



The 2024-2025 Texas Budget

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The budget is the only bill the Legislature must pass each session. Every two years, the Legislature is tasked with making important decisions on how to allocate our tax dollars to the services and infrastructure that allow Texans of every race, background, and gender to reach their full potential. On June 18, Governor Abbott signed the [2024-25 General Appropriations Act](#) passed in the 88th Regular Legislative Session. This is the state's current budget for the two-year period from Sept. 1, 2023, to Aug. 31, 2025.

Thanks to robust economic growth, sales tax revenue, strong energy prices, and high inflation, the Legislature began the session with \$188.2 billion in general revenue to distribute. That figure included a [record-high positive balance of \\$32.7 billion](#) left over from the last biennium. On top of that, the state's Economic Stabilization Fund (ESF) – the rainy-day fund – held another \$23.5 billion.

Every Texan saw this large carryover balance as a rare opportunity to make long-overdue investments in public education, health care, and other needs. While lawmakers did allocate modest boosts in health care and infrastructure that will benefit all Texans, they also chose to prioritize massive and unsustainable property tax cuts that will very likely threaten the long-term health of our schools and other institutions.

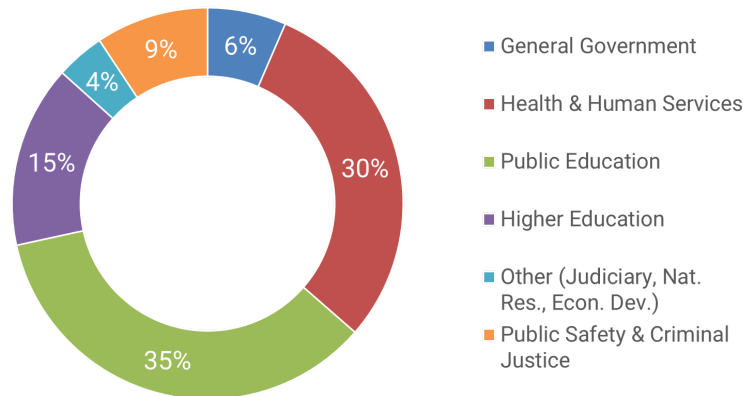
Alongside the 2024-25 budget, the Legislature also passed the [supplemental appropriations bill, SB 30](#), to cover unforeseen expenses in the 2022-23 biennium. This budget analysis includes some items from the supplemental bill as well.

The Big Picture

For the two-year period from Sept. 1, 2023, to Aug. 31, 2025, the thousand-page General Appropriations Act budgets approximately \$321 billion from all funds and \$144 billion from general revenue (GR). Distinct from dedicated, federal, or other smaller funds, GR is the largest fund used for general-purpose spending and represents the money over which the Legislature has the most control.

As usual, the two biggest components of the budget were Education and Health and Human Services (HHSC). Together, GR spending on public (K-12) education and higher education made up about half the total (Figure 1).

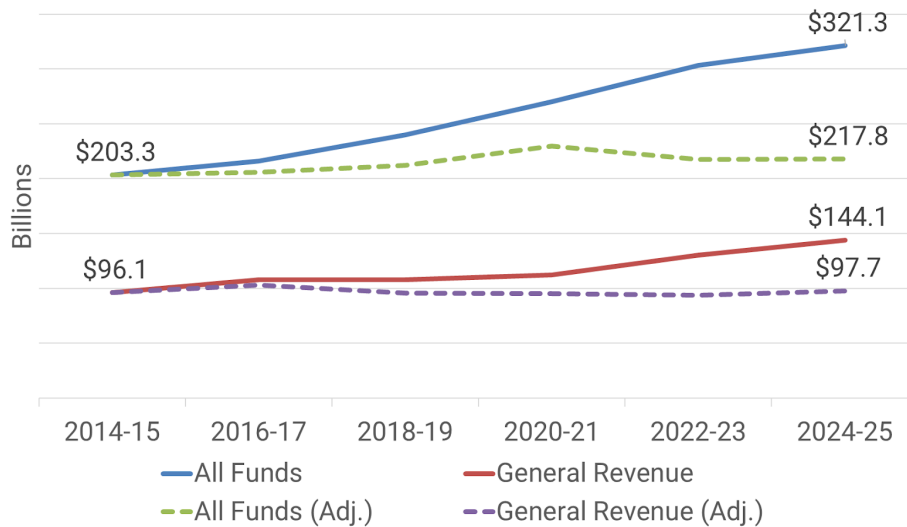
Figure 1. General Revenue by Category, 2024-25 GAA



As a comparison, the last biennium’s budget dedicated about \$130 billion in general revenue and \$303 billion in all funds. While the 2024-25 budget shows about 10% and 6% increases respectively over the last budget, the last two years’ inflation – the highest in 40 years – makes that spending increase appear much larger than it actually was. After adjusting for inflation and the state’s rapidly increasing population, the spending boost from COVID-related federal funds beginning in 2020 flattened considerably (Figure 2).

