

**SUBJECT:** Establishing and amending provisions on public school finance

**COMMITTEE:** Public Education — committee substitute recommended

**VOTE:** 13 ayes – Buckley, Bernal, Ashby, Cunningham, Dutton, Frank, Hinojosa, Hunter, Kerwin, Leach, Leo Wilson, Schoolcraft, Talarico

2 nays – Allen, Bryant

**WITNESSES:** For - Darla Nolen, Academy ISD; Leslie Sparacello, Cedars International Academy; Christina Ellis, Consilium Education Services; Sara Furlich, Decoding Dyslexia and Texas Dyslexia Coalition; Robbi Cooper, Decoding Dyslexia Texas; Steven Aleman, Disability Rights Texas; Jonathan Feinstein, EdTrust in Texas; Josh Sanderson, Equity Center; Chandra Villanueva, Every Texan; Justin Terry, Fast Growth Schools Coalition; Mohammed Choudhury, Fort Worth Independent School District; Trista Bishop-Watt, Good Reason Houston; Arun Gir, IEducate; Staci Weaver, Legacy Prep; Christopher Lee, North Texas Commission; Sharon McKinney, Port Aransas ISD; Heath Morrison, Teachers of Tomorrow; Lauren McKenzie, Texans Care for Children; Mary Lynn Pruneda, Texas 2036; Greg Gilbert, Texas Association of Rural Schools; Joe Kucera, Texas Association of Midsize Schools; Kelly Rasti, Texas Association of School Boards; Justin Yancy, Texas Business Leadership Council; Grace Bonilla, Texas Impact; Ben Mackey, Texas Impact Network; Joe Munoz, Texas Music Educators Association and Texas Arts Education Campaign; Jennifer Easley, Texas PTA; Marty Crawford, Texas School Alliance; Missy Bender, Texas School Coalition; Yulissa Chavez, The Coalition of Texans with Disabilities; Bryce Adams, TX Public Charter Schools Association; Yasmin Bhatia, Uplift Education; and 6 individuals (*Registered, but did not testify*): Scott Jensen, American Federation for Children; John Litzler, Baptist General Convention of Texas Christian Life Commission; Cole Glosser, Coalition of Texans with Disabilities; Tracy Johnson, DFER TX; Joanna Warren, Educate Texas; Jarod Love, ExcelinEd in Action and The E3 Alliance; Julie Linn Minnehan, Great Hearts Texas; Taylor Landin, Greater Houston Partnership; Kaitlyn Murphy, Greater Houston Partnership; Frank Corte,

International Leadership of Texas; Ryan Franklin, Philanthropy Advocates; Jennifer Luftop, Texas Academic Language Therapy Association; Megan Mauro, Texas Association of Business; Colby Nichols, Texas Association of Community Schools; Amy Beneski, Texas Association of School Administrators; Randy Willis, Texas Association of Rural Schools; Nzingha Williams-Eugene, Texas Cultural Trust; Jolene Sanders, The Coalition of Texans with Disabilities; Kate Greer, The Commit Partnership; Jennifer Allmon, The Texas Catholic Conference of Bishops; and 17 individuals)

Against - Darren Cole-Ochoa, San Marcos CISD; and 6 individuals (*Registered, but did not testify*: Miriam Laeky, Equality Texas; and 33 individuals)

On - Monty Exter, ATPE; Lynn Boswell, Austin ISD; Louis Malfaro, Austin Voices for Education and Youth; Richard Sena, Boerne ISD; Kevin Hunter, Burkburnett Independent School District; Roland Toscano, East Central Independent School District; Terry Kosobud, Grandparents for Public Schools; Robert Norris, Grandparents for Public Schools; Chloe Latham Sikes, IDRA (Intercultural Development Research Association); Avery Saxe, Legislative Budget Board; Kami Finger, Lubbock ISD and TCASE; John Craft, Northside Independent School District; Carrie Griffith, On Behalf of the Texas State Teachers Association; Maggie Stern, Our Schools Our Democracy; Amity Halstead, PreK Today/Child Care Associates; Alicia Noyola, South Texas Association of Schools; Rebecca Doyle, Stephenville ISD; Gwen Coffey, TCASE and Katy ISD; Brian Guthrie, Teacher Retirement System of Texas; Paige Williams, Texas Classroom Teachers Association; Maia Volk, Texas Coalition for Healthy Minds; Andrea Chevalier, Texas Council of Administrators of Special Education; Missy Piper, Texas Council of Administrators of Special Education, Brazos River Regional School Program SSA, Parker County Co-op; Brock Gregg, Texas Retired Teachers Association; Jacob Kirksey, Texas Tech University; Matias Segura, Texas Urban Council; Sabrina Gonzalez Saucedo, The Arc of Texas; Patty Quinzi, TX American Federation of Teachers; and 19 individuals (*Registered, but did not testify*: Shannon Murphy, Comptroller of Public Accounts; Maggie Jebson, Emily

Navarrette, LBB; Fuat Aki, Jennifer Alexander, Von Byer, Amy Copeland, Andrew Hodge, Matt Holzgrafe, Eric Marin, Monica Martinez, Al Mckenzie, Kristin McGuire, Jessica Mcloughlin, Mark Olofson, Marian Schutte, Texas Education Agency; Kelsey Kling, Texas Coalition for Educator Preparation; and 12 individuals)

**BACKGROUND:** Education Code sec. 48.051 establishes the formula for the basic allotment. For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, a school district is entitled to an allotment equal to the lesser of \$6,160 or the amount that results from the following formula:

- $A = \$6,160 \times TR/MCR$

where:

- “A” is the allotment to which a district is entitled;
- “TR” is the district’s tier one maintenance and operations tax rate; and
- “MCR” is the district’s maximum compressed tax rate.

Sec. 48.101 establishes the small and mid-sized district allotment. The section defines:

- “AA” as the district’s annual allotment per student in average daily attendance;
- “ADA” as the number of students in average daily attendance for which the district is entitled to an allotment under the basic allotment; and
- “BA” as the basic allotment.

A school district that has fewer than 1,600 students in average daily attendance is entitled to an annual allotment for each student in average daily attendance based on the following formula:

- $AA = ((1,600 - ADA) \times .0004) \times BA.$

A school district that offers a kindergarten through twelfth grade program and has less than 5,000 students in average daily attendance is entitled to an annual allotment for each student in average daily attendance based on the formula, of the following formulas, that results in the greatest annual allotment:

- $AA = ((1,600 - ADA) \times .0004) \times BA,$  if the district is eligible; or
- $AA = ((5,000 - ADA) \times .000025) \times BA.$

A district that has fewer than 300 students in average daily attendance and is the only school district located in and operating in a county is entitled to an annual allotment for each student in average daily attendance based on the following formula:

- $AA = ((1,600 - ADA) \times .00047) \times BA.$

Sec. 48.112 (a) defines a “rural campus” as a school campus that is located in an area not designated as an urbanized area or an urban cluster by the US Census Bureau and a school district with fewer than 5,000 enrolled students; or designated as a rural campus under rules adopted by the commissioner.

Sec. 48.112 establishes the Teacher Incentive Allotment point values. The point values are:

- zero, for a student for whom the district does not receive a compensatory education allotment; or
- for a student for whom the district receives a compensatory education allotment, 0.5, 1.0, 2.0, 3.0, or 4.0, respectively, from least to most severe economic disadvantage according to the census block group in which the student resides.

If a campus at which a student is enrolled is classified as a rural campus, a student is assigned the point value two tiers higher than the student's point

value determined by the previous section.

Under Education Code sec. 28.025(b-15), a student may earn a distinguished level of achievement under the foundation high school program by successfully completing four mathematics credits, four science credits, curriculum requirements for at least one endorsement, and other curriculum requirements.

Sec. 29.005 (a) mandates the development of an Individualized Education Program for children enrolled in special education programs of a school district.

Sec 29.104 defines basic allotments for school districts that provide education and related services only to students who are confined in or receive educational services in a hospital.

Sec. 48.102 assigns weights based on a student's special education instructional arrangement.

Sec. 48.110 outlines the College, Career, or Military Readiness Outcomes Bonus to further the goal set under the state's master plan for higher education developed for at least 60 percent of all adults aged 25 to 34 in this state to achieve a postsecondary degree or workforce credential by 2030.

Health and Safety Code sec. 531.002 defines a state supported living center as a state-supported and structured residential facility operated by the Department of Aging and Disability Services to provide to clients with an intellectual disability a variety of services, including medical treatment, specialized therapy, and training in the acquisition of personal, social, and vocational skills.

