

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 20, 2025

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education K-16

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2 by Buckley (relating to public education and public school finance.), Committee Report 2nd House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB2, Committee Report 2nd House, Substituted: a negative impact of (\$7,811,768,734) through the biennium ending August 31, 2027.

Costs associated with changes to special education funding in the Foundation School Program (FSP) for fiscal years 2028-30 cannot be determined, as the tiers, service groups, and weights are unknown; however, this analysis assumes funding would at least maintain funding levels that would be provided under current law.

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

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$3,752,527,562)
2027	(\$4,059,241,172)
2028	(\$4,184,162,991)
2029	(\$4,137,714,695)
2030	(\$4,798,760,614)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Probable Savings/(Cost) from Federal Funds 555</i>	<i>Probable Revenue Gain/(Loss) from Recapture Payments Atten Crdts 8905</i>
2026	(\$363,491,657)	(\$3,389,035,905)	(\$628,064)	(\$332,721,665)
2027	(\$134,238,192)	(\$3,925,002,980)	(\$603,289)	(\$505,268,740)
2028	(\$130,687,825)	(\$4,053,475,166)	(\$603,289)	(\$500,516,358)
2029	(\$138,703,740)	(\$3,999,010,955)	(\$603,289)	(\$650,782,421)
2030	(\$145,338,312)	(\$4,653,422,302)	(\$603,289)	(\$541,868,013)

<i>Fiscal Year</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	109.5
2027	105.0
2028	103.5
2029	103.5
2030	103.5

Fiscal Analysis

The bill would add an additional designation level to the Teacher Incentive Allotment (TIA) and would change the designation of nationally board-certified teachers. The bill would also direct the Commissioner to designate schools as enhanced teacher incentive allotment schools and expand the technical assistance duties of the Texas Education Agency (TEA) related to implementation of local optional teacher designation systems.

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

The bill would require TEA to provide resources, including liability insurance, for classroom teachers. From funds appropriated or otherwise available for the purpose, the agency would be required to contract with a third party to provide services for a classroom teacher employed under a probationary, continuing, or term contract.

The bill would entitle school district employees to salary deductions for fees to an entity providing liability insurance.

The bill would increase the Foundation School Program (FSP) allotments and rural and high needs factors for TIA, and add an additional weight for enhanced teacher incentive allotment schools.

The bill would establish a teacher retention allotment, which would provide additional funding for classroom teacher compensation based on teaching experience and district size.

The bill would provide additional state aid to certain districts receiving an adjustment under Education Code, Section 48.257.

The bill would amend Education Code, Section 48.051, to repeal the sections that would require districts to use 30 percent of new revenue in a year in which the basic allotment is increased to provide compensation increases to full-time district employees other than administrators.

The bill would provide one-time payments for certain uncertified teachers who earn a standard certificate.

The bill would require State Board for Educator Certification (SBEC) to develop rules and procedures relating to evaluating educator preparation programs (EPP) for approval and the renewal of approval, including educator literacy and mathematics achievement academies.

The bill would require the commissioner to develop and make available instructional materials for educator preparation programs and training for faculty responsible for preparing educator candidates.

The bill would require school districts to pay a teacher with zero years of experience who holds a certification under Education Code, Section 21.0412(a), a minimum salary that is greater than a teacher with equivalent experience who does not hold a certification under that section. The bill would prohibit school districts from adopting a salary schedule for teachers with five or more years of experience that differentiates minimum

salaries based solely on certification.

The bill would direct school districts to provide onetime payments to certain teacher candidates for completing literacy or math academies.

The bill would establish the Preparing and Retaining Educators through Partnership (PREP) Programs to provide preservice practice opportunities for teacher candidates in a prekindergarten through grade 12 classroom through partnerships between school districts or open-enrollment charter schools and EPPs. TEA would be required to provide technical assistance and support to participating schools and EPPs.

