

**2026–2027  
GOVERNOR'S BUDGET**

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**GREG ABBOTT**



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2026–2027



TEXAS GOVERNOR GREG ABBOTT  
PRESENTED TO THE 89TH LEGISLATURE  
FEBRUARY 2025

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## GOVERNOR GREG ABBOTT

February 2, 2025

The Honorable Dan Patrick, Lieutenant Governor  
The Honorable Dustin Burrows, Speaker  
Members of the 89th Legislature

Innovation and hard work fuel Texas as the nation's economic engine. At \$2.6 trillion, the Texas economy is the eighth-largest economy in the world. We are home to 52 Fortune 500 headquarters, 1 in 10 publicly traded companies in the U.S., and more than 3.3 million small businesses.

Texas continues to outpace the nation in economic growth, adding more jobs than any other state in the nation. In 2024, Texas reached a new high with the largest labor force ever in the state's history at 15,575,900. The oil and gas industry alone directly and indirectly supports 1.4 million Texas jobs. Since I've been Governor, Texas has added over 2.5 million new jobs. We will continue to expand job growth through our business-friendly policies, low taxes, and strategic investments in innovation and education.

As our state leads in economic strength across the nation and the world, it is time that Texas leads in educating our children. Our great state educates more than 1 in 10 U.S. public elementary and secondary students and is home to 10 of the top 100 public high schools. Texas' high school graduation rate is among the highest in the nation at 90 percent. In 2024, Texas led the nation with 31 Blue Ribbon schools. Texas is also home to 11 Tier One research universities and leads in biotech, engineering, and electrical engineering doctorates. Now, we must do more to empower parents, support our teachers, and train students for good-paying jobs in high-demand industries.

One thing must not be forgotten: hardworking Texans are the reason this state continues to deliver historic surpluses. Last session, I signed more than \$18 billion in property tax cuts—the largest in Texas history—delivering real relief to Texas taxpayers. But because that relief was eroded by local governments raising taxes, we must, and we will, do more for Texans so that they see additional property tax relief and reform.

With the largest surplus in Texas history last session, in addition to substantial tax relief, additional historic and generational investments were made, including \$5 billion for the Texas Energy Fund, \$1 billion in funding for water, \$1.5 billion for broadband infrastructure funding, \$6.3 billion in additional funding for public education, \$5 billion to support cost of living adjustments for retired Texas teachers, \$3.9 billion for the creation of the Texas University Fund, and increased funding for border security.

This legislative session, we will do even more. We will empower parents through the passage of Education Savings Accounts, invest in robust career and technical education to train Texans for good-paying jobs, provide additional property tax relief, continue funding infrastructure improvements including water and energy, bolster the state's cybersecurity posture, help the new administration to secure the border, continue attracting new business investments and opportunities, and so much more. Together, we will ensure that Texas remains the best place to live, work, and raise a family.

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## Making Texas More Affordable

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*“No taxing entity should be able to raise your property taxes without two-thirds approval by voters.*

*No approval, no new taxes.”*

*— Governor Abbott, State of the State Speech, February 2025*

I have worked tirelessly with past legislatures to reform and reduce local property taxes. Since 2015, school district tax rates have decreased by over 33 percent through a method called compression. As property values increase, the State invests additional funding to the public education system to ensure that school district tax rates do not increase, and schools receive consistent funding. Through this structure, the state share of education funding has increased since I became Governor.

In 2023, I signed into law over \$18 billion in property tax relief, the largest in Texas history. I also signed legislation to increase the School District Homestead Exemption from \$15,000 to \$100,000, and \$110,000 for senior citizens. This exemption makes the first \$100,000 of a primary homestead’s value not subject to taxation, which is critical to affordability, especially for rural and fixed-income Texans.

<b>Session</b>	<b>Relief Measure</b>
84th Session (2015)	Increased Homestead Exemption from \$15,000 to \$25,000.
86th Session (2019)	Passed landmark SB2 and HB3 legislation, limiting property tax increases without voter approval.
87th Special Session #3 (2021)	Increased Homestead Exemption from \$25,000 to \$40,000 and extended benefit of tax compression to over 65 years old and disabled property owners.
88th Special Session #2 (2023)	Provided \$18 billion in relief to Texas taxpayers, the largest property tax cut in state history, through the following methods: <ul style="list-style-type: none"><li>• 10.7 cents of tax rate compression for all school districts, in addition to funding existing statutory compression;</li><li>• Increased Homestead Exemption from \$40,000 to \$100,000; and</li><li>• Created a temporary “Circuit Breaker,” which limits the increases in non-homestead property with a value of less than \$5 million to no more than 20 percent per year.</li></ul>

Despite these efforts, Texans are seeing rising property tax bills because local governments are increasing their tax levies, which offset the record relief provided by the State. Several “loopholes”

have also led to savings from the State's efforts being overcome by tax increases imposed by cities, counties, school districts, and special purpose districts. In some instances, local governments relied on these loopholes to increase the burden on taxpayers beyond the allowed limits without voter approval. For example, Harris County increased its property tax rate by more than 10 percent without voter approval because of a loophole for tax rates in areas affected by a disaster. Voters must have a voice in deciding whether to approve these property tax increases. To ensure this, I am calling on the Legislature to close these loopholes and make other common-sense reforms to increase transparency when tax increases are proposed.

We must continue providing tax relief to ensure Texas remains economically prosperous and affordable for Texans. The Texas economy is built on a strong foundation of businesses, both big and small.

Relief and reform efforts must be widespread to also include business taxpayers. Texas imposes property tax on business personal property (BPP) with a value of more than \$2,500. Significantly increasing the BPP exemption will be a great benefit to Texas' small businesses, the lifeblood of our state's economy.

*I recommend the 89th Legislature return \$10 billion to taxpayers this session by way of property tax relief.*

*I recommend the 89th Legislature require two-thirds voter approval for all property tax rate increases at all local government entities and that all property rate elections be held on the November uniform election dates.*

*I recommend the 89th Legislature pursue common-sense reforms to give voters more information on the debt propositions local governments propose.*

*I further recommend raising the Business Personal Property exemption to \$100,000, to support more small businesses.*

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## Achieving Educational Excellence

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*“Parents are a child’s first teacher; schools must work for parents, not the other way around.”  
— Governor Abbott, State of the State Speech, February 2025*

### Providing Universal Education Freedom to Students and Families

Educational excellence requires parents be the primary decision makers for their child’s education. Universal Education Savings Accounts (ESA) provide parents with the option to direct funding to the educational expenses of their choice, including private school tuition, instructional materials, tutoring, career training, and educational therapies. Texas is already seeing success through the Parent-Directed Special Education Services (PDSES) program—formerly Supplemental Special Education Services (SSES). Last session, the Legislature doubled funding for the PDSES program to \$93 million due to increasing demand, allowing more families to purchase special education resources and supplies to meet the needs of their child. Since its creation, over 163,000 children in Texas have received \$200 million to supplement their special education services with goods and services such as tutoring, educational therapies, adaptive technology, and sensory items.

We must ensure that our education system works for every student by providing parents the opportunity to choose the education setting that is best for their child to succeed, whether it is a traditional public school, a public charter school, a private school, or homeschooling. Establishing a universal ESA program will allow funding to follow the student to the educational provider and/or services of the parent’s choosing.

*I recommend the 89th Legislature empower Texas families by establishing a Universal Education Savings Account program and providing \$1 billion to allow funding to follow the student to the educational setting of their parent’s choice.*

### Retaining and Recruiting Talented Teachers

Second only to parents, teachers are the most important contributor to student success in our schools. A thriving teacher workforce is critical to educational excellence. All teachers in Texas should earn competitive salaries, and we should reward the teachers who excel at classroom instruction. Average teacher pay is now at an all-time high of \$62,474, and Texas has provided \$575 million in additional compensation through the Teacher Incentive Allotment (TIA), a program that provides a pathway for teachers to earn over \$100,000. Although the state has prioritized attracting and retaining the best teachers, teacher attrition rates are increasing as inflation outpaces salaries and the challenges teachers face with workload and student discipline are leading to burnout. The Legislature should consider increasing teacher salaries through a direct appropriation for teacher pay and other compensation strategies, including increasing the minimum salary schedule.



