Texas Legislative Study Group

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LSG Floor Report

Thursday, April 10, 2025

Representative:

Desk:

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OK for Distribution

LSG Bill Analysis for the General Appropriations Bill (CSSB 1) and Supplemental Appropriations Bill (CSHB 500)

Recommendation: Favorable with Concerns

Budget Snapshot

General Appropriations Bill (CSSB 1)

Public Education

- $7.6 billion for additional public education funding, contingent on legislation
- $400 million to increase the School Safety Allotment, contingent on legislation

Higher Education

- $850 million for a Texas State Technical College endowment, contingent on legislation
- $364.3 million for additional student financial aid

Health and Human Services

- $75.7 billion for Medicaid client services to manage caseload growth
- $6.5 billion for non-Medicaid and Children's Health Insurance Program (CHIP) behavioral health services
- $85.9 million to expand Community-Based Care (CBC) statewide
- $4.1 billion to increase base wages for all personal attendants to $14.28 per hour and for personal attendants in certain waiver providers to $17.50 per hour

Public Safety

- $330.6 million to provide a 10% pay increase for Correctional Officers; $32 million to provide a 15% pay increase for Parole Officers; and $51.9 million to provide a 10% pay increase for probation officers at local community supervision and corrections departments
- $259 million for medical services to people who are incarcerated in Texas Department of Criminal Justice facilities

Border Security

- $6.5 for border security

Property Tax Relief

- $3.5 billion for new property tax relief, contingent on legislation, and around $47.5 billion to maintain existing property tax cuts

Other Major Funding Items

- $1 billion for an Education Savings Account (ESA) program, contingent on legislation
- $2 billion for the Texas Energy Fund

Supplemental Appropriations Bill (CSHB 500)

- $2.5 billion for the Texas Water Fund, contingent on legislation
- $934.5 million to offset decreased federal School Health and Related Services (SHARS) funding for students with disabilities
- $750 million for the Texas Energy Fund, contingent on legislation
- $1 billion for a one-time legacy payment for state employees
- $605 million to the Texas A&M Forest Service to support wildfire suppression efforts
- $400 million to the Texas Water Development Board for flood mitigation projects
- $319 million to the Texas Division of Emergency Management to support regional emergency management and develop a first responder database
- $214.8 million for repair and restoration projects, including A/C in state prisons
- $40.5 million for Crime Victims Compensation to fill revenue loss
- $5.1 million to counties for indigent defense

OK for Distribution

Overview

A state's budget is a reflection of its priorities and values — and this session's budget makes several important investments in the future of Texas. The General Appropriations Bill (CSSB 1), along with the Supplemental Budget Bill (CSHB 500), includes meaningful funding for water infrastructure, emergency management, higher education, staffing at state hospitals, and women's health programs — investments that will benefit communities across the state.

Despite these crucial investments, the budget also overlooks significant opportunities — most notably for our Texas students.

So long as the economy remains strong, Texas remains well-positioned to make smart, targeted investments in critical areas like public education and health care. These investments are essential to ensuring long-term prosperity for all Texans.

House Allocates $337.4 Billion for FY 2026-27

The House Committee Substitute for Senate Bill 1 (CSSB 1), also known as the General Appropriations Bill, allocates $337.4 billion in All Funds for the State's 2026-27 biennial budget. Altogether, this is a 5% increase from what the Legislature allocated in the 2024-25 General Appropriations Act (GAA), but only a 1.3% increase from what the state actually spent during the biennium.

Available Revenue and Budget Limits

The 89th Texas Legislature has $194.6 billion available for general-purpose spending, which can be used for almost any purpose in the budget. General-purpose spending includes estimated GR revenue for the 2026-27 biennium plus $23.8 billion of carryover balance from the previous biennium, commonly referred to as a "surplus."

Although there is $194.6 billion available to spend, Texas has budget caps that limit spending. The Legislature can only spend up to what the lowest cap dictates: as of now, that is the Pay-as-you-go Limit. Under this limit, the House can only spend up to $2.9 billion more in GR than the amount expended in CSSB 1. This would cap total GR spending at $156.7 billion. Any spending over the limit requires a simple majority vote to "bust the cap."

Rainy Day Fund Set to Reach Constitutional Limit

The projected ending cash balance in the Estimated Economic Stabilization Fund (ESF), also known as the Rainy Day Fund, is $28.5 billion.

