

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

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Scott Lewis, LBB, Non-FSP Programs and Administration

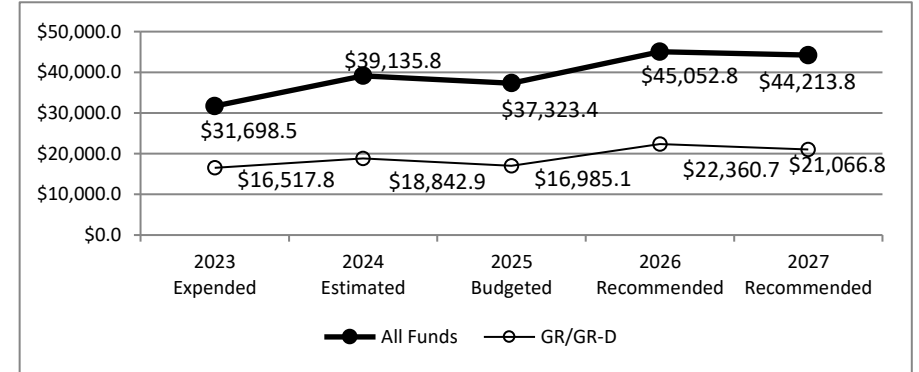
Mike Morath, Commissioner of Education

Maggie Jebson, LBB, TEA FSP

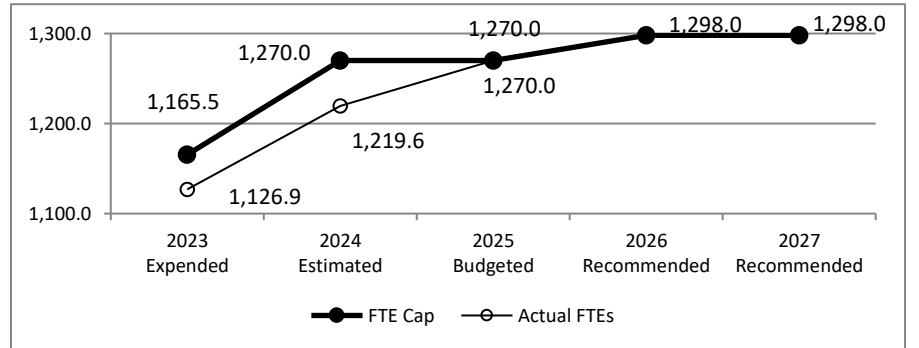
Foundation School Program Only (Less Set-Asides)				
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$31,697,145,841	\$39,625,834,013	\$7,928,688,173	25.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$31,697,145,841	\$39,625,834,013	\$7,928,688,173	25.0%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$27,914,026,718	\$32,168,264,290	\$4,254,237,572	15.2%
All Funds	\$59,611,172,559	\$71,794,098,303	\$12,182,925,745	20.4%
Non-FSP, Administration, and FSP Set Asides				
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$4,130,794,347	\$3,799,042,283	(\$331,752,064)	(8.0%)
GR Dedicated Funds	\$2,611,722	\$2,611,722	\$0	0.0%
Total GR-Related Funds	\$4,133,406,069	\$3,801,654,005	(\$331,752,064)	(8.0%)
Federal Funds	\$12,698,929,906	\$13,670,146,267	\$971,216,361	7.6%
Other	\$15,731,668	\$736,328	(\$14,995,340)	(95.3%)
All Funds	\$16,848,067,643	\$17,472,536,600	\$624,468,957	3.7%
TEA Total				
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$35,827,940,188	\$43,424,876,296	\$7,596,936,108	21.2%
GR Dedicated Funds	\$2,611,722	\$2,611,722	\$0	0.0%
Total GR-Related Funds	\$35,830,551,910	\$43,427,488,018	\$7,596,936,108	21.2%
Federal Funds	\$12,698,929,906	\$13,670,146,267	\$971,216,361	7.6%
Other	\$27,929,758,386	\$32,169,000,618	\$4,239,242,232	15.2%
All Funds	\$76,459,240,202	\$89,266,634,903	\$12,807,394,701	16.8%

The bill pattern for this agency (2026-27 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2026-27 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 updates to major budget drivers including property value growth, changes in student populations, property tax rates, and the guaranteed yield on golden pennies. The increase in General Revenue for FSP is primarily attributable to \$8.75 billion in funding provided in TEA Riders 76, 77, and 79, contingent upon enacting legislation. The increase in Other Funds is primarily attributable to a \$3.5 billion increase in the transfer from General Revenue Fund to the Property Tax Relief Fund for property tax relief, contingent upon enacting legislation.

The General Revenue reduction for Non-FSP programs is primarily attributable to removal of onetime funding, including a \$1.1 billion School Safety program, \$74.6 million for Special Education obligations, and \$33.3 million to eliminate the Parent-Directed Special Education Services program's waitlist, offset by \$1.0 billion for an Education Savings Account (ESA) program, contingent upon enacting legislation, pursuant to TEA, Rider 78.

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

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT FSP Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Maintenance and Operations: All Funds are projected to increase, primarily attributable to increased costs associated with projected growth in weighted students, property tax relief required by current law, the golden penny yield, and settle-up.	\$2,496.4	\$0.0	\$0.0	\$754.2	\$3,250.6	A.1.1
B)	Additional Property Tax Relief: Other Funds are increased due to increase in the transfer of funds to the Property Tax Relief Fund, \$3.5 billion of which is appropriated for additional property tax relief above amounts required by current law contingent upon actions of the legislature.	\$0.0	\$0.0	\$0.0	\$3,500.0	\$3,500.0	A.1.1
C)	Public Education Funding Increases: General Revenue Funds are increased due to funding provided for public education funding increases and school safety contingent upon actions of the legislature.	\$5,250.0	\$0.0	\$0.0	\$0.0	\$5,250.0	A.1.1
D)	Facilities: Biennial costs for facilities are projected to increase, primarily due to maintaining hold harmless provisions amended by SB2, 88(2).	\$182.3	\$0.0	\$0.0	\$0.0	\$182.3	A.1.2

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

E)	Technology and Instructional Materials: Based on 21.8 percent of the distribution from the PSF to ASF. Recommendations include a \$2.7 million decrease over 2024-25 appropriations, and a \$232.1 million reduction due to the exclusion of unexpended balance (see Selected Fiscal and Policy Issue #12).	(\$235.8)	\$0.0	\$0.0	\$0.0	(\$235.8)	B.2.1, B.3.2, B.3.4, B.3.5
F)	Contingency for Education Savings Account Program	\$1,000.0	\$0.0	\$0.0	\$0.0	\$1,000.0	A.2.1
G)	Reduction of onetime funding for K-12 Data Privacy Initiative (see Selected Fiscal and Policy Issue #19).	(\$13.0)	\$0.0	\$0.0	\$0.0	(\$13.0)	B.3.5
H)	Reduction of onetime HB3, 88(R), School Safety Program implementation costs (see Selected Fiscal and Policy Issue #14).	(\$3.4)	\$0.0	\$0.0	\$0.0	(\$3.4)	B.2.2

