LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATURE 4th CALLED SESSION 2023

November 8, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Educational Opportunity & Enrichment, Select

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB1** by Buckley (Relating to primary and secondary education, including the certification, compensation, and health coverage of certain public school employees, the public school finance system, special education in public schools, the establishment of an education savings account program, measures to support the education of public school students that include certain educational grant programs, reading instruction, and early childhood education, the provision of virtual education, and public school accountability.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1, As Introduced : a negative impact of ($7,557,451,268) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

Costs associated with changes to special education funding and certain other allotments in the Foundation School Program (FSP) cannot be determined, as the tiers, service groups, and weights are unknown.

General Revenue-Related Funds, Five- Year Impact:

Fiscal Year	**Probable Net Positive/(Negative) Impact to** ***General Revenue Related Funds***
2024	($1,850,446,543)
2025	($5,707,004,725)
2026	($7,803,493,881)
2027	($9,911,291,448)
2028	($11,141,626,409)

All Funds, Five-Year Impact:

Fiscal Year	**Probable Savings/(Cost) from** ***General Revenue Fund*** **1**	**Probable Savings/(Cost) from** ***Foundation School Fund*** **193**	**Probable Savings/(Cost) from** ***Recapture Payments Atten Crdts*** **8905**	**Probable Savings/(Cost) from** ***Certif & Assessment Fees*** **751**
2024	($17,842,291)	($1,832,604,252)	$5,014,970	$0
2025	($880,573,838)	($4,826,430,887)	$440,897,785	$0
2026	($2,262,153,463)	($5,541,340,418)	$501,428,159	($215,465)
2027	($2,340,878,658)	($7,570,412,790)	$746,571,711	($215,465)
2028	($2,678,763,488)	($8,462,862,921)	$867,846,735	($215,465)

Fiscal Year	Probable Revenue Gain/(Loss) from Certif & Assessment Fees 751	Change in Number of State Employees from FY 2023
2024	$0	47.5
2025	$0	95.0
2026	$215,465	94.5
2027	$215,465	94.5
2028	$215,465	94.5

Fiscal Analysis

Article 1

The bill would require the Texas Education Agency (TEA) to collect data from districts on teacher recruitment, retention, and positions.

The bill would require the State Board for Educator Certification (SBEC) to waive the certification exam fee for a candidate's first test attempt and certification application fees and require SBEC to pay the vendor who administers the certification exams the fee associated with the exam for which the fee was waived.

The bill would require SBEC to propose rules establishing a process for identifying continuing education courses and programs that fulfill educators' continuing education requirements, including opportunities for educators to receive micro-credentials in fields of study related to the educator's certification class or digital teaching. The bill would require SBEC to engage relevant stakeholders in the development of micro-credentials related to digital teaching.

The bill would establish the local optional teacher designation system grant program. From funds appropriated or available, TEA would develop and administer a grant program with money and technical assistance for districts and open-enrollment charter schools to expand implementation of local optional teacher designations system and increase the number of teachers eligible for a designation. Grants that would be awarded under this section would be required to meet the needs of individual school districts and enable regional leadership capacity. The bill would allow the Commissioner to adopt rules to establish and administer the grant program.

The bill would redesign the Minimum Salary Schedule (MSS). The bill would increase the MSS and would add a clause for teachers holding a residency educator certificate as would be established by the bill in new Sec. 29.905, Education Code.

The bill would create the Employed Retiree Teacher Reimbursement Grant Program to reimburse school districts that employ Teacher Retirement System (TRS) retirees for the contribution amount that the district would be responsible for paying when employing a TRS retiree. The grants provided under this section may be modified by appropriation and the grant program would be established and administered by the Commissioner.

Districts would be required to adopt a policy that would allow a teacher to elect not to take paid personal leave concurrently with unpaid leave under FMLA.

From funds appropriated, TEA would be required to provide school districts with information and technical assistance regarding staffing models, scheduling, and teacher compensation models; programs that would encourage high school students to become teachers, including apprenticeships; programs that school leaders may use to establish behavior expectations while positively supporting students; and studies related to non--instructional duties for teachers and best practices for refining schedules for students and teachers.

The bill would establish the Texas Teacher Residency Partnership Program to create a teacher mentor program between schools and educator preparation programs (EPP). TEA would be required to provide technical assistance and support to participating schools and EPPs.

The bill would require SBEC to adopt rules to implement Chapter 21, Subchapter R, Texas Teacher Residency

Partnership Program, after considering the recommendation of a negotiated rulemaking committee.

The bill would amend Sec. 29.153(b), Education Code, to include children of classroom teachers as eligible for prekindergarten in the school district that offers a prekindergarten class under that section.

The bill would establish the Residency Partnership Allotment for the Texas Teacher Residency Partnership Program. For each partnership resident employed at the district in a residency position under Subchapter R, Chapter 21, the district would be entitled to an allotment equal to the base amount of $22,000 increased by the high needs and rural factor, as determined under Subsection (c), to an amount not to exceed $42,000. The Texas School for the Deaf (TSD) and the Texas School for the Blind and Visually Impaired (TSBVI) would be entitled to the allotment under this section. Eligible districts with candidates for special or bilingual education certification employed in a residency position would be entitled to an additional $2,000 allotment.

The bill would establish the Salary Transition Allotment to ensure districts receive the funding required to provide the required salary increases that would be provided by the bill for employees on the MSS.

The bill would repeal Sec. 825.4092(f), Government Code, to allow employers to pass on surcharges to employed retirees.

Article 1 of the bill would take effect on September 1, 2024.

