



# THE TEXAS STATE BUDGET

**Shannon Halbrook**  
**Director, Invest in Texas**  
**February 20, 2025**



**EVERY TEXAN**





**WHY DOES  
THE BUDGET  
MATTER?**

**BUDGETS  
SHOW US  
OUR  
PRIORITIES  
AND  
VALUES.**



**AT EVERY TEXAN, WE VALUE...**

**An abundant Texas where our state's budget priorities benefit all Texans equitably and where all voices are heard.**





# ABOUT THE STATE BUDGET

# TEXAS STATE BUDGET 101

- It is a **moral document** that reflects the Legislature's priorities.
- It may (or may not) reflect the priorities of the **people of Texas**.
- It directs how money is to be spent on the strategic goals and programs of all **200+ state agencies and IHEs**.
- It's a **lot** of money.

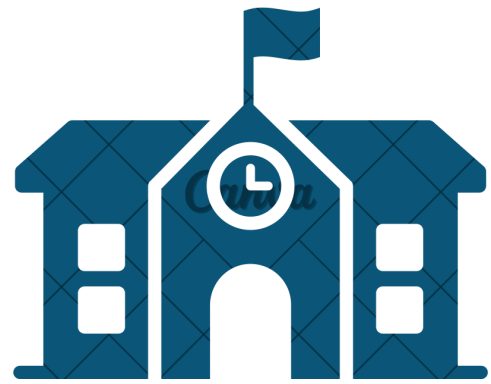


# TEXAS STATE BUDGET 102

- It's a **two-year budget**, written every legislative session.
- The budget must be **balanced**.
- There are **five limits** on the budget.
- The budget **clarifies policy**, but also **reflects policy** set in other legislation.
- If it **costs money**, it's in the budget.\*



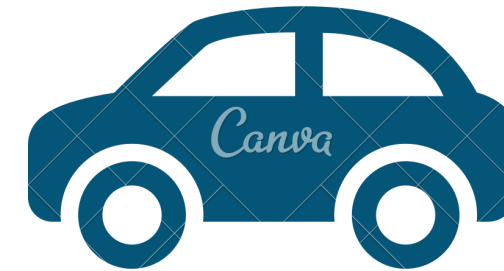
# WHAT DOES THE BUDGET FUND?



