

The Road Ahead: Preparing for the 90th Legislative Session

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UPDATE ON THE 2026-27 STATE BUDGET

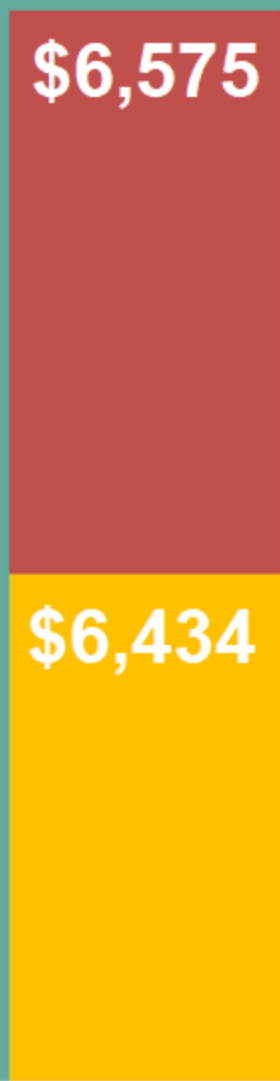
June 2026

Eva DeLuna Castro eedlctx@gmail.com





U.S. avg.



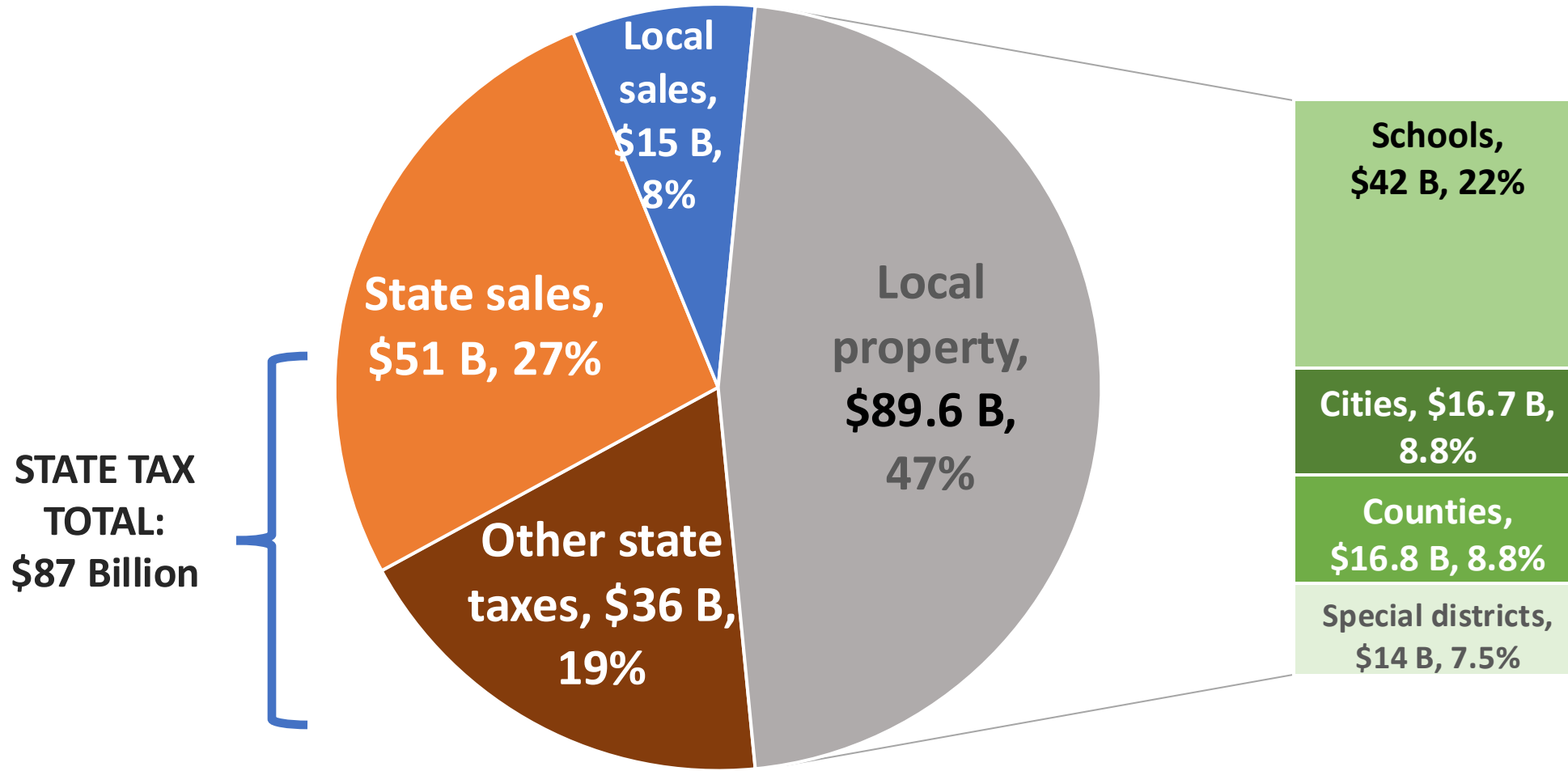
■ Local
■ State

Texas ranks 39th in state/local government spending per resident

Public services are provided by state and local governments, sometimes with federal support. Looking at the combined effort per resident, Texas is a low-spending state. This is the direct result of low **state** tax effort and spending.

Sources: U.S. Census Bureau, Annual Survey of State and Local Government Finances, 2023 Direct General Expenditures (July 2025); 2023 state population estimates as of July 1.

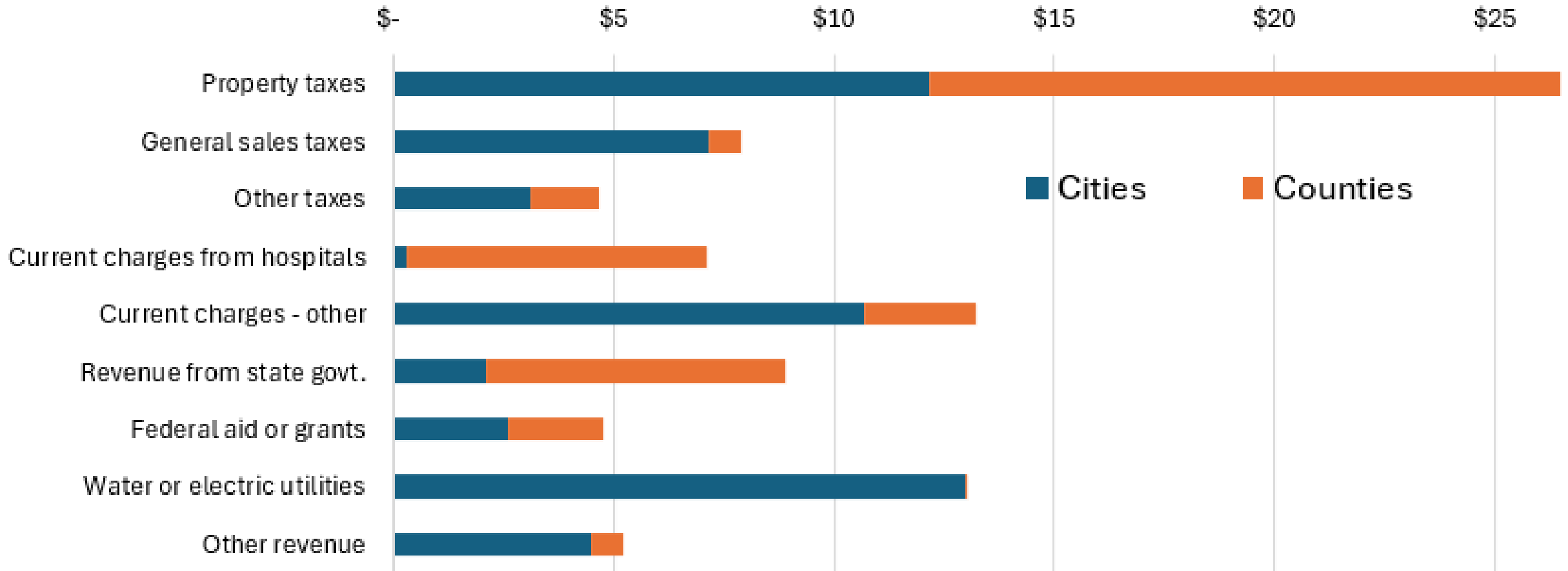
TEXAS IS A TWO-TAX STATE: SALES & PROPERTY



Sources: Comptroller of Public Accounts, 2025 Property Tax Year Levies and Fiscal 2026 State Revenue forecast.