Rainy day funds are useful for protecting key services that support vulnerable Texans during tough economic times. However, even the architects of the original ESF never expected it to grow as large as it has. Unless additional appropriations are made from the Economic Stabilization Fund (ESF), it will reach its constitutional cap in fiscal year 2026. Any funds that would have been transferred to the ESF will instead remain available for general-purpose spending and be subject to spending limits.

Article I — General Government

Article I, General Government, provides funding for executive-branch elected offices and other key functions such as managing state debt, administering state employee retirement, overseeing election laws, and preserving the state's history.

Supplemental Budget Fills Crime Victims Compensation Shortfall

Agency: Office of Attorney General

The OAG's Crime Victims Compensation (CVC) program provides crime victims and their families funding for legal services, medical bills, counseling, lost wages, and other related costs. Two of the program's significant revenue sources are in jeopardy: court costs, which have been declining since 2020, and telephone fees from those incarcerated in prison which the Federal Communications Commission (FCC) ruled in 2024 can no longer be collected by states.

Overall, account revenue is expected to decrease by $40.5 million in the upcoming biennium. CSHB 500 supplements this amount. While court fee revenues are anticipated to rebound, the elimination of prison telephone fee revenue will require the Legislature to maintain additional financial support for the account.

Victims Assistance Programs See Modest Increase Amid Rising Demand

Agency: Office of Attorney General (OAG)

CSSB1 allocates $97.9 million to the Office of the Attorney General (OAG) for Victims Assistance, reflecting a $2.6 million increase from last biennium. Of this amount:

- ➔ $50.7 million is designated for 73 rape crisis centers in Texas, which focus on supporting human trafficking victims, expanding sexual assault nurse examiner programs, and increasing services for sexual assault survivors statewide; and
- ➔ $3 million to support the establishment of a statewide program that provides centralized training, technical assistance, and program evaluation for rape crisis centers (Rider 9);
- ➔ $44.2 million is allocated for all victims of crime.

While the increased funding is promising, its overall value has declined when adjusted for inflation; a decade ago, funding for Victims Assistance also hovered around $98 million. Despite this, the OAG has not requested any additional budget funding for Victims Assistance.

Funding for State Employee Retirement Keeps Pace

Agency: Employees Retirement System of Texas (ERS)

CSSB1 allocates $8.1 billion for the ERS across all articles, including $1.9 billion for the state contribution to the ERS retirement program and $4.9 billion for state employee insurance. Although those funds pass through and are administered by ERS, they're spread across different agencies. Additionally, CSSB1 allocates $1 billion directly to the ERS for retiree death benefits and legacy payments.

Most state retirees haven't received a pension increase since 2001. In 2013, a cost-of-living adjustment (COLA) was approved for beneficiaries who retired on or before 2004. This wasn't administered until January 2025, and it provides about 25% of retirees a 3% or $100 monthly increase, whichever is lower. For reference, the average ERS retiree currently receives $1,579 per month. Adjusted for inflation, this is equivalent to about $948 per month for those who retired in 2005. ERS has not requested any exceptional items to address this issue. However, multiple bills aimed at improving retirement benefits have been introduced.

The 12-year delay in implementing this COLA adjustment was due to the statutory requirement to maintain the actuarial soundness of the ERS Retirement Plan. For the plan to meet this standard, it must be able to pay off its unfunded liabilities (debt) within 30 years. When the ERS faced an unfunded liability of approximately $14 billion in 2021, the Legislature approved additional payments known as Legacy Payments. These payments contribute $510 million

annually to reduce the ERS debt, which is expected to be fully funded by 2044. The Supplemental Bill allocates $1 billion to pay off more of the unfunded liability.

Article II — Health and Human Services

Article II, Health and Human Services agencies include the Health and Human Services Commission, the Department of State Health Services, and the Department of Family and Protective Services. Spending is primarily driven by Medicaid, the Children's Health Insurance Program (CHIP), and child protective services.

Medicaid Funding and Unwinding

Agency: Health and Human Services Commission (HHSC)

CSSB 1 totals $82.3 billion for Medicaid in All Funds, including $32.2 billion in GR Funds for the Texas Medicaid Program. Included in these amounts is $75.7 billion in All Funds for Medicaid client services. This net increase from the last biennium for Medicaid funding is due to a $5.6 billion increase in All Funds to stabilize caseload growth while compensating for the decrease in federal reimbursements.

