By:  Creighton, et al. S.B. No. 2

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of an education savings account program.

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

SECTION 1.  The purpose of this Act is to:

(1)  provide additional educational options to assist families in this state in exercising the right to direct the educational needs of their children; and

(2)  achieve a general diffusion of knowledge.

SECTION 2.  Chapter 29, Education Code, is amended by adding Subchapter J to read as follows:

SUBCHAPTER J. EDUCATION SAVINGS ACCOUNT PROGRAM

Sec. 29.351.  DEFINITIONS. In this subchapter:

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

(2)  "Certified educational assistance organization" means an organization certified under Section 29.354 to support the administration of the program.

(3)  "Child with a disability" means a child who is eligible to participate in a school district's special education program under Section 29.003.

(4)  "Higher education provider" means an institution of higher education or a private or independent institution of higher education, as those terms are defined by Section 61.003.

(5)  "Low-income household" means a household with a total annual income that is at or below 500 percent of the federal poverty guidelines.

(6)  "Parent" means a resident of this state who is a natural or adoptive parent, managing or possessory conservator, legal guardian, custodian, or other person with legal authority to act on behalf of a child.

(7)  "Participating child" means a child enrolled in the program.

(8)  "Participating parent" means a parent of a participating child.

(9)  "Program" means the program established under this subchapter.

(10)  "Program participant" means a participating child or a participating parent.

Sec. 29.3515.  APPLICABILITY TO NONPARTICIPATING HOME-SCHOOL STUDENTS. The requirements in this subchapter that apply to a child who participates in the program or the child's parent do not apply to a home-schooled student, as defined by Section 29.916, who is not participating in the program or the student's parent.

Sec. 29.352.  ESTABLISHMENT OF PROGRAM. (a)  The comptroller shall establish a program to provide funding for approved education-related expenses of children participating in the program.

(b)  The comptroller has any power necessary to establish and administer the program, including the power to:

(1)  execute contracts, agreements, and other instruments for goods and services;

(2)  engage the services of private consultants, actuaries, trustees, record administrators, managers, and legal counsel for administrative or technical assistance; and

(3)  perform any duty assigned to a certified educational assistance organization under this subchapter.

Sec. 29.353.  PROGRAM FUND. (a) The program fund is an account in the general revenue fund to be administered by the comptroller.

(b)  The fund is composed of:

(1)  general revenue transferred to the fund;

(2)  money appropriated to the fund;

(3)  gifts, grants, and donations received under Section 29.370;

(4)  interest or other earnings attributable to the investment of money in the fund; and

(5)  any other money available for purposes of the program.

(c)  Money in the fund may be appropriated only for the uses specified by this subchapter.

Sec. 29.3535.  PROMOTION OF PROGRAM. Notwithstanding Chapter 2113, Government Code, the comptroller or the comptroller's designee may enter into contracts or agreements and engage in marketing, advertising, and other activities to promote, market, and advertise the development and use of the program. The comptroller may use money from the program fund to pay for activities authorized under this section.

Sec. 29.354.  SELECTION OF CERTIFIED EDUCATIONAL ASSISTANCE ORGANIZATIONS. (a) An organization may apply to the comptroller for certification as a certified educational assistance organization during an application period established by the comptroller.

(b)  To be eligible for certification, an organization must:

(1)  have the ability to perform one or more of the duties and functions required of a certified educational assistance organization under this subchapter;

(2)  be a nonprofit or for-profit organization registered to do business in the state; and

(3)  be able to assist the comptroller in administering the program in whole or in part, including the ability to:

(A)  accept, process, and track applications for the program;

(B)  assist prospective applicants, applicants, and program participants with finding preapproved education service providers and vendors of educational products;

(C)  accept and process payments for approved education-related expenses; and

(D)  verify that program funding is used only for approved education-related expenses.

(c)  The comptroller shall establish cybersecurity requirements for certified educational assistance organizations, including the implementation of best practices developed under Section 2054.5181, Government Code.

(d)  The comptroller may certify not more than five educational assistance organizations to support the administration of the program, including by:

(1)  administering in whole or in part:

(A)  the application process under Section 29.356; and

(B)  the program expenditures process under Section 29.360; and

(2)  assisting prospective applicants, applicants, and program participants with understanding approved education-related expenses and finding preapproved education service providers and vendors of educational products.