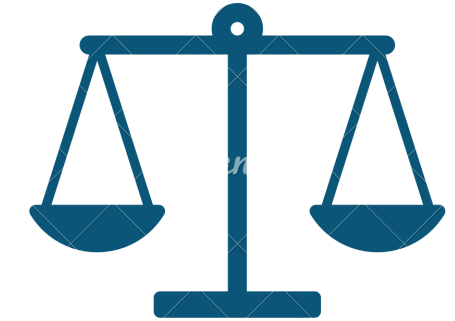
**Education**



**Health Care**



**Transportation**



**Justice System**



**Infrastructure**



**Public Safety**



**Retirees**

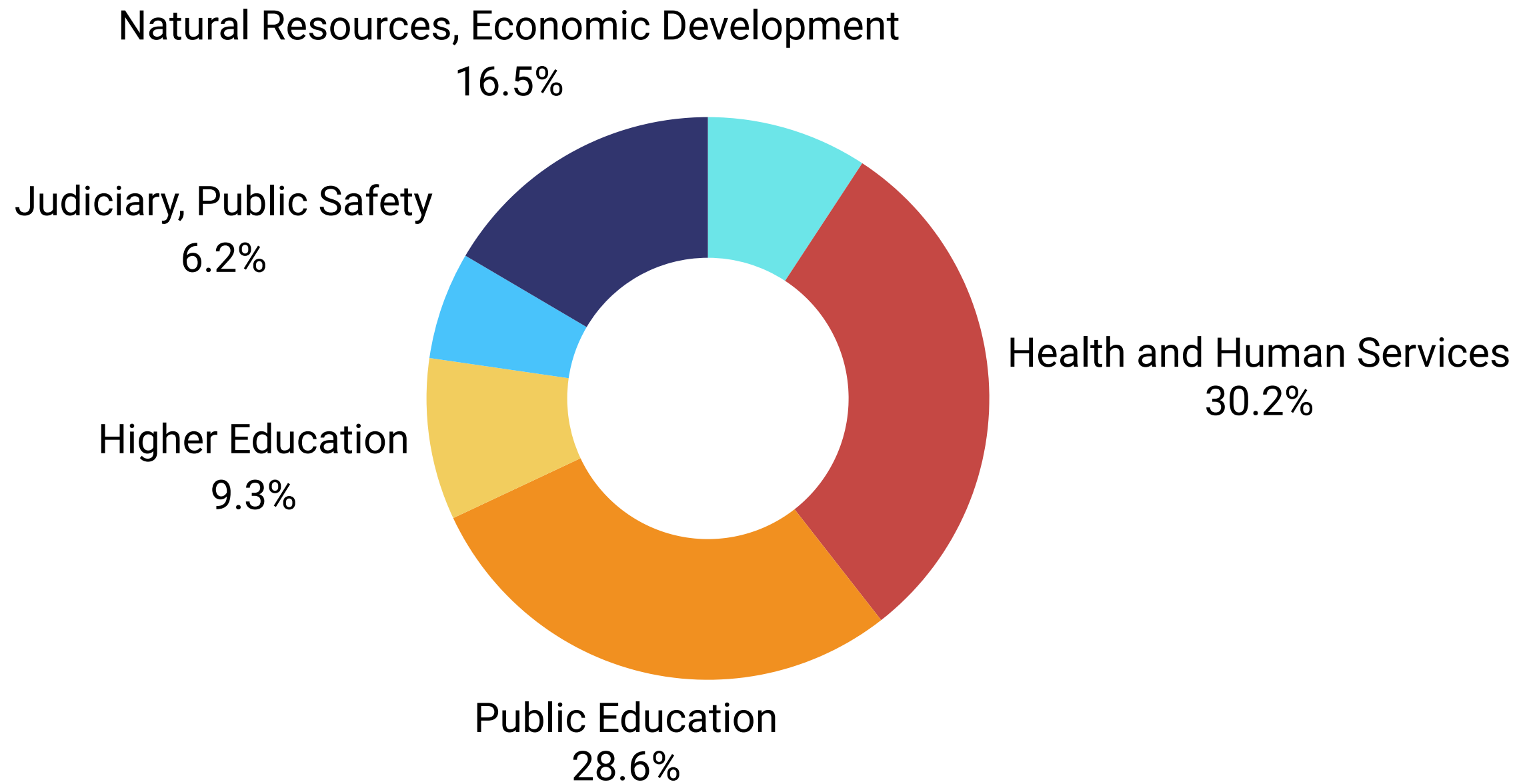


**Local Governments**



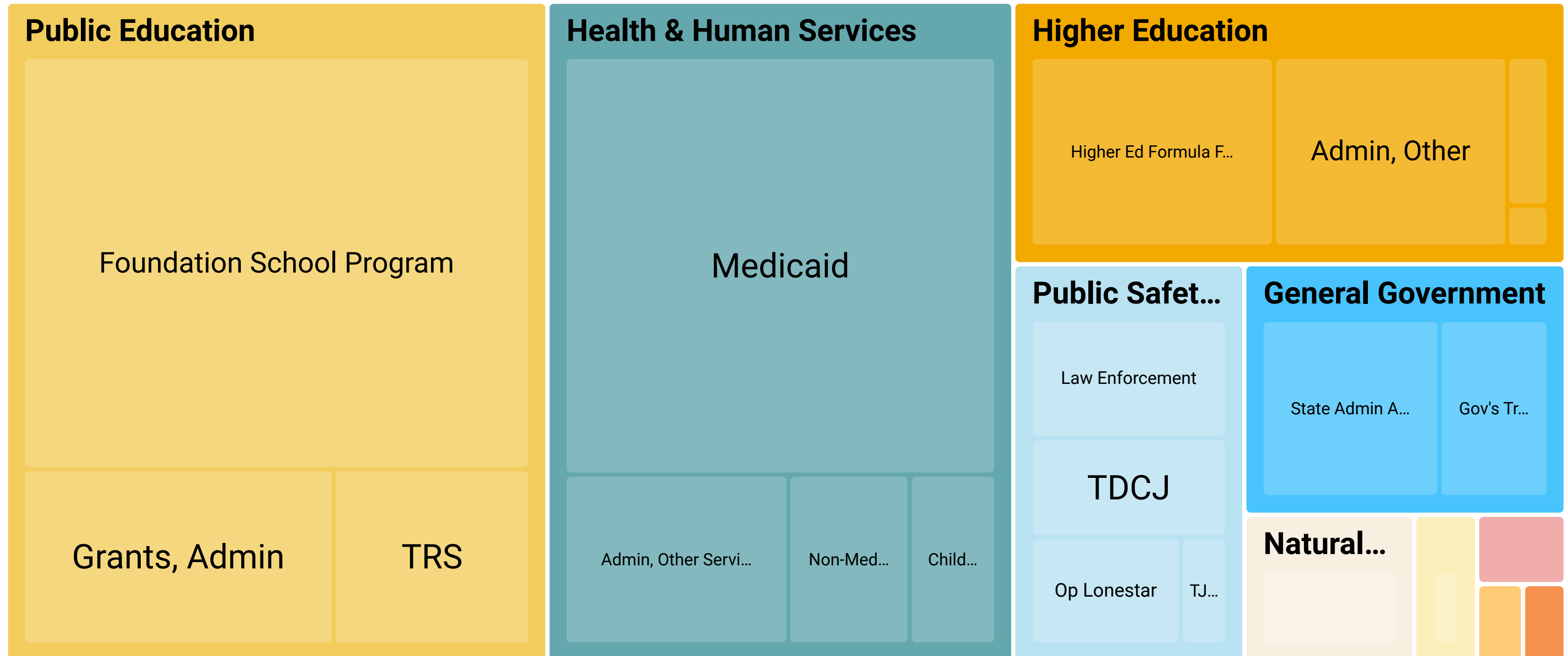
# 2026-27 BUDGET (HB 1)

- **Total: \$336 billion**
- **General revenue: \$154 billion**
- **Carryover balance: \$24 billion**
- **Rainy day fund (2024): \$24 billion**



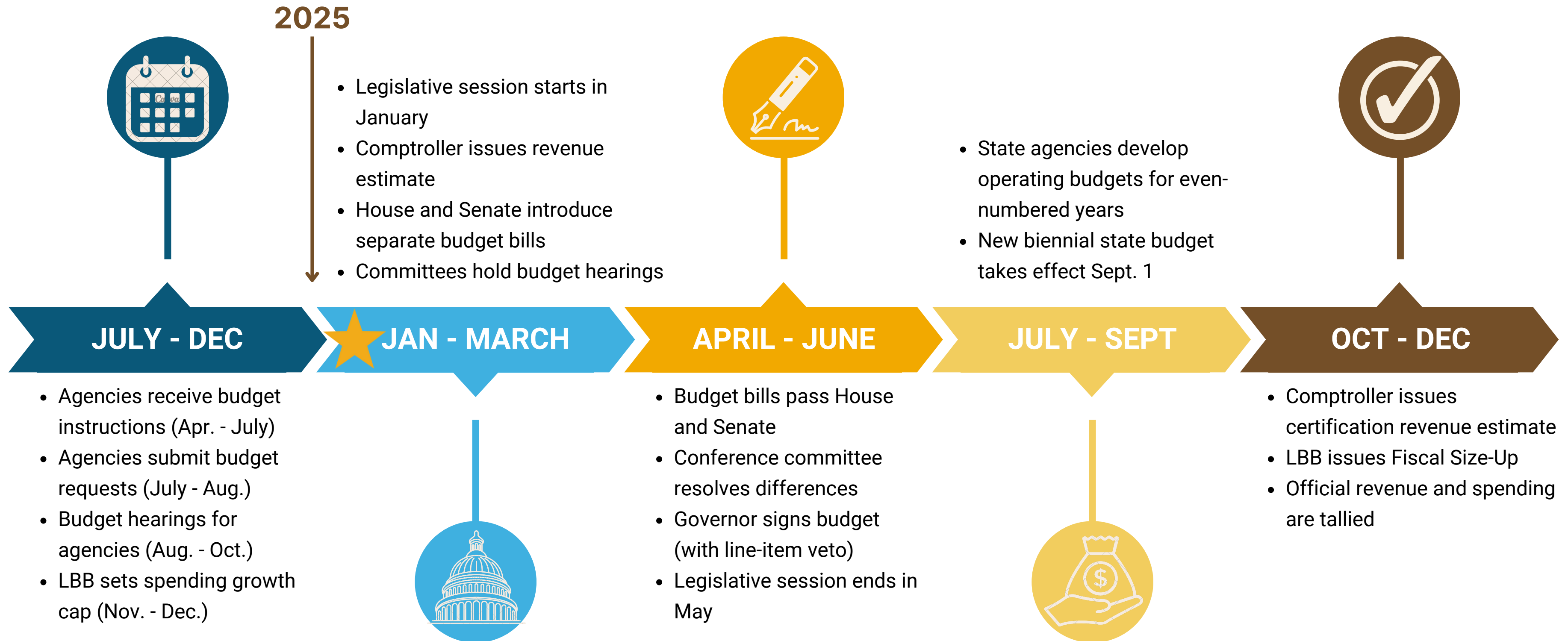
# HOW IS THE MONEY SPENT?


Budgeted spending (GR) for FY 2024-25 is **\$144 billion**.