To address teacher vacancies, there has been a sharp increase in the number of new and uncertified teachers hired in local school districts. While these individuals have stepped forward to pursue the noble calling of teaching, additional investments and improvements to the educator preparation system, and increasing supports for first-time teachers, will help educators excel. The Teacher Vacancy Task Force, which was comprised of educators from across the state, identified training and support as a critical area in need of attention. The task force emphasized the need to improve the beginning of the teacher pipeline. Data shows better outcomes for students of first-year certified teachers and higher retention rates for teachers who enter the profession from certain preparation pathways. Texas should expand access to high-quality educator preparation programs such as teacher residencies and apprenticeships while ensuring all available pathways produce well-trained teachers. Texas should also continue to invest in Grow Your Own programs that enable schools to build an educator pipeline specific to their teacher workforce needs.

Texas is making significant investments in classroom supports for teachers through programs like the Teacher Mentor Allotment, which funds stipends for mentoring novice teachers. Additionally, the state has made significant reforms to curriculum, giving teachers more time to focus on instruction and supporting student needs. The state can support schools in improving the experience for our newest educators and keep them in the classroom.

*I recommend the 89th Legislature invest in our teaching professionals by increasing compensation, including through expansion of the Teacher Incentive Allotment, and possibly a direct appropriation. I further recommend expanding access to high-quality educator preparation programs and improving teacher supports in the classrooms, particularly for new teachers.*

### Improving Funding for Special Education

While overall student population growth has begun to plateau, special education identification continues to increase by more than 10 percent per year. Since the 2014–15 school year, the state has seen a 72 percent increase in the number of students served through special education. This has created significant demand for special education educators, increased costs for conducting evaluations, and greater need for resources to support students with disabilities. The data continues to confirm that the expenses incurred by districts statewide for students receiving special education and related services consistently exceed the combined total of federal and state revenue sources that they receive for those populations of students.

As part of the school finance reform passed in 2019, Texas made a historic shift to a student-first finance system. The additional funding schools receive per special education student was increased, providing approximately \$100 million in additional special education funding per biennium. However, the settings-based funding model established in the 1990s was largely left unchanged. The Texas Commission on Special Education Funding recommended changing to a service intensity-based system so that state funds are tied to the needs of the student rather than the placement in which they receive services. This system would more accurately and efficiently target state dollars to the students based on individual needs.

Additionally, the commission recommended funding for initiatives to increase the number of teachers certified in special education, additional funding for special education transportation, grants for dyslexia and autism services, and financial support for evaluating students who may need special education services.

*I recommend the 89th Legislature reform the special education funding system to better ensure all students receive needed services, including transitioning to a service intensity-based formula system, investing in the special education educator workforce, and increasing funding for evaluations.*

### Continuing to Make Schools Safer

The physical safety of each school is critical to the well-being of students, teachers, staff, and parents. Over the past six years, the State has made significant investments in enhancing the security of our schools.

The Legislature continued its work on school safety in the 88th Legislature with the passage of House Bill 3, a comprehensive school safety bill designed to ensure school systems implement evidence-based safety practices with fidelity. The Office of School Safety and Security was created within the Texas Education Agency (TEA) to monitor school district safety and security requirements and provide technical assistance to school districts regarding the implementation and operation. In collaboration with the Texas School Safety Center at Texas State University, the Office of School Safety established school safety review teams in each region of the state to conduct on-site general intruder detection audits of campuses and provide technical support for safety improvements. Additionally, the Legislature provided \$1.4 billion in school safety funding and grants to make necessary safety improvements.

Last summer, the Office of School Safety launched Sentinel, a free of charge, innovative, and comprehensive system designed to enhance the safety and security of students, faculty, and staff in school buildings across Texas. Sentinel enables robust monitoring of school systems' implementation and operation of safety and security policies, improves the threat assessment process, and facilitates the sharing of important information with emergency response agencies.

*I recommend the 89th Legislature continue to protect our children by providing an additional \$500 million to fund further safety enhancements to school facilities and an increase in the School Safety Allotment.*

### Investing in Career and Technical Education

*“To prepare students for these high-demand careers, we must provide more career training programs so students can go from graduation directly into a good-paying job.”*  
— Governor Abbott, *State of the State Speech, February 2025*

The Texas high school graduation rate is at an all-time high, surpassing 90 percent. However, there is an increasing recognition that the most high-demand jobs, such as welders, plumbers, and electricians, require additional training beyond what is currently available in high schools. Less than 40 percent of Texas students currently attain a degree or workforce credential within six years of

graduating high school. But by 2030, 63 percent of jobs in Texas will require education or training beyond a high school diploma. Given workforce demands, we must ensure Texans have more career training opportunities so they can go from graduation directly into good-paying jobs.

Further, less than half of students are graduating equipped with the mathematics skills that are critical to success in today's economy, as 80 percent of the state's fastest-growing occupations are in Science, Technology, Engineering, and Math (STEM) fields. Texas has faced a decade-long decline in math performance—59 percent of Texas students performed below grade level in math on the 2024 STAAR assessment, up from 50 percent in 2019. Continuing to bring businesses to Texas—most of which need a workforce equipped with STEM skills—will require Texas to reverse declines in math achievement and ensure students graduate high school having mastered the academic fundamentals and with the skills necessary for the jobs of the future.

Texas has made significant progress in aligning education and workforce systems through the Tri-Agency Workforce Initiative and other efforts to ensure that students are ready for college, career, and military service. Over the last biennium, Texas has:

- Provided over \$7 billion for career & technical education (CTE) programs, including high-demand fields like plumbing, electrical, cybersecurity, and healthcare training programs for middle and high school students.
- Expanded workforce opportunities by creating the Rural Pathways Excellence Partnership (R-PEP) and expanding the Adult High School Charter Program.
- Awarded over \$15 million in Jobs and Education for Texans (JET) grants to support public school and community colleges in purchasing the equipment necessary to offer CTE courses that train students for good-paying jobs.
- Invested over \$638 million in Texas community colleges to provide more Texans with the opportunity to gain the skills needed for good-paying, high-demand jobs and cover the cost of dual credit courses for low-income high school students.

*I recommend the 89th Legislature expand the career preparation options available to students in high school by increasing funding for K-12 career and technical education, including through the Pathways in Technology Early College High Schools (P-TECH) and Rural Pathway Excellence Partnership programs (R-PEP), strengthening career exploration and advising programs, and investing in strategies to improve math performance.*

#### Giving Parent's a Greater Voice in Educator and School Misconduct

TEA receives and reviews matters related to potential state law violations in public schools. These matters include educator and staff misconduct reports, complaints about non-compliance with special education requirements, academic integrity reports, and general complaints about compliance with other education laws. Educator and staff misconduct matters have the potential to lead to sanctions, up to and including permanent revocation and/or placement of an individual on the do not hire registry.

The volume of general complaints has increased substantially in recent years, going from 1,265 in fiscal year 2019 to 2,595 in fiscal year 2023. On average, TEA has received 11,789 educator and staff misconduct matters per year since 2019, with more than 12,500 during the 2022-23 school year. This increased volume will require additional staffing for TEA to thoroughly resolve complaints in a timely manner.

Educator and staff misconduct investigators and enforcement personnel are currently funded by teacher certification fees, which have been in a significant decline as the number of individuals gaining a teacher certification has also declined. These unrealized revenues have reduced the budget for educator misconduct investigations by \$4.6 million per year. The special investigations division is a program of paramount importance for student safety. Increasing general revenue devoted to TEA's administrative budget will cover the needed staff capacity for the special investigations division.

*I recommend the 89th Legislature provide \$18 million for TEA to increase staffing capacity for complaints and investigations to rapidly address complaints of statutory violations and inappropriate employee conduct in Texas schools.*

### Providing Schools with High-Quality and Accessible Instructional Materials

To achieve educational excellence, Texas students must have access to rigorous, on-grade-level instructional materials. Prior to 2023, Texas law gave local school districts full decision-making power over instructional materials, with limited support from TEA and State Board of Education (SBOE). The passage of House Bill 1605 in 2023 authorized the SBOE to set up a robust review and approval process designed to identify high-quality instructional material. TEA and the SBOE worked diligently to establish a quality Instructional Materials Review and Approval (IMRA) process and approved the first round of materials under this new process in November 2024. Schools have been given additional funding to purchase high-quality materials that are approved by the SBOE at the culmination of these annual IMRA processes. With an improved evaluation and approval process at the state level, these curriculum improvements will result in far more students meeting grade-level expectations, lessen teacher's workload, and empower parents to make informed decisions about their students' education.

Additionally, TEA was directed by House Bill 1605 to develop state-owned instructional materials for submission to the SBOE for approval as an option for school districts. These materials are required to be Open Education Resources (OER), meaning they are free to districts and the public to download and print on their own. Additional formula funding has also been provided to schools to help defray printing costs. TEA developed an initial set of SBOE-approved OER materials, called Bluebonnet Learning, for kindergarten through fifth grade for reading language arts subjects, and kindergarten through ninth grade for mathematics.