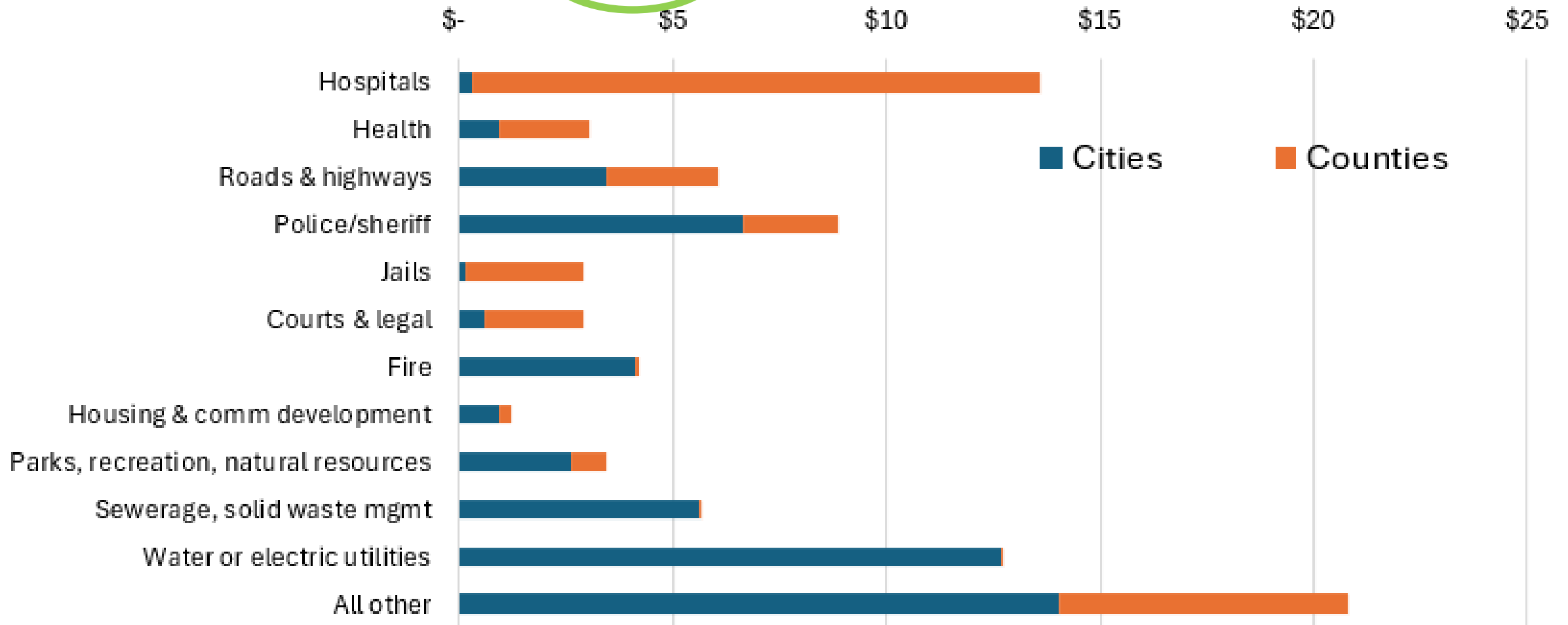
FOCUS ON GENERAL LOCAL GOVERNMENTS

Total revenue for Texas cities and counties, 2022



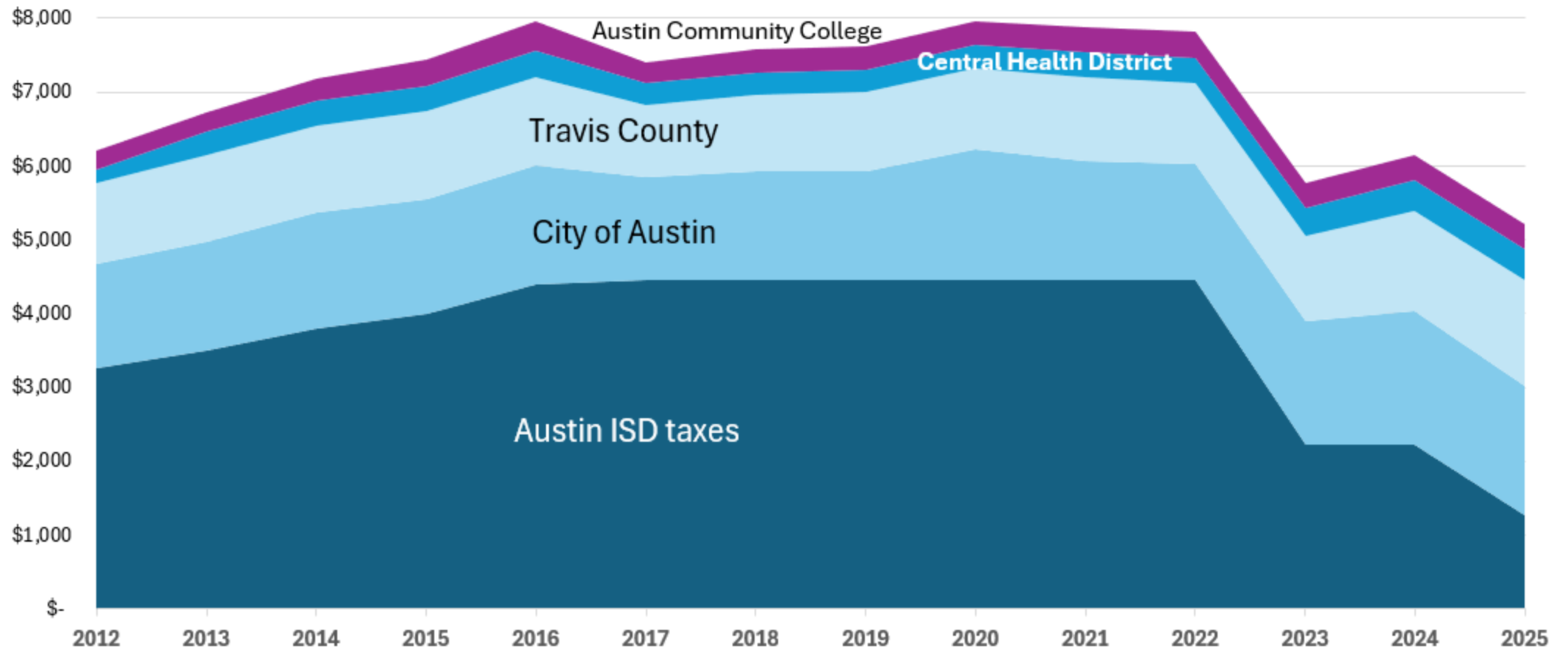
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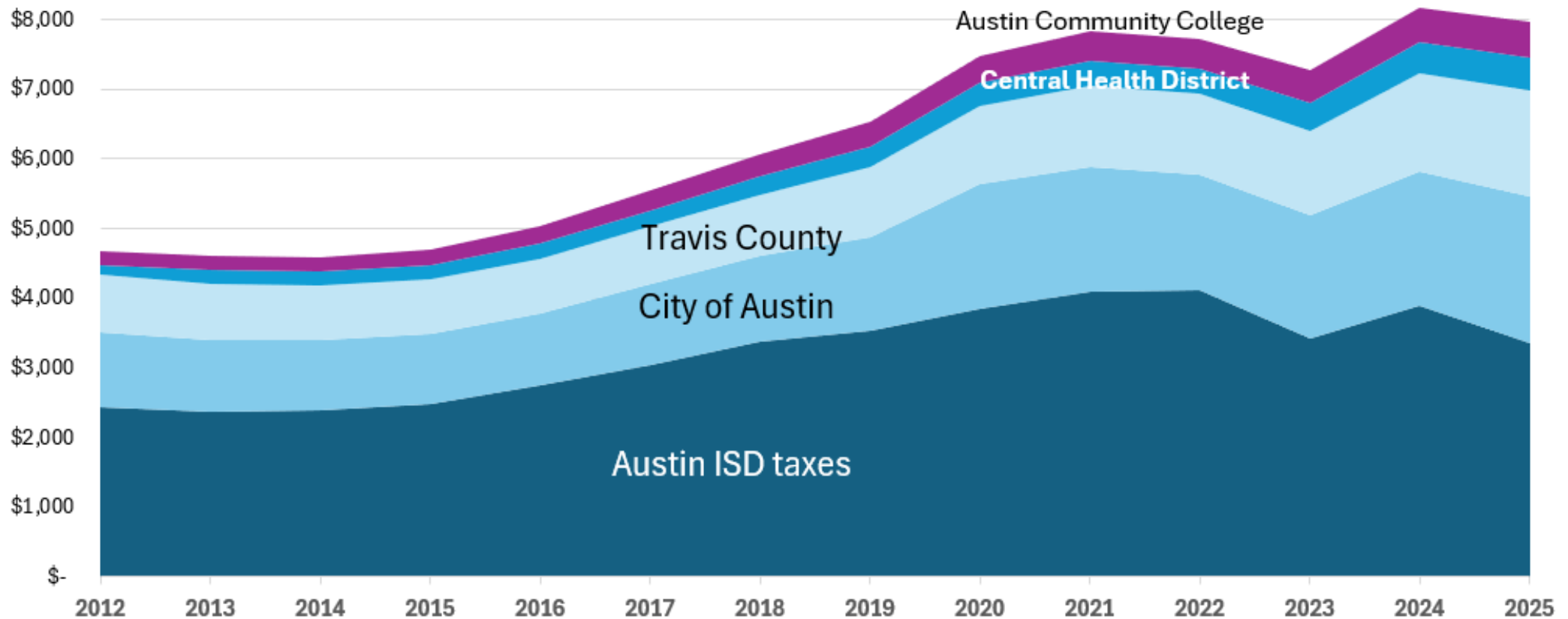
PROPERTY TAX BILL: HOMEOWNER AGE 65+

3 BR / 2 BA, 1,900 sq ft, bought in Aug. 2003 for \$207 K, 2025 appraisal is \$659 K. Turned 65 in 2017, so **AISD taxes** were frozen at **\$4,452**; dropped to **\$2,231** in 2023; 2025 proposals cut them again, to **\$1,264**. Total tax bill was about \$5,200, compared to \$8,000 paid in 2016 (\$10,500 in today's dollars).



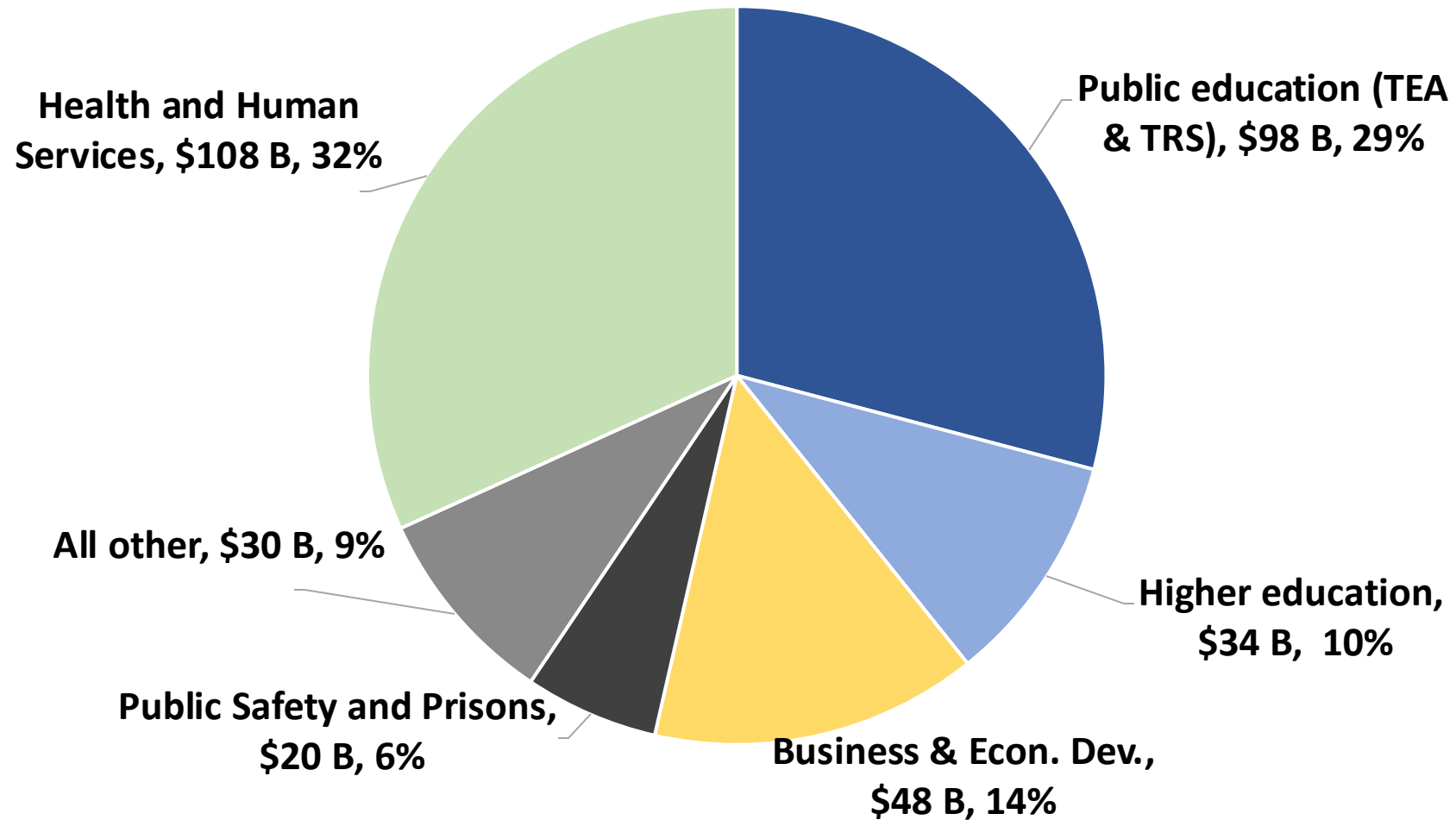
PROPERTY TAXES: NON-SR HOMEOWNER

3 BR / 2 BA, 1,900 sq ft, bought in 1996 for \$89K K, 2025 appraisal is \$503 K. Homestead exemption increase from \$25K to \$40K -> **AISD taxes stayed flat in 2022**; \$100K, dropped by \$700 in 2023; 2025 changes (\$140K exemption, lower rate) drop school tax back to 2023 amount. Total 2025 tax bill was about \$8,000, compared to \$5,000 paid in 2016 (\$6,800 in today's dollars).

