

**Texas Education Agency
Summary of Budget Recommendations - House**

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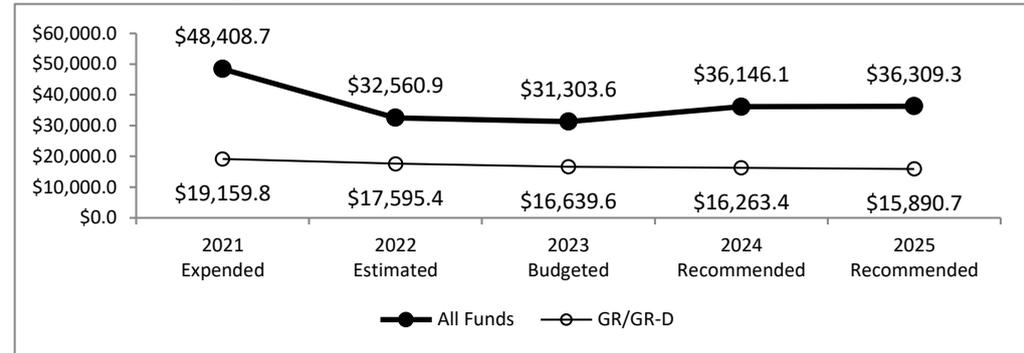
Foundation School Program Only (Less Set-Asides)				
	2022-23	2024-25	Biennial	Biennial
Method of Financing	Base	Recommended	Change (\$)	Change (%)
General Revenue Funds	\$31,181,970,541	\$29,817,835,480	(\$1,364,135,061)	(4.4%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$31,181,970,541	\$29,817,835,480	(\$1,364,135,061)	(4.4%)
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$16,600,580,712	\$27,785,408,477	\$11,184,827,765	67.4%
All Funds	\$47,782,551,253	\$57,603,243,957	\$9,820,692,704	20.6%

Non-FSP, Administration, and FSP Set-Asides				
	2022-23	2024-25	Biennial	Biennial
Method of Financing	Base	Recommended	Change (\$)	Change (%)
General Revenue Funds	\$3,053,066,730	\$2,336,285,653	(\$716,781,077)	(23.5%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$3,053,066,730	\$2,336,285,653	(\$716,781,077)	(23.5%)
Federal Funds	\$12,706,019,114	\$12,488,360,075	(\$217,659,039)	(1.7%)
Other	\$322,871,028	\$27,559,142	(\$295,311,886)	(91.5%)
All Funds	\$16,081,956,872	\$14,852,204,870	(\$1,229,752,002)	(7.6%)

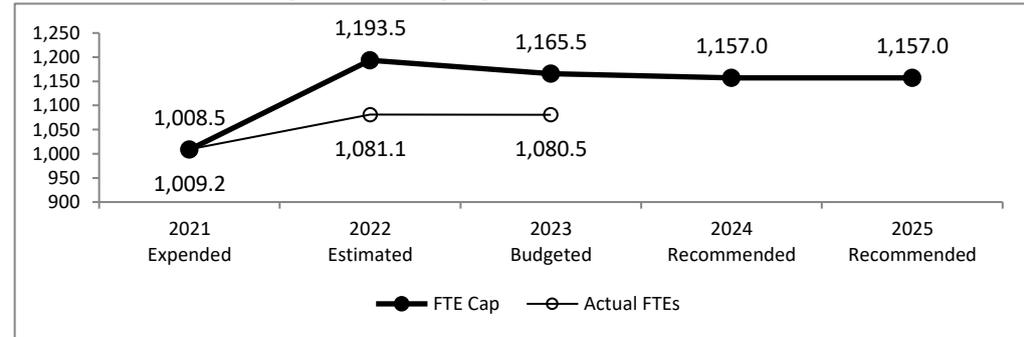
TEA Total				
	2022-23	2024-25	Biennial	Biennial
Method of Financing	Base	Recommended	Change (\$)	Change (%)
General Revenue Funds	\$34,235,037,271	\$32,154,121,133	(\$2,080,916,138)	(6.1%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$34,235,037,271	\$32,154,121,133	(\$2,080,916,138)	(6.1%)
Federal Funds	\$12,706,019,114	\$12,488,360,075	(\$217,659,039)	(1.7%)
Other	\$16,923,451,740	\$27,812,967,619	\$10,889,515,879	64.3%
All Funds	\$63,864,508,125	\$72,455,448,827	\$8,590,940,702	13.5%

The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Agency Budget and Policy Issues and/or Highlights

Foundation School Program (FSP) recommendations include \$15.0 billion for property tax relief and updates to major budget drivers including property value growth, enrollment growth, property tax rates, and the guaranteed yield on golden pennies.

The General Revenue reduction for Non-FSP is primarily attributable to \$598.6 million in onetime funding for programs associated with House Bill 1525, 87th Legislature, \$415.0 million in onetime funding for fiscal year 2023 added through Budget Execution Order for school safety, and the exclusion of the instructional materials unexpended balance of \$313.7 million in the agency's base. Fiscal year 2021 All Funds level reflects \$17.8 billion in onetime federal coronavirus relief funds.

Texas Education Agency
Summary of Funding Changes and Recommendations - House

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Additional Property Tax Relief: Other Funds are projected to increase due to a transfer of funds to the Property Tax Relief Fund intended for additional property tax relief above amounts required by current law.	\$0.0	\$0.0	\$0.0	\$9,725.9	\$9,725.9	A.1.1
B)	Maintenance and Operations: All Funds are projected to increase, primarily attributable to increased costs associated with enrollment growth, property tax relief required by current law, and the golden penny yield.	(\$1,327.4)	\$0.0	\$0.0	\$1,458.9	\$131.6	A.1.1
C)	Facilities: Biennial costs for facilities are projected to decrease, primarily due to increasing property values in fiscal year 2023.	(\$36.8)	\$0.0	\$0.0	\$0.0	(\$36.8)	A.1.2

SIGNIFICANT Non-FSP Program and Administration Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

D)	Technology & Instructional Materials: Based on 24.3 percent of the distribution from PSF to ASF. Recommendations include a \$620.7 million increase over 2022-23 appropriations, offset by a \$313.7 million reduction due to the exclusion of unexpended balance (see Selected Fiscal and Policy Issue #11).	\$307.0	\$0.0	\$0.0	\$0.0	\$307.0	B.2.1, B.3.2, B.3.4, B.3.5
E)	Reduction associated with onetime funding for Silent Panic Alert Technology (see Selected and Fiscal Policy Issue #12).	(\$17.1)	\$0.0	\$0.0	\$0.0	(\$17.1)	B.2.2
F)	Removal of onetime funding associated with House Bill 1525, 87th Legislature (see Selected and Fiscal Policy Issue #12).	(\$598.6)	\$0.0	\$0.0	\$0.0	(\$598.6)	A.2.1, A.2.2, A.2.3
G)	Expiration of federal coronavirus relief funds (see Selected and Fiscal Policy Issue #14) .	\$0.0	\$0.0	(\$448.8)	\$0.0	(\$448.8)	A.2.1, A.2.3, B.2.2, B.3.2
H)	Reduction associated with the establishment of the Permanent School Fund Corporation.	\$0.0	\$0.0	\$0.0	(\$35.9)	(\$35.9)	B.3.2, B.3.4, B.3.5
I)	Removal of funding associated with an expiring Department of State Health Services contract related to COVID-19 (see Selected Fiscal and Policy Issue #14).	\$0.0	\$0.0	\$0.0	(\$258.0)	(\$258.0)	A.2.1
J)	Increase funding for K-12 Data Privacy Initiative (see Selected and Fiscal Policy Issue #12)	\$55.0	\$0.0	\$0.0	\$0.0	\$55.0	B.3.5
K)	Removal of onetime School Safety Funds added through Budget Execution Order, October, 2022 (see Selected and Fiscal Policy Issue #13).	(\$415.0)	\$0.0	\$0.0	\$0.0	(\$415.0)	B.3.2
L)	Onetime funding in fiscal year 2023 for Maintenance of Financial Support payment to U.S. Department of Education.	(\$107.9)	\$0.0	\$0.0	\$0.0	(\$107.9)	A.1.1

**Texas Education Agency
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):							
M)	Increase in funding above base for assessment efforts associated with HB 3906 (86th Legislature).	\$1.5	\$0.0	\$0.0	\$0.0	\$1.5	B.1.1
N)	Transfer of funding for the Adult Charter School Program to the Foundation School Program.	(\$0.3)	\$0.0	\$0.0	\$0.0	(\$0.3)	A.2.1
O)	Reduction associated with expiration of onetime funding associated with Aeronatics Magnet Program.	(\$0.6)	\$0.0	\$0.0	\$0.0	(\$0.6)	A.2.4
P)	Expiration of Reading Excellence Team Pilot Program.	(\$1.2)	\$0.0	\$0.0	\$0.0	(\$1.2)	A.2.1
Q)	Reversing a transfer of funds from the FSP for a onetime Federal Special Education Payment.	(\$2.5)	\$0.0	\$0.0	\$0.0	(\$2.5)	A.2.3
R)	Onetime grants, discretionary transfer from Fund 193, realignment of administrative funds, and other adjustments.	(\$3.3)	\$0.0	(\$3.0)	(\$1.3)	(\$7.6)	A.2.1, A.2.2, A.2.3, B.1.1, B.3.1, B.3.3, A.2.4, B.2.4, B.2.3, B.3.2, B.3.4, B.3.5
S)	Reduction related to onetime funding for the electronic administration of assesement instruments.	(\$4.0)	\$0.0	\$0.0	\$0.0	(\$4.0)	B.1.1
T)	Updated federal funds estimates for various programs.	\$0.0	\$0.0	\$244.4	\$0.0	\$244.4	A.2.2, A.2.3, A.2.4, B.2.3, B.3.1
U)	Elimination of \$12.1 million in funding associated with Hurricane Harvey.	\$0.0	\$0.0	(\$12.1)	\$0.0	(\$12.1)	A.2.4
V)	Removal of onetime funding for a technology enhancment program.	\$0.0	\$0.0	(\$3.0)	\$0.0	(\$3.0)	A.2.1
W)	Increase in funding related to TEA and Windham School District salary increases.	\$25.7	\$0.0	\$4.9	\$0.0	\$30.6	B.2.4, B.3.2, C.1.1
X)	Increase in funding of Supplemental Special Education Services to eliminate program waitlist.	\$33.3	\$0.0	\$0.0	\$0.0	\$33.3	A.2.3
Y)	Increase administrative funding to cover shortfall after seperation of Permanent School Fund Corporation.	\$11.0	\$0.0	\$0.0	\$0.0	\$11.0	B.3.2, B.3.4, B.3.5
Z)	Increase funding for Academic Decathlon	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2	A.2.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		(\$2,080.9)	\$0.0	(\$217.7)	\$10,889.5	\$8,590.9	As Listed
SIGNIFICANT & OTHER Funding Increases		\$433.7	\$0.0	\$249.3	\$11,184.8	\$11,867.8	As Listed
SIGNIFICANT & OTHER Funding Decreases		(\$2,514.7)	\$0.0	(\$466.9)	(\$295.2)	(\$3,276.8)	As Listed

NOTE: Totals may not sum due to rounding.

Texas Education Agency
Selected Fiscal and Policy Issues - House

1. Foundation School Program Major Budget Drivers Assumptions and Yields

District Property Values		
Value Change	Budget Years Affected	
TY19: +10.17%	TY19	FY20
TY20: +5.61%	TY20	FY21
TY21: +6.04%	TY21	FY22
TY22: +17.40%	TY22	FY23
TY23: +3.82 %	TY23	FY24
TY24: +4.56%	TY24	FY25

CPA Projections

Student Growth		
	Number of Students	Rate of Growth
FY19	15,792 ADA	0.32%
FY20	40,922 ADA	0.82%
FY21	-93,725 ADA	-1.85%
FY22	-118,818 ADA	-2.39%
FY23	161,252 ADA	3.33%
FY24	15,712 ADA	0.31%
FY25	15,698 ADA	0.31%

TEA Projections

Student Growth

TEA projects annual growth in compensatory education (1.3%), career & technical education (4.0%), FTEs served in special education settings (4.2%), and special education mainstream average daily attendance (ADA) (4.1%).

10-year average annual ADA growth is 0.5%.

In the 2024-25 biennium, an annual increase of 15,700 ADA is estimated to roughly translate to an increase of 63,000 WADA per year. With a statewide average revenue of about \$7,882 per WADA for the biennium, the additional state cost to fund student growth is approximately \$500 million per year.

District Property Values (DPV)

- The Comptroller projects modest property value growth in fiscal year 2024, primarily due to depressed demand in the housing market brought on by higher mortgage interest rates. The increased volatility in oil prices over the past year has made it more difficult to estimate the taxable value of mineral properties.
- Under current law, DPV growth reduces the level of state aid needed to meet entitlement.

Tax Effort

Assumption: On a statewide basis, districts will successfully pass tax ratification elections each year of the 2024-25 biennium, increasing state aid by \$100.0 million for FY 2024 and \$200.0 million in FY 2025. Currently, 23 districts, or 2.3 percent, have adopted the maximum Tier 2 enrichment tax rate of \$0.17 per \$100 of valuation; 344 districts, or 33.9 percent, have adopted enrichment tax rates of \$0.1358 and 402 districts, or 39.6 percent, have adopted enrichment tax rates of \$0.05.

Yields

Basic Allotment: \$6,160 (no change)
Golden Penny Yield: \$126.21 per penny per WADA in FY2024 and \$129.52 per penny per WADA in FY2025.

Statute establishes the minimum Basic Allotment at \$6,160, but allows a higher Basic Allotment to be established in the GAA. The recommendations continue the Basic Allotment at the same level as the 2022-23 biennium.

