

By: Cunningham

H.B. No. 1657

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the establishment of an education savings account
3 program for certain children.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Chapter 29, Education Code, is amended by adding
6 Subchapter J to read as follows:

7 SUBCHAPTER J. EDUCATION SAVINGS ACCOUNT PROGRAM

8 Sec. 29.351. DEFINITIONS. In this subchapter:

9 (1) "Account" means an education savings account
10 established under the program.

11 (2) "Child with a disability" means a child who is:

12 (A) eligible to participate in a school
13 district's special education program under Section 29.003; or

14 (B) covered by Section 504, Rehabilitation Act of
15 1973 (29 U.S.C. Section 794).

16 (3) "Financial institution" means a bank, credit
17 union, savings bank, or savings and loan association organized
18 under the laws of this state, the laws of another state, or federal
19 law that has its main office or a branch office in this state. The
20 term does not include any institution the deposits of which are not
21 insured by the Federal Deposit Insurance Corporation or the
22 National Credit Union Administration.

23 (4) "Parent" means a resident of this state who is a
24 natural or adoptive parent, managing or possessory conservator,

1 legal guardian, custodian, or other person with legal authority to
2 act on behalf of a child.

3 (5) "Program" means the education savings account
4 program established under this subchapter.

5 (6) "Program participant" means a child and a parent
6 of a child enrolled in the program.

7 Sec. 29.352. ESTABLISHMENT OF PROGRAM. The comptroller
8 shall establish and administer an education savings account program
9 to provide funding for certain education-related expenses of
10 eligible children.

11 Sec. 29.353. ELIGIBLE CHILD. (a) A child is eligible to
12 participate in the program if the child:

13 (1) is eligible to attend a public school under
14 Section 25.001;

15 (2) either:

16 (A) attended a public school during the preceding
17 school year; or

18 (B) is entering kindergarten or first grade; and

19 (3) meets one or more of the following criteria:

20 (A) failed to perform satisfactorily on an
21 assessment instrument administered under Section 39.023(a) or an
22 end-of-course assessment instrument administered under Section
23 39.023(c) during the school year preceding the school year for
24 which the child applies to enroll in the program;

25 (B) is a child with a disability; or

26 (C) is educationally disadvantaged.

27 (b) A child who establishes eligibility under this section

1 may participate in the program until the earliest of the following
2 dates:

3 (1) the date on which the child no longer meets the
4 eligibility criteria under Subsection (a)(3);

5 (2) the date on which the child graduates from high
6 school;

7 (3) the date on which the child enrolls in a public
8 school, including an open-enrollment charter school; or

9 (4) the date on which the child is declared ineligible
10 for the program by the comptroller under this subchapter.

11 Sec. 29.354. APPLICATION FOR PROGRAM. (a) A parent of an
12 eligible child may apply on behalf of the child for participation in
13 the program for the following school year.

14 (b) The comptroller shall by rule create an application form
15 for the program and make the form readily available to interested
16 parents through various sources, including the comptroller's
17 Internet website.

18 (c) The comptroller shall provide to each parent who submits
19 an application form a publication that describes the operation of
20 the program, including:

21 (1) expenses allowed under the program under Section
22 29.356;

23 (2) expense reporting requirements; and

24 (3) a description of the responsibilities of program
25 participants and the duties of the comptroller and the agency under
26 this subchapter.

27 (d) The agency shall:

1 (1) review each application to ensure that the child
2 is eligible to participate in the program; and

3 (2) approve or reject each application.

4 Sec. 29.355. PARTICIPATION IN PROGRAM. (a) To receive
5 funding under the program, a parent of an eligible child must agree
6 to:

7 (1) spend money received through the program only for
8 expenses allowed under Section 29.356;

9 (2) notify the comptroller if the child enrolls in a
10 public school, not later than the 30th day after the date of
11 enrollment; and

12 (3) inform the comptroller if the child graduates from
13 high school.

14 (b) The parent of a child participating in the program is
15 the trustee of the child's account.

16 (c) The comptroller shall provide annually to each program
17 participant the publication provided under Section 29.354(c).

18 Sec. 29.356. ELIGIBLE EDUCATION-RELATED EXPENSES. (a)
19 Money received under the program may be used only for the following
20 expenses incurred by a program participant:

21 (1) tuition and fees at a private school accredited by
22 an organization that is recognized by the Texas Private School
23 Accreditation Commission or the agency;

24 (2) the purchase of textbooks or other instructional
25 materials or uniforms required by a private school, course, or
26 educational program in which the child is enrolled;

27 (3) costs related to academic assessments;

1 (4) costs related to an academic activity that adds
2 direct value to classroom instruction and curriculum, including an
3 academic field trip, performance, contest, demonstration, or
4 display;

5 (5) fees for transportation provided by a
6 fee-for-service transportation provider for the child to travel to
7 and from an education service provider or vendor of educational
8 products; and

9 (6) fees for educational therapies or services that
10 are not covered by any federal, state, or local government benefits
11 such as Medicaid or the Children's Health Insurance Program (CHIP)
12 or by any private insurance that the child is enrolled in at the
13 time of receiving the therapies or services.