To support school districts adopting Bluebonnet Learning materials, TEA has launched the Strong Foundations program, which provides grant funding for planning and implementation. Demand for this funding is more than double initial estimates. With additional funding, TEA will be able to provide expanded implementation and planning resources to meet demand for these resources.

*I recommend the 89th Legislature appropriate funding for the Strong Foundations program to improve access to these high-quality instructional materials and help ease teachers' workloads.*

### Increasing Facilities Funding for Charter Schools

Over 420,000 students are enrolled in public charter schools with 76,000 students on waiting lists. Due to how they are funded, one barrier to the expansion of charter schools is the lack of facilities funding available. Texas charter schools receive an average of \$1,621 less than traditional school districts in per pupil funding which is driven by the difference in facilities funding. Currently, charter school facilities funding is allocated using a per pupil formula with the total allotment capped at \$60 million. This means the per pupil amount has decreased significantly as more charter campuses have opened.

*I recommend the 89th Legislature increase the charter facilities allotment for the next biennium to ensure Texas charter schools can meet demand with safe and secure instructional facilities.*

### Supporting Retired Teachers and Public School Staff

Texas has continuously supported retired public educators who dedicated their careers to educating the next generation of Texans. In 2023, I signed legislation that provided retired teachers and retired educators with a cost-of-living adjustment and a supplemental payment to address hardships that retired teachers face due to rising inflation. This was a \$5 billion investment that permanently boosted retired teacher's monthly income. In 2021, I requested the State provide a supplemental payment, sometimes referred to as a 13th check, during the first called special session. This resulted in more than 400,000 Teacher Retirement System of Texas (TRS) retirees receiving a one-time supplemental payment of up to \$2,400. Additionally, in 2019, the Legislature statutorily increased contribution rates to set the pension fund on course toward solvency and provided retired teachers a one-time supplemental payment of up to \$2,000. TRS is the sixth-largest pension fund in the nation and provides retirement and healthcare benefits to over 2 million active and retired teachers. TRS' thorough health plan management and strong TRS-Care fund balance generated savings for TRS-Care Medicare Advantage. Beginning this year, TRS started using these savings to reduce TRS-Care Medicare Advantage premiums and offer a limited-time enrollment opportunity for eligible TRS Care Medicare Advantage participants. Nearly 73 percent of TRS-Care members who are in a Medicare advantage plan will be able to take advantage of these premium reductions. Texas will continue to support our retired teachers and public school staff who worked tirelessly to educate our children.

Early this year, the federal government announced the repeal of the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) of the Social Security Act. Both the GPO and WEP have negatively affected public employees' retirement benefits for decades. These provisions have prohibited retirees from receiving Social Security benefits to which they otherwise would have been entitled based on their own or their spouse's contributions. This repeal is an incredible win for our retired public servants.

*I recommend the 89th Legislature continue its support of retired teachers.*

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## A World-Class Higher Education System

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*“For Texans who want to go to college, we must ensure that it is more affordable and more accessible.”*  
— Governor Abbott, *State of the State Speech, February 2025*

### Aligning Community Colleges with Regional Workforce Needs

Texas Community Colleges are essential to meeting the state’s growing workforce needs. Serving more than 700,000 students, community colleges enroll over 43 percent of all higher education students in the state.

Prior to 2023, the Texas Commission on Community College Finance developed recommendations to align workforce needs through performance-based funding that led to the passage and enactment of House Bill 8, and the significant investment of over \$680 million, reforming our community college finance system to align policy and funding incentives with the rapidly changing needs of the workforce, resulting in outcomes that will benefit the state for decades to come.

This historic legislation created a groundbreaking shift in how the 50 community college districts in the state are funded, moving from a static model primarily based on inputs such as student enrollment to a dynamic formula based primarily on student outcomes. This new model aligns Texas community colleges with state higher education goals and workforce needs.

These outcomes focus on students receiving credentials of value, credentials earned in high-demand fields, students who transfer with at least 15 credit hours to a four-year institution, and students who complete at least 15 credit hours in dual credit courses. House Bill 8 also created the Financial Aid for Swift Transfer (FAST) program, which is a financial aid program that allows “educationally disadvantaged” students to enroll in dual credit classes at no cost to them.

Since the enactment of House Bill 8, most community colleges and high school students across the state are now eligible for FAST, and dual credit enrollment has increased by 22 percent; 260,000 students have received financial assistance; \$79.6 million has been distributed to institutions participating in FAST; and 1.46 million semester credit hours of dual credit have been provided at no cost to students. Many colleges have been positively impacted by the passage of House Bill 8. Frank Phillips College implemented a diesel mechanics program, a paramedic program, an EMT program, and a barber certification program. Navarro College celebrated the graduation of the first-ever cohort of BSN (Bachelor of Science in Nursing) graduates. Panola College has expanded their offerings from just one Occupational Skills Awards (OSA) with seven students receiving the award in 2022 to 16 OSAs with 149 students completing their certifications in 2023-2024. These OSAs cover high-demand fields such as business, cybersecurity, welding, and healthcare.

Texas community colleges deliver affordable, high-quality education that prepare students for in-demand jobs and careers. The future of Texas remains bright thanks to the educational opportunities provided by community colleges and the hardworking students who will help build a stronger Texas.

*I recommend the 89th Legislature fully fund the supplemental appropriations request needed to reinforce the outcomes-based funding model established by House Bill 8.*

*I also recommend the 89th Legislature fully support the formula funding recommendation made by the Texas Higher Education Coordinating Board for community colleges for the 2026–27 biennium.*

### Making College More Affordable for Students

Texas continues working to ensure that a postsecondary degree or credential of value is attainable for all Texans. The State has made historic investments in higher education over the years, including increasing funding for universities and financial aid programs. To ensure a four-year degree is affordable, the Legislature passed an undergraduate tuition and fee freeze for academic years 2023–2024 and 2024–2025, and in November of 2024, I directed the extension of that freeze at both two-year and four-year universities for the 2025–2026 and 2026–2027 academic school years.

The cost of attendance is one of the most significant factors influencing Texans’ decision to pursue higher education. Bolstering the state’s financial aid programs is vital to encourage students to participate in and complete a credential of value. The Texas Higher Education Coordinating Board (THECB) is requesting additional funds to expand the state’s major need-based programs including the Toward Excellence, Access, and Success (TEXAS) Grant program. This will guarantee that eligible students who graduate in the top 25 percent of their high school class receive a TEXAS grant. The request also includes increased appropriations for the Texas Leadership Scholars Program, which has accepted 820 scholars in three years. These students are demonstrating promising outcomes with a 92 percent persistence rate in 2022 and 96 percent persistence rate in 2023 cohorts.

We must take action to ease the financial burden on our students and their families and ensure that higher education remains accessible and affordable for all Texans.

*I recommend the 89th Legislature support the THECB’s exceptional item request on financial aid that will increase financial predictability, achieve educational portability, and sustain academic achievement for Texas students, ensuring we build a Talent Strong Texas.*

### Expanding Cutting-Edge University Research

Texas is home to high-quality research institutions that continue to attract the best and brightest students, researchers, and faculty. Through a wide range of areas of study from business to engineering, healthcare professions, and more, Texas paves the way for innovation, research, and discovery. With a record-high of 11 Tier One research universities, Texas is leading the nation in higher education by training and preparing the next generation of innovative leaders.

To continue supporting top-ranked public universities in Texas and research activities that will boost economic growth, the Texas Legislature established, and the voters approved, the \$3.9 billion endowment known as the Texas University Fund (TUF). Currently, four institutions are TUF eligible: Texas Tech University, the University of Houston, Texas State University, and the University of North Texas. There are two funding levels (Level 1 and Level 2) for base funding allocations from the TUF, based on federal and private research expenditures. Because of their strong

performance, Texas State University and the University of North Texas are approaching eligibility for TUF Level 1 funding, and Texas A&M University–Corpus Christi is approaching the required threshold for research expenditures to enter the TUF at Level 2.

*I recommend the 89th Legislature appropriate additional funding to support Texas State University and the University of North Texas moving to Level 1 funding to continue Texas' trajectory of excellence in higher education.*

#### Simplifying Admission for Prospective Students

Texas has set an ambitious goal of ensuring 60 percent of Texans 65 years old and younger receive a degree, certificate, or other credential of value by 2030. To achieve that goal, last session the Legislature appropriated \$20 million to the THECB to expand the My Texas Future website and other advising services to reach all Texas students. My Texas Future was built to be a front door for Texans looking to change or advance their career, return to higher education, or return to the workforce. The program did this by helping Texans identify a degree or credential that propels them to lasting, successful careers with greater earning potential and little to no debt.