What this means, yet again, is that **the Legislature has failed to remedy our state’s chronic underinvestment in our people.**

Figure 2. Spending is Flat After Adjusting for Inflation and Population Growth



Every Texan's Priorities

Before the 88th Legislature convened, Every Texan detailed our priorities for this session in our [Policy Roadmap for a Just and Equitable Texas](#), organized into six policy areas: Health Care, Food Justice, Education, Worker Power and Supporting Families, Fair Taxation, and Voting Rights.

When members of the House and Senate met to finalize the budget in May, Every Texan submitted [a letter](#) with specific recommendations relating to our policy roadmap. Ultimately, the Legislature delivered some significant wins as well as some disappointments.

Health Care

Support and staff for Medicaid unwinding. The “[unwinding](#)” – the end of continuous Medicaid coverage during the pandemic and the massive effort to re-verify the eligibility of all recipients – has received a lot of attention for all the wrong reasons. Texas’s unwinding process has been [particularly chaotic](#), resulting in the improper removal of [nearly 900,000 Texans](#) from the Medicaid rolls. Even worse, recent data reveals that over 80% of those wrongly denied coverage are children.

To do the unwinding effectively, HHSC desperately needs sufficient personnel and funding. In 2022, additional full-time employees (FTEs) were hired for that purpose, and many existing staff received raises to increase retention. While the budget preserved those raises, requests for additional staff and other technical and training needs – about \$143.2 million over the biennium – were funded at only \$123.1 million. Further, a rider directs that unwinding-related staff enhancements must be gradually phased out by June 30, 2024. Similarly, the Legislature chose to spend only \$162.9 million (out of a requested \$186.3 million) in GR to support other wage increases implemented in 2022. In other words, HHSC must complete the unwinding process at least \$40 million dollars short of its necessary budget and with less than a year to use the insufficient funds allocated. Not enough money, not enough time.

Boosts for family planning and women’s health programs. Healthy Texas Women (HTW) and the Family Planning Program (FPP) provide access to vital health care and family planning services for uninsured Texans. The Breast and Cervical Cancer Screening (BCCS) program provides life-saving cancer screenings to uninsured women. These programs are especially vital in rural and underserved parts of the state. Our letter to budget conferees requested funding at the higher level specified in the House’s budget.

Ultimately, the Legislature chose to invest about \$447 million in women's health programs, a \$160 million increase. The FPP in particular will benefit greatly from the additional funding. Family planning providers are currently available in 26% of Texas counties, and this investment will fully fund those providers at current caseload levels. Finally, the Legislature strengthened per-child funding and method of finance for Early Childhood Intervention (ECI) and supported the Better Birth Outcomes services detailed in the [HHSC Legislative Appropriations Request \(LAR\)](#).

Alternatives to Abortion. Though providing an abortion remains illegal in Texas, the Legislature doubled biennial funding for the Alternatives to Abortion program to \$140 million.

Medicaid community attendant raises. Community attendants, who help Medicaid recipients with a large variety of medical and other household tasks, are currently paid only \$8.11 per hour. According to a [2022 HHSC survey and report](#), 86% of these 320,000 workers are women, 56% are people of color, and 35% receive some form of government assistance. Every Texan believes these care workers deserve at least \$15 per hour (at a cost of \$2.2 billion as estimated by HHSC). Though neither the House nor Senate went that far, both chambers increased wages for these workers. The final budget struck a middle ground, providing \$2 billion in general revenue to raise hourly wages for community attendants to \$10.60 and provide other support.

Mental health. The pandemic exacerbated the need for better mental health care, and the Legislature stepped up in this area, providing \$11.6 billion in all funds between HB 1 and the supplemental appropriations bill, directed for new hospitals and facilities. That said, the Legislature missed an opportunity to include mental health assistance for students in the boosts to school security funding.

Medicaid expansion and increased payments to providers. Expanding Medicaid could make over [1.4 million](#) more Texans eligible for the program at an estimated cost of only approximately [\\$600 million](#) to the state budget, yet Republican leadership remains opposed. Of those who would be newly eligible for Medicaid, 75% would be people of color, half of them women, 71% below the poverty line, and 13% near-elderly (aged 55 to 64). Democrats in the House made an eleventh-hour push to include Medicaid expansion in the supplemental appropriations bill, but the attempt ultimately failed.

