.4 million from the

Anthropogenic Carbon Dioxide Storage Trust Fund based upon amounts anticipated to be available in the Comptroller of Public Accounts' BRE. The increased amount from this fund biennializes program funding for the 2026–27 biennium due to the U.S. Environmental Protection Agency delaying the delegation of primacy to the RRC for Class VI wells until fiscal year 2025. The agency was granted jurisdiction over carbon dioxide repositories, including rulemaking authority and the ability to assess civil, administrative, and criminal penalties, pursuant to House Bill 1284, Eighty-seventh Legislature, Regular Session, 2021.

PROGRAMS

The RRC regulates the state's oil and natural gas industries with activities organized in four major program areas: (1) environmental protection; (2) energy resources; (3) safety programs; (4) permitting and compliance; and (5) information and services.

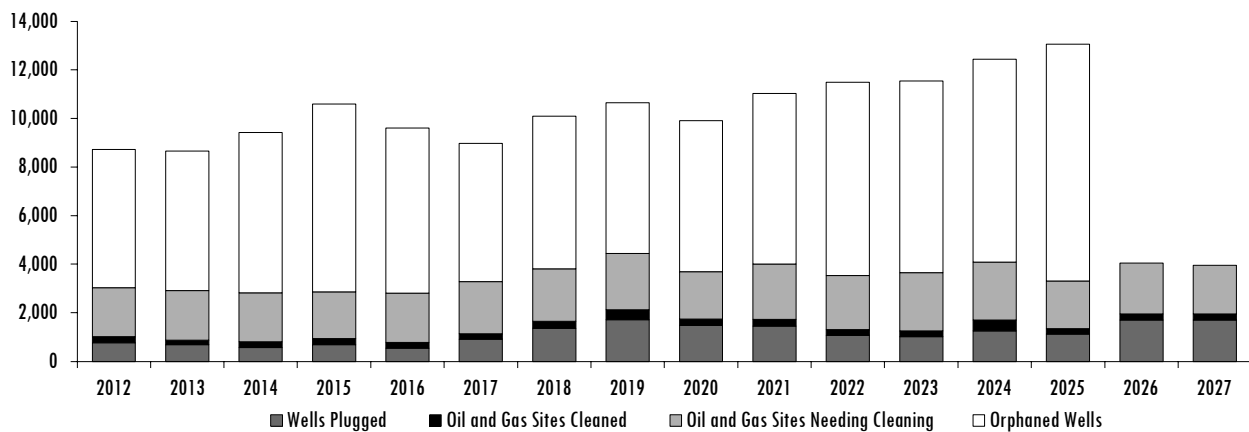
ENVIRONMENTAL PROTECTION

The environmental protection program area contains eight programs: (1) Oil and Gas Monitoring and Inspections, (2) Oil and Gas Well Plugging, (3) Operator Cleanup Assistance, (4) Surface Mining Reclamation, (5) Coal/Uranium Mining Applications and Permits, (6) Coal Mining Inspection and Enforcement, (7) Gas Utility Market Oversight, and (8) Gas Utility Audit.

Appropriations for the environmental protection program area are designed to support the production, storage, and delivery of Texas' fossil fuel energy in a manner that minimizes harmful effects on the state's environment and preserves natural resources. The agency accomplishes this goal through monitoring and inspections and through remediation, reclamation, and plugging of oil and gas wells. The agency also verifies that natural gas utility rates promote a safe and efficient supply of natural gas. RRC addresses these responsibilities through the following activities:

- distributing rules for regulated industries;
- registering organizations;
- maintaining financial assurance of operators;
- requiring and maintaining certain filings by operators;
- granting permits and licenses;
- monitoring performance and inspecting facilities;
- maintaining records and maps;

FIGURE 289
WELLS PLUGGED AND OIL AND GAS SITES CLEANED USING STATE FUNDS, FISCAL YEARS 2012 TO 2027



NOTE: Amounts for fiscal years 2026 and 2027 are estimated. No estimate is available for the total number of orphaned wells for these years.
 SOURCE: Railroad Commission of Texas.

- reviewing variance requests;
- investigating complaints and responding to emergencies; and
- plugging abandoned or orphaned oil and gas wells and cleaning up associated facilities and pollution sites.

The Oil and Gas Monitoring and Inspections program includes nine district offices across the state charged with overseeing oil and gas operations and enforcing environmental and safety rules. Field inspectors visited approximately 463,000 oil and gas wells and other related facilities during fiscal year 2025 to enforce agency-established environmental and safety rules. Producers filed 123,282 permit applications during fiscal year 2025. Appropriations total \$71.0 million in All Funds, a net decrease of \$8.3 million, or 10.5 percent, from 2024–25 biennial spending levels, and provide for 302.0 FTE positions. This decrease is due to the removal of onetime funding for DCS and GIS mapping items, trucks from Senate Bill 30, 2023, and oil and gas imaging equipment.

The Oil and Gas Well Plugging program plugs abandoned oil and gas wells that cause or threaten to cause pollution when a responsible operator either does not exist or fails to take the action necessary to prevent pollution. The agency used state funds to plug 2,376 abandoned wells during the 2024–25 biennium and identified 9,748 unplugged and orphaned wells as of August 2025. If an operator abandons its well or wells, RRC initiates enforcement actions to sever all the operator's leases, including collection actions on the operator's financial security. Many operators remain out of compliance with agency enforcement actions, and those cases are referred

to the Office of the Attorney General for further enforcement action, resulting in RRC's plugging of the operator's abandoned wells. The agency uses a rating system to determine the priority in which wells should be plugged. The rating system includes four categories and 26 rated factors of human health, safety, environment, and wildlife to determine which wells pose the greatest risk to public safety and the environment. Program appropriations total \$180.7 million in All Funds, a decrease of \$137.6 million, or 43.2 percent, from 2024–25 biennial spending levels and provide for 142.1 FTE positions. Primarily, this decrease is due to the appropriation of \$100.0 million for emergency well-plugging purposes in House Bill 500 and an anticipated reduction of \$34.4 million in Federal Funds through the IIJA.

Figure 289 shows the number of wells plugged and the number of polluted oil and gas sites cleaned up using state funds from fiscal years 2012 to 2027, with projected performance for the 2026–27 biennium. The number of wells plugged decreased overall from fiscal years 2012 to 2016 due to RRC's focus on several longer-term and complex cleanup and assessment activities. The agency also prioritized plugging offshore wells during this period, which is more costly than plugging land wells and may cost \$1.7 million or more per well, depending on various factors. The number of wells plugged began to rise during fiscal year 2017, increasing further during fiscal year 2018 after the agency was appropriated \$30.2 million in Other Funds from the Economic Stabilization Fund in the 2018–19 biennium for well plugging and site remediation. The agency projects that it will be able leverage the additional Federal Funding

through the IIJA to plug approximately 950 additional wells each fiscal year during the 2026–27 biennium.

The Operator Cleanup Assistance program oversees cleanups performed by the regulated community, which consists primarily of responsible party operators. Program appropriations total \$8.7 million in All Funds, which includes a decrease of approximately \$0.7 million, or roughly 8.4 percent, from 2024–25 biennial spending levels and provides for 7.2 FTE positions.

Through the Surface Mining Reclamation program, the agency regulates surface mining of coal and lignite, mining of iron ore, uranium exploration, and the reclamation of abandoned mine lands. The program's purpose is to reclaim and restore land and water resources and to protect the public from the adverse effects of mining practices in the state. Reclamation of abandoned surface mines typically consists of earthwork burial or treatment of unsuitable soil, typically acidic or radioactive soil; installation of erosion-control and water-control structures; and revegetation. Dangerous abandoned underground mine openings typically are closed by backfilling or capping with concrete or metal grating. The agency oversees contractors hired to perform these services. Funding for the program totals \$4.3 million in All Funds, a decrease of \$81,815, or 1.9 percent, from 2024–25 biennial spending levels and provides for 7.5 FTE positions.

Other mining programs include the Coal/Uranium Mining Applications and Permits program and the Coal Mining Inspection and Enforcement program. The Coal/Uranium Mining Applications and Permits program is appropriated \$6.0 million in All Funds, a decrease of \$0.5 million, or 7.1 percent, from 2024–25 biennial spending levels and provides for 24.6 FTE positions to process applications and permits. The Coal Mining Inspection and Enforcement Program is appropriated \$4.5 million in All Funds, which is a decrease of \$0.8 million, or 15.1 percent, from 2024–25 biennial spending levels and provides 16.4 FTE positions to conduct unannounced inspections of permitted sites and to assess penalties for violations. This decrease is due primarily to the reallocation of funding associated with Phase 4 of the Inspection/Enforcement Tracking and Reporting System from the Coal/Uranium Mining Applications and Permits program to the Underground Damage Prevention program.

Appropriations for the Gas Utility Market Oversight program total \$4.6 million in All Funds, an increase of \$80,457, or 1.8 percent, from 2024–25 biennial spending levels and provide 20.0 FTE positions for the regulation of

gas utilities. The Gas Utility Audit program funds audits of utilities to enforce proper payments of gas utility tax and monitors rates charged to customers for natural gas and services. Program appropriations total \$3.1 million in All Funds, a decrease of \$2.5 million, or 44.7 percent, from 2024–25 biennial spending levels and provide for 15.4 FTE positions. This decrease is due primarily to the additional funding provided for the Oversight and Safety Regulatory Filing and Permitting Systems in House Bill 500, 2025.

Funding for the environmental protection program area totals \$283.6 million in All Funds, a decrease of \$149.1 million, or 34.5 percent, from 2024–25 biennial spending levels and provides for 528.0 FTE positions during each fiscal year of the 2026–27 biennium.

ENERGY RESOURCES

The energy resources program area includes six programs: (1) Administrative Compliance, (2) Technical Permitting, (3) Groundwater Advisory Unit, (4) Alternative Fuels Training, (5) Oil and Gas Site Remediation, and (6) Brownfields Response Program.

Appropriations for the energy resources program area support the development, management, and use of Texas oil and gas energy resources, which protects correlative rights (legal rights protecting property of a portion of a gas or oil reservoir from excessive or wasteful withdrawal); promotes equal and fair energy access to all entities throughout the state; funds the inspection of critical gas-supply-chain infrastructure for emergency and weather preparedness; funds the cleanup of pollution of abandoned oil and gas sites; and provides incentives to remediate oil-and-gas-related pollution by applicants who did not cause or contribute to the contamination.

Administrative Compliance program appropriations total \$23.6 million in All Funds, a decrease of \$0.4 million, or approximately 1.5 percent, from 2024–25 biennial spending levels and support 71.3 FTE positions and agency activities, which include registering energy producers and monitoring well production and completions. RRC provides drilling permits, assigns production limits to oil and gas wells, and performs audits to confirm that production remains within those limits. The program also provides geographic information system (GIS) and well-mapping services to track and maintain data related to wells, pipelines, and other oil and gas infrastructure. GIS data is used extensively for planning, tracking, enforcement, and environmental assessment activities and serves as crucial information during a disaster.

Texas had 161,799 oil wells and 86,513 gas wells in production as of August 2023. Production allowables, which are amounts producers are permitted to extract from wells during a given year, are assigned according to factors such as tested well capability, reservoir mechanics, market demand for production, and past production.

Technical Permitting program activities include the issuance of drilling permits based on established spacing and density rules and in a manner to protect the public from surface storage of disposal of drilling waste by-product. Permitting programs include drilling application processing, management of wastes and protection of the public from surface storage or disposal, disposal and enhancement recovery wells, and underground hydrocarbon storage and brine mining. Program appropriations total \$30.0 million in All Funds, a decrease of \$15.2 million, or 33.6 percent, from 2024–25 biennial spending levels and provide for 104.1 FTE positions during each fiscal year of the 2026–27 biennium. This decrease is due primarily to a reallocation of funding from Technical Permitting program to the Groundwater Advisory Unit program.

The Groundwater Advisory Unit Program is appropriated \$9.8 million in All Funds, an increase of \$7.7 million or 348.9 percent from 2024–25 biennial spending levels, which provides for 8.6 FTE positions to review geological data that shows the presence and depth of usable-quality water that must be protected from oil and gas operations. This decrease is due primarily to a reallocation of funding from Technical Permitting program to the Groundwater Advisory Unit program.

The Alternative Fuels Training program provides education, qualifications, and recertification to individuals that handle liquefied petroleum gas (LPG) to promote safety and compliance with existing law and regulations. Program appropriations total \$3.9 million in All Funds, which is an increase of approximately \$1.1 million, or 41.1 percent, from 2024–25 biennial spending levels and provide for 10.7 FTE positions. This increase is attributable primarily to adjustments made to Appropriated Receipts related to training and examination fees to align funding with the Comptroller of Public Accounts' BRE.

The Oil and Gas Site Remediation program utilizes state funds to coordinate with district offices for the cleanup of pollution at abandoned oil and gas sites. These site cleanups can range from simple tank-battery cleanups requiring less than one day to complete to more complex cleanups requiring several years to properly evaluate, design, procure, and

ultimately complete. During the 2024–25 biennium, the agency completed 680 cleanup activities. Appropriations for the program total \$44.8 million in All Funds, a decrease of \$3.8 million, or 7.9 percent, compared to 2024–25 biennial spending levels, and provide for 75.9 FTE positions. This decrease is due to the removal of onetime funding for DCS and GIS mapping items.

The Brownfields Response Program encourages redevelopment of abandoned oil and gas sites by providing technical and financial support for remediation and redevelopment efforts to governmental entities and other participants that did not cause or contribute to the contamination. Funding for the program totals \$240,000 in All Funds for the 2026–27 biennium, which maintains 2024–25 biennial spending levels and provides for 2.0 FTE positions.

Funding for the energy resources program area totals \$112.4 million in All Funds, a decrease of \$10.6 million, or 15.1 percent, from 2024–25 biennial spending levels and provides for 272.6 FTE positions during each fiscal year of the 2026–27 biennium.

PERMITTING AND COMPLIANCE

Appropriations for the permitting and compliance program area include funding only for the Weather Preparedness program. These appropriations total \$25.4 million in General Revenue Funds, a net decrease of \$4.5 million, or 15.1 percent, from 2024–25 biennial spending levels and provide for 120.0 FTE positions to analyze, identify, and inspect critical gas service infrastructure for emergency preparedness and weatherization compliance to help maintain electricity production and distribution in the event of natural or human-caused disasters or other catastrophic events. This decrease is due primarily to the removal of onetime funding for the Electric Supply Chain Mapping Automation project and trucks appropriated through Senate Bill 30, 2023.

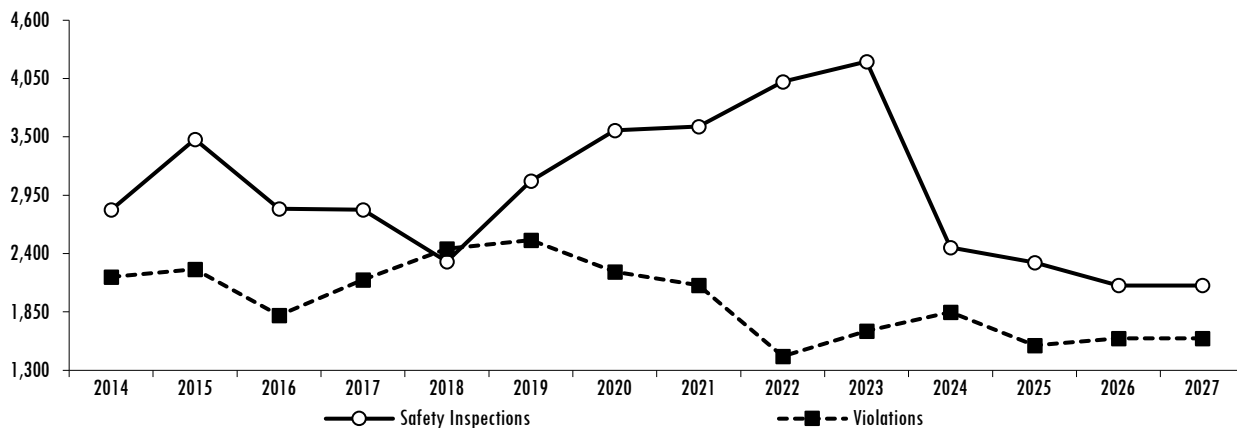
SAFETY PROGRAMS

The safety program area includes three programs: (1) Pipeline Safety/Inspections, (2) Underground Damage Prevention, and (3) Alternative Fuels Licensing and Regulation.

Appropriations to the safety programs area support the promotion and advancement of safety related to pipeline operations and the use of petroleum products through training, monitoring, and enforcement activities.

The Pipeline Safety/Inspections program enforces pipeline operator compliance with federal and state laws and regulates the safety and integrity of intrastate natural gas

FIGURE 290
RAILROAD COMMISSION PIPELINE SAFETY INSPECTIONS AND VIOLATIONS
FISCAL YEARS 2014 TO 2027



NOTE: Amounts for fiscal years 2026 and 2027 are estimated.
 SOURCE: Railroad Commission of Texas.

pipelines, hazardous liquid pipelines, and carbon dioxide pipelines in Texas. The agency issues licenses and permits, conducts field inspections and accident investigations, and responds to emergencies. Appropriations for the program total \$24.4 million in All Funds, a net decrease of \$4.7 million, or 16.1 percent, from 2024–25 biennial spending levels, and support 159.2 FTE positions. This decrease is primarily due to the removal of onetime funding related to trucks provided in Senate Bill 30, 2023, and from the 2024–25 biennium.

The agency is certified by the U.S. Department of Transportation to enforce federal pipeline safety regulations for intrastate pipeline facilities, pursuant to the federal Pipeline Safety Act. **Figure 290** shows the number of safety inspections the agency has performed from fiscal years 2014 to 2027, and the number of violations found through those inspections.

The Underground Damage Prevention program focuses on compliance and enforcement activities related to the movement of earth near pipelines and provides educational presentations to affected stakeholders statewide to prevent pipeline damage. Program appropriations total \$4.4 million in All Funds, an increase of \$3.0 million, or 215.7 percent, from the 2024–25 biennium and provides for 6.0 FTE positions. This increase is due primarily to increased funding for Phase 5 of the Inspection Electronic Tracking and Reporting System being reallocated from the Coal Mining Inspection and Enforcement program.

The Alternative Fuels Licensing and Regulation program licenses and registers individuals and entities engaged in the LPG, compressed natural gas (CNG), and liquefied natural gas (LNG) industries, including cargo-tank motor vehicles. Additionally, the program regulates LPG, CNG, and LNG by distributing safety rules, conducting inspections, and engaging in enforcement actions. The program is appropriated \$5.9 million in All Funds for the 2026–27 biennium, a decrease of \$4.8 million, or 45.0 percent, from 2024–25 biennial spending levels and provides for 33.3 FTE positions. This decrease is due primarily to the funding appropriated for the Oversight and Safety Regulatory Filing and Permitting Systems in House Bill 500, 2025.

The safety programs area is appropriated \$34.7 million in All Funds, a decrease of \$6.5 million, or 15.9 percent, from 2024–25 biennial spending levels and provides for 198.5 FTE positions.

INFORMATION AND SERVICES

The information and services program area works to maximize electronic government transactions and minimize paper transactions by developing technological enhancements that promote efficient regulatory programs and preserve and increase public access to information through the agency's Public Information and Services program. Program activities include providing public access to oil and gas records. The program is appropriated \$5.4 million in All Funds, a decrease of \$71,118, or 1.3 percent, from 2024–25 biennial spending levels and provides for 26.5 FTE positions.

SIGNIFICANT LEGISLATION

Senate Bill 1150 – Management of inactive oil and gas wells. Effective September 1, 2027, the legislation adds provisions that govern plugging of inactive wells that are subject to oversight by the RRC and establishes criteria for granting extensions to operators for plugging inactive oil and gas wells under RRC jurisdiction, which includes requiring the operator to submit a compliance plan to either plug the well or make it productive by September 1, 2042.

The legislation also establishes reporting requirements, including: (1) an annual operator report for each inactive well for which 15 years have passed since the compliance plan was submitted for the well, including the results of a successful fluid level test or hydraulic pressure test of the well; and (2) a report produced by the agency and submitted annually by December 1 to the Governor, Lieutenant Governor, and each member of the Legislature containing general information regarding inactive wells in the state and the financial assurance methods used by operators.

Senate Bill 1150 requires RRC to establish an administrative penalty for violations of the legislation and to adopt rules to implement its provisions by December 31, 2026, to be effective no later than September 1, 2027.

The Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, Article IX, Section 18.57, specifies that the agency must use existing biennial appropriations to implement the bill's provisions.

TEXAS STATE SOIL AND WATER CONSERVATION BOARD

PURPOSE: To work in conjunction with local soil and water conservation districts to encourage wise and productive use of natural resources, including soil conservation projects, flood-control dam construction and maintenance, management and abatement of agricultural and silvicultural (forestry-related) nonpoint source water pollution, and water supply enhancement.

ESTABLISHED: 1939

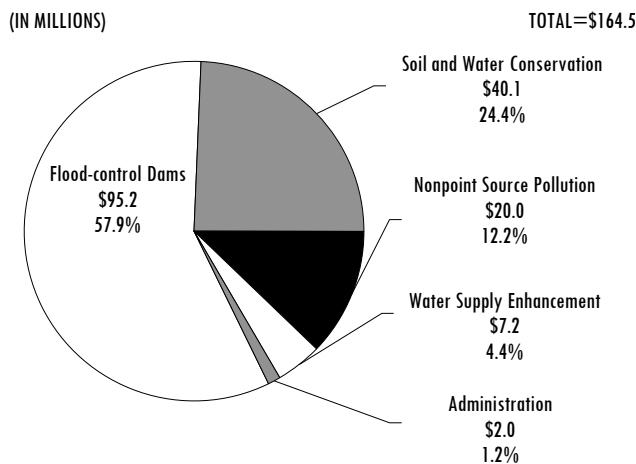
AUTHORIZING STATUTE: The Texas Agriculture Code, §201.001

GOVERNANCE: Five elected members and two members appointed by the Governor

FIGURE 291
TEXAS STATE SOIL AND WATER CONSERVATION BOARD BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$101.9	\$91.2	(\$10.8)	(10.6%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$64.7	\$73.3	\$8.5	13.2%
Other Funds	\$0.0	\$0.0	\$0.0	0.0%
Total, All Methods of Finance	\$166.7	\$164.5	(\$2.2)	(1.3%)

AGENCY PROGRAM AREAS BY APPROPRIATION



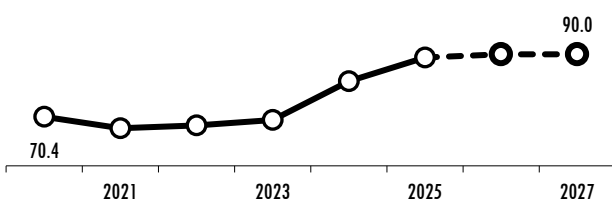
SIGNIFICANT DEVELOPMENTS

Funding for rehabilitation and repair efforts of flood-control dams totals **\$95.2 million in All Funds**, which includes funding for new projects and project cost inflation, and continues funding for projects initiated during previous fiscal years.

Funding for the **On-the-Ground Conservation Program** totals **\$22.7 million in All Funds**, or **56.6 percent** of all funding for Soil and Water Conservation Districts, which includes an increase of **\$9.7 million** to implement the Texas Climate-Smart Initiative, providing financial incentives to producers.

Funding for **Rio Grande carrizo cane eradication** totals **\$7.2 million in General Revenue Funds**, which includes funding for the eradication of carrizo cane on 7,000 acres of riverbanks and flood plains along the Rio Grande.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the Texas State Soil and Water Conservation Board (TSSWCB) total \$164.5 million in All Funds, a net decrease of \$2.2 million, or 1.3 percent, from 2024–25 biennial spending levels.

General Revenue Funds total \$91.2 million, a net decrease of \$10.8 million, or 10.5 percent, from 2024–25 biennial spending levels, primarily due to the removal of \$11.2 million in onetime funding for flood-control dams for unexpended balances carried forward from fiscal year 2023 into the 2024–25 biennium, offset by increases of \$0.2 million to provide 1.0 full-time-equivalent (FTE) position for a new flood-control dam safety engineer, and \$0.2 million to biennialize the statewide salary adjustments included in the 2024–25 appropriations.

Federal Funds total \$73.3 million, an increase of \$8.5 million, or 13.2 percent, from 2024–25 biennial spending levels, primarily due to a federal subaward received from the Texas A&M AgriLife Extension Service for the implementation of the Texas Climate-smart Initiative.

PROGRAMS

The agency carries out its responsibilities through five program areas: (1) soil and water conservation; (2) flood-control dams; (3) nonpoint source pollution; (4) water supply enhancement; and (5) administration.

SOIL AND WATER CONSERVATION

The soil and water conservation program area consists of seven programs that provide assistance to local districts and the public. The agency provides financial, technical, and program-management assistance for the development of district soil and water conservation programs to the state's 216 local soil and water conservation districts (SWCD).

GRANT PROGRAMS

Three programs provide grants to SWCDs: (1) the Conservation Assistance Grants program; (2) the Soil and Water Conservation District Operations program; and (3) the Conservation Implementation Assistance Grants program. Appropriations for these programs total \$12.0 million in All Funds, which is a decrease of \$1.2 million, or 8.9 percent, from 2024–25 biennial spending levels.

The Conservation Assistance Grants program provides matching grants for daily operating expenses of SWCDs. Locally raised funds typically consist of grants from the

federal government or private entities because SWCDs do not have taxing authority. Funding totals \$3.2 million in General Revenue Funds, which maintains 2024–25 biennial spending levels.

The Soil and Water Conservation District Operations program provides financial support to SWCD offices, which typically are co-located with U.S. Department of Agriculture Natural Resource Conservation Service offices. Funding totals \$1.2 million in General Revenue Funds, which maintains 2024–25 biennial spending levels. The financial support to SWCDs provides for operating expenses incurred implementing local, state, and federal conservation programs.

The Conservation Implementation Assistance Grants program provides SWCDs with funds to employ experts for various projects and to provide technical planning assistance regarding natural resource conservation to owners and operators of agricultural and other lands. Funding totals \$7.5 million in All Funds, which is a decrease of \$1.2 million, or 13.4 percent, from 2024–25 biennial spending levels. The decrease is primarily due to anticipated reductions in available Federal Funds.

FIELD REPRESENTATIVE SUPPORT

The Field Representatives program provides support to field representatives that serve as liaisons to communicate and coordinate with SWCDs. The program provides technical guidance and administrative support to all districts, assisting with identifying and meeting local soil and water resource needs. Funding totals \$4.1 million in General Revenue Funds, including 18.0 FTE positions, which is an increase of \$0.1 million, or 3.3 percent, from 2024–25 biennial spending levels.

ON-THE-GROUND CONSERVATION PROGRAM

The On-the-ground Conservation Program established by Senate Bill 1118, Eighty-seventh Legislature, Regular Session, 2021, authorizes TSSWCB to form partnerships with other state and federal agencies, SWCDs, local governments, nonprofit organizations, universities, and non-governmental and private organizations to leverage funds from multiple sources and address a wide variety of conservation projects.

In June 2023, TSSWCB received a federal subaward from the Texas A&M AgriLife Extension Service for \$41.9 million in Federal Funds to be used through May 2028 to develop a new Climate-smart Agriculture and Forestry management plan to provide financial incentives to producers, including

an additional 7.0 FTE positions to administer the program that are continued in the 2026–27 biennium.

Funding for the On-the-ground Conservation Program totals \$22.7 million in All Funds, which is an increase of \$9.7 million, or 75.2 percent, from 2024–25 biennial spending levels, and provides for 8.0 FTE positions. The increase is primarily due to the federal subaward received from the Texas A&M AgriLife Extension Service for the implementation of the Texas Climate-smart Initiative.

PUBLIC EDUCATION AND INFORMATION

The Soil and Water Conservation Public Education and Information program provides coordination of informative and educational programs related to the agency and its programs, services, operations, and resources. Funding totals \$0.2 million in General Revenue Funds, including 1.0 FTE position, which continues 2024–25 biennial spending levels.

ADMINISTRATIVE FUNCTIONS

The Soil and Water Conservation District Mileage and Per Diem Reimbursement program provides funds to reimburse SWCD directors for travel expenses they incur while performing their duties. Funding totals \$1.1 million in General Revenue Funds, which maintains 2024–25 biennial spending levels.

The Soil and Water Conservation program area is appropriated \$40.1 million in All Funds, which is an increase of \$8.7 million, or 27.8 percent, from 2024–25 biennial spending levels and provides for 27.0 FTE positions. The increase is primarily due to a net increase in Federal Funds, including a new federal subaward received from the Texas A&M AgriLife Extension Service for the implementation of the Texas Climate-smart Initiative, which offsets a reduction in other Federal Funds that no longer will be available.

FLOOD-CONTROL DAMS

The flood control dam program area includes the Flood Control Dam Grants program, which assists local districts in the operation and maintenance of flood-control dams.

TSSWCB uses appropriations to reach cost-share agreements with local SWCDs for flood-control dam maintenance and structural repair projects. Of the state's 2,038 flood-control dams, 180 require structural repairs, 609 require high-hazard upgrades, and many others require maintenance. For flood-control dam structural repair projects, the state covers 100.0 percent of the cost of repair

or the cost for a high-hazard upgrade and provides the full 35.0 percent of the required matching funds for federally funded rehabilitation projects. For maintenance projects, the state pays 90.0 percent of the cost, and the remaining funds are paid from local or private funds.

Flood Control Dam Grants program funding totals \$95.2 million in All Funds and provides for 9.8 FTE positions. This amount represents a decrease of \$11.1 million, or 10.5 percent, from 2024–25 biennial spending levels. The decrease is primarily due to the removal of one-time funding from remaining unexpended balances totaling \$11.2 million in General Revenue Funds being carried forward from fiscal year 2023 into the 2024–25 biennium, offset by an increase of \$0.2 million in General Revenue Funds with 1.0 FTE position for a new flood-control dam safety engineer.

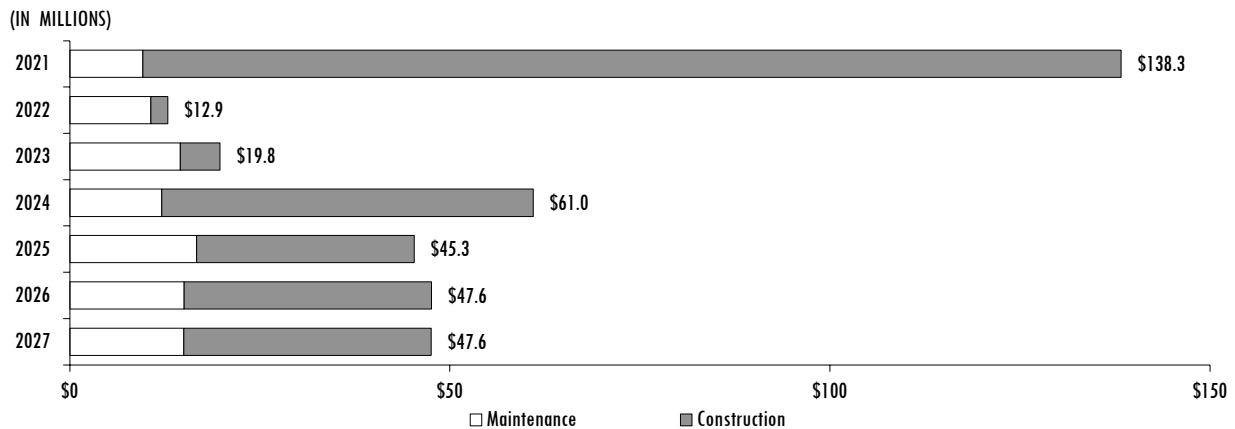
Figure 292 shows expended amounts for flood-control dam maintenance and construction from fiscal years 2021 to 2023 and appropriated amounts from fiscal years 2024 to 2027. Maintenance costs include structural repairs, such as major repairs to damaged dams, and rehabilitation, such as improvements to increase hazard or size classification of flood-control dams statewide. These dams typically are earthen structures that were built on private property during the 1950s with the assistance of the federal government to help prevent flooding. Construction costs include all costs involving the development of new flood-control dams.

NONPOINT SOURCE POLLUTION

The Nonpoint Source Pollution program area provides for the abatement of nonpoint source pollution caused by agricultural and silvicultural (forestry-related) uses of the state's soil and water resources through three programs: (1) the Nonpoint Source Grants program; (2) the Water Quality Management Plan program; and (3) the Poultry Water Quality Management Plan program. Nonpoint source pollution affects water bodies contaminated by agricultural or urban runoff flow into rivers or watersheds. TSSWCB administers all state programs for abating nonpoint source pollution and represents the state before the federal government in all matters related to agricultural and silvicultural nonpoint source pollution.

The Nonpoint Source Grants program funds projects intended to control and abate nonpoint source pollution. The agency implements these projects through a statewide management plan intended to control nonpoint source pollution and develop pollution-abatement plans for

FIGURE 292
FLOOD-CONTROL DAM FUNDING MAINTENANCE AND CONSTRUCTION
FISCAL YEARS 2021 TO 2027



NOTE: Amounts shown for fiscal years 2021 to 2023 are expended; amounts shown for fiscal years 2024 to 2027 are appropriated.
 SOURCE: Legislative Budget Board.

designated agricultural areas. As part of the development of individual water quality management plans, TSSWCB identifies areas with the potential for water quality problems resulting from agricultural and silvicultural uses. Funding totals \$9.2 million in All Funds, including 11.0 FTE positions, which maintains 2024–25 biennial spending levels.

The Water Quality Management Plan program provides incentives to agricultural producers and other rural landowners to participate in voluntary nonpoint source pollution mitigation practices. The program provides planning assistance and financial incentives to agricultural producers for implementing the best management practices and obtaining whole-farm-certified quality management plans. Funding totals \$9.9 million in General Revenue Funds, including 23.0 FTE positions, which maintains 2024–25 biennial spending levels.

The Poultry Water Quality Management Plan program administers water quality management plans for poultry producers in the state. All poultry farms are required by law to have a water quality management plan certified by TSSWCB. Funding totals \$0.8 million in General Revenue Funds, including 6.0 FTE positions, which maintains 2024–25 biennial spending levels.

Appropriations for the Nonpoint Source Pollution program area total \$20.0 million in All Funds and provide for 40.0 FTE positions, an increase of \$0.1 million, or 0.5 percent, from 2024–25 biennial spending levels.

WATER SUPPLY ENHANCEMENT

The Water Supply Enhancement program area is intended to protect and enhance the state's water supply, increase water conservation, and enhance water yields through the Rio Grande Carrizo Cane Eradication program. The program addresses non-native, invasive carrizo cane strands that occupy the banks and flood plains of the Rio Grande, with the intent of improving law enforcement efforts along the international border and improving access to riverbanks. Appropriations for the program total \$7.2 million in General Revenue Funds, including 5.0 FTE positions, continuing 2024–25 biennial spending levels.

ADMINISTRATION

Appropriations for the administration program area include funding for the Indirect Administration program only. These appropriations provide funding for the governing board, executive director, human resources, budgeting and accounting, and other administrative functions. Funding totals \$2.0 million in General Revenue Funds, including 10.0 FTE positions, an increase of \$0.1 million, or 7.8 percent, from 2024–25 biennial spending levels. The increase is primarily due to biennializing the statewide salary adjustments included in the 2024–25 appropriations.

TEXAS WATER DEVELOPMENT BOARD

PURPOSE: To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas.

ESTABLISHED: 1957

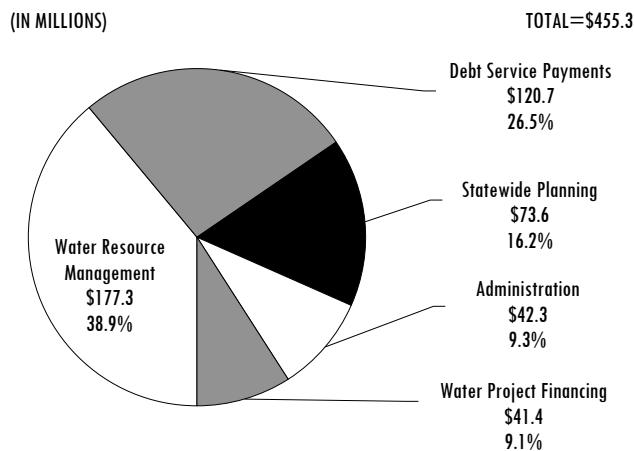
AUTHORIZING STATUTE: The Texas Constitution, Article III, §§49–50; the Texas Water Code, Chapters 6, 11, 15–17, 35–36; the Texas Government Code, Chapter 742

GOVERNANCE: Three-member, full-time board appointed by the Governor with the advice and consent of the Senate

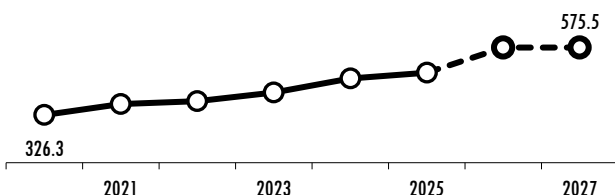
FIGURE 293
TEXAS WATER DEVELOPMENT BOARD BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,075.5	\$197.9	(\$1,877.6)	(90.5%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$135.0	\$102.0	(\$33.0)	(24.4%)
Other Funds	\$1,105.9	\$155.4	(\$950.5)	(85.9%)
Total, All Methods of Finance	\$3,316.3	\$455.3	(\$2,861.0)	(86.3%)

AGENCY PROGRAM AREAS BY APPROPRIATION



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

SIGNIFICANT DEVELOPMENTS

Approved water projects are supported by \$3.8 billion available outside the appropriations process: Water Development Fund II, \$206.8 million; State Water Implementation Revenue Fund for Texas, \$167.9 million; State Water Implementation Fund for Texas (SWIFT), \$1.6 billion; Clean Water State Revolving Fund (CWSRF), \$273.9 million; Drinking Water State Revolving Fund (DWSRF), \$209.9 million; Flood Infrastructure Fund, \$1.0 billion; and Texas Water Fund (TWF), \$345.4 million.

Funding provides **\$2.6 billion in All Funds for water finance and infrastructure funding** through House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, including **\$881.0 million from the TWF to assist in financing projects** and **\$1.8 billion from the General Revenue Fund including \$1.0 billion for general water infrastructure; \$581.0 million for specific local projects; \$83.0 million for the DWSRF; and \$48.3 million for the CWSRF.**

SWIFT funding totaling \$2.9 billion was committed to 23 entities during fiscal year 2025. Through fiscal year 2025, SWIFT has committed more than **\$17.4 billion for water and wastewater projects across Texas.**

Water bond debt service funding totals \$120.7 million in All Funds, including \$72.8 million for Economically Distressed Areas bonds, \$42.4 million for Water Infrastructure bonds, and \$5.4 million for Rural Water Assistance Fund bonds.

MAJOR FUNDING

Appropriations for the Texas Water Development Board (TWDB) total \$455.3 million in All Funds, a decrease of \$2,861.0 million, or 86.3 percent, from 2024–25 biennial spending levels.

Significant funding changes from 2024–25 spending levels include a net decrease of \$1.9 billion in General Revenue Funds, or 90.5 percent, and an increase of 22.0 full-time-equivalent (FTE) positions, primarily due to the following changes:

- a decrease of \$1.8 billion in supplemental appropriations provided in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, which includes the following amounts:
 - \$1.0 billion for flood and water-supply infrastructure project grants to be administered as determined by TWDB, of which \$13.0 million is required to be transferred by TWDB to the Texas Water Fund Administrative Fund (TWFAF) as part of the contingency funding to implement the provisions of Senate Bill 7, Eighty-ninth Legislature, Regular Session, 2025, related to the oversight and financing of certain water infrastructure matters within TWDB's jurisdiction;
 - \$581.0 million for specific flood and water-supply infrastructure project grants to various local entities;
 - \$83.0 million for deposit to the Drinking Water State Revolving Fund (DWSRF) to be used for a state match for various water infrastructure projects. These matching funds are anticipated to draw \$440.8 million in Federal Funds for capitalization grants;
 - \$48.3 million for deposit to the Clean Water State Revolving Fund (CWSRF) to be used for a state match for various water infrastructure projects. These matching funds are anticipated to draw \$273.8 million in Federal Funds for capitalization grants; and
 - \$5.4 million for information technology (IT) projects, including \$2.7 million for a Microsoft server migration (\$1.5 million) and additional staff resources for risk mitigation (\$1.2 million), and \$2.7 million for Data Center Services (DCS) cost increases to address current obligations;
- a net decrease of \$136.7 million for various water project grants, which include the following amounts:
 - \$106.9 million for various local water infrastructure projects, including \$50.0 million for the Lake Houston Dam Spillway, \$28.0 million for erosion mitigation along the Brazos River in Fort Bend County, \$16.9 million for the Poor Farm Ditch in Harris County, and \$12.0 million for a detention basin project in Harris County;
 - \$28.0 million for flood mitigation infrastructure in the Lower Clear Creek Watershed (\$10.0 million) and the Halls Bayou Watershed (\$18.0 million); and
 - a net decrease of \$1.8 million for a wastewater infrastructure project in Columbus, which includes an additional \$1.4 million during the 2026–27 biennium to finish the project;
- a decrease of \$3.1 million for the removal of funding for various onetime expenditures, including the following amounts:
 - \$1.5 million for various administrative and startup expenses related to FTE position increases that occurred during the 2024–25 biennium to provide additional staff and agency resources;
 - \$1.3 million for Economically Distressed Areas Program (EDAP) debt service, which was reallocated to address DCS costs; and
 - \$0.3 million for motor vehicle replacements appropriated in the supplemental appropriations bill Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023;
- an increase of \$18.0 million to provide salary adjustments; new information technology; and additional staff and resources to support financial assistance programs, data collection analysis, the TexMesonet hydrometeorological network, additional research grant funding, and to improve the management of floodplains and grants, which includes the following amounts:
 - \$7.5 million and 2.0 FTE positions to provide grants to groundwater conservation districts to conduct projects and programs for groundwater research, science, and data collection that benefit local groundwater management and planning;

- \$3.2 million and 20.0 FTE positions for additional staff resources and support for financial assistance programs and administration;
- \$3.2 million for salary adjustments, including \$2.2 million to biennialize the statewide salary adjustments included in the 2024–25 appropriations and \$1.0 million for targeted salary increases;
- \$2.0 million in General Revenue Funds for TWDB to implement and maintain a statewide floodplain management and grant management system in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, Article VI, TWDB, Rider 27, Statewide Floodplain and Grant Management System;
- \$1.7 million and 2.0 FTE positions for data collection and analysis, including \$0.8 million for surface water programs and \$0.4 million for groundwater programs; and
- \$0.9 million to support the buildout of mesonet (weather) stations across Texas and to expand the existing network of regional partnerships to increase statewide coverage of the TexMesonet hydrometeorological network led by TWDB.

Significant funding changes from 2024–25 spending levels also include a net decrease of \$950.5 million in Other Funds, or 86.3 percent, and an increase of 34.0 FTE positions primarily due to the following changes:

- a decrease of \$511.2 million from the Texas Infrastructure Resiliency Fund (TIRF), which primarily includes the following supplemental appropriations made in House Bill 500, 2025:
 - \$264.0 million in unexpended balance authority for estimated remaining balances within the Hurricane Harvey subaccount of the TIRF for matching funds for Federal Emergency Management Agency (FEMA) Public Assistance grants related to Hurricane Harvey disaster recovery, which were appropriated initially in Senate Bill 500, Eighty-sixth Legislature, Regular Session, 2019;
 - \$219.5 million in unexpended balance authority for estimated remaining balances within the Hurricane Harvey subaccount of the TIRF

for matching funds for FEMA for Hazard Mitigation grants related to Hurricane Harvey disaster recovery, initially appropriated in Senate Bill 500; and

- \$27.7 million resulting from estimated expenditures reported in fiscal year 2025;
- a decrease of \$375.0 million from the Flood Infrastructure Fund (FIF) resulting from estimated expenditures reported during fiscal year 2025;
- a net decrease of \$75.4 million for debt service including the following amounts:
 - a net decrease of \$78.9 million from the Water Infrastructure Fund (WIF) due to the completion of WIF debt service payments and the appropriation of estimated remaining WIF balances;
 - a net increase of \$2.7 million from the Rural Water Assistance Fund (RWAFF) from anticipated loan repayment proceeds for debt service payments on interfund debt; and
 - an increase of \$1.3 million from the Economically Distressed Areas Bond Payment Account for anticipated increases in EDAP bond repayment proceeds available for EDAP debt service payments;
- a decrease of \$1.4 million from Appropriated Receipts primarily due to anticipated decreases in stream gage maintenance;
- a decrease of \$0.3 million from the Water Assistance Fund due to anticipated loan repayment revenues ending and the fund balance becoming exhausted;
- an increase of \$8.5 million in TWFAF and 34.0 FTE positions to address the new water supply conveyance coordination responsibilities, to assist with increased reporting requirements related to the Texas Water Fund (TWF) and providing technical assistance to applicants seeking financial assistance from TWDB to implement the provisions of Senate Bill 7. The TWFAF was established in Senate Bill 7 to receive transfers of up to 2.0 percent of annual deposits occurring to TWF to pay for necessary and reasonable expenses of administering the TWF; and
- a net increase of \$4.2 million in the Agricultural Water Conservation Fund (AWCF) to appropriate

the anticipated remaining AWCF balance to issue conservation-related grants and loans.

Significant funding changes from amounts during the 2024–25 biennium also include a net decrease of \$33.0 million in Federal Funds, or 24.4 percent, and an increase of 30.0 FTE positions primarily due to the following changes:

- a decrease of \$37.9 million for federal Flood Mitigation Assistance (FMA) grant funding due to the expenditure of remaining balances from previous fiscal year obligations occurring in fiscal year 2024;
- an increase of \$4.8 million and 30.0 FTE positions for administering financial assistance from the federal–state revolving fund programs for the CWSRF (\$2.4 million and 15.0 FTE positions) and DWSRF (\$2.4 million and 15.0 FTE positions); and
- a net increase of \$0.1 million primarily due to minimal anticipated increases in various federal grant programs.

In addition to the amounts provided in House Bill 500, funding available to TWDB outside the appropriations process totals \$4.7 billion in Other Funds from General Obligation Bond and Revenue Bond Proceeds, loan repayments, Federal Funds, and interest income, including: \$206.8 million from the Water Development Fund II (DFund II); \$1.0 billion from the FIF; \$345.4 million from the TWF; \$1167.9 million from the State Water Implementation Revenue Fund for Texas (SWIRFT); \$1.6 billion from the State Water Implementation Fund for Texas (SWIFT); \$273.9 million from the CWSRF; and \$209.9 million from the DWSRF.

PROGRAMS

TWDB has five program areas: (1) water resource management, (2) statewide planning, (3) water project financing, (4) debt service payments, and (5) administration.

WATER RESOURCE MANAGEMENT

The water resource management program area includes 13 programs through which TWDB guides the conservation and management of the state's water resources. The science and data gathered through these programs informs decisions about how best to manage the state's water resources.

The agency has four subareas within the water resource management program area: (1) data collection and dissemination;

(2) water resource data; (3) technical assistance for conservation; and (4) state and federal flood programs. Appropriations for the water resource management program area total \$177.3 million in All Funds, or 38.9 percent of the agency's All Funds appropriations, and support 160.0 FTE positions. This amount is a net decrease of \$492.0 million in All Funds, or 73.5 percent, from 2024–25 biennial spending levels.

DATA COLLECTION AND DISSEMINATION

The planning process at TWDB is supported by ongoing collection of basic data. Data collection determines the location, quantity, and quality of surface water and groundwater resources across the state. TWDB conducts localized and regional groundwater studies and prepares reports on these studies for use by individuals, municipalities, industry, and other state agencies involved in developing and managing groundwater resources. Within the data collection and dissemination subarea are the following programs: (1) Bays and Estuaries; (2) Groundwater Monitoring; (3) Hydrosurvey; (4) Instream Flows; (5) Strategic Mapping; and (6) TexMesonet.

The Bays and Estuaries program is responsible for collecting, analyzing, and disseminating physical and chemical water-quality data, which monitors the effects of freshwater inflows upon bays and estuaries; developing hydrologic and hydrodynamic models; and providing administrative and technical assistance to the environmental flows process. Appropriations for the Bays and Estuaries program total \$2.1 million in All Funds and support 6.0 FTE positions. This amount is a net increase of \$48,968, or 2.4 percent, from 2024–25 biennial spending levels. The net increase is due primarily to increases for targeted salary increases.

The Groundwater Monitoring program measures water levels and water quality in wells across the state. This information is used for water planning, groundwater management, drought monitoring, and the development of groundwater resources by individual landowners, water providers, and industry. Appropriations for the Groundwater Monitoring program total \$3.3 million in All Funds and support 15.7 FTE positions. This amount is a net increase of \$1.2 million in All Funds, or 55.0 percent, from 2024–25 biennial spending levels. The net increase is due primarily to increases for additional staff and resources to perform groundwater data collection and analysis and targeted salary increases.

The Hydrosurvey program measures how quickly the state's reservoirs are filling up with sediment. The information is used

to revise volume estimates that help state monitors understand how much water is available for use. Appropriations for the Hydrosurvey program total \$1.3 million in All Funds and support 6.8 FTE positions. This amount is a net decrease of \$1.6 million in All Funds, or 54.5 percent, from 2024–25 biennial spending levels due primarily to anticipated decreases in Other Funds from Appropriated Receipts related to stream gage maintenance and reallocations.

The Instream Flows program collects data on stream flows and lake levels. This information is used to monitor water supplies during drought, observe and plan for floods, evaluate water supplies, and help implement the water plan. Appropriations for the Instream Flows program total \$2.2 million in All Funds and support 5.5 FTE positions. This amount is a net increase of \$0.7 million in All Funds, or 45.8 percent, from the 2024–25 biennial spending levels. The net increase is due primarily to funding for additional staff and resources to perform surface water data collections and analysis.

The Strategic Mapping program develops geographic data resources and provides data products online for government, commercial business, and the public. The program administers the state's High-priority Imagery and Data Sets contract for the Texas Council on Competitive Government. Appropriations for the Strategic Mapping program total \$18.0 million in All Funds and support 18.0 FTE positions. This amount is a net increase of \$6.0 million in All Funds, or 50.1 percent, from 2024–25 biennial spending levels, which is due primarily to the reallocation of TIRF funds for strategic mapping purposes.

The TexMesonet program collects hydrometeorological data (temperature, precipitation, humidity, pressure, wind, solar radiation, and soil moisture) from sites operated by the TWDB and other partners and aggregates the information into a central online repository. The program provides near real-time coverage in support of severe weather events including floods, fire, and drought, as well as public safety, agricultural productivity, and research efforts. Appropriations for the TexMesonet program total \$2.6 million in All Funds and support 5.0 FTE positions. This amount is a net increase of \$0.8 million in All Funds, or 44.8 percent, from 2024–25 biennial spending levels. The net increase is due primarily to additional funding provided to support the buildout of mesonet (weather) stations across Texas and to expand the existing network of regional partnerships to increase statewide coverage.

Appropriations for the data collection and dissemination subarea programs total \$29.6 million in All Funds and

support 57.0 FTE positions. This amount is a net increase of \$7.2 million in All Funds, or 32.2 percent, from 2024–25 biennial spending levels.

WATER RESOURCES DATA

The water resources data subarea includes the following programs: (1) Innovative Water Strategies; (2) Groundwater Availability Modeling; (3) Groundwater Technical Assistance; and (4) Water Availability Modeling.

The Innovative Water Strategies (IWS) program provides research, information, and technical assistance regarding the use of nontraditional water supplies such as desalination, reuse, aquifer storage and recovery, and rainwater harvesting. Appropriations for the IWS program total \$7.5 million in All Funds and support 24.8 FTE positions. This amount is a net increase of \$0.8 million in All Funds, or 11.2 percent, from 2024–25 biennial spending levels. The net increase is due primarily to targeted salary increases and the reallocation of funding among programs.

The Groundwater Availability Modeling program develops, operates, and maintains numerical groundwater flow models to provide unbiased information regarding how much groundwater is available for use in supporting a desired condition. These models are used for water planning, groundwater management, and evaluating the use of aquifers. Appropriations for the Groundwater Availability Modeling program total \$4.0 million in All Funds and support 13.0 FTE positions. This amount is a net increase of \$0.4 million in All Funds, or 10.3 percent, from 2024–25 biennial spending levels. The net increase is due primarily to targeted salary increases and the reallocation of funding among programs.

The Groundwater Technical Assistance program provides technical assistance to residents, water providers, industries, groundwater conservation districts, and regional water-planning groups regarding the state's groundwater resources. Appropriations for the Groundwater Technical Assistance program total \$8.6 million in All Funds and support 7.8 FTE positions. This amount is a net increase of \$7.5 million in All Funds, or 692.0 percent, from 2024–25 biennial spending levels, which is due primarily to additional funding in General Revenue Funds provided to issue grants to groundwater conservation districts to conduct projects and programs for groundwater research, science, and data collection that benefit local groundwater management and planning.

The Water Availability Modeling program supports regional water planning by providing and verifying the availability of

surface water. Appropriations for the Water Availability Modeling program total \$0.7 million in All Funds and include 2.2 FTE positions. This maintains the 2024–25 biennial spending levels.

Appropriations for the Water Resources Data subarea programs total \$20.8 million in All Funds and support 47.8 FTE positions. This amount is a net increase of \$8.6 million in All Funds, or 70.8 percent, from 2024–25 biennial spending levels.

TECHNICAL ASSISTANCE FOR CONSERVATION

The technical assistance for conservation subarea includes the Water Conservation Education and Assistance program, which focuses on increasing water conservation through public outreach programs, education materials, technical assistance, and funding. TWDB staff review financial assistance applications for water conservation plans and the status and content of water loss audits. Appropriations for the Water Conservation Education and Assistance program total \$9.1 million in All Funds and support 12.0 FTE positions. This amount is a net increase of \$4.3 million in All Funds, or 88.3 percent, from the 2024–25 biennial spending levels. The net increase is due primarily to the appropriation of the anticipated remaining AWCF balance for the purpose of issuing conservation-related grants and loans and for targeted salary increases.

STATE AND FEDERAL FLOOD PROGRAMS

The State and Federal Flood Programs administration subarea includes the following three programs: (1) Federal Flood Grants Coordination; (2) Floodplain Mapping and Modeling; and (3) National Flood Insurance Program (NFIP) Community Assistance and Training (CAT).

In 2007, the Legislature designated TWDB as the agency responsible for coordinating the NFIP within the state and for serving as the liaison between the federal component of the program and local communities. The primary duty of the state coordinator is to provide guidance and education to communities to assist in meeting federal eligibility requirements for entrance into NFIP and to assist the communities with maintaining their NFIP participation status.

The Federal Flood Grants Coordination program provides grants, primarily related to NFIP, of up to several million dollars in federal funding each year to communities for flood-hazard mitigation planning and to address the long-term risk of flood damage to certain structures insured through NFIP. Appropriations for the Federal Flood Grants Coordination program total \$80.2 million and include 30.3 FTE positions. This amount is a net decrease of \$521.0 million in All Funds,

or 81.3 percent, from the 2024–25 biennial spending levels. The net decrease is due primarily to reductions of \$483.5 million in TIRF and \$38.0 million in Federal Funds related to FMA grants for flood grant expenditures and the spending down of available balances in flood-related funds, and decreases for the removal of onetime expenditures.

The Floodplain Mapping and Modeling program develops data and mapping products to strengthen the digital flood insurance rate maps that serve as the official reference for determinations of floodplain elevations. The program provides access to federal funding for local communities via the statewide Cooperating Technical Partner agreement with FEMA. Appropriations for the Floodplain Mapping and Modeling program total \$32.7 million in All Funds and support 6.0 FTE positions. This amount is a net increase of \$8.9 million in All Funds, or 37.5 percent, from 2024–25 biennial spending levels. The net increase is due primarily to the utilization of available balances from the TIRF for increased mapping purposes and for additional funding for TWDB to develop and implement a statewide floodplain and grant management system.

The NFIP CAT program provides administration and mitigation grants for the NFIP. The program also provides technical assistance and education to communities regarding federal floodplain management regulations. Appropriations for the NFIP CAT program total \$4.8 million in All Funds and support 6.9 FTE positions, which essentially maintains 2024–25 biennial spending levels.

Appropriations for the State and Federal Flood Programs subarea programs total \$117.7 million in All Funds and support 43.2 FTE positions. This amount is a net decrease of \$512.1 million in All Funds, or 81.3 percent, from 2024–25 biennial spending levels.

STATEWIDE PLANNING

The statewide planning program area includes three programs: (1) Regional and State Water Planning; (2) Regional and State Flood Planning; and (3) Water Supply Conveyance Coordination. Funding for these programs facilitates the development of regional water supply and regional flood mitigation plans, which are consolidated into larger statewide plans, and the development of infrastructure to transport water. Appropriations for the statewide planning program area total \$73.6 million in All Funds, or 16.2 percent of the agency's All Funds appropriations, and support 85.0 FTE positions. This amount is a net decrease of \$39.4 million in All Funds, or 34.9 percent, from 2024–25 biennial spending levels.

The state water plan (SWP) assesses the state's water needs for a 50-year period. This plan is revised every five years and developed by 16 designated regional planning groups in conjunction with TWDB. The SWP provides an overview of the state's current and prospective water use and identifies water supplies and estimated facility needs and costs. The plan also describes water problems and opportunities, outlines significant environmental concerns and water issues, and offers policy and funding recommendations to the Legislature. The process of drafting a water plan initially was formulated after what is referred to as the Drought of Record, which occurred during the 1950s.

TWDB adopted the 2022 SWP on July 7, 2021. In the 2022 iteration of the SWP, regional planning groups recommended implementing approximately 5,800 water management strategies and approximately 2,400 specific water management strategy projects to increase the water supply. If implemented, these projects are anticipated to provide 7.7 million acre-feet in additional water supplies by calendar year 2070. An acre-foot is the volume of water needed to cover an area of 1.0 acre to a depth of 1.0 foot, or the equivalent of the average annual water use by two families. Approximately 37.0 percent of the strategies are related to surface water resources, including new reservoirs; 31.0 percent is in the form of demand management; 15.0 percent is related to reuse; 12.0 percent is related to groundwater management; 3.0 percent is related to aquifer storage-and-recovery resources; and 3.0 percent is related to seawater desalination. The capital costs of these projects are estimated at \$80.0 billion through calendar year 2070. TWDB anticipates that local governments will fund \$44.6 billion, wholesale water providers will fund \$32.5 billion, and private industry will fund the remainder.

Similar to the process for producing the SWP, Senate Bill 8, Eighty-sixth Legislature, 2019, established the regional and statewide flood planning process to evaluate flood-control infrastructure; to recommend flood-control and mitigation projects and strategies; and to analyze, develop, and update the 100-year floodplain. The state flood plan (SFP) is developed by 15 designated regional planning groups in conjunction with TWDB. TWDB adopted the first SFP on August 15, 2024. The SFP recommended a total of 4,609 flood-risk solutions including: 3,097 flood management evaluations, 615 flood mitigation projects, and 897 flood management strategies at a total cost of approximately \$54.5 billion. Approximately \$24.0 billion of this cost is associated with various Galveston Bay Surge Protection Coastal Storm Risk Management projects. In

accordance with the statutory requirements, after the adoption of the first SFP, the FIF may be used only to provide financing for flood projects included in the SFP.

The Regional and State Water Planning program provides financial, administrative, and technical support for the five-year development cycle of the 16 regional water plans, including guiding their development. The program also provides funding and contract management, development of population and demand projections, and socioeconomic and planning data analysis. Appropriations for the Regional and State Water Planning program total \$14.2 million in All Funds and support 32.0 FTE positions. This amount is a net increase of \$0.2 million in All Funds, or 1.2 percent, from 2024–25 biennial spending levels. The net increase is due primarily to net reductions including the removal of onetime expenditure funding and the reallocation of funds to other programs, which are offset by additional funding to provide more staff and resources, and targeted salary increases.

The Regional and State Flood Planning program provides financial, administrative, and technical support for the five-year development cycle of the 15 regional flood plans, including guiding their development. The program also provides funding and contract management, development of population and demand projections, and socioeconomic and planning data analysis. Appropriations for the Regional and State Flood Planning program total \$54.7 million in All Funds and support 36.0 FTE positions. This amount is a net decrease of \$44.3 million in All Funds, or 44.7 percent, from the 2024–25 biennial spending levels. The net decrease is due primarily to the spending down of available TIRF balances during the 2024–25 biennium to complete the first statewide flood plan.

The Water Supply Conveyance Coordination program was established pursuant to Senate Bill 7, Eighty-ninth Legislature, 2025, which directed TWDB to develop guidance, standards, and recommendations to facilitate the development of infrastructure to transport water and plan for potential interconnectivity and integration into water-supply systems. TWDB may use professional services and form ad hoc committees as necessary to achieve these efforts. Senate Bill 7 also requires conveyance-coordination-related expenses to be paid from the TWFAF. Appropriations for the Water Supply Conveyance Coordination program total \$4.7 million in TWFAF funds and support 17.0 FTE positions. Additional FTE positions associated with the contingency appropriations to implement the provisions of Senate Bill 7 are contained within other programs.

WATER PROJECT FINANCING

Through the water project financing program area, TWDB provides financial assistance for building or expanding water and wastewater infrastructure statewide, and the agency administers various grant and loan programs. The water project financing program area includes the following programs: (1) State Financial Assistance; (2) CWSRF Administration; (3) DWSRF Administration; (4) Economically Distressed Areas Program (EDAP); (5) Special Federal Appropriations Projects; and (6) Salary Adjustments.

The Water Project Financing program area administers loans and grants for water, wastewater, and flood-control projects with funding outside the General Appropriations Act from the Water Development Fund (DFund I), Rural Water Assistance Fund (RWAFF), Water Infrastructure Fund (WIF), State Participation Program (SPP), and the AWCF. Appropriations for the water project financing program area total \$41.4 million in All Funds, or 9.1 percent of the agency's All Funds appropriations, and support 190.0 FTE positions. This amount is a net decrease of \$2.3 billion in All Funds, or 98.2 percent, from 2024–25 biennial spending levels.

STATE FINANCIAL ASSISTANCE

The State Financial Assistance program contains staffing and resources to administer TWDB's various funds and financial assistance programs. Additionally, General Revenue Funds provided for general or specific grant purposes also are appropriated to the State Financial Assistance program. Appropriations for the State Financial Assistance program total \$26.3 million in All Funds and support 85.4 FTE positions. This amount is a net decrease of \$2.3 billion in All Funds, or 98.8 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to \$1.8 billion appropriated from the General Revenue Fund in House Bill 500 during fiscal year 2025 including: (1) \$1.0 billion to provide water infrastructure and supply grants; (2) \$581.0 million to provide infrastructure, flood, wastewater, and supply projects; and (3) \$131.3 million to provide a required state match by depositing \$83.0 million in the DWSRF and \$43.3 million in the CWSRF to draw down the maximum available federal funds; a net reduction of \$375.0 million from the FIF for reported 2025 expenditures; and a net decrease of \$138.1 million in General Revenue Funds for the removal of onetime funding for various water project grants, offset by an increase of \$1.5 million from the TWFAF to implement the provisions of Senate Bill 7, 2025, and additional funding to provide more staff and resources,

targeted salary increases, and funding reallocations from other programs.

WATER DEVELOPMENT FUND AND WATER DEVELOPMENT FUND II

Since calendar year 1957, Texas voters have approved constitutional amendments authorizing TWDB to issue approximately \$10.9 billion in bonds to augment DFund I and DFund II. Of that amount, onetime issuance authority was provided for \$4.7 billion in bonds, all of which have been issued, and the authority is extinguished. Additionally, TWDB has authority to issue bonds for DFund II in amounts such that the aggregate principal amount (and related bond premium) of outstanding bonds issued does not exceed \$6.0 billion, and approximately \$186.1 million is outstanding in accordance with that authority through July 31, 2025. The TWDB also has authority to issue bonds for EDAP such that the aggregate principal amount (and related bond premium) of outstanding bonds issued does not exceed \$200.0 million, and through July 31, 2025, approximately \$89.5 million is outstanding in accordance with that authority. Proceeds from the bonds provide financial assistance to Texas communities in the form of direct loans and state match of Federal Funds. TWDB is permitted to transfer funds from TWF to DFund II. The fund provides loans and grants for the following actions:

- the acquisition, improvement, or construction of water-related projects, such as water wells, retail distribution and wholesale transmission lines, pumping facilities, storage reservoirs and tanks, water treatment plants, and wastewater collection and treatment projects;
- the purchase of water rights; and
- flood-control projects.

Before voters approved a constitutional amendment during calendar year 1997 that established the fund, TWDB issued bonds from the DFund I. After the adoption of the amendment, all funds in the DFund I were transferred to DFund II. **Figure 294** shows the estimated outstanding debt and debt service requirements as of August 31, 2025, for TWDB's self-supporting bonds.

STATE PARTICIPATION PROGRAM

Financing available through the SPP enables TWDB to assume temporary ownership of eligible projects and recover principal, interest, and issuance costs on a deferred timetable (i.e., until a

FIGURE 294
ESTIMATED OUTSTANDING DEBT AND DEBT SERVICE REQUIREMENTS FOR SELF-SUPPORTING BONDS
AS OF AUGUST 31, 2025

(IN MILLIONS)		
FUND	ESTIMATED OUTSTANDING DEBT	ESTIMATED DEBT SERVICE REQUIREMENTS
Water Development Fund II	\$732.2	\$130.8
State Participation Program	\$24.1	\$8.3
State Water Implementation Revenue Fund for Texas	\$8,007.1	\$1,052.2
Clean Water State Revolving Fund	\$809.2	\$156.7
Drinking Water State Revolving Fund	\$568.9	\$115.5
Total	\$10,141.5	\$1,463.5

NOTE: Totals may not sum due to rounding.
 SOURCE: Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium.

sufficient rate base develops in the project area to enable local participants to purchase the state's interest). For new water supply projects, TWDB may fund up to 80.0 percent of project costs through SPP. Eligible projects include reservoirs and storm water retention basins for water supply, flood protection, and groundwater discharge; facilities for the transmission and treatment of water; treatment works; and any project listed in the SWP. Water providers surveyed during the planning process for the 2022 SWP reported an anticipated need of approximately \$47.0 billion in state financial assistance to implement strategies in their regions. As of July 31, 2025, SPP cumulative commitments total \$367.6 million. TWDB may transfer funds from the TWF to the State Participation Account of DFund II.