Additionally, 642 temporary full-time-equivalent (FTE) positions have been allocated to continue managing the Medicaid unwinding following the end of COVID-19 continuous coverage in 2023.

Essential Personal Care Attendant Wage Increases

Agency: Health and Human Services Commission (HHSC)

CSSB 1 includes $4.1 billion in All Funds to raise the base wage for personal attendants from $10.60 to $14.28 per hour. It also raises the base wage for personal attendant services participating in the Home and Community-Based Services waiver, the Texas Home Living waiver, and intermediate care facilities to $17.50 per hour. These adjustments aim to address the challenges in attracting and retaining qualified personal attendants who are essential to supporting individuals with disabilities, the elderly, and those with chronic health conditions.

Funding for Additional Medicaid Waiver Slots

Agency: Health and Human Services Commission (HHSC)

Texas Medicaid waivers provide community-based services for people with disabilities and those needing at-home care, helping them maintain independence. Texas has seven waiver programs that provide various services to different populations. Due to high demand and limited funding, waitlists for Medicaid waivers can be lengthy, with many Texans waiting over 15 years for care.

CSSB1 allocates $86.2 million to add more program slots and 17 FTEs for enrollment assistance, reducing waiver wait times.

Support for Women's Health Programs

Agency: Health and Human Services Commission (HHSC)

CSSB 1 includes $475.6 million for Women's Health Programs, including Healthy Texas Women, the Family Planning Program, and Breast and Cervical Cancer Services. Together, the programs provide vital services to underserved women across the state, ensuring they have access to preventive care, family planning, and cancer screenings. These funds include $20 million GR funds to expand the Women's Preventative Mobile Health Unit Services to include more rural areas in underserved regions.

Expanded Mental Health Services

Agency: Health and Human Services Commission (HHSC)

1 in 5 adults and 1 in 3 children in Texas experience a mental health condition each year. $6.5 billion has been allocated for non-Medicaid and Children's Health Insurance Program (CHIP) behavioral health services. The amount includes an increase of $165.9 million in GR Funds for 2,595.4 FTE positions at state mental health hospitals and an increase of $40 million in GR Funds for youth mobile crisis outreach teams. $99.6 million in AF is also allocated to address HHSC's Exceptional Item #5 to provide funds for operational costs at recently constructed mental health facilities.

Expanding Community-Based Foster Care

Agency: Department of Family and Protective Services (DFPS)

The Department of Family and Protective Services (DFPS) is the key state agency that manages services for foster care youth. Funding provisions include $85.9 million to expand the Community-Based Care (CBC) model across Texas. The CBC model was first authorized in 2004 by the Texas Legislature with the intent to shift from state-administered services to Single Source Continuum Contractors (SSCCs) to deliver foster care services regionally with a community-centered approach. The CBC initiative has been launched in seven regions, with plans to expand statewide. It currently supports approximately half of the youth in foster care.

Increasing Support for Kinship Caregivers

Agency: Department of Family and Protective Services (DFPS)

Over 250,000 children in Texas are raised by relatives in foster care kinship placements. Daycare service expansion for these official kinship caregivers is essential, as many of the elderly kinship caregivers survive on limited pensions or retirement funds. Additionally, they do not receive the same pay as licensed foster parents for providing care to their dependents. CSSB 1 has adopted DFPS's exceptional item to address this issue, which allocates over $7 million in AF to increase daycare eligibility for children in kinship placements aged 7 to 12 if their caregivers are 65 or older, have a documented disability, or work at least 20 hours a week.

Meeting the Needs of High Acuity Youth

Agency: Department of Family and Protective Services (DFPS)

Currently, the Texas foster care system faces a shortage of placements that can meet the needs of high-acuity youth. High-acuity youth are children who require support for complex trauma, mental health conditions, and specialized case management. Funding these services guarantees support for our most vulnerable youth. Additionally, DFPS's Exceptional Item 4 allocates over $6 million in AF to enhance behavioral health support and peer support services.

Tackling Alarming Congenital Syphilis Rates

Agency: Department of State Health Services (DSHS)

Texas currently leads the nation with the highest number of reported congenital syphilis cases, accounting for 25% of the nation's total. CSSB1 adopts DSHS's Exceptional Item #4 to allocate $13.3 million of AF to address the alarming rates of child mortality and morbidity linked to congenital syphilis. This funding will enhance prevention and treatment efforts by creating a new referral toolkit for maternal care providers and establishing a dedicated hotline to support diagnosis and treatment for healthcare professionals working with at-risk patients.

