

1-1 By: Creighton, et al. S.B. No. 2  
 1-2 (In the Senate - Filed January 24, 2025; January 24, 2025,  
 1-3 read first time and referred to Committee on Education K-16;  
 1-4 January 29, 2025, reported favorably by the following vote:  
 1-5 Yeas 9, Nays 2; January 29, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14		X		
1-15	X			
1-16	X			
1-17	X			
1-18		X		

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to the establishment of an education savings account  
 1-22 program.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. The purpose of this Act is to:

1-25 (1) provide additional educational options to assist  
 1-26 families in this state in exercising the right to direct the  
 1-27 educational needs of their children; and

1-28 (2) achieve a general diffusion of knowledge.

1-29 SECTION 2. Chapter 29, Education Code, is amended by adding  
 1-30 Subchapter J to read as follows:

1-31 SUBCHAPTER J. EDUCATION SAVINGS ACCOUNT PROGRAM

1-32 Sec. 29.351. DEFINITIONS. In this subchapter:

1-33 (1) "Account" means an education savings account  
 1-34 established under the program.

1-35 (2) "Certified educational assistance organization"  
 1-36 means an organization certified under Section 29.354 to support the  
 1-37 administration of the program.

1-38 (3) "Child with a disability" means a child who is  
 1-39 eligible to participate in a school district's special education  
 1-40 program under Section 29.003.

1-41 (4) "Higher education provider" means an institution  
 1-42 of higher education or a private or independent institution of  
 1-43 higher education, as those terms are defined by Section 61.003.

1-44 (5) "Low-income household" means a household with a  
 1-45 total annual income that is at or below 500 percent of the federal  
 1-46 poverty guidelines.

1-47 (6) "Parent" means a resident of this state who is a  
 1-48 natural or adoptive parent, managing or possessory conservator,  
 1-49 legal guardian, custodian, or other person with legal authority to  
 1-50 act on behalf of a child.

1-51 (7) "Participating child" means a child enrolled in  
 1-52 the program.

1-53 (8) "Participating parent" means a parent of a  
 1-54 participating child.

1-55 (9) "Program" means the program established under this  
 1-56 subchapter.

1-57 (10) "Program participant" means a participating  
 1-58 child or a participating parent.

1-59 Sec. 29.352. ESTABLISHMENT OF PROGRAM. The comptroller  
 1-60 shall establish a program to provide funding for approved  
 1-61 education-related expenses of children participating in the

2-1 program.

2-2 Sec. 29.353. PROGRAM FUND. (a) The program fund is an  
2-3 account in the general revenue fund to be administered by the  
2-4 comptroller.

2-5 (b) The fund is composed of:

2-6 (1) general revenue transferred to the fund;  
2-7 (2) money appropriated to the fund;  
2-8 (3) gifts, grants, and donations received under  
2-9 Section 29.370; and

2-10 (4) any other money available for purposes of the  
2-11 program.

2-12 (c) Money in the fund may be appropriated only for the uses  
2-13 specified by this subchapter.

2-14 Sec. 29.3535. PROMOTION OF PROGRAM. Notwithstanding  
2-15 Chapter 2113, Government Code, the comptroller or the comptroller's  
2-16 designee may enter into contracts or agreements and engage in  
2-17 marketing, advertising, and other activities to promote, market,  
2-18 and advertise the development and use of the program. The  
2-19 comptroller may use money from the program fund to pay for  
2-20 activities authorized under this section.

2-21 Sec. 29.354. SELECTION OF CERTIFIED EDUCATIONAL ASSISTANCE  
2-22 ORGANIZATIONS. (a) An organization may apply to the comptroller  
2-23 for certification as a certified educational assistance  
2-24 organization during an application period established by the  
2-25 comptroller.

2-26 (b) To be eligible for certification, an organization must:

2-27 (1) have the ability to perform one or more of the  
2-28 duties and functions required of a certified educational assistance  
2-29 organization under this subchapter;

2-30 (2) be in good standing with the state; and  
2-31 (3) be able to assist the comptroller in administering  
2-32 the program in whole or in part, including the ability to:

2-33 (A) accept, process, and track applications for  
2-34 the program;

2-35 (B) assist prospective applicants, applicants,  
2-36 and program participants with finding preapproved education  
2-37 service providers and vendors of educational products;

2-38 (C) accept and process payments for approved  
2-39 education-related expenses; and

2-40 (D) verify that program funding is used only for  
2-41 approved education-related expenses.

2-42 (c) The comptroller shall establish cybersecurity  
2-43 requirements for certified educational assistance organizations,  
2-44 including the implementation of best practices developed under  
2-45 Section 2054.5181, Government Code.

2-46 (d) The comptroller may certify not more than five  
2-47 educational assistance organizations to support the administration  
2-48 of the program, including by:

2-49 (1) administering in whole or in part:

2-50 (A) the application process under Section  
2-51 29.356; and

2-52 (B) the program expenditures process under  
2-53 Section 29.360; and

2-54 (2) assisting prospective applicants, applicants, and  
2-55 program participants with understanding approved education-related  
2-56 expenses and finding preapproved education service providers and  
2-57 vendors of educational products.

2-58 Sec. 29.355. ELIGIBLE CHILD. (a) A child is eligible to  
2-59 participate in the program if the child is eligible to:

2-60 (1) attend a public school under Section 25.001; or  
2-61 (2) enroll in a public school's prekindergarten  
2-62 program under Section 29.153.