14 (b) Money received under the program may not be used to pay
15 any person who is a member of the program participant's household.

16 (c) A finding that a program participant used money
17 distributed under the program to pay for an expense not allowed
18 under Subsection (a) does not affect the validity of any payment
19 made by the participant for an education-related expense that is
20 allowed under that subsection.

21 Sec. 29.357. AMOUNT OF PAYMENT; FINANCING. (a) A parent of
22 an eligible child shall receive each year that the child
23 participates in the program a payment to the child's account in an
24 amount that is equal to 90 percent of the amount to which the school
25 district in which the child resides would be entitled to receive for
26 the child under Chapter 48 if the child were enrolled in the
27 district.

1 (b) For each year a child participates in the program, the
2 school district in which the child resides is entitled to receive an
3 amount equal to 10 percent of the amount to which the district would
4 be entitled to receive for the child under Chapter 48 if the child
5 were enrolled in the district.

6 (c) Any money remaining in a child's account at the end of a
7 fiscal year is carried forward to the next fiscal year unless
8 another provision of this subchapter mandates the closure of the
9 account.

10 (d) A payment under the program may not be financed using
11 federal funds or money appropriated from the available school fund.

12 Sec. 29.358. ADMINISTRATION OF ACCOUNTS. (a) The
13 comptroller may contract with one or more financial institutions to
14 establish and manage an account for each child participating in the
15 program.

16 (b) The comptroller shall make quarterly payments to each
17 program participant's account in equal amounts on or before the
18 15th day of August, November, February, and May.

19 (c) The comptroller may deduct an amount from each quarterly
20 payment to a program participant's account to cover the
21 comptroller's cost of administering the program. The amount
22 deducted may not exceed three percent of the payment.

23 (d) Within the first month following the end of each fiscal
24 year, the comptroller shall reconcile payments made to and from all
25 accounts under the program.

26 (e) On the date on which a child ceases to participate in the
27 program for any reason, the child's account is closed and any

1 remaining money is returned to the state.

2 Sec. 29.359. PROGRAM PARTICIPANT, PROVIDER, AND VENDOR
3 AUTONOMY. (a) An education service provider or vendor of
4 educational products that receives money distributed under the
5 program is not a recipient of federal financial assistance on the
6 basis of receiving that money.

7 (b) A rule adopted or action taken related to the program by
8 an individual, governmental entity, court of law, or program
9 administrator may not:

10 (1) consider the actions of an education service
11 provider, vendor of educational products, or program participant to
12 be the actions of an agent of state government;

13 (2) limit:

14 (A) an education service provider's ability to
15 determine the methods used to educate the provider's students or to
16 exercise the provider's religious or institutional values; or

17 (B) a program participant's ability to determine
18 the participant's educational content or to exercise the
19 participant's religious values;

20 (3) obligate an education service provider or program
21 participant to act contrary to the provider's or participant's
22 religious or institutional values, as applicable;

23 (4) impose any regulation on an education service
24 provider, vendor of educational products, or program participant
25 beyond those regulations necessary to enforce the requirements of
26 the program; or

27 (5) require as a condition of receiving money

1 distributed under the program:

2 (A) an education service provider to modify the
3 provider's creed, practices, admissions policies, curriculum,
4 performance standards, employment policies, or assessments; or

5 (B) a program participant to modify the
6 participant's creed, practices, curriculum, performance standards,
7 or assessments.

8 (c) In a proceeding challenging a rule adopted by a state
9 agency or officer under this subchapter, the agency or officer has
10 the burden of proof to establish by clear and convincing evidence
11 that the rule:

12 (1) is necessary to implement or enforce the program
13 as provided by this subchapter;

14 (2) does not violate this section;

15 (3) does not impose an undue burden on a program
16 participant or an education service provider or vendor of
17 educational products that receives money or seeks to receive money
18 distributed under the program; and

19 (4) is the least restrictive means of accomplishing
20 the purpose of the program while recognizing the independence of an
21 education service provider to meet the educational needs of
22 students in accordance with the provider's religious or
23 institutional values.

24 Sec. 29.360. GIFTS, GRANTS, AND DONATIONS. The comptroller
25 may solicit and accept gifts, grants, and donations, other than
26 federal grants, from any public or private source for the program.

27 Sec. 29.361. RULES. The comptroller shall adopt rules as

1 necessary to implement this subchapter.

2 SECTION 2. This Act applies beginning with the 2026-2027
3 school year.

4 SECTION 3. As soon as practicable after the effective date
5 of this Act, the comptroller of public accounts shall adopt rules
6 necessary to implement the education savings account program under
7 Subchapter J, Chapter 29, Education Code, as added by this Act.

8 SECTION 4. This Act takes effect September 1, 2025.