Backfilling Federal Dollars for STD Interventions

Agency: Department of State Health Services (DSHS)

The sudden reduction of federal resources for HIV treatment and sexually transmitted diseases threatens our state health systems, as STD cases pose a persistent challenge to public health. With federal funding for regional sexually transmitted disease (STD) intervention specialists in high-risk communities set to end in 2026, it is crucial to invest state dollars in preventive care and manage the increasing demand caseloads. CSSB1 includes DSHS's Exceptional Item 5(a) to ensure continued access to intervention specialists at local health departments and allocates funding for 44 FTEs to sustain disease intervention services. A total of $27.7 million in AF is appropriated to support ongoing STD care.

Article III — Education

Article III, Education, is the largest driver of the state budget, with the majority of funds going toward public education. It also includes funding for higher education institutions. Funding in the coming biennium could help the public education system address serious challenges facing Texas students. In short, Article III is where Texas can secure its future.

Public Education

Instead of making meaningful investments in our public school system, CSHB 1 continues to underfund schools while prioritizing property tax cuts and private voucher programs over the needs of Texas students and teachers. Schools across the state have faced budget deficits, program cuts, campus consolidations, and closures, largely due to the state's failure to increase school funding.

More money for public education, but not enough to fully fund schools

Agency: Texas Education Agency (TEA)

CSSB 1 allocates $7.6 billion over the biennium in GR Funds for increased public education funding, contingent upon actions of the 89th Legislature (Rider 79). This is the financial basis for HB 2 by Rep. Buckley, which supports teacher pay and training, increases funding for Special Education services, and provides additional school funding through a variety of grants, programs, and allotment weights.

$7.6 billion falls far short of the nearly $25 billion required to fully fund the basic allotment to 2019 levels. CSSB 1 appropriates a little less than a third of that. While schools are desperate for whatever money they are given, Texas students deserve a budget that makes a stronger attempt to meet their needs.

Property tax cuts that Texas students can't afford

Agency: Texas Education Agency (TEA)

CSSB 1 allocates $51 billion for property tax relief over the biennium, with $47.5 billion dedicated to maintaining the cuts mandated by HB 3 86(R), including increased tax compression (Rider 76). The remaining $3.5 billion is designated for new property tax relief, contingent on actions taken by the 89th Legislature.

Increased Funding for School Safety Allotment

Agency: Texas Education Agency (TEA)

HB 3 (88R), which passed in the wake of the Robb Elementary shooting, mandated a slew of school safety measures like mental health training, school "hardening" measures, and on-duty armed guards on school campuses. Though lawmakers provided some funding for these measures in the 88th Session through the school safety allotment, districts say these funds have not been enough to cover these expensive safety measures.

Rider 77 details $400 million over the biennium for this purpose, with Rep. Bonnen's HB 124 allocates those funds by increasing the per-student allotment from $10 to $14 and the per-campus funds from $15,000 to $37,000.

Not a universal raise, but more money for certain teachers

Agency: Texas Education Agency (TEA)

The Teacher Incentive Allotment (TIA), established by HB 3 (86 R) in 2019, is a program meant to provide significant, targeted raises to high performing teachers. Districts can participate by adopting a tiered teacher evaluation system that rewards high-performing teachers with increased pay, up to $30,000 in some cases. Participating districts see 8% higher retention rates, on average. However, the program has drawn criticism for reaching fewer than 4% of all Texas teachers, its reliance on test scores to determine teacher capability, and the limited access for non-core educators such as Career and Technical Education (CTE) teachers.

CSSB 1 provides $1.49 billion over the biennium for the expansion of the program (Rider 56). This increased funding would allow for an additional 95,000 teachers to receive pay raises compared to last biennium.

Though the TIA program does not provide an across-the-board teacher pay raise, it is a mechanism by which thousands of Texas educators may receive increased compensation in the coming biennium.

Allowing property wealthy districts to leverage taxation for additional funding, leaving out poorer districts

Agency: Texas Education Agency (TEA)

Rider 3 dedicates $0.8 billion in All Funds to raise the 'golden penny yield' so that property wealthy districts give less to the state in recapture. Golden pennies represent the first eight pennies of additional tax effort above the Maximum Compressed Rate that districts must levy to get their full entitlement of state funding. Those eight additional pennies are not subject to recapture, the mechanism by which the state distributes funds from property wealthy districts to other districts and charter schools. CSSB 1 raises the yield roughly 8 percent, or by $11.10 in 2026 and $11.5 in 2027.