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

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
I)	Increase funding above base for HB1605, 88(R), instructional material and Open Education Resource (OER) efforts (see Selected Fiscal and Policy Issue #18).	\$42.2	\$0.0	\$0.0	\$0.0	\$42.2	A.2.1, B.3.2
J)	Removal of onetime funding for School Safety Facilities program (see Selected Fiscal and Policy Issue #14).	(\$1,078.4)	\$0.0	\$0.0	\$0.0	(\$1,078.4)	B.2.2
K)	Onetime funding for Maintenance of State Financial Support for Special Education payment to U.S. Department of Education (see Selected Fiscal and Policy Issues #16).	(\$74.6)	\$0.0	\$0.0	\$0.0	(\$74.6)	A.2.3
L)	Removal of onetime funding of Parent-Directed Special Education Services (formerly called Supplemental Special Education Services) to eliminate waitlist (see Selected Fiscal and Policy Issue #21).	(\$33.3)	\$0.0	\$0.0	\$0.0	(\$33.3)	A.2.3

OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

M)	Reduction of onetime funding for Mobile STEM Laboratory Grant Program.	(\$1.0)	\$0.0	\$0.0	\$0.0	(\$1.0)	A.2.1
N)	Increase in funding to biennialize the statewide salary adjustments included in the 2024-25 appropriations.	\$2.9	\$0.0	\$0.0	\$0.0	\$2.9	B.3.2, B.3.4, B.3.5
O)	Reduction of onetime HB900, 88(R), Library Regulation implementation costs.	(\$0.6)	\$0.0	\$0.0	\$0.0	(\$0.6)	A.2.1
P)	Increase funding for Civics Training for SB3, 87(2), to biennialize funding level.	\$14.6	\$0.0	\$0.0	\$0.0	\$14.6	A.2.1
Q)	Removal of onetime funding for College, Career, and Military Readiness Indicators Study.	(\$0.3)	\$0.0	\$0.0	\$0.0	(\$0.3)	B.1.1
R)	Removal of onetime capital funding for Space Planning and Utilization.	(\$3.8)	\$0.0	\$0.0	\$0.0	(\$3.8)	B.3.4

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

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
S)	Updated federal funds estimates for various programs.	\$0.0	\$0.0	\$971.2	\$0.0	\$971.2	A.2.1, A.2.2, A.2.3, A.2.4, B.1.1, B.2.2, B.2.3, B.3.1, B.3.2, B.3.3, B.3.4, B.3.5
T)	Increase funding for Windham School District to biennialize salary increase and fund expansion to 11 new facilities.	\$14.8	\$0.0	\$0.0	\$0.0	\$14.8	B.2.4
U)	Ending of Interagency Contracts with Texas Workforce Commission and Health and Human Services Commission.	\$0.0	\$0.0	\$0.0	(\$15.0)	(\$15.0)	A.2.1, A.2.3
V)	Removal of onetime funding from gifts, grants, and royalties.	(\$2.1)	\$0.0	\$0.0	\$0.0	(\$2.1)	B.3.2
W)	Removal of onetime agency base funding reallocation from FSP to non-FSP programs.	(\$2.5)	\$0.0	\$0.0	\$0.0	(\$2.5)	A.2.1, A.2.4
X)	Reduction of onetime funding for Texas 1836 Project.	(\$0.1)	\$0.0	\$0.0	\$0.0	(\$0.1)	B.3.2
Y)	Increase for Texas Juvenile Justice Department Education Program	\$5.9	\$0.0	\$0.0	\$0.0	\$5.9	B.2.2
Z)	Increase for Santa Fe Memorial	\$2.7	\$0.0	\$0.0	\$0.0	\$2.7	A.2.1
a)	Increase for Preschool-Aged Children's Food Security	\$4.0	\$0.0	\$0.0	\$0.0	\$4.0	A.2.1
b)	Increase for Texas Strategic Leadership Support	\$30.0	\$0.0	\$0.0	\$0.0	\$30.0	A.2.4, B.3.2
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$7,596.9	\$0.0	\$971.2	\$4,239.2	\$12,807.4	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		<i>\$9,045.8</i>	<i>\$0.0</i>	<i>\$971.2</i>	<i>\$4,254.2</i>	<i>\$14,271.2</i>	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		<i>(\$1,448.9)</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>(\$15.0)</i>	<i>(\$1,463.9)</i>	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

Data Updates for Major Drivers

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

Average Daily Attendance (ADA) and Weighted Students

After several years of low ADA growth following the COVID-19 pandemic, TEA projects a slight ADA decline beginning in fiscal year 2026. However, projected growth in certain populations such as students eligible to receive special education, bilingual education, and CTE courses is projected to increase, driving an overall projected increase in weighted students (WADA).

The net effect is a projected increase in FSP cost related to student population projections of \$1.7 billion despite an overall projected decline in ADA.

Fiscal Year	ADA	ADA Change	WADA	WADA Change
2022	4,969,086	-171,567	7,094,368	-81,210
2023	4,982,336	13,250	7,235,922	141,554
2024	5,007,479	25,143	7,412,811	176,889
2025	5,024,697	17,218	7,525,843	113,032
2026	5,009,287	-15,410	7,599,899	74,056
2027	4,990,137	-19,150	7,676,094	76,195

*Fiscal years 2024 and 2025 are estimated; fiscal years 2026 and 2027 are projected. TEA will submit updated projections to the LBB in March 2025.

District Property Values (DPV)

Tax Year	Fiscal Year	Actual DPV Growth Rate	CPA Projected Growth Rate in GAA
2021	2022	6.04%	1.84%
2022	2023	18.25%	4.36%
2023	2024	4.38%	4.43%
2024	2025	6.15%	2.87%
2025	2026		5.50%
2026	2027		4.94%

The Comptroller projects annual DPV growth for the 2026-27 biennium to be slightly lower than estimated DPV growth in fiscal year 2025. Comptroller noted that taxable value for homesteads in tax year 2024 outpaced market value growth due to some value not taxed in tax year 2023 becoming taxable in 2024 as a result of appraisal limitations. Actual DPV Growth Rate for FY 2024 and FY 2025 are based on CPA DPV data and differ slightly from percentages provided in October letter due to reported updates to TY23 DPV.

Under current law, DPV growth reduces the amount of state aid required to fully fund the FSP.

For fiscal year 2024, additional DPV growth is offset by the increase of the residence homestead exemption provided by SB2 & HJR2, 88(2).

* Tax years 2023 and 2024 are estimated; tax years 2025 and 2026 are projected. CPA will submit updated projections to the LBB in March 2025

Assumptions and Yields

- Basic Allotment: 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 2024-25 biennium.
- Golden Penny Yield: 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 2026-27 biennium, recommendations assume the yield will be based on the yield for the 96th percentile district.
- State Compression Percentage (SCP): Statute requires the SCP be reduced in proportion to projected DPV growth and with state savings occurring in the prior biennium related to the MCR floor. Recommendations include reducing the SCP 5.32 cents in fiscal year 2026 and an additional 1.48 cents in fiscal year 2027.