Education Code sec. 30.003 defines the share of costs for students enrolled in the Texas School for the Blind and Visually Impaired (TSBVI) or the Texas School for the Deaf (TSD). Subsection (b) states that if the student is admitted to the school for a full-time program for the equivalent

of two long semesters, the district's share of the cost is an amount equal to the dollar amount of maintenance and debt service taxes imposed by the district for that year divided by the district's average daily attendance for the preceding year.

DIGEST:

CSHB 2 would establish and amend various provisions of the Education Code pertaining to financing for Texas public schools, teacher preparation, and special education.

**Article 1. Changes Related to Public Education and Public School Finance**

**Average daily attendance.** CSHB 2 would require average daily attendance to be calculated for students enrolled in a free half-day or full-day kindergarten program provided by an eligible private provider and assigned to a campus operated under a certain contract or an eligible private provider, or of certain charter schools.

A school district that experiences a decline of more than 5 percent, rather than 2 or more percent, in average daily attendance would be required to be funded on the basis of an average daily attendance of 95 percent, rather than no more than 98 percent, of the actual average daily attendance of the preceding school year. The bill would remove the requirement that such funding be based on the actual average daily attendance of the preceding school year if the decline was the result of the closing or reduction in personnel of a military base.

For each school year, the commissioner of education would be required to adjust the average daily attendance of school districts entitled to funding on the basis of an adjusted average daily attendance in order to fund all districts on the basis of the same percentage of the preceding year's average daily attendance and to limit the total cost to the state to \$50 million or a greater amount provided by appropriation.

**Distribution of Foundation School Fund.** Periodically throughout the school year, the commissioner would be required to adjust the

determination regarding the amount of money to which each school was entitled to reflect school year estimates of a district's enrollment and average daily attendance, based on attendance reporting for each six-week interval. The bill would make conforming changes to reflect this requirement.

**Allotments.** CSHB 2 would increase the dollar amounts and weights in various allotments, including those in Education Code secs. 48.051, 48.101, and 48.112.

*Basic allotment.* The bill would amend the basic allotment and increase the dollar amount in the formula. For each student in daily average attendance, not including time spent in career and technology education (CTE) programs or special education settings, a school district would be entitled to an allotment equal to the lesser of the amounts that result from the following formulas:

- $A = \$6,500 + \text{GYIA}$ ; or
- $A = (\$6,500 + \text{GYIA}) \times \text{TR/MCR}$ .

“GYIA” would be defined as the guaranteed yield increment adjustment. No later than October 1 of each even-numbered year, for the subsequent fiscal biennium, TEA would be required to determine the amount of the guaranteed yield increment adjustment for each state fiscal year of the biennium. The amount of guaranteed yield increment adjustment for each state fiscal year of the biennium between September 1, 2025, and September 1, 2027, would be \$55.

During any school year for which the maximum amount of the basic allotment was greater than the maximum amount provided for the preceding school year, a district would be required to use at least 40 percent, rather than 30 percent, of the amount that equaled the product of the average daily attendance of the district multiplied by the amount of the difference between the district's funding per student in average daily attendance for the current school year and the preceding school year to provide compensation increases to full-time district employees other than

administrators. Of that amount, districts would be required to use 75 percent to increase classroom teacher salary, prioritizing teachers with 10 or more years' experience.

Unless an exception applied, a district employee who received a salary increase would be entitled to salary that was at least equal to the salary the employee received for the preceding school year. The bill would create an exception for an employee whose performance rating was lower than the employee's performance rating during the relevant school year.

The bill would require a school district to ensure that the salary increases provided for a difference of at least 40 percent between the average salary increase for a classroom teacher with 10 or more years experience and a classroom teacher with five or more years of experience or were based on performance in accordance with the district's compensation plan.

*Small and mid-sized allotment.* CSHB 2 would increase the weights used in the formulas used to calculate the small and mid-sized allotment as follows:

- $AA = ((1,600 - ADA) \times .00057) \times BA$ ;
- $AA = ((5,000 - ADA) \times .00003) \times BA$ ; and
- $AA = ((1,600 - ADA) \times .0006) \times BA$ .

In the above formulas, .00057 is increased from .0004; .00003 is increased from .000025; and .0006 is increased from .00047.

The bill also would amend the definition of "ADA" to be the number of students in average daily attendance for which the district was entitled to an allotment under the basic allotment, other than students in average daily attendance who did not reside in the district and were enrolled in a full-time virtual program.

*Teacher Incentive Allotment.* CSHB 2 would increase the allotment amounts that a school district would be entitled to for each classroom teacher with a teacher designation under the local optional teacher

designation system. A district would be entitled to:

- \$12,000, or an increased amount not to exceed \$36,000, rather than \$32,000, as determined by the high needs and rural factor, for each master teacher;
- \$9,000, rather than \$6,000, or an increased amount not to exceed \$25,000, rather than \$18,000, as determined by the high needs and rural factor, for each exemplary teacher;
- \$5,000, rather than \$3,000, or an increased amount not to exceed \$15,000, rather than \$9,000, as determined by the high needs and rural factor, for each recognized teacher; and
- \$3,000, or an increased amount not to exceed \$9,000, as determined by the high needs and rural factor, for each acknowledged teacher or nationally board certified teacher.

The high needs and rural factor would be determined by multiplying the amount of each teacher with designation by the average of a certain point value assigned to each student at a district campus based on the economic census block group. In this formula, the bill also raises the amount to be multiplied per each teacher with a designation.

For a district designated as an enhanced teacher incentive allotment public school under the local optional teacher designation system, the commissioner would be required to increase the amount to which the district was entitled by multiplying that amount by 1.1. The bill would require a district to annually certify that, for a district whose allotment was increased, the amount by which the allotment was increased was used to meet the criteria to maintain a designation as an enhanced teacher incentive allotment public school.

*Compensatory education allotment.* CSHB 2 would entitle a school district, for certain students without disabilities residing in residential placement facilities, to an annual allotment equal to the basic allotment multiplied by 0.2 or, if the student was educationally disadvantaged, 0.28, rather than 0.275. The bill would also increase weights assigned to the tiers of the index for economically disadvantaged census block groups.

*Bilingual education allotment.* For each student in average daily attendance in a bilingual education or special language program, a school district would be entitled to an annual allotment equal to the basic allotment multiplied by 0.12, rather than 0.1, or 0.17, rather than 0.15, for an emergent bilingual student, and 0.07, rather than, 0.05, for other students.

*Early education allotment.* HB 2 would amend the early education allotment for economically disadvantaged and emergent bilingual children to apply to each student in average daily attendance in Pre-K through third grade, rather than kindergarten through third grade.

*Fine arts allotment.* The bill would amend the Foundation School Program to establish the fine arts allotment. TEA would be required to approve and annually publish a list of fine arts education courses authorized by the State Board of Education that qualified for the allotment. For each student enrolled in an approved fine arts education course in grades 6 through 12, a school district would be entitled to:

- the sum of the basic allotment and the applicable small and mid-sized district allotment multiplied by 0.008, if the student was not educationally disadvantaged; or
- the above amount multiplied by two, for an economically disadvantaged student.

The total amount of fine arts allotments provided for a school year could not exceed \$15 million. The agency would be authorized to proportionally reduce each school district's fine arts allotment if the amount appropriated was insufficient to pay for all allotments to which districts were entitled.

*Two-tier allotment.* CSHB 2 would amend the two-tier allotment formula. The dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort for a school district would be:

- the greater of \$129.52 or an amount set by appropriation for the

- first eight cents by which district's maintenance and operations tax rate exceeded the district's tier one tax rate; and
- the amount that resulted from multiplying the maximum amount of the basic allotment for the applicable school year by 0.8, for the district's maintenance and operations tax effort in excess of the amount of tax effort described above.

**Local optional teacher designation system.** CSHB 2 would include the designation of "acknowledged teacher" to the list of possible designations for teachers. The bill would allow for a teacher who held a National Board Certification to be designated as nationally board certified, rather than recognized.

Each school year, the commissioner would be required to designate as "enhanced teacher incentive allotment public schools" school districts and charter schools that implemented comprehensive school evaluation and support systems. The criteria developed by the commissioner would be required to include certain considerations, including a compensation plan based on performance and a locally designed plan to place highly effective teachers at high needs campuses. The commissioner could remove a district's or charter school's designation if the commissioner determined the district or school no longer met the criteria.