On October 11, 2024, my office, in coordination with the THECB, launched Direct Admissions to provide Texas students with an innovative tool designed to streamline the college application process. The addition of Direct Admissions enhances My Texas Future's position as the state's one-stop college and career advising website, providing students another valuable resource designed to streamline the postsecondary decision process. With Direct Admissions, students can share their own academic information, including class rank, grade point average, and SAT/ACT score and receive a list of participating institutions where they qualify for acceptance before even starting the application process. To date over 8,900 students have opted into Direct Admissions. In the past two months, My Texas Future has had more than 300,000 unique visitors.

*I recommend the 89th Legislature support additional resources to scale these initiatives for all Texas high school students, ensuring the next generation of Texans can choose the best Texas college or university for them to succeed.*

#### Expanding our Healthcare Workforce

Health professionals work tirelessly to meet the public health demands of our growing state. To address the healthcare workforce shortage, I directed the THECB in April 2024 to create a task force to provide opportunities and remove barriers that exist to expand healthcare programs at institutions and provide students with the tools necessary to succeed in this field. The State has invested millions in job training grants to help prepare students for high-demand, good-paying jobs in our healthcare industry, but we must do more to address the healthcare workforce shortage. Last session, the Legislature passed, and I signed into law, Senate Bill 25, which significantly bolstered state efforts to address the nursing shortage.

As Texas continues to grow, it is critical that we strengthen our healthcare industry with a highly skilled workforce that will care for Texans. Funding for these programs will transform access for



students in high-demand fields like healthcare, while ensuring graduates can complete their education with little to manageable debt.

The state also has a significant need for more master's and doctoral programs, not only to bolster the workforce but also increase the number of instructors, clinical space, and programs at the undergraduate and graduate level. When these programs are active, they receive state funding and tuition dollars which help support their operations. But many universities, especially smaller and regional institutions, don't have the funds available to create and stand up these programs. Providing state funding to start up many types of healthcare programs in both rural and urban areas would help create a stronger workforce statewide.

*I recommend the 89th Legislature implement the recommendations of the Healthcare Workforce Taskforce and consider making investments in the unfunded grant programs passed in SB 25 to increase the number of nurse faculty and preceptors in the state.*

*I further recommend the 89th Legislature explore opportunities to provide a reliable and stable funding source for institutions to expand master's and doctoral healthcare professional programs in the state.*

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## Supporting a Healthier Texas

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### Protecting Our Most Vulnerable Children

Since I designated reforming Child Protective Services an emergency item in 2017, the Legislature has made significant investments to improve care for the state's most vulnerable children. We have made great progress, but there is still more to do.

Community-Based Care (CBC) changes the way that the Department of Family and Protective Services (DFPS) seeks to improve the outcomes of our foster care system by moving to a community-centered delivery of care. This puts children in the communities that best understand their needs.

As we continue to transition regions of the state into community-based care, more of the unique needs of families and children in each specific region will be met. Having a specialized, local plan for each region's community to prevent entry into foster care, reunify and preserve families, and ensure the safety and wellbeing of children instead of the one-size-fits-all approach of a standardized statewide plan will improve outcomes for families and children in our state, ensuring a better and brighter future. DFPS will continue to expand CBC improve our foster care system.

### Helping Children with Complex Needs

A child without placement (CWOP) event refers to when a child or youth is without placement for at least two consecutive, uninterrupted nights. In the summer of 2021, DFPS had a record daily high of 190 unique children without placement. DFPS has dedicated significant agency resources and worked closely with the Health and Human Services Commission to address the needs of these children resulting in a significant reduction to 20 children on average per month.

*I recommend the 89th Legislature make additional investments in behavioral health services and supports for children in this state with the most complex needs.*

### Improving State Data Systems

The Information Management Protecting Adults and Children in Texas (IMPACT) is the System of Record for the entirety of DFPS' Business Operations. It maintains case records of children with agency involvement, tracks and manages stages of service delivery, and conducts transactions with external systems operated by other state agencies and external partners. Legacy IMPACT became operational in 1996 and DFPS has leveraged both state and federal funding to support the architecture and system needs of IMPACT, meet clients' needs, and adapt to DFPS business processes. IMPACT has had one major update during its 28 years of existence.

A new case management system will improve our foster care system and help implement legislative requirements. It will allow caseworkers to use a mobile application in the field instead of having to

collect the information manually and input it later, delaying critical information from being added to the information system such as background checks and home studies. It will improve the handoff of child information from the agency when a child is being taken care of by a local entity. It will speed up the time to referral, ensuring caregivers' payments are not affected. It will support staff working in natural disasters and remote areas with true offline access allowing staff to continue working maintain productivity regardless of circumstances. In short, it will improve data sharing between DFPS and partner agencies and help Texas better care for its most vulnerable children.

*I recommend the 89th Legislature fund a new case management system to be the System of Record to improve agency operations and outcomes for the children, adults, and families served by the DFPS.*

### Supporting Women's Health Care Services

The Texas Health and Human Services Commission (HHSC) operates the Healthy Texas Women (HTW) program. HTW provides no-cost preventive health benefits to low-income women in the state. These critical services include preventative measures such as testing and treatment for cholesterol, diabetes, and high blood pressure, certain cancer screenings, and pregnancy tests.

*I recommend the 89th Legislature continue to fully fund the Healthy Texas Women program.*

### Ensuring Our Most Vulnerable are Cared for in the Community

Community attendants help individuals who are disabled and those who are aging remain active members of their community by assisting with the activities of daily living needed to remain at home or in a community setting. Texas expects to see an increase in demand for community attendant services as our population continues to grow. These important services assist those populations and allow them to maintain their independence, live in the community, and avoid costly institutional care in nursing facilities or state-supported living centers. Maintaining a qualified and well-paid workforce will require additional investments to increase the base wage to an amount sufficient to support recruitment and retention.

*I recommend the 89th Legislature appropriate additional funding to support the continued recruitment and retention of community attendants.*

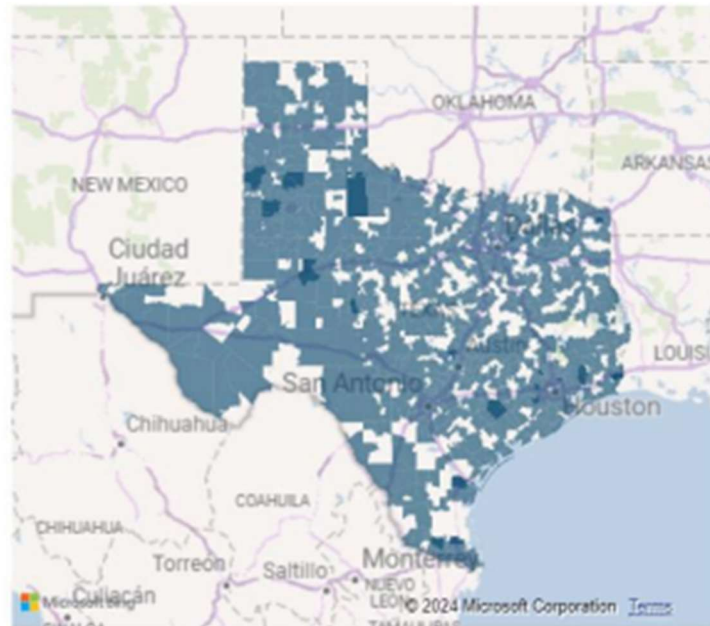
### Expanding Access to Mental Healthcare

Texas continues to expand access to mental health resources to ensure children in all our communities get the support they need. The Texas Child Mental Health Care Consortium (TCMHCC) provides critical services to children and adolescents across the state. One of its programs, the Texas Child Health Access Through Telemedicine (TCHAT), offers school-based telehealth services with parental consent at over 6,700 campuses, representing 75 percent of the student population or over 4.2 million children. Over the last two years, 27,332 students received

more than 129,345 telehealth sessions. A recent survey of parent/guardians demonstrated that more than 70 percent Strongly Agree that they are satisfied with those services, and 80 percent Strongly Agree that they would recommend telehealth to other families.

The consortium also provides expert clinical consultation to primary care physicians who care for children with behavioral health needs and supports the development of a quality workforce to meet the needs of the growing population of our state. Over the last two years, the Child Psychiatry Access Network (CPAN) enrolled 4,507 Texas pediatric healthcare clinicians, bringing the total number of enrolled providers to 13,430. CPAN provided psychiatric consultations, resources, and referrals for an estimated 24,000 children.