Fiscal Year	Basic Allotment	Golden Penny Yield	SCP
2022	\$6,160	\$98.56	\$0.9134
2023	\$6,160	\$98.56	\$0.8941
2024	\$6,160	\$126.21	\$0.6880
2025	\$6,160	\$129.52	\$0.6855
2026	\$6,160	\$132.40	\$0.6323
2027	\$6,160	\$140.02	\$0.6175

*Fiscal years 2026-27 are estimated based on October projections and reflect LBB recommendations.

2. 2024-25 Base Adjustment and 2026-27 Current Law Costs (in millions)

	GR	All Funds
2024-25 FSP Initial Appropriation (Less Set-Asides)	\$31,307.8	\$61,435.0
2024-25 All Funds Base Adjustments from 2024-25 Appropriated		
New Costs/(Savings)		
1 Weighted Student Growth. Increases in certain student populations and the Teacher Incentive Allotment compared to appropriated levels, driving increases in weighted students (WADA) and state cost.	\$841.2	\$841.2
2 District Property Value Change. Estimated property value growth of 4.38 percent in fiscal year 2024 and 6.15 percent in fiscal year 2025, compared to budgeted growth of 4.43 percent and 2.87 percent for fiscal years 2024 and 2025, respectively.	(\$3,280.4)	(\$3,280.4)
3 Property Tax Relief. Additional costs of property tax relief, including increased facilities payments as a result of hold harmless provisions provided under SB2, 88(2), partially offset by reduced recapture due to property tax relief.	\$540.6	\$540.6
4 Settle-Up, Prior Year and Other Adjustments. Primarily due to costs of underestimated WADA in fiscal year 2024, to be paid in 2025 settle-up, mostly offset by costs of underestimated WADA in fiscal year 2025 to be paid in 2026 settle-up and lower than appropriated costs related to increases in enrichment tax rates.	\$74.7	\$74.7
Total, 2024-25 All Funds Adjustments over 2024-25 Appropriation	(\$1,823.8)	(\$1,823.8)
MOF Shifts		
5 Recapture. Revenue lower than appropriated, increasing GR draw.	\$3,208.1	\$0
6 Property Tax Relief Fund (PTRF). Revenue higher than appropriated, decreasing GR draw.	(\$451.9)	\$0
7 Tax Reduction and Excellence in Education Fund (TREE). Revenue higher than appropriated, decreasing GR draw	(\$543.0)	\$0
Total, MOF Shifts	\$2,213.2	\$0
Total, 2024-25 Base Adjustments	\$389.3	(\$1,823.8)
Total General Revenue-related MOF Shifts		
Available School Fund, No 2	\$37.2	
Instructional Materials and Technology Fund, No 3	\$465.3	
Lottery Revenue	(\$40.8)	
Foundation School Fund No. 193	(\$72.4)	
Total	\$389.3	
2024-25 FSP Adjusted Base	\$31,697.1	\$59,611.2

NOTES:

- 1) Amounts shown are incremental increases or decreases to amounts previously estimated for student population growth, property value growth, property tax relief, facilities state aid, and other adjustments for the 2024-25 biennium.
- 2) Recapture impacts related to each item are incorporated in the net recapture change on line 5.
- 3) Payments to districts are subject to settle-up. State overpayments are recouped in subsequent years; state underpayments are owed in September.

*Totals may not sum due to rounding.

2026-27 FSP Costs Over 2024-25 Biennial Base (Adjusted) (in millions)

Costs/(Savings)		GR	All Funds
1	Weighted Student Growth. Projected increases in certain student populations including Special Education, CTE, and bilingual education, driving increases in WADA and state cost.	\$1,714.7	\$1,714.7
2	District Property Value Change. Projected DPV growth of 5.50% in fiscal year 2026 and 4.94% in fiscal year 2027 results in reduced state costs.	(\$4,716.5)	(\$4,716.5)
3	Tax Compression. Biennialization of the 2025 tax compression in the 2026-27 biennium, and additional tax compression in the 2026-27 biennium.	\$1,920.2	\$1,920.2
4	Golden Penny Yield. Increase in the golden penny yield from \$129.52 in fiscal year 2025 to \$132.40 in fiscal year 2026 and \$140.02 in fiscal year 2027, due to property value growth.	\$804.7	\$804.7
5	Teacher Incentive Allotment. Projected increases in the Teacher Incentive Allotment above 2024-25 biennium. More information provided in Selected Fiscal & Policy Issue #8.	\$754.3	\$754.3
6	Increased Facilities Payments. Projected increases above 2024-25 primarily due to maintaining provisions under SB2, 88(2).	\$182.3	\$182.3
7	Settle Up, Prior Year and Other Adjustments. Costs primarily due to WADA growth in 2025 compared to appropriated levels, realized as a cost during 2026 settle-up, and removal of 2024 settle-up savings from enrollment decline occurring in 2023.	\$2,773.2	\$2,773.2
8	Additional Funding in SB1. Recommendations include \$3.5 billion for property tax relief, \$4.85 billion for increases to public education funding, and \$400.0 million for increases to the School Safety Allotment, contingent upon actions of the legislature.	\$8,750.0	\$8,750.0
Total, 2026-27 All Funds Costs over 2024-25 Adjusted Base		\$12,182.9	\$12,182.9
MOF Shifts			
9	Recapture. Biennial increase in revenue, decreasing GR draw.	(\$506.5)	\$0
10	Property Tax Relief Fund (PTRF). Biennial increase in revenue, primarily due to an increase in the transfer from the General Revenue Fund to the PTRF from \$12.3 billion to \$15.8 billion, decreasing GR draw.	(\$3,420.2)	\$0
11	Tax Reduction and Excellence in Education Fund (TREE). Biennial increase in revenue, decreasing GR draw.	(\$327.6)	\$0
Total 2026-27 Costs Over 2024-25 Base		\$7,928.7	\$12,182.9
Total General Revenue-related MOF Shifts			
Available School Fund, No 2		\$462.4	
Instructional Materials and Technology Fund, No 3		\$56.6	
Lottery Revenue		(\$24.2)	
Foundation School Fund No. 193		\$7,434.0	
Total		\$7,928.7	
2026-27 FSP Current Law Costs		\$39,625.8	\$71,794.1

1) Estimated GR cost of property tax compression totals \$3,023.7 million for the 2026-27 biennium. Total includes \$1,920.2 million in All Funds costs in line 3 and an estimated \$1,103.5 million in additional GR due to decreases in Recapture resulting from tax compression (included as a component of Recapture estimate in line 9).

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

*Totals may not sum due to rounding.

3. **Property Tax Relief.** Recommendations include an estimated total of \$51.0 billion for the 2026-27 biennium to maintain property tax relief provided since the enactment of House Bill 3, Eighty-sixth Legislature, 2019; to provide new property tax relief during the 2026-27 biennium pursuant to HB3; and to provide new tax relief contingent upon actions of the Eighty-ninth Legislature, 2025. Included in the \$51.0 billion is \$3.5 billion from the PTRF for property tax relief, contingent upon enactment of legislation by the Eighty-ninth Legislature, 2025, and as directed by Texas Education Agency, Rider 76. Additionally, recommendations transfer \$15.8 billion from the General Revenue Fund to the Property Tax Relief Fund (PTRF), a \$3.5 billion increase from the 2024-25 transfer amount. Any decreases to recapture payments related to the \$3.5 billion in contingent appropriations currently are not represented in recommendations.