2-63 (b) A child who establishes eligibility under this section  
2-64 may, subject to available funding and the requirements of this  
2-65 subchapter, participate in the program until the earliest of the  
2-66 date on which:

2-67 (1) the child graduates from high school;  
2-68 (2) the child is no longer eligible to either attend a  
2-69 public school under Section 25.001 or enroll in a public school's

3-1 prekindergarten program under Section 29.153, as applicable;  
 3-2 (3) the child enrolls in a public school in a manner in  
 3-3 which the child will be counted toward the school's average daily  
 3-4 attendance for purposes of the allocation of funding under the  
 3-5 Foundation School Program; or  
 3-6 (4) the child is declared ineligible for the program  
 3-7 by the comptroller under this subchapter.  
 3-8 (c) Notwithstanding Subsection (a) or (b), a child is not  
 3-9 eligible to participate in the program during the period in which  
 3-10 the child's parent or legal guardian is a state representative,  
 3-11 state senator, or statewide elected official.  
 3-12 Sec. 29.356. APPLICATION TO PROGRAM. (a) A parent of an  
 3-13 eligible child may apply to a certified educational assistance  
 3-14 organization designated by the comptroller to enroll the child in  
 3-15 the program for the following semester, term, or school year, as  
 3-16 determined by the comptroller. The comptroller shall establish  
 3-17 deadlines by which an applicant must complete and submit an  
 3-18 application form to participate in the program.  
 3-19 (b) On receipt of more acceptable applications during an  
 3-20 application period for admission under this section than available  
 3-21 positions in the program due to insufficient funding, a certified  
 3-22 educational assistance organization shall, at the direction of the  
 3-23 comptroller, fill the available positions by lottery of applicants  
 3-24 as follows:  
 3-25 (1) the lesser of the number of children described by  
 3-26 this subdivision who apply for the program or 80 percent of  
 3-27 available positions in the program for children who were enrolled  
 3-28 in a public school for at least 90 percent of the preceding school  
 3-29 year and are:  
 3-30 (A) members of a low-income household; or  
 3-31 (B) children with a disability; and  
 3-32 (2) the remaining available positions in the program  
 3-33 for all eligible applicants who are not accepted into the program  
 3-34 under Subdivision (1).  
 3-35 (c) The comptroller shall adopt rules necessary to  
 3-36 administer Subsection (b). The comptroller shall post on the  
 3-37 comptroller's Internet website any rule adopted under this  
 3-38 subsection.  
 3-39 (d) The comptroller shall create an application form for the  
 3-40 program and each certified educational assistance organization  
 3-41 designated by the comptroller shall make the application form  
 3-42 readily available through various sources, including the  
 3-43 organization's Internet website. The application form must state  
 3-44 the application deadlines established by the comptroller under  
 3-45 Subsection (a). Each organization shall ensure that the  
 3-46 application form, including any required supporting document, is  
 3-47 capable of being submitted to the organization electronically.  
 3-48 (e) Each certified educational assistance organization  
 3-49 designated under Subsection (a) shall post on the organization's  
 3-50 Internet website an applicant and participant handbook with a  
 3-51 description of the program, including:  
 3-52 (1) expenses allowed under the program under Section  
 3-53 29.359;  
 3-54 (2) a list of preapproved education service providers  
 3-55 and vendors of educational products under Section 29.358;  
 3-56 (3) a description of the application process under  
 3-57 this section and the program expenditures process under Section  
 3-58 29.360; and  
 3-59 (4) a description of the responsibilities of program  
 3-60 participants.  
 3-61 (f) Each certified educational assistance organization  
 3-62 designated under Subsection (a) shall annually provide to the  
 3-63 parent of each child participating in the program the information  
 3-64 described by Subsection (e). The organization may provide the  
 3-65 information electronically.  
 3-66 (g) The comptroller or a certified educational assistance  
 3-67 organization designated under Subsection (a):  
 3-68 (1) may require the participating parent to submit  
 3-69 annual notice regarding the parent's intent for the child to

4-1 continue participating in the program for the next school year; and  
 4-2 (2) may not require a program participant in good  
 4-3 standing to annually resubmit an application for continued  
 4-4 participation in the program.  
 4-5 (h) The agency shall provide to the comptroller the  
 4-6 information necessary to make the determinations required under  
 4-7 Subsection (b).  
 4-8 Sec. 29.357. PARTICIPATION IN PROGRAM. As a condition of  
 4-9 participating in the program, a participating parent must agree to:  
 4-10 (1) spend money received through the program only for  
 4-11 expenses allowed under Section 29.359;  
 4-12 (2) ensure the annual administration to the child of a  
 4-13 nationally norm-referenced assessment instrument or the  
 4-14 appropriate assessment instrument required under Subchapter B,  
 4-15 Chapter 39;  
 4-16 (3) share or authorize the administrator of an  
 4-17 assessment instrument to share with the program participant's  
 4-18 certified educational assistance organization the results of any  
 4-19 assessment instrument required to be administered to the child  
 4-20 under Subdivision (2) or other law;  
 4-21 (4) refrain from selling an item purchased with  
 4-22 program money; and  
 4-23 (5) notify the program participant's certified  
 4-24 educational assistance organization not later than 30 business days  
 4-25 after the date on which the child:  
 4-26 (A) enrolls in a public school, including an  
 4-27 open-enrollment charter school;  
 4-28 (B) graduates from high school; or  
 4-29 (C) is no longer eligible to either:  
 4-30 (i) enroll in a public school under Section  
 4-31 25.001; or  
 4-32 (ii) enroll in a public school's  
 4-33 prekindergarten program under Section 29.153.  
 4-34 Sec. 29.358. PREAPPROVED PROVIDERS AND VENDORS. (a) The  
 4-35 comptroller shall by rule establish a process for the preapproval  
 4-36 of education service providers and vendors of educational products  
 4-37 for participation in the program. The comptroller shall allow for  
 4-38 the submission of applications on a rolling basis.  
 4-39 (b) The comptroller shall approve an education service  
 4-40 provider or vendor of educational products for participation in the  
 4-41 program if the provider or vendor:  
 4-42 (1) for a private school, demonstrates annual  
 4-43 administration of a nationally norm-referenced assessment  
 4-44 instrument or the appropriate assessment instrument required under  
 4-45 Subchapter B, Chapter 39;  
 4-46 (2) for a public school, demonstrates:  
 4-47 (A) accreditation by the agency; and  
 4-48 (B) the ability to provide services or products  
 4-49 to children participating in the program in a manner in which the  
 4-50 children are not counted toward the school's average daily  
 4-51 attendance;  
 4-52 (3) for a private tutor, therapist, or teaching  
 4-53 service, demonstrates that:  
 4-54 (A) the tutor or therapist or each employee of  
 4-55 the teaching service who intends to provide educational services to  
 4-56 a participating child:  
 4-57 (i) is an educator employed by or a retired  
 4-58 educator formerly employed by a school accredited by the agency, an  
 4-59 organization recognized by the agency, or an organization  
 4-60 recognized by the Texas Private School Accreditation Commission;  
 4-61 (ii) holds a relevant license or  
 4-62 accreditation issued by a state, regional, or national  
 4-63 certification or accreditation organization; or  
 4-64 (iii) is employed in or retired from a  
 4-65 teaching or tutoring capacity at a higher education provider;  
 4-66 (B) the tutor or therapist or each employee of  
 4-67 the teaching service who intends to provide educational services to  
 4-68 a participating child provides to the comptroller a national  
 4-69 criminal history record information review completed by the tutor,