Although raising the golden penny yield would allow recapture schools to maintain more money for school funding and programs, doing so would create further inequity in the school finance system. Increasing the basic allotment in CSSB 1 is the best way to maintain equity in the school finance system and reduce the need for districts to increase their local tax rate.

$1 billion for Education Savings Accounts (ESAs)

Agency:Texas Education Agency (TEA)

Rider 78 outlines $1 billion for an Education Savings Account (ESA) program that would allow some Texas students access to public funds for private education. This program, often referred to as "school vouchers," would be administered either by SB 2 (89R) or HB 3 (89R). Though both bills differ in their allocation of funding per student and the degree to which they give preference to low-income students and students with disabilities, neither escapes the fundamental problem of voucher schemes.

While doing nothing to increase student achievement, vouchers funnel state dollars to private schools to educate wealthy students who would be able to afford tuition anyway. When school districts are struggling to pay for teachers, facilities, and services, Texas should not spend its valuable resources subsidizing the cost of expensive private school tuition.

No Cost-of-living adjustment for retired teachers

Agency: Teacher Retirement System (TRS)

The most significant change in employee benefits comes from the 34.6% reduction in general funds for the Teacher Retirement System (TRS). This reduction comes from the absence of a "13th check" for retirees, which amounted to $5 billion last biennium. Absent a cost-of-living increase, that payment was meant to provide retirees 70 and older much needed inflation relief.

However, this budget item should not be eliminated without the institution of a permanent cost-of-living adjustment to the TRS. Support for retired teachers is not a box to be checked, but rather a continuous obligation that the legislature has to those that spent a career serving Texas.

Higher Education

Increased Funding for Financial Aid

Agency: Texas Higher Education Coordinating Board (THECB)

A collection of financial aid funds—TEXAS Grant, Texas Educational Opportunity Grant (TEOG), Tuition Equalization Grant (TEG), Financial Aid SWIFT Transfer, Texas Transfer Grant, Texas Leadership Scholars — provides needy Texas students with funds for college tuition. Each session, the legislature appropriates money to partially fund these programs. However, students are denied grants each year because the grants lack sufficient funding.

CSSB 1 proposes $364.3 million (44%) more for these programs than the last biennium. This additional money would allow TEXAS Grants to reach 70% of eligible students. Other programs would likewise see significant increases in funding.

These funds represent an important investment in higher education that will prepare the Texan students for the economy of the future.

Additional Support for Texas State Technical College (TSTC)

Agency: Texas Higher Education Coordinating Board (THECB)

The Texas State Technical College System (TSTC) is a coeducational two-year higher education institution offering courses in technical vocational education for careers in which there is high demand in Texas. They operate 10 campuses located across the State and provide essential training for careers in fields like healthcare, aviation, and HVAC.

To account for the changes in formula funding, this budget allocates $39.9 million to hold TSTC harmless for the extra funds they would otherwise be responsible for. This does not affect tuition, but rather increases the state share of contribution to the funding of student wages.

The bill also makes a provision for an $850 million appropriation for a TSTC endowment, contingent on the passage of HJR 5 (89) and subsequent approval of the constitutional amendment by the voters.

Maintaining Funding for Successful Community College Finance Reforms

Agency: Texas Higher Education Coordinating Board (THECB)

HB 8 (88R) created a new funding formula for public community colleges in which schools were funded based on student outcomes rather than instructional hours delivered. Community colleges get extra money for each student who earns a credential of value, transfers to a public Texas four-year institution, or completes 15 hours of dual-credit coursework. The result has been a $210 million increase in community college funding statewide.

Rider 20 outlines $2.4 billion in the biennium for the Public Junior College State Finance Program to maintain this successful funding model.

Extra Funding for Certain Health-Related Institutions

Agency: Texas Higher Education Coordinating Board (THECB)

CSSB 1 includes increased funding for certain health-related institutions — an important investment as Texas faces a growing physician shortage.

The Texas Tech University Health Sciences Center will receive $20.6 million to modify its mission-specific formula to expand federal and private money for research expenditures. $10 million is allocated for a cancer immunology center and a limb preservation program at the University of Texas Rio Grande Valley School of Medicine. Additionally, the University of Texas School of Public Health San Antonio, which welcomed its inaugural class in August 2024, will receive $10 million for personnel funding to expand its staff.