(e)  A certified educational assistance organization designated to perform duties described by Subsection (d)(2) shall:

(1)  communicate with parents interested in participating in the program and program participants through synchronous and asynchronous communication, prioritizing synchronous communication, regarding:

(A)  the educational options available in this state;

(B)  how and when to apply to the program and preapproved education service providers;

(C)  how to manage an account, including requesting payments;

(D)  program requirements; and

(E)  any other information necessary to fulfill the organization's responsibilities under this subchapter; and

(2)  raise awareness regarding the availability of the program.

Sec. 29.3545. IDENTITY THEFT PROTECTION. Each certified educational assistance organization selected by the comptroller shall comply with the requirements of Chapter 521, Business & Commerce Code.

Sec. 29.355.  ELIGIBLE CHILD. (a) A child is eligible to participate in the program if the child is eligible to:

(1)  attend a public school under Section 25.001; or

(2)  enroll in a public school's prekindergarten program under Section 29.153.

(b)  A child who establishes eligibility under this section may, subject to available funding and the requirements of this subchapter, participate in the program until the earliest of the date on which:

(1)  the child graduates from high school;

(2)  the child is no longer eligible to either attend a public school under Section 25.001 or enroll in a public school's prekindergarten program under Section 29.153, as applicable;

(3)  the child enrolls in a public school in a manner in which the child will be counted toward the school's average daily attendance for purposes of the allocation of funding under the Foundation School Program; or

(4)  the child is declared ineligible for the program by the comptroller under this subchapter.

(c)  Notwithstanding Subsection (a) or (b), a child is not eligible to participate in the program during the period in which the child's parent or legal guardian is a state representative, state senator, or statewide elected official.

Sec. 29.356.  APPLICATION TO PROGRAM. (a) A parent of an eligible child may apply to a certified educational assistance organization designated by the comptroller to enroll the child in the program for the following semester, term, or school year, as determined by the comptroller. The comptroller shall establish deadlines by which an applicant must complete and submit an application form to participate in the program.

(b)  On receipt of more acceptable applications during an application period for admission under this section than available positions in the program due to insufficient funding, a certified educational assistance organization shall, at the direction of the comptroller, fill the available positions by lottery of applicants as follows:

(1)  the lesser of the number of children described by this subdivision who apply for the program or 80 percent of available positions in the program for children who were enrolled in a public school for at least 90 percent of the preceding school year and are:

(A)  members of a low-income household; or

(B)  children with a disability; and

(2)  the remaining available positions in the program for all eligible applicants who are not accepted into the program under Subdivision (1).

(c)  The comptroller shall adopt rules necessary to administer Subsection (b). The comptroller shall post on the comptroller's Internet website any rule adopted under this subsection.

(d)  The comptroller shall create an application form for the program and make the application form readily available through various sources, including an Internet website established and maintained by the comptroller for the program. The application form must state the application deadlines established by the comptroller under Subsection (a). Each certified educational assistance organization shall ensure that the application form, including any required supporting document, is capable of being submitted to the organization electronically.

(e)  Each certified educational assistance organization designated under Subsection (a) shall submit to the comptroller for approval and posting on an Internet website established and maintained by the comptroller for the program an applicant and participant handbook with a description of the program, including:

(1)  expenses allowed under the program under Section 29.359;

(2)  a list of preapproved education service providers and vendors of educational products under Section 29.358;

(3)  a description of the application process under this section and the program expenditures process under Section 29.360; and

(4)  a description of the responsibilities of program participants.

(f)   Each certified educational assistance organization designated under Subsection (a) shall annually provide to the parent of each child participating in the program the information described by Subsection (e). The organization may provide the information electronically.

(g)  The comptroller or a certified educational assistance organization designated under Subsection (a):

(1)  may require the participating parent to submit annual notice regarding the parent's intent for the child to continue participating in the program for the next school year; and

(2)  may not require a program participant in good standing to annually resubmit an application for continued participation in the program.

(h)  The agency shall provide to the comptroller the information necessary to make the determinations required under Subsection (b).

Sec. 29.357.  PARTICIPATION IN PROGRAM. As a condition of participating in the program, a participating parent must agree to:

(1)  spend money received through the program only for expenses allowed under Section 29.359;

(2)  ensure the annual administration to the child of a nationally norm-referenced assessment instrument or the appropriate assessment instrument required under Subchapter B, Chapter 39;

(3)  share or authorize the administrator of an assessment instrument to share with the program participant's certified educational assistance organization the results of any assessment instrument required to be administered to the child under Subdivision (2) or other law;

(4)  refrain from selling an item purchased with program money; and

(5)  notify the program participant's certified educational assistance organization not later than 30 business days after the date on which the child:

(A)  enrolls in a public school, including an open-enrollment charter school;

(B)  graduates from high school; or

(C)  is no longer eligible to either:

(i)  enroll in a public school under Section 25.001; or

(ii)  enroll in a public school's prekindergarten program under Section 29.153.

