

## **BILL ANALYSIS**

C.S.H.B. 2  
By: Buckley  
Public Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Public education advocates across Texas have called for increased public education funding and for statutory changes to address issues relating to special education services, teacher pay, teacher preparation and certification, and other matters.

C.S.H.B. 2 would direct approximately \$7.7 billion of funding for public education. The bill author has informed the committee that the bill's proposals are the result of more than three years of work from many members of the Texas House of Representatives, including proposals that the house passed overwhelmingly in the 88th Legislative Session.

Among other provisions, C.S.H.B. 2 makes the following changes with respect to public education and public school finance:

- increases the basic allotment by \$340 and adds a guaranteed yield increment adjustment that ties the basic allotment to the growth of property values, which is initially set at \$55;
- increases the amount of certain funds that must be used for compensation increases for full-time school district employees, with a specific portion dedicated for classroom teacher salaries;
- revises the guaranteed yield for a school district's golden pennies;
- increases the compensatory education allotment, the bilingual education allotment, and the teacher incentive allotment;
- creates a fine arts allotment;
- provides for full-day funding for certain prekindergarten programs;
- increases the small and mid-sized district allotment;
- increases facilities funding for charter schools that meet certain performance standards;
- revises state funding for districts that experience declines in attendance so that funding flows to districts automatically if they lose five percent of their students in one year;
- revises requirements for resource campuses to make the designation more accessible for chronically underperforming campuses; and
- provides a funding increase for certain schools that extend instruction through the Additional Days School Year program.

With respect to teacher preparation and certification, C.S.H.B. 2 establishes a grow your own partnership program in statute, with a related allotment to encourage innovative staffing pipelines for high-quality educators, and provides for a one-time payment for uncertified teachers who earn a teaching certificate by the end of the 2025-2026 school year. The bill decreases the employment of uncertified teachers for foundation curriculum courses over the next several school years.

C.S.H.B. 2 also seeks to implement recommendations laid out in the 2022 report by the Texas Commission on Special Education Funding and enact significant special education funding reform, including by providing for the transition from a placement-based funding model to a service intensity-based model, by establishing a full individual and initial evaluation allotment, and by requiring grants for the recruitment and retention of special education staff. The bill also

increases the special education transportation reimbursement rate and the college, career, or military readiness outcomes bonus for students receiving special education services.

Additionally, C.S.H.B. 2 provides for a comprehensive system to ensure compliance with special education law and revises comprehensive statewide plans for children who have visual impairments, who are deaf or hard of hearing, or who are deaf-blind. The bill revises the supplemental special education services program as a parent-directed program, reestablishes grant programs relating to autism and dyslexia, and establishes tuition-free prekindergarten eligibility for students who are eligible for special education services upon recommendation by a student's ARD committee.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of education in SECTIONS 1.06, 1.12, 2.06, 3.07, 3.09, 3.12, 3.16, 3.17, 3.24, 3.33, 3.41, 3.45, 3.46, 3.53, 3.55, 3.56, and 3.63 of this bill and that rulemaking authority previously granted to the commissioner is modified in SECTION 3.18 of this bill.

It is also the committee's opinion that rulemaking authority is expressly granted to the Texas Education Agency (TEA) in SECTIONS 3.06, 3.27, and 3.52 of this bill and that rulemaking authority previously granted to TEA is modified in SECTION 3.21 of this bill.

### **ANALYSIS**

C.S.H.B. 2 amends the Education Code to set out provisions in ARTICLES 1, 2, and 3 of this bill with respect to the following:

- changes related to public education and public school finance;
- teacher preparation and changes related to employees; and
- special education.

### **ARTICLE 1. Changes Related to Public Education and Public School Finance**

#### **Charter School Certification to Political Subdivision Regarding Benefits From Real Estate Transactions**

C.S.H.B. 2 repeals the requirement for a governing body of an open-enrollment charter school, in order to be considered a school district by a political subdivision for certain regulatory purposes, to certify in writing to the political subdivision that no administrator, officer, or employee of the charter school and no member of the governing body of the charter school or its charter holder derives any personal financial benefit from a real estate transaction with the charter school. The applicable purposes are zoning, project permitting, platting and replatting processes, business licensing, franchises, utility services, signage, subdivision regulation, property development projects, the requirements for posting bonds or securities, contract requirements, applicable land development standards, tree and vegetation regulations, regulations of architectural features of a structure, construction of fences, landscaping, garbage disposal, noise levels, fees or other assessments, and construction or site development work.

## Charter School Funding

### *Foundation School Program Funding for Charter Schools*

Chapter 943 (H.B. 3), Acts of the 86th Legislature, Regular Session, 2019, among other provisions, excluded certain adjustments and allotments, including the college, career, or military readiness (CCMR) outcomes bonus and the teacher incentive allotment, from the foundation school program funding to which a charter holder is entitled for a charter school per student in weighted average daily attendance (WADA) as if the charter school were a public school district without a tier one local share. However, that act also specified that a charter holder, in addition to such foundation school program funding and certain other amounts, is entitled to the CCMR outcomes bonus, the teacher incentive allotment, and funding under Subchapter D, Chapter 48, Education Code, that the charter holder would be entitled to if the charter school were a district.

C.S.H.B. 2 repeals that specification and removes the CCMR outcomes bonus and the teacher incentive allotment from the amounts that are excluded from the foundation school program funding to which a charter holder is entitled for a charter school per student in WADA as if the charter school were a public school district without a tier one local share.

### *Small and Mid-Size Allotment for Charter Schools*

C.S.H.B. 2 revises the formula for determining the amount of the allotment based on the small and mid-sized allotment for districts to which all charter schools, regardless of size, are entitled per student in average daily attendance (ADA). Current law sets the allotment equal to the difference between \$125 and a certain weighted average amount based on the district allotment. The bill increases that dollar amount to \$700.

### *Facility Funding for Charter Schools*

C.S.H.B. 2 revises provisions regarding the amount of funding for instructional facilities to which a charter holder is entitled for a charter school per student in ADA in the following ways:

- removes the formula setting that amount of funding equal to the guaranteed level of state and local funds per student per cent of tax effort under the existing debt allotment (EDA) multiplied by the lesser of:
  - the state average interest and sinking (I&S) fund tax rate imposed by districts for the current year; or
  - a rate that would result in a total amount to which charter schools are entitled for instructional facilities funding for the current year equal to \$60 million; and
- replaces it with a formula setting the amount of funding equal to the lesser of:
  - the state average I&S fund tax rate imposed by districts for the current year multiplied by the guaranteed level of state and local funds per student per cent of tax effort under the EDA allotment; or
  - the maximum amount of the basic allotment provided for the applicable school year multiplied by 0.07.

C.S.H.B. 2 clarifies that such funding is an annual allotment and revises the conditions under which a charter holder is entitled to the facility allotment for a charter school as follows:

- replaces the condition that the most recent overall performance rating assigned to the charter school for academic accountability reflects at least acceptable performance with the condition that the overall performance ratings assigned to the charter school for both academic accountability and financial accountability for the two preceding school years reflect at least acceptable performance; and
- entitles a charter school that has not been assigned performance ratings for both academic accountability and financial accountability to receive the allotment if the overall performance rating assigned to the charter school for the two preceding school

years for either academic accountability or financial accountability reflects at least acceptable performance.

The bill retains language making a charter holder that operates a school program located at a day treatment facility, residential treatment facility, psychiatric hospital, or medical hospital eligible for the allotment without satisfying the performance conditions, as is the case under current law.

C.S.H.B. 2 conditions a charter holder's entitlement to the facility allotment for a charter school on the charter school's governing body annually certifying in writing to the Texas Education Agency (TEA) that no administrator, officer, or employee of the charter school and no member of the governing body of the charter school or its charter holder derives any personal financial benefit from a real estate transaction with the charter school.

C.S.H.B. 2 expressly prohibits use of the facility allotment to pay a salary, bonus, stipend, or any other form of compensation to a charter school superintendent or administrator serving as educational leader and chief executive officer of the charter school. The bill expands the types of bonds for which a charter holder may use the facility allotment to pay debt service, which currently only includes bonds issued to finance an instructional facility, to include any bond issued for any of the following purposes for which a district is authorized to issue bonds under state law:

- the construction, acquisition, and equipment of school buildings;
- the acquisition of property or the refinancing of property financed under a contract entered under the Public Property Finance Act, regardless of whether payment obligations under the contract are due in the current year or a future year;
- the purchase of the necessary sites for school buildings;
- the purchase of new school buses;
- the retrofitting of school buses with emergency, safety, or security equipment; and
- the purchase or retrofitting of vehicles to be used for emergency, safety, or security purposes.

The bill also authorizes a charter holder to use the allotment to pay for a purchase for which a district is authorized to issue such bonds.

C.S.H.B. 2 specifies that the provision establishing the facility allotment entitlement is included among the charter school provisions that apply to a college or university charter school or junior college charter school as though the college or university charter school or junior college charter school, as applicable, were granted a charter for an open-enrollment charter school.

C.S.H.B. 2 entitles an eligible entity granted a charter for an adult education program under the adult high school charter school program to receive the facility allotment for the adult education program only under the following conditions:

- the overall performance rating assigned to the adult education program under the applicable accountability framework developed for such programs for the two preceding school years reflects at least acceptable performance; or
- for an adult education program that has not been assigned a performance rating under the applicable accountability framework, the overall performance ratings assigned to the program under the public school accountability system for both academic accountability and financial accountability for the two preceding school years reflect at least acceptable performance.

#### Local Optional Teacher Designation System; Enhanced Teacher Incentive Allotment Public Schools

C.S.H.B. 2 creates the designation of "acknowledged teacher" as one of the types of designations a district or charter school may apply to a classroom teacher for a five-year period based on the results from single year or multiyear appraisals under a local optional teacher designation system. The bill replaces the designation of "recognized" for a classroom teacher who holds a

National Board Certification issued by the National Board for Professional Teaching Standards with the designation of "nationally board certified."

C.S.H.B. 2 requires the commissioner of education each school year, using criteria developed by the commissioner, to designate districts and charter schools that implement comprehensive school evaluation and support systems as enhanced teacher incentive allotment public schools. The criteria developed by the commissioner must require a district or charter school to do the following:

- for principals and assistant principals, implement:
  - a strategic evaluations system aligned with the district's or charter school's teacher designation system; and
  - a compensation system based on performance;
- ensure that under the district's or charter school's teacher designation system substantially all classroom teachers, regardless of the grade level or subject area to which the teacher is assigned, are eligible to earn a designation as a master, exemplary, recognized, or acknowledged teacher;
- implement for all classroom teachers a compensation plan based on performance that:
  - uses a salary schedule that is based on differentiation among classroom teacher appraisals as permitted under provisions relating to local optional teacher designation systems; and
  - does not include across-the-board salary increases for classroom teachers except for periodic changes to the district's or charter school's salary schedule to adjust for significant inflation; and
- implement a locally designed plan to place highly effective teachers at high needs campuses and in accordance with a specified statutory provision regarding reading standards that requires certification to TEA that the district or charter school prioritizes the placement of highly effective teachers in kindergarten through second grade.

C.S.H.B. 2 authorizes the commissioner to remove a district's or charter school's designation as an enhanced teacher incentive allotment public school if the commissioner determines the district or charter school no longer meets the criteria for the designation.

C.S.H.B. 2 requires the commissioner to post a list of the districts and charter schools designated as enhanced teacher incentive allotment public schools on TEA's website not later than September 1 of each year.

C.S.H.B. 2 revises the duty of TEA to develop and provide technical assistance for districts and charter schools that request assistance in implementing a local optional teacher designation system by doing the following:

- including the condition that TEA use contracted services in developing and providing the technical assistance;
- including assistance in earning a designation as an enhanced teacher incentive allotment public school as a type of assistance that may be requested; and
- specifying that assistance in implementing a local optional teacher designation system includes:
  - providing examples or models of local optional teacher designation systems to reduce the time required for a district or charter school to implement a teacher designation system;
  - establishing partnerships between districts and charter schools that request assistance and districts and charter schools that have implemented a teacher designation system;
  - applying the performance and validity standards established by the commissioner for each local optional teacher designation system;
  - providing centralized support for the analysis of the results of tests administered to district or charter school students; and

- facilitating effective communication on and promotion of local optional teacher designation systems.

These provisions regarding local optional teacher designation systems and enhanced teacher incentive allotment public schools apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Local Optional Teacher Designation System Grant Program

C.S.H.B. 2 requires TEA, from money appropriated or otherwise available for the purpose, to establish and administer a grant program to provide money and technical assistance for the following purposes:

- expanding and supporting ongoing implementation of local optional teacher designation systems;
- increasing the number of classroom teachers eligible for a designation under such a system; and
- increasing the salaries paid to classroom teachers employed by districts or charter schools that have established or are seeking to establish such a system.

A grant awarded under the program must meet the needs of individual districts or charter schools and enable regional leadership capacity. The bill authorizes the commissioner to adopt rules as necessary to implement the grant program.

These provisions relating to the grant program apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Additional Days School Year Planning Grant Program

C.S.H.B. 2 requires TEA, from money appropriated or otherwise available for the purpose, to establish and administer a grant program to provide funding and technical assistance to districts and charter schools to plan the school year and adjust operations as necessary to qualify for the incentive funding for additional instructional days. The bill requires TEA, in awarding the grants, to prioritize districts and charter schools that seek to maximize such incentive funding and authorizes TEA to solicit and accept gifts, grants, and donations for purposes of the grant program.

These provisions relating to the grant program apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Modified Teacher Assignment for Certain Students

C.S.H.B. 2 revises provisions requiring that a student who fails to perform satisfactorily on certain tests either be provided supplemental instruction or be allowed assignment to a classroom teacher with a master, exemplary, or recognized designation for the subsequent school year in the applicable subject area by including any designation under a local optional teacher designation system among the applicable designations. This change applies beginning with the 2025-2026 school year and takes effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Tuition-Free Prekindergarten Provided Through Certain Partnerships

C.S.H.B. 2 makes any child who is at least three years of age eligible for enrollment in a tuition-free prekindergarten class if the class is provided through a partnership between a district or charter school and an applicable community-based child-care provider and the child receives subsidized child-care services provided through the child-care services program administered by the Texas Workforce Commission. The bill requires a facility or location at which tuition-free prekindergarten classes are provided by a district or charter school in partnership with a

private entity to comply with any municipal ordinance applicable to the operation of a private prekindergarten program, but such a facility or location expressly may not be required to comply with any municipal ordinance applicable to the operation of a prekindergarten program by a district or charter school.