CSSB 1 also allocates over $150 million for graduate medical education expansion, allocating funds for care centers and residency program support.

Potential Removal of Institutional Enhancement for Higher Education

Direct Appropriation to Institutions

At this time, CSSB 1 strips $423.1 million in non-formula support for the Institutional Enhancement fund. The initial Institutional Enhancement appropriation was based on a consolidation of certain special item appropriations in 1999, and an additional $1 million per year was appropriated for each institution. Universities report that the fund is used to support professors and student support initiatives.

Article IV — Judiciary

Article IV, the Judiciary, helps fund Texas' court systems — the Texas Supreme Court, Court of Criminal Appeals, 15 appellate courts, and numerous trial courts — its judges, and other legal services such as indigent defense.

Funding for Indigent Defense Amid Revenue Shortfall

Agency: Office of Court Administration

CSSB1 allocates $1 million to establish a new regional public defender office serving Terrell and Val Verde counties to ease issues with rural attorney shortages and the overall decline of attorneys taking indigent cases. Additionally, CSSB1 backfills the $10 million revenue shortfall facing TIDC due to an expected decline in revenue from court cost fees and jury service fees. Therefore, the Legislature will need to continue providing supplemental funding for indigent defense.

A growing number of counties and state entities, including the Texas Judicial Council, have called for Texas to increase state funding of criminal indigent defense. In Texas, counties provide 90% of the funding for indigent defense with the Texas Indigent Defense Commission (TIDC) contributing the rest. Texas currently ranks 46th in the nation for indigent defense spending.

In 2023, SB 2120 established a Family Protection Representation Program (FPRP) within the Texas Indigent Defense Commission (TIDC) to enhance legal services for child welfare cases. However, the bill did not allocate additional funding for this initiative. The program promotes pre-petition legal advocacy, which has been shown to significantly reduce the number of child removals. Although CSSB 1 included a provision to prioritize these efforts using existing funds, there are currently no dedicated funds in the budget for the program.

Article V — Public Safety and Criminal Justice

Article V, Public Safety and Criminal Justice, funds law enforcement, corrections, and regulatory oversight. It supports highway patrol, criminal investigations, border security, and state law enforcement efforts, all of which are essential for public safety.

Pay Raises for Correctional Officers

Agency: Texas Department of Criminal Justice

Turnover rates for TDCJ Parole Officers and Correctional Officers have improved since 2021, but they remain above the statewide averages. In addition to a statewide salary adjustment, the 88th Legislature appropriated $374.8 million to provide a 15% salary increase for Correctional Officers. CSSB 1 includes $330.6 million for a 10% salary increase for Correctional Officers, $32 million to provide a 15% salary increase for Parole Officers, and $51.9 million to provide a 10% salary increase for all Community Supervision and Corrections Department staff.

Additional Funds for A/C in Prisons, as Funds from the Current Biennium Remain Unspent and Texas Inmates Suffer

Agency: Texas Department of Criminal Justice

The majority of state prison facilities lack air conditioning. In fact, TDCJ currently faces a federal lawsuit over alleged inhumane living conditions in Texas prisons due to extreme heat. A 2022 study found that an average of 14 deaths per year between 2001-2019 were associated with heat in Texas prisons. Extreme heat heightens the risk of violence, suicides, and deaths, challenging the TDCJ's mission.

TDCJ has only spent $13 of the $85 million appropriated last biennium to install air conditioning. The Supplemental Budget includes $118 million to install air conditioning in TDCJ facilities, which would add 16,000 air-conditioned beds to the system.

Despite Staffing Shortages and Legal Problems, Another $75 Million to Build 2 New Children's Prisons

Agency: Texas Juvenile Justice Department

The 88th Legislature appropriated $200 million to the Texas Juvenile Justice Department (TJJD) for the construction of 2 new prisons with an additional 200 beds. TJJD requested another $75 million to begin construction, which is included in CSHB 500.

However, TJJD's ongoing staffing shortages and violations of constitutional rights raise concerns about additional funding for new facilities.

