



TEXAS STATE BUDGET

REFLECTING THE PRIORITIES OF EVERY TEXAN ACROSS THE STATE

A MORAL DOCUMENT

The Texas budget directs how our state revenue is to be spent by all 200+ state agencies and institutions of higher education. It is not just a dry, 1000-page piece of legislation. **It is a moral document** that reflects the Legislature's priorities. Lawmakers can say what they value, but their true values are revealed in the pages of the budget. ***We believe the state budget must reflect the priorities of the people of Texas.***

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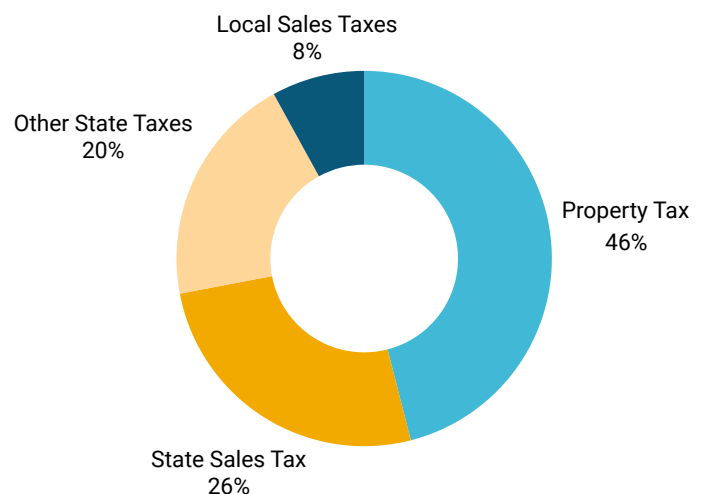
FACTS ABOUT THE BUDGET

- ✓ **It's a two-year budget**, written each biennial legislative session.
- ✓ **The budget must be balanced.** Unlike the federal government, the state cannot operate at a deficit.
- ✓ **The money comes from our tax dollars.** Whether from state, local, or federal streams, people supply the revenue.
- ✓ **There are limits on the budget.** The *pay-as-you-go limit* is defined by the comptroller's revenue estimate, and the *tax spending limit* restricts spending in line with the state's overall economic growth, among other rules.
- ✓ **The budget clarifies policy, but also reflects policy set in other legislation.** The budget specifies how money can be spent and can set aside "contingent" funding that requires the enactment of other legislation.
- ✓ **Each agency's "bill pattern" spells out** funding allocated to agency programs and activities, methods of funding, and performance measures.

STATE PRIORITIES

As the eighth largest economy in the world, Texas's GDP is over \$2.4 trillion. Yet, we rank among the bottom U.S. states in many measures of well-being: per-student education spending, health insurance rates, food security, and much more. While our economy is booming, we have fallen behind because our state lawmakers continue to underinvest in our people. We also have an upside-down tax system, where lower-income Texans pay more than their share.

STATE AND LOCAL REVENUE SOURCES



THE PEOPLE'S BUDGET

Every Texan's People's Budget is our long-term, proactive policy agenda that aims to reclaim our state budget for the people of Texas.

We're talking with Texans and collaborating with communities to prioritize their needs and help make sure the Legislature hears them. Join us!

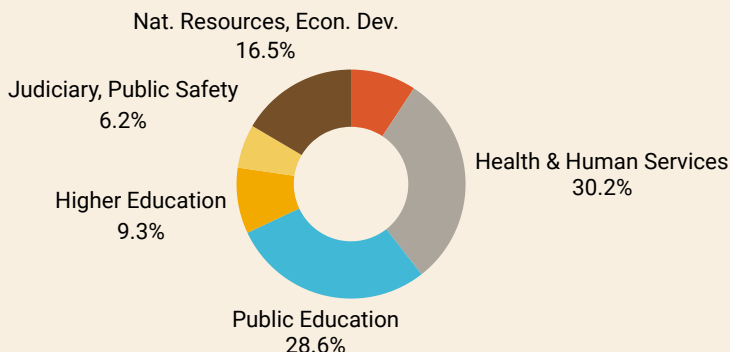
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Both the House and Senate 2026-27 budget bills propose over \$330 billion in spending overall. Of that, about \$150 billion is from general revenue – the most discretionary slice of the budget. The rest is largely comprised of federal funds.

2026-27 BUDGET (HB 1)

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



WHAT'S MISSING?

MEDICAID EXPANSION
MEDICAID ENROLLMENT & STAFFING RECOVERY
SCHOOL FINANCE BASIC ALLOTMENT INCREASE
PAY RAISES FOR STATE WORKERS
GRANT PROGRAMS FOR HIGHER ED STUDENTS

Sources: Legislative Budget Board, Comptroller of Public Accounts.

PUBLIC EDUCATION

Both budget bills provide \$4.85 billion more for schools. They both also include \$1 billion for a voucher plan, projected to grow rapidly – topping \$4 billion in just the next few years. Vouchers are bad for our schools and our kids.

PROPERTY TAX CUTS

The cost of property tax cuts since 2019 is now up to \$51 billion. Of that, \$6.5 billion is new in this budget: \$3 billion in continued, automatic cuts, plus another \$3.5 billion in all-new cuts. We oppose these tax cuts – especially if they're not targeted specifically to help renters and low-income families.

HEALTH AND HUMAN SERVICES

The budgets invest \$4 billion to cover Medicaid and CHIP caseload growth. Medicaid community attendant wages would be raised to \$12/hour and pay would be increased for some state hospital and nursing facility workers. About \$90 million is provided to expand rate modernization and Community-Based Care for foster children, and \$3 billion for a new dementia research institute. Modest increases are provided for several women's health programs, including Healthy Texas Women and Family Planning Program.

HIGHER EDUCATION

Over \$2 billion is provided to boost higher ed endowments, and \$400 million for the Texas Research Incentive Program (TRIP). Grant programs for eligible students are increased by \$100 million.

STATE WORKFORCE

In addition to raises for some Medicaid staff, the budget provides \$350 million to increase pay for correctional workers. Our criminal justice agencies have been hit hard by low pay and high turnover.

BORDER SECURITY

This budget would continue our excessive and harmful spending on border security initiatives, keeping a steady two-year funding level of \$6.5 billion.

INFRASTRUCTURE

The bills include \$2.5 billion for water infrastructure projects, a smart investment for the future of our state as our population and water demand continue to grow. \$5 billion is also provided to boost the Texas Energy Fund, created last session to help expand the power grid.