**STATE WATER IMPLEMENTATION FUND FOR TEXAS
 AND STATE WATER IMPLEMENTATION REVENUE FUND
 FOR TEXAS**

SWIFT and SWIRFT were established in 2013 to provide affordable, ongoing state financial assistance for water and wastewater projects in the SWP. Funding in SWIFT is used to implement the SWP. SWIRFT funding provides leveraging, bond enhancement, interest rate discounts, loan payment deferrals to borrowers, and extended loan terms. Communities benefit from low-interest loans, extended repayment terms, deferral of loan repayments, and incremental repurchase terms. SWIRFT was capitalized with \$2.0 billion in Other Funds from the Economic Stabilization Fund (ESF), an amount that subsequently was transferred to SWIFT during fiscal year 2014. Through July 31, 2025, SWIFT has committed more than \$17.4 billion for projects across Texas. The anticipated fiscal year 2025 bond sales would fund more than \$2.9 billion in commitments to 23 entities. TWDB may transfer funds from TWF to the SWIFT and SWIRFT.

FLOOD INFRASTRUCTURE FUND

The FIF program is a direct loan and grant program that the Eighty-sixth Legislature, 2019, funded with an initial transfer of \$793.0 million from the ESF for flood control, flood mitigation, and drainage projects. The Eighty-eighth Legislature, Regular Session, 2023, appropriated \$624.9 million in General Revenue Funds to the Comptroller of Public Accounts to deposit to the FIF to capitalize the fund due to initial balances being fully obligated and expended. These funds also are appropriated to TWDB for continued project funding. Eligible flood projects are flood protection planning; planning, acquisition, design, construction, or rehabilitation; federal award matching funds; and measures immediately effective in protecting life and property. FIF provides subsidized loans, grants, and matching funds. FIF began making project commitments in fiscal year 2021. Following the adoption of the first statewide flood plan on August 15, 2024, FIF now may be used only to finance projects included in the plan.

TEXAS INFRASTRUCTURE RESILIENCY FUND

The TIRF program is a direct loan and grant program funded with a onetime transfer of \$638.0 million from the ESF to the Hurricane Harvey subaccount of the TIRF by the Eighty-sixth Legislature, 2019. Funding in the subaccount received unexpended balance authority in House Bill 500, 2025, to continue the spending down of balances before the statutory expiration of the subaccount at the end of fiscal year 2031. Eligible projects are FEMA Public Assistance projects and Hazard Mitigation Assistance projects funded through the Texas Division of Emergency Management. Reimbursements are made to local communities from TIRF for the nonfederal share of projects. TIRF's first project commitments were made in fiscal year 2021. Additionally, funding appropriated

FIGURE 295
PROJECTS FUNDED FOR STATE WATER IMPLEMENTATION FUND FOR TEXAS, TEXAS INFRASTRUCTURE RESILIENCY FUND,
AND FLOOD INFRASTRUCTURE FUND, 2024–25 BIENNIA

FUND	PROJECTS	COMMITTED FUNDING (IN MILLIONS)
State Water Implementation Fund for Texas	30	\$5,713.9
Texas Infrastructure Resiliency Fund	132	\$26.4
Flood Infrastructure Fund	3	\$155.5
Total	165	\$5,895.8

NOTE: Totals may not sum due to rounding.
SOURCE: Texas Water Development Board.

to the Floodplain Management subaccount in the TIRF supports statewide flood mapping and planning activities.

Figure 295 shows the number of projects funded and the amount of funding during the 2024–25 biennium for SWIFT, TIRF, and FIF.

WATER INFRASTRUCTURE FUND

The WIF historically provided reduced-interest loan rates and deferral of annual principal and interest payments for SWP projects funded through WIF. WIF previously was used to finance project needs and preconstruction environmental and engineering studies. However, no new debt has been issued to support the WIF because projects previously funded through WIF now are funded through SWIFT.

RURAL WATER ASSISTANCE FUND

The RWAFF program is a direct-loan program offering low-interest rates funded from General Obligation (GO) Bond Proceeds (Other Funds). It is intended to assist small rural utilities in obtaining low-cost financing for water and wastewater projects through private-sector investments. Eligible projects include planning, design, and construction for wells; storage reservoirs; treatment plants; wastewater collection and treatment; collections systems; and nonpoint pollution abatement. Although the program has been dormant since 2014, TWDB intends to resume it to issue rural-specific financial assistance. TWDB may transfer funds from the TWF to the RWAFF. During the 2024–25 biennium, TWDB finalized revised rules for the program and began initiating transfers from the TWF to the RWAFF.

AGRICULTURAL WATER CONSERVATION FUND

The AWCF is used to provide direct loans at low-interest rates. Loans are funded with available balances in the fund. Eligible projects include those with a conservation purpose, such as research and demonstration projects, projects to

improve the efficiency of water delivery on existing irrigation systems, and installation of devices to indicate the amount of water withdrawn for irrigation purposes. TWDB may provide up to \$3.7 million for fiscal year 2026 and \$3.5 million for fiscal year 2027 in loans and grants from the AWCF for conservation purposes and may transfer funds from TWF to the AWCF.

CLEAN WATER STATE REVOLVING FUND

The CWSRF is capitalized with Federal Funds and proceeds from revenue bonds and GO bonds (Other Funds). It provides subsidized loans and loan forgiveness for wastewater, reuse, and storm water infrastructure projects that address compliance issues consistent with the requirements of the federal Clean Water Act. Loan forgiveness is available for disadvantaged communities (up to 70.0 percent), for green project costs (up to 15.0 percent), and for very small systems (up to 100.0 percent of project costs up to a total of \$400,000). Since CWSRF's inception in fiscal year 1988, TWDB has received \$2.8 billion in federal capitalization grants (i.e., Federal Funds for construction projects). As of July 31, 2025, TWDB has made 1,308 commitments totaling \$11.8 billion in loans and loan forgiveness to entities to improve wastewater treatment facilities statewide. TWDB may transfer funds from the TWF to the CWSRF. Appropriations for the CWSRF Administration program total \$7.1 million in All Funds and support 50.4 FTE positions. This amount is a net increase of \$1.1 million in All Funds, or 17.8 percent, from 2024–25 biennial spending levels. The net increase is due primarily to additional staff and resources being provided to assist with administering the CWSRF federal financial assistance. Additionally, captured in the state financial assistance program is \$48.3 million in General Revenue Funds be deposited to the CWSRF to be used as state match, which will draw down Federal Funds for capitalization grants to various CWSRF water infrastructure projects.

DRINKING WATER STATE REVOLVING FUND

The DWSRF also is capitalized with Federal Funds and proceeds from revenue bonds and GO bonds (Other Funds) and is authorized pursuant to the federal Safe Drinking Water Act. Initiated in fiscal year 1996, DWSRF includes federal capitalization grants matched with TWDB-issued GO bonds and loan repayments deposited back into the fund. The fund provides reduced-interest-rate loans to promote compliance with the national primary drinking water standards. In addition, loan forgiveness is available for disadvantaged communities (up to 70.0 percent), for green project costs (up to 15.0 percent), and for very small systems (up to 100.0 percent of project costs up to a total of \$400,000). Since DWSRF's inception, the agency has been awarded capitalization grants totaling \$2.7 billion. As of July 31, 2025, TWDB has made 986 commitments totaling \$4.2 billion in loans and loan forgiveness for projects that will assist entities through DWSRF. TWDB may transfer funds from TWF to the DWSRF. Appropriations for the DWSRF Administration program total \$7.1 million in All Funds and support 50.4 FTE positions. This amount is a net increase of \$1.1 million in All Funds, or 17.8 percent, from the 2024–25 biennial spending levels. The net increase is due primarily to the provision of additional staff and resources to assist with administering the DWSRF federal financial assistance. Additionally, captured in the state financial assistance program is \$83.0 million in General Revenue Funds to be deposited to the DWSRF to be used as state match, which will draw down Federal Funds for capitalization grants to various DWSRF water infrastructure projects.

ECONOMICALLY DISTRESSED AREAS PROGRAM

EDAP provides financial assistance for the supply of water and wastewater services to economically distressed areas where water or wastewater facilities are inadequate to meet minimum state standards. Following voter approval of three constitutional amendments during calendar years 1989, 1991, and 2007, TWDB was authorized to issue \$500.0 million in GO bonds to provide affordable water and wastewater services in these areas. Another constitutional amendment, approved by voters in November 2019, provided additional GO bond authority for EDAP in amounts such that the aggregate principal amount of outstanding bonds issued does not exceed \$200.0 million at any time. As of July 31, 2025, TWDB has directed \$940.8 million through EDAP and the Colonia Wastewater Treatment Assistance Program funding and utilized an additional \$281.6 million from other TWDB programs to

provide water and wastewater improvements for the benefit of approximately 342,725 residents in economically distressed areas.

Appropriations for the EDAP Administration program total \$0.8 million in General Revenue Funds and support 4.0 FTE positions, which maintains 2024–25 biennial spending levels. EDAP assistance amounts from GO Bond Proceeds (Other Funds) and Federal Funds are not included in this total because these amounts are not part of TWDB's administrative appropriation.

SPECIAL APPROPRIATION ACT PROJECT GRANTS

The Special Federal Appropriations Projects (SFAP) program grants provide funding for water and wastewater projects. The U.S. Environmental Protection Agency distributes financial assistance funds directly to the recipients, and TWDB manages construction and oversees programs. TWDB receives 3.0 percent of the project's total costs to monitor construction and provide construction and administration assistance for Texas projects. Appropriations for the SFAP total \$29,580 and support 0.3 FTE positions, which maintains the 2024–25 biennial spending levels.

DEBT SERVICE PAYMENTS

The debt service payments program area includes the following programs: EDAP Debt Service; WIF Debt Service; and RWAF Debt Service. Appropriations for the Debt Service Payments program area total \$120.7 million in All Funds, or 26.5 percent of the agency's All Funds appropriations and include no FTE positions. This amount is a net decrease of \$75.8 million in All Funds, or 38.6 percent, from 2024–25 biennial spending levels.

Much of the state funding that the agency provides to local governments for water and wastewater projects is financed through bonds. The issuance of bonds requires debt service to repay the principal and interest on the bonds. Debt service for most programs within DFund II, CWSRF, and DWSRF is recovered fully through loan repayments. Debt service for WIF, which previously was non-self-supporting, has been recovered entirely through loan repayments since 2023. However, debt service for bonds issued through the EDAP Debt Service program is not recovered in this way. The debt service for these bonds, referred to as non-self-supporting GO bonds, is not recovered entirely through loan repayments and requires General Revenue Funds to cover debt service requirements fully. For the EDAP Debt Service program, loan repayments are insufficient to cover debt service because

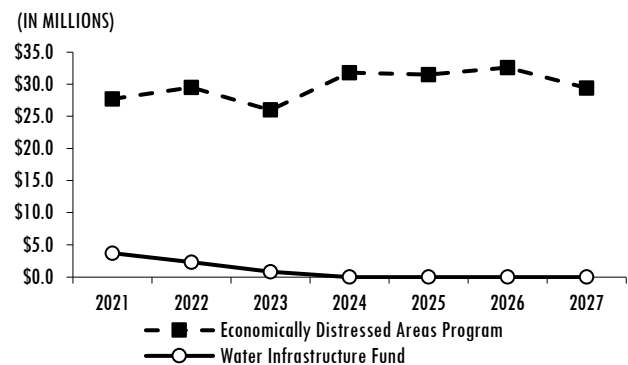
most of the assistance is provided through grants and below-market-rate loans.

Appropriations for the EDAP Debt Service program total \$72.8 million in All Funds, which include \$62.0 million in General Revenue Funds and \$10.8 million in Other Funds from the Economically Distressed Areas Bond Payment fund and supports no FTE positions. This amount is a net increase of \$0.8 million in All Funds, or 1.1 percent, from the 2024–25 biennial spending levels, which is due primarily to decreases in the amount of General Revenue Funds needed to cover EDAP debt service payments being offset by increases in EDAP bond repayment proceeds available for EDAP debt service payment purposes. Previously, Appropriated Receipts generated from Texas Water Resources Finance Authority proceeds, a discontinued program, initially were utilized during the 2018–19 biennium to displace a portion of General Revenue Funds used to pay EDAP debt service. This funding source was discontinued in the 2024–25 biennium due to available balances having been spent down and no longer being available, and the account subsequently being closed.

Because loan repayments made within the WIF Debt Service program are subsidized with an optional 10.0-year deferral, they required General Revenue Funds appropriations to meet debt service requirements during the early years of the project. However, WIF Debt Service program debt service payments became fully self-supporting in fiscal year 2023 and no longer require General Revenue Funds to cover outstanding debt. Accordingly, WIF Debt Service program debt service now is recovered entirely through loan repayments. Because projects previously funded through the WIF Debt Service program now are funded through SWIFT, TWDB is paying down existing WIF debt and does not intend to issue any new debt to support the WIF Debt Service program at this time. Appropriations for the WIF debt service program total \$42.4 million from WIF No. 302 and include no FTE positions. This amount is a net decrease of \$78.9 million in All Funds, or 65.0 percent, from 2024–25 biennial spending levels. The net decrease is due primarily to the completion of WIF debt service payments and the appropriation of remaining WIF balances.

The RWAF Debt Service program consists of self-supporting debt service payments for RWAF loans, which are interrelated to DFund II debt. Appropriations for the RWAF debt service program total \$5.4 million from RWAF and support no FTE positions. This amount is a net increase of \$2.2 million from

FIGURE 296
GENERAL REVENUE FUNDS DEBT SERVICE PAYMENTS
FISCAL YEARS 2021 TO 2027



SOURCE: Legislative Budget Board.

the RWAF, or 70.2 percent, from the 2024–25 biennial spending levels. The net increase is due primarily to anticipated loan repayment proceeds for debt service payments on interfund debt.

Figure 296 shows expected debt service needs from General Revenue Funds for each of the programs from fiscal years 2021 to 2027.

ADMINISTRATION

The agency's administration program area consists of the Indirect Administration program, which performs administrative functions of the agency. Appropriations for the Indirect Administration program total \$42.3 million in All Funds and support 140.0 FTE positions. This amount is 9.3 percent of the agency's All Funds appropriations and includes a net increase of \$3.0 million in All Funds, or 7.7 percent, from 2024–25 biennial spending levels. The net increase is due primarily to appropriations in House Bill 500, 2025, for IT costs of \$5.4 million in General Revenue Funds for risk mitigation and Data Center Services, which are offset by additional funding for various increases including additional staffing and resources, salary increases, and funding to implement the provisions of Senate Bill 7, Eighty-ninth Legislature, Regular Session, 2025.

SIGNIFICANT LEGISLATION

House Bill 29 – Water loss audits. The legislation requires municipally owned utilities with more than 150,000 service connections to complete more detailed validations to supplement their annual water loss audits reported to TWDB and to develop and submit water loss mitigation plans to

TWDB as applicable. The validations must be completed at certain intervals and by qualified professionals.

Senate Bill 7 and House Joint Resolution 7 – TWDB oversight, financial assistance, and TWF revenues. The legislation establishes the TWFAF as a special fund in the state Treasury outside the General Revenue Fund (Other Fund) administered by the TWDB and established for the payment of expenses to administer TWF. TWDB may transfer up to 2.0 percent of annual TWF deposits from the TWF to the TWFAF to administer the TWF.

The legislation establishes the responsibility for TWDB to facilitate joint planning and coordination among entities related to the development of water supply conveyance infrastructure and requires related expenditures to be paid from the TWFAF. The legislation amends eligible uses of funds including: DFund II, EDAP, New Water Supply for Texas Fund (NWSTF), SWIFT, and the Water Bank. Related to the TWF, Senate Bill 7 adds to the list of accounts and funds that the TWF can transfer into, allows transfers into SWIFT without prior project approvals, adds requirements that a portion of TWF money be used to address water infrastructure projects in rural and small communities and for technical assistance, and requires TWDB to allocate at least 50.0 percent annually of deposits to the TWF resulting from revenue dedications for transfer to either or both the NWSTF or the SWIFT. Related to oversight, the legislation consolidates oversight of TWDB funds and matters into a new comprehensive TWF Advisory Committee and requires TWDB to conduct an interim study assessing the feasibility of incorporating wastewater planning into the SWP process.

House Joint Resolution 7 establishes a dedicated revenue source to the TWF by requiring the first \$1.0 billion in sales and use tax revenue, when annual revenue exceeds \$46.5 billion, to be deposited annually by the Comptroller of Public Accounts to the TWF. The deposits will begin in fiscal year 2028 and expire after fiscal year 2047.

TWDB is appropriated \$8.5 million from the TWFAF and 34.0 FTE positions to address the new water supply conveyance coordination responsibilities, to assist with increased reporting requirements related to the TWF, and providing technical assistance to applicants seeking financial assistance from TWDB.

Senate Bill 1261 – Financing for large water-supply projects. The legislation allows political subdivisions to issue obligations for water-supply projects that are recommended in the state water plan and have cumulative capital costs of at

least \$750.0 million. Senate Bill 1261 limits the maximum maturity or terms of the obligations to the lesser of the expected useful life of a project or 50.0 years. The legislation amends eligible uses of the following TWDB funds to support projects eligible for these long-term financing terms: SWIFT, SWIRFT, DFund II, and the Texas Water Resources Fund.

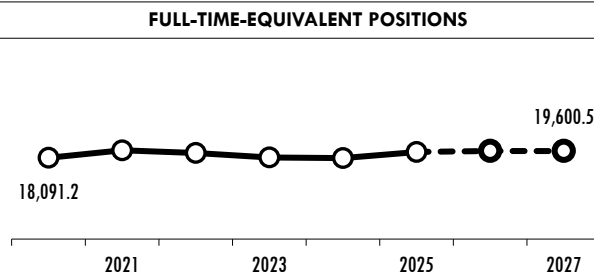
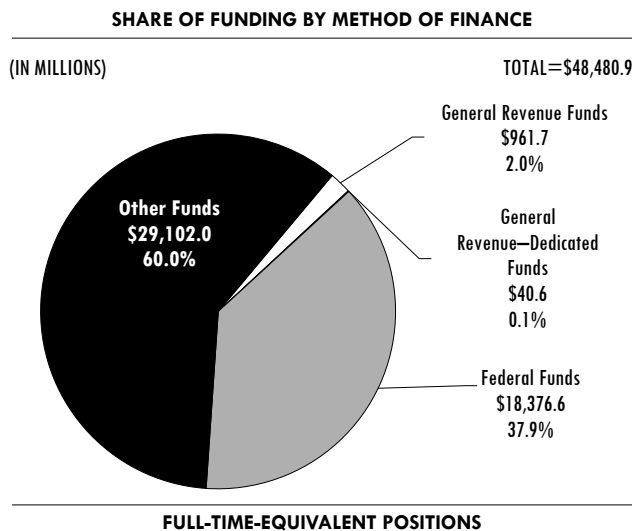
Senate Bill 1967 – Water loan assistance fund expansion. The legislation amends eligible uses of the water loan assistance fund administered by TWDB to include grants to drainage districts for water supply projects that contain a flood-control component.

10. BUSINESS AND ECONOMIC DEVELOPMENT

The four business and economic development state agencies provide services supporting the Texas economy through transportation, business and workforce development, and community infrastructure. These agencies include the Texas Department of Housing and Community Affairs, the Department of Motor Vehicles, the Texas Department of Transportation, and the Texas Workforce Commission.

FIGURE 297
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,565.7	\$961.7	(\$604.0)	(38.6%)
General Revenue–Dedicated Funds	\$659.9	\$40.6	(\$619.4)	(93.9%)
Federal Funds	\$19,607.5	\$18,376.6	(\$1,230.8)	(6.3%)
Other Funds	\$28,068.4	\$29,102.0	\$1,033.6	3.7%
Total, All Methods of Finance	\$49,901.5	\$48,480.9	(\$1,420.6)	(2.8%)



SIGNIFICANT DEVELOPMENTS

Appropriations for the **Texas Department of Transportation** include a **decrease of \$0.9 billion** due to decreases of \$1.9 billion in onetime funding expended during the 2024–25 biennium and anticipated decreases in federal reimbursements offset by estimated increases of \$1.0 billion in Other Funds from State Highway Fund revenues.

Appropriations for the **Texas Workforce Commission** decreased by a net **\$22.9 million** primarily due to decreases in onetime federal funding related to the COVID-19 pandemic that is not continued and which is offset by increases in federal funding from the Child Care and Development Block Grant and Vocational Rehabilitation Grants to States.

Appropriations for the **Texas Department of Housing and Community Affairs** include a **\$365.8 million decrease** due primarily to **onetime Federal Funds** related to the COVID-19 pandemic that are not continued for the 2024–25 biennium.

Appropriations for the **Department of Motor Vehicles** include a **\$250.4 million decrease** due to **onetime funding** provided during the 2024–25 biennium for the Camp Hubbard headquarters renewal project, modernization of the Registration and Titling System, and for implementation of enacted legislation to eliminate temporary paper tags for motor vehicles.

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.
- (3) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
- (4) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its functions to the Texas Department of Licensing and Regulation. Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within the Texas Department of Licensing and Regulation.

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

FIGURE 298**ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT APPROPRIATIONS BY AGENCY, ALL FUNDS**

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Department of Housing and Community Affairs	\$1,277.9	\$912.1	(\$365.8)	(28.6%)
Texas Department of Motor Vehicles	\$793.3	\$542.9	(\$250.4)	(31.6%)
Texas Department of Transportation	\$40,803.6	\$39,924.3	(\$879.3)	(2.2%)
Texas Workforce Commission	\$6,106.5	\$6,083.6	(\$22.9)	(0.4%)
Reimbursements to the Unemployment Compensation Benefit Account	\$36.6	\$30.2	(\$6.3)	(17.3%)
Subtotal, Business and Economic Development	\$49,017.8	\$47,493.1	(\$1,524.7)	(3.1%)
Retirement and Group Insurance	\$833.9	\$971.3	\$137.4	16.5%
Social Security and Benefits Replacement Pay	\$204.3	\$216.7	\$12.4	6.1%
Bond Debt Service Payments	\$16.2	\$11.8	(\$4.4)	(27.4%)
Lease Payments	\$0.0	\$1.2	\$1.2	N/A
Subtotal, Employee Benefits and Debt Service	\$1,054.4	\$1,200.9	\$146.5	13.9%
Less Interagency Contracts	\$170.7	\$213.1	\$42.4	24.8%
Total, All Functions	\$49,901.5	\$48,480.9	(\$1,420.6)	(2.8%)

NOTES:

- (1) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its functions to the Texas Department of Licensing and Regulation, which appears in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium Article VIII. Estimated and Budgeted amounts for the 2024–25 biennium for the Texas Lottery Commission are included in Chapter 11, Regulatory, appropriation totals within the Texas Department of Licensing and Regulation function.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

All Funds for the Business and Economic Development agencies total \$48.5 billion for the 2026–27 biennium, a decrease of \$2.1 billion from the 2024–25 biennium. Of that decrease, \$1.4 billion is attributed to decreases of \$689.7 million in onetime supplemental appropriations to these agencies that are not continued in the 2026–27 biennium, and enactment of Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, which abolished the Texas Lottery Commission and transferred its functions and \$671.9 million in appropriations to the Texas Department of Licensing and Regulation.

Funding for the **Texas Department of Transportation** (TxDOT) decreased by \$879.3 million in All Funds, including the following funding amounts and changes:

- an increase of \$1.0 billion in Other Funds related to estimated increases in State Highway Fund revenue sources;

- a decrease of \$0.5 billion in General Revenue Funds for onetime items during the 2024–25 biennium that are not continued, including the following amounts:
 - \$250.0 million in General Revenue Funds for making grants for railroad grade separation projects pursuant to Senate Bill 1555, Eighty-ninth Legislature, Regular Session, 2025;
 - \$128.8 million in General Revenue Funds to fund airport capital improvement and routine maintenance projects;
 - \$67.0 million in General Revenue Funds for the purchase of new aircraft and construction of an aircraft hangar for the TxDOT Flight Services program;
 - \$20.0 million for state highway improvements; and
 - \$38.3 million in Other Funds for motor vehicle purchases;

- a decrease of \$0.6 billion in General Revenue–Dedicated Funds from onetime funding for the Ship Channel Improvement Revolving Fund loan program and maritime port capital improvement projects during the 2024–25 biennium; and
- a decrease of \$0.8 billion in Federal Funds due primarily to the agency’s anticipated decrease in federal reimbursements for highway planning and construction expenditures compared to the 2024–25 biennium.

Funding for the **Texas Workforce Commission** decreased by a net \$22.9 million in All Funds primarily due to the following changes:

- a decrease of \$858.4 million in onetime Federal Funds awards from the Coronavirus Relief Fund to be expended by the end of the 2024–25 biennium;
- an increase of \$701.6 million in federal Child Care and Development Block Grant to meet the program’s increased demand for grants and contracting services;
- an increase of \$106.8 million in federal Temporary Assistance for Needy Families funding to serve additional eligible children through the Child Care Assistance program;
- an increase of \$79.8 million in General Revenue Funds to fully draw down all available Federal Funds for Vocational Rehabilitation;
- a net increase of \$54.7 million in Federal Funds for Vocational Rehabilitation Services grants to provide additional services and serve additional customers in the Independent Living Services for Older Individuals Who Are Blind Program; and
- an increase of \$42.5 million in Other Funds, due primarily to an increase of \$35.5 million for an Interagency Contract with the Department of Family and Protective Services.

Funding for the **Texas Department of Housing and Community Affairs** includes a net decrease of \$365.8 million in All Funds due primarily to the following changes:

- a decrease of \$397.8 million in Federal Funds due to onetime funding related to the COVID-19 pandemic that was expended during the 2024–25 biennium and is not continued;
- a decrease of \$44.6 million in Federal Funds for the Low-income Home Energy Assistance Program;

- a decrease of \$5.7 million in Federal Funds for the HOME Investment Partnerships Program;
- an increase of \$18.3 million in Federal Funds for the Weatherization Assistance Program;
- an increase of \$13.2 million in Federal Funds for the Housing Trust Fund Program; and
- an increase of \$6.0 million in Other Funds from Appropriated Receipts due to growth in fee collection.

Funding for the **Department of Motor Vehicles** decreased by \$250.4 million in All Funds due primarily to the following changes:

- a decrease of \$143.0 million in onetime funding from Texas Public Finance Authority Revenue Bonds during the 2024–25 biennium for the agency’s Camp Hubbard headquarters renewal project;
- a decrease of \$125.0 million in onetime supplemental appropriations for Phase II of the project to modernize the Registration and Titling System; and
- an increase of \$6.4 million and 50.0 FTE positions to increase staffing across all agency programs.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PURPOSE: Texas Department of Housing and Community Affairs (TDHCA) administers affordable housing, housing-related, and community service programs; regulates the state’s manufactured housing industry; verifies program compliance with federal and state requirements; and provides educational materials or technical assistance for housing and community services.

ESTABLISHED: 1991

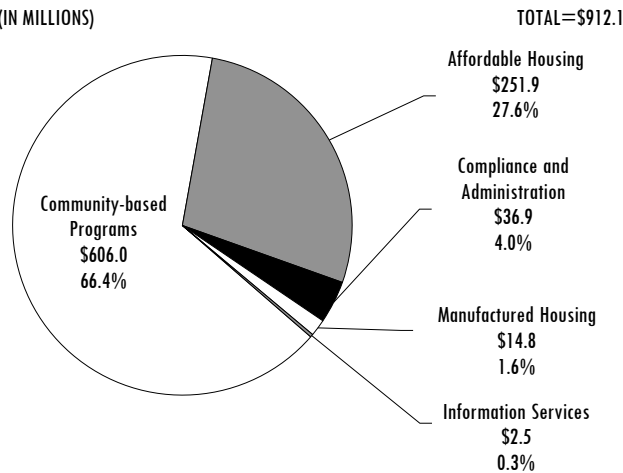
AUTHORIZING STATUTE: The Texas Government Code, §2306.001

GOVERNANCE: TDHCA Governing Board – seven public members appointed by the Governor with advice and consent of the Senate

FIGURE 299
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Revenue Funds	\$28.5	\$30.2	\$1.7	6.0%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$1,194.8	\$821.3	(\$373.5)	(31.3%)
Other Funds	\$54.6	\$60.6	\$6.0	11.0%
Total, All Methods of Finance	\$1,277.9	\$912.1	(\$365.8)	(28.6%)

AGENCY PROGRAM AREAS BY APPROPRIATION

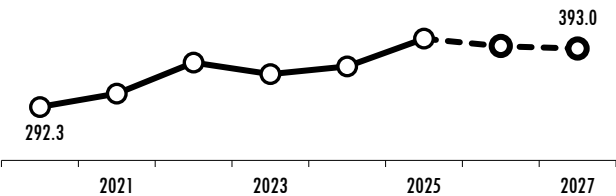


SIGNIFICANT DEVELOPMENTS

Appropriations include a **\$397.8 million decrease** in Federal Funds due to **onetime funding** related to the **COVID-19 pandemic** provided during the 2024–25 biennium that is not projected to continue.

Appropriations include a **decrease of \$44.6 million** in Federal Funds for the **Low-Income Home Energy Assistance Program** that provides funding to assist low-income households in meeting energy needs.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the Texas Department of Housing and Community Affairs (TDHCA) for the 2026–27 biennium total \$0.9 billion. Federal Funds contribute 90.0 percent of the agency’s total appropriations. This total is a net decrease of \$365.8 million in All Funds from the 2024–25 biennial spending level, which is due primarily to the following changes:

- a decrease of \$397.8 million in Federal Funds due to onetime Federal Funds related to the COVID-19 pandemic that were expended during the 2024–25 biennium and are not continued;
- a decrease of \$44.6 million in Federal Funds for the Low-Income Home Energy Assistance Program (LIHEAP);
- a decrease of \$5.7 million in Federal Funds for the HOME Investment Partnerships Program;
- an increase of \$18.3 million in Federal Funds for the Weatherization Assistance Program;
- an increase of \$13.2 million in Federal Funds for the Housing Trust Fund Program; and
- an increase of \$6.0 million in Appropriated Receipts due to growth in fee collection.

TDHCA also holds certain funds outside the state Treasury that are not included in the General Appropriations Act. TDHCA issues mortgage revenue bonds for single-family and multifamily housing projects, most of which are federally authorized, tax-exempt, private-activity bonds. The proceeds of these bonds are for financing low-interest loans to income-eligible, first-time home buyers and to developers of affordable rental housing. Funds and obligations associated with TDHCA’s bond indentures contribute most of the funds that the agency maintains in the Texas Treasury Safekeeping Trust Company. TDHCA pays bond investors as it receives loan repayments from homeowners and developers (see the **Affordable Housing Program Area** section).

PROGRAMS

TDHCA carries out its responsibilities through five main program areas: (1) Community-based Programs; (2) Affordable Housing; (3) Compliance and Administration; (4) Manufactured Housing; and (5) Information Services.

COMMUNITY-BASED PROGRAMS

The Community-based Programs area includes efforts to improve the living conditions of homeless or poor individuals

and to reduce the cost of home energy for very low-income households through several programs, many of which were established and funded through onetime Federal Funds during the 2020–21 biennium in response to the economic effects of the COVID-19 pandemic. Many of these Federal Funds were grants that initially were appropriated for the 2022–23 biennium, with any unused amounts carried forward into the next biennium. The agency expended the remaining amounts of these onetime funds in the 2024–25 biennium. Appropriations for this program area total \$606.0 million for the 2026–27 biennium, a net decrease of \$0.4 billion, or 38.7 percent, from the 2024–25 biennial spending level due primarily to the spending down of these pandemic-related funds.

The agency manages several programs: (1) LIHEAP; (2) Weatherization Assistance Program; (3) Community Services Block Grant; (4) Emergency Solutions Grant Program; (5) Homeless Housing and Services Program; and (6) HOME Investment Partnerships Program. Federal programs administered by the U.S. Department of Health and Human Services, the U.S. Department of Housing and Urban Development, the U.S. Department of Energy, and General Revenue Funds are the primary sources of funding for these programs.

LIHEAP assists low-income households to meet immediate energy needs and educates consumers on controlling energy costs. The program is administered through subrecipients across the state, providing services for Texas’ 254 counties. TDHCA is appropriated \$323.7 million in Federal Funds for LIHEAP for the 2026–27 biennium.

TDHCA also administers grants to local organizations across the state for the Weatherization Assistance Program. The program provides energy-related assistance through installation of weatherization materials and educates very low-income individuals and families about controlling home energy costs. The programs help decrease families’ energy-related costs and target consumers that are most vulnerable to extreme weather conditions, such as the elderly, individuals with disabilities, and families with small children. The program is appropriated \$17.6 million in Federal Funds for the 2026–27 biennium. In addition, funding available through enactment of the federal Infrastructure Investment and Jobs Act for the Weatherization Assistance Program provides \$95.1 million in Federal Funds.

TDHCA administers the federal Community Services Block Grant (CSBG) program and the Emergency Solutions

Grant (ESG) program to provide emergency and permanent shelter, utilities, nutrition, clothing, medical, and other services for the elderly, the needy, homeless individuals, and individuals with disabilities. These programs help communities to improve living conditions for homeless or poor individuals, transition families out of poverty, and assist individuals affected by natural disasters. Funds are disbursed statewide through community action agencies, continuum-of-care initiatives, nonprofit organizations, and local governments. TDHCA is appropriated \$72.3 million in Federal Funds for the CSBG program and \$19.1 million in Federal Funds for the ESG program for the 2026–27 biennium. The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act provided temporary additional funds for the CSBG and ESG programs. TDHCA is appropriated \$8.0 million in CARES Act Federal Funds in the 2026–27 biennium. The additional ESG Program funds were fully expended by the end of fiscal year 2024, resulting in a biennial decrease of \$8.9 million in Federal Funds.

The Homeless Housing and Services Program (HHSP) supports initiatives to resolve homelessness in the state's nine largest cities. The initiatives may include construction and development of housing for homeless individuals, rehabilitation of structures targeted to serve homeless individuals, or provisions to provide direct services and case management to homeless individuals. HHSP is appropriated \$12.8 million in General Revenue Funds for the 2026–27 biennium.

TDHCA administers the HOME Investment Partnerships Program to expand the supply of affordable housing and strengthen public-private housing partnerships between units of local governments, public housing authorities, and nonprofit entities, primarily in rural areas of the state. TDHCA is appropriated \$52.6 million in Federal Funds for the HOME program for the 2026–27 biennium.

TDHCA received onetime funding for the Homeowner Assistance Fund (HAF) and the Emergency Rental Assistance Programs from the American Rescue Plan Act (ARPA) to prevent evictions and foreclosures resulting from the COVID-19 pandemic. Both programs are closed to new applicants. TDHCA is appropriated \$1.3 million in Federal Funds for the HAF and \$3.5 million in Federal Funds for the Emergency Rental Assistance Program in the 2026–27 biennium that consists of remaining unused balances from the initial appropriation.

TDHCA also received onetime funding for the Low Income Household Water Assistance Program (LIHWAP) from ARPA and the 2020 Consolidated Appropriations Act to assist low-income households in meeting their immediate water and wastewater needs. LIHWAP is now closed to new applicants, and TDHCA is appropriated no funding for the program in the 2026–27 biennium, resulting in a biennial decrease of \$46.4 million in Federal Funds.

Not included in appropriations are donations to the Ending Homelessness Fund, which is maintained in the Texas Treasury Safekeeping Trust Company and administered in conjunction with ESG and HHSP.

AFFORDABLE HOUSING

TDHCA operates the following programs related to affordable housing: (1) HOME Investment Partnerships Program; (2) Tax Credit Assistance Program Repayment Fund Program; (3) Section 8 Housing Choice Voucher; (4) Texas Housing Trust Fund – Amy Young Barrier Removal; (5) Texas Housing Trust Fund – Bootstrap Program; (6) National Housing Trust Fund; (7) Federal Housing Tax Credit; (8) Neighborhood Stabilization Program; (9) Section 811 Project Rental Assistance Program; (10) My First Texas Home, Mortgage Credit Certificate, and My Choice Texas Home programs; and (11) the Multifamily Mortgage Revenue Bond Program.

Most housing activities are made available through federally funded or federally authorized programs that provide affordable housing to extremely low-income, very low-income, low-income, and moderate-income families. **Figure 300** shows household incomes for a family of four at each income classification by metropolitan area. **Figure 301** shows, by multifamily and single-family designation, the estimated number of households or units funded by program for fiscal year 2025 and the number of units projected for fiscal years 2026 and 2027.

The federal HOME Investment Partnerships (HOME) Program provides grants or loans for the construction of single-family and multifamily housing units by public and private sector partnerships. HOME awards also finance home buyer, home repair, and tenant-based rental assistance, and can help eligible communities affected by natural disasters. Pursuant to statute, 95.0 percent of TDHCA's HOME funds are available only to areas of the state that are mostly rural and that do not receive HOME funds directly from the federal government. The remaining 5.0 percent of the funds are reserved for Texas residents with disabilities.

FIGURE 300
TARGETED HOUSEHOLDS BY AREA MEDIAN FAMILY INCOME, FISCAL YEAR 2025

AREA	AREA MEDIAN FAMILY INCOME (AMFI)	EXTREMELY LOW INCOME (≤30.0% AMFI)	VERY LOW INCOME (≤50.0% AMFI)	LOW INCOME (≤60.0% AMFI)	MODERATE INCOME (≤80.0% AMFI)
State of Texas Median Income, Family of Four	\$98,800	\$29,650	\$49,400	\$59,280	\$79,050
Selected Metropolitan Statistical Areas (MSA)					
Austin–San Marcos MSA (Bastrop, Caldwell, Hays, Travis, and Williamson counties)	\$133,800	\$40,150	\$66,900	\$80,280	\$104,200
Dallas–Fort Worth–Arlington MSA (Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall counties)	\$117,300	\$35,200	\$58,650	\$70,380	\$93,850
El Paso MSA (El Paso County)	\$72,800	\$32,150	\$39,700	\$43,680	\$63,500
Houston MSA (Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller counties)	\$101,100	\$32,150	\$50,550	\$60,660	\$80,900
San Antonio MSA (Bandera, Bexar, Comal, Guadalupe, and Wilson counties)	\$98,300	\$32,150	\$48,300	\$58,980	\$77,300

NOTES:

- (1) Applicable maximum income limits are calculated by the U.S. Department of Housing and Urban Development (HUD) based on Area Median Family Income (AMFI) and other factors.
- (2) State median income is provided for comparative purposes and is not utilized for any program administered by the Texas Department of Housing and Community Affairs (TDHCA). HUD does not calculate 60.0 percent limits for the statewide median income; data shown represents a straight calculation.
- (3) MSA income limits shown are based on applicable federal Housing Tax Credit Program and HOME Investment Partnerships Program income limits for a family of four people. Some properties and contracts may target other income categories, such as 40.0 percent or less, as TDHCA provides incentives for assistance to lower-income households. Some programs, such as My First Texas Home, may serve moderate-income households. The Very Low-income category is defined as up to 50.0 percent AMFI federally and up to 60.0 percent AMFI pursuant to statutory provisions. Data shown utilizes the state definition.

SOURCE: Texas Department of Housing and Community Affairs.

FIGURE 301
MULTIFAMILY AND SINGLE-FAMILY HOUSEHOLDS OR UNITS BY PROGRAM, FISCAL YEARS 2025 TO 2027

PROGRAM	2025			2026			2027		
	MULTIFAMILY	SINGLE FAMILY	TOTAL	MULTIFAMILY	SINGLE FAMILY	TOTAL	MULTIFAMILY	SINGLE FAMILY	TOTAL
Housing Trust Fund	0	133	133	0	112	112	0	112	112
HOME Program	170	2,143	2,313	69	1,435	1,504	74	1,435	1,509
Low-income Housing Tax Credit Program	18,671	0	18,671	15,881	0	15,881	12,578	0	12,578
Mortgage Revenue Bond (1)	1,353	4,892	6,245	1,382	7,250	8,632	1,607	7,750	9,357
Multifamily Direct Loan Program (excludes HOME Program) (2)	178	0	178	108	0	108	100	0	100
Section 8 Program	1,404	0	1,404	1,220	0	1,220	1,220	0	1,220
Section 811 Program	615	0	615	575	0	575	600	0	600
Total	22,391	7,168	29,559	19,235	8,797	28,032	16,179	9,297	25,476

NOTES:

- (1) The Mortgage Revenue Bond Program includes the single-family My First Texas Home, Mortgage Credit Certificate, and My Choice Texas Home programs and the Multifamily Mortgage Revenue Bond program.
- (2) Units shown for Multifamily Direct Loan Program (excludes HOME Program) are funded through Tax Credit Assistance Program Repayment Funds, the National Housing Trust Fund, or the Neighborhood Stabilization Program. Multifamily Direct loans funded through HOME are shown as HOME multi-family unit.
- (3) Amounts shown for fiscal year 2025 are estimates; amount shown for fiscal years 2026 and 2027 are projections.
- (4) Data for multifamily programs show units completed or to be completed during the fiscal year. Some units receive funding from multiple programs and may be counted more than once, including all multifamily units financed through the Mortgage Revenue Bond Program.

SOURCE: Texas Department of Housing and Community Affairs.

TDHCA is appropriated \$84.8 million in Federal Funds for the 2026–27 biennium for the HOME Program.

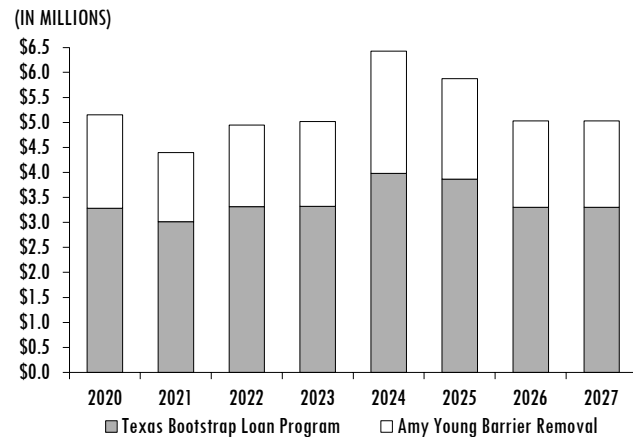
The Tax Credit Assistance Program (TCAP) Repayment Fund program is funded through repayments on loans previously provided to developers of multifamily rental properties. The loan repayments are repurposed to provide loans to developers of affordable, multifamily rental properties across the state. TDHCA is appropriated \$18.0 million in Federal Funds for the 2026–27 biennium for the TCAP Repayment Fund program.

The Section 8 Housing Choice Voucher Program is a federal program through which qualified tenants typically pay 30.0 percent of their adjusted income for rent, and the federal government pays the balance in an amount not to exceed fair market value, pursuant to the federal Housing Act of 1937, Section 8. The program provides rental payments directly to residence owners on behalf of extremely low-income, very low-income, and low-income families and individuals, including the elderly and individuals with disabilities. Most of the Section 8 vouchers in Texas are administered through local public housing authorities. TDHCA's Section 8 Program serves a limited number of rural or suburban communities that do not have local public housing authorities. The Section 8 Housing Choice Voucher Program is appropriated \$47.4 million in Federal Funds for the 2026–27 biennium, of which \$31.8 million is provided as a onetime response to the COVID-19 pandemic.

The Housing Trust Fund (HTF) programs are the agency's only state-funded housing programs. Except for administrative funding, all appropriations provided for the program are transferred each fiscal year to the HTF located outside the state Treasury. TDHCA applies at least \$3.0 million each year to support the legislatively mandated Texas Bootstrap Loan Program, a self-help loan program that targets economically distressed communities. Most of the remaining funds are used for the Amy Young Barrier Removal program, which provides onetime grants to individuals with disabilities that need modifications in their homes to increase accessibility or eliminate hazardous conditions. **Figure 302** shows a history of spending for programs within the HTF from fiscal years 2020 to 2027. TDHCA is appropriated \$9.5 million in General Revenue Funds and \$0.5 million in Other Funds for the HTF programs for the 2026–27 biennium.

The National HTF program provides funding to nonprofit and for-profit entities for the construction or rehabilitation

FIGURE 302
HOUSING TRUST FUND EXPENDITURES
FISCAL YEARS 2020 TO 2027



NOTES:

- (1) Amounts shown for fiscal years 2026 and 2027 are estimated.
- (2) Totals represent Housing Trust Fund General Revenue Funds appropriations and excess General Revenue Funds repayments collected pursuant to the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, Article VII, Texas Department of Housing and Community Affairs, Rider 8 and Rider 9.

SOURCE: Texas Department of Housing and Community Affairs.

of affordable multifamily rental developments serving extremely low-income households. Funding for these entities is provided in the form of low-interest, repayable loans. The National HTF is appropriated \$67.8 million in Federal Funds for the 2026–27 biennium.

The federal Housing Tax Credit (HTC) Program is the primary means of financing rental housing to low-income Texans. The program encourages private investment in exchange for tax credits and other incentives. In return for the tax credits, owners must set aside a minimum of 20.0 percent to 40.0 percent of units for use by extremely low-income and very low-income tenants; however, most owners set aside 100.0 percent of units for qualified low-income families. Two types of tax credits apply: competitive and noncompetitive. The HTC program is open to nonprofit and for-profit developers and is available statewide. Appropriations for the HTC program support only its administrative costs and total \$8.4 million in Other Funds for the 2026–27 biennium.

The Neighborhood Stabilization Program is funded through repayments from loans issued to communities to acquire and redevelop foreclosed properties. Repayments are used to support previously funded land-bank activities and provide

loans to developers of affordable, multifamily rental properties across the state. The Neighborhood Stabilization program is appropriated \$45,878 in Federal Funds for the 2026–27 biennium.

TDHCA administers the Section 811 Project Rental Assistance program, which provides project-based rental assistance to select state housing finance agencies for project-based rental operating assistance for individuals with disabilities, pursuant to the federal National Affordable Housing Act of 1990, Section 811. TDHCA operates the Section 811 Project Rental Assistance program in partnership with the Health and Human Services Commission. This program is appropriated \$7.9 million in Federal Funds for the 2026–27 biennium.

TDHCA administers the My First Texas Home, Mortgage Credit Certificate (MCC), and My Choice Texas Home programs, which are operated primarily with funding from the issuance of single-family mortgage revenue bonds (SFMRB) and other mortgage brokerage models administered outside of the state Treasury. Appropriations for these programs represent the administrative costs of the programs. The My First Texas Home and My Choice Texas Home programs offer competitive interest rates on home loans and provide down payment assistance for eligible participants. The MCC program offers homeowners a federal income tax credit for a portion of their mortgage interest paid per year. These programs are appropriated \$5.3 million in Other Funds for the 2026–27 biennium.

The Multifamily Mortgage Revenue Bond (MFMRB) program is operated primarily with funding through the issuance of multifamily mortgage revenue bonds administered outside of the state Treasury. Appropriations for the MFMRB program represent the administrative costs of this program. The MFMRB program issues taxable and tax-exempt mortgage revenue bonds to developers and uses the bond proceeds to finance the construction, acquisition, or rehabilitation of affordable rental properties. The MFMRB program is appropriated \$1.8 million in Other Funds for the 2026–27 biennium.

The bond proceeds from these single-family and multifamily mortgage revenue bonds are held by trustees outside the state Treasury and are not included in the General Appropriations Act. At the end of fiscal year 2025, TDHCA had approximately \$3.3 billion in SFMRBs outstanding and \$945.4 million in MFMRBs outstanding. TDHCA also has \$10.0 million in single-family issuer notes and \$553.2

million in multifamily issuer notes outstanding. Issuer notes are loan agreements between TDHCA and a borrower. The agency estimates that it will issue \$2.0 billion in SFMRBs and \$300.0 million in MFMRBs during the 2026–27 biennium. Factors such as the bond and housing markets will determine the amount of bonds issued each year. TDHCA also estimates that it will utilize \$250.0 million in private activity bond authority each year of the biennium to issue MCCs. In addition, TDHCA expects to facilitate access to an estimated \$900.0 million per year in privately financed, market-rate mortgage loans utilizing down payment assistance funded through its single-family bond indentures.

COMPLIANCE AND ADMINISTRATION

The compliance and administration program area includes four programs: (1) Central Administration; (2) Compliance and Monitoring; (3) Information Resource Technologies; and (4) Operations and Support Services.

Central Administration, Information Resource Technologies, and Operations and Support Services provide agencywide services and monitoring of contract, grant, and housing requirements. These programs also assist with TDHCA's human resources, software development, and financial administration. These three programs are appropriated \$23.3 million in All Funds for the 2026–27 biennium.

The Compliance and Monitoring program confirms that TDHCA-supported rental developments adhere to commitments made at the time of funding, including serving low-income households, charging restricted rents, and maintaining the physical condition of the properties. To enforce compliance, TDHCA conducts onsite monitoring visits to review documentation and physically inspect the properties. TDHCA also monitors to verify that subrecipients are delivering promised, contractually established benefits, such as home repair and energy assistance, to target populations, and that federal and state requirements are met. Additionally, through this program and in cooperation with the Manufactured Housing Division, TDHCA inspects and licenses private and public migrant labor housing to confirm that the housing meets minimum safety standards. The Compliance and Monitoring program is appropriated \$13.5 million in All Funds for the 2026–27 biennium.

MANUFACTURED HOUSING

TDHCA's Manufactured Housing Division, which is governed by a separate board and executive director, is funded primarily through Appropriated Receipts (Other Funds) associated with

title, inspection, and licensing fees to support the manufactured housing industry. Three programs are included in Manufactured Housing: (1) inspections; (2) licensing; and (3) enforcement. The funding is provided for the purpose of providing statements of ownership and registration service; conducting inspections of manufactured homes; protecting the public and consumers; and providing processing of occupational licenses, registrations, or permit fees. The Manufactured Housing Division also provides inspection oversight as a State Administrative Agency for the U.S. Department of Housing and Urban Development. All Funds appropriations for the Manufactured Housing Division for the 2026–27 biennium include \$4.9 million for the inspection program, \$5.2 million for the licensing program, and \$4.6 million for the enforcement program.

INFORMATION SERVICES

TDHCA provides information and technical assistance to extremely low-income, very low-income, and low-income households through three programs: (1) Housing Resource Center; (2) Office of Colonia Initiatives and Colonia Self Help Centers; and (3) Housing and Health Services Coordination Council.

The agency provides information through the statutorily required Housing Resource Center, which serves as a statewide clearinghouse of information about housing and community services programs. The housing center provides information and technical assistance regarding the state's housing needs, community services, and affordable housing programs to consumers, developers, researchers, and the public. The housing center also is responsible for developing statutorily required planning documents such as the State Low-Income Housing Plan. The Housing Resource Center program is appropriated \$1.6 million in Other Funds for the 2026–27 biennium.

The Office of Colonia Initiatives provides technical assistance, education, and self-help programs to colonia residents and communities along the Texas–Mexico border through TDHCA field offices and Colonia Self-help Centers. The Office of Colonia Initiatives and Colonia Self-help Centers program is appropriated \$0.7 million in Other Funds for the 2026–27 biennium.

The Housing and Health Services Coordination Council coordinates and increases state efforts to offer service-enriched housing for individuals with disabilities or older Texans. The Housing and Health Services Coordination

Council is appropriated \$0.2 million in General Revenue Funds for the 2026–27 biennium.

SIGNIFICANT LEGISLATION

House Bill 21 – Reviewing the audits of housing finance corporations. TDHCA received an appropriation of \$456,456 in General Revenue Funds and 1.0 additional full-time-equivalent (FTE) position in the 2026–27 biennium to implement the legislation's provisions relating to TDHCA reviews of housing finance corporations' audits.

Senate Bill 243 – Regulating migrant labor housing facilities. TDHCA received an appropriation of \$1.1 million in General Revenue Funds and 3.0 additional FTE positions in the 2026–27 biennium to hire additional staff and procure additional third-party services for inspection of migrant labor housing facilities.

TEXAS DEPARTMENT OF MOTOR VEHICLES

PURPOSE: Provide vehicle title and registration services, motor carrier registration and permitting, motor vehicle industry licensing and regulation, and other motor vehicle regulatory and enforcement services.

ESTABLISHED: 2009

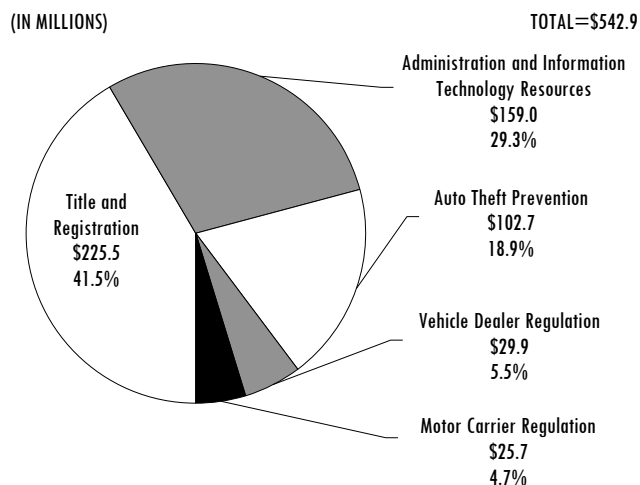
AUTHORIZING STATUTE: The Texas Transportation Code, §1001.002

GOVERNANCE: Department of Motor Vehicles Board – nine members appointed by the Governor with advice and consent of the Senate

FIGURE 303
TEXAS DEPARTMENT OF MOTOR VEHICLES BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$232.0	\$102.7	(\$129.3)	(55.7%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$1.9	\$0.0	(\$1.9)	(100.0%)
Other Funds	\$559.5	\$440.2	(\$119.3)	(21.3%)
Total, All Methods of Finance	\$793.3	\$542.9	(\$250.4)	(31.6%)

AGENCY PROGRAM AREAS BY APPROPRIATION



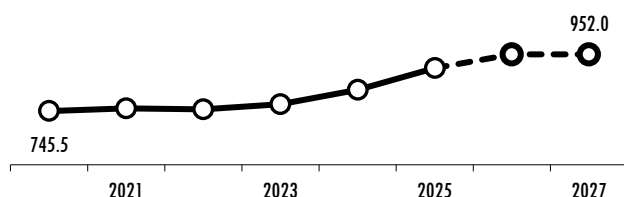
SIGNIFICANT DEVELOPMENTS

Supplemental funding of \$125.0 million in General Revenue Funds is provided for fiscal year 2025 to implement the second phase of the agency's Registration and Titling System replacement project.

Vehicle Title and Registration funding includes \$9.0 million in Other Funds for implementation of Senate Bill 1902, Eighty-ninth Legislature, Regular Session, 2025, relating to dealer-issued license plates and the transfer and removal of license plates.

Funding includes an increase of 50.0 full-time-equivalent positions to increase staffing across all program areas.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Department of Motor Vehicles (DMV) for the 2026–27 biennium represents a decrease of \$250.4 million from the 2024–25 biennium, including decreases of \$129.3 million in General Revenue Funds, \$0.7 million in Federal Funds, and \$119.3 million in Other Funds. General Revenue Funds decreases include \$2.6 million to align funding for the Motor Vehicle Crime Prevention Authority (MVCPA) with estimated revenue collections from the statutory MVCPA fee revenue allocation for the 2026–27 biennium, and \$1.7 million from onetime automation project expenditures during the 2024–25 biennium.

The decrease in Other Funds is due primarily to a decrease of \$143.0 million from onetime Texas Public Finance Authority Revenue Bond funding during the 2024–25 biennium for the agency's Camp Hubbard headquarters renewal project. Additionally, Other Funds changes from the 2024–25 biennium include:

- an increase of \$9.0 million for implementation of Senate Bill 1902, Eighty-ninth Legislature, Regular Session, 2025, regarding the department's role in administering the dealer-issued license plates database and the transfer and removal of license plates;
- an increase of \$6.4 million and 50.0 full-time-equivalent positions to increase staffing across all agency programs;
- a net increase of \$8.0 million for agencywide program operations and indirect administrative support; and
- an increase of \$0.4 million for implementation of Senate Bill 2007, Eighty-ninth Legislature, Regular Session, 2025, to provide for the voluntary disclosure by an applicant for registration of a motor vehicle of the applicant's military status.
- Funding for fiscal year 2025 includes a supplemental appropriation of \$125.0 million in General Revenue Funds, pursuant to House Bill 500, Eighty-ninth Legislature, Regular Session 2025, to implement the second phase of the agency's Registration and Titling System replacement project.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) vehicle titling and registration; (2) administration and information resource technology

support; (3) motor vehicle crime prevention; (4) motor carrier regulation; and (5) vehicle industry regulation.

The agency's largest program area is vehicle titles and registration. The agency supports and partners with 254 tax assessor-collectors and their agents to administer motor vehicle titles and title fraud investigations, register vehicles, distribute license plates and registration insignia stickers, distribute parking placards for individuals with disabilities, and collect the related fees. This program includes the maintenance and enhancement of an automated vehicle registration and titling system used by the agency and the tax-assessor collectors in each county to account for the titling and registration of vehicles, to collect related fees and taxes, and to provide access for law enforcement to vehicle ownership information. Additionally, this program area includes a compliance and investigations division to identify, investigate, and prevent motor vehicle-related fraud. The agency will process an estimated 7.5 million vehicle title transactions in each fiscal year, and a total of 26.4 million vehicles will be registered in Texas by the end of the 2026–27 biennium. Appropriations for vehicle titling and registration total \$225.5 million in Other Funds for the 2026–27 biennium.

The agency's administration and information resource technology support program area provides central administration, information resources, and other services to support the daily operations of all other DMV programs and the governing board of the DMV. The agency's central administration functions include executive administration, finance and accounting services, human resources, and legal support. The agency's information resources program provides support for the maintenance and enhancement of information technology (IT) systems and equipment and management of IT projects throughout the agency. Other support services include agency facilities management, motor vehicle fleet, records retention, and mail operations. Appropriations for administration and IT support total \$159.0 million in Other Funds for the 2026–27 biennium.

The MVCPA consists of a seven-member board of directors, independent of DMV's governing board and appointed by the Governor with the advice and consent of the Senate. The MVCPA coordinates efforts within a network of law enforcement and judicial agencies, the insurance industry, and residents to reduce motor vehicle burglary and theft and fraud-related motor vehicle crimes through grants that fund motor vehicle crime reduction initiatives. Appropriations for MVCPA program grants and

administration total \$102.7 million in General Revenue Funds for the 2026–27 biennium.

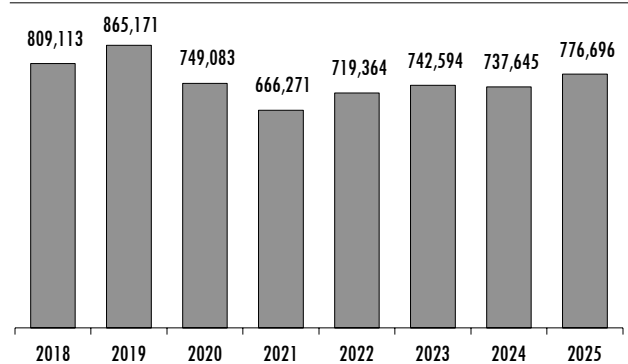
The agency's motor carrier regulation program provides for motor carrier registration services, oversize/overweight vehicle permitting, and enforcement. Motor carriers operating equipment with a gross vehicle weight exceeding 26,000 pounds, passenger bus operators, and household goods carriers operating in Texas are required to obtain a motor carrier registration with DMV. Additionally, DMV is responsible for the permitting, regulation, and routing of oversize and overweight vehicles on the state's highways to protect the safety of the traveling public and the integrity of highways and bridges. **Figure 304** shows the number of oversize/overweight permits issued from fiscal years 2018 to 2025. DMV reported issuing 776,696 permits during fiscal year 2025, which represents an increase of 16.6 percent from 666,271 permits issued during fiscal year 2021. The change in the number of permits issued closely correlates with economic factors, including public and private infrastructure investment, manufacturing, and energy exploration and development. Appropriations for the motor carrier regulation program total \$25.7 million in Other Funds for the 2026–27 biennium.

The agency's motor vehicle industry regulation program provides for the licensing and regulation of motor vehicle dealers, manufacturers, salvage vehicle dealers, and other entities engaged in the motor vehicle sales and distribution industry. The agency is also responsible for enforcing the state's motor vehicle Lemon Law, which was established to assist consumers who have purchased or leased new vehicles with substantial defects in obtaining repair, replacement, or repurchase of those vehicles. Appropriations for motor vehicle industry regulation total \$29.9 million in Other Funds for the 2026–27 biennium.

SIGNIFICANT LEGISLATION

Senate Bill 1902 – Vehicle dealer-issued license plates and transfer and removal of license plates. The legislation requires a licensed motor vehicle dealer to remove the license plates from a motor vehicle that is sold or transferred to the dealer and to transfer each removed license plate to another motor vehicle sold by that dealer if the license plates are appropriate for the class of vehicle to which the plates are being transferred. Upon the sale or transfer of a motor vehicle to an individual other than a licensed dealer, Senate Bill 1902 requires the seller to remove the license plates issued for the vehicle. The individual would be authorized to transfer the

FIGURE 304
OVERSIZE/OVERWEIGHT PERMITS ISSUED
FISCAL YEARS 2018 TO 2025



SOURCE: Department of Motor Vehicles.

removed license plates to another vehicle upon the DMV's approval of an application to transfer the plates. The legislation requires a license plate that is removed from a vehicle and not transferred to another vehicle to be disposed of in a manner prescribed by DMV within 10 days of the date the license plate was removed.

Senate Bill 2007 – Voluntary disclosure of military status by an applicant for registration of a motor vehicle. The legislation requires DMV to provide an applicant for registration or renewal of the registration of a motor vehicle the option to indicate whether the person is a member of the U.S. armed forces. Senate Bill 2007 requires DMV to include a person's disclosed status as a member of the armed forces in the department's vehicle registration records and with any record information released by the department for the associated vehicle.

Senate Bill 2807 – Operation of automated motor vehicles to transport property or passengers for commercial purposes. The legislation prohibits a person from operating an automated motor vehicle (AMV) to transport property or passengers in furtherance of a commercial enterprise on a highway or street in Texas without a human driver unless the person receives and maintains authorization to operate AMVs from the DMV. Senate Bill 2807 requires the board of the DMV, by rule, to establish a process by which a person may apply to DMV to operate an AMV without a human driver for such commercial purposes. An authorization issued by DMV would not expire and would remain active unless suspended, revoked, or canceled by DMV.

TEXAS DEPARTMENT OF TRANSPORTATION

PURPOSE: Provide vehicle title and registration services, motor carrier registration and permitting, motor vehicle industry licensing and regulation, and other motor vehicle regulatory and enforcement services.

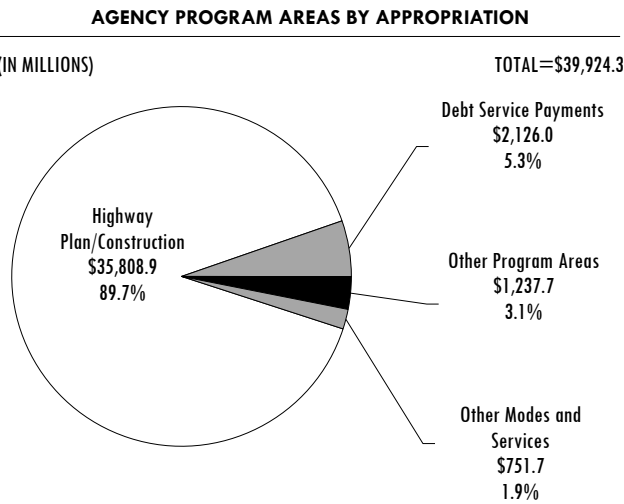
ESTABLISHED: 1991

AUTHORIZING STATUTE: The Texas Transportation Code, Chapter 201

GOVERNANCE: Texas Transportation Commission—five members appointed by the Governor with the advice and consent of the Senate

FIGURE 305
TEXAS DEPARTMENT OF TRANSPORTATION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$663.6	\$173.8	(\$489.8)	(73.8%)
General Revenue–Dedicated Funds	\$601.5	\$1.5	(\$600.0)	(99.8%)
Federal Funds	\$12,874.2	\$12,071.4	(\$802.8)	(6.2%)
Other Funds	\$26,664.4	\$27,677.7	\$1,013.4	3.8%
Total, All Methods of Finance	\$40,803.6	\$39,924.3	(\$879.3)	(2.2%)

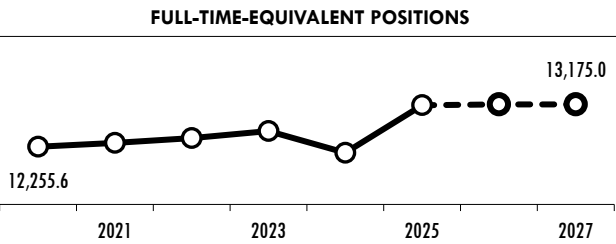


SIGNIFICANT DEVELOPMENTS

Appropriations from Other Funds include **\$26.7 billion from all State Highway Fund revenue sources**, which represents **66.9 percent of All Funds** for the 2026–27 biennium.

Appropriations include an estimated **\$8.0 billion in Other Funds from oil and natural gas tax-related transfers** to the **State Highway Fund** (Proposition 1, 2014).

Appropriations include an estimated **\$7.4 billion in Other Funds from state sales tax and motor vehicle sales tax allocations** to the **State Highway Fund** (Proposition 7, 2015).



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the Department of Transportation (TxDOT) for the 2026–27 biennium total \$39.9 billion, a net decrease of \$0.9 billion in All Funds from the 2024–25 biennium. The decrease is due primarily to a net decrease of \$0.5 billion in General Revenue Funds, mostly related to expenditures for 2024–25 onetime funding items and supplemental appropriations for fiscal year 2025 from the Eighty-ninth Legislature, Regular Session; a decrease of \$0.6 billion in General Revenue–Dedicated Funds from onetime funding for the Ship Channel Improvement Revolving Fund loan program and maritime port capital improvement projects in the 2024–25 biennium; and a decrease of \$0.8 billion in Federal Funds due primarily to the agency's anticipated decrease in federal reimbursements for highway planning and construction expenditures as compared to the 2024–25 biennium. These decreases are offset by an increase of \$1.0 billion in Other Funds related to estimated increases in State Highway Fund (SHF) revenue sources.