Furthermore, the Legislature ignored the need for increases in Medicaid fees for doctors and other practitioners to cover rising costs and ensure that health care is available for all Medicaid recipients. Those fee payments have remained stagnant for 30 years.

Underfunding Medicaid. It has become the habit of the Legislature to deliberately underfund Medicaid in each biennial budget and make up for it in subsequent years. For instance, this session’s supplemental appropriations bill includes \$2.5 billion in GR and \$4.7 billion in federal funds to address the shortfall in the prior, 2022-23 budget. For 2024-25, the GAA budgets about \$80.8 billion in all funds for Medicaid, yet realistically funding Medicaid to cover inflation and growth in cost per Medicaid enrollee over that two-year period would have required an additional \$2.2 billion in general revenue and \$5.8 billion in all funds. As before, the Legislature must make up the difference in funding in 2025’s supplemental appropriations bill.

Education

Public education. Since the pandemic, schools and teachers have greater student needs and high rates of teacher and staff turnover without any increased funding to address them. According to [Raise Your Hand Texas](#), our state ranks near the bottom among all states in per-pupil K-12 funding, with our per-pupil spending at about \$4,000 less than the national average. Furthermore, the per-student “basic allotment” (the foundation of the complex school funding formulas) has not been increased since 2019, when it was set at \$6,160. Advocates pushed for what should be a bipartisan goal – using the huge positive balance to give public schools a much-needed boost.

While the budget did set aside \$5.3 billion in new dollars for public education, that funding depended on the passage of bill(s) specifying how to direct it. The budget itself merely specifies a broad breakdown: \$500 million for instructional materials; \$300 million for school safety; \$4 billion for formula funding increases and teacher pay; \$500 million for “school choice,” and \$50 million for virtual education.

As the regular session began to wrap up in late May, the best hope for more public education funding was HB 100, which included a basic allotment increase, future adjustments for inflation, and other provisions. Unfortunately, the Governor and Senate Republicans poisoned HB 100 by adding education savings accounts, or vouchers. Because they insisted on pushing that damaging policy, Every Texan and our allies could no longer support the bill. We are very disappointed that funding for our teachers and students was held hostage for a policy that has harmed public schools and students across the country. And the fight isn’t over, as the Governor has called a third special session to keep pushing this voucher scheme. The distribution of the \$5.3 million specified in the budget will be important to keep in mind as that session continues.

School security. The budget and supplemental together allocate about \$1.4 billion for school safety measures. The Legislature also placed new mandates on schools to hire additional law enforcement or security personnel, though some experts remain skeptical that the funding provided will fully pay for the implementation of those new requirements.

Higher education funding and student grants. The budget provides welcome increases for higher education – about a \$1.1 billion boost for those institutions. In all, the budget provides approximately \$4.8 billion to general higher education, Lamar State, and Texas State Technical Colleges, \$2.9 billion to health education institutions, and \$2.2 billion to community colleges. Further, the budget supports another \$4 billion of investment in higher education through the Texas University Fund (HB 1595) and other programs. Lastly, the Legislature increased its support for higher education grant programs to students to about \$1.5 billion, with the majority of that going to the TEXAS Grants program. Unfortunately, even with the extra funding, that program cannot cover even half of eligible students.

Included in the funding described above is about \$650 million to implement a number of funding reforms to community colleges – many positive – brought about by the passage of [HB 8](#). Yet in spite of these increases and an ongoing tuition freeze, students will [continue to pay more](#) in tuition and fees than the state contributes to our colleges and universities.

Taxes

Property tax cuts. From the beginning of the session, leadership prioritized cutting property taxes with support on both sides of the aisle and across the state. After [two special sessions](#), the Legislature agreed on the exact mechanism and total cost. The final package has several components: a reduction in school property tax rates, an across-the-board homestead exemption of \$100,000, a temporary 20% appraisal cap on all residential and commercial property, and an expanded exemption of the franchise tax on small businesses.

Initially, the budget set aside \$12.3 billion for property tax cuts. The final version, as passed and signed in July, raised that cost to \$13.3 billion. Along with another \$5.3 billion resulting from the continuation of the tax cuts passed in 2019, that comes to a two-year price tag of \$18.6 billion to subsidize property tax cuts.

Along with [organizations](#) across the country, Every Texan has repeatedly criticized the irresponsible use of temporary revenue for permanent tax cuts. Under these circumstances, these one-time funds are better suited to preserving revenue and making deeper investments in public programs.