Article 2

The bill would reduce district contributions to TSBVI and TSD for districts who do not retain all their maintenance and operations property taxes due to paying recapture. The Commissioner would determine the total amount that TSBVI and TSD would have received from school districts in accordance with this section if the section had not been amended and provide the amount to TSBVI and TSD.

The bill would increase the College, Career and Military Readiness Outcomes Bonus for special education students from $2,000 to $4,000.

The bill would establish the Fine Arts Allotment that would provide an allotment for each grade 6 to grade 12 student in average daily attendance enrolled in an approved fine arts education course. For students who are not educationally disadvantaged, the allotment would equal with the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Sec. 48.101, Education Code, to which the district is entitled, multiplied by 0.008. The allotment for educationally disadvantaged students would be twice this amount.

TEA would be required to annually publish a list of approved fine arts education courses that qualify for the allotment.

The bill would create Sec. 48.284, Education Code, which provides an adjustment for fiscal year 2024 and fiscal year 2025 for revenue losses to school districts when the state assigned value from the Comptroller's Property Value Survey is used to determine the Local Fund Assignment instead of locally assigned property value.

The bill would provide a one-time stipend of $4,000 for all full-time employees subject to the MSS under Sec. 21.402, Education Code, and $2,000 for all part-time classroom teachers, librarians, school counselors certified under Subchapter B, Chapter 21, and school nurses.

Article 2 of the bill would take effect immediately if the Act received a vote of two-thirds of all members elected to each house, or on the 91st day after the last day of the legislative session.

Article 3

The bill would increase the basic allotment to $6,700 in fiscal year 2025 or a greater amount by appropriation.

The bill would increase the weights for the Small and Midsized Allotment under the Foundation School Program (FSP) and would exclude students enrolled in a full-time virtual program that do not reside in the district from the district's average daily attendance under this section.

The bill would establish the Special Education Full Individual and Initial Evaluation allotment which would provide districts with $500, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation.

The bill would increase the weights for the Compensatory Education Allotment under the FSP.

The bill would allow all bilingual programs and special language programs (ESL) to generate the Bilingual Education Allotment (BEA) and would allow all dual language immersion programs to generate the additional allotment for emergent bilingual students and nonemergent bilingual students under an exception. TEA would be required to review school districts that offer alternative language methods approved by the agency and approve districts to receive the allotment under Sec. 48.105(a-2), Education Code, for that biennium in a manner that provides not more than $10.0 million total under the allotment under Sec. 48.105(a-2) to school districts in each biennium.

The bill would require a school district to contract with a community-based childcare provider to offer a prekindergarten program if the Commissioner determines that a district election for the purpose of issuing bonds for the construction or repurposing of a classroom facility to provide a prekindergarten class has failed in the 24 months preceding the determination or the district is unable to adequately staff the prekindergarten class. The number of students in average daily attendance that could receive an allotment under this section would be capped at 2,000 in fiscal year 2025, 4,500 in fiscal year 2026, 7,000 students in fiscal year 2027, and 10,000 each subsequent year.

The bill would establish Military Transition Aid under the FSP. The annual allotment would be equal to the basic allotment multiplied by 0.08 for each military-connected student in average daily attendance for the first year of the student's enrollment in the district.

The bill would amend Sec. 48.257, Education Code, to provide for a hold harmless provision for certain recapture districts that were beneficiaries of the Formula Transition Grant in the 2023-24 school year and adopt an enrichment tax rate of at least five cents for the current school year. The select districts would receive an adjustment to recapture to enable them to retain the maintenance and operations revenue (including formula transition grant funds) per student in average daily attendance (ADA) to which they were entitled in the 2023-24 school year.

The bill would establish the Regional Disaster Insurance Variation Allotment equal to the basic allotment and the allotment under Sec. 48.101, Education Code, multiplied by the product of the district's variation factor and .012 per student in average daily attendance. The Commissioner shall set the variation factor and the variation factor would remain in subsequent school years.

The bill would repeal the cap on the Fast Growth Allotment.

Article 3 of the bill would take effect on September 1, 2024.

Article 4

The bill would gradually increase the cap on charter school facilities funding from $60.0 million to $300.0 million by fiscal year 2030.

The bill would amend the Teacher Incentive Allotment (TIA) designations. A new designation, "acknowledged", would be added to existing Local Optional Teacher Designation System designations. The bill would also change the designation of nationally board-certified teachers from "recognized" to “nationally board-certified.”

The bill would require TEA to provide technical assistance that would include providing examples of local optional teacher designation systems; establish partnerships between districts and schools; apply performance and validity standards that would be established by the Commissioner; provide centralized support for the analysis of the results of assessments; and facilitate effective communication and promotion of local optional teacher designation systems.

The bill would amend the Supplemental Special Services Program to provide for a parent-directed program for students receiving special education services. Eligible students would be entitled to the award under new TEC 48.306. Award amounts and number of awards may be increased by appropriation.

The bill would amend Sec. 48.005, Education Code, to require that a school district experiencing a decline in ADA of more than 5 percent be funded based on an ADA of 95 percent of the actual ADA of the preceding school year. The bill would remove the requirement that the cost of this section be subject to appropriation, and it would cap the cost at $50.0 million.

The bill would reduce the required number of days from 180 to 175 to provide the required minimum number of minutes of operational and instruction time to receive FSP funding for additional days of attendance.

The bill would require the Commissioner to adjust the basic allotment beginning in fiscal year 2027 by a factor equal to the average annual percentage increase of the Texas Consumer Price Index (CPI) for the preceding 10 years for the second year in a fiscal biennium.