Funding for fiscal year 2025 includes supplemental appropriations of \$504.1 million in All Funds, pursuant to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, for the following purposes:

- \$250.0 million in General Revenue Funds for making grants for railroad grade-separation projects, pursuant to the enactment of Senate Bill 1555, Eighty-ninth Legislature, Regular Session, 2025;
- \$128.8 million in General Revenue Funds to support airport capital improvement and routine maintenance projects;

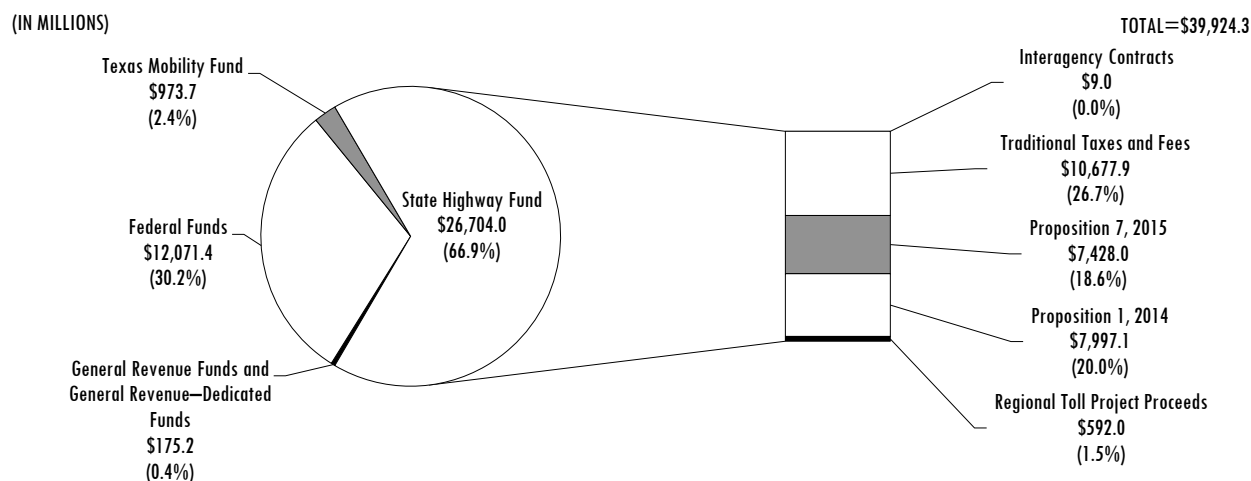
- \$67.0 million in General Revenue Funds for the purchase of new aircraft and construction of an aircraft hangar for the TxDOT Flight Services program;
- \$20.0 million for state highway improvements; and
- \$38.3 million in Other Funds for motor vehicle purchases.

TxDOT funding for the 2026–27 biennium includes \$27.7 billion in Other Funds (69.3 percent of total funding), consisting primarily of SHF funds. **Figure 306** shows agency appropriations by funding source for the 2026–27 biennium.

Funding of \$35.8 billion in All Funds is provided for highway planning and design, right-of-way acquisition, construction, and maintenance and preservation, an increase of \$0.2 billion from the 2022–23 biennium. The All Funds amount includes \$11.5 billion in Federal Funds, \$24.1 billion from all SHF revenue sources, and \$0.1 billion in Other Funds from the Texas Mobility Fund.

The Texas Constitution requires the Comptroller of Public Accounts (CPA) to deposit to the SHF \$2.5 billion of the net revenue derived from the state sales and use tax that exceeds the first \$28.0 billion collected in each fiscal year, and deposit 35.0 percent of the net revenue derived from state motor vehicle sales and rental taxes that exceed the first \$5.0 billion collected in each fiscal year to the SHF (Proposition 7, 2015). Based on the CPA's January 2025 Biennial Revenue Estimate (BRE), appropriations to TxDOT include \$5.0 billion from sales tax deposits (\$2.5 billion in each fiscal year) and \$1.3

FIGURE 306
DEPARTMENT OF TRANSPORTATION FUNDING SOURCES, 2026–27 BIENNIUM



NOTE: Amounts for the State Highway Fund and Texas Mobility Fund are estimated and exclude Federal Funds deposited to the credit of these funds.
SOURCE: Legislative Budget Board.

billion in motor vehicle sales and rental tax deposits to the SHF anticipated to occur during the 2024–25 biennium. Additionally, appropriations to TxDOT for the 2026–27 biennium include an estimated \$1.1 billion in unexpended balances of SHF Proposition 7 funds from the 2024–25 biennium. The constitution specifies that these funds may be used to construct, maintain, and acquire rights-of-way for non-tolled public roadways or to repay principal and interest on Proposition 12, 2007, General Obligation (GO) bonds. Funding from Proposition 7 proceeds for the 2026–27 biennium provides \$6.9 billion for development and delivery of non-tolled highway projects and \$0.5 billion for debt service payments on Proposition 12 GO bonds.

The Texas Constitution requires the CPA in each fiscal year to transfer from the General Revenue Fund to the Economic Stabilization Fund (ESF) and the SHF 75.0 percent of the amounts by which tax collections from oil production and natural gas production in the previous fiscal year exceed the amounts collected in fiscal year 1987. The constitution requires one-half of that amount to be allocated to the ESF and one-half to the SHF (Proposition 1, 2014), provided that oil and natural gas tax collections are sufficient and the fund balance of the ESF is greater than the sufficient balance amount determined by the CPA for the current fiscal biennium. Funding provides \$8.0 billion from Proposition 1 oil and natural gas tax-related revenue transfers to the SHF for development and delivery of non-tolled highway projects, including an estimated \$5.1 billion from anticipated transfers to the SHF during the 2026–27 biennium based on the CPA's January 2025 BRE, and an estimated \$2.9 billion in unexpended balances from prior years' transfers to the SHF.

Funding includes an increase of 18.0 full-time-equivalent (FTE) positions for TxDOT's Flight Services program to provide an additional 4.0 aircraft pilot and 14.0 aircraft mechanic positions to operate and maintain the state's aircraft fleet.

PROGRAMS

The agency carries out its responsibilities through four program areas: (1) highway planning and construction; (2) other transportation modes and services; (3) other program areas, including administrative and information resources support, traffic safety, government flight services, travel and tourism, and outdoor advertising regulation; and (4) debt service payments.

HIGHWAY PLANNING AND CONSTRUCTION

The agency's largest program area is highway planning and construction. Major functions in this program area include

transportation system planning and design, acquisition of rights-of-way, highway construction and preservation, routine system maintenance, and programs that provide state financial participation in the costs of developing tolled and non-tolled roadway projects.

The agency's transportation planning and design function includes long-range road forecasting, preliminary road and bridge design, construction and environmental engineering, research and development, and other activities that contribute to the management and expansion of the state's transportation system. This function includes planning, design, management, and research activities carried out by agency staff and professional services performed by private contractors. Appropriations for transportation system planning and design total \$4.2 billion for the 2026–27 biennium. Funding includes \$1.4 billion in All Funds and 5,024.0 FTE positions for work performed by TxDOT staff, and \$2.9 billion in All Funds for contracted planning and design services.

The agency's right-of-way acquisition function includes the acquisition of rights-of-way and other real property interests for transportation projects, adjustment of utility facilities affected by transportation construction projects, and relocation assistance to displaced property owners and tenants of business and residential properties. Appropriations for right-of-way acquisition total \$3.1 billion in All Funds for the 2026–27 biennium.

The agency's highway construction and preservation function supports contracts for the construction and reconstruction of roads, bridges, and other facilities within the state highway system, and work associated with highway preventive maintenance and rehabilitation. The agency contracts with private firms for all highway and bridge construction projects. Funding for highway construction and preservation provides payments to contractors for actual construction work performed. Appropriations for highway construction and preservation total \$22.8 billion in All Funds for the 2026–27 biennium, during which the agency estimates it will award 1,530 new highway construction contracts.

The agency's routine transportation system maintenance function provides routine and preventive maintenance of roadway surfaces, bridges, highway markings, and traffic signal systems. Other routine maintenance activities include roadside mowing, litter removal, rest area maintenance, emergency repairs, and ferry facilities maintenance. Routine transportation system maintenance is the agency's largest function in terms of

the number of employees involved; it includes work performed by agency staff and contractors. Appropriations for routine transportation system maintenance total \$5.2 billion in Other Funds for the 2026–27 biennium (including \$2.9 billion for contracted routine maintenance and \$2.3 billion for activities to be performed by TxDOT personnel) and provides for 6,180.0 FTE positions.

Appropriations for highway planning and construction also include \$0.5 billion in All Funds for the 2026–27 biennium for programs that support the following activities: (1) pass-through financing to reimburse local governments for their participation in the development of state highway improvement projects; (2) state participation in the costs of local toll projects; and (3) loans to local governments to finance eligible highway projects through the federally authorized State Infrastructure Bank.

OTHER TRANSPORTATION MODES AND SERVICES

The agency also is responsible for other transportation modes and services, including public transportation, aviation, ferry operations, rail, and maritime transportation.

The agency's public transportation program promotes public transportation projects by distributing state and federal grants and assisting small urban and rural transportation providers, communities, nonprofit organizations, and political subdivisions in the development and delivery of public transportation services. TxDOT distributes federal and state grants to 36 rural transit districts (serving areas with populations of less than 50,000), 24 small urban transit districts (serving areas with populations from 50,000 to 199,999), and nine large urban transit districts (serving areas with populations of 200,000 or more) to provide funding for transit operating expenses and capital projects such as transit vehicle replacement. Appropriations for public transportation total \$288.9 million in All Funds for the 2026–27 biennium.

The agency's aviation services program provides state and federal financial and technical assistance to Texas communities for airport development, maintenance, and capital improvement. TxDOT also acts as the agent of the state and each political subdivision in applying for, receiving, and disbursing federal aviation funds for the state's general aviation, reliever, and nonprimary commercial service airports. The agency estimates it will approve 70 grants for airport capital improvements during each fiscal year of the 2026–27 biennium. Appropriations for aviation services total \$281.3 million in All Funds for the 2026–27 biennium.

The agency operates a toll-free ferry system that connects Port Aransas to Aransas Pass and another connecting Galveston Island to the Bolivar Peninsula. The ferry services transport vehicles and passengers across these routes 24 hours a day, seven days a week. Appropriations for ferry operations total \$130.9 million in Other Funds for the 2026–27 biennium.

The agency's rail transportation program oversees state rail planning, research, and contracts for rail facility improvements; manages the state-owned South Orient Railroad, which extends west 391.0 miles from Coleman County to the Texas–Mexico Border at Presidio; and conducts rail safety inspections to enforce compliance with state and federal regulations. Appropriations for rail transportation total \$47.9 million in All Funds for the 2026–27 biennium.

The agency's maritime program supports and promotes waterborne transportation and related intermodal transportation projects in Texas. The agency provides financial support for maritime transportation through administration of the Ship Channel Improvement Revolving Fund (SCIRF) and the Port Access Account Fund (PAAF). TxDOT administers the SCIRF to provide financial assistance through a revolving loan program to non-federal sponsors of eligible Texas ship channel improvement projects to be financed and implemented in partnership with the U.S. Army Corps of Engineers. TxDOT also provides funding through the PAAF for port development and infrastructure projects located within the jurisdiction of a maritime port. Additionally, the agency's maritime program administers the state's responsibility as the nonfederal sponsor of the portion of the Gulf Intracoastal Waterway that extends 406.0 miles from the Sabine River to the Brownsville Ship Channel along the Texas coast. The agency provides support for navigation along the waterway by determining methods to dredge the waterway to maintain its depth and acquiring sites to dispose of dredged material. Appropriations for the agency's maritime program total \$2.7 million in Other Funds for the 2026–27 biennium.

OTHER PROGRAM AREAS

Other programs and activities carried out by the agency include promoting traffic safety, providing travel and tourism information, providing government flight transportation services and maintenance for state-owned aircraft, regulating outdoor advertising, and providing administrative and information resources support for all agency programs.

The agency's traffic safety program coordinates efforts and activities to reduce the number and severity of traffic crashes, injuries, and fatalities. The program provides state and federal grant funding to state agencies, local jurisdictions, and private nonprofit organizations for projects focusing on vehicle occupant protection, selective traffic enforcement, impaired driving, and other roadway safety education and awareness efforts. The agency also is responsible for collecting and maintaining motor vehicle traffic crash information submitted by law enforcement agencies statewide. Appropriations for traffic safety total \$143.5 million in All Funds for the 2026–27 biennium.

The agency administers travel information programs that support and promote tourism in the state and travel on Texas roadways. The agency operates 12 travel information centers across the state that provide roadway, travel, and tourism information to the media and the public. In addition, the agency publishes the monthly *Texas Highways* magazine, an official state travel map, and other travel guides. The agency's travel information program also provides highway-condition information to the public online and through a toll-free telephone service. Appropriations for travel information total \$44.9 million in All Funds for the 2026–27 biennium.

The agency's flight services program serves as a point of coordination for state officials and agencies for the use and maintenance of state-owned aircraft. The agency maintains and operates a fleet of aircraft to provide air travel services to state officials, employees, or sponsored contractors traveling on official state business. Additionally, the agency provides maintenance services, fuel, hangar space, and other services to support the maintenance and operation of state-owned aircraft. Appropriations for flight services total \$9.0 million in Other Funds for the 2026–27 biennium.

The agency's outdoor advertising regulation program regulates the display of off-premise outdoor advertising signs located within 660.0 feet of the right-of-way of certain highways in urban areas or visible from the main traveled way of highways located outside of urban areas. The agency is required by federal and state law to control outdoor advertising along regulated highways. Before installing or maintaining a sign or billboard, an individual or company must obtain an outdoor advertising license and a sign permit from TxDOT. Appropriations for outdoor advertising regulation total \$3.9 million in Other Funds for the 2026–27 biennium.

Other program areas include central administration, information resources, and other services to support the daily

operations of all other TxDOT programs and the Texas Transportation Commission (TTC). The agency's central administration functions include executive administration, finance and accounting services, planning and policy development, government and public affairs, human resources, and legal support. The agency's information resources program provides for the planning, management, and operation of information technology systems and equipment. Other support services include purchasing and contract services, property management, vehicle fleet maintenance, document and records management, printing services, and internal mail operations. Appropriations for administrative and information resource support services total \$976.4 million in Other Funds for the 2026–27 biennium.

DEBT SERVICE

The agency's debt service program area provides funding for debt service payments and other financing costs associated with bond obligations, short-term borrowing, and other credit agreements issued by the TTC. With the commission's authority, the agency administers three major bond programs secured by and payable from funds in the state Treasury, including Texas Mobility Fund bonds, SHF Revenue bonds (Proposition 14, 2003), and Highway Improvement GO bonds (Proposition 12, 2007). The agency also is authorized to enter into agreements for short-term borrowing to facilitate cash management operations and address fluctuations in the cash balance of the SHF. Appropriations for debt service payments and associated financing costs total \$2.1 billion in All Funds for the 2026–27 biennium.

PRIMARY FUNDING SOURCES

STATE HIGHWAY FUND

The SHF is the agency's primary source of appropriations and operating funds for most of the agency's programs. Appropriations from the SHF, excluding federal revenue deposited to the fund, total \$22.8 billion for the 2024–25 biennium (61.2 percent of total appropriations) based on the Comptroller of Public Accounts' BRE and estimated SHF balances for the 2024–25 biennium. The SHF is not established or dedicated by the Texas Constitution, but certain revenue sources deposited to the fund are dedicated by the constitution for acquiring rights-of-way; constructing, maintaining, and policing public roadways; and for the administration of laws pertaining to the supervision of traffic and safety on public roadways. Money in the fund that the constitution does not require to be spent on public roadways may be used for any function performed by TxDOT.

Revenues in the SHF that are dedicated by the constitution for public roadway purposes include motor fuels taxes, vehicle registration fees, general sales taxes, motor vehicle sales and rental taxes, sales taxes on motor fuel lubricants, oil and natural gas tax-related transfers to the fund, and federal reimbursement receipts for highway expenditures. Other statutory fees deposited to the fund that are not dedicated by the constitution include special vehicle permit fees and other fees associated with administrative and regulatory functions carried out by TxDOT and other agencies. **Figure 307** shows the estimated revenue to the SHF by revenue source for the 2026–27 biennium based on the CPA's October 2025 Certification Revenue Estimate.

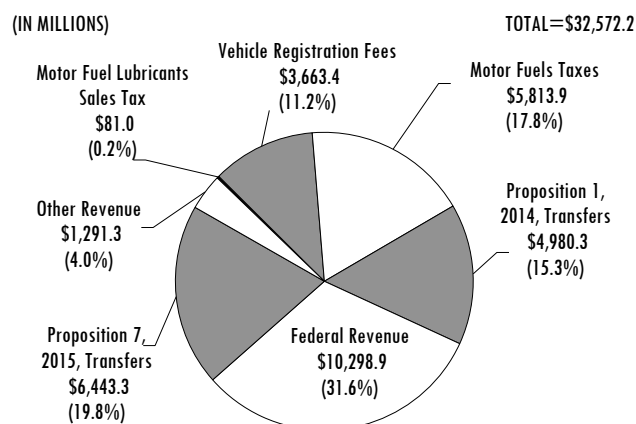
TEXAS MOBILITY FUND

The Texas Mobility Fund (TMF) is established by the constitution as a revolving fund to provide financing for construction, reconstruction, acquisition, and expansion of state highways, and state participation in the costs of publicly owned toll roads and other public transportation projects. The constitution authorizes the Legislature to dedicate to the fund any taxes or other revenues that are not otherwise dedicated to the SHF. Additionally, the constitution authorizes the Legislature to authorize TTC, by general law, to issue bonds and enter into other credit agreements secured by and payable from a pledge of money in the fund. Revenues dedicated to the fund include driver license fees, driver record information fees, motor vehicle inspection fees, and various other revenues related to transportation. **Figure 308** shows the estimated revenue to the TMF by revenue source for the 2026–27 biennium.

FEDERAL FUNDS

Federal Funds account for 30.2 percent of the agency's total appropriations for the 2026–27 biennium. Of these funds, \$11.5 billion, or 95.2 percent, are for highway planning and construction. The remaining Federal Funds appropriations consist of funding for public transportation, general aviation, traffic safety programs, rail transportation studies and capital improvements, and debt service subsidies for bonds issued in accordance with the Build America Bonds program. Federal aid for transportation is typically distributed to states in the form of reimbursements of state expenditures for eligible projects. As work is completed and payments are made, the state is reimbursed in accordance with the federal-state participation matching ratios established for the federal program categories, typically 80.0 percent federal match for federal aid highway projects.

FIGURE 307
STATE HIGHWAY FUND REVENUE SOURCES
2026–27 BIENNIUM

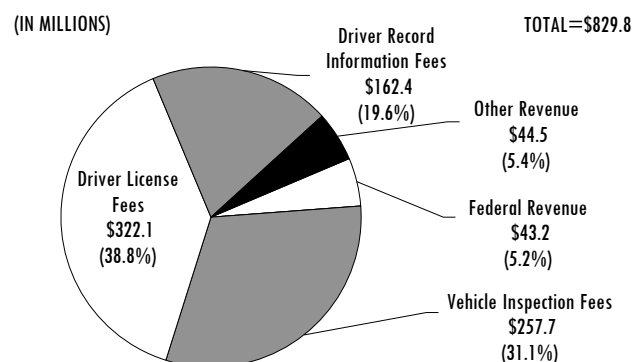


NOTES:

- (1) Amounts are estimated.
- (2) The amount for Proposition 1, 2014, represents estimated oil and natural gas tax-related transfers to the State Highway Fund (SHF).
- (3) The amount for Proposition 7, 2015, represents estimated sales tax transfers to the SHF.

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

FIGURE 308
TEXAS MOBILITY FUND REVENUE SOURCES
2026–27 BIENNIUM



NOTE: Amounts are estimated.

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

BOND PROGRAMS

The Texas Constitution and state law authorize TTC to administer bond programs. The agency administers three such major bond programs, which are used as a method of financing for transportation projects: (1) TMF bonds; (2) SHF Revenue (Proposition 14, 2003) bonds; and (3) Highway Improvement GO (Proposition 12, 2007) bonds.

FIGURE 309
TEXAS DEPARTMENT OF TRANSPORTATION BOND PROGRAM SUMMARY, AS OF AUGUST 31, 2023

(IN MILLIONS)

PROGRAM	YEAR AUTHORIZED	TOTAL AUTHORIZED AND ISSUED	PRINCIPAL OUTSTANDING	REMAINING REPAYMENTS (3)
Texas Mobility Fund	2001	\$7,390.6	\$5,645.8	\$8,271.2
Proposition 14	2003	\$6,000.0	\$2,942.8	\$3,649.8
Proposition 12 (1)	2009	\$5,000.0	\$3,201.1	\$4,625.8

NOTES:

- (1) The Proposition 12 constitutional amendment was approved by voters in 2007. However, the Legislature did not pass enabling legislation authorizing the issuance of Proposition 12 bonds until 2009.
- (2) Remaining repayment amounts include repayments of outstanding principal plus estimated interest payments on fixed-rate and variable-rate debt through fiscal year 2046.

SOURCES: Legislative Budget Board; Texas Department of Transportation.

TMF bonds are secured by revenue deposited to the TMF and backed by the full faith and credit of the state. Proposition 14 bonds are secured by and payable from revenue in the SHF. Proposition 12 bonds are GO bonds backed by the full faith and credit of the state and payable from General Revenue Funds.

TTC is authorized to issue debt obligations in aggregate amounts not to exceed \$6.0 billion for Proposition 14 bonds and \$5.0 billion for Proposition 12 bonds. The issuance of TMF bonds is not limited to a specific aggregate cap but is limited by statutory debt service coverage requirements based on the Comptroller of Public Accounts' certified estimate of revenue dedicated to the fund. As of the end of the 2016–17 biennium, TTC has issued all authorized debt for each of the three bond programs. No bond proceeds from these three programs are included in the agency's appropriations for the 2026–27 biennium.

Figure 309 shows each bond program, including the amounts of debt authorized and issued, outstanding principal, and total principal and interest repayments remaining as August 31, 2023.

SIGNIFICANT LEGISLATION

Senate Bill 1555 – Grant program to fund local pedestrian crossing and public roadway-railroad intersection separation projects. The legislation requires TxDOT to establish and administer a program to award grants to political subdivisions in Texas to fund at-grade railroad intersection separation projects that are located rail intersection on public roadways that are not part of the state highway system and at public pedestrian crossings. TxDOT may fund the grant program only from money appropriated by the Legislature for that purpose and from gifts and grants,

including federal grants. Senate Bill 1555 prohibits the use of SHF funds for this grant program. The legislation requires the Texas Transportation Commission to approve each grant award and prohibits the commission from approving a grant unless the commission determines that at least 10.0 percent of the total project costs will be provided by a source other than the state.

Senate Bill 2366 – Grant program to fund certain short-line railroad projects. The legislation requires TxDOT to establish and administer a program to award grants to rural rail transportation districts that own or operate a short-line railroad to fund short-line railroad projects that replace railroad tracks or bridges, improve rail capacity, or restore short-line railways. A rural rail transportation district may use money awarded under the grant program as matching funds to secure federal funding for a short-line rail project. TxDOT may fund the grant program only from money appropriated by the Legislature for that purpose and from gifts and grants, including federal grants. The legislation prohibits the use of money from the State Highway Fund for this grant program. The legislation requires the Texas Transportation Commission to approve each grant awarded on the condition that at least 10.0 percent of the total project costs or, if the grant is being used as matching funds for federal grants, 10.0 percent of the amount used as matching funds is provided by a source other than the state.

TEXAS WORKFORCE COMMISSION

PURPOSE: Support an effective workforce system that provides economic opportunity for employers, individuals, and communities, and administer the state Child Care and Unemployment Insurance programs.

ESTABLISHED: 1995

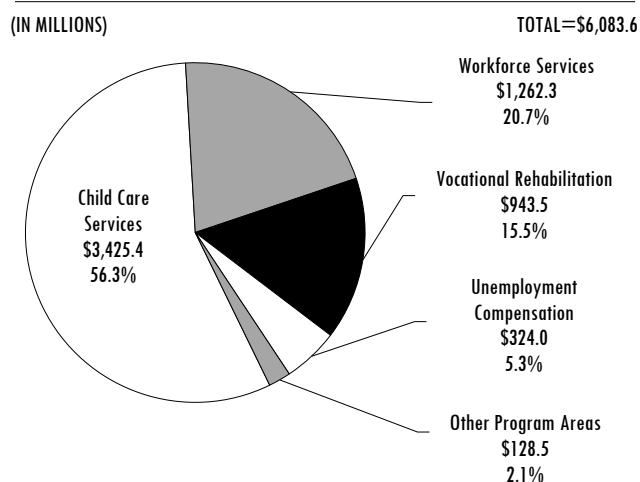
AUTHORIZING STATUTE: The Texas Labor Code, §301.001

GOVERNANCE: Texas Workforce Commission—three members appointed by the Governor with advice and consent of the Senate

FIGURE 310
TEXAS WORKFORCE COMMISSION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$601.9	\$615.0	\$13.1	2.2%
General Revenue—Dedicated Funds	\$31.0	\$29.1	(\$1.9)	(6.0%)
Federal Funds	\$5,329.7	\$5,253.0	(\$76.6)	(1.4%)
Other Funds	\$144.0	\$186.5	\$42.5	29.5%
Total, All Methods of Finance	\$6,106.5	\$6,083.6	(\$22.9)	(0.4%)

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

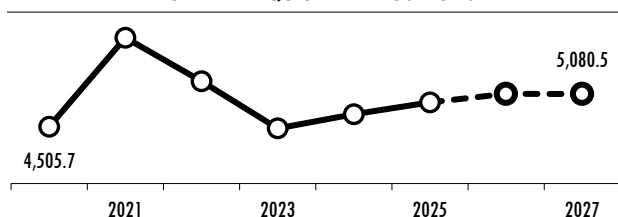
Appropriations include a **decrease of \$858.4 million** in Federal Funds, related to **onetime awards from the Coronavirus Relief Fund** in Child Care Development Block grants during the 2024–25 biennium.

Appropriations include an **increase of \$79.8 million** in General Revenue Funds to fully draw down all available Federal Funds for Vocational Rehabilitation.

Appropriations include an **increase of \$35.5 million** in Other Funds to align Interagency Contract transfers with **cost projections for childcare** purchased by the Department of Family and Protective Services for certain children.

Appropriations include an **increase of \$100.0 million** in Federal Funds for Temporary Assistance for Needy Families to serve additional eligible children through the childcare assistance program.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Texas Workforce Commission (TWC) totals \$6,083.6 million for the 2026–27 biennium, a net decrease of \$22.9 million in All Funds from 2024–25 biennial spending levels. This amount includes a decrease of onetime Federal Funds awards of \$858.4 million from the Coronavirus Relief Fund to be expended by the end of the 2024–25 biennium. In addition, an increase in Other Funds of \$42.5 million is due primarily to an increase of \$35.5 million through an Interagency Contract with the Department of Family and Protective Services.

Changes in federal grants that are not related to the COVID-19 pandemic represent a net increase that is due primarily to the following changes:

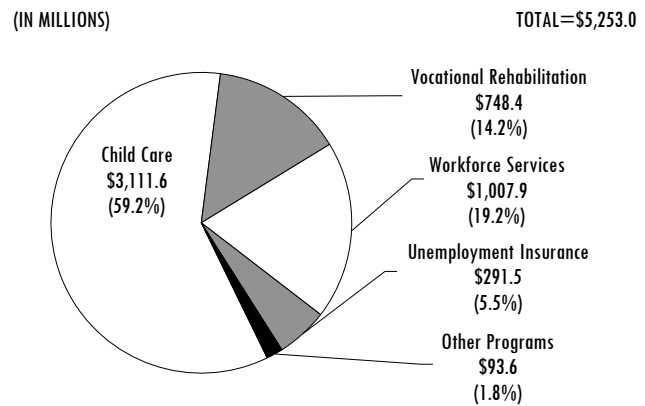
- an increase of \$701.6 million in the federal Child Care and Development Block Grant (CCDBG) to meet the program's increased demand for grants and contracting services;
- an increase of \$106.8 million in Temporary Assistance for Needy Families funds to serve additional eligible children through the childcare assistance program;
- a net increase of \$54.7 million in funding for the Vocational Rehabilitation Services grant to provide additional services and serve more customers in the Independent Living Services for Older Individuals Who Are Blind Program;
- a decrease of \$13.0 million in the Unemployment Insurance program due to decreasing unemployment insurance claims;
- a decrease of \$4.3 million in the Adult Education state grant program;
- a net decrease of \$3.3 million in the various Workforce Investment Act grant programs; and
- a decrease of \$3.3 million in the USA Apprenticeship grant program.

Federal Funds account for \$5,253.0 million, or 86.4 percent, of the agency's total appropriation. **Figure 311** shows the agency's appropriations of Federal Funds by program area.

TWC's General Revenue Fund appropriations include a net increase that is due primarily to the following changes:

- an increase of \$79.8 million to draw down all available Vocational Rehabilitation Federal Funds;

FIGURE 311
TEXAS WORKFORCE COMMISSION FEDERAL FUNDS BY PROGRAM AREA, 2026–27 BIENNIUM



NOTE: Excluded are Federal Funds from Supplemental Nutrition Assistance Program Employment and Training, which are represented as Other Funds in the Texas Workforce Commission's bill pattern due to an Interagency Contract between the agency and the Health and Human Services Commission required by federal regulations.

SOURCE: Legislative Budget Board.

- an increase of \$10.0 million for the Chapter 133 Apprenticeship Training Program to support increased demand and participation in the program;
- an increase of \$9.4 million in the Older Individuals Who Are Blind program to support increased demand for client services;
- an increase of \$3.4 million for the Texas Veterans Leadership Program to fund 22.1 full-time-equivalent (FTE) positions to provide services to 5,650 veterans statewide;
- an increase of \$2.5 million to develop the Emergency Medical Response Service Staffing Program;
- an increase of \$1.6 million to develop an enhanced workforce data system for upgrades to the state unemployment insurance data system and associated information technology and staffing needs;
- an increase of \$1.0 million to expand the Senior Keys to Independence Program to other Texas cities; and
- an increase of \$0.5 million to maintain 4.0 FTE positions to reduce the backlog of Equal Employment Opportunity complaints.

Additionally, TWC's General Revenue–Dedicated Funds appropriations experienced a reduction due primarily to a

FIGURE 312
TEXAS WORKFORCE COMMISSION WORKFORCE SERVICES PROGRAMS, 2026–27 BIENNIUM

PROGRAM	APPROPRIATION (IN MILLIONS)	PERCENTAGE OF APPROPRIATION FEDERALLY FUNDED
Workforce Innovation and Opportunity Act	\$521.9	99.96%
TANF Choices (1)	\$213.4	88.86%
SNAP Employment and Training (2)	\$30.5	0.00%
Employment Services	\$127.2	80.32%
Jobs and Education for Texans	\$31.0	0.00%
Adult Education and Literacy	\$190.0	88.78%
Skills Development	\$67.7	0.00%
TANF Self-Sufficiency (1)	\$4.9	100.00%
Apprenticeship	\$66.9	17.99%
Senior Community Service Employment	\$8.8	99.84%
Total	\$1,262.3	79.84%

NOTES:

(1) TANF=Temporary Assistance for Needy Families.

(2) Supplemental Nutrition Assistance Program (SNAP) Employment and Training is a federally funded program; however, the program's funding is represented as Other Funds in the Texas Workforce Commission's (TWC) bill pattern in the General Appropriations Act due to an Interagency Contract between TWC and the Health and Human Services Commission required by federal regulations.

(3) Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

decrease of \$1.5 million in funds from the General Revenue–Dedicated Account No. 165, Unemployment Compensation Special Administration, for unemployment insurance data center services.

In addition, supplemental appropriations for fiscal year 2025 include \$68.0 million in General Revenue Funds for the Unemployment Insurance Trust Fund; \$30.8 million in General Revenue Funds to draw down all available Federal Funds for Vocational Rehabilitation for fiscal year 2025; and \$13.2 million in General Revenue Funds, General Revenue–Dedicated Funds from Account No. 165, and Federal Funds for unemployment insurance technology improvements and network modernization.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) Workforce Services; (2) Child Care Services; (3) Vocational Rehabilitation; (4) Unemployment Compensation; and (5) Other Program Areas. These functions are administered at the state level and through 28 designated Local Workforce Development Boards (LWDB) that deliver local workforce and support services. Approximately 72.4 percent of TWC's All Funds appropriations for the 2026–27 biennium consist of block grant allocations to the LWDBs.

WORKFORCE SERVICES

The Workforce Services program area consists of 10 programs established to offer employers, individuals, and communities the opportunity to achieve and sustain economic independence. This program area includes the following programs: (1) Workforce Innovation and Opportunity Act (WIOA); (2) Temporary Assistance for Needy Families (TANF) Choices; (3) Supplemental Nutrition Assistance Program (SNAP) employment and training; (4) employment services; (5) trade adjustment assistance; (6) adult education and literacy; (7) skills development; (8) TANF self-sufficiency; (9) apprenticeship; and (10) senior community service employment program.

Among the workforce services programs, funding for WIOA, TANF Choices, SNAP Employment and Training, Employment Services, and Trade Adjustment Assistance programs are provided as allocations to the LWDBs that administer the programs. The remaining programs, including Adult Education and Literacy, Skills Development, TANF Self-sufficiency, Apprenticeship, and Senior Community Service Employment programs are administered by TWC at the state level. **Figure 312** shows biennial appropriations in All Funds by Workforce Services Program Area.

The goal of the WIOA program is to improve the quality of the adult workforce, decrease welfare dependency, re-employ

dislocated workers, enhance economic productivity and competitiveness, and assist eligible youth in acquiring skills, training, and support needed to successfully transition to careers and productive adulthood. TWC allocates WIOA funds to LWDBs to contract for training services, workforce services, and maintenance of the Workforce Solutions offices.

LWDBs also provide job readiness and job training services through the TANF Choices and SNAP Employment and Training programs. TANF Choices assists applicants, recipients, and former recipients of TANF Cash Assistance in transitioning from welfare to work through participation in work-related activities. SNAP Employment and Training assists SNAP recipients in working toward becoming self-sufficient. The WIOA, SNAP, and TANF programs are anticipated to serve approximately 54,000 participants each fiscal year.

The Employment Services program provides a variety of employment-related services to the public, including job search assistance, job referral, and re-employment services for unemployment benefit claimants. Although LWDB staff provide job-search and recruitment-assistance services, approximately 512 agency employees administer these services. This program utilizes partnerships between community-based organizations and employers to assist Texans in securing permanent employment. In addition, employment services funding is provided to develop programs for women entering careers in Texas manufacturing and technology.

Pursuant to the federal Trade Adjustment Assistance Act, TWC provides funding to the LWDBs to provide training, case management, job search, and related services to qualified laid-off workers that are included in trade positions certified by the U.S. Department of Labor through the trade adjustment assistance program.

At the state level, the Adult Education and Literacy program assists adults in gaining literacy and obtaining the knowledge and skills necessary for employment and self-sufficiency. The program provides English language, reading, writing, and math instruction to help adults succeed in the workforce, earn a high school equivalency, or enter college or career training. The agency anticipates serving approximately 58,650 students each year.

Both the Skills Development and TANF Self-sufficiency programs respond to the workforce needs of Texas employers and industries by providing grants to community colleges, technical schools, and school districts to fund customized

training programs tailored to new or existing jobs with local employers. The TANF Self-sufficiency program requires all participating trainees to be current or potential TANF recipients. TANF trainees obtain industry-recognized certificates and credentials that lead to permanent, full-time employment. Within the Skills Development Program, the Jobs and Education for Texans program distributes grants to public community colleges, state and technical colleges, school districts, and open-enrollment charter schools to assist with start-up costs of equipment purchases or upgrades for career and technical education programs related to high-demand occupations.

The agency anticipates serving approximately 17,380 participants each year in the Skills Development program and approximately 970 participants each year in the TANF Self-sufficiency program.

The Apprenticeship program prepares individuals for occupations in skilled trades and crafts by combining paid on-the-job training with the supervision of experienced journey workers, with related classroom instruction that typically lasts from three to five years. Increases in appropriations for the Apprenticeship program in General Revenue Funds for the 2026–27 biennium include an increase of \$10.0 million for the Chapter 133 Apprenticeship Training Program to support increased demand and participation in the program. The Apprenticeship program will serve an anticipated 21,300 individuals each year.

The Senior Community Service Employment program funds public or community service jobs for economically disadvantaged citizens age 55 or older to enhance individual economic self-sufficiency. The program will serve an estimated 457 individuals each year.

CHILD CARE SERVICES

The Child Care Services program area provides childcare services to families who qualify for and receive public assistance or whose income does not exceed a certain level. Services provided through the program enable individuals to participate in education and job training services to remain employed, or to complete education and skills training. In addition to providing subsidized childcare, the agency supports childcare providers participating in early childhood school-readiness models and professional development programs for early childhood education professionals.

TWC allocates a portion of total childcare appropriations to each LWDB along with a performance target for the number

of children served. LWDBs follow these parameters in working with local childcare service providers to reimburse services rendered up to a maximum reimbursement rate set by the LWDB. Additionally, the Department of Family and Protective Services reimburses TWC for childcare services provided to children that are determined eligible for the department's protective services.

Child Care services form the largest, single program at TWC, for which the agency is appropriated \$3,425.4 million in All Funds for the 2026–27 biennium, or 56.3 percent of its biennial appropriations. Funds from the federal CCDBG constitute most of Federal Funds received and utilized for childcare services; approximately 91.0 percent of the Child Care program's biennial appropriation is federally funded for the 2026–27 biennium. Additionally, the agency was appropriated an additional \$100.0 million in Federal Funds to serve additional eligible children through the childcare assistance program. The program is expected to serve a daily average of 160,000 children across the state.

VOCATIONAL REHABILITATION

The vocational rehabilitation program primarily consists of three programs, including: (1) Vocational Rehabilitation (VR); (2) Business Enterprises of Texas (BET); and (3) BET Trust Fund.

The VR program assists disabled Texans in achieving employment through individualized services and job placement assistance services and is the largest of the programs within the VR program area, with appropriations totaling \$927.6 million in All Funds for the 2026–27 biennium. This is an increase of \$80.9 million in All Funds from the 2024–25 biennial spending level. The program's increase in Federal Funds provides additional employment and education services for eligible adults and youth including vocational evaluation, physical restoration, rehabilitation technology, postsecondary education and training, and job placement assistance. The agency will serve an estimated 157,500 customers during the 2026–27 biennium.

The BET program develops and maintains business management opportunities for legally blind persons in food-service operations and vending facilities located on public and private properties. The BET Trust Fund program establishes and maintains a retirement and benefit plan for licensed managers within the BET program. The BET program is appropriated \$15.2 million in All Funds, and the BET Trust Fund is appropriated \$0.8 million in General Revenue–Dedicated Funds for the 2026–27 biennium. The

agency will serve an estimated 180 business managers each year of the biennium.

UNEMPLOYMENT COMPENSATION

The agency also administers the state's Unemployment Compensation program, which collects payroll taxes from the state's employers and provides monetary assistance to persons unemployed through no fault of their own. The program promotes economic stability by preserving buying power in communities experiencing an economic downturn and includes an appellate component through which a claimant or employer may appeal a determination of benefit rights. TWC is responsible for measuring the propriety of benefits paid, for recovering benefits that have been overpaid, and for initiating criminal or civil legal actions when fraud is detected. The Unemployment Compensation program is appropriated \$324.0 million in All Funds for the 2026–27 biennium.

Employer taxes are collected in the Unemployment Compensation Trust Fund, from which workers' benefits are paid. Like other employers, state agencies reimburse the Unemployment Compensation Trust Fund for benefits paid to former employees who become unemployed. TWC credits the fund for this activity through the Reimbursements to the Unemployment Compensation Benefit Account (RUCBA). Although appropriations to RUCBA reside in a separate bill pattern, the account is managed by TWC and its purpose is to provide unemployment benefits to those former employees from state agencies, hospitals, and universities.

OTHER PROGRAM AREAS

Other program areas consist of seven additional programs, which can be organized by functions that promote accountability and enforcement within the agency's workforce system and programs that provide agency administrative support. Programs related to accountability and enforcement include: (1) Labor Law; (2) Career Schools and Colleges; (3) Civil Rights; (4) Foreign Labor Certification; (5) Labor Market and Career Information; and (6) Work Opportunity Tax Credit. The Indirect Administration Program includes: (1) Central Administration; (2) Information Resources; and (3) Other Support Services. Appropriations to other program areas total \$128.5 million in All Funds for the 2026–27 biennium.

The Labor Law program is appropriated \$8.9 million in General Revenue–Dedicated Funds for the 2026–27 biennium to enforce the Texas Pay Day Law, which helps

workers obtain payment of wages due, and the Texas Child Labor Law, which protects children from exploitation in the workplace. The agency will conduct an estimated 2,800 onsite inspections each year of the biennium.

The Career Schools and Colleges program regulates private postsecondary schools offering vocational or continuing education to students statewide. The agency is appropriated \$2.5 million in fee-generated General Revenue Funds collected from the licensed entities. The agency will license an estimated 1,450 private postsecondary schools in the state during the 2026–27 biennium.

The Civil Rights program works in conjunction the U.S. Equal Employment Opportunity Commission and the U.S. Department of Housing and Urban Development to enforce the Texas Commission on Human Rights Act and the Texas Fair Housing Act. TWC's Civil Rights program is appropriated \$8.3 million in All Funds to investigate complaints; review policies and procedures of state agencies and institutions of higher education; report statistics to federal, state, and local agencies; and conduct trainings. The program's appropriation increased by \$0.5 million in General Revenue Funds, with authority for 4.0 additional FTE positions in the 2026–27 biennium to clear an equal employment opportunities complaint backlog. The agency plans to clear the backlog of approximately 350 equal employment opportunity complaints by the end of the biennium.

The Foreign Labor Certification program assists employers in developing job postings for domestic workers before applying for a labor certification, reviewing labor certification applications submitted by employers seeking to hire temporary foreign workers, conducting surveys on agricultural wages across the state to enforce compliance with fair wage laws, and inspecting employer-provided housing for temporary foreign workers. The program is appropriated \$1.8 million in Federal Funds for the 2026–27 biennium.

The Labor Market and Career Information program (LMI) collects and arranges data points regarding the Texas labor market to assist individuals in career and educational decisions. LMI also provides key economic data on occupations and in-demand industries across the state, as well as information on educational and training programs. The program is appropriated \$14.1 million in All Funds for the 2026–27 biennium.

The Work Opportunity Tax Credit program is a federal tax credit program for businesses. The program encourages

employers to hire certain job seekers that are facing challenges in finding employment. The program is appropriated \$1.6 million in Federal Funds for the 2026–27 biennium.

The Indirect Administration program, including central administration, information technology, and support services, is appropriated \$91.2 million in All Funds for the 2026–27 biennium.

SIGNIFICANT LEGISLATION

House Bill 3260 – Apprenticeship Program grant program. The legislation requires TWC to provide grants to participants in the Industry-recognized Apprenticeship Programs. TWC is appropriated \$5.0 million in Other Funds through Interagency Contracts each year of the biennium to implement the provision of House Bill 3260.

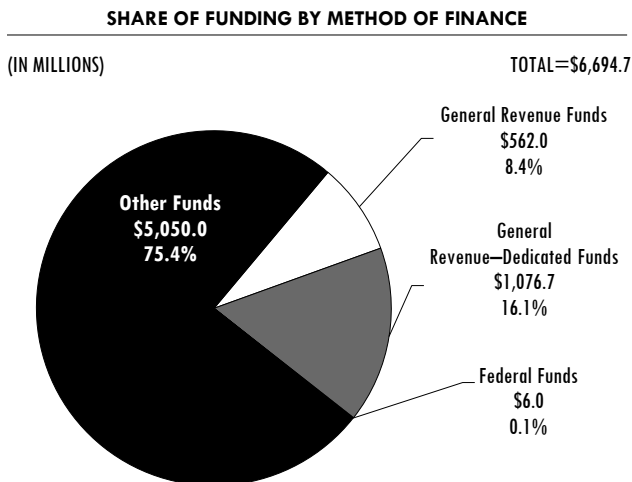
Senate Bill 1786 – Higher education. The legislation requires TWC to enhance its workforce data reporting by collecting additional information from employers in filings submitted to the agency. Additionally, the legislation requires TWC to produce enhanced labor market projections based on industry and occupation that are accessible to the Texas Higher Education Coordinating Board. TWC is appropriated \$2.3 million and 19.0 FTE positions in fiscal year 2026 and \$1.3 million in General Revenue Funds and 14.0 FTE positions to implement the provision of the legislation.

11. REGULATORY

Regulatory agencies are charged with regulating a range of industries and occupations throughout the state. Regulated industries include insurance, workers' compensation, health-related occupations, non-health-related occupations, telecommunications, electric utilities, securities, and pari-mutuel racing. The appropriations and indirect costs for 18 of the regulatory agencies are supported by fees generated from the industries and occupations they regulate. These agencies are subject to a legislative requirement that fee-generated revenues must cover the cost of agency appropriations and the other direct and indirect costs appropriated to other state agencies.

FIGURE 313
ARTICLE VIII – REGULATORY, BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$446.9	\$562.0	\$115.1	25.8%
General Revenue–Dedicated Funds	\$1,074.9	\$1,076.7	\$1.9	0.2%
Federal Funds	\$5.8	\$6.0	\$0.2	3.9%
Other Funds	\$5,054.7	\$5,050.0	(\$4.8)	(0.1%)
Total, All Methods of Finance	\$6,582.2	\$6,694.7	\$112.5	1.7%

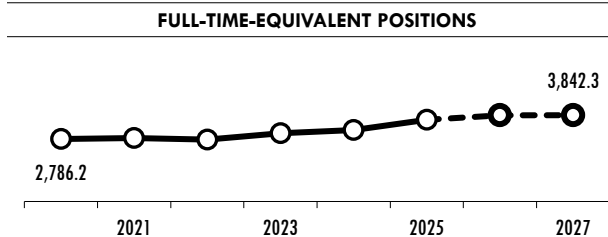


SIGNIFICANT DEVELOPMENTS

The **Texas Department of Licensing and Regulation** is appropriated **\$667.6 million in All Funds** and **321.5 full-time-equivalent (FTE) positions** for state lottery and bingo regulation operations pursuant to Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025.

The **Public Utility Commission** is appropriated **\$5.0 billion in Other Funds** from the **Texas Energy Fund** to provide grants and loans pursuant to the Texas Utilities Code, Chapter 34.

Public Utility Commission appropriations increase by \$11.9 million in All Funds and an additional 41.0 FTE positions to support increased regulation and oversight responsibilities.



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.
- (3) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
- (4) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR). Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within TDLR.

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

FIGURE 314
ARTICLE VIII – REGULATORY APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS)				
FUNCTION	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	\$25.7	\$25.8	\$0.1	0.4%
Texas Behavioral Health Executive Council	\$11.0	\$12.4	\$1.4	12.8%
Texas Board of Chiropractic Examiners	\$2.4	\$2.5	\$0.1	4.0%
Texas State Board of Dental Examiners	\$9.7	\$10.4	\$0.6	6.6%
Texas Funeral Service Commission	\$4.3	\$4.3	\$0.1	1.9%
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	\$21.0	\$21.2	\$0.2	0.8%
Texas Department of Insurance	\$301.7	\$277.4	(\$24.2)	(8.0%)
Office of Public Insurance Counsel	\$3.1	\$4.5	\$1.5	47.5%
Texas Department of Licensing and Regulation (3)	\$817.7	\$809.8	(\$8.0)	(1.0%)
Texas Medical Board	\$44.9	\$48.0	\$3.2	7.0%
Texas Board of Nursing	\$30.8	\$34.7	\$3.8	12.5%
Texas Optometry Board	\$1.2	\$1.1	(\$0.1)	(9.0%)
Texas State Board of Pharmacy	\$30.8	\$31.0	\$0.2	0.7%
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$3.7	\$3.9	\$0.2	5.8%
Texas State Board of Plumbing Examiners	\$8.9	\$9.1	\$0.2	2.6%
Texas Racing Commission	\$18.4	\$18.9	\$0.5	2.5%
Texas State Securities Board	\$18.5	\$19.1	\$0.6	3.5%
Public Utility Commission of Texas	\$5,070.5	\$5,082.4	\$11.9	0.2%
Office of Public Utility Counsel	\$6.9	\$10.4	\$3.6	52.0%
Texas Board of Veterinary Medical Examiners	\$6.8	\$5.9	(\$0.9)	(13.7%)
Subtotal, Regulatory	\$6,442.6	\$6,438.9	(\$3.7)	(0.1%)
Retirement and Group Insurance	\$121.2	\$158.9	\$37.7	31.1%
Social Security and Benefits Replacement Pay	\$32.4	\$40.6	\$8.1	25.1%
Lease Payments	\$0.0	\$70.7	\$70.7	N/A
Subtotal, Employee Benefits and Debt Service	\$153.7	\$270.1	\$116.5	75.8%
Less Interagency Contracts	\$14.0	\$14.3	\$0.3	2.4%
Total, All Functions	\$6,582.2	\$6,694.7	\$112.5	1.7%

NOTES:

- (1) Fiscal year 2025 amounts include supplemental funding appropriated in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its responsibilities and funding for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR). Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within TDLR.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

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

Eighteen of the regulatory agencies are subject to a legislative requirement that fee-generated revenues must cover the cost of agency appropriations and other direct and indirect costs appropriated to other state agencies. Sixteen of the regulatory agencies generate revenue in excess of these direct and indirect amounts from the regulated occupations and industries. Revenue generated that is greater than the cost of agency appropriations and other direct and indirect costs is deposited to the state Treasury for use in funding other programs across the state.

All Funds for the regulatory agencies total \$6.7 billion for the 2026–27 biennium, an increase of \$112.5 million from the 2024–25 biennium. This net increase results from the following changes.

Appropriations for the **Public Utility Commission of Texas** (PUC) include \$5.0 billion in Other Funds from the Texas Energy Fund to administer the In-Electric Reliability Council of Texas (ERCOT) Generation Loan Program, Completion Bonus Grants Program, Outside ERCOT Grant Program, and Texas Backup Power Package Program. PUC appropriations increased by \$11.9 million in All Funds primarily due to the following changes:

- an increase of \$6.3 million in General Revenue Funds to provide contingency funding for legislation passed by the Eighty-ninth Legislature, Regular Session, 2025. See the **Significant Legislation** section for information;
- an increase of \$3.7 million in General Revenue Funds to provide for an additional 17.0 full-time-equivalent (FTE) positions to meet increased demand for agency services such as cost-recovery proceeding, streamlining filing forms of System Improvement Charge for water cases, rate-relating cases involving issues pertaining to storm-hardening, resiliency, mobile generation and vegetation management cost, and future filings in response to weather events;
- an increase of \$2.2 million in General Revenue Funds to provide for an additional 10.0 FTE

positions to meet increased demand for Texas Energy Fund programs;

- an increase of \$2.1 million in General Revenue Funds to provide for an additional 8.0 FTE positions to review anticipated increase in the number of contested cases and Certificates of Convenience and Necessity applications; and
- an increase of \$0.5 million in General Revenue Funds to provide for a onetime cost to update and modernize PUC's Power to Choose website, an electricity rate comparison tool.

Appropriations for the **Texas Department of Licensing and Regulation** (TDLR) increase by \$663.0 million in All Funds and 346.5 FTE positions primarily due to the following increases: \$667.6 million in General Revenue Funds and General Revenue–Dedicated Funds from Account No. 5025, Lottery, and an additional 321.5 FTE positions for transfer of the administration of the state lottery and charitable bingo operations pursuant to Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025; \$19.7 million in General Revenue Funds to expand the Financial Crimes Intelligence Center; \$4.7 million in General Revenue Funds and an additional 12.0 FTE positions related to the recruitment of additional staff and retention of existing staff; and \$2.4 million in General Revenue Funds and an additional 13.0 FTE positions for the Anti-Trafficking Unit to provide additional staff to improve the program's inspections, enforcement, and supporting actions that combat human trafficking for regulated programs. These increases are offset partially by a \$26.3 million decrease in General Revenue Funds for removal of onetime funding.

Health-related regulatory agencies' funding increases by \$9.9 million in All Funds and includes the following amounts:

- funding for the **Texas Medical Board** increases by \$4.1 million in All Funds and an additional 10.0 FTE positions to increase salaries, support promotional opportunities and improve retention of skilled staff, expand the agency's information technology infrastructure, and establish the Ombudsman Office;
- funding for the **Board of Pharmacy** increases by \$1.3 million in General Revenue Funds and an additional 5.0 FTE positions to address increased workloads due to growth in the licensed population and for staff salary merit increases; and

- funding for the **Board of Nursing** increases by \$3.7 million in General Revenue Funds and an additional 21.0 FTE positions to support processing an increased number of nursing license applications and for investigation of fraudulent nursing degree diplomas and transcripts.

Appropriations for the **Texas Racing Commission** increase \$0.5 million in All Funds from 2024–25 biennial spending levels. The increase includes \$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; and an increase of \$2.3 million in Other Funds from Appropriated Receipts for racetrack reimbursements for race animal medication and drug testing costs. These increases are offset by a decrease of \$0.9 million in Other Funds from the Texas-bred Incentive Fund to align the estimated appropriation with the Comptroller of Public Accounts Biennial Revenue Estimate for the 2026–27 biennium.

Appropriations for the **State Securities Board** increase by \$0.6 million in General Revenue Funds due primarily to a \$0.5 million increase for salary increases to retain staff and a \$0.3 million increase to biennialize the statewide salary adjustment from the Eighty-eighth Legislature, Regular Session, 2023, offset by a \$0.2 million decrease due to onetime supplemental appropriations provided in fiscal year 2025.

Appropriations for the **Office of Injured Employee Counsel** include an increase of \$0.2 million in General Revenue–Dedicated Funds from 2024–25 biennial spending levels. This amount includes increases of \$0.5 million and an additional 3.0 FTE positions to expand the agency’s First Responders Unit, and \$0.4 million for biennialization of the statewide salary adjustment initiated during the 2024–25 biennium offset by a \$0.7 million decrease due to onetime supplemental appropriations provided during fiscal year 2025.

Appropriations for the **State Office of Administrative Hearings** (SOAH) increase by a net \$0.1 million in All Funds due primarily to an increase of \$1.4 million to fill vacant positions; to biennialize the statewide salary

adjustment provided by the Eighty-eighth Legislature, Regular Session, 2023; and for anticipated cases associated with the regulation of residential solar transaction. These increases are offset by a decrease of \$1.3 million due to fewer anticipated agency cases from those agencies that pay SOAH for administrative hearings and removal of onetime funding provided during the 2024–25 biennium for hybrid courtroom appearance hearing rooms and in supplemental appropriations for fiscal year 2025.

Appropriations for the **Texas Board of Plumbing Examiners** increase by \$0.2 million in General Revenue Funds and an additional 7.0 FTE positions primarily for additional staff to meet increased agency workload demands and to expand the agency’s statewide exam centers.

Appropriations for the **Office of Public Utility Counsel** increase by \$3.6 million in All Funds and an additional 3.0 FTE positions to develop a data analytic team, for legal expert witness fees, and for a 10.0 percent salary increase for all agency staff.

Appropriations for the **Office of Public Insurance Counsel** increase by \$1.5 million in General Revenue Funds due primarily to \$0.8 million for transfer of the Certificate of Public Advantage program from the Health and Human Services Commission and \$0.7 million for additional legal and information technology staff, funding for vacant positions, and for operation of a policy comparison tool.

Appropriations for the **Texas Department of Insurance** decrease by \$24.2 million in All Funds. The decrease is due primarily to a decrease of \$34.7 million in onetime funding that is not continued, which is offset by increases of \$7.5 million for information technology-related costs, \$4.4 million to continue funding agency responses to unexpected changes in the insurance market, \$4.8 million for biennialization of the statewide salary adjustment initiated during the 2024–25 biennium, and \$2.0 million for operation of the TexasSure insurance verification system.

SIGNIFICANT LEGISLATION

Senate Bill 6 – Increasing Texas’ electric grid reliability. The legislation provides for the planning, interconnection, and operation of costs related to providing service for certain electrical loads in addition to the generation of electric power by a water supply or sewer service corporation. PUC is appropriated \$1.0 million in General Revenue Funds and 9.0 FTE positions each year of the biennium to implement the provision of the legislation.

Senate Bill 3070 – Texas Lottery Commission Sunset legislation. The legislation abolishes the Texas Lottery Commission (TLC) and transfers the administration of the state lottery and the licensing and regulation of charitable bingo to TDLR and its governing board, the Texas Commission of Licensing and Regulation. The legislation prohibits individuals from purchasing or ordering the purchase of a lottery ticket by telephone, Internet application, or mobile Internet application with an anticipated revenue loss for the 2026–27 biennium of \$52.5 million to the Foundation School Fund and \$17.1 million to General Revenue–Dedicated Account No. 5025.

The legislation establishes a cap of no more than 100 lottery tickets that an individual can purchase in a single transaction; designates the method, location, and hour at which a person may purchase a ticket; requires a review of TLC’s existing contracts by TDLR; and establishes the Lottery Advisory Committee to provide external expertise on the state lottery. In addition, the Sunset Advisory Commission is required to conduct a limited-scope review of the state lottery during the 2028–29 biennium and, unless continued, the state lottery would be abolished September 1, 2029.

STATE OFFICE OF ADMINISTRATIVE HEARINGS

PURPOSE: Conduct fair, objective, prompt, and efficient administrative hearings and alternative dispute resolution proceedings for contested cases at agencies that do not employ an administrative law judge to arbitrate such disputes.

ESTABLISHED: 1991

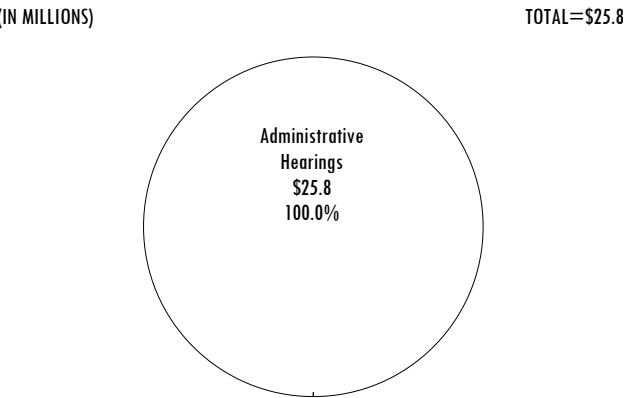
AUTHORIZING STATUTE: The Texas Government Code, §2003.021

GOVERNANCE: Chief Administrative Law Judge—appointed by the Governor with advice and consent of the Senate

FIGURE 315
STATE OFFICE OF ADMINISTRATIVE HEARINGS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$15.9	\$16.7	\$0.8	5.3%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$9.8	\$9.1	(\$0.7)	(7.4%)
Total, All Methods of Finance	\$25.7	\$25.8	\$0.1	0.4%

AGENCY PROGRAM AREAS BY APPROPRIATION

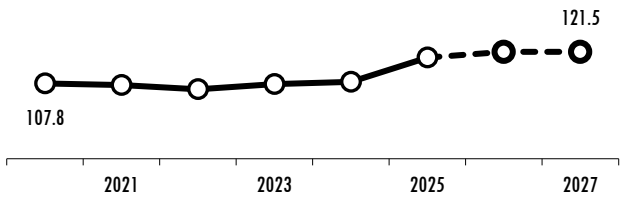


SIGNIFICANT DEVELOPMENTS

Appropriations include **an increase of \$0.1 million in General Revenue Funds** from the 2024–25 biennium to fill vacant positions.

The agency will process an estimated **25,390 administrative license revocation cases** from the Department of Public Safety during **each fiscal year** of the biennium.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

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

(2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

The State Office of Administrative Hearings (SOAH) is appropriated primarily General Revenue Funds and Other Funds through Interagency Contracts for the 2026–27 biennium. The General Revenue Funds appropriated to the agency are intended to provide services to certain agencies that do not receive appropriations for paying SOAH for costs related to administrative hearings. This funding covers agencies that perform various functions, including the following sample of agencies: Employees Retirement System of Texas, Teacher Retirement System of Texas, Alcoholic Beverage Commission, Department of Agriculture, Department of Transportation, and Texas Medical Board.

Interagency Contracts funding consists of amounts paid to SOAH from other agencies for work relating to administrative hearings at the agency and is provided either hourly or as a lump sum. Agencies that enter into Interagency Contracts for work completed by SOAH also perform various functions in the state and include the following agencies: Comptroller of Public Accounts, Department of Family and Protective Services, Texas Juvenile Justice Department, Texas Commission on Environmental Quality, and Texas Department of Motor Vehicles.

Funding for SOAH includes a net increase of 0.4 percent, or \$0.1 million, from the 2024–25 biennial spending level. This net increase in All Funds is due primarily to the following changes:

- an increase of \$0.6 million in General Revenue Funds to fill vacant positions at the agency;
- an increase of \$0.5 million in General Revenue Funds to biennialize the statewide salary adjustment initiated during the 2024–25 biennium;
- an increase of \$0.3 million in General Revenue Funds and additional 1.5 full-time-equivalent (FTE) positions

to implement provisions of Senate Bill 1036, Eighty-ninth Legislature, Regular Session, 2025, concerning the regulation of residential solar retail transactions;

- a decrease of \$0.7 million in Other Funds through Interagency Contracts due to fewer anticipated cases from agencies with appropriations to pay SOAH for administrative hearings;
- a decrease of \$0.3 million in General Revenue Funds for removal of onetime funding provided during the 2024–25 biennium for the agency to build 15 hearing rooms for hybrid courtroom appearances; and
- a decrease of \$0.3 million due to supplemental General Revenue Funds appropriations provided for fiscal year 2025.

PROGRAMS

SOAH fulfills its responsibilities through three main program areas: (1) conducting administrative hearings; (2) conducting alternative dispute resolution (ADR) cases; and (3) administration. **Figure 316** shows certain agency performance measures from fiscal years 2023 to 2027 related to the agency's key functions.

Conducting administrative hearings and preparing proposals for decisions and final orders are SOAH's primary functions. The agency provides an independent forum for the resolution of contested cases arising from the enforcement of state regulations. Additionally, SOAH conducts Administrative License Revocation (ALR) hearings by collaborating with the Department of Public Safety, which refers cases to SOAH relating to the suspension of driver licenses for operating a motor vehicle while under the influence of alcohol or drugs. It is estimated that SOAH will process 25,390 ALR cases during each fiscal year of the 2026–27 biennium. SOAH is appropriated \$21.3 million and 98.5 FTE positions for conducting administrative hearings.

FIGURE 316
STATE OFFICE OF ADMINISTRATIVE HEARINGS PERFORMANCE MEASURES, FISCAL YEARS 2023 TO 2027

MEASURE	2023	2024	2025	2026 (1)	2027 (1)
Total Agencies Served	50	56	60	60	60
Total Cases Received (2)	23,467	22,800	22,800	28,629	28,629
Total General Docket Cases Disposed	3,230	3,603	3,882	3,239	3,239
Total Administrative License Revocation Cases Disposed	28,757	22,542	24,946	25,390	25,390
Total Alternative Dispute Resolution Cases Requested or Referred	188	596	110	150	150

NOTES:

(1) Amounts for fiscal years 2026 and 2027 are estimated.

(2) The Total Cases Received data excludes alternative dispute resolution cases.

SOURCE: State Office of Administrative Hearings.

SOAH's ADR function includes conducting mediated settlement conferences, arbitrations, and other alternative dispute resolution proceedings. An administrative law judge may refer cases to ADR or serve as an impartial third party for negotiated rule making. It is estimated that SOAH will receive 150 requested or referred ADR cases during each fiscal year of the 2026–27 biennium. SOAH is appropriated \$0.5 million and 2.0 FTE positions for this purpose.

The final program area, administration, provides administrative support, including accounting, budgeting, billing, information resources, human resources, payroll, and training for administering the agency's major programs. SOAH is appropriated \$4.0 million and 21.0 FTE positions for this purpose.

SIGNIFICANT LEGISLATION

Senate Bill 1036 – Regulation of residential solar retail transactions. The legislation establishes the Residential Solar Retailer Regulatory Act and provides a new licensing system for solar retail providers from the Texas Department of Licensing and Regulation. SOAH would hear contested cases concerning registration, prohibited acts, license denial and refusal, administrative penalties, and agreement cancellation.

OFFICE OF INJURED EMPLOYEE COUNSEL

PURPOSE: Assist, educate, and advocate on behalf of the injured employees of Texas. By statute, the Office of Injured Employee Counsel is attached administratively to the Texas Department of Insurance, Division of Workers' Compensation.

ESTABLISHED: 2005

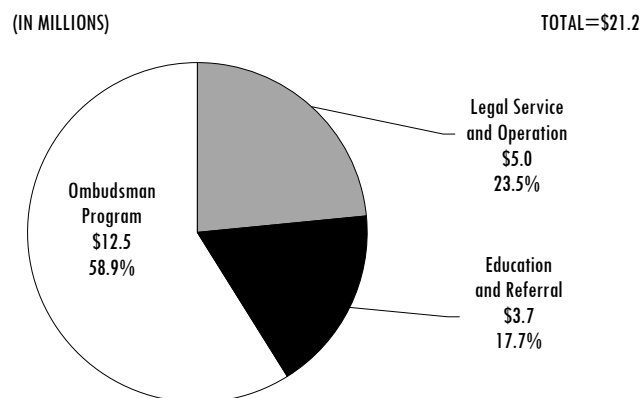
AUTHORIZING STATUTE: The Texas Labor Code, §404.002

GOVERNANCE: Public Counsel – appointed by the Governor with the advice and consent of the Senate

FIGURE 317
OFFICE OF INJURED EMPLOYEE COUNSEL BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			PERCENTAGE CHANGE
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$21.0	\$21.2	\$0.2	0.8%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$21.0	\$21.2	\$0.2	0.8%

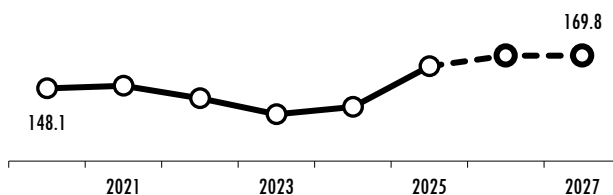
AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENT

Funding includes an increase of **\$0.9 million** in General Revenue–Dedicated Funds from the 2024–25 biennial spending level for the biennialization of the **statewide salary adjustment initiated during the 2024–25 biennium** and **expansion of the First Responders Unit**.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Office of Injured Employee Counsel (OIEC) includes an increase of \$0.2 million in General Revenue–Dedicated Funds from the 2024–25 biennial spending levels. This amount includes increases of \$0.5 million and 3.0 full-time-equivalent (FTE) positions to expand the agency’s First Responders Unit, and \$0.4 million for biennialization of the statewide salary adjustment initiated during the 2024–25 biennium. Funding for fiscal year 2025 includes a supplemental appropriation of \$0.7 million in General Revenue–Dedicated Funds.