These provisions relating to tuition-free prekindergarten apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

### Resource Campuses

C.S.H.B. 2 expands eligibility to apply for designation as a resource campus, which is currently limited to campuses that have received an overall performance rating of F for four years over a 10-year period of time, as follows:

- by including the following as qualifying overall performance ratings:
  - D;
  - "Not Rated" based on the commissioner's determination that the assignment of a performance rating of A, B, C, D, or F would be inappropriate because the campus is located in an area subject to a state of disaster declaration and, due to the disaster, performance indicators for the campus are difficult to measure or evaluate and would not accurately reflect quality of learning and achievement for the campus; or
  - "Not Rated" under statutory provisions relating to COVID-19 recovery accountability for the 2021-2022 school year; and
- by decreasing the number of years over a 10-year period of time that the campus must have received a qualifying overall performance rating from four years to three years.

Effective September 1, 2028, the bill further revises the criteria a campus must meet to be eligible to apply for such a designation to account for the expiration of the statutory provisions relating to COVID-19 recovery accountability for the 2021-2022 school year on that date. The bill continues to include a "Not Rated" overall performance rating under the expired provisions as a qualifying overall performance rating for purposes of such designation until September 1, 2033.

With respect to the requirements that a campus must satisfy to be designated a resource campus, C.S.H.B. 2 removes the requirement that classroom teachers who satisfy the requirements for demonstrated instructional effectiveness under the requisite accelerated campus excellence turnaround plan also hold a current designation under a local optional teacher designation system. However, the bill requires the campus, for a subject in the foundation curriculum, to ensure that at least 50 percent of teachers hold a current designation under a local teacher designation system. The bill also revises the requirement that the campus employ only teachers who have at least three years of teaching experience by limiting the requirement to teachers for a subject in the foundation curriculum and by decreasing the required amount of experience to at least two years of teaching experience. The bill requires a middle school campus designated as a resource campus to operate the campus for a school year in a manner that qualifies for the incentive funding for additional instructional days, as is already required for elementary campuses under current law.

C.S.H.B. 2 authorizes the commissioner to grant to a campus requesting to be designated as a resource campus a one-year waiver from the bill's requirement to ensure that, for a subject in the foundation curriculum, at least 50 percent of teachers hold a current designation if the campus provides substantial evidence that the campus is working toward meeting the requirement.

These provisions relating to resource campuses, other than those taking effect in 2028, apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

### Federal Grant Administration

C.S.H.B. 2 requires TEA, for a federal grant program under which TEA oversees and administers services to nonpublic schools, to follow federal disposition rules and procedures to dispose of equipment or supplies that are unused or no longer needed and were previously allocated to nonpublic schools participating in the grant program. This requirement applies beginning with the 2025-2026 school year and takes effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

### Grant Program to Promote Parental Engagement

C.S.H.B. 2 requires the commissioner, as soon as practicable after the bill's effective date and from money appropriated or otherwise available for the purpose, to establish a grant program to provide grants to districts and charter schools to assist with costs associated with operating programs or projects to encourage parental engagement in the educational success of students in the district or charter school, including the following:

- educational programming for parents on how to teach the parent's child how to read, including how to read with the parent's child outside of school in a manner that complements instruction;
- for a parent of a child identified as academically behind, educational programming on identifying and addressing the child's academic struggles;
- for a parent of a child enrolled in a special education program, educational programming on how to prepare the child for educational success; and
- for a parent of a child who exhibits behavioral issues or has been subject to disciplinary measures, programs or policies to engage the parent in efforts to discipline and improve the behavior of the child.

The bill authorizes a district or charter school to use money awarded under the grant program to pay staff working additional hours to operate an applicable program or project, pay for food offered at training meetings for the program or project, and pay for educational materials provided to parents related to the program or project. The bill authorizes the commissioner to adopt rules as necessary to implement the grant program.

These provisions relating to the grant program apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

### Certain Additional State Aid for Debt Service

Current law entitles a district to additional state aid to the extent that state and local revenue used to service eligible debt under statutory provisions governing state assistance with instructional facilities and payment of existing debt is less than the state and local revenue that would have been available to the district under those provisions as they existed on September 1, 2022, if any increase in the residence homestead exemption and any additional limitation on tax increases on residence homesteads, as proposed by the 88th Legislature, 2nd Called Session, 2023, had not occurred.

However, C.S.H.B. 2 requires the commissioner, if the amount required to pay debt service on bonds issued under statutory provisions governing district tax bonds and maintenance taxes is less than the sum of state assistance provided for instructional facilities and the payment of existing debt, including such additional state aid, and the district's I&S tax revenue for a school year, to reduce the amount of the additional state aid by the difference between the following amounts:

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



The bill establishes that the amount of additional state aid provided may not be reduced to an amount below zero.

#### Average Daily Attendance for Certain Half-Day or Full-Day Prekindergarten Programs

Under current law, ADA for a district that operates a half-day or full-day tuition-free prekindergarten program is one-half of the ADA calculated for districts generally, which is the quotient of the sum of attendance for each day of the minimum number of days of instruction that districts must operate under state law divided by the minimum number of days of instruction. C.S.H.B. 2 sets ADA as the full amount of that quotient for students who are enrolled in such a prekindergarten program provided by an eligible private provider that contracts with a district and are assigned to one of the following campuses:

- a campus that is operated under a contract entered into by the district with a charter school governing body, another applicable charter entity, or an eligible private provider under certain state law; or
- a campus of a charter school that is operated by an entity governed by a management contract approved by TEA.

#### State Funding for a District Experiencing Decline in Average Daily Attendance

With respect to the adjusted calculation of funding for a district that experiences a decline in ADA, the bill makes the following revisions:

- increases the amount by which the district must experience a decline for purposes of the calculation from two percent or more in ADA to more than five percent in ADA;
- removes the adjustment that bases funding on actual ADA of the preceding year for a decline due to the closing or reduction in personnel of a military base; and
- revises the remaining adjustment by changing the funding basis from an ADA not to exceed 98 percent of the actual ADA of the preceding school year to an ADA of 95 percent of that actual ADA and removing the specification that the adjustment applies only to a decline that is not the result of the closing or reduction in personnel of a military base.

The bill replaces a provision capping the total cost to the state in a school year from adjustments for districts with a decline that is not the result of the closing or reduction in personnel of a military base at the amount specifically appropriated for such adjustments that year with a provision capping the total cost to the state in a school year from all the adjustments at \$50 million or a greater amount provided by appropriation.

#### Incentive Funding for Additional Instructional Days

C.S.H.B. 2 revises the conditions under which a district or charter school qualifies for the incentive funding for additional instructional days as follows:

- by decreasing from 180 to 175 the minimum number of days of instruction over which the district or charter school must provide the minimum number of minutes of operational and instructional time; and
- by expanding the range of grade levels in which the district or charter school must offer an additional 30 days of half-day instruction from prekindergarten through fifth grade to prekindergarten through eighth grade.

C.S.H.B. 2 requires the commissioner to increase the amount computed for the incentive funding by 50 percent for a district or a charter school that, in addition to satisfying the general conditions for the incentive, provides at least 200 full days of instruction to students in prekindergarten through eighth grade.

## Notice for Districts Regarding Financial Impact of and Recourse for Invalid Property Values

C.S.H.B. 2 requires the commissioner to provide notice to the board of trustees of each district located in an appraisal district in which the comptroller of public accounts has certified the preliminary findings of the study of school district property values and determined that a district located in the appraisal district has an invalid local value, regardless of whether the district meets the definition of an eligible school district for purposes of the statutory provision making such a district's local value its taxable value for the year in which the study was conducted and the following year. The notice must include information regarding the impact or possible impact of a final certification of an invalid local value on the district's finances, including an estimate of the effect on the district's finances and any right of recourse available to the district, and must be provided as soon as practicable after the comptroller has certified the preliminary findings.

C.S.H.B. 2 requires each district to annually report to TEA the contact information for the members of the district's board of trustees for purposes of receiving the notice. The bill requires the commissioner to coordinate with the comptroller to provide copies of the notice to the board of directors of each applicable appraisal district.

## Basic Allotment and Guaranteed Yield Increment Adjustment

C.S.H.B. 2 changes the statutory maximum amount of the basic allotment from \$6,160 to an amount equal to \$6,500 plus the guaranteed yield increment adjustment. The bill requires TEA, not later than October 1 of each even-numbered year, to determine for the subsequent state fiscal biennium the amount of the guaranteed yield increment adjustment for each state fiscal year of the biennium. The bill sets the amount of the guaranteed yield increment adjustment as the difference between the following amounts:

- the estimated cost to the state of maintaining the tier two golden penny guaranteed yield at the 96th percentile of wealth per weighted student for each year of the biennium; and
- the state cost of maintaining the tier two golden penny guaranteed yield at the amount set by the bill.

However, in a temporary provision set to expire September 1, 2027, the bill establishes that the amount of the guaranteed yield increment adjustment for each state fiscal year of the 2026-2027 state fiscal biennium is \$55.

C.S.H.B. 2 raises from 30 percent to 40 percent the minimum amount from a specified calculation that a district must use to provide compensation increases to full-time district employees other than administrators during a school year for which the maximum amount of the basic allotment is greater than the maximum amount provided for the preceding year. The bill revises the requirement for 75 percent of that dedicated amount to be used to increase the compensation paid to classroom teachers, full-time librarians, full-time certified school counselors, and full-time school nurses by doing the following:

- further limiting the use of such funds to salary increases for classroom teachers; and
- replacing the requirement to prioritize differentiated compensation for classroom teachers with more than five years of experience with a requirement to prioritize higher salary increases in the following order: classroom teachers with 10 or more years of experience and classroom teachers with five or more years of experience.

The bill requires a district to ensure that these salary increases for classroom teachers provide for the following:

- a difference of at least 40 percent between the average salary schedule increase provided to a classroom teacher with 10 or more years of experience and a classroom teacher with five or more years of experience; or
- an increase based on performance in accordance with the district's compensation plan implemented as a condition of being designated a teacher incentive allotment public school, if applicable.

C.S.H.B. 2 revises the provision entitling a full-time district employee who received a salary increase triggered by a basic allotment increase for the 2019-2020 school year to a salary that is at least equal to the salary received for the 2019-2020 school year, subject to the employee's continued employment with the district, the district's receipt of at least the same amount of funding as the amount received for that school year, and certain exceptions, as follows:

- by making the provision applicable to a district employee who received such an increase for any school year with respect to the salary received for the preceding school year, subject to those same conditions and exceptions; and
- by including among the circumstances in which the entitlement does not apply that the district evaluates the employee's performance and the employee's performance rating is lower than the employee's performance rating during the school year in which the district provides the increase.

#### Small and Mid-Sized District Allotment

C.S.H.B. 2 increases the multipliers in the formulas used to calculate the small and mid-sized district allotment as follows:

- from .0004 to .00057 for a district that has fewer than 1,600 students in ADA;
- from .000025 to .00003 for a district that offers a kindergarten through grade 12 program and has less than 5,000 students in ADA; and
- from .00047 to .0006 for a district that has fewer than 300 students in ADA and is the only district located in and operating in a county.

The bill specifies that ADA, for purposes of this allotment, does not include students in ADA who do not reside in the district and are enrolled in a full-time virtual program.

#### Compensatory Education Allotment

C.S.H.B. 2 increases each of the funding weights used to calculate compensatory education allotment funding for a student who is educationally disadvantaged by .005.

#### Bilingual Education Allotment

C.S.H.B. 2 increases each of the funding weights used to calculate bilingual education allotment funding by 0.02.

#### Early Education Allotment

C.S.H.B. 2 includes prekindergarten students among the students for whom a district is entitled to the early education allotment if they satisfy the criteria of being educationally disadvantaged or an emergent bilingual student in a bilingual or special language program.

#### Teacher Incentive Allotment

C.S.H.B. 2 increases the base amount of the teacher incentive allotment available to a district for each employed classroom teacher with a designation, and the cap on the allotment amount if increased by the high needs and rural factor, as follows:

- the cap for each master teacher is increased from \$32,000 to \$36,000;
- the base amount for each exemplary teacher is increased from \$6,000 to \$9,000 and the cap for each exemplary teacher is increased from \$18,000 to \$25,000; and
- the base amount for each recognized teacher is increased from \$3,000 to \$5,000 and the cap for each recognized teacher is increased from \$9,000 to \$15,000.

The bill entitles a district to a teacher incentive allotment with a base amount equal to \$3,000 or, if increased by the high needs and rural factor, capped at \$9,000 for each acknowledged teacher or nationally board certified teacher.

C.S.H.B. 2, with respect to the calculation of the high needs and rural factor for the allotment, increases the applicable amounts by which the average of the point value assigned to each student at a district campus is multiplied, as follows:

- for each master teacher, from \$5,000 to \$6,000;
- for each exemplary teacher, from \$3,000 to \$4,000; and
- for each recognized teacher, from \$1,500 to \$2,500.

The bill sets the amount for each acknowledged teacher or nationally board certified teacher at \$1,500.

C.S.H.B. 2 requires the commissioner, for a district that is designated as an enhanced teacher incentive allotment public school, to increase the amount to which the district is entitled for the allotment by multiplying the amount by 1.1. The bill requires such a district to annually certify that the amount by which the allotment was increased was used to meet the criteria to maintain that designation.

### Fine Arts Allotment

C.S.H.B. 2 establishes a fine arts allotment for each student in ADA enrolled in a fine arts education course approved by TEA in grades 6 through 12. The bill entitles a district to an annual allotment in the following amounts:

- for a student who is not educationally disadvantaged, an amount 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 is entitled, multiplied by 0.008; or
- for a student who is educationally disadvantaged, the amount determined for a student who is not educationally disadvantaged multiplied by two.