Zip Codes with Active or Onboarding TCHATT Schools



*I recommend the 89th Legislature continue to support the important work of the TCMHCC and provide appropriations to sustain its total funding level.*

### Preventing Fentanyl Poisonings

Texas has led the way in raising awareness of the nationwide fentanyl crisis, passed critical legislation to prosecute those dealing this deadly drug, and supported community programs helping those suffering from substance use disorders. The State also responded to the fentanyl crisis by making access to life-saving opioid reversal medications available to schools, law enforcement, healthcare providers, and other first responders. With \$18 million appropriated from the 2023 session, the naloxone distribution program at The University of Texas Health Science Center at San Antonio has successfully distributed over 350,000 doses of naloxone to individuals and organizations across Texas.

*I recommend the 89th Legislature appropriate another \$18 million to support the continued access to life-saving opioid reversal medications through the successful naloxone distribution program at The University of Texas Health Science Center at San Antonio.*

### Educating Texans on the Dangers of Fentanyl

Texas launched our comprehensive “One Pill Kills” campaign in 2021 to raise awareness and educate Texans about the dangers of fentanyl, and we are seeing a positive impact in the lives of Texans. From directing state agencies to ramp up their anti-fentanyl efforts, to passing and signing

critical laws to curb the fentanyl epidemic, launching a multimedia campaign that garnered over 1.5 billion impressions, and partnering with college football coaches to raise awareness at high school football games, our statewide efforts have helped decrease fentanyl poisoning deaths of Texans.

*I recommend the 89th Legislature invest \$10 million over the biennium to maintain and enhance the successful One Pill Kills campaign.*

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## Critical Investments in Energy

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*“We must add more power this session to fortify our grid, and it’s time for Texas to lead a nuclear power renaissance in the United States.”*

*— Governor Abbott, State of the State Speech, February 2025*

### Continuing the Texas Energy Fund

Texas has enhanced the reliability and resilience of the electrical grid through a variety of measures, and no Texan has lost power due to the state grid since Winter Storm Uri. Significant measures coupled with the addition of 11,000 megawatts of dispatchable generation have increased our grid’s resiliency. The State now requires generators and critical natural gas supply to weatherize their systems to ensure continued operations during extreme heat and cold conditions. Additionally, coordination has been enhanced between the electrical grid and the natural gas system through the creation of the Texas Electric Supply Chain Map and the Texas Energy Reliability Council. Furthermore, the Electric Reliability Council of Texas (ERCOT) has taken a more conservative operating approach to ensure adequate power reserves are procured to cover potential uncertainties facing the grid.

In 2023, the Legislature proposed a constitutional amendment, which voters overwhelmingly approved, to create the Texas Energy Fund (TEF). The TEF was authorized to provide up to \$10 billion in grants and loans to finance the construction, maintenance, modernization, and operation of electric facilities in Texas through programs administered by the Public Utility Commission of Texas (PUCT). To date, the Texas Legislature has appropriated \$5 billion to fund the TEF.

The PUCT has approved 18 projects to move to a due diligence stage for the in-ERCOT loan program. Collectively, these 18 projects will bring a possible 9,720 new megawatts of power to the ERCOT grid. The Legislature should appropriate additional funding to ensure that all TEF programs are fully funded, bringing more reliable, dispatchable generation to the state grid.

*I recommend the 89th Legislature fully fund all TEF programs by providing an additional \$5 billion to further expand and enhance grid reliability in Texas.*

### Advanced Nuclear Energy and Technology

Texas should be the leader on advanced nuclear energy deployment as well as the manufacturing and workforce development headquarters for the associated equipment and technologies. In August 2023, I directed the Public Utility Commission of Texas (PUCT) to form a working group to study and provide recommendations that will position Texas as the national leader on advanced nuclear energy.

The United States is currently experiencing a nuclear renaissance as smaller, safer, and commercially viable nuclear energy technologies come to market. Given Texas’ business-friendly regulatory environment, existing industrial and manufacturing base, skilled workforce and training programs,

premier institutions of higher education, and deregulated energy market, our state is destined to lead on advanced nuclear energy. Establishing and appropriating funds to a new Texas Nuclear Development and Deployment Fund will provide support for nuclear energy projects and position Texas as the headquarters for the entire equipment and manufacturing supply chain for the nuclear industry.

The fund's mission will be to speed up project development and site readiness for nuclear energy, as well as support the industrial and manufacturing base for this burgeoning field. Future legislatures may appropriate additional funding to further aid in the capital-intensive process of constructing and deploying these facilities that can power Texas for generations.

*I recommend the 89th Legislature create the new Texas Nuclear Development and Deployment Fund and appropriate funding to encourage advanced nuclear energy as well as an associated focused on supply chain and manufacturing needs of this emerging industry.*

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## Bolstering State Infrastructure

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### Expanding the State’s Cyber Infrastructure

*“As the world becomes more complicated and dangerous, we must protect Texas from hackers and hostile foreign actors.”*  
— Governor Abbott, *State of the State Speech, February 2025*

In an increasingly interconnected world, a robust cybersecurity defense and resiliency strategy is essential to countering threats from adversarial nation-states and sophisticated criminal networks. As technologies rapidly advance, it is paramount Texas keep pace with evolving cyber threats to ensure the security of our communities, government operations, critical infrastructure, and economy. In November 2024, I issued Executive Order GA-49 to protect Texas’ critical infrastructure from threats posed by the People’s Republic of China and the Chinese Communist Party. This included directing Texas state agencies to identify potential vulnerabilities to prevent cyberattacks on local, state, and other critical infrastructure.

For decades The University of Texas at San Antonio (UTSA) has distinguished itself as a national leader in cybersecurity, as well as its status as a Tier One research entity. UTSA is nationally recognized for its cybersecurity mission support activities, research, and education. Moreover, San Antonio is home to an exceptional collection of cybersecurity-related federal agencies, task forces, and other operational assets. Protecting Texans is our top priority, and San Antonio is strategically positioned to ensure Texas remains a leader in cybersecurity.

*I recommend the 89th Legislature leverage the expertise of UTSA and the surrounding cybersecurity ecosystem to create the Texas Cyber Command to better anticipate cyber threats, defend against and respond to cyberattacks, and promote cyber awareness.*

### Critical Investments in the State’s Water Infrastructure

*“To ensure the Texas economic boom continues, we must address the growing need for water.”*  
— Governor Abbott, *State of the State Speech, February 2025*

#### *Texas Water Supply, Costs, and Projects*

Texas conducts its water supply planning and supports local systems through research and funding to political subdivisions from programs at the Texas Water Development Board (TWDB). To accomplish this, water experts, government agencies, and members of the public collaborate in a comprehensive regional water planning process to develop a State Water Plan. This plan sets forth thousands of specific strategies and projects that clearly demonstrate how Texas can withstand future droughts and meet expected needs. If implemented, these strategies within the most recent water plan would provide 7.7 million acre-feet per year in additional water supplies to water user groups by 2070.



According to the State Water Plan, the estimated capital cost to permit and design projects, acquire water rights and land, and construct and implement the approximately 2,400 water management strategy projects by 2070 is approximately \$80 billion, including more than \$7 billion in costs associated with conservation projects. Water providers anticipated needing \$47 billion in state financial assistance to implement these same projects.

To demonstrate the scale and cost of new water infrastructure projects, take the Inner Harbor Seawater Desalination project sponsored by the City of Corpus Christi. The total projected cost of \$760 million will be provided by the TWDB in deferred and low-interest funding. It will initially produce 20 million gallons per day, with capacity to expand to 30 million gallons per day and serve a population of approximately 500,000 people and businesses. When completed in 2028, it will be Texas' first seawater desalination plant.

### *State Support*

Texas has a history of making substantial down payments to improve the state's water supply. For example, in 2013 Texas created the State Water Implementation Fund for Texas (SWIFT) fund with a \$2 billion payment that the TWDB has leveraged to nearly \$14.5 billion in low- or no-interest loans to cities, districts, authorities, and water supply corporations.