Pursuant to the Texas Labor Code, OIEC is attached administratively to the Texas Department of Insurance (TDI), which provides administrative assistance and services, personnel services, and information technology equipment and support. TDI’s appropriations for the 2026–27 biennium include amounts for OIEC’s administrative costs, including field offices’ expenses and consumable supplies. OIEC’s biennial appropriations are from the General Revenue–

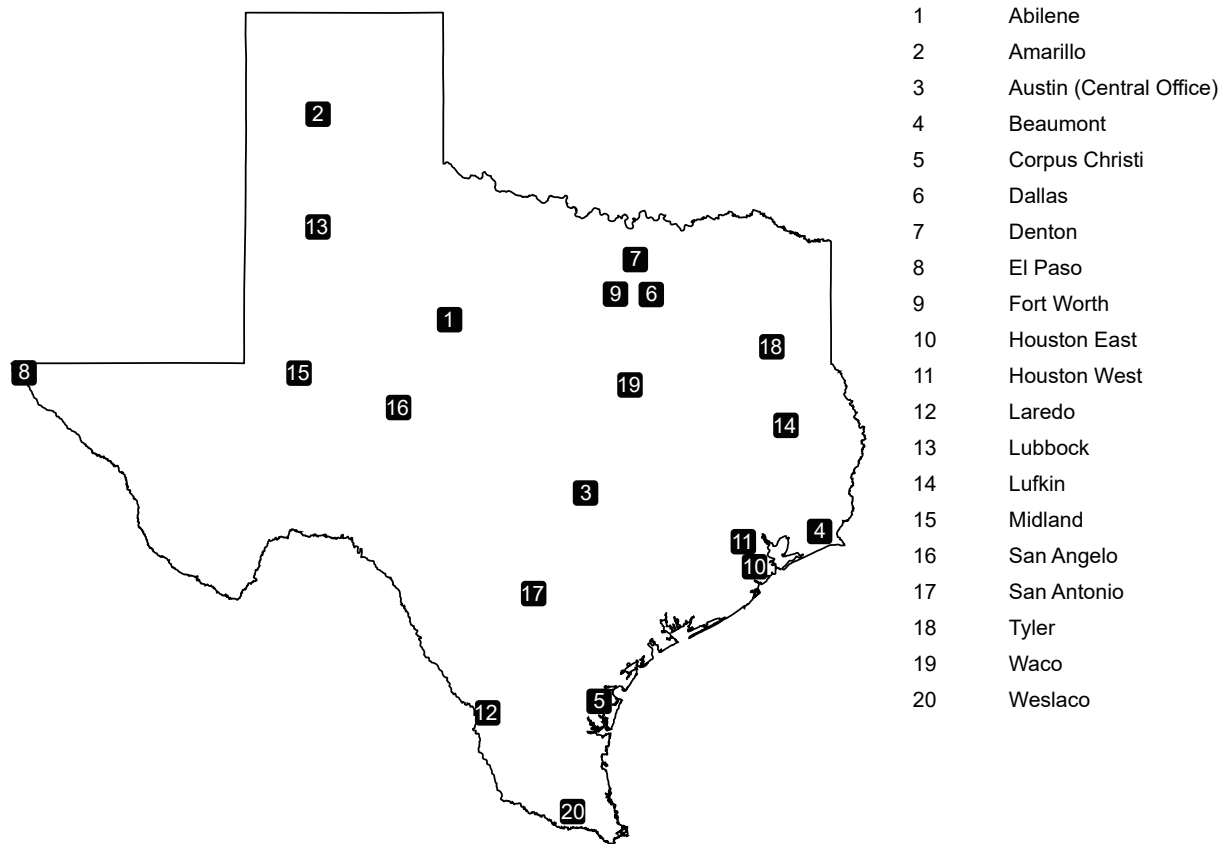
Dedicated Account No. 36, Texas Department of Insurance Operating Fund.

PROGRAMS

The agency carries out its responsibilities through three programs.

The Ombudsman Program assists injured employees with disputes related to workers’ compensation claims. Ombudsmen assist injured employees at benefit review conferences, contested case hearings, and appeals, and conduct preparation appointments with injured employees before these proceedings. The Ombudsman Program also assists in helping injured employees resolve disputes through early intervention and case development. Ombudsmen are based in the agency’s central office in Austin and in 19 field offices located statewide, as shown in **Figure 318**. OIEC is appropriated \$12.5 million in General Revenue–Dedicated Funds and 91.0 FTE positions for this purpose for the 2026–27 biennium.

FIGURE 318
OFFICE OF INJURED EMPLOYEE COUNSEL FIELD OFFICES, FISCAL YEAR 2025



SOURCE: Office of Injured Employee Counsel.

The Education and Referral program enables the agency to further assist injured employees and the public through various activities related to educating injured employees regarding their rights and responsibilities and providing resource referrals. OIEC produces and distributes a Notice of Injured Employee Rights and Responsibilities in the Texas Workers' Compensation System to injured employees. The notice contains an overview of injured employees' rights and their responsibilities throughout the claims process and includes agency contact information. Additionally, the agency supports injured employees throughout the workers' compensation insurance claims process and refers injured employees to programs, services, and licensing boards when necessary. OIEC is appropriated \$3.7 million in General Revenue–Dedicated Funds and 46.0 FTE positions for these purposes for the 2026–27 biennium.

The Legal Services and Operations program has two main responsibilities: it supports the agency when OIEC represents injured employees as a class, and the program supports the agency's administration and information technology needs. Legal services represent injured employee interests as a class by participating in the legislative process and the TDI rulemaking process, and by training OIEC ombudsmen regarding workers' compensation law, dispute resolution, and hearing skills. The operations function of the program supports all administrative operations other than services covered by TDI through its administrative attachment. OIEC is appropriated \$5.0 million in General Revenue–Dedicated Funds and 32.8 FTE positions for these purposes for the 2026–27 biennium.

TEXAS DEPARTMENT OF INSURANCE

PURPOSE: Protect insurance consumers in Texas by regulating the insurance industry and promoting a stable and competitive market. The Texas Department of Insurance focuses on access to affordable insurance, promoting insurer financial strength, reducing losses due to fire, and regulating the workers’ compensation system.

ESTABLISHED: 1991

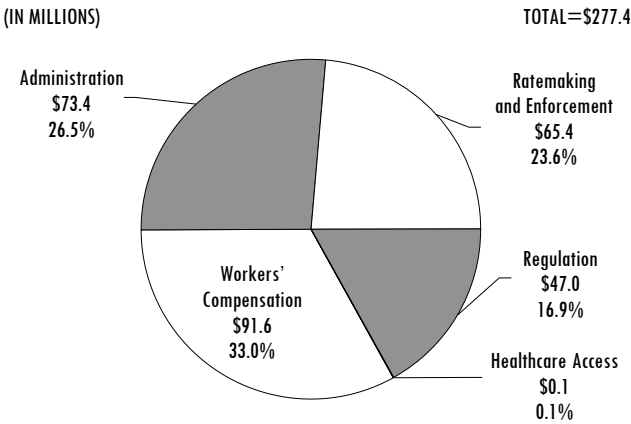
AUTHORIZING STATUTE: The Texas Insurance Code, §31.002

GOVERNANCE: Commissioner of Insurance—appointed by the Governor with advice and consent of the Senate

FIGURE 319
TEXAS DEPARTMENT OF INSURANCE BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$0.6	\$0.6	(\$0.0)	(2.3%)
General Revenue–Dedicated Funds	\$278.1	\$259.5	(\$18.6)	(6.7%)
Federal Funds	\$4.6	\$4.7	\$0.1	1.9%
Other Funds	\$18.3	\$12.6	(\$5.7)	(31.1%)
Total, All Methods of Finance	\$301.7	\$277.4	(\$24.2)	(8.0%)

AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENTS

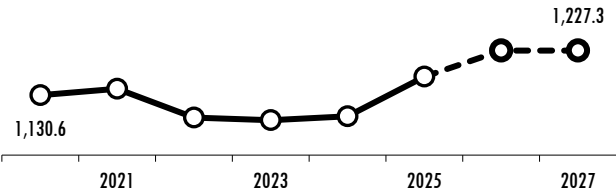
Funding includes a **decrease of \$26.5 million** in General Revenue–Dedicated Funds due primarily to the removal of excess funds collected from agent and adjuster licensing fees.

Funding includes an **increase of \$6.5 million** in General Revenue–Dedicated Funds related to information technology upgrades.

Funding includes an **increase of \$4.8 million** in General Revenue–Dedicated Funds for the biennialization of the statewide salary adjustment initiated during the 2024–25 biennium.

Funding includes an **increase of \$2.0 million** in Other Funds for the operation of the **TexasSure insurance verification system**.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Funding for the Texas Department of Insurance (TDI) includes a net decrease of \$24.2 million in All Funds from the 2024–25 biennial spending level. The decrease in funding is due primarily to following decreases:

- \$26.5 million in General Revenue–Dedicated Funds related to revenue collected from agent and adjuster licensing fees during the 2024–25 biennium in excess of amounts estimated in the Biennial Revenue Estimate;
- \$7.7 million in Other Funds related to a decrease in Appropriated Receipts for the Three-share Premium Assistance program and various publications, conferences, and fee collections not anticipated for the 2026–27 biennium; and
- \$0.5 million in General Revenue–Dedicated Funds provided through Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, for vehicle replacement for the State Fire Marshal's Office.

These amounts are offset by the following increases:

- \$6.5 million in General Revenue–Dedicated Funds to address increasing information technology costs;
- \$4.8 million in General Revenue–Dedicated Funds for biennialization of the statewide salary adjustment initiated during the 2024–25 biennium;
- \$4.4 million in General Revenue–Dedicated Funds to continue the agency's State Regulatory Response

Rider, which authorizes the agency to respond to unexpected changes in the insurance market, including emergencies and natural and human-caused disasters;

- \$2.0 million in Other Funds for operation of the TexasSure insurance verification system; and
- \$1.0 million in General Revenue–Dedicated Funds to provide network adequacy projects at the agency.

Funding for fiscal year 2025 includes a supplemental appropriation of \$3.9 million in General Revenue–Dedicated Funds.

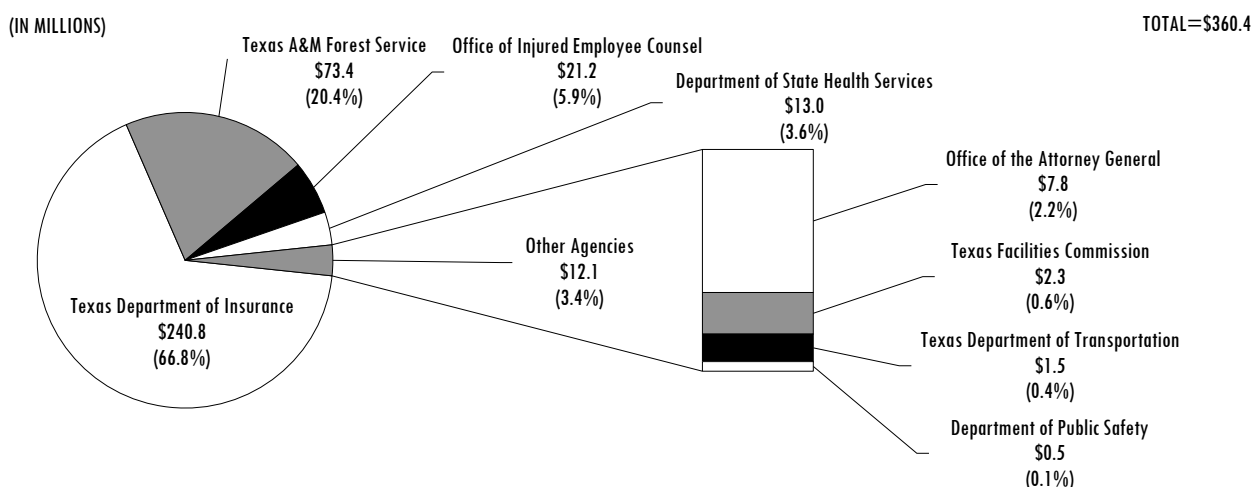
TDI is required by statute to adjust taxes and fees to generate revenue equivalent to its General Revenue–Dedicated Funds appropriations and to the appropriations made to the Office of Injured Employee Counsel and certain programs in six other agencies. General Revenue–Dedicated Funds from Account No. 36, Texas Department of Insurance Operating, is the only method of finance subject to this requirement.

Figure 320 shows the appropriations from maintenance tax and fee revenue for the 2026–27 biennium. **Figure 321** shows the taxable premiums and maintenance tax rates by line of insurance or entity for calendar year 2024. **Figure 322** shows a comparison of tax rates by health maintenance organization type for fiscal year 2024.

PROGRAMS

The agency carries out its responsibilities through five major program areas.

FIGURE 320
APPROPRIATIONS FROM MAINTENANCE TAX AND FEE REVENUE, 2026–27 BIENNIUM



SOURCE: Legislative Budget Board.

WORKERS' COMPENSATION

The Workers' Compensation program area at TDI consists of two programs that support the workers' compensation system, promoting safe and healthy workplaces in Texas and managing the appropriate delivery of workers' compensation benefits through 20 field offices throughout the state and a central office located in Austin. This program area includes the Workers' Compensation and Subsequent Injury Fund programs.

The Division of Workers' Compensation (DWC) at TDI is overseen by the Commissioner of Workers' Compensation. The Commissioner is appointed by the Governor, with the advice and consent of the Senate, to serve a two-year term that expires February 1 of each odd-numbered year. The Commissioner has executive authority of DWC functions, including rulemaking authority.

Field offices provide customer service functions, such as walk-in services for injured employees and other workers' compensation system participants, and serve as locations to hold workers' compensation administrative dispute resolution proceedings. Field offices also serve as in-person workspaces for Workplace Safety staff who perform inspections and consultations for local businesses and provide in-person training to those regional areas. DWC certifies and regulates self-insured employers, monitors compliance of all parties involved with a claim, and performs necessary enforcement action to enforce compliance with the Texas workers' compensation system. DWC also works to resolve indemnity issues and medical disputes.

Additionally, DWC administers the Subsequent Injury Fund (SIF). The SIF collects death benefit payments from insurance carriers when no legal beneficiary is eligible, or a claim for death benefits is not timely made. The collected funds are deposited into a General Revenue–Dedicated Funds account and used primarily for payment of compensation as lifetime income benefits and reimbursement of insurance carrier claims of overpayment to the fund.

TDI is appropriated \$73.4 million in General Revenue–Dedicated Funds and 415.2 full-time-equivalent (FTE) positions for workers' compensation and \$18.2 million in General Revenue–Dedicated Funds and 3.0 FTE positions for the SIF for the 2026–27 biennium.

REGULATION

The Regulation program area consists of the following four programs that support and provide regulation of the Texas

**FIGURE 321
TAXABLE INSURANCE PREMIUMS AND TAX RATES
CALENDAR YEAR 2024**

COVERAGE OR ENTITY	GROSS PREMIUMS (IN MILLIONS)	TAX RATES
Fire and allied lines	\$31.1	0.133%
Casualty and fidelity	\$13.0	0.034%
Motor vehicle	\$43.2	0.046%
Life, accident, and health	\$67.5	0.037%
Title	\$2.5	0.057%
Third-party administrators	\$4.0	0.018%
Workers' compensation	\$2.9	0.074%

SOURCE: Texas Department of Insurance.

**FIGURE 322
HEALTH MAINTENANCE ORGANIZATION (HMO)
ENROLLEES AND TAX RATES
FISCAL YEAR 2024**

COVERAGE OR ENTITY	ENROLLEES	TAX RATES
HMO – Multiservice	7,349,771	\$0.87
HMO – Single Service	771,882	\$0.29

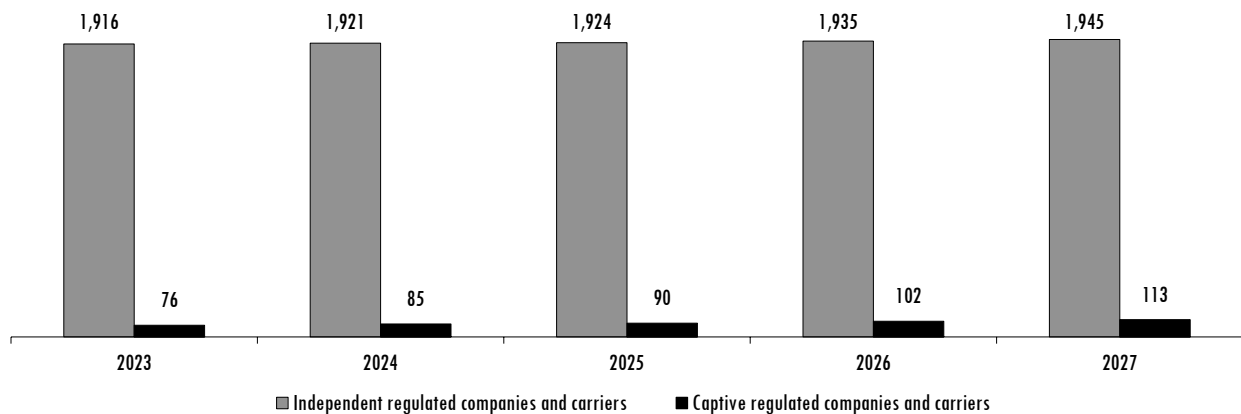
SOURCE: Texas Department of Insurance.

insurance market: Financial Regulation, Customer Operations, State Fire Marshal's Office, and Contingency Regulatory Response.

TDI directly supports the Texas insurance market by licensing and monitoring insurance companies throughout their life cycles; investigating and taking action necessary against entities engaged in unfair, fraudulent, and illegal practices; and promoting competition by increasing access to insurance products.

The Financial Regulation program enforces solvency standards for insurance companies and related entities throughout an entity's life cycle, including initial formation and licensure, subsequent surveillance activities, and implementation of regulatory interventions as needed. The agency analyzes the financial condition of insurers operating in Texas and provides safety education programs, inspects insurance loss programs offered to policyholders, and assures compliance with filed property schedules and windstorm construction codes. When the conservation of assets is not sufficient to rehabilitate a financially weak insurance company facing insolvency, TDI may seek a court order to place the insurer into receivership administered by a special deputy receiver. **Figure 323** shows the historical and

FIGURE 323
INSURANCE COMPANIES IN TEXAS, FISCAL YEARS 2023 TO 2027



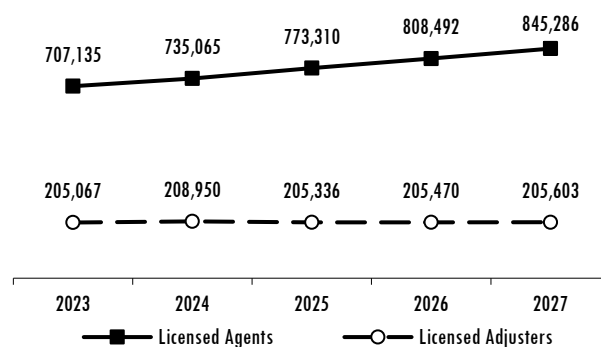
NOTE: Amounts shown for fiscal years 2025, 2026, and 2027 are estimated.
 SOURCE: Texas Department of Insurance.

estimated number of licensed insurance companies from fiscal years 2023 to 2027. TDI is appropriated \$14.3 million in General Revenue–Dedicated Funds and 76.0 FTE positions for these purposes for the 2026–27 biennium.

The Customer Operations program manages TDI’s help line, conducts consumer outreach, receives and resolves consumer complaints, and issues licenses for insurance agents and adjusters in the state. The program includes activities such as producing media content to engage and inform insurance consumers in the state, supporting consumers in filing health insurance claim appeals through a step-by-step process, providing policy comparisons, and assisting insurance agents and adjusters in managing and applying for a new or renewal license. **Figure 324** shows the historical and projected number of licensed insurance agents and adjusters in the state from fiscal years 2023 to 2027. TDI is appropriated \$17.6 million in General Revenue–Dedicated Funds and 141.0 FTE positions for these purposes for the 2026–27 biennium.

The State Fire Marshal’s Office program supports the agency’s efforts to reduce the loss of life and property caused by fire through prevention, education, and protection. The State Fire Marshal’s Office develops and promotes methods of preventing and reducing fire losses through fire investigations, building inspections, code enforcement, licensing and regulation of fire service industries, and the development and promotion of fire prevention programs. The State Fire Marshal’s Office will initiate an estimated 800 investigations each fiscal year. Additionally, the State Fire Marshal’s Office oversees requirements for cigarette manufacturers to certify

FIGURE 324
INSURANCE LICENSES ISSUED
FISCAL YEARS 2023 TO 2027



NOTE: Amounts shown for fiscal years 2025, 2026, and 2027 are estimated.
 SOURCE: Texas Department of Insurance.

that their cigarettes meet performance standards and are fire-standard compliant, and that packaging contains markings with this certification. The agency is appropriated \$10.7 million in General Revenue–Dedicated Funds and 67.0 FTE positions for these purposes for the 2026–27 biennium.

The Contingency Regulatory Response program is utilized if the Texas insurance market experiences a significant change in the insurance regulatory environment, such as demands for federal healthcare reform implementation, a public health or insurance crisis, a fire-related or weather-related disaster, and non-weather-related disasters. The agency is required to issue a finding of fact to access and utilize the appropriation and related FTE positions if a state regulatory response is

needed. TDI is appropriated \$4.4 million in General Revenue–Dedicated Funds and 40.0 FTE positions for these purposes for the 2026–27 biennium.

HEALTHCARE ACCESS

The Healthcare Access program area includes the Three-share Premium Assistance program. The Three-share program enables TDI to promote access to the private health insurance market. Through the Three-share program, local entities can establish healthcare programs for small employers across the state. The program awards grants through a competitive process authorizing use of state funds to subsidize premiums for low-income employees of small businesses and qualified entities. The program works to improve access to private healthcare coverage for the uninsured wherein the employer and employee pay portions of the premiums. Grants are funded through administrative fines and penalties assessed against regulated insurance entities outside of the workers' compensation system. The agency is authorized to collect up to \$2.3 million in General Revenue–Dedicated Funds each fiscal year pursuant to the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, Article VIII, Department of Insurance, Rider 11, Three-share Premium Assistance Programs. In addition, TDI is appropriated \$0.1 million in General Revenue–Dedicated Funds and 1.0 FTE position to administer the Three-share program for the 2026–27 biennium.

RATEMAKING AND ENFORCEMENT

Five programs manage customer complaints and services; promote fraud monitoring and prevention; promote fire-loss prevention and mitigation; maintain a motor vehicle insurance verification database; and respond to a significant change in insurance regulatory environments.

The Legal and Enforcement program oversees the drafting, enforcement, and compliance of various insurance codes, rules, and adoption orders. Activities in this program include investigating complaints regarding unfair, fraudulent, and illegal practices in the Texas insurance market and initiating enforcement actions to stop such practices from occurring. Additionally, the Legal and Enforcement program coordinates with the Office of the Attorney General to represent TDI in lawsuits or other appropriate legal matters. TDI is appropriated \$15.7 million in General Revenue–Dedicated Funds and 77.3 FTE positions for these purposes for the 2026–27 biennium.

The Property and Casualty program oversees insurance products relating to property and casualty (P&C) insurance, primarily automobile and residential. TDI regulates P&C insurance products and insurance rates for automobile and residential insurance products offered by insurance companies operating in Texas. Activities to promote competition in the P&C market include providing comparative rate and price information to consumers, insurers, and insurance agents, and certifying companies to conduct insurance business in the state's P&C market. To increase the availability of insurance, TDI identifies underserved markets for automobile and residential insurance and encourages insurers to offer policies in these markets. TDI is appropriated \$16.1 million in General Revenue–Dedicated Funds and 97.8 FTE positions for these purposes for the 2026–27 biennium.

The Life and Health program oversees insurance entities and products relating to life and health (L&H) insurance offered in Texas. TDI regulates L&H insurance products and insurance rates for life insurance products offered by insurance companies. Additionally, TDI oversees provider agreements for health maintenance organization (HMO) plans, network adequacy for HMOs operating in the state, and applications for utilization review agents, independent review organizations, and certified workers' compensation healthcare networks. TDI is appropriated \$12.4 million in General Revenue–Dedicated Funds and 74.0 FTE positions for these purposes for the 2026–27 biennium.

The Insurance Fraud program investigates reports of fraud committed by insurers, providers, consumers, and those conducting unauthorized business in the state. The Fraud Unit refers fraud cases to the Office of the Attorney General, local district attorneys, and appropriate federal authorities for criminal prosecution as needed. Additionally, TDI's Fraud Unit works with and trains state and local law enforcement agencies on how to investigate and prevent fraud. The agency will investigate and resolve an estimated 400 cases of suspected criminal activity related to insurance fraud each fiscal year of the 2026–27 biennium. TDI is appropriated \$9.0 million in General Revenue–Dedicated Funds and 40.0 FTE positions for these purposes in the 2026–27 biennium.

The TexasSure Program supports the operation and maintenance of the TexasSure Motor Vehicle Financial Responsibility Verification Program. TexasSure is the state's vehicle insurance verification system that enables law enforcement and county tax officials to confirm whether owners of motor vehicles in Texas have established financial

responsibility through required personal auto liability insurance coverage. The TexasSure vehicle insurance verification database is a joint project of TDI, the Department of Motor Vehicles, the Department of Public Safety, and the Department of Information Resources. TDI is appropriated \$12.1 million for this purpose for the 2026–27 biennium.

ADMINISTRATION

The Administrative Operations and Agency Support program supports administrative functions in TDI and most administrative functions to the Office of Injured Employee Counsel (OIEC), through OIEC's administrative attachment to TDI. TDI is appropriated \$73.4 million in All Funds and 195.0 FTE positions for these purposes for the 2026–27 biennium.

OFFICE OF PUBLIC INSURANCE COUNSEL

PURPOSE: Represents the interests of insurance consumers in Texas in regulatory matters involving automobile, residential property, and title insurance, and participates in rulemaking proceedings for life insurance and health insurance.

ESTABLISHED: 1991

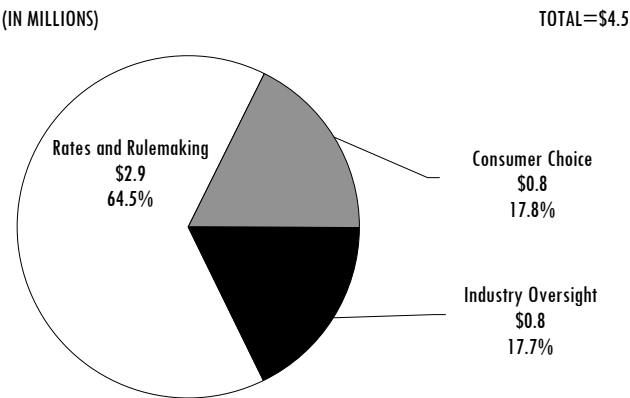
AUTHORIZING STATUTE: The Texas Insurance Code, §501.002

GOVERNANCE: Public Counsel—appointed by the Governor with advice and consent of the Senate

FIGURE 325
OFFICE OF PUBLIC INSURANCE COUNSEL BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2.7	\$4.1	\$1.4	51.2%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.3	\$0.4	\$0.1	16.8%
Total, All Methods of Finance	\$3.1	\$4.5	\$1.5	47.5%

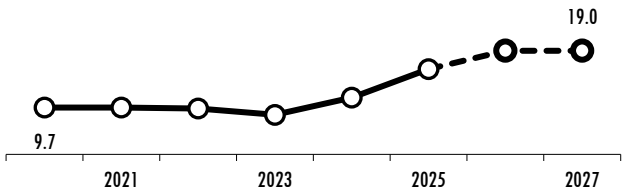
AGENCY PROGRAM AREAS BY APPROPRIATION



SIGNIFICANT DEVELOPMENT

Appropriations **increased \$1.5 million** from the 2024–25 biennial spending level due primarily to funding for transfer of the Certificate of Public Advantage Program from the Health and Human Services Commission and for additional staff-related funding.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

The Texas Insurance Code, Chapter 501, Subchapter E, requires the Comptroller of Public Accounts (CPA) to collect an annual assessment of 5.7 cents on all property, casualty, title (owner and mortgage), life, health, and accident insurance policies (individual or group) in force at the end of the calendar year. These assessments are deposited into the General Revenue Fund. The Legislature requires these assessments to cover the Office of Public Insurance Counsel's (OPIC) appropriations and other direct and indirect costs appropriated for the 2026–27 biennium. Annual assessments collected that exceed OPIC's biennial appropriations are available for distribution from the General Revenue Fund. Based on CPA's 2026–27 Biennial Revenue Estimate, the annual assessments are estimated to generate approximately \$6.6 million in General Revenue Funds, and OPIC's direct and indirect appropriations represent 79.0 percent of amounts anticipated to be collected.

Additionally, OPIC receives \$0.4 million in Other Funds through an Interagency Contract with the Texas Department of Insurance (TDI) to provide consumers with insurance information to make informed decisions. Appropriations for OPIC increased by \$1.5 million in General Revenue Funds from the 2024–25 biennial spending level. The increase in funding is related to the following increases:

- an increase of \$0.8 million for transfer of the Certificate of Public Advantage (COPA) Program from the Health and Human Services Commission. Additionally, the agency is appropriated any additional revenues collected for the program that are greater than amounts estimated in the Biennial Revenue Estimate for reviewing and monitoring merger agreements;
- an increase of \$0.3 million with authority for an additional 1.5 full-time-equivalent (FTE) positions for legal and information technology staff;
- an increase of \$0.2 million to restore lapsed funding from the 2024–25 biennium due to vacancies for new positions; and
- an increase of \$0.1 million for operation of a policy comparison tool for public use.

PROGRAMS

The agency carries out its responsibilities through three program areas.

The Rates and Rule Making program area consists of one program, Participate in Rate/Rules/Forms/Judicial/Legislative, which participates as a party in TDI hearings involving insurance rates, rules, and policy forms; in judicial proceedings; and in other proceedings in which OPIC determines that insurance consumers need representation. OPIC's role in filings and proceedings is to present expert testimony, actuarial analysis, and other supporting evidence to advocate the position most favorable to consumers as a class. The agency will participate in an estimated 286 rate filings and 168 rulemaking proceedings during the 2026–27 biennium. OPIC is appropriated \$2.9 million in General Revenue Funds and 13.5 FTE positions for these purposes for the 2026–27 biennium.

The Consumer Choice program area consists of one program, Increase Consumer Choice, Education, and Information, which provides information and tools to assist consumers in making informed decisions among options in the Texas insurance market, and by providing awareness of consumers' rights through a Consumer Bill of Rights for each personal line of insurance regulated by the state. The agency's staff also make public presentations; participate in panel discussions; prepare and maintain the Consumer Bill of Rights for residential property, auto, and life insurance; and produce publicly available reports regarding health maintenance organizations. OPIC is appropriated \$0.8 million in All Funds for these purposes for the 2026–27 biennium.

The Industry Oversight program area consists of one program, Oversee the Certificate of Public Advantage Program, which administers COPAs to exempt merging hospitals from federal and state antitrust laws. OPIC oversees the application process for these COPAs and works in tandem with the Health and Human Services Commission to process rate change requests from participating hospitals. The agency also maintains a public COPA website that includes information for potential applications, current participants, stakeholders, and the public. OPIC is appropriated \$0.8 million in All Funds for these purposes for the 2026–27 biennium.

TEXAS DEPARTMENT OF LICENSING AND REGULATION

PURPOSE: Serves as an umbrella occupational regulatory agency for the licensing, certification, and enforcement of regulatory statutes involving diverse businesses, industries, general trades, and occupations.

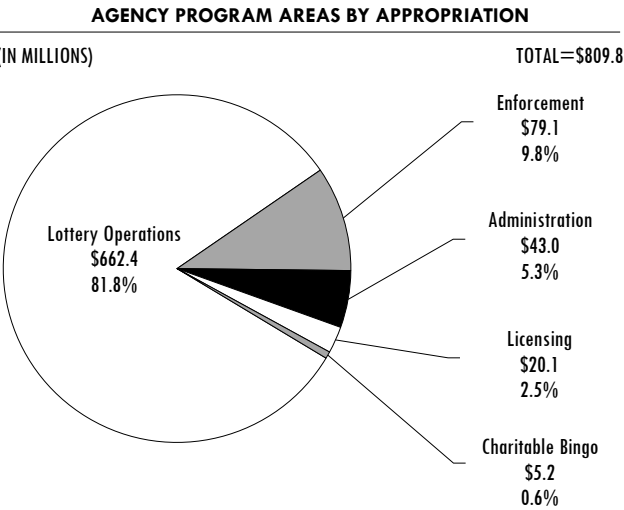
ESTABLISHED: 1989

AUTHORIZING STATUTE: The Texas Occupations Code, §51.051

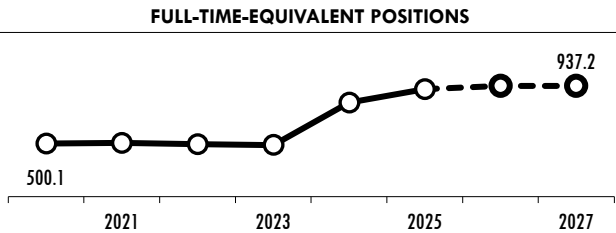
GOVERNANCE: Texas Commission of Licensing and Regulation—seven members appointed by the Governor with advice and consent of the Senate

FIGURE 326
TEXAS DEPARTMENT OF LICENSING AND REGULATION BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/ BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$132.5	\$129.6	(\$2.9)	(2.2%)
General Revenue–Dedicated Funds (3)	\$669.1	\$664.5	(\$4.7)	(0.7%)
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$16.1	\$15.7	(\$0.4)	(2.4%)
Total, All Methods of Finance	\$817.7	\$809.8	(\$8.0)	(1.0%)



- SIGNIFICANT DEVELOPMENTS**
- Funding includes **\$667.6 million in All Funds** and **321.5 full-time-equivalent (FTE) positions** for the transfer of the state lottery and charitable bingo operations.
- Funding includes an increase of **\$4.7 million in General Revenue Funds** and an additional **12.0 FTE positions** to increase agency retention and address increased agency workloads.
- Funding includes an increase of **\$19.7 million** to expand the agency's efforts in combatting financial crimes through the **Financial Crimes Intelligence Center**.
- Funding includes an increase of **\$2.4 million** and **13.0 FTE positions** to expand the agency's efforts to prevent **human trafficking**.



- NOTES:
- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation. Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within the Texas Department of Licensing and Regulation.

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

MAJOR FUNDING

The Texas Department of Licensing and Regulation (TDLR) administers and enforces state laws relating to various industries and occupations, including the following areas: air conditioning and refrigeration contractors; architectural barriers; athletic trainers; auctioneers; barbers; behavior analysts; boiler inspections; code enforcement officers; combative sports; cosmetologists; delivery network companies; dietitians; dog and cat breeders; driver education and safety; dyslexia therapists and practitioners; electricians; electric vehicle supply equipment; elevators, escalators, and related equipment; hearing instrument fitters and dispensers; industrialized housing and buildings; laser hair removal; massage therapy; midwives; mold assessors and remediators; motor fuel metering and quality; motorcycle and all-terrain vehicle operator safety; offender education programs; orthotists and prosthetists; podiatry; professional employer organizations; property tax consultants and tax professionals; sanitarians; service contract providers; speech-language pathologists and audiologists; residential solar retailers; tow trucks, operators and vehicle storage facilities; transportation network companies; used automotive parts recyclers; veterinary medical examiners; water-well drillers and pump installers; and weather modification businesses.

Funding for TDLR includes a net decrease of \$8.0 million in All Funds for the 2026–27 biennium and an increase of 25.0 full-time-equivalent (FTE) positions for fiscal year 2026 and fiscal year 2027. This increase is due primarily to the following changes:

- an increase of \$19.7 million in General Revenue Funds to expand the Financial Crimes Intelligence Center, a statewide fusion center operated by Smith County in conjunction with law enforcement and financial institutions to investigate payment card fraud and other financial crimes, including organized crime and credit card skimming;
- an increase of \$4.7 million in General Revenue Funds and an additional 12.0 FTE positions related to recruiting and retaining staff;
- an increase of \$2.4 million in General Revenue Funds and an additional 13.0 FTE positions for the Anti-trafficking Unit to provide additional staff to improve the program's inspections, enforcement, and supporting actions that combat human trafficking for regulated programs;
- an increase of \$1.9 million in General Revenue Funds related to the biennialization of the statewide salary adjustment initiated during the 2024–25 biennium;

- an increase of \$0.5 million in General Revenue Funds to add contracted staff to regulate combative sports events;
- an increase of \$0.5 million in General Revenue Funds to replace agency computers that are past their life cycles;
- an increase of \$0.1 million in General Revenue Funds to implement the provisions of House Bill 4215, Eighty-ninth Legislature, Regular Session, 2025, relating to the regulation of delivery network companies; and
- a decrease of \$26.3 million in General Revenue Funds for onetime funding to develop a cloud-based licensing system, purchase vehicles, and expand the Financial Crimes Intelligence Center.

In addition, Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its responsibilities to TDLR. This transfer of functions includes appropriations of \$667.6 million in General Revenue Funds and General Revenue–Dedicated Funds from Account No. 5025, Lottery, and an additional 321.5 FTE positions to administer the state lottery and charitable bingo operations.

Funding for fiscal year 2025 includes a supplemental appropriation of \$4.6 million in General Revenue Funds.

PROGRAMS

TDLR enforces occupational code and practice standards for certain professions through five major program areas: (1) licensing; (2) enforcement; (3) administration; (4) lottery operations; and (5) charitable bingo. **Figure 327** shows key performance measures related to the agency's licensing and enforcement programs and FTE positions from fiscal years 2023 to 2027.

TDLR verifies that licensees meet qualifications and practice standards for regulated professions. Licensing activities include verifying credentials of applicants and facilities, updating licensee databases, and confirming that licensees adhere to continuing education requirements and ethical standards. The agency estimates that it will issue more than 550,000 licenses, certifications, and registrations to individuals during each fiscal year of the 2026–27 biennium. Appropriations for the licensing program at TDLR total \$20.1 million in All Funds for the 2026–27 biennium.

Enforcement activities at TDLR include routine inspections of facilities, investigating consumer complaints about a

FIGURE 327**TEXAS DEPARTMENT OF LICENSING AND REGULATION SELECT PERFORMANCE MEASURES, FISCAL YEARS 2023 TO 2027**

MEASURES	2023	2024	2025	2026	2027
Licenses Held by Individuals	688,206	732,663	785,293	783,766	810,730
Licenses Held by Businesses	231,101	229,472	236,887	235,994	242,777
Complaints Closed	11,284	13,449	12,695	13,390	13,780
Full-time-equivalent Positions (1)	489.1	527.3	531.7	937.2	937.2

NOTE: (1) Full-time-equivalent (FTE) positions shown for fiscal years 2023, 2024, and 2025 show actual positions filled. Amounts shown for fiscal years 2026 and 2027 show appropriated FTE position caps.

SOURCE: Texas Department of Licensing and Regulation.

licensee or quality of service, and suspending or revoking licenses of violators of the agency's standards. The agency also reviews building plans to verify compliance with applicable laws, rules, accessibility standards, building codes, and safety codes. As part of its enforcement function, TDLR completed 271,893 routine inspections and closed 13,449 complaint investigations during fiscal year 2024. Appropriations for the enforcement program at TDLR total \$79.1 million in All Funds for the 2026–27 biennium.

The Administration program area provides administrative and information technology support for the agency's enforcement and licensing programs. Additionally, TDLR develops and distributes information about agency licensing and complaint processes and operates a toll-free telephone line to inform licensees and consumers about the agency and its operations. TDLR is appropriated \$43.0 million in All Funds for administration for the 2026–27 biennium.

LOTTERY OPERATIONS

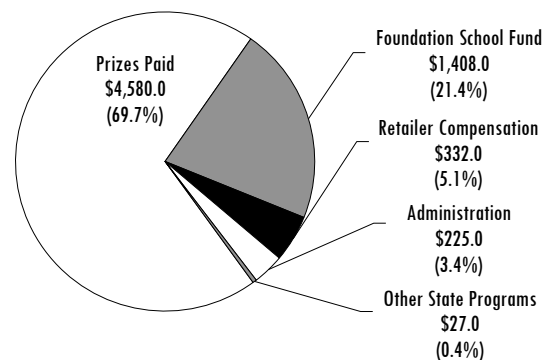
Appropriations for the lottery operations program for the 2026–27 biennium total \$662.4 million in General Revenue–Dedicated Funds from Account No. 5025. The Comptroller of Public Accounts estimates in the 2026–27 Biennial Revenue Estimate that lottery sales will total \$7.9 billion for fiscal years 2026 and \$7.8 billion for fiscal year 2027.

Proceeds from the sale of lottery tickets pay for all costs of operation for the Texas Lottery, including the payment of lottery prizes, retailer commissions, and other costs for operation and administration of the lottery. The Texas Government Code, Chapter 466, known as the State Lottery Act, limits the amount of these funds that may be expended for retailer commissions and agency administration to 12.0 percent of gross ticket revenues. The State Lottery Act establishes a minimum retailer commission of 5.0 percent of gross ticket sales, which leaves a maximum of 7.0 percent of

FIGURE 328**DISTRIBUTION OF TEXAS LOTTERY PROCEEDS
FISCAL YEAR 2025**

(IN MILLIONS)

TOTAL=\$6,572.0

**NOTES:**

- (1) The Other State Programs category includes transfers to the Fund for Veterans' Assistance (Other Funds) and the General Revenue–Dedicated Account No. 5049, State Owned Multicategorical Teaching Hospital, through the Health and Human Services Commission.
- (2) Transfers to the Foundation School Fund (General Revenue Funds) and Other State Programs include \$88.9 million in unclaimed prizes from fiscal year 2023 lottery sales.
- (3) Amounts determined on an accrual basis. Amounts may not sum due to rounding.
- (4) Amounts are estimated.

SOURCE: Texas Department of Licensing and Regulation.

gross sales that may be expended for agency administration. In practice, appropriations for agency administration historically have totaled approximately 3.1 percent of this revenue. The agency transfers any unexpended administrative funds to the state to fund public education.

Since fiscal year 2021, the state lottery has transferred nearly \$2.0 billion to the state each year after deductions for prizes and administrative costs. **Figure 328** shows the distribution of lottery proceeds during fiscal year 2025, and **Figure 329** shows gross lottery sales and revenue to the state for the 2004–05 to 2024–25 biennia.

TDLR is tasked with operating the state's lottery system so that it is self-supporting, produces revenue, and is free of criminal activity. The agency performs its lottery-related activities primarily through the following six programs: the lottery operator contract; marketing and promotions; retailer commissions, bonuses, and incentives; advertising services contracts; operations; and security. The lottery operator manages all aspects of contract vendor services for scratch-ticket and online gaming, including managing all game terminals and hardware, providing field sales and business development staff, warehousing scratch tickets, ordering and distributing lottery products, and providing retailer technical support.

The marketing and promotion program provides for the development of lottery products and games, promotes the lottery, and recruits business retailers and vendors to sell lottery tickets. This program also contracts for the production of scratch tickets, which account for approximately 81.2 percent of all ticket sales.

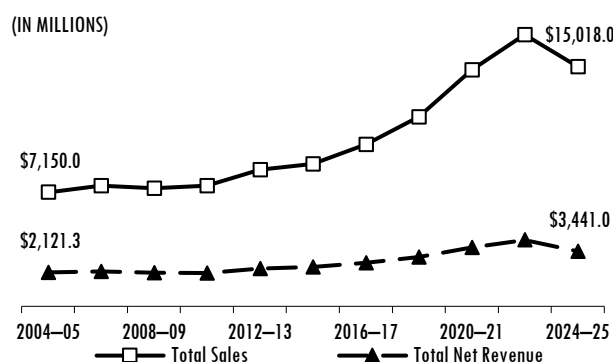
The retailer bonus and incentive program manages activities that maximize revenue to the state by providing lottery sales agents with incentives and bonuses. The State Lottery Act establishes a minimum retailer commission of 5.0 percent of gross ticket sales; these funds are not included in TDLR's appropriations. Appropriations for TDLR include an additional 0.5 percent of gross ticket sales annually to pay commissions to retailers for sales performance.

The advertising services program is contracted through external vendors and includes the planning, development, and implementation of lottery advertising through radio, television, Internet, experiential, and print media.

TDLR's lottery operations program provides operations management, technical, administrative, and customer service support to all office locations, players, and retailers. This management and support includes issuing licenses to qualified lottery retailers and enforcing applicable state laws and agency rules. The agency will license an estimated 22,000 retailer business locations each fiscal year of the 2026–27 biennium. The agency operates a security program to support the quality and integrity of the lottery drawings system and the physical security of operating sites. To enforce the State Lottery Act, the agency investigates possible criminal and regulatory violations relating to lottery games.

The final program, central administration, provides administrative and information technology support to the agency's lottery programs. TDLR is appropriated \$1.0 billion to operate the state's lottery system for the 2026–27 biennium.

FIGURE 329
TEXAS LOTTERY SALES AND NET REVENUE
2004–05 TO 2024–25 BIENNIA

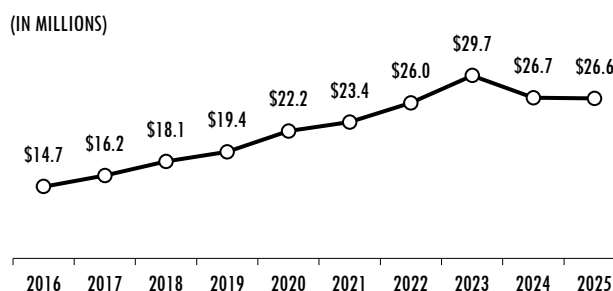


NOTES:

- (1) Amounts are calculated on an accrual accounting basis.
- (2) Total Net Revenue includes revenue to the Foundation School Fund (General Revenue Funds), the Fund for Veterans' Assistance (Other Funds), and the General Revenue–Dedicated Account No. 5049, State Owned Multicategorical Teaching Hospital.

SOURCE: Texas Department of Licensing and Regulation.

FIGURE 330
TEXAS VETERANS COMMISSION LOTTERY REVENUE
FISCAL YEARS 2016 TO 2025



NOTES:

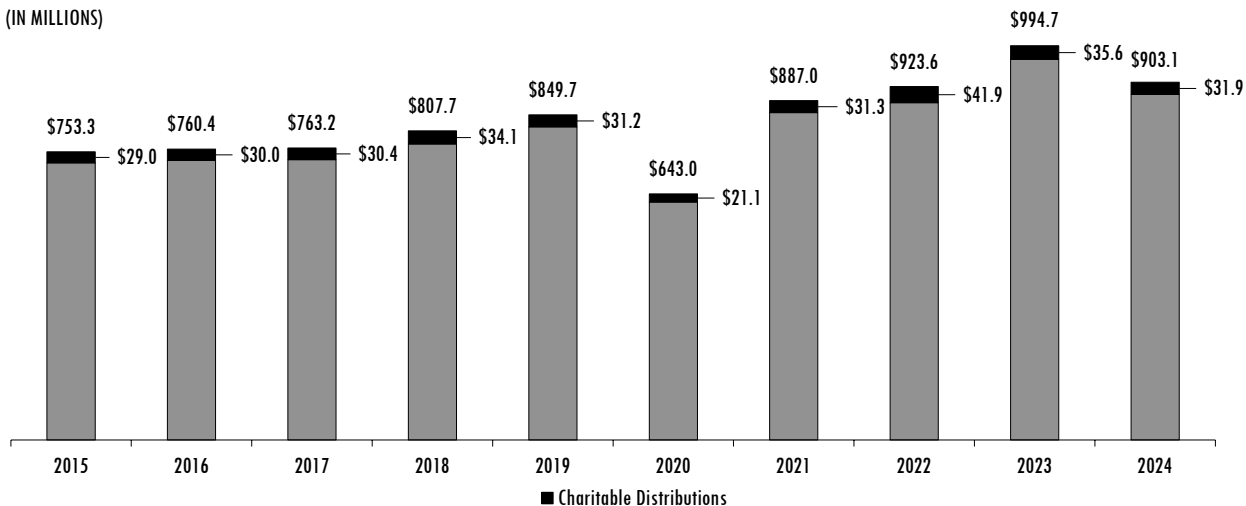
- (1) Includes General Revenue–Dedicated Account transfers of unclaimed prize money to the Fund for Veterans' Assistance (Other Funds).
- (2) Amounts determined on an accrual basis.

SOURCE: Texas Department of Licensing and Regulation.

Through the operator contract, TDLR offers scratch-ticket lottery games benefiting the Texas Veterans Commission's Fund for Veterans' Assistance (Other Funds). The state lottery began offering scratch-ticket games in November 2009. Ticket sales have generated \$275.3 million for the Texas Veterans Commission since the contract's inception. **Figure 330** shows net proceeds from these ticket sales from fiscal years 2016 to 2025.

FIGURE 331
TEXAS BINGO SALES AND DISTRIBUTIONS TO CHARITABLE ORGANIZATIONS
FISCAL YEARS 2015 TO 2024

(IN MILLIONS)



SOURCE: Texas Department of Licensing and Regulation.

CHARITABLE BINGO

TDLR operates the following four programs relating to the charitable bingo program area: auditing, licensing services, accounting services, and education and training. TDLR estimates that charitable organizations will receive approximately \$30.0 million each fiscal year from bingo events for the 2026–27 biennium. **Figure 331** shows charitable distributions from fiscal years 2015 to 2024.

The bingo auditing program monitors licensee compliance with applicable state laws and agency rules through inspections, reviews, audits, and complaint investigations. The agency estimates that it will complete 120 complaint investigations each fiscal year of the 2026–27 biennium. The licensing program includes the review of license applications and worker registrations to determine the eligibility of applicants to receive a license. The agency estimates that it will issue more than 13,000 licenses to individuals and organizations each fiscal year of the 2026–27 biennium. The accounting services program assists licensees with filing reports and managing their financial data, and analyzing data provided by licensed bingo conductors that report positive net proceeds to assist them in reviewing their charitable bingo operations. The education and training program manages the education and development of all licensed organizations that conduct charitable bingo activities. TDLR is appropriated \$5.2 million for the operation and regulation of charitable bingo for the 2026–27 biennium.

SIGNIFICANT LEGISLATION

Senate Bill 3070 – Abolishing the Texas Lottery Commission and transferring administration of the state lottery and the licensing and regulation of charitable bingo to TDLR. TDLR receives an appropriation of \$667.6 million in All Funds and 321.0 full-time-equivalent positions to administer these operations.

House Bill 4215 – Regulating delivery network companies and requiring an occupational permit. TDLR receives an appropriation of \$80,000 for fiscal year 2026 to update its licensing database to include delivery network companies in the regulation of transportation network companies.

TEXAS RACING COMMISSION

PURPOSE: Enforce the Texas Racing Act and its rules to promote the safety, integrity, and fairness of Texas pari-mutuel racing.

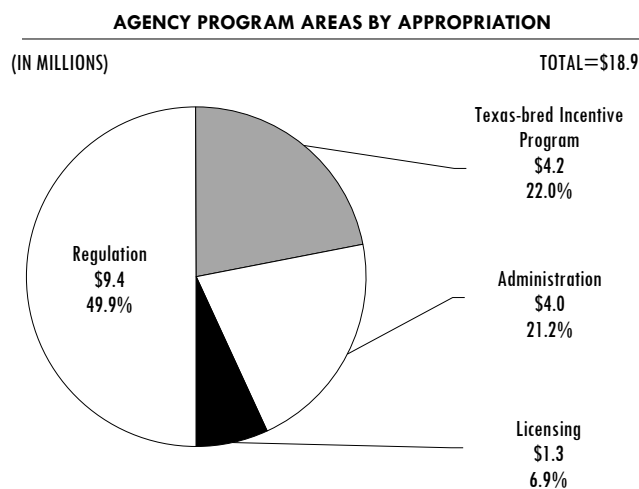
ESTABLISHED: 1988

AUTHORIZING STATUTE: The Texas Racing Act, the Texas Occupations Code, Title 13, Subtitle A-1

GOVERNANCE: Texas Racing Commission—seven members appointed by the Governor with advice and consent of the Senate, and two ex officio voting members set in statute

FIGURE 332
TEXAS RACING COMMISSION BY METHOD OF FINANCE

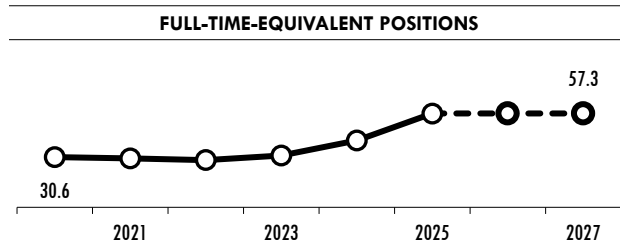
METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2.9	\$4.0	\$1.1	37.4%
General Revenue–Dedicated Funds	\$10.5	\$8.4	(\$2.1)	(19.9%)
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$5.0	\$6.5	\$1.5	29.1%
Total, All Methods of Finance	\$18.4	\$18.9	\$0.5	2.5%



SIGNIFICANT DEVELOPMENTS

Funding includes a **method-of-financing adjustment** to **reallocate General Revenue Funds** to the agency's **indirect administration** program and **reallocate General Revenue–Dedicated Funds** to fund **direct administration** of the agency's **licensing and regulatory programs**.

Funding includes an **increase of \$2.3 million in Other Funds** from estimated **reimbursements from racetracks** to the Texas Racing Commission for expenses related to **equine drug testing** to be used for medication and drug testing services.



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

The Texas Racing Commission is funded primarily by General Revenue–Dedicated Funds generated through fees assessed on racetracks and occupational licensees and state taxes on simulcast pari-mutuel wagering pools. The agency's fee-generated revenue is required to cover the cost of the agency's appropriations and other direct and indirect costs funded through the General Appropriations Act. In addition, the agency is appropriated Other Funds from the Texas-bred Incentive Fund to pass through to the recognized breed registries and racetracks for support of the racing industry and racing events, including purses and breeder awards.

Funding for the Texas Racing Commission includes an increase of \$0.5 million in All Funds from 2024–25 biennial spending levels. The increase includes an increase of \$1.2 million in General Revenue Funds and a decrease of \$0.9 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; a decrease of \$1.2 million in General Revenue–Dedicated Funds appropriated in the 2024–25 biennium for reimbursements to the General Revenue Fund; an increase of \$0.2 million in General Revenue Funds for the purchase of drug and evidence testing trailers; and an increase of \$2.3 million in Other Funds from Appropriated Receipts for racetrack reimbursements for race animal medication and drug testing costs. These increases are offset by a decrease of \$0.9 million in Other Funds from the Texas-bred Incentive Fund to align the estimated appropriation with the Comptroller of Public Accounts' Biennial Revenue Estimate for the 2026–27 biennium. In addition, funding for fiscal year 2025 includes a supplemental appropriation of \$0.2 million in General Revenue Funds.

PROGRAMS

The Texas Racing Commission carries out its responsibilities for oversight of pari-mutuel horse and greyhound racing in Texas through four major program areas: (1) regulation; (2) licensing; (3) the Texas-bred Incentive Program; and (4) administration.

The regulation program area incorporates oversight of racing and wagering. The agency regulates greyhound and horse racing at racetracks in Texas, including supervising racing conduct and providing health testing and drug testing for horses and greyhounds. Wagering regulation includes

investigations into illegal wagering, completion of compliance audits at racetracks, and increasing the testing and pass rates for the computer system, called a totalisator, that tallies and calculates pari-mutuel wagers. Appropriations for these functions total \$9.4 million in All Funds.

Racetrack and occupational licensing involves licensing racetracks and their participants, renewing existing racetrack and occupational licenses, and reviewing active and inactive racetrack licenses. Occupational licenses are required for all racetrack employees or any individuals, other than a spectator or individual placing a wager, that participate in pari-mutuel racing activities. The agency oversees 10 racetrack licenses, including four active horse racetrack licenses, three inactive horse racetrack licenses, and three inactive greyhound racetrack licenses. Licensing appropriations total \$1.3 million in General Revenue–Dedicated Funds, generated primarily by fees.

The Texas-bred Incentive Program for horses provides an incentive award distributed as a purse supplement paid from the pari-mutuel wagering pools to breeders and owners of Texas-bred horses that place first, second, or third in any race. The program for greyhounds distributes its purse supplements to owners of the first four accredited greyhounds crossing the finish line in any race. The program encourages agriculture and the horse-breeding and greyhound-breeding industries. Appropriations for these incentives total \$4.2 million in Other Funds, generated primarily by rounding down payouts and fees on live and simulcast wagering pool funds.

Administration includes the indirect administrative functions that support the agency. This program area is appropriated \$4.0 million in General Revenue Funds for the 2026–27 biennium.

TEXAS STATE SECURITIES BOARD

PURPOSE: Protect Texas investors by promoting a free and competitive securities market in the state, increasing investor confidence, and encouraging the formation of capital and the development of new jobs.

ESTABLISHED: 1957

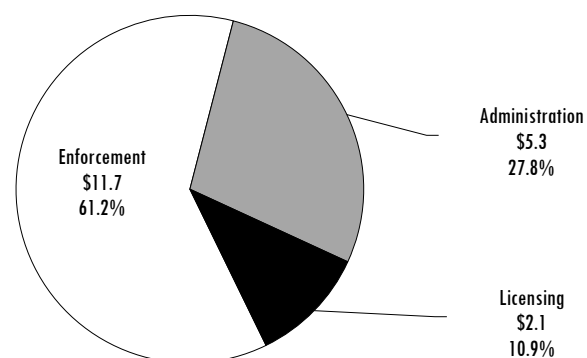
AUTHORIZING STATUTE: The Texas Government Code, Title 12

GOVERNANCE: State Securities Board—five members appointed by the Governor with advice and consent of the Senate

FIGURE 333
TEXAS STATE SECURITIES BOARD BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$18.5	\$19.1	\$0.6	3.5%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$18.5	\$19.1	\$0.6	3.5%

AGENCY PROGRAM AREAS BY APPROPRIATION
(IN MILLIONS) TOTAL=\$19.1

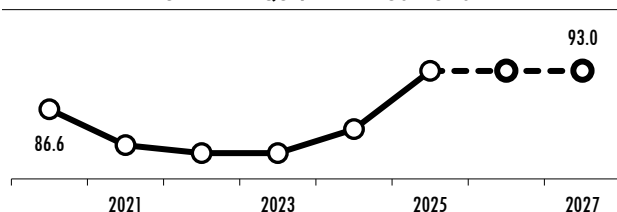


SIGNIFICANT DEVELOPMENTS

Funding includes an increase of \$0.5 million in recovered lapsed funds for salary increases to retain staff.

Revenue deposited to the state Treasury related to securities and dealer-agent applications for the 2026–27 biennium is estimated at \$315.4 million.

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING AND PROGRAMS

Appropriations to the State Securities Board increased by 3.5 percent, or \$0.6 million in General Revenue Funds, from 2024–25 biennial spending levels. This net increase is due primarily to following changes:

- an increase of \$5.2 million in General Revenue Funds of lapsed funds for salary increases to retain staff;
- an increase of \$0.3 million in General Revenue Funds to biennialize the statewide salary adjustment initiated during the 2024–25 biennium; and
- a decrease of \$0.2 million due to supplemental appropriations from General Revenue Funds provided during fiscal year 2025.

The agency performs its work through three major program areas: (1) enforcement; (2) licensing; and (3) administration.

Enforcement involves the investigation of suspected violations of the Texas Securities Act and, if appropriate, initiation of administrative proceedings or referral of matters for criminal prosecution or civil action. Agency staff collect and summarize evidence for cases adjudicated by State Office of Administrative Hearings administrative law judges and cases referred to the Office of the Attorney General in civil injunction actions. The agency also verifies compliance with the Texas Securities Act through periodic inspections of registered dealers and investment advisors. The enforcement program area is appropriated \$11.7 million in General

Revenue Funds and 59.7 full-time-equivalent (FTE) positions for the 2026–27 biennium.

The agency’s licensing responsibilities include registering securities and dealers. For securities registration, the agency reviews all applications for securities for sale in Texas to verify investor access to full and fair disclosure of all relevant investment information. The agency confirms that offering terms comply with the Texas Securities Act and agency rules. For dealer registration, all securities dealers, their sales agents, and investment advisers in Texas must be registered with the Texas State Securities Board, unless federal law preempts them or the Texas Securities Act exempts them from registering. The agency examines these applications and maintains an ongoing review process by examining amendments and registrants’ renewal submissions. **Figure 334** shows the number of securities applications and securities agents, dealers, advisers, and adviser representatives that the agency registered, or expects to register, from fiscal years 2022 to 2027, and the agency’s projection of revenues deposited to the state Treasury from securities and dealer or agent applications during the same period. The total appropriation for the licensing program area is \$2.1 million in General Revenue Funds and 14.0 FTE positions for the 2026–27 biennium.

The final program area, administration, provides administrative and information technology support for the agency’s enforcement and licensing programs. Appropriations for administration at the agency total \$5.3 million in All Funds for the 2026–27 biennium.

FIGURE 334
TEXAS STATE SECURITIES BOARD SELECTED PERFORMANCE MEASURES, FISCAL YEARS 2022 TO 2027

YEAR	APPLICATIONS	TREASURY SECURITIES REVENUE (IN MILLIONS)	REGISTERED DEALERS AND AGENTS	TREASURY DEALER REVENUES (IN MILLIONS)
2022	66,002	\$183.7	561,849	\$10.0
2023	56,664	\$143.0	595,685	\$10.5
2024	58,646	\$149.2	611,517	\$10.7
2025	60,000	\$160.0	622,000	\$11.5
2026	65,087	\$149.7	519,975	\$8.0
2027	65,087	\$149.7	519,975	\$8.0

NOTE: Amounts for fiscal years 2024 to 2027 are estimated.
SOURCE: State Securities Board.

PUBLIC UTILITY COMMISSION OF TEXAS

PURPOSE: Protect customers, foster competition, and promote high-quality utility infrastructure in the state's electric, telecommunication, and water and wastewater utility industries.

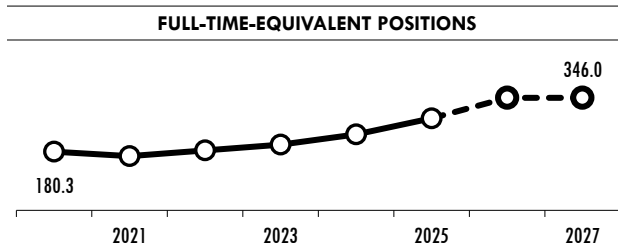
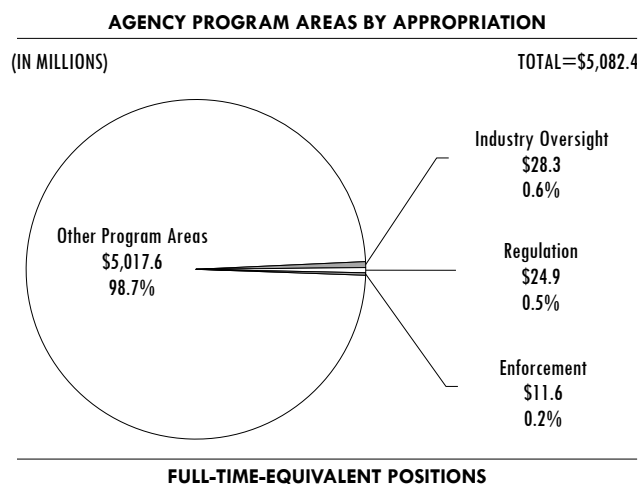
ESTABLISHED: 1975

AUTHORIZING STATUTE: The Texas Utilities Code, §12.001

GOVERNANCE: Utility Commission—five members appointed by the Governor with the advice and consent of the Senate

FIGURE 335
PUBLIC UTILITY COMMISSION OF TEXAS BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$59.6	\$71.5	\$11.9	19.9%
General Revenue—Dedicated Funds	\$9.9	\$10.0	\$0.1	0.6%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$5,001.0	\$5,001.0	\$0.0	0.0%
Total, All Methods of Finance	\$5,070.5	\$5,082.4	\$11.9	0.2%



SIGNIFICANT DEVELOPMENTS

Funding includes **\$5.0 billion** in Other Funds from the **Texas Energy Fund** for existing programs to provide grants and loans pursuant to the Texas Utilities Code, Chapter 34.

Appropriations include an **increase of \$11.9 million** in All Funds and an additional **41.0 full-time-equivalent positions** to support increased regulation and oversight workload.

Contingency funding provides **\$6.2 million** in **General Revenue Funds** and an additional **22.0 FTE positions** to implement legislation passed by the Eighty-ninth Legislature, Regular and Called sessions, 2025.

Funding includes **\$0.5 million** in **General Revenue Funds** to provide a onetime update and modernization of the agency's Power to Choose Website, an electricity rate-comparison tool. The agency estimates that the site will record an average of 1.0 million consumer visits during each year of the 2026–27 biennium.

NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent (FTE) positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Appropriations for the Public Utility Commission of Texas (PUC) for the 2026–27 biennium include \$5.1 billion in All Funds, of which \$5.0 billion in Other Funds from the Texas Energy Fund (TxEF) is provided to administer the In-Electric Reliability Council of Texas (ERCOT) Generation Loan Program, Completion Bonus Grant Program, Outside ERCOT Grant Program, and Texas Backup Power Package Program.

PUC appropriations include an All Funds increase of \$11.9 million from 2024–25 biennial spending levels. These increases are due primarily to the following changes:

- an increase of \$6.3 million in General Revenue Funds to provide contingency funding for legislation passed by the Eighty-ninth Legislature, Regular Session, 2025. See the **Significant Legislation** section for more information;
- an increase of \$3.7 million in General Revenue Funds to provide for an additional 17.0 full-time-equivalent (FTE) positions to meet increased demand for agency services such as cost-recovery proceeding, streamlining filing forms of the System Improvement Charge for water cases, rate-relating cases involving issues pertaining to storm-hardening, resiliency, mobile generation and vegetation management cost, and future filings in response to weather events;
- an increase of \$2.2 million in General Revenue Funds to provide for an additional 10.0 FTE positions to meet increased demand for TxEF programs;
- an increase of \$2.1 million in General Revenue Funds to provide for an additional 8.0 FTE positions to review an anticipated increase in the number of contested cases and Certificates of Convenience and Necessity applications; and
- an increase of \$0.5 million in General Revenue Funds to provide for a onetime cost to update and modernize PUC's Power to Choose website, an electricity rate comparison tool.

Additionally, funding for fiscal year 2025 includes supplemental appropriations totaling \$3.9 million in General Revenue Funds.

PROGRAMS

The agency regulates the state's electricity, telecommunication, and water and wastewater utility industries through four

major program areas: (1) other program areas; (2) regulation; (3) industry oversight; and (4) enforcement.