The bill would establish the Preparing and Retaining Educators through Partnership Program Allotment for the PREP Programs. For each teacher candidate completing preservice practice hours at the district under Subchapter Q, Chapter 21, the district would be entitled to an allotment equal to the sum of a base amount ranging from \$8,000 to \$24,000, and an amount ranging from \$1,000 to \$3,000 multiplied by the high needs and rural factor, which would have a maximum value of 4.0, as determined under Subsection (c). The Texas School for the Deaf (TSD), the Texas School for the Blind and Visually Impaired (TSBVI), and schools in the Texas Department of Criminal Justice would be entitled to the allotment under this section. Eligible districts with candidates for special or bilingual education certification employed in a residency position would be entitled to an additional \$2,000 allotment.

The bill would repeal the Mentor Program Allotment under the FSP.

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

The bill would require SBEC to waive bilingual and special education certification application fees and exam fees for a candidate's first test attempt and would require SBEC to pay the vendor who administers the certification exams the fee associated with the exam for which the fee was waived.

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

From funds appropriated, TEA would be required to provide school districts with information and technical assistance regarding staffing models, scheduling, and teacher compensation models; programs that would encourage high school students to become teachers, including apprenticeships; and programs that school leaders may use to establish behavior expectations while positively supporting students.

The bill would require TEA to develop and maintain a technical assistance program to support school districts and open-enrollment charter schools in studying how the district's or school's staff and student schedules, required noninstructional duties for classroom teachers, and professional development requirements for educators are affecting the amount of time classroom teachers work each week; refining the schedules for students or staff as necessary to ensure teachers have sufficient time during normal work hours to fulfill all job duties, including addressing the needs of students; and studying how to reduce teacher tasks and duties. The bill would require TEA to periodically make findings and recommendations for best practices publicly available using information from participating school districts and open-enrollment charter schools.

The bill would direct TEA to collect certain data from public schools to address teacher retention and recruitment.

The bill would require TEA to provide certain technical assistance, and oversight, and support for the education of students with disabilities.

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

The bill would require the commissioner to adopt rules for and develop a list of approved public or private

facilities, institutions, agencies, or businesses inside or outside that state that provide services to students with disabilities in a residential or day placement program.

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

The bill would require that each school district, instead of the commissioner and the executive commissioner of HHSC, ensure the language acquisition of deaf or hard of hearing students under the age of eight is regularly assessed. School districts would be required to report assessment data set by commissioner rule to the agency through PEIMS.

The bill would reduce the amount for which a district is required to contribute for a student admitted to TSD or TSBVI if the district is required to reduce local revenue under Education Code, Section 48.257.

Beginning in fiscal year 2027, the bill would amend the special education allotment under the FSP to provide for weighted funding based on tiers of intensity of service to be defined by the commissioner. The commissioner would be required to submit proposed weights for each tier to the LBB for the upcoming biennium.

Beginning in fiscal year 2027, the bill would create the Special Education Service Group Allotment under the FSP and would require the Commissioner to establish at least four service groups to determine funding for special education students under this section. For each student that receives eligible special education services, a district would be entitled to an allotment in an amount set by the legislature in the General Appropriations Act (GAA) for the service group for which the student receives services.

The commissioner would be required to submit proposed amounts of funding for the special education service groups to the LBB not later than December 1 of each even-numbered year.

The bill would establish the Special Education Transition Funding Allotment for fiscal year 2027. For the 2026-27 school year, the bill would require the commissioner to determine the formulas through which districts would receive special education funding through the Special Education Allotment and the Special Education Service Group Allotment. In determining the formulas for fiscal year 2027, the bill would require the commissioner to ensure that the estimated statewide increase through the Special Education Allotment and the Special Education Service Group Allotment would be approximately \$350 million above what would have been provided under Section 48.102, as it existed in fiscal year 2026 but using the basic allotment amount in effect for fiscal year 2027.

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

The bill would increase the transportation allotment for special education students from \$1.08 to \$1.13 per mile or a greater amount by appropriation.