By September 1 of each year, the commissioner would be required to post on the TEA website a list of districts and schools designated as enhanced teacher incentive allotment public schools. The bill would require TEA to use contracted services to develop and provide technical assistance for districts and schools in earning such a designation or implementing a local optional teacher designation system.

Immediately following the effective date of the bill, a district or charter school would be required to redesignate a teacher who already held a designation under the local optional teacher designation system to reflect the teacher's designation under the provisions of the bill, with the funding provided to a district for teachers with such designations being increased accordingly.

By September 1, 2026, the commissioner would be required to post on the TEA website the initial list of enhanced teacher incentive allotment public schools.

*Grant program.* The bill would require TEA to establish and administer a grant program to provide money and technical assistance to: expand and support ongoing implementation of local optional teacher designation systems; increase the number of classroom teachers eligible for a designation; and increase classroom teachers salaries at districts and schools schools that had established or were seeking to establish a designation system. The commissioner would be authorized to adopt rules as necessary to implement the grant program.

**Open-enrollment charter school funding.** CSHB 2 would entitle a charter holder to receive Foundation School Program funding for the charter school equal to the amount of funding per student in weighted average daily attendance to which the charter holder would be entitled if the school were a school district without a tier one local share, excluding certain funding.

A charter holder would be entitled to receive for the charter school an allotment per student in average daily attendance in an amount equal to the difference between \$700, rather than \$125, and the product of:

- the quotient of total relevant small and mid-sized allotment funding and the total number of students in average daily attendance in districts that receive that allotment; and
- the sum of one and the quotient of the total number of students in average daily attendance in districts that receive that allotment and the total number of students in average daily attendance in school districts statewide.

In addition, the bill would entitle a charter holder to receive for the charter school an annual allotment per student in average daily attendance equal to the lesser of:

- the state average interest and sinking fund tax rate imposed by school districts for the current year multiplied by the guaranteed level of funds per student per cent of tax effort by the instructional facilities allotment; or
- the maximum amount of the basic allotment for the applicable school year multiplied by 0.07, rather than a certain rate.

A charter holder would be entitled to receive such funding only if the charter school's overall performance ratings for the two preceding years reflected at least acceptable performance or the charter holder operated a school program located at certain facilities, including residential treatment facilities and medical hospitals.

A charter holder would be entitled to receive such funding for a charter school only if the school's governing body certified in writing to TEA that no official or employee of the school or its charter holder derived any personal financial benefit from a real estate transaction with the school. Such funds received by a charter holder could not be used to pay a salary, bonus, stipend, or any other form of compensation to a school superintendent or administrator serving as educational leader and chief executive officer of the school and could be used to pay debt service on bonds issued for a purpose for which a school district was authorized to issue bonds or to pay for a purchase for which a school district was authorized to issue bonds.

**Free pre-kindergarten for certain children.** HB 2 would amend provisions related to eligibility for tuition-free prekindergarten by establishing that any child who was at least three years old would be eligible for enrollment if:

- the class was provided through a partnership between a school district or charter school and a community-based child-care provider that meets the requirements established by law; and
- the child received subsidized child-care services provided through the child-care program administered by the Texas Workforce

Commission.

The prekindergarten facility would be required to comply with any municipal ordinance applicable to the operation of a private prekindergarten program and could not be required to comply with the municipal ordinances applicable to a program operated by a public school.

**Additional days school year planning grant program.** CSHB 2 would require TEA to establish and administer a grant program to provide funding and technical assistance to school district and charter schools to plan the school year and adjust operations as necessary to qualify for the incentive for additional instructional days. In awarding grants, TEA would be required to prioritize districts and charter schools that seek to maximize such incentive funding.

**Incentive for additional instructional days.** CSHB 2 would require the commissioner to adjust the average daily attendance of a district or charter school if the district or charter school:

- provided the minimum required number of minutes of operational and instructional time over at least 175, rather than 180, days of instruction; and
- offered an additional 30 days of half-day instruction for students enrolled in prekindergarten through eighth, rather than fifth, grade.

The bill would require the commissioner to increase the average daily attendance of the district or school by the amount resulting from the quotient of the sum of attendance by students in prekindergarten through eighth grade for each of the 30 additional instructional days of half-day instruction that were provided divided by 175. For a district or school providing at least 200 full days of instruction to prekindergarten through eighth grade students, the commissioner would increase the amount computed for the district or charter school by 50 percent.

These provisions would not prohibit a district from providing the minimum required number of minutes of operational and instructional

time over fewer than 175 days of instruction.

**Federal grant administration.** For a federal grant program under which TEA administers services to nonpublic schools, TEA would be required to follow federal procedures to dispose of any equipment or supplies allocated to the schools that were unused or no longer needed.

**Grant program to promote parental engagement.** The commissioner would be required to establish a grant program to assist school districts and charter schools with costs associated with operating programs to encourage parental engagement in the educational success of students, which could include programs on teaching a child how to read, identifying and addressing academic struggles for a child identified as academically behind, and preparing a child receiving special education for academic success. The program could also assist with programs or policies to engage parents in efforts to discipline and improve a child's behaviors. The commissioner would be authorized to adopt rules as necessary to implement this section.

**Resource campus.** Effective September 1, 2028, CSHB 2 would amend eligibility requirements for a school district campus to be designated as a resource campus that provides quality education and enrichment. CSHB 2 would require a campus to have received an overall performance rating of D or F, or an overall performance rating of "Not Rated," for three, rather than four, years over a 10-year period of time. This provision would expire September 1, 2033.

The campus would be required to satisfy certain staff criteria for a subject in the foundation curriculum by employing only teachers who had at least two, rather than three, years of teaching experience and by ensuring that at least 50 percent of teachers held a current designation under the local optional teacher designation system. The commissioner could grant a one-year waiver from the requirement for at least 50 percent of teachers to hold a current designation if the campus provided substantial evidence that it was working toward meeting that requirement.

**Entitlement adjustments for certain schools.** The bill would establish an adjustment to the school district entitlement, applicable only to school districts for which the state value for the district's taxable value of property was used and in which the district's board of trustees had adopted a resolution during the school year recognizing the need for this adjustment.

For each applicable school district, TEA would be required to determine whether the district's entitlement for a school year was greater if the district's taxable value was the local value or the state value, as determined by the comptroller. If TEA determined that the district's entitlement was greater using the local value, the commissioner would be required to increase the state aid or adjust the limit on local revenue related to its entitlement. This adjustment would have to be equal to:

- the difference between the local and state value for the first school year in which the adjustment applied;
- 70 percent of the difference between the local and state value for the second consecutive year in which the adjustment applied; and
- 40 percent of the difference for the third consecutive school year in which the adjustment applied.

A school district could not receive this adjustment for more than three consecutive school years unless the Legislature specifically appropriated money for the purpose of making adjustments for the fourth or subsequent consecutive year. For the purposes of determining the number of consecutive years applicable to a school district, the commissioner could not consider a year before the 2025-2026 school year. A school year in which the comptroller determined the local value to be valid that occurred after the district received an adjustment would not be included in calculating consecutive school years and would not be considered a break in consecutive school years, unless certain exceptions established by the bill applied.

A school district could not receive this adjustment for a school year in which the district was determined to be an eligible school district, as

defined in Government Code. A school year in which the district was not eligible for an adjustment would be included in calculating consecutive school years. A school district that received an adjustment for three consecutive school years would not be eligible to receive an adjustment in the subsequent school year but could be eligible again after two consecutive school years for which the local value was used for the districts taxable value of property.

The total amount of these adjustments for a school year could not be more than \$60 million. If the total amount exceeded this limit, the commissioner would be required to prioritize school districts experiencing the greatest percentage reduction in funding, based on the difference between local and state values. A determination made by the commissioner regarding these adjustments would be final and could not be appealed.

**Additional state aid to ensure minimum level funding:** For the 2025-26 school year, a school district would be entitled to additional state aid in an amount necessary to ensure that the district received state and local revenue under statutory provisions governing state assistance with instructional facilities and payment of existing debt, the Foundation School Program, and options to reduce local revenue in excess of entitlement. This additional state aid would have to be an amount equal to the sum of:

- state and local revenue that would have been available to the district for the 2025-26 school year under those statutory provisions, as they existed on September 1, 2024; and
- \$200 multiplied by the number of students in weighted average daily attendance in the district for the 2025-26 school year, determined by the Foundation School Program as it existed on September 1, 2024.