The Golden Penny Yield, which is applied to the first eight pennies levied above the compressed tax rate, is statutorily tied to the greater of 1.6 percent of the Basic Allotment or the yield for the district at the 96th percentile of wealth per weighted student in average daily attendance (WADA). For the 2024-25 biennium, recommendations assume the yield will be based on the yield for the 96th percentile district.

Please note, updated projections will be received in Spring 2023.		
Driver	Agency	Statutory Deadline
ADA, Special Program ADA, and FTEs	TEA	October 1 - even year March 1 - odd year
Tax Rate of Each District	CPA	February 1 - each year
Total Taxable Value in State for Following Biennium	CPA	October 1 - even year March 1 - odd year

Agency 703 NOTE: FY21 and FY22 amounts do not include additional ADA for pandemic-related attendance holds harmless.

FSP Items Specified in General Appropriations Act					
Item	Rider	Appropriated		Recommended	
		FY2022	FY2023	FY2024	FY2025
Basic Allotment	3	\$6,160	\$6,160	\$6,160	\$6,160
State Compression Percentage (Highest Tier 1 Tax Rate)	3	91.34%	89.41%	80.52%	78.93%
Instructional Facilities Allotment	3	\$0	\$0	\$0	\$0
New Instructional Facilities Allotment	3	\$70.0 million	\$70.0 million	\$100.0 million	\$100.0 million
Transportation Allotment	5	Transportation allotment elements are established by rider #5			

- Recommendations return funding for the New Instructional Facilities Allotment to 2020-21 historical levels.
- Recommendations do not include appropriations for Instructional Facilities Allotment (IFA) program awards to be made in 2024-25 but continue to fully fund IFA awards made in previous biennia.

2022-23 Base Adjustment and 2024-25 Current Law Costs

		GR	All Funds
2022-23 FSP INITIAL APPROPRIATION (INCLUDING SET-ASIDES)		\$38,929.5	\$51,703.0
2022-23 All Funds BASE ADJUSTMENTS FROM 2020-21 APPROPRIATED (in millions)		GR	All Funds
Cost/(Savings)			
1	Enrollment Decline. Significant declines in actual attendance compared to appropriated levels, related to the coronavirus pandemic.	(\$2,105.5)	(\$2,105.5)
2	District Property Value Change. Estimated property value growth of 6.04 percent in fiscal year 2022 and 17.4 percent in fiscal year 2023, compared to budgeted growth of 1.84 percent and 4.36 percent for fiscal years 2022 and 2023, respectively.	(\$4,364.8)	(\$4,364.8)
3	Tax Compression. Additional compression resulting from additional property value growth.	\$1,684.3	\$1,684.3
4	Settle-Up, Prior Year and Other Adjustments. Primarily due to costs of overestimated attendance in fiscal year 2023, to be recouped during fiscal year 2024 settle-up.	\$899.9	\$899.9
TOTAL, 2022-23 ALL FUNDS COST ADJUSTMENT OVER 2022-23 APPROPRIATION		(\$3,886.2)	(\$3,886.2)
MOF Shifts			
5	Recapture. Revenue higher than appropriated, decreasing GR draw.	(\$2,370.7)	\$0.0
6	Property Tax Relief Fund (PTRF). Revenue higher than appropriated, decreasing GR draw.	(\$540.5)	\$0.0
7	Tax Reduction and Excellence in Education Fund (TREE). Revenue higher than appropriated, decreasing GR draw.	(\$915.9)	\$0.0
TOTAL, MOF SHIFTS		(\$3,827.1)	\$0.0
TOTAL, 2022-23 BASE ADJUSTMENTS		(\$7,713.3)	(\$3,886.2)
2022-23 FSP BASE (ADJUSTED)		\$31,216.2	\$47,816.8

NOTES:

1) Amounts shown are incremental increases or decreases to amounts previously estimated for enrollment, property value growth, tax compression, and other adjustments for the 2022-23 biennium.

2) 2022-23 Initial Appropriation was reduced by \$100.6 million and \$415.0 million in General Revenue for the Budget Execution Orders dated June 28, 2022 and October 27, 2022, respectively. These reductions are taken from the FSP savings identified in Total 2022-23 Base Adjustments.

3) Payments to districts are subject to settle-up. State overpayments are recouped in subsequent years; state underpayments are owed in September.

Total General Revenue-related MOF Shifts	
Available School Fund	(\$13.1)
Lottery Revenue	\$506.8
Foundation School Fund No. 193	(\$8,207.0)
Total	\$7,713.3

2024-25 FSP COSTS OVER 2022-23 BIENNIAL BASE (ADJUSTED) (in millions)		GR	All Funds
Cost/(Savings)			
1	Enrollment Growth. 63,000 additional WADA in each fiscal year.	\$2,527.5	\$2,527.5
2	Property Tax Compression. Biennialization of the 2023 tax compression in the 2024-25 biennium, and additional tax compression in the 2024-25 biennium.	\$3,078.5	\$3,078.5
3	District Property Value Change. Projected DPV growth of 3.82% in fiscal year 2024 and 4.56% in fiscal year 2025 results in reduced state costs.	(\$6,447.9)	(\$6,447.9)
4	Golden Penny Yield. Increase in the golden penny yield from \$98.56 in fiscal year 2023 to \$126.21 in fiscal year 2024 and \$129.52 in fiscal year 2025, due to historic property value growth and enrollment decline in the 2022-23 biennium.	\$2,366.7	\$2,366.7
5	Coronavirus Federal Funding. Amount required to replace onetime federal funding, which was used to supplant state funds to help districts respond to the pandemic.	\$1,109.2	\$1,109.2
6	Maintenance of Equity. Onetime General Revenue funding to meet maintenance of equity requirements for coronavirus federal funding.	(\$274.5)	(\$274.5)
7	Winter Storm Uri. Elimination of onetime funding for Winter Storm Uri relief.	(\$35.0)	(\$35.0)
8	Settle-Up and Other Adjustments. Primarily related to enrollment decline in 2023 compared to appropriated levels, realized as a savings during 2024 settle-up.	(\$2,229.8)	(\$2,229.8)
TOTAL, 2024-2025 ALL FUNDS COST ADJUSTMENT OVER 2022-23 BASE		\$94.8	\$94.8
MOF Shifts			
9	Recapture. Biennial increase in revenue, decreasing GR draw.	(\$1,732.8)	\$0.0
10	Property Tax Relief Fund (PTRF). Biennial decrease in revenue, increasing GR draw.	\$459.4	\$0.0
11	Tax Reduction and Excellence in Education Fund (TREE). Biennial increase in revenue, decreasing GR draw.	(\$185.5)	\$0.0
TOTAL, MOF SHIFTS		(\$1,458.9)	\$0.0
TOTAL 2024-45 COSTS OVER 2022-23 BASE		(\$1,364.1)	\$94.8
ADDITIONAL FSP FUNDING IN HB 1			
12	Property Tax Relief. Recommendations include transfer of funds for property tax relief in addition to that required by current law, pursuant to Rider 81.	\$0.0	\$9,725.9
TOTAL 2024-45 APPROPRIATIONS OVER 2022-23 BASE		(\$1,364.1)	\$9,820.7
Note: Totals may not sum due to rounding.			
TOTAL, 2024-25 FSP APPROPRIATION		\$29,852.1	\$57,637.5

1) **Included in recommendations is \$15.0 billion for property tax relief.** Estimated GR cost of compression required by current law totals \$5,274.1 million for the 2024-25 biennium. Total includes \$3,078.5 million in All Funds costs in line 2 and an estimated \$2,195.6 million in additional GR due to decreases in Recapture resulting from tax compression (included as a component of Recapture estimate in line 9). Included in line 12 is \$9,725.9 million in All Funds intended for additional tax relief above amounts required by current law.

2) Changes to recapture payments due to the additional \$9,725.9 million intended for property tax relief are not included in line 10.

Total General Revenue-related MOF Shifts	
Available School Fund	(\$591.3)
Lottery Revenue	\$56.5
Foundation School Fund, No. 193	(\$829.3)
Total	(\$1,364.1)

3. **Property Tax Relief.** Recommendations for property tax relief include \$15.0 billion in increased funding from the General Revenue Fund and the Property Tax Relief Fund and a reduction of \$2.2 billion in recapture payments.

Of the \$15.0 billion, recommendations include \$5.3 billion in General Revenue and \$3.1 billion in All Funds for the 2024-25 biennium for additional property tax relief required by current law through the compression of school district property tax rates. Additionally, recommendations include \$9.7 billion from the Property Tax Relief Fund for property tax relief in addition to that required by current law, pursuant to Texas Education Agency Rider 81. Note, any changes to recapture payments related to the \$9.7 billion are currently unknown and are not reflected in recommendations.

HB 3 Current Law Compression

School district M&O tax rates are made up of the district's Tier 1 tax rates and, for most districts, an additional Tier 2 tax rate, which is an optional enrichment tax rate. The maximum Tier 1 tax rate is based on statewide average property value growth and is known as the State Compression Percentage (SCP).

Following the enactment of House Bill 3, Eighty-sixth Legislature, 2019, Tier 1 tax rates are compressed annually based on the amount that a district's property value growth rate or the statewide average property value growth rate exceeds 2.5 percent, whichever is greater. For example, the State Compression Percentage (SCP) for fiscal year 2023 is 0.8941 and the Comptroller of Public Accounts projects statewide property values to increase by 3.82 percent from fiscal year 2023 to 2024. Therefore, the SCP would compress by 1.3 percent to \$0.8827 (divide \$0.8941 by 103.82 percent and multiply by 102.5 percent). If a district's property value growth exceeds the projected statewide average property value growth, the district's Maximum Compressed Rate (MCR) for Tier 1 is reduced even further until they reach the minimum MCR, equal to 90.0 percent of the SCP. For districts not at the MCR floor, this limits the growth of the Tier 1 property tax levy to 2.5 percent per year.

The legislature may further reduce the SCP in the General Appropriations Act. Texas Education Code Section 48.2552(c) requires the legislature to appropriate the amount of state savings from the prior biennium that results from limiting compression with the MCR floor to further reduce the SCP for the following biennium. For the 2022-23 biennium this amount is estimated to be approximately \$2.2 billion, which results in an SCP reduction of \$0.0775 in fiscal year 2024. Combining this decrease with the compression due to projected property value growth, the SCP is projected to decrease from \$0.8941 in fiscal year 2023 to \$0.8052 in fiscal year 2024 and \$0.7893 in fiscal year 2025 due to current law. The SCP may be reduced further due to the \$9.7 billion intended for additional property tax relief, contingent upon actions of the Eighty-eighth Legislature.

Limits on Compression in High-growth Years

Current law bases compression of the SCP on the Comptroller's property value growth projections listed in the General Appropriations Act, rather than actual statewide property value growth. Combined with the 90.0 MCR floor requirement, this provision limits rate compression if actual statewide property value growth exceeds projections, particularly for faster growing districts. Once districts reach the MCR floor, any additional property value growth will increase the tax levy rather than triggering compression. For example, Texas experienced historic property value growth of an estimated 17.4 percent for fiscal year 2023, 13.04 percentage points higher than the appropriated estimate of 4.36 percent. As a result, 68.6% of districts reached the MCR floor and saw their Tier 1 property tax levies grow by more than 2.5 percent.

4. **State Share of FSP Entitlement.** Recommendations fund an increase in the combined state share of the FSP from 32.9 percent in fiscal year 2023 to 43.0 percent in fiscal year 2024 and 42.1 percent in fiscal year 2025, primarily related to the \$9.7 billion transfer intended for property tax relief above current law requirements. Other factors driving the state share increase include recommended funding increases required by current law for property tax compression, enrollment growth, and increases to the golden penny guaranteed yield.

Local property taxes are the first funding source for school district FSP entitlement; state aid funds remaining costs. Therefore, the state share of total FSP entitlement decreases over time as property value growth results in increases to the property tax levy. HB 3, Eighty-sixth Legislature, 2019, increased state aid to districts and provided for ongoing property tax rate compression to slow the growth of the property tax levy. (See Selected Fiscal and Policy Issue #3.) This resulted in an increase in the state share for the 2020-21 biennium. However, historic property value growth of 17.4 percent in fiscal year 2023 exceeded the levels of rate compression provided by HB 3, resulting in a combined state share of 32.9 percent for fiscal year 2023. Included in recommendations is \$9.7 billion for additional property tax relief pursuant to Rider 81. However, as the mechanisms for property tax relief are still unknown, estimated recapture for fiscal years 2024 and 2025 do not take this into account. It is assumed that recapture payments will decrease, but actual amounts are not known at this time.