The bill would establish the Special Education Full Individual and Initial Evaluation Allotment which would provide districts with \$1,000, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation (FIIE).

For the 2026-27 biennium, the bill would provide additional funding to a school district that provides Special Education FIIEs for students not enrolled in a school district or open-enrollment charter school. The amount of funding provided for this purpose would be \$3,000 per evaluation and the total amount of funding provided for the 2026-27 biennium would be limited to \$67.0 million in each school year.

The bill would establish day placement program or cooperative funding under the FSP for which Education Service Centers (ESCs) and Local Education Agencies (LEAs) could receive an annual allotment for each qualifying program or cooperative of \$250,000 for the first year and, for subsequent years, \$100,000 plus \$150,000 if at least three students are enrolled.

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

be increased by appropriation to an amount not to exceed \$150 million in fiscal year 2026 and \$80 million in subsequent fiscal years. An ESC designated to administer the program would be entitled to four percent of each grant awarded.

The bill would shift funding for regional day school programs for the deaf to the FSP.

The bill would require TEA to develop a method for evaluating the effectiveness of literacy achievement academies, including their impact on teaching practices and student literacy proficiency. School districts and charter schools would be required to provide any requested information for purposes of evaluation. The bill would require the commissioner to develop and make available reading intervention academies for teachers providing reading interventions to students who need accelerated instruction in foundational reading skills.

The bill would authorize the commissioner to establish an advisory board to assist with implementation of the reading intervention academies.

The bill would require TEA to develop a method for evaluating mathematics achievement academies to assess their effectiveness, including their impact on teaching practices and student mathematics proficiency. School districts and charter schools would be required to provide any requested information for purposes of evaluation. The bill would require the commissioner to develop and make available mathematics interventionist academies for teachers or other professionals who provide mathematics interventions to students who require targeted instruction in foundational mathematics skills.

The bill would authorize the commissioner to establish an advisory board to assist the agency with the development and implementation of mathematics interventionist academies.

The bill would establish the Additional Days School Year Planning Grant Program. From funds appropriated or available, TEA would be required to develop and administer a grant program to provide money and technical assistance for districts and open-enrollment charter schools to qualify for the Incentive for Additional Instructional Days under Education Code, Section 48.0051. School districts and open-enrollment charter schools that seek to maximize the additional instructional days incentive would be prioritized for grant awards under this program.

The bill would require the commissioner to adopt a list of reading and mathematics instruments for use in kindergarten through grade three to measure foundational literacy skills in reading development and comprehension and foundational numeracy skills in mathematics. The commissioner would be required to: update the list not less than every four years; ensure that the lists include multiple instruments for both reading and math; develop a process to allow school districts to submit instruments to the commissioner for approval; and make publicly available the criteria for evaluation and approval of an instrument.

The bill would establish an early literacy intervention program for certain at-risk students, as would be determined by the agency. The agency would be required to approve products for reading interventions and ensure at least one product is available at no or reduced cost. The commissioner would be required to adopt a list of reading and math instruments to be used by districts.

The bill would establish the Adaptive Vocabulary Pilot Program which would require TEA to develop and implement an adaptive vocabulary assessment to assess vocabulary development in students in kindergarten through third grade.

The bill would require each school district and open-enrollment charter school to ensure that by the 2030-2031 school year, all classroom teachers providing mathematics instruction in grades K-8, along with principals, assistant principals, mathematics instructional coaches, and mathematics interventionists at campuses serving those grades, must attend a teacher mathematics achievement academy. TEA would be required to assist school districts and charter schools in meeting these requirements, monitor implementation and report periodically to the legislature on progress and impact.

The bill would require the commissioner to establish and administer a program for students at or below the third grade level who meet certain criteria. TEA would be required to provide to eligible students a grant in the amount provided under Education Code, Section 48.317, to purchase from an agency-approved provider

tutoring services designed to help improve the student's proficiency in reading.