Beginning with the 2026-27 school year, and subject to exceptions established by the bill, a school district would be entitled to this additional state aid in an amount at least equal to the greater of:

- the amount of additional state aid calculated for the 2025-26 school year; or
- the above sum calculated for the 2026-27 school year.

Beginning with the 2027-28 school year, the amount of additional state aid to which a school district was entitled would have to be determined by multiplying the amount calculated for the 2026-27 school year by:

- 0.8 for the 2027-28 school year;
- 0.6 for the 2028-29 school year;
- 0.4 for the 2029-30 school year; and
- 0.2 for the 2030-31 school year.

Beginning with the 2027-28 school year, a school district could not receive additional funding in an amount that exceeded the amount received for the 2026-27 school year.

For the purposes of these calculations, local revenue under provisions related to assistance with instructional facilities and payment of existing debt would include only the eligible local funds for the instructional facilities allotment and the existing debt allotment. A district's additional state aid could be calculated only after calculation of all other funding.

TEA would be required to notify the Legislative Budget Board (LBB) as soon as practicable after determining that no school districts qualified for this additional state aid.

This section would expire September 1, 2031.

**Additional state aid for regional insurance differentials.** CSHB 2 would establish additional state aid for school districts or charter schools in which either the central administrative office or a majority of campuses are located in a first tier coastal county or an area designated in 2024 as a catastrophe area. Applicable school districts or charter schools would be entitled to additional state aid for each student in adjusted average daily

attendance in an amount equal to the difference between, for the 2023-24 school year or a different school year specified by appropriation:

- the total amount paid for property and casualty insurance by districts and schools in the relevant county or catastrophe area divided by the total number of students in average daily attendance for all districts and schools in the county or catastrophe area; and
- the total amount paid for property and casualty insurance by districts and schools in the state divided by the total number of students in average daily attendance in the state.

**Additional state aid for certain districts.** CSHB 2 would redesignate additional state aid for the homestead exemption as additional state aid for certain districts. The bill would remove language pertaining to the homestead exemption.

Beginning with the 2025-2026 school year, and in addition to entitlement for additional state aid based on an increase in homestead exemption, a school district would be entitled to additional state aid to the extent that state and local revenue was less than the state and local revenue that would have been available to the district if either of the following had not occurred:

- a reduction of the amount of a certain limitation on tax increases;  
or
- a reduction in the district's maximum compressed tax rate.

For purposes of calculating state and local revenue for the applicable school year, TEA would be required to use the same values for formula funding adjustments that TEA used during that school year and would exclude amounts provided by law that expired in a school year subsequent to the applicable school year.

*Additional state aide for certain districts impacted by compression.* For the 2023-24 and 2024-25 school years, a school district that received an adjustment for the 2022-23 school year would be entitled to additional

state aid in an amount equal to the difference, if the difference was greater than zero, between:

- the amount of state and local revenue that would have been available to the district for the 2023-24 or 2024-25 school year, as applicable, if the district's maximum compressed tax rate had not been reduced; and
- the amount of state and local revenue available to the district for the 2023-24 or 2024-25 school year, as applicable.

These provisions would expires January 1, 2026.

**Additional state aid for debt services.** If the amount required to pay debt services on certain eligible bonds is less than the sum of state assistance provided for instructional facilities and the payment of existing debt, including the amount of additional state aid provided for this purpose by the bill and the revenue from the district's I&S tax revenue for a school year, the commissioner would be required to reduce the amount of state aid provided by the difference between:

- the sum of state assistance provided for instructional facilities and the payment of existing debt, including the amount of additional state aid provided by the bill and the revenue from the district's I&S tax revenue for a school year; and
- the amount required to pay debt services on eligible bonds for the school year.

The amount of additional state aid provided could not be reduced to an amount below zero.

**Recourse for invalid property values.** The bill would establish provisions for school districts located in an appraisal district in which the comptroller had certified the preliminary findings of the school district property value study and determined that a school district located in the appraisal district had an invalid local value.

For each of these school districts, as soon as practicable after the comptroller had certified the preliminary findings of the school district property value study, the commissioner would be required to provide a notice to the district's board of trustees, including certain information regarding the impact or possible impact of final certification of an invalid local value on the district's finances. This information would include an estimate of the effect on the district's finances and any right of recourse available to the district. The commissioner also would have to coordinate with the comptroller to provide copies of the notice to the board of directors of each applicable appraisal district.

**Repeals.** Article 1 would repeal Education Code sec. 12.1058(e), requiring certain written certification in order for a charter school to be considered a school district by a political subdivision in certain transactions. In addition, Article 1 would repeal Education Code sec. 12.106(a-4), and sec. 48.2542, which pertain to charter school state funding and additional state aid for certain school districts, respectively.

The bill would make conforming changes throughout.

## **Article 2. Teacher Preparation and Changes Related to Employees**

**Teacher certification.** Beginning in 2026-27, the bill would prohibit school districts from employing teachers who are not properly certified by the State Board of Educator Certification (SBEC) for a foundation curriculum course. The bill would establish a temporary provision authorizing school districts to employ a percentage of uncertified teachers to teach these courses that could not exceed:

- 20 percent for the 2026-2027 school year;
- 15 percent for the 2027-2028 school year;
- 10 percent for the 2028-2029 school year; and
- 5 percent for the 2029-2030 school year.

This provision would expire September 1, 2031.

The bill would not preclude school districts from receiving a waiver from the commissioner of education or from issuing school district teaching permits.

The bill would prohibit a local innovation plan from exempting a district of innovation from the bill's provisions on the employment of uncertified teachers for foundation curriculum courses or from the existing requirement to notify parents when an uncertified teacher is assigned to a classroom for 30 days. These changes would apply to local innovation plans adopted before, on, or after the effective date of the bill. Local innovation plans would have to be in compliance by September 1, 2025.

The bill would establish a temporary teacher certification incentive, expiring September 1, 2027, that would require TEA to provide a one-time payment of \$1,000 to school districts for each teacher who:

- was hired for the 2022-2023 or 2023-2024 school year as a first-year teacher and had been continuously employed by the district since that school year;
- was uncertified on January 1, 2025; and
- had earned a standard SBEC certificate by the end of the 2025-2026 school year.

SBEC would be required to waive certification applications fees and first-time examination fees for individuals applying for certain certifications, including special education and bilingual education. SBEC also would have to pay to the vendor a first-time examination fee assessed by the vendor for administration of the exam to the individual.

**Employed retiree educator reimbursement grant program.** The commissioner of education would be required to establish and administer a grant program to reimburse school districts and charter schools, and certain other state-funded schools for increased contributions to the Teacher Retirement System of Texas (TRS) resulting from hiring teachers or special education educators who retired before September 1, 2024.

The bill would authorize the Legislature to provide, modify, or limit amounts appropriated for the grant program, including by:

- providing a retirement date other than September 1, 2024, before which teachers or educators must have retired for schools to qualify for the program; or
- limiting eligibility to districts or schools that hired retired teachers or educators who hold certain certifications, teach certain subjects or grades, are in certain geographical areas, or provide instruction to certain students, including students with disabilities.

The commissioner would be required to proportionally reduce the amount of grant funding awarded if the number of applications by eligible schools exceeded the number of grants the commissioner could awarded with the appropriated funds.

**Grow Your Own Partnership Program.** The bill would require the commissioner to establish the Grow Your Own Partnership Program to enable qualified institutions of higher education and educator preparation programs, determined by the commissioner, to form partnerships with school districts or charter schools for the purpose of establishing innovative staffing pipelines to ensure the availability of high-quality classroom teachers to benefit future district or school students.

The program would have to be designed to form partnerships that support:

- high school students in completing career and technical education (CTE) courses to prepare the student to become a teacher; or
- uncertified district or school employees in completing an associates degree or the first 60 hours of a bachelor's degree to enable the individual to become a teacher while employed by the district or school.

A school district or charter school could participate in the program upon the approval of an application submitted to the commissioner. The bill

would require districts or schools participating in the program to offer on-the-job training aligned with certification standards, opportunities to practice teaching under the supervision of a cooperating teacher, schedule release times to support the required schooling, and provide certain other services to support students and employees in the program

A participating district or school would be required to enter into a written agreement with an institution of higher education and provide any information required by TEA regarding implementation of the program. The bill also would require participating employees, as a condition for participation, to earn a bachelor's degree and enroll in a teacher preparation program within three years of completion of an associate degree or the first 60 hours of a bachelor's degree.