Combined State and Local Share of FSP Entitlement (in millions)

Fiscal Year	Local	Recapture	State	Total	% State Share
2018	\$26,939.2	\$2,004.9	\$19,100.2	\$48,044.3	39.8%
2019	\$28,780.3	\$2,702.8	\$18,424.4	\$49,907.5	36.9%
2020	\$29,724.9	\$2,433.2	\$22,128.5	\$54,286.5	40.8%
2021	\$30,179.9	\$3,042.2	\$22,513.2	\$55,735.2	40.4%
2022	\$30,639.9	\$3,066.0	\$21,241.1	\$54,947.0	38.7%
2023	\$32,810.1	\$4,956.5	\$18,537.5	\$56,304.0	32.9%
2024	\$28,153.6	\$4,696.8	\$24,877.5	\$57,727.9	43.1%
2025	\$28,440.5	\$5,058.5	\$24,504.7	\$58,003.7	42.2%

Maintenance and Operations State and Local Share of FSP Entitlement (in millions)

Fiscal Year	Local	Recapture	State	Total	% State Share
2018	\$23,007.7	\$2,004.9	\$18,563.7	\$43,576.3	42.6%
2019	\$24,620.3	\$2,702.8	\$17,934.3	\$45,257.3	39.6%
2020	\$25,338.7	\$2,433.2	\$21,726.8	\$49,498.7	43.9%
2021	\$25,718.0	\$3,042.2	\$22,106.2	\$50,866.3	43.5%
2022	\$26,303.8	\$3,066.0	\$20,886.5	\$50,256.2	41.6%
2023	\$28,343.9	\$4,956.5	\$18,230.9	\$51,531.3	35.4%
2024	\$23,897.1	\$4,696.8	\$24,566.6	\$53,160.5	46.2%
2025	\$24,164.8	\$5,058.5	\$24,191.2	\$53,414.4	45.3%

Facilities State and Local Share of FSP Entitlement (in millions)

Fiscal Year	Local	State	Total	% State Share
2018	\$3,931.4	\$536.6	\$4,468.0	12.0%
2019	\$4,160.0	\$490.1	\$4,650.2	10.5%
2020	\$4,386.2	\$401.6	\$4,787.8	8.4%
2021	\$4,461.9	\$407.0	\$4,868.9	8.4%

NOTES:

- (1) Fiscal years 2023-25 are estimated. Fiscal years 2024-25 assume current law entitlement.
- (2) The State category includes appropriations from the Economic Stabilization Fund of \$806.5 million for fiscal year 2019, \$424.0 million for fiscal year 2020, and \$212.0 million for fiscal year 2021 for districts affected by Hurricane Harvey.
- (3) The State category includes federal coronavirus relief funding of \$1,145.9 million in fiscal year 2021 and \$1,109.2 million in fiscal year 2022 used to fund the attendance hold harmless during the coronavirus pandemic.
- (4) Estimates for recapture do not include effect of \$9.7 billion in additional property tax relief pursuant to Rider 81.

2022	\$4,336.2	\$354.7	\$4,690.8	7.6%
2023	\$4,466.2	\$306.6	\$4,772.7	6.4%
2024	\$4,256.5	\$310.9	\$4,567.4	6.8%
2025	\$4,275.7	\$313.5	\$4,589.3	6.8%

5. **Recapture Analysis.** Recommendations for the 2024-25 biennium include estimated recapture revenue of \$9.8 billion, a \$1.7 billion increase over 2022-23 levels.

To address inequities among school districts in terms of access to revenue for public education, the Texas Education Code, Chapter 49, requires school districts with Maintenance and Operations (M&O) tax revenue at the Tier 1 level or at the “copper penny” level to equalize their wealth. Most schools with excess revenue opt to remit tax revenues associated with property value above the entitlement directly to the state, through a process called recapture. Recapture revenue is only used as a method of financing the state's FSP obligations and is not used for any other non-FSP related appropriation.

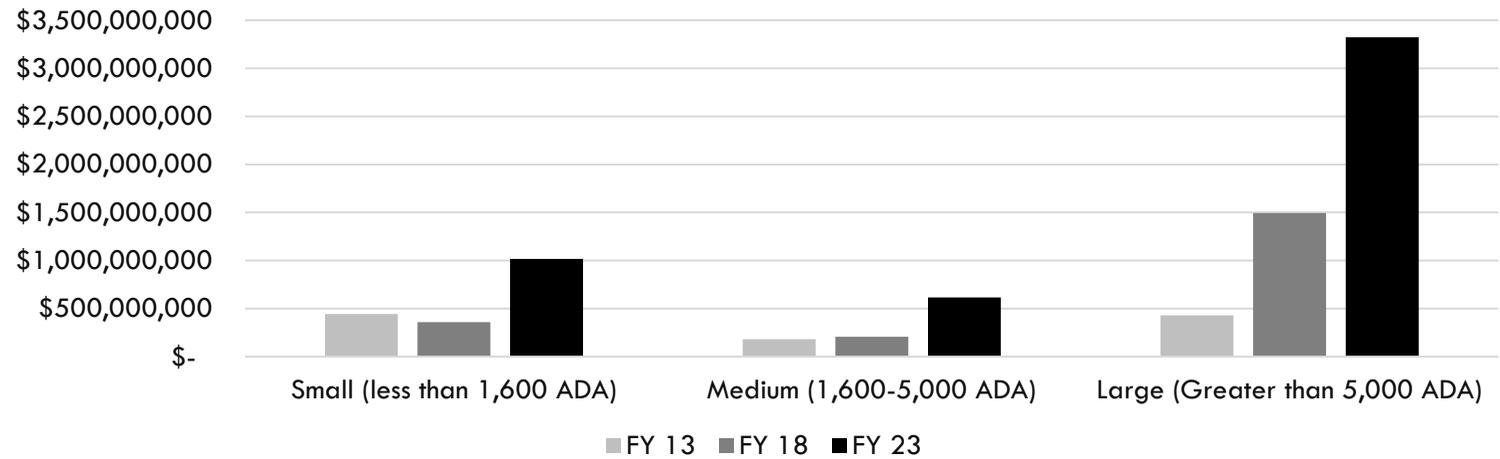
The following table provides the total recapture revenue, recapture revenue as a percentage of total M&O revenue, and the total number of districts paying recapture for fiscal years 2006 through 2025. For fiscal year 2023, recapture is estimated to be approximately 10 percent of total M&O revenue due to the historic 17.4 percent property growth in that year. Recapture estimates for fiscal year 2024-25 do not include any impacts resulting from an additional \$9.7 billion in property tax relief pursuant to TEA Rider 81.

Tier 1 and Tier 2 Recapture

Fiscal Year	Total Recapture Paid (in millions)	Recapture as a Percent of Total M&O Revenue	Total Districts Paying Recapture	Percent of Total ADA	Percent of Total WADA
2006	\$1,305.5	5%	142	12.5%	11.9%
2007	\$1,426.5	5%	150	12.7%	12.2%
2008	\$1,140.4	4%	178	13.2%	12.7%
2009	\$1,463.5	4%	191	17.5%	17.0%
2010	\$1,051.2	3%	201	11.4%	11.0%
2011	\$1,043.8	3%	213	12.6%	12.2%
2012	\$1,086.8	3%	222	13.6%	13.1%
2013	\$1,068.4	3%	216	12.2%	11.8%
2014	\$1,212.8	3%	226	12.3%	11.9%
2015	\$1,492.6	4%	241	14.1%	13.6%
2016	\$1,587.5	4%	231	14.7%	14.6%
2017	\$1,721.9	4%	234	16.6%	16.4%
2018	\$2,004.9	5%	185	18.3%	17.6%
2019	\$2,702.8	6%	220	27.2%	26.4%
2020	\$2,443.2	5%	150	20.1%	19.5%
2021	\$3,042.2	6%	158	22.0%	21.3%
2022	\$3,066.0	6%	156	22.1%	21.3%
2023*	\$4,956.5	9%	241	30.1%	29.1%
2024*	\$4,696.8	8%	234	29.7%	28.6%
2025*	\$5,058.5	9%	253	31.7%	30.6%

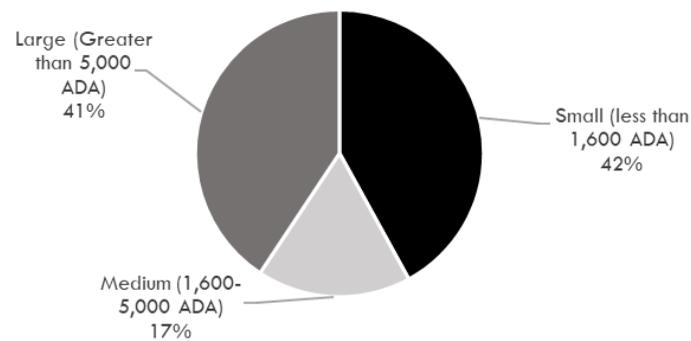
* Fiscal years 2023 through 2025 are estimated.

Comparison of Total Recapture Paid by District Size, Fiscal Years 2013, 2018, and 2023

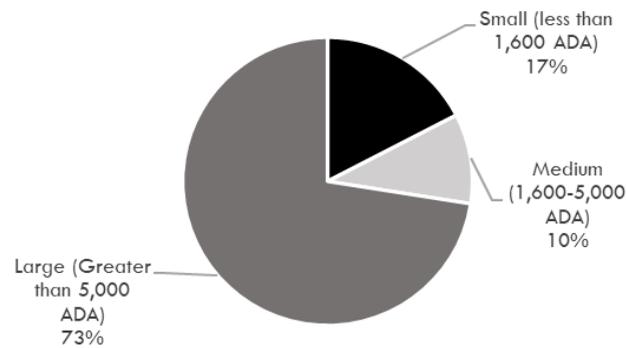


The graphs on this page provide a comparison of the total amount of recapture paid by district size in fiscal years 2013, 2018, and 2023. The categories include small districts, with an ADA of 1,600 or fewer; medium districts, with an ADA between 1,600-5,000; and large districts, with an ADA greater than 5,000. From 2018 to 2023, recapture payments by small, medium, and large districts increased 183.6 percent, 197.3 percent, and 122.5 percent, respectively. The statewide increase in recapture revenue from 2018 to 2023 totaled \$2.9 billion, the majority of which can be attributed to large districts due to a combination of rapid property value growth and slow attendance growth.

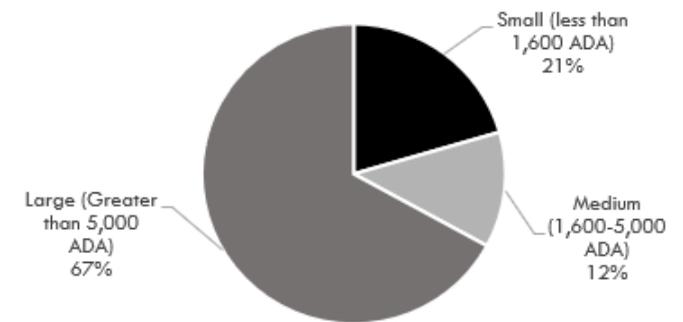
Fiscal Year 2013, Share of Total Recapture Paid by District Size
Total: \$1.1 billion



Fiscal Year 2018, Share of Total Recapture Paid by District Size
Total: \$2.0 billion



Fiscal Year 2023, Share of Total Recapture Paid by District Size
Total: \$5.0 billion



6. FSP Formula Items Established by Appropriation

Items Established by Appropriation, Not Currently Funded

Item	Description	Program History		
		Last Funded	Appropriated/ Authorized Amount	Number of Districts Funded
Average Daily Attendance Decline	Additional state aid through the FSP formula available to districts with ADA that declines more than 2.0 percent between years. Statute limits the total amount available through ADA adjustments under this provision to the sum certain amount appropriated for this purpose.	2010-11 biennium	Up to \$22 million biennially	134 Districts for school year 2009-10
Rapid Property Value Decline	Additional state aid through the FSP formula available to districts with property values that decline by more than 4.0 percent between years.	Fiscal Year 2019	\$25 million	70 districts

Increases to the Basic Allotment

The legislature may increase the Basic Allotment (BA) by rider in the General Appropriations Act. For a year in which the BA increases, current law requires districts to spend at least 30.0 percent of all increased FSP Maintenance & Operations funding per student for staff compensation increases. Of the 30.0 percent, 75.0 percent must be spent for compensation increases for full-time teachers, librarians, counselors, and nurses; and 25.0 percent may be spent at districts' discretion for compensation increases for other full-time staff. An increase to the basic allotment would result in an increase to the guaranteed yield of Tier 2 copper pennies, pursuant to Education Code, Section 48.202(a)(2). This would require some districts to reduce their Tier 2 tax rates to ensure that their copper penny revenue per WADA per cent of tax effort does not exceed the revenue received by the district in the preceding year under Education Code, Section 48.202(f).

EDA and IFA Yield Increase

In addition to the items listed above, the yields for both of the FSP facilities funding programs, the Existing Debt Allotment (EDA) and the IFA, can be increased by appropriation. The current yield for IFA is \$35 per ADA per penny of tax effort for eligible debt service, and the current yield for EDA is estimated to be \$40 per ADA per penny of tax effort for eligible debt service. The IFA yield was last increased in 1999 and was set at \$35. The EDA yield was increased by the Eighty-fifth Legislature by a statewide total of \$60 million in state aid above the previous yield of \$35.

Currently there are 242 districts receiving state aid through the EDA or IFA programs. The following table estimates the number of districts receiving state aid through one of these programs and the percent of districts receiving state aid through at least one of these programs compared to all districts that have eligible debt service.

Districts Receiving State Aid from IFA or EDA				
	2022	2023	2024	2025
Number of Districts	242	175	159	142
Percent of All Districts with Eligible Debt Service Receiving State Aid	28.2%	20.4%	18.6%	16.6%

7. **Update on the Teacher Incentive Allotment.** The Teacher Incentive Allotment (TIA) was established by HB 3, Eighty-sixth Legislature, 2019, to provide a pathway for high-performing teachers to earn six-figure salaries and to help attract and retain highly effective teachers at high needs and rural campuses. Districts draw down additional entitlement for teachers based on rural and economic disadvantage factors, and based on three teacher designation levels, including Recognized, Exemplary, and Master. Entitlement per designated teacher ranges from \$3,000 for Recognized teachers at non-rural campuses that do not receive the Compensatory Education Allotment to \$32,000 for Master teachers at rural campuses with the highest levels of economic disadvantage. Information on state costs and participation in TIA during the first two biennia of implementation is shown in the table below.