C.S.H.B. 2 requires TEA to approve fine arts education courses that qualify for the allotment. The approved courses must include fine arts education courses that:

- are authorized by the State Board of Education (SBOE), including music, art, theater, and dance;
- provide students with the knowledge and skills necessary for success in the fine arts; and
- require a student in full-time attendance to receive not less than 225 minutes of fine arts instruction per week.

The bill requires TEA to annually publish a list of the approved courses.

C.S.H.B. 2 caps the total amount of fine arts allotments for a school year at \$15 million and authorizes TEA to proportionally reduce each district's fine arts allotment if the amount appropriated for this purpose is insufficient to pay for all such allotments to which districts are entitled.

### Tier Two Allotment

C.S.H.B. 2 revises the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort for a district, as used in the formula for determining the district's tier two allotment, as follows:

- sets the guaranteed yield for the district's golden pennies as the greater of \$129.52 or an amount set by appropriation and removes the provision setting that guaranteed yield as the greater of the amount of district tax revenue per weighted student per cent of tax effort available to a district at the 96th percentile of wealth per weighted student or the amount that results from multiplying \$6,160, or a greater amount provided for the basic allotment by appropriation, if applicable, by 0.016; and
- in the copper penny guaranteed yield formula, replaces the specific reference to the current statutory maximum basic allotment amount of \$6,160 with a more general reference to the maximum amount of the basic allotment provided under state law for the applicable school year.

Additional State Aid to Compensate Districts for Certain Changes to Residence Homestead Taxation and Compression

C.S.H.B. 2 revises the provision entitling a district to additional state aid to the extent that state and local revenue under statutory provisions governing the foundation school program and options to reduce local revenue in excess of entitlement is less than the state and local revenue that would have been available to the district under those provisions as they existed on September 1, 2022, if an increase in the residence homestead exemption and any additional limitation on tax increases on residence homesteads as proposed by the 88th Legislature, 2nd Called Session, 2023, had not occurred, as follows:

- by making the provision, as amended, applicable beginning with the 2025-2026 school year; and
- by including in the additional state aid to which a district is entitled under this provision any state and local revenue that would have been available if any of the following had not occurred:
  - a reduction of the amount of the limitation on tax increases on the residence homestead of an individual who is elderly or disabled and qualifies for the limitation in the 2024 or a subsequent tax year; or
  - a reduction in the district's maximum compressed tax rate for the 2023-2024 school year under provisions added by Chapter 1 (S.B. 2), Acts of the 88th Legislature, 2nd Called Session, 2023.

Current law already provides for additional state aid based on such reductions under other statutory provisions, and the bill revises those existing provisions as follows:

- repeals the provision regarding additional state aid for property tax revenue lost due to the reduction in the amount of the limitation on tax increases on the homestead of an individual who is elderly or disabled; and
- for the provisions entitling certain districts to additional state aid for revenue lost due to the reduction in the maximum compressed tax rate:
  - makes the provisions applicable only with respect to the 2023-2024 and 2024-2025 school years;
  - provides for their expiration on January 1, 2026; and
  - clarifies that the aid is based on funding under provisions governing the foundation school program and provisions regarding options to reduce local revenue in excess of entitlement, instead of only the foundation school program provisions as under current law.

C.S.H.B. 2 requires TEA to take the following actions in calculating a district's state and local revenue for the applicable school year for purposes of the entitlement to additional state aid for revenue lost as a result of the specified tax changes:

- use the same values for formula funding adjustments that TEA used during that school year; and
- exclude amounts provided by law that expired in a school year subsequent to the applicable school year, including the amounts provided under provisions relating to the formula transition grant, the equalized wealth transition grant, maintenance of state financial support for special education, and maintenance of effort and equity for federal money related to the COVID-19 pandemic, as those provisions existed for the applicable school year.

C.S.H.B. 2 removes an outdated entitlement to additional state aid for revenue lost as a result of an increase in the residence homestead exemption proposed by the 87th Legislature, 3rd Called Session, 2021, and excludes this state aid from the calculation of a district's state and local revenue under the foundation school program for purposes of determining eligibility for the previously described state aid entitlement.

## Periodic Adjustment of Determinations Regarding Distribution of Foundation School Fund

C.S.H.B. 2 requires the commissioner, periodically throughout the school year, to adjust the determinations for the following amounts to reflect current school year estimates of a district's enrollment and ADA, based on attendance reporting for each six-week interval:

- the amounts of tier one and tier two funding to which a district is entitled;
- the amount of money allocated to each district from the available school fund;
- the amount of each district's tier one local share; and
- the amount of each district's tier two local share for the district's maintenance and operations (M&O) tax effort.

## Adjustment for Loss of Revenue Due to Use of State Value in Study of District Property Values

C.S.H.B. 2 requires TEA, for each district for which the state value is used for the district's taxable value of property in the comptroller's study of school district property values and in which the district's board of trustees adopts a resolution during the school year recognizing the need for an adjustment for a loss of revenue due to the use of that value, to determine whether the district's entitlement under the foundation school program for a school year is greater if the district's taxable value of property is the local value or the state value. If TEA determines that the entitlement is greater for the applicable school year using the local value, the commissioner must increase state aid or adjust the limit on local revenue prescribed under state law for the district for that school year in the following amounts:

- for the first school year in which this requirement applies, the difference between the district's entitlement using the local value and the entitlement using the state value;
- for the second consecutive applicable school year, 70 percent of such a difference; and
- for the third consecutive applicable school year, 40 percent of such a difference.

C.S.H.B. 2 sets out the following provisions relating to such adjustments:

- a district may not receive an adjustment for more than three consecutive school years unless the legislature specifically appropriates money for the purpose of making adjustments for the fourth or a subsequent consecutive school year;
- for purposes of determining the number of consecutive school years for which the adjustment applies to a district, the commissioner may not consider a school year before the 2025-2026 school year;
- a school year in which the comptroller determines a district's local value to be valid that occurs after the district receives an adjustment is not included in calculating consecutive school years and is not considered a break in consecutive school years;
- a district may not receive an adjustment for a school year in which the district is determined to be an eligible school district in the comptroller's study, and a school year in which the district is not eligible for the adjustment on that basis is included in calculating consecutive school years; and
- a district that receives an adjustment for three consecutive school years is not eligible to receive an adjustment in the subsequent school year but may be again eligible for the adjustment following two consecutive school years for which the local value is used for the district's taxable value of property in the comptroller's study.

C.S.H.B. 2 caps the total amount of adjustments for a school year at \$60 million and requires the commissioner, if the total amount of adjustments for which districts are eligible exceeds the cap, to prioritize districts experiencing the greatest percentage reduction in funding, as determined based on the difference between the district's entitlement using the local value and the entitlement using the state value.

C.S.H.B. 2 establishes that a determination made by the commissioner relating to the adjustment is final and may not be appealed.

### Additional State Aid to Ensure Minimum Funding Levels

C.S.H.B. 2 entitles a district to additional state aid for the 2025-2026 school year in an amount necessary to ensure the district receives 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 in an amount at least equal to the sum of the following amounts:

- state and local revenue that would have been available to the district for the 2025-2026 school year under those statutory provisions, as they existed on September 1, 2024; and
- \$200 multiplied by the number of students in WADA in the district for the 2025-2026 school year, determined under provisions governing the foundation school program as those provisions existed on September 1, 2024.

C.S.H.B. 2 entitles a district, beginning with the 2026-2027 school year and subject to the subsequently described limitations, to additional state aid in an amount necessary to ensure the district receives 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 in an amount at least equal to the greater of:

- the amount of additional state aid calculated for the 2025-2026 school year; or
- the sum of:
  - state and local revenue that would have been available to the district for the applicable school year under those statutory provisions as they existed on September 1, 2024; and
  - \$200 multiplied by the number of students in WADA in the district for the applicable school year, determined under provisions governing the foundation school program as those provisions existed on September 1, 2024.

Beginning with the 2027-2028 school year, the bill prohibits a district from receiving additional state aid under this provision in an amount that exceeds the amount of such aid the district received for the 2026-2027 school year and establishes that the amount of aid to which a district is entitled for subsequent school years is determined by multiplying the amount calculated under the previously described formula by the following amounts:

- for the 2027-2028 school year, 0.8;
- for the 2028-2029 school year, 0.6;
- for the 2029-2030 school year, 0.4; and
- for the 2030-2031 school year, 0.2.

C.S.H.B. 2 establishes that, for the purposes of the additional state aid provided under these bill provisions, local revenue under statutory provisions governing state assistance with instructional facilities and payment of existing debt includes only the eligible local funds for the instructional facilities allotment and the existing debt allotment. The bill requires the amount of additional state aid to which a district is entitled under these provisions to be calculated only after all other funding to which the district is entitled under the applicable statutory provisions has been calculated.

C.S.H.B. 2 requires TEA to notify the Legislative Budget Board as soon as practicable after TEA determines that no school districts qualify for the additional state aid under these bill provisions.

These provisions relating to additional state aid to ensure minimum funding levels expire September 1, 2031.

### Additional State Aid for Regional Insurance Cost Differentials

C.S.H.B. 2 entitles a district or charter school that has its central administrative office and a majority of its campuses located in a first tier coastal county or an area designated in 2024 as a

catastrophe area to additional state aid for each student in adjusted ADA in an amount equal to the difference between, for the 2023-2024 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 county or catastrophe area in which the district's or charter school's property is located divided by the total number of students in ADA for all districts and charter schools in the county or catastrophe area; and
- the total amount paid for property and casualty insurance by districts and charter schools in Texas divided by the total number of students in ADA in Texas.

For purposes of such additional state aid, the bill provides the following:

- the ADA of a district that qualifies for the small and mid-sized district allotment is the district's ADA multiplied by the sum of one and the decimal fraction used to determine that allotment for the district; and
- "catastrophe area" and "first tier coastal county" have the meanings assigned to those terms under the Texas Windstorm Insurance Association Act.

### Repealed Provisions

ARTICLE 1 of C.S.H.B. 2 repeals the following provisions of the Education Code:

- Section 12.1058(e);
- Section 12.106(a-4); and
- Section 48.2542.

### Teacher Incentive Allotment Transition Provisions

C.S.H.B. 2 requires a district or charter school, immediately following the bill's effective date, to redesignate a teacher who holds a designation made under a local optional teacher designation system before that date to reflect the teacher's designation under applicable provisions as amended by the bill. Funding provided to a district under the teacher incentive allotment for a teacher who held a designation under such a system as applicable provisions existed before the bill's effective date must be increased to reflect the teacher's redesignation under those provisions as amended by the bill.

C.S.H.B. 2 requires the commissioner to post the initial list of enhanced teacher incentive allotment public schools on TEA's website not later than September 1, 2026.

## **ARTICLE 2. Teacher Preparation and Changes Related to School Employees**

### Teacher of Record Definition

C.S.H.B. 2 defines "teacher of record" for purposes of provisions governing educators as a person employed by a district who teaches the majority of the instructional day in an academic instructional setting and is responsible for evaluating student achievement and assigning grades.

### Uncertified Classroom Teachers

#### *Prohibited Employment of Uncertified Classroom Teachers for Certain Courses*

C.S.H.B. 2 prohibits a district, beginning with the 2026-2027 school year, from employing as a classroom teacher for a course in the foundation curriculum a person who does not hold an appropriate certificate or permit issued by the State Board for Educator Certification (SBEC). However, the bill includes a temporary provision set to expire September 1, 2031, authorizing a district to employ as a classroom teacher for such a course not more than the following applicable percentage of classroom teachers who do not hold an appropriate certificate or permit issued by the SBEC:

- for the 2026-2027 school year, 20 percent;



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

The bill establishes that these provisions do not preclude a district from receiving a waiver from the commissioner of education or issuing a school district teaching permit under applicable state law.

#### *Teacher Certification Incentive*

C.S.H.B. 2 adds a temporary provision set to expire September 1, 2027, requiring the Texas Education Agency (TEA), from money appropriated or otherwise available for the purpose, to provide to each district a one-time payment of \$1,000 for each classroom teacher employed by the district who:

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

#### *Prohibited Exemptions in Local Innovation Plan*

C.S.H.B. 2 prohibits a local innovation plan from providing for the exemption of a district designated as a district of innovation from the bill's provisions regarding the employment of uncertified classroom teachers or from statutory requirements for parental notification regarding inappropriately certified or uncertified teachers. The prohibition applies to each local innovation plan regardless of whether the plan was adopted before, on, or after ARTICLE 2's effective date. A local innovation plan adopted or renewed before that effective date must comply with the prohibition not later than September 1, 2025.

#### Waiver or Payment of Certain Examination and Certification Fees

C.S.H.B. 2 requires the SBEC to waive the following fees for a person applying for a certification in special education, bilingual education, or another area specified by the General Appropriations Act, notwithstanding an SBEC rule adopting a fee for the issuance and maintenance of an educator certificate:

- a certification examination fee imposed by the SBEC for the first administration of the examination to the person; and
- a fee associated with the application for certification by the person.

The bill requires the SBEC to pay to a vendor that administers an applicable certification examination a fee assessed by that vendor for the examination of a person applying for such a certification for the first administration of the examination to the person.

#### Employed Retiree Educator Reimbursement Grant Program

C.S.H.B. 2 requires the commissioner, from money appropriated or otherwise available, to establish and administer a grant program to reimburse a district, a charter school, the Windham School District, the Texas School for the Deaf (TSD), or the Texas School for the Blind and Visually Impaired (TSBVI) for the increased contributions to the Teacher Retirement System of Texas (TRS) associated with hiring a teacher, or an educator providing special education services, who retired before September 1, 2024.

C.S.H.B. 2 authorizes the legislature, in appropriating money for the grants, to provide for, modify, or limit amounts appropriated for that purpose in the General Appropriations Act, including as follows:

- by providing a date or date range other than September 1, 2024, before which a teacher or educator must have retired for a district, a charter school, the Windham School District, TSD, or TSBVI to be eligible; or
- by limiting eligibility to such a district or school that hires a retired teacher or educator, as applicable:
  - who holds a certain certification;
  - to teach a certain subject or grade;
  - in a certain geographical area; or
  - to provide instruction to certain students, including to students with disabilities.