5-1 therapist, or employee, as applicable, within a period established  
5-2 by comptroller rule; and

5-3 (C) the tutor or therapist or each employee of  
5-4 the teaching service who intends to provide educational services to  
5-5 a participating child is not:

5-6 (i) required to be discharged or refused to  
5-7 be hired by a school district under Section 22.085; or  
5-8 (ii) included in the registry under Section  
5-9 22.092; or

5-10 (4) for a higher education provider, demonstrates  
5-11 nationally recognized postsecondary accreditation.

5-12 (c) The comptroller may approve an education service  
5-13 provider or vendor of educational products not described by  
5-14 Subsection (b) for participation in the program in accordance with  
5-15 comptroller rule.

5-16 (d) The comptroller may approve only an education service  
5-17 provider or vendor of educational products that operates in this  
5-18 state.

5-19 (e) An education service provider or vendor of educational  
5-20 products shall provide information requested by the comptroller to  
5-21 verify the provider's or vendor's eligibility for preapproval under  
5-22 this section. The comptroller may not approve a provider or vendor  
5-23 if the comptroller cannot verify the provider's or vendor's  
5-24 eligibility for preapproval.

5-25 (f) Each applicant for approval under this section shall  
5-26 submit to the comptroller documentation demonstrating that each  
5-27 person employed by the applicant or provider who will interact with  
5-28 a participating child is not identified as having engaged in  
5-29 misconduct described by Section 22.093(c)(1)(A) or (B) using the  
5-30 interagency reportable conduct search engine established under  
5-31 Chapter 810, Health and Safety Code.

5-32 (g) The comptroller shall review the documentation for each  
5-33 person described by Subsection (f). Each applicant for approval  
5-34 under this section must provide the comptroller with any  
5-35 information requested by the comptroller to enable the comptroller  
5-36 to complete the review.

5-37 (h) An education service provider or vendor of educational  
5-38 products must agree to:

5-39 (1) abide by the disbursement schedule under Section  
5-40 29.360(c) and all other requirements of this subchapter;

5-41 (2) accept money from the program only for  
5-42 education-related expenses approved under Section 29.359;

5-43 (3) notify the comptroller not later than the 30th day  
5-44 after the date that the provider or vendor no longer meets the  
5-45 requirements of this section; and

5-46 (4) return any money received, including any interest  
5-47 or other additions received related to the money, in violation of  
5-48 this subchapter or other relevant law to the comptroller for  
5-49 deposit into the program fund.

5-50 (i) An education service provider or vendor of educational  
5-51 products that receives approval under this section may participate  
5-52 in the program until the earliest of the date on which the provider  
5-53 or vendor:

5-54 (1) no longer meets the requirements under this  
5-55 section; or

5-56 (2) violates this subchapter or other relevant law.

5-57 Sec. 29.3585. PROVIDER AND VENDOR SUSPENSION AND REMOVAL.

5-58 (a) The comptroller shall immediately suspend a preapproved  
5-59 education service provider or vendor of educational products on  
5-60 finding that the provider or vendor:

5-61 (1) is ineligible under this chapter for participation  
5-62 in the program; or

5-63 (2) has failed to remain in good standing by complying  
5-64 with a program requirement under this chapter or other applicable  
5-65 law.

5-66 (b) A payment may not be made from a program participant's  
5-67 account to a suspended provider or vendor.

5-68 (c) On suspension under this section, the comptroller shall  
5-69 immediately send notice of the suspension to the suspended provider

6-1 or vendor and each certified educational assistance organization by  
 6-2 first class mail and e-mail. The notice must include a statement  
 6-3 that:

6-4 (1) specifies the grounds for suspending the provider  
 6-5 or vendor;

6-6 (2) no additional payments may be made to the provider  
 6-7 or vendor from a program participant's account during the  
 6-8 provider's or vendor's suspension; and

6-9 (3) the provider or vendor has 30 days to respond and  
 6-10 take any corrective action required to comply with program  
 6-11 requirements and applicable law.

6-12 (d) Not later than the 30th day after the date the  
 6-13 comptroller provides notice of suspension under Subsection (c), the  
 6-14 comptroller shall:

6-15 (1) remove the provider or vendor from the program;

6-16 (2) conditionally reinstate the provider or vendor and  
 6-17 require the provider or vendor to perform a specified action; or

6-18 (3) unconditionally reinstate the provider or vendor.