Fiscal Year	2020	2021	2022	2023
Number of Districts Participating	40	127	179	373
Total Cost of Allotment	\$40,400,000	\$43,046,976	\$55,437,701	\$ 187,227,012
Number of Teachers Participating	3,976	4,617	6,246	14,953
Average Allotment per Teacher	\$10,160.97	\$9,323.58	\$8,875.71	\$12,521.03

8. **Tax Relief Provided by the Eighty-seventh Legislature.** The following is a summary of property tax relief legislation enacted by the Eighty-seventh Legislature and approved by Texas voters.

HJR 125, Regular Session: Transferred disability homestead tax ceiling to a surviving spouse over the age of 55. (Retroactively effective for tax year 2020 via refunds; enabling legislation was HB 1313, Eighty-sixth Legislature, 2019.)

SB 611, Regular Session: Transferred military homestead exemption to a surviving spouse of service members killed or fatally injured in the line of duty. (Effective tax year 2022.)

SB 8, Second Called Session: Allowed new homeowners to obtain a homestead exemption during the first year after purchase. (Effective tax year 2022.)

SB 12, Second Called Session: Reduced tax ceiling for homeowners over 65 and with disabilities when district’s MCR compresses. (Approved by voters and effective tax year 2023.)

SB 1, Third Called Session: Increased homestead exemption from \$25,000 to \$40,000. (Approved by voters and effective tax year 2022.)

9. School District Adopted M&O Rate and Tax Rate Election (TRE) Statistics

Fiscal Year	Pre HB 3		Post HB 3				
	FY18	FY19		FY20	FY21	FY22	FY23
Number of Districts with Taxing Authority	1,018	1,017		1,016	1,016	1,016	1,015
Number of Districts at \$1.17 M&O Cap	430	426	Number of Districts with Greater than 5.8 Copper Pennies	0	46	51	51
Number of Districts Between \$1.04 and \$1.17	129	173	Number of Districts with 5.8 Copper Pennies	398	347	345	344
			Number of Districts Greater than 8 Golden Pennies and Less than 5.8 Copper Pennies	109	119	128	128
			Number of Districts Between 5 Golden Pennies and 8 Golden Pennies	56	64	66	66
Number of Districts at \$1.04	419	387	Number of Districts with 5 Golden Pennies*	0	374	402	402
Number of Districts Between \$1.00 and \$1.04	22	13	Number of Districts with less than 5 Golden Pennies	453	66	24	24
Number of Districts Below \$1.00	18	18					
% of Districts at \$1.17 Cap	42%	42%	% of Districts with Greater than 5.8 Copper Pennies	0.0%	4.5%	5.0%	5.0%
% Districts Between \$1.04 and \$1.17	13%	17%	% of Districts with 5.8 Copper Pennies	39.2%	34.2%	34.0%	33.9%
			% of Districts Greater than 8 Golden Pennies and Less than 5.8 Copper Pennies	10.7%	11.7%	12.6%	12.6%
			% of Districts Between 5 Golden Pennies and 8 Golden Pennies	5.5%	6.3%	6.5%	6.5%
% of Districts at \$1.04	41%	38%	% of Districts with 5 Golden Pennies	0.0%	36.8%	39.6%	39.6%
% Districts Between \$1.00 and \$1.04	2%	1%	% of Districts with less than 5 Golden Pennies	44.6%	6.5%	2.4%	2.4%
% Districts Below \$1.00	2%	2%					

* Districts may adopt up to five golden pennies by board action without a TRE.

10. **Texas Special Education Funding Commission.** House Bill 1525, Eighty-seventh Legislature, Regular Session, 2021, established the Texas Commission on Special Education Funding to evaluate and recommend changes to current funding mechanisms for special education. The Commission's recommendations are summarized below. The Commission's final report was published December 31, 2022.

FSP Formula Changes. The current FSP Special Education Allotment provides various levels of weighted funding for special education full-time-equivalent (FTE) students based on instructional arrangement. The Commission's recommendations propose transitioning to a formula with seven weighted funding tiers based on the intensity of services required by each student. Lower tiers would fund students who receive academic supports, while the highest tiers would pertain to students in day and residential placements. In addition to weighted funding, students would also generate funding if they receive specific services included in various service groups. TEA would request authority to collect data on the number of students in the relevant tiers and service groups during the initial implementation years, which the agency would use to determine formula weights.

The Commission's recommendations further include increasing the Special Education Transportation Mileage Rate, which is currently set at \$1.08 per mile in TEA Rider 5, Transportation Allotment, to between \$1.28 and \$1.38 per mile, increasing the College, Career, and Military Readiness (CCMR) Outcomes Bonus for special education students from \$2,000 to \$4,000 per student, and providing financial support for Full and Individual Initial Evaluations which are estimated to cost approximately \$1,500 per evaluation.

Other Funding Changes. The recommendations include several funding streams outside of the FSP to support special education, including six new grant programs. Three of the grant programs would focus on workforce development, including a reimbursement program for special education teacher certification exams, grants to districts to offset TRS penalties to hire retired special education teachers, and funding for Grow-Your-Own special education teacher programs. Other grant programs would reimburse costs of student evaluations, fund nonprofit organizations that serve special education students, and provide start-up funding to increase the number of day placement programs. Recommendations also include statutory changes to allow TEA to regulate certain contracting practices and allowable rates for services at residential and day placement facilities. Additionally, the Commission's recommendations include providing \$1,000 to \$2,500 stipends to special education teachers and paraprofessionals and increasing funding for the Supplemental Special Education Supports (SSES) program from \$30.0 million to \$46.0 million per year.

11. **Technology and Instructional Materials Allotment.** The Technology and Instructional Materials Allotment (TIMA) is a program that provides local education agencies with funding for technology and instructional materials. Recommendations provide \$1,042.7 million to the TIMA. Including amounts appropriated for administrative costs associated with the TIMA, the total recommended level of funding in the 2024-25 biennium is \$1,050.0 million. This is a \$307.0 million increase in funding over 2022-23 base. Excluding a \$317.4 million unexpended balance included in the agency's 2022-23 base, this level of funding represents a \$624.4 million increase from 2022-23 appropriations.

The State Board of Education (SBOE) is authorized by Article 7 of the Texas Constitution to distribute up to 6.0 percent per year to the Available School Fund (ASF). Additionally, both the SBOE and GLO are each authorized to make discretionary transfers of \$600.0 million per year from the Permanent School Fund (PSF) to ASF. Transferred funds are appropriated to TEA for the ASF per-capita distribution (a component of the Foundation School Program) and for the TIMA.

The Available School Fund (ASF) is a constitutionally dedicated fund for the support of the public education system. It is funded from distributions from returns on investment of the Permanent School Fund (PSF). The Permanent School Fund (PSF) is a constitutionally dedicated fund for the support of public education. The Permanent School Fund Corporation (PSFC) was established following the enactment of Senate Bill 1232, 87th Legislature, Regular Session, 2021. The creation of the PSFC unified governance and management of the Permanent School Fund. Prior to SB 1232, PSF assets were managed by both TEA and the School Land Board of the General Land Office (GLO). Senate Bill 1232 transferred most of these functions from TEA and GLO to PSFC, except for certain GLO activities, including management of mineral and royalty interests. For the 2024-25 biennium, recommendations assume a PSF distribution of 3.3 percent or \$1.6 billion per fiscal year and \$600.0 million in discretionary transfers from GLO each fiscal year.

LBB Recommendation on Instructional Materials Funding

Statute requires that 50.0 percent, or an alternate amount specified in the General Appropriations Act, of the amount transferred from the PSF to the ASF be deposited into the Technology and Instructional Materials Fund during each biennium. 2024-25 recommendations would set the funding level for the Instructional Materials Allotment at 24.3 percent of the distribution from the PSF to the ASF. This recommendation would provide \$1,042.7 million to the TIMA, excluding amounts appropriated for program administration. This would be a \$307.0 million decrease from 2022-23 base amounts including unexpended balances from the prior biennium. The TIMA was reduced by \$620.7 million in the 2022-23 biennium by Article IX, Section 18.15, Contingency for House Bill 1525, to provide funding for intensive educational supports established in House Bill 1525 and by the rider. With the expiration of onetime programs authorized by House Bill 1525 and its associated contingency rider, recommendations return funding for the TIMA approximately to its historical level. The recommendation provides a General Revenue savings of \$1,119.4 million that is available for the per capita distribution, as compared to a hypothetical scenario in which 50.0 percent of the PSF to ASF transfer was distributed to the Instructional Materials Allotment.

Recommendations increase TIMA funding that is set aside for administration by \$2.8 million in the 2024-25 biennium to replace the Education Materials and Textbooks (EMAT) system. EMAT is a web portal used by Texas school districts to place orders and reimbursement requests for instructional materials adopted by the SBOE.

The figure below has more information on historical funding for the Technology and Instructional and Materials Allotment, including information on unexpended balances which have been carried in the fund between biennia. It is currently too early in the fiscal year for TEA to provide an estimate of the unexpended balance likely to be carried forward from the 2022-23 biennium. Recommendations for Rider 8, Instructional Materials and Technology, provide unexpended balance authority from the 2022-23 biennium to the 2024-25 biennium.

Technology and Instructional Materials Funding, 2016-17 to 2022-23 Biennia

	TIMA Appropriation*	Unexpended Balance from Previous Biennium	Distribution Rate of the PSF to ASF Transfer
2016-17	\$1,059,369,568	\$109,003,521	50.0 percent
2018-19	\$1,103,381,468	\$169,313,798	44.3 percent
2020-21	\$1,049,980,630	\$312,723,282	50.0 percent
2022-23	\$424,758,690	\$313,687,861	10.2 percent
2024-25**	\$1,049,980,630	n/a	24.3 percent

Source: Legislative Budget Board and Texas Education Agency

Notes:

*Includes administrative funds for the Technology and Instructional Materials Allotment, which are appropriated in Strategies B.3.2, B.3.4 and B.3.5.

** Board Recommendation.

12. **Significant General Revenue Funding Changes for Non-FSP Programs and Administration from the 2022-23 Base.** 2024-25 recommendations include \$2,336.3 million in General Revenue Funds for Non-FSP Programs and Administration, including FSP set-asides, a 23.5 percent decrease from the 2022-23 base. This decrease is primarily attributable to a \$598.6 million decrease associated with onetime funding for House Bill 1525 that was included in the agency’s 2022-23 base and a decrease of \$432.1 million for onetime funding for school safety. Decreases are partially offset by increases of \$307.0 million for the Technology and Instructional Materials Allotment, \$55.0 million for a K-12 Data Privacy Initiative and \$25.8 million for TEA and Windham School District salary increases.

Recommendations remove onetime funding for school safety provided by budget execution order during the 2022-23 biennium, including \$17.1 million for Silent Panic Alert Technology, \$415.0 million for certain school safety-related infrastructure upgrades and for the construction of a new elementary school in Uvalde. Recommendations include Article IX, Section 17.17, which states legislative intent to provide \$600.0 million for a school safety initiative through the Supplemental Appropriations Bill.

Recommendations include a funding level of \$1,042.7 million for the Technology and Instructional Materials Fund, which is an increase of 41.6 percent from the 2022-23 base funding level, (see Selected Fiscal and Policy Issue #11). This recommendation would provide a level of instructional materials funding equivalent to 24.3 percent of the estimated transfers made by the State Board of Education and the School Land Board from the Permanent School Fund to the Available School Fund.

Recommendations for TEA administration (excluding State Board for Educator Certification and Certification Exam Administration) include \$225.6 million in General Revenue Funds, an increase of \$76.2 million over 2022-23 base funding. TEA funding for Information Systems – Technology has been increased by \$55.0 million in Fiscal Year 2024 to establish the K-12 Data Privacy Initiative to improve the ability of school systems in Texas to prevent cyberattacks from being successful.

The following pages provide a full listing of recommended funding levels for TEA’s Non-FSP Programs and Administration for 2024-25, including a comparison to 2022-23 base amounts.

Texas Education Agency: Non-FSP Program and Administration, General Revenue (in millions)

Program	2022-23 Base	2024-25 Recommended (Total)	2024-25 Recommended (Change)	2024-25 Recommended (Percent Change)	Notes
Funding for Districts and Students					
Student Success Initiative/Community Partnerships	\$10.5	\$10.5	\$	0.0%	
TX Advanced Placement	\$18.5	\$18.5	\$	0.0%	
Pathways in Technology ECHS	\$7.5	\$	\$(7.5)	-100.0%	Consolidated into a new program called College and Career Readiness School Models.
Texas Science, Technology, Engineering and Math	\$2.9	\$	\$(2.9)	-100.0%	Consolidated into a new program called College and Career Readiness School Models.
Reading Excellence Team Pilot	\$1.2	\$	\$(1.2)	-100.0%	The statute authorizing this program expired on September 1, 2021.