In 2023, I signed Senate Bill 28 and Senate Joint Resolution 75, which created the New Water Supply for Texas Fund and an additional contribution to programs at TWDB. The Legislature provided \$1 billion for this new fund. Of that amount, \$735 million was allocated for existing programs operated by the TWDB, including the SWIFT, the Rural Water Assistance Fund (RWAFF) and the Water Loan Assistance Fund (WLAFF). RWAFF and WLAFF projects address water loss, which is generally considered a subset of water conservation activities, and projects addressing a high risk or need. An allocation of \$250 million was dedicated for the newly created New Water Supply for Texas Fund, which must be used to fund projects that create new sources of water such as desalination, produced water treatment, aquifer storage and recovery projects, and infrastructure to transport new water.

Funding is one of the greatest barriers to achieving a drought-resistant statewide water supply that is essential for Texas' population and economic growth. In addition to investing additional one-time funds, the Legislature should also consider a long-term, dedicated funding stream that will provide predictable revenue for our state's water needs.

*I recommend the 89th Legislature continue to invest in the state's water infrastructure by appropriating the largest one-time investment in state history to programs at the TWDB and creating an ongoing dedicated revenue source for Texas water projects.*

### Continuing Historic Investments in Transportation Funding

A fundamental responsibility of government is to build and maintain a transportation system to meet the needs of its population. A well-maintained and well-constructed infrastructure facilitates trade, attracts investment, supports job creation, increases public safety, and improves mobility. During my first State of the State address in 2015, I named transportation as an emergency item as it was vital to

increase funding to improve connectivity and save lives. Since that time, the Texas Department of Transportation (TxDOT) and their partners have delivered record investments and project completions.

A ballot measure known as Proposition 1 was overwhelmingly approved by 80 percent of Texas voters in 2014. This constitutional amendment dedicated a portion of the severance tax for constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads. Since that time, the Legislature voted to extend the expiration date of Proposition 1 fund transfers to the State Highway Fund (SHF) to December 31, 2042. As of December 2024, a total of \$19.1 billion in Proposition 1 deposits have been made to the SHF and used to improve this state's transportation infrastructure.

In 2015, 83 percent of Texas voters approved a ballot measure known as Proposition 7, which authorized an increase in funding for constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads. The constitutional amendment allocates a portion of the sales and use tax and the motor vehicle sales and rental taxes into the SHF. As of December 2024, a total of \$19.5 billion in Proposition 7 deposits have been made into the SHF.

In September 2015, I challenged the Texas Transportation Commission and TxDOT to "create a focused initiative to identify and address the state's most congested chokepoints and work with transportation planners to get new roads built swiftly and effectively." With this direction, the commission created a task force to identify and act on the state's most congested roadways. Through this program, the state has \$80 billion in current and planned non-tolled projects in the Austin, Dallas, Fort Worth, Houston, and San Antonio regions. Since 2015, 21 projects have been completed; 31 projects are under construction; and 78 projects are planned. Once projects are complete, commuters will experience reduced delays and financial savings through fuel, vehicle maintenance, and time.

Texas is the top state in the U.S. for population growth. With an average daily population gain of more than 1,500 people in 2024 alone, there is an incredible need to keep up with mobility needs across the state. I recently announced Texas' record-setting \$148 billion 10-year transportation infrastructure plan known as the Unified Transportation Program (UTP). Of the \$148 billion, \$104 billion is planned for construction projects, and \$44 billion is for maintenance and project development. According to the Texas A&M Transportation Institute, this equates to \$29.4 billion per year in economic benefit and an additional 71,500 direct and indirect jobs. The transfers from Proposition 1 and Proposition 7 fund 47 percent of the record \$104 billion UTP construction plan. Texas' investment in transportation infrastructure continues to provide a reliable, well-maintained, and efficient transit system.

*I recommend that the 89th Legislature consider the rapidly growing population and the economic needs of Texas to determine if the current funds allocated to transportation are sufficient for our thriving state.*

### Expanding the State's Ship Channels and Ports

As hubs of international trade and vital economic engines, Texas seaports generate \$713.9 billion in economic activity in the state, accounting for 28 percent of the Texas Gross Domestic Product. Ports support over 2.5 million Texas jobs, a 41 percent increase since 2018. Playing a pivotal role in freight movement, ports handled 746.4 million tons in 2023, leading the nation in waterborne trade and helping cement Texas as the nation's top export state for the past two decades.

With the goal of strengthening Texas' economic prosperity, in 2023 the Legislature provided historic, first-time funding in the amount of \$600 million through the Port Access Account Fund and the Ship Channel Improvement Revolving Fund (SCIRF). The Port Access Account Fund, managed and allocated by the Texas Department of Transportation, provides grants for port development and infrastructure projects. The SCIRF provides low-interest, flexible loans to deepen and/or widen federally authorized ship channels. Each dollar of the Legislature's total investment in Texas seaports is expected to yield a \$53.46 return in state and local tax revenue annually.

Since 2015, Texas has invested \$780 million in seaports to bolster the state's thriving economy, provide a more robust supply chain, and maintain its global competitiveness. To continue to strengthen this position and address growing market demands, ports require additional funding for essential capital projects.

*I recommend the 89th Legislature continue to fund the Port Access Account Fund and the Ship Channel Improvement Revolving Fund to allow for critical improvements to keep Texas ports competitive and spur further economic growth.*

### Making At-Grade Rail Crossings Safer for Texans

Grade separations represent a long-term investment in transportation infrastructure that enhances public safety, efficiency, and economic vitality for communities. At-grade crossings are a common site for collisions between vehicles, pedestrians, and trains. By separating rail and road traffic, pedestrians can cross safely without the danger of oncoming trains, and emergency vehicles can respond more quickly without being delayed by rail traffic at crossings.

Grade separations also reduce delays for commuters and prevent delays to train schedules caused by shared road and rail intersections. Smoother traffic flow and efficient freight movement improve travel times, safety to commuters, attract businesses, and encourage economic development.

*I recommend the 89th Legislature approve funding for at-grade rail crossings, and to distribute such funding to local governments to enhance the safety and economic efficiency for at-grade crossings.*

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## Expanding the State's Economy

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*“Texas is the most powerful economy in America. Ranked as the best state for doing business for 20 years, Texas is #1 for the most new jobs, #1 for economic development, and #1 as the best state to start a business.”*

*— Governor Abbott, State of the State Speech, February 2025*

### Texas Economic Development & Tourism Office

The Texas Economic Development & Tourism Office (EDT) within the Office of the Governor is the nerve center of economic development in Texas. In collaboration with local economic development partners, EDT works to bring Fortune 500 companies, small businesses, and everything in between here to join the eighth-largest economy in the world. Below is a selection of the effective economic development programs managed by EDT.

### Texas Moving Image Industry Incentive Program

Texas is home to some of the most sought-after filming locations in the world because of the vast differences in landscape and the sheer size of the state. Productions like *1923*, *Love & Death*, and *Facing Nolan* are choosing Texas to tell their stories. The Texas Film Commission (TFC) oversees the Texas Moving Image Industry Incentive Program (TMIIP), which helps to attract productions to the state, thereby creating jobs and bringing significant economic impact. Since 2007, TMIIP projects have generated \$2.52 billion in in-state spending and created more than 189,000 direct Texas jobs. While TMIIP-eligible projects have historically utilized all appropriated funding well before the end of each biennium, the 88th Legislature appropriated \$200 million to the program, helping to smooth out available funds throughout the biennium. Texas should continue funding TMIIP in a way that ensures Texas remains competitive for film productions while creating Texas industry jobs and infrastructure.

*I recommend that the 89th Legislature appropriate additional state funding to TMIIP to ensure Texas remains competitive in the film industry.*

### Governor's University Research Initiative (GURI)

Created in 2015, the Governor's University Research Initiative (GURI) is making strategic investments to vault more of our public colleges and universities into the top ranks nationally. Our investment into GURI will help our universities recruit the best and brightest to the Lone Star State, attracting even more Nobel Laureates, National Academy members, and other top researchers who, in turn, will serve as a catalyst for further innovation and economic development.

As of December 31, 2024, the Office of the Governor has approved \$116.2 million in GURI matching funds to six Texas universities. There are numerous examples of how these funds are being

used to move Texas and the world forward. At Texas A&M University, Dr. Robert O. Ambrose, who currently serves as the Division Chief of the Software, Robotics and Simulation Division of the NASA Johnson Space Center, will lead the establishment of the Robotics and Space Initiatives Facility focused on advancing research and knowledge for machine-human interaction and autonomous vehicle, both on land and in space. UT Southwestern Medical Center has recruited Dr. Martin G. Pomper, a pioneer in the design, development, and clinical implementation of imaging and theragnostic agents that are targeted specifically to cancers. His work has enormous clinical and commercial potential, having already enabled earlier detection of prostate cancer, enhanced guidance during surgery for prostate cancer, and with products for improved radiotherapeutic treatment of prostate cancer in the pipeline. Finally, GURI funds were instrumental in establishing the Center for Advanced Construction Materials at The University of Texas at Arlington, which is revolutionizing the way modern concretes are used worldwide.