The bill requires the commissioner to proportionally reduce the amount of money awarded to districts and schools under the grant program if the number of grant applications by eligible districts or schools exceeds the number of grants the commissioner could award with the money appropriated or otherwise available for the purpose.

C.S.H.B. 2 authorizes a district, a charter school, the Windham School District, TSD, or TSBVI to use money received under the grant program to make required employer contributions for employed retirees under TRS.

### Grow Your Own Partnership Program

C.S.H.B. 2 requires the commissioner to establish the grow your own partnership program to enable qualified institutions of higher education and educator preparation programs, as determined by the commissioner, to form partnerships with districts or charter schools to establish innovative staffing pipelines to ensure the availability of high-quality classroom teachers to benefit future district or charter school students. The program must be designed to form partnerships that support the following:

- high school students in completing career and technical education courses that help prepare the students to become classroom teachers; or
- district or charter school employees who do not hold a teaching certificate in completing an associate degree or the first 60 hours of a bachelor's degree to enable the person to become a classroom teacher while employed by the district or charter school.

The bill authorizes a district or charter school to participate in the program on the approval of an application submitted to the commissioner by the district or charter school.

C.S.H.B. 2 requires a district or charter school participating in the program to do the following:

- for a partnership that supports high school students, provide:
  - authentic opportunities, which may be paid or unpaid, for students to practice teaching under the supervision of a cooperating teacher; and
  - guidance and other transition supports as a student begins an undergraduate degree program that offers a route to teacher preparation;
- for a partnership that supports district or charter school employees, provide for an employee:
  - scheduled release time to support the completion of an associate degree or the first 60 hours of a bachelor's degree;
  - authentic opportunities to practice teaching under the supervision of a cooperating teacher;
  - on-the-job training aligned with the standards for educator certification established by the SBEC;
  - a job assignment that includes instructional support for students enrolled in the district or charter school; and
  - guidance and other transition supports as the employee begins a program to satisfy the teacher preparation requirements under state law;
- enter into a written agreement with an institution of higher education;
- require an employee participating in a partnership that supports district or charter school employees, as a condition for participation, to earn a bachelor's degree and enroll in an

educator preparation program within three years of completion of an associate degree or the first 60 hours of a bachelor's degree; and

- provide any information required by TEA regarding the district's or charter school's implementation of the program.

The bill defines "cooperating teacher" for purposes of the program as a classroom teacher who meets the following criteria:

- has at least three full school years of teaching experience with a superior record of assisting students in achieving improvement in student performance;
- is employed by a district or charter school participating in the program and paired with a student or employee participating in the program at the district or charter school; and
- provides coaching to a student or employee participating in the program in the teacher's classroom.

C.S.H.B. 2 authorizes a district or charter school to use money received under the grow your own partnership program allotment established by the bill to implement the program and pay tuition and fees, including certification fees, for students or employees participating in the program.

C.S.H.B. 2 establishes that a district or charter school may only pair a student or employee participating in the program with a cooperating teacher who agrees to participate in that role in the program at the district or charter school. The bill prohibits a student or employee participating in the program from serving as a teacher of record or serving in a position in which the student or employee has the primary or sole responsibility of providing instruction or supervision to students, except that the student or employee may serve in a position in which they have such responsibility for the limited purpose of gaining experience in the position. However, the bill prohibits the student's or employee's time serving in that position from exceeding the amount of time during which the teacher of record for the students has the primary or sole responsibility of providing instruction or supervision to those students.

C.S.H.B. 2 requires the commissioner to adopt rules as necessary to implement the bill's provisions relating to the grow your own partnership program.

#### Grow Your Own Partnership Allotment

C.S.H.B. 2 establishes a grow your own partnership program allotment under which a district is entitled to, for each district employee participating in a partnership under the grow your own partnership program, the sum of the following:

- \$8,000; and
- the high needs and rural factor, multiplied by \$1,000.

The bill sets the high needs and rural factor at the lesser of 4.0 or the average of the point value assigned to each student at a district campus for purposes of the high needs and rural factor for the teacher incentive allotment.

C.S.H.B. 2 establishes that TSD and TSBVI are entitled to the allotment. If the commissioner determines that assigning point values to students enrolled at TSD or TSBVI is impractical, the commissioner may use the average point value assigned for those students' home districts for purposes of calculating the high needs and rural factor.

C.S.H.B. 2 caps at 40 the number of district employees for which a district may receive the allotment for a school year, unless a greater number of individuals is provided for by appropriation for that school year.

C.S.H.B. 2 conditions TEA's provision of 50 percent of the allotment to which a district is entitled for a district employee on the employee's successful completion of a bachelor's degree by the deadline established by TEA.

### Effective Date; Applicability

The bill's ARTICLE 2 provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025, except as follows:

- provisions regarding the grow your own partnership program allotment take effect September 1, 2025, and have no specified school year applicability; and
- provisions regarding the employment of uncertified teachers apply beginning with the 2026-2027 school year.

## **ARTICLE 3. SPECIAL EDUCATION**

### Foundation High School Program Level of Achievement

C.S.H.B. 2 amends the Education Code to establish that a student who is enrolled in a special education program may earn the distinguished level of achievement by successfully completing all applicable curriculum requirements with or without modification of the curriculum and specifies that modification of that curriculum, if applicable, must be documented in the student's individualized education program (IEP). The bill further specifies that the modification of that curriculum, if applicable, for purposes of earning an endorsement on a student's transcript must be documented in the student's IEP. These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

### Implementation of Special Education Law

C.S.H.B. 2 removes and revises provisions requiring the Texas Education Agency (TEA) to develop, and modify as necessary, a statewide design, consistent with federal law, for the delivery of services to children with disabilities in Texas that includes rules for the administration and funding of the special education program so that a free appropriate public education is available to all of those children between the ages of 3 and 21 and requiring TEA to develop and implement a related statewide plan with specified programmatic content designed to achieve certain objectives. Accordingly, in place of those general provisions, the bill requires TEA, as the state education agency responsible for carrying out the purposes of provisions of the federal Individuals with Disabilities Education Act (IDEA) relating to services for school-aged children, to develop, and revise as necessary, a comprehensive system to ensure statewide and local compliance with federal and state law related to special education.

C.S.H.B. 2 requires such a comprehensive system to focus on maximizing student outcomes and to include the pursuit of strategies to meet statewide special education and related services personnel needs 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. Moreover, the bill requires the comprehensive system to include certain elements that are substantially the same as or similar to the objectives established under current law for the specified programmatic content of the statewide design or plan. Accordingly, the bill revises and clarifies those elements and adds others to provide that the comprehensive system must include the following:

- providing services primarily through public school districts and shared services arrangements, supplemented by regional education service centers;
- facilitating interagency coordination when other state agencies are involved in the delivery of instructional or related services to students with disabilities;
- ensuring that regional education service centers throughout the state maintain a regional support function, which may include procedures for service centers to assist 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;

- effectively monitoring and periodically conducting site visits of all districts to ensure that, as follows:
  - applicable rules are applied in a consistent and uniform manner;
  - districts are complying with those rules; and
  - annual statistical reports filed by the districts and not otherwise available through PEIMS are accurate and complete; and
- providing training and technical assistance to ensure that:
  - appropriately trained personnel are involved in the diagnostic and evaluative procedures operating in all districts and that those personnel routinely serve on district multidisciplinary evaluation teams and admissions, review, and dismissal (ARD) committees;
  - an IEP for each student with a disability is properly developed, implemented, and maintained in the least restrictive environment that is appropriate to meet the student's educational needs;
  - when appropriate, each student with a disability is provided an opportunity to participate in career and technology and physical education classes;
  - each student with a disability is provided necessary related services;
  - an individual assigned to act as a surrogate parent for a child with a disability, as provided by applicable federal law, is required to take specified actions, which are unchanged by the bill, regarding the child's education; and
  - each district develops a process to be used by a teacher who instructs a student with a disability in a general education classroom setting for the teacher to take specified actions, which are unchanged by the bill, regarding the student's IEP.

Furthermore, the bill requires the training and technical assistance to ensure the following:

- that 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 IEP; and
- that 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.

C.S.H.B. 2 removes the requirements for the statewide plan to include procedures designed to do the following but does not make them applicable to the comprehensive system revised under the bill's provisions:

- ensure state compliance with requirements for supplemental federal funding for all state-administered programs involving the delivery of instructional or related services to students with disabilities; and
- periodically assess statewide personnel needs in all areas of specialization related to special education and pursue strategies to meet those needs through a consortium of representatives from regional education service centers, local education agencies, and institutions of higher education and through other available alternatives.

These provisions relating to the implementation of special education law apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

### Annual Meeting on Special Education

C.S.H.B. 2 requires the board of trustees of a district or the governing body of a charter school, at least once each year, to include during a public meeting a discussion of the performance of students receiving special education services at the district or school. The bill requires TEA by rule to adopt a set of performance indicators for measuring and evaluating the quality of learning and achievement for students receiving special education services at the district or charter school to be considered at such a meeting. The bill requires that the indicators include performance on the college, career, or military readiness outcomes described by statutory provisions relating to the annual bonus based on those outcomes. These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

### Special Education Eligibility Criteria

C.S.H.B. 2 revises the conditions under which a student is eligible to participate in a district's special education program as follows:

- removes the requirement for TEA to reference contemporary diagnostic or evaluative terminologies and techniques in developing specific eligibility criteria and requires TEA instead to develop such criteria in accordance with federal law;
- with respect to eligibility for a student who is not more than 21 years of age and has a visual or auditory impairment that prevents the student from being adequately or safely educated in public school without the provision of special services:
  - replaces the reference to a student with an auditory impairment with a reference to a student who is deaf or hard of hearing or is deaf-blind; and
  - clarifies that the students are eligible from birth through 21 years of age;
- makes a student from three through nine years of age eligible for the program if the student is experiencing developmental delays, as described by IDEA and defined by commissioner of education rule; and
- replaces a specific list of disabilities qualifying a student who is at least 3 but not more than 21 years of age for the program if the disability prevents the student from being adequately or safely educated in public school without the provision of special services with a reference to the disabilities described in a provision of IDEA defining "child with a disability" and clarifies that the specified age bracket applies to students from 3 years of age through 21 years of age.

These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

### Individualized Education Program

C.S.H.B. 2 updates terminology relating to the provision of a child's IEP by removing a reference to "pervasive development disorder" and by replacing language relating to a parent who is unable to speak English with language referring to a parent whose primary language is a language other than English. These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

### Model Form for IEP

C.S.H.B. 2 authorizes the commissioner, from federal money available for the purpose, to develop or procure TEA's model form for use in developing an IEP in a digital format and requires the commissioner, if applicable, to adopt rules regarding district use of the form in that digital format. These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

## Information Regarding State Supported Living Centers

C.S.H.B. 2 requires the Health and Human Services Commission (HHSC), in collaboration with TEA and stakeholders who represent the full continuum of educational residential placement options, to develop and provide to TEA materials regarding educational residential placement options for children who may qualify for placement in a state supported living center, as defined by reference to the Health and Safety Code provisions generally applicable to mental health and intellectual disability services. The bill requires TEA to make the developed materials available to districts and requires a district, at a meeting of a child's ARD committee at which residential placement is discussed, to provide the materials to the child's parent. These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

## Special Education Continuing Advisory Committee

C.S.H.B. 2 revises the provisions establishing the composition of the special education continuing advisory committee appointed by the governor as follows:

- removes the requirement that the committee be composed of 17 members and updates the provision establishing staggered terms for that number of members to reflect that removal and to set out a revised method of staggering members' terms; and
- requires the governor to appoint an unspecified number of members of the committee consistent with the provisions of IDEA applicable to state advisory panels and retains the requirement under current law that at least one appointed member be a director of special education programs for a district.

These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

## General Supervision and Compliance

C.S.H.B. 2 revises requirements relating to a comprehensive system for monitoring district compliance with federal and state laws relating to special education as follows:

- replaces the requirement for TEA to adopt such a system with a requirement for TEA to develop such a system;
- requires the system to include a comprehensive cyclical process and a targeted risk-based process;
- removes the following requirements:
  - that the monitoring system provide for an ongoing analysis of district special education data and of complaints filed with TEA concerning special education services;
  - that the system provide for inspections of districts at district facilities; and
  - that TEA use the information obtained through analysis of district data and from the complaints management system to determine the appropriate schedule for and extent of the inspection;
- clarifies that obtaining information from parents and teachers of students in special education programs is part of the monitoring process rather than for the purposes of completing an inspection; and
- requires TEA to establish criteria and instruments for use in determining district compliance with special education laws.

The bill authorizes TEA, as part of the monitoring system, to require a 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.

C.S.H.B. 2 removes the current methods by which TEA develops and implements a system of sanctions for a district's noncompliance with certain laws or regulations. Under current law, a

district may sanction a district whose most recent monitoring visit shows a failure to comply with major requirements of IDEA, federal regulations, state statutes, or TEA requirements necessary to carry out federal law or regulations or state law relating to special education. Under the bill's provisions, TEA must develop and implement a system of interventions and sanctions for districts that TEA identifies as being in noncompliance with those laws, rules, or regulations. Accordingly, the bill does the following:

- specifies that TEA must establish a system of progressive sanctions and enforcement provisions to apply to districts that remain in noncompliance for more than one year and removes the requirement under current law that the first stage of those sanctions begin with annual or more frequent monitoring visits;
- replaces the current provision authorizing a range of sanctions up to the withholding of funds with a provision requiring that the sanctions range in severity and authorizing that range to include the withholding of funds; and
- gives TEA the option to direct that withheld funds be used to provide, through alternative arrangements, services to students and staff members in the applicable district as an alternative to TEA using the funds to provide such services through those alternative arrangements.

The bill removes the provision in current law establishing that statutory provisions relating to special education compliance do not create an obligation for or impose a requirement on a district or charter school that is not also created or imposed under another state law or a federal law.