Sec. 29.358.  PREAPPROVED PROVIDERS AND VENDORS. (a) The comptroller shall by rule establish a process for the preapproval of education service providers and vendors of educational products for participation in the program. The comptroller shall allow for the submission of applications on a rolling basis.

(b)  The comptroller shall approve an education service provider or vendor of educational products for participation in the program if the provider or vendor:

(1)  has previously been approved by the agency to provide supplemental special education services under Subchapter A-1 and remains in good standing with the agency;

(2)  for a private school, demonstrates annual administration of a nationally norm-referenced assessment instrument or the appropriate assessment instrument required under Subchapter B, Chapter 39;

(3)  for a public school, including an open-enrollment charter school, demonstrates:

(A)  accreditation by the agency; and

(B)  the ability to provide services or products to children participating in the program in a manner in which the children are not counted toward the school's average daily attendance;

(4)  for a private tutor, therapist, or teaching service, demonstrates that:

(A)  the tutor or therapist or each employee of the teaching service who intends to provide educational services to a participating child:

(i)  is an educator employed by or a retired educator formerly employed by a school accredited by the agency, an organization recognized by the agency, or an organization recognized by the Texas Private School Accreditation Commission;

(ii)  holds a relevant license or accreditation issued by a state, regional, or national certification or accreditation organization; or

(iii)  is employed in or retired from a teaching or tutoring capacity at a higher education provider;

(B)  the tutor or therapist or each employee of the teaching service who intends to provide educational services to a participating child provides to the comptroller a national criminal history record information review completed by the tutor, therapist, or employee, as applicable, within a period established by comptroller rule; and

(C)  the tutor or therapist or each employee of the teaching service who intends to provide educational services to a participating child is not:

(i)  required to be discharged or refused to be hired by a school district under Section 22.085; or

(ii)  included in the registry under Section 22.092; or

(5)  for a higher education provider, demonstrates nationally recognized postsecondary accreditation.

(c)  The comptroller may approve a vendor of educational products not described by Subsection (b) for participation in the program in accordance with comptroller rule.

(d)  The comptroller may approve only an education service provider located in this state or vendor of educational products registered to do business in this state.

(e)  An education service provider or vendor of educational products shall provide information requested by the comptroller to verify the provider's or vendor's eligibility for preapproval under this section. The comptroller may not approve a provider or vendor if the comptroller cannot verify the provider's or vendor's eligibility for preapproval.

(f)  Each applicant for approval under this section shall submit to the comptroller documentation demonstrating that each person employed by the applicant or provider who will interact with a participating child is not identified as having engaged in misconduct described by Section 22.093(c)(1)(A) or (B) using the interagency reportable conduct search engine established under Chapter 810, Health and Safety Code.

(f-1) To be preapproved under this section, an education service provider must submit to the comptroller documentation demonstrating that the provider requires each person applying for employment with or employed by the provider to submit to a criminal history record review under Chapter 22, Education Code in the same manner as a qualified private school under Subchapter C and Subchapter C-1 of that chapter. The commissioner by rule shall provide to education service providers access to criminal history record information necessary for the providers to comply with this subsection.

(g)  The comptroller shall review the documentation for each person described by Subsection (f) or (f-1). Each applicant for approval under this section must provide the comptroller with any information requested by the comptroller to enable the comptroller to complete the review.

(h)  An education service provider or vendor of educational products must agree to:

(1)  abide by the disbursement schedule under Section 29.360(c) and all other requirements of this subchapter;

(2)  accept money from the program only for education-related expenses approved under Section 29.359;

(3)  notify the comptroller not later than the 30th day after the date that the provider or vendor no longer meets the requirements of this section; and

(4)  return any money received, including any interest or other additions received related to the money, in violation of this subchapter or other relevant law to the comptroller for deposit into the program fund.

(i)  An education service provider or vendor of educational products that receives approval under this section may participate in the program until the earliest of the date on which the provider or vendor:

(1)  no longer meets the requirements under this section; or

(2)  violates this subchapter or other relevant law.

Sec. 29.3585.  PROVIDER AND VENDOR SUSPENSION AND REMOVAL. (a) The comptroller shall immediately suspend a preapproved education service provider or vendor of educational products on finding that the provider or vendor:

(1)  is ineligible under this chapter for participation in the program; or

(2)  has failed to remain in good standing by complying with a program requirement under this chapter or other applicable law.