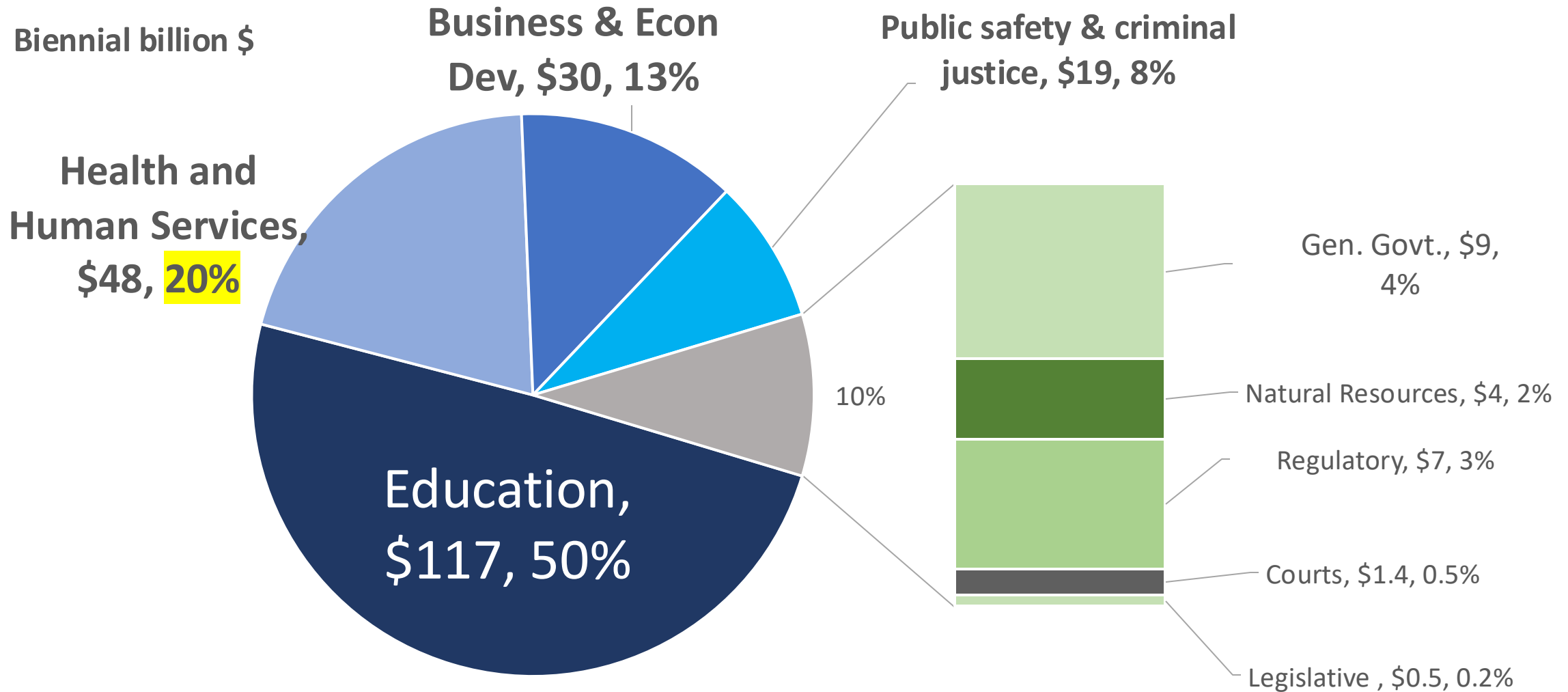


ALL FUNDS, 2026-27: \$338.5 Billion

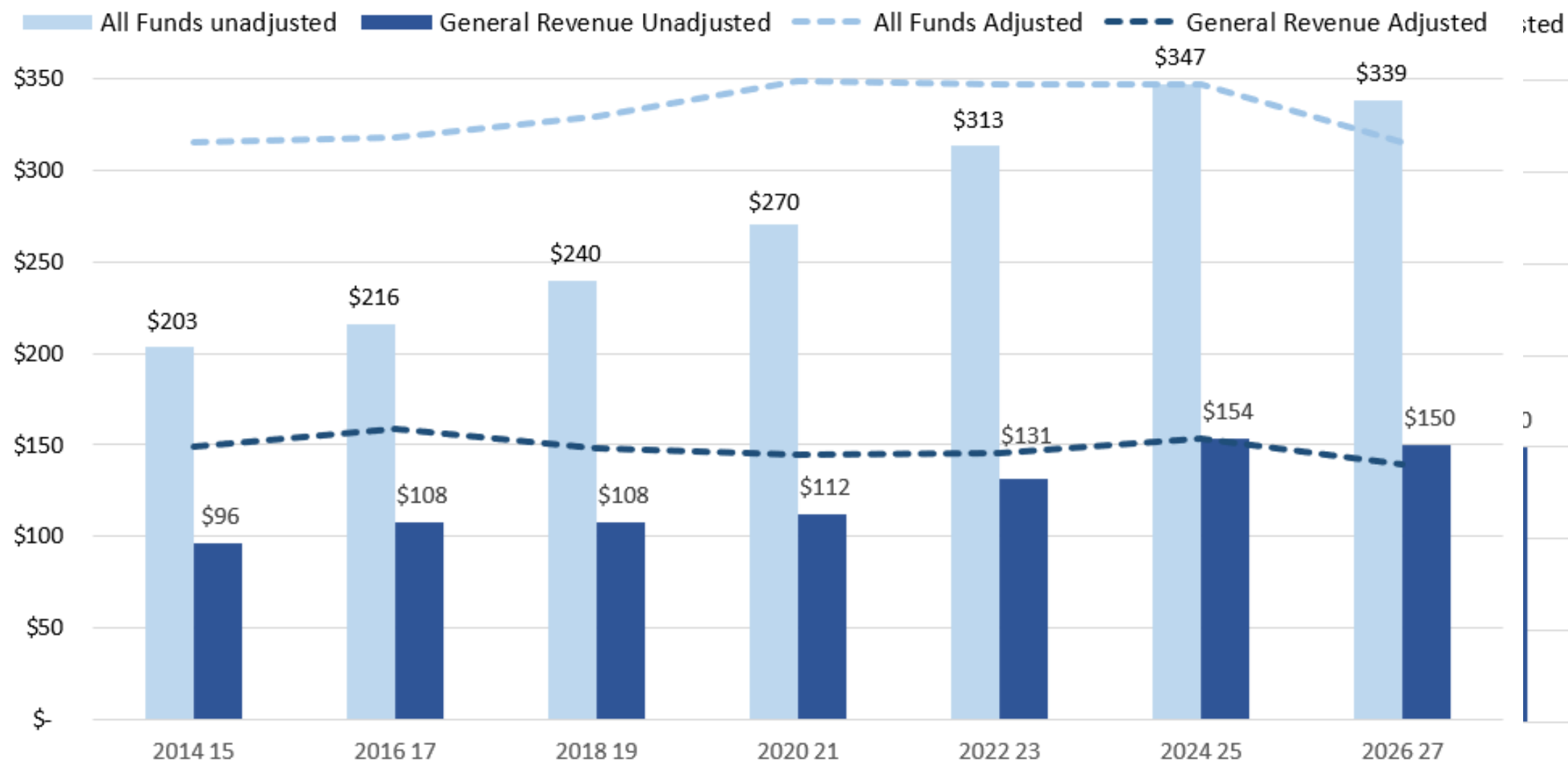
All Funds in SB 1 & some of HB 500, for 2026-27



...MINUS FEDERAL FUNDS: 2026-27: \$236 B

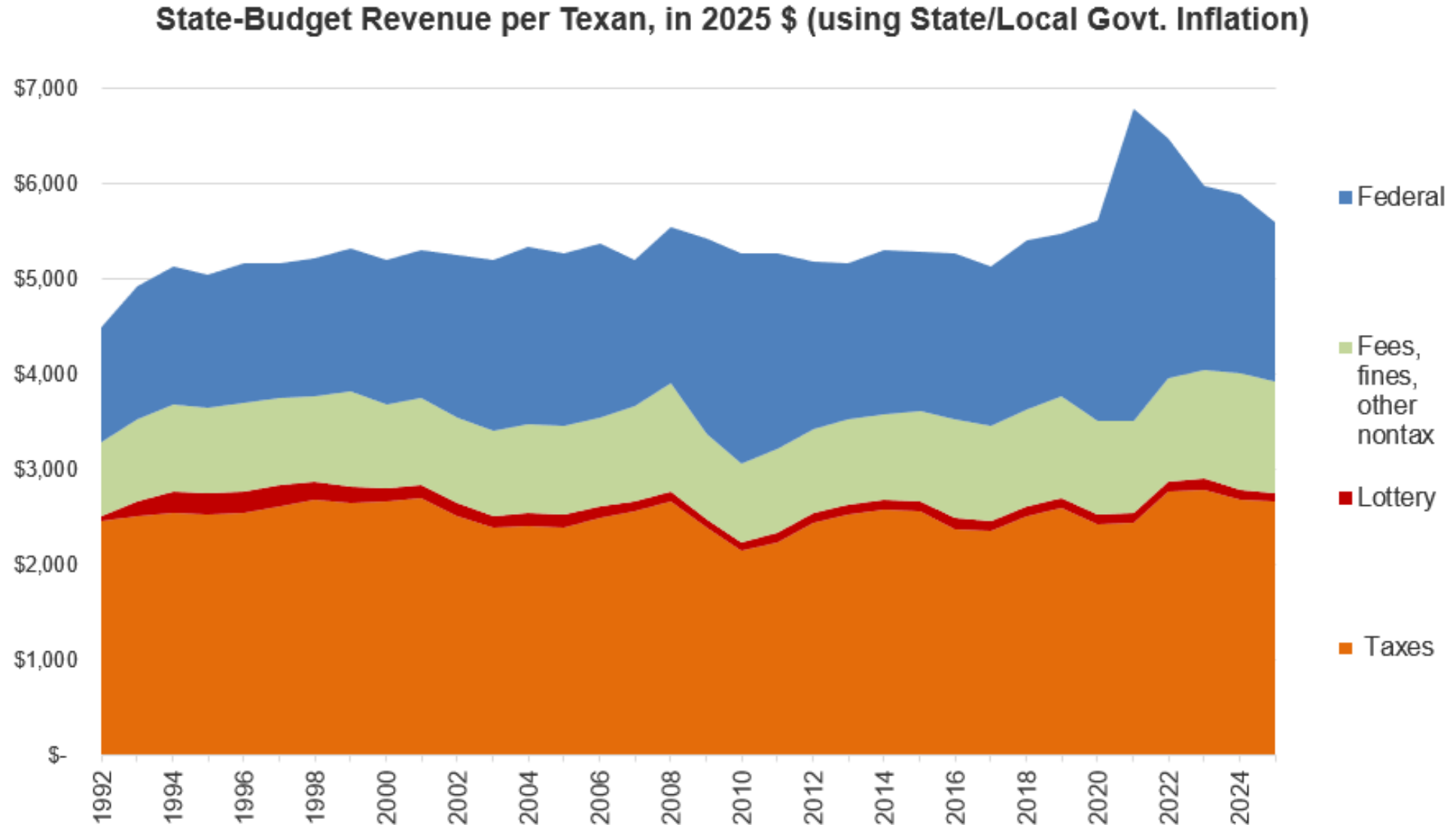


TEXAS BUDGET ADJ. FOR POPULATION & INFLATION



In billion \$, inflation adjusted to 2024-25 dollars. Sources: Legislative Budget Board Fiscal Size-Ups.