House Bill 3 Compression

Recommendations include \$3.0 billion in General Revenue and a \$1.1 billion reduction in estimated recapture payments, resulting in a \$1.9 billion increase in All Funds for the 2026-27 biennium for additional property tax relief through the compression of school district property tax rates. 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 (DPV) growth rate or the statewide average property value growth rate exceeds 2.5 percent, whichever results in the lowest allowable Tier 1 tax rate. For example, the State Compression Percentage (SCP) for fiscal year 2025 is 0.6855 and the Comptroller of Public Accounts projects statewide property values to increase by 5.50 percent from fiscal year 2025 to 2026. Therefore, the SCP would compress by 1.95 cents to \$0.6660 (divide \$0.6855 by 105.5 percent and multiply by 102.5 percent). If a district's property value growth rate exceeds the projected statewide average property value growth rate, the district's Maximum Compressed Rate (MCR) for Tier 1 is reduced even further until they reach a 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 2024-25 biennium this amount is estimated to be approximately \$1.0 billion, which results in an SCP reduction of \$0.0337 in fiscal year 2026. Combining this decrease with the compression due to projected property value growth, the SCP is projected to decrease from \$0.6855 in fiscal year 2025 to \$0.6323 in fiscal year 2026 and \$0.6175 in fiscal year 2027, or a total of 6.8 cents from fiscal year 2025 to fiscal year 2027.

Implementation of Senate Bill 2, Eighty-eighth Legislature, Second Called Session

Recommendations include the cost of maintaining property tax relief provided by SB2, Eighty-eighth Legislature, Second Called Session. SB2 increased the mandatory residence homestead exemption from \$40,000 to \$100,000, provided for 10.7 cents of additional MCR compression beginning in fiscal year 2024, and established a temporary 20.0 percent circuit breaker on certain real property other than a residence homestead with an appraised value less than \$5.0 million. The cost of SB2 was estimated to be \$12.7 billion for the 2024-25 biennium.

Following the enactment of SB2, average taxpayer savings for fiscal year 2024 are estimated to be \$795 for the average single-family property with a value of \$331,329 with a homestead exemption and \$355 for the average single-family property without a homestead exemption.

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

HB 5, Regular Session: Establishes a new property tax abatement program called the Texas Jobs, Energy, Technology, and Innovation Act. The legislation authorizes businesses, school districts, and the Office of the Governor to enter into property tax limitation agreements for certain capital-intensive development projects. (Effective fiscal year 2024.)

SB 2289 & SJR 87, Regular Session: Provides a property tax exemption on certain equipment or inventory held by a manufacturer of medical or biomedical products. (Effective fiscal year 2025.)

SB 3, Second Called Session: Increases the amount of revenue below which a taxable entity would owe no franchise tax from \$1.0 million to \$2.47 million. (Effective fiscal year 2024.)

4. **State Share of FSP Entitlement.** Recommendations fund a combined state share of the FSP of 49.4 percent in fiscal year 2026 and 49.0 percent in fiscal year 2027, an increase from fiscal year 2025. The increase is primarily related to \$8.75 billion in contingency funding provided in TEA Riders 76, 77, and 79, which appropriate additional funding above current law requirements contingent upon actions of the Eighty-ninth Legislature, 2025. The increase is partially offset by a decrease in state share due to projected increases in district property values for tax years 2025 and 2026. As seen in Selected Fiscal and Policy Issue #3, while district tax rates are compressed annually in proportion to property value growth, statute allows for levy growth of at least 2.5 percent per year in years where property value growth exceeds 2.5 percent, reducing the amount of state aid required to fund the FSP.

The passage of SB2, Eighty-eighth Legislature, Second Called Session, provided significant property tax relief starting in fiscal year 2024, resulting in the state share increasing from a combined state share of 33.5 percent in fiscal year 2023 to 45.1 percent in fiscal year 2024.

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	\$29,661.9	\$2,556.7	\$22,345.2	\$54,563.8	41.0%
2021	\$30,339.1	\$2,967.0	\$22,416.6	\$55,722.8	40.2%
2022	\$30,979.2	\$3,006.4	\$21,080.5	\$55,066.1	38.3%
2023	\$32,957.0	\$4,542.5	\$18,880.3	\$56,379.9	33.5%
2024	\$29,203.8	\$2,979.5	\$26,479.4	\$58,662.8	45.1%
2025	\$30,919.8	\$3,136.1	\$27,790.7	\$61,846.6	44.9%
2026	\$29,919.1	\$3,146.0	\$32,281.9	\$65,347.0	49.4%
2027	\$30,443.9	\$3,476.2	\$32,599.7	\$66,519.8	49.0%

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	\$25,229.7	\$2,556.7	\$21,929.4	\$49,715.7	44.1%
2021	\$25,793.0	\$2,967.0	\$22,052.7	\$50,812.7	43.4%
2022	\$26,380.1	\$3,006.4	\$20,782.0	\$50,168.4	41.4%
2023	\$28,327.6	\$4,542.5	\$18,507.5	\$51,377.6	36.0%
2024	\$24,531.6	\$2,979.5	\$25,423.0	\$52,934.1	48.0%
2025	\$26,209.9	\$3,136.1	\$26,543.5	\$55,889.6	47.5%
2026	\$25,107.8	\$3,146.0	\$31,036.2	\$59,290.0	52.3%
2027	\$25,640.5	\$3,476.2	\$31,359.5	\$60,476.2	51.9%

NOTES:

- (1) Fiscal years 2024-25 are estimated, fiscal years 2026-27 are projected and assume current law entitlement plus \$8.75 billion in contingency funding provided in TEA Riders 76, 77, and 79.
- (2) The State category includes appropriations from the Economic Stabilization Fund of \$806.5 million for fiscal years 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.

5. **Enrollment Trends.** Recommendations for the 2026-27 biennium fund an estimated \$1,714.7 million related to changes in student population projections. The number of students in average daily attendance (ADA) is projected to decrease slightly from 5,024,697 in fiscal year 2025 to 5,009,287 in fiscal year 2026 and 4,990,137 in fiscal year 2027. TEA has attributed the decline to the state demographer’s estimated decline in the population of four-year-olds, which is expected to continue decreasing through fiscal year 2025.

The estimated state cost related to student population projections is therefore related to projected increases in certain populations eligible for additional allotments under the FSP. Most of the projected cost increase is related to increases in special education, Career and Technology Education (CTE), and bilingual education. The table below shows the trends in those populations compared with the overall trend in ADA and WADA.

TEA attributes some of the increases in special education students to changes related to HB3928, Eighty-eighth Legislature, Regular Session. Beginning in fiscal year 2024, the bill amended the definition of a Specific Learning Disability (SLB) to include dyslexia, effectively requiring students with dyslexia to be provided with an Individualized Education Plan. TEA states that this change is contributing to an increase in certain instructional arrangement FTEs. For example, TEA reported in their October ADA projections that resource room FTEs increased 22.7 percent from fiscal year 2023 to fiscal year 2024. TEA is projecting special education FTEs to continue to increase at approximately 6.0 percent each year.