(b)  A payment may not be made from a program participant's account to a suspended provider or vendor.

(c)  On suspension under this section, the comptroller shall immediately send notice of the suspension to the suspended provider or vendor and each certified educational assistance organization by first class mail and e-mail. The notice must include a statement that:

(1)  specifies the grounds for suspending the provider or vendor;

(2)  no additional payments may be made to the provider or vendor from a program participant's account during the provider's or vendor's suspension; and

(3)  the provider or vendor has 30 days to respond and take any corrective action required to comply with program requirements and applicable law.

(d)  Not later than the 30th day after the date the comptroller provides notice of suspension under Subsection (c), the comptroller shall:

(1)  remove the provider or vendor from the program;

(2)  conditionally reinstate the provider or vendor and require the provider or vendor to perform a specified action; or

(3)  unconditionally reinstate the provider or vendor.

(e)  On removing a provider or vendor from the program, the comptroller shall notify the provider or vendor and each certified educational assistance organization of the removal.

Sec. 29.359.  APPROVED EDUCATION-RELATED EXPENSES. (a) Subject to Subsection (c), money received under the program may be used only for the following education-related expenses incurred by a participating child at a preapproved education service provider or vendor of educational products:

(1)  tuition and fees for:

(A)  a private school;

(B)  a higher education provider; or

(C)  a program that provides training for an industry-based credential approved by the agency for purposes of public school accountability under Section 39.053(c)(1)(B)(v);

(2)  the purchase of textbooks or other instructional materials;

(3)  the purchase of uniforms required by an education service provider;

(4)  costs of computer hardware or software and other technological devices required by an education service provider or vendor of educational products or prescribed by a physician to facilitate a child's education, not to exceed in any year 10 percent of the total amount paid to the participating child's account that year;

(5)  fees for classes or other educational services provided by a public school, including an open-enrollment charter school, if the classes or services do not qualify the child to be included in the school's average daily attendance;

(6)  costs related to academic assessments;

(7)  fees for services provided by a private tutor or teaching service;

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

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

(b)  Money received under the program as described by Section 29.361(a)(2)(A), may not be used to pay for online or virtual education services.

(c)  Money received under the program may not be used to pay:

(1)  tuition or fees for services provided at a campus located in another state; or

(2)  any person who is related to the program participant within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code.

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

Sec. 29.360.  PROGRAM EXPENDITURES. (a) The comptroller shall disburse from the program fund to each certified educational assistance organization the amount specified under Section 29.361(a) for each participating child served by the organization.

(b)  To initiate payment to an education service provider or vendor of educational products for an education-related expense approved under Section 29.359, the participating parent must submit a request in a form prescribed by comptroller rule to the certified educational assistance organization that serves the child.

(c)  Subject to Subsection (d) and Sections 29.362(f) and 29.364, on receiving a request under Subsection (b), a certified educational assistance organization shall verify that the request is for an expense approved under Section 29.359 and, not later than the 10th business day after the date the organization verifies the request, send payment to the education service provider or vendor of educational products.

(d)  A disbursement under this section may not exceed the applicable participating child's account balance.

(e)  A certified educational assistance organization shall provide participating parents with electronic access to:

(1)  view the participating child's current account balance;

(2)  initiate the payment process under Subsection (b); and

(3)  view a summary of past account activity, including payments from the account to education service providers and vendors of educational products.

(f)  A payment system established by a certified educational assistance organization may not allow a program participant to:

(1)  withdraw cash or remove funds from a participating child's account; or

(2)  receive payment or reimbursement directly from the program.

(g)  A certified educational assistance organization may not require a program participant to pay a fee to the organization or an affiliate of the organization related to the use of a participating child's account, including a transaction fee.

Sec. 29.361.  AMOUNT OF PAYMENT; FINANCING. (a) Subject to Subsections (b) and (b-1), the comptroller shall credit semiannually from the program fund to each program participant's account a total annual amount equal to:

(1)  $2,000 or a greater amount set by appropriation; or

(2)  if the participating child is enrolled in a private school accredited by an organization recognized by the Texas Private School Accreditation Commission or the agency:

(A)  $10,000; or

(B)  $11,500 if the participating child is a child with a disability.

(a-1)  Subject to Subsection (b), in addition to the amount provided under Subsection (a), the comptroller shall credit semiannually from the program fund to the account of each program participant who is both a child with a disability and a home-schooled student, as defined by Section 29.916, an amount equal to $500. Money credited to a participating child's account under this subsection may be used only to pay for an expense approved under Section 29.359(a)(9).