A district or school could use the funds received to implement the program and pay participant tuition and fees, including certification fees for students or employees participating in the program.

A student or employee participating in the program could not serve as a teacher of record or have the primary or sole responsibility of providing instruction or supervision to students. The participant could have this responsibility for the limited purpose of gaining experience, but the student or employee's time serving in this position could not spend more time in that role than the teacher of record. The bill would define a "teacher of record" in as a person employed by a school district who teaches the majority of the instructional day in an academic instructional setting and is responsible for evaluating student achievement and assigning grades.

For each employee participating in the partnership, a school district would be entitled to an annual allotment of \$8,000 in addition to the high needs and rural factor, multiplied by \$1,000. The high needs and rural factor would be the lesser of the average of the point value assigned to each student at a district campus under Education code sections 48.112 (e) and (f), establishing student values under the Teacher Incentive Allotment, or 4.0. The bill would cap the number of employees for which a district

could receive allotment at 40, unless a greater number of individuals was provided for by appropriation for that school year.

The Texas School for the Deaf and the Texas School for the Blind and Visually Impaired also would be entitled to this allotment. If the commissioner determined that assigning point values to students at these schools was impractical, the commissioner could use the average point value assigned for those students' home districts to calculate the high needs and rural factor.

The bill would require TEA to provide 50 percent of this allotment for an employee only upon the employee's successful completion of a bachelor's degree by a deadline established by TEA.

### **Article 3. Special Education**

**Special education allotment.** CSHB 2 would replace and restructure formula funding structures for special education. A school district would be entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the small and mid-sized district allotment to which the district was entitled, multiplied by, rather than 1.15, a weight in an amount set by the Legislature in the General Appropriations Act for the highest tier of intensity of service for which the student qualified. For each day the program was provided divided by the number of days in the minimum school year, a district that provided an extended year program required by federal law for special education students who could regress would be entitled to the amount designated for the highest tier of intensity of service for which the student qualified multiplied by, rather than 75 percent, the whole basic allotment, or, if applicable, the sum of the basic allotment and the mid-sized district allotment for each student in average daily attendance.

The commissioner by rule would be required to redefine eight tiers of intensity of service for use in determining funding under this provision. The commissioner would have to include one tier specifically addressing

students receiving special education services in residential placement and one tier for students receiving only speech therapy. In defining the tiers of intensity of service, the commissioner would be required to consider:

- the type, frequency, and nature of services provided to the student;
- the required certifications, licensures, or other qualifications for personnel serving the student;
- any identified or curriculum-required provider-to-student ratios for the student to receive the appropriate services; and
- any equipment or technology required for the services.

The bill would remove provisions regarding a cap for credited contact hours, qualifications an instructional arrangement must meet for funding, the definition of a “full-time equivalent student,” and the commissioner’s rule-making authority governing contracts for residential placement.

The bill would require TEA to ensure, rather than encourage, the placement of students in special education programs in the least restrictive environment appropriate for their educational needs.

By December 1 of each even-numbered year, the commissioner would be required to submit to the Legislative Budget Board, for purposes of the special education allotment, proposed weights for the tiers of intensity of service for the next state fiscal biennium.

The bill would amend the basic allotment for school districts that provided education and related services only to students who were confined in or received educational services in a hospital. Eligible school districts would receive basic allotment adjusted by the tier of intensity of service, rather than by the weight for a homebound student.

*Special education service group allotment.* HB 2 would establish the Special Education Service Group Allotment. For each student in a special education program, a school district would be entitled to an allotment in an amount set by the Legislature in the General Appropriations Act for the service group for which the student received services.

The commissioner by rule would be required to establish at least four service groups for use in determining Special Education Service Group Allotment funding. In establishing the groups, the commissioner would be required to consider:

- the type, frequency, and nature of services provided to a student;
- the required certifications, licensures, or other qualifications for personnel serving the student;
- any identified or curriculum-required provider-to-student ratios for the student to receive the appropriate services; and
- any equipment or technology required for the services.

At least 55 percent of the funds allocated for this allotment would have to be used for a special education program.

By December 1 of each even-numbered year, the commissioner would be required to submit to the LBB, for purposes of the allotment, proposed amounts of funding for the service groups for the next state fiscal biennium.

The commissioner would be required to distribute the remaining amount, if any, of the federal funding for special education state financial support to increase funding for the special education service group allotment.

*Full individual and initial evaluation.* The bill would entitle a district to an allotment of \$1,000 or greater provided by appropriations for each child for whom a school district conducts a full individual and initial evaluation.

*Day placement program or cooperative funding.* For each qualifying day placement program or cooperative that a regional education service center, school district, or open-enrollment charter school established, the program or cooperative would be entitled to an allotment of \$250,000 for the first year of operation and the sum of:

- \$100,000 for each year of operation after the first year; and
- \$150,000 if at least three students were enrolled in the program or cooperative for a year.

A day placement program or cooperative would qualify for an allotment if:

- it complied with certain commissioner rules;
- it offered services to students who were enrolled at any school district or open-enrollment charter school in the county in which the program or cooperative was offered, unless the commissioner by rule waived or modified the requirement for the program or cooperative to serve all students in a county; and
- the Texas Education Agency (TEA) had designated the program or cooperative for service in the county in which the program or cooperative was offered and determined that, at the time of designation, the program or cooperative increased the availability of day placement services in the county.

TEA could not designate more than one day placement program or cooperative for service per county each year nor could it provide an allotment to more than 20 day placement programs or cooperatives for a year. The agency could designate a regional education service center to implement and administer these provisions.

*Parent-directed services for students receiving special education services grant.* A student whom TEA awarded a special education-related grant would be entitled to receive at least \$1,500 provided by appropriation. The Legislature would be required to include in the appropriations for the Foundation School Program state aid sufficient for TEA to award grants in the prescribed amount. A student could receive one grant unless the legislature appropriated money for an additional grant in the General Appropriations Act. A regional education service center designated to administer the special education program for a school year would be entitled to an amount equal to four percent of each grant awarded for that school year.

*Funding for regional day school programs for the deaf.* The program administrator or fiscal agent of a regional day school program for the deaf would be entitled to receive for each school year an allotment of at least \$6,925 for each student receiving services from the program. TEA would be required to adjust the amount of an allotment for a school year to ensure the total amount of allotments would be at least \$35 million for that school year.

*Dyslexia-related allotment.* CSHB 2 would add students receiving instruction or accommodations for dyslexia or a related disorder to the list of students that would qualify their school district for a dyslexia-related allotment. The bill would remove from the list of students entitling their district to a dyslexia-related allotment a student who was receiving instruction that met applicable dyslexia program criteria established by the State Board of Education (SBOE) and was provided by a person with specific training in providing that instruction. Additionally, the bill would eliminate the 20 percent cap of the allotment a school district could use for a qualifying student to contract with a private provider to provide supplemental academic services to the student.

**Special education funding.**

*Special education transition funding.* For the 2025-26 and 2026-27 school years, the commissioner could adjust weights or amounts regarding special education funding as necessary to ensure compliance with requirements regarding maintenance of state financial support under United States Code and maintenance of local financial support under applicable federal law. For the 2025-26 and 2026-27 school years, the commissioner would be required to determine the formulas through which school districts received funding for special education. In determining the formulas, the commissioner would be required to ensure the estimated statewide increase from the annual special education allotment for the 2024-25 school year to the sum of the allotments for the 2025-26 school year would be approximately \$800 million.

Each school district and open-enrollment charter school would be required

to report to TEA information necessary to implement these provisions. TEA would be required to provide technical assistance to school districts and open-enrollment charter schools to ensure a successful transition in funding formulas for special education.

This section would expire September 1, 2028.

*Supports for recruiting and retaining special education staff.* The bill would require TEA to provide grants each school year to school districts and charter schools to increase the number of qualified and appropriately credentialed special education staff, including special education teachers, special education paraprofessionals, evaluation personnel, ancillary instruction personnel, certified interpreters, board-certified behavior analysts, registered behavior technicians, and related service personnel.

The bill would require a school district or charter school that received a grant to require each person the district or school uses the grant money to assist in becoming licensed, certified, or otherwise credentialed to work at the district or school for a period established by commissioner rule. A regional education service center could administer grants awarded.

*Noneducational community-based support services grants for certain students with disabilities.* The bill would require the commissioner to adopt rules establishing procedures and criteria for the allocation of grants to eligible students and the students' families for noneducational community-based support services. The support services could include in-home family support, behavioral and other disability-related supports for the student's family, respite care, and case management for the student's family but could not be related to the provision of a free appropriate public education to the student.

