

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 11, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB568 by Bettencourt (Relating to special education in public schools, including funding for special education under the Foundation School Program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB568, As Introduced: a negative impact of (\$397,534,596) 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.

Costs associated with changes to special education funding in the Foundation School Program (FSP) cannot be determined, as the tiers, service groups, and weights are unknown.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2026	(\$219,410,586)
2027	(\$178,124,010)
2028	(\$172,957,981)
2029	(\$174,383,866)
2030	(\$182,610,289)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Foundation School Fund 193	Probable Savings/(Cost) from Recapture Payments Atten Crdts 8905	Change in Number of State Employees from FY 2025
2026	\$9,486,454	(\$228,897,040)	(\$16,005,071)	3.0
2027	\$9,190,098	(\$187,314,108)	(\$19,766,958)	3.0
2028	\$9,642,064	(\$182,600,045)	(\$19,531,401)	3.0
2029	\$9,642,064	(\$184,025,930)	(\$21,603,512)	3.0
2030	\$9,642,064	(\$192,252,353)	(\$19,019,784)	3.0

Fiscal Analysis

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 develop a list of approved public or private facilities, institutions, or agencies inside or outside that state that provide services to students with disabilities in a residential placement program.

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

The bill would provide a grant program, administered by TEA, to local education agencies (LEAs) to increase the number of qualified and appropriately credentialed special education staff, to include special education teachers, paraprofessionals, evaluation personnel, ancillary instructional personnel, and related service personnel.

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.

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.

The bill would create the Special Education Service Group Allotment under the FSP and would require the Commissioner to establish four service groups to determine funding for special education students under this section. For each six-week period in which a special education student 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 is eligible. A school district would be entitled to receive an allotment for each service group for which a student is eligible.

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 years 2026 and 2027. For the 2025-26 and 2026-27 school years, 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. For fiscal years 2026 and 2027, the bill would limit funding through the Special Education allotment and the Special Education Service Group Allotment to the sum of funding that would have been provided under Section 48.102, as it existed in fiscal year 2025, and the amount set by the legislature in the GAA.

For fiscal year 2028, the commissioner could adjust the weights or amounts set by the legislature in the GAA after submitting a notification to and receiving approval from the LBB.

The bill would establish the Special Education Full Individual and Initial Evaluation allotment which would provide districts with \$500, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation.

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 day placement program funding under the FSP for which ESCs could receive an annual allotment for each qualifying program for \$250,000 for the first year and \$150,000 for subsequent years.

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

Methodology

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 \$10.0 million each fiscal year.

The bill would allow TEA to provide grants to LEAs to increase the number of qualified and appropriately credentialed special education staff. TEA assumes that this grant program would cost \$10.0 million per fiscal year.

This analysis assumes the cost associated with changes to special education FSP funding as proposed by the bill cannot be determined as it would depend on the amount set by the legislature in the GAA. However, pursuant to section 48.1023(d), this analysis assumes funding for special education would at least maintain the level of funding 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 \$500 per evaluation.

The agency assumes there would be 30 new Day Placement Programs in each year for a cost of \$7.5 million in fiscal year 2027, \$12.0 million in fiscal year 2028, increasing to \$21.0 million in fiscal year 2030.

The agency assumes the cost to the FSP for the Parent Directed Services for Students Receiving Special Education Services Grant would be \$60.0 million in each fiscal year with an additional \$50.0 million in fiscal year 2026 to account for students currently on the waitlist.

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 bill would amend or create other allotments and provisions in the FSP as outlined in the Fiscal Analysis section above. This analysis assumes the cost to the FSP would be \$228.9 million in fiscal year 2026, \$187.3 million in fiscal year 2027, increasing to \$192.3 million in fiscal year 2030. The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits revenue of \$16.0 million in fiscal year 2026, \$19.8 million in fiscal year 2027, decreasing to \$19.0 million in fiscal year 2030.

The analysis assumes that TEA would require 3.0 FTEs in each fiscal year to implement provisions of the bill at a cost of \$0.4 million in each fiscal year.

Technology

TEA assumes IT costs to implement the provisions of the bill would total \$0.2 million in fiscal year 2026 and \$0.5 million in fiscal year 2027.

Local Government Impact

This analysis assumes LEAs would receive additional funding through the FSP under the bill.

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 701 Texas Education Agency

LBB Staff: JMc, JPE, ASA, MJe