Other program areas include the TxEF, electricity and telecommunication industry awareness, customer dispute resolution, and agency administration programs. The TxEF is appropriated \$5.0 billion in Other Funds and 14.0 FTE positions to support the following four programs pursuant to the Texas Utilities Code, Chapter 34:

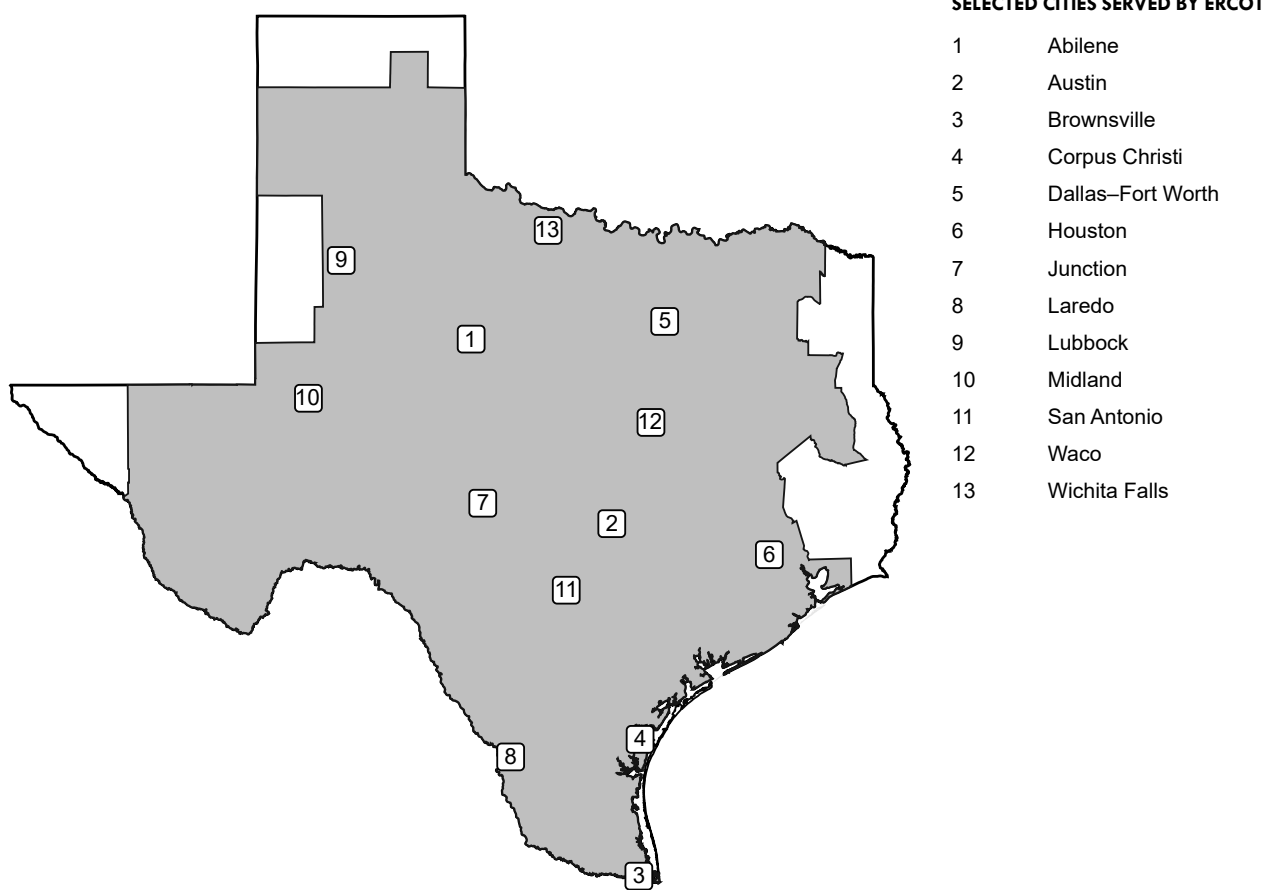
- In-ERCOT Loan Program – low-interest loans to qualifying companies for the construction of new dispatchable electricity-generating facilities within the ERCOT power region that add at least 100.0 megawatts of new dispatchable generation capacity;
- Completion Bonus Grants Program – grants to qualifying companies for the construction of new dispatchable electricity-generating facilities within the ERCOT power region that add 100.0 megawatts of new dispatchable generation capacity;
- Outside ERCOT Grants Program – grants to qualifying companies for transmission and distribution infrastructure or electricity-generating facilities in Texas outside of the ERCOT power region; and
- Backup Power Package Program – funding to design, procure, or install backup power packages at facilities necessary to support community health, safety, and well-being.

Grants and loans distributed by PUC are based on an application process and award system with a starting balance of \$10.0 billion for the fund. In February 2024, PUC signed a four-year contract worth \$72.3 million with Deloitte & Touche Limited Liability Partnership to serve as the contractor for all four programs within the TxEF.

In addition, \$3.0 million in All Funds is appropriated to promote consumers' understanding of electricity and telecommunication markets through the industry awareness program; \$3.0 million in All Funds is appropriated to assist customers in resolving disputes with electricity and telecommunication utilities through the consumer dispute resolution program; and \$8.4 million in All Funds is appropriated to support the agency's administrative functions.

The regulation program oversees rates and services in the electricity, telecommunication, and water and wastewater services utility industries. Regulation is the only program

FIGURE 336
ELECTRIC RELIABILITY COUNCIL OF TEXAS BOUNDARIES, FISCAL YEAR 2025



SOURCE: Electric Reliability Council of Texas.

that crosses all three of the utility industries that the agency oversees. The program focuses primarily on providing rate regulation services to confirm that customers receive just and reasonable rates for their utilities. Of the total \$24.9 million in appropriations to this program area, \$15.5 million in General Revenue Funds is appropriated for electric utilities and 76.3 FTE positions, \$8.1 million in General Revenue–Dedicated Funds is appropriated for water and wastewater utilities and 28.0 FTE positions, and \$1.3 million in All Funds is appropriated for telecommunication utilities and 4.5 FTE positions.

Industry oversight promotes awareness about changes and standards in the electricity and telecommunication industries. The program encompasses electric and telecommunication utilities, and the majority of the resources are dedicated to oversight of the competitive electricity market. Within the electricity market, oversight consists of wholesale competition

and retail competition for all customers of investor-owned utilities in ERCOT, whose boundaries contain more than 90.0 percent of the state's electricity load, as shown in **Figure 336**. **Figure 337** shows the 20 most populous cities in Texas and the availability of retail competition in those cities. Electricity market oversight is appropriated \$27.0 million in General Revenue Funds of the total \$28.3 million in All Funds for this program area along with 106.4 FTE positions, and the remaining \$1.4 million in All Funds is dedicated to telecommunication market oversight with 4.2 FTE positions.

The enforcement program area oversees the investigation and resolution of potential noncompliance with the Texas Utilities Code among electric and telecommunication utilities. This area includes the agency's work related to audit and review, investigations, and notices of violations and administrative penalties. The program is appropriated \$11.6 million in All Funds for the 2026–27 biennium.

FIGURE 337
AVAILABILITY OF RESIDENTIAL ELECTRIC CHOICE IN MOST POPULOUS TEXAS CITIES, AS OF APRIL 1, 2020

CITY	POPULATION	COMPETITION	CITY	POPULATION	COMPETITION
Houston	2,304,580	Yes	Irving	256,684	Yes
San Antonio	1,434,625	No	Laredo	255,205	Yes
Dallas	1,304,379	Yes	Garland	246,018	Yes
Austin	961,855	No	Frisco	200,509	Yes
Fort Worth	918,915	Yes	Amarillo	200,393	No
El Paso	678,815	No	Grand Prairie	196,100	Yes
Arlington	394,266	Yes	McKinney	195,308	Yes
Corpus Christi	317,863	Yes	Brownsville	186,738	No
Plano	285,494	Yes	Killeen	153,095	Yes
Lubbock	257,141	No	Pasadena	151,950	Yes

SOURCE: U.S. Census Bureau.

SIGNIFICANT LEGISLATION

House Bill 144 – Management and inspection of distribution poles. The legislation requires each electric cooperative, electric utility, and municipally owned utility that distributes electric energy to the public to submit to PUC a plan for the management and inspection of distribution poles in the entity's distribution system no later than January 1, 2026. PUC is appropriated \$0.8 million in General Revenue Funds and 7.0 FTE positions each year of the biennium to implement the legislation's provisions.

Senate Bill 6 – Increasing Texas' electric grid reliability. The legislation provides for the planning, interconnection, and operation of costs related to providing service for certain electrical loads, in addition to the generation of electric power by a water supply or sewer service corporation. PUC is appropriated \$1.0 million in General Revenue Funds and 9.0 FTE positions each year of the biennium to implement the legislation's provisions.

Senate Bill 1789 – Electric service quality and reliability. The legislation requires PUC to establish structural integrity standards for transmission and distribution poles that apply to electric utilities, electric cooperatives, and municipally owned utilities. PUC is appropriated \$0.5 million in General Revenue Funds each year of the biennium to implement the legislation's provisions.

Senate Bill 2148 – Reliability of the electricity supply chain. The legislation requires PUC and ERCOT to conduct simulations with providers of electricity generation services and transmission and distribution services in the ERCOT power region to mitigate and prepare for a threat of an attack

on a critical facility. PUC is appropriated \$0.3 million in General Revenue Funds and 3.0 FTE positions each year of the biennium to implement the legislation's provisions.

Senate Bill 2662 – Enforcement of drought contingency plans by water and sewer utilities. The legislation requires all investor-owned water utilities to file drought contingency plans with PUC as part of their tariff. PUC is appropriated \$0.4 million in General Revenue Funds and 3.0 FTE positions each year of the biennium to implement the legislation's provisions.

OFFICE OF PUBLIC UTILITY COUNSEL

PURPOSE: Secure the availability of utility services at fair and reasonable rates by providing representation for Texas residential and small-business utility consumers in proceedings conducted by the Public Utility Commission, the Federal Energy Regulatory Commission, the Federal Communications Commission, and state and federal courts.

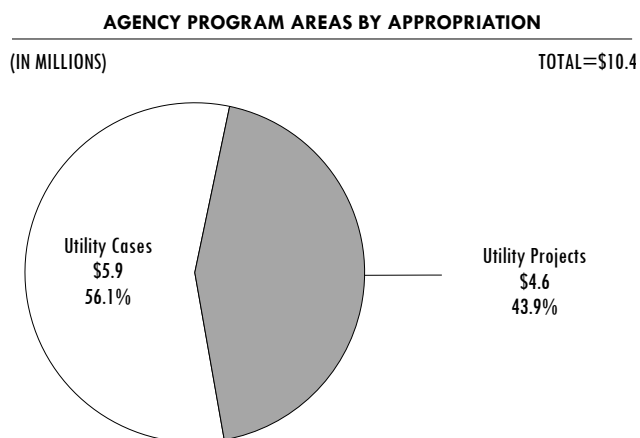
ESTABLISHED: 1983

AUTHORIZING STATUTE: The Texas Utilities Code, §13.001, and the Texas Water Code, §13.017

GOVERNANCE: Public Counsel – appointed by the Governor with the advice and consent of the Senate

FIGURE 338
OFFICE OF PUBLIC UTILITY COUNSEL BY METHOD OF FINANCE

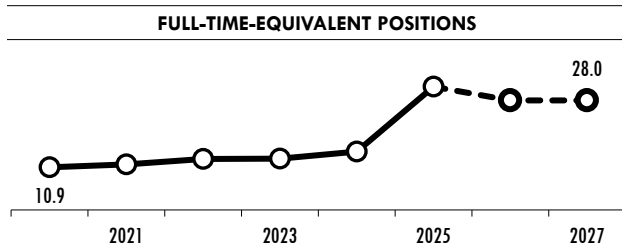
METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$5.3	\$8.5	\$3.3	61.9%
General Revenue–Dedicated Funds	\$1.6	\$1.9	\$0.3	20.0%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$6.9	\$10.4	\$3.6	52.0%



SIGNIFICANT DEVELOPMENTS

Appropriations for the 2026–27 biennium increase by \$3.6 million from the 2024–25 biennial spending level, primarily for **additional staff for a data analytic team, legal expert witness fees, and staff salary increases.**

The Office of Public Utility Counsel will complete an estimated **63 cases** and **38 projects** during the 2026–27 biennium.



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING AND PROGRAMS

The responsibility of the Office of Public Utility Counsel (OPUC) is to represent residential and small-business utility customers. This responsibility is carried out in two main program areas: (1) utility cases and (2) utility projects. The agency represents customers of electric, telecommunication, and water and wastewater service utilities.

Appropriations for OPUC total \$10.4 million for the 2026–27 biennium. This amount is an increase of \$3.6 million in General Revenue Funds and General Revenue–Dedicated Funds from the 2024–25 biennium that includes the following amounts:

- an increase of \$2.4 million and an additional 3.0 full-time-equivalent (FTE) positions for additional staff to develop a data analytic team;
- an increase of \$0.6 million for legal expert witness fees to provide testimony for legal cases and projects; and
- an increase of \$0.5 million for a 10.0-percent salary increase for all agency staff.

Participation in utility cases consists of providing representation for consumers in major utility cases for judicial proceedings, lawsuits, and other litigation. The agency completed 81 cases during fiscal year 2025 and will complete an estimated 63 cases during each fiscal year of the 2026–27 biennium. This program area is appropriated \$5.9 million in General Revenue Funds and General Revenue–Dedicated Funds and 25.0 FTE positions.

OPUC participates in utility cases by providing representation for consumers in judicial proceedings, including those in which utility regulators adopt rules or regulations for competitive issues, consumer safeguards, rate making, and new or advanced technologies and services. The agency completed 32 projects during fiscal year 2025 and will complete an estimated 38 projects during each fiscal year of the 2026–27 biennium. This program area is appropriated \$4.6 million in General Revenue Funds and General Revenue–Dedicated Funds and 3.0 FTE positions.

HEALTH-RELATED LICENSING AGENCIES

PURPOSE: Health-related licensing boards and commissions regulate certain occupations and industries within the state. Agencies confirm that licensees meet qualifications and standards protect quality of care delivered to consumers through licensing and enforcement programs.

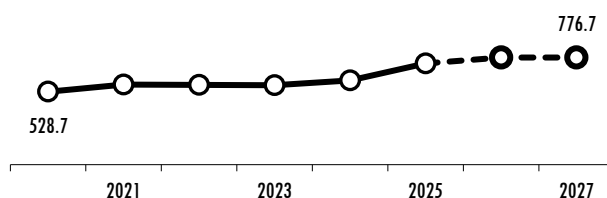
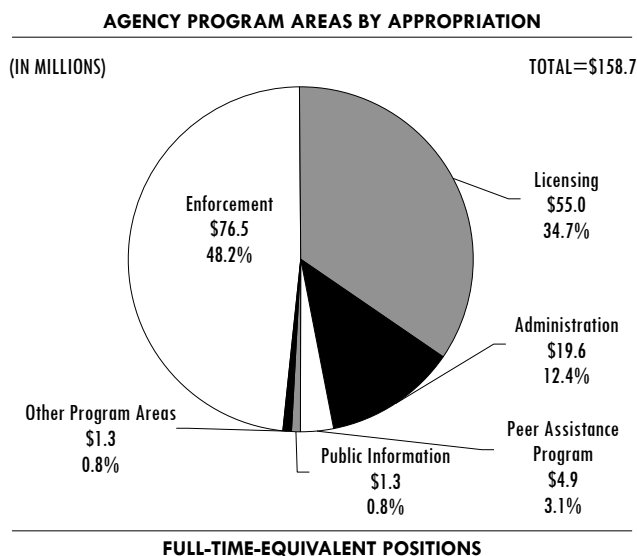
ESTABLISHED: Varies; 1907–2019

AUTHORIZING STATUTE: VARIES; the Texas Occupations Code, Chapters 101, 152, 201, 252, 301, 351, 452, 501, 507, 552, 651, 801

GOVERNANCE: Varies; typically appointed by the Governor with advice and consent of the Senate

FIGURE 339
HEALTH-RELATED LICENSING AGENCIES BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$123.1	\$132.3	\$9.2	7.5%
General Revenue–Dedicated Funds	\$9.2	\$9.2	(\$0.0)	(0.3%)
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$16.5	\$17.2	\$0.7	4.1%
Total, All Methods of Finance	\$148.8	\$158.7	\$9.9	6.6%



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent (FTE) positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

SIGNIFICANT DEVELOPMENTS

Funding for the **Texas Medical Board** includes an **increase of \$2.5 million** to increase salaries and improve staff retention, and **\$1.3 million and 2.0 full-time-equivalent (FTE) positions** to establish an Ombudsman Office.

Funding for the **Texas Board of Nursing** includes an **increase of \$1.9 million and 15.0 FTE positions** to support increased workloads due to growth in the licensing population, and **\$1.7 million** for the agency's ongoing regulatory response to Operation Nightingale.

Funding for the **Texas State Board of Pharmacy** includes an **increase of \$1.1 million and 5.0 FTE positions** to address an increased workload and support growth in the licensing population.

Funding for the **Texas Funeral Service Commission** includes an **increase of \$1.4 million and 10.0 FTE positions** for agency operations due to increased workloads after assuming the responsibilities of the Anatomical Board of the State of Texas.

MAJOR FUNDING

Health-related licensing agencies include the following 10 agencies:

- Texas Behavioral Health Executive Council;
- Texas Board of Chiropractic Examiners;
- Texas State Board of Dental Examiners;
- Texas Funeral Service Commission;
- Texas Medical Board;
- Texas Board of Nursing;
- Texas Optometry Board;
- Texas State Board of Pharmacy;
- Executive Council of Physical Therapy and Occupational Therapy Examiners; and
- Texas Board of Veterinary Medical Examiners.

Additionally, this section includes funding for the Health Professions Council (HPC), which coordinates regulatory efforts with the 10 health-related licensing agencies and four non-health-related licensing agencies.

The 10 health-related licensing agencies are subject to a legislative requirement that fee-generated revenues cover the cost of agency appropriations and other direct and indirect costs appropriated elsewhere in the General Appropriations Act. These agencies generate revenue from the regulated occupations and industries in addition to these direct and indirect amounts, and the excess revenue is deposited to the state Treasury for use in funding other state programs.

All Funds appropriations for agencies in this section total \$158.7 million for the 2026–27 biennium. This amount is an increase of \$9.9 million from the 2024–25 biennial spending level primarily due to the following increases:

- **Behavioral Health Executive Council:**
 - \$0.4 million in General Revenue Funds to fill existing vacant full-time-equivalent (FTE) positions;
 - \$0.4 million in General Revenue Funds to subscribe to the continuous query feature of the National Practitioner Data Bank;
 - \$0.2 million in General Revenue Funds to develop a Spanish-language social work licensing exam for licensed master social workers; and

- \$0.1 million in General Revenue Funds for the initial design phase of a new, Texas-owned psychology licensing exam;
- the **Texas State Board of Dental Examiners** receives \$0.4 million in General Revenue Funds to hire for vacant positions;
- **Funeral Service Commission:**
 - \$1.4 million in General Revenue Funds and 10.0 FTE positions for agency operations including licensing, enforcement, legal, and operational staff; and
 - \$0.1 million in General Revenue Funds for salary increases;
- **Texas Medical Board:**
 - \$2.5 million in General Revenue Funds to increase salaries, support promotional opportunities and improve retention of skilled staff;
 - \$1.3 million in General Revenue Funds and an additional 8.0 FTE positions for the expansion of the agency's information technology infrastructure; and
 - \$0.3 million in General Revenue Funds and an additional 2.0 FTE positions for the implementation of an Ombudsman Office to assist the complaints and resolutions process;
- **Texas Board of Nursing:**
 - \$1.9 million in General Revenue Funds and an additional 15.0 FTE positions to support increased workloads due to growth in the licensee population; and
 - \$1.7 million in General Revenue Funds for the agency's ongoing regulatory response to the federal Operation Nightingale;
- **Board of Pharmacy:**
 - \$1.1 million in General Revenue Funds and an additional 5.0 FTE positions to support increased workloads due to the growth of the licensee population; and
 - \$0.3 million in General Revenue Funds to provide staff salary merit increases;

- **Executive Council of Physical Therapy and Occupational Therapy Examiners:**

- \$0.2 million in General Revenue Funds to support cost increases of the regulatory database regulated by HPC; and
- \$0.1 million in General Revenue Funds to fund staff salary increases; and

- **Health Professions Council:**

- \$1.0 million in General Revenue Funds for the migration of servers and data into the Department of Information Resources' Shared Technology Services program; and
- \$0.4 million in Other Funds through Interagency Contract authority for increased costs associated with the agency's Shared Regulatory Database.

These increases are offset partially by a decrease of \$3.4 million in All Funds due to onetime funding during the 2024–25 biennium that is not continued, including information technology projects and products and processing costs for hiring additional staff, and by supplemental appropriations of \$1.5 million in All Funds for fiscal year 2025 to these agencies.

PROGRAMS

Health-related licensing agencies enforce occupational code and practice standards for certain professions through five major program areas: (1) enforcement; (2) licensing; (3) peer assistance programs; (4) administration; and (5) public information. **Figure 340** shows certain agency performance measures, FTE positions, and funding from fiscal years 2023 to 2027 for each of the health-related licensing agencies.

Enforcement activities include routine inspections of facilities, investigating patient complaints about a licensee or quality of care, and suspending or revoking licenses of violators of the licensing agency's practices standards. Appropriations for enforcement programs at the health-related licensing agencies total \$64.9 million in All Funds for the 2026–27 biennium.

Health-related licensing agencies establish licensee qualifications and practices standards for the regulated professions. Licensing activities include verifying credentials of applicants and facilities, updating licensee databases, and verifying that continuing education requirements and ethical standards are met. Appropriations for licensing programs at

health-related licensing agencies total \$54.5 million in All Funds for the 2026–27 biennium.

The Board of Pharmacy manages the Prescription Monitoring Program (PMP), which collects and monitors prescription data for controlled substances for prescribers, pharmacies, and patients through an online database. All pharmacists and prescribers, except veterinarians, are required to check patient history in the PMP database before prescribing or dispensing certain controlled substances. Six health-related licensing agencies and one non-health-related agency, including the Texas State Board of Dental Examiners, the Texas Medical Board, the Texas Board of Nursing, the Texas Optometry Board, the Board of Pharmacy, the State Board of Veterinary Medical Examiners, and the Texas Department of Licensing and Regulation, contribute to the funding of the PMP. Appropriations for the PMP total \$11.6 million in General Revenue Funds and 13.7 FTE positions for the 2026–27 biennium.

Certain health-related licensing agencies participate in peer assistance programs for licensees with impairments, such as chemical abuse or dependency and certain mental health diagnoses, to receive treatment and monitoring before returning to work. Agencies that participate in the peer assistance programs include the following: the Texas State Board of Dental Examiners, Texas Board of Nursing, Texas Optometry Board, Board of Pharmacy, and State Board of Veterinary Medical Examiners. The Texas Medical Board operates the Texas Physician Health program, which is similar in function to other health-related agencies' peer assistance programs but is attached administratively to the Texas Medical Board. Appropriations for peer assistance programs total \$4.9 million for the 2026–27 biennium. These appropriations are subject to a provision in the Eighty-ninth Legislature, General Appropriations Act, 2026–27 Biennium, which authorizes Regulatory agencies that have peer assistance programs to take part in the Statewide Behavioral Health Coordinating Council alongside the other agencies required to participate. This council was established to coordinate the expenditure of funds for behavioral health programs across the state.

HPC provides shared support for participating agencies, including information technology support, accounting, and training. Appropriations for HPC shared support services total \$4.5 million for the 2026–27 biennium and are funded through Interagency Contracts with the participating health-related and non-health-related licensing agencies.

FIGURE 340
HEALTH-RELATED AGENCIES' ACTIVITIES AND FUNDING, FISCAL YEARS 2023 TO 2027

AGENCY	2023 EXPENDED	2024 EXPENDED	2025 ESTIMATED	2026 APPROPRIATED	2027 APPROPRIATED
Texas Behavioral Health Executive Council					
New Licenses Issued (Individuals)	10,362	11,601	11,600	12,000	12,500
Licenses Renewed (Individuals)	32,530	32,374	36,000	34,500	34,500
Complaints Resolved	618	479	600	500	500
All Funds Total	\$5,125,106	\$5,376,191	\$5,574,095	\$6,340,155	\$6,017,086
Full-time-equivalent (FTE) Positions	58.7	58.7	64.0	64.0	64.0
Texas Board of Chiropractic Examiners					
New Licenses Issued (Individuals)	465	451	450	350	350
Licenses Renewed (Individuals)	3,462	4,274	3,750	3,100	3,100
Complaints Resolved	155	126	183	200	200
All Funds Total	\$971,273	\$1,173,870	\$1,223,498	\$1,252,218	\$1,242,218
FTE Positions	9.3	10.3	12.5	14.0	14.0
Texas State Board of Dental Examiners					
New Licenses and Registrations Issued (Individuals)	8,890	10,485	9,369	4,614	4,614
Licenses Renewed (Individuals)	34,883	38,785	34,130	35,848	35,848
Total Facilities Licensed	733	674	568	850	850
Complaints Resolved	976	1,087	1,224	1,100	1,100
All Funds Total	\$4,598,595	\$4,782,479	\$4,965,088	\$5,191,435	\$5,201,175
FTE Positions	49.9	51.2	51.0	59.0	59.0
Texas Funeral Service Commission					
New Licenses Issued (Individuals)	445	657	210	500	500
Licenses Renewed (Individuals)	2,299	2,091	1,992	2,250	2,250
Licenses Issued (Facilities)	79	71	69	80	80
Licenses Renewed (Facilities)	1,620	1,562	1,263	1,500	1,500
Complaints Resolved	107	168	226	160	160
All Funds Total	\$800,621	\$1,763,471	\$2,487,276	\$2,147,569	\$2,185,680
FTE Positions	8.5	11.0	16.0	26.0	26.0
Texas Medical Board					
New Licenses Issued (Individuals)	12,757	13,316	13,200	13,051	13,442
Licenses Renewed (Individuals)	82,171	85,787	81,000	86,967	89,576
Complaints Resolved	1,507	1,528	1,692	2,281	2,350
All Funds Total	\$16,531,929	\$23,164,093	\$21,732,514	\$23,757,955	\$24,289,470
FTE Positions	187.6	209.6	246.0	270.0	270.0
Texas Board of Nursing					
New Licenses Issued (Individuals)	41,898	40,753	38,154	40,500	40,500
Licenses Renewed (Individuals)	242,470	248,622	258,789	242,000	243,000
Complaints Resolved	18,646	21,931	19,067	18,700	18,700
All Funds Total	\$14,145,120	\$15,194,334	\$15,645,407	\$17,342,445	\$17,343,189
FTE Positions	117.3	121.1	138.7	156.7	156.7

FIGURE 340 (CONTINUED)
HEALTH-RELATED AGENCIES' ACTIVITIES AND FUNDING, FISCAL YEARS 2023 TO 2027

AGENCY	2023 EXPENDED	2024 EXPENDED	2025 ESTIMATED	2026 APPROPRIATED	2027 APPROPRIATED
Texas Optometry Board					
New Licenses Issued (Individuals)	243	236	210	189	189
Licenses Renewed (Individuals)	2,443	2,460	2,537	2,500	2,500
Complaints Resolved	108	86	95	140	140
All Funds Total	\$525,201	\$593,032	\$611,451	\$549,474	\$546,937
FTE Positions	5.8	5.5	7.0	6.0	6.0
Texas State Board of Pharmacy					
New Licenses Issued (Individuals)	1,904	1,629	1,610	2,000	2,000
Licenses Renewed (Individuals)	19,839	20,337	19,585	19,500	19,500
Total Facilities Licensed	8,370	8,350	8,510	8,350	8,350
Complaints Resolved	6,713	5,420	6,605	5,500	5,500
All Funds Total	\$8,920,145	\$15,538,340	\$15,214,534	\$15,491,714	\$15,470,807
FTE Positions	93.5	92.7	117.0	122.0	122.0
Executive Council of Physical Therapy and Occupational Therapy Examiners					
New Licenses Issued (Individuals)	3,703	3,704	3,100	3,800	3,925
Licenses Renewed (Individuals)	22,294	22,802	23,200	20,800	20,950
Complaints Resolved	1,018	941	1,080	1,070	1,070
All Funds Total	\$1,502,645	\$1,838,272	\$1,828,956	\$1,937,816	\$1,941,145
FTE Positions	18.7	17.2	21.0	21.0	21.0
Texas Board of Veterinary Medical Examiners					
New Licenses Issued (Individuals)	1,008	1,050	1,172	900	900
Licenses Renewed (Individuals)	11,090	11,714	13,126	10,200	10,200
Complaints Resolved	359	442	657	980	980
All Funds Total	\$1,440,077	\$3,697,995	\$3,143,937	\$2,953,352	\$2,954,632
FTE Positions	18.5	24.9	28.0	29.0	29.0
Health Professions Council					
All Funds Total	\$1,507,580	\$1,606,222	\$1,660,416	\$2,186,737	\$2,361,244
FTE Positions	8.0	8.0	8.0	9.0	9.0

SOURCES: Legislative Budget Board; Behavioral Health Executive Council; Board of Chiropractic Examiners; Texas State Board of Dental Examiners; Funeral Service Commission; Texas Medical Board; Texas Board of Nursing; Texas Optometry Board; Board of Pharmacy; Executive Council of Physical Therapy and Occupational Therapy Examiners; State Board of Veterinary Medical Examiners; and Health Professions Council.

The Texas Medical Board also oversees the public education program, which assists in establishing continuing education standards and educating the

public regarding medical malpractice. Appropriations for the public education program total \$1.3 million for the 2026–27 biennium.

OTHER REGULATORY AGENCIES

PURPOSE: Other regulatory agencies consist of the Board of Professional Geoscientists and the Board of Plumbing Examiners, which oversee the regulation of certain occupations within Texas. Agencies maintain licensee qualifications and standards through licensing and enforcement programs.

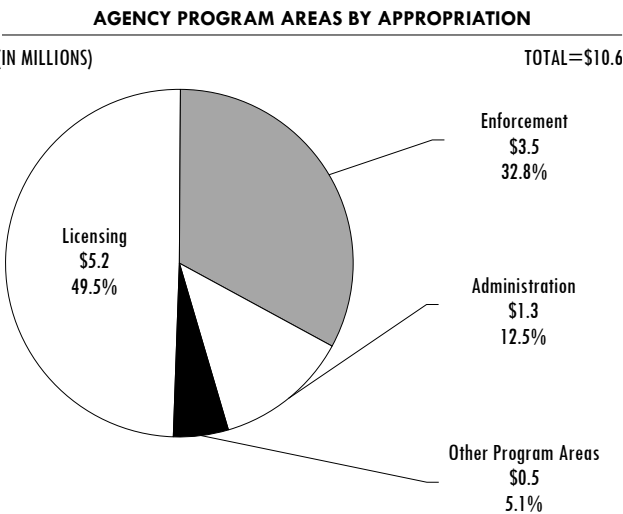
ESTABLISHED: Geoscientists – 2001, Plumbing – 1947

AUTHORIZING STATUTE: The Texas Occupations Code, §§1002.001 and 1301.001

GOVERNANCE: Nine-member boards appointed by the Governor with advice and consent of the Senate

FIGURE 341
OTHER REGULATORY AGENCIES BY METHOD OF FINANCE

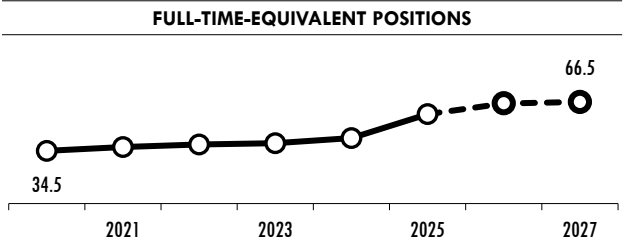
METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$10.2	\$10.5	\$0.3	3.4%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.1	\$0.1	(\$0.0)	(40.5%)
Total, All Methods of Finance	\$10.3	\$10.6	\$0.3	3.0%



SIGNIFICANT DEVELOPMENTS

Funding for the **Board of Plumbing Examiners** includes **\$0.9 million and 7.0 full-time-equivalent positions** for additional staffing needs to meet increased agency workload demands.

Funding for the **Board of Plumbing Examiners** includes **an increase of \$0.3 million** to expand the agency's statewide examination centers including a mobile testing unit and improvements to existing examination facilities.



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024, budgeted positions for fiscal year 2025, and appropriated positions for fiscal years 2026 and 2027.

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

MAJOR FUNDING

Other regulatory agencies include the Texas Board of Professional Geoscientists and the Texas State Board of Plumbing Examiners. These agencies participate in shared services through the Health Professions Council. All Funds appropriations for these agencies for the 2026–27 biennium increased by \$0.3 million and 7.0 full-time-equivalent (FTE) positions for fiscal year 2026 and 8.0 FTE positions for fiscal year 2027. This increase is due primarily to the following General Revenue Funds increases for the Board of Plumbing Examiners:

- \$0.9 million with an additional 7.0 FTE positions for additional staffing needs including positions for licensing, enforcement, legal support, and administration to meet increased agency workload demands; and
- \$0.3 million to expand the agency's statewide examination centers, which includes a mobile testing unit to conduct practical portions of the licensing exam and improvements to existing exam facilities.

The biennial increase is offset by a \$1.0 million decrease due to onetime supplemental appropriations provided for fiscal year 2025.

These regulatory agencies are subject to a legislative requirement that fee-generated revenues cover the cost of

agency appropriations and other direct and indirect costs appropriated in the General Appropriations Act. These agencies generate revenue from the regulated occupations and industries in addition to direct and indirect appropriations, and the excess revenue is deposited to the state Treasury for use in funding other state programs.

PROGRAMS

These regulatory agencies enforce occupational code and practice standards for their professions through two major program areas: licensing and enforcement. **Figure 342** shows total appropriations and FTE positions for each agency and certain performance measures related to each agency's licensing and enforcement programs.

Licensing activities for both agencies include verifying credentials of applicants and facilities, updating licensee databases, and verifying that continuing education requirements and ethical standards are met. Appropriations for licensing programs at these regulatory agencies total \$5.2 million in All Funds for the 2026–27 biennium.

Enforcement activities for both agencies include routine inspections of facilities, investigating consumer complaints about licensees or quality of services, and suspending or revoking licenses for violations of the agency's standards. Appropriations for enforcement programs at these agencies total \$3.5 million in All Funds for the 2026–27 biennium.

FIGURE 342
OTHER REGULATORY AGENCIES PERFORMANCE AND FUNDING, FISCAL YEARS 2023 TO 2027

AGENCY	2023 EXPENDED	2024 ESTIMATED	2025 BUDGETED	2026 APPROPRIATED	2027 APPROPRIATED
Texas Board of Professional Geoscientists					
Number of Licensees (1)	2,555	2,598	3,130	2,681	2,742
Complaints Resolved	40	26	385	45	45
All Funds Total	\$484,251	\$671,340	\$690,261	\$694,039	\$743,097
Full-time-equivalent Positions	5.0	5.0	6.5	7.5	8.0
Texas State Board of Plumbing Examiners					
Number of Licensees (1)	54,636	53,502	75,000	56,480	57,000
Complaints Resolved	734	766	900	750	750
All Funds Total	\$3,023,106	\$3,901,408	\$3,957,958	\$4,580,411	\$4,552,860
Full-time-equivalent Positions	42.0	51.0	51.0	58.0	58.0

NOTE: (1) The number of licensees is a sum of each agency's key performance measures for new and renewal licenses.

SOURCES: Legislative Budget Board; Texas Board of Professional Geoscientists; Texas State Board of Plumbing Examiners.

The final program area, administration, provides administrative and information technology support for both agencies to their enforcement and licensing programs. Appropriations for administration programs at these agencies total \$1.3 million in All Funds for the 2026–27 biennium.

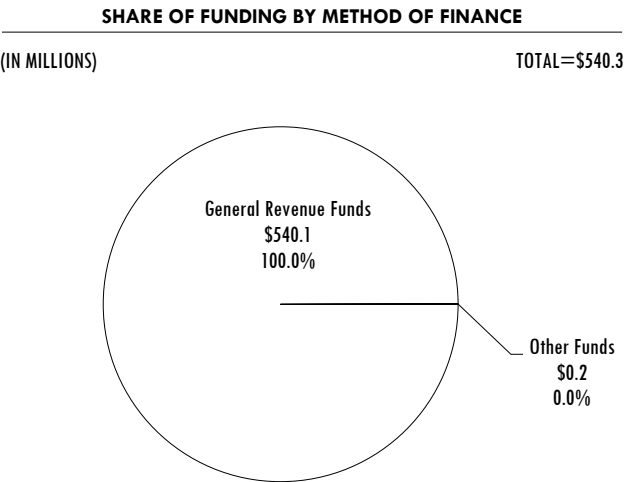
In addition, appropriations for the Board of Plumbing Examiners' consumer knowledge and public outreach program totals \$0.6 million in All Funds for the 2026–27 biennium.

12. LEGISLATURE

All powers of the state’s legislative branch are vested in the Texas Senate and the Texas House of Representatives. The Legislature convenes biennially in Austin for a 140-day regular session, beginning on the second Tuesday in January of each odd-numbered year, to conduct a regular order of business outlined in the Texas Constitution. Appropriations support the operations of these entities and six other legislative entities, which include the Legislative Budget Board, Texas Legislative Council, Sunset Advisory Commission, Commission on Uniform State Laws, State Auditor’s Office, and Legislative Reference Library.

FIGURE 343
ARTICLE X – LEGISLATURE, BY METHOD OF FINANCE

METHOD OF FINANCE	(IN MILLIONS)			
	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$520.8	\$540.1	\$19.3	3.7%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.1	\$0.2	\$0.1	276.5%
Total, All Methods of Finance	\$520.8	\$540.3	\$19.5	3.7%



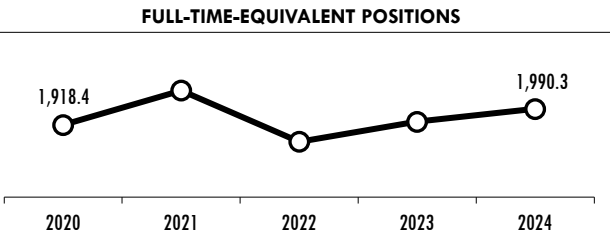
SIGNIFICANT DEVELOPMENTS

The Eighty-ninth Legislature, 2025, **passed 1,234 of 9,455 filed bills and 18 of 374 joint resolutions** during its Regular and Called sessions. In addition, the Legislature passed **136 of 258 concurrent resolutions and 2,554 of 2,700 resolutions**. The Legislative Council drafted **13,024 bills and joint resolutions** requested by the Legislature.

The Legislative Budget Board (LBB) completed 7,126 Fiscal Notes and 665 Impact Statements. In addition, from November 2023 to October 2025, the LBB conducted **three School Performance Reviews**.

The Legislature passed **Sunset review legislation containing 76.4 percent of the Sunset Advisory Commission’s 213 recommendations**. In addition, the agency will conduct **16 reviews** during the interim.

The **State Auditor’s Office** Audit and Review team **completed 24 audits and other projects** related to state agencies, higher education institutions, and other entities **during fiscal year 2024**.



NOTES: Excludes Interagency Contracts. Full-time-equivalent positions show actual positions for fiscal years 2020 to 2024.
SOURCES: Legislative Budget Board; State Auditor’s Office.

FIGURE 344
ARTICLE X – LEGISLATURE APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	APPROPRIATED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	\$103.8	\$105.9	\$2.1	2.1%
House of Representatives	\$131.3	\$134.9	\$3.7	2.8%
Legislative Budget Board	\$32.1	\$32.9	\$0.8	2.6%
Texas Legislative Council	\$106.2	\$107.8	\$1.6	1.5%
Commission on Uniform State Laws	\$0.3	\$0.3	\$0.0	0.0%
Sunset Advisory Commission	\$7.2	\$7.3	\$0.1	1.6%
State Auditor's Office	\$46.2	\$47.0	\$0.8	1.8%
Legislative Reference Library	\$4.3	\$4.3	\$0.1	1.9%
Subtotal, Legislature	\$431.4	\$440.6	\$9.2	2.1%
Retirement and Group Insurance	\$76.3	\$85.9	\$9.6	12.6%
Social Security and Benefits Replacement Pay	\$22.8	\$23.2	\$0.4	1.7%
Lease Payments	\$0.0	\$0.0	\$0.0	N/A
Subtotal, Employee Benefits and Debt Service	\$99.0	\$109.1	\$10.0	10.1%
Less Interagency Contracts	\$9.6	\$9.4	(\$0.2)	(2.6%)
Total, All Functions	\$520.8	\$540.3	\$19.5	3.7%

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

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations made to the Legislature total \$540.3 million in All Funds for the 2026–27 biennium, an increase of \$19.5 million, or 3.7 percent, from the 2024–25 biennial spending level. These appropriations primarily include the following changes:

- an increase of \$9.1 million in General Revenue Funds for employee benefits; and
- an increase in General Revenue Funds for the statewide salary adjustment.

SENATE

The Senate consists of 31 senators elected to staggered four-year terms of office. Its primary duties include legislating all Texas laws and resolutions, approving the state budget, submitting all proposed constitutional amendments to Texas voters, confirming most gubernatorial appointees, and electing a President pro tempore from its members at the beginning and ending of each legislative session. This person performs the duties of the Lieutenant Governor in his or her absence or incapacitation. The Lieutenant Governor, the presiding officer (President) of the Senate, is elected statewide and serves a four-year term. The Secretary of the Senate, elected by Senate members, is the chief executive administrator in charge of central Senate operations. Appropriations for the 2026–27 biennium to fund Senate operations total \$105.9 million in General Revenue Funds.

The Lieutenant Governor appoints all committee chairs and members of Senate standing and select committees, and refers bills to the committees. Approximately 16 standing, select, interim, and joint committees study selected topics, or charges, assigned by the Lieutenant Governor between legislative sessions and receive bills for hearing and referral back to the full Senate for consideration during the session. **Figure 345** shows the number of bills and resolutions filed, passed, and vetoed during the Eighty-ninth Legislature, 2025. The Senate passed 614 bills and joint resolutions, or 18.6 percent of the 3,296 bills and joint resolutions filed by the Senate. These amounts exclude 899 resolutions that were passed in honor or acknowledgement of individuals and entities. The Governor vetoed 15 bills that originated in the Senate.

HOUSE OF REPRESENTATIVES

The House of Representatives consists of 150 representatives elected during even-numbered years to two-year terms of office. At the beginning of each regular legislative session, the House elects the Speaker of the House from its members to serve as the presiding officer. Primary duties of the House of Representatives include legislating all Texas laws and resolutions, submitting all proposed constitutional amendments for voter approval, and approving the state budget. In addition, all legislation that increases state taxation must originate in the House. Appropriations for the 2026–27 biennium to fund the operations of the House of Representatives total \$134.9 million in General Revenue Funds.

The Speaker appoints all chairs and members of House standing and select committees and refers all bills to the committees for consideration. House committees include 43 standing, select, and joint committees, which study selected topics, or charges, assigned by the Speaker between legislative sessions and receive bills for hearing and referral back to the full House for consideration during the legislative session. **Figure 345** shows the number of bills and resolutions filed, passed, and vetoed during the Eighty-ninth Legislature, 2025. The House passed 638 bills and joint resolutions, or 9.8 percent of the 6,533 bills and joint resolutions filed by the House. These amounts exclude 1,655 resolutions that were passed in honor or acknowledgement of individuals and entities. The Governor vetoed 12 bills that originated in the House.

FIGURE 345
LEGISLATION FILED, PASSED, AND VETOED FOR THE LEGISLATIVE SESSIONS, FISCAL YEARS 2021 TO 2025

CHAMBER	87TH LEGISLATURE			88TH LEGISLATURE			89TH LEGISLATURE			CHANGE FROM 88TH TO 89TH LEGISLATURES		
	FILED	PASSED	VETOED	FILED	PASSED	VETOED	FILED	PASSED	VETOED	FILED	PASSED	VETOED
Senate												
Bills	2,479	503	8	2,786	508	54	3,202	604	15	416	96	(39)
Concurrent Resolutions	76	51	0	77	40	0	59	29	0	(18)	(11)	0
Joint Resolutions	89	6	0	98	6	0	94	10	0	(4)	4	0
Resolutions	787	773	0	995	940	0	906	899	0	(89)	(41)	0
Senate Total	3,431	1,333	8	3,956	1,494	54	4,261	1,542	15	305	48	(39)
House of Representatives												
Bills	5,374	594	12	5,830	744	22	6,253	630	12	423	(114)	(10)
Concurrent Resolutions	164	63	0	180	94	0	199	107	0	19	13	0
Joint Resolutions	240	4	0	239	8	0	280	8	0	41	0	0
Resolutions	2,658	2,534	0	2,885	2,793	0	1,794	1,655	0	(1,091)	(1,138)	0
House Total	8,436	3,195	12	9,134	3,639	22	8,526	2,400	12	(608)	(1,239)	(10)
Senate and House												
Bills	8,182	1,097	20	8,616	1,252	76	9,455	1,234	27	839	(18)	(49)
Concurrent Resolutions	240	114	0	257	134	0	258	136	0	1	2	0
Joint Resolutions	329	10	0	337	14	0	374	18	0	37	4	0
Resolutions	3,445	3,307	0	3,880	3,733	0	2,700	2,554	0	(1,180)	(1,179)	0
Total	11,867	4,528	20	13,090	5,133	76	12,787	3,942	27	(303)	(1,191)	(49)

NOTE: Includes all regular and called sessions.
 SOURCE: Legislative Reference Library.

LEGISLATIVE BUDGET BOARD

The Legislative Budget Board (LBB) is a permanent joint committee made up of 10 members including the Lieutenant Governor (joint chair), the Speaker of the House of Representatives (joint chair), the chair of the House Committee on Appropriations, the chair of the House Committee on Ways and Means, the chair of the Senate Finance Committee, three members of the Senate appointed by the Lieutenant Governor, and two members of the House of Representatives appointed by the Speaker. The board is assisted by the LBB director and staff.

The agency serves the analysis and fiscal policy needs of the Texas Legislature through a range of responsibilities required in general law, directed by the General Appropriations Act, and designated by the board and its staff. LBB also provides a range of services and informative documents to serve and keep the Legislature informed about significant budget and performance developments among state agencies. Appropriations for 2026–27 biennium for the operations of the LBB total \$32.9 million in General Revenue Funds.

AGENCY RESPONSIBILITIES

Significant statutory responsibilities for LBB established in various sections of the Texas Government Code include the following duties:

- the adoption of constitutional and statutory spending limits;
- preparing a General Appropriations Bill (GAB) draft;
- preparing a budget estimates document;
- preparing fiscal notes and impact statements;
- reporting findings from performance and efficiency reviews;
- guiding, reviewing, and finalizing agency strategic plans; and
- taking necessary budget execution actions.

ADOPTION OF CONSTITUTIONAL AND STATUTORY SPENDING LIMITS

The Texas Constitution, Article VIII, Section 22, requires the amount of appropriations made from state tax revenues that is not dedicated by the constitution to be within the estimated rate of growth of the state's economy from the current

biennium to the next biennium, commonly referred to as the spending limit. The Texas Government Code, Chapter 316, requires the LBB to determine the amount of the limit using Texas personal income growth as a measurement of the state's economy. The Legislature can override the adopted constitutional spending limit if the Legislature finds that an emergency exists by adopting a concurrent resolution with a majority vote.

Senate Bill 1336, Eighty-seventh Legislature, Regular Session, 2021, amended the Texas Government Code, Chapter 316, to establish an additional statutory spending limit restricting the growth of consolidated general revenue appropriations (General Revenue Funds and General Revenue–Dedicated Funds) to the growth of population and inflation. The additional limit excludes appropriations that provide tax relief or pay costs associated with recovery from a disaster declared by the Governor. The LBB also is required to adopt the growth rate for the statutory spending limit in addition to the constitutional spending limit. The Legislature can override the adopted statutory spending limit by adopting a concurrent resolution with a three-fifths vote in each chamber. Appropriations must be within both the Article VIII constitutional spending limit and, beginning in the 2024–25 biennium, the new statutory spending limit established in Senate Bill 1336.

BUDGET EXECUTION AUTHORITY

The Texas Government Code, Chapter 317, provides the LBB with budget execution authority, which authorizes state expenditure decisions to be altered when a full Legislature is not convened. This process begins when the Governor or the LBB proposes that funds appropriated to an agency should be prohibited from expenditure, transferred from one agency to another, or retained by an agency to be used for a purpose other than originally intended. A budget execution order takes effect only if both the Governor and LBB concur.

GENERAL APPROPRIATIONS BILL DRAFT AND LEGISLATIVE BUDGET ESTIMATES

The LBB director provides copies of the board's recommended GAB draft and Legislative Budget Estimates (LBE) to all members of the Legislature and the Governor at the beginning of each regular legislative session and during special sessions as required. For the Eighty-ninth Legislature, Regular Session, 2025, one LBE provides both historical expenditures and proposed appropriations for each state agency and institution of higher education, and another represents all agency programs. The GAB draft and LBE are

FIGURE 346
LEGISLATION REQUIRING A FISCAL NOTE COMPARED TO FISCAL NOTES AND COMPLETED IMPACT STATEMENTS
EIGHTY-SIXTH TO EIGHTY-NINTH LEGISLATIVE SESSIONS

CATEGORY	LEGISLATURE			CHANGE	
	87TH, 2021	88TH, 2023	89TH, 2025	88TH TO 89TH	88TH TO 89TH PERCENTAGE
Filed Legislation Requiring a Fiscal Note	8,182	8,953	9,829	876	9.8%
Fiscal Notes (FN)	6,878	7,196	7,126	(70)	(1.0%)
Completed Impact Statements (CIS)	987	742	665	(77)	(10.4%)
FN and CIS Totals	7,865	7,938	7,791	(147)	(1.9%)

NOTE: Includes all regular and called sessions.
 SOURCES: Legislative Budget Board; Legislative Reference Library.

products of both a strategic planning process and a review process that includes a public hearing on each agency's budget request and an LBB staff analysis of each agency's expenditures, performance results, and budget drivers such as population changes within entitlement programs and other metrics. LBB staff perform multiple projections and analytical modeling to support this development.

When the GAB is enacted, it is referred to as the General Appropriations Act (GAA). The GAA allocates each agency's appropriations by goals and strategies and establishes key performance targets for each strategy. Agencies are required to report actual performance data each quarter so that LBB staff can monitor progress toward achieving established performance targets. LBB also provides additional program detail for items of appropriation in the GAA on its website that includes specific programs funded, the source of the funding, and related statutory authority.

FISCAL NOTES AND IMPACT STATEMENTS

Fiscal notes are written estimates of the costs, savings, revenue gains, or revenue losses that may result from implementation of a bill or joint resolution proposed by the Legislature. These estimates serve as a tool to help legislators better understand how a bill might affect the state budget, individual agencies, taxpayers, and local governments. A new fiscal note is prepared for each version of a bill, unless no changes are made from one version to the next. A fiscal note representing the most recent version of the bill must remain with the bill or joint resolution throughout the legislative process, including the point at which it is submitted to the Governor. During the Eighty-ninth Legislature, Regular and Called sessions, 2025, LBB staff completed 7,126 fiscal notes.

In addition to fiscal notes, LBB staff prepare impact statements that provide the Legislature with additional analysis and information about certain bills being considered for passage. LBB provides eight types of impact statements: (1) criminal justice policy impact statements; (2) equalized education funding impact statements; (3) tax equity notes; (4) actuarial impact statements; (5) open-government impact statements; (6) water development policy impact statements; (7) higher education impact statements; and (8) dynamic economic impact statements.

Figure 346 shows the number of fiscal notes and impact statements that LBB completed during the Eighty-seventh to Eighty-ninth Legislatures, all sessions.

PERFORMANCE AUDITS AND EVALUATIONS

LBB is statutorily required to establish a system of performance audits and evaluations intended to provide a comprehensive and continuing review of the programs and operations of each state institution, department, agency, or commission. In addition, it is authorized to conduct performance reviews and evaluations of state agencies, river authorities, public junior colleges, and general academic teaching institutions. As part of this process, LBB staff each interim perform a Strategic Fiscal Review (SFR) on a selected cohort of state agencies. These SFRs provide an exacting, deep review of agency authority, mission, programs, and activities.

LBB also is authorized to conduct performance reviews and evaluations of school districts. These comprehensive and targeted reviews of school districts' educational, financial, and operational services and programs result in reports that identify accomplishments, findings, and recommendations

based upon the analysis of data and onsite study of the district's operations. The recommendations from the reviews may be implemented locally by the school district board members, administrators, and the community. From November 2023 to October 2025, the School Performance Review team conducted reviews of three school districts containing a total of 135 recommendations and observations for improving school performance.

CONTRACTS AND TECHNOLOGY OVERSIGHT

LBB has a long-standing responsibility to receive notices for certain contracts and for making contract information available to the public. The Contracts Database is the single point of data entry for all contract information that state entities are required to report to LBB. The Eighty-ninth Legislature, GAA, 2026–27 Biennium, Article IX, Sections 7.04 and 7.11, continued certain reporting requirements and responsibilities for contract reporting and oversight including in-depth analysis of certain contracts with a goal of working with state entities to help mitigate or remediate issues identified through its review and analysis. LBB staff do not approve contracts but are required to notify the LBB, Governor, and Comptroller of Public Accounts (CPA) about any unmitigated risks. Staff also may make budget or policy recommendations to improve the framework and requirements related to procurement or to individual agencies' processes for administration and oversight.

LBB staff also serve on the Quality Assurance Team (QAT). The Legislature established the QAT to provide ongoing oversight of major information resources projects that receive appropriations from the Legislature. The Eighty-sixth Legislature, 2019, modified QAT oversight to require review of contracts valued at more than \$10.0 million that implement major information resources projects that QAT monitors. All state agencies are subject to QAT oversight, except for institutions of higher education and self-directed, semi-independent state agencies. QAT members include CPA, the Department of Information Resources, and LBB. The State Auditor's Office serves as an advisory member to QAT.

SUNSET ADVISORY COMMISSION

The Texas Legislature established the Sunset process in 1977 to limit government expansion by questioning the need for and the effectiveness of state agencies and their programs. The 12-member Sunset Advisory Commission (SAC) consists of five members of the Senate, one public member appointed by the Lieutenant Governor, five members of the House of Representatives, and one public member appointed by the Speaker of the House. The chair position rotates between the Senate and the House every two years. Appropriations for the 2026–27 biennium to fund SAC operations total \$7.3 million in General Revenue Funds.

The Sunset process is the regular assessment of the continuing need for a state agency or program to exist. The Sunset process works by setting an automatic termination (Sunset) date in state law on which an agency will be abolished unless the Legislature passes a bill to continue it, typically for another 12 years. This date determines when an agency is subject to Sunset review and provides the Legislature a unique opportunity and a strong incentive to closely examine an agency’s mission, priorities, and performance and take action to address problems identified. SAC evaluates the agency’s programs, rules, operations, and success in fulfilling its mission. As part of the review, SAC also seeks public input to identify problems and opportunities for improving the agency. Some agencies, such as constitutionally established agencies, are subject to Sunset review but not abolishment. Most judicial and higher education agencies are not subject to Sunset review.

The Legislature sets the Sunset review schedule in law, and the agencies and their Sunset dates are subject to change every legislative session. Currently, 134 agencies are scheduled for Sunset review during the next 12 years, and SAC reviews about 22 agencies each biennium. For the Ninetieth Legislature, 2027, SAC will review 16 entities as shown in **Figure 347**. Sunset staff conducts a review of each agency and issues a staff report that identifies problems and proposes both statutory and management recommendations to SAC to resolve them. Typical recommendations include whether to abolish or continue an agency or to combine an agency’s functions with other agencies to streamline state government, and ways to improve an agency’s efficiency, effectiveness, fairness, and accountability. SAC holds a public hearing on each agency and its staff report, and a decision meeting to vote on the recommendations in the staff report and any other recommendations proposed by SAC members. The statutory recommendations adopted by SAC are incorporated

FIGURE 347
SUNSET REVIEW SCHEDULE, 2026–27 BIENNIUM

Health and Human Services
Texas Civil Commitment Office
Department of Family and Protective Services
Health and Human Services Commission
Department of State Health Services
Perinatal Advisory Council
Public Safety and Criminal Justice
Texas Juvenile Justice Department (1)
Business and Economic Development
Texas Workforce Commission
Regulatory
Texas Funeral Service Commission
Other
Aging Services Coordinating Council
Statewide Interagency Developmental Disabilities
Texas Council for Health Services Authority
Texas Maternal Mortality and Morbidity Review Committee
Governor’s Committee on People with Disabilities
Public Health Funding and Policy Committee
State Use Program (WorksWonders)
Texas Workforce Investment Council
NOTE: (1) Limited-scope review.
SOURCE: Sunset Advisory Commission.

into an agency’s Sunset legislation and the Legislature makes the final decisions on statutory changes to an agency. In addition to conducting reviews, Sunset staff supports SAC meetings, serves as a resource during session, and performs other duties on behalf of SAC.

SAC has conducted 603 reviews of state agencies and programs since its establishment. Based on these reviews, the Legislature has abolished 96 agencies, including 42 agencies that were abolished completely and 54 that were abolished with certain functions transferred to existing or new agencies. Changes enacted through the Sunset process have resulted in an overall positive fiscal impact of more than \$1.1 billion in state and federal savings and revenue gains, with a return of \$17 for every dollar appropriated to SAC since fiscal year 1985. Overall, approximately 80.3 percent of SAC’s recommendations have become law since fiscal year 2001.

The Eighty-ninth Legislature, Regular Session, 2025, passed Sunset legislation containing 76.4 percent of SAC’s funding and statutory recommendations to the Legislature. Together,

SAC's seven funding recommendations, 100 statutory changes, and 106 management directives position the agencies and entities to better serve and protect Texans. Notable improvements include providing more training and assistance to state agencies for information technology procurements, establishing enhanced cybersecurity testing and reporting at state agencies, and increasing stakeholder representation on the advisory committees and board at the Department of Information Resources; requiring long-term planning for future facility and capacity needs and improving strategic planning and oversight of inmate rehabilitation programs at the Texas Department of Criminal Justice; and systematically collecting data to improve compliance and balancing long-term information technology planning and goals with short-term achievable fixes at the Texas Ethics Commission (TEC).

The Legislature continued five entities for 12 years. The Legislature also scheduled four river authorities and TEC—all entities that are not subject to abolishment—for a subsequent Sunset review in 12 years.

The Legislature abolished the Texas Lottery Commission by declining to pass Sunset legislation for the agency and instead transferring the state lottery and charitable bingo functions to the Texas Department of Licensing and Regulation through Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, which also continues the state lottery for four years.

TEXAS LEGISLATIVE COUNCIL

The Texas Legislative Council (TLC) was established by statute during fiscal year 1949 and began operations in 1950. The council is a 14-member board consisting of the Lieutenant Governor and the Speaker of the House of Representatives, who serve as joint chairs; six members of the Senate appointed by the Lieutenant Governor; the chair of the House Administration Committee; and five members of the House of Representatives appointed by the Speaker. Appropriations total \$107.8 million in General Revenue Funds.

TLC’s executive director is responsible for employing professional and clerical staff and supervising their performance. The agency is responsible for the following statutorily defined duties:

- assisting the Legislature in drafting proposed legislation;
- providing data-processing services to aid the members and committees of the Legislature in accomplishing their duties;
- gathering and disseminating information for the Legislature;
- conducting other investigations, studies, and reports that may be deemed useful to the legislative branch of state government; and
- investigating departments, agencies, and officers and studying their functions and problems.

The agency also develops and implements plans for the continuing revision of state statutes, including simplifying classification, improving numbering, and clarifying the statutes without substantively changing them.

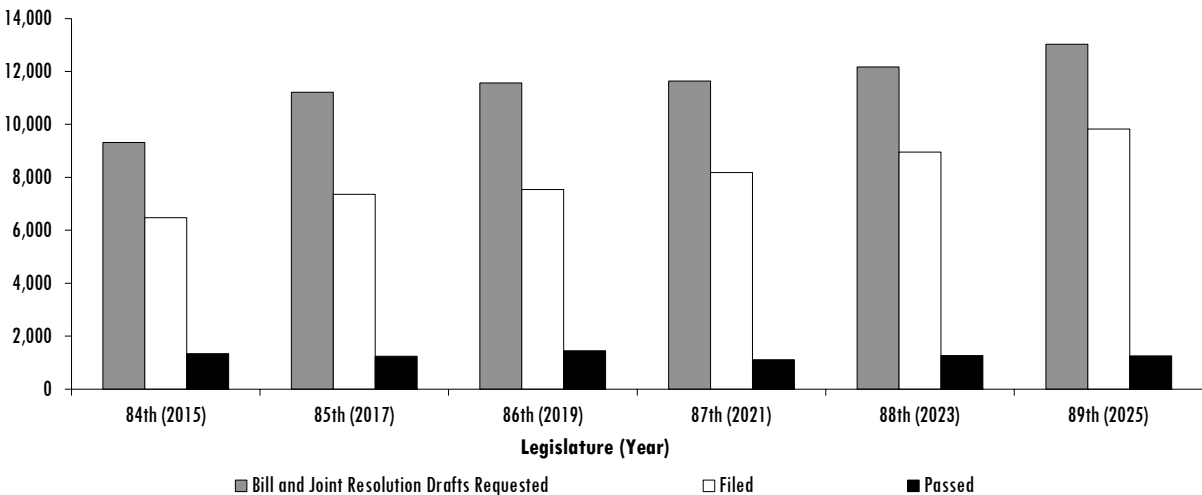
During legislative sessions, council staff draft bills, resolutions, amendments, committee substitutes, and conference committee reports for the Senate and the House.

Figure 348 shows the number of bills and joint resolutions requested, filed, and passed by the Legislature during each biennium since fiscal year 2015. The agency drafted 13,024 bills and joint resolutions requested by the Eighty-ninth Legislature, 2025. In addition, staff engross and enroll House documents and distribute House bills. The agency also assists the Legislature with infrequent or unusual responsibilities, such as redistricting and election contests.

The Texas Legislature is responsible for redistricting state Senate, state House, U.S. congressional, and the State Board of Education districts during the first regular session following publication of each U.S. decennial census, and for making changes to state judicial districts. Redistricting is the revision or replacement of existing districts, resulting in new districts with different geographical boundaries to equalize population in state and congressional districts. TLC has the following responsibilities relating to the redistricting process:

- prepare publications about the redistricting process, data, and law to assist those involved or interested in the redistricting process;

FIGURE 348
BILLS AND JOINT RESOLUTIONS REQUESTED, FILED, AND PASSED, EIGHTY-FOURTH TO EIGHTY-NINTH LEGISLATIVE SESSIONS



NOTE: Includes all called sessions.
SOURCE: Texas Legislative Council.

- provide technical and legal support to the Legislature, including development and support of district modeling computer systems and development of web information resources; and
- prepare and distribute maps to the Legislature of redistricting plans and current districts of the Texas House of Representatives, Texas Senate, Texas delegation to the U.S. House of Representatives, and the State Board of Education.

Between sessions, TLC assists standing and special legislative committees with research. The legal staff devotes most of its interim efforts to statutory revision projects that, when completed, are presented to the next regular session of the Legislature for consideration.

TLC's Legislative Information Systems Division makes data-processing equipment and techniques available to the legislative branch, providing information technology support to the House, Senate, and other entities. This division develops and operates automated systems that support the legislative process. The division processes the text of draft documents, bills, resolutions, and House and Senate journals and reports on bill status and legislative committee activity. The division also supports automated budget analysis and the production of appropriations bills. In addition, the division provides programming support for the fiscal notes system and tracks membership of boards and commissions. The division also develops accounting, payroll, and personnel systems for use by the Legislature and legislative branch agencies.

COMMISSION ON UNIFORM STATE LAWS

The Commission on Uniform State Laws was established during fiscal year 1951 to promote uniformity in state laws in subject areas in which uniformity is desirable and practicable. The agency also promotes uniform judicial interpretation of all uniform state laws, advises the Legislature regarding adoption of uniform state laws, and sends staff to national conferences on uniform state laws.

The Commission on Uniform State Laws consists of nine members appointed by the Governor, two members or officers of the Senate appointed by the Lieutenant Governor, two members or officers of the House appointed by the Speaker of the House, the chair of the standing Senate committee with primary jurisdiction over uniform state laws, the chair of the standing House committee with primary jurisdiction over uniform state laws, the executive director of the Texas Legislative Council, and other members who qualify by service with the Commission or the National Conference of Commissioners on Uniform State Laws. The commission receives accounting, clerical, and other support services from the Texas Legislative Council. Appropriations for the Commission on Uniform State Laws total \$0.3 million in General Revenue Funds.

STATE AUDITOR'S OFFICE

The State Auditor's Office (SAO) was established in 1943 and functions as the independent auditor for Texas state government. SAO is authorized to perform audits, investigations, and other services to monitor that state agencies, higher education institutions, and other governmental entities follow state and federal laws and regulations.

The State Auditor is appointed by the Legislative Audit Committee, a permanent standing joint committee of the Legislature. The six-member committee consists of the Lieutenant Governor (joint chair), the Speaker of the House of Representatives (joint chair), the chair of the Senate Finance Committee, one member of the Senate appointed by the Lieutenant Governor, the chair of the House Appropriations Committee, and the chair of the House Ways and Means Committee.

The State Auditor is required statutorily to recommend an audit plan for the state for each year to the Legislative Audit Committee. The plan identifies the audits, reviews, investigations, and other activities that SAO plans to initiate during the state fiscal year. The plan includes statutorily required and discretionary projects, which are developed based on a risk-assessment process.

Appropriations for SAO total \$47.0 million in All Funds for the 2026–27 biennium. Total funding includes \$37.4 million in General Revenue Funds, Interagency Contract funding of \$9.4 million, and Appropriated Receipts of \$0.2 million.

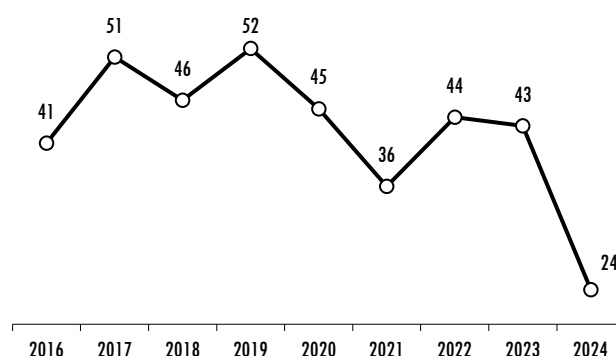
AUDITS AND INVESTIGATIONS

Audits are performed in accordance with generally accepted government auditing standards, which include standards issued by the American Institute of Certified Public Accountants. SAO is authorized to perform the following four types of audits:

- economy and efficiency audits, which determine whether entities are managing and using their resources in an economical and efficient manner;
- effectiveness audits, which evaluate whether the objectives and intended benefits of a program are being achieved and whether the program is duplicative;
- financial audits, which evaluate whether accounting controls are adequate and whether the records, books,

FIGURE 349

STATE AUDITOR'S OFFICE AUDITS AND OTHER PROJECTS COMPLETED, FISCAL YEARS 2016 TO 2024



SOURCE: State Auditor's Office.

and accounts of state agencies, including higher education institutions, and the financial statements for the state as a whole accurately represent their financial and fiscal operations; and

- compliance audits, which determine whether funds have been spent in accordance with the purpose for which the funds were appropriated and authorized by law.