A grant could be awarded to a student with a disability who is placed by the student's admission, review, and dismissal (ARD) committee in:

- an approved residential program; or
- a day placement program and is at risk of being placed in a

residential program.

The bill would require a school district to notify the parent of an eligible student of the availability of grants and designate a campus or district staff member to assist families of students in accessing grants. On request by the parent of an eligible student, the commissioner would create an account for the student to access a grant through which the parent may request payment for approved support services.

The bill would require the commissioner to adopt rules and guidelines detailing the process to access grant money and the amount of each grant, including a process for a parent to apply for an increase in the grant amount. The commissioner could designate a regional education service center to administer grants.

The bill would remove a prohibition on using services provided for a student with disabilities who is currently placed or who needs to be placed in a residential facility primarily for noneducational reasons.

*Transportation funding.* A school district or county that provided special transportation services for eligible special education students would be entitled to a state allocation, rather than paid on a previous year's basis, at a rate per mile equal to the sum of the rate per mile set by the General Appropriations Act and 13 cents, or a greater amount provided by appropriation.

*College, career, and military readiness.* If an annual graduate was enrolled in a special education program and demonstrated college, career, or military readiness, a school district would be entitled to an annual outcomes bonus of \$4,000, rather than \$2,000, if the district had exceeded the minimum number of students determined for the district cohort.

*Special Education Grant.* The education commissioner would be required to award a special education grant for the 2025-26 school year to each eligible applicant who applied but was not accepted for the 2024-25 school year.

*Commissioner authority to resolve unintended financial consequences.*

The bill would allow the commissioner to implement changes made by the legislature to public school finance and school district maintenance and operations tax rates during the preceding four state fiscal years to:

- adjust a school district's entitlement if the funding formulas used to determine the district's entitlement result in an unanticipated loss, gain, or other result for a school district; and
- modify dates relating to the adoption of a school district's maintenance and operations tax rate and, if applicable, an election required for the district to adopt that tax rate.

The commissioner would be required to notify and receive approval from the LBB and the office of the governor before making an adjustment. The commissioner would provide an explanation regarding the changes necessary to resolve the unintended consequences to the legislature if an adjustment was made.

**Provisions relating to students with visual impairments, who are deaf or hard of hearing, or who are deaf-blind.**

*State plan for children with visual impairments, who are deaf or hard of hearing, or who are deaf-blind.* The bill would amend a statewide education plan to include students younger than 22 who have visual impairments, are deaf or hard of hearing, or are deaf-blind. The bill would make conforming changes to TEA education plan requirements.

TEA would no longer be required to develop and administer special education services for students with both serious visual and auditory impairments or evaluate special education services provided for children with visual impairments by school districts and approve or disapprove state funding of those services. Additionally, TEA would no longer have to maintain a liaison with special education programs and the Department of State Health Services Mental Health and Substance Abuse Division.

The bill would require a statewide plan to:

- adequately provide for comprehensive diagnosis and evaluation of a school-age child who has a visual impairment, is deaf or hard of hearing, or is deaf-blind and adequately outline the expectations of a school district for such a child under three years of age;
- describe recommended and required professional development activities based on the special education and related services provided by school district staff to children who have visual impairments, are deaf or hard of hearing, or are deaf-blind; and
- assist in the coordination of education programs with other public and private agencies.

The bill would repeal certain provisions regarding the education of children with visual impairments that establish specific instruction requirements and would recodify them as standalone dismissal requirements. The bill would also repeal requirements for a plan to have to include a statewide dismissal process.

The bill would allow school districts to utilize the TSD and regional day school programs for the deaf. The plan would include information regarding the establishment of regional day school programs for the deaf and the parameters of those programs. Additionally, the plan would require school districts to add procedures to ensure that staff have access to resources through TSD and its statewide outreach center.

The bill would require the statewide plan for educational services for students who were deaf or hard of hearing to be included as part of the comprehensive Education for Children with Visual Impairments plan. Additionally, the bill would remove the list of objectives for designing the plan and make conforming changes across the Education Code to include students who were deaf, hard of hearing, or deaf-blind.

*Requirements for children with visual impairments.* The bill would require each child with a visual impairment to receive instruction in an expanded core curriculum required for children with visual impairments to succeed in classroom settings and to derive lasting, practical benefits from education in a school district, including instruction in compensatory skills,

such as braille and concept development, and other skills necessary to access the rest of the curriculum.

The bill would require a full individual and initial evaluation of the child and any reevaluation to determine eligibility for a school district's special education program to:

- include an orientation and mobility evaluation conducted by a person who is appropriately certified as an orientation and mobility specialist, as determined by commissioner rule, and in a variety of lighting conditions and settings; and
- provide for a person who is appropriately certified as an orientation and mobility specialist, as determined by commissioner rule, to participate, as part of a multidisciplinary team, in evaluating the data on which the determination of the child's eligibility is based.

The bill would require individualized education programs (IEP) for children with visual impairments to have proficiency in reading and writing as a significant indicator of the child's satisfactory educational progress. An IEP would include instruction in braille and the use of braille unless the child's ARD committee documents a determination, based on an evaluation of the child's appropriate literacy media and literacy skills and the child's current and future instructional needs, that braille is not an appropriate literacy medium for the child. Braille instruction could be used in combination with other special education services appropriate to the educational needs of a child with a visual impairment and must be provided by a teacher certified to teach children with visual impairments. School districts would be required to provide information describing the benefits of braille to each person assisting in the development of an IEP for a child with a visual impairment.

The bill would require the commissioner to develop a system to distribute a special supplemental allowance for each student with a visual impairment from the foundation school fund to school districts or regional education service centers. The supplemental allowance could be spent only for special education services uniquely required by the nature of the

child's disabilities and could not be used in lieu of educational funds otherwise available.

The bill would remove the authority of the SBOE to adopt certain rules regarding the TSBVI or TSD and grant the commissioner the ability.

*Requirements for children who are deaf or hard of hearing.* The bill would amend procedures and materials for assessment and placement for students who are deaf or hard of hearing. Procedures used with any student who is deaf or hard of hearing and who is an emergent bilingual student would be in the student's preferred mode of communication. Each student who is deaf or hard of hearing would be thoroughly assessed to ascertain the student's potential for communicating through a variety of means, recognizing the need for development of language and communication abilities in students who are deaf or hard of hearing but also calling for the use of methods of communication that will meet the needs of each individual student.

The bill would raise the maximum age of Texas students from 21 to 22 years for whom the Legislature would continue a process of providing a suitable education to deaf or hard of hearing and assure that those students had the opportunity to become independent citizens.

The bill would remove the requirement that the memorandum developed by TEA and TSD establish the process for TEA to assign an accreditation status to the school, reevaluate the state on an annual basis, and conduct monitoring reviews.

CSHB 2 would require each school district to submit evaluations of the effectiveness of the district's services for students who were deaf or hard of hearing to TEA on a schedule set by the agency.

*Support of students enrolled in TSBVI or TSD.* The bill would require the commissioner to reduce the amount of maintenance taxes imposed by the district that are obligated to be paid under Subsection (b) for a year by the amount, if any, by which the district is required to reduce the district's

local revenue level for that year.

*Texas school for the blind and TSD memorandum of understanding.* The bill would remove requirements for MOUs signed by TSBVI and TSD to be adopted by commissioner rule and to include processes for the agency to assign an accreditation status to the school, reevaluate the status, and conduct monitoring reviews.

**Autism and dyslexia grants.**

*Grant program providing training in dyslexia for teachers and staff.* The bill would require the commissioner to establish a program to award grants each school year to school districts and charter schools to increase local capacity to appropriately serve students with dyslexia.

Schools would be eligible for the program by submitting a proposal to the commissioner on the use of grant funds that incorporates evidence-based and research-based design and increases local capacity to appropriately serve students with dyslexia by providing:

- high-quality training to classroom teachers and administrators in meeting the needs of students with dyslexia; or
- training to intervention staff resulting in appropriate credentialing related to dyslexia, with priority for training staff to earn the credentials necessary to become a licensed dyslexia therapist or certified academic language therapist.

The commissioner would create an external panel of stakeholders, including parents of students with disabilities, to provide assistance in the selection of applications for the award of grants.