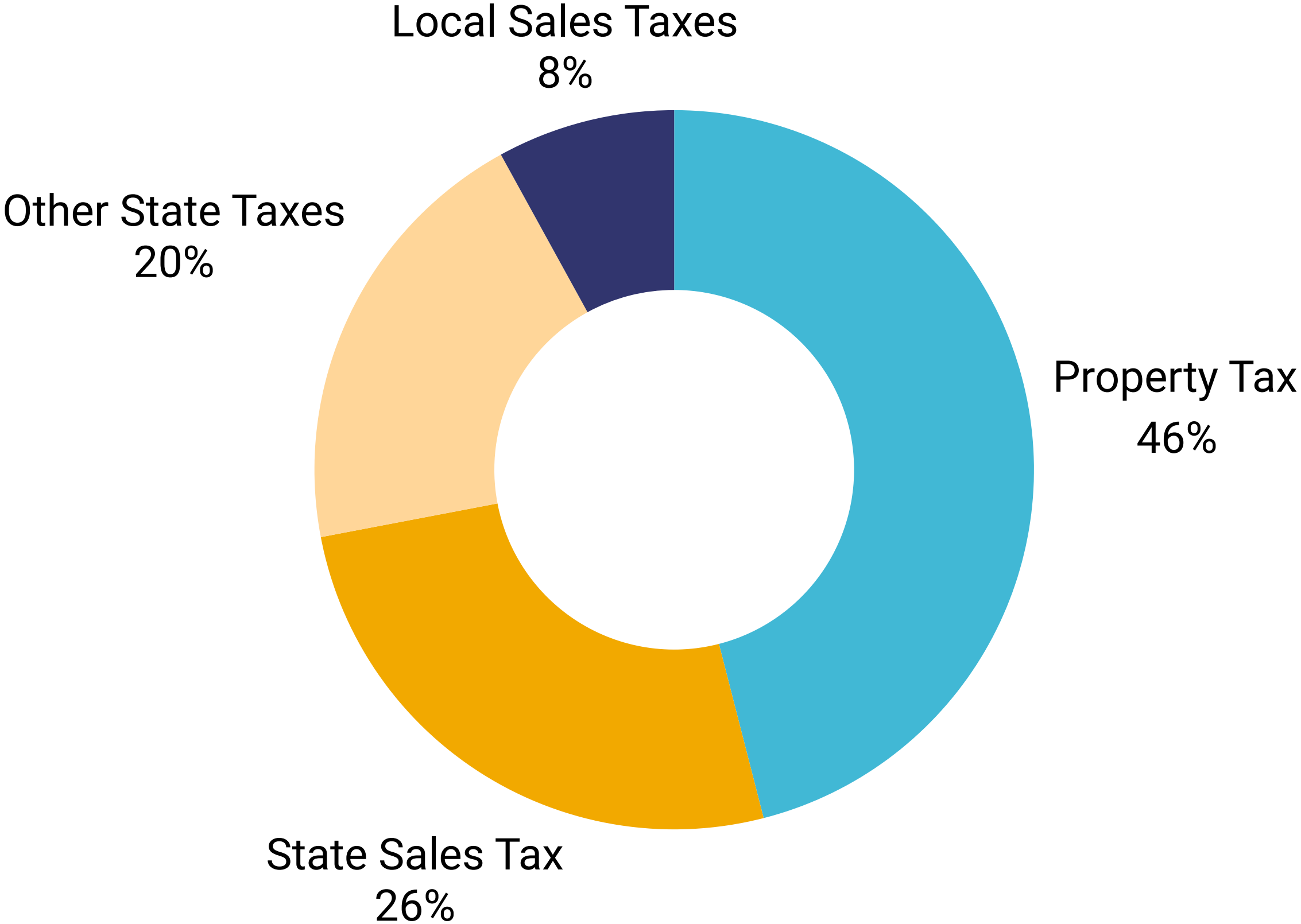
# BUDGET TIMELINE

The Legislature meets from **January to May of odd years**.  
The state **fiscal year** is September through August.



 We are here!

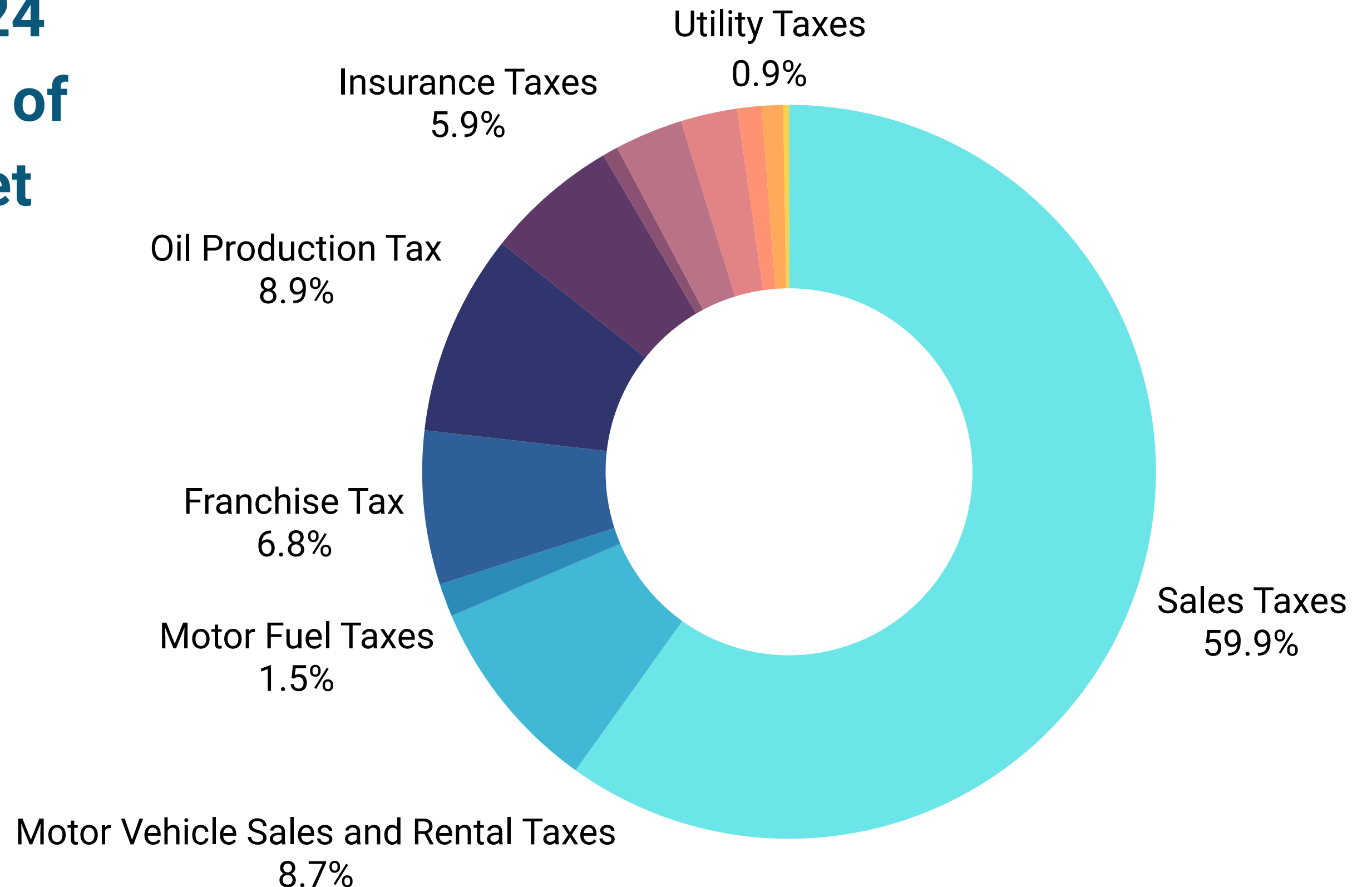
# STATE AND LOCAL REVENUE SOURCES, 2023



**Total state and local tax revenue in 2023 was \$177 billion.**

# STATE REVENUE SOURCES, 2024

Tax revenue in 2024 was **\$71 billion**, out of **\$84 billion** total net state revenue.