6-19 (e) On removing a provider or vendor from the program, the  
 6-20 comptroller shall notify the provider or vendor and each certified  
 6-21 educational assistance organization of the removal.

6-22 Sec. 29.359. APPROVED EDUCATION-RELATED EXPENSES. (a)  
 6-23 Subject to Subsection (b), money received under the program may be  
 6-24 used only for the following education-related expenses incurred by  
 6-25 a participating child at a preapproved education service provider  
 6-26 or vendor of educational products:

6-27 (1) tuition and fees for:

6-28 (A) a private school;

6-29 (B) a higher education provider; or

6-30 (C) a program that provides training for an  
 6-31 industry-based credential;

6-32 (2) the purchase of textbooks or other instructional  
 6-33 materials;

6-34 (3) fees for classes or other educational services  
 6-35 provided by a public school, including an open-enrollment charter  
 6-36 school, if the classes or services do not qualify the child to be  
 6-37 included in the school's average daily attendance;

6-38 (4) costs related to academic assessments;

6-39 (5) fees for services provided by a private tutor or  
 6-40 teaching service;

6-41 (6) fees for transportation provided by a  
 6-42 fee-for-service transportation provider for the child to travel to  
 6-43 and from a preapproved education service provider or vendor of  
 6-44 educational products; and

6-45 (7) fees for educational therapies or services  
 6-46 provided by a practitioner or provider, only for fees that are not  
 6-47 covered by any federal, state, or local government benefits such as  
 6-48 Medicaid or the Children's Health Insurance Program (CHIP) or by  
 6-49 any private insurance that the child is enrolled in at the time of  
 6-50 receiving the therapies or services.

6-51 (b) Money received under the program may not be used to pay  
 6-52 any person who is related to the program participant within the  
 6-53 third degree by consanguinity or affinity, as determined under  
 6-54 Chapter 573, Government Code.

6-55 (c) A finding that a program participant used money  
 6-56 distributed under the program to pay for an expense not allowed  
 6-57 under Subsection (a) does not affect the validity of any payment  
 6-58 made by the participant for an approved education-related expense  
 6-59 that is allowed under that subsection.

6-60 Sec. 29.360. PROGRAM EXPENDITURES. (a) The comptroller  
 6-61 shall disburse from the program fund to each certified educational  
 6-62 assistance organization the amount specified under Section  
 6-63 29.361(a) for each participating child served by the organization.

6-64 (b) To initiate payment to an education service provider or  
 6-65 vendor of educational products for an education-related expense  
 6-66 approved under Section 29.359, the participating parent must submit  
 6-67 a request in a form prescribed by comptroller rule to the certified  
 6-68 educational assistance organization that serves the child.

6-69 (c) Subject to Subsection (d) and Sections 29.362(f) and

7-1 29.364, on receiving a request under Subsection (b), a certified  
 7-2 educational assistance organization shall verify that the request  
 7-3 is for an expense approved under Section 29.359 and, not later than  
 7-4 the 15th business day after the date the organization verifies the  
 7-5 request, send payment to the education service provider or vendor  
 7-6 of educational products.

7-7 (d) A disbursement under this section may not exceed the  
 7-8 applicable participating child's account balance.

7-9 (e) A certified educational assistance organization shall  
 7-10 provide participating parents with electronic access to:

7-11 (1) view the participating child's current account  
 7-12 balance;

7-13 (2) initiate the payment process under Subsection (b);  
 7-14 and

7-15 (3) view a summary of past account activity, including  
 7-16 payments from the account to education service providers and  
 7-17 vendors of educational products.

7-18 Sec. 29.361. AMOUNT OF PAYMENT; FINANCING. (a) Subject to  
 7-19 Subsection (b), the comptroller shall credit semiannually from the  
 7-20 program fund to each program participant's account a total amount  
 7-21 equal to:

7-22 (1) \$2,000 or a greater amount set by appropriation;  
 7-23 or

7-24 (2) if the participating child is enrolled in a  
 7-25 private school accredited by an organization recognized by the  
 7-26 Texas Private School Accreditation Commission or the agency:

7-27 (A) \$10,000; or

7-28 (B) \$11,500 if the participating child is a child  
 7-29 with a disability.

7-30 (b) The comptroller shall prorate a credit to a program  
 7-31 participant's account under Subsection (a) for a participating  
 7-32 child admitted into the program after the beginning of a program  
 7-33 year based on the date the child is admitted.

7-34 (c) Any money remaining in a participating child's account  
 7-35 at the end of a fiscal year is carried forward to the next fiscal  
 7-36 year unless another provision of this subchapter mandates the  
 7-37 closure of the account.

7-38 (d) The participating parent may make payments for the  
 7-39 expenses of educational programs, services, and products not  
 7-40 covered by money in the participating child's account.

7-41 (e) A payment under Subsection (a) may not be financed using  
 7-42 federal money or money from the available school fund or  
 7-43 instructional materials and technology fund.

7-44 (f) Payments received under this subchapter do not  
 7-45 constitute taxable income to a participating parent, unless  
 7-46 otherwise provided by federal law.

7-47 Sec. 29.362. ADMINISTRATION OF ACCOUNTS. (a) On receipt  
 7-48 of money distributed by the comptroller for purposes of making  
 7-49 payments to program participants, a certified educational  
 7-50 assistance organization shall hold that money in trust for the  
 7-51 benefit of children participating in the program and make quarterly  
 7-52 payments to the account of each participating child served by the  
 7-53 organization in equal amounts on or before the first day of July,  
 7-54 October, January, and April.

7-55 (b) Each year, the comptroller may deduct from the total  
 7-56 amount of money appropriated for purposes of this subchapter an  
 7-57 amount, not to exceed three percent of that total amount, to cover  
 7-58 the comptroller's cost of administering the program.