A grant awarded to a school district or charter school would be in addition to the Foundation School Program money that the district or charter school was otherwise entitled to receive. A grant awarded under this section would not come out of Foundation School Program money.

The bill would allow the commissioner and any grant recipient selected to

accept gifts, grants, and donations from any public or private source, person, or group to implement and administer the program. The commissioner and any grant recipient selected could not require any financial contribution from parents to implement and administer the program. A regional education service center could administer grants awarded.

*Grant program providing services to students with autism.* The bill would require the commissioner to establish a program to award grants to school districts and charter schools that provide innovative services to students with autism.

A program would be eligible for a grant if it gives priority for enrollment to students with autism and incorporates:

- evidence-based and research-based design;
- the use of empirical data on student achievement and improvement;
- parental support and collaboration;
- the use of technology;
- meaningful inclusion; and
- the ability to replicate the program for students statewide.

The bill would prohibit a district or charter school from:

- charging a fee for a program, other than those authorized by law for students in public schools;
- requiring a parent to enroll a child in a program;
- allowing an ARD committee to place a student in the program without the written consent of the student's parent or guardian;
- or
- continuing the placement of a student in the program after the student's parent or guardian revokes consent, in writing, to the student's placement in the program.

The bill would allow a program to:

- alter the length of the school day or school year or the number of minutes of instruction received by students;
- coordinate services with private or community-based providers;
- allow the enrollment of students without disabilities or with other disabilities, if approved by the commissioner; and
- adopt different staff qualifications and staff-to-student ratios.

The commissioner would be required to create an external panel of stakeholders, including parents of students with disabilities, to provide assistance in the selection of applications for the award of grants. In selecting programs to receive a grant, the commissioner would prioritize programs that are collaborations between multiple school districts, multiple charter schools, or school districts and charter schools. The selected programs would be required to reflect the diversity of this state.

A program selected to receive a grant would be funded for two years. A grant awarded to a school district or charter school would be in addition to the Foundation School Program money that the district or charter school was otherwise entitled to receive. A grant awarded under this section would not come out of Foundation School Program money.

The bill would allow the commissioner, and any program selected to accept gifts, grants, and donations from any public or private source, person, or group to implement and administer the program. The commissioner and any program selected could not require any financial contribution from parents to implement and administer the program. A regional education service center could administer grants awarded.

### **General Supervision, Compliance, and Implementation.**

*TEA requirements.* The bill would require TEA to:

- develop a system for monitoring school district compliance with special education requirements, including a comprehensive cyclical process and a targeted risk-based process;
- establish criteria and instruments for use in determining district

- compliance;
- develop a system for interventions for school districts the agency identifies as being in noncompliance with certain laws; and
- establish a system of progressive sanctions and enforcement provisions to apply to districts that remain in noncompliance for more than one year.

As part of the monitoring system, TEA could require a school district to obtain specialized technical assistance for a documented noncompliance issue or if data indicates that technical assistance is needed, such as an incident involving injury to staff or students by a student receiving special education services or data indicating an excessive number of restraints are used on students receiving special education services.

The bill would replace the requirement for TEA's special education eligibility criteria to be developed in relation to contemporary diagnostic or evaluative terminologies and techniques with a requirement that the criteria be developed in accordance with federal law.

The bill would require the commissioner to adopt qualifications and requirements for a representative in a special education due process hearing to include knowledge of all special education dispute resolution options available to the parents, including due process and due process rules.

The bill would amend TEA requirements regarding procedures for dyslexia screening and treatment. TEA would be required to develop procedures to:

- develop reasonable and appropriate remedial strategies to address school district noncompliance and ensure program purpose is accomplished, which could include the publication of a recommended evidence-based dyslexia program list; and
- engage in general supervision activities, including activities under the comprehensive system for monitoring, to ensure school district compliance with a program approved by the SBOE and the law.

*School requirements.* Rather than the commissioner and executive commissioner of HHSC, each school district would be required to ensure that the language acquisition of each child eight or younger who was deaf or hard of hearing was regularly assessed using a tool or assessment approved by the commissioner. On a schedule determined by the commissioner, each district would be required to report to the commissioner the assessment data collected. Using this data, the commissioner would be required annually to post a report on TEA's website. This process would replace the current language acquisition report produced by TEA, the HHSC Division for Early Childhood Intervention Services, and the TSD Educational Resource Center. The commissioner would be required to use the assessment data in determining whether to award a Special Education Grant or in seeking federal money available for projects aimed at improving outcomes for students with disabilities.

Each school district and open-enrollment charter school would be required to report the students enrolled in a special education program as necessary for TEA to adequately perform general supervision activities and determine funding.

The bill also would specify that students from three to nine years of age who are experiencing developmental delays are eligible to participate in a district's special education program.

*Implementation of special education law.* The bill would revise Education Code provisions regarding TEA's responsibility to carry out the Individuals with Disabilities Education Act (IDEA), requiring TEA to develop and revise as necessary a comprehensive system to ensure statewide and local compliance with federal and state law related to special education.

The comprehensive system would be required to focus on maximizing student outcomes and to include:

- rulemaking, technical assistance, guidance documents, monitoring protocols, data elements necessary for statewide reporting, and other resources as necessary to implement and ensure compliance with federal and state law related to special education;
- the pursuit of strategies to meet statewide special education and related services personnel needs;
- ensuring that regional education service centers throughout the state maintain a regional support function, which may include procedures for service centers to assist school districts in identifying existing public or private educational or related services in each region, cooperatively developing programs for students with disabilities, providing to or obtaining for districts special equipment, delivering services, and facilitating the placement of students with disabilities who cannot be appropriately served in their resident districts; and
- effective monitoring and periodic site visits of all school districts by TEA.

The bill would require the system to include training and technical assistance to ensure that:

- appropriately trained personnel involved in the diagnostic and evaluative procedures serve on district multidisciplinary evaluation teams;
- appropriately trained personnel are available to students with disabilities who have significant behavioral support needs, including by providing behavioral support training for a paraprofessional or teacher placed in a classroom or other setting that is intended to provide specialized behavioral supports to a student with a disability, as needed or at regular intervals as provided in the student's individualized education program; and
- school districts have an opportunity to request technical assistance from TEA or a regional education service center in establishing classroom environments conducive to learning for students with disabilities, including environments for students whose data indicate behavior that significantly impedes the student's own

learning and the learning of other students.

The bill would amend the requirements of an independent IEP facilitator to include serving as a dispute resolution method that may be used to avoid a potential dispute between a school district and a parent of a student with a disability.

The bill would define a special education classroom or other special education setting as a classroom or setting primarily used for delivering special education services to students who spend on average less than 50 percent of an instructional day in a general education classroom or setting.

*Contracts for services; residential and day placement programs.* The bill would require the commissioner to set minimum standards for and develop and update as necessary a list of approved public or private facilities, institutions, agencies, or businesses inside or outside of this state that education entities can contract with for the provision of services to students with disabilities in a residential or day placement program. The commissioner would only approve a facility, institution, agency, or business after an evaluation of several qualifications, including costs. A school district, shared services arrangement unit, or regional education service center seeking to place a student in a residential or day placement program that is not on the list would submit to the commissioner an application for approval.

The bill would require a district that contracts education services, which are reevaluated annually, to include in the reevaluation standards and expectations that the student would need to meet to be reintegrated to a regular school setting. An approved facility would be required to report to TEA on the services the student has received or will receive in accordance with the contract and any other information that TEA requires.

*Information regarding state-supported living centers.* The bill would require the Health and Human Services Commission, in collaboration with TEA and stakeholders who represent the full continuum of educational

residential placement options, to develop and provide to the TEA materials regarding educational residential placement options for children who may qualify for placement in a state-supported living center.

TEA would be required to make available the developed materials to school districts and to a child's parent during an ARD committee meeting where residential placement is discussed.

*Admission, review, and dismissal committee duties.* The bill would amend the requirements for a student's ARD committee when developing an IEP, prohibiting them from considering any supplemental instructional materials.

The bill would remove the reference to SBOE rules requiring the development of an IEP from the definition of "admission, review, and dismissal committee" for purposes of statutory provisions relating to programs for students who are deaf or hard of hearing.

*Annual meeting on special education.* The bill would require, at least once a year, the board of trustees of a school district or the governing body of a charter school to discuss during a public meeting the performance of students receiving special education services at the district or school. At the annual meeting, the board or governing body would consider a set of performance indicators, to be adopted by TEA, for measuring and evaluating the quality of learning and achievement for students receiving special education services. The indicators must include performance on the college, career, or military readiness outcomes.