The bill would transition special education funding to an intensity service model with seven tiers to be determined by the Commissioner. Under the bill, for each enrolled student in a special education program, the district would be entitled to a per student allotment that would be dependent on the basic allotment, the service tier for which the student is eligible, and a weight as determined by the Legislature in the General Appropriations Act (GAA).

The bill would create the Special Education Service Group Allotment under the FSP and would require the Commissioner to establish four service groups to determine funding for special education students under this section.

The bill would also establish the Special Education Transition Funding allotment for fiscal years 2026 and 2027.

TEA would be required to provide technical assistance to local education agencies (LEA) to ensure a successful transition in special education funding formulas.

The bill would increase the allotment assigned to P-Tech and New Tech students enrolled in the district from $50 to $150.

The bill would add prekindergarten to the Early Education Allotment under the FSP.

The bill would increase the allotments and rural and high needs factors for TIA under Sec. 48.112, Education Code.

The bill would amend the mentor allotment to require training be provided to mentor teachers and establishes the allotment at $2,000 for each teacher with less than two years' experience. The allotment would be capped at 40 teachers per school district, or by appropriation.

The bill would require TEA to develop a mentor training program.

The bill would increase the transportation allotment for special education students to $1.75 per mile or a greater amount by appropriation.

The bill would establish the Advanced Mathematics Pathway Allotment and would provide eligible school districts with an allotment of $10 per high school student in average daily attendance. An eligible school district which also receives the small and mid-sized allotment would receive an additional weight of 0.1 multiplied by the basic allotment per student in average daily attendance under this section.

Starting in fiscal year 2026, the bill would establish the Communities in Schools Expansion Allotment at $50,000 for each participating campus. The bill would cap the state cost to $50.0 million each year.

The bill would allow for day placement program funding, with regional education service centers entitled to an allotment for each qualifying day placement program made available in partnership with an LEA.

Starting in fiscal year 2026, the bill would create the Parent-Directed Services for Students Receiving Special Education Services Grant. Eligible students would be entitled to an award of $1,500. Award amounts and number of awards may be increased by appropriation.

Article 4 of the bill would take effect on September 1, 2025.

Article 5

The bill would require LEAs to have annual discussions during board meetings on special education and require TEA to adopt related performance indicators.

The bill would require the Health and Human Services Commission (HHSC), in collaboration with TEA and stakeholders, to develop and provide materials to certain students regarding educational residential placements.

The bill would require the commissioner to establish a list of approved public or private facilities, institutions, or agencies that provide services to students with disabilities in residential placement.

The bill would establish the Grant Program Providing Training in Dyslexia for Teachers and Staff.

The bill would provide a grant program, administered by TEA, to LEAs to increase the number of qualified and appropriately credentialed special education staff, to include special education teachers, paraprofessionals, evaluation personnel, ancillary instructional personnel, and related service personnel.

Article 5 of the bill would take effect immediately if the Act received a vote of two-thirds of all members elected to each house, or on the 91st day after the last day of the legislative session.

Article 6

The bill would establish an Education Savings Account (ESA) program to be administered by the Comptroller.

The bill would define “certified educational assistance organization” (CEAO) and set eligibility requirements for the selection of such organizations by the Comptroller. The Comptroller could certify one or more such organizations to support the administration of the program. The bill would require the Comptroller to require that each CEAO produce an annual report regarding program participation and performance.

A child would be eligible to participate in the program if the child were eligible to attend public school and was either enrolled in a public school in this state for at least 90 percent of the preceding school year; were enrolling in kindergarten or first grade for the first time; attended a private school full-time or had been homeschooled for the preceding school year; or were a sibling of a child who is eligible to participate in the program and applied to enroll in the program for the same school year in which the sibling applied to enroll in the program.

The bill would require CEAOs that receive more acceptable applications than available positions in the program to prioritize applicants based on certain family income levels, student disability status, and previous cessation of program participation.

The bill would require the Comptroller to create an application form for the program and to create and maintain a waiting list based on the priority categories if there are more acceptable applications than positions.

The bill would establish program eligibility requirements for educational services providers. TEA would be responsible for providing a list of organizations recognized by the agency to accredit private schools and coordinate with the Comptroller regarding sharing of necessary information and support for the Texas Private School Accreditation Commission.

The bill would provide a list of approved education-related expenses on which program funds could be spent.

The total annual payments to each participating child's account, with the exception of a child participating in the program who is home-schooled, would equal 75.0 percent of the total state and local funding per weighted student for the applicable fiscal year. Homeschooled students would receive no more than $1,000 per school year. The program would be subject to appropriation. The appropriation would not exceed the greater of the amount appropriated in the previous biennium and the amount of funding needed to serve all existing participants as well as all the students on the waitlist that would be managed by the Comptroller.

If a child ceased participation in the program due to the child's enrollment in a public school, the public school would be entitled to receive an amount equal to the amount in the child's account returned to the comptroller and the child would not be considered in evaluating the performance of a public school under the accountability system for the first school year after the child ceased participation in the program.

The bill would require the Comptroller to make quarterly payments from the program fund account to each CEAO for deposit into the individual accounts. The Comptroller would disburse funds each quarter to the CEAOs to cover their cost of administering the program in an amount not to exceed five percent of fiscal year appropriations for the program. The Comptroller may deduct from the total amount appropriated for the program an amount, not to exceed three percent of the total amount, to their cost of administering the program.