7-59 (c) Each quarter, each certified educational assistance  
 7-60 organization shall submit to the comptroller a breakdown of the  
 7-61 organization's costs of administering the program for the previous  
 7-62 quarter, and the comptroller shall disburse from money appropriated  
 7-63 for the program to each certified educational assistance  
 7-64 organization the amount necessary to cover the organization's costs  
 7-65 of administering the program for that quarter. The total amount  
 7-66 disbursed to all certified educational assistance organizations  
 7-67 under this subsection for a state fiscal year may not exceed five  
 7-68 percent of the amount appropriated for the purposes of the program  
 7-69 for that fiscal year.

8-1 (d) On or before the first day of October and February, a  
 8-2 certified educational assistance organization shall:

8-3 (1) verify with the agency that each participating  
 8-4 child is not enrolled in a public school, including an  
 8-5 open-enrollment charter school, in a manner in which the child is  
 8-6 counted toward the school's average daily attendance for purposes  
 8-7 of the allocation of state funding under the Foundation School  
 8-8 Program; and

8-9 (2) notify the comptroller if the organization  
 8-10 determines that a participating child is:

8-11 (A) enrolled in a public school, including an  
 8-12 open-enrollment charter school, in a manner in which the child is  
 8-13 counted toward the school's average daily attendance for purposes  
 8-14 of the allocation of state funding under the Foundation School  
 8-15 Program; or

8-16 (B) not enrolled in a preapproved private school.

8-17 (e) The comptroller by rule shall establish a process by  
 8-18 which a participating parent may authorize the comptroller or a  
 8-19 certified educational assistance organization to make a payment  
 8-20 directly from the participant's account to a preapproved education  
 8-21 service provider or vendor of educational products for an expense  
 8-22 allowed under Section 29.359.

8-23 (f) On the date on which a child who participated in the  
 8-24 program is no longer eligible to participate in the program under  
 8-25 Section 29.355 and payments for any education-related expenses  
 8-26 allowed under Section 29.359 from the child's account have been  
 8-27 completed, the participating child's account shall be closed and  
 8-28 any remaining money returned to the comptroller for deposit in the  
 8-29 program fund.

8-30 (g) Each quarter, any interest or other earnings  
 8-31 attributable to money held by a certified educational assistance  
 8-32 organization for purposes of the program shall be remitted to the  
 8-33 comptroller for deposit in the program fund.

8-34 Sec. 29.363. AUDITING. (a) The comptroller shall contract  
 8-35 with a private entity to audit accounts and program participant  
 8-36 eligibility data not less than once per year to ensure compliance  
 8-37 with applicable law and program requirements. The audit must  
 8-38 include a review of:

8-39 (1) each certified educational assistance  
 8-40 organization's internal controls over program transactions; and

8-41 (2) compliance by:  
 8-42 (A) certified educational assistance  
 8-43 organizations with Section 29.354 and other program requirements;

8-44 (B) program participants with Section 29.357 and  
 8-45 other program requirements; and

8-46 (C) education service providers and vendors of  
 8-47 educational products with Section 29.358 and other program  
 8-48 requirements.

8-49 (b) In conducting an audit, the private entity may require a  
 8-50 program participant, education service provider or vendor of  
 8-51 educational products, or a certified educational assistance  
 8-52 organization to provide information and documentation regarding  
 8-53 any transaction occurring under the program.

8-54 (c) The private entity shall report to the comptroller any  
 8-55 violation of this subchapter or other relevant law and any  
 8-56 transactions the entity determines to be unusual or suspicious  
 8-57 found by the entity during an audit conducted under this section.  
 8-58 The comptroller shall report the violation or transaction to:

8-59 (1) the applicable certified educational assistance  
 8-60 organization;

8-61 (2) the education service provider or vendor of  
 8-62 educational products, as applicable; and

8-63 (3) each participating parent who is affected by the  
 8-64 violation or transaction.

8-65 Sec. 29.364. SUSPENSION OF ACCOUNT. (a) The comptroller  
 8-66 shall suspend the account of a participating child who fails to  
 8-67 remain in good standing by complying with applicable law or a  
 8-68 requirement of the program.

8-69 (b) On suspension of an account under Subsection (a), the



9-1 comptroller shall notify the participating parent in writing that  
 9-2 the account has been suspended and that no additional payments may  
 9-3 be made from the account. The notification must specify the grounds  
 9-4 for the suspension and state that the participating parent has 30  
 9-5 days to respond and take any corrective action required by the  
 9-6 comptroller.

9-7 (c) On the expiration of the 30-day period under Subsection  
 9-8 (b), the comptroller shall:

9-9 (1) order closure of the suspended account;

9-10 (2) order temporary reinstatement of the account,  
 9-11 conditioned on the performance of a specified action by the  
 9-12 participating parent; or

9-13 (3) order full reinstatement of the account.

9-14 (d) The comptroller may recover money distributed under the  
 9-15 program that was used for expenses not allowed under Section  
 9-16 29.359, for a child who was not eligible to participate in the  
 9-17 program at the time of the expenditure, or from an education service  
 9-18 provider or vendor of educational products that was not approved at  
 9-19 the time of the expenditure. The money and any interest or other  
 9-20 additions received related to the money may be recovered from the  
 9-21 participating parent or the education service provider or vendor of  
 9-22 educational products that received the money in accordance with  
 9-23 Subtitles A and B, Title 2, Tax Code, or as provided by other law if  
 9-24 the participating child's account is suspended or closed under this  
 9-25 section. The comptroller shall deposit money recovered under this  
 9-26 subsection into the program fund.

9-27 Sec. 29.365. TUITION AND FEES; REFUND PROHIBITED. (a) An  
 9-28 education service provider or vendor of educational products may  
 9-29 not charge a participating child an amount greater than the  
 9-30 standard amount charged for that service or product by the provider  
 9-31 or vendor.