TEXAS LONG-TERM STATE REVENUE TRENDS

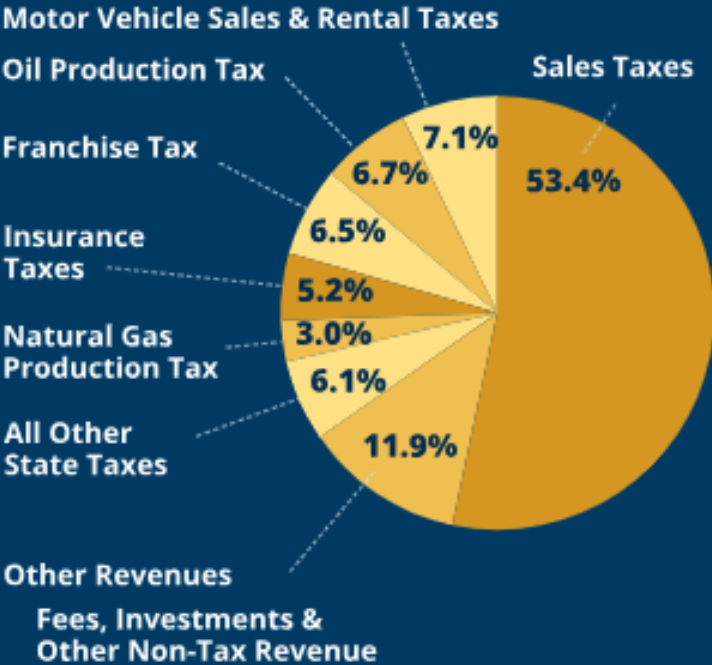


Sources: Comptroller of Public Accounts, Cash Reports; Legislative Budget Board (federal funds)

BIENNIAL REVENUE ESTIMATE

The Texas Comptroller issues the Biennial Revenue Estimate before every regular legislative session, projecting the revenue that lawmakers have available for state programs and services through the upcoming biennium. The 89th Legislature will have a projected fiscal 2024-25 ending balance of \$23.76 billion, in addition to \$170.83 billion in total collections of available general revenue-related (GR-R) funds (net of transfers) in the 2026-27 biennium.

State Revenue, General Revenue-Related



Revenue Available for General-Purpose Spending

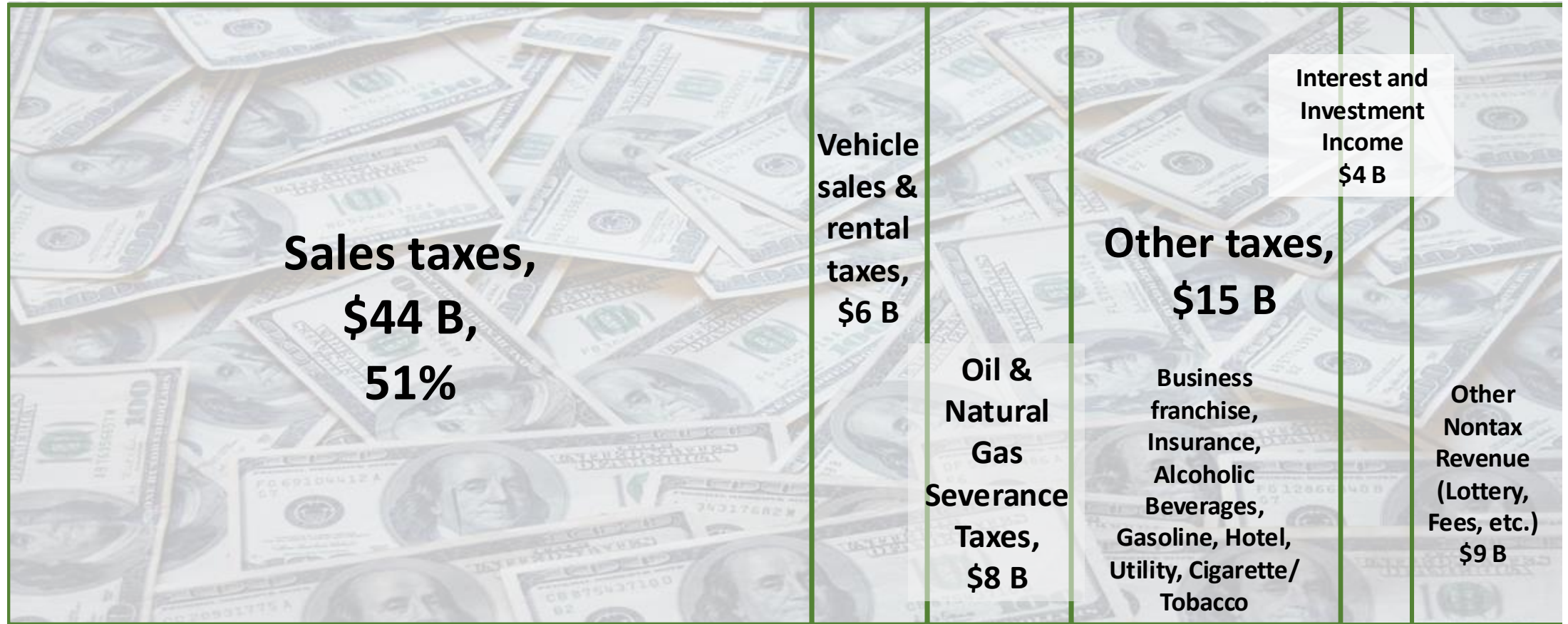
PROJECTED
In Billions of Dollars

		2024-25	2026-27 BIENNIUM
GR-R Tax Collections	+	\$143.36	\$155.42
Other GR-R Revenue	+	\$24.03	\$21.01
TOTAL GR-R REVENUE	=	\$167.38	\$176.43 SUBTOTAL
Beginning Balance	+	\$39.43	\$23.76
TOTAL GR-R REVENUE & FUND BALANCES	=	\$206.81	\$200.19 SUBTOTAL
Reserve for Transfers to the Economic Stabilization and State Highway Funds	-	\$10.38	\$11.19
Reduction of Reserve for Transfers of Severance Taxes to the Economic Stabilization Fund	+	\$0.31	\$5.60
TOTAL REVENUE AVAILABLE FOR GENERAL-PURPOSE SPENDING	=	\$196.73	\$194.60 TOTAL

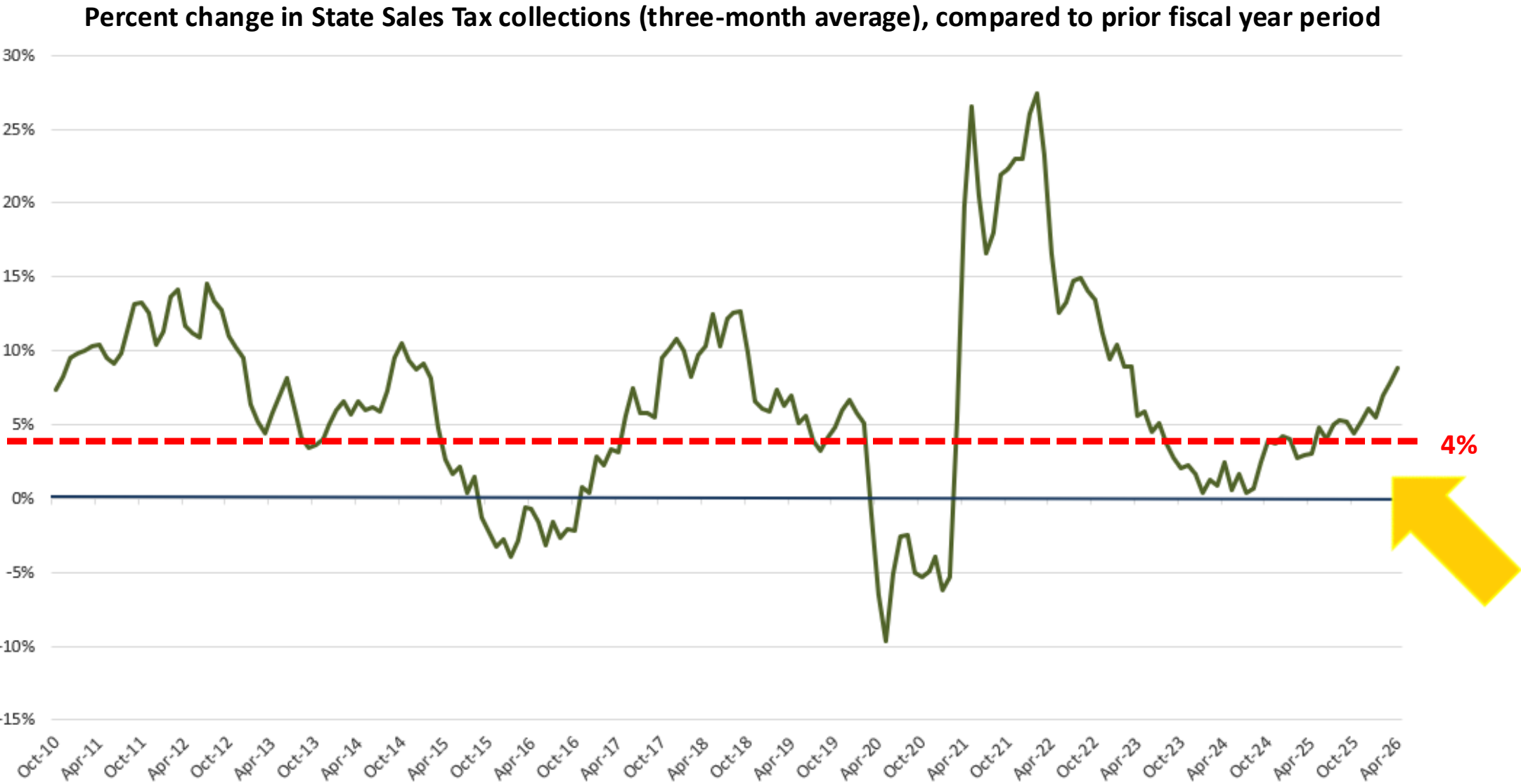
\$24 billion
2025 GR Ending Balance
(without supplemental)