Fiscal Year	ADA	ADA % Change	WADA	WADA % Change	Special Education FTEs	SPED FTEs % Change	Special Education Mainstream ADA	SPED Mainstream ADA % Change	Bilingual ADA	Bilingual ADA % Change	CTE FTEs	CTE FTEs % Change
2018	5,005,005	0.7%	6,854,370	1.5%	126,986	4.2%	134,733	4.2%	879,738	0.3%	285,701	4.4%
2019	5,020,341	0.3%	6,953,961	1.5%	136,562	7.5%	146,803	9.0%	917,810	4.3%	296,899	3.9%
2020 ⁽¹⁾	5,061,017	0.8%	7,085,635	1.9%	144,859	6.1%	163,411	11.3%	974,924	6.2%	336,213	13.2%
2021 ⁽¹⁾	5,140,653	1.6%	7,175,578	1.3%	143,383	-1.0%	156,231	-4.4%	981,191	0.6%	311,980	-7.2%
2022 ⁽¹⁾	4,967,887	-3.4%	7,091,884	-1.2%	156,465	9.1%	183,839	17.7%	1,017,565	3.7%	357,886	14.7%
2023	4,979,999	0.2%	7,230,106	1.9%	171,418	9.6%	207,487	12.9%	1,082,505	6.4%	367,914	2.8%
2024	5,007,479	0.6%	7,412,811	2.5%	200,098	16.7%	226,312	9.1%	1,153,766	6.6%	387,422	5.3%
2025 ⁽²⁾	5,024,697	0.3%	7,525,843	1.5%	212,946	6.4%	232,821	2.9%	1,226,338	6.3%	407,719	5.2%
2026 ⁽²⁾	5,009,287	-0.3%	7,599,899	1.0%	224,831	5.6%	235,772	1.3%	1,294,667	5.6%	426,155	4.5%
2027 ⁽²⁾	4,990,137	-0.4%	7,676,094	1.0%	237,183	5.5%	235,369	-0.2%	1,365,404	5.5%	444,984	4.4%

(1) Student counts for fiscal years 2020 and 2021 include additional student attendance to maintain district funding during the COVID-19 pandemic. Student counts for fiscal year 2022 include the Operational Minutes Adjustment to hold districts harmless for decreased attendance rates due to the pandemic for the first four six-week periods of school year 2021–22.

(2) Fiscal years 2025-27 are projected.

6. **Recapture Analysis.** Recommendations for the 2026-27 biennium include estimated recapture revenue of \$6.6 billion, a \$0.5 billion increase over estimated base adjusted 2024-25 levels.

To address inequities among school districts in terms of access to revenue for public education, the Texas Education Code, Chapter 49, requires wealth equalization for school districts with Maintenance and Operations (M&O) tax revenue above their Tier 1 level or above the copper penny yield. All 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.

For fiscal years 2018 through 2027, the following table provides total recapture revenue, recapture revenue as a percentage of total M&O revenue, the total number of districts paying recapture, and the ADA and WADA attending those school districts as a percentage of total statewide ADA and WADA.

For fiscal years 2026-27, any decreases to recapture payments related to the \$3.5 billion in contingent appropriations for additional property tax relief provided in TEA, Rider 76 currently are not represented in recommendations.

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
2018	\$2,004.9	4.6%	185	18.2%	17.6%
2019	\$2,702.8	6.0%	215	26.5%	26.4%
2020	\$2,556.7	5.1%	150	20.1%	19.5%
2021	\$2,967.0	5.8%	158	22.0%	21.3%
2022	\$3,006.4	6.0%	164	22.3%	21.4%
2023	\$4,542.5	8.8%	227	28.6%	27.5%
2024*	\$2,979.5	5.6%	205	25.2%	24.1%
2025*	\$3,136.1	5.6%	230	30.9%	29.7%
2026*	\$3,146.0	5.6%	246	31.4%	30.2%
2027*	\$3,476.2	6.0%	269	33.0%	31.8%

* Fiscal year 2024 is estimated, fiscal years 2025 through 2027 are projected.

7. **FSP Formula Items Established by Appropriation**

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 increased FSP maintenance and operations funding per student for staff compensation increases. Of the 30.0 percent, 75.0 percent must be spent on increases for full-time teachers, librarians, counselors, and nurses; and 25.0 percent may be spent at districts' discretion for increases for other full-time staff other than administrators.

Secondary Impacts of Increasing the Basic Allotment

Increasing the Basic Allotment has other secondary impacts on FSP formula items, summarized in the table below, which may result in additional fiscal impacts.

TEC Section	Description	Notes
48.051(c)	Required compensation increases for full-time district employees other than administrators. Compensation increases would also result in additional state costs for applicable TRS retirement and TRS-Care contributions.	
48.052, 48.101, 48.102, 48.103, 48.104, 48.105, 48.106, 48.107, 48.108, 48.109, 48.111, 48.115, 48.118	Sparsity Adjustment, Small and Mid-Sized District Allotment, Special Education, Allotment for Student with Dyslexia or Related Disorder, Compensatory Education Allotment, Bilingual Education Allotment, Career and Technology Education Allotment, Public Education Grant Allotment, Early Education Allotment, Gifted and Talented Student Allotment, Fast Growth Allotment, School Safety Allotment, Rural Pathway Excellence Partnership (R-Pep) Allotment and Outcomes Bonus	BA is used as an input to calculate the allotments.
48.202(a-1)(1)	Golden Penny Yield	Greater of 1.6 percent of BA or 96th percentile wealth per WADA.
48.202(a-1)(2)	Copper Penny Yield	0.8 percent of BA.
48.202(f)	Copper Penny Compression	An increase in the Copper Penny Yield requires compression of copper pennies to a tax rate resulting in the preceding year's guaranteed yield.
21.402	Minimum Salary Schedule for Certain Professional Staff	An increase to the BA may impact the Salary Factor used in determining the Minimum Salary Schedule.

*Not intended to be a comprehensive list.

FSP Formula Items by Appropriation, Included in Recommendations

TEC Section	Description	Notes	Appropriated		Recommended	
			FY 2024	FY 2025	FY 2026	FY 2027
46.003	Instructional Facilities Allotment	State aid for new projects is only granted if funds are specifically appropriated for that purpose. Recommendations continue to fully fund IFA awards previously made in prior biennia.	\$0	\$0	\$0	\$0
48.103	Allotment for Student with Dyslexia or Related Disorder	May be increased by appropriation.	0.1 * \$6,160, or \$616, per student per year		Maintain 2024-25 Levels	
48.109 ⁽¹⁾	Gifted and Talented Student Allotment	Statewide cap may be increased by appropriation. 5% district-level cap is in statute.	0.07 * \$6,160, or \$431.20, per student per year. Capped at 5% of total students in district and \$100 million statewide.		Maintain 2024-25 Levels	
48.115	School Safety Allotment	May be increased by appropriation.	\$15,000 per campus and \$10 per ADA per year, plus \$1 for each ADA per every \$50 by which the basic allotment exceeds \$6,160.		Maintain 2024-25 Levels and add \$400.0 million for increases in the School Safety Allotment, contingent upon actions of the legislature (TEA, Rider 77)	
48.151	Transportation Allotment	May be increased by appropriation.	\$1.00 per regular student per mile and \$1.08 per special education student per mile in each year.		Maintain 2024-25 Levels	
48.152	New Instructional Facilities Allotment (NIFA)	May be reduced by appropriation, capped in statute at \$100 million per year.	\$100 million per year		Maintain 2024-25 Levels	
48.202	Gold Penny Yield	May be increased by appropriation. Equal to the greater of 1.6 percent of the basic allotment or the wealth per WADA of the 96th percentile district.	\$126.21	\$129.52	\$132.40	\$140.02
48.202	Copper Penny Yield	May be increased by appropriation. Equal to 0.8 percent of the basic allotment.	\$49.28	\$49.28	Maintain 2024-25 Levels	
48.307	Additional State Aid for State-Approved Instructional Materials	May be increased by appropriation.	\$40 per student per year.		Maintain 2024-25 Levels	
48.255	State Compression Percentage (SCP)	May be reduced by appropriation.	\$0.6880	\$0.6855	\$0.6323	\$0.6175