SAO's Audit and Review Team completed 24 audits and other projects related to state agencies, higher education institutions, and other entities during fiscal year 2024. **Figure 349** shows the number of audits and other projects that SAO has completed annually since fiscal year 2016. These data do not include the reports issued by the State Classification Team within SAO, which issued four reports for fiscal year 2024.

SAO also investigates specific acts or allegations of impropriety and abuse of state funds and resources. All state agencies and higher education institutions are required to report suspected fraud or unlawful conduct to SAO.

STATE CLASSIFICATION OFFICE

The Position Classification Act of 1961 established the State Classification Office, referred to as the Classification Team, within SAO. The Classification Team is responsible for maintaining and updating the state's Position Classification Plan, which provides the salary structure for classified employees in state agencies. During the biennial budget process, the Classification Team recommends the addition and deletion of job classifications, the changing of job titles,

and the reallocation of salary groups assigned to specific job classifications. The classification plan for the 2026–27 biennium adopted by the Eighty-ninth Legislature, 2025, includes 1,224 classification titles covering approximately 147,527 full-time and part-time classified employees at state agencies; the classification titles are grouped into 26 occupational categories and approximately 317 job classification series. The General Appropriations Act includes three salary schedules for classified positions. Schedule A includes clerical and technical positions, Schedule B includes mainly professional and managerial positions, and Schedule C includes law enforcement positions.

The Classification Team produces reports and guides regarding compensation, classification, turnover, and workforce issues that are available online on SAO's website. For example, a current reference guide summarizing all state human resources management statutes that apply to Texas state employees is provided, along with nine other guides and resources that address issues related to workforce planning, sick and related leave types, military pay differential, military occupational codes, job descriptions, full-time-equivalent (FTE) employee position reporting, job classification review, and necessary payroll actions that agencies must make before the start of each biennium. Other significant reports cover the following topics: (1) benefits as a percentage of total compensation; (2) classification compliance reviews and audits; (3) the Position Classification Plan; (4) the state's Law Enforcement Salary Schedule, Salary Schedule C; (5) executive compensation; (6) employee turnover; (7) state employee FTE positions; and (8) legislative workforce summaries.

PROFESSIONAL DEVELOPMENT

The Texas Government Code, Chapter 2102, referred to as the Texas Internal Auditing Act, authorizes SAO, subject to approval by the Legislative Audit Committee, to make available and coordinate a training and technical assistance program to provide state agency internal auditors access to current information regarding internal audit techniques, policies, and procedures. SAO makes training available to SAO staff, internal audit, and other participants. During fiscal year 2024, SAO offered 116 courses attended by 2,117 participants.

SIGNIFICANT LEGISLATION

Eighty-ninth Legislature, General Appropriations Act (GAA), 2026–27 Biennium, Article III, Texas Education Agency, Rider 88. The legislation requires the SAO to

conduct a comprehensive forensic audit of all institutional functions, programs, operations of contracts, grants, and administration of the Texas Education Agency (TEA), including administration and oversight of open-enrollment charter schools. This audit must identify unallowable expenses and identify improvements to TEA's administrative and oversight functions.

2026–27 GAA, Article X, State Auditor's Office, Rider 5.

The legislation requires the SAO to conduct a comprehensive financial audit of the State Board of Plumbing Examiners by September 1, 2026.

House Bill 12 – Conducting efficiency audits of certain state agencies. The legislation requires the SAO, or an external auditor managed by the SAO, to conduct an efficiency audit of state agencies prior to their review by the Sunset Advisory Commission.

House Bill 127 – Establishing higher education research security provisions. The legislation establishes the Higher Education Research Security Council. The provisions of House Bill 127 also include requirements for institutions of higher education related to gifts from and contracts with foreign adversaries, international exchange agreements and partnerships and student associations, screening of foreign researchers, foreign travel for researchers, academic partnerships, and review of education software. The legislation requires the SAO to audit each institution of higher education every four years to determine whether the institution spent state money in violation of the new requirements in the Texas Education Code, Chapter 51B.

House Bill 5061 – Prohibiting surveillance of state employees by contractors or vendors. The legislation prohibits a state contractor or vendor from conducting surveillance of a state agency employee or a member of the Legislature or their staff. House Bill 5061 requires SAO to operate a reporting hotline for complaints related to such surveillance and requires the office to investigate complaints and produce an annual report regarding such complaints beginning September 1, 2026.

Senate Bill 2 – Establishing an educational savings account program. The legislation establishes an educational savings account program to be administered by the Comptroller of Public Accounts (CPA) through educational assistance organizations. Senate Bill 2 requires the SAO to audit certified educational assistance organization's compliance on program participation in the program and verify that payment from educational savings accounts is for

an approved expense. The SAO also is required to verify 10.0 percent of program applications and review and verify the CPA's annual report of program data.

Senate Bill 3059 – Establishing the Alamo Commission.

The legislation establishes the Alamo Commission and transfers authority of the Alamo complex from the General Land Office (GLO) to the new commission. Senate Bill 3059 requires the SAO to conduct an audit of GLO's expenditures regarding the Alamo Complex, including any expenditures made by nonprofit organizations contracting with GLO. The SAO must submit the audit report to the Alamo Commission by January 1, 2028.

Senate Bill 3070 – Abolishing the Texas Lottery Commission and auditing the state lottery program.

The legislation abolishes the Texas Lottery Commission and transfers the administration of the state lottery to the Texas Department of Licensing and Regulation (TDLR). After the transfer has occurred, SAO is required to conduct an annual, comprehensive audit of the state lottery program at TDLR, which includes any department action taken relating to the lottery program and specifically identifies any actions that vary from actions identified in a preceding audit. The first comprehensive audit is required by August 31, 2028.

LEGISLATIVE REFERENCE LIBRARY

The Legislative Reference Library (LRL) was established by the Sixty-first Legislature, Regular Session, 1969, as an independent agency. LRL is governed by the Legislative Library Board, a six-member board consisting of the Lieutenant Governor, the Speaker of the House of Representatives, the chair of the House Appropriations Committee, two members of the Senate appointed by the Lieutenant Governor, and one member of the House of Representatives appointed by the Speaker. Appropriations for the 2026–27 biennium total \$4.3 million in All Funds.

The library is the designated depository for legislative records and documents in the state, including original legislative bill files from 1846 to the present. Its collection focuses on issues affecting the Texas Legislature and contains Texas legal and public affairs materials, Texas state documents, and a unique collection of Texas periodicals.

LRL assists in generating, managing, and maintaining the integrity of the data in the Texas Legislative Information System—the Legislature’s online bill-status system—and operates a statewide telephone service providing citizens with legislative reference information and assistance during legislative sessions. The library also has developed and maintains specialized databases that are accessible through the Legislature’s computer network to provide information on legislators and the Texas Legislature, an online card catalog, and newspaper articles included in the legislative clipping service. Additional LRL databases provide access to historical legislative bill files, indexes on the statutory effect of legislation, and appointments to state boards and commissions made by the Governor, Lieutenant Governor, and Speaker.

APPENDIX A – AGENCIES BY ARTICLE

ARTICLE I — GENERAL GOVERNMENT

Texas Commission on the Arts
Office of the Attorney General
Bond Review Board
Cancer Prevention and Research Institute of Texas
Comptroller of Public Accounts
Fiscal Programs within the Office of the Comptroller of Public Accounts
Dementia Prevention and Research Institute of Texas
Commission on State Emergency Communications
Texas Emergency Services Retirement System
Employees Retirement System of Texas
Texas Ethics Commission
Texas Facilities Commission
Texas Public Finance Authority
Office of the Governor
Trusted Programs within the Office of the Governor
Texas Historical Commission
Department of Information Resources
Texas State Library and Archives Commission
Pension Review Board
State Preservation Board
State Office of Risk Management
Secretary of State
Texas Veterans Commission

ARTICLE II — HEALTH AND HUMAN SERVICES

Department of Family and Protective Services
Department of State Health Services
Health and Human Services Commission

ARTICLE III — AGENCIES OF EDUCATION

PUBLIC EDUCATION

Texas Education Agency
Education Programs – Comptroller of Public Accounts
Texas Permanent School Fund Corporation
Texas School for the Blind and Visually Impaired
Texas School for the Deaf
Teacher Retirement System of Texas
Optional Retirement Program

HIGHER EDUCATION

Higher Education Employees Group Insurance
Texas Higher Education Coordinating Board

GENERAL ACADEMIC INSTITUTIONS

University of Texas System Administration
University of Texas at Arlington
University of Texas at Austin
University of Texas at Dallas
University of Texas at El Paso
University of Texas Rio Grande Valley
University of Texas Permian Basin
University of Texas at San Antonio
University of Texas at Tyler
Stephen F. Austin State University
Texas A&M University System
 Administrative and General Offices
Texas A&M University
Texas A&M University at Galveston
Prairie View A&M University
Tarleton State University
Texas A&M University – Central Texas
Texas A&M University – Corpus Christi
Texas A&M University – Kingsville
Texas A&M University – San Antonio
Texas A&M International University

ARTICLE III — AGENCIES OF EDUCATION (CONTINUED)

East Texas A&M University
 West Texas A&M University
 Texas A&M University – Texarkana
 Texas A&M University – Victoria
 University of Houston System Administration
 University of Houston
 University of Houston – Clear Lake
 University of Houston – Downtown
 Texas Woman's University System
 Texas Woman's University
 University of North Texas System Administration
 University of North Texas
 University of North Texas at Dallas
 Texas Tech University System Administration
 Texas Tech University
 Angelo State University
 Midwestern State University
 Texas State University System Administration
 Lamar University
 Sam Houston State University
 Texas State University
 Sul Ross State University
 Sul Ross State University Rio Grande College
 Texas Southern University

TWO-YEAR INSTITUTIONS

Lamar Institute of Technology
 Lamar State College – Orange
 Lamar State College – Port Arthur
 Texas State Technical College System Administration
 Texas State Technical College – Comal and Guadalupe counties
 Texas State Technical College – Fort Bend County
 Texas State Technical College – Harlingen
 Texas State Technical College – Marshall
 Texas State Technical College – North Texas
 Texas State Technical College – Waco
 Texas State Technical College – West Texas

Texas State Technical College – Williamson County
 Public Community/Junior Colleges

HEALTH-RELATED INSTITUTIONS

University of Texas Southwestern Medical Center
 University of Texas Medical Branch at Galveston
 University of Texas Health Science Center at Houston
 University of Texas Health Science Center
 at San Antonio
 University of Texas M.D. Anderson Cancer Center
 University of Texas Health Science Center at Tyler
 University of Texas at Austin Dell Medical School
 University of Texas Rio Grande Valley
 School of Medicine
 Texas A&M University System Health Science Center
 University of North Texas Health Science Center
 at Fort Worth
 Texas Tech University Health Sciences Center
 Texas Tech University Health Sciences Center at El Paso
 University of Houston College of Medicine
 Sam Houston State University College
 of Osteopathic Medicine

TEXAS A&M UNIVERSITY SERVICES

Texas A&M AgriLife Research
 Texas A&M AgriLife Extension Service
 Texas A&M Engineering Experiment Station
 Texas A&M Transportation Institute
 Texas A&M Engineering Extension Service
 Texas A&M Forest Service
 Texas A&M Veterinary Medical Diagnostic Laboratory
 Texas Division of Emergency Management

INVESTMENT FUNDS

Higher Education Fund
 Available University Fund
 Available Texas University Fund
 Support for Military and Veterans Exemptions

ARTICLE IV — JUDICIARY

Supreme Court of Texas
 Court of Criminal Appeals
 First Court of Appeals District, Houston
 Second Court of Appeals District, Fort Worth
 Third Court of Appeals District, Austin
 Fourth Court of Appeals District, San Antonio
 Fifth Court of Appeals District, Dallas
 Sixth Court of Appeals District, Texarkana
 Seventh Court of Appeals District, Amarillo
 Eighth Court of Appeals District, El Paso
 Ninth Court of Appeals District, Beaumont
 Tenth Court of Appeals District, Waco
 Eleventh Court of Appeals District, Eastland
 Twelfth Court of Appeals District, Tyler
 Thirteenth Court of Appeals District,
 Corpus Christi–Edinburg
 Fourteenth Court of Appeals District, Houston
 Fifteenth Court of Appeals District, Austin
 Office of Court Administration, Texas Judicial Council
 Office of Capital and Forensic Writs
 Office of the State Prosecuting Attorney
 State Law Library
 State Commission on Judicial Conduct
 Judiciary Section, Comptroller's Department

ARTICLE V — PUBLIC SAFETY AND CRIMINAL JUSTICE

Texas Alcoholic Beverage Commission
 Texas Department of Criminal Justice
 Texas Commission on Fire Protection
 Texas Commission on Jail Standards
 Texas Juvenile Justice Department
 Texas Commission on Law Enforcement
 Texas Military Department
 Texas Department of Public Safety

ARTICLE VI — NATURAL RESOURCES

Texas Department of Agriculture
 Texas Animal Health Commission
 Texas Commission on Environmental Quality
 Texas General Land Office and Texas Veterans Land Board
 Texas Low-level Radioactive Waste Disposal Compact
 Commission
 Texas Parks and Wildlife Department
 Railroad Commission of Texas
 Texas State Soil and Water Conservation Board
 Texas Water Development Board

ARTICLE VII — BUSINESS AND ECONOMIC DEVELOPMENT

Texas Department of Housing and Community Affairs
 Texas Department of Motor Vehicles
 Texas Department of Transportation
 Texas Workforce Commission

ARTICLE VIII — REGULATORY

State Office of Administrative Hearings
Texas Behavioral Health Executive Council
Texas Board of Chiropractic Examiners
Texas State Board of Dental Examiners
Texas Funeral Service Commission
Texas Board of Professional Geoscientists
Health Professions Council
Office of Injured Employee Counsel
Texas Department of Insurance
Office of Public Insurance Counsel
Texas Department of Licensing and Regulation
Texas Medical Board
Texas Board of Nursing
Texas Optometry Board
Texas State Board of Pharmacy
Executive Council of Physical Therapy
and Occupational Therapy Examiners
Texas State Board of Plumbing Examiners
Texas Racing Commission
Texas State Securities Board
Public Utility Commission of Texas
Office of Public Utility Counsel
State Board of Veterinary Medical Examiners

ARTICLE X — LEGISLATURE

Senate
House of Representatives
Legislative Budget Board
Texas Legislative Council
Commission on Uniform State Laws
Sunset Advisory Commission
State Auditor's Office
Legislative Reference Library

APPENDIX B – SUMMARY OF STATE BUDGET BY FISCAL YEAR

The following applies to all methods of finance in shown Appendix B:

- appropriations made by House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, are subject to the appropriation life stated therein and are not shortened by inclusion in House Bill 1, Eighty-eighth Legislature, 2023; and
- unless expressly provided in House Bill 500, Eighty-ninth Legislature, Regular Session, 2025, or other appropriating legislation, such appropriations are not subject to General Provisions contained in House Bill 1, Eighty-eighth Legislature, 2023, Article IX, or Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Article IX.

ALL FUNDS

FIGURE B1

ALL FUNDS – STATEWIDE SUMMARY

FUNCTION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Article I – General Government	\$11,809,412,145	\$12,490,295,768	\$6,860,395,308	\$5,626,684,900
Article II – Health and Human Services	\$53,213,367,331	\$52,212,889,151	\$53,329,210,494	\$54,273,404,879
Article III – Agencies of Education	\$63,741,390,582	\$60,680,875,676	\$69,373,818,332	\$63,694,501,670
<i>Public Education</i>	\$48,117,285,497	\$42,139,702,910	\$51,130,296,278	\$47,578,984,637
<i>Higher Education</i>	\$15,624,105,085	\$18,541,172,766	\$18,243,522,054	\$16,115,517,033
Article IV – Judiciary	\$671,559,161	\$593,513,149	\$763,721,974	\$640,893,128
Article V – Public Safety and Criminal Justice	\$10,420,835,545	\$10,885,645,553	\$10,102,887,100	\$9,713,019,002
Article VI – Natural Resources	\$6,254,573,843	\$7,476,517,762	\$4,187,164,786	\$3,886,792,801
Article VII – Business and Economic Development	\$26,422,455,941	\$23,479,056,231	\$25,450,343,855	\$23,030,572,578
Article VIII – Regulatory	\$776,712,953	\$5,805,528,136	\$5,833,195,567	\$861,528,130
Article X – Legislature	\$263,614,299	\$257,193,764	\$260,212,645	\$280,088,246
Total, All Functions	\$173,573,921,800	\$173,881,515,190	\$176,160,950,061	\$162,007,485,334

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR). Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within TDLR.
- (4) Article totals exclude Interagency Contracts.

SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Commission on the Arts	\$18,166,437	\$15,998,358	\$21,367,573	\$18,467,573
Office of the Attorney General	\$771,445,889	\$806,625,792	\$733,307,901	\$736,307,502
Bond Review Board	\$1,448,603	\$1,779,239	\$1,456,457	\$1,335,456
Cancer Prevention and Research Institute of Texas	\$297,931,960	\$296,932,968	\$300,051,000	\$300,051,000
Comptroller of Public Accounts	\$356,089,508	\$414,029,824	\$385,527,042	\$382,768,857
Fiscal Programs – Comptroller of Public Accounts	\$1,466,240,287	\$2,680,482,779	\$2,506,255,464	\$1,953,789,191
Dementia Prevention and Research Institute of Texas	\$0	\$0	\$300,000,000	\$300,000,000
Commission on State Emergency Communications	\$78,502,316	\$65,025,380	\$67,676,721	\$67,263,995
Texas Emergency Services Retirement System	\$2,080,233	\$3,055,976	\$4,293,755	\$4,293,856
Employees Retirement System of Texas	\$522,521,518	\$1,543,750,000	\$13,750,000	\$13,750,000
Texas Ethics Commission	\$4,028,372	\$4,072,353	\$4,972,671	\$3,918,866
Texas Facilities Commission	\$2,285,120,156	\$300,014,971	\$373,982,993	\$114,500,787
Texas Public Finance Authority	\$2,193,118	\$2,238,093	\$2,390,711	\$2,482,202
Office of the Governor	\$17,187,635	\$18,521,220	\$16,774,707	\$16,774,704
Trusted Programs within the Office of the Governor	\$5,834,831,245	\$4,960,207,693	\$966,523,229	\$756,571,589
Texas Historical Commission	\$276,777,136	\$171,458,496	\$129,920,741	\$41,335,535
Department of Information Resources	\$816,833,134	\$842,496,660	\$925,503,583	\$811,606,303
Texas State Library and Archives Commission	\$46,818,576	\$46,511,120	\$41,897,464	\$38,159,962
Pension Review Board	\$1,591,309	\$1,981,259	\$1,435,469	\$1,442,970
State Preservation Board	\$36,622,963	\$335,860,612	\$19,147,883	\$15,814,276
State Office of Risk Management	\$52,457,018	\$55,696,210	\$58,232,873	\$58,232,872
Secretary of State	\$124,222,582	\$56,514,481	\$82,926,567	\$59,506,955
Texas Veterans Commission	\$74,740,530	\$70,105,400	\$87,855,622	\$85,940,543
Subtotal, General Government	\$13,087,850,525	\$12,693,358,884	\$7,045,250,426	\$5,784,314,994
Retirement and Group Insurance	\$177,135,446	\$180,640,925	\$205,695,008	\$220,065,950
Social Security and Benefit Replacement Pay	\$52,574,205	\$53,000,524	\$59,274,021	\$59,388,845
Subtotal, Employee Benefits	\$229,709,651	\$233,641,449	\$264,969,029	\$279,454,795
Bond Debt Service Payments	\$223,260,016	\$276,715,391	\$295,198,327	\$319,171,562
Lease Payments	\$58,133,754	\$29,953,675	\$20,271,924	\$21,797,932
Subtotal, Debt Service	\$281,393,770	\$306,669,066	\$315,470,251	\$340,969,494
Less Interagency Contracts	\$1,789,541,801	\$743,373,631	\$765,294,398	\$778,054,383
Total, Article I – General Government	\$11,809,412,145	\$12,490,295,768	\$6,860,395,308	\$5,626,684,900

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1 (Conference Committee Report), Eighty-ninth Legislature, Regular Session, 2025, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Department of Family and Protective Services	\$2,526,312,180	\$2,525,059,586	\$2,441,646,438	\$2,477,157,544
Department of State Health Services	\$1,643,828,487	\$1,687,440,770	\$1,240,113,909	\$1,127,602,365
Health and Human Services Commission	\$48,191,720,162	\$47,135,412,978	\$48,650,386,641	\$49,558,173,913
Subtotal, Health and Human Services	\$52,361,860,829	\$51,347,913,334	\$52,332,146,988	\$53,162,933,822
Retirement and Group Insurance	\$915,721,937	\$934,041,358	\$1,038,281,645	\$1,139,440,639
Social Security and Benefit Replacement Pay	\$252,169,841	\$254,323,224	\$272,625,059	\$282,568,410
Subtotal, Employee Benefits	\$1,167,891,778	\$1,188,364,582	\$1,310,906,704	\$1,422,009,049
Bond Debt Service Payments	\$19,987,713	\$15,974,989	\$14,166,805	\$12,922,219
Lease Payments	\$25,856,906	\$12,421,413	\$20,994,534	\$22,574,938
Subtotal, Debt Service	\$45,844,619	\$28,396,402	\$35,161,339	\$35,497,157
Article II, Special Provisions	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$362,229,895	\$351,785,167	\$349,004,537	\$347,035,149
Total, Article II – Health and Human Services	\$53,213,367,331	\$52,212,889,151	\$53,329,210,494	\$54,273,404,879

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments. Of this amount, \$750.0 million appropriated to maintain caseload growth in the current biennium is included in amounts for fiscal years 2026 and 2027.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1 (Conference Committee Report), Eighty-ninth Legislature, Regular Session, 2025, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Public Education				
Texas Education Agency	\$39,078,645,570	\$38,086,921,310	\$46,293,252,596	\$43,681,375,220
Education Programs – Comptroller of Public Accounts	\$0	\$0	\$1,000,000,000	\$0
Texas Permanent School Fund Corporation	\$57,400,906	\$58,208,775	\$58,185,386	\$61,450,355
Texas School for the Blind and Visually Impaired	\$36,291,337	\$35,514,473	\$37,408,473	\$36,658,473
Texas School for the Deaf	\$40,712,715	\$79,162,520	\$42,361,692	\$42,501,346
Special Provisions for the School for the Blind and Visually Impaired	\$0	\$0	\$0	\$0
Subtotal, Public Education	\$39,213,050,528	\$38,259,807,078	\$47,431,208,147	\$43,821,985,394
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	\$1,157,420,867	\$1,244,920,828	\$1,276,922,973	\$1,181,465,877
Lamar State Colleges				
Lamar Institute of Technology	\$30,027,002	\$30,357,470	\$32,471,865	\$32,473,940
Lamar State College – Orange	\$20,456,067	\$24,064,913	\$23,390,251	\$23,393,916
Lamar State College – Port Arthur	\$22,763,296	\$24,580,118	\$29,312,805	\$29,316,989
Subtotal, Lamar State Colleges	\$73,246,365	\$79,002,501	\$85,174,921	\$85,184,845
Texas State Technical Colleges				
Texas State Technical College System Administration	\$7,942,529	\$7,976,118	\$3,064,043	\$55,065,516
Texas State Technical College – Harlingen	\$33,892,512	\$34,799,225	\$38,399,733	\$38,629,440
Texas State Technical College – West Texas	\$19,085,595	\$19,645,593	\$24,107,569	\$24,203,230
Texas State Technical College – Marshall	\$11,179,324	\$11,251,905	\$14,230,120	\$14,275,321
Texas State Technical College – Waco	\$53,319,274	\$52,636,599	\$60,403,806	\$60,787,523
Texas State Technical College – Fort Bend	\$11,401,091	\$11,449,964	\$12,794,193	\$12,845,407
Texas State Technical College – North Texas	\$6,291,555	\$7,502,684	\$9,273,055	\$9,292,447
Texas State Technical College – East Williamson County	\$0	\$0	\$7,792,452	\$7,806,856
Subtotal, Texas State Technical Colleges	\$143,111,880	\$145,262,088	\$170,064,971	\$222,905,740
Subtotal, Two-year Institutions	\$1,373,779,112	\$1,469,185,417	\$1,532,162,865	\$1,489,556,462
General Academic Institutions				
University of Texas System Administration	\$30,896,998	\$14,164,886	\$47,543,119	\$12,543,119
University of Texas at Arlington	\$233,606,122	\$229,174,909	\$234,418,738	\$230,010,799
University of Texas at Austin	\$629,394,777	\$734,484,328	\$544,748,827	\$478,676,797
University of Texas at Dallas	\$238,562,681	\$236,717,130	\$235,289,467	\$235,844,046
University of Texas at El Paso	\$144,934,578	\$144,811,233	\$171,849,977	\$172,136,418
University of Texas Rio Grande Valley	\$161,781,032	\$154,108,429	\$175,260,269	\$175,705,448
University of Texas Permian Basin	\$47,056,332	\$47,247,593	\$48,813,894	\$48,866,550
University of Texas at San Antonio	\$207,458,567	\$205,891,964	\$208,243,996	\$208,693,171
University of Texas at Tyler	\$59,566,296	\$57,636,210	\$65,807,567	\$65,922,049
Stephen F. Austin State University	\$60,713,509	\$78,611,821	\$56,350,704	\$56,484,968
Texas A&M University System Administrative and General Offices	\$32,910,534	\$288,787,568	\$18,017,551	\$18,017,555
Texas A&M University	\$536,937,487	\$744,095,768	\$567,913,069	\$568,969,132
Texas A&M University at Galveston	\$61,278,804	\$41,123,585	\$42,054,032	\$42,090,981
Prairie View A&M University	\$83,715,150	\$88,916,875	\$84,845,021	\$83,129,838
Tarleton State University	\$88,422,598	\$89,041,244	\$88,902,422	\$89,079,659
Texas A&M University – Central Texas	\$26,798,130	\$29,565,979	\$27,622,967	\$27,636,777

FIGURE B1 (CONTINUED)
ALL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
General Academic Institutions (continued)				
Texas A&M University – Corpus Christi	\$77,977,929	\$81,240,715	\$77,090,919	\$77,241,245
Texas A&M University – Kingsville	\$55,127,384	\$56,165,639	\$58,577,841	\$58,707,879
Texas A&M University – San Antonio	\$44,870,156	\$44,716,330	\$47,340,006	\$47,383,556
Texas A&M International University	\$56,798,114	\$56,914,367	\$60,245,302	\$60,337,568
East Texas A&M University	\$65,410,384	\$65,704,413	\$63,350,747	\$63,524,393
West Texas A&M University	\$54,238,607	\$57,575,651	\$54,596,601	\$54,730,108
Texas A&M University – Texarkana	\$34,071,991	\$34,888,534	\$34,805,524	\$34,818,941
Texas A&M University – Victoria	\$20,862,107	\$21,852,135	\$29,170,837	\$29,751,031
University of Houston System Administration	\$59,084,920	\$59,849,642	\$62,099,968	\$62,099,968
University of Houston	\$334,849,702	\$259,576,387	\$275,904,718	\$276,665,186
University of Houston – Clear Lake	\$44,943,683	\$45,376,683	\$43,219,284	\$43,345,686
University of Houston – Downtown	\$47,207,238	\$46,980,152	\$50,201,361	\$50,378,710
University of North Texas System Administration	\$5,917,695	\$5,916,158	\$5,917,594	\$5,918,511
University of North Texas	\$261,085,559	\$259,691,597	\$244,379,005	\$245,358,930
University of North Texas at Dallas	\$48,715,721	\$48,944,317	\$50,493,236	\$50,527,364
Texas Southern University	\$85,761,963	\$84,897,540	\$93,687,594	\$83,930,010
Texas Tech University System Administration	\$1,299,600	\$1,299,600	\$1,299,600	\$1,299,600
Texas Tech University	\$300,729,682	\$479,866,246	\$301,280,468	\$297,769,927
Angelo State University	\$47,215,810	\$46,890,831	\$51,526,322	\$51,711,125
Midwestern State University	\$31,035,591	\$32,630,615	\$33,218,636	\$33,315,659
Texas Woman's University System	\$265,526	\$265,526	\$265,526	\$265,526
Texas Woman's University	\$105,972,981	\$113,115,213	\$106,802,967	\$106,990,713
Texas State University System	\$2,279,600	\$2,279,600	\$2,279,600	\$2,279,600
Lamar University	\$105,806,257	\$112,619,635	\$105,524,985	\$105,752,479
Sam Houston State University	\$105,014,615	\$107,098,977	\$121,225,577	\$113,499,953
Texas State University	\$196,740,187	\$217,205,601	\$209,307,427	\$210,911,151
Sul Ross State University	\$14,755,123	\$14,817,986	\$19,049,623	\$19,075,850
Sul Ross State University Rio Grande College	\$7,059,781	\$7,051,487	\$10,921,655	\$10,924,225
Subtotal, General Academic Institutions	\$4,859,131,501	\$5,549,811,099	\$4,831,464,543	\$4,712,322,201
Health-related Institutions				
University of Texas Southwestern Medical Center	\$216,623,395	\$209,006,302	\$237,687,481	\$237,757,073
University of Texas Medical Branch at Galveston	\$303,390,493	\$307,737,399	\$307,684,897	\$307,762,805
University of Texas Health Science Center at Houston	\$259,735,837	\$276,580,269	\$268,289,078	\$268,640,807
University of Texas Health Science Center at San Antonio	\$205,152,048	\$232,695,978	\$227,851,523	\$228,049,669
University of Texas Rio Grande Valley School of Medicine	\$45,197,616	\$45,030,888	\$48,529,259	\$48,536,606
University of Texas M.D. Anderson Cancer Center	\$233,619,698	\$242,563,933	\$268,585,701	\$268,587,592
University of Texas Health Science Center at Tyler	\$61,509,114	\$69,564,866	\$78,932,713	\$70,936,307
University of Texas at Austin Dell Medical School	\$20,081,556	\$17,767,774	\$33,588,433	\$33,628,880
Texas A&M University System Health Science Center	\$215,745,877	\$246,570,442	\$233,629,384	\$233,769,392
University of North Texas Health Science Center at Fort Worth	\$125,786,584	\$133,151,899	\$139,631,658	\$138,739,818
Texas Tech University Health Sciences Center	\$173,895,378	\$203,448,395	\$182,406,460	\$181,129,112
Texas Tech University Health Sciences Center at El Paso	\$94,423,388	\$216,175,162	\$89,458,261	\$87,889,161

FIGURE B1 (CONTINUED)
ALL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Health-related Institutions (continued)				
University of Houston College of Medicine	\$22,391,218	\$20,803,906	\$55,859,797	\$40,869,313
Sam Houston State University College of Osteopathic Medicine	\$19,656,379	\$20,760,854	\$32,332,670	\$32,341,745
Subtotal, Health-related Institutions	\$1,997,208,581	\$2,241,858,067	\$2,204,467,315	\$2,178,638,280
Texas A&M University Services				
Texas A&M AgriLife Research	\$103,024,905	\$113,477,531	\$104,481,868	\$104,481,867
Texas A&M AgriLife Extension Service	\$94,646,735	\$99,859,056	\$99,988,579	\$99,988,578
Texas A&M Engineering Experiment Station	\$267,831,451	\$321,973,293	\$315,717,349	\$291,291,547
Texas A&M Transportation Institute	\$89,864,408	\$94,231,469	\$96,434,838	\$98,093,546
Texas A&M Engineering Extension Service	\$127,123,564	\$130,318,705	\$132,321,567	\$132,321,568
Texas A&M Forest Service	\$84,963,259	\$704,125,984	\$89,086,281	\$87,336,281
Texas A&M Veterinary Medical Diagnostic Laboratory	\$28,456,923	\$30,846,500	\$30,660,742	\$30,659,241
Texas Division of Emergency Management	\$1,119,054,109	\$1,838,007,242	\$1,741,100,733	\$449,550,110
Subtotal, Texas A&M University Services	\$1,914,965,354	\$3,332,839,780	\$2,609,791,957	\$1,293,722,738
Other Higher Education				
Texas Higher Education Coordinating Board	\$1,464,819,821	\$1,963,935,008	\$1,643,465,036	\$1,660,247,321
Higher Education Fund	\$393,750,000	\$393,750,000	\$590,625,000	\$590,625,000
Available University Fund	\$2,049,257,944	\$1,676,840,000	\$1,757,268,321	\$1,849,582,742
Available Texas University Fund	\$136,364,139	\$137,000,000	\$183,318,993	\$183,318,993
Support for Military and Veterans Exemptions	\$117,746,513	\$118,200,417	\$118,200,417	\$118,200,417
Special Provisions Relating Only to Components of Texas State Technical Colleges	\$0	\$0	\$850,000,000	\$0
Subtotal, Other Higher Education	\$4,161,938,417	\$4,289,725,425	\$5,142,877,767	\$4,401,974,473
Subtotal, Public Higher Education	\$14,307,022,965	\$16,883,419,788	\$16,320,764,447	\$14,076,214,154
Employee Benefits				
Teacher Retirement System of Texas	\$9,232,127,820	\$4,236,775,127	\$4,061,519,503	\$4,138,697,626
Optional Retirement Program	\$157,425,157	\$158,936,024	\$160,465,493	\$162,013,780
Higher Education Employees Group Insurance Contributions	\$797,687,530	\$797,687,532	\$917,818,371	\$991,200,635
Retirement and Group Insurance	\$66,587,522	\$68,967,255	\$82,250,013	\$89,104,574
Social Security and Benefit Replacement Pay	\$403,845,643	\$425,120,641	\$537,359,204	\$561,384,291
Subtotal, Employee Benefits	\$10,657,673,672	\$5,687,486,579	\$5,759,412,584	\$5,942,400,906
Debt Service				
Bond Debt Service Payments	\$5,658,982	\$3,727,087	\$3,415,898	\$3,203,238
Lease Payments	\$0	\$0	\$4,302,734	\$4,626,630
Subtotal, Debt Service	\$5,658,982	\$3,727,087	\$7,718,632	\$7,829,868
Article III, Special Provisions	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$442,015,565	\$153,564,856	\$145,285,478	\$153,928,652
Total, Article III – Agencies of Education	\$63,741,390,582	\$60,680,875,676	\$69,373,818,332	\$63,694,501,670

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1 (Conference Committee Report), Eighty-ninth Legislature, Regular Session, 2025, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – JUDICIARY

ARTICLE IV – JUDICIARY	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Supreme Court of Texas	\$71,939,107	\$52,588,790	\$59,447,498	\$47,974,000
Court of Criminal Appeals	\$20,789,065	\$21,157,403	\$23,480,512	\$23,480,513
First Court of Appeals District, Houston	\$5,692,050	\$5,862,785	\$6,499,618	\$6,499,618
Second Court of Appeals District, Fort Worth	\$4,605,802	\$4,765,502	\$5,282,001	\$5,282,001
Third Court of Appeals District, Austin	\$3,919,454	\$4,060,091	\$4,508,795	\$4,508,795
Fourth Court of Appeals District, San Antonio	\$4,475,982	\$4,726,476	\$5,576,758	\$5,547,584
Fifth Court of Appeals District, Dallas	\$8,127,171	\$8,354,124	\$9,162,173	\$9,389,126
Sixth Court of Appeals District, Texarkana	\$1,921,716	\$2,120,210	\$2,252,188	\$2,297,264
Seventh Court of Appeals District, Amarillo	\$2,589,683	\$2,665,355	\$2,964,912	\$2,964,913
Eighth Court of Appeals District, El Paso	\$1,955,620	\$2,081,245	\$2,398,772	\$2,398,771
Ninth Court of Appeals District, Beaumont	\$2,414,277	\$2,787,233	\$3,081,716	\$3,081,716
Tenth Court of Appeals District, Waco	\$1,851,981	\$2,336,181	\$2,363,714	\$2,363,716
Eleventh Court of Appeals District, Eastland	\$2,031,858	\$2,104,918	\$2,332,581	\$2,332,581
Twelfth Court of Appeals District, Tyler	\$2,056,930	\$2,116,153	\$2,357,571	\$2,357,571
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	\$3,950,639	\$4,074,017	\$4,503,126	\$4,503,125
Fourteenth Court of Appeals District, Houston	\$5,911,110	\$6,078,942	\$6,767,462	\$6,789,483
Fifteenth Court of Appeals District, Austin	\$0	\$2,327,569	\$3,954,709	\$2,926,265
Office of Court Administration, Texas Judicial Council	\$153,296,818	\$183,568,077	\$210,641,716	\$171,978,509
Office of Capital and Forensic Writs	\$3,123,045	\$3,390,152	\$4,374,154	\$4,339,955
Office of the State Prosecuting Attorney	\$487,935	\$542,472	\$734,204	\$731,085
State Law Library	\$1,248,984	\$1,404,055	\$1,595,087	\$1,545,088
State Commission on Judicial Conduct	\$1,506,020	\$4,058,255	\$2,359,492	\$2,331,212
Judiciary Section, Comptroller's Department	\$200,385,646	\$201,666,670	\$242,109,959	\$242,070,858
Subtotal, Judiciary	\$504,280,893	\$524,836,675	\$608,748,718	\$557,693,749
Retirement and Group Insurance	\$163,845,894	\$66,027,944	\$151,293,607	\$79,073,788
Social Security and Benefit Replacement Pay	\$15,303,481	\$15,597,747	\$16,798,252	\$17,293,008
Subtotal, Employee Benefits	\$179,149,375	\$81,625,691	\$168,091,859	\$96,366,796
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article IV, Special Provisions	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$11,871,107	\$12,949,217	\$13,118,603	\$13,167,417
Total, Article IV – Judiciary	\$671,559,161	\$593,513,149	\$763,721,974	\$640,893,128

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1 (Conference Committee Report), Eighty-ninth Legislature, Regular Session, 2025, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Alcoholic Beverage Commission	\$65,076,134	\$63,193,875	\$60,389,643	\$60,389,644
Texas Department of Criminal Justice	\$4,380,635,567	\$5,783,107,611	\$4,936,113,132	\$4,816,512,494
Texas Commission on Fire Protection	\$3,474,022	\$2,866,552	\$4,448,731	\$3,428,730
Texas Commission on Jail Standards	\$1,988,613	\$2,105,407	\$2,319,867	\$2,069,867
Texas Juvenile Justice Department	\$403,676,789	\$763,860,543	\$482,748,473	\$471,953,554
Texas Commission on Law Enforcement	\$14,209,732	\$12,718,465	\$20,643,648	\$18,810,311
Texas Military Department	\$1,259,207,856	\$1,208,575,944	\$1,045,582,742	\$1,037,499,626
Texas Department of Public Safety	\$2,344,244,403	\$1,804,032,745	\$2,047,764,814	\$1,743,107,254
Subtotal, Public Safety/Criminal Justice	\$8,472,513,116	\$9,640,461,142	\$8,600,011,050	\$8,153,771,480
Retirement and Group Insurance	\$1,749,392,282	\$1,035,256,632	\$1,234,483,073	\$1,291,951,318
Social Security and Benefit Replacement Pay	\$260,976,441	\$263,286,748	\$311,425,554	\$313,235,833
Subtotal, Employee Benefits	\$2,010,368,723	\$1,298,543,380	\$1,545,908,627	\$1,605,187,151
Bond Debt Service Payments	\$58,500,746	\$43,670,238	\$39,851,746	\$36,749,915
Lease Payments	\$0	\$0	\$2,587,497	\$2,782,276
Subtotal, Debt Service	\$58,500,746	\$43,670,238	\$42,439,243	\$39,532,191
Article V, Special Provisions	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$120,547,040	\$97,029,207	\$85,471,820	\$85,471,820
Total, Article V – Public Safety and Criminal Justice	\$10,420,835,545	\$10,885,645,553	\$10,102,887,100	\$9,713,019,002

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1 (Conference Committee Report), Eighty-ninth Legislature, Regular Session, 2025, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Department of Agriculture	\$974,567,469	\$913,332,470	\$1,016,406,750	\$911,073,945
Texas Animal Health Commission	\$17,030,118	\$22,902,229	\$22,836,275	\$21,102,475
Texas Commission on Environmental Quality	\$382,302,293	\$454,698,954	\$476,726,993	\$444,430,253
General Land Office and Veterans Land Board	\$2,881,063,251	\$1,959,441,517	\$1,279,467,863	\$1,155,089,569
Texas Low-level Radioactive Waste Disposal Compact Commission	\$498,227	\$498,227	\$493,227	\$493,227
Texas Parks and Wildlife Department	\$967,378,962	\$580,260,224	\$576,354,275	\$537,038,066
Railroad Commission of Texas	\$228,582,986	\$403,754,918	\$234,096,518	\$227,427,068
Texas State Soil and Water Conservation Board	\$85,961,314	\$80,720,746	\$82,255,837	\$82,210,837
Texas Water Development Board	\$490,870,665	\$2,825,470,536	\$231,369,563	\$223,923,451
Subtotal, Natural Resources	\$6,028,255,285	\$7,241,079,821	\$3,920,007,301	\$3,602,788,891
Retirement and Group Insurance	\$186,902,415	\$190,846,045	\$215,928,711	\$232,401,969
Social Security and Benefit Replacement Pay	\$49,394,885	\$49,793,603	\$56,388,226	\$56,815,033
Subtotal, Employee Benefits	\$236,297,300	\$240,639,648	\$272,316,937	\$289,217,002
Bond Debt Service Payments	\$10,921,910	\$9,817,541	\$9,835,569	\$9,771,878
Lease Payments	\$0	\$0	\$133,516	\$143,566
Subtotal, Debt Service	\$10,921,910	\$9,817,541	\$9,969,085	\$9,915,444
Less Interagency Contracts	\$20,900,652	\$15,019,248	\$15,128,537	\$15,128,536
Total, Article VI – Natural Resources	\$6,254,573,843	\$7,476,517,762	\$4,187,164,786	\$3,886,792,801

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1 (Conference Committee Report), Eighty-ninth Legislature, Regular Session, 2025, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Department of Housing and Community Affairs	\$773,969,130	\$503,886,213	\$488,025,349	\$424,053,047
Texas Department of Motor Vehicles	\$437,209,266	\$356,090,218	\$275,536,446	\$267,318,602
Texas Department of Transportation	\$21,607,514,109	\$19,196,045,996	\$21,200,203,979	\$18,724,105,535
Texas Workforce Commission	\$3,167,320,443	\$2,939,196,788	\$2,994,563,884	\$3,089,074,217
Reimbursements to the Unemployment Compensation Benefit Account	\$15,708,833	\$20,841,205	\$15,103,947	\$15,131,700
Subtotal, Business/Economic Development	\$26,001,721,781	\$23,016,060,420	\$24,973,433,605	\$22,519,683,101
Retirement and Group Insurance	\$405,812,248	\$428,116,190	\$466,530,528	\$504,795,145
Social Security and Benefit Replacement Pay	\$99,212,767	\$105,067,875	\$107,887,608	\$108,767,068
Subtotal, Employee Benefits	\$505,025,015	\$533,184,065	\$574,418,136	\$613,562,213
Bond Debt Service Payments	\$9,136,396	\$7,102,641	\$6,241,892	\$5,549,253
Lease Payments	\$0	\$0	\$561,852	\$604,147
Subtotal, Debt Service	\$9,136,396	\$7,102,641	\$6,803,744	\$6,153,400
Less Interagency Contracts	\$93,427,251	\$77,290,895	\$104,311,630	\$108,826,136
Total, Article VII – Business and Economic Development	\$26,422,455,941	\$23,479,056,231	\$25,450,343,855	\$23,030,572,578

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR). Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within TDLR.

SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
State Office of Administrative Hearings	\$12,444,210	\$13,276,458	\$12,916,767	\$12,911,317
Texas Behavioral Health Executive Council	\$5,376,191	\$5,574,095	\$6,340,155	\$6,017,086
Texas Board of Chiropractic Examiners	\$1,173,870	\$1,223,498	\$1,252,218	\$1,242,218
Texas State Board of Dental Examiners	\$4,782,479	\$4,965,088	\$5,191,435	\$5,201,175
Texas Funeral Service Commission	\$1,763,471	\$2,487,276	\$2,147,569	\$2,185,680
Texas Board of Professional Geoscientists	\$671,340	\$690,261	\$694,039	\$743,097
Health Professions Council	\$1,606,222	\$1,660,416	\$2,186,737	\$2,361,244
Office of Injured Employee Counsel	\$9,527,489	\$11,508,871	\$10,601,692	\$10,601,693
Texas Department of Insurance	\$126,318,717	\$175,339,100	\$138,887,242	\$138,533,065
Office of Public Insurance Counsel	\$1,375,160	\$1,688,508	\$2,311,348	\$2,208,591
Texas Department of Licensing and Regulation	\$411,854,970	\$405,857,931	\$394,120,079	\$415,639,297
Texas Medical Board	\$23,164,093	\$21,732,514	\$23,757,955	\$24,289,470
Texas Board of Nursing	\$15,194,334	\$15,645,407	\$17,342,445	\$17,343,189
Texas Optometry Board	\$593,032	\$611,451	\$549,474	\$546,937
Texas State Board of Pharmacy	\$15,538,340	\$15,214,534	\$15,491,714	\$15,470,807
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$1,838,272	\$1,828,956	\$1,937,816	\$1,941,145
Texas State Board of Plumbing Examiners	\$3,982,218	\$4,916,458	\$4,580,411	\$4,552,860
Texas Racing Commission	\$9,029,380	\$9,413,467	\$9,455,182	\$9,457,826
Texas State Securities Board	\$8,950,968	\$9,544,626	\$9,569,350	\$9,569,350
Public Utility Commission of Texas	\$44,998,117	\$5,025,503,372	\$5,041,846,059	\$40,577,572
Office of Public Utility Counsel	\$3,400,764	\$3,461,837	\$5,205,764	\$5,228,764
State Board of Veterinary Medical Examiners	\$3,697,995	\$3,143,937	\$2,953,352	\$2,954,632
Subtotal, Regulatory	\$707,281,632	\$5,735,288,061	\$5,709,338,803	\$729,577,015
Retirement and Group Insurance	\$59,996,007	\$61,246,208	\$76,770,043	\$82,145,073
Social Security and Benefit Replacement Pay	\$16,152,307	\$16,284,704	\$20,203,413	\$20,363,128
Subtotal, Employee Benefits	\$76,148,314	\$77,530,912	\$96,973,456	\$102,508,201
Lease Payments	\$0	\$0	\$34,050,924	\$36,614,172
Subtotal, Debt Service	\$0	\$0	\$34,050,924	\$36,614,172
Article VIII, Special Provisions	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$6,716,993	\$7,290,837	\$7,167,616	\$7,171,258
Total, Article VIII – Regulatory	\$776,712,953	\$5,805,528,136	\$5,833,195,567	\$861,528,130

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR). Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within TDLR.

SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – LEGISLATURE

ARTICLE X – LEGISLATURE	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Senate	\$54,467,696	\$49,291,842	\$50,827,698	\$55,063,340
House of Representatives	\$70,613,079	\$60,678,336	\$63,424,345	\$71,521,070
Legislative Budget Board	\$15,278,294	\$16,807,348	\$16,454,368	\$16,454,368
Texas Legislative Council	\$50,262,773	\$55,961,537	\$51,764,063	\$56,077,735
Commission on Uniform State Laws	\$165,093	\$162,000	\$163,547	\$163,547
Sunset Advisory Commission	\$3,470,939	\$3,751,870	\$3,670,728	\$3,670,727
State Auditor's Office	\$23,089,991	\$23,100,753	\$23,502,791	\$23,502,791
Legislative Reference Library	\$1,964,673	\$2,292,580	\$2,170,075	\$2,170,075
Subtotal, Legislature	\$219,312,538	\$212,046,266	\$211,977,615	\$228,623,653
Retirement and Group Insurance	\$37,755,800	\$38,511,241	\$41,376,916	\$44,506,944
Social Security and Benefit Replacement Pay	\$11,343,461	\$11,437,257	\$11,534,114	\$11,633,649
Subtotal, Employee Benefits	\$49,099,261	\$49,948,498	\$52,911,030	\$56,140,593
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$4,797,500	\$4,801,000	\$4,676,000	\$4,676,000
Total, Article X – Legislature	\$263,614,299	\$257,193,764	\$260,212,645	\$280,088,246

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1 (Conference Committee Report), Eighty-ninth Legislature, Regular Session, 2025, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

APPENDIX B – SUMMARY OF STATE BUDGET BY FISCAL YEAR

GENERAL REVENUE FUNDS

FIGURE B2

GENERAL REVENUE FUNDS – STATEWIDE SUMMARY

FUNCTION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Article I – General Government	\$5,161,107,154	\$7,832,731,038	\$3,647,238,380	\$2,650,810,665
Article II – Health and Human Services	\$22,831,507,092	\$22,320,691,850	\$22,707,742,611	\$23,233,137,567
Article III – Agencies of Education	\$37,982,016,212	\$34,355,525,543	\$38,781,529,186	\$34,823,056,437
<i>Public Education</i>	\$27,458,874,301	\$21,791,939,313	\$26,364,730,884	\$23,339,402,807
<i>Higher Education</i>	\$10,523,141,911	\$12,563,586,230	\$12,416,798,302	\$11,483,653,630
Article IV – Judiciary	\$473,516,232	\$401,320,241	\$556,322,628	\$442,727,478
Article V – Public Safety and Criminal Justice	\$6,816,499,968	\$8,405,776,010	\$9,830,293,615	\$9,458,412,418
Article VI – Natural Resources	\$1,748,764,038	\$3,030,907,723	\$836,231,459	\$762,524,462
Article VII – Business and Economic Development	\$466,158,005	\$1,099,492,014	\$518,207,735	\$443,449,365
Article VIII – Regulatory	\$230,406,012	\$216,471,094	\$279,209,706	\$282,811,520
Article X – Legislature	\$263,586,841	\$257,167,339	\$260,111,220	\$279,986,821
Total, All Functions	\$75,973,561,554	\$77,920,082,852	\$77,416,886,540	\$72,376,916,733

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR). Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within TDLR.

SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Commission on the Arts	\$16,427,787	\$14,319,358	\$19,738,573	\$16,838,573
Office of the Attorney General	\$350,381,581	\$366,533,199	\$318,157,946	\$316,747,478
Bond Review Board	\$1,448,603	\$1,779,239	\$1,456,457	\$1,335,456
Cancer Prevention and Research Institute of Texas	\$0	\$0	\$0	\$0
Comptroller of Public Accounts	\$354,098,618	\$412,071,934	\$383,569,152	\$380,810,967
Fiscal Programs – Comptroller of Public Accounts	\$901,020,116	\$887,333,650	\$1,181,650,803	\$754,591,234
Dementia Prevention and Research Institute of Texas	\$0	\$0	\$0	\$0
Commission on State Emergency Communications	\$10,626,943	\$10,677,177	\$10,626,943	\$10,677,177
Texas Emergency Services Retirement System	\$787,470	\$1,763,213	\$995,160	\$995,261
Employees Retirement System of Texas	\$470,501,518	\$1,387,690,000	\$13,750,000	\$13,750,000
Texas Ethics Commission	\$4,028,269	\$4,072,353	\$4,972,671	\$3,918,866
Texas Facilities Commission	\$628,378,028	\$265,718,381	\$219,820,695	\$81,930,102
Texas Public Finance Authority	\$1,225,966	\$1,290,873	\$1,283,374	\$1,283,374
Office of the Governor	\$17,179,635	\$18,513,220	\$16,654,207	\$16,654,204
Trusted Programs within the Office of the Governor	\$1,489,770,642	\$3,309,706,474	\$510,223,396	\$306,150,447
Texas Historical Commission	\$257,516,336	\$168,105,348	\$126,410,294	\$37,825,087
Department of Information Resources	\$45,503,092	\$113,270,795	\$167,050,315	\$32,986,726
Texas State Library and Archives Commission	\$18,639,876	\$19,072,292	\$23,399,833	\$19,588,860
Pension Review Board	\$1,591,309	\$1,981,259	\$1,435,469	\$1,442,970
State Preservation Board	\$21,111,737	\$299,699,250	\$19,124,099	\$15,790,141
State Office of Risk Management	\$0	\$0	\$0	\$0
Secretary of State	\$89,184,199	\$50,013,050	\$73,490,417	\$51,275,071
Texas Veterans Commission	\$20,875,404	\$21,270,396	\$42,020,618	\$40,105,539
Subtotal, General Government	\$4,700,297,129	\$7,354,881,461	\$3,135,830,422	\$2,104,697,533
Retirement and Group Insurance	\$140,165,297	\$137,470,707	\$157,676,250	\$169,194,441
Social Security and Benefit Replacement Pay	\$41,497,014	\$40,285,640	\$45,201,621	\$45,501,170
Subtotal, Employee Benefits	\$181,662,311	\$177,756,347	\$202,877,871	\$214,695,611
Bond Debt Service Payments	\$221,013,960	\$270,139,555	\$288,258,163	\$309,619,589
Lease Payments	\$58,133,754	\$29,953,675	\$20,271,924	\$21,797,932
Subtotal, Debt Service	\$279,147,714	\$300,093,230	\$308,530,087	\$331,417,521
Total, Article I – General Government	\$5,161,107,154	\$7,832,731,038	\$3,647,238,380	\$2,650,810,665

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1 (Conference Committee Report), Eighty-ninth Legislature, Regular Session, 2025, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Department of Family and Protective Services	\$1,583,134,047	\$1,693,616,938	\$1,648,120,268	\$1,673,391,701
Department of State Health Services	\$349,325,446	\$399,939,872	\$421,372,099	\$413,301,795
Health and Human Services Commission	\$20,121,600,405	\$19,469,067,218	\$19,768,370,689	\$20,189,923,622
Subtotal, Health and Human Services	\$22,054,059,898	\$21,562,624,028	\$21,837,863,056	\$22,276,617,118
Retirement and Group Insurance	\$578,095,319	\$578,017,682	\$664,400,390	\$740,461,913
Social Security and Benefit Replacement Pay	\$156,502,847	\$154,638,695	\$173,302,783	\$183,546,336
Subtotal, Employee Benefits	\$734,598,166	\$732,656,377	\$837,703,173	\$924,008,249
Bond Debt Service Payments	\$16,992,122	\$12,990,032	\$11,181,848	\$9,937,262
Lease Payments	\$25,856,906	\$12,421,413	\$20,994,534	\$22,574,938
Subtotal, Debt Service	\$42,849,028	\$25,411,445	\$32,176,382	\$32,512,200
Article II, Special Provisions	\$0	\$0	\$0	\$0
Total, Article II – Health and Human Services	\$22,831,507,092	\$22,320,691,850	\$22,707,742,611	\$23,233,137,567

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments. Of this amount, \$750.0 million appropriated to maintain caseload growth in the current biennium is included in amounts for fiscal years 2026 and 2027.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1 (Conference Committee Report), Eighty-ninth Legislature, Regular Session, 2025, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Public Education				
Texas Education Agency	\$18,785,666,678	\$18,048,610,128	\$22,895,160,955	\$19,786,284,186
Education Programs – Comptroller of Public Accounts	\$0	\$0	\$0	\$0
Texas Permanent School Fund Corporation	\$0	\$0	\$0	\$0
Texas School for the Blind and Visually Impaired	\$26,111,529	\$28,105,473	\$29,114,473	\$28,364,473
Texas School for the Deaf	\$23,624,940	\$62,090,615	\$27,973,063	\$28,123,224
Subtotal, Public Education	\$18,835,403,147	\$18,138,806,216	\$22,952,248,491	\$19,842,771,883
Public Higher Education				
Two-Year Institutions				
Public Community/Junior Colleges	\$1,157,420,867	\$1,244,920,828	\$1,276,922,973	\$1,181,465,877
Lamar State Colleges				
Lamar Institute of Technology	\$28,202,314	\$28,515,333	\$29,221,320	\$29,223,395
Lamar State College – Orange	\$19,852,151	\$22,351,875	\$21,590,746	\$21,594,410
Lamar State College – Port Arthur	\$21,031,589	\$22,828,135	\$27,507,990	\$27,512,174
Subtotal, Lamar State Colleges	\$69,086,054	\$73,695,343	\$78,320,056	\$78,329,979
Texas State Technical Colleges				
Texas State Technical College System Administration	\$7,933,556	\$7,956,453	\$3,043,001	\$55,043,001
Texas State Technical College – Harlingen	\$33,211,279	\$33,283,394	\$36,017,344	\$35,998,535
Texas State Technical College – West Texas	\$18,262,165	\$18,162,086	\$23,136,988	\$23,131,509
Texas State Technical College – Marshall	\$10,882,754	\$10,878,133	\$13,763,970	\$13,760,937
Texas State Technical College – Waco	\$51,807,455	\$51,800,601	\$56,379,408	\$56,343,889
Texas State Technical College – Fort Bend	\$11,208,953	\$11,206,566	\$12,265,551	\$12,261,422
Texas State Technical College – North Texas	\$6,176,675	\$7,328,713	\$9,051,534	\$9,047,805
Texas State Technical College – East Williamson County	\$0	\$0	\$7,606,478	\$7,600,934
Subtotal, Texas State Technical Colleges	\$139,482,837	\$140,615,946	\$161,264,274	\$213,188,032
Subtotal, Two-year Institutions	\$1,365,989,758	\$1,459,232,117	\$1,516,507,303	\$1,472,983,888
General Academic Institutions				
University of Texas System Administration	\$29,291,472	\$12,634,886	\$46,013,119	\$11,013,119
University of Texas at Arlington	\$157,360,326	\$156,535,760	\$160,179,757	\$155,771,818
University of Texas at Austin	\$504,364,888	\$612,453,002	\$421,210,581	\$355,138,551
University of Texas at Dallas	\$158,944,483	\$158,635,453	\$156,652,594	\$157,207,174
University of Texas at El Paso	\$112,101,485	\$111,817,359	\$139,387,487	\$139,673,928
University of Texas Rio Grande Valley	\$120,066,137	\$112,911,930	\$136,659,612	\$137,104,791
University of Texas Permian Basin	\$40,784,524	\$40,779,674	\$42,517,400	\$42,570,056
University of Texas at San Antonio	\$152,814,492	\$152,779,996	\$159,059,520	\$159,508,695
University of Texas at Tyler	\$48,814,604	\$46,244,730	\$55,283,702	\$55,398,184
Stephen F. Austin State University	\$46,544,840	\$65,547,409	\$43,443,395	\$43,577,659
Texas A&M University System Administrative and General Offices	\$32,910,534	\$288,787,568	\$18,017,551	\$18,017,555
Texas A&M University	\$394,047,330	\$593,381,103	\$419,674,181	\$420,730,244
Texas A&M University at Galveston	\$56,691,238	\$36,612,379	\$37,940,795	\$37,977,744
Prairie View A&M University	\$59,942,051	\$64,474,715	\$60,410,542	\$60,595,358
Tarleton State University	\$67,856,376	\$67,842,020	\$68,861,685	\$69,038,922
Texas A&M University – Central Texas	\$23,388,243	\$26,127,796	\$24,876,690	\$24,890,500
Texas A&M University – Corpus Christi	\$59,164,749	\$62,268,521	\$59,250,011	\$59,400,338

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
General Academic Institutions (continued)				
Texas A&M University – Kingsville	\$41,543,499	\$43,087,164	\$46,479,295	\$46,609,333
Texas A&M University – San Antonio	\$36,534,298	\$36,528,680	\$39,201,590	\$39,245,140
Texas A&M International University	\$45,342,063	\$45,339,502	\$48,989,117	\$49,081,382
East Texas A&M University	\$53,319,471	\$53,307,323	\$52,911,869	\$53,085,515
West Texas A&M University	\$42,743,572	\$46,722,054	\$42,803,821	\$42,937,328
Texas A&M University – Texarkana	\$31,704,217	\$32,018,954	\$32,493,943	\$32,507,359
Texas A&M University – Victoria	\$16,045,475	\$16,588,407	\$23,733,794	\$24,313,988
University of Houston System Administration	\$59,084,920	\$59,836,780	\$62,088,730	\$62,088,730
University of Houston	\$183,143,554	\$182,978,375	\$192,935,744	\$193,696,212
University of Houston – Clear Lake	\$32,205,908	\$32,391,336	\$31,571,920	\$31,698,324
University of Houston – Downtown	\$28,558,470	\$28,526,315	\$32,614,173	\$32,791,521
University of North Texas System Administration	\$5,917,695	\$5,916,158	\$5,917,594	\$5,918,511
University of North Texas	\$144,666,313	\$144,284,514	\$133,013,440	\$133,993,364
University of North Texas at Dallas	\$43,172,984	\$42,636,632	\$42,945,421	\$42,979,550
Texas Southern University	\$57,811,065	\$56,864,972	\$64,732,870	\$54,975,286
Texas Tech University System Administration	\$1,299,600	\$1,299,600	\$1,299,600	\$1,299,600
Texas Tech University	\$220,880,689	\$411,778,646	\$235,401,186	\$231,890,646
Angelo State University	\$34,419,959	\$34,410,847	\$39,076,578	\$39,261,381
Midwestern State University	\$26,556,365	\$26,663,690	\$27,243,593	\$27,340,616
Texas Woman's University System	\$265,526	\$265,526	\$265,526	\$265,526
Texas Woman's University	\$83,162,993	\$87,749,028	\$84,083,189	\$84,270,935
Texas State University System	\$2,279,600	\$2,279,600	\$2,279,600	\$2,279,600
Lamar University	\$83,479,108	\$91,459,394	\$83,289,197	\$83,516,692
Sam Houston State University	\$76,523,006	\$76,488,965	\$87,008,528	\$84,639,904
Texas State University	\$138,128,731	\$163,013,767	\$157,939,954	\$159,543,678
Sul Ross State University	\$13,341,201	\$13,338,721	\$17,595,732	\$17,621,960
Sul Ross State University Rio Grande College	\$6,652,204	\$6,652,187	\$10,408,661	\$10,411,230
Subtotal, General Academic Institutions	\$3,573,870,258	\$4,352,261,438	\$3,647,763,287	\$3,535,877,947
Health-related Institutions				
University of Texas Southwestern Medical Center	\$200,377,853	\$193,308,303	\$220,613,991	\$220,683,583
University of Texas Medical Branch at Galveston	\$285,066,760	\$290,068,461	\$289,736,821	\$289,814,729
University of Texas Health Science Center at Houston	\$218,259,139	\$217,975,587	\$235,832,541	\$236,184,270
University of Texas Health Science Center at San Antonio	\$162,168,954	\$161,914,104	\$188,132,698	\$188,330,844
University of Texas Rio Grande Valley School of Medicine	\$41,903,416	\$41,903,415	\$45,472,192	\$45,479,539
University of Texas M.D. Anderson Cancer Center	\$224,486,448	\$224,464,097	\$257,332,950	\$257,334,841
University of Texas Health Science Center at Tyler	\$58,053,105	\$63,561,564	\$74,460,128	\$66,463,722
University of Texas at Austin Dell Medical School	\$15,116,351	\$15,116,351	\$30,919,697	\$30,960,144
Texas A&M University System Health Science Center	\$186,918,539	\$218,489,371	\$208,594,863	\$208,734,871
University of North Texas Health Science Center at Fort Worth	\$111,547,828	\$111,842,843	\$125,630,766	\$124,738,926
Texas Tech University Health Sciences Center	\$149,246,599	\$174,249,221	\$162,855,100	\$161,577,752
Texas Tech University Health Sciences Center at El Paso	\$86,012,166	\$200,700,504	\$81,345,834	\$79,776,734

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Health-related Institutions (continued)				
University of Houston College of Medicine	\$17,766,491	\$17,766,491	\$52,866,548	\$37,876,064
Sam Houston State University College of Osteopathic Medicine	\$16,160,792	\$16,160,792	\$28,070,855	\$28,079,930
Subtotal, Health-related Institutions	\$1,773,084,441	\$1,947,521,104	\$2,001,864,984	\$1,976,035,949
Texas A&M University Services				
Texas A&M AgriLife Research	\$85,355,430	\$95,808,056	\$86,790,250	\$86,790,249
Texas A&M AgriLife Extension Service	\$66,100,845	\$71,364,914	\$71,494,437	\$71,494,436
Texas A&M Engineering Experiment Station	\$33,182,624	\$60,162,541	\$76,883,730	\$52,457,928
Texas A&M Transportation Institute	\$9,522,400	\$11,952,238	\$11,975,439	\$11,975,439
Texas A&M Engineering Extension Service	\$20,175,085	\$22,281,275	\$27,801,699	\$27,801,699
Texas A&M Forest Service	\$15,950,304	\$591,513,870	\$19,186,775	\$17,436,775
Texas A&M Veterinary Medical Diagnostic Laboratory	\$11,786,584	\$12,521,948	\$12,672,152	\$12,670,651
Texas Division of Emergency Management	\$56,504,649	\$166,187,289	\$46,246,166	\$36,309,384
Subtotal, Texas A&M University Services	\$298,577,921	\$1,031,792,131	\$353,050,648	\$316,936,561
Other Higher Education				
Special Provisions for the School for the Blind and Visually Impaired	\$0	\$0	\$0	\$0
Texas Higher Education Coordinating Board	\$1,296,971,737	\$1,650,414,273	\$1,467,005,939	\$1,475,923,224
Higher Education Fund	\$393,750,000	\$393,750,000	\$590,625,000	\$590,625,000
Available University Fund	\$0	\$0	\$0	\$0
Available Texas University Fund	\$136,364,139	\$0	\$0	\$0
Support for Military and Veterans Exemptions	\$107,433,233	\$107,433,233	\$107,433,233	\$107,433,233
Special Provisions Relating Only to Components of Texas State Technical Colleges	\$0	\$0	\$850,000,000	\$0
Subtotal, Other Higher Education	\$1,934,519,109	\$2,151,597,506	\$3,015,064,172	\$2,173,981,457
Subtotal, Public Higher Education	\$8,946,041,487	\$10,942,404,296	\$10,534,250,394	\$9,475,815,802
Employee Benefits				
Teacher Retirement System	\$8,895,264,180	\$3,951,157,563	\$3,729,226,381	\$3,840,062,527
Optional Retirement Program	\$132,844,486	\$134,411,104	\$135,996,197	\$137,599,982
Higher Education Employees Group Insurance Contributions	\$794,605,370	\$794,605,372	\$914,236,390	\$987,332,095
Retirement and Group Insurance	\$43,873,879	\$44,886,876	\$54,588,991	\$58,565,791
Social Security and Benefit Replacement Pay	\$328,327,653	\$345,527,029	\$453,263,710	\$473,078,489
Subtotal, Employee Benefits	\$10,194,915,568	\$5,270,587,944	\$5,287,311,669	\$5,496,638,884
Debt Service				
Bond Debt Service Payments	\$5,656,010	\$3,727,087	\$3,415,898	\$3,203,238
Lease Payments	\$0	\$0	\$4,302,734	\$4,626,630
Subtotal, Debt Service	\$5,656,010	\$3,727,087	\$7,718,632	\$7,829,868
Article III, Special Provisions	\$0	\$0	\$0	\$0
Total, Article III – Agencies of Education	\$37,982,016,212	\$34,355,525,543	\$38,781,529,186	\$34,823,056,437

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – JUDICIARY

ARTICLE IV – JUDICIARY	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Supreme Court of Texas	\$23,282,089	\$24,240,757	\$27,055,100	\$25,601,602
Court of Criminal Appeals	\$7,921,314	\$8,373,012	\$10,016,761	\$10,016,762
First Court of Appeals District, Houston	\$5,364,000	\$5,534,735	\$6,171,568	\$6,171,568
Second Court of Appeals District, Fort Worth	\$4,307,542	\$4,491,452	\$5,007,951	\$5,007,951
Third Court of Appeals District, Austin	\$3,689,554	\$3,830,191	\$4,278,895	\$4,278,895
Fourth Court of Appeals District, San Antonio	\$4,209,932	\$4,460,426	\$5,310,708	\$5,281,534
Fifth Court of Appeals District, Dallas	\$7,636,221	\$7,863,174	\$8,671,223	\$8,898,176
Sixth Court of Appeals District, Texarkana	\$1,827,266	\$2,025,760	\$2,157,738	\$2,202,814
Seventh Court of Appeals District, Amarillo	\$2,461,083	\$2,536,755	\$2,836,312	\$2,836,313
Eighth Court of Appeals District, El Paso	\$1,857,170	\$1,982,795	\$2,300,322	\$2,300,321
Ninth Court of Appeals District, Beaumont	\$2,283,677	\$2,656,633	\$2,951,116	\$2,951,116
Tenth Court of Appeals District, Waco	\$1,754,531	\$2,238,731	\$2,266,264	\$2,266,266
Eleventh Court of Appeals District, Eastland	\$1,935,408	\$2,008,468	\$2,236,131	\$2,236,131
Twelfth Court of Appeals District, Tyler	\$1,960,480	\$2,019,703	\$2,261,121	\$2,261,121
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	\$3,721,145	\$3,844,523	\$4,273,632	\$4,273,631
Fourteenth Court of Appeals District, Houston	\$5,459,217	\$5,627,049	\$6,315,569	\$6,337,590
Fifteenth Court of Appeals District, Austin	\$0	\$2,327,569	\$3,954,709	\$2,926,265
Office of Court Administration, Texas Judicial Council	\$87,688,897	\$102,451,476	\$117,704,018	\$78,226,112
Office of Capital and Forensic Writs	\$0	\$131,433	\$4,374,154	\$4,339,955
Office of the State Prosecuting Attorney	\$473,435	\$511,972	\$711,704	\$708,585
State Law Library	\$1,241,484	\$1,396,555	\$1,588,087	\$1,538,088
State Commission on Judicial Conduct	\$1,506,020	\$4,058,255	\$2,359,492	\$2,331,212
Judiciary Section, Comptroller's Department	\$130,143,700	\$131,424,724	\$170,243,042	\$170,203,941
Subtotal, Judiciary	\$300,724,165	\$326,036,148	\$395,045,617	\$353,195,949
Retirement and Group Insurance	\$157,872,060	\$60,072,707	\$144,650,652	\$72,413,653
Social Security and Benefit Replacement Pay	\$14,920,007	\$15,211,386	\$16,626,359	\$17,117,876
Subtotal, Employee Benefits	\$172,792,067	\$75,284,093	\$161,277,011	\$89,531,529
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article IV, Special Provisions	\$0	\$0	\$0	\$0
Total, Article IV – Judiciary	\$473,516,232	\$401,320,241	\$556,322,628	\$442,727,478

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Alcoholic Beverage Commission	\$63,822,735	\$62,693,875	\$59,889,643	\$59,889,644
Texas Department of Criminal Justice	\$1,460,048,309	\$3,793,969,471	\$4,855,039,737	\$4,735,471,681
Texas Commission on Fire Protection	\$3,354,022	\$2,746,552	\$4,223,731	\$3,203,730
Texas Commission on Jail Standards	\$1,987,188	\$2,103,982	\$2,318,442	\$2,068,442
Texas Juvenile Justice Department	\$378,913,109	\$743,912,290	\$459,132,930	\$448,338,011
Texas Commission on Law Enforcement	\$13,545,868	\$12,008,265	\$19,866,138	\$18,075,311
Texas Military Department	\$1,177,846,766	\$1,127,882,323	\$962,447,479	\$955,292,007
Department of Public Safety	\$2,146,684,954	\$1,686,307,048	\$1,909,891,227	\$1,628,395,382
Subtotal, Public Safety/Criminal Justice	\$5,246,202,951	\$7,431,623,806	\$8,272,809,327	\$7,850,734,208
Retirement and Group Insurance	\$1,396,867,434	\$739,946,392	\$1,209,076,339	\$1,261,705,045
Social Security and Benefit Replacement Pay	\$114,958,647	\$190,535,574	\$305,968,706	\$306,440,974
Subtotal, Employee Benefits	\$1,511,826,081	\$930,481,966	\$1,515,045,045	\$1,568,146,019
Bond Debt Service Payments	\$58,470,936	\$43,670,238	\$39,851,746	\$36,749,915
Lease Payments	\$0	\$0	\$2,587,497	\$2,782,276
Subtotal, Debt Service	\$58,470,936	\$43,670,238	\$42,439,243	\$39,532,191
Article V, Special Provisions	\$0	\$0	\$0	\$0
Total, Article V – Public Safety and Criminal Justice	\$6,816,499,968	\$8,405,776,010	\$9,830,293,615	\$9,458,412,418

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Department of Agriculture	\$83,918,087	\$85,092,630	\$89,939,513	\$79,942,287
Texas Animal Health Commission	\$14,550,139	\$20,094,561	\$21,069,553	\$19,335,753
Texas Commission on Environmental Quality	\$19,467,334	\$30,541,028	\$24,355,410	\$21,862,512
General Land Office and Veterans Land Board	\$775,761,247	\$367,615,416	\$36,753,924	\$15,378,862
Texas Low-level Radioactive Waste Disposal Compact Commission	\$0	\$0	\$0	\$0
Texas Parks and Wildlife Department	\$392,340,028	\$340,716,844	\$336,205,226	\$298,889,017
Railroad Commission of Texas	\$99,514,881	\$224,217,566	\$97,409,638	\$97,340,188
Texas State Soil and Water Conservation Board	\$56,663,585	\$45,266,019	\$45,606,025	\$45,561,025
Texas Water Development Board	\$230,530,129	\$1,844,929,595	\$101,450,944	\$96,429,251
Subtotal, Natural Resources	\$1,672,745,430	\$2,958,473,659	\$752,790,233	\$674,738,895
Retirement and Group Insurance	\$52,306,395	\$51,060,964	\$59,336,958	\$63,896,037
Social Security and Benefit Replacement Pay	\$12,795,879	\$12,227,226	\$15,200,367	\$15,335,861
Subtotal, Employee Benefits	\$65,102,274	\$63,288,190	\$74,537,325	\$79,231,898
Bond Debt Service Payments	\$10,916,334	\$9,145,874	\$8,770,385	\$8,410,103
Lease Payments	\$0	\$0	\$133,516	\$143,566
Subtotal, Debt Service	\$10,916,334	\$9,145,874	\$8,903,901	\$8,553,669
Total, Article VI – Natural Resources	\$1,748,764,038	\$3,030,907,723	\$836,231,459	\$762,524,462

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Department of Housing and Community Affairs	\$14,622,336	\$13,885,986	\$15,168,438	\$15,042,195
Texas Department of Motor Vehicles	\$51,657,272	\$180,328,324	\$51,033,262	\$51,645,864
Texas Department of Transportation	\$148,885,000	\$514,685,000	\$124,885,000	\$48,885,000
Texas Workforce Commission	\$230,292,657	\$371,609,933	\$307,314,490	\$307,708,008
Reimbursements to the Unemployment Compensation Benefit Account	\$0	\$0	\$0	\$0
Subtotal, Business/Economic Development	\$445,457,265	\$1,080,509,243	\$498,401,190	\$423,281,067
Retirement and Group Insurance	\$7,593,214	\$7,871,890	\$8,726,695	\$9,705,527
Social Security and Benefit Replacement Pay	\$3,976,080	\$4,008,240	\$4,276,106	\$4,309,371
Subtotal, Employee Benefits	\$11,569,294	\$11,880,130	\$13,002,801	\$14,014,898
Bond Debt Service Payments	\$9,131,446	\$7,102,641	\$6,241,892	\$5,549,253
Lease Payments	\$0	\$0	\$561,852	\$604,147
Subtotal, Debt Service	\$9,131,446	\$7,102,641	\$6,803,744	\$6,153,400
Total, Article VII – Business and Economic Development	\$466,158,005	\$1,099,492,014	\$518,207,735	\$443,449,365

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR). Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within TDLR.

SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
State Office of Administrative Hearings	\$7,522,044	\$8,354,292	\$8,359,152	\$8,353,702
Texas Behavioral Health Executive Council	\$4,207,691	\$4,405,595	\$5,164,155	\$4,841,086
Texas Board of Chiropractic Examiners	\$1,051,370	\$1,123,998	\$1,152,718	\$1,142,718
Texas State Board of Dental Examiners	\$4,523,979	\$4,706,588	\$4,932,935	\$4,942,675
Texas Funeral Service Commission	\$1,301,296	\$2,400,176	\$2,060,469	\$2,098,580
Texas Board of Professional Geoscientists	\$671,340	\$690,261	\$694,039	\$743,097
Health Professions Council	\$36,056	\$70,604	\$266,307	\$437,172
Office of Injured Employee Counsel	\$0	\$0	\$0	\$0
Texas Department of Insurance	\$280,529	\$284,993	\$276,156	\$276,156
Office of Public Insurance Counsel	\$1,238,615	\$1,496,838	\$2,119,678	\$2,016,921
Texas Department of Licensing and Regulation	\$79,312,415	\$53,177,230	\$65,077,769	\$64,502,725
Texas Medical Board	\$18,140,534	\$16,754,655	\$18,770,096	\$19,279,461
Texas Board of Nursing	\$11,194,933	\$11,646,006	\$13,049,981	\$13,050,725
Texas Optometry Board	\$514,751	\$533,170	\$541,474	\$538,937
Texas State Board of Pharmacy	\$15,230,722	\$15,000,519	\$15,277,699	\$15,256,792
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$1,718,305	\$1,708,989	\$1,812,816	\$1,816,145
Texas State Board of Plumbing Examiners	\$3,923,808	\$4,890,858	\$4,555,411	\$4,527,860
Texas Racing Commission	\$1,313,350	\$1,604,685	\$1,988,194	\$2,020,837
Texas State Securities Board	\$8,950,968	\$9,544,626	\$9,569,350	\$9,569,350
Public Utility Commission of Texas	\$25,465,387	\$34,178,412	\$36,293,272	\$35,210,523
Office of Public Utility Counsel	\$2,602,683	\$2,650,188	\$4,241,570	\$4,261,570
State Board of Veterinary Medical Examiners	\$3,686,563	\$3,138,410	\$2,947,825	\$2,949,105
Subtotal, Regulatory	\$192,887,339	\$178,361,093	\$199,151,066	\$197,836,137
Retirement and Group Insurance	\$28,512,003	\$29,026,746	\$35,164,843	\$37,433,626
Social Security and Benefit Replacement Pay	\$9,006,670	\$9,083,255	\$10,842,873	\$10,927,585
Subtotal, Employee Benefits	\$37,518,673	\$38,110,001	\$46,007,716	\$48,361,211
Lease Payments	\$0	\$0	\$34,050,924	\$36,614,172
Subtotal, Debt Service	\$0	\$0	\$34,050,924	\$36,614,172
Article VIII, Special Provisions	\$0	\$0	\$0	\$0
Total, Article VIII – Regulatory	\$230,406,012	\$216,471,094	\$279,209,706	\$282,811,520

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR). Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within TDLR.

SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – LEGISLATURE

ARTICLE X – LEGISLATURE	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Senate	\$54,467,696	\$49,291,842	\$50,827,698	\$55,063,340
House of Representatives	\$70,613,079	\$60,678,336	\$63,424,345	\$71,521,070
Legislative Budget Board	\$15,278,294	\$16,807,348	\$16,454,368	\$16,454,368
Texas Legislative Council	\$50,262,773	\$55,961,537	\$51,764,063	\$56,077,735
Commission on Uniform State Laws	\$165,093	\$162,000	\$163,547	\$163,547
Sunset Advisory Commission	\$3,470,939	\$3,751,870	\$3,670,728	\$3,670,727
State Auditor's Office	\$18,267,458	\$18,275,753	\$18,727,791	\$18,727,791
Legislative Reference Library	\$1,962,248	\$2,290,155	\$2,167,650	\$2,167,650
Subtotal, Legislature	\$214,487,580	\$207,218,841	\$207,200,190	\$223,846,228
Retirement and Group Insurance	\$37,755,800	\$38,511,241	\$41,376,916	\$44,506,944
Social Security and Benefit Replacement Pay	\$11,343,461	\$11,437,257	\$11,534,114	\$11,633,649
Subtotal, Employee Benefits	\$49,099,261	\$49,948,498	\$52,911,030	\$56,140,593
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Total, Article X – Legislature	\$263,586,841	\$257,167,339	\$260,111,220	\$279,986,821

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

APPENDIX B – SUMMARY OF STATE BUDGET BY FISCAL YEAR

GENERAL REVENUE–DEDICATED FUNDS

FIGURE B3

GENERAL REVENUE–DEDICATED FUNDS – STATEWIDE SUMMARY

FUNCTION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Article I – General Government	\$829,806,260	\$2,300,699,548	\$364,276,663	\$241,259,686
Article II – Health and Human Services	\$276,667,544	\$281,299,062	\$270,406,536	\$271,945,120
Article III – Agencies of Education	\$1,587,550,106	\$1,744,048,274	\$2,554,591,594	\$1,550,624,386
<i>Public Education</i>	\$2,611,722	\$0	\$1,002,611,722	\$0
<i>Higher Education</i>	\$1,584,938,384	\$1,744,048,274	\$1,551,979,872	\$1,550,624,386
Article IV – Judiciary	\$78,573,685	\$94,187,406	\$107,689,860	\$98,448,478
Article V – Public Safety and Criminal Justice	\$64,846,499	\$52,227,028	\$17,352,773	\$17,633,187
Article VI – Natural Resources	\$819,313,151	\$761,854,487	\$779,445,161	\$767,415,947
Article VII – Business and Economic Development	\$625,688,096	\$34,243,302	\$20,044,303	\$20,533,056
Article VIII – Regulatory	\$504,656,904	\$570,216,208	\$526,053,151	\$550,692,554
Article X – Legislature	\$0	\$0	\$0	\$0
Total, All Functions	\$4,787,102,245	\$5,838,775,315	\$4,639,860,041	\$3,518,552,414

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR). Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within TDLR.

SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Commission on the Arts	\$0	\$0	\$0	\$0
Office of the Attorney General	\$78,818,758	\$78,753,046	\$80,442,560	\$79,961,199
Bond Review Board	\$0	\$0	\$0	\$0
Cancer Prevention and Research Institute of Texas	\$0	\$0	\$0	\$0
Comptroller of Public Accounts	\$0	\$0	\$0	\$0
Fiscal Programs – Comptroller of Public Accounts	\$41,116,529	\$898,280,230	\$24,506,675	\$24,099,971
Dementia Prevention and Research Institute of Texas	\$0	\$0	\$0	\$0
Commission on State Emergency Communications	\$53,666,282	\$53,798,203	\$56,495,158	\$56,394,461
Texas Emergency Services Retirement System	\$1,292,763	\$1,292,763	\$3,298,595	\$3,298,595
Employees Retirement System of Texas	\$0	\$0	\$0	\$0
Texas Ethics Commission	\$0	\$0	\$0	\$0
Texas Facilities Commission	\$121,629,095	\$3,908,771	\$125,540,379	\$3,745,972
Texas Public Finance Authority	\$0	\$0	\$0	\$0
Office of the Governor	\$0	\$0	\$0	\$0
Trusted Programs within the Office of the Governor	\$520,970,545	\$1,252,428,544	\$59,821,427	\$57,891,158
Texas Historical Commission	\$4,394,072	\$896,667	\$896,666	\$896,667
Department of Information Resources	\$0	\$0	\$0	\$0
Texas State Library and Archives Commission	\$0	\$0	\$0	\$0
Pension Review Board	\$0	\$0	\$0	\$0
State Preservation Board	\$0	\$0	\$0	\$0
State Office of Risk Management	\$0	\$0	\$0	\$0
Secretary of State	\$1,145,528	\$45,000	\$1,190,528	\$0
Texas Veterans Commission	\$0	\$0	\$0	\$0
Subtotal, General Government	\$823,033,572	\$2,289,403,224	\$352,191,988	\$226,288,023
Retirement and Group Insurance	\$3,530,661	\$3,597,614	\$3,942,989	\$4,216,187
Social Security and Benefit Replacement Pay	\$1,114,100	\$1,122,874	\$1,201,522	\$1,203,503
Subtotal, Employee Benefits	\$4,644,761	\$4,720,488	\$5,144,511	\$5,419,690
Bond Debt Service Payments	\$2,127,927	\$6,575,836	\$6,940,164	\$9,551,973
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$2,127,927	\$6,575,836	\$6,940,164	\$9,551,973
Total, Article I – General Government	\$829,806,260	\$2,300,699,548	\$364,276,663	\$241,259,686

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE—DEDICATED FUNDS – HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Department of Family and Protective Services	\$4,285,000	\$0	\$0	\$0
Department of State Health Services	\$175,335,850	\$179,522,968	\$165,624,487	\$165,624,479
Health and Human Services Commission	\$79,118,140	\$83,456,811	\$84,928,649	\$84,978,649
Subtotal, Health and Human Services	\$258,738,990	\$262,979,779	\$250,553,136	\$250,603,128
Retirement and Group Insurance	\$14,626,246	\$14,991,193	\$16,419,122	\$17,879,771
Social Security and Benefit Replacement Pay	\$3,302,308	\$3,328,090	\$3,434,278	\$3,462,221
Subtotal, Employee Benefits	\$17,928,554	\$18,319,283	\$19,853,400	\$21,341,992
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article II, Special Provisions	\$0	\$0	\$0	\$0
Total, Article II – Health and Human Services	\$276,667,544	\$281,299,062	\$270,406,536	\$271,945,120

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Public Education				
Texas Education Agency	\$2,611,722	\$0	\$2,611,722	\$0
Education Programs – Comptroller of Public Accounts	\$0	\$0	\$1,000,000,000	\$0
Texas Permanent School Fund Corporation	\$0	\$0	\$0	\$0
Texas School for the Blind and Visually Impaired	\$0	\$0	\$0	\$0
Texas School for the Deaf	\$0	\$0	\$0	\$0
Special Provisions for the School for the Blind and Visually Impaired	\$0	\$0	\$0	\$0
Subtotal, Public Education	\$2,611,722	\$0	\$1,002,611,722	\$0
Public Higher Education				
Two-Year Institutions				
Public Community/Junior Colleges	\$0	\$0	\$0	\$0
Lamar State Colleges				
Lamar Institute of Technology	\$1,824,688	\$1,842,137	\$3,250,545	\$3,250,545
Lamar State College – Orange	\$498,316	\$1,713,038	\$1,799,505	\$1,799,506
Lamar State College – Port Arthur	\$1,731,707	\$1,751,983	\$1,804,815	\$1,804,815
Subtotal, Lamar State Colleges	\$4,054,711	\$5,307,158	\$6,854,865	\$6,854,866
Texas State Technical Colleges				
Texas State Technical College System Administration	\$8,973	\$19,665	\$21,042	\$22,515
Texas State Technical College – Harlingen	\$681,233	\$1,515,831	\$2,382,389	\$2,630,905
Texas State Technical College – West Texas	\$823,430	\$1,483,507	\$970,581	\$1,071,721
Texas State Technical College – Marshall	\$296,570	\$373,772	\$466,150	\$514,384
Texas State Technical College – Waco	\$1,511,819	\$835,998	\$4,024,398	\$4,443,634
Texas State Technical College – Fort Bend	\$192,138	\$243,398	\$528,642	\$583,985
Texas State Technical College – North Texas	\$114,880	\$173,971	\$221,521	\$244,642
Texas State Technical College – East Williamson County	\$0	\$0	\$185,974	\$205,922
Subtotal, Texas State Technical Colleges	\$3,629,043	\$4,646,142	\$8,800,697	\$9,717,708
Subtotal, Two-year Institutions	\$7,683,754	\$9,953,300	\$15,655,562	\$16,572,574
General Academic Institutions				
University of Texas System Administration	\$0	\$0	\$0	\$0
University of Texas at Arlington	\$76,239,878	\$72,635,076	\$74,234,908	\$74,234,908
University of Texas at Austin	\$124,879,889	\$121,856,326	\$123,363,246	\$123,363,246
University of Texas at Dallas	\$79,618,198	\$78,081,677	\$78,636,873	\$78,636,872
University of Texas at El Paso	\$30,977,111	\$31,081,242	\$30,549,858	\$30,549,858
University of Texas Rio Grande Valley	\$41,714,895	\$41,196,499	\$38,600,657	\$38,600,657
University of Texas Permian Basin	\$6,271,808	\$6,467,919	\$6,296,494	\$6,296,494
University of Texas at San Antonio	\$54,644,031	\$53,111,924	\$49,184,432	\$49,184,432
University of Texas at Tyler	\$10,751,692	\$11,391,480	\$10,523,865	\$10,523,865
Stephen F. Austin State University	\$14,155,669	\$13,051,412	\$12,894,309	\$12,894,309
Texas A&M University System Administrative and General Offices	\$0	\$0	\$0	\$0
Texas A&M University	\$142,778,407	\$150,549,665	\$148,073,888	\$148,073,888
Texas A&M University at Galveston	\$4,567,566	\$4,491,206	\$4,093,237	\$4,093,237
Prairie View A&M University	\$23,773,099	\$24,442,160	\$24,434,479	\$22,534,480
Tarleton State University	\$20,566,222	\$21,199,224	\$20,040,737	\$20,040,737
Texas A&M University – Central Texas	\$3,409,887	\$3,438,183	\$2,746,277	\$2,746,277

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
General Academic Institutions (continued)				
Texas A&M University – Corpus Christi	\$18,813,180	\$18,972,194	\$17,840,908	\$17,840,907
Texas A&M University – Kingsville	\$13,583,885	\$13,078,475	\$12,098,546	\$12,098,546
Texas A&M University – San Antonio	\$8,335,858	\$8,187,650	\$8,138,416	\$8,138,416
Texas A&M International University	\$11,456,051	\$11,574,865	\$11,256,185	\$11,256,186
East Texas A&M University	\$12,090,913	\$12,397,090	\$10,438,878	\$10,438,878
West Texas A&M University	\$11,495,035	\$10,853,597	\$11,792,780	\$11,792,780
Texas A&M University – Texarkana	\$2,367,774	\$2,869,580	\$2,311,581	\$2,311,582
Texas A&M University – Victoria	\$4,816,632	\$5,262,794	\$5,436,144	\$5,436,144
University of Houston System Administration	\$0	\$0	\$0	\$0
University of Houston	\$101,700,971	\$76,593,375	\$82,965,625	\$82,965,625
University of Houston – Clear Lake	\$12,737,775	\$12,980,833	\$11,644,847	\$11,644,845
University of Houston – Downtown	\$18,640,582	\$18,445,651	\$17,579,002	\$17,579,003
University of North Texas System Administration	\$0	\$0	\$0	\$0
University of North Texas	\$116,408,330	\$115,396,583	\$111,355,065	\$111,355,066
University of North Texas at Dallas	\$5,542,737	\$6,307,685	\$7,547,815	\$7,547,814
Texas Southern University	\$27,950,898	\$28,032,568	\$28,954,724	\$28,954,724
Texas Tech University System Administration	\$0	\$0	\$0	\$0
Texas Tech University	\$68,786,948	\$68,025,189	\$65,844,282	\$65,844,281
Angelo State University	\$12,794,018	\$12,478,151	\$12,447,911	\$12,447,911
Midwestern State University	\$4,479,226	\$5,966,925	\$5,975,043	\$5,975,043
Texas Woman's University System	\$0	\$0	\$0	\$0
Texas Woman's University	\$22,809,988	\$25,366,185	\$22,719,778	\$22,719,778
Texas State University System	\$0	\$0	\$0	\$0
Lamar University	\$22,327,149	\$21,160,241	\$22,235,788	\$22,235,787
Sam Houston State University	\$28,474,374	\$30,607,012	\$34,214,049	\$28,857,049
Texas State University	\$58,567,349	\$54,183,888	\$51,359,527	\$51,359,527
Sul Ross State University	\$1,405,976	\$1,471,319	\$1,445,945	\$1,445,944
Sul Ross State University Rio Grande College	\$407,577	\$399,300	\$512,994	\$512,995
Subtotal, General Academic Institutions	\$1,220,341,578	\$1,193,605,143	\$1,179,789,093	\$1,172,532,091
Health-related Institutions				
University of Texas Southwestern Medical Center	\$9,599,262	\$8,223,771	\$9,599,262	\$9,599,262
University of Texas Medical Branch at Galveston	\$13,419,899	\$13,380,124	\$13,419,899	\$13,419,899
University of Texas Health Science Center at Houston	\$28,347,766	\$27,266,776	\$28,347,766	\$28,347,766
University of Texas Health Science Center at San Antonio	\$23,133,764	\$23,285,669	\$22,665,782	\$22,665,782
University of Texas Rio Grande Valley School of Medicine	\$1,754,041	\$1,824,447	\$1,754,041	\$1,754,041
University of Texas M.D. Anderson Cancer Center	\$816,853	\$837,894	\$816,853	\$816,853
University of Texas Health Science Center at Tyler	\$1,130,819	\$1,795,541	\$1,130,818	\$1,130,818
University of Texas at Austin Dell Medical School	\$1,367,313	\$1,350,000	\$1,367,313	\$1,367,313
Texas A&M University System Health Science Center	\$25,347,385	\$25,251,323	\$22,250,763	\$22,250,763
University of North Texas Health Science Center at Fort Worth	\$11,006,279	\$12,542,452	\$11,006,279	\$11,006,279
Texas Tech University Health Sciences Center	\$15,868,353	\$15,952,764	\$15,862,453	\$15,862,453
Texas Tech University Health Sciences Center at El Paso	\$5,360,103	\$6,006,307	\$5,360,102	\$5,360,102

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Health-related Institutions (continued)				
University of Houston College of Medicine	\$1,893,249	\$1,364,025	\$1,893,249	\$1,893,249
Sam Houston State University College of Osteopathic Medicine	\$3,072,898	\$3,411,145	\$3,072,898	\$3,072,898
Subtotal, Health-related Institutions	\$142,117,984	\$142,492,238	\$138,547,478	\$138,547,478
Texas A&M University Services				
Texas A&M AgriLife Research	\$455,712	\$455,712	\$455,712	\$455,712
Texas A&M AgriLife Extension Service	\$0	\$0	\$0	\$0
Texas A&M Engineering Experiment Station	\$421,384	\$421,383	\$421,384	\$421,383
Texas A&M Transportation Institute	\$0	\$0	\$0	\$0
Texas A&M Engineering Extension Service	\$0	\$0	\$0	\$0
Texas A&M Forest Service	\$64,805,458	\$107,143,659	\$64,431,051	\$64,431,051
Texas A&M Veterinary Medical Diagnostic Laboratory	\$0	\$0	\$0	\$0
Texas Division of Emergency Management	\$3,500,000	\$1,354,000	\$500,000	\$500,000
Subtotal, Texas A&M University Services	\$69,182,554	\$109,374,754	\$65,808,147	\$65,808,146
Other Higher Education				
Texas Higher Education Coordinating Board	\$20,371,908	\$159,227,683	\$17,767,492	\$17,767,492
Higher Education Fund	\$0	\$0	\$0	\$0
Available University Fund	\$0	\$0	\$0	\$0
Available Texas University Fund	\$0	\$0	\$0	\$0
Support for Military and Veterans Exemptions	\$0	\$0	\$0	\$0
Special Provisions Relating Only to Components of Texas State Technical Colleges	\$0	\$0	\$0	\$0
Subtotal, Other Higher Education	\$20,371,908	\$159,227,683	\$17,767,492	\$17,767,492
Subtotal, Public Higher Education	\$1,459,697,778	\$1,614,653,118	\$1,417,567,772	\$1,411,227,781
Employee Benefits				
Teacher Retirement System	\$38,601,585	\$39,627,325	\$40,680,322	\$41,761,299
Optional Retirement Program	\$24,580,671	\$24,524,920	\$24,469,296	\$24,413,798
Higher Education Employees Group Insurance Contributions	\$3,082,160	\$3,082,160	\$3,581,981	\$3,868,540
Retirement and Group Insurance	\$4,870	\$4,979	\$61,149	\$61,453
Social Security and Benefit Replacement Pay	\$58,971,320	\$62,155,772	\$65,619,352	\$69,291,515
Subtotal, Employee Benefits	\$125,240,606	\$129,395,156	\$134,412,100	\$139,396,605
Debt Service				
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article III, Special Provisions	\$0	\$0	\$0	\$0
Total, Article III – Agencies of Education	\$1,587,550,106	\$1,744,048,274	\$2,554,591,594	\$1,550,624,386

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – JUDICIARY

ARTICLE IV – JUDICIARY	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Supreme Court of Texas	\$5,000,000	\$5,000,000	\$10,000,000	\$0
Court of Criminal Appeals	\$12,500,000	\$12,416,640	\$13,096,000	\$13,096,000
First Court of Appeals District, Houston	\$0	\$0	\$0	\$0
Second Court of Appeals District, Fort Worth	\$0	\$0	\$0	\$0
Third Court of Appeals District, Austin	\$0	\$0	\$0	\$0
Fourth Court of Appeals District, San Antonio	\$0	\$0	\$0	\$0
Fifth Court of Appeals District, Dallas	\$0	\$0	\$0	\$0
Sixth Court of Appeals District, Texarkana	\$0	\$0	\$0	\$0
Seventh Court of Appeals District, Amarillo	\$0	\$0	\$0	\$0
Eighth Court of Appeals District, El Paso	\$0	\$0	\$0	\$0
Ninth Court of Appeals District, Beaumont	\$0	\$0	\$0	\$0
Tenth Court of Appeals District, Waco	\$0	\$0	\$0	\$0
Eleventh Court of Appeals District, Eastland	\$0	\$0	\$0	\$0
Twelfth Court of Appeals District, Tyler	\$0	\$0	\$0	\$0
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	\$0	\$0	\$0	\$0
Fourteenth Court of Appeals District, Houston	\$0	\$0	\$0	\$0
Fifteenth Court of Appeals District, Austin	\$0	\$0	\$0	\$0
Office of Court Administration, Texas Judicial Council	\$56,844,432	\$72,386,015	\$84,222,202	\$84,960,579
Office of Capital and Forensic Writs	\$3,116,315	\$3,258,719	\$0	\$0
Office of the State Prosecuting Attorney	\$0	\$0	\$0	\$0
State Law Library	\$0	\$0	\$0	\$0
State Commission on Judicial Conduct	\$0	\$0	\$0	\$0
Judiciary Section, Comptroller's Department	\$0	\$0	\$0	\$0
Subtotal, Judiciary	\$77,460,747	\$93,061,374	\$107,318,202	\$98,056,579
Retirement and Group Insurance	\$761,010	\$771,234	\$218,817	\$235,997
Social Security and Benefit Replacement Pay	\$351,928	\$354,798	\$152,841	\$155,902
Subtotal, Employee Benefits	\$1,112,938	\$1,126,032	\$371,658	\$391,899
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article IV, Special Provisions	\$0	\$0	\$0	\$0
Total, Article IV – Judiciary	\$78,573,685	\$94,187,406	\$107,689,860	\$98,448,478

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Alcoholic Beverage Commission	\$0	\$0	\$0	\$0
Texas Department of Criminal Justice	\$49,308,512	\$36,199,016	\$726,777	\$726,778
Texas Commission on Fire Protection	\$0	\$0	\$0	\$0
Texas Commission on Jail Standards	\$0	\$0	\$0	\$0
Texas Juvenile Justice Department	\$0	\$0	\$0	\$0
Texas Commission on Law Enforcement	\$2,510	\$3,000	\$3,510	\$2,000
Texas Military Department	\$0	\$0	\$0	\$0
Department of Public Safety	\$12,168,585	\$12,486,178	\$12,516,431	\$12,605,879
Subtotal, Public Safety/Criminal Justice	\$61,479,607	\$48,688,194	\$13,246,718	\$13,334,657
Retirement and Group Insurance	\$2,836,050	\$3,004,135	\$3,499,407	\$3,687,585
Social Security and Benefit Replacement Pay	\$530,842	\$534,699	\$606,648	\$610,945
Subtotal, Employee Benefits	\$3,366,892	\$3,538,834	\$4,106,055	\$4,298,530
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article V, Special Provisions	\$0	\$0	\$0	\$0
Total, Article V – Public Safety and Criminal Justice	\$64,846,499	\$52,227,028	\$17,352,773	\$17,633,187

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Department of Agriculture	\$6,899,436	\$2,460,621	\$2,629,621	\$2,629,621
Texas Animal Health Commission	\$0	\$0	\$0	\$0
Texas Commission on Environmental Quality	\$294,542,155	\$347,266,164	\$331,698,958	\$319,253,895
General Land Office and Veterans Land Board	\$68,716,919	\$42,616,610	\$51,063,589	\$51,074,639
Texas Low-level Radioactive Waste Disposal Compact Commission	\$498,227	\$498,227	\$493,227	\$493,227
Texas Parks and Wildlife Department	\$235,059,925	\$169,912,042	\$170,745,753	\$168,745,753
Railroad Commission of Texas	\$89,707,638	\$72,907,072	\$80,210,588	\$73,610,588
Texas State Soil and Water Conservation Board	\$0	\$0	\$0	\$0
Texas Water Development Board	\$0	\$0	\$0	\$0
Subtotal, Natural Resources	\$695,424,300	\$635,660,736	\$636,841,736	\$615,807,723
Retirement and Group Insurance	\$97,733,677	\$99,830,955	\$113,034,748	\$121,815,938
Social Security and Benefit Replacement Pay	\$26,155,174	\$26,362,796	\$29,568,677	\$29,792,286
Subtotal, Employee Benefits	\$123,888,851	\$126,193,751	\$142,603,425	\$151,608,224
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Total, Article VI – Natural Resources	\$819,313,151	\$761,854,487	\$779,445,161	\$767,415,947

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Department of Housing and Community Affairs	\$0	\$0	\$0	\$0
Texas Department of Motor Vehicles	\$0	\$0	\$0	\$0
Texas Department of Transportation	\$600,730,218	\$730,218	\$730,218	\$730,218
Texas Workforce Commission	\$11,483,397	\$19,477,505	\$14,498,668	\$14,591,186
Reimbursements to the Unemployment Compensation Benefit Account	\$5,715,806	\$6,136,122	\$4,078,315	\$4,085,809
Subtotal, Business/Economic Development	\$617,929,421	\$26,343,845	\$19,307,201	\$19,407,213
Retirement and Group Insurance	\$5,826,528	\$5,951,448	\$476,707	\$863,093
Social Security and Benefit Replacement Pay	\$1,932,147	\$1,948,009	\$260,395	\$262,750
Subtotal, Employee Benefits	\$7,758,675	\$7,899,457	\$737,102	\$1,125,843
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Total, Article VII – Business and Economic Development	\$625,688,096	\$34,243,302	\$20,044,303	\$20,533,056

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR). Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within TDLR.

SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
State Office of Administrative Hearings	\$0	\$0	\$0	\$0
Texas Behavioral Health Executive Council	\$0	\$0	\$0	\$0
Texas Board of Chiropractic Examiners	\$0	\$0	\$0	\$0
Texas State Board of Dental Examiners	\$0	\$0	\$0	\$0
Texas Funeral Service Commission	\$0	\$0	\$0	\$0
Texas Board of Professional Geoscientists	\$0	\$0	\$0	\$0
Health Professions Council	\$0	\$0	\$0	\$0
Office of Injured Employee Counsel	\$9,527,489	\$11,508,871	\$10,601,692	\$10,601,693
Texas Department of Insurance	\$118,025,545	\$160,116,092	\$129,944,221	\$129,590,044
Office of Public Insurance Counsel	\$0	\$0	\$0	\$0
Texas Department of Licensing and Regulation	\$324,156,252	\$344,967,365	\$321,184,564	\$343,278,826
Texas Medical Board	\$4,628,724	\$4,583,024	\$4,583,024	\$4,605,174
Texas Board of Nursing	\$0	\$0	\$0	\$0
Texas Optometry Board	\$0	\$0	\$0	\$0
Texas State Board of Pharmacy	\$0	\$0	\$0	\$0
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$0	\$0	\$0	\$0
Texas State Board of Plumbing Examiners	\$0	\$0	\$0	\$0
Texas Racing Commission	\$5,186,030	\$5,308,782	\$4,205,578	\$4,205,579
Texas State Securities Board	\$0	\$0	\$0	\$0
Public Utility Commission of Texas	\$5,046,714	\$4,860,976	\$5,077,787	\$4,892,049
Office of Public Utility Counsel	\$798,081	\$811,649	\$964,194	\$967,194
State Board of Veterinary Medical Examiners	\$0	\$0	\$0	\$0
Subtotal, Regulatory	\$467,368,835	\$532,156,759	\$476,561,060	\$498,140,559
Retirement and Group Insurance	\$30,297,221	\$31,014,048	\$40,288,904	\$43,275,148
Social Security and Benefit Replacement Pay	\$6,990,848	\$7,045,401	\$9,203,187	\$9,276,847
Subtotal, Employee Benefits	\$37,288,069	\$38,059,449	\$49,492,091	\$52,551,995
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article VIII, Special Provisions	\$0	\$0	\$0	\$0
Total, Article VIII – Regulatory	\$504,656,904	\$570,216,208	\$526,053,151	\$550,692,554

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.
- (3) Senate Bill 3070, Eighty-ninth Legislature, Regular Session, 2025, abolished the Texas Lottery Commission and transferred its funding and responsibilities for administration of the state lottery and the licensing and regulation of charitable bingo to the Texas Department of Licensing and Regulation (TDLR). Estimated and Budgeted amounts for the 2024–25 biennium for funding the administration of the state lottery and the regulation of charitable bingo are included within TDLR.

SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE—DEDICATED FUNDS – LEGISLATURE

ARTICLE X – LEGISLATURE	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Senate	\$0	\$0	\$0	\$0
House of Representatives	\$0	\$0	\$0	\$0
Legislative Budget Board	\$0	\$0	\$0	\$0
Texas Legislative Council	\$0	\$0	\$0	\$0
Commission on Uniform State Laws	\$0	\$0	\$0	\$0
Sunset Advisory Commission	\$0	\$0	\$0	\$0
State Auditor's Office	\$0	\$0	\$0	\$0
Legislative Reference Library	\$0	\$0	\$0	\$0
Subtotal, Legislature	\$0	\$0	\$0	\$0
Retirement and Group Insurance	\$0	\$0	\$0	\$0
Social Security and Benefit Replacement Pay	\$0	\$0	\$0	\$0
Subtotal, Employee Benefits	\$0	\$0	\$0	\$0
Total, Article X – Legislature	\$0	\$0	\$0	\$0

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

APPENDIX B – SUMMARY OF STATE BUDGET BY FISCAL YEAR

FEDERAL FUNDS

FIGURE B4

FEDERAL FUNDS – STATEWIDE SUMMARY

FUNCTION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Article I – General Government	\$4,288,601,944	\$1,294,952,869	\$1,780,163,224	\$1,658,769,736
Article II – Health and Human Services	\$29,265,244,552	\$28,911,806,228	\$29,631,269,020	\$30,048,172,605
Article III – Agencies of Education	\$7,531,236,791	\$8,218,614,391	\$8,847,853,558	\$7,524,792,328
<i>Public Education</i>	\$6,484,982,619	\$6,249,633,458	\$6,875,594,519	\$6,833,598,765
<i>Higher Education</i>	\$1,046,254,172	\$1,968,980,933	\$1,972,259,039	\$691,193,563
Article IV – Judiciary	\$3,132,203	\$3,139,991	\$1,967,463	\$1,947,641
Article V – Public Safety and Criminal Justice	\$3,430,195,241	\$2,349,619,768	\$173,042,352	\$154,964,262
Article VI – Natural Resources	\$3,101,124,795	\$2,500,441,565	\$1,906,962,825	\$1,928,581,734
Article VII – Business and Economic Development	\$9,932,417,461	\$9,675,078,010	\$9,407,546,752	\$8,969,100,367
Article VIII – Regulatory	\$2,880,284	\$2,892,370	\$2,976,662	\$3,019,923
Article X – Legislature	\$0	\$0	\$0	\$0
Total, All Functions	\$57,554,833,271	\$52,956,545,192	\$51,751,781,856	\$50,289,348,596

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Commission on the Arts	\$1,372,000	\$1,377,000	\$1,377,000	\$1,377,000
Office of the Attorney General	\$249,786,102	\$261,463,385	\$244,249,181	\$249,890,611
Bond Review Board	\$0	\$0	\$0	\$0
Cancer Prevention and Research Institute of Texas	\$0	\$0	\$0	\$0
Comptroller of Public Accounts	\$0	\$0	\$0	\$0
Fiscal Programs – Comptroller of Public Accounts	\$48,831,225	\$551,368,899	\$1,059,397,986	\$934,397,986
Dementia Prevention and Research Institute of Texas	\$0	\$0	\$0	\$0
Commission on State Emergency Communications	\$14,209,091	\$550,000	\$554,620	\$192,357
Texas Emergency Services Retirement System	\$0	\$0	\$0	\$0
Employees Retirement System of Texas	\$0	\$0	\$0	\$0
Texas Ethics Commission	\$0	\$0	\$0	\$0
Texas Facilities Commission	\$40,000,000	\$0	\$0	\$0
Texas Public Finance Authority	\$0	\$0	\$0	\$0
Office of the Governor	\$0	\$0	\$0	\$0
Trusted Programs within the Office of the Governor	\$3,822,610,375	\$397,153,675	\$395,686,406	\$391,732,984
Texas Historical Commission	\$4,234,467	\$1,454,444	\$1,459,274	\$1,459,274
Department of Information Resources	\$280,423	\$0	\$0	\$0
Texas State Library and Archives Commission	\$12,415,086	\$19,148,846	\$12,128,302	\$11,885,101
Pension Review Board	\$0	\$0	\$0	\$0
State Preservation Board	\$15,487,442	\$0	\$0	\$0
State Office of Risk Management	\$0	\$0	\$0	\$0
Secretary of State	\$25,980,330	\$0	\$0	\$0
Texas Veterans Commission	\$12,520,138	\$13,831,859	\$13,831,859	\$13,831,859
Subtotal, General Government	\$4,247,726,679	\$1,246,348,108	\$1,728,684,628	\$1,604,767,172
Retirement and Group Insurance	\$31,724,140	\$37,831,234	\$40,291,560	\$42,884,327
Social Security and Benefit Replacement Pay	\$9,151,125	\$10,773,527	\$11,187,036	\$11,118,237
Subtotal, Employee Benefits	\$40,875,265	\$48,604,761	\$51,478,596	\$54,002,564
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Total, Article I – General Government	\$4,288,601,944	\$1,294,952,869	\$1,780,163,224	\$1,658,769,736

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Department of Family and Protective Services	\$926,750,445	\$819,048,804	\$781,358,396	\$791,330,628
Department of State Health Services	\$990,888,584	\$963,136,503	\$518,057,116	\$412,985,517
Health and Human Services Commission	\$26,930,104,260	\$26,690,099,418	\$27,877,061,285	\$28,365,802,022
Subtotal, Health and Human Services	\$28,847,743,289	\$28,472,284,725	\$29,176,476,797	\$29,570,118,167
Retirement and Group Insurance	\$322,898,494	\$340,928,065	\$356,788,827	\$380,389,663
Social Security and Benefit Replacement Pay	\$92,241,615	\$96,232,284	\$95,642,242	\$95,303,621
Subtotal, Employee Benefits	\$415,140,109	\$437,160,349	\$452,431,069	\$475,693,284
Bond Debt Service Payments	\$2,361,154	\$2,361,154	\$2,361,154	\$2,361,154
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$2,361,154	\$2,361,154	\$2,361,154	\$2,361,154
Article II, Special Provisions	\$0	\$0	\$0	\$0
Total, Article II – Health and Human Services	\$29,265,244,552	\$28,911,806,228	\$29,631,269,020	\$30,048,172,605

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Public Education				
Texas Education Agency	\$6,467,378,626	\$6,231,551,280	\$6,856,470,073	\$6,813,676,194
Education Programs – Comptroller of Public Accounts	\$0	\$0	\$0	\$0
Texas Permanent School Fund Corporation	\$0	\$0	\$0	\$0
Texas School for the Blind and Visually Impaired	\$2,327,837	\$2,150,000	\$2,286,000	\$2,286,000
Texas School for the Deaf	\$1,238,211	\$1,713,027	\$1,018,003	\$1,018,003
Special Provisions for the School for the Blind and Visually Impaired	\$0	\$0	\$0	\$0
Subtotal, Public Education	\$6,470,944,674	\$6,235,414,307	\$6,859,774,076	\$6,816,980,197
Public Higher Education				
Two-Year Institutions				
Public Community/Junior Colleges	\$0	\$0	\$0	\$0
Lamar State Colleges				
Lamar Institute of Technology	\$0	\$0	\$0	\$0
Lamar State College – Orange	\$0	\$0	\$0	\$0
Lamar State College – Port Arthur	\$0	\$0	\$0	\$0
Subtotal, Lamar State Colleges	\$0	\$0	\$0	\$0
Texas State Technical Colleges				
Texas State Technical College System Administration	\$0	\$0	\$0	\$0
Texas State Technical College – Harlingen	\$0	\$0	\$0	\$0
Texas State Technical College – West Texas	\$0	\$0	\$0	\$0
Texas State Technical College – Marshall	\$0	\$0	\$0	\$0
Texas State Technical College – Waco	\$0	\$0	\$0	\$0
Texas State Technical College – Fort Bend	\$0	\$0	\$0	\$0
Texas State Technical College – North Texas	\$0	\$0	\$0	\$0
Texas State Technical College – East Williamson County	\$0	\$0	\$0	\$0
Subtotal, Texas State Technical Colleges	\$0	\$0	\$0	\$0
Subtotal, Two-year Institutions	\$0	\$0	\$0	\$0
General Academic Institutions				
University of Texas System Administration	\$0	\$0	\$0	\$0
University of Texas at Arlington	\$0	\$0	\$0	\$0
University of Texas at Austin	\$0	\$0	\$0	\$0
University of Texas at Dallas	\$0	\$0	\$0	\$0
University of Texas at El Paso	\$0	\$0	\$0	\$0
University of Texas Rio Grande Valley	\$0	\$0	\$0	\$0
University of Texas Permian Basin	\$0	\$0	\$0	\$0
University of Texas at San Antonio	\$0	\$0	\$0	\$0
University of Texas at Tyler	\$0	\$0	\$0	\$0
Stephen F. Austin State University	\$0	\$0	\$0	\$0
Texas A&M University System Administrative and General Offices	\$0	\$0	\$0	\$0
Texas A&M University	\$0	\$0	\$0	\$0
Texas A&M University at Galveston	\$0	\$0	\$0	\$0
Prairie View A&M University	\$0	\$0	\$0	\$0
Tarleton State University	\$0	\$0	\$0	\$0
Texas A&M University – Central Texas	\$0	\$0	\$0	\$0

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
General Academic Institutions (continued)				
Texas A&M University – Corpus Christi	\$0	\$0	\$0	\$0
Texas A&M University – Kingsville	\$0	\$0	\$0	\$0
Texas A&M University – San Antonio	\$0	\$0	\$0	\$0
Texas A&M International University	\$0	\$0	\$0	\$0
East Texas A&M University	\$0	\$0	\$0	\$0
West Texas A&M University	\$0	\$0	\$0	\$0
Texas A&M University – Texarkana	\$0	\$0	\$0	\$0
Texas A&M University – Victoria	\$0	\$0	\$0	\$0
University of Houston System Administration	\$0	\$0	\$0	\$0
University of Houston	\$50,000,000	\$0	\$0	\$0
University of Houston – Clear Lake	\$0	\$0	\$0	\$0
University of Houston – Downtown	\$0	\$0	\$0	\$0
University of North Texas System Administration	\$0	\$0	\$0	\$0
University of North Texas	\$0	\$0	\$0	\$0
University of North Texas at Dallas	\$0	\$0	\$0	\$0
Texas Southern University	\$0	\$0	\$0	\$0
Texas Tech University System Administration	\$0	\$0	\$0	\$0
Texas Tech University	\$11,033,089	\$0	\$0	\$0
Angelo State University	\$0	\$0	\$0	\$0
Midwestern State University	\$0	\$0	\$0	\$0
Texas Woman's University System	\$0	\$0	\$0	\$0
Texas Woman's University	\$0	\$0	\$0	\$0
Texas State University System	\$0	\$0	\$0	\$0
Lamar University	\$0	\$0	\$0	\$0
Sam Houston State University	\$0	\$0	\$0	\$0
Texas State University	\$0	\$0	\$0	\$0
Sul Ross State University	\$0	\$0	\$0	\$0
Sul Ross State University Rio Grande College	\$0	\$0	\$0	\$0
Subtotal, General Academic Institutions	\$61,033,089	\$0	\$0	\$0
Health-related Institutions				
University of Texas Southwestern Medical Center	\$0	\$0	\$0	\$0
University of Texas Medical Branch at Galveston	\$0	\$0	\$0	\$0
University of Texas Health Science Center at Houston	\$8,489,658	\$27,229,135	\$0	\$0
University of Texas Health Science Center at San Antonio	\$0	\$0	\$0	\$0
University of Texas Rio Grande Valley School of Medicine	\$0	\$0	\$0	\$0
University of Texas M.D. Anderson Cancer Center	\$0	\$0	\$0	\$0
University of Texas Health Science Center at Tyler	\$0	\$0	\$0	\$0
University of Texas at Austin Dell Medical School	\$0	\$0	\$0	\$0
Texas A&M University System Health Science Center	\$0	\$0	\$0	\$0
University of North Texas Health Science Center at Fort Worth	\$0	\$0	\$0	\$0
Texas Tech University Health Sciences Center	\$0	\$0	\$0	\$0
Texas Tech University Health Sciences Center at El Paso	\$0	\$0	\$0	\$0

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Health-related Institutions (continued)				
University of Houston College of Medicine	\$0	\$0	\$0	\$0
Sam Houston State University College of Osteopathic Medicine	\$0	\$0	\$0	\$0
Subtotal, Health-related Institutions	\$8,489,658	\$27,229,135	\$0	\$0
Texas A&M University Services				
Texas A&M AgriLife Research	\$9,953,462	\$9,953,462	\$9,880,605	\$9,880,605
Texas A&M AgriLife Extension Service	\$14,508,730	\$14,508,730	\$14,508,730	\$14,508,730
Texas A&M Engineering Experiment Station	\$161,781,030	\$165,016,651	\$168,316,985	\$168,316,985
Texas A&M Transportation Institute	\$20,253,141	\$20,759,470	\$21,174,659	\$21,598,152
Texas A&M Engineering Extension Service	\$27,699,047	\$27,578,576	\$27,638,811	\$27,638,812
Texas A&M Forest Service	\$3,674,663	\$4,989,587	\$4,989,587	\$4,989,587
Texas A&M Veterinary Medical Diagnostic Laboratory	\$227,273	\$227,273	\$227,273	\$227,273
Texas Division of Emergency Management	\$683,023,794	\$1,655,608,363	\$1,678,996,977	\$397,383,136
Subtotal, Texas A&M University Services	\$921,121,140	\$1,898,642,112	\$1,925,733,627	\$644,543,280
Other Higher Education				
Texas Higher Education Coordinating Board	\$53,566,573	\$40,962,570	\$44,262,056	\$44,262,056
Higher Education Fund	\$0	\$0	\$0	\$0
Available University Fund	\$0	\$0	\$0	\$0
Available Texas University Fund	\$0	\$0	\$0	\$0
Support for Military and Veterans Exemptions	\$0	\$0	\$0	\$0
Special Provisions Relating Only to Components of Texas State Technical Colleges	\$0	\$0	\$0	\$0
Subtotal, Other Higher Education	\$53,566,573	\$40,962,570	\$44,262,056	\$44,262,056
Subtotal, Public Higher Education	\$1,044,210,460	\$1,966,833,817	\$1,969,995,683	\$688,805,336
Employee Benefits				
Teacher Retirement System	\$0	\$0	\$0	\$0
Optional Retirement Program	\$0	\$0	\$0	\$0
Higher Education Employees Group Insurance Contributions	\$0	\$0	\$0	\$0
Retirement and Group Insurance	\$10,672,148	\$10,833,069	\$12,025,712	\$12,801,663
Social Security and Benefit Replacement Pay	\$5,409,509	\$5,533,198	\$6,058,087	\$6,205,132
Subtotal, Employee Benefits	\$16,081,657	\$16,366,267	\$18,083,799	\$19,006,795
Debt Service				
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article III, Special Provisions	\$0	\$0	\$0	\$0
Total, Article III – Agencies of Education	\$7,531,236,791	\$8,218,614,391	\$8,847,853,558	\$7,524,792,328

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – JUDICIARY

ARTICLE IV – JUDICIARY	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Supreme Court of Texas	\$1,654,245	\$2,108,858	\$1,948,411	\$1,928,411
Court of Criminal Appeals	\$0	\$0	\$0	\$0
First Court of Appeals District, Houston	\$0	\$0	\$0	\$0
Second Court of Appeals District, Fort Worth	\$0	\$0	\$0	\$0
Third Court of Appeals District, Austin	\$0	\$0	\$0	\$0
Fourth Court of Appeals District, San Antonio	\$0	\$0	\$0	\$0
Fifth Court of Appeals District, Dallas	\$0	\$0	\$0	\$0
Sixth Court of Appeals District, Texarkana	\$0	\$0	\$0	\$0
Seventh Court of Appeals District, Amarillo	\$0	\$0	\$0	\$0
Eighth Court of Appeals District, El Paso	\$0	\$0	\$0	\$0
Ninth Court of Appeals District, Beaumont	\$0	\$0	\$0	\$0
Tenth Court of Appeals District, Waco	\$0	\$0	\$0	\$0
Eleventh Court of Appeals District, Eastland	\$0	\$0	\$0	\$0
Twelfth Court of Appeals District, Tyler	\$0	\$0	\$0	\$0
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	\$0	\$0	\$0	\$0
Fourteenth Court of Appeals District, Houston	\$0	\$0	\$0	\$0
Fifteenth Court of Appeals District, Austin	\$0	\$0	\$0	\$0
Office of Court Administration, Texas Judicial Council	\$1,394,877	\$954,777	\$0	\$0
Office of Capital and Forensic Writs	\$6,730	\$0	\$0	\$0
Office of the State Prosecuting Attorney	\$0	\$0	\$0	\$0
State Law Library	\$0	\$0	\$0	\$0
State Commission on Judicial Conduct	\$0	\$0	\$0	\$0
Judiciary Section, Comptroller's Department	\$0	\$0	\$0	\$0
Subtotal, Judiciary	\$3,055,852	\$3,063,635	\$1,948,411	\$1,928,411
Retirement and Group Insurance	\$44,805	\$44,793	\$0	\$0
Social Security and Benefit Replacement Pay	\$31,546	\$31,563	\$19,052	\$19,230
Subtotal, Employee Benefits	\$76,351	\$76,356	\$19,052	\$19,230
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article IV, Special Provisions	\$0	\$0	\$0	\$0
Total, Article IV – Judiciary	\$3,132,203	\$3,139,991	\$1,967,463	\$1,947,641

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Alcoholic Beverage Commission	\$915,968	\$400,000	\$400,000	\$400,000
Texas Department of Criminal Justice	\$2,784,475,781	\$1,866,854,620	\$9,284,222	\$9,251,640
Texas Commission on Fire Protection	\$0	\$0	\$0	\$0
Texas Commission on Jail Standards	\$0	\$0	\$0	\$0
Texas Juvenile Justice Department	\$13,096,735	\$7,838,159	\$7,838,159	\$7,838,159
Texas Commission on Law Enforcement	\$0	\$0	\$0	\$0
Texas Military Department	\$79,185,025	\$71,156,121	\$71,986,763	\$71,059,119
Department of Public Safety	\$57,345,982	\$38,848,288	\$56,775,681	\$33,672,742
Subtotal, Public Safety/Criminal Justice	\$2,935,019,491	\$1,985,097,188	\$146,284,825	\$122,221,660
Retirement and Group Insurance	\$349,688,798	\$292,306,105	\$21,907,327	\$26,558,688
Social Security and Benefit Replacement Pay	\$145,486,952	\$72,216,475	\$4,850,200	\$6,183,914
Subtotal, Employee Benefits	\$495,175,750	\$364,522,580	\$26,757,527	\$32,742,602
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article V, Special Provisions	\$0	\$0	\$0	\$0
Total, Article V – Public Safety and Criminal Justice	\$3,430,195,241	\$2,349,619,768	\$173,042,352	\$154,964,262

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Department of Agriculture	\$871,257,113	\$798,757,253	\$813,534,248	\$818,208,670
Texas Animal Health Commission	\$2,468,272	\$2,796,998	\$1,766,722	\$1,766,722
Texas Commission on Environmental Quality	\$51,511,088	\$60,909,320	\$94,587,817	\$86,896,862
General Land Office and Veterans Land Board	\$1,691,818,145	\$1,345,502,864	\$748,332,191	\$770,362,307
Texas Low-level Radioactive Waste Disposal Compact Commission	\$0	\$0	\$0	\$0
Texas Parks and Wildlife Department	\$295,029,938	\$64,488,438	\$64,488,438	\$64,488,438
Railroad Commission of Texas	\$38,010,467	\$104,928,280	\$54,314,292	\$54,314,292
Texas State Soil and Water Conservation Board	\$29,292,229	\$35,449,227	\$36,644,312	\$36,644,312
Texas Water Development Board	\$86,397,216	\$48,564,308	\$50,986,568	\$50,986,568
Subtotal, Natural Resources	\$3,065,784,468	\$2,461,396,688	\$1,864,654,588	\$1,883,668,171
Retirement and Group Insurance	\$27,789,081	\$30,756,492	\$33,718,211	\$36,280,328
Social Security and Benefit Replacement Pay	\$7,551,246	\$8,288,385	\$8,590,026	\$8,633,235
Subtotal, Employee Benefits	\$35,340,327	\$39,044,877	\$42,308,237	\$44,913,563
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Total, Article VI – Natural Resources	\$3,101,124,795	\$2,500,441,565	\$1,906,962,825	\$1,928,581,734

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Department of Housing and Community Affairs	\$731,187,849	\$463,595,175	\$441,976,613	\$379,338,925
Texas Department of Motor Vehicles	\$1,109,139	\$743,750	\$0	\$0
Texas Department of Transportation	\$6,255,147,155	\$6,619,029,141	\$6,272,486,262	\$5,798,882,182
Texas Workforce Commission	\$2,842,413,560	\$2,487,261,902	\$2,581,506,266	\$2,671,521,859
Reimbursements to the Unemployment Compensation Benefit Account	\$0	\$0	\$0	\$0
Subtotal, Business/Economic Development	\$9,829,857,703	\$9,570,629,968	\$9,295,969,141	\$8,849,742,966
Retirement and Group Insurance	\$84,760,268	\$86,508,883	\$93,492,647	\$101,121,343
Social Security and Benefit Replacement Pay	\$17,799,490	\$17,939,159	\$18,084,964	\$18,236,058
Subtotal, Employee Benefits	\$102,559,758	\$104,448,042	\$111,577,611	\$119,357,401
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Total, Article VII – Business and Economic Development	\$9,932,417,461	\$9,675,078,010	\$9,407,546,752	\$8,969,100,367

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
State Office of Administrative Hearings	\$0	\$0	\$0	\$0
Texas Behavioral Health Executive Council	\$0	\$0	\$0	\$0
Texas Board of Chiropractic Examiners	\$0	\$0	\$0	\$0
Texas State Board of Dental Examiners	\$0	\$0	\$0	\$0
Texas Funeral Service Commission	\$0	\$0	\$0	\$0
Texas Board of Professional Geoscientists	\$0	\$0	\$0	\$0
Health Professions Council	\$0	\$0	\$0	\$0
Office of Injured Employee Counsel	\$0	\$0	\$0	\$0
Texas Department of Insurance	\$2,311,430	\$2,311,430	\$2,356,328	\$2,356,328
Office of Public Insurance Counsel	\$0	\$0	\$0	\$0
Texas Department of Licensing and Regulation	\$0	\$0	\$0	\$0
Texas Medical Board	\$0	\$0	\$0	\$0
Texas Board of Nursing	\$0	\$0	\$0	\$0
Texas Optometry Board	\$0	\$0	\$0	\$0
Texas State Board of Pharmacy	\$0	\$0	\$0	\$0
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$0	\$0	\$0	\$0
Texas State Board of Plumbing Examiners	\$0	\$0	\$0	\$0
Texas Racing Commission	\$0	\$0	\$0	\$0
Texas State Securities Board	\$0	\$0	\$0	\$0
Public Utility Commission of Texas	\$0	\$0	\$0	\$0
Office of Public Utility Counsel	\$0	\$0	\$0	\$0
State Board of Veterinary Medical Examiners	\$0	\$0	\$0	\$0
Subtotal, Regulatory	\$2,311,430	\$2,311,430	\$2,356,328	\$2,356,328
Retirement and Group Insurance	\$414,065	\$424,892	\$462,981	\$504,899
Social Security and Benefit Replacement Pay	\$154,789	\$156,048	\$157,353	\$158,696
Subtotal, Employee Benefits	\$568,854	\$580,940	\$620,334	\$663,595
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article VIII, Special Provisions	\$0	\$0	\$0	\$0
Total, Article VIII – Regulatory	\$2,880,284	\$2,892,370	\$2,976,662	\$3,019,923

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – LEGISLATURE

ARTICLE X – LEGISLATURE	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Senate	\$0	\$0	\$0	\$0
House of Representatives	\$0	\$0	\$0	\$0
Legislative Budget Board	\$0	\$0	\$0	\$0
Texas Legislative Council	\$0	\$0	\$0	\$0
Commission on Uniform State Laws	\$0	\$0	\$0	\$0
Sunset Advisory Commission	\$0	\$0	\$0	\$0
State Auditor's Office	\$0	\$0	\$0	\$0
Legislative Reference Library	\$0	\$0	\$0	\$0
Subtotal, Legislature	\$0	\$0	\$0	\$0
Retirement and Group Insurance	\$0	\$0	\$0	\$0
Social Security and Benefit Replacement Pay	\$0	\$0	\$0	\$0
Subtotal, Employee Benefits	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Total, Article X – Legislature	\$0	\$0	\$0	\$0

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

APPENDIX B – SUMMARY OF STATE BUDGET BY FISCAL YEAR

OTHER FUNDS

FIGURE B5
OTHER FUNDS – STATEWIDE SUMMARY

FUNCTION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Article I – General Government	\$1,529,896,787	\$1,061,912,313	\$1,068,717,041	\$1,075,844,813
Article II – Health and Human Services	\$839,948,143	\$699,092,011	\$719,792,327	\$720,149,587
Article III – Agencies of Education	\$16,640,587,473	\$16,362,687,468	\$19,189,843,994	\$19,796,028,519
<i>Public Education</i>	\$14,170,816,855	\$14,098,130,139	\$16,887,359,153	\$17,405,983,065
<i>Higher Education</i>	\$2,469,770,618	\$2,264,557,329	\$2,302,484,841	\$2,390,045,454
Article IV – Judiciary	\$116,337,041	\$94,865,511	\$97,742,023	\$97,769,531
Article V – Public Safety and Criminal Justice	\$109,293,837	\$78,022,747	\$82,198,360	\$82,009,135
Article VI – Natural Resources	\$585,371,859	\$1,183,313,987	\$664,525,341	\$428,270,658
Article VII – Business and Economic Development	\$15,398,192,379	\$12,670,242,905	\$15,504,545,065	\$13,597,489,790
Article VIII – Regulatory	\$38,769,753	\$5,015,948,464	\$5,024,956,048	\$25,004,133
Article X – Legislature	\$27,458	\$26,425	\$101,425	\$101,425
Total, All Functions	\$35,258,424,730	\$37,166,111,831	\$42,352,421,624	\$35,822,667,591

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.
- (3) Article totals exclude Interagency Contracts.

SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Commission on the Arts	\$366,650	\$302,000	\$252,000	\$252,000
Office of the Attorney General	\$92,459,448	\$99,876,162	\$90,458,214	\$89,708,214
Bond Review Board	\$0	\$0	\$0	\$0
Cancer Prevention and Research Institute of Texas	\$297,931,960	\$296,932,968	\$300,051,000	\$300,051,000
Comptroller of Public Accounts	\$1,990,890	\$1,957,890	\$1,957,890	\$1,957,890
Fiscal Programs – Comptroller of Public Accounts	\$475,272,417	\$343,500,000	\$240,700,000	\$240,700,000
Dementia Prevention and Research Institute of Texas	\$0	\$0	\$300,000,000	\$300,000,000
Commission on State Emergency Communications	\$0	\$0	\$0	\$0
Texas Emergency Services Retirement System	\$0	\$0	\$0	\$0
Employees Retirement System of Texas	\$52,020,000	\$156,060,000	\$0	\$0
Texas Ethics Commission	\$103	\$0	\$0	\$0
Texas Facilities Commission	\$1,495,113,033	\$30,387,819	\$28,621,919	\$28,824,713
Texas Public Finance Authority	\$967,152	\$947,220	\$1,107,337	\$1,198,828
Office of the Governor	\$8,000	\$8,000	\$120,500	\$120,500
Trusted Programs within the Office of the Governor	\$1,479,683	\$919,000	\$792,000	\$797,000
Texas Historical Commission	\$10,632,261	\$1,002,037	\$1,154,507	\$1,154,507
Department of Information Resources	\$771,049,619	\$729,225,865	\$758,453,268	\$778,619,577
Texas State Library and Archives Commission	\$15,763,614	\$8,289,982	\$6,369,329	\$6,686,001
Pension Review Board	\$0	\$0	\$0	\$0
State Preservation Board	\$23,784	\$36,161,362	\$23,784	\$24,135
State Office of Risk Management	\$52,457,018	\$55,696,210	\$58,232,873	\$58,232,872
Secretary of State	\$7,912,525	\$6,456,431	\$8,245,622	\$8,231,884
Texas Veterans Commission	\$41,344,988	\$35,003,145	\$32,003,145	\$32,003,145
Subtotal, General Government	\$3,316,793,145	\$1,802,726,091	\$1,828,543,388	\$1,848,562,266
Retirement and Group Insurance	\$1,715,348	\$1,741,370	\$3,784,209	\$3,770,995
Social Security and Benefit Replacement Pay	\$811,966	\$818,483	\$1,683,842	\$1,565,935
Subtotal, Employee Benefits	\$2,527,314	\$2,559,853	\$5,468,051	\$5,336,930
Bond Debt Service Payments	\$118,129	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$118,129	\$0	\$0	\$0
Less Interagency Contracts	\$1,789,541,801	\$743,373,631	\$765,294,398	\$778,054,383
Total, Article I – General Government	\$1,529,896,787	\$1,061,912,313	\$1,068,717,041	\$1,075,844,813

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Department of Family and Protective Services	\$12,142,688	\$12,393,844	\$12,167,774	\$12,435,215
Department of State Health Services	\$128,278,607	\$144,841,427	\$135,060,207	\$135,690,574
Health and Human Services Commission	\$1,060,897,357	\$892,789,531	\$920,026,018	\$917,469,620
Subtotal, Health and Human Services	\$1,201,318,652	\$1,050,024,802	\$1,067,253,999	\$1,065,595,409
Retirement and Group Insurance	\$101,878	\$104,418	\$673,306	\$709,292
Social Security and Benefit Replacement Pay	\$123,071	\$124,155	\$245,756	\$256,232
Subtotal, Employee Benefits	\$224,949	\$228,573	\$919,062	\$965,524
Bond Debt Service Payments	\$634,437	\$623,803	\$623,803	\$623,803
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$634,437	\$623,803	\$623,803	\$623,803
Article II, Special Provisions	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$362,229,895	\$351,785,167	\$349,004,537	\$347,035,149
Total, Article II – Health and Human Services	\$839,948,143	\$699,092,011	\$719,792,327	\$720,149,587

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Public Education				
Texas Education Agency	\$13,822,988,544	\$13,806,759,902	\$16,539,009,846	\$17,081,414,840
Education Programs – Comptroller of Public Accounts	\$0	\$0	\$0	\$0
Texas Permanent School Fund Corporation	\$57,400,906	\$58,208,775	\$58,185,386	\$61,450,355
Texas School for the Blind and Visually Impaired	\$7,851,971	\$5,259,000	\$6,008,000	\$6,008,000
Texas School for the Deaf	\$15,849,564	\$15,358,878	\$13,370,626	\$13,360,119
Special Provisions for the School for the Blind and Visually Impaired	\$0	\$0	\$0	\$0
Subtotal, Public Education	\$13,904,090,985	\$13,885,586,555	\$16,616,573,858	\$17,162,233,314
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	\$0	\$0	\$0	\$0
Lamar State Colleges				
Lamar Institute of Technology	\$0	\$0	\$0	\$0
Lamar State College – Orange	\$105,600	\$0	\$0	\$0
Lamar State College – Port Arthur	\$0	\$0	\$0	\$0
Subtotal, Lamar State Colleges	\$105,600	\$0	\$0	\$0
Texas State Technical Colleges				
Texas State Technical College System Administration	\$0	\$0	\$0	\$0
Texas State Technical College – Harlingen	\$0	\$0	\$0	\$0
Texas State Technical College – West Texas	\$0	\$0	\$0	\$0
Texas State Technical College – Marshall	\$0	\$0	\$0	\$0
Texas State Technical College – Waco	\$0	\$0	\$0	\$0
Texas State Technical College – Fort Bend	\$0	\$0	\$0	\$0
Texas State Technical College – North Texas	\$0	\$0	\$0	\$0
Texas State Technical College – East Williamson County	\$0	\$0	\$0	\$0
Subtotal, Texas State Technical Colleges	\$0	\$0	\$0	\$0
Subtotal, Two-year Institutions	\$105,600	\$0	\$0	\$0
General Academic Institutions				
University of Texas System Administration	\$1,605,526	\$1,530,000	\$1,530,000	\$1,530,000
University of Texas at Arlington	\$5,918	\$4,073	\$4,073	\$4,073
University of Texas at Austin	\$150,000	\$175,000	\$175,000	\$175,000
University of Texas at Dallas	\$0	\$0	\$0	\$0
University of Texas at El Paso	\$1,855,982	\$1,912,632	\$1,912,632	\$1,912,632
University of Texas Rio Grande Valley	\$0	\$0	\$0	\$0
University of Texas Permian Basin	\$0	\$0	\$0	\$0
University of Texas at San Antonio	\$44	\$44	\$44	\$44
University of Texas at Tyler	\$0	\$0	\$0	\$0
Stephen F. Austin State University	\$13,000	\$13,000	\$13,000	\$13,000
Texas A&M University System Administrative and General Offices	\$0	\$0	\$0	\$0
Texas A&M University	\$111,750	\$165,000	\$165,000	\$165,000
Texas A&M University at Galveston	\$20,000	\$20,000	\$20,000	\$20,000
Prairie View A&M University	\$0	\$0	\$0	\$0
Tarleton State University	\$0	\$0	\$0	\$0
Texas A&M University – Central Texas	\$0	\$0	\$0	\$0

FIGURE B5 (CONTINUED)
OTHER FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
General Academic Institutions (continued)				
Texas A&M University – Corpus Christi	\$0	\$0	\$0	\$0
Texas A&M University – Kingsville	\$0	\$0	\$0	\$0
Texas A&M University – San Antonio	\$0	\$0	\$0	\$0
Texas A&M International University	\$0	\$0	\$0	\$0
East Texas A&M University	\$0	\$0	\$0	\$0
West Texas A&M University	\$0	\$0	\$0	\$0
Texas A&M University – Texarkana	\$0	\$0	\$0	\$0
Texas A&M University – Victoria	\$0	\$934	\$899	\$899
University of Houston System Administration	\$0	\$12,862	\$11,238	\$11,238
University of Houston	\$5,177	\$4,637	\$3,349	\$3,349
University of Houston – Clear Lake	\$0	\$4,514	\$2,517	\$2,517
University of Houston – Downtown	\$8,186	\$8,186	\$8,186	\$8,186
University of North Texas System Administration	\$0	\$0	\$0	\$0
University of North Texas	\$10,916	\$10,500	\$10,500	\$10,500
University of North Texas at Dallas	\$0	\$0	\$0	\$0
Texas Southern University	\$0	\$0	\$0	\$0
Texas Tech University System Administration	\$0	\$0	\$0	\$0
Texas Tech University	\$28,956	\$62,411	\$35,000	\$35,000
Angelo State University	\$1,833	\$1,833	\$1,833	\$1,833
Midwestern State University	\$0	\$0	\$0	\$0
Texas Woman's University System	\$0	\$0	\$0	\$0
Texas Woman's University	\$0	\$0	\$0	\$0
Texas State University System	\$0	\$0	\$0	\$0
Lamar University	\$0	\$0	\$0	\$0
Sam Houston State University	\$17,235	\$3,000	\$3,000	\$3,000
Texas State University	\$44,107	\$7,946	\$7,946	\$7,946
Sul Ross State University	\$7,946	\$7,946	\$7,946	\$7,946
Sul Ross State University Rio Grande College	\$0	\$0	\$0	\$0
Subtotal, General Academic Institutions	\$3,886,576	\$3,944,518	\$3,912,163	\$3,912,163
Health-related Institutions				
University of Texas Southwestern Medical Center	\$6,646,280	\$7,474,228	\$7,474,228	\$7,474,228
University of Texas Medical Branch at Galveston	\$4,903,834	\$4,288,814	\$4,528,177	\$4,528,177
University of Texas Health Science Center at Houston	\$4,639,274	\$4,108,771	\$4,108,771	\$4,108,771
University of Texas Health Science Center at San Antonio	\$19,849,330	\$47,496,205	\$17,053,043	\$17,053,043
University of Texas Rio Grande Valley School of Medicine	\$1,540,159	\$1,303,026	\$1,303,026	\$1,303,026
University of Texas M.D. Anderson Cancer Center	\$8,316,397	\$17,261,942	\$10,435,898	\$10,435,898
University of Texas Health Science Center at Tyler	\$2,325,190	\$4,207,761	\$3,341,767	\$3,341,767
University of Texas at Austin Dell Medical School	\$3,597,892	\$1,301,423	\$1,301,423	\$1,301,423
Texas A&M University System Health Science Center	\$3,479,953	\$2,829,748	\$2,783,758	\$2,783,758
University of North Texas Health Science Center at Fort Worth	\$3,232,477	\$8,766,604	\$2,994,613	\$2,994,613
Texas Tech University Health Sciences Center	\$8,780,426	\$13,246,410	\$3,688,907	\$3,688,907
Texas Tech University Health Sciences Center at El Paso	\$3,051,119	\$9,468,351	\$2,752,325	\$2,752,325

FIGURE B5 (CONTINUED)
OTHER FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Health-related Institutions (continued)				
University of Houston College of Medicine	\$2,731,478	\$1,673,390	\$1,100,000	\$1,100,000
Sam Houston State University College of Osteopathic Medicine	\$422,689	\$1,188,917	\$1,188,917	\$1,188,917
Subtotal, Health-related Institutions	\$73,516,498	\$124,615,590	\$64,054,853	\$64,054,853
Texas A&M University Services				
Texas A&M AgriLife Research	\$7,260,301	\$7,260,301	\$7,355,301	\$7,355,301
Texas A&M AgriLife Extension Service	\$14,037,160	\$13,985,412	\$13,985,412	\$13,985,412
Texas A&M Engineering Experiment Station	\$72,446,413	\$96,372,718	\$70,095,250	\$70,095,251
Texas A&M Transportation Institute	\$60,088,867	\$61,519,761	\$63,284,740	\$64,519,955
Texas A&M Engineering Extension Service	\$79,249,432	\$80,458,854	\$76,881,057	\$76,881,057
Texas A&M Forest Service	\$532,834	\$478,868	\$478,868	\$478,868
Texas A&M Veterinary Medical Diagnostic Laboratory	\$16,443,066	\$18,097,279	\$17,761,317	\$17,761,317
Texas Division of Emergency Management	\$376,025,666	\$14,857,590	\$15,357,590	\$15,357,590
Subtotal, Texas A&M University Services	\$626,083,739	\$293,030,783	\$265,199,535	\$266,434,751
Other Higher Education				
Texas Higher Education Coordinating Board	\$93,909,603	\$113,330,482	\$114,429,549	\$122,294,549
Higher Education Fund	\$0	\$0	\$0	\$0
Available University Fund	\$2,049,257,944	\$1,676,840,000	\$1,757,268,321	\$1,849,582,742
Available Texas University Fund	\$0	\$137,000,000	\$183,318,993	\$183,318,993
Support for Military and Veterans Exemptions	\$10,313,280	\$10,767,184	\$10,767,184	\$10,767,184
Special Provisions Relating Only to Components of Texas State Technical Colleges	\$0	\$0	\$0	\$0
Subtotal, Other Higher Education	\$2,153,480,827	\$1,937,937,666	\$2,065,784,047	\$2,165,963,468
Subtotal, Public Higher Education	\$2,857,073,240	\$2,359,528,557	\$2,398,950,598	\$2,500,365,235
Employee Benefits				
Teacher Retirement System	\$298,262,055	\$245,990,239	\$291,612,800	\$256,873,800
Optional Retirement Program	\$0	\$0	\$0	\$0
Higher Education Employees Group Insurance Contributions	\$0	\$0	\$0	\$0
Retirement and Group Insurance	\$12,036,625	\$13,242,331	\$15,574,161	\$17,675,667
Social Security and Benefit Replacement Pay	\$11,137,161	\$11,904,642	\$12,418,055	\$12,809,155
Subtotal, Employee Benefits	\$321,435,841	\$271,137,212	\$319,605,016	\$287,358,622
Debt Service				
Bond Debt Service Payments	\$2,972	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$2,972	\$0	\$0	\$0
Article III, Special Provisions	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$442,015,565	\$153,564,856	\$145,285,478	\$153,928,652
Total, Article III – Agencies of Education	\$16,640,587,473	\$16,362,687,468	\$19,189,843,994	\$19,796,028,519

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – JUDICIARY

ARTICLE IV – JUDICIARY	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Supreme Court of Texas	\$42,002,773	\$21,239,175	\$20,443,987	\$20,443,987
Court of Criminal Appeals	\$367,751	\$367,751	\$367,751	\$367,751
First Court of Appeals District, Houston	\$328,050	\$328,050	\$328,050	\$328,050
Second Court of Appeals District, Fort Worth	\$298,260	\$274,050	\$274,050	\$274,050
Third Court of Appeals District, Austin	\$229,900	\$229,900	\$229,900	\$229,900
Fourth Court of Appeals District, San Antonio	\$266,050	\$266,050	\$266,050	\$266,050
Fifth Court of Appeals District, Dallas	\$490,950	\$490,950	\$490,950	\$490,950
Sixth Court of Appeals District, Texarkana	\$94,450	\$94,450	\$94,450	\$94,450
Seventh Court of Appeals District, Amarillo	\$128,600	\$128,600	\$128,600	\$128,600
Eighth Court of Appeals District, El Paso	\$98,450	\$98,450	\$98,450	\$98,450
Ninth Court of Appeals District, Beaumont	\$130,600	\$130,600	\$130,600	\$130,600
Tenth Court of Appeals District, Waco	\$97,450	\$97,450	\$97,450	\$97,450
Eleventh Court of Appeals District, Eastland	\$96,450	\$96,450	\$96,450	\$96,450
Twelfth Court of Appeals District, Tyler	\$96,450	\$96,450	\$96,450	\$96,450
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	\$229,494	\$229,494	\$229,494	\$229,494
Fourteenth Court of Appeals District, Houston	\$451,893	\$451,893	\$451,893	\$451,893
Fifteenth Court of Appeals District, Austin	\$0	\$0	\$0	\$0
Office of Court Administration, Texas Judicial Council	\$7,368,612	\$7,775,809	\$8,715,496	\$8,791,818
Office of Capital and Forensic Writs	\$0	\$0	\$0	\$0
Office of the State Prosecuting Attorney	\$14,500	\$30,500	\$22,500	\$22,500
State Law Library	\$7,500	\$7,500	\$7,000	\$7,000
State Commission on Judicial Conduct	\$0	\$0	\$0	\$0
Judiciary Section, Comptroller's Department	\$70,241,946	\$70,241,946	\$71,866,917	\$71,866,917
Subtotal, Judiciary	\$123,040,129	\$102,675,518	\$104,436,488	\$104,512,810
Retirement and Group Insurance	\$5,168,019	\$5,139,210	\$6,424,138	\$6,424,138
Social Security and Benefit Replacement Pay	\$0	\$0	\$0	\$0
Subtotal, Employee Benefits	\$5,168,019	\$5,139,210	\$6,424,138	\$6,424,138
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article IV, Special Provisions	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$11,871,107	\$12,949,217	\$13,118,603	\$13,167,417
Total, Article IV – Judiciary	\$116,337,041	\$94,865,511	\$97,742,023	\$97,769,531

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Alcoholic Beverage Commission	\$337,431	\$100,000	\$100,000	\$100,000
Texas Department of Criminal Justice	\$86,802,965	\$86,084,504	\$71,062,396	\$71,062,395
Texas Commission on Fire Protection	\$120,000	\$120,000	\$225,000	\$225,000
Texas Commission on Jail Standards	\$1,425	\$1,425	\$1,425	\$1,425
Texas Juvenile Justice Department	\$11,666,945	\$12,110,094	\$15,777,384	\$15,777,384
Texas Commission on Law Enforcement	\$661,354	\$707,200	\$774,000	\$733,000
Texas Military Department	\$2,176,065	\$9,537,500	\$11,148,500	\$11,148,500
Department of Public Safety	\$128,044,882	\$66,391,231	\$68,581,475	\$68,433,251
Subtotal, Public Safety/Criminal Justice	\$229,811,067	\$175,051,954	\$167,670,180	\$167,480,955
Retirement and Group Insurance	\$0	\$0	\$0	\$0
Social Security and Benefit Replacement Pay	\$0	\$0	\$0	\$0
Subtotal, Employee Benefits	\$0	\$0	\$0	\$0
Bond Debt Service Payments	\$29,810	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$29,810	\$0	\$0	\$0
Article V, Special Provisions	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$120,547,040	\$97,029,207	\$85,471,820	\$85,471,820
Total, Article V – Public Safety and Criminal Justice	\$109,293,837	\$78,022,747	\$82,198,360	\$82,009,135

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Department of Agriculture	\$12,492,833	\$27,021,966	\$110,303,368	\$10,293,367
Texas Animal Health Commission	\$11,707	\$10,670	\$0	\$0
Texas Commission on Environmental Quality	\$16,781,716	\$15,982,442	\$26,084,808	\$16,416,984
General Land Office and Veterans Land Board	\$344,766,940	\$203,706,627	\$443,318,159	\$318,273,761
Texas Low-level Radioactive Waste Disposal Compact Commission	\$0	\$0	\$0	\$0
Texas Parks and Wildlife Department	\$44,949,071	\$5,142,900	\$4,914,858	\$4,914,858
Railroad Commission of Texas	\$1,350,000	\$1,702,000	\$2,162,000	\$2,162,000
Texas State Soil and Water Conservation Board	\$5,500	\$5,500	\$5,500	\$5,500
Texas Water Development Board	\$173,943,320	\$931,976,633	\$78,932,051	\$76,507,632
Subtotal, Natural Resources	\$594,301,087	\$1,185,548,738	\$665,720,744	\$428,574,102
Retirement and Group Insurance	\$9,073,262	\$9,197,634	\$9,838,794	\$10,409,666
Social Security and Benefit Replacement Pay	\$2,892,586	\$2,915,196	\$3,029,156	\$3,053,651
Subtotal, Employee Benefits	\$11,965,848	\$12,112,830	\$12,867,950	\$13,463,317
Bond Debt Service Payments	\$5,576	\$671,667	\$1,065,184	\$1,361,775
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$5,576	\$671,667	\$1,065,184	\$1,361,775
Less Interagency Contracts	\$20,900,652	\$15,019,248	\$15,128,537	\$15,128,536
Total, Article VI – Natural Resources	\$585,371,859	\$1,183,313,987	\$664,525,341	\$428,270,658

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Texas Department of Housing and Community Affairs	\$28,158,945	\$26,405,052	\$30,880,298	\$29,671,927
Texas Department of Motor Vehicles	\$384,442,855	\$175,018,144	\$224,503,184	\$215,672,738
Texas Department of Transportation	\$14,602,751,736	\$12,061,601,637	\$14,802,102,499	\$12,875,608,135
Texas Workforce Commission	\$83,130,829	\$60,847,448	\$91,244,460	\$95,253,164
Reimbursements to the Unemployment Compensation Benefit Account	\$9,993,027	\$14,705,083	\$11,025,632	\$11,045,891
Subtotal, Business/Economic Development	\$15,108,477,392	\$12,338,577,364	\$15,159,756,073	\$13,227,251,855
Retirement and Group Insurance	\$307,632,238	\$327,783,969	\$363,834,479	\$393,105,182
Social Security and Benefit Replacement Pay	\$75,505,050	\$81,172,467	\$85,266,143	\$85,958,889
Subtotal, Employee Benefits	\$383,137,288	\$408,956,436	\$449,100,622	\$479,064,071
Bond Debt Service Payments	\$4,950	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$4,950	\$0	\$0	\$0
Less Interagency Contracts	\$93,427,251	\$77,290,895	\$104,311,630	\$108,826,136
Total, Article VII – Business and Economic Development	\$15,398,192,379	\$12,670,242,905	\$15,504,545,065	\$13,597,489,790

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
State Office of Administrative Hearings	\$4,922,166	\$4,922,166	\$4,557,615	\$4,557,615
Texas Behavioral Health Executive Council	\$1,168,500	\$1,168,500	\$1,176,000	\$1,176,000
Texas Board of Chiropractic Examiners	\$122,500	\$99,500	\$99,500	\$99,500
Texas State Board of Dental Examiners	\$258,500	\$258,500	\$258,500	\$258,500
Texas Funeral Service Commission	\$462,175	\$87,100	\$87,100	\$87,100
Texas Board of Professional Geoscientists	\$0	\$0	\$0	\$0
Health Professions Council	\$1,570,166	\$1,589,812	\$1,920,430	\$1,924,072
Office of Injured Employee Counsel	\$0	\$0	\$0	\$0
Texas Department of Insurance	\$5,701,213	\$12,626,585	\$6,310,537	\$6,310,537
Office of Public Insurance Counsel	\$136,545	\$191,670	\$191,670	\$191,670
Texas Department of Licensing and Regulation	\$8,386,303	\$7,713,336	\$7,857,746	\$7,857,746
Texas Medical Board	\$394,835	\$394,835	\$404,835	\$404,835
Texas Board of Nursing	\$3,999,401	\$3,999,401	\$4,292,464	\$4,292,464
Texas Optometry Board	\$78,281	\$78,281	\$8,000	\$8,000
Texas State Board of Pharmacy	\$307,618	\$214,015	\$214,015	\$214,015
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$119,967	\$119,967	\$125,000	\$125,000
Texas State Board of Plumbing Examiners	\$58,410	\$25,600	\$25,000	\$25,000
Texas Racing Commission	\$2,530,000	\$2,500,000	\$3,261,410	\$3,231,410
Texas State Securities Board	\$0	\$0	\$0	\$0
Public Utility Commission of Texas	\$14,486,016	\$4,986,463,984	\$5,000,475,000	\$475,000
Office of Public Utility Counsel	\$0	\$0	\$0	\$0
State Board of Veterinary Medical Examiners	\$11,432	\$5,527	\$5,527	\$5,527
Subtotal, Regulatory	\$44,714,028	\$5,022,458,779	\$5,031,270,349	\$31,243,991
Retirement and Group Insurance	\$772,718	\$780,522	\$853,315	\$931,400
Social Security and Benefit Replacement Pay	\$0	\$0	\$0	\$0
Subtotal, Employee Benefits	\$772,718	\$780,522	\$853,315	\$931,400
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Article VIII, Special Provisions	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$6,716,993	\$7,290,837	\$7,167,616	\$7,171,258
Total, Article VIII – Regulatory	\$38,769,753	\$5,015,948,464	\$5,024,956,048	\$25,004,133

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – LEGISLATURE

ARTICLE X – LEGISLATURE	EXPENDED 2024	BUDGETED 2025	APPROPRIATED 2026	APPROPRIATED 2027
Senate	\$0	\$0	\$0	\$0
House of Representatives	\$0	\$0	\$0	\$0
Legislative Budget Board	\$0	\$0	\$0	\$0
Texas Legislative Council	\$0	\$0	\$0	\$0
Commission on Uniform State Laws	\$0	\$0	\$0	\$0
Sunset Advisory Commission	\$0	\$0	\$0	\$0
State Auditor's Office	\$4,822,533	\$4,825,000	\$4,775,000	\$4,775,000
Legislative Reference Library	\$2,425	\$2,425	\$2,425	\$2,425
Subtotal, Legislature	\$4,824,958	\$4,827,425	\$4,777,425	\$4,777,425
Retirement and Group Insurance	\$0	\$0	\$0	\$0
Social Security and Benefit Replacement Pay	\$0	\$0	\$0	\$0
Subtotal, Employee Benefits	\$0	\$0	\$0	\$0
Lease Payments	\$0	\$0	\$0	\$0
Subtotal, Debt Service	\$0	\$0	\$0	\$0
Less Interagency Contracts	\$4,797,500	\$4,801,000	\$4,676,000	\$4,676,000
Total, Article X – Legislature	\$27,458	\$26,425	\$101,425	\$101,425

NOTES:

- (1) Budgeted 2025 incorporates appropriation adjustments relating to House Bill 500, Eighty-ninth Legislature, Regular Session, 2025; and technical and/or reconciling adjustments.
- (2) Appropriated 2026 and 2027 amounts incorporate certain appropriation adjustments relating to Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, Conference Committee Report, Article IX; other legislation passed by the Eighty-ninth Legislature that affects appropriations; and technical and/or reconciling adjustments.

SOURCE: Legislative Budget Board.

APPENDIX C – HOUSE COMMITTEE ON APPROPRIATIONS

EIGHTY-NINTH LEGISLATURE, 2026–27 BIENNIUM

GREG BONNEN, CHAIR, Representative District 24, Friendswood

MARY E. GONZÁLEZ, VICE CHAIR, Representative District 75, Clint

Jeff Barry, Representative District 29, Pearland

Nicole Collier, Representative District 95, Fort Worth

Mano DeAyala, Representative District 133, Houston

Caroline Fairly, Representative District 87, Amarillo

Cassandra Garcia Hernandez, Representative District 115, Farmers Branch

Barbara Gervin-Hawkins, Representative District 120, San Antonio

Vikki Goodwin, Representative District 47, Austin

Brian Harrison, Representative District 10, Midlothian

Donna Howard, Representative District 48, Austin

Venton Jones, Representative District 100, Dallas

Stan Kitzman, Representative District 85, Pattison

Janie Lopez, Representative District 37, San Benito

J.M. Lozano, Representative District 43, Kingsville

John Lujan, Representative District 118, San Antonio

Christian Manuel, Representative District 22, Beaumont

Armando Martinez, Representative District 39, Weslaco

Tom Oliverson, Representative District 130, Cypress

Angelia Orr, Representative District 13, Itasca

Toni Rose, Representative District 110, Dallas

Lauren A. Simmons, Representative District 146, Houston

Shelby Slawson, Representative District 59, Stephenville

Carl Tepper, Representative District 84, Lubbock

Denise Villalobos, Representative District 34, Corpus Christi

Armando Walle, Representative District 140, Houston

Gene Wu, Representative District 137, Houston

APPENDIX D – SENATE COMMITTEE ON FINANCE

EIGHTY-NINTH LEGISLATURE 2026–27 BIENNIUM

JOAN HUFFMAN, CHAIR, Senatorial District 17, Houston

JUAN “CHUY” HINOJOSA, VICE CHAIR, Senatorial District 20, McAllen

Carol Alvarado, Senatorial District 6, Houston

Paul Bettencourt, Senatorial District 7, Houston

Donna Campbell, Senatorial District 25, New Braunfels

Brandon Creighton, Senatorial District 4, Conroe

Pete Flores, Senatorial District 24, Pleasanton

Bob Hall, Senatorial District 2, Edgewood

Lois Kolkhorst, Senatorial District 18, Brenham

Robert Nichols, Senatorial District 3, Jacksonville

Angela Paxton, Senatorial District 8, McKinney

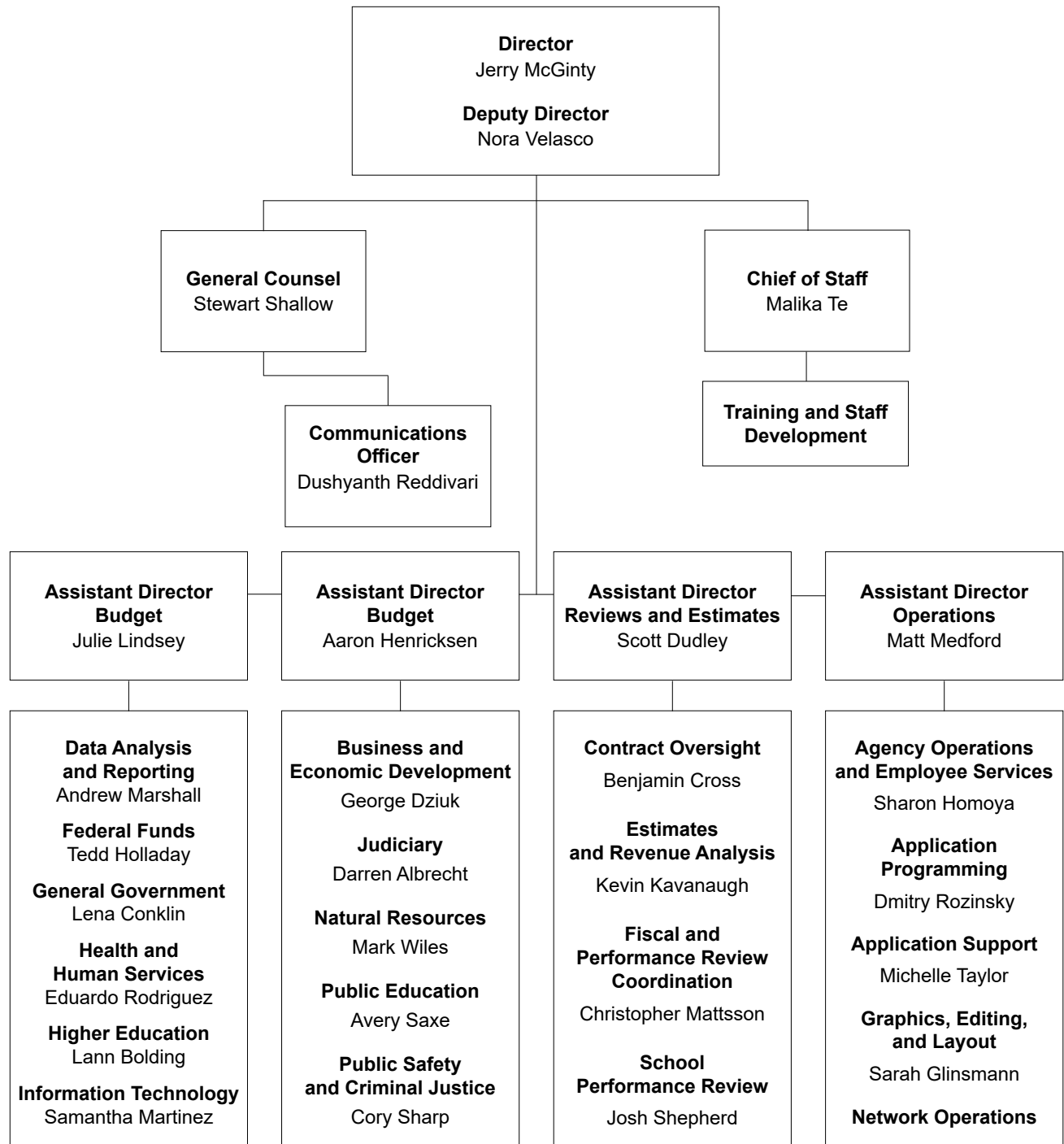
Charles Perry, Senatorial District 28, Lubbock

Charles Schwertner, Senatorial District 5, Georgetown

Royce West, Senatorial District 23, Dallas

Judith Zaffirini, Senatorial District 21, Laredo

APPENDIX E – LEGISLATIVE BUDGET BOARD ORGANIZATION



APPENDIX F – ABBREVIATIONS, INITIALISMS, AND ACRONYMS

AAS—Agricultural Analytical Service	BRP—Benefit Replacement Pay
ACP—Alternative Certification Program	Btu—British thermal units
ADA—average daily attendance	
ADP—average daily population	CAC—Children’s Advocacy Center program
ADR—alternative dispute resolution	CAPPS—Centralized Accounting and Payroll/Personnel System
AI—artificial intelligence	CARES Act—federal Coronavirus Aid, Relief, and Economic Security Act, 2020
AIDS—acquired immunodeficiency syndrome	CASA—Court Appointed Special Advocates program
AIMS—Alcohol Industry Management System	CAT—Community Assistance and Training
ALR—Administrative License Revocation	CBC—Community-based Care
AMFI—Area Median Family Income	CCA—Court of Criminal Appeals
AMV—automated motor vehicle	CCAP—Capital Construction Assistance Projects
APS—Adult Protective Services	CCDBG—federal Child Care and Development Block Grant
ARD—admission, review, and dismissal	CCTS—Capitol Complex Telephone System
ARIS—Archives and Information Services Division at the Texas State Library and Archives Commission	CDBG—federal Community Development Block Grant
ARPA—federal American Rescue Plan Act of 2021	CDL—constitutional debt limit
ARRA— federal American Recovery and Reinvestment Act of 2009	CEAO—certified educational assistance organization
ASAHE—Additional State Aid for Homestead Exemption	CEPRA—Coastal Erosion Planning and Response Act
ASF—Available School Fund	CGR—consolidated General Revenue Funds appropriations
ATUF—Available Texas University Fund	CHIP—federal Children’s Health Insurance Program
AUF—Available University Fund	CHS—Center for Health Statistics at the Department of State Health Services
AWCF—Agricultural Water Conservation Fund	CID—Criminal Investigations Division at the Department of Public Safety
	CIS—Communities in Schools; Completed Impact Statements
BCCS—Breast and Cervical Cancer Services	CJAD—Community Justice Assistance Division at the Texas Department of Criminal Justice
BCLS—Basic Civil Legal Services	CMHC—Correctional Managed Health Care
BCM—Baylor College of Medicine	CMP—Coastal Management Program
BDO—Broadband Development Office	CMS—Centers for Medicare and Medicaid Services, federal agency
BEST—Blindness, Education, Screening, and Treatment Program; Business Entity Secured Transaction	CNG—compressed natural gas
BET—Business Enterprises of Texas	COG—council of government
BGP—Bond Guarantee Program	COPA—Certificate of Public Advantage Program
BOOT—Bringing Online Opportunities to Texas	COVID-19—coronavirus (SARS-CoV-2) disease, which began a pandemic during calendar year 2019
BPP—Board of Pardons and Paroles	
BRB—Bond Review Board	
BRE—Biennial Revenue Estimate, produced by the Comptroller of Public Accounts	

CPA—Comptroller of Public Accounts
CPI—Consumer Price Index
CPRIT—Cancer Prevention and Research Institute of Texas
CPS—Child Protective Services
CPW—Center for Ports and Waterways
CRE—Certification Revenue Estimate,
prepared by the Comptroller of Public Accounts
CSBG—federal Community Services Block Grant
CSCD—community supervision
and corrections department
CSEC—Commission on State Emergency
Communications
CSHCN—Children with Special Health Care Needs
(program)
CTE—career and technology education
CVC—Compensation to Victims of Crime;
Capitol Visitors Center
CWF—Compact Waste Disposal Facility
CWSRF—Clean Water State Revolving Fund
CYD—Community Youth Development

DART—Disaster Assessment and Recovery Teams
at the Texas A&M AgriLife Extension Service
DCS—Data Center Services at the Department
of Information Resources
DDS—Disability Determination Services
DEAAG—Defense Economic Adjustment Assistance Grant
DFPS—Department of Family and Protective Services
DFund I and II—Water Development Fund I and II
DIR—Department of Information Resources
DLD—Driver License Division at the Department
of Public Safety
DMV—Texas Department of Motor Vehicles
DNA—deoxyribonucleic acid
DPRIT—Dementia Prevention and Research Institute
of Texas
DPS—Department of Public Safety
DSHS—Department of State Health Services
DWC—Division of Workers' Compensation
at the Texas Department of Insurance

DWQS—Drinking Water Quality and Standards (program)
DWSRF—Drinking Water State Revolving Fund

EB/EL—emergent bilingual/English learner
ECI—Early Childhood Intervention
EDA—Existing Debt Allotment
EDAP—Economically Distressed Areas Program
EFU—Election Fraud Unit
EMS—emergency medical services
EP – CPA—Education Programs – Comptroller of Public
Accounts
EPA—U.S. Environmental Protection Agency
ERCOT—Electric Reliability Council of Texas
ERS—Employees Retirement System of Texas
ESA—education savings account
ESC—Education Service Center
ESF—Economic Stabilization Fund
ESG—Emergency Solutions Grant program

FAPE—free appropriate public education
FDA—U.S. Food and Drug Administration
FEMA—Federal Emergency Management Agency
FFCS—Feed and Fertilizer Control Service
FFTA—federal Family First Transition Act, 2019
FIF—Flood Infrastructure Fund
FMAP—federal medical assistance percentage
FPL—federal poverty level
FPP—Family Planning Program
FSCR—family supports and community resources
FSP—Foundation School Program
FSS—family support services
FTE—full-time-equivalent (position)
FTSE—full-time student equivalent
FVA—Fund for Veterans' Assistance
FWF—Federal Waste Disposal Facility

GAA—General Appropriations Act
GAB—General Appropriations Bill
GAI—general academic institutions

GBP—group benefits program	ICE—Immigration and Customs Enforcement, federal agency
GCPD—Governor’s Committee on People with Disabilities	ICF/IID—intermediate care facilities for individuals with intellectual disability
GCW—Governor’s Commission for Women	ICT—Intelligence and Counterterrorism division at the Department of Public Safety
GIS—geographic information system	IDD—intellectual and development disability
GLO—General Land Office	IFA—Instructional Facilities Allotment
GME—graduate medical education	IJA—federal Infrastructure Investment and Jobs Act of 2021
GO—General Obligation (bonds)	IMTA—Instructional Materials and Technology Allotment
GPA—grade point average	IMTF—Instructional Materials and Technology Funds
GSP—gross state product	IOLTA—Interest on Lawyers’ Trust Accounts
GURI—Governor’s University Research Initiative	IPTC—In-prison Therapeutic Community (program)
HAF—Homeowner Assistance Fund	IRS—Internal Revenue Service, federal agency
HAVA— federal Help America Vote Act	IT—information technology
HEF—Higher Education Fund	ITP—individual treatment plan
HEGI—Higher Education Employees Group Insurance	IWS—Innovative Water Strategies
HHS—health and human services function or agencies	JAMP—Joint Admission Medical Program
HHSC—Health and Human Services Commission	JBCC—Judicial Branch Certification Commission
HHSP—Homeless Housing and Services Program	JCO—juvenile correctional officer
HIV—human immunodeficiency virus	JET—Jobs and Education for Texans grant program
HLP—Hazlewood Legacy Program	JJAEP—Juvenile Justice Alternative Education Program
HMO—health maintenance organization	JPD—juvenile probation department
HOME—federal HOME Investment Partnerships Program	JRS—Judicial Retirement System, plans I and II
HPC—Health Professions Council	L&H—life and health insurance
HR—human resources	LBB—Legislative Budget Board
HRI—health-related institution	LBE—Legislative Budget Estimates
HSD—Homeland Security Division	LBHA—local behavioral health authority
HTC—Housing Tax Credit	LEA—local education agency
HTF—housing trust fund	LECOS—Law Enforcement and Custodial Officer Supplemental (Retirement Fund)
HTTOC—Human Trafficking and Transnational Organized Crime division at the Office of the Attorney General	LIDDA—local intellectual and developmental disability authority
HTW—Healthy Texas Women program	LIFT—Leadership and Instructional Foundations for Texas
HUD—U.S. Department of Housing and Urban Development	LIHWAP—Low Income Household Water Assistance Program
I&A—instruction and administration	LLC—limited liability company
I&O—instruction and operations	
I&S—interest and sinking	
IAC—Interagency Contract(s)	

LLRWDCC—Texas Low-level Radioactive Waste Disposal Compact Commission
LMHA—local mental health authority
LMI—Labor Market Information program
LNG—liquefied natural gas
LoanSTAR—Loans to Save Taxes and Resources (program)
LPG—liquefied petroleum gas
LRL—Legislative Reference Library
LSTA—federal Library Services and Technology Act
LWDB—Local Workforce Development Boards

M&O—maintenance and operations
MCC—Mortgage Credit Certificate (program)
MFMRB—Multifamily Mortgage Revenue Bonds (program)
MLDP—Managed Lands Deer Program
MLPP—Master Lease Purchase Program
MSA—metropolitan statistical area
MSW—Municipal Solid Waste
MVCPA—Motor Vehicle Crime Prevention Authority

NAAQS—National Ambient Air Quality Standards
NASA—National Aeronautics and Space Administration
NFIP—National Flood Insurance Program
NPL—federal National Priorities List for hazardous waste
NRUF—National Research University Fund
NSOC—Network Security Operations Center
NWSTF—New Water Supply for Texas Fund
NYMEX—New York Mercantile Exchange

OAG—Office of the Attorney General
OBPH—Office of Border Public Health at the Department of State Health Services
OCA—Office of Court Administration, Texas Judicial Council
OCFW—Office of Capital and Forensic Writs
OER—open education resource
OIEC—Office of Injured Employee Counsel
OIG—Office of Inspector General

OIO—Office of the Independent Ombudsman
OLS—Operation Lone Star
OOG—Office of the Governor
OPIC—Office of Public Insurance Counsel
OPUC—Office of Public Utility Counsel
ORP—Optional Retirement Program
OSFR—Office of State–Federal Relations
OSPA—Office of the State Prosecuting Attorney
OTSC—Office of the Texas State Chemist at Texas A&M AgriLife Research

P&C—property and casualty insurance
PAAF—Port Access Account Fund
PAB—private activity bond; federal Private Activity Bond Allocation Program
PAL—preparation for adult living purchased services provided by Child Protective Services
PCA—permanency care assistance payments
PEI—Prevention and Early Intervention
PEIMS—Public Education Information Management System
PHE—public health emergency
PIU—Public Integrity Unit at the Texas Ranger Division
PMP—Prescription Monitoring Program
PRB—Pension Review Board
PSAP—public safety answering point, Commission on State Emergency Communications
PSCJ—public safety and criminal justice
PSF—Permanent School Fund
PSFLA—Permanent School Fund Liquid Account
PSO—Public Safety Office
PSP—Private Security Program at the Department of Public Safety
PSSSV—Performance Standards for Safety at Storage Vessels
PST—petroleum storage tank program at the Texas Commission on Environmental Quality
PSTAR—Petroleum Storage Tank Administration and Regulatory program
P-TECH—Pathways in Technology and Early College High Schools

PTRF—Property Tax Relief Fund	SFAP—Special Federal Appropriations Projects
PUC—Public Utility Commission	SFMRB—single-family mortgage revenue bonds
PUF—Permanent University Fund	SFP—state flood plan
PVS—Property Value Study, produced by the Comptroller of Public Accounts	SFR—Strategic Fiscal Review
	SGST—Sporting Goods Sales Tax
QAT—Quality Assurance Team	SHF—State Highway Fund
	SIF—Subsequent Injury Fund, administered by the Division of Workers' Compensation at the Texas Department of Insurance
RAC—Regional Advisory Councils	SIP—State Implementation Plan, produced by the Texas Commission on Environmental Quality
RAMI Hub—Rio Grande Valley Advanced Manufacturing Innovation Hub	SIS—small institution supplement
RCRA—federal Resource Conservation and Recovery Act	SLB—School Land Board
RDA—Regional Diversion Alternatives program	SMVE—Support for Military and Veterans Exemptions
RESFA—Real Estate Special Fund Account	SNAP—Supplemental Nutrition Assistance Program
RESTORE Act—Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012	SOAH—State Office of Administrative Hearings
RPC—regional planning commission	SORM—State Office of Risk Management
R-PEP—Rural Pathway Excellence Partnership	SOS—Secretary of State
RRC—Railroad Commission of Texas	SOSDirect—Secretary of State Online Access
RUCBA—Reimbursements to the Unemployment Compensation Benefit Account	SPB—State Preservation Board
RWAF—Rural Water Assistance Fund	SPP—State Participation Program
	SPU—Special Prosecution Unit at the Judiciary Section, Comptroller's Department
SAC—Sunset Advisory Commission	SRC—State Records Center
SAFPF—substance abuse felony punishment facility	SSCC—single-source continuum contractor
SAO—State Auditor's Office	SSLC—State Supported Living Centers
SBEC—State Board for Educator Certification	STAAR—State of Texas Assessments of Academic Readiness
SBOE—State Board of Education	STAIRS—State of Texas Automated Information and Reporting System
SBVME—State Board of Veterinary Medical Examiners	STAR+PLUS—Texas Medicaid managed-care program for adults who have disabilities or are age 65 or older
SCIRF—Ship Channel Improvement Revolving Fund	STARR—State of Texas Accounting and Reporting Resource
SCJC—State Commission on Judicial Conduct	STD—sexually transmitted disease
SCOR—System of Contract Operation and Reporting	STEM—science, technology, engineering, and mathematics
SCOT—Supreme Court of Texas	STS—Shared Technology Services
SCP—State Compression Percentage	SUBG—Substance Use Prevention, Treatment, and Recovery Services
SDU—State Disbursement Unit of the Child Support Division at the Office of the Attorney General	SWCD—soil and water conservation district
SECO—State Energy Conservation Office at Fiscal Programs within the Office of the Comptroller of Public Accounts	SWI—Statewide Intake Services
SFA—school food authority	

SWIFT—State Water Implementation Fund for Texas
 SWIRFT—State Water Implementation Revenue Fund
 for Texas
 SWP—State Water Plan

TAAS—Texas Assessment of Academic Skills
 TABC—Texas Alcoholic Beverage Commission
 TAFA—Texas Agricultural Finance Authority
 TAHC—Texas Animal Health Commission
 TAIS—Texas Apiary Inspection Service at Texas A&M
 AgriLife Research
 TAJF—Texas Access to Justice Foundation
 TAKS—Texas Assessment of Knowledge and Skills
 TAMU—Texas A&M University
 TANF—Temporary Assistance for Needy Families
 TB—tuberculosis
 TBP—Talking Book Program
 TCA—Texas Commission on the Arts
 TCAP—Tax Credit Assistance Program
 TCCO—Texas Civil Commitment Office
 TCEQ—Texas Commission on Environmental Quality
 TCFP—Texas Commission on Fire Protection
 TCI—Texas Correctional Industries
 TCID—Texas Center for Infectious Disease
 TCIP—Texas Cooperative Inspection Program
 TCJS—Texas Commission on Jail Standards
 TCLAS—Texas COVID-19 Learning Acceleration
 Supports program
 TCMHCC—Texas Child Mental Health Care Consortium
 TCOLE—Texas Commission on Law Enforcement
 TCOOMMI—Texas Correctional Office on Offenders
 with Medical or Mental Impairments
 TDA—Texas Department of Agriculture
 TDCJ—Texas Department of Criminal Justice
 TDEM—Texas Division of Emergency Management
 TDHCA—Texas Department of Housing
 and Community Affairs
 TDI—Texas Department of Insurance
 TDLR—Texas Department of Licensing and Regulation

TEA—Texas Education Agency
 TEAM—Texas Election Administration Management voter
 registration system
 TEC—Texas Ethics Commission
 TEES—Texas A&M Engineering Experiment Station
 TEEX—Texas A&M Engineering Extension Service
 TEF—Texas Enterprise Fund
 TEOG—Texas Educational Opportunity Grant
 TERP—Texas Emissions Reduction Plan
 TESRS—Texas Emergency Services Retirement System
 TEX-AN—Texas Agency Network
 TEXAS Grant Program—Towards EXcellence, Access,
 and Success Grant Program
 TFA—Teach for America
 TFC—Texas Facilities Commission
 TFS—Texas A&M Forest Service
 TFSC—Texas Forensic Science Commission
 THC—Texas Historical Commission
 THECB—Texas Higher Education Coordinating Board
 THPD—Texas Highway Patrol Division at the Department
 of Public Safety
 TIDC—Texas Indigent Defense Commission
 TIERS—Texas Integrated Eligibility Redesign System
 TIRF—Texas Infrastructure Resiliency Fund
 TJJD—Texas Juvenile Justice Department
 TLC—Texas Lottery Commission
 TMD—Texas Military Department
 TMDL—total maximum daily load, water measurement
 TMF—Texas Mobility Fund
 TMO—Texas Music Office
 TMPC—Texas Military Preparedness Commission
 TPFA—Texas Public Finance Authority
 TPI—Texas Pharmaceutical Institute
 TPSFC—Texas Permanent School Fund Corporation
 TPWD—Texas Parks and Wildlife Department
 TRD—Texas Ranger Division at the Department
 of Public Safety
 TREE Fund—Tax Reduction and Excellence
 in Education Fund

TREO—Texas Regulatory Efficiency Office
 TRS—Teacher Retirement System of Texas
 TSBVI—Texas School for the Blind and Visually Impaired
 TSD—Texas School for the Deaf
 TSIC—Texas Semiconductor Innovation Consortium
 TSLAC—Texas State Library and Archives Commission
 TSSWCB—Texas State Soil and Water Conservation Board
 TSTC—Texas State Technical College
 TTC—Texas Transportation Commission
 TTI—Texas A&M Transportation Institute
 TTSTC—Texas Treasury Safekeeping Trust Company
 TTUHSC—Texas Tech University Health Sciences Center
 TUF—Texas University Fund
 TVC—Texas Veterans Commission
 TVMDL—Texas A&M Veterinary Medical Diagnostic Laboratory
 TWC—Texas Workforce Commission
 TWDB—Texas Water Development Board
 TWF—Texas Water Fund
 TWFAF—Texas Water Fund Alternative Fund
 TWPP—Texas Wildfire Protection Plan
 TxDOT—Texas Department of Transportation
 TxEF—Texas Energy Fund
 TXNG—Texas National Guard
 TXSG—Texas State Guard
 TX–TF1, TX–TF2, and TX–TF3—Texas Task Force 1, 2, and 3

UCC—Uniform Commercial Code
 UCIP—Unsolved Crimes Investigation Program
 UIC—Underground Injection Control program
 USACE—U.S. Army Corps of Engineers
 USAS—Uniform Statewide Accounting System
 USDA—U.S. Department of Agriculture
 USDW—underground sources of drinking water
 UT—University of Texas
 UTHSC—University of Texas Health Science Center

UTIMCO—University of Texas/Texas A&M University Investment Management Company
 UTMB—University of Texas Medical Branch

VA—U.S. Department of Veterans Affairs
 VEIMP—Vehicle Emissions Inspection and Maintenance Program
 VEP—Veteran Entrepreneur Program
 VIP—Vehicle Inspection Program at the Department of Public Safety
 VLB—Veterans Land Board
 VR—vocational rehabilitation
 VSU—Vital Statistics Unit at the Department of State Health Services

WCS—Waste Control Specialists, LLC
 WIC—Special Supplemental Nutrition Program for Women, Infants, and Children
 WIF—Water Infrastructure Fund
 WIOA—federal Workforce Innovation and Opportunity Act
 WSD—Windham School District

APPENDIX G – READER’S GUIDE TO THE GENERAL APPROPRIATIONS ACT

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

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

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

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

B Methods of Finance (MOF) describe different fund types in an agency’s appropriations. The four MOF categories are General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds. Each of these four categories contains subcategories.

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

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

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

F The left footer shows the version of the appropriations bill. This example shows the Fiscal Size-up version.

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

A OFFICE OF THE ATTORNEY GENERAL		
	For the Years Ending August 31, 2026	August 31, 2027
B	Method of Financing:	
	<u>General Revenue Fund</u>	
	General Revenue Fund ¹	\$ 212,515,860 \$ 211,105,391
	Child Support Retained Collection Account	97,342,086 97,342,087
	Attorney General Debt Collection Receipts	8,300,000 8,300,000
	Subtotal, General Revenue Fund	\$ 318,157,946 \$ 316,747,478
	<u>General Revenue Fund - Dedicated</u>	
	Texas Department of Insurance Operating Fund Account No. 036	\$ 3,912,324 \$ 3,912,324
	Compensation to Victims of Crime Account No. 469 ²	59,528,946 60,047,587
	Compensation to Victims of Crime Auxiliary Account No. 494	180,432 180,432
C	AG Law Enforcement Account No. 5006	53,890 53,890
	Sexual Assault Program Account No. 5010	16,766,968 15,766,966
	Subtotal, General Revenue Fund - Dedicated	\$ 80,442,560 \$ 79,961,199
	Federal Funds	\$ 244,249,181 \$ 249,890,611
	<u>Other Funds</u>	
	Interagency Contracts - Criminal Justice Grants	\$ 1,818,633 \$ 1,818,633
	Appropriated Receipts	46,021,102 45,271,102
	Interagency Contracts	42,587,479 42,587,479
	License Plate Trust Fund Account No. 0802, estimated	31,000 31,000
	Subtotal, Other Funds	\$ 90,458,214 \$ 89,708,214
D	Total, Method of Financing	\$ 733,307,901 \$ 736,307,502
	This bill pattern represents an estimated 100% of this agency's estimated total available funds for the biennium.	
	Number of Full-Time-Equivalents (FTE):	4,270.0 4,270.0
	Schedule of Exempt Positions:	
	Attorney General, Group 6	\$153,750 \$153,750
	Items of Appropriation:	
	A. Goal: PROVIDE LEGAL SERVICES	
	Provide General Legal Services to the State and Authorized Entities.	
	A.1.1. Strategy: LEGAL SERVICES	\$ 162,601,271 \$ 160,816,093
	Provide Legal Counsel/Litigation/Alternative Dispute Resolution Svcs.	
E	B. Goal: ENFORCE CHILD SUPPORT LAW	
	Enforce State/Federal Child Support Laws.	
	B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT	\$ 385,709,543 \$ 392,552,416
	Establish Paternity/Obligations, Enforce Orders and Distribute Monies.	
	B.1.2. Strategy: STATE DISBURSEMENT UNIT	13,358,667 13,358,667
	Total, Goal B: ENFORCE CHILD SUPPORT LAW	\$ 399,068,210 \$ 405,911,083
	C. Goal: CRIME VICTIMS' SERVICES	
	Review/Process Applications for Compensation to Crime Victims.	
	C.1.1. Strategy: CRIME VICTIMS' COMPENSATION²	\$ 93,548,861 \$ 95,272,636
	Review Claims, Determine Eligibility/State Liability, Pay Correctly.	
F	C.1.2. Strategy: VICTIMS ASSISTANCE	50,969,867 47,187,997
	Provide Grants & Contracts for Victims Svcs/Sexual Asstl Victims.	
	C.1.3. Strategy: LANDOWNER COMPENSATION³	1,000,000 1,000,000
	Total, Goal C: CRIME VICTIMS' SERVICES	\$ 145,518,728 \$ 143,460,633
	Fiscal Size-up	
	A302-FSize-up-1-A	
	I-3	
	September 19, 2025	

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

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

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

K Performance Measure Targets instruct agencies on specific desired results within their strategies. Targets include four types of measures: outcome; output; efficiency; and explanatory/input.

The Performance Measure Targets section is also the beginning of the Rider Section of an agency bill pattern. Riders inform agencies on their use of items of appropriations. They may authorize, direct, or limit the use of items of appropriation.

OFFICE OF THE ATTORNEY GENERAL (Continued)			
D. Goal: REFER MEDICAID CRIMES Investigate/Refer for Prosecution Fraud/Misconduct Involving Medicaid.			
D.1.1. Strategy: MEDICAID INVESTIGATION	\$	24,905,067	\$ 24,905,068
Conduct Investigation Supporting Prosecution of Alleged Medicaid Crime.			
E. Goal: ADMINISTRATIVE SUPPORT FOR SORM Provide Administrative Support for the State Office of Risk Management.			
E.1.1. Strategy: ADMINISTRATIVE SUPPORT FOR SORM	\$	1,214,625	\$ 1,214,625
Provide Administrative Support to the State Office of Risk Management.			
Grand Total, OFFICE OF THE ATTORNEY GENERAL	\$	733,307,901	\$ 736,307,502
Object-of-Expense Informational Listing:			
Salaries and Wages	\$	352,607,511	\$ 353,204,154
Other Personnel Costs		8,481,048	8,427,856
Professional Fees and Services		96,731,511	102,676,013
Fuels and Lubricants		567,463	567,463
Consumable Supplies		1,449,361	1,449,361
Utilities		3,120,258	3,120,258
Travel		4,409,820	4,409,820
Rent - Building		22,389,618	22,389,619
Rent - Machine and Other		1,189,975	1,189,975
Other Operating Expense		165,002,621	168,602,520
Grants		65,758,275	62,976,407
Capital Expenditures		11,600,440	7,294,056
Total, Object-of-Expense Informational Listing	\$	733,307,901	\$ 736,307,502
J Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:			
Employee Benefits			
Retirement	\$	28,708,409	\$ 28,934,858
Group Insurance		53,442,566	59,085,588
Social Security		23,671,550	23,859,051
Benefits Replacement		90,083	73,237
Subtotal, Employee Benefits	\$	105,912,608	\$ 111,952,734
J Debt Service			
Lease Payments	\$	607,119	\$ 652,821
Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act	\$	106,519,727	\$ 112,605,555
K 1. Performance Measure Targets.^{2,3} The following is a listing of the key performance target levels for the Office of the Attorney General. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Office of the Attorney General. In order to achieve the objectives and service standards established by this Act, the Office of the Attorney General shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.			
		2026	2027
A. Goal: PROVIDE LEGAL SERVICES			
Outcome (Results/Impact):			
Delinquent State Revenue Collected		50,000,000	50,000,000
A.1.1. Strategy: LEGAL SERVICES			
Output (Volume):			
Legal Hours Billed to Litigation and Legal Counsel		1,165,036	1,169,792
Efficiencies:			
Average Cost Per Legal Hour		139.57	137.47
B. Goal: ENFORCE CHILD SUPPORT LAW			
Outcome (Results/Impact):			
Percent of Title IV-D Cases That Have Court Orders for Child Support		86%	86%
A302-FSize-up-1-A	I-4	September 19, 2025	

L An agency’s second rider is its **Capital Budget**. Capital Budgets do not make additional appropriations, but rather direct the use of items of appropriation made above for specific uses. Capital Budgets direct the agency purchase or lease of vehicles, information resources, real property, or certain road or building construction or repair.

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

OFFICE OF THE ATTORNEY GENERAL (Continued)		
Percent of All Current Child Support Amounts Due That Are Collected	66%	66%
Percent of Title IV-D Cases with Arrears Due in Which Any Amount Is Paid Toward Arrears	63%	63%
Percent of Paternity Establishments for Out of Wedlock Births	96%	96%
B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT Output (Volume):		
Amount of Title IV-D Child Support Collected (in Millions)	4,350	4,350
Efficiencies:		
Ratio of Total Dollars Collected Per Dollar Spent	11.28	11.08
B.1.2. Strategy: STATE DISBURSEMENT UNIT Output (Volume):		
Number of Payment Receipts Processed by the SDU Vendor	20,500,000	20,500,000
C. Goal: CRIME VICTIMS’ SERVICES		
Outcome (Results/Impact):		
Amount of Crime Victims’ Compensation Awarded	81,795,485	83,022,418
C.1.1. Strategy: CRIME VICTIMS’ COMPENSATION		
Efficiencies:		
Average Number of Days to Make an Award for Victim Compensation Claims	90	90
Average Number of Days to Pay Forensic Sexual Assault Exams	7	7
D. Goal: REFER MEDICAID CRIMES		
D.1.1. Strategy: MEDICAID INVESTIGATION		
Output (Volume):		
Number of Investigations Concluded	500	500
2. Capital Budget. Funds appropriated above may be expended for capital budget items listed below. The amounts identified for each item may be adjusted or expended on other capital expenditures, subject to the aggregate dollar restrictions on capital budget expenditures provided in the General Provisions of this Act.		
	2026	2027
a. Construction of Buildings and Facilities		
(1) Lavaca Building Buildout	\$ 3,000,000	\$ 0
b. Repair or Rehabilitation of Buildings and Facilities		
(1) William P. Clements Office Building Improvements	\$ 750,000	\$ 0
c. Acquisition of Information Resource Technologies		
(1) Admin/Legal Laptop Refresh	\$ 0	\$ 3,405,812
(2) Crime Victims Management System - Enhancements and Support	350,000	350,000
Total, Acquisition of Information Resource Technologies	\$ 350,000	\$ 3,755,812
d. Data Center/Shared Technology Services		
(1) Data Center Consolidation	\$ 59,872,765	\$ 66,861,417
(2) Child Support Optimization Project	5,643,358	5,827,571
Total, Data Center/Shared Technology Services	\$ 65,516,123	\$ 72,688,988
e. Legacy Modernization		
(1) Legal Services Optimization System	\$ 7,117,912	\$ 7,061,528
Total, Capital Budget	\$ 76,734,035	\$ 83,506,328
Method of Financing (Capital Budget):		
General Revenue Fund	\$ 32,189,810	\$ 34,722,849
GR Dedicated - Compensation to Victims of Crime Account No. 469	\$ 235,372	\$ 245,403
Federal Funds	\$ 38,184,311	\$ 42,749,076

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

OFFICE OF THE ATTORNEY GENERAL

(Continued)

<u>Other Funds</u>			
Appropriated Receipts	\$	5,921,677	\$ 5,577,489
Interagency Contracts		<u>202,865</u>	<u>211,511</u>
Subtotal, Other Funds	\$	<u>6,124,542</u>	\$ <u>5,789,000</u>
Total, Method of Financing	\$	<u>76,734,035</u>	\$ <u>83,506,328</u>

N

3. Cost Allocation, Reporting Requirement. The Office of the Attorney General is directed to continue an accounting and billing system by which the costs of legal services provided to each agency may be determined. This cost information shall be provided to the Legislative Budget Board and the Governor within 60 calendar days after the close of the fiscal year.

4. Child Support Collections.

- a. The Office of the Attorney General shall deposit Child Support Retained Collections in a special account in the Comptroller's Office. The account shall be called the Child Support Retained Collection Account. Child Support Retained Collections shall include the state share of funds collected by the Office of the Attorney General which were previously paid by the State as Aid to Families with Dependent Children (AFDC) or Temporary Assistance for Needy Families (TANF) or foster care payments, all child support enforcement incentive payments received from the federal government, and all revenues specifically established by statute on a fee or service-provided basis and pertaining to the Child Support Enforcement Program.
- b. Amounts earned as interest on, and allocated by the Comptroller of Public Accounts to, the Child Support Trust Fund No. 994, in excess of \$808,289 in fiscal year 2026 and \$808,289 in fiscal year 2027, shall be transferred monthly by the Comptroller of Public Accounts to such funds from the General Revenue Fund, and all amounts so transferred are appropriated to the Office of the Attorney General for use during the 2026-27 biennium, in addition to the amounts otherwise appropriated herein. Amounts transferred pursuant to this provision shall be shown as a separate, individual entry in the Method of Finance in all standard reports regularly utilizing a method of finance which are submitted to the Governor's Office or the Legislative Budget Board.
- c. The Office of the Attorney General, in cooperation with the Comptroller of Public Accounts, shall develop and maintain such cost centers and/or subaccounts within the Child Support Trust Fund No. 994 and/or the Child Support Retained Collection Account as may be determined necessary or appropriate to separately account for, and allocate the interest earned on, the various sources for receipts deposited to, and types of expenditures made from such funds. The Comptroller of Public Accounts shall separately allocate interest earned by the State to each such cost center and/or subaccount, or to such groupings thereof as may be designated by the Office of the Attorney General for purposes of reporting interest earned to the federal government.
- d. The Comptroller of Public Accounts is directed to transfer and carry forward all the balances of funds in the Child Support Trust Fund No. 994 and the Child Support Retained Collection Account as of August 31, 2025, as such funds are to be available for use in fiscal year 2026. Any balances in the Child Support Trust Fund No. 994 and the Child Support Retained Collection Account on hand as of August 31, 2026, shall be carried forward in such funds as funding sources for the appropriation for fiscal year 2027.
- e. In addition to the amounts otherwise appropriated for Strategy B.1.1, Child Support Enforcement, all funds received from the federal government as reimbursement for the costs and fees paid to counties, district or county clerks, sheriffs or constables pursuant to the provisions of the Texas Family Code, Chapter 231, are appropriated to the Office of the Attorney General for use during the 2026-27 biennium.

5. Reporting Requirement. The Office of the Attorney General is directed to develop and maintain separate accounting information and records on receipts and distribution of funds from the Child Support Trust Fund No. 994 and the Child Support Retained Collection Account. Such information must at a minimum identify all deposits, allocations, and expenditures by type of revenues. The Comptroller of Public Accounts shall prescribe rules and procedures to assure compliance with this section and all transactions and balances shall be reconciled monthly against the records of the Comptroller. In addition to the requirements for annual financial reports required by the General Provisions of this Act, the Office of the Attorney General shall include a

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○ For the version of the GAA published with *Fiscal Size-Up*, endnotes are added to explain changes from the Conference Committee version of the GAA.

Typically these changes are from appropriations that previously appeared in Article IX, gubernatorial vetoes of appropriation authority, and other legislation affecting appropriations.

OFFICE OF THE ATTORNEY GENERAL
(Continued)

that the Office of the Attorney General (OAG) complete this project, including all upgrades and enhancements to legal case management systems, no later than August 31, 2027. Pursuant to Government Code, Section 2054.003, the project is a major information resources project and subject to review by the Quality Assurance Team in accordance with Article IX, Section 9.02, Quality Assurance Review of Major Information Resources Projects.

Any unexpended balances of these funds remaining as of August 31, 2026, are appropriated to the OAG for the fiscal year beginning September 1, 2026, for the same purpose.

- **41. Forensic Cold Case Investigation Report.⁴** Out of funds appropriated above, the Office of the Attorney General shall issue a report on cold case investigations and resolutions to the Legislature no later than December 1, 2026. The report shall include the total number of unsolved cold cases involving violent crimes by the agency, the number of cold case investigations opened by the agency, the number of cold case investigations solved by the agency, and any other information deemed relevant to improving cold case investigative capabilities.

○ ¹ Incorporates Article IX, Section 18.78, of this Act, due to enactment of Senate Bill 2601, 89th Legislature, Regular Session, relating to a border crime property damage compensation program, resulting in increases of \$1,000,000 out of the General Revenue Fund in each fiscal year of the biennium.

² Incorporates Article IX, Section 18.06, of this Act, due to enactment of House Bill 47, 89th Legislature, Regular Session, relating to sexual assault and other sex offenses, resulting in increases of \$1,468,784 in FY 2026 and \$1,482,899 in FY 2027 out of the General Revenue-Dedicated Compensation to Victims of Crime Account No. 469. Performance measures are updated accordingly.

³ Modified to reflect technical correction. Performance measures updated to reflect funding changes from the introduced version of Senate Bill 1.

⁴ Incorporates Article IX, Section 17.29, of this Act, directing the issuance of a report on cold case investigations.

BOND REVIEW BOARD

	For the Years Ending	
	August 31, 2026	August 31, 2027
Method of Financing:		
General Revenue Fund ¹	\$ 1,456,457	\$ 1,335,456
Total, Method of Financing	<u>\$ 1,456,457</u>	<u>\$ 1,335,456</u>
This bill pattern represents an estimated 100% of this agency's estimated total available funds for the biennium.		
Number of Full-Time-Equivalents (FTE):¹	12.0	12.0
Schedule of Exempt Positions:		
Executive Director, Group 4	\$156,742	\$156,742
Items of Appropriation:		
A. Goal: PROTECT TEXAS BOND RATING		
Issue Texas' Bonds Cost Effectively Using Sound Debt Mgmt. Policies.		
A.1.1. Strategy: REVIEW BOND ISSUES¹	\$ 291,983	\$ 294,883
Review State Debt Issues to Assure Legality and Other Provisions.		
A.1.2. Strategy: STATE BOND DEBT¹	<u>291,983</u>	<u>294,883</u>
Report to the Legislature on Debt Obligation and Policy Alternatives.		
Total, Goal A: PROTECT TEXAS BOND RATING	\$ 583,966	\$ 589,766
B. Goal: LOCAL BOND DEBT		
Ensure That Public Officials Have Current Info on Debt Management.		
B.1.1. Strategy: ANALYZE LOCAL BOND DEBT¹	\$ 636,672	\$ 508,771
Analyze Data on Local Government Finance and Debt Management.		

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