Total GR
Available thru
August 31, 2027

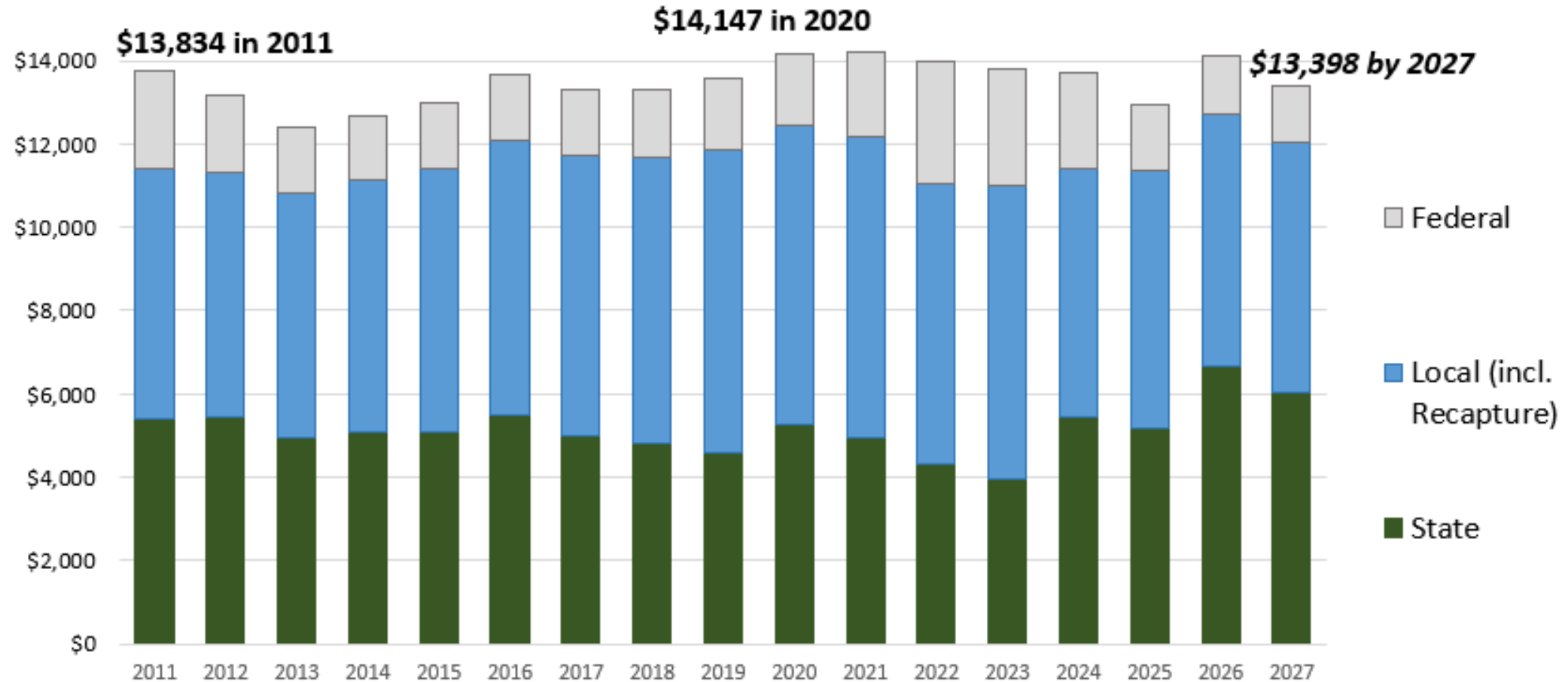
SOURCES OF 2025 STATE GENERAL REVENUE



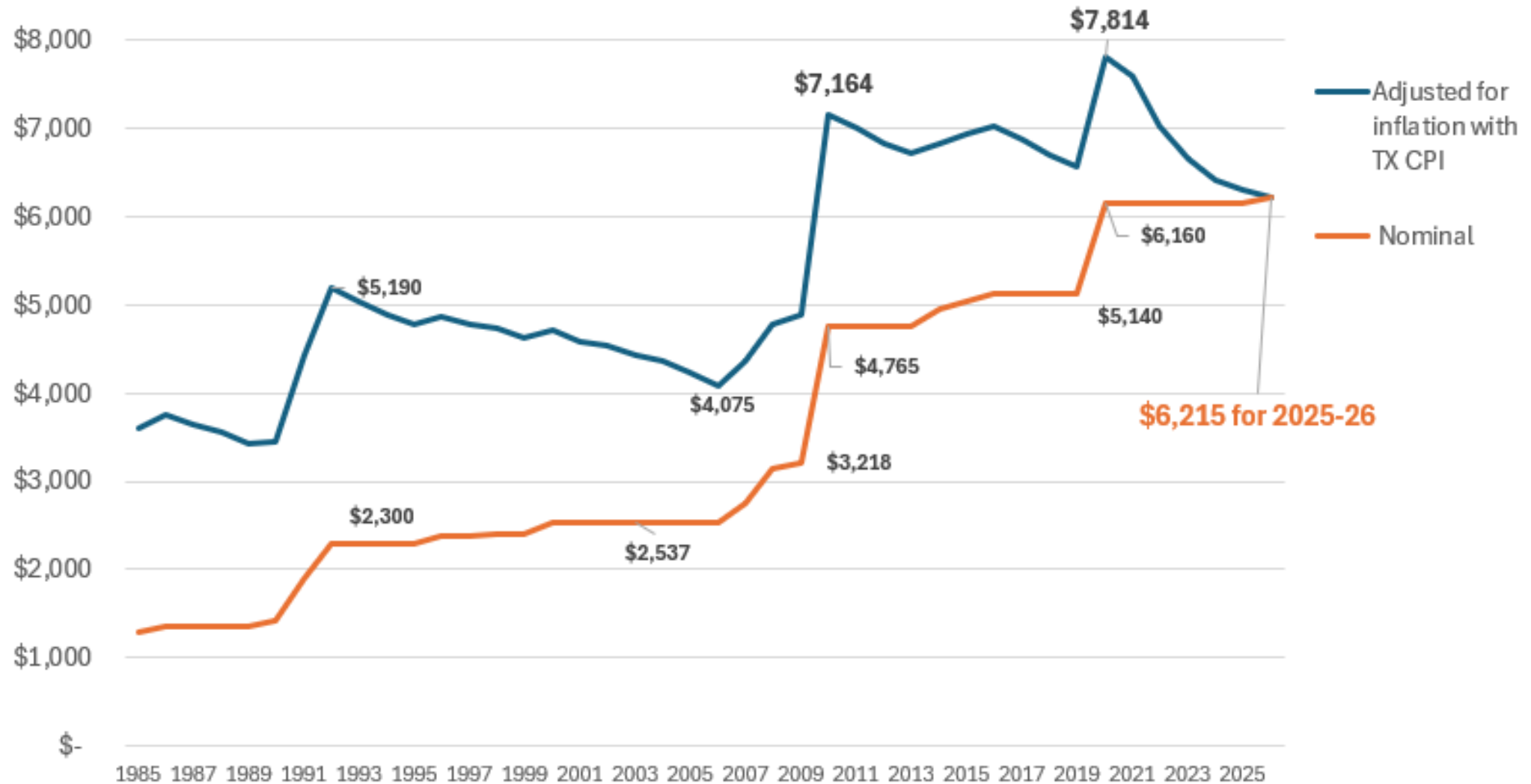
SALES TAX: FALL 2025 REVENUE FORECAST CALLS FOR 4.1% GROWTH IN FISCAL 2026, THEN 4.7% IN 2027



Local School Taxes Plus Federal & State Aid per Enrolled Student in Public Schools, adjusted to 2025 \$



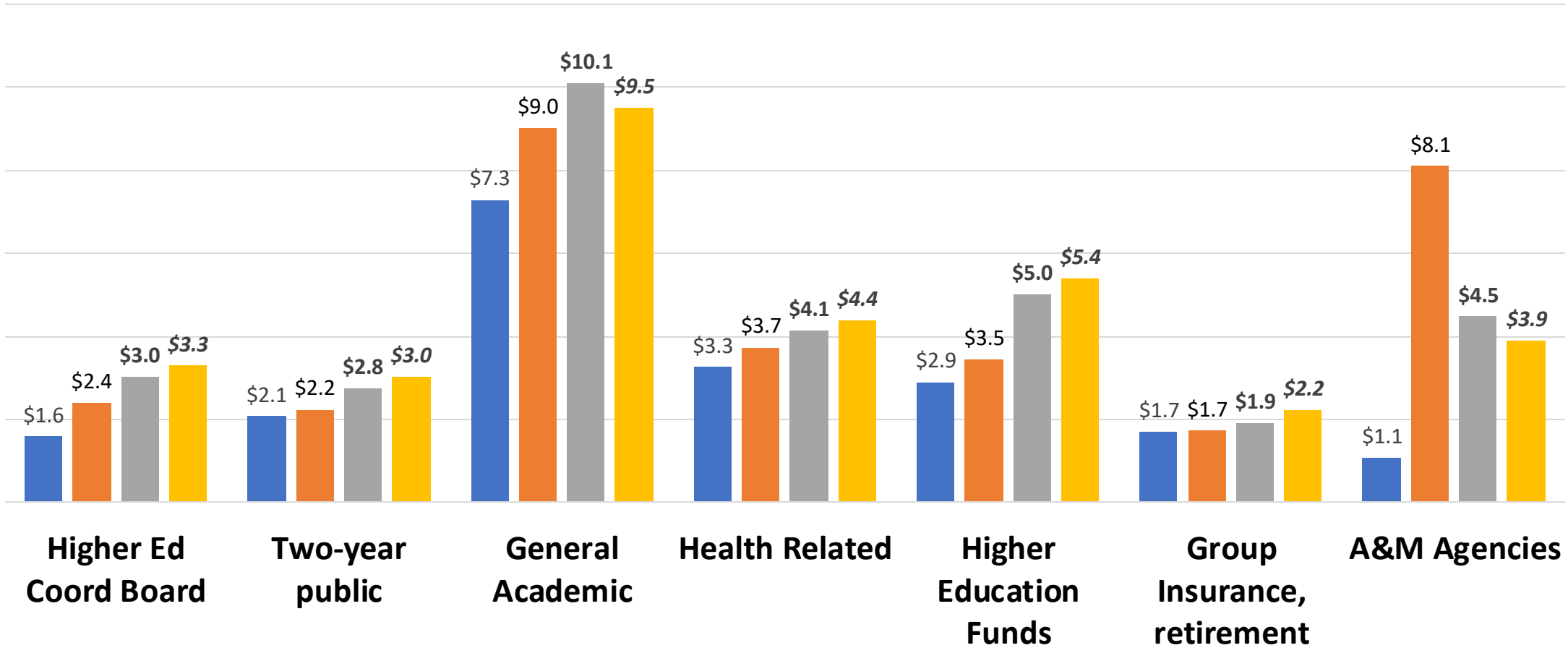
The Basic Allotment for Texas Public Schools, Nominal and Adjusted for Inflation