TJJD faces consistent staffing shortages, compounded by an average turnover rate of 71.4% for Juvenile Correction Officers and 42.4% for all TJJD positions. CSSB1 builds on the 15% direct-care staff salary increase provided last biennium by providing $19.3 million to further increase these salaries. Due to federally mandated staff-to-youth ratios, TJJD's current capacity is 1,439 out of the 1,800 physical beds. This has caused a consistent waitlist of children waiting to be transferred to TJJD from local facilities, delaying the start of their court-ordered programs and increasing the risk of longer sentences or transfer to adult TDCJ facilities.

Money to Reduce Recidivism

Agency: Texas Juvenile Justice Department

Youth who are incarcerated in state facilities are 21% more likely to reoffend. CSSB1 allocates $26 million for pre/post adjudication and regionalization placements that help keep youth closer to home and out prisons. Rider 43 requires transition plans to send indeterminate youth who have been at TJJD for 6 months or less back to their original county of residence.

Education Within TJJD

Agency: Texas Juvenile Justice Department

In accordance with IDEA requirements, Rider 37 requires that TJJD develop and maintain a system for tracking special education and dyslexia services. This system will include information about service need evaluations, explanations for changes made to preexisting Individualized Education Plans or Behavioral Plans, and curriculum plans for various disabilities.

Rider 42 appropriates $500,000 to establish a pilot program that improves the identification, evaluation, and intervention of youth with dyslexia and other disabilities.

TJJD recommends lowering recidivism by prioritizing vocational training rather than a high school diploma. CSSBI fulfills their request for $64.5 million for new Regional Residential Vocational Programming, which will provide transitional living and vocational training for youths.

Officer Vacancies Fully Funded

Agency: Department of Public Safety

There were 515.0 commissioned law enforcement vacancies at the end of FY 2024. CSSB1 allocates $402.6 million to fund 567.0 new officers and 159.5 support staff, as well as a $26.0 million increase for training academies and officer development.

Article VI — Natural Resources

Article VI, Natural Resources is the foundation for the agriculture, energy, and water that fuels the Texas economy. Protecting and investing in natural resources is vital to secure immediate economic needs and long-term sustainability, fostering growth and quality of life for Texans.

$10 Million for Leaking Water Wells

Texas Commission on Environmental Quality

House Bill 4256 (88R) established the Leaking Water Wells Grant Program under the Texas Commission on Environmental Quality (TCEQ) and allocated $10 million to help plug leaking water wells in eligible rural counties. None of the allocated funds have been distributed yet, as the TCEQ's rulemaking process is still ongoing. However, the process is expected to be completed by summer 2025.

CSSB 1 allocated $9.8 million for the Leaking Water Wells Program (Rider 30) for fiscal year 2026, and an additional $219,338 for fiscal year 2027.

$100 Million for Orphan Wells

Railroad Commission (RCC)

Thousands of orphaned oil and gas wells in Texas are in need of plugging. The cost for plugging each well varies based on the severity of the leak, well depth, and local hydrogeology. CSSB 1 appropriates $153.8 million for the RRC's Oil and Gas Regulation and Cleanup initiative to plug abandoned oil and gas wells and clean up abandoned oilfield sites. On top of this, the Supplemental Budget contains an additional $100 million to address increasing program costs. This funding would prioritize emergency and high-priority wells.

Water Crisis a Texas-Sized Challenge

The Water Development Board (TWDB)

With Texas's population expected to grow from 30 million to 52 million by 2070, the state faces significant water demand and supply challenges. To address long-term needs, the state will have to invest at least $154 billion in the coming decades.

In November 2023, Texas voters approved the creation of the Texas Water Fund and a $1 billion infusion to bolster existing TWDB water financing programs. CSHB 500 includes $2.5 billion for the Texas Water Fund, contingent on HB 16 (89R).

Additionally, CSHB 500 appropriates $8 million to support the agency's expanded responsibilities under SB 28 (88R), which directs 25% of Texas Water Fund resources toward the development of new water sources.

Feeding Students

Agency: Department of Agriculture

The budget allocates $6.6 million for free breakfast to qualified at-risk students and related adults (Rider 29).

Article VII — Business and Economic Development

Article VII, Business and Economic Development, allocates funds to enhance transportation systems, foster business growth, and support workforce development initiatives.

Empowering Employment for Individuals with Disabilities

Agency: Texas Workforce Commission

The Vocational Rehabilitation (VR) Program helps individuals with disabilities prepare for, find, and maintain employment. The program also supports young students with disabilities as they transition to life after school. In FY 2024, the program served over 69,000 participants, an increase from previous years.