*I recommend that the 89th Legislature continue the state's investments in recruiting the world's top researchers.*

### Texas CHIPS Office

The 2022 federal CHIPS and Science Act (H.R.4346, 117th Congress) appropriated \$52.7 billion to accelerate the reshoring of semiconductor manufacturing industry in the United States and boost strategic research and development programs. To build on this momentum and further leverage Texas as a national leader in the semiconductor manufacturing industry, I signed the Texas CHIPS Act in 2023. This landmark legislation established the Texas Semiconductor Innovation Consortium (TSIC) and the Texas Semiconductor Innovation Fund (TSIF), all supported by the newly created Texas CHIPS Office in the Texas Economic Development & Tourism Office.

The TSIC and TSIF are focused on expanding semiconductor companies in Texas, enhancing the state's higher education expertise and capacity, and maintaining Texas' leadership in the semiconductor manufacturing sector, thereby securing our domestic supply chain and further ensuring national security. Their missions also include growing workforce training programs and fostering collaboration between public and private entities on education, research, and commercial production in the industry. Last session, the Legislature appropriated \$698.3 million to the TSIF to support semiconductor design and manufacturing, including matching funds to state entities and economic development grants for Texas companies.

While the Texas CHIPS Act was a significant first step, we must capitalize on this unprecedented economic development opportunity. Texas, the birthplace of the first integrated circuit, is poised for a promising future in semiconductor manufacturing. As other states aggressively compete to host the reshoring of semiconductor manufacturing, it is imperative that Texas remain an industry leader. An increased state investment into TSIF will ensure Texas remains at the forefront of this critical industry, driving economic growth, innovation, and workforce development.

*I recommend that the 89th Legislature appropriate additional state funding to TSIF to further strengthen and solidify Texas' leadership in semiconductor manufacturing.*

## Texas Space Commission

Texas and the space industry are deeply intertwined, with our state boasting a rich legacy as a leader in space exploration and innovation. It was in Houston that President John F. Kennedy announced his bold ambition for America go to the moon. Our connection to space is not just rooted in the past but is essential to our future. In 2023, I signed into law House Bill 3447 to strengthen Texas' position as a leader in this vital industry. This law established the Texas Space Commission (TSC), the Texas Aerospace Research and Space Economy Consortium (TARSEC), and the Space Exploration and Aeronautics Research Fund (SEARF).

Also in 2023, the Legislature appropriated \$350 million to ensure Texas remains at the forefront of the rapidly growing space industry. Of that amount, \$150 million was allocated to the SEARF, which will be administered by the TSC for developing emerging spaceflight technologies, conducting space exploration and flight research, promoting workforce training, managing post-mission materials, and developing infrastructure for spaceports. The remaining \$200 million is designated for the construction of research and training facilities next to NASA's Johnson Space Center to support mission training, research, astronautical materials curation, and advanced robotics.

As space exploration rapidly grows into a high-potential industry, it offers numerous opportunities for innovation, economic growth, and global leadership. To maintain our competitive edge against other states and nations, Texas must significantly increase its investment in this sector, ensuring it remains at the forefront of space exploration and aerospace development.

*I recommend that the 89th Legislature appropriate additional state funding to SEARF to strengthen Texas' competitive edge in the rapidly growing aerospace sector and further establish the state as a global hub for aerospace innovation.*

## Expanding the State's New Business Courts

The newly established business courts represent historic change to our state's judiciary. For the first time, our state has a forum dedicated to the creation of written business jurisprudence. These courts, led by jurists with expertise and experience in business law, are creating greater predictability and consistency in the resolution of complex business disputes.

In 2023, House Bill 19 created 11 business court regions throughout the state. Five regions were funded and became operational on September 1, 2024. The remaining regions are dependent on reauthorization and funding from the 89th Legislature to become operational. Rural Texas deserves an opportunity at efficient justice.

*I recommend the 89th Legislature reauthorize and fund the remaining six business court regions.*

## Addressing State Pension Liabilities

Due to strong commitments made by the state, all three retirement plans that the Employees Retirement System (ERS) administers on behalf of state agency employees and retirees, peace officers, and judges are actuarially sound. In 2023, the Legislature appropriated additional state funds

to eliminate unfunded liabilities within the Law Enforcement and Custodial Officer Supplemental Retirement Fund and the Judicial Retirement System of Texas Plan Two. I also signed legislation in 2021 that created a new cash balance benefit for state employees and provided a plan to pay off unfunded liabilities, ensuring actuarial soundness and securing retirement benefits for our state employees. Additionally, additional state funds were used for a one-time payment, further reducing the ERS actuarial liability and saving taxpayers billions in future years. These reforms to the ERS benefit structures both attract Texans to state employment and better protect the State from excessive pension liability.

*I recommend the 89th Legislature provide an additional one-time payment beyond the statutory legacy payment to save the state money over the life of the Legacy Payment schedule.*

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## Strengthening Public Safety

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*“No one can benefit from a better education or a booming economy if they are not safe.”*  
— Governor Abbott, *State of the State Speech, February 2025*

### Securing the State’s Southern Border

Securing the border is primarily the federal government’s responsibility. Although Texas has always had a law enforcement presence on the border to discourage illegal activities such as drug smuggling and human trafficking, the previous administration’s refusal to enforce federal law invited record-breaking illegal immigration. The unprecedented surge of illegal immigrants including criminals and known terrorists, as well as transnational criminal activity, threatened all Americans. Weapons and deadly drugs like fentanyl poured across the border, and criminals who illegally entered committed heinous crimes such as kidnapping, rape, and murder in Texas.

Before the prior administration, Texas spent \$800 million of taxpayer money per biennium to supplement federal efforts to secure the border. As a result of the previous administration’s failures, I launched Operation Lone Star in March 2021 to combat the massive caravans, rampant vehicle pursuits and bailouts, human trafficking, stash house operations, property damage, and unsafe conditions for Texans living on the border. The Legislature critically invested additional funding for this effort to ensure we had boots on the ground and that border barriers, including a wall, could be placed to deter and repel illegal crossings. The Legislature has continued this investment in subsequent regular and special sessions.

### **Historic Broder Security Funding Biennial Appropriations**

<b>Fiscal Years</b>	2016–2017	2018–2019	2020–2021	2022–2023*	2024–2025	<b>Total</b>
<b>Amount</b>	\$800 million	\$800 million	\$800 million	\$4.72 billion	\$6.54 billion	<b>\$13.66 billion</b>

\*2022–2023 appropriations include \$110.3 million in FY 20221 funds for Operation Lone Star, which began in March 2021, midway through Fiscal Year 2021

Through these efforts, the state has made the following achievements:

- Texas has constructed, or is in the process of constructing, over 100 miles of border wall at a cost of \$2.95 billion. Ongoing costs will include operations and maintenance of border barriers to deter and repel illegal immigration.
- Approximately 150 miles of concertina wire border barrier has been erected, and more than 72 miles of fencing border barrier has been built at a cost of \$58 million.
- Other border barriers include CONEX boxes and anti-climb barriers totaling more than 42 miles at a cost of \$54 million.



- Texas has placed approximately 1,000 feet of floating buoy border barrier at a cost of nearly \$1 million in strategic locations on the Rio Grande River in the Eagle Pass area.
- The Texas Military Department has had 192,652 detections and reports; 566,270 surrenders or referrals; 262,701 apprehension referrals; and 131,523 turn backs.
- The Texas Department of Public Safety has apprehended and referred over 529,567 illegal migrants; deterred and denied over 141,429 illegal entries; encountered over 4,878 vehicle bailout incidents; and raided over 585 stash houses, leading to the recovery and referral of 5,439 illegal immigrants.
- Texas law enforcement has seized over 622 million lethal doses of fentanyl, enough to kill every man, woman, and child in the United States, Mexico, and Canada combined.
- To help small towns on the border that were overrun and overwhelmed by illegal immigrants being released by the prior administration, Texas transported 121,507 migrants from over 40 different countries out of Texas on a total of 2,681 bus trips and flights. Countries of origin include Afghanistan, China, Colombia, Cuba, Honduras, Nicaragua, Russia, and Venezuela.

The strategies funded by the Legislature proved effective, leading to an over 85 percent decrease in illegal immigration into Texas. Though the current administration will no doubt address this border crisis, their efforts will take time. The state must continue to keep Texans safe until the federal government's efforts are able to take effect.