HOW THE STATE BUDGET SUPPORTS HIGHER ED

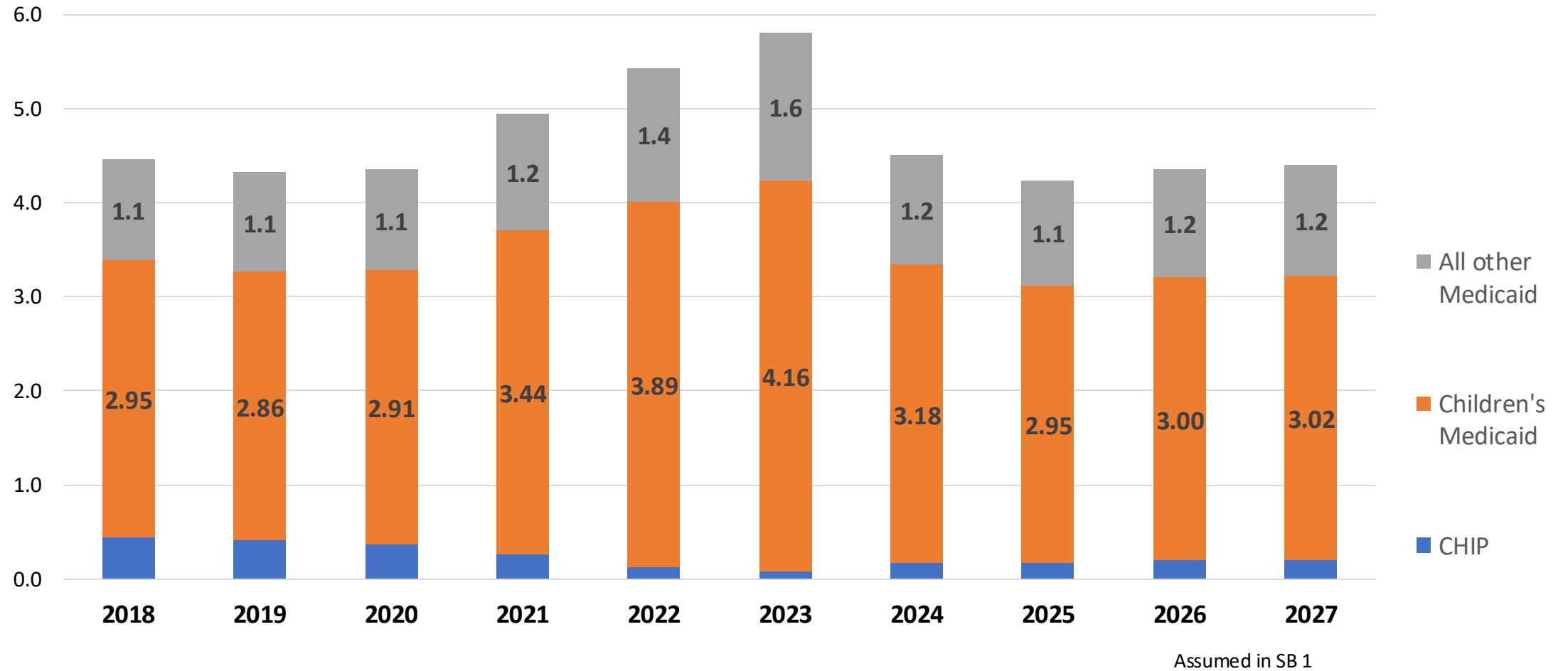
All Funds, biennial billion \$

■ 2018 19 ■ 2022 23 ■ 2024-25 est. ■ 2026-27 SB 1

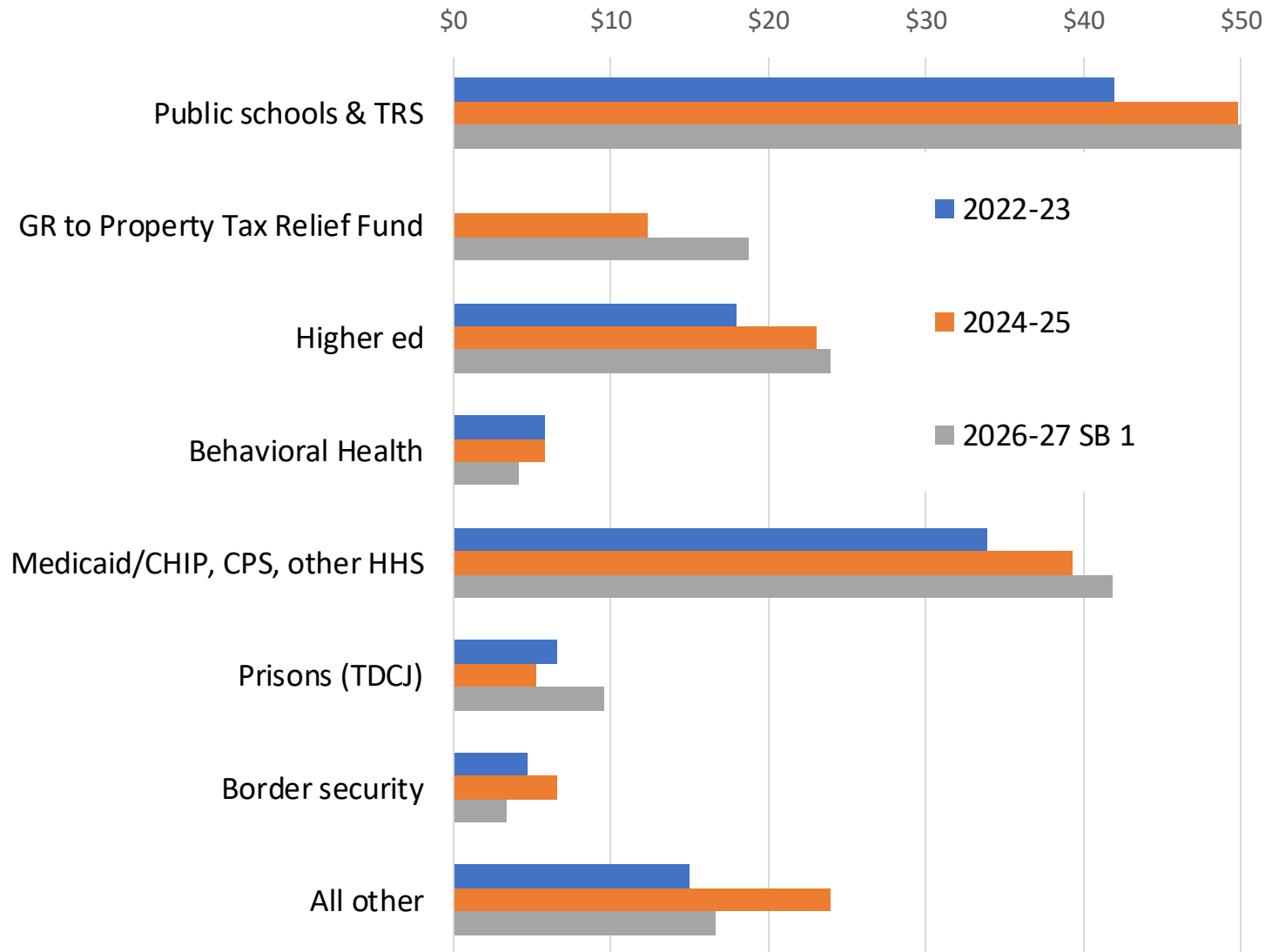


MEDICAID/CHIP CASELOADS TRENDS

Millions of Texans



General Revenue in the State Budget (biennial billion \$)



2-year increase: \$8.5 billion, with
\$1.6 B decrease in recapture
= \$7 B net new GR aid to ISDs + charters

*2024-25 had \$5 B one-time funding for
retired teacher COLA / pension increase*

\$5.8 billion increase to TDCJ (including
its indirect payroll/fringe costs) to make
up for federal COVID supplantation in
2024-25 budget

2026-27 STATE BUDGET HIGHLIGHTS

ONGOING COMMITMENTS

Pay raises for public school teachers and support staff; special education and school safety funding increases; new property tax cuts

Increase in wages/benefits for community care attendants; funding to operate mental health facilities; Youth Crisis outreach teams

More DPS troopers; pay raises for TDCJ prison and parole staff; more state aid for rural county law enforcement

(More) GENERAL REVENUE FOR GENERATIONAL INVESTMENTS

\$4.4 Billion ————— Texas Energy Fund (grants & loans)

\$1.3 Billion ————— Texas University Fund (non-UT / A&M)

\$3 Billion ————— Dementia Research Institute

\$1.6 Billion ————— Water Infrastructure & Supply projects;
also \$881 million from the Water Fund

Plus: \$850 million for TSTC capital needs endowment; \$350 million for Texas Advanced Nuclear Development; \$300 million for Space Exploration and Aeronautics Research; \$250 million for Semiconductor Innovation



“Room” Left Under State Spending Caps by 2025 session budget & tax bills

Oct. 2025 estimate of “Pay as you go” limit (Certification Estimate) **\$4.66 billion**

Dec. 2025 estimate, Tax Spending limit
\$8.4 billion

Dec. 2025 estimate, Consolidated General Revenue limit
\$15.1 billion

Fall 2025 Certification: Of \$204 billion in General Revenue expected through August 2027

- **\$13.2 billion** paid for HB 500 supplemental;
- **\$149.2 billion** was appropriated as GR in SB 1,
- **\$36 billion** was transfers to Other funds (Property Tax Relief, Dementia, Energy, ESA’s); and
- **\$600 million** was tax cuts

NEXT STEPS / FUTURE ISSUES

- State aid for new school property tax cuts is an ongoing commitment of state revenue: estimated at \$51 billion in 2026-2027. Eliminating all M&O school tax would cost at least **\$29 B** a year; all property taxes, more than **\$90 B** a year, if local government services continue to be provided without cuts.
- About 96,000 students were awarded an Education Freedom Account, vs. 274,000 applicants. If all applicants had been awarded \$10,474, cost is \$6.2 billion for 2-year budget (with admin. costs of up to 8% in 2025's SB 2).
- Interim committee charges; Sunset reviews
- Budget instructions for 2028-2029 should be out by the end of June?
- Public LBB-Governor's office budget hearings in late summer/early fall 2026

TEXAS BUDGET TIMELINE, BEFORE SESSION

**Budget
instructions**
to state agencies
(Summer)

Agency requests go
to LBB & Governor's
Office (August)

Public hearings
before LBB/Gov
(Aug. - Oct.)

Nov.-Dec.: LBB adopts
constitutional Tax Spending Limit
& **statutory** Consolidated General
Revenue budget cap

Four-fifths vote to
override

Governor's Budget
Proposal

**LBB Budget
Proposals Drafted
for House & Senate**

**Comptroller's
Revenue Estimate**

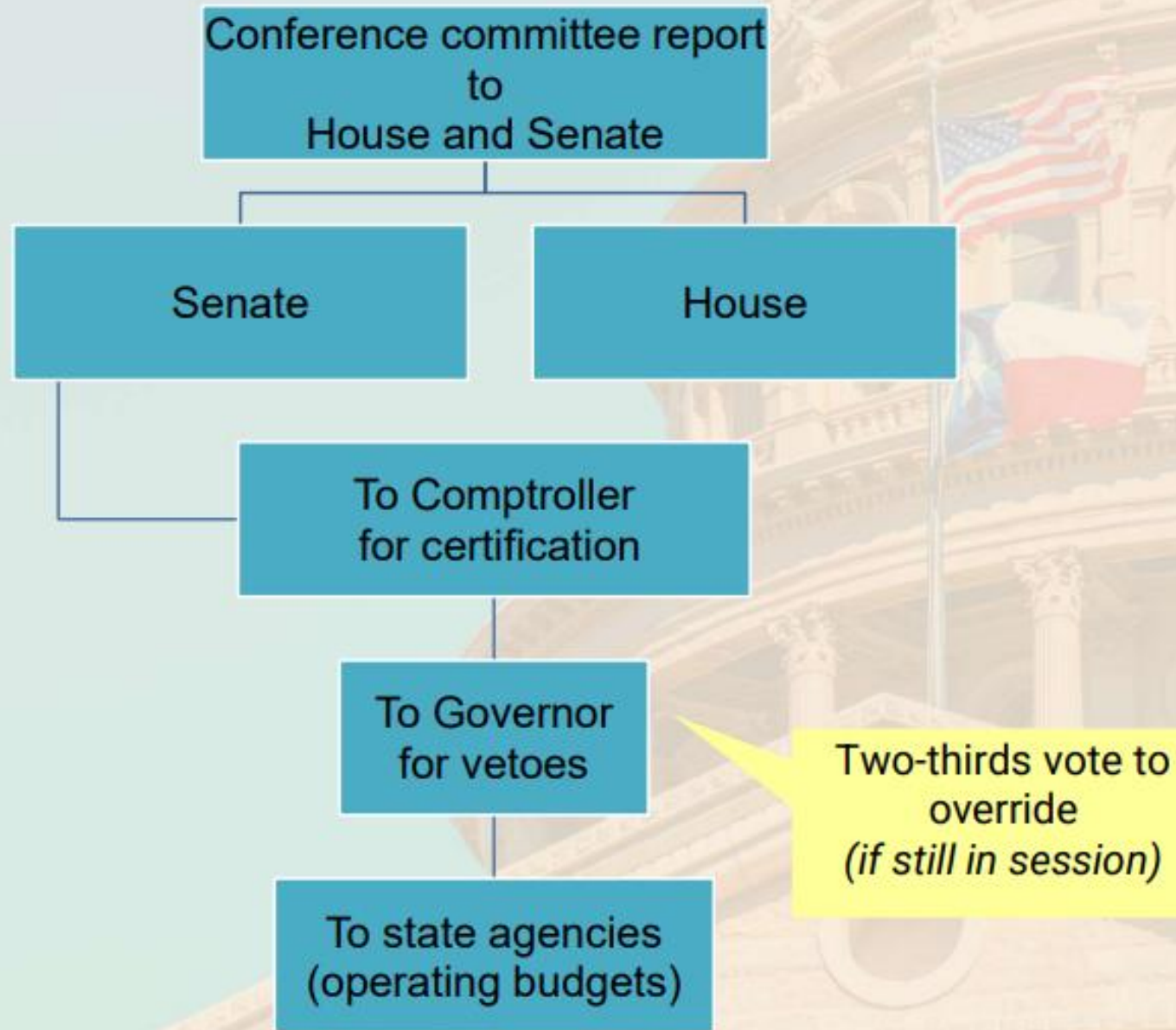
Source: Every Texan, using data from Legislative Budget Board

TEXAS BUDGET LEGISLATIVE PROCESS



Source: Every Texan, using data from Legislative Budget Board

TEXAS BUDGET LEGISLATIVE PROCESS



Source: Every Texan, using data from Legislative Budget Board



More Resources

House Research
Organization:
[Writing the
State Budget](#)
(Sept. 2023)

Senate Research
Center: [Budget
101: A Guide to
the Budget
Process in Texas](#)
(Jan. 2023)

Legislative
Reference
Library: [Texas
State Budget](#)
webpage

Texas
Comptroller of
Public Accounts:
[Taxes of Texas: A
Field Guide](#)
(Dec. 2025)



State Leadership “The Big Three”



Governor Greg Abbott



Lieutenant Governor
Dan Patrick



House Speaker
Dustin Burrow

89th Legislative Session Statistics

- Bills Filed = 9,014
- Bills Passed = 1,231
- Bills Vetoed by Governor = 28
- Bills Tracked by Texas Council = 1,603
- Special Sessions = 2
- Latest departure from the Capitol: 4:27 A.M.