Additionally, the bill would require TEA to hold a meeting and adopt a set of performance indicators for measuring and evaluating the quality of learning and achievement for students receiving special education services at a school district or charter school. The indicators must include performance on the college, career, or military readiness outcomes.

*Individualized education program.* Using available federal funds, the commissioner could develop or procure a model IEP form in a digital

format. If the commissioner opts to develop or procure the model digital form, the bill would require the commissioner to adopt rules regarding school district use of the form in that format.

*Commissioner Determination* The bill would establish that a determination of the commissioner under the Supplemental Special Education Services Program is final and may not be appealed.

*Special Education Continuing Advisory Committee.* The bill would remove the requirement that the advisory committee be composed of 17 members.

**Additional Resources.**

*Parent-Directed Services for Students Receiving Special Education Services.* The bill would change the Supplemental Special Education Services Program to Parent-Directing Services for Students Receiving Special Education Services. TEA by rule would be required to establish and administer a parent-directed program for students receiving special education services through which a parent could direct supplemental services and supplemental instructional materials for the parent's student who met certain eligibility requirements. The bill would require TEA to provide each approved student at least \$1,500 to purchase supplemental services and instructional materials and to maintain an online user-friendly application system for parents to apply for one of these grants.

Regarding provisions related to the program, the bill would make conforming changes by replacing references to "special education" with "supplemental."

*Distinguished level of achievement for special education students.* The bill would add the distinguished level of achievement as an achievement that could be earned by a student enrolled in a special education program. To earn the distinguished level of achievement, a student would have to successfully complete certain curriculum requirements identified by SBOE. For students who completed modified curriculum requirements, the curriculum would have to be sufficiently rigorous as determined by

the student's ARD committee and documented in the student's individualized education program. A student's ARD committee would be required to determine whether the student had to achieve satisfactory performance on an end-of-course assessment instrument to earn the distinguished level of achievement.

The provision requiring documentation of curriculum modification would also apply to the endorsement that can currently be earned by a student in a special education program.

*Tuition-free prekindergarten eligibility.* The bill would expand free prekindergarten to include children eligible for special education services, provided their ARD committee determines the prekindergarten class to be the most appropriate placement under the child's IEP. An eligible child who is at least three but younger than four years of age could be enrolled in a prekindergarten class offered to children who are at least four years of age if:

- the school district does not offer a prekindergarten program for children who are at least three years of age; and
- the child's ARD committee determines the prekindergarten class to be the most appropriate placement under the child's IEP.

**Repeals.** CSHB 2 would repeal provisions of the Education Code relating to:

- plans approved or adopted by SBOE;
- a definition for special services;
- information and consent for certain psychological examinations or tests;
- the written statement of a student's individualized education program;
- a contract with the State Office of Administrative Hearings for special education due process hearings;
- requirements of a school district applying for or receiving a special education grant;
- regional programs, local special education advisory committees,

- educational programs, coordination of services to children with disabilities, and transfer of assistive technology devices;
- evaluation for visual impairments;
  - establishment of programs for the deaf in each region;
  - funding for educating students who are deaf or hard of hearing;
- and
- definitions for dyslexia and related disorders.

#### **Article 4. Transition and Effective Date**

Changes made under the bill to state organization, regional education service centers, districts of innovation, educators, admission, transfer, and attendance, courses of study and advancement, educational programs, state and regional programs and services, discipline and law and order, and health and safety would apply beginning with the 2025-2026 school year.

Changes made under the bill to contracts for services and residential placement and employment of uncertified classroom teachers would apply beginning with the 2027-2028 school year.

Changes made to state organization, regional education service centers, districts of innovation, educators, admission, transfer, and attendance, courses of study and advancement, educational programs, state and regional programs and services, discipline and law and order, health and safety, and additional state aid for certain districts impacted by compression would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, they would take effect September 1, 2025.

Other changes under the bill would take effect September 1, 2025.

**SUPPORTERS  
SAY:**

CSHB 2 would significantly increase funding for public education, helping Texas schools improve teacher pay and retention rates, incentivize teacher certification and preparation, increase access to special education

resources, and better address the unique needs of their students.

Texas is currently suffering from a teacher shortage crisis, with attrition rates reaching record highs and forcing school closures. Due in part to these shortages, many schools also have begun to increasingly rely on uncertified teachers who often lack the experience necessary to lead a classroom and are more likely to leave the profession early in their careers. By increasing the teacher incentive allotment as well as the amounts awarded under the local optional teacher designation system, the bill would help schools recruit more teachers and encourage high-performing, qualified educators to remain in the profession.

CSHB 2 would also take several steps to incentivize teacher certification by limiting the amount of uncertified educators allowed to teach core classes in each district, providing financial incentives for every newly hired teacher who gains a certificate, and establishing programs to help teachers receive on-the-job training. Additionally, the bill would offset certification fees for bilingual and special education teachers. These initiatives would help to address workforce shortages in high-need areas, make it easier for newly hired teachers to achieve certification, and ensure that educators are better equipped to help Texas students achieve success.

By increasing funding for the basic allotment, the bill would increase the funding school districts receive for compensatory and bilingual education, enabling schools to provide greater resources to economically disadvantaged students and students struggling with language barriers. This additional funding also would provide schools with flexibility to address needs specific to their campus, as opposed to funds that can only be used for specific purposes.

Additionally, as the Legislature continues to put forward legislation to lower property taxes, which determines school entitlements, CSHB 2 would establish methods by which school districts that experienced a decrease in their assessed property value could receive additional state aid. Overall, the bill would provide much needed relief for schools that have not seen a significant increase in funding since 2019.

CSHB 2 also would make significant changes to special education

funding, including by providing for the transition from a placement-based funding model to a service intensity-based model, reestablishing grant programs related to autism and dyslexia, and requiring grants for the recruitment and retention of special education staff. By changing the funding method to a service intensity model, which would allot funding for each special education student based on his or her individual use of different special education services, rather than how much time the student spent in special education settings, schools could better account for the diversity of needs within special education programs. Additionally, the increased funding provided by the bill would help to address the growing gap between needed special education resources and what is allotted to schools, helping to provide students disabilities with the necessary tools to succeed.

**CRITICS  
SAY:**

CSHB 2 would not provide the increase in public education funding needed to sufficiently address gaps in teacher pay, special education and mental health resources, and reductions in entitlements due to lowered property taxes.

CSHB 2 should provide for an across-the-board pay raise for teachers by increasing the basic allotment. Though the bill would provide additional funding for teachers, the increase would primarily rely on increased Teacher Incentive Allotment (TIA) funds, which would not constitute an immediate pay raise and would not cover salary increases for most teachers. Base funding for public education has not been increased since 2019, and the increase in the basic allotment currently provided by the bill would not be enough to account for inflation.

Additionally, the increase in the basic allotment under the bill would not be sufficient to ensure that districts were able to fully serve the needs of low-income and emergent bilingual students. Further raising the basic allotment would provide the flexibility and additional capacity for districts to fund their unique needs and circumstances, including meeting school safety requirements. In addition, the small and midsized district allotment should be further raised to bridge funding gaps and better support rural school districts across the state.

The bill also should include a specific mental health allotment for schools and funding for mental and behavioral health resources, such as crisis prevention and intervention trainings and campus-level mental and behavioral health specialists, to support teachers and students and further enhance school safety.

The bill would not increase special education funding to a level that accounted for the growing number of students using special education services in public schools. Funding for special education under the bill should be further increased to ensure special needs students received the resources and supports they deserve. The bill should include an exception for SBEC alternative certification methods for special education teachers to help increase the number of qualified teachers needed for this demanding specialty. Additionally, the bill's provision on including information about state supported living centers during Admission, Review, and Dismissal (ARD) meetings could have harmful effects on families, increase costs for the state, and undermine efforts to encourage community-based services for students with disabilities.

While the bill would seek to compensate any reduction in entitlements that could result from a reduction in property taxes, the elimination of the hold harmless provision could result in further inequity between property rich and property poor school districts.

OTHER  
CRITICS  
SAY:

CSHB 2 would reinforce the existing public school structure that has not produced meaningful student performance gains, even with increased funding. By allocating more taxpayer funds to public schools without incentivizing greater efficiency, CSHB 2 could undermine the effectiveness of school choice initiatives.

NOTES:

The Legislative Budget Board estimates a negative impact of \$7,757,076,290 in general revenue related funds for the biennium.