The property tax debate is closely linked with the fight over public education since school district [property taxes](#) supply the largest funding source in the complex school finance formulas.

Out of a selection of bad options, a flat-dollar homestead exemption increase, such as the one passed, is the most [equitable way](#) to cut property taxes since it provides the same benefit to all homeowners regardless of income. Unfortunately, these property tax cuts provide no benefit to the approximately 37% of Texas households that rent. To take effect, the property tax cuts must be approved by Texas voters in November through a constitutional amendment.

Worker Power

State worker pay raise. One of Every Texan's top priorities for this session was a pay raise for state workers. Faced with high inflation, flat salaries, and the high cost of living in Austin, state agencies have seen worrying turnover and vacancies in recent years, with vital social services and criminal justice agencies hit especially hard. The Legislature delivered help with relatively little controversy. The budget appropriates about \$1.8 billion in all funds (\$1.3 billion in GR) for 5% pay raises (\$3,000 minimum increase) for all state workers in fiscal year 2024 and another 5% in 2025. Moreover, the supplemental provided enough funding to begin those pay increases almost immediately, in July 2023. Employees of state higher education institutions, however, were left out of these increases. And while a 10% pay raise, over two years, is certainly appreciated, it's still below the nearly 18% inflation we all have experienced since the beginning of the pandemic.

Finally, though the budget and supplemental together provided around \$2 billion in extra funding to make the Employee Retirement System (ERS) pension fund actuarially sound, ERS retirees have not received a cost-of-living adjustment for over 20 years. A 10% cost of living adjustment (COLA) for those 118,000 retirees and beneficiaries would cost an estimated, additional \$4.2 billion.

Teacher Retirement System (TRS) supplemental payment, COLA, and health insurance cap. Although teachers did not receive salary increases in the regular session, retired

teachers had better luck. For TRS retirees and beneficiaries, the budget provides \$1.6 billion for a thirteenth check (one-time benefit enhancement) and \$3.4 billion for COLAs of 2, 4, or 6% depending on their retirement date. As laid out in SB 10, the COLA provisions require a constitutional amendment to be approved by voters in November in order to go into effect. Retired teachers will also benefit from an extra \$589 million that will keep health insurance premium increases below 10% each year.

Other Items

Border security. The final budget provides approximately \$5.1 billion for border security programs, including \$1.6 billion to the office of the governor with little specificity. [A great deal of evidence](#) suggests the “crisis” at the border is being considerably exaggerated for political reasons, so the actual need for this largesse is questionable. Every Texan has consistently opposed the Governor’s fund because of its minimal accountability. Earlier versions of the budget included around \$1 billion for this fund, so, in spite of obvious underfunding elsewhere, lawmakers were apparently able to find another half-billion dollars for it.

Infrastructure. Outside of Every Texan’s typical policy areas of interest, the Legislature did make some sizable investments in our state’s infrastructure that are worth noting. First, the budget invests about \$5 billion to support the construction of more natural gas-fired power plants to supplement the power grid when needed. As energy analysts have pointed out, however, the Legislature did little to address reliability issues of gas-fired power plants in extreme weather conditions or to implement demand-side measures to encourage greater efficiency or less power usage. Furthermore, negotiations failed in an attempt to help some utilities recoup debt incurred during the 2021 winter storm.

Meanwhile, broadband access is an important equity issue that began to receive much more attention during the pandemic as education and health care largely moved online. The Broadband Development Office, established by the 87th Legislature, is working to assess the state’s broadband access and availability and manage the substantial federal and state funding available to build out internet access for the seven million Texans who lack broadband, particularly in rural parts of the state. The budget boosts broadband infrastructure investment by about \$1.5 billion, contingent on the passage of a constitutional amendment in November.

Finally, water infrastructure spending saw a boost of about \$1.6 billion between the budget and supplemental.

What's Next

It remains to be seen what will come of the investments that the Legislature made – or didn't make – in the people of Texas. In future analyses, we'll dig more in data and outcomes, and explore questions such as:

- How much money was left unappropriated?
- The rainy day fund is expected to hit its statutory cap in 2025. How did it get to be so big? Why are we not using more of it? How does it compare with other states?
- What happened to all the COVID funding, and what's left?

Sources

[General Appropriations Act for 2024-25 \(88\(R\)\)](#)

[HB1 - Highlights of the Appropriations for the 2024-25 Biennium \(May 2023\)](#) (Legislative Budget Board)

[Supplemental Appropriations Bill \(SB 30\)](#)