These provisions relating to general supervision and compliance apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Residential Placements and Facilities

##### *Contracts for Services for Students in Residential and Day Placement Programs*

C.S.H.B. 2 revises provisions relating to the authority of a district, shared services arrangement unit, or regional education service center to contract with a public or private facility, institution, or agency inside or outside of Texas for the provision of services to students with disabilities. The bill includes contracts for day placement programs among contracts that must be approved by the commissioner and clarifies that the contracts are for the provision of services to students with disabilities in a residential or day placement program. The bill requires the commissioner to set minimum standards for and develop and update as necessary a list of approved facilities, institutions, agencies, or businesses inside or outside of Texas with which a district, shared services arrangement unit, or regional education service center may contract for the provision of such services. The bill includes a programmatic evaluation of costs among the other required actions the commissioner must take before approving a contract and the bill also provides for the application for approval by the commissioner of an entity not on the list of approved entities.

C.S.H.B. 2 establishes a September 1, 2027, expiration date for the statutory provision currently authorizing costs of an approved contract for residential placement to be paid from a combination of federal, state, and local funds and setting the local share and state share of the total contract cost.

C.S.H.B. 2 extends to any private facility the applicability of the current authorization for a student's care or treatment in a private residential facility to be paid from state and federal education funds if the student's placement involves a private facility in which the education program is provided by the district. The bill includes a business among entities with which a district may contract for the provision of education services to students with disabilities. Under the bill's provisions, a district's annual reevaluation of a contract for the provision of education services must include standards and expectations that the student would need to meet to be reintegrated into a regular school setting. The bill requires entities with whom the district



contracts to periodically report to TEA the same information that must be reported under current law to the district on the services the student has received or will receive in accordance with the contract as well as diagnostic or other evaluative information that TEA requires in order to fulfill its obligations under applicable state special education law.

C.S.H.B. 2 requires the commissioner to adopt rules for residential and day placement of students receiving special education services.

These provisions relating to contracts for services for students in residential and day placement programs apply beginning with the 2026-2027 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### *Memorandum of Understanding Regarding Students With Disabilities*

C.S.H.B. 2 removes the requirement for the memorandum of understanding (MOU) adopted by TEA, HHSC, the Department of Family and Protective Services, and the Texas Juvenile Justice Department regarding students with disabilities in residential facilities to be adopted by rule.

#### *Noneducational Community-Based Support Services Grants for Students With Disabilities*

C.S.H.B. 2 revises provisions relating to the allocation of noneducational community-based support services funds appropriated for such services for certain students with disabilities by designating such allocated funds as noneducational community-based services grants, by replacing TEA with the commissioner as the entity responsible for establishing procedures and criteria relating to the allocation of such grants, and by requiring those procedures to be established by rule. The bill further revises these provisions as follows:

- specifies that grants must be allocated using money appropriated or otherwise available for the purpose;
- changes the authorized grant recipients from districts to students, as eligible under the bill's revised grant eligibility criteria, and their families;
- with respect to the eligibility criteria for a grant, makes eligible for a grant a student with a disability who is placed by the student's ARD committee in a commissioner-approved residential program or who is placed by the committee in a day placement program and is at risk of being placed in such a residential program and removes as a basis for eligibility whether a student with a disability would remain or would have to be placed in residential facilities primarily for educational reasons without the provision of the applicable support services;
- prohibits the support services from being related to the provision of a free appropriate public education to the student;
- authorizes the inclusion of behavioral and other disability-related supports for the student's family as support services;
- specifies that the provision of the support services does not supersede or limit the responsibility of a district to provide or pay for costs to enable any student to receive a free appropriate public education in the least restrictive environment; and
- removes the prohibition against the support services being used for a student with disabilities who is currently placed or who needs to be placed in a residential facility primarily for noneducational reasons.

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

C.S.H.B. 2 requires the commissioner, in adopting rules relating to noneducational community-based support services grants, 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 bill authorizes the commissioner to designate a regional education service center to administer the grants.

Except as otherwise provided, these provisions relating to residential placements and facilities apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Representation in Special Education Due Process Hearing

C.S.H.B. 2 specifies that commissioner rules relating to the additional qualifications and requirements for a representative who is not an attorney licensed in Texas in a special education due process hearing must include requirements that the representative have knowledge of all special education dispute resolution options available to parents and further specifies that such required knowledge includes knowledge regarding due process generally, in addition to the knowledge required under current law regarding due process rules, hearings, and procedure. These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### IEP Facilitation

C.S.H.B. 2 replaces the requirement for TEA to develop rules applicable to the administration of a state IEP facilitation project with a requirement for TEA to adopt rules applicable to state-administered IEP facilitation and removes references to such IEP facilitation as a project in provisions relating to those rules. The bill specifies that the required provision of an independent IEP facilitator serves as a dispute resolution method that may be used to avoid a potential dispute between a district and parent of a child with a disability. These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Grant Programs Relating to Autism and Dyslexia

##### *Grant Program Providing Services to Students With Autism*

C.S.H.B. 2 requires the commissioner, from money appropriated or otherwise available for the purpose, to establish a program to award grants to districts and charter schools that provide innovative services to students with autism. The bill authorizes a district, including a district acting through a district charter, and a charter school, including a charter school that primarily serves students with disabilities, to apply for a grant.

C.S.H.B. 2 makes an applicable program eligible for such a grant if the program 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 prohibits a district or charter school from doing the following with respect to the program:

- charging a fee for the program, other than those authorized by law for students in public schools;
- requiring a parent to enroll a child in the 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.

C.S.H.B. 2 authorizes an applicable program to do the following:

- 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 staff qualifications and staff-to-student ratios that differ from applicable statutory requirements.

C.S.H.B. 2 requires the commissioner 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 must prioritize programs that are collaborations between multiple districts, multiple charter schools, or districts and charter schools. The bill requires that the selected programs reflect the diversity of Texas. A program selected to receive a grant is to be funded for two years.

#### *Grant Program Providing Training in Dyslexia for Teachers and Staff*

C.S.H.B. 2 requires the commissioner, from money appropriated or otherwise available for the purpose, to establish a program to award grants each school year to districts and charter schools to increase local capacity to appropriately serve students with dyslexia. The bill makes a district, including a district acting through a district charter, and a charter school, including a charter school that primarily serves students with disabilities, eligible to apply for a grant if the district or school submits to the commissioner a proposal on the use of grant funds that, as follows:

- incorporates evidence-based and research-based design; and
- increases local capacity to appropriately serve students with dyslexia by providing 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, or high-quality training to classroom teachers and administrators in meeting the needs of students with dyslexia.

The bill requires the commissioner 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.

#### *Grant Funding and Administration*

C.S.H.B. 2 establishes that a grant awarded to a district or charter school under the grant program for providing innovative services to students with autism or the grant program for providing training in dyslexia to teachers and staff is in addition to the foundation school program money that the district or charter school is otherwise entitled to receive. The bill prohibits such a grant from coming out of foundation school program money. The bill also does the following:

- authorizes the commissioner and any selected program or grant recipient to accept gifts, grants, and donations from any public or private source, person, or group to implement and administer the program or grant, as applicable;
- prohibits the commissioner and any selected program or grant recipient from requiring any financial contribution from parents to implement and administer the program or grant, as applicable; and
- authorizes a regional education service center to administer awarded grants.

These provisions relating to grant programs relating to autism and dyslexia apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

## Supports for Recruiting and Retaining Special Education Staff

C.S.H.B. 2 requires TEA, from money appropriated or otherwise available for the purpose, to provide grants each school year to 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. A district or charter school that receives such a grant must 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.

C.S.H.B. 2 authorizes a regional education service center to administer the grants for recruiting and retaining special education staff and requires the commissioner to adopt rules establishing that period of required employment and any other rules necessary to implement the grants. These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

## Rulemaking Authority

C.S.H.B. 2 authorizes the commissioner to adopt rules as necessary to implement the state's special education program as revised under the bill's provisions. This provision applies beginning with the 2025-2026 school year and takes effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

## Parent-Directed Services for Students Receiving Special Education Services

### *Parent-Directed Program*

C.S.H.B. 2 designates the supplemental special education services program as a parent-directed program, established and administered by TEA by rule, for students receiving special education services through which a parent may direct supplemental services and supplemental instructional materials for the parent's student who meets the program eligibility requirements. The parent-directed program is subject to the statutory provisions that currently govern the supplemental special education services and instructional materials program, including a provision requiring the commissioner to adopt rules as necessary to implement the program. The bill removes the phrase "special education" from each instance of "supplemental special education services" and "supplemental special education instructional materials" in those statutory provisions but does not change the meaning of the terms.

C.S.H.B. 2 authorizes a student to receive one grant under the parent-directed program unless the legislature appropriates money for an additional grant in the General Appropriations Act. The bill requires TEA to maintain an online user-friendly application system for parents to apply for a grant.

C.S.H.B. 2, with respect to the provision in current law conditioning the requirement that TEA approve each student who meets the program eligibility criteria and assign a program account to the student on available funding, removes that condition and requires that the approval and assignment be made without condition.

### *Parent-Directed Services for Students Receiving Special Education Services Grant*

C.S.H.B. 2, in addition to changing the nature of the supplemental special education services and instructional materials program to a parent-directed program as previously described, makes changes relating to the amount of a program grant by removing the requirement for TEA to

provide each approved student a grant of not more than \$1,500 and by requiring that the grant be provided instead under the foundation school program as provided by the bill.

Accordingly, C.S.H.B. 2, effective September 1, 2025, creates the grant for parent-directed services for students receiving special education services and does the following:

- entitles a student to whom TEA awards a grant to receive an amount of \$1,500 or a greater amount provided by appropriation;
- requires the legislature to include in the appropriations for the foundation school program state aid sufficient for TEA to award such grants in the amount specified by the bill;
- authorizes a student to receive one such grant unless the legislature appropriates money for an additional grant in the General Appropriations Act;
- entitles a regional education service center designated to administer the parent-directed program for a school year to an amount equal to four percent of each grant awarded for such a program for that school year; and
- establishes that a determination of the commissioner under the bill provisions establishing the grant amount is final and may not be appealed.

The bill requires the commissioner to award a grant for the 2025-2026 school year to each eligible applicant who applied but was not accepted for the 2024-2025 school year.

#### *ARD Committee Duties*

C.S.H.B. 2 makes the following changes to the requirement for the ARD committee of a student approved for participation in the parent-directed program to provide certain program-related information to the student's parent at an ARD committee meeting for the student:

- includes information regarding the types of supplemental instructional materials available under the program among the information to be provided, which is in addition to information regarding the types of available services as required under current law; and
- establishes an exception to the requirement for the district to provide the information if the district first verifies that a program account has been assigned to the student.

The bill specifies that a student's ARD committee must develop a student's IEP without consideration of any supplemental instructional materials that may be provided under the program, as is already specified under current law with respect to supplemental services.

#### *Commissioner Determination*

C.S.H.B. 2 establishes that a determination of the commissioner under the parent-directed program is final and may not be appealed.

Except as otherwise provided, these provisions relating to parent-directed services for students receiving special education services apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Tuition-Free Prekindergarten Eligibility

C.S.H.B. 2 makes a child who is at least three years of age eligible for enrollment in a district's tuition-free prekindergarten class if the child is eligible for special education services and the child's ARD committee determines that the prekindergarten class is the most appropriate placement for the child under the child's IEP. The bill authorizes the enrollment of such a child who is at least three years of age but younger than four years of age in a prekindergarten class offered to children who are at least four years of age if the district does not offer a prekindergarten program for children who are at least three years of age and the child's ARD committee determines that the prekindergarten class is the most appropriate placement for the child under the child's IEP. These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

Provisions Relating to Students With Visual Impairments, Who Are Deaf or Hard of Hearing, or Who Are Deaf-Blind

*Definition of ARD Committee*

C.S.H.B. 2 removes the reference to State Board of Education (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.

*Assessment and Evaluation*

C.S.H.B. 2 incorporates into the provision regarding the procedures and materials for assessment and placement of students who are deaf or hard of hearing one of the current objectives of the comprehensive statewide plan for educational services for such students. The bill revises that incorporated objective to provide that, in 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, each student who is deaf or hard of hearing must be thoroughly assessed to ascertain the student's potential for communicating through a variety of means. The bill, with respect to the provision requiring that all procedures and materials used with any student who is deaf or hard of hearing and who has limited English proficiency must be in the student's preferred mode of communication, updates that provision to clarify that the provision is applicable to such a student who is an emergent bilingual student, defined by reference to Education Code provisions relating to bilingual education and special language programs.

C.S.H.B. 2 retains the requirement for each district to provide continuous evaluation relating to programs for students who are deaf or hard of hearing but specifies that such evaluation must be an evaluation of the effectiveness of the district's services for those students and requires each district to submit such an evaluation to TEA on a schedule set by TEA. While current law conditions the requirement that such evaluations follow program excellence indicators established by TEA on the practicability of doing so, the bill removes that condition and requires that the indicators be followed without condition.

*Memorandums of Understanding for Texas School for the Deaf and for Texas School for the Blind and Visually Impaired*

C.S.H.B. 2 removes the requirement that the following MOUs be adopted by commissioner rule:

- the MOU agreed to and adopted by TEA and the Texas School for the Deaf (TSD) regarding certain aspects of the school's operation; and
- the MOU agreed to and adopted by TEA and the Texas School for the Blind and Visually Impaired (TSBVI) regarding certain aspects of the school's operation.

*Language Acquisition of Children Who Are Deaf or Hard of Hearing*

C.S.H.B. 2 removes from provisions relating to the language acquisition of children eight years of age or younger who are deaf or hard of hearing the requirement for the commissioner and the executive commissioner of HHSC to jointly ensure that the language acquisition of each such child is regularly assessed. Under the bill's provisions, each district instead must ensure that the language acquisition of each such child is regularly assessed using a tool or assessment approved by the commissioner. Accordingly, the bill provides that, as follows:

- each district, on a schedule determined by the commissioner, must report to the commissioner through PEIMS or another method set by commissioner rule the assessment data collected regarding language acquisition;

- the commissioner must adopt rules establishing the assessment data required to be reported;
- the commissioner must annually post on TEA's website a report using the reported assessment data; and
- the commissioner must use the reported 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.

The bill removes the provisions requiring the joint preparation and posting by TEA, the division for early childhood intervention services of HHSC, and the Educational Resource Center on Deafness at TSD of a report on the language acquisition of those children and also removes requirements relating to an MOU between the commissioner, the executive commissioner of HHSC, and the Educational Resource Center on Deafness at TSD.