The bill would require the Comptroller to contract with a private entity to audit accounts and program participant eligibility data. The bill would require the Comptroller to report any violations or transactions uncovered by the private entity to the CEAO; education service provider or vendor; and the parent of the participating child.

The bill would require TEA and/or LEAs to provide any available information as necessary to verify a participating child's program eligibility to the CEAO.

The bill would require TEA to ensure that each participant is administered the assessment instrument required to be administered to a public-school child in the same grade and course level. TEA would be required to provide the assessment results to the Comptroller, ensuring compliance with state and federal student confidentiality requirements.

The bill would require the Comptroller to ensure that each CEAO produces an annual report regarding program participation, performance, estimated cost savings as a result of the program, and estimated funding requirements for the following biennium.

The bill would require the Comptroller to adopt rules and procedures to implement, administer, and enforce the ESA program requirements.

Article 6 of the bill would take effect immediately if the Act received a vote of two-thirds of all members elected to each house, or on the 91st day after the last day of the legislative session.

Article 7

The bill would require the Commissioner to adopt or update a list of certain reading instruments and to review new instruments submitted by school districts. The bill would require TEA to develop a data collection system to collect student's reading instrument scores.

The bill would require each school district to implement a program where high school students can earn at least 12 semester credit hours of college and report through PEIMS information relating to course enrollment.

The bill would require the Commissioner to establish and administer a grant program to support school districts and open-enrollment charter schools in increasing partnerships with community-based childcare providers to provide prekindergarten classes. The bill would permit the Commissioner to provide grants for the enrollment of not more than 3,500 children in a prekindergarten class each school year.

The bill would establish a pilot program to award grants to school districts to establish a junior reserve officer training corps program for students in high school, to annually administer the Armed Services Vocational Aptitude Battery (ASVAB) test to each student in grades 9 through 12, and to provide career counseling at least once each year to each student who is administered the ASVAB based on the results of the test. The bill would also require TEA to develop a report to the Legislature in fiscal year 2027. The total grants awarded under the pilot program would be limited to $2.0 million per year and the program would expire on September 1, 2027.

Article 7 of the bill would take effect on the 91st day after the last day of the legislative session.

Article 8

The bill would establish requirements for the Commissioner's authorization of fulltime hybrid and virtual campuses and would require TEA to develop professional development courses and materials and provide grants and technical assistance in order to establish high-quality programs.

The bill would add new Chapter 30B (Virtual Courses and Full-time Hybrid and Virtual Campuses), Education Code. There would be a fiscal impact to the state to implement the approval of full time online/hybrid programs.

A student enrolled in a virtual course offered under Chapter 30B would be counted towards the district's or charter school's average daily attendance in the same manner as district or school students not enrolled in virtual courses except in the calculation of the Small and Mid-Sized Allotment under amended Sec. 48.101(a)(2), Education Code.

The bill would require the state to design and host professional development courses on high quality virtual education.

The bill would require the agency to provide grants and technical assistance to LEAs interested in designing full-time virtual/hybrid schools.

The bill would amend statute related to local remote programs and the state virtual school network. These changes would expand the eligibility for districts and charter schools to offer students virtual courses, as well as allow the Commissioner to authorize high quality fulltime virtual and hybrid campuses.

Article 8 of the bill would take effect immediately if the Act received a vote of two-thirds of all members elected to each house, or on the 91st day after the last day of the legislative session.

Article 9

The bill would include Junior Reserve Officer Training Corps (JROTC) and Leadership Officer Training Corps (LOTC) courses within career and technology education programs and make them eligible for weighted funding under the FSP.

The bill would direct TEA to determine the eligibility of industry certifications and study college, career, and military readiness (CCMR) indicators to determine correlation with postsecondary success, including correlation of industry certifications with wages and available jobs.

The agency would establish a Local Accountability Grant Program to assist districts in developing local accountability systems.

TEA would support the creation and operation of the Texas Commission on Assessment and Accountability. The commission would be abolished January 7, 2025.

The bill would direct TEA to dedicate 1.0 FTE to commission support and would limit the funding for the position to $100,000.

The bill would further limit funding for administrative and operational expenses of the commission to an amount appropriated, not to exceed $100,000.

Article 9 of the bill would take effect on the 91st day after the last day of the legislative session.

Methodology

The agency estimates that provisions of the bill requiring the waiver of certain examination and certification fees, including vendor costs for administration, would cost $18.0 million in fiscal year 2025, $18.1 million in fiscal year 2026, increasing to $23.1 million in fiscal year 2028.

TEA assumes 1.0 Education Specialist V and 1.0 Education Specialist III would be required to develop criteria and rules to create the micro-credential and digital teacher programs. The positions would be needed to establish application and approval processes for micro-credential providers; audit providers; provide technical assistance to educators and providers; collect and analyze data; and update databases and websites. The agency anticipates a new SBEC fee would be paid by providers and educators to cover the administrative costs of the program beginning in fiscal year 2026.

To develop and administer the local optional teacher designation system grant program, this analysis assumes 1.0 Education Specialist V and 1.0 Grant Specialist V would be required. Starting in fiscal year 2025, TEA estimates that the grant program would cost $30.0 million annually to implement.

The amount appropriated to the Employed Retiree Teacher Reimbursement Grant Program is unspecified, and the legislature may restrict eligibility for the program by appropriation; therefore, costs cannot be determined. As an illustrative example of the potential cost, in fiscal year 2022 TRS received a total of approximately $40.0 million for retirement program surcharges and $11.0 million for TRS-Care surcharges, including both employee and employer surcharges for all positions. To administer the grant program, TEA would require 1.0 Education Specialist V and 1.0 Program Specialist V to develop, oversee, and improve the grant program. The bill would not make changes to the amount of the TRS retirement contribution, just the source of the funding; therefore, TRS assumes there would be no significant impact to the agency from this provision.