(b)  The comptroller shall prorate a credit to a program participant's account under Subsection (a) or (a-1) for a participating child admitted into the program after the beginning of a program year based on the date the child is admitted.

(b-1)  The total amount in a participating child's account in any year may not exceed $20,000. Notwithstanding Subsection (a), the comptroller shall reduce the amount of a credit to a program participant's account as necessary to ensure the amount in the account does not exceed the limit described by this subsection.

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

(d)  The participating parent may make payments for the expenses of educational programs, services, and products not covered by money in the participating child's account.

(e)  A payment under Subsection (a) or (a-1) may not be financed using federal money or money from the available school fund or instructional materials and technology fund.

(f)  Payments received under this subchapter do not constitute taxable income to a participating parent, unless otherwise provided by federal law.

Sec. 29.362.  ADMINISTRATION OF ACCOUNTS. (a)  On receipt of money distributed by the comptroller for purposes of making transfers to program participant accounts, a certified educational assistance organization shall hold that money in trust for the benefit of children participating in the program and make quarterly payments to the account of each participating child served by the organization in equal amounts on or before the first day of July, October, January, and April, or as otherwise determined by comptroller rule.

(b)  Each year, the comptroller may deduct from the total amount of money appropriated for purposes of this subchapter an amount, not to exceed three percent of that total amount, to cover the comptroller's cost of administering the program.

(c)  The comptroller may disburse each state fiscal year a total amount, not to exceed five percent of the amount of money appropriated for purposes of the program for that state fiscal year, to the certified educational assistance organizations for the cost of providing services under this subchapter.

(d)  On or before the first day of October and February, a certified educational assistance organization shall:

(1)  verify with the agency that each participating child is not enrolled in a public school, including an open-enrollment charter school, in a manner in which the child is counted toward the school's average daily attendance for purposes of the allocation of state funding under the Foundation School Program; and

(2)  notify the comptroller if the organization determines that a participating child is:

(A)  enrolled in a public school, including an open-enrollment charter school, in a manner in which the child is counted toward the school's average daily attendance for purposes of the allocation of state funding under the Foundation School Program; or

(B)  not enrolled in a preapproved private school.

(e)  The comptroller by rule shall establish a process by which a participating parent may authorize the comptroller or a certified educational assistance organization to make a payment directly from the participant's account to a preapproved education service provider or vendor of educational products for an expense allowed under Section 29.359.

(f)  On the date on which a child who participated in the program is no longer eligible to participate in the program under Section 29.355 and payments for any education-related expenses allowed under Section 29.359 from the child's account have been completed, the participating child's account shall be closed and any remaining money returned to the comptroller for deposit in the program fund.

(g)  Each quarter, any interest or other earnings attributable to money held by a certified educational assistance organization for purposes of the program shall be remitted to the comptroller for deposit in the program fund.

Sec. 29.363.  AUDITING. (a) The comptroller shall contract with a private entity to audit accounts and program participant eligibility data not less than once per year to ensure compliance with applicable law and program requirements. The audit must include a review of:

(1)  each certified educational assistance organization's internal controls over program transactions; and

(2)  compliance by:

(A)  certified educational assistance organizations with Section 29.354 and other program requirements;

(B)  program participants with Section 29.357 and other program requirements; and

(C)  education service providers and vendors of educational products with Section 29.358 and other program requirements.

(b)  In conducting an audit, the private entity may require a program participant, education service provider or vendor of educational products, or a certified educational assistance organization to provide information and documentation regarding any transaction occurring under the program.

(c)  The private entity shall report to the comptroller any violation of this subchapter or other relevant law and any transactions the entity determines to be unusual or suspicious found by the entity during an audit conducted under this section. The comptroller shall report the violation or transaction to:

(1)  the applicable certified educational assistance organization;

(2)  the education service provider or vendor of educational products, as applicable; and

(3)  each participating parent who is affected by the violation or transaction.

Sec. 29.364.  SUSPENSION OF ACCOUNT. (a) The comptroller shall suspend the account of a participating child who fails to remain in good standing by complying with applicable law or a requirement of the program.

(b)  On suspension of an account under Subsection (a), the comptroller shall notify the participating parent in writing that the account has been suspended and that no additional payments may be made from the account. The notification must specify the grounds for the suspension and state that the participating parent has 30 days to respond and take any corrective action required by the comptroller.

(c)  On the expiration of the 30-day period under Subsection (b), the comptroller shall:

(1)  order closure of the suspended account;

(2)  order temporary reinstatement of the account, conditioned on the performance of a specified action by the participating parent; or

(3)  order full reinstatement of the account.