The bill would require the commissioner to support and designate at least four prekindergarten intermediaries that will work with school districts and private prekindergarten providers to develop partnerships. TEA would be required to develop guidelines for successful prekindergarten partnerships.

The bill would expand eligibility for prekindergarten enrollment to include children of classroom teachers employed in the district offering the prekindergarten class.

The bill would amend resource campus designations, including by adding certain requirements related to teacher designations.

The bill would require TEA to develop and maintain a program to assist school districts and open-enrollment charter schools in adopting and using open education resource instructional materials.

The bill would expand the Incentive for Additional Instructional Days to include districts offering 30 days of half-day instruction for students in prekindergarten through eighth grade and would reduce the required minimum number of minutes of operational and instruction time from 180 to 175 instructional days. The bill would also provide a 50 percent increase to the incentive amount for districts offering at least 200 full days of instruction to students in prekindergarten through eighth grade.

The bill would require the commissioner to adjust average daily attendance (ADA) for a district that would not qualify for funding under Education Code, Section 48.005, and that provides the minimum number of operational minutes and offers up to an additional 30 days of half-day instruction consisting of reading interventions for certain students.

The bill would amend the Early Education Allotment under the FSP to provide an allotment to all students in ADA in kindergarten through third grade of 0.01 multiplied by the Basic Allotment. The bill would amend allowable uses of funds provided under this section.

The bill would redistribute FSP funding provided under the Early Education Allotment under Education Code, Section 48.108(a-1) to provide funding for full-day prekindergarten to districts operating a full-day prekindergarten program. Any remaining funds would be distributed back to school districts through the Early Education Allotment.

The bill would establish the Early Literacy Intervention Allotment under the FSP which would provide a district with \$250, or a greater amount provided by appropriation, for each enrolled student receiving certain reading interventions. Not more than 10.0 percent of students in kindergarten through third grade could generate entitlement under this allotment. The bill would exclude students eligible for the Allotment for Students with Dyslexia or Related Disorders from also receiving the Early Literacy Intervention Allotment.

The bill would entitle each student that receives a supplementary support grant under the bill to an allotment of \$400, or a greater amount provided by appropriation. Beginning in fiscal year 2031, TEA would be required to reduce a district's entitlement under the FSP by the total amount of grant money received by a student under the supplementary supports grant program for each student who: fails to perform satisfactorily on the third grade reading assessment; received and used a supplementary supports grant; and was enrolled in the district from kindergarten through third grade. For each student who received and used a supplementary supports grant and is eligible to participate in a district's special education program, TEA would be required to reduce a district's entitlement by one-half of the amount of grant money received by the student.

The bill would require TEA to post on TEA's Internet website certain de-identified data, disaggregated by school district or open-enrollment charter school, high school campus, and annual cohort for the most 10 recent annual cohorts.

The bill would allow students who have graduated from high school but are enrolled in a district or charter school designated as a Pathways in Technology Early College High School (P-TECH) or Rural Pathway Excellence Partnership (R-PEP) school and are completing a course of study offered through the P-TECH or R-PEP programs to enroll at no cost in a dual credit course under the Financial Aid for Swift Transfer (FAST)

program.

The bill would include courses under a Junior Reserve Officer Training Corps (JROTC) program in what is considered career and technology education programs and for which a district could generate entitlement under the Career and Technology Education Allotment under the FSP.

The bill would increase the number of subsidies students may receive for Career and Technology Education (CTE) certification examinations from one to two and would provide a subsidy to teachers completing certain certification examinations related to CTE instead of cybersecurity.

The bill would establish the Military Pathway Grant Program which would provide funds to school districts to establish a JROTC program for students enrolled in high school in the district, administer the Armed Services Vocational Aptitude Battery test, and provide college and career counseling to participating students. Each participating district would receive a grant of \$50,000 and the total amount of grants that could be awarded would be limited to \$2 million each year.