*Funding for Regional Day School Programs for the Deaf*

C.S.H.B. 2 repeals the provisions relating to the establishment by the SBOE of regional day school programs for the deaf in the SBOE-apportioned regions and the requirement for the SBOE to carry out with the advice and consent of the commissioner powers and duties related to regional day school programs for the deaf. The bill also repeals provisions providing the method by which the commissioner allocates funds to each regional day school program and replaces that method of funding with a per student allotment from the foundation school program. Accordingly, the bill, effective September 1, 2025, entitles the program administrator or fiscal agent of a regional day school program for the deaf to receive for each school year an allotment under the foundation school program of \$6,925, or a greater amount provided by appropriation, for each student receiving services from such a regional day school program. The bill requires TEA to adjust the amount of an allotment for a school year to ensure the total amount of allotments provided is at least \$35 million for that school year.

*State Plan for Children With Visual Impairments, Who Are Deaf or Hard of Hearing, or Who Are Deaf-Blind*

C.S.H.B. 2 changes the comprehensive statewide plan for educational services for students who are deaf or hard of hearing that is developed by TEA's director of services to such students to require that the plan, as revised by the bill, be included as part of the comprehensive state plan for children with visual impairments. Accordingly, the bill makes the following changes regarding the respective plans:

- with respect to the comprehensive statewide plan for students who are deaf or hard of hearing, removes the requirement that the plan itself be designed to accomplish certain objectives relating to such students, removes the provisions authorizing the TEA director of services to establish separate programs to accommodate diverse communication methodologies, and clarifies that the plan, as revised, is for such students who receive special education and related services through a regional day school program for the deaf; and
- with respect to the comprehensive statewide plan developed and administered under current law by TEA for the education of children with visual impairments who are under 21 years of age, extends the applicability of those provisions to children who are under 22 years of age and who have visual impairments, are deaf or hard of hearing, or are deaf-blind and further revises that plan as follows:
  - specifies that the standards and guidelines developed for services for applicable children include all special education and related services that are authorized to be provided under state or federal law;
  - requires the plan to adequately outline the expectations of a district for an applicable child under three years of age;
  - requires the plan to include information regarding the establishment of regional day school programs for the deaf and the parameters of those programs;

- includes services through TSD and regional day school programs for the deaf among the services through which districts must provide for flexibility to meet the unique needs of applicable children;
- replaces the general requirement for continuing education and professional development of district staff providing special education services to children with visual impairments with a requirement for the plan itself to describe recommended and required professional development activities based on the special education and related services provided by district staff to applicable children;
- provides for procedures in the plan for assuring that applicable staff have access to resources available through TSD and the statewide outreach center at TSD;
- requires that the plan assist in the coordination of educational programs with other public and private agencies, including agencies operating early childhood intervention programs, preschools, agencies operating child development programs, private nonsectarian schools, agencies operating regional occupational centers and programs, and postsecondary and adult programs for persons who are deaf or hard of hearing, as appropriate; and
- removes the following provisions applicable to the plan:
  - the requirement for TEA to develop and administer special education services for students with both serious visual and auditory impairments;
  - the requirement for TEA to evaluate special education services provided for children with visual impairments by districts and approve or disapprove state funding of those services; and
  - the specification that the Department of State Health Services mental health and substance abuse division is an entity with whom TEA must maintain an effective liaison for the purposes of special education programs for applicable children.

In addition, the bill repeals certain provisions regarding the education of children with visual impairments that establish specific requirements for the instruction of such children and recodifies them as standalone requirements.

#### *Support of Students Enrolled in TSBVI or TSD*

C.S.H.B. 2 requires the commissioner, with respect to a district that is responsible for providing appropriate special education services to a student enrolled in TSBVI or TSD, to reduce the amount of maintenance taxes imposed by the district that are obligated to be paid as a district's share of the cost for such a student for a year by the amount, if any, by which the district is required to reduce the district's local revenue level due to revenue levels in excess of entitlement for that year. In addition, the bill requires the commissioner to determine the total amount that TSBVI and TSD would have received from districts in accordance with the applicable provisions if this bill provision had not reduced the districts' share of the cost of providing education services. Under the bill's provisions, the commissioner replaces the SBOE as the entity that must adopt rules relating to support for students enrolled in TSBVI or TSD, including rules for reporting such a district's share and rules prescribing the form and content of reportable information regarding a program.

#### *Composition of Local Special Education Advisory Committee*

C.S.H.B. 2 repeals the requirement for a local special education advisory committee, under certain conditions, to include persons who are deaf or hard of hearing and parents and legal guardians of students who are deaf or hard of hearing.

#### *Educational Programs Coordination*

C.S.H.B. 2 repeals provisions requiring the coordination of educational programs for students who are deaf or hard of hearing with other public and private agencies.



Except as otherwise provided, these provisions relating to students with visual impairments, who are deaf or hard of hearing, or who are deaf-blind apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Screening and Treatment for Dyslexia and Related Disorders

C.S.H.B. 2 requires TEA by rule to develop procedures designed to allow TEA to engage in general supervision activities, including activities under the comprehensive system for special education monitoring, to ensure district compliance with the SBOE-approved dyslexia screening program under state law and IDEA. The bill specifies that TEA procedures relating to remedial strategies to address district noncompliance may include the publication of a recommended evidence-based dyslexia program list. The bill repeals the definitions of "dyslexia" and "related disorders." These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Commissioner Authority to Resolve Unintended Consequences

C.S.H.B. 2 authorizes the commissioner to do the following, as necessary to implement changes made by the legislature to public school finance and district maintenance and operations tax rates during the preceding four state fiscal years:

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

The bill requires the commissioner, before making such an adjustment, to notify and receive approval from the Legislative Budget Board (LBB) and the office of the governor. If the commissioner makes an adjustment, the commissioner must provide to the legislature an explanation regarding the changes necessary to resolve the unintended consequences.

#### Updated Terminology

C.S.H.B. 2 makes the following changes to certain terminology in the applicable provisions:

- replaces references to "regular education" and "regular education classrooms" with references to "general education" and "general education classrooms," respectively; and
- repeals the definition of "special services" under the special education program and replaces that term with "special education services."

These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Special Education Allotment

C.S.H.B. 2 revises the annual allotment to which a district is entitled for students in a special education program as follows:

- removes the formula used to calculate the allotment under current law, including allotment funding weights established according to a student's instructional arrangement; and
- entitles a district to an 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 is entitled, multiplied by 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 qualifies.

The bill requires the commissioner by rule to define eight tiers of intensity of service for use in determining funding under the allotment and 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 must consider the following:

- 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.

The bill requires the commissioner, not later than December 1 of each even-numbered year, to submit to the LBB proposed weights for the tiers of intensity of service for the next state fiscal biennium. The bill makes changes to conform to the method of allotment funding established by the bill, including by removing requirements relating to contact hours credited per day for each student in specified instructional arrangements.

C.S.H.B. 2 replaces a requirement for TEA to encourage the placement of students in special education programs, including students in residential instructional arrangements, in the least restrictive environment with an express requirement for TEA to ensure the placement of students in special education programs, including students in residential placement, in such an environment.

C.S.H.B. 2 removes provisions capping at 75 percent, or a lesser percentage determined by the commissioner, the amount of funds to which a district is entitled for providing an extended year program and capping the total amount of state funding for extended year service at \$10 million per year. The bill establishes that the amount to which a district is entitled for such a program is 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 is entitled for each student in average daily attendance, multiplied by the amount designated for the highest tier of intensity of service for which the student qualifies.

#### Special Education Service Group Allotment

C.S.H.B. 2 entitles a district, for each student in a special education program, to an allotment in an amount set by the legislature in the General Appropriations Act for the service group for which the student receives services. The bill requires the commissioner by rule to establish at least four service groups for use in determining funding under the allotment and to consider the following:

- 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.

C.S.H.B. 2 requires that at least 55 percent of the funds allocated under the allotment be used for a special education program. The bill requires the commissioner, not later than December 1 of each even-numbered year, to submit to the LBB proposed amounts of funding for the service groups for the next state fiscal biennium.

#### Effect of Group Allotment on a District's Eligibility to Apply for Special Education Grant

C.S.H.B. 2 includes sufficient funds provided under the special education service group allotment among conditions to be considered when determining a district's eligibility to apply for a special education grant to assist the district in covering the cost of educating students with

disabilities. This provision applies beginning with the 2025-2026 school year and takes effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Special Education Grant

C.S.H.B. 2 repeals provisions requiring a district that applies for a special education grant to provide the commissioner with a report comparing the funds received by the district for students with disabilities and the expenses incurred in providing those students with services and providing for the expenses that may be included in that report. This repeal applies beginning with the 2025-2026 school year and takes effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Special Education Transition Funding

C.S.H.B. 2 sets out provisions with respect to the 2025-2026 and 2026-2027 school years. Accordingly, the bill provides the following:

- the commissioner may adjust weights or amounts under the special education allotment or special education service group allotment as necessary to ensure compliance with requirements regarding maintenance of state financial support under a specified provision of IDEA as well as maintenance of local financial support under applicable federal law;
- the commissioner must determine the formulas through which districts receive funding under those allotments and, in determining the formulas, ensure the estimated statewide increase from the special education allotment for the 2024-2025 school year to the sum of the special education allotment and special education service group allotment for the 2025-2026 school year is approximately \$800 million; and
- each district and charter school must report to TEA information necessary to implement the bill's provisions relating to the special education transition funding and requires TEA to provide technical assistance to districts and charter schools to ensure a successful transition in funding formulas for special education.

These bill provisions establishing special education transition funding expire September 1, 2028.

C.S.H.B. 2, in provisions set to expire on September 1, 2027, requires the amount of the special education allotment and the amount of the special education service group allotment, for the 2025-2026 and 2026-2027 school years, to be determined in accordance with the bill's special education transition funding provisions.

#### PEIMS Reporting

C.S.H.B. 2 requires the commissioner by rule to require each district and charter school to report through PEIMS information regarding students enrolled in a special education program as necessary for TEA to adequately perform general supervision activities and determine funding under the special education allotment and the special education service group allotment.

#### Students Confined to or Educated in Hospitals

C.S.H.B. 2 requires that the basic allotment for a student enrolled in a district that provides education solely to students confined to or educated in hospitals be adjusted by the tier of intensity of service designated by commissioner rule for use relating to such education. This

provision applies beginning with the 2025-2026 school year and takes effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Allotment for Students With Dyslexia or a Related Disorder

C.S.H.B. 2 revises a district's entitlement to an allotment for a student with dyslexia or a related disorder as follows:

- expands the applicability of such an entitlement to include a student who is receiving instruction or accommodations for dyslexia or a related disorder in accordance with an IEP developed under state law or is receiving accommodations for dyslexia or a related disorder in accordance with a plan developed under Section 504 of the federal Rehabilitation Act of 1973, as applicable, and removes the criteria that such instruction must meet;
- entitles a district to the allotment for a student who meets existing criteria for the allotment and who does not have an IEP or a plan under Section 504 of the federal Rehabilitation Act of 1973;
- removes the requirement that a student satisfy the eligibility requirements under this allotment and the special education allotment in order for the applicable district to receive funding;
- specifies that a district may receive funding for a student under each provision relating to this allotment, the special education allotment, and the special education service group allotment for which the student qualifies; and
- removes the 20 percent cap on the amount of the allotment that may be used by a district to contract with a private provider to provide supplemental academic services to the student.

#### Training and Assistance by Regional Education Service Center

C.S.H.B. 2 requires each regional education service center to maintain as one of the core services for purchase by school districts and campuses training and assistance in providing each program that qualifies for funding under the special education service group allotment as added by the bill and the allotment for students with dyslexia or a related disorder as revised by the bill. This provision applies beginning with the 2025-2026 school year and takes effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### College, Career, or Military Readiness Outcomes Bonus

C.S.H.B. 2 increases from \$2,000 to \$4,000 the amount of the college, career, or military readiness outcomes bonus to which a district is entitled for each annual graduate enrolled in a special education program who demonstrates college, career, or military readiness in excess of the minimum number of students determined for the applicable district cohort.

#### Special Education Services Transportation Allotment

C.S.H.B. 2 revises the state allocation for a district or county that provides special transportation services for eligible special education students. While current law specifies that the district or county is entitled to a state allocation paid on a previous year's cost-per-mile basis and that the rate per mile allowable is set by appropriation based on data gathered from the first year of each preceding biennium, the bill entitles the district or county to a state allocation instead paid at a rate per mile equal to the sum of the rate per mile set by the legislature in the General Appropriations Act and \$0.13, or a greater amount provided by appropriation.

### Special Education Full Individual and Initial Evaluation

C.S.H.B. 2 establishes a special education full individual and initial evaluation allotment of \$1,000, or a greater amount provided by appropriation, for each child for whom a district conducts a full individual and initial evaluation under applicable state law or IDEA.

### Video Surveillance of Special Education Settings

#### *Requirements for Video Surveillance*

C.S.H.B. 2 extends to all special education classrooms or other special education settings the applicability of provisions relating to video surveillance, which is currently required upon request in self-contained classrooms and other special education settings in which a majority of the students in regular attendance are provided special education and related services and are assigned to one or more self-contained classrooms or other special education settings for at least 50 percent of the instructional day. The bill defines "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 and updates applicable provisions to reflect the use of that term. The bill specifies that the data collected by TEA relating to such video surveillance requests must be collected through PEIMS. These provisions apply beginning with the 2025-2026 school year and take effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### *Excess Funds for Video Surveillance*

C.S.H.B. 2 revises the provision requiring the commissioner, if the commissioner determines that the amount appropriated for the purposes of the foundation school program exceeds the amount to which districts are entitled under that program, to establish by rule a grant program through which excess funds are awarded as grants for the purchase of video equipment, or for the reimbursement of costs for previously purchased video equipment, used for monitoring special education classrooms or other special education settings. The bill replaces that requirement to establish the grant program with an authorization for the commissioner to provide such grants using the excess money.

### Maintenance of State Financial Support for Special Education

C.S.H.B. 2 requires the commissioner to proportionately increase funding for the special education service group allotment after the commissioner has replaced any federal funds that are withheld due to noncompliance with requirements regarding maintenance of state financial support for special education.