CSSB 1 includes $165.2 million in AF to help meet participant needs, service delivery demands, and expected growth. These funds will also enable TWC to draw down an additional $113.7 million in federal funds (Rider 32).

Article VIII — Regulatory

Article VIII, Regulatory, plays a critical role in regulations that enhance public health and safety. Regulatory agencies oversee a range of essential business sectors and activities, including healthcare, electric utilities, and insurance.

$2.75 billion for the Texas Energy Fund

Agency: Public Utilities Commission

SB 2627 (88R) and SJR 93 (88R) created the Texas Energy Fund (TEF), a taxpayer-funded low-interest loan program to build or upgrade natural gas or coal plants.

TEF was proposed as a $10 billion fund; however, only $5 billion was allocated to it during the 88th session. Both CSSB 1 and the Supplemental Budget allocate $2.75 billion to the Texas Energy Fund (TEF), with $750 million dedicated to a new initiative that supports the deployment of advanced nuclear reactors.

The LSG does not support additional funding for TEF unless legislation or initiatives are introduced to address the fund's narrow focus on dispatchable energy resources and its exclusion of energy efficiency initiatives. Furthermore, the program continues to face administrative challenges— including issues with its contracted firm, Deloitte, which allowed falsified applications to advance without proper vetting — and none of the TEF funds have been distributed so far. Consequently, $3 billion TEF funds originally included in the House's Introduced Budget are now unfunded in Article XI.

Other Notable Items

Exorbitant Costs of State Border Security

Spread Across 13 State Agencies

CSSB 1 allocates $6.5 billion for border security. Meanwhile, Governor Abbott is asking Congress to reimburse the state for the billions already spent on border security over the past four years. Gov. Abbott justified these previous expenditures by saying the Biden administration was failing to secure the border. President Biden is no longer in office, yet state leaders continue to allocate billions of dollars towards border security efforts.

One of the most high-profile border security initiatives has been the construction of a wall along the Texas-Mexico border. To date, the Texas Facilities Commission (TFC) has constructed 56.9 miles of the wall – approximately 4.5% of the border's total 1,254 mile length. According to TFC officials, initial wall construction cost about $25-$30 million per mile, which brings the total project cost up to $20 to $24 billion. CSSB1 allocates an additional $2 million to the TFC

for continued construction and maintenance, raising the total state funding for the wall to $2.5 billion.

Texas spent over $11.1 billion for border security efforts in the past four years. CSSB1 allocates another $6.5 billion to maintain spending at levels comparable to last biennium. These funds are better spent investing in border communities rather than militarizing them.

A total of $6.5 billion for border security is split across the following agencies:

- ➔ Trusteed Programs within the Office of the Governor — $2.9 billion
- ➔ Texas Military Department — $2.3 billion
- ➔ Department of Public Safety — $1.2 billion
- ➔ Office of Court Administration, Texas Judicial Council — $44.8 million
- ➔ Texas Parks and Wildlife Department — $33.6 million
- ➔ Texas Department of Criminal Justice — $25.9 million
- ➔ Department of Motor Vehicles — $25.1 million
- ➔ Department of State Health Services — $16.4 million
- ➔ Texas Soil and Water Conservation Board — $7.2 million
- ➔ Texas Alcoholic Beverage Commission — $6.9 million
- ➔ Office of the Attorney General — $2.6 million
- ➔ Commission on Jail Standards — $0.40 million
- ➔ Texas Commission on Law Enforcement — $0.30 million

Room For More State Employee Raises

All State Agencies

Although CSSB 1 provides pay raises for correctional officers and personal attendants, it leaves out many other essential state employees. In prioritizing government efficiency, state leaders are overlooking one of the most effective tools for attracting and retaining talent: competitive compensation. While last session's 10% across-the-board raise was a step in the right direction, further investment is needed to build and maintain a strong, capable workforce that can continue to serve Texans effectively.

Texas Moving Industry Incentive Program Remains Unfunded in Article XI

The Office of the Governor

The Governor's Office requested $155.2 million for the Texas Moving Industry Incentive Program (TMIIIP) to provide grants to moving image productions. The 87th and 88th Legislatures appropriated $200 million in GR funds for the program. $45 million remains unfunded in Article XI.

Conclusion

The State can do more to help our students—investing in public education remains essential to securing long-term prosperity for all Texans. At the same time, this session's budget reflects important priorities with key investments in areas like infrastructure, mental health, and higher education.