

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION
Revision 2

April 29, 2025

TO: Honorable Brad Buckley, Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB123 by Dutton (Relating to measures to support kindergarten readiness and early literacy and numeracy skills for public school students and to funding to support those measures.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB123, Committee Report 1st House, Substituted: a negative impact of (\$314,778,323) through the biennium ending August 31, 2027.

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	(\$152,479,427)
2027	(\$162,298,896)
2028	(\$184,564,926)
2029	(\$201,144,497)
2030	(\$222,999,960)

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 Revenue Gain/(Loss) from Recapture Payments Attention Crdts 8905</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$24,252,894)	(\$128,226,533)	(\$14,104,919)	21.0
2027	(\$20,527,393)	(\$141,771,503)	(\$15,594,865)	21.0
2028	(\$22,431,753)	(\$162,133,173)	(\$17,834,649)	21.0
2029	(\$20,068,428)	(\$181,076,069)	(\$19,918,368)	21.0
2030	(\$20,315,321)	(\$202,684,639)	(\$22,295,310)	21.0

Fiscal Analysis

The bill would require the Texas Education Agency (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 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 commissioner. 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 2031-2032 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 adjust ADA for a district that would not qualify for funding under Education Code, Section 48.0051, 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 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 15.0 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.

Each student that would receive a grant under Education Code, Section 28.02111, under the bill would be

entitled to an allotment of \$400, or a greater amount provided by appropriation. For each student who received and used a grant and was enrolled in the district from kindergarten through third grade, beginning in fiscal year 2031, TEA would be required to reduce a district's entitlement under the FSP by the difference between the total amount of grants received by the student and the amount of money, if any, remaining in the account assigned to the student at the end of third grade. Any money remaining in an account assigned to a student at the end of third grade would be required to be returned for deposit in the Foundation School Fund. For each student who received and used a grant under Education Code, Section 28.02111, under the bill and was enrolled in the district from kindergarten through third grade that would be eligible for special education services, the agency would be required to reduce a district's entitlement by \$200.

Methodology

The agency assumes the cost associated with developing and implementing a reading intervention academy training course would be \$3.0 million in fiscal year 2026, \$2.4 million in fiscal year 2027, increasing to \$2.7 million in fiscal year 2030.

TEA assumes the cost of convening a reading practices advisory board would be \$40,480 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.

TEA assumes the cost of convening a mathematics practices advisory board would be \$40,480 annually.

TEA estimates the cost to review early reading and mathematics instruments submitted by school districts would be \$960,000 annually. Additionally, TEA estimates the cost to ensure that solicited instruments meet requirements would be approximately \$720,000 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.

The bill would amend or create other allotments and provisions the FSP as outlined in the Fiscal Analysis section above. TEA assumes the cost to the FSP would be \$128.2 million in fiscal year 2026, \$141.8 million in fiscal year 2027, increasing to \$202.7 million in fiscal year 2030.

The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits revenue of \$14.1 million in fiscal year 2026, \$15.6 million in fiscal year 2027, decreasing to \$22.3 million in fiscal year 2030.

The analysis assumes that TEA would require 21.0 FTEs to implement provisions of the bill at a cost of \$2.7 million in fiscal year 2026 and \$2.6 million in subsequent fiscal years.

Technology

TEA assumes IT costs to implement the provisions of the bill would total \$0.9 million in fiscal year 2026, \$2.5 million in fiscal year 2027, and \$0.1 million in subsequent fiscal years.

Local Government Impact

TEA assumes school districts and charter schools would have to adopt early numeracy and early literacy instruments which could result in increased costs for purchasing and implementing the instruments to meet the requirements outlined in the bill. Districts would also be required to administer reading intervention for identified students, which could require an increase in staffing capacity to meet these demands. Districts would also be required to pay the cost of educator participation in reading and math academies.

This analysis assumes districts and charter schools would receive additional funding through the FSP under the bill.

Source Agencies: 537 State Health Services, Department of, 701 Texas Education Agency

LBB Staff: JMc, NC, ASA, ANa, SD, MJe