9-32 (b) An education service provider or vendor of educational  
 9-33 products receiving money distributed under the program may not in  
 9-34 any manner rebate, refund, or credit to or share with a program  
 9-35 participant, or any person on behalf of a participant, any program  
 9-36 money paid or owed by the participant to the provider or vendor.

9-37 Sec. 29.366. REFERRAL TO DISTRICT ATTORNEY. If the  
 9-38 comptroller obtains evidence of fraudulent use of an account or  
 9-39 money distributed under the program or any other violation of law by  
 9-40 a certified educational assistance organization, education service  
 9-41 provider or vendor of educational products, or program participant,  
 9-42 the comptroller shall notify the appropriate local county or  
 9-43 district attorney with jurisdiction over, as applicable:

9-44 (1) the principal place of business of the  
 9-45 organization or provider or vendor; or

9-46 (2) the residence of the program participant.

9-47 Sec. 29.367. SPECIAL EDUCATION NOTICE. (a) A certified  
 9-48 educational assistance organization shall post on the  
 9-49 organization's Internet website and provide to each parent who  
 9-50 submits an application for the program a notice that:

9-51 (1) states that a private school is not subject to  
 9-52 federal and state laws regarding the provision of educational  
 9-53 services to a child with a disability in the same manner as a public  
 9-54 school; and

9-55 (2) provides information regarding rights to which a  
 9-56 child with a disability is entitled under federal and state law if  
 9-57 the child attends a public school, including:

9-58 (A) rights provided under the Individuals with  
 9-59 Disabilities Education Act (20 U.S.C. Section 1400 et seq.); and

9-60 (B) rights provided under Subchapter A.

9-61 (b) A private school in which a child with a disability who  
 9-62 is a participating child enrolls shall provide to the participating  
 9-63 parent a copy of the notice required under Subsection (a).

9-64 Sec. 29.368. PROGRAM PARTICIPANT, PROVIDER, AND VENDOR  
 9-65 AUTONOMY. (a) An education service provider or vendor of  
 9-66 educational products that receives money distributed under the  
 9-67 program is not a recipient of federal financial assistance and may  
 9-68 not be considered to be a state actor on the basis of receiving that  
 9-69 money.

10-1 (b) Except as provided by Subsection (c), a state agency or  
 10-2 state official may not adopt a rule or take other governmental  
 10-3 action related to the program and a certified educational  
 10-4 assistance organization may not take action that:

10-5 (1) limits or imposes requirements that are contrary  
 10-6 to the religious or institutional values or practices of an  
 10-7 education service provider, vendor of educational products, or  
 10-8 program participant; or

10-9 (2) limits an education service provider, vendor of  
 10-10 educational products, or program participant from freely:

10-11 (A) determining the methods or curriculum to  
 10-12 educate students;

10-13 (B) determining admissions and enrollment  
 10-14 practices, policies, and standards;

10-15 (C) modifying or refusing to modify the  
 10-16 provider's, vendor's, or participant's religious or institutional  
 10-17 values or practices, operations, conduct, policies, standards,  
 10-18 assessments, or employment practices based on the provider's,  
 10-19 vendor's, or participant's religious values or practices; or

10-20 (D) exercising the provider's, vendor's, or  
 10-21 participant's religious or institutional practices as the  
 10-22 provider, vendor, or participant determines.

10-23 (c) A state agency or state official may adopt a rule that  
 10-24 imposes limitations or requirements described by Subsection (b) if  
 10-25 the agency or official demonstrates that the application of the  
 10-26 burden resulting from the imposition:

10-27 (1) is in the furtherance of a compelling governmental  
 10-28 interest; and

10-29 (2) is the least restrictive means of furthering that  
 10-30 interest.

10-31 Sec. 29.369. STUDENT RECORDS AND INFORMATION. (a) On  
 10-32 request by the participating parent or parent of a child seeking to  
 10-33 participate in the program, the school district or open-enrollment  
 10-34 charter school that the child would otherwise attend shall provide  
 10-35 a copy of the child's school records possessed by the district or  
 10-36 school, if any, to the child's parent or, if applicable, the private  
 10-37 school the child attends.

10-38 (b) As necessary to verify a child's eligibility for the  
 10-39 program, the agency, a school district, or an open-enrollment  
 10-40 charter school shall provide to a certified educational assistance  
 10-41 organization any information available to the agency, district, or  
 10-42 school requested by the organization regarding a child who  
 10-43 participates or seeks to participate in the program, including  
 10-44 information regarding the child's public school enrollment status  
 10-45 and whether the child can be counted toward a public school's  
 10-46 average daily attendance for purposes of the allocation of funding  
 10-47 under the Foundation School Program. The organization may not  
 10-48 retain information provided under this subsection beyond the period  
 10-49 necessary to determine a child's eligibility to participate in the  
 10-50 program.

10-51 (c) A certified educational assistance organization or an  
 10-52 education service provider or vendor of educational products that  
 10-53 obtains information regarding a participating child:

10-54 (1) shall comply with state and federal law regarding  
 10-55 the confidentiality of student educational information; and

10-56 (2) may not sell or otherwise distribute information  
 10-57 regarding a participating child.

10-58 Sec. 29.370. GIFTS, GRANTS, AND DONATIONS. The comptroller  
 10-59 and a certified educational assistance organization may solicit and  
 10-60 accept gifts, grants, and donations from any public or private  
 10-61 source for any expenses related to the administration of the  
 10-62 program, including establishing the program and contracting for the  
 10-63 report required under Section 29.371.