The bill would amend the commissioner's duties related to College, Career, and Military Readiness (CCMR) indicators. The bill would require the commissioner to modify indicators, collect certain data on military-related testing and actions, and to study and report on the results.

The bill would increase the per student amount under P-TECH from \$50 per ADA to \$150 per ADA.

The bill would cap funding provided under the CTE allotment for JROTC courses at \$20 million in each fiscal year.

The bill would increase the cap on the R-PEP Allotment and Outcomes Bonus under the FSP to \$20.0 million in each year.

The bill would extend the allowable uses of funds under New Instructional Facilities Allotment (NIFA) and would increase the amount appropriated for NIFA from \$100 million to \$150 million each year.

The bill would cap Certification Examination Reimbursements provided under the FSP to \$15.0 million each year; of which not more than \$500,000 could be used to reimburse costs incurred from fingerprinting or criminal history record information reviews.

The bill would require the Texas Workforce Commission (TWC) to work with employers to enhance reporting of certain employment and earnings data.

The bill would require LEAs to annually report to TEA information relating to facility space and usage. TEA would be required to produce and make available the report for LEAs to use.

The bill would amend operational funding received by charters and would provide certain open-enrollment charter schools with an annual per ADA allotment equal to the lesser of the state average interest sinking fund tax rate imposed by school districts for the current year multiplied by the guaranteed level of state and local funds per student per cent of tax effort under Education Code, Section 46.032(a) or the Basic Allotment multiplied by 0.07. The bill would remove the \$60 million cap on charter facilities funding.

The bill would amend the Basic Allotment under the FSP to include the new Guaranteed Yield Increment Adjustment that would be established under this bill for each student in ADA, not including time spent in career and technology education programs or special education programs in a setting other than a general education setting.

The bill would amend the School Safety Allotment under the Foundation School Program (FSP). The allotment would be increased from \$10 per ADA and \$15,000 per campus to \$20 per ADA and \$34,000 per campus.

The bill would increase the weights for the Small and Midsized Allotment under the FSP and would exclude students enrolled in a full-time virtual program that do not reside in the district from the district's ADA under this section.

The bill would set the guaranteed yield under Education Code, Section 48.202(a-1)(1) to 0.02084 multiplied by the Basic Allotment, or a greater amount provided under Education Code, Section 48.051(b).

The bill would allow certain districts to include tax revenue from a county-wide equalization tax in the calculation of Tier 2 for the purposes of entitlement under enrichment.

The bill would amend funding under the Bilingual Education Allotment under the FSP for districts offering approved alternative language education methods at an amount not to exceed \$10 million for each biennium.

The bill would establish the Guaranteed Yield Increment Adjustment to be determined by the agency. The adjustment would be equal to the difference between the cost per weighted student of maintaining the gold yield at the 96th percentile of wealth per weighted student and the cost per weighted student of maintaining the gold yield at the amount set in Education Code, Section 48.202(a-1)(1). For the 2026-27 biennium, the bill would set the adjustment at \$55. This amount would be added to the Basic Allotment in the first year of each biennium. Thus, the Basic Allotment under this bill would increase from \$6,160 to \$6,215 in fiscal year 2026.

The bill would provide additional state aid for regional insurance cost differentials for school districts and open-enrollment charter schools if their central administrative office and majority of campuses are located within a first tier coastal county or catastrophe area.

The bill would repeal the provision that compresses Tier 2 pennies above the first eight cents of enrichment when the guaranteed yield under Education Code, Section 48.202(a-1)(2), is increased due to a basic allotment increase.

Methodology

TEA estimates that there would be an annual cost of \$15.0 million for implementation of expanded technical assistance requirements for TIA.

TEA estimates the local optional teacher designation system grant program would cost \$30.0 million annually to implement.