Reading-to-Learn Academies	\$5.0	\$	\$(5.0)	-100.0%	Consolidated with Literacy Achievement Academies.
Literacy Achievement Academies	\$8.1	\$14.3	\$6.2	75.9%	Incorporates funding from Reading-to-Learn Academies.
Math Achievement Academies	\$7.7	\$7.7	\$	0.0%	
Texas Gateway and Online Resources	\$14.6	\$14.6	\$	0.0%	
Early College High School	\$5.7	\$	\$(5.7)	-100.0%	Consolidate this program into a new program called College and Career Readiness School Models.
Gifted and Talented Performance Standards	\$0.9	\$0.9	\$	0.0%	
Adult Charter School	\$0.3	\$	\$(0.3)	-100.0%	Funding for the Adult Charter School Program has transferred to the Foundation School Program.
Early Childhood School Readiness	\$6.5	\$6.5	\$	0.0%	
TEKS Review and Revision	\$0.4	\$	\$(0.4)	-100.0%	Removal of FSP discretionary transfer.
School Improvement and Governance Support	\$2.5	\$2.5	\$	0.0%	
Incentive Aid	\$3.3	\$2.0	\$(1.3)	-38.5%	Removal of FSP discretionary transfer.
Texas Military Connected Children	\$0.5	\$	\$(0.5)	-100.0%	Removal of FSP discretionary transfer.
FitnessGram	\$1.6	\$1.9	\$0.3	18.8%	Restoration to pre-pandemic funding level.
Educator Quality and Leadership	\$29.0	\$29.0	\$	0.0%	
Educator System Support	\$4.1	\$4.1	\$	0.0%	
Online Reading Academies	\$1.2	\$	\$(1.2)	-100.0%	Consolidated with Literacy Achievement Academies.
Provide Free Reading Instruments	\$0.7	\$0.7	\$	0.0%	
Blended Learning Grant Program	\$12.0	\$12.0	\$	0.0%	
Summer CTE Grant Program	\$8.0	\$8.0	\$	0.0%	
Subsidy for High School Equivalency Exams	\$0.8	\$	\$(0.8)	-100.0%	Removal of FSP discretionary transfer
Civics Training	\$14.6	\$14.6	\$	0.0%	
Pre-K at Intergenerational Facilities	\$1.0	\$1.0	\$	0.0%	
Mobile STEM Lab	\$0.5	\$0.5	\$	0.0%	
College and Career Readiness School Models.	\$	\$16.2	\$16.2	100.0%	New program consolidated from preexisting college and career readiness programs.
Expanding Learning Options for P-TECH	\$74.5	\$	\$(74.5)	-100.0%	Elimination of onetime funding associated with House Bill 1525.
COVID Learning Acceleration Supports	\$449.2	\$	\$(449.2)	-100.0%	Elimination of onetime funding associated with House Bill 1525.
ESC TRS Integration and Support	\$0.2	\$	\$(0.2)	-100.0%	Elimination of onetime funding provided in 2022-23 biennium.

Strong Foundations Grant Program	\$150.0	\$150.0	\$	0.0%	
Fatherhood/Parental Involvement in Literary	\$0.5	\$0.5	\$	0.0%	
Computer Science Grant Program	\$2.6	\$2.6	\$	0.0%	
Intensive Educational Supports	\$	\$30.0	\$30.0	n/a	New program related to House Bill 1525 that is ongoing in nature.
Kindergarten Entry Assessment	\$2.0	\$2.0	\$	0.0%	
School Safety	\$415.0		\$ (415.0)	-100.0%	Onetime funding through Budget Execution Order
Miscellaneous	\$8.0	\$8.2	\$.2	2.5%	Funding Increase for Academic Decathlon
Subtotal	\$1,271.6	\$358.8	\$(912.8)	-71.8%	
Instructional Materials					
Instructional Materials	\$ 716.4	\$1,022.7	\$ 306.3	42.7%	See Selected Fiscal and Policy Issue #1.
Open Source Instructional Materials	\$20.0	\$20.0	\$	0.0%	
Subtotal	\$ 736.4	\$1,042.7	\$ 306.3	41.6%	
Pass-through Grants to Non-Governmental Organizations					
Communities in Schools	\$61.0	\$61.0	\$	0.0%	Restoration to pre-pandemic funding level.
Teach for America	\$11.0	\$11.0	\$	0.0%	
Best Buddies	\$1.0	\$1.0	\$	0.0%	
Booker T. Washington Aeronautics Magnet	\$0.6	\$	\$(0.6)	-100.0%	Elimination of onetime funding provided in 2022-23 biennium.
At-Risk and Transitional Child Care	\$5.0	\$	\$(5.0)	-100.0%	Elimination of onetime funding associated with House Bill 1525.
Amachi	\$5.0	\$5.0	\$	0.0%	
Academic Innovation and Mentoring	\$4.3	\$4.3	\$	0.0%	
MathCounts	\$0.4	\$0.4	\$	0.0%	
Child I.D.	\$5.7	\$5.7	\$	0.0%	
Customized School Safety Programming	\$2.0	\$2.0	\$	0.0%	
Subtotal	\$96.0	\$90.4	\$(5.6)	-5.8%	
Indirect Funding to TEA					
Windham School District	\$115.5	\$131.3	\$ 15.8	13.6%	Increase in staff salaries.
State Funds for Assessment	\$165.9	\$167.4	\$1.5	0.9%	Restoration to pre-pandemic funding level.
ESC Dyslexia Coordinators	\$0.3	\$0.3	\$	0.0%	

Supplemental Special Education Services	\$60.0	\$93.3	\$33.3	55.5%	Increase funding to clear program wait list.
Early Childhood Intervention	\$33.0	\$33.0	\$	0.0%	
Electronic Administration of Assessment Instruments	\$4.0	\$	\$(4.0)	-100.0%	Elimination of onetime funding provided in 2022-23 biennium.
Federal IDEA Payment	\$2.5	\$	\$(2.5)	-100.0%	Removal of transfer from Foundation School Fund 193 that occurred in the 2022-23 biennium.
Regional Day School-Deaf	\$66.3	\$66.3	\$	0.0%	
ESC Core Services	\$23.8	\$23.8	\$	0.0%	
FSP Texas Juvenile Justice Department	\$8.4	\$8.4	\$	0.0%	
Juvenile Justice Alternative Education Program Funding	\$11.9	\$11.9	\$	0.0%	
School Lunch Matching	\$27.5	\$27.2	\$(0.3)	-1.0%	Removal of FSP discretionary transfer
Students with Visual Impairments/ESCs	\$11.3	\$11.3	\$	0.0%	
Silent Panic Alert Technology	\$17.1	\$	\$(17.1)	-100.0%	Elimination of onetime funding provided in 2022-23 biennium.
Grants for Students with Autism/Dyslexia	\$100.0	\$	\$(100.0)	-100.0%	Elimination of onetime funding associated with House Bill 1525.
Students with Autism	\$20.0	\$20.0	\$	0.0%	
Non-Ed Community Based Support	\$2.0	\$2.0	\$	0.0%	
Maintenance of Financial Support Obligations	\$107.9	\$	\$(107.9)	-100.0%	
Subtotal	\$777.4	\$596.2	\$(181.2)	-23.3%	
Agency Administration					
Agency Operations	\$60.1	\$60.4	\$0.3	0.5%	
Central Administration	\$18.8	\$21.0	\$2.2	11.6%	
Information Systems-Technology	\$49.2	\$113.1	\$63.9	129.9%	
State Board for Educator Certification	\$11.4	\$11.5	\$0.1	0.8%	
Certification Exam Administration	\$32.6	\$32.6	\$	0.0%	
TEA Salary Increase		\$9.9	\$9.9	100%	
Subtotal	\$172.1	\$248.5	\$76.4	44.4%	
Non-FSP GR Total	\$3,053.1	\$2,336.3	\$(716.8)	-23.5%	

Note:

*Totals may not sum due to rounding and includes FSP set-asides.

13. **School Safety Update.** Recommendations include Article IX, Section 17.17, which states legislative intent to provide \$600.0 million to assist school districts in implementing school safety initiatives. TEA has expanded its school safety oversight and support work during the 2022-23 biennium in alignment with the Texas School Safety Center (TxSSC). This work included ensuring all schools conducted an immediate audit of safety procedures, evaluated the working order of exterior school building doors, conducted regular security drills, and trained staff on threat assessments by the start of the 2022-23 school year. In addition, TEA has hired a Chief of School Safety and Security during fiscal year 2023 to provide expertise in school security and to serve as a resource to school districts and the legislature. TEA identified one-time administrative funds that supported this position and these expanded activities in the 2022-23 biennium, but TEA noted in their LAR that the specific level of additional resources has not yet been determined.

The budget execution order dated June 28, 2022, transferred \$100.6 million from identified FSP surplus funds for the following projects: \$50.0 million for the purchase of bullet-resistant shields to aid law enforcement partners in protecting children, teachers, and schools; \$17.1 million to school districts through a formula grant to purchase silent panic alert technology; \$7.0 million to the TxSSC for on-site campus assessments to evaluate access control measures; and \$3.0 million for local law enforcement agencies to offset costs associated with taking Advanced Law Enforcement Rapid Response Training (ALERRT).

An additional budget execution order dated October 27, 2022, transferred \$400.0 million from identified FSP surplus funds to assist school districts in replacing or upgrading doors, windows, fencing, communications, and other safety measures and \$15.0 million to construct a new elementary school in Uvalde.

The table below provides an overview of historical funding for school safety initiatives at TEA, TxSSC, and TCOLE; and requested and recommended funding for the 2024-25 biennium.

School Safety Initiatives Historical Funding (in Millions)

	86 th Legislature	87 th Legislature	Budget Execution	Exceptional Items REQ 2024-25	Recommended 2024-25	Total
TEA:						
School Safety and Security Grants	\$100.0					\$100.0
School Safety Allotment	\$96.2	\$100.0			\$100.0	\$296.2
Silent Panic Alert Technology			\$17.1			\$17.1
School Safety Exceptional Item				*	\$600.0**	\$600.0
School Hardening Grants			\$400.0			\$400.0
Texas State University:						
TxSSC	\$11.0	\$11.0	\$7.0	\$9.0		\$38.0
ALERRT	\$4.0	\$4.0	\$7.0	\$6.6		\$21.6
TCOLE						
School Marshal Program				\$1.3	\$1.3	\$1.3
Total	\$211.2	\$115.0	\$431.1	\$16.9	\$701.3	

Note:

* TEA Exceptional Item did not include funding proposal.

** Legislative intent to provide \$600.0 million included in Article IX, Section 17.17.

14. **Overview of Education Related COVID-19 Federal Legislation and Funding.** The state received federal funding appropriated through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act, and the American Rescue Plan Act (ARPA) to help schools offset costs attributable to the COVID-19 pandemic.

The CARES Act established the Elementary and Secondary Education School Emergency Relief (ESSER) Fund. The state received \$1.3 billion in ESSER I funds from CARES, \$5.7 billion for ESSER II from CRRSA, and \$12.4 billion for ESSER III from ARPA, for a total of \$19.4 billion. School district and charter school ESSER entitlements were based on their Title I, Part A entitlements; 90 percent of ESSER funds were allocated to local education agencies (LEAs), 9.5 percent were made available for state activities, and 0.5 percent were used for administrative costs. These funds had the same general allowable uses, including any activities authorized by prior federal legislation such as the Every Student Succeeds Act (ESSA) and the Individuals with Disabilities Education Act (IDEA), and functions related to public health, distance learning, and pandemic response. Federal guidance for these three iterations of the program allows for funds to supplant state funding but requires states to maintain effort for elementary and secondary education and higher education. ARPA also requires a maintenance of equity for states and LEAs. The ESSER Funds had staggered expiration dates: ESSER I, September 30, 2022; ESSER II, September 30, 2023; and ESSER III, September 30, 2024.

HB 1525, Eighty-seventh Legislature, Regular Session created the Texas COVID-19 Learning Acceleration Supports (TCLAS) program to address the effects of COVID-19 on learning loss and teacher retention. TEA was directed to utilize \$1.9 billion in ESSER II and ESSER III for these purposes. HB 4545, Eighty-seventh Legislature, Regular Session created the Strong Foundations Grant program to provide accelerated instruction for students who fail to achieve satisfactory performance on certain assessments. TEA combined TCLAS and Strong Foundations to create the TCLAS grant to facilitate strategic planning, rigorous instruction material, high-impact tutoring, innovative school models, and support teachers. 719 LEAs have received TCLAS grants across all 20 regions.

The CARES Act also established the Governor's Emergency Education Relief (GEER) Fund. These funds were distributed to governors' offices in each state to provide flexibility to allocate funds to educational organizations that were significantly affected by the pandemic. Texas received an allocation of \$307.0 million in GEER I Funds from the CARES Act, and \$123.3 million in GEER II from the CRRSA, a total of \$430.3 million. Of these amounts, TEA received \$60.0 million in total.

CRRSA established the Emergency Assistance to Non-public Schools (EANS) program. TEA is the administrator of these funds. CRRSA allocated \$152.4 million under this program, and ARPA allocated \$151.4 million, a total of \$303.8 million.

ARPA established the Coronavirus State Fiscal Recovery (CSFR) Fund. The state received \$15.8 billion directly in CSFR Funds, and funds could be used to address government services, public health and public safety salaries, and certain infrastructure projects. The General Appropriations Act (2022-2023) included Article IX, Section 13.01 to give appropriation authority of these funds to the Texas Legislature. During the Eighty-seventh Legislature, Third Called Session, the Legislature passed Senate Bill 8, appropriating \$12.8 billion in CSFR. This included \$3.0 million to TEA for the purpose of providing funding for the Big Brothers and Big Sisters program. CSFR Funds must be obligated by December 31, 2024, and fully expended by December 31, 2026.

Additional COVID-19 awards were received by TEA, such as funding for the Child Nutrition Program from the Texas Department of Agriculture (TDA), and Coronavirus Relief Funds (CRF) from the Office of the Governor (OOG). However, these awards were received in the 2020-2021 biennium and have been fully expended. TEA was also the recipient of pass-through funds from the Department of State Health Services (DSHS) and FEMA Public Assistance reimbursements through the Texas Division of Emergency Management (TDEM) for vaccine and public health awards.

