

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 28, 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.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB568, Committee Report 1st House, Substituted: a negative impact of (\$690,497,698) 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) 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.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$364,245,388)
2027	(\$326,252,310)
2028	(\$119,215,670)
2029	(\$124,896,064)
2030	(\$128,777,750)

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 Recapture Payments Atten Crdts 8905</i>	<i>Probable Savings/(Cost) from Federal Funds 555</i>
2026	(\$162,432,600)	(\$201,812,788)	(\$8,273,077)	(\$628,064)
2027	\$62,196,265	(\$388,448,575)	(\$43,944,640)	(\$603,289)
2028	\$42,775,264	(\$161,990,934)	(\$10,144,539)	(\$603,289)
2029	\$42,775,264	(\$167,671,328)	(\$11,287,357)	(\$603,289)
2030	\$42,775,264	(\$171,553,014)	(\$9,193,748)	(\$603,289)

<i>Fiscal Year</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	8.0
2027	8.0
2028	8.0
2029	8.0
2030	8.0

Fiscal Analysis

The bill would require the Texas Education Agency (TEA) to provide certain technical assistance, 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 provide a grant program, administered by TEA, to local education agencies (LEAs) to improve retention and increase the number of qualified and appropriately credentialed special education staff, including special education teachers, paraprofessionals, evaluation personnel, ancillary instructional personnel, certified interpreters, board-certified behavior analysts, registered behavior technicians, and related service personnel. For fiscal year 2026, the bill would require the commissioner to provide funding for support efforts to recruit and retain educational diagnosticians and school psychologists.

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 the Public Education Information Management System.

The bill would reduce the amount for which a district is required to contribute for a student admitted to the Texas School for the Deaf (TSD) or Texas School for the Blind and Visually Impaired (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 Legislative Budget Board (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 \$200 million above what would have been provided under Section 48.102, as it existed in fiscal year 2026.

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 \$250, or a greater amount by appropriation, for each student for whom the district conducts a full individual and initial evaluation.

The bill would establish day placement program or cooperative funding under the FSP for which Education Service Centers (ESC) and 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. 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.

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 frontloaded in the first year at \$50.0 million in fiscal year 2026, then \$0.0 in fiscal year 2027, and \$10.0 million each subsequent fiscal year.

TEA assumes that the cost of the grant program to improve retention and recruitment of qualified and appropriately credentialed special education staff would be frontloaded in the first year at \$50.0 million in fiscal year 2026, then \$0.0 in fiscal year 2027, and \$10.0 million each subsequent fiscal year. For fiscal year 2026, TEA further assumes the commissioner would adopt a formula to issue an additional \$125.0 million for support efforts to recruit and retain educational diagnosticians and school psychologists.

This analysis assumes the cost associated with changes to special education FSP funding as proposed by the bill would be \$200 million in fiscal year 2027, 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 \$250 per evaluation.

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.

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 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 General Revenue each fiscal year. TEA indicates that they would require authority for another 5.0 FTEs that would be funded from federal Individuals with Disabilities Education Act funds at a cost of \$0.6 million in each fiscal year.

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 \$201.8 million in fiscal year 2026, \$388.4 million in fiscal year 2027, decreasing to \$171.6 million in fiscal year 2030. The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits revenue of \$8.3 million in fiscal year 2026, \$43.9 million in fiscal year 2027, decreasing to \$9.2 million in fiscal year 2030.

Technology

TEA assumes IT costs to implement the provisions of the bill would total \$0.2 million in fiscal year 2026 and \$0.6 million in fiscal year 2027.

Local Government Impact

LEAs may incur costs related to regularly assessing the language acquisition of deaf and hard of hearing students.

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, 772 School for the Deaf

LBB Staff: JMc, JPE, ASA, MJe