To administer Teacher Quality Assistance, TEA assumes funding would be required for development and implementation of supports, technical assistance to support LEAs in implementing improvements, and grants to LEAs. This analysis assumes development of strategic scheduling, staffing, and compensation modules to support technical assistance would cost $1.5 million in fiscal year 2025. The agency assumes grants for delivery of technical assistance would cost $2.3 million in fiscal year 2025 and $4.5 million annually in fiscal years 2026-28. Grants to LEAs to support implementation of strategic staffing, scheduling, and compensation systems are assumed to cost $4.0 million annually in fiscal years 2026-28. Technical assistance grants to support school leaders develop school culture routines and discipline systems would cost $3.0 million annually in fiscal years 2025-28. Technical assistance grants to LEAs to establish grow-your-own partnerships are assumed to cost $1.5 million annually. The development of teacher leader and co-teacher training modules would cost $500,000 annually in fiscal years 2025-26 and $100,000 annually in fiscal years 2027-28. Technical assistance grants to LEAs to support the development of teacher leadership roles are assumed to cost $1.3 million annually. This analysis assumes 1.0 Director I and 5.0 Education Specialist Vs would be required to implement this section in fiscal years 2025-28.

To administer the Teacher Time Study, this analysis assumes a cost of $500,000 in fiscal year 2025 and $50,000 annually in fiscal years 2026-28 would be required for the development and implementation of the study. This analysis assumes that $750,000 in fiscal year 2025 and $1.5 million annually in fiscal years 2026-28 would be required for technical assistance to LEAs. This analysis assumes $3.0 million annually in fiscal years 2026-28 would be required to provide grants to LEAs under this section. TEA assumes this section would be administered by 1.0 Director II, 1.0 Education Specialist V, and 1.0 Data Analyst IV.

To provide technical assistance and support to school districts, charter schools, and qualified EPPs regarding teacher residency strategic staffing and compensation models and recruitment supports, TEA would administer grants to all 20 education service centers (ESCs) to provide Texas Strategic Staffing technical assistance support. The grants would fund two fulltime positions at each ESC. Beginning in fiscal year 2026, and in subsequent years, the agency assumes funding would be required for 40 total positions. Additionally, the agency assumes three statewide leads would be needed to support the service quality and sustainability. The agency estimates that total funding for fiscal years 2026-28 would be $6.5 million. Additionally, the agency assumes $10,000 annually in fiscal years 2026-28 would be required to update data tools provided to EPPs and LEAs to support implementation of the program. To support educator preparation programs to meet the requirements for a qualified residency program as outlined by the SBEC, TEA would provide grants to EPPs to pay for technical assistance and other transformation supports. TEA anticipates that 10 EPPs would be engaged in transformation annually and would require $200,000 each, for a total of $2.0 million annually in fiscal years 2025-28. The agency assumes 9.0 FTEs would be required to administer this section.

The bill would create new Sec. 48.284 (Property Value Hardship Grants), Education Code. This provision would be subject to appropriation and would be capped at $60.0 million each fiscal year. This analysis assumes that the annual cost would be $60.0 million in fiscal years 2024-25, after which the grants and section would expire.

TEA assumes 1.0 Education Specialist V would be required to review and approve the districts that would receive the allotment under new Sec. 48.105(a-2), Education Code, for alternative language methods.

The cost of the Regional Disaster Insurance Variation cannot be determined as the variation factors are not known.

TEA assumes that $15.0 million in each fiscal year would be required to provide technical assistance under Sec. 21.3521(e), Education Code. This would be administered partially by the existing TEA TIA team but would require additional positions: 6.0 Education Specialists V to manage technical assistance, implementation support, and data validation support, and 1.0 Director I to manage the technical assistance team.

This analysis assumes the Basic Allotment would be increased by 3.2 percent to $6,914 beginning in fiscal year 2027 using Comptroller projections for CPI.

The bill would amend formulas for special education entitlement funding. Under the bill, the Commissioner would by rule establish seven service intensity tiers for use in determining funding for special education; one of which must include residential placement. The Commissioner would be required to submit proposed funding formula weights to the LBB. The weights would be set by the legislature in the GAA. The FSP costs for this section cannot be determined as the tiers and weights are not known.

The bill would create the Special Education Service Group Allotment under the FSP and would require the Commissioner to establish four service groups to determine funding for special education students under this section. The Commissioner would be required to submit proposed funding amounts for each service group for the following biennium to the LBB. For each eligible student, a school district would be entitled to an allotment in an amount set by the legislature in the GAA. The FSP costs for this section cannot be determined as the service groups and funding amounts are not known.

The bill would also establish the Special Education Transition Funding allotment. The FSP costs for this section cannot be determined as the tiers and weights are not known.

This analysis assumes 1.0 Programmer V and 1.0 Financial Analyst III would be needed to implement changes related to the amended allotments under TIA for fiscal years 2025-28.

TEA assumes 1.0 Director I, 2.0 Education Specialists V, 1.0 Data Analyst IV, and 0.5 Director I would be required to implement the provisions related to amending the Mentor Allotment for fiscal years 2025-28.

TEA assumes that there would be costs associated with overseeing the development of a statewide mentor training program, which would be rolled out through ESCs. TEA assumes the total costs for the content development of the training would be $500,000 in fiscal year 2025 and $500,000 in fiscal year 2026. TEA assumes there would be an annual cost to develop teacher training implementation support of $1,500,000 in fiscal years 2026-27.