EDA and IFA Yield Increase

The yields for the FSP facilities funding programs, the Existing Debt Allotment (EDA) and the IFA, may 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 to be the lesser of \$40 or the yield that would increase statewide total by \$60 million in state aid above the previous yield of \$35. More information related to IFA and EDA state aid is presented in Selected Fiscal and Policy Issue #10.

Items Established by Appropriation, Not Currently Included in Recommendations

Item	Description	Program History		
		Biennium Last Funded	Appropriated/ Authorized Amount	Number of Districts Funded
Average Daily Attendance Decline (48.005(b))⁽¹⁾	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 (48.258)⁽²⁾	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
Adjustment for Optional Homestead Exemption (48.259)	Additional state aid to districts with a Local Option Homestead Exemption (LOHE) whose taxable value used to determine state aid under the FSP does not include one-half of their LOHE value loss.			

- 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 consists of a base amount, ranging from \$3,000 for Recognized teachers to \$12,000 for Master teachers, which is increased by the high needs and rural factor for the campus where the teacher works. The maximum allotments for each designation are \$9,000 for Recognized, \$18,000 for Exemplary, and \$32,000 for Master.

The tables below provide information on the number of districts participating, the number of TIA designated teachers, and the total cost of the allotment broken out by designation and by rural versus non-rural district.

Actual and Projected TIA, FY 2022-27

Fiscal Year	2022	2023	2024	2025 ⁽¹⁾	2026 ⁽¹⁾	2027 ⁽¹⁾
Number of Districts Participating	240	378	481	597	602	690
Total Cost of Allotment, in millions	\$52.7	\$135.9	\$279.3	\$450.1	\$640.1	\$856.6
Number of Teachers Participating	5,452	12,346	24,648	37,157	58,357	74,374
Recognized	3,237	5,358	9,270	14,638	22,989	29,299
Exemplary	1,547	4,791	10,171	16,888	26,526	33,807
Master	668	2,197	5,207	5,630	8,842	11,269
Percent of All Teachers Participating	1%	3%	6%	10%	15%	19%
Average Allotment per Teacher ⁽²⁾	\$9,662	\$11,006	\$11,331	\$12,113	\$10,969	\$11,518

(1) Fiscal years 2025-27 reflect TEA projections received in October 2024.

(2) Projected years use total average, not average of allotments.

Average Allotment per Teacher, by Designation

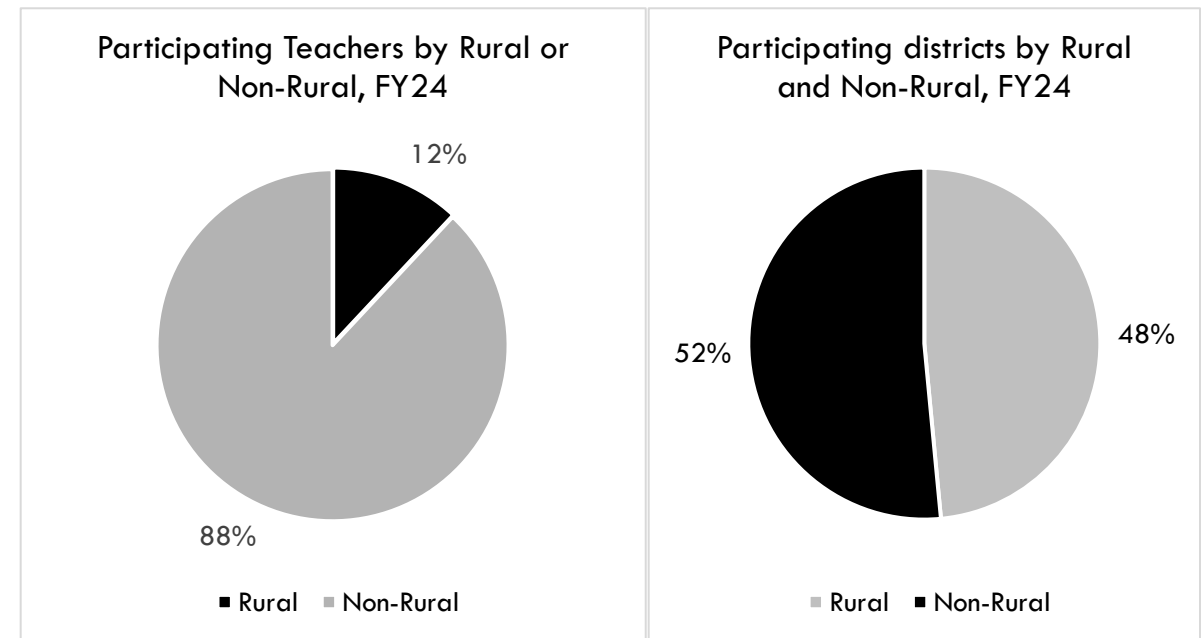
Fiscal Year	2022	2023	2024
Recognized	\$6,060	\$5,901	\$5,794
Exemplary	\$12,044	\$11,809	\$11,372
Master	\$21,597	\$21,704	\$21,110

Impact on Teacher Retention

In their 2024 annual report, TEA provided analysis related to the impact of TIA on retention rates of teachers. The agency reported that the retention rate for teachers remaining in a district in a teaching role was 8.1 percent higher for TIA designated teachers than for non-TIA designated teachers and that the retention rate for teachers remaining in any teaching role, but not necessarily within the district, was 4.9 percent higher for TIA designated teachers than for non-TIA designated teachers.

TIA, Rural and Non-Rural:

Fiscal Year	2022	2023	2024
Rural			
Total Cost of Allotment, in millions	\$3.9	\$19.1	\$48.9
Number of Teachers Participating	282	1,409	3,640
Average Allotment per Teacher	\$13,768	\$13,525	\$13,434
Non-Rural			
Total Cost of Allotment	\$48.8	\$116.8	\$230.4
Number of Teachers Participating	5,170	10,937	21,008
Average Allotment per Teacher	\$9,438	\$10,681	\$10,967



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

Recommendations assume that districts will successfully pass tax ratification elections each year of the 2026-27 biennium and will maintain the increases passed in fiscal year 2025, increasing state aid by an estimated \$100.0 million for FY 2026 and \$150.0 million in FY 2027.