Texas Senate

- 31 Members
- 19 Republicans/ 12 Democrats
- Lt. Gov is a statewide elected
- 14 Standing Committees
 - 7 Select Committees



Notable Senate Committees

- **Senate Committee on Finance**

- Chair: Sen. Huffman (R-Houston)
- Vice-Chair: Sen. Hinojosa (D-McAllen)
- Members: Alvarado (D-Houston), Bettencourt (R-Houston), Campbell (R-New Braunfels), Creighton (R-Conroe), Flores (R-Pleasanton), Hall (R-Rockwall), Nichols (R-Nacogdoches), Paxton (R-McKinney), Kolkhorst (R-Brenham), Perry (R-Lubbock), Schwertner (R-Georgetown), West (D-Dallas), Zaffirini (D-Laredo)

- **Senate Committee on Health and Human Services**

- Chair: Sen. Kolkhorst
- Vice-Chair: Sen. Perry
- Members: Blanco (D-El Paso), Cook (D-Houston), Hall, Hughes (R-Mineola), Miles (D-Houston), and Sparks (R-Midland)

Texas House

- 150 Members
- 88 Republicans/ 62 Democrats
- 2-year term
- Speaker elected amongst the membership
- 31 Standing Committees
 - 16 Sub-committees
 - 6 Select Committees



Notable House Committees

- **House Committee on Appropriations**

- Chair: Rep. Bonnen (R-Galveston)
- Vice-Chair: Rep. González, Mary (D-El Paso)
- Members: Barry (R-Pearland), Collier (D-Fort Worth), DeAyala (R-Houston), Fairly (R-Amarillo), Garcia Hernandez (D-Dallas), Gervin-Hawkins (D-San Antonio), Goodwin (D-Austin), Harrison (R-Waxahachie), Howard (D-Austin), Jones, Venton (D-Dallas), Kitzman (R-Bellville), Lopez, Janie (R-San Benito), Lozano (R-Portland), Lujan (R-San Antonio), Manuel (D-Port Arthur), Martinez (D-Weslaco), Oliverson (R-Houston), Orr (R-Hillsboro), Rose (D-Dallas), Simmons (D-Houston), Slawson (R-Stephenville), Tepper (R-Lubbock), Villalobos (R-Robstown), Walle (D-Houston), and Wu (D-Houston)

- **Sub-Committee on Article II**

- Chair: Rep. Orr
- Vice-Chair: Rep. Howard
- Members: Barry, Fairly, Jones, Lozano, Manuel, Oliverson, and Rose

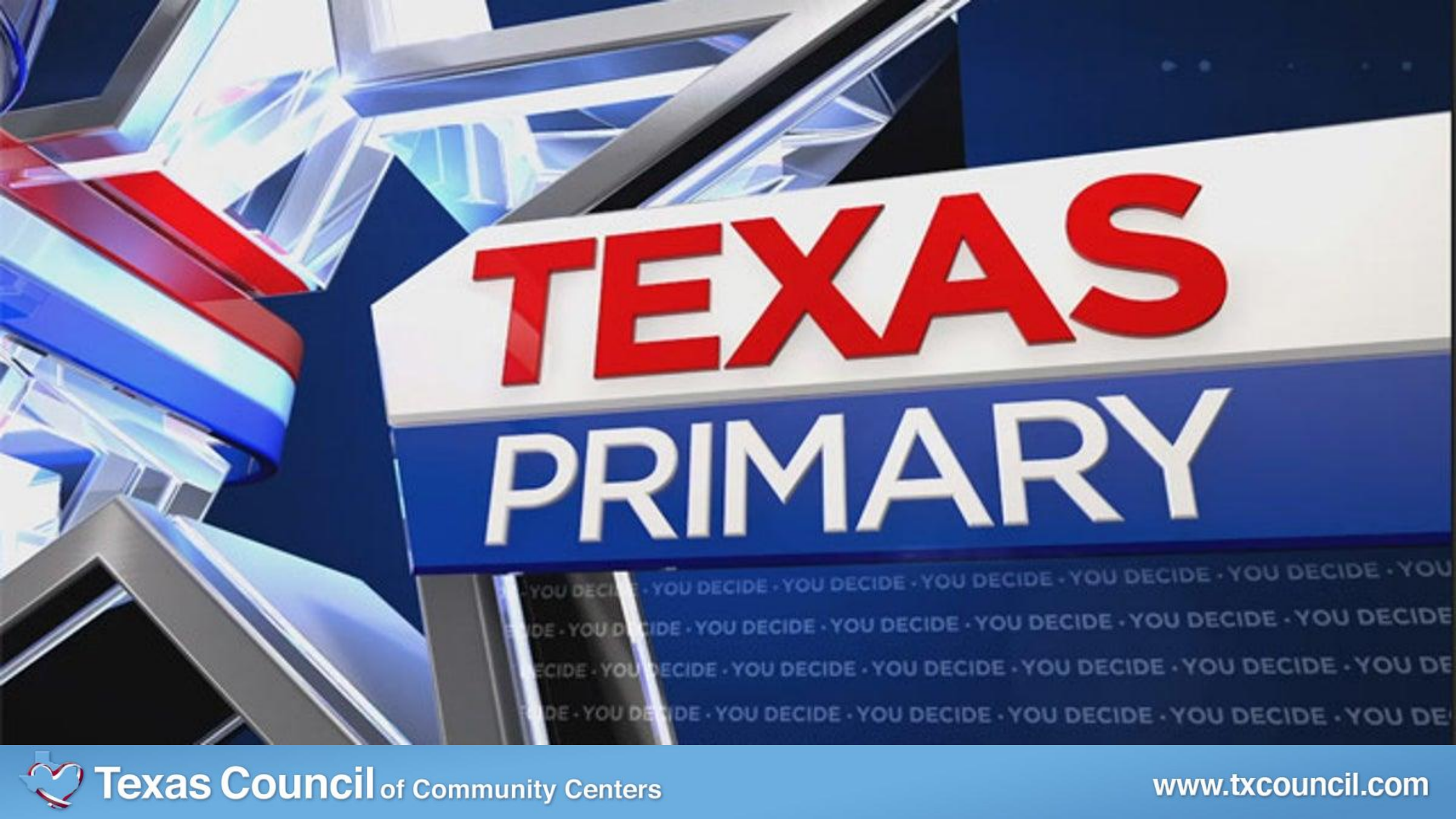
Notable House Committees Cont.

- **House Committee on Public Health**

- Chair: Rep. VanDeaver (R-New Boston)
- Vice-Chair: Rep. Campos (D- San Antonio)
- Members: Bucy (D-Austin), Collier, Cunningham (R-Humble), Frank (R-Witchita Falls), Johnson, Ann (D-Houston), Jones, Jolanda (D-Houston), Olcott (R-Weatherford), Pierson (R-Rockwall), Schofield (R-Katy), and Shofner (R-Nacogdoches)

- **House Committee on Human Services**

- Chair: Hull (R-Houston)
- Vice-Chair: Manuel
- Members: Davis, Aicha (D-DeSoto), Dorazio (R-San Antonio), Morales, Christina (D-Houston), Noble (R-Murphy), Richardson (R-McKinney), Rose, Schatzline (R-Fort Worth), and Swanson (R-Houston)



TEXAS

PRIMARY

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Texas Council of Community Centers

www.txcouncil.com

Primary Election Recap

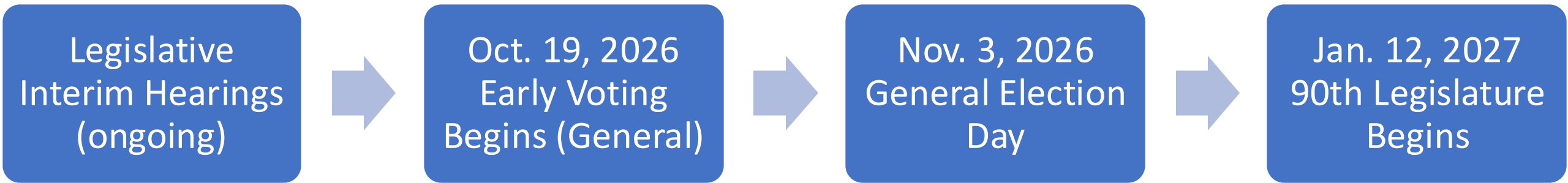
- Republican U.S. Senate primary is the most expensive in U.S. history, nearly \$130M in ads alone.
- Texas AG race: Mayes Middleton spent \$17M, Chip Roy spent \$8M.
- Voter Turnout:
 - Primary: Over 2.59 million Texans voted before Primary Election Day
 - Runoff: 1.9 million Texans voted with the driver being the Republican U.S. Senate race.



Legislative Landscape 90th Legislature

- 5 (minimum) New Senators
 - 2 New Senators won special elections and will face the same opponents in November
 - New chairs have already been announced.
- 25 (minimum) New Representatives
 - 6 (minimum) new committee chairs







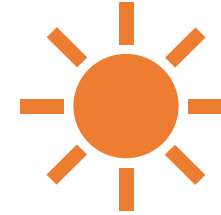
Federal Advocacy



Legislative Interim

Interim Charges

Legislation Implementation



HHSC Sunset Review

Sunset Commission Hearings

Sunset Report



Federal Advocacy Update

- Ensuring Excellence in Mental Health Act (S.3402/H.R.8487)
 - This legislation will build upon previous bipartisan congressional action and create the infrastructure required to sustain and expand access to CCBHC's nationwide.
- The Mental Health Access and Provider Support Act (H.R. 8081/S.4202)
 - This legislation would increase the Medicare reimbursement rate for clinical social workers, marriage and family therapists, and mental health counselors from 75% to 85% of the Physician Fee Schedule amount for covered mental health services.



Interim Charges and Hearing

- Monitoring numerous interim charges and hearings.
- Testifying in hearings on relevant interim charges.
- Engaging with Committees and Legislators as they draft interim reports.



Sunset Advisory Commission

- Sunset 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.
- In the 90th Legislative Session, Texas Health and Human Services, Department of State Health Services, Texas Council for Developmental Disabilities, and Governor's Committee on People with Disabilities will all be under review.

Senate Members



Sen. Lois Kolkhorst
Chair

2025 - 2029
Brenham



Sen. César Blanco

2023 - 2027
El Paso



Sen. Donna Campbell, M.D.

2025 - 2029
New Braunfels



Sen. Bryan Hughes

2025 - 2029
Tyler



Sen. Kevin Sparks

2023 - 2027
Midland

Vacant
Public Member

2025 - 2027

House Members



Rep. Lacey Hull
Vice Chair

2025 - 2029
Houston



Rep. Charles Cunningham

2025 - 2027
Humble



Rep. Donna Howard

2025 - 2029
Austin



Rep. Angelia Orr

2025 - 2029
Hillsboro



Rep. Matt Shaheen

2023 - 2027
Plano



Mont McClendon
Public Member

2025 - 2027
Lubbock



A collage of various US dollar bills, including \$100 and \$20 bills, is shown. The bills are overlapping and slightly out of focus. A white rectangular box is centered over the image, containing the text "State Budget" in a bold, black, serif font.