This analysis assumes TEA would require 1.0 Education Specialist IV to manage the Day Placement Program Funding Allotment.

The bill would create the Parent-Directed Services for Students Receiving Special Education Services Grant. Eligible students would be entitled one award of $1,500. Award amounts and number of awards may be increased by appropriation.

This analysis assumes TEA would require 1.0 Financial Analyst IV to implement the Parent-Directed Services for Students Receiving Special Education Services Grant program. TEA assumes costs of the program would be partially offset by a reduction of $30.0 million each year as a result of the program moving to the FSP.

According to HHSC, the fiscal implications of the bill cannot be determined because, although the bill could result in an increase to state supported living center admissions, the amount of the increase is unknown. An increase in admissions to state supported living centers would result in a cost to HHSC.

TEA indicates the pre-approval process to establish a list of approved public or private facilities would require 2.0 Education Specialists IV for site visits and extensive vetting.

TEA assumes that the cost of continuing the grant program providing training in dyslexia for teachers and staff would be $10.0 million each fiscal year.

The bill would allow TEA to provide grants to LEAs to increase the number of qualified and appropriately credentialed special education staff. TEA assumes that this grant program would cost $10.0 million in fiscal year 2025, and $2.0 million in subsequent fiscal years, with highest program demand in the first year.

The Comptroller assumes that 11.0 FTEs would be needed to administer the ESA program. This includes 1.0 Project Manager V and 1.0 Administrative Assistant V to oversee implementation and administration, 1.0 Contract Admin Manager II to develop and manage contracts with the auditor and software development team, and 2.0 Accountant V to review fund transfers, process requests for distributions, and reconcile account activity, and 2.0 Program Specialists (III and IV) to compile listings of service providers and vendors and review requests for additional listings. Because the Comptroller's Office would be required to create rules about program eligibility, approval/denial of tuition, antifraud provisions, and be involved in defending these cases, the agency indicates a need for 4.0 Attorneys V to manage an extended litigation process, as well as subsequent appeals resulting in further litigation. The Comptroller assumes that if a CEAO is not certified by the Comptroller's Office, a programming expense would be incurred, but that the costs cannot be estimated at this time. This analysis assumes costs for outside counsel, outside audits, marketing and advertising, software costs, and customer support to be $1.6 million in fiscal year 2024 and $1.9 million in subsequent fiscal years.

This analysis assumes TEA would need 1.0 Director III, 1.0 Director I, 1.0 Data Analyst V, 1.0 Financial Analyst III, and 1.0 Data Analyst IV position to implement the provisions of the bill related to preapproving certain vendors and private school accreditation.

This analysis assumes that the average funding per student including additional funds that would be added to the FSP as a result of this bill would be $10,070 for fiscal year 2025, $10,251 for fiscal year 2026, increasing to $10,890 for fiscal year 2028. This analysis assumes that demand for the program would exceed the existing Article IX contingency appropriation in the GAA available for the 2024-25 biennium. In subsequent years, this analysis assumes that eligible students already attending private schools or attending home school would apply to be on the waitlist. Therefore, in subsequent years, this analysis assumes that the program would be limited by the funding required to serve existing students who would have started the program in fiscal year 2025 and students who would have applied to be on the waitlist by January 2025. This analysis assumes that there would be a savings to the FSP starting in the fiscal year following the effective date of the program as a result of students leaving the public school system for the ESA program. This analysis assumes that students who would leave public schools to participate in the program would save the FSP $11,370 for fiscal year 2026, $11,621 for fiscal year 2027, increasing to $12,106 for fiscal year 2028.

TEA assumes that a greater share of public school and home-school students have disabilities and/or reside in households with annual incomes below 400 percent of the federal poverty level than private school students. However, this analysis assumes that the number of students who would be leaving public schools to participate in the program would be limited by the capacity within private schools. TEA assumes there are 250,000 students currently enrolled in private schools and that private schools could reasonably accept an additional 10.0 percent, or 25,000, students in fiscal year 2025. TEA also assumes the capacity would increase by 2.0 percent in fiscal years 2026-28. Thus, this analysis assumes that 25,000 students would be leaving public schools to participate in the program in fiscal year 2025, 30,500 in fiscal year 2026, 36,100 in fiscal year 2027, and 41,832 in fiscal year 2028. This analysis assumes that in fiscal year 2025, the remainder of the funds appropriated in the GAA for 2024-25 would be used to serve private school students, home-schooled students, and students entering private prekindergarten and kindergarten. Starting in fiscal year 2026 and pursuant to Sec.

29.3521, Education Code, this analysis assumes there would be appropriations available to fund eligible students on the waitlist as well as the students who would have participated in the program in fiscal year 2025. TEA assumes there are 250,000 private school students and 562,500 home-schooled students. This analysis assumes half of the above populations would apply to the program during the 2024-25 biennium and would be participating in the program starting in the 2026-27 biennium. This analysis assumes that demand would grow by 5.0 percent each year. Thus, this analysis assumes that the cost of the ESA program would be $461.8 million in fiscal year 2025, subject to the existing appropriation in the GAA, $1.9 billion in fiscal year 2026, increasing to $2.3 billion in fiscal year 2028. This analysis assumes the savings to the FSP would be $284.2 million in fiscal year 2026, $354.4 million in fiscal year 2027, increasing to $369.2 million in fiscal year 2028.