*I recommend the 89th Legislature continue its funding of border security until the federal government assumes operational control to keep Texans safe and address this crisis once and for all.*

### Keeping our Law Enforcement Officers Safe

Texas is a law-and-order state, and we are unwavering in our support for the men and women serving in law enforcement. In 2017, I signed Senate Bill 12, which created grant funding for upgraded body armor to law enforcement agencies throughout Texas. In 2021, I signed Senate Bill 2222, which provided one-time grant funding to install bullet-resistant windshields in all Texas Highway Patrol vehicles. We must continue to invest in effective, modernized equipment that protects the lives of our law enforcement professionals.

Some Texas law enforcement agencies, particularly in rural areas of the state, may not have funding to purchase and install these life-saving modifications. Since the passage of Senate Bill 2222, jurisdictions like the San Antonio Police Department and the Harris County Sheriff's Office have recognized the value this equipment provides and have begun incorporating it into their vehicles. Moreover, the Texas Department of Public Safety has been offering technical assistance and advice to agencies across the country on how to equip their fleets with this specialized equipment.

In fiscal year 2025 alone, the Governor's Public Safety Office approved 100 awards totaling \$4.9 million to equip peace officers with bullet-resistant shields and 113 awards totaling \$1.8 million to provide peace officers with rifle-resistant body armor to prevent loss of life during tactical and emergency response operations.

*I recommend the 89th Legislature establish and fund a grant program administered by the Governor's Public Safety Office that would provide local Texas law enforcement agencies with funding to install bullet-resistant windshields in their vehicles.*

#### Expanding Mental Health Programs for First Responders

In 2021, I signed Senate Bill 64, establishing the Texas Law Enforcement Peer Network (TLEPN), a statewide program designed to give every Texas law enforcement officer confidential access to specially trained peers to address stressors, trauma, fatigue, and other needs to combat workforce burnout and end incidents of officer suicide and self-harm. Since its launch in early 2022, TLEPN has trained and registered more than 1,467 Texas law enforcement officers to serve as peers, with more than 377 connections made with officers requesting services.

In addition to providing services to Texas officers, the State of Texas began offering virtual peer-to-peer counseling services at no cost for law enforcement and firefighters in Hawaii who were impacted by the response to the unprecedented wildfires on the island of Maui in 2023.

There is a portion of the law enforcement community that is not included in the initial statutory construct of the TLEPN. This includes peace officers employed by an independent school district police department. Moreover, this program could be extended to support personnel such as crime scene technicians who are exposed to many of the same dynamic environments as law enforcement officers.

*I recommend the 89th Legislature open the TLEPN program to additional first responders and expand its funding to meet the growing needs of those it serves.*

#### Recruiting the Best Law Enforcement Across the Country

Alongside the rest of the nation, Texas faces challenges in recruiting qualified candidates for law enforcement positions. There are several reasons for lagging recruitment in this career field. These include compensation, the inherent danger and unpredictability of the work, and elected officials who do not support law enforcement officers. According to a survey of U.S. law enforcement agencies conducted by the International Association of Chiefs of Police in 2024, more than 70 percent of agencies surveyed reported that recruitment is more difficult now than five years ago. Additionally, smaller agencies serving more rural areas appear to be the most impacted by this change.

To incentivize a career in Texas law enforcement, the state should offer a one-time \$5,000 stipend for a Texas Peace Officer upon being granted a Master Peace Officer Certification from the Texas Commission on Law Enforcement. These awards should be limited to full-time officers who are vested with a Texas law enforcement agency. Achieving this level of proficiency can be accomplished through accumulating years of service, law enforcement training hours, education, military service, or a combination of the above criteria.

The state should also consider a tuition program for out-of-state law enforcement officers who relocate to Texas for full-time law enforcement positions. The costs covered could include those of any equivalency courses or testing required to become licensed by the Texas Commission on Law

Enforcement. This tool could be used to attract out-of-state applicants who are interested in a career in Texas law enforcement.

*I recommend the 89th Legislature provide funding to support programs focused on recruiting high-quality applicants and retaining the brave officers that keep our communities and schools safe.*

#### Increasing Efficiency Through Technology

Texas strives to recruit and retain the best, most qualified law enforcement officers in the nation. Alongside these officers, innovative technologies serve as a force multiplier and support the men and women who are keeping our communities safe. Novel technologies must be continually evaluated and adopted to ensure we retain and improve upon existing capabilities to effectively counter a wide array of criminal activity.

*I recommend the 89th Legislature consider funding technologies that expand law enforcement officers' abilities to do their jobs safely and efficiently.*

#### Enhancing the State's Ability to Respond to Wildfires

The fires that tore through the Texas Panhandle approximately one year ago were historic in their devastation. Over 1 million acres of land were burned, 160 structures were destroyed, and multiple lives were lost. These fires devastated both property and livelihoods. Testimony from legislative hearings indicated that the total economic loss to the Texas Panhandle may ultimately exceed \$1 billion. An April 19, 2024 report provided by AgriLife conservatively estimated that the Panhandle suffered \$123 million in agricultural and agriculture-related losses.

The state currently relies on federal aircraft for our wildfire suppression efforts. Though these agreements have worked in the past, if activities levels are high nationwide or federal aircraft are down for maintenance, competition for those finite resources could put Texas at a disadvantage when responding to disasters. As the recent fires in Southern California showed, having direct access to these resources and deploying them in a timely manner are critical to effectively managing a wildfire and saving lives. These resources are important to battling a wildfire and protecting our citizens.

*I recommend the 89th Legislature consider providing funding for the State to purchase its own aviation resources to respond to future disasters.*

#### Expanding Operational Support for Veterans

Texas is home to more veterans than any other state, with over 1.5 million veterans who received more than \$7.6 billion in U.S. Department of Veterans Affairs (VA) benefits in fiscal year 2024. It is imperative that we continue to lead the nation in taking care of our servicemen and women, providing the excellent service that our Texas veterans and their families deserve. Expanding the Texas Veterans Commission's (TVC) capabilities with additional operational support will help our veterans receive specialized attention and critical services, including claims processing and

healthcare advocacy with the VA, employment assistance, entrepreneurial support, and increase awareness of these services through enhanced outreach efforts.

One example is increased support through TVC's Veteran Entrepreneur Program (VEP), which provides veteran entrepreneurs and their families with the small business tools needed to start or grow their businesses. The VEP has seen an increase in newly formed veteran-owned businesses since 2024. The VEP has verified 15,384 veterans and estimates that number will jump by an additional 7,000 verifications, resulting in certifying over 22,000 new 100 percent veteran-owned businesses through 2025. Increasing supplementary support staff at TVC will help foster veteran-owned businesses and will allow more veterans to participate in the state's VEP.

*I recommend the 89th Legislature increase operational support for the TVC to provide the high-level quality assistance in every aspect of veteran needs, including through the impactful VEP.*

### Supporting Retired Emergency First Responders

Emergency first responders and firefighters are vital to the safety and well-being of our communities. The Texas Emergency Services Retirement System (TESRS) is the only statewide funded public retirement system for volunteer, paid, and part-time emergency service personnel. TESRS is responsible for the administration and management of a retirement plan that has over 9,000 participants statewide in over 253 municipalities and emergency services districts, primarily in rural areas of the state. We must support the brave Texas men and women who fearlessly serve our communities by providing them a secure financial future and guaranteed retirement benefits.

*I recommend the 89th Legislature appropriate funding to ensure TESRS is on path toward actuarial soundness and becomes fully solvent.*

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## Closing Remarks

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Freedom and opportunity are deeply rooted in the history of our great state. As a result, the Texas of today is where innovation flourishes, where hard work is rewarded, and where Texans prosper. The priorities included in the Governor's 2026–2027 Budget for the 89th Legislative Session are crucial to ensure that Texas continues to lead the nation.

Texas is America's undisputed leader in job creation and economic expansion. More businesses are moving to Texas, and more Texans are employed than ever before. Nourished by the bounty of the land and the boundless ideas that bloom only in Texas, families are growing here. Businesses are growing here. The future is growing here.

I look forward to our work together to ensure we address our shared priorities and serve the needs of every taxpayer and resident of Texas. Therefore, in accordance with the Texas Government Code and the Texas Constitution, I respectfully submit to the 89th Legislature my budget priorities for fiscal years 2026–2027. Together, we will build a stronger Texas for generations.

Sincerely,

A handwritten signature in black ink that reads "Greg Abbott". The signature is written in a cursive, flowing style.

Greg Abbott  
Governor of Texas



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