### Day Placement Program or Cooperative Funding

C.S.H.B. 2 entitles a qualifying day placement program or cooperative, for each such program or cooperative that a regional education service center, district, or charter school establishes, to the following allotment:

- \$250,000 for the first year of the program's or cooperative's operation; and
- the sum of \$100,000 for each year of operation after the first year and \$150,000 if at least three students are enrolled in the program or cooperative for a year of operation after the first year of operation.

C.S.H.B. 2, for purposes of this funding, establishes that a day placement program or cooperative qualifies under the following conditions:

- the program or cooperative complies with commissioner rules adopted under the foundation school program relating to the day placement program or cooperative funding;
- the program or cooperative offers services to students who are enrolled at any district or charter school in the county in which the program is offered, unless the commissioner by rule waives or modifies the requirement for the program or cooperative to serve all students in a county; and
- TEA has designated the program or cooperative for service in the county in which the program or cooperative is offered and determined that, at the time of designation, the program or cooperative increases the availability of day placement services in the county.

In addition, the bill prohibits TEA from designating more than one day placement program or cooperative for service per county each year and authorizes TEA to designate a regional education service center to implement and administer the bill's provisions regarding day placement program or cooperative funding. The bill caps the number of day placement programs or cooperatives to which TEA may provide an allotment at 20 programs or cooperatives for a year.

#### Coordination of Services to Children With Disabilities

C.S.H.B. 2 repeals provisions requiring the commissioner, with the approval of the SBOE, to develop and implement a plan for the coordination of services to children with disabilities in each region served by a regional education service center. This repeal applies beginning with the 2025-2026 school year and takes effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Psychological Examinations or Tests

C.S.H.B. 2 repeals a provision prohibiting the time required for a district to provide information and seek consent for certain psychological examinations or tests from being counted toward the deadline of the evaluation's completion. This repeal applies beginning with the 2025-2026 school year and takes effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Assistive Technology

C.S.H.B. 2 repeals provisions relating to the TEA standards adopted by rule for a district's transfer of assistive technology devices to certain entities when a student with a disability changes the school of attendance in the district or ceases to attend school in the district. This repeal applies beginning with the 2025-2026 school year and takes effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

#### Repealed Provisions

ARTICLE 3 of C.S.H.B. 2 repeals the following provisions of the Education Code:

- Section 7.055(b)(24);
- Sections 7.102(c)(18), (19), (20), (21), and (22);
- Section 29.002;
- Section 29.0041(c);
- Section 29.005(f);
- Section 29.0161;
- Sections 29.018(c), (d), and (e);
- Sections 29.308, 29.309, 29.311, 30.001, and 30.0015;
- Sections 30.002(c-1), (c-2), (f), (f-1), and (g);
- Section 30.084;

- Section 30.087(b); and
- Section 38.003(d).

The repeal of these provisions applies beginning with the 2025-2026 school year and takes effect on passage, or, if the bill does not receive the necessary vote, September 1, 2025.

**EFFECTIVE DATE**

Except as otherwise provided, September 1, 2025.

**COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 2 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

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

Charter School Certification to Political Subdivision

The substitute repeals the requirement for a governing body of a charter school, in order to be considered a school district by a political subdivision for certain regulatory purposes, to certify in writing to the political subdivision that no administrator, officer, or employee of the charter school and no member of the governing body of the charter school or its charter holder derives any personal financial benefit from a real estate transaction with the charter school. The introduced, however, did not repeal this requirement.

Charter School Facility Funding

Both the introduced and the substitute change the amount of the allotment funding for instructional facilities to which a charter holder is entitled for a charter school per student in ADA. However, the introduced set the new amount of funding equal to the basic allotment for the applicable school year multiplied by 0.07, whereas the substitute sets it equal to the lesser of the following amounts:

- the maximum amount of the basic allotment for the applicable school year multiplied by 0.07; or
- the state average interest and sinking (I&S) fund tax rate imposed by districts for the current year multiplied by the guaranteed level of state and local funds per student per cent of tax effort under the existing debt allotment.

Both the introduced and the substitute revise the provision of current law conditioning receipt of the facility allotment on the most recent overall performance rating assigned to the charter school for academic accountability reflecting at least acceptable performance, but the two versions differ as follows:

- the introduced retained that condition and additionally required that the most recent overall performance rating assigned to the charter school for financial accountability reflect at least acceptable performance, whereas the substitute requires instead that the overall performance ratings assigned to the charter school for academic accountability and financial accountability for the two preceding school years reflect such performance; and
- for a charter school that has not been assigned performance ratings for both academic and financial accountability, the introduced required that the school's most recent overall performance rating for either type of accountability reflect at least acceptable performance, whereas the substitute requires that the school's overall performance rating for either type of accountability for the two preceding school years reflects such performance.

The substitute includes a provision absent from the introduced that prohibits the use of the facility allotment to pay a salary, bonus, stipend, or any other form of compensation to a charter school superintendent or administrator serving as educational leader and chief executive officer of the charter school.

The substitute includes a provision absent from the introduced entitling an eligible entity granted a charter for an adult education program under the adult high school charter school program to the facility allotment if the adult education program meets certain performance standards.

#### Local Optional Teacher Designation Systems; Enhanced Teacher Incentive Allotment Public Schools

The substitute replaces the introduced version's references to an "enhanced teacher incentive allotment school" with references to an "enhanced teacher incentive allotment public school." The substitute revises the introduced version's requirement that the criteria for such a designation require a district or charter school to implement a certain compensation plan for all instructional staff by replacing references to instructional staff with references to classroom teachers.

Both the introduced and substitute revise the duty of TEA to develop and provide technical assistance for districts and charter schools that request assistance in implementing a local optional teacher designation system by specifying certain matters that are included in such assistance. However, the substitute makes the following additional changes to that duty that the introduced did not make:

- includes the condition that TEA use contracted services in developing and providing the assistance; and
- includes assistance in earning a designation as an enhanced teacher incentive allotment public school as a type of assistance that may be requested.

#### Resource Campuses

The substitute includes an authorization absent from the introduced for the commissioner to grant to a campus requesting to be designated as a resource campus a one-year waiver from the requirement to ensure that, for a subject in the foundation curriculum, at least 50 percent of teachers hold a current designation if the campus provides substantial evidence that the campus is working toward meeting the requirement.

#### High School Advising Program and Allotment

The substitute does not include the provisions from the introduced that established the following:

- a high school advising program through which participating districts and charter schools provide college or career advising supports to students; and
- a high school advising allotment under which a district is entitled to funding for full-time equivalent advisors or contracted providers under the program.

#### Use of Funds to Educate and Provide Advising Support to Certain Graduates

The substitute does not include the following provisions with respect to the use of funds for educating and providing advising support for certain graduates, which appeared in the introduced:

- the authorization for a district to use local school funds from district taxes, tuition fees of students not entitled to a free education, other local sources, and state funds not designated for a specific purpose to educate a student who has graduated from high school but is enrolled in the district in a program through which the student may earn dual credit; and



- the authorization for a district to use such funding sources and funding to which the district is entitled under the foundation school program to provide district graduates, during the first two years after high school graduation, advising support toward the successful completion of a certificate or degree program at a public institution of higher education or a postsecondary vocational training program.

#### Grant Program to Promote Parental Engagement

The substitute includes provisions absent from the introduced relating to the establishment of a grant program to assist districts and charter schools with costs associated with operating programs or projects to encourage parental engagement in the educational success of students in the district or charter school.

#### Certain Additional State Aid for Debt Service

The substitute includes a provision absent from the introduced requiring the commissioner, if the amount required to pay debt service on bonds issued under statutory provisions governing district tax bonds and maintenance taxes is less than the sum of state assistance provided for instructional facilities and the payment of existing debt, including certain additional state aid, and the district's I&S tax revenue for a school year, to reduce the amount of the additional state aid in a certain manner.

#### Basic Allotment and Guaranteed Yield Increment Adjustment

Both the introduced and substitute change the statutory maximum amount of the basic allotment, currently set at \$6,160. However, the introduced increased the maximum amount of the allotment to \$6,380, whereas the substitute replaces the amount with the following formula: \$6,500 + the guaranteed yield increment adjustment. Accordingly, the substitute includes the following provisions absent from the introduced:

- a temporary provision that expires September 1, 2027, setting the amount of the guaranteed yield increment adjustment for each state fiscal year of the 2026-2027 state fiscal biennium at \$55; and
- a requirement for TEA, not later than October 1 of each even-numbered year, to determine for the subsequent state fiscal biennium the amount of the guaranteed yield increment adjustment for each state fiscal year in the biennium in accordance with a specified formula based on the golden penny guaranteed yield.

Both the introduced and substitute raise from 30 percent to 40 percent the minimum amount from a specified calculation that a district must use to provide compensation increases to full-time district employees other than administrators during a school year for which the maximum amount of the basic allotment is greater than the maximum amount provided for the preceding year. However, the substitute revises the requirement for 75 percent of the dedicated amount to be used to increase compensation of specified types of full-time district employees as follows, whereas the introduced did not do so:

- further limits the use of such funds to salary increases for classroom teachers; and
- replaces the requirement to prioritize differentiated compensation for classroom teachers with more than five years of experience with a requirement to prioritize higher salary increases in the following order: classroom teachers with 10 or more years of experience and classroom teachers with five or more years of experience.

The substitute includes a requirement absent from the introduced for a district to ensure that such salary increases provide for the following:

- a difference of at least 40 percent between the average salary schedule increase provided to a classroom teacher with 10 or more years of experience and a classroom teacher with five or more years of experience; or

- an increase based on performance in accordance with the district's compensation plan implemented as a condition of being designated a teacher incentive allotment public school, if applicable.

#### Small and Mid-Sized District Allotment

Both the introduced and substitute increase the multipliers in the formulas used to calculate the small and mid-sized district allotment, but the two versions differ as follows:

- for a district that has fewer than 1,600 students in ADA, the introduced increased the multiplier to .00062, whereas the substitute increases the multiplier to .00057;
- for a district that offers a kindergarten through grade 12 program and has less than 5,000 students in ADA, the introduced increased the multiplier to .000035, whereas the substitute increases the multiplier to .00003; and
- for a district that has fewer than 300 students in ADA and is the only district located in and operating in a county, the introduced increased the multiplier to .00065, whereas the substitute increases the multiplier to .0006.

#### Bilingual Education Allotment

The substitute increases each of the funding weights used to calculate bilingual education allotment funding by 0.02, whereas the introduced did not.

#### Early Education Allotment

The substitute includes prekindergarten students among the students for whom a district is entitled to the early education allotment if they satisfy the criteria of being educationally disadvantaged or an emergent bilingual student in a bilingual education or special language program, whereas the introduced did not.

#### Tier Two Allotment

The substitute removes the formula in current law for calculating the tier two golden penny guaranteed yield and provides for that guaranteed yield to instead be the greater of \$129.52 or an amount set by appropriation. The introduced did not make that change and revised the existing formula only by replacing a reference to the current maximum basic allotment amount of \$6,160 with a more general reference to the maximum amount of the basic allotment provided under state law for the applicable school year.

#### Additional State Aid to Compensate District for Certain Changes to Residence Homestead Taxation and Compression

Both the introduced and substitute revise provisions entitling a district to additional state aid for purposes of compensating the district for certain changes to residence homestead taxation and compression, but the substitute specifies that the aid is based on the state and local revenue that would have been available if any of the applicable changes had not occurred, whereas the introduced specified that the aid is based on the revenue that would have been available if each of the changes had not occurred.

The substitute includes a requirement absent from the introduced for TEA, for purposes of calculating state and local revenue under the provision entitling a district to such additional state aid for the applicable school year, to use the same values for formula adjustments that TEA used during that school year and exclude amounts provided by law that expired in a school year subsequent to the applicable school year.

### Additional State Aid for Districts Receiving Adjustment in the Amount Required to Reduce Local Revenue

The substitute does not include the provision of the introduced that established an entitlement to additional state aid for a district that receives an adjustment of the amount of required reduction in the district's tier one revenue in excess of entitlement that results in the district no longer being subject to such a required reduction.

### Periodic Adjustment of Determinations Regarding Distribution of Foundation School Fund

Both the introduced and substitute require the commissioner, periodically throughout the school year, to adjust determinations regarding the distribution of the foundation school fund to reflect current school year estimates of a district's enrollment and ADA. However, whereas the introduced specified that the adjustment is determined by the commissioner, the substitute specifies that the adjustment is based on attendance reporting for each six-week interval.

### Additional State Aid to Ensure Minimum Funding Levels

The substitute includes temporary provisions absent from the introduced that entitle a district to additional state aid to ensure a certain minimum funding level 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 and are set to expire September 1, 2031.

### Additional State Aid for Regional Insurance Cost Differentials

Both the introduced and substitute provide for additional state aid for districts and charter schools with respect to costs paid for property and casualty insurance but the versions differ as follows:

- whereas the introduced applied to a district or charter school that owns or leases real property located in an area served by a regional education service center for Region 1, 2, 3, 4, or 5, as those regions existed on September 1, 2024, the substitute applies to a district or charter school that has its central administrative office and a majority of its campuses in a first tier coastal county or an area designated in 2024 as a catastrophe area, as such a county and a catastrophe area are defined under the Texas Windstorm Insurance Association Act; and
- whereas the introduced set the amount at \$55, or a greater amount provided by appropriation, per student in ADA, the substitute bases the aid on students in adjusted ADA and prescribes a formula for the aid amount that is based on the difference between certain average amounts paid for property and casualty insurance by districts and charter schools in the applicable county and statewide.

## **ARTICLE 2. Teacher Preparation and Changes Related to School Employees**

### Employment of Uncertified Classroom Teachers

Both the introduced and substitute prohibit a district from employing as a classroom teacher for a course in the foundation curriculum a person who does not hold an appropriate certificate or permit issued by the SBEC and provide certain temporary exceptions to that prohibition. However, whereas the introduced authorized a district, for the 2026-2027 school year, to employ such a person as a teacher of record for a course other than a reading language arts or mathematics course in a grade level above grade five, the substitute authorizes a district to employ such a person as a classroom teacher for any course in the foundation curriculum for the 2026-2027 through 2029-2030 school years but caps the number of those persons that the district may employ at a specified percentage, which decreases by five percent each subsequent year.