TEA assumes the agency would run a competitive solicitation process to select a third party vendor to provide the liability insurance and other supports for classroom teachers. TEA estimates that the annual liability insurance cost would be \$125 per educator with the educator contributing \$25 and a \$100 subsidy from the state. After an initial planning year in fiscal year 2026, TEA estimates an uptake of 17,000 teachers annually at a cost to the state of \$1.7 million in fiscal year 2027, increasing to \$6.8 million in fiscal year 2030.

This analysis assumes that salary increases provided by the bill would require \$20.5 million for the Teacher Retirement System in statutorily-required state contributions to TRS-Care in fiscal year 2026, \$24.7 million in fiscal year 2027, increasing to \$32.6 million in fiscal year 2030.

This analysis assumes that compensation increases provided by the bill for teachers at the Texas School for the Blind and Visually Impaired and the Texas School for the Deaf would total \$1.0 million in fiscal year 2026, \$1.0 million in 2027, increasing to \$1.1 million in fiscal year 2030.

TEA assumes costs for the TIA would increase based on increased adoption of local optional teacher designation systems, the additional designation band, the higher allotment values in the calculation, and the additional funding for enhanced teacher incentive allotment schools.

TEA assumes total costs to provide onetime payments of \$1,000 to certain previously uncertified teachers would total \$10.0 million for fiscal year 2026 and \$6.0 million for fiscal year 2027, based on the assumption that approximately 16,000 uncertified teachers would earn a standard certificate.

TEA assumes the cost to evaluate EPPs for approval and renewal of approval would be \$6.5 million in fiscal year 2026, \$5.8 million in fiscal year 2027, increasing to \$6.2 million in fiscal year 2030.

TEA assumes the cost for developing instructional materials and faculty training for educator preparation

programs would be \$2.3 million in fiscal year 2026, \$2.5 million in fiscal year 2027, increasing to \$4.8 million in fiscal year 2030.

The cost to require different statewide minimum salaries to teachers based on certification types cannot be determined, as the required salary differences between certification categories and which teachers the new certification types would apply to are unknown.

TEA estimates that provisions of the bill establishing the PREP Programs, including programmatic supports and a dedicated application management system, would total \$21.3 million in fiscal year 2026, \$28.1 million in fiscal year 2027, increasing to \$35.0 million in fiscal year 2030.

TRS assumes there would be no significant fiscal impact to the state from allowing employers to pass on surcharges to employed retirees.

TEA estimates that provisions of the bill requiring the waiver of certain examination and certification fees, including vendor costs for administration, would cost \$3.0 million in fiscal year 2026, \$3.2 million in fiscal year 2027, and \$3.2 million in fiscal year 2030.

The amount appropriated to the Employed Retiree Teacher Reimbursement Grant Program is unspecified, and the Legislature may restrict eligibility for the program by appropriation; therefore, costs cannot be determined. As an illustrative example of the potential cost, in fiscal year 2024 TRS received a total of approximately \$57.9 million for retirement program surcharges and \$16.3 million for TRS-Care surcharges, including both employee and employer surcharges for all positions. The bill would not make changes to the amount of the TRS retirement contribution, just the source of the funding; therefore, TRS assumes there would be no significant impact to the agency from this provision.

To administer Teacher Quality Assistance, TEA assumes funding would be required for development and implementation of supports, technical assistance to support LEAs in implementing improvements, and grants to LEAs. This analysis assumes development of strategic scheduling, staffing, and compensation modules to support technical assistance would cost \$1.5 million in fiscal year 2026. The agency assumes grants for delivery of technical assistance would cost \$2.3 million in fiscal year 2026 and \$4.5 million annually in fiscal years 2027-30. Grants to LEAs to support implementation of strategic staffing, scheduling, and compensation systems are assumed to cost \$4.0 million annually in fiscal years 2027-30. Technical assistance grants to support school leaders develop school culture routines and discipline systems would cost \$3.0 million annually beginning in fiscal years 2026. Technical assistance grants to LEAs to establish apprenticeship partnerships are assumed to cost \$1.5 million annually. The development of teacher leader and co-teacher training modules would cost \$500,000 annually in fiscal years 2026-27 and \$100,000 annually in fiscal years 2028-30. Technical assistance grants to LEAs to support the development of teacher leadership roles are assumed to cost \$1.3 million annually.