10-64 Sec. 29.371. ANNUAL REPORT. (a) The comptroller shall  
 10-65 require that each certified educational assistance organization  
 10-66 compile program data and produce an annual longitudinal report  
 10-67 regarding:

10-68 (1) the number of program applications received and  
 10-69 accepted, disaggregated by age;

11-1 (2) program participant satisfaction;  
 11-2 (3) the results of assessment instruments shared in  
 11-3 accordance with Section 29.357(3);  
 11-4 (4) the effect of the program on public and private  
 11-5 school capacity and availability;  
 11-6 (5) the amount of cost savings accruing to the state as  
 11-7 a result of the program;  
 11-8 (6) in a report submitted in an even-numbered year  
 11-9 only, an estimate of the total amount of funding required for the  
 11-10 program for the next state fiscal biennium;  
 11-11 (7) the amount of gifts, grants, and donations  
 11-12 received under Section 29.370; and  
 11-13 (8) based on surveys of former program participants or  
 11-14 other sources available to an organization, the number and  
 11-15 percentage of children participating in the program who, within one  
 11-16 year after graduating from high school, are:  
 11-17 (A) college ready, as indicated by earning a  
 11-18 minimum of 12 non-remedial semester credit hours or the equivalent  
 11-19 or an associate degree from a postsecondary educational  
 11-20 institution;  
 11-21 (B) career ready, as indicated by:  
 11-22 (i) earning a credential of value included  
 11-23 in a library of credentials established under Section 2308A.007,  
 11-24 Government Code; or  
 11-25 (ii) employment at or above the median wage  
 11-26 in the child's region; or  
 11-27 (C) military ready, as indicated by achieving a  
 11-28 passing score set by the applicable military branch on the Armed  
 11-29 Services Vocational Aptitude Battery and enlisting in the armed  
 11-30 forces of the United States or the Texas National Guard.  
 11-31 (b) In producing the report, each certified educational  
 11-32 assistance organization shall:  
 11-33 (1) use appropriate analytical and behavioral science  
 11-34 methodologies to ensure public confidence in the report; and  
 11-35 (2) comply with the requirements regarding the  
 11-36 confidentiality of student educational information under the  
 11-37 Family Educational Rights and Privacy Act of 1974 (20 U.S.C.  
 11-38 Section 1232g).  
 11-39 (c) The report must cover a period of not less than five  
 11-40 years and include, subject to Subsection (b)(2), the data analyzed  
 11-41 and methodology used.  
 11-42 (d) The comptroller and each certified educational  
 11-43 assistance organization shall post the report on the comptroller's  
 11-44 and organization's respective Internet websites.  
 11-45 Sec. 29.3715. COLLECTION AND REPORTING OF DEMOGRAPHIC  
 11-46 INFORMATION. (a) Each certified educational assistance  
 11-47 organization shall collect and report to the comptroller  
 11-48 demographic information regarding each participating child for  
 11-49 whom the organization is responsible. The report must include the  
 11-50 following demographic information:  
 11-51 (1) the child's grade;  
 11-52 (2) the child's age;  
 11-53 (3) the child's gender;  
 11-54 (4) the child's race or ethnicity;  
 11-55 (5) the school district in which the child resides;  
 11-56 (6) the district campus that the child would otherwise  
 11-57 attend;  
 11-58 (7) the child's zip code;  
 11-59 (8) the child's date of enrollment in the program;  
 11-60 (9) whether the child is educationally disadvantaged;  
 11-61 and  
 11-62 (10) whether the child has a disability.  
 11-63 (b) Not later than August 1 of each year, the comptroller  
 11-64 shall submit a written report to the legislature summarizing the  
 11-65 demographic information collected under this section.  
 11-66 Sec. 29.372. RULES; PROCEDURES. The comptroller shall  
 11-67 adopt rules and procedures as necessary to implement, administer,  
 11-68 and enforce this subchapter.  
 11-69 Sec. 29.373. APPEAL; FINALITY OF DECISIONS. (a) A program

12-1 participant may appeal to the comptroller an administrative  
 12-2 decision made by the comptroller or a certified educational  
 12-3 assistance organization under this subchapter, including a  
 12-4 decision regarding eligibility, allowable expenses, or the  
 12-5 participant's removal from the program.

12-6 (b) This subchapter may not be construed to confer a  
 12-7 property right on a certified educational assistance organization,  
 12-8 education service provider, vendor of educational products, or  
 12-9 program participant.

12-10 (c) A decision of the comptroller made under this subchapter  
 12-11 is final and not subject to appeal.

12-12 Sec. 29.374. RIGHT TO INTERVENE IN CIVIL ACTION. (a) A  
 12-13 program participant, education service provider, or vendor of  
 12-14 educational products may intervene in any civil action challenging  
 12-15 the constitutionality of the program.

12-16 (b) A court in which a civil action described by Subsection  
 12-17 (a) is filed may require that all program participants, education  
 12-18 service providers, and vendors of educational products wishing to  
 12-19 intervene in the action file a joint brief. A program participant,  
 12-20 education service provider, or vendor of educational products may  
 12-21 not be required to join a brief filed on behalf of the state or a  
 12-22 state agency.

12-23 SECTION 3. Section 22.092(d), Education Code, is amended to  
 12-24 read as follows:

12-25 (d) The agency shall provide equivalent access to the  
 12-26 registry maintained under this section to:

12-27 (1) private schools;  
 12-28 (2) public schools; ~~and~~  
 12-29 (3) nonprofit teacher organizations approved by the  
 12-30 commissioner for the purpose of participating in the tutoring  
 12-31 program established under Section 33.913; and

12-32 (4) the comptroller for the purpose of preapproving  
 12-33 education service providers and vendors of educational products  
 12-34 under Section 29.358 for participation in the program established  
 12-35 under Subchapter J, Chapter 29.