(d)  The comptroller may recover money distributed under the program that was used for expenses not allowed under Section 29.359, for a child who was not eligible to participate in the program at the time of the expenditure, or from an education service provider or vendor of educational products that was not approved at the time of the expenditure. The money and any interest or other additions received related to the money may be recovered from the participating parent or the education service provider or vendor of educational products that received the money in accordance with applicable law if the participating child's account is suspended or closed under this section. The comptroller shall deposit money recovered under this subsection into the program fund.

Sec. 29.365.  TUITION AND FEES; REFUND PROHIBITED. (a) An education service provider or vendor of educational products may not charge a participating child an amount greater than the standard amount charged for that service or product by the provider or vendor.

(b)  An education service provider or vendor of educational products receiving money distributed under the program may not in any manner rebate, refund, or credit to or share with a program participant, or any person on behalf of a participant, any program money paid or owed by the participant to the provider or vendor.

Sec. 29.366.  REFERRAL TO DISTRICT ATTORNEY. If the comptroller obtains evidence of fraudulent use of an account or money distributed under the program or any other violation of law by a certified educational assistance organization, education service provider or vendor of educational products, or program participant, the comptroller shall notify the appropriate local county or district attorney with jurisdiction over, as applicable:

(1)  the principal place of business of the organization or provider or vendor; or

(2)  the residence of the program participant.

Sec. 29.367.  SPECIAL EDUCATION NOTICE. (a) A certified educational assistance organization shall submit to the comptroller for posting on an Internet website established and maintained by the comptroller for the program and provide to each parent who applies for the program a notice that:

(1)  states that a private school is not subject to federal and state laws regarding the provision of educational services to a child with a disability in the same manner as a public school; and

(2)  provides information regarding rights to which a child with a disability is entitled under federal and state law if the child attends a public school, including:

(A)  rights provided under the Individuals with Disabilities Education Act (20 U.S.C. Section 1400 et seq.); and

(B)  rights provided under Subchapter A.

(b)  A private school in which a child with a disability who is a participating child enrolls shall provide to the participating parent a copy of the notice required under Subsection (a).

Sec. 29.368.  PROGRAM PARTICIPANT, PROVIDER, AND VENDOR AUTONOMY. (a) An education service provider or vendor of educational products that receives money distributed under the program is not a recipient of federal financial assistance and may not be considered to be a state actor on the basis of receiving that money.

(b)  Except as provided by Section 110.003, Civil Practice and Remedies Code, a state agency or state official may not adopt a rule or take other governmental action related to the program and a certified educational assistance organization may not take action that:

(1)  limits or imposes requirements that are contrary to the religious or institutional values or practices of an education service provider, vendor of educational products, or program participant; or

(2)  limits an education service provider, vendor of educational products, or program participant from freely:

(A)  determining the methods or curriculum to educate students;

(B)  determining admissions and enrollment practices, policies, and standards;

(C)  modifying or refusing to modify the provider's, vendor's, or participant's religious or institutional values or practices, operations, conduct, policies, standards, assessments, or employment practices based on the provider's, vendor's, or participant's religious values or practices; or

(D)  exercising the provider's, vendor's, or participant's religious or institutional practices as the provider, vendor, or participant determines.

Sec. 29.369.  STUDENT RECORDS AND INFORMATION. (a) On request by the participating parent or parent of a child seeking to participate in the program, the school district or open-enrollment charter school that the child would otherwise attend shall provide a copy of the child's school records possessed by the district or school, if any, to the child's parent or, if applicable, the private school the child attends.

(b)  As necessary to verify a child's eligibility for the program, the agency, a school district, or an open-enrollment charter school shall provide to a certified educational assistance organization any information available to the agency, district, or school requested by the organization regarding a child who participates or seeks to participate in the program, including information regarding the child's public school enrollment status and whether the child can be counted toward a public school's average daily attendance for purposes of the allocation of funding under the Foundation School Program. The organization may not retain information provided under this subsection beyond the period necessary to determine a child's eligibility to participate in the program.

(c)  Except as provided by Subsection (d), a certified educational assistance organization or an education service provider or vendor of educational products that obtains information regarding a participating child:

(1)  shall comply with state and federal law regarding the confidentiality of student educational information; and

(2)  may not sell or otherwise distribute information regarding a participating child.

(d)  An education service provider or vendor of educational products may, with the consent of a participating child's parent, distribute the child's information for the purpose of the child's application for admission to a postsecondary educational institution.