COVID-19 funding for public education, in order of Federal Act (As of August 31, 2022)

Funding Source	Amount (in millions)	Recipient of Funds	Use of Funds
ESSER I/CARES Act	\$1,285.9	Local Education Agencies and TEA	Variety of authorized expenses, including Hold Harmless Offset, Operational Connectivity, and Texas Home Learning
CRF/CARES Act, OOG	\$200.0	Local Education Agencies	Operation Connectivity and Reimbursement of COVID-19 related expenses
GEER I/CARES Act, OOG	\$30.0	Local Education Agencies and TEA	Texas Home Learning and Supplemental Services
Rethink K-12 School Models Grant/CARES Act	\$20.0	TEA	Texas Home Learning
Child Nutrition Program/CARES Act, TDA	\$350.6	TEA	Additional operating expenses in the National School Lunch and National School Breakfast Programs.
ESSER II/CRRSA	\$5,529.6	Local Education Agencies and TEA	Variety of authorized expenses, including Hold Harmless Offset, Operational Connectivity, and Texas Home Learning
ESSER-Non-Public Schools/CRRSA	\$153.2	Non-public schools and TEA	Variety of authorized expenses, including Hold Harmless Offset, Operational Connectivity, and Texas Home Learning
Vaccine Access/CRRSA, DSHS	\$0.3	Local Education Agencies	To disseminate information about COVID-19 vaccines, help with scheduling vaccination appointments, arranging or providing accessible transportation, and provide technical assistance/support to local health departments
GEER II/CRRSA, OOG	\$30.0	Local Education Agencies and TEA	Texas Home Learning and Supplemental Services
ESSER III/ARPA	\$12,427.5	Local Education Agencies and TEA	Variety of authorized expenses, including Hold Harmless Offset, Operational Connectivity, and Texas Home Learning
ESSER-Homeless Children and Youth/ARPA	\$20.3	Local Education Agencies and TEA	Variety of authorized expenses, including Hold Harmless Offset, Operational Connectivity, and Texas Home Learning
Special Education Grants/ARPA	\$242.8	Local Education Agencies	To provide special education and related services needed to make a free, appropriate public education available to all eligible children and, in some cases, to provide early intervening services
Epidemiology and Lab Capacity/ARPA, DSHS	\$222.1	Local Education Agencies	Funds used for purpose of supporting safe in-person instruction in schools by providing screening and offering grant opportunity to schools for support activities. The program provides support to students, teachers, and staff to include COVID-19 testing
Public Health Crisis/ARPA, DSHS	\$39.2	Local Education Agencies	Funds used to establish, expand, train, and sustain the Texas public health workforce to support COVID-19 prevention, preparedness, response, and recovery. TEA will collaborate with ESCs, LEAs, and schools to hire and train qualified health professionals
CSFR/ARPA, SB 8	\$3.0	Big Brothers and Big Sisters	Technology and program enhancements
Total	\$20,555.5		

15. **Maintenance of Financial Support (MFS) Obligations under the Individuals with Disabilities Education Act.** House Bill 2, Eighty-seventh Legislature, Regular Session appropriated \$151.9 million in General Revenue Funds to TEA to ensure state compliance with federal special education funding requirements pursuant to the Individuals with Disabilities Education Act (IDEA). Of this amount, \$107.9 million had been appropriated in the prior biennium but was unspent. According to TEA, \$107.9 million will be needed to offset future withholding of funds by the U.S. Department of Education due to alleged failures to comply with maintenance of financial support (MFS) obligations in prior fiscal years.

TEA anticipates that \$33.3 million will be withheld by the U.S. Department of Education in fiscal year 2023 because of Texas' alleged failure to meet its MFS obligations in the fiscal year 2012. This amount is anticipated to be expended in fiscal year 2023. The agency anticipates that the remaining \$74.6 million will be withheld because of alleged failures to meet MFS in fiscal years 2017 and 2018. Because the date of that withholding is not known, TEA anticipates that \$74.6 million of this amount will be needed in the 2024-25 biennium.

16. **Supplemental Special Education Services (SSES).** Recommendations include \$33.3 million in additional funding for the SSES program to allow the agency to fully fund the program's waiting list. SSES, established by Senate Bill 1716, 87th Legislature, Regular Session, provides eligible families with a special education student impacted by a COVID school closure a \$1,500 grant. Families can use the grant for educational materials, resources, and services such as speech therapy.
17. **HB 4545 Implementation.** As a component of the Strong Foundations Grant Program, established through House Bill 4545, 87th Legislature, Regular Session, the agency launched a new grant opportunity available to all local educational agencies (LEAs) for school year 2022–23 to support school systems in creating and implementing a math or literacy framework. The program offers multiple years of LEA support and is intended to increase the percentage of third grade students reading on grade level. Recommendations include full continuation of \$150.0 million for the Strong Foundations Grant Program.

HB 4545 also established new requirements for targeted tutoring or similar accelerated learning options for academically struggling students. Following the implementation of these interventions, the percent of students in school year 2021-22 whose academic progress increased by more than what was expected in an average school year to reach “approaches grade level” or better increased by 13% in reading and 3% in math when compared to pre-pandemic academic progress. Recommendations for the 2024-25 biennium include \$30.0 million for ongoing learning acceleration programs.

18. **Status of the Texas Student Assessment and Accountability Programs.** Recommendations maintain base funding for TEA assessment and accountability programs at \$238.2 million in All Funds. TEA continues to implement changes to the STAAR testing program from House Bill 3906, Eighty-sixth Legislature, Regular Session, which requires tests to be redesigned to better align with classroom instruction. STAAR tests will transition to full online administration and contain writing as part of the reading/language arts assessment in grades 3-8 for the first time in spring 2023.

The agency has also begun a pilot in several subjects to determine the feasibility of a through-year replacement of STAAR.

After two years of COVID-related pauses, TEA released A–F accountability ratings for districts and campuses in August 2022. Ratings for 1,195 districts and 8,451 campuses showed promising signs of progress in Texas's efforts to catch students up academically. Driven by significant gains in student academic growth, school year 2022 saw 25 percent of LEAs and 33 percent of campuses improve their letter grade from 2019. The table below shows the number of LEAs earning each rating category.

LEA A-F Accountability Ratings

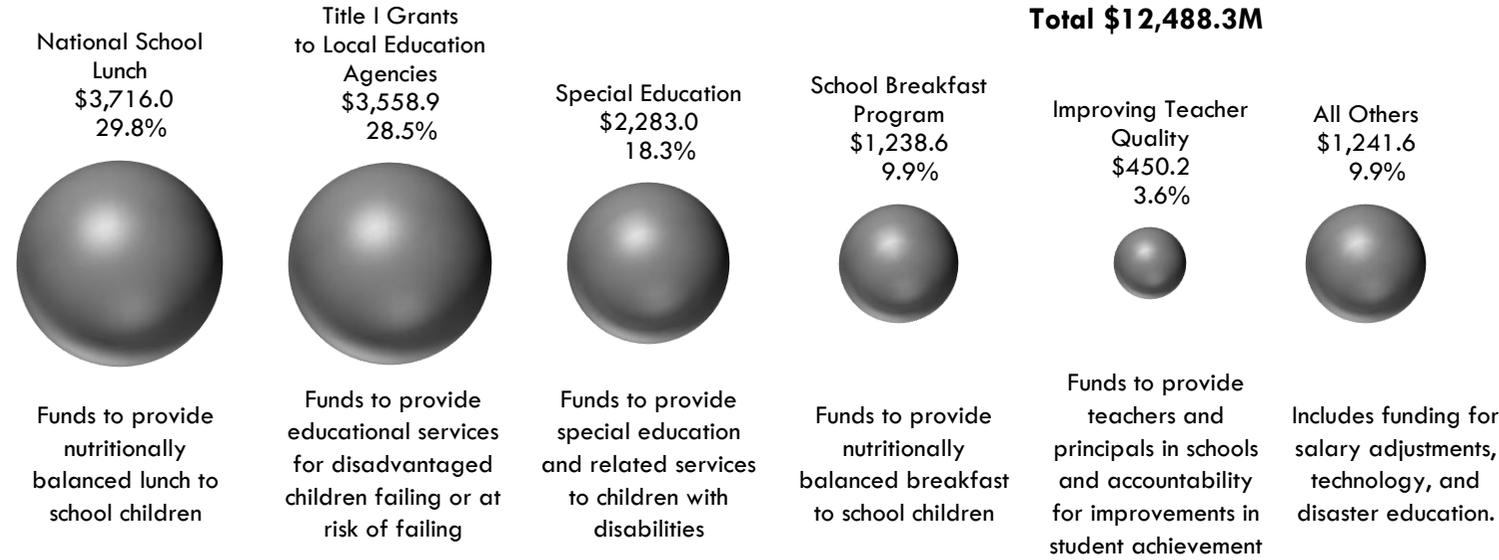
Rating	2022		2019	
	A	396	33.1%	301
B	645	54.0%	677	56.9%
C	112	9.4%	154	13.0%
D/NR (60-69)	26	2.2%	43	3.6%
F/NR (59 or less)	16	1.3%	14	1.2%
Total	1,195		1,189	

The National Assessment of Educational Progress (NAEP), often called the Nation's Report card, is administered in reading and math for a sample of students in 4th and 8th grades roughly every two years in every state. 2022 NAEP results showed both strengths and challenges as Texas students have shown more progress than most other states in their academic recovery from learning loss during the pandemic.

Texas students are recovering quicker in reading than math. Reading results for 2022 are not statistically significantly different from 2019, an indicator that Texas is recovering well from the impacts of the pandemic in this subject. However, performance in math is statistically significantly lower than it was in 2019, even though Texas students have seen fewer declines than those in other parts of the U.S.

Texas Education Agency - House
 Summary of Federal Funds (2024-25)

Total \$12,488.3M

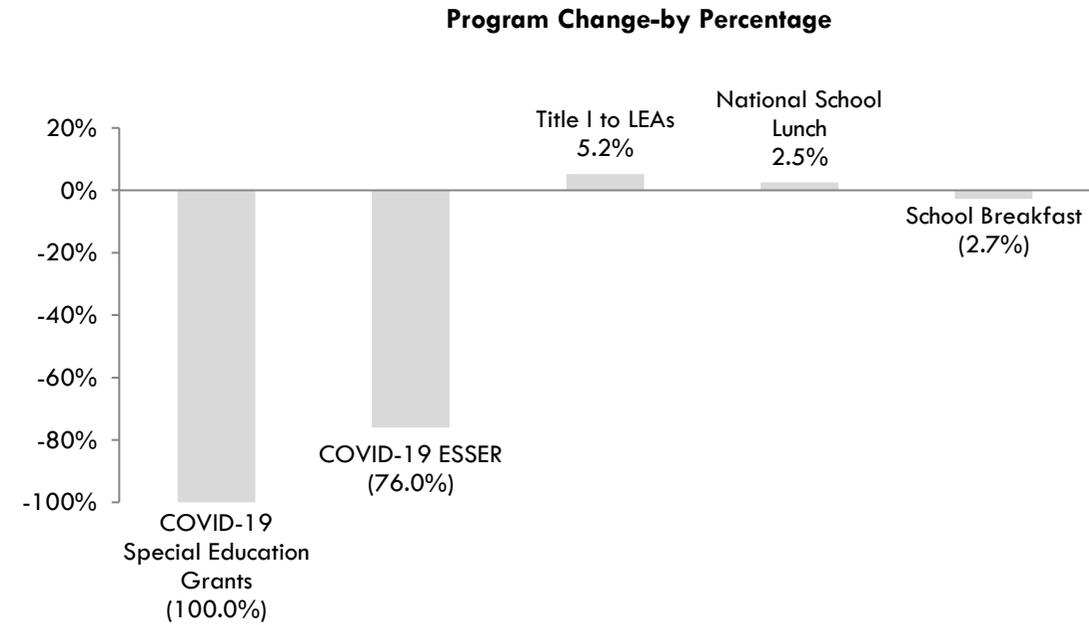
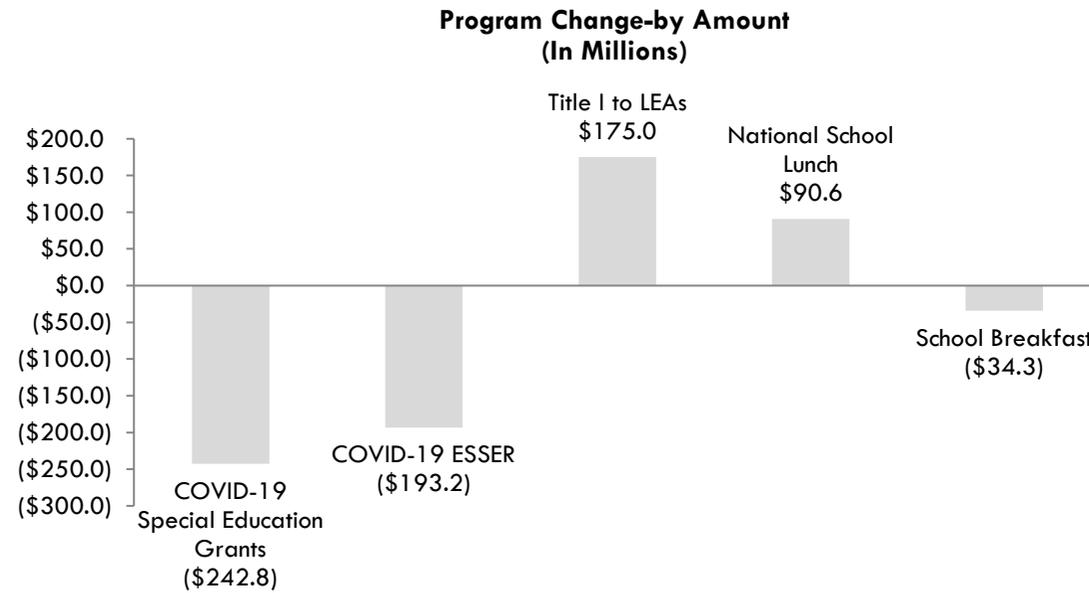


Selected Federal Fiscal and Policy Issues

Funds for the 2024-25 biennium include a net decrease of \$217.7 million. This is primarily attributable to decreases in COVID-19 one-time awards.