TEA assumes there would be a fiscal impact to ensure that all students participating in the ESA program are administered state assessments. The agency would establish regional testing centers across the state with assistance from ESC staff. Beginning in fiscal year 2024, costs would include $26,300 per year to develop training for ESA recipients and $26,300 per year to train ESC staff beginning in fiscal year 2025. Costs would also include $250,000 in fiscal year 2024, $2.4 million in fiscal year 2025, $3.2 million in fiscal years 2026-27, and $5.2 million in fiscal year 2028 for stipends to administer assessments. TEA assumes 1.0 Director I would be needed to implement the provisions of this bill relating to ensuring that ESA participants are administered state assessments.

This analysis assumes that TEA would incur costs to develop and update the Commissioner's lists of reading instruments. TEA estimates that contracting for the evaluation of reading instruments would cost approximately $90,000 per grade level for kindergarten to grade 3, for a total of $360,000 in fiscal year 2025 and every four years, thereafter. TEA estimates the cost of reviewing a district submitted instrument at $5,000. If 2 percent of districts submit an instrument for review for grade levels K-3, TEA estimates an annual review cost of $480,000. Additionally, TEA would require 1.0 Education Specialist IV to manage the instrument review.

TEA assumes there would be a fiscal impact to the state for the Commissioner to establish and administer the grant program. The agency estimates that the cost to award grants for 3,500 students under the program would be $9.9 million in each fiscal year. In addition, this analysis assumes that they would require 1 FTE, including 0.5 Program Specialist V for program design and implementation and 0.5 Grant Specialist IV for logistical and business/financial services components to administer the program.

TEA assumes a maximum of $2.0 million in grants would be awarded in fiscal years 2025-27. In addition, TEA estimates the report to the legislature would cost $250,000 in fiscal year 2027.

To implement the provisions of the bill related to virtual education, this analysis assumes that the agency would need 1.0 Director I and 2.0 Education Specialists V to establish the review process, review school plans, and review performance each year.

TEA estimates an initial cost to develop and provide professional development courses on high quality virtual education to be $500,000 in fiscal year 2024.

The agency estimates a cost of $5.0 million each fiscal year to support LEAs interested in designing fulltime virtual/hybrid schools.

This analysis assumes TEA would require 2.0 Programmers IV, 1.0 Education Specialist V, and 1.0 Director I to implement the provisions of the bill related to JROTC courses. TEA estimates the cost to review and determine the eligibility of industry certifications to be $250,000 in fiscal year 2025 and then every five years thereafter. The agency assumes the cost of annually correlating CCMR indicators with postsecondary success to be $1.25 million in fiscal year 2025 and subsequent years.

To implement the Local Accountability Grant Program, the agency would establish at least one district grant per education service center region. TEA estimates to total grant cost to be $5.0 million per year beginning in fiscal year 2025. Additionally, TEA assumes it would require 1.0 Education Specialist V to oversee the grant process and provide technical assistance to districts.

TEA assumes the bill would require a 0.5 time director in fiscal years 2024 and 2025 at a cost of $100,000.

This analysis assumes administrative and operational expenses for the commission would total $100,000 for the 2024-25 biennium.

In addition, this analysis assumes TEA would require 15.0 FTEs beginning in fiscal year 2024 as indirect support to implement the provisions of the bill.

This analysis assumes TEA would require a total of 36.5 FTEs in fiscal year 2024 at a cost of $4.4 million, 84.0 FTEs at a cost of $10.9 million in fiscal year 2025, and 83.5 FTEs at a cost of $10.8 million in subsequent fiscal years.

This analysis assumes CPA would require 11.0 FTEs at a cost of $1.5 million in each fiscal year.

The bill would amend or create allotments under the FSP as outlined in the Fiscal Analysis section above. This analysis assumes that the total cost to the FSP would be $1,832.6 million in fiscal year 2024, $4,788.7 million in fiscal year 2025, increasing to $8,793.2 million in fiscal year 2028, in addition to the FSP costs mentioned earlier.

The cost to the FSP includes estimated decreases in Recapture Payments – Attendance Credits of $5.0 million in fiscal year 2024, $440.9 million in fiscal year 2025, and $867.8 million in fiscal year 2028. The decrease in recapture is reflected as a savings in the table above because recapture is appropriated as a method of finance for the FSP in the General Appropriations Act.

This analysis assumes TRS costs associated with the provisions of the bill increasing employee compensation would total $252.1 million in fiscal years 2025 and 2026 and $267.4 million for subsequent fiscal years for TRS Retirement; and $10.2 million in fiscal year 2025, $10.4 million in fiscal year 2026, and $19.9 million in fiscal year 2028 for TRS-Care.

Technology

This analysis assumes TEA would need 3.0 Systems Analysts V and 3.0 Programmers V to implement the teacher recruitment and retention data collection and analysis provisions of the legislation. Additionally, TEA assumes that there would also be a cost of $554,542 in fiscal year 2024, a cost of $1,663,627 in fiscal year 2025, a one-time cost of $51,064 and annual costs of $116,756 to implement the necessary changes to the Texas Student Data System (TSDS).

TEA assumes that there would be IT costs of $49,150 in fiscal year 2024 and $147,450 in fiscal year 2025 relating to waiving certain certification exam fees.

This analysis assumes TEA would need $33,440 in fiscal year 2025 to update the Educator Certification Online System (ECOS) to include micro-credentials.

TEA assumes that there would be IT costs of $56,556 in fiscal year 2024 and $169,668 in fiscal year 2025 relating to the Texas Teacher Residency Partnership Program.