State Budget

State Budget Outlook: SNAP Payment Accuracy

- Beginning FY 2028, state snap benefit costs are based on the payment error rate (PER).
- Currently, SNAP benefit costs are 100% federally funded. States will be required to pay a percentage of SNAP benefit costs if the state SNAP PER exceeds federal standards.

**FY 2024 SNAP benefit costs:
\$7,088,149,806**

**HHSC FY 2025 SNAP PER*:
8.96%**

**State cost share (FY 2028):
10%**

**Potential additional GR need
based on FY 2024:
\$708,814,980 (annually)**

*FY 2025 data is a state estimate.



System Overview

State Hospitals & SB 30 Projects

- Current state hospitals
- ★ SB 30 new facility projects
- ★ SB 30 expansion and renovation projects

* Rebuilding existing hospital

** Expanding capacity

¹ Owned by HHSC and operated by an academic partner

² Community mental health hospital



- Eleven **psychiatric hospitals**, including one psychiatric hospital owned by HHSC and operated by UT Health-Houston (Dunn Center),
- One youth **residential treatment center** (RTC),
- One primary care **outpatient clinic** and pharmacy,
- Over 300 **contract beds** at partner-operated hospitals,
- And several upcoming facilities.

HHSC-Owned State Hospital Capacity

	Pre-Construction Capacity	Post-Construction Capacity
Austin SH	263	240
Big Spring SH*	144	144
El Paso PC*	71	71
John S. Dunn BSC	-	168
Kerrville SH	220	290
Lubbock PC	-	50
Panhandle SH	-	75
Rio Grande SC	55	105
Rusk SH	288	288
San Antonio SH	262	340
Terrell CY	-	30
Terrell SH	305	275
Texas BHC	-	292
Vernon SH*	294	294
Waco CY*	74	74
Wichita Falls SH	268	225
TOTAL	2,244	2,961



TEXAS
Health and Human
Services

**No major construction projects for these facilities.*

Partner-Owned, Current Contracted Capacity

Facility	Bed Capacity
MCMHTF	94
Palestine Regional Medical Center	31
Permian Basin Behavioral Health Center	42
University of Texas Health Science Center at Tyler	44
Integral Care	40
North Texas Behavioral Health Authority	48
MHMR Tarrant	37
Perimeter Behavioral Hospital of Dallas in Garland	16



Partner-Owned, Construction Grants

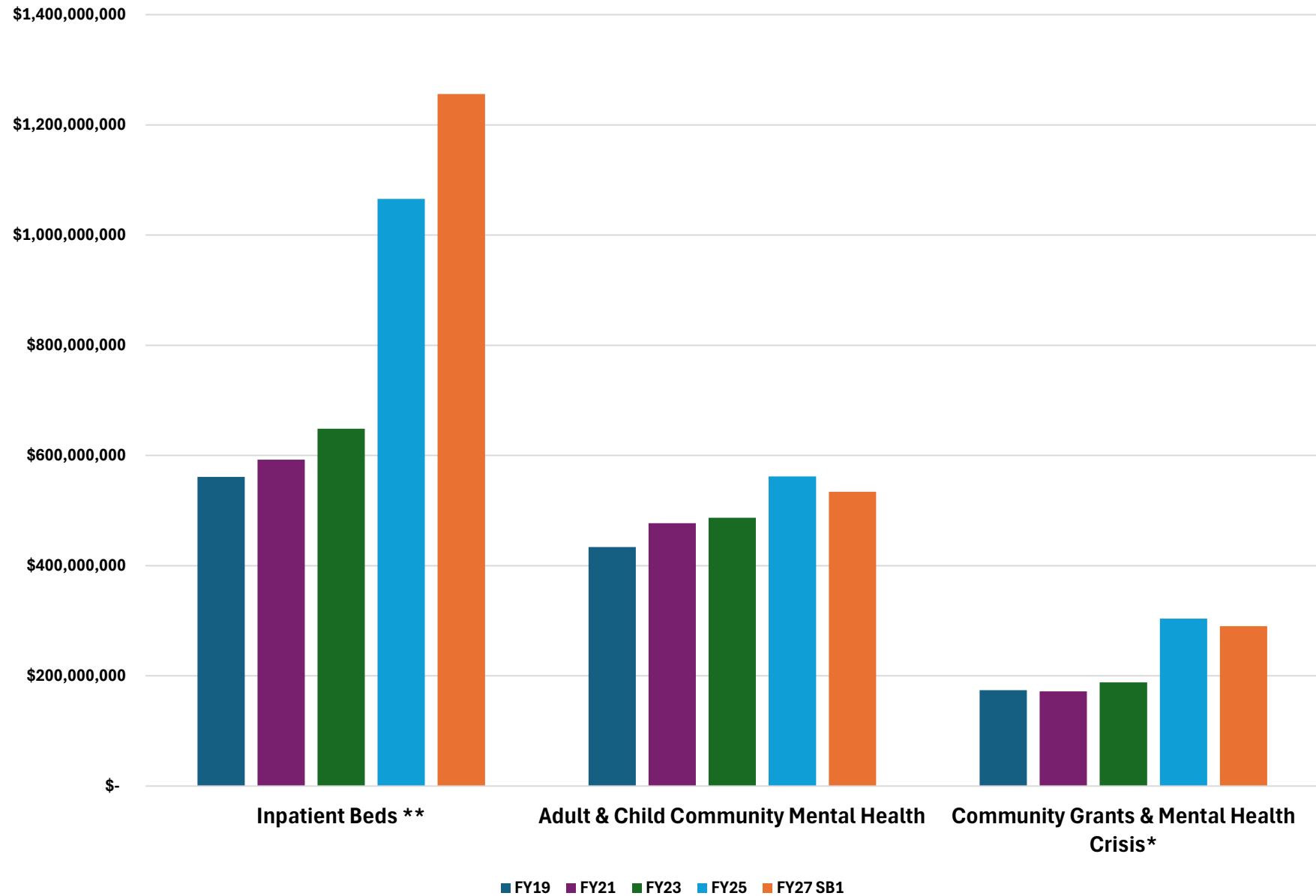
Construction Grantees	Bed Capacity	Anticipated Substantial Completion
Beaumont Baptist of Southeast Texas – <i>50 percent forensic</i>	72	Spring 2029
Doctors Hospital at Renaissance – <i>50 percent forensic</i>	Up to 100 beds	Fall 2026
Montgomery County Mental Health Treatment Facility (MCMHTF) – <i>100 percent forensic</i>	Up to 100 beds	Spring 2027
Victoria County – <i>50 percent forensic</i>	Up to 60 beds	Fall 2027



Legislative Preliminary Priorities

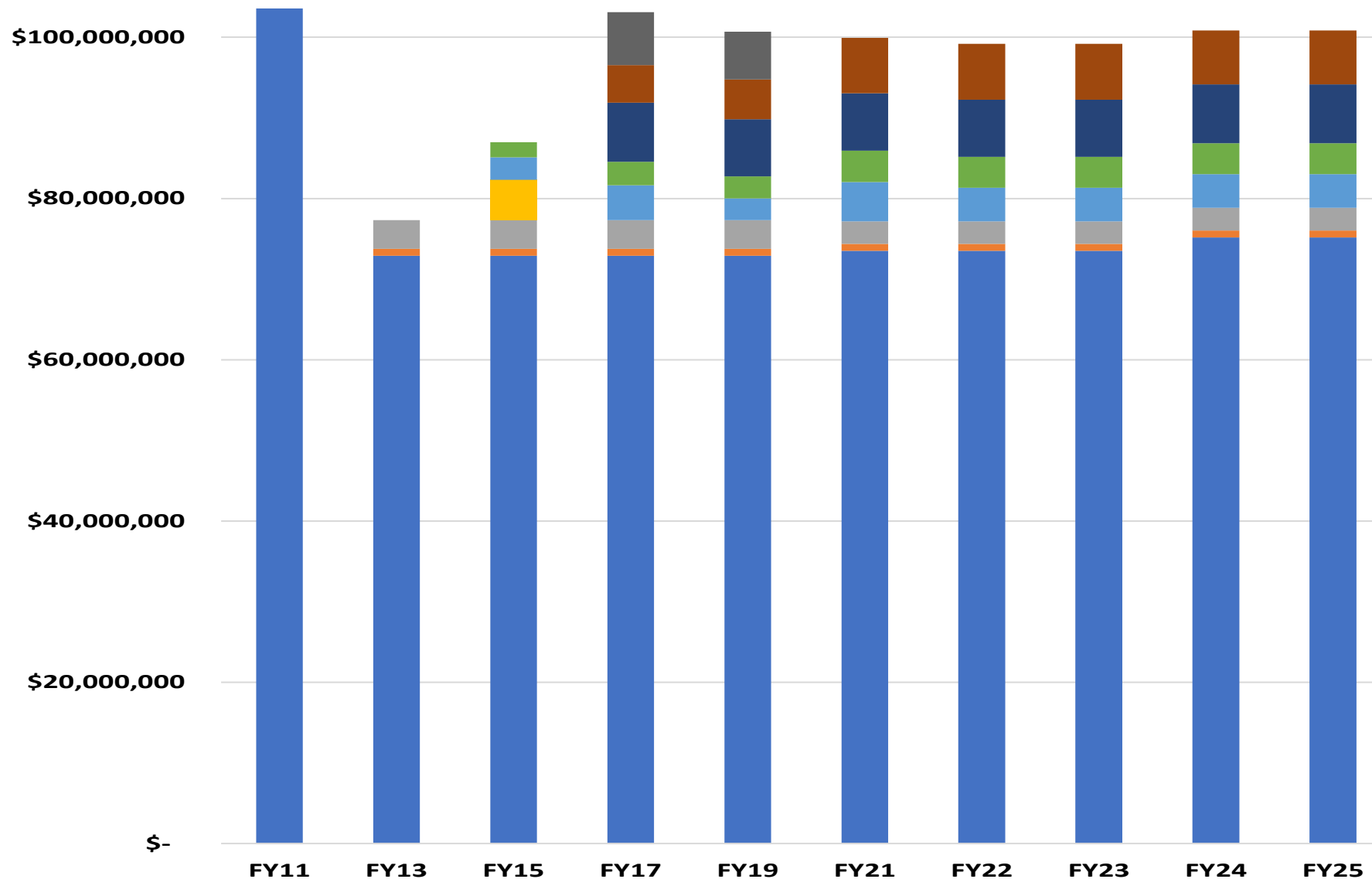
- Increase funding for:
 - Outpatient mental health treatment for adults and children
 - Crisis Mental Health Services
 - Expand MCOT and YCOT; Provide mobile mental health crisis response vehicles; Strengthen crisis center operational capacity
 - Peer Support Services
 - Community-based IDD safety net services
 - LIDDA Targeted Case Management
- HHSC Sunset
- HHSC Legislative Appropriations Request

Mental Health Funding Distribution



Local IDD Authority Funding

- Nursing Facility PASRR Service Coordination
- Crisis Respite
- Crisis Intervention
- Enhanced Community Coordination
- Transition Support Teams
- One-Time Community First Choice Implementation Funding
- Community Living Options Information Process
- Permanency Planning
- Safety Net Community Services



From FY11 to FY25,
Texas' population
grew by
23%
while
Local IDD
Authority Funding
decreased by **2.6%**



Texas Council Board
of Directors



Educate

You are
Ambassadors
for our system of care !



Cultivate
Champions



Build
Relationships



Texas Council of Community Centers

www.txcouncil.com

Contact Us

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Kelsey Bernstein: Kbernstein@txcouncil.com