Federal Funds estimates for the National School Lunch Program and Title I Grants to Local Education Agencies reflect an increase in national funding made available to the programs.

Programs with Significant Federal Funding Changes from 2022-23



**Texas Education Agency
Rider Highlights - House**

Modification of Existing Riders

3. **Foundation School Program Funding.** Recommendations revise rider to update sum-certain appropriation, yields, and assumptions. Recommendations add unexpended balance authority for the FSP from fiscal year 2024 to 2025 to align the mechanics of the appropriation with historical practice.
8. **Instructional Materials and Technology.** Conforming changes related to funding recommendations as well as an increase in amounts allocated to administrative expenses to fund the replacement of the Education Materials and Textbooks system.
11. **Reimbursement of Advisory Committee Members.** Modification deletes Financial Aid Application Requirement Advisory Committee, as this committee has completed its work.
24. **Limitation on the Transfer and Use of Funds.** Modification would provide TEA with the authority to transfer funds from a non-FSP strategy to a DCS item in the agency's capital budget, under certain circumstances.
54. **Mathematics Achievement Academies.** Modifications would align with changes made by Senate Bill 1267, Eighty-seventh Legislature, Regular Session, to allow teachers who provide mathematics instruction to students at any grade level to participate.
55. **Literacy Achievement Academies.** Incorporates language to consolidate this rider with Rider 61, Reading to Learn Academies.
58. **Pathways in Technology Early College High School.** Modification would consolidate this rider with the following riders: Rider 47: Texas Science Technology Engineering and Mathematics (TSTEM) and Rider 48: Early College High School.
61. **Report on the Effectiveness of Certain TEA Programs.** Modification would change the due date of this report from May 1, 2024 to November 1, 2024.
66. **Mobile STEM Laboratory Grant Program.** Modification would provide intra-biennium unexpended balance authority.
75. **Supplemental Special Education Services Program.** Modification establishes a contingency for program continuation beyond Fiscal Year 2024 and allows additional set aside funding.
77. **Funding for Various Programs at the Texas Education Agency.** Revised to provide funding for the High School Decathlon program.
78. **Strong Foundations Grant Program.** Revised rider would replace the contingency rider for House Bill 4545, Eighty-seventh Legislature, Regular Session, with language governing the Strong Foundations Grant Program, which was established by HB 4545.
79. **Intensive Educational Supports.** Revised rider would replace the portions of the existing rider governing the expired provisions of House Bill 1525, Eighty-seventh Legislature, Regular Session. Revised rider would include language governing the provisions of House Bill 1525 that will persist into the 2024-25 biennium.

New Riders

- 80. **Interagency Cybersecurity Initiative for Public Schools.** Establishes a program to provide cybersecurity services to public school districts.
- 81. **Property Tax Relief.** Transfers funds to the Property Tax Relief Fund and establishes intent to appropriate the funds for district property tax relief above amounts required by current law.
- 82. **Public Education Funding Increases.** Establishes legislative intent to provide increased funding for school districts and charter schools.

Deleted Riders

- 20. **Permanent School Fund.** Rider is transferred to the bill pattern of the Permanent School Fund Corporation, established by Senate Bill 1232, Eighty-seventh Legislature, Regular Session.
- 47. **Texas Science Technology Engineering and Mathematics (TSTEM).** Recommendations would consolidate this rider with Rider 64. According to the agency, this change would allow TEA to support school that are currently in the T-STEM program, which was repealed by Senate Bill 1376, Eighty-sixth Legislature, Regular Session.
- 48. **Early College High School.** Recommendations would consolidate this rider with Rider 58.
- 54. **Adult Charter School.** This rider is no longer required following the enactment of Senate Bill 1615, Eighty-seventh Legislature, Regular Session, which transferred of funding for the Adult Charter School program to the Foundation School Program.
- 60. **Reading Excellence Team Program.** The statute authorizing this program expired on September 1, 2021.
- 61. **Reading to Learn Academies.** Consolidated with Rider 55, Literacy Achievement Academies.
- 67. **Funding for Special Education Strategic Plan FTEs.** Rider no longer required, as funds and FTEs have been incorporated into the agency's regular operations.
- 80. **Administrative Cost Savings Through Strategic Insourcing.** Rider no longer required, as funds and FTEs have been incorporated into the agency's regular operations.
- 83. **Report on Telehealth Programs in Public Schools.** Report has been submitted and rider is no longer required.
- 85. **Contingency for Senate Bill 1171.** Rider no longer required, as the program has been incorporated into the agency's regular operations.

88. **Contingency for House Bill 1525.** Rider no longer required, as it was associated with one-time funding related to House Bill 1525, Eighty-seventh Legislature, Regular Session.
90. **Ensuring Grade-Level Support and COVID-19 Reimbursement.** Rider no longer required, as it was associated with one-time funding related to House Bill 1525, Eighty-seventh Legislature, Regular Session.
91. **Reimbursement for Winter Storm Uri.** Rider no longer required, as it was associated with one-time funding related to House Bill 1525, Eighty-seventh Legislature, Regular Session.
92. **Grants for Students with Autism and/or Dyslexia.** Rider no longer required, as it was associated with one-time funding related to House Bill 1525, Eighty-seventh Legislature, Regular Session.
93. **Operation Connectivity.** Rider no longer required, as it was associated with one-time funding related to House Bill 1525, Eighty-seventh Legislature, Regular Session.
94. **Contingency for House Bill 3643.** Rider no longer required, as the commission established by the bill is abolished effective January 1, 2023.
96. **Contingency for Senate Bill 1232.** Rider no longer required, as the transition plan and transfers to the Permanent School Fund Corporation are complete.
97. **Contingency for Senate Bill 1267.** Rider no longer required, as the program has been incorporated into the agency's regular operations.
98. **Informational Listing: Federal Elementary and Secondary School Emergency Relief Funds.** Rider no longer required, as the rider has fulfilled its purpose.

**Texas Education Agency
Items Not Included in Recommendations - House**

				2024-25 Biennial Total		
	GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27

Agency Exceptional Items Not Included (in agency priority order)

1)	<p>Information Technology Deferred Maintenance. Request for resources to complete deferred regular maintenance on legislatively mandated applications.</p>	\$11,251,170	\$0	0.0	Yes	Yes	\$11,251,170
2)	<p>Windham School District (WSD). The WSD request includes \$0.5 million for 3 additional staff to expand services to students in restrictive housing, \$1.9 million for 5 additional staff to expand Career and Technical Education, \$1.0 million for 8 additional staff to continue the family literacy program, and \$.8 million for 6 additional staff for a workforce coordinator program.</p>	\$4,232,227	\$0	0.0	No	No	\$3,788,170

Agency rider request not included

3)	<p>Modify Rider 80: Interagency Cybersecurity Initiative for Public Schools (\$55.0 million in GR and 3.0 FTEs included in HB 1 for the project). Modify rider to specify funding for placement and oversight of cybersecurity practitioners to assist schools, transfer \$5.7 million from capital to non-capital budget for ESC Grants for Cybersecurity Practitioners, transfer \$0.7 million from capital to non-capital budget to fund 3.0 FTEs for statewide planning activities, transfer \$0.4 million in payroll costs to fiscal year 2025, and modify rider to allow TEA to transfer funding between capital and non-capital budgets contingent upon LBB approval, with automatic approval after 15 business days if not disapproved.</p>	\$0	\$0	0.0	Yes	Yes	\$0
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**Texas Education Agency
Items Not Included in Recommendations - House**

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
4)	Amend Rider 70: Local Designation Systems and Teacher Incentives. Amend rider to provide agency with administrative flexibility when fees exceed Biennial Revenue Estimate and provides unexpended balance authority both within the biennium and between biennia.	\$0	\$0	0.0	No	No	\$0
5)	New Rider: Civics Training Programs. Requested rider would allow TEA to transfer \$300,000 of program funds to administrative strategies and provide unexpended balance authority within the biennium.	\$0	\$0	0.0	No	No	\$0
6)	Amend Rider 49: Texas Gateway and Online Resources. Amend rider to allow commissioner to use appropriated funds to create and implement tools to collect, manage, and analyze performance data for rider's programs. Commissioner would notify LBB 30 days prior to expending funds.	\$0	\$0	0.0	Yes	No	\$0
TOTAL Items Not Included in Recommendations		\$15,483,397	\$0	0.0			\$15,039,340

**Texas Education Agency - House
Appendices**

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**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
FSP - EQUALIZED OPERATIONS A.1.1	\$47,229,263,278	\$56,978,810,520	\$9,749,547,242	20.6%	All Funds increase is attributed primarily to increases for property tax relief, enrollment growth and the golden penny yield, partially offset by district property value growth. (See Selected Fiscal and Policy Issue #2).
GENERAL REVENUE FUNDS	\$30,628,682,566	\$29,193,402,043	(\$1,435,280,523)	(4.7%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$16,600,580,712	\$27,785,408,477	\$11,184,827,765	67.4%	Increase due to a an increase of \$9,266.5 million in Property Tax Relief Fund (PTRF), primarily related to funding for additional property tax relief; \$1,732.8 million in Recapture; and \$185.5 million in Tax Reduction and Excellence (TREE) Fund.
FSP - EQUALIZED FACILITIES A.1.2	\$661,216,954	\$624,433,437	(\$36,783,517)	(5.6%)	Biennial costs for facilities are projected to decrease, primarily due to increasing property value growth, which increases the level of local revenue and reduces the amount of state aid required to fund district entitlement for facilities.
GENERAL REVENUE FUNDS	\$661,216,954	\$624,433,437	(\$36,783,517)	(5.6%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
STATEWIDE EDUCATIONAL PROGRAMS A.2.1	\$1,252,316,544	\$495,162,608	(\$757,153,936)	(60.5%)	
GENERAL REVENUE FUNDS	\$794,534,832	\$298,345,000	(\$496,189,832)	(62.5%)	Change is attributable to a reduction of \$493.6 million related to onetime funding for HB 1525, a reduction of \$1.2 million related to the expiration of the Reading Excellence Team Program, \$0.3 million related to the transfer of funding for the Adult Charter School program to the FSP, an increase of \$0.2 million for High School Decathlon, and \$1.1 million related to FSP discretionary transfers for TEKS and Subsidy High School Equivalency Exams.
FEDERAL FUNDS	\$172,659,678	\$169,659,678	(\$3,000,000)	(1.7%)	Reduction related to onetime funding for a technology enhancement program that was included in the 2022-23 Base.
OTHER FUNDS	\$285,122,034	\$27,157,930	(\$257,964,104)	(90.5%)	Reduction related to an expiring contract related to COVID-19 with the Department of State Health Services.

**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
ACHIEVEMENT OF STUDENTS AT RISK A.2.2	\$3,715,874,000	\$3,885,874,004	\$170,000,004	4.6%	
GENERAL REVENUE FUNDS	\$10,000,000	\$5,000,000	(\$5,000,000)	(50.0%)	Reduction related to one time funding for HB 1525.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$3,705,874,000	\$3,880,874,004	\$175,000,004	4.7%	Increase primarily related to updated federal funds estimates for Title I programs.
STUDENTS WITH DISABILITIES A.2.3	\$2,877,406,079	\$2,500,822,056	(\$376,584,023)	(13.1%)	
GENERAL REVENUE FUNDS	\$299,114,327	\$229,900,168	(\$69,214,159)	(23.1%)	Change is attributable to a reduction of \$100.0 million in onetime funding for HB 1525, an increase of \$33.3 million for Supplemental Special Education Services, and a reduction of \$2.5 million related to a transfer from the FSP for a onetime Federal Special Education Payment.
FEDERAL FUNDS	\$2,578,168,784	\$2,270,798,920	(\$307,369,864)	(11.9%)	Change is attributable to a reduction of \$296.4 million related to the removal of onetime COVID-19 funding that was included in the 2022-23 base and a reduction of \$11.0 million related to updated projections for IDEA Part B formula grants.
OTHER FUNDS	\$122,968	\$122,968	\$0	0.0%	
SCHOOL IMPROVEMENT & SUPPORT PGMS A.2.4	\$640,812,160	\$625,222,144	(\$15,590,016)	(2.4%)	
GENERAL REVENUE FUNDS	\$95,656,985	\$93,353,732	(\$2,303,253)	(2.4%)	Change is attributable to \$1.8 million FSP discretionary transfer and to a reduction of \$0.6 million funding for the Aeronautics Magnet Program.
FEDERAL FUNDS	\$544,382,209	\$531,868,412	(\$12,513,797)	(2.3%)	Change is attributable to the elimination of \$12.1 million in funding for the Hurricane Harvey Restart Program that was included in the 2022-23 Base and the reduction of \$0.3 million related to align estimates with the requested total for the Communities in Schools Program.
OTHER FUNDS	\$772,966	\$0	(\$772,966)	(100.0%)	Change is attributable to onetime disposition of closed charter school funds in 2022-23.
Total, Goal A, PROVIDE ED SYS LDRSP GUID'CE RES'S	\$39,490,290,335	\$37,297,635,394	(\$2,192,654,941)	(5.6%)	
GENERAL REVENUE FUNDS	\$32,489,205,664	\$30,444,434,380	(\$2,044,771,284)	(6.3%)	
FEDERAL FUNDS	\$7,001,084,671	\$6,853,201,014	(\$147,883,657)	(2.1%)	