This analysis assumes costs of $9,284 in fiscal year 2024 and $27,852 in fiscal year 2025 to amend data collections to include free prekindergarten for certain children of employed classroom teachers.

TEA assumes that there would be costs of $32,867 in fiscal year 2024 and $98,602 in fiscal year 2025 to create a new manual load template to upload allotment amounts, for changes in data management, and updates to ECOS.

TEA assumes the costs for development to implement the requirements in the Texas Student Data System (TSDS) would be $24,003 in fiscal year 2024 and $72,008 in fiscal year 2025.

TEA assumes there would be IT costs related to the amendments to the bilingual allotment. This analysis estimates that this amount would be $61,932 in fiscal year 2024 and $185,795 in fiscal year 2025.

TEA assumes that there would be IT costs related to amendments to the TIA designations of $662,581 in fiscal year 2025, $1,735,635 in fiscal year 2026, and $108,756 in subsequent fiscal years.

This analysis assumes there would be IT costs associated with the amendments to the special education allotments and formulas under the FSP. The agency assumes $45,288 would be required to implement the related provisions in fiscal years 2025-26

TEA assumes there would be IT costs associated with the Day Placement Program Funding Allotment of $45,288.

This analysis assumes development costs to implement the requirements for the Parent-Directed Services for Students Receiving Special Education Services Grant program would total $178,825 in fiscal year 2025 and $536,476 in fiscal year 2026. Additionally, TEA assumes development and maintenance of the new application would require 1.0 Programmer V.

TEA assumes it would incur $66,121 in total development costs for TSDS to implement the provisions related to children who cease participation in the ESA program after enrolling in a public school.

TEA assumes costs to develop a new ESA application would be $673,833 in fiscal year 2024 and $2,021,499 in fiscal year 2025. TEA further assumes there would be a onetime DCS cost of $11,532 in fiscal year 2024 and ongoing DCS costs of $108,756 per fiscal year.

TEA estimates costs of $56,157 in fiscal years 2024-25 to make updates to PEIMS for districts to be able to submit the required course enrollment information.

The agency assumes there would be technology costs associated with implementing the provisions of the bill related to establishing a grant program to increase partnerships with community-based providers for prekindergarten. The agency assumes that the cost to develop and implement the requirements in TSDS would be $45,694 in fiscal year 2024 and $137,081 in fiscal year 2025. The agency assumes that the cost to develop and implement the requirements in the TREx would be $679 in fiscal year 2024 and $2,038 in fiscal year 2025.

This analysis assumes that the cost to develop and implement the requirements of new Subchapter 30B related to virtual and hybrid education in a new application would be $426,727 in fiscal year 2024 and $1,325,841 in fiscal year 2025. This analysis assumes there would be Capital Data Center Service costs including a onetime hardware/software cost of $22,032 and an annual ongoing cost of $111,756. This analysis assumes that the cost to develop and implement the requirements in the TSDS would be $353,361 in fiscal year 2024 and $1,060,083 in fiscal year 2025. This analysis assumes that the cost to develop and implement the requirements in the TREx application would be $1,517 in fiscal year 2024 and $4,551 in fiscal year 2025. This analysis assumes that the cost to develop and implement the requirements in the FSP would be $49,817 in fiscal year 2024 and $149,451 in fiscal year 2025. Additionally, this analysis assumes that 2.0 Programmers V and 1.0 System Analyst V would be required to provide ongoing support and maintenance.

TEA estimates the cost to update data collections for students passing the ASVAB test or JROTC program to be $38,381 in fiscal year 2024 and $115,145 in fiscal year 2025. TREx application changes would be $3,413 in fiscal year 2024 and $10,239 in fiscal year 2025. TEA also estimates the addition of one new data element to show a student took a progressively more advanced mathematics pathway to be $1,517 in fiscal year 2024 and $4,550 in fiscal year 2025.

Local Government Impact

This analysis assumes local education agencies (LEA) would receive additional funding through the FSP under this bill.

This analysis assumes LEAs would incur costs to submit data on teacher recruitment, retention, and positions.

This analysis assumes districts may incur costs related to allowing a teacher to elect not to take paid personal leave concurrently with unpaid leave under FMLA.

LEAs would need to report the Alternative Language Education Method for a teacher where the LEA has received an approved Bilingual or ESL waiver from TEA. The agency assumes that there would not be a large fiscal impact to LEAs to change the student information system coding. The LEAs would receive additional funding for students served in a dual language immersion/one-way or two-way program model where there is an approved waiver under this bill. The agency assumes that LEAs would need to apply for a waiver for these types of programs when there is not a certified teacher.

It is assumed districts would incur costs for annual discussions during board meetings on special education.

FSP funding to LEAs may decrease as a result of the bill due to students leaving public schools to participate in the ESA program.

LEAs may receive additional funding if a child ceases participation in the program due to the child's enrollment in a public school and had remaining funds in their ESA account at the time of enrollment.

This analysis assumes a local county or district attorney may incur costs if the Comptroller obtains evidence of a fraudulent use of program funds.

This analysis assumes school districts may incur costs related to providing student records upon request of a parent seeking to participate in the ESA program.

The bill would require schools to notify parents of certain students determined to need reading interventions.

This analysis assumes there would be costs related to requiring school districts to make supplemental reading instruction available for certain students.

This analysis assumes districts may incur costs associated with serving as virtual course providers, student information system procedural changes, and developing a new remote learning option.

LEAs would be required to spend certain funding increases under the bill on salary and benefit costs to provide employee compensation increases.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, CMA, ASA, MJe