In fiscal year 2024, 44 districts adopted the maximum Tier 2 enrichment tax rate of \$0.17 per \$100 of valuation, with 350 districts adopting a Tier 2 rate of \$0.1383, which reflects the compressed copper penny rate pursuant to 48.202(f) following the increase to the basic allotment provided by HB3, 86R. 405 districts adopted enrichment tax rates of \$0.05, which is the maximum number of gold pennies a district may adopt without a TRE, and 44 districts adopted the maximum gold penny rate of \$0.08.

Pre-HB3			Post-HB3					
Fiscal year	2018	2019	Fiscal year	2020	2021	2022	2023	2024
Number of Districts with Taxing Authority	1018	1017	Number of Districts with Taxing Authority	1015	1016	1016	1015	1014
Number of Districts with M&O Rates:			Number of Districts with Tier 2 Rates:					
At the \$1.17 M&O Cap	430	426	At \$0.17	0	0	24	31	44
Between \$1.04 and \$1.17	129	173	Between \$0.1383 and \$0.17	0	0	10	10	11
At \$1.04 ⁽¹⁾	419	387	At \$0.1383	398	394	356	352	350
Between \$1.00 and \$1.04	22	13	Between \$0.08 and \$0.1383	103	103	114	115	115
Below \$1.00	18	18	At \$0.08	6	12	19	32	44
			Between \$0.05 and \$0.08 ⁽¹⁾	56	56	51	50	40
			At \$0.05 ⁽¹⁾	0	0	422	414	405
			Between \$0.00 and \$0.05	449	448	16	8	5
			At \$0.00	3	3	4	3	0
Percentage of Districts with M&O Rates:			Percentage of Districts with Tier 2 Rates:					
At the \$1.17 M&O Cap	42%	42%	At \$0.17	0%	0%	2%	3%	4%
Between \$1.04 and \$1.17	13%	17%	Between \$0.1383 and \$0.17	0%	0%	1%	1%	1%
At \$1.04 ⁽¹⁾	41%	38%	At \$0.1383	39%	39%	35%	35%	35%
Between \$1.00 and \$1.04	2%	1%	Between \$0.08 and \$0.1383	10%	10%	11%	11%	11%
Below \$1.00	2%	2%	At \$0.08	1%	1%	2%	3%	4%
			Between \$0.05 and \$0.08	6%	6%	5%	5%	4%
			At \$0.05 ⁽¹⁾	0%	0%	42%	41%	40%
			Between \$0.00 and \$0.05 ⁽¹⁾	44%	44%	2%	1%	0%
			At \$0.00	0%	0%	0%	0%	0%

(1) The maximum number of gold pennies a district may adopt without a TRE increased from 4 to 5 gold pennies after the enactment of HB3, 86R.

10. **State Aid for Facilities**

Recommendations for the 2026-27 biennium include a total of \$2.5 billion for FSP facilities programs. Districts may receive state aid for facilities, or interest and sinking (I&S), through the Instructional Materials Allotment (IFA), the Existing Debt Allotment (EDA), and through Additional State Aid for Homestead Exemption (ASAHE) for Facilities, or ASAHE I&S.

Instructional Facilities Allotment

Pursuant to TEC 46.003, IFA provides appropriated assistance to equalize local tax effort school districts on qualifying bonds and lease-purchase agreements secured by the ISD. Districts must apply to TEA to receive assistance and funding for new projects must be appropriated by the Legislature. The guaranteed yield is set at \$35 or a greater amount by appropriation. Recommendations maintain the yield at \$35 and assume no appropriations for new projects for the 2026-27 biennium.

Existing Debt Allotment

Similarly to IFA, and pursuant to TEC 46.032, EDA provides appropriated assistance by equalizing local tax effort. District bonds that are issued during a biennium, and for which the first payment has been made, become automatically eligible for EDA in the following biennium without the need for legislative action. The guaranteed yield is the lesser of \$40, or a greater amount by appropriation, and the yield that would result in additional state aid of \$60 million in excess of state funds districts would be entitled to if the yield was set at \$35. Recommendations assume a guaranteed yield of \$40 for the 2026-27 biennium.