(e)  A student record held by the comptroller or a certified educational assistance organization is confidential and not subject to disclosure under Chapter 552, Government Code. The comptroller or a certified educational assistance organization may redact information that constitutes student records from any information the governmental body discloses under Section 552.021, Government Code, without the necessity of requesting a decision from the attorney general under Subchapter G, Chapter 552, Government Code.

Sec. 29.370.  GIFTS, GRANTS, AND DONATIONS. The comptroller and a certified educational assistance organization may solicit and accept gifts, grants, and donations from any public or private source for any expenses related to the administration of the program, including establishing the program and contracting for the report required under Section 29.371.

Sec. 29.371.  ANNUAL REPORT. (a) The comptroller shall require that each certified educational assistance organization compile program data and produce an annual longitudinal report regarding:

(1)  the number of program applications received and accepted, disaggregated by age;

(2)  program participant satisfaction;

(3)  the results of assessment instruments shared in accordance with Section 29.357(3);

(4)  the effect of the program on public and private school capacity and availability;

(5)  the amount of cost savings accruing to the state as a result of the program;

(6)  in a report submitted in an even-numbered year only, an estimate of the total amount of funding required for the program for the next state fiscal biennium;

(7)  the amount of gifts, grants, and donations received under Section 29.370; and

(8)  based on surveys of former program participants or other sources available to an organization, the number and percentage of children participating in the program who, within one year after graduating from high school, are:

(A)  college ready, as indicated by earning a minimum of 12 non-remedial semester credit hours or the equivalent or an associate degree from a postsecondary educational institution;

(B)  career ready, as indicated by:

(i)  earning a credential of value included in a library of credentials established under Section 2308A.007, Government Code; or

(ii)  employment at or above the median wage in the child's region; or

(C)  military ready, as indicated by achieving a passing score set by the applicable military branch on the Armed Services Vocational Aptitude Battery and enlisting in the armed forces of the United States or the Texas National Guard.

(b)  In producing the report, each certified educational assistance organization shall:

(1)  use appropriate analytical and behavioral science methodologies to ensure public confidence in the report; and

(2)  comply with the requirements regarding the confidentiality of student educational information under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g).

(c)  The report must cover a period of not less than five years and include, subject to Subsection (b)(2), the data analyzed and methodology used.

(d)  The comptroller shall post the report on an Internet website established and maintained by the comptroller for the program.

Sec. 29.3715.  COLLECTION AND REPORTING OF DEMOGRAPHIC INFORMATION. (a) Each certified educational assistance organization shall collect and report to the comptroller demographic information regarding each participating child for whom the organization is responsible. The report must include the following demographic information:

(1)  the child's grade;

(2)  the child's age;

(3)  the child's gender;

(4)  the child's race or ethnicity;

(5)  the school district in which the child resides;

(6)  the district campus that the child would otherwise attend;

(7)  the child's zip code;

(8)  the child's date of enrollment in the program;

(9)  whether the child is educationally disadvantaged; and

(10)  whether the child has a disability.

(b)  Not later than August 1 of each year, the comptroller shall submit a written report to the legislature summarizing the demographic information collected under this section.

Sec. 29.372.  RULES; PROCEDURES. The comptroller shall adopt rules and procedures as necessary to implement, administer, and enforce this subchapter.

Sec. 29.373.  APPEAL; FINALITY OF DECISIONS. (a) A program participant may appeal to the comptroller an administrative decision made by the comptroller or a certified educational assistance organization under this subchapter, including a decision regarding eligibility, allowable expenses, or the participant's removal from the program.

(b)  This subchapter may not be construed to confer a property right on a certified educational assistance organization, education service provider, vendor of educational products, or program participant, and an appeal under this subchapter does not constitute a contested case for any purpose.

(c)  A decision of the comptroller made under this subchapter is final and not subject to appeal.

Sec. 29.374.  RIGHT TO INTERVENE IN CIVIL ACTION. (a) A program participant, eligible child, education service provider, or vendor of educational products may intervene in any civil action challenging the constitutionality of the program.

(b)  A court in which a civil action described by Subsection (a) is filed may require that all program participants, eligible children, education service providers, and vendors of educational products wishing to intervene in the action file a joint brief. A program participant, eligible child, education service provider, or vendor of educational products may not be required to join a brief filed on behalf of the state or a state agency.

SECTION 3.  Section 22.092(d), Education Code, is amended to read as follows:

(d)  The agency shall provide equivalent access to the registry maintained under this section to:

(1)  private schools;

(2)  public schools; [~~and~~]

(3)  nonprofit teacher organizations approved by the commissioner for the purpose of participating in the tutoring program established under Section 33.913; and

(4)  the comptroller for the purpose of preapproving education service providers and vendors of educational products under Section 29.358 for participation in the program established under Subchapter J, Chapter 29.