# READING THE BUDGET

## RECAPITULATION - ALL ARTICLES (General Revenue)

	For the Years Ending	
	August 31, 2026	August 31, 2027
ARTICLE I - General Government	\$ 6,265,503,511	\$ 3,061,793,401
ARTICLE II - Health and Human Services	22,023,780,681	22,455,357,723
ARTICLE III - Agencies of Education	37,170,471,280	34,947,490,162
ARTICLE IV - The Judiciary	402,281,497	369,801,110
ARTICLE V - Public Safety and Criminal Justice	9,844,714,951	9,531,742,925
ARTICLE VI - Natural Resources	705,785,212	681,762,062
ARTICLE VII - Business and Economic Development	440,239,339	398,896,019
ARTICLE VIII - Regulatory	239,099,545	243,887,613
ARTICLE IX - General Provisions	4,715,241,178	25,741,178
ARTICLE X - The Legislature	260,111,220	279,986,821
<b>GRAND TOTAL, General Revenue</b>	<b>\$ 82,067,228,414</b>	<b>\$ 71,996,459,014</b>

## RECAPITULATION - ALL ARTICLES (All Funds)\*

	For the Years Ending	
	August 31, 2026	August 31, 2027
General Government	\$ 9,203,890,583	\$ 5,774,527,668
Health and Human Services	51,078,206,911	51,827,753,874
Agencies of Education	65,985,851,510	62,997,466,088
ARTICLE IV - The Judiciary	587,402,134	545,688,050
ARTICLE V - Public Safety and Criminal Justice	10,116,253,337	9,785,292,407
ARTICLE VI - Natural Resources	3,616,862,263	3,599,123,574
ARTICLE VII - Business and Economic Development	26,366,544,230	22,741,574,020
ARTICLE VIII - Regulatory	5,460,740,473	468,371,189
ARTICLE IX - General Provisions	4,715,241,178	325,741,178
ARTICLE X - The Legislature	260,212,645	280,088,246
<b>GRAND TOTAL, All Funds</b>	<b>\$ 177,391,205,264</b>	<b>\$ 158,345,626,294</b>
Number of Full-Time-Equivalents (FTE) - Appropriated Funds	225,815.4	227,045.2

\* Excludes interagency contracts

- 10 articles
- 200 agencies and IHEs

# READING THE BUDGET

- Where the money comes from (Method of Financing)
- Where the money goes (Appropriation Items, Goals and Strategies, Cap Ex)

## DEPARTMENT OF INFORMATION RESOURCES

	For the Years Ending	
	August 31, 2024	August 31, 2025
<b>Method of Financing:</b>		
General Revenue Fund <sup>1</sup>	\$ 44,222,405	\$ 29,984,157
Federal Funds	\$ 319,715	\$ 319,715
<u>Other Funds</u>		
Other Special State Funds	\$ 1,096,088	\$ 2,225,728
DIR Clearing Fund Account - AR	19,116,830	20,271,830
Telecommunications Revolving Account - AR	37,708,367	38,711,830
Telecommunications Revolving Account - IAC	83,092,997	83,981,830
Statewide Technology Account - IAC <sup>2</sup>	461,333,408	438,071,830
Statewide Technology Account - Appropriated Receipts	1,022,605	1,022,605
Statewide Network Applications Account - AR	48,794,864	48,751,830
Subtotal, Other Funds	\$ 652,165,159	\$ 633,041,830
<b>Total, Method of Financing</b>	<b>\$ 696,707,279</b>	<b>\$ 663,341,830</b>

<b>C. Goal: PROMOTE EFFICIENT SECURITY</b>		
<b>C.1.1. Strategy: SECURITY POLICY AND AWARENESS</b>	\$ 1,545,465	\$ 1,545,465
Provide Security Policy, Assurance, Education and Awareness.		
<b>C.1.2. Strategy: SECURITY SERVICES</b>	51,535,508	48,101,801
Assist State Entities in Identifying Security Vulnerabilities.		
<b>Total, Goal C: PROMOTE EFFICIENT SECURITY</b>	\$ 53,080,973	\$ 49,647,266
<b>D. Goal: INDIRECT ADMINISTRATION</b>		
<b>D.1.1. Strategy: CENTRAL ADMINISTRATION</b>	\$ 3,104,965	\$ 3,104,965
<b>D.1.2. Strategy: INFORMATION RESOURCES</b>	4,260,520	4,298,415
<b>D.1.3. Strategy: OTHER SUPPORT SERVICES</b>	782,712	782,712
<b>Total, Goal D: INDIRECT ADMINISTRATION</b>	\$ 8,148,197	\$ 8,186,092
<b>E. Goal: SALARY ADJUSTMENTS</b>		
<b>E.1.1. Strategy: SALARY ADJUSTMENTS</b>	\$ 1,096,088	\$ 2,225,728
<b>Grand Total, DEPARTMENT OF INFORMATION RESOURCES</b>	<b>\$ 696,707,279</b>	<b>\$ 663,341,830</b>

# READING THE BUDGET

- **How's it going?**  
**(Performance Measures)**
- **Special instructions**  
**(Riders)**
- **Contingency provisions**

1. **Performance Measure Targets.** The following is a listing of the key performance target levels for the Department of Information Resources. 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 Department of Information Resources. In order to achieve the objectives and service standards established by this Act, the Department of Information Resources shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	<u>2024</u>	<u>2025</u>
<b>A. Goal: PROMOTE EFFIC. IR POLICIES/SYSTEMS</b>		
<b>A.1.2. Strategy: INNOVATION AND MODERNIZATION</b>		
<b>Output (Volume):</b>		
The Number of Technology Solutions and Services Reviewed which Indicate Potential Means to Increase Production and/or Improve Efficiencies	60	60
The Number of State Agencies Participating in DIR Facilitated Pilots of Enterprise Solutions and Services	10	10
<b>B. Goal: IT AND TELECOMMUNICATION SERVICES</b>		
<b>Outcome (Results/Impact):</b>		
Percent of Monthly Minimum Service Level Targets Achieved		
Information Technology Services	95%	95%
Information Technology Services (STS) Customers		
Customer Satisfaction	90%	90%

12. **Security Services to State Agencies and Institutions of Higher Education.** Included in amounts appropriated above in Strategy C.1.2, Security Services, is \$31,654,157 in fiscal year 2024 and \$29,984,157 in fiscal year 2025 in General Revenue for the purpose of providing cybersecurity services to state agencies and institutions of higher education. Any unexpended and unobligated balances of these funds remaining as of August 31, 2024, are appropriated to the Department of Information Resources for the fiscal year beginning September 1, 2024, for the same purposes.



# THE SUPPLEMENTAL

- Companion to the budget
- Looks like an actual bill
- Settles up spending for the current biennium
- Accounts for under- or overestimates made two years ago

S.B. No. 30

1 AN ACT  
2 relating to supplemental appropriations and reductions in  
3 appropriations and giving direction and adjustment authority  
4 regarding appropriations.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 ARTICLE 1. GENERAL PROVISIONS

7 SECTION 1.01. DEFINITION. In this Act, "ARPA fund" means  
8 money received by this state from the Coronavirus State Fiscal  
9 Recovery Fund (42 U.S.C. Section 802) established under the  
10 American Rescue Plan Act of 2021 (Pub. L. No. 117-2) and deposited  
11 to the credit of the Coronavirus Relief Fund No. 325.

12 ARTICLE 2. GENERAL GOVERNMENT

13 SECTION 2.01. EMPLOYEES RETIREMENT SYSTEM: IMPLEMENTING  
14 PRIOR LEGISLATION. (a) The amount of \$165,600,000 is appropriated  
15 from the general revenue fund to the Employees Retirement System  
16 for the two-year period beginning on the effective date of this Act  
17 for the purpose of implementing the provisions of Chapter 940 (S.B.  
18 321), Acts of the 87th Legislature, Regular Session, 2021.



# THE 2026-27 BUDGET BILLS

# 2026-27 BUDGET: Article II

- Medicaid/CHIP caseload growth: +\$4 billion
  - As usual, Medicaid and CHIP are not funded to cover medical cost inflation.
- Modest increases for women's health programs (+\$20m)
- Salary increases for state hospital workers, community attendants, nursing facility workers
- TIERS eligibility software (+\$100m)
- Foster care rate modernization, expansion of Community-Based Care (+\$90m)
- \$3 billion for a new dementia research institute.