12-36 SECTION 4. Section 411.109, Government Code, is amended by  
 12-37 adding Subsection (b-1) and amending Subsection (c) to read as  
 12-38 follows:

12-39 (b-1) The comptroller is entitled to obtain criminal  
 12-40 history record information as provided by Subsection (c) about a  
 12-41 person who is an employee of an education service provider or vendor  
 12-42 of educational products who intends to provide educational services  
 12-43 to a child participating in the program established under  
 12-44 Subchapter J, Chapter 29, Education Code, and is seeking approval  
 12-45 to receive money distributed under that program.

12-46 (c) Subject to Section 411.087 and consistent with the  
 12-47 public policy of this state, the comptroller is entitled to:

12-48 (1) obtain through the Federal Bureau of Investigation  
 12-49 criminal history record information maintained or indexed by that  
 12-50 bureau that pertains to a person described by Subsection (a), ~~or~~  
 12-51 (b), or (b-1); and

12-52 (2) obtain from the department or any other criminal  
 12-53 justice agency in this state criminal history record information  
 12-54 maintained by the department or that criminal justice agency that  
 12-55 relates to a person described by Subsection (a), ~~or~~ (b), or (b-1).

12-56 SECTION 5. Section 810.002, Health and Safety Code, is  
 12-57 amended to read as follows:

12-58 Sec. 810.002. APPLICABILITY. This chapter applies to the  
 12-59 following state agencies:

12-60 (1) the Department of Family and Protective Services;  
 12-61 (2) the Health and Human Services Commission;  
 12-62 (3) the Texas Education Agency; ~~and~~  
 12-63 (4) the Texas Juvenile Justice Department; and  
 12-64 (5) the comptroller of public accounts.

12-65 SECTION 6. Subchapter J, Chapter 29, Education Code, as  
 12-66 added by this Act, applies beginning with the 2026-2027 school  
 12-67 year.

12-68 SECTION 7. (a) Not later than May 15, 2026, the comptroller  
 12-69 of public accounts shall adopt rules as provided by Sections



13-1 29.356(c) and 29.372, Education Code, as added by this Act.

13-2 (b) The comptroller of public accounts may identify rules  
13-3 required by the passage of Subchapter J, Chapter 29, Education  
13-4 Code, as added by this Act, that must be adopted on an emergency  
13-5 basis for purposes of the 2026-2027 school year and may use the  
13-6 procedures established under Section 2001.034, Government Code,  
13-7 for adopting those rules. The comptroller of public accounts is not  
13-8 required to make the finding described by Section 2001.034(a),  
13-9 Government Code, to adopt emergency rules under this subsection.

13-10 SECTION 8. (a) The constitutionality and other validity  
13-11 under the state or federal constitution of all or any part of  
13-12 Subchapter J, Chapter 29, Education Code, as added by this Act, may  
13-13 be determined in an action for declaratory judgment under Chapter  
13-14 37, Civil Practice and Remedies Code, in a district court in the  
13-15 county in which the violation is alleged to have occurred or where  
13-16 the plaintiff resides or has its principal place of business.

13-17 (b) An order, however characterized, of a trial court  
13-18 granting or denying a temporary or otherwise interlocutory  
13-19 injunction or a permanent injunction on the grounds of the  
13-20 constitutionality or unconstitutionality, or other validity or  
13-21 invalidity, under the state or federal constitution of all or any  
13-22 part of Subchapter J, Chapter 29, Education Code, as added by this  
13-23 Act, may be reviewed only by direct appeal to the Texas Supreme  
13-24 Court filed not later than the 15th business day after the date on  
13-25 which the order was entered. The Texas Supreme Court shall give  
13-26 precedence to appeals under this section over other matters.

13-27 (c) The direct appeal is an accelerated appeal.

13-28 (d) This section exercises the authority granted by Section  
13-29 3-b, Article V, Texas Constitution.

13-30 (e) The filing of a direct appeal under this section will  
13-31 automatically stay any temporary or otherwise interlocutory  
13-32 injunction or permanent injunction granted in accordance with this  
13-33 section pending final determination by the Texas Supreme Court,  
13-34 unless the supreme court makes specific findings that the applicant  
13-35 seeking such injunctive relief has pleaded and proved that:

13-36 (1) the applicant has a probable right to the relief it  
13-37 seeks on final hearing;

13-38 (2) the applicant will suffer a probable injury that  
13-39 is imminent and irreparable, and that the applicant has no other  
13-40 adequate legal remedy; and

13-41 (3) maintaining the injunction is in the public  
13-42 interest.

13-43 (f) An appeal under this section, including an  
13-44 interlocutory, accelerated, or direct appeal, is governed, as  
13-45 applicable, by the Texas Rules of Appellate Procedure, including  
13-46 Rules 25.1(d)(6), 28.1, 32.1, 37.3(a)(1), 38.6(a) and (b), 40.1(b),  
13-47 and 49.4.

13-48 (g) This section does not authorize an award of attorney's  
13-49 fees against this state, and Section 37.009, Civil Practice and  
13-50 Remedies Code, does not apply to an action filed under this section.

13-51 SECTION 9. It is the intent of the legislature that every  
13-52 provision, section, subsection, sentence, clause, phrase, or word  
13-53 in this Act, and every application of the provisions in this Act to  
13-54 each person or entity, is severable from each other. If any  
13-55 application of any provision in this Act to any person, group of  
13-56 persons, or circumstances is found by a court to be invalid for any  
13-57 reason, the remaining applications of that provision to all other  
13-58 persons and circumstances shall be severed and may not be affected.

13-59 SECTION 10. This Act takes effect immediately if it  
13-60 receives a vote of two-thirds of all the members elected to each  
13-61 house, as provided by Section 39, Article III, Texas Constitution.  
13-62 If this Act does not receive the vote necessary for immediate  
13-63 effect, this Act takes effect September 1, 2025.

13-64 \* \* \* \* \*