SECTION 4.  Section 411.109, Government Code, is amended by adding Subsection (b-1) and amending Subsection (c) to read as follows:

(b-1)  The comptroller is entitled to obtain criminal history record information as provided by Subsection (c) about a person who is an employee of an education service provider or vendor of educational products who intends to provide educational services to a child participating in the program established under Subchapter J, Chapter 29, Education Code, and is seeking approval to receive money distributed under that program.

(c)  Subject to Section 411.087 and consistent with the public policy of this state, the comptroller is entitled to:

(1)  obtain through the Federal Bureau of Investigation criminal history record information maintained or indexed by that bureau that pertains to a person described by Subsection (a), [~~or~~] (b), or (b-1); and

(2)  obtain from the department or any other criminal justice agency in this state criminal history record information maintained by the department or that criminal justice agency that relates to a person described by Subsection (a), [~~or~~] (b), or (b-1).

SECTION 5.  Section 810.002, Health and Safety Code, is amended to read as follows:

Sec. 810.002.  APPLICABILITY. This chapter applies to the following state agencies:

(1)  the Department of Family and Protective Services;

(2)  the Health and Human Services Commission;

(3)  the Texas Education Agency; [~~and~~]

(4)  the Texas Juvenile Justice Department; and

(5)  the comptroller of public accounts.

SECTION 6.  Subchapter J, Chapter 29, Education Code, as added by this Act, applies beginning with the 2026-2027 school year.

SECTION 7.  (a) Not later than May 15, 2026, the comptroller of public accounts shall adopt rules as provided by Sections 29.356(c) and 29.372, Education Code, as added by this Act.

(b)  The comptroller of public accounts may identify rules required by the passage of Subchapter J, Chapter 29, Education Code, as added by this Act, that must be adopted on an emergency basis for purposes of the 2026-2027 school year and may use the procedures established under Section 2001.034, Government Code, for adopting those rules. The comptroller of public accounts is not required to make the finding described by Section 2001.034(a), Government Code, to adopt emergency rules under this subsection.

SECTION 8.  (a) The constitutionality and other validity under the state or federal constitution of all or any part of Subchapter J, Chapter 29, Education Code, as added by this Act, may be determined in an action for declaratory judgment under Chapter 37, Civil Practice and Remedies Code, in a district court in the county in which the violation is alleged to have occurred or where the plaintiff resides or has its principal place of business.

(b)  An order, however characterized, of a trial court granting or denying a temporary or otherwise interlocutory injunction or a permanent injunction on the grounds of the constitutionality or unconstitutionality, or other validity or invalidity, under the state or federal constitution of all or any part of Subchapter J, Chapter 29, Education Code, as added by this Act, may be reviewed only by direct appeal to the Texas Supreme Court filed not later than the 15th business day after the date on which the order was entered. The Texas Supreme Court shall give precedence to appeals under this section over other matters.

(c)  The direct appeal is an accelerated appeal.

(d)  This section exercises the authority granted by Section 3-b, Article V, Texas Constitution.

(e)  The filing of a direct appeal under this section will automatically stay any temporary or otherwise interlocutory injunction or permanent injunction granted in accordance with this section pending final determination by the Texas Supreme Court, unless the supreme court makes specific findings that the applicant seeking such injunctive relief has pleaded and proved that:

(1)  the applicant has a probable right to the relief it seeks on final hearing;

(2)  the applicant will suffer a probable injury that is imminent and irreparable, and that the applicant has no other adequate legal remedy; and

(3)  maintaining the injunction is in the public interest.

(f)  An appeal under this section, including an interlocutory, accelerated, or direct appeal, is governed, as applicable, by the Texas Rules of Appellate Procedure, including Rules 25.1(d)(6), 28.1, 32.1, 37.3(a)(1), 38.6(a) and (b), 40.1(b), and 49.4.

(g)  This section does not authorize an award of attorney's fees against this state, and Section 37.009, Civil Practice and Remedies Code, does not apply to an action filed under this section.

SECTION 9.  It is the intent of the legislature that every provision, section, subsection, sentence, clause, phrase, or word in this Act, and every application of the provisions in this Act to each person or entity, is severable from each other. If any application of any provision in this Act to any person, group of persons, or circumstances is found by a court to be invalid for any reason, the remaining applications of that provision to all other persons and circumstances shall be severed and may not be affected.

SECTION 10.  This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.