**Health Care**

# 2026-27 BUDGET: Article III

## Public education

- +\$4.85 billion for increases to schools. (H vs. S)
- \$1 billion for a voucher plan.

## Property tax cuts

- Total cost is now up to \$51 billion.
- \$3 billion in continued, automatic cuts
- \$3.5 billion in all-new cuts. (H vs. S)

## Higher education

- \$2 billion for higher ed endowments
- \$400 million for the Texas Research Incentive Program (TRIP)
- +\$100 million for TEXAS grants for eligible students. (+10%)



# 2026-27 BUDGET: Other Highlights

- **State workforce.** \$350 million to increase pay for correctional workers.
- **Border security.** This budget would continue our excessive and harmful spending on border security initiatives, keeping a similar two-year funding level of \$6.5 billion.
- **Infrastructure.** The bills include \$2.5 billion for water infrastructure projects. \$5 billion is also provided to boost the Texas Energy Fund, created last session to help expand the power grid.



# WHAT'S MISSING

- Medicaid expansion
- Medicaid eligibility and enrollment staff and resources
- Basic allotment increase
- Across-the-board pay raises for state workers
- Grant programs for higher ed students





# HOW IS TEXAS DOING?

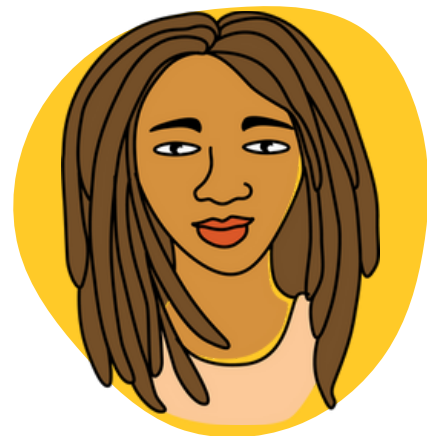
# FOUR TEXAS TAXPAYERS



**ROSA**

Rosa is a retired teacher who receives her retirement benefits from the state.

Recently, she took in her three grandkids. She's worried about how she's going to care for them. She wants the best for them!



**CANDACE**

Candace just had a baby! She loves her son, but she has to get back to work. She needs her paycheck. She's worried about the cost of health care and other bills for her growing family.

Malcolm is a proud father and business owner. He wants to make sure his staff is cared for, but it's expensive.

He also worries about the future for his girls. He wants them to have access to education opportunities and a reliable grid!



**MALCOLM**



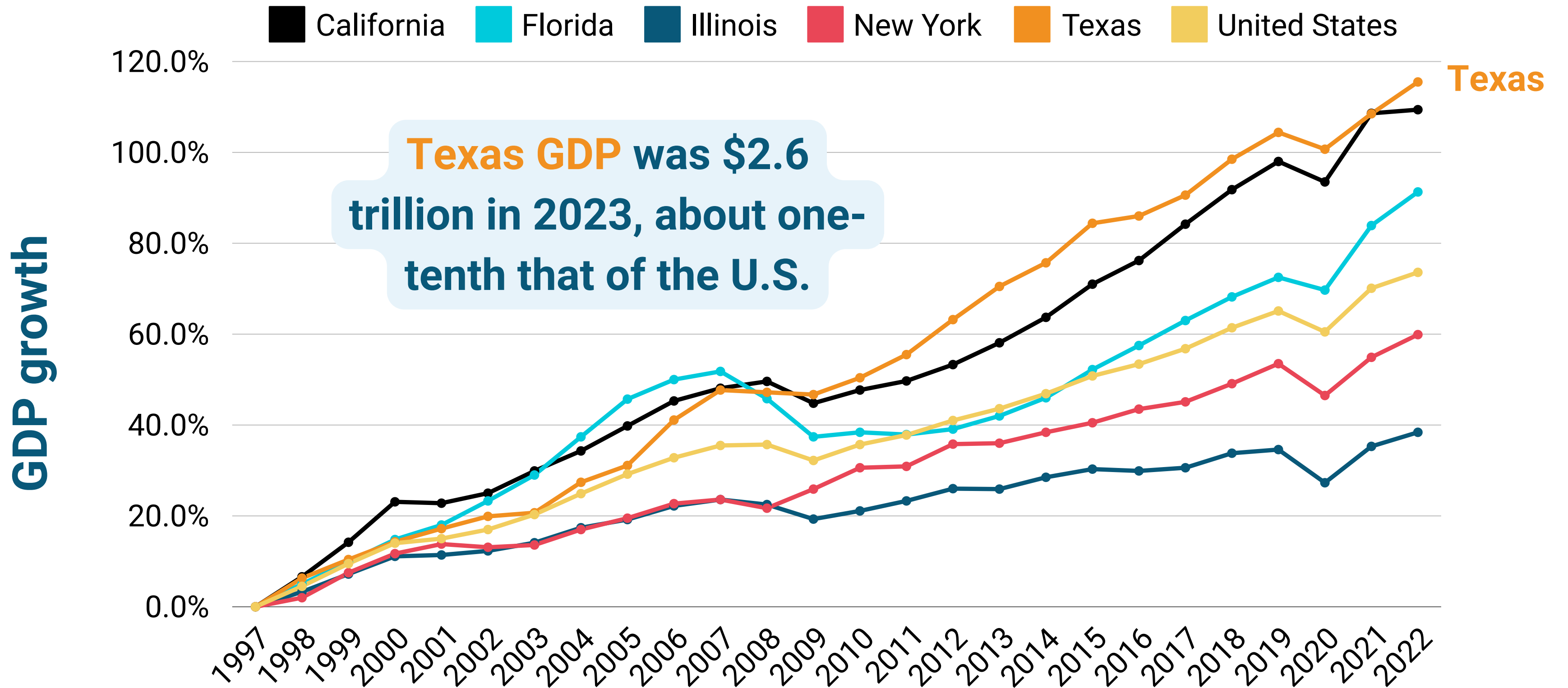
**JOE**

Joe just graduated from high school, and he's excited for college! He's worried about the cost and knows he'll need to get a job to help pay for it.

He needs help but doesn't know where to go.



# ABUNDANCE: TEXAS IS BOOMING.



# BUT NOT EQUITABLE.

## Texas Is One of the Worst States for Workers: Report

A new study from Oxfam America reported that Texas was ranked 48th on a list of best states to work, a decrease from its 47th rank the year prior, based on its poor wages, workplace protections and organizing rights.