Further, the substitute includes a provision absent from the introduced establishing that the substitute's provisions relating to the employment of uncertified classroom teachers do not preclude a district from receiving a waiver from the commissioner or issuing a school district teaching permit under applicable state law.

#### Teacher Position Data Collection

The substitute does not include the introduced version's requirement for TEA to collect data from districts and charter schools for the recruitment and retention of classroom teachers.

#### Administrative Procedure Act Exemption for Rules Relating to Educator Preparation

The substitute does not include the introduced version's exemption of a rule proposed by the SBEC relating to educator preparation from Administrative Procedure Act requirements for rules increasing costs to regulated persons.

#### Teacher Certificates and Preparation Routes

The substitute does not include the provisions of the introduced that established a new traditional teacher preparation route, a new teacher residency standard preparation route, and new alternative teacher preparation routes and provided for new types of teaching certificates corresponding to such preparation routes. Accordingly, the substitute also does not include provisions of the introduced that did the following with respect to the new certificates and routes:

- required the SBEC to propose rules establishing standards to govern the approval or renewal of approval of the new teacher preparation routes;
- required the SBEC by rule to designate the components of a literacy achievement academy or mathematics achievement academy that may be completed after receiving the intern with preservice experience certificate established by the introduced;
- replaced a requirement for the SBEC to propose rules providing for educator certification programs as an alternative to traditional educator preparation programs with a requirement for the SBEC to propose rules providing that educator certification programs may be provided by an institution of higher education or another entity;
- temporarily authorized the commissioner to adopt rules or amend, repeal, or otherwise modify a rule proposed by the SBEC to ensure the expedited implementation of new teacher preparation routes, requirements, and certificates and established a deadline for adoption of certain initial rules;
- required a district to pay to classroom teachers with zero years of experience who hold certain certificates a minimum salary that is greater than the minimum salary paid to a classroom teacher with zero years of experience who does not hold such a certificate and prescribed minimum salaries that may be adopted to satisfy that requirement; and
- prohibited a district from adopting a salary schedule that differentiates classroom teacher salaries based solely on a teacher's certification for teachers who have five or more years of teaching experience.

#### Educator Preparation Program Approval and Renewal

The substitute does not include the following provisions of the introduced with respect to educator preparation program approval and renewal of approval:

- the authorization for the SBEC to review an educator preparation program's curriculum before the approval or renewal of approval of the program and at any time after the approval or renewal of the approval of the program to ensure the program remains eligible for approval;
- provisions expanding the conditions that an educator preparation must satisfy to be eligible for approval or renewal of approval;
- the authorization for the SBEC to require each educator preparation program to be reviewed for renewal of approval at least annually; and

- the requirement for the SBEC, in adopting the evaluation process for reviewing an educator preparation program for renewal of approval, to consider including quality indicators that reflect effective program practices and measures that provide for the observation of program practices to ensure program quality.

#### Sanctions for Noncompliance With Educator Preparation Program Requirements

The substitute does not include the introduced version's authorization for the SBEC to impose a sanction against an educator preparation program for noncompliance with provisions governing educator certification, as amended by the introduced, or a rule adopted under those provisions or to address a complaint against the program. Moreover, the substitute does not include the provisions of the introduced regarding the sanctions that may be imposed.

#### Parental Notification Model Notice

The substitute does not include the introduced version's requirement for the superintendent of a district, for purposes of providing the required notice to a parent or guardian of each student in a classroom to which an inappropriately certified or uncertified teacher has been assigned for more than 30 consecutive instructional days, to use a model notice developed by TEA if one exists.

#### Educator Preparation Materials and Training

The substitute does not include the introduced version's provisions requiring the commissioner to develop and make available instructional materials for use in educator preparation programs and training for faculty responsible for preparing educator candidates in accordance with certain requirements.

#### Continuation of Achievement Academies; One-Time Payment for Completion

Whereas the introduced removed the September 1, 2027, expiration date of provisions relating to the development and administration of teacher literacy achievement academies and teacher mathematics achievement academies, the substitute does not remove the expiration date.

The substitute also does not include the introduced version's requirements for a district to provide one-time payments to each classroom teacher who holds an intern with preservice experience certificate established by the introduced version and, while employed with the district, completes a teacher literacy achievement academy or teacher mathematics achievement academy.

#### Teacher Quality Assistance

The substitute does not include the introduced version's requirement for TEA to develop training for and provide technical assistance to districts and charter schools regarding the following:

- strategic compensation, staffing, and scheduling efforts that improve professional growth, teacher leadership opportunities, and staff retention;
- programs that encourage high school students or other members of the community in the area served by the district to become teachers; and
- programs or strategies that school leaders may use to establish clear and attainable behavior expectations while proactively supporting students.

Accordingly, the substitute does not include the introduced version's requirement for TEA to provide grants to districts and charter schools to implement initiatives developed under these provisions.

## Teacher Time Study

The substitute does not include the introduced version's requirements for TEA to do the following:

- develop and maintain a technical assistance program to support districts and charter schools in studying how certain factors are affecting the amount of time classroom teachers work each week and refining the schedules for students or staff as necessary to ensure teachers have sufficient time during normal work hours to fulfill all job duties; and
- periodically make findings and recommendations for best practices publicly available using information from participating districts and charter schools.

## Programs for Teacher Preparation and Mentorship

The introduced repealed provisions establishing and providing for the administration of the Texas Teacher Residency Program and the mentor program allotment and subsequently included provisions establishing a preparing and retaining educators through preservice partnership program, with component preservice partnership programs corresponding to the teacher preparation routes established by the introduced version, a grow your own partnership program, and a preparing and retaining educators through partnership mentorship program. The substitute does not repeal the Texas Teacher Residency Program or the mentor program allotment and omits all of the provisions of the introduced relating to those new programs except for those regarding the grow your own partnership program. Accordingly, the substitute does not establish the preparing and retaining educators through preservice program allotment that was in the introduced, but it does retain the grow your own partnership program allotment that was a component of the introduced version's allotment. The substitute also does not include the following provisions of the introduced:

- the requirement for TEA to provide technical assistance, planning, and support to districts, charter schools, and educator preparation program with respect to the established programs; and
- the authorization for the commissioner to accept certain money for purposes of the programs.

The introduced and substitute differ in the following ways with respect to the grow your own partnership program:

- whereas the introduced established the program to enable educator preparation programs to form partnerships, the substitute includes both educator preparation programs and qualified institutions of higher education among the entities who may form the partnerships;
- whereas the introduced conditioned the participation of a district or charter school in the grow your own partnership program on the district or charter school being approved to participate in a preservice partnership program, the substitute authorizes a district or charter school to participate in the grow your own partnership program on approval of the district's or charter school's application submitted to the commissioner;
- whereas the introduced required a partnership that supports district or charter school employees to provide for an employee scheduled release time to complete an associate degree or the first 60 hours of a bachelor's degree, the substitute requires the partnership to provide for an employee scheduled release time to support the completion of an associate degree or the first 60 hours of a bachelor's degree;
- whereas the introduced required a participating district or charter school to provide for an applicable employee to enter into a written agreement with an institution of higher education, the substitute requires the district or charter school to enter into a written agreement with an institution of higher education;
- the substitute replaces the introduced version's requirement for a participating district or charter school to require an employee participating in a partnership, as a condition of participation, to complete an educator preparation program within two years of

completion of an associate degree or the first 60 hours of a bachelor's degree with the requirement that the district or charter school require the employee, as a condition of participation, to earn a bachelor's degree and enroll in an educator preparation program within three years of such completion;

- both the introduced and substitute authorize the use of the program allotment to implement the program and pay tuition and fees for participating students or employees, but the substitute further specifies that such fees include certification fees; and
- the substitute includes a provision absent from the introduced prohibiting a student or employee participating in the program from serving in a position in which the student or employee has the primary or sole responsibility of providing instruction or supervision to students, except in the limited circumstances provided by the substitute.

#### Eligibility for Public Education Grant or to Attend Another School in District

The substitute does not include the provision of the introduced that made a student eligible to receive a public education grant or to attend another public school in the district in which the student resides if the student is assigned to a classroom teacher or substitute teacher who does not hold an appropriate certification as a teacher of record in a course in the foundation curriculum for more than 30 instructional days. Accordingly, the substitute also does not include the introduced version's requirement for a certain notice provided to a parent or guardian regarding the assignment of an inappropriately certified or uncertified teacher to include information regarding eligibility to participate in the public education grant program.

#### Allotment for Completion of Teacher Literacy or Mathematics Achievement Academies

The substitute does not include the introduced version's provision entitling certain educator preparation programs to an annual allotment for each teacher candidate who completes a teacher literacy achievement academy or teacher mathematics achievement academy approved by TEA for the purpose.

#### Teacher of Record Definition

The introduced repealed a definition of "teacher of record" applicable to certain provisions regarding field experience that is the same as the definition of that term added by both versions of the bill for purposes of provisions governing educator certification, whereas the substitute does not repeal this definition.

#### Required Employer Contribution for Certain Employed Retirees

The introduced repealed the Government Code provision establishing that, with respect to required employer contributions for employed retirees under the Teacher Retirement System of Texas, a reporting employer is ultimately responsible for payment of amounts required to be contributed and prohibiting the employer from passing that cost on to the retiree through any means designed to recover the cost, whereas the substitute does not repeal that provision.

#### Educator Preparation Program Transition Plan

The substitute does not include the provisions of the introduced that required the development of a transition plan to implement that version's changes related to educator preparation programs and provided for the applicability of those changes.

## **ARTICLE 3. Special Education**

### Implementation of Special Education Law

Both the introduced and substitute versions of the bill require the comprehensive system in place to ensure compliance with special education law to include the provision of training to ensure that appropriately trained personnel are available to students with disabilities who have significant behavior support needs. The introduced specified that this training and assistance includes requiring behavioral support training programs for each applicable paraprofessional or teacher, whereas the substitute specifies that this training and assistance includes providing behavioral support training for an applicable paraprofessional or teacher.

### Noneducational Community-Based Support Services Grants

The substitute includes as an additional condition of eligibility of a student placed in a day placement program for a noneducational community-based support services grant that the student also be at risk of being placed in an approved residential program, which was not included as such a condition of eligibility in the introduced.

### Grant Program Providing Training in Dyslexia for Teachers and Staff

The substitute includes a provision absent from the introduced specifying that, with respect to a grant awarded to provide training in dyslexia, the grants must be awarded each school year and, accordingly, the substitute does not include a provision present in the introduced that established that such a grant is to be awarded for two years.

Both the substitute and the introduced set out a provision conditioning eligibility for the grant on the grant applicant's proposal to use grant funds to increase local capacity to appropriately serve students with dyslexia by providing training to intervention staff resulting in appropriate credentialing related to dyslexia. However, in a provision absent from the introduced, the substitute specifies as part of that condition that such training be provided with priority for training staff to earn credentials necessary to become a licensed dyslexia therapist or certified academic language therapist.

### Supports for Recruiting and Retaining Special Education Staff

The substitute includes the following provisions absent from the introduced with respect to grants to increase the number of qualified and appropriately credentialed special education staff:

- a specification that the grants must be provided each school year;
- a provision including certified interpreters, board-certified behavior analysts, and registered behavior technicians among the staff to whom the grants expressly apply; and
- an authorization for a regional education service center to administer the grants.

### Support of Students Enrolled in TSBVI or TSD

With respect to a district that is responsible for providing appropriate special education services to a student enrolled in TSBVI or TSD and for purposes of reducing the district's local revenue level, if applicable, the introduced provided for a related reduction in the amount of maintenance and debt service taxes imposed by the district, whereas the substitute provides only for a reduction in the amount of the maintenance taxes imposed by the district.

### "Dyslexia" and "Related Disorders" Definitions

With respect to the statutory definitions of "dyslexia" and "related disorders" that are applicable to the state law providing for the screening and treatment of students enrolling in public school, both the substitute and the introduced eliminate those statutory definitions. Whereas the



introduced included a provision that required the SBOE by rule to define those eliminated terms in a manner that aligns with current research, the substitute does not include that requirement.

#### Special Education Transition Funding

Both the substitute and introduced include temporary transition provisions requiring the commissioner to ensure the estimated statewide increase from the special education allotment for the 2024-2025 school year to the sum of the special education allotment and special education service group allotment for the 2025-2026 school year equals a specified amount. While the introduced established that required increase at approximately \$615 million, the substitute establishes that required increase at approximately \$800 million.

#### Day Placement Program or Cooperative Funding

With respect to day placement program or cooperative funding, the introduced entitled a regional education service center, district, or charter school to a specified amount for each qualifying program or cooperative, whereas the substitute entitles the applicable program or cooperative to that funding. The introduced and substitute also differ in the allotment amount to which each applicable entity is entitled, as follows:

- the introduced established the allotment as \$250,000 for the first year of operation and \$50,000 for each enrolled student for each year after the first year of operation, up to a maximum of \$250,000; but
- the substitute establishes the allotment instead as \$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 are enrolled in the program or cooperative for a year after the first year of operation.

The introduced required program or cooperative compliance with commissioner rules governing residential and day placement of students receiving special education services, whereas the substitute requires compliance with commissioner rules relating to day placement program or cooperative funding adopted under the foundation school program.

The substitute omits a provision present in the introduced requiring each district or charter school that receives an allotment for a day placement program or cooperative to remit at least 75 percent, or a greater amount as agreed to by the district or school and the program administrator or cooperative's fiscal agent, of the special education allotment and special education service group allotment for each student served by the program or cooperative for a school year to the program or cooperative for the provision of necessary services to the student.

The substitute includes the following provisions that were absent from the introduced:

- a prohibition against TEA providing an allotment to more than 20 day placement programs or cooperatives for a year; and
- a provision establishing that the bill's provisions relating to contracts for services for students in residential and day placement programs apply beginning with the 2026-2027 school year.

#### Parent-Directed Services for Students Receiving Special Education Services Grant

The substitute includes a provision absent from the introduced requiring the commissioner to award a grant for the 2025-2026 school year to each eligible applicant who applied but was not accepted for the 2024-2025 school year.