To administer the Teacher Time Study, TEA assumes a cost of \$500,000 in fiscal year 2026 and \$50,000 annually in fiscal years 2027-30 would be required for the development and implementation of the study. TEA assumes that \$750,000 in fiscal year 2026 and \$1.5 million annually in fiscal years 2027-30 would be required for technical assistance to LEAs. TEA assumes \$3.0 million annually in fiscal years 2027-30 would be required to provide grants to LEAs under this section.

According to HHSC, the agency could develop materials regarding educational residential placements with existing resources.

TEA assumes that the cost of the Grant Program Providing Training in Dyslexia for Teachers and Staff would be \$10 million each fiscal year.

This analysis assumes the cost associated with changes to special education FSP funding as proposed by the bill would be \$350 million in fiscal year 2027 above increases related to basic allotment increases under the bill, pursuant to Section 48.1022. For subsequent fiscal years, this analysis assumes costs cannot be determined as it would depend on the amount set by the legislature in the GAA. However, this analysis assumes funding for special education would at least maintain the funding levels that would be provided under current law.

The agency assumes there would be 200,000 Special Education Full Individual and Initial Evaluations each year that would be eligible for funding of \$1,000 per evaluation.

TEA assumes there would be sufficient demand for Special Education FIIEs for students not enrolled in a public school to meet the \$67.0 million cap for fiscal years 2026 and 2027.

The agency assumes the cost of Day Placement Program or Cooperative Funding would be \$5.0 million in fiscal year 2027, \$10.0 million in fiscal year 2028, increasing to \$20.0 million in fiscal year 2030.

TEA assumes costs of the Parent-Directed Services for Students Receiving Special Education Services Grant program would be partially offset by a reduction of \$30.0 million each year as a result of the program moving to the FSP.

The agency assumes the cost to the FSP for the Parent Directed Services for Students Receiving Special Education Services Grant would be \$150 million in fiscal year 2026 and \$80 million in subsequent fiscal years.

The agency assumes the cost associated with developing and implementing a reading intervention academy training course would be \$1.0 million in fiscal year 2026, \$0.4 million in fiscal year 2027, increasing to \$0.7 million in fiscal year 2030.

TEA assumes the cost of convening a reading practices advisory board would be \$20,240 annually.

TEA assumes the cost associated with developing a mathematics interventionist academy training course would be \$315,500 in fiscal year 2026, \$91,750 in fiscal year 2028, and \$29,375 in fiscal year 2029. Additionally, TEA estimates the cost to collect classroom observation data relating to interventionist academies to be \$2.0 million annually.

TEA assumes the cost of convening a mathematics practices advisory board would be \$20,240 annually.

TEA assumes the cost to provide grants under the Additional Days School Year Planning Grant Program would be \$7.5 million each year.

TEA estimates the cost to review early reading and mathematics instruments submitted by school districts and to communicate results of the instruments to parents would be \$1.1 million annually. Additionally, TEA estimates the cost to conduct instrument comparability studies and to ensure that solicited instruments meet certain requirements would be approximately \$3.2 million in fiscal years 2026 and 2030.

TEA assumes there would be a cost to adopt or approve reading intervention programs and offer them at no cost to school districts. The agency assumes that approximately 1.6 million students would require the intervention statewide at a total cost of approximately \$9.6 million in each year.

TEA assumes there would be an initial cost of \$2,083,959 in fiscal year 2026 and ongoing costs of \$49,972 annually to develop the Adaptive Vocabulary Pilot Program to provide vocabulary assessment for students in kindergarten through third grade. TEA also assumes there would be ongoing costs beginning in fiscal year 2027 of \$457,828 to administer the vocabulary assessment.