### Working Texans Face Persistent Financial Challenges Despite Consistent GDP Growth

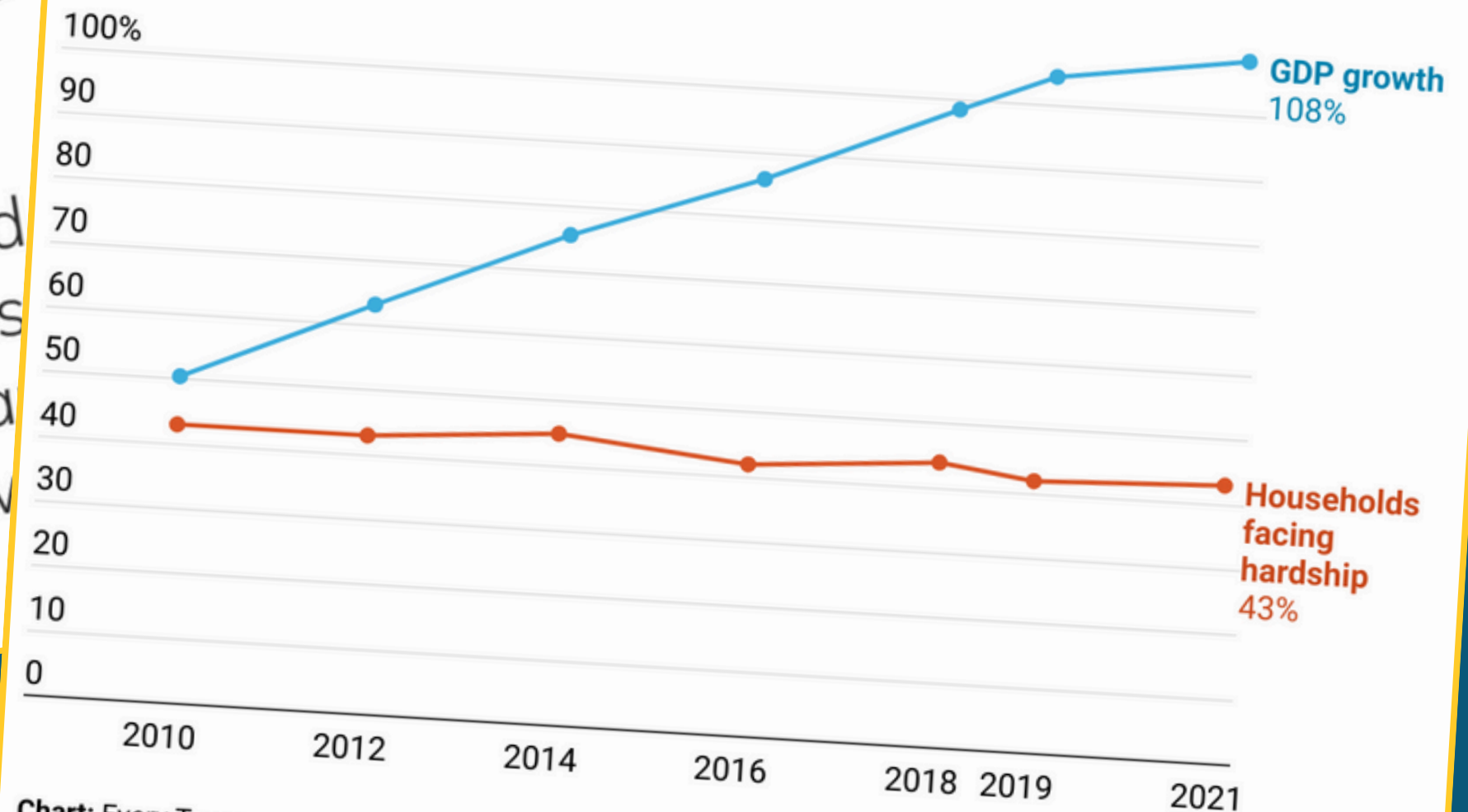


Chart: Every Texan

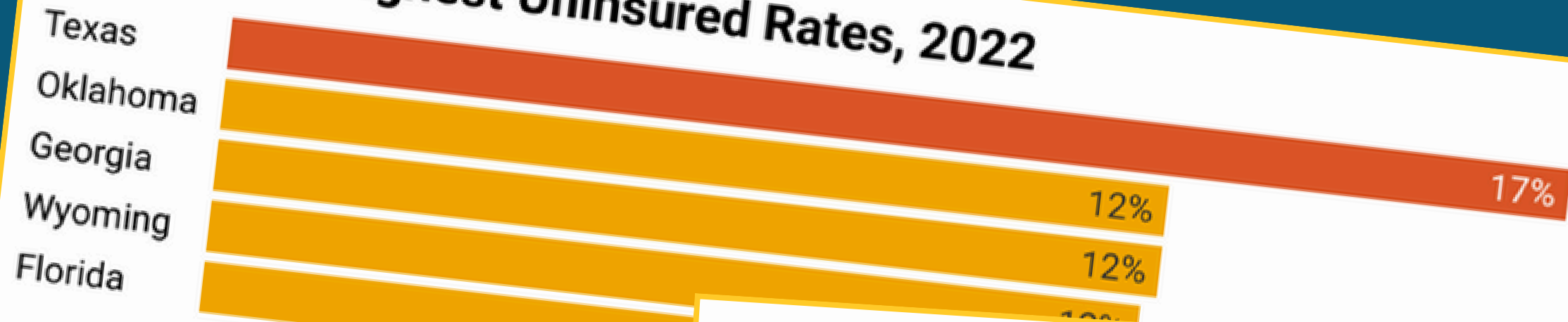
Source: UnitedForALICE and Bureau of Economic Analysis

Notes: Data for the year 2020 is unavailable due to the impact of the COVID-19 pandemic. GDP growth is determined by calculating the percentage change in GDP for each year relative to the base year of 1997.

 EVERY TEXAN

# WE'RE FALLING SHORT!

## States With Highest Uninsured Rates, 2022



## Texas Ranked in Bottom 6 in State Government Spending Per Capita in 2021

Select spending indicator:  Per Capita  Per Worker

State Spending Local Spending

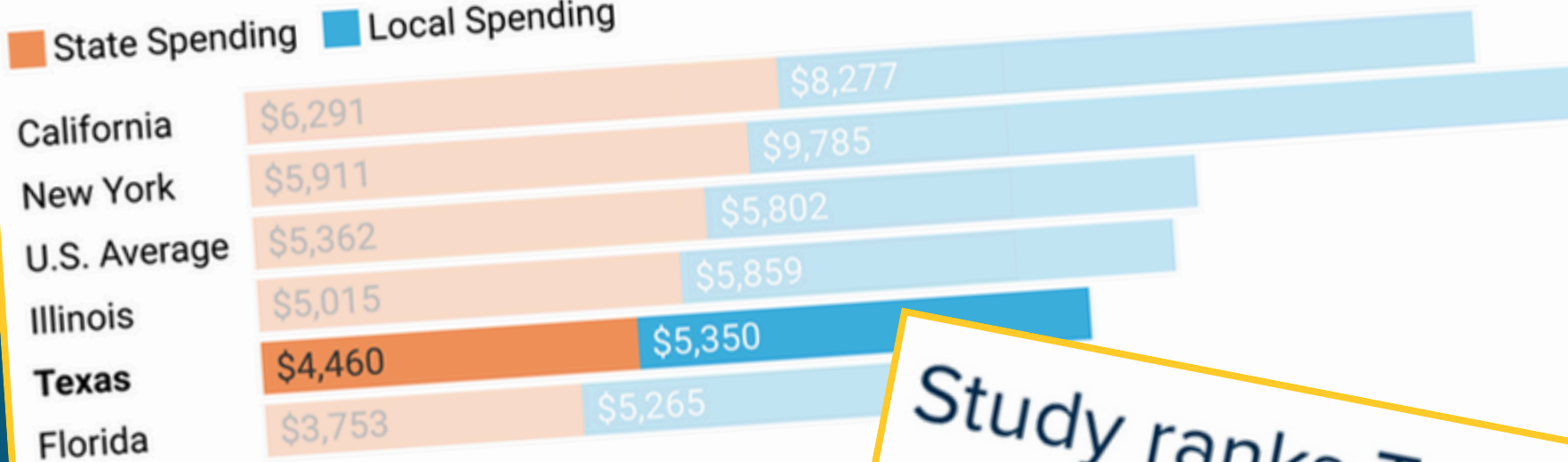


Chart: Every Texan  
Source: U.S. Census Bureau, American Community Survey State and Local Government Finances, 2021.