**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
ASSESSMENT & ACCOUNTABILITY SYSTEM B.1.1	\$226,725,609	\$238,205,070	\$11,479,461	5.1%	
GENERAL REVENUE FUNDS	\$171,897,499	\$169,376,960	(\$2,520,539)	(1.5%)	The change is the result of a reduction of \$4.0 million related to onetime funding for the electronic administration of assessment instruments, offset by a \$1.5 million related to an increase in funding for Assessment efforts under HB 3906.
FEDERAL FUNDS	\$54,828,110	\$68,828,110	\$14,000,000	25.5%	Change related to updated federal projections associated with student assessment expenditures.
TECHNOLOGY/INSTRUCTIONAL MATERIALS B.2.1	\$736,432,051	\$1,042,679,721	\$306,247,670	41.6%	
GENERAL REVENUE FUNDS	\$736,432,051	\$1,042,679,721	\$306,247,670	41.6%	Recommendations include a \$620.7 million increase over 2022-23 appropriations for instructional materials, offset by a \$313.7 million reduction due to the exclusion of unexpended balance.
HEALTH AND SAFETY B.2.2	\$621,272,746	\$38,083,464	(\$583,189,282)	(93.9%)	
GENERAL REVENUE FUNDS	\$461,644,844	\$29,840,844	(\$431,804,000)	(93.5%)	The change is the result of reductions of \$17.1 million related to one time funding for Silent Panic Alert Technology and \$415.0 million for school hardening and Uvalde that were approved via Budget Execution Orders, partially offset by an increase of \$0.3 million to the FitnessGram program.
FEDERAL FUNDS	\$159,627,902	\$8,242,620	(\$151,385,282)	(94.8%)	Change is attributable to a reduction of \$151.4 million related to the removal of onetime COVID-19 funding that was included in the 2022-23 base.
CHILD NUTRITION PROGRAMS B.2.3	\$4,925,837,411	\$4,981,877,570	\$56,040,159	1.1%	
GENERAL REVENUE FUNDS	\$27,511,566	\$27,247,874	(\$263,692)	(1.0%)	Change is attributable to FSP discretionary transfer which was made to fulfill the match requirement for the Child Nutrition Program.
FEDERAL FUNDS	\$4,898,325,845	\$4,954,629,696	\$56,303,851	1.1%	Increase is attributable to updated federal estimates for the Child Nutrition Program.
WINDHAM SCHOOL DISTRICT B.2.4	\$115,494,752	\$131,254,396	\$15,759,644	13.6%	
GENERAL REVENUE FUNDS	\$115,494,752	\$131,254,396	\$15,759,644	13.6%	Recommendations provide for general state employee salary increase.
IMPROVING EDUCATOR QUALITY/LDRSP B.3.1	\$498,033,427	\$508,639,486	\$10,606,059	2.1%	
GENERAL REVENUE FUNDS	\$60,694,000	\$60,694,000	\$0	0.0%	

**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$437,339,427	\$447,945,486	\$10,606,059	2.4%	Change is related to updated federal estimates for the Teacher and Principal Training Program, resulting in an increase of \$11.0 million, and for the Troops to Teachers grant program, resulting in a decrease of \$0.4 million.
AGENCY OPERATIONS B.3.2	\$183,579,809	\$151,964,434	(\$31,615,375)	(17.2%)	
GENERAL REVENUE FUNDS	\$60,094,179	\$60,386,635	\$292,456	0.5%	Change is the result of an increase of \$1.4 million to backfill administrative operations previously funded from the Permanent School Fund and the transfer of \$1.4 million of Virtual School Network funds to Strategy B.3.5, partially offset by \$2.5 million reductions associated with onetime grants.
FEDERAL FUNDS	\$94,320,190	\$91,577,799	(\$2,742,391)	(2.9%)	Change is the result of a \$1.7 million reduction in IDEA-B discretionary transfers into this strategy and a reduction of \$1.0 million related to the removal of one time COVID-19 funding that was included in the 2022-23 base.
OTHER FUNDS	\$29,165,440	\$0	(\$29,165,440)	(100.0%)	Change is the result of a reduction of \$28.7 million in Permanent School Fund amounts, due to the establishment of the Permanent School Fund Corporation and a reduction of \$0.3 million related to the disposition of closed charter school funds in 2022-23.
STATE BOARD FOR EDUCATOR CERT B.3.3	\$12,042,406	\$12,135,517	\$93,111	0.8%	
GENERAL REVENUE FUNDS	\$11,422,211	\$11,515,322	\$93,111	0.8%	Change is the net of agency requested reallocation of \$0.2 million to the strategy partially offset by a decrease of \$0.1 million for onetime private grants that were included in the 2022-23 base.
FEDERAL FUNDS	\$620,195	\$620,195	\$0	0.0%	
CENTRAL ADMINISTRATION B.3.4	\$37,606,477	\$36,481,446	(\$1,125,031)	(3.0%)	
GENERAL REVENUE FUNDS	\$18,803,085	\$20,988,132	\$2,185,047	11.6%	Change is primarily the result of an increase of \$1.9 million to backfill administrative operations previously funded from the Permanent School Fund and the realignment of administrative funds.
FEDERAL FUNDS	\$16,695,895	\$15,386,144	(\$1,309,751)	(7.8%)	Change is primarily the result of a \$1.3 million reduction in IDEA-B discretionary transfers into this strategy.

**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
OTHER FUNDS	\$2,107,497	\$107,170	(\$2,000,327)	(94.9%)	Change is the result of a reduction of \$1.8 million in Permanent School Fund amounts, due to the establishment of the Permanent School Fund Corporation and a reduction of \$0.2 million related to the disposition of closed charter school funds in 2022-23.
INFORMATION SYSTEMS - TECHNOLOGY B.3.5	\$97,975,344	\$156,320,291	\$58,344,947	59.6%	
GENERAL REVENUE FUNDS	\$49,218,342	\$113,134,072	\$63,915,730	129.9%	Change is the result of the following: an increase of \$7.7 million to backfill administrative operations previously funded from the Permanent School Fund, an increase of \$55.0 million for K-12 Data Privacy Initiative, a reduction of \$2.5 million related to one time grants, a reduction \$1.4 million funding associated with the Virtual School Network revenue collections and an inter-strategy transfer, an increase of \$4.4 million related to the realignment of funds between administrative strategies, an increase of \$0.8 million in Instructional Materials Fund amounts to support the EMAT capital budget project.
FEDERAL FUNDS	\$43,176,879	\$43,015,145	(\$161,734)	(0.4%)	Change is the result of the expiration of certain federal grants.
OTHER FUNDS	\$5,580,123	\$171,074	(\$5,409,049)	(96.9%)	Change is the result of a reduction of \$5.4 million in Permanent School Fund amounts, due to the establishment of the Permanent School Fund Corporation.
CERTIFICATION EXAM ADMINISTRATION B.3.6	\$32,619,078	\$32,619,078	\$0	0.0%	
GENERAL REVENUE FUNDS	\$32,619,078	\$32,619,078	\$0	0.0%	
Total, Goal B, PROVIDE SYSTEM OVERSIGHT & SUPPORT	\$1,745,831,607	\$1,699,737,034	(\$46,094,573)	(2.6%)	
GENERAL REVENUE FUNDS	\$1,745,831,607	\$1,699,737,034	(\$46,094,573)	(2.6%)	
SALARY ADJUSTMENTS C.1.1	\$0	\$14,863,585	\$14,863,585	100.0%	Recommendations provide for general state employee salary increase.
GENERAL REVENUE FUNDS	\$0	\$9,949,719	\$9,949,719	100.0%	
FEDERAL FUNDS	\$0	\$4,913,866	\$4,913,866	100.0%	
Total, Goal C, SALARY ADJUSTMENTS	\$0	\$14,863,585	\$14,863,585	100.0%	
GENERAL REVENUE FUNDS	\$0	\$9,949,719	\$9,949,719	100.0%	
FEDERAL FUNDS	\$0	\$4,913,866	\$4,913,866	100.0%	

**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
Grand Total, All Agency	\$63,864,508,125	\$72,455,448,827	\$8,590,940,702	13.5%	
GENERAL REVENUE FUNDS	\$34,235,037,271	\$32,154,121,133	(\$2,080,916,138)	(6.1%)	
FEDERAL FUNDS	\$12,706,019,114	\$12,488,360,075	(\$217,659,039)	(1.7%)	
OTHER FUNDS	\$16,923,451,740	\$27,812,967,619	\$10,889,515,879	64.3%	

**Texas Education Agency
Summary of Federal Funds (In Millions) - House**

Program	Est 2022	Bud 2023	Rec 2024	Rec 2025	2022-23 Base	2024-25 Rec	2024-25 Rec % Total	Recommended Over/(Under) Base	% Change from Base
National School Lunch Program	\$2,125.4	\$1,500.0	\$1,858.0	\$1,858.0	\$3,625.4	\$3,716.0	29.8%	\$90.6	2.5%
Title I Grants to Local Educational Agencies (LEAs)	\$1,598.6	\$1,785.2	\$1,779.4	\$1,779.4	\$3,383.9	\$3,558.9	28.5%	\$175.0	5.2%
Special Education Grants	\$1,134.4	\$1,148.6	\$1,141.5	\$1,141.5	\$2,283.0	\$2,283.0	18.3%	\$0.0	0.0%
School Breakfast Program	\$672.9	\$600.0	\$619.3	\$619.3	\$1,272.9	\$1,238.6	9.9%	(\$34.3)	(2.7%)
Improving Teacher Quality State Grants	\$208.7	\$230.5	\$225.1	\$225.1	\$439.2	\$450.2	3.6%	\$11.0	2.5%
English Language Acquisition Grant Programs	\$124.9	\$129.7	\$127.3	\$127.3	\$254.5	\$254.5	2.0%	\$0.0	0.0%
21st Century Community Learning Centers	\$120.9	\$120.2	\$120.6	\$120.6	\$241.1	\$241.1	1.9%	\$0.0	0.0%
Student Support and Academic Enrichment Program	\$118.4	\$120.1	\$119.3	\$119.3	\$238.5	\$238.5	1.9%	\$0.0	0.0%
Vocational Education Basic Grants to States	\$80.6	\$86.2	\$83.4	\$83.4	\$166.9	\$166.9	1.3%	\$0.0	0.0%
COVID-19 Elementary and Secondary School Emergency Relief Fund	\$225.9	\$28.3	\$40.7	\$20.3	\$254.2	\$61.0	0.5%	(\$193.2)	(76.0%)
Special Education-Preschool Grants	\$24.8	\$24.7	\$24.7	\$24.7	\$49.5	\$49.5	0.4%	\$0.0	0.0%
State Assessments and Enhanced Assessment Instruments	\$24.2	\$24.2	\$24.2	\$24.2	\$48.4	\$48.4	0.4%	\$0.0	0.0%
Migrant Education Basic State Grant Program	\$24.8	\$23.1	\$23.9	\$23.9	\$47.8	\$47.8	0.4%	\$0.0	0.0%
Public Charter Schools	\$19.9	\$20.0	\$20.0	\$20.0	\$39.9	\$39.9	0.3%	\$0.0	0.0%
Education for Homeless Children and Youth	\$10.1	\$11.6	\$10.8	\$10.8	\$21.7	\$21.7	0.2%	\$0.0	0.0%
Rural and Low Income Schools Program	\$9.9	\$9.6	\$9.7	\$9.7	\$19.5	\$19.5	0.2%	\$0.0	0.0%
Temporary Assistance for Needy Families	\$4.9	\$4.8	\$4.8	\$4.8	\$9.8	\$9.7	0.1%	(\$0.1)	(0.7%)
Projects of Regional and National Significance	\$6.9	\$1.7	\$4.3	\$4.3	\$8.6	\$8.6	0.1%	\$0.0	0.0%
Developmental Disabilities Basic Support & Advocacy Grants	\$3.6	\$4.0	\$3.8	\$3.8	\$7.6	\$7.6	0.1%	\$0.0	0.0%
Gaining Early Awareness and Readiness for Undergraduate Programs	\$3.5	\$3.4	\$3.4	\$3.4	\$6.9	\$6.9	0.1%	\$0.0	0.0%
Striving Readers Comprehensive Literacy State Formula Grant (B)	\$6.2	\$0.0	\$3.1	\$3.1	\$6.2	\$6.2	0.0%	\$0.0	0.0%
Title I Program for Neglected and Delinquent Children	\$2.9	\$2.2	\$2.5	\$2.5	\$5.0	\$5.0	0.0%	\$0.0	0.0%
All Other COVID-19 Grants ¹	\$258.6	\$0.0	\$1.6	\$3.3	\$258.6	\$4.9	0.0%	(\$253.7)	(98.1%)
All Other Grants ²	\$14.8	\$2.1	\$1.9	\$1.9	\$16.9	\$3.8	0.0%	(\$13.0)	(77.2%)
TOTAL:	\$6,825.9	\$5,880.1	\$6,253.5	\$6,234.9	\$12,706.0	\$12,488.4	100.0%	(\$217.7)	(1.7%)

¹All Other COVID-19 Grants include Coronavirus State Fiscal Recovery Funds (ARPA) appropriated through Senate Bill 8, Eighty-seventh Third Called Session and vaccine funding.

²All Other Grants includes funding for salary adjustments, technology funding, and disaster education funding.

**Texas Education Agency
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2021	Estimated 2022	Budgeted 2023	Recommended 2024	Recommended 2025
Cap	1,008.5	1,193.5	1,165.5	1,157.0	1,157.0
Actual/Budgeted	1,009.2	1,081.1	1,080.5	NA	NA

Schedule of Exempt Positions (Cap)					
Commissioner of Education	\$ 248,094	\$ 248,094	\$ 248,094	\$ 250,000	\$ 250,000

Notes:

a) With the implementation of Senate Bill 1232, 87th Legislature, Regular Session, and the establishment of the Permanent School Fund Corporation, the Texas Education Agency has requested that the position of Chief Investment Officer be removed from its schedule of exempt positions. Recommendations transfer this position to the Permanent School Fund Corporation bill pattern.