The agency assumes there would be a cost to develop and implement the Mathematics Achievement Academies for Kindergarten-8th grade teachers and for elementary and secondary leaders. The agency assumes the cost would be \$3.8 million in fiscal year 2026, \$1.8 million in fiscal year 2027 increasing to \$3.0 million in fiscal year 2030.

TEA estimates the cost to support and designate four prekindergarten intermediaries would be \$2.0 million annually.

To provide prekindergarten to the children of certain classroom teachers, TEA estimates 6,000 newly eligible FSP kindergarten students would generate 2,790 students in average daily attendance.

TEA estimates the cost to develop the open education resource instructional materials program to assist

districts and open-enrollment charters to be \$243.0 million in fiscal year 2026.

The Texas Higher Education Coordinating Board (THECB) estimates that to provide TEA with identified data on postsecondary outcomes would require an annual \$1.2 million contract to obtain national student data.

THECB states that costs relating to providing dual credit courses to students who have graduated under the FAST program cannot be determined at this time as data on the number of students who would qualify for the additional funding is not available.

TEA assumes there would be a cost to the state if the State Board of Education (SBOE) were to adopt TEKS for JROTC courses to be included in a CTE program. TEA assumes \$34,200 in committee costs would be required in fiscal year 2026 to develop TEKS recommendations.

TEA estimates the cost of increased student subsidies for passing CTE examinations would be \$1.9 million annually and that costs to provide a subsidy for passing CTE certification examinations, including any costs paid for associated fingerprinting or criminal history record information review, would be \$0.4 million annually.

The agency assumes the cost to provide grants to districts to establish a JROTC program would be limited by the \$2.0 million cap each fiscal year.

Based on information provided by TWC, this estimate assumes the agency would require 19.0 additional FTEs in fiscal year 2026, 14.5 FTEs in fiscal year 2027, and 13.0 FTEs in subsequent fiscal years. Additionally, to capture all the data elements as required by the bill, TWC would need \$501,270 as a one-time cost in fiscal year 2026 to upgrade their Unemployment Insurance Tax System. The total annual costs for TWC are \$2,648,237 in fiscal year 2026, \$1,560,794 in fiscal year 2027 and \$1,488,186 in each fiscal year from 2028 through 2030 in General Revenue Funds.

The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits revenue of \$332.7 million in fiscal year 2026, \$505.3 million in fiscal year 2027, and \$541.9 million in fiscal year 2030.

The bill would amend or create other allotments and provisions the FSP as outlined in the Fiscal Analysis section above. This analysis assumes the cost to the FSP would be \$3.3 billion in fiscal year 2026, \$3.9 billion in fiscal year 2027, increasing to \$4.7 billion in fiscal year 2030.

This analysis assumes that TEA would require 90.5 FTEs to implement provisions of the bill at a cost of \$11.4 million in fiscal year 2026 and \$11.0 million in subsequent fiscal years. TEA indicates that 5.0 of these FTEs would be funded from federal IDEA funds at a cost of \$0.6 million annually; the remainder of the positions would be funded from General Revenue Funds.

Technology

TEA assumes IT costs associated with implementing the provisions of the bill would be \$3.5 million in fiscal year 2026, and \$9.9 million in fiscal year 2027, and \$0.3 million in subsequent fiscal years.

Local Government Impact

This analysis assumes LEAs would receive additional funding through the FSP under the bill. LEAs would be required to spend certain funding increases under the bill on salary and benefit costs to provide employee compensation increases. LEAs may incur costs related to implementation of provisions of the bill including requiring data collection on teacher vacancy information, salary deductions, regularly assessing the language acquisition of certain students, and reporting facility usage.

Source Agencies: 320 Texas Workforce Commission, 323 Teacher Retirement System, 529 Health and Human Services Commission, 701 Texas Education Agency, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 771 School for the Blind and Visually Impaired, 772 School for the Deaf, 781 Higher

Education Coordinating Board

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