## TEXAS LEGISLATURE 2023

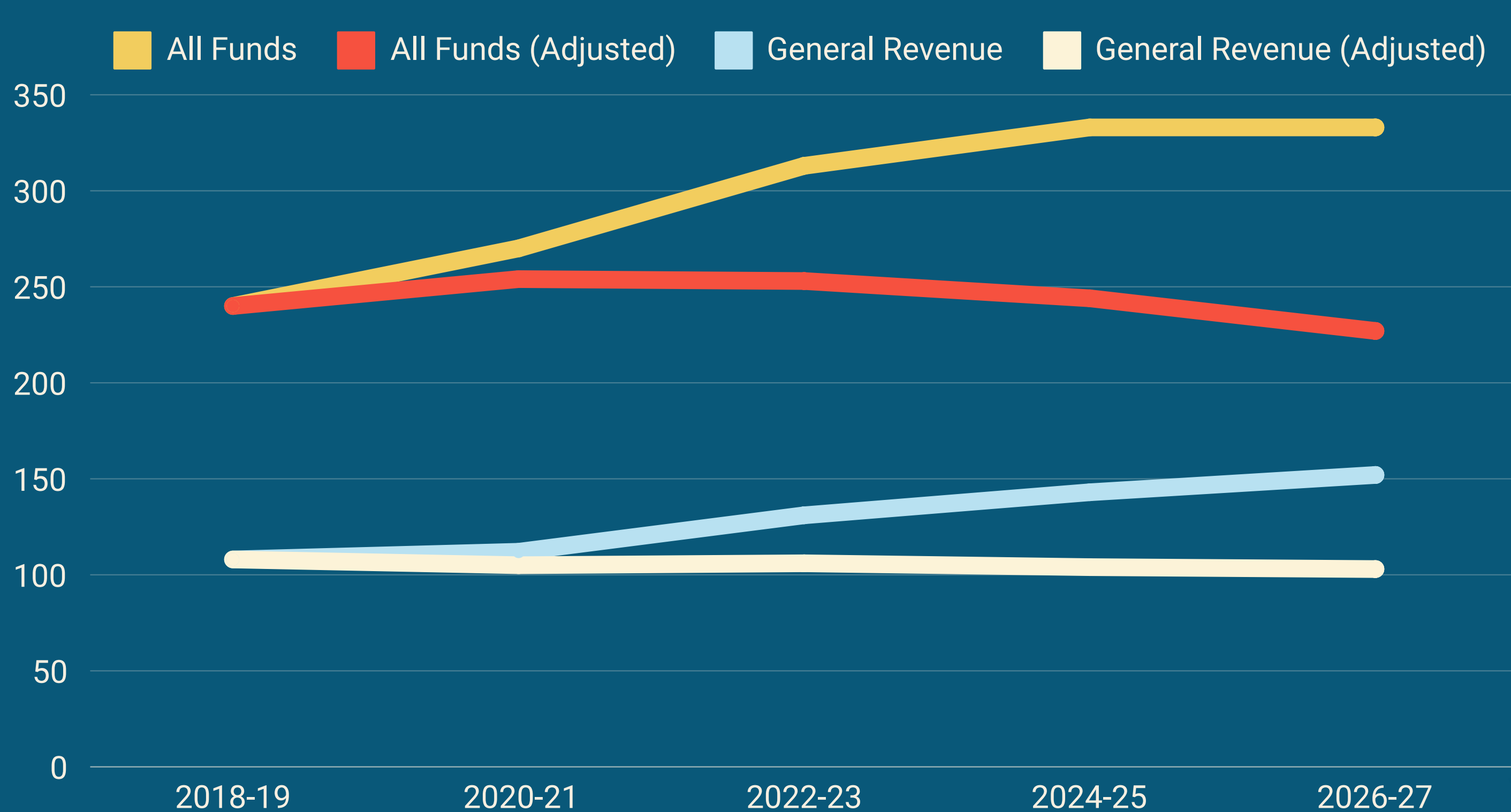
# Texas' shortage of mental health care professionals is getting worse

The COVID-19 pandemic exacerbated an already short supply of therapists, psychologists, psychiatrists and social workers.

## Study ranks Texas among worst states for quality of children's health care

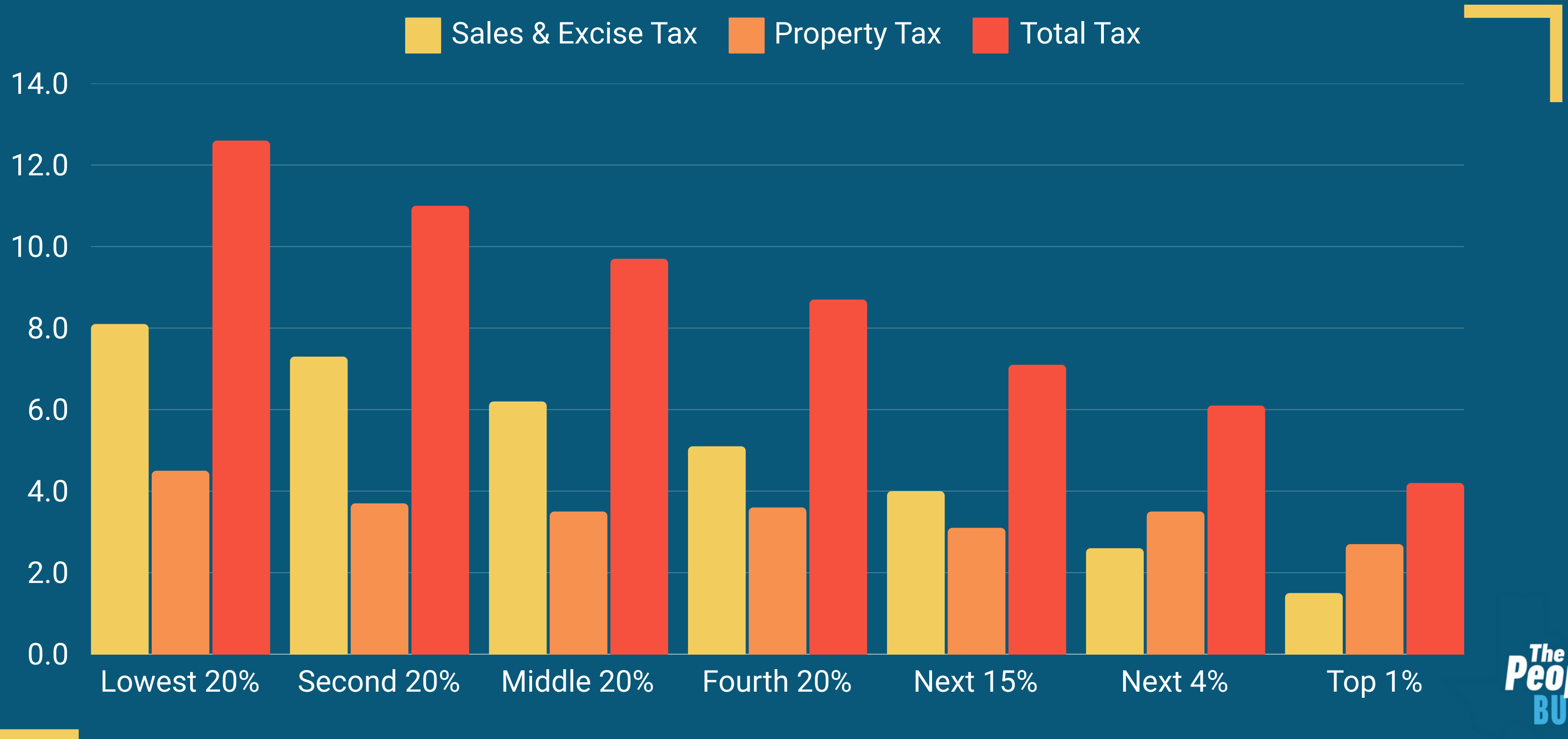
BY TANYA VELAZQUEZ | TEXAS  
PUBLISHED 10:16 AM CT APR. 10, 2023

# OUR BUDGET IS STAGNANT



Source: Legislative Budget Board

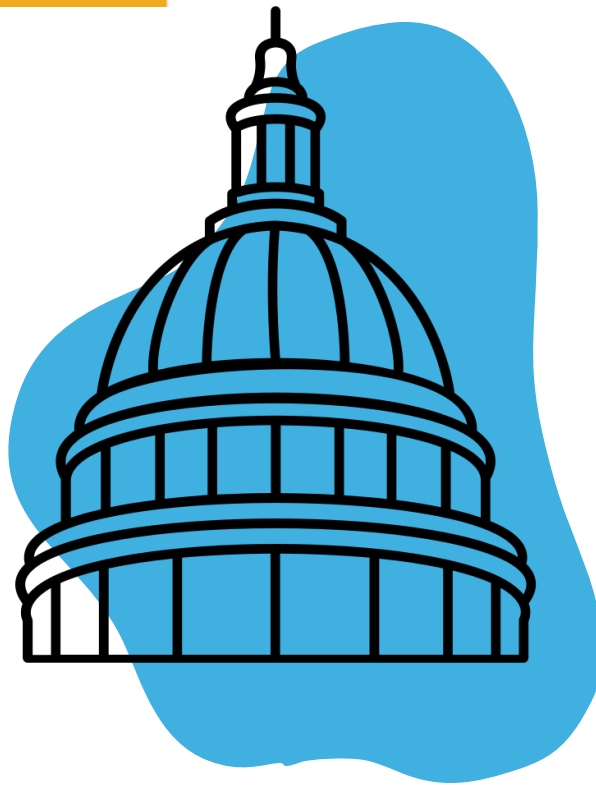
# AND OUR TAX SYSTEM IS UPSIDE-DOWN.



Source: Institute on Taxation and Economic Policy, Who Pays?, 2024



**BUDGETS ARE  
ABOUT PRIORITIES.**



**OUR LEADERS  
HAVE PRIORITIES.**

**BUT ARE THEY THE  
SAME AS YOURS?**

# THEIR BUDGET PRIORITIES



**Rosa**

**More money from retirement benefits!**

**Access to food programs for her grandchildren!**

**Housing assistance for her growing family!**



**Candace**

**Paid Parental Leave for the birth of her son.**

**Healthcare that covers her entire family, including her husband without status.**

**The best schools in the US!**

**Help with health insurance for his employees!**

**No-Cost full-day pre-k for his twin daughters.**

**A reliable energy source in Texas that lowers cost to Texans!**



**Malcolm**

**Free Community College for two years!**

**Expanding healthcare to get Joe covered!**

**A well-paid job where he feels respected!**







**Joe**

# PEOPLE'S BUDGET FINDINGS

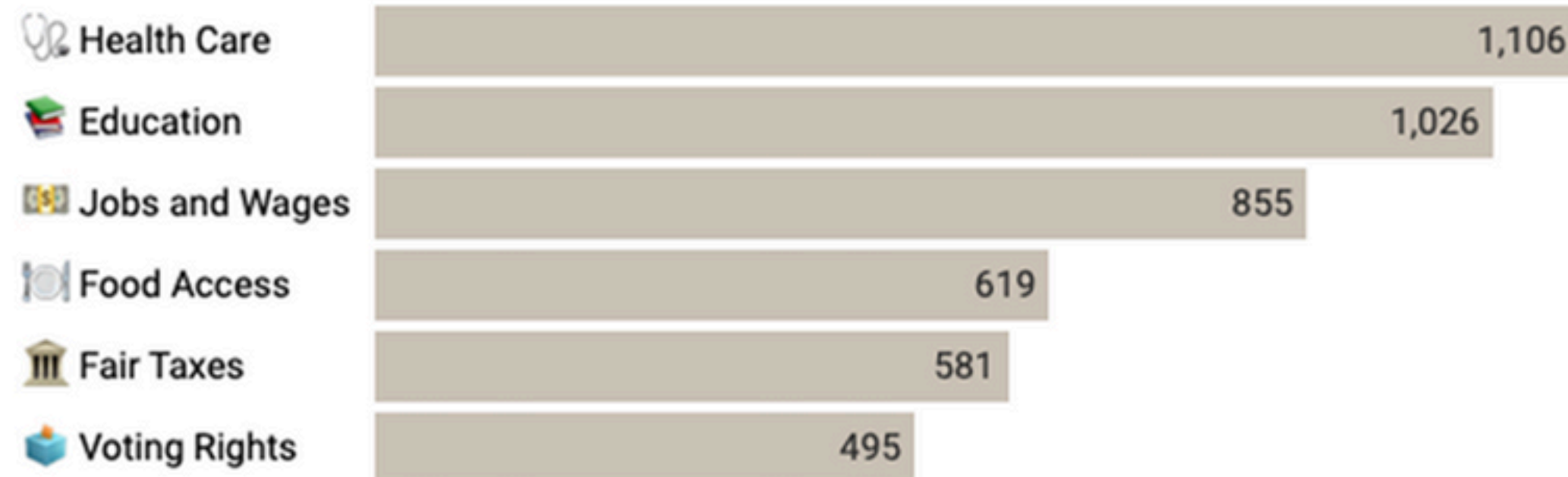
## The People's Budget DASHBOARD

Through our People's Budget engagement, we have heard from:

-  155 attendees of 8 in-person listening sessions
-  232 attendees of 13 virtual listening sessions
-  1,467 online survey takers
-  6,232 tele-townhall attendees

### Texans' Top Six Priorities for the State Budget

From Surveys, Community Conversations, and Tele-Townhall Responses by Policy Topic



Source: Every Texan analysis of 2024 Survey, Community Conversation, and Tele-townhall Data



# PEOPLE'S BUDGET FINDINGS

## The People's Budget DASHBOARD

Ranked Priorities for State Budget

Medals denote 🥇 first, 🥈 second, and 🥉 third ranked priorities for each group.

Priority Areas <small>(in order by overall rank)</small>	Total	Race/Ethnicity		Gender		Income		
		POC	White, NH	Women	Men	Under \$50K	\$50-75K	\$75K+
🏥 Health Care	🥇 4.95	🥇 5.01	🥈 4.92	🥇 5.16	🥉 4.62	🥇 4.96	🥈 4.82	🥈 5.00
📖 Education	🥈 4.87	🥉 4.72	🥇 5.01	🥈 4.96	🥇 4.73	🥉 4.59	🥇 4.85	🥇 5.13
💼 Jobs & Wages	🥉 4.62	🥈 4.75	🥉 4.49	🥉 4.61	🥈 4.65	🥈 4.67	🥉 4.77	🥉 4.50
🍴 Food Access	4.02	4.12	3.95	4.08	3.91	4.19	3.98	3.9
🏠 Fair Taxes	3.95	3.96	3.92	3.73	4.29	4.00	3.98	3.91
🗳️ Voting Rights	3.73	3.62	3.84	3.65	3.86	3.63	3.73	3.81
Something Else	1.86	1.83	1.86	1.82	1.93	1.96	1.88	1.75

Note: the higher the score, the higher the priority for respondents.

**THANK  
YOU!**



**EVERY TEXAN**