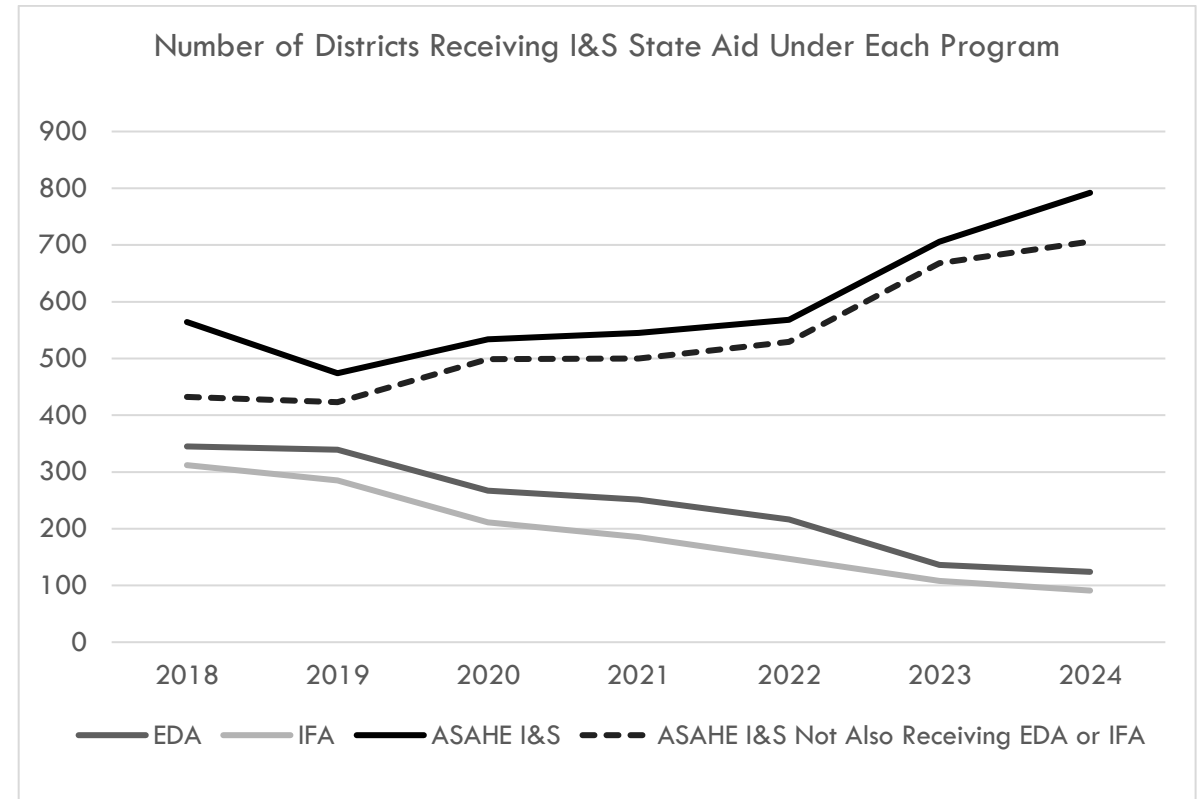
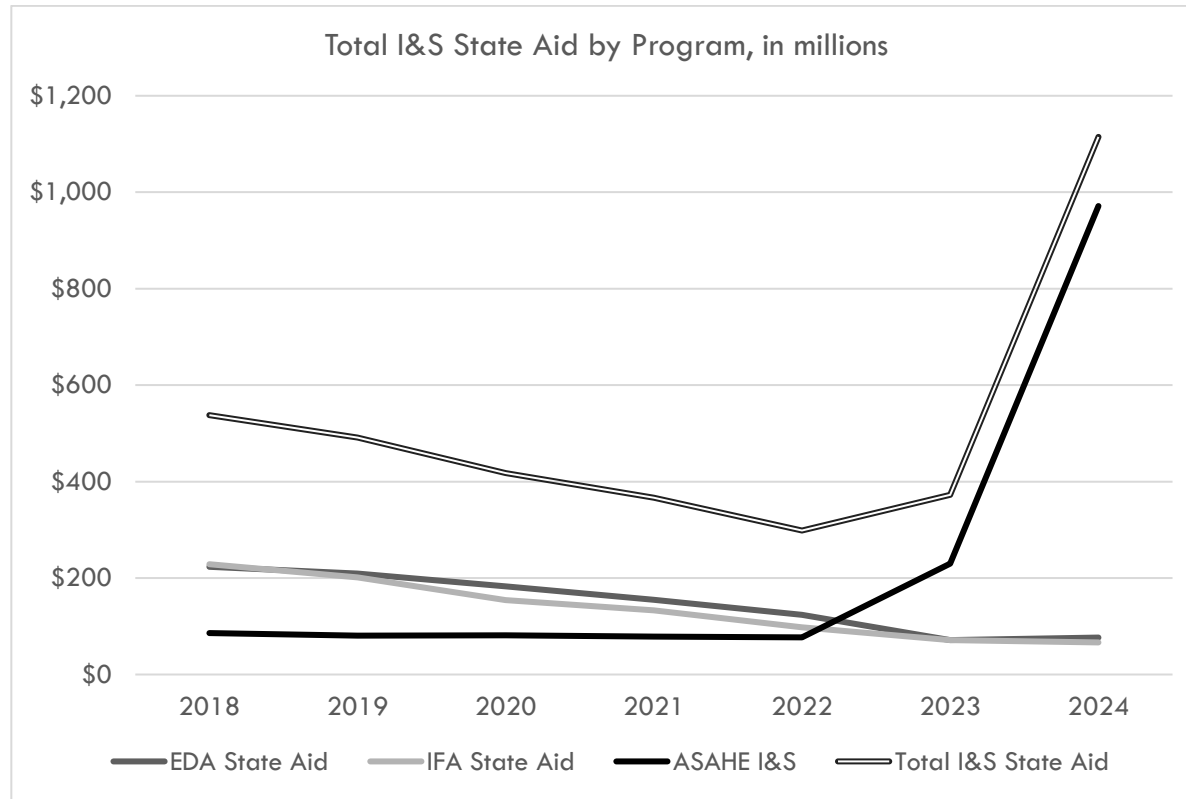
Additional State Aid for Homestead Exemption (ASAHE) for Facilities

After the Eighty-fourth Legislature increased the homestead exemption to \$25,000, ASAHE I&S was established to offset lost local I&S revenue due to the increase in the homestead exemption. Since then, the homestead exemption has been increased twice more; to \$40,000 by the Eighty-seventh Legislature and to \$100,000 by the Eighty-eighth Legislature. More information on ASAHE I&S and other hold harmless provisions is provided in Selected Fiscal & Policy Issue #11.

Trends in I&S State Aid

The table and charts below show the change in the amount of state aid provided and the number of districts receiving state aid under each program over time.

Fiscal Year	EDA			IFA			ASAHE I&S			Total I&S
	State Aid, in millions	# Districts	% Districts	State Aid, in millions	# Districts	% Districts	State Aid, in millions	# Districts	% Districts	State Aid, in millions
2018	\$ 223.3	345	28.0%	\$ 228.7	312	25.4%	\$ 85.7	564	45.9%	\$ 537.6
2019	\$ 209.4	339	27.6%	\$ 201.2	285	23.2%	\$ 80.7	474	38.5%	\$ 491.3
2020	\$ 182.6	267	21.7%	\$ 154.0	211	17.2%	\$ 81.3	534	43.4%	\$ 417.8
2021	\$ 154.9	251	20.4%	\$ 133.3	185	15.0%	\$ 78.5	545	44.2%	\$ 366.7
2022	\$ 123.8	216	17.5%	\$ 97.8	147	11.9%	\$ 77.0	568	46.0%	\$ 298.6
2023	\$ 71.4	136	11.0%	\$ 71.3	108	8.7%	\$ 230.2	706	57.2%	\$ 372.9
2024	\$ 76.8	124	10.0%	\$ 66.5	91	7.3%	\$ 971.4	792	63.8%	\$ 1,114.6



11. **Hold Harmless Provisions.** The Legislature has provided several hold harmless provisions to offset local revenue losses resulting from property tax relief and formula changes. This item provides historical information about each of them and how the cost of each has changed since they were first established. Recommendations for the 2026-27 biennium include \$3.3 billion related to hold harmless provisions.

Additional State Aid for Adjustment of Limitation on Tax Increases on Homestead of Elderly or Disabled (TEC 48.2542) (Estimated \$985.1 million, 2026-27 biennium)

TEC Section 48.2542, Additional State Aid for Adjustment of Limitation on Tax Increases on Homestead of Elderly or Disabled, was added by SB12, 87(2), which provided individuals who are elderly or disabled with a homestead exemption with a reduction to their total amount of ad valorem taxes to reflect the reduction of the district's MCR, reducing the district's local property tax levy. Section 48.2542 was established to offset revenue losses the district may have experienced because of the reduction in the tax levy. The hold harmless was amended by SB2, 88(2), to ensure districts were held harmless by levy loss resulting from the property tax relief provided under SB2, 88(2), which further reduced the total amount of ad valorem taxes for individuals who are elderly or disabled with a homestead exemption. Section 48.2542 provides districts with additional state aid if they are not fully compensated by state aid or through the calculation of recapture for the amount of ad valorem tax revenue lost as a result of the levy loss.

Additional State Aid for Homestead Exemption (TEC 48.2543) (Estimated \$26.1 million, 2026-27 biennium)

Repealed under HB3, 86R, TEC Section 48.2543, or ASAHE M&O, was re-established under SB1, 87(3), to offset losses to M&O revenue as a result of the homestead exemption increasing from \$25,000 to \$40,000. It was amended by SB2, 88(2), to offset losses to M&O revenue as a result of the homestead exemption increasing again to \$100,000.

For fiscal year 2023, districts were entitled to additional state aid if state and local revenue under TEC chapters 48 and 49 was less than state and local revenue would have been under those chapters as they existed on September 1, 2021, if the increase to the homestead exemption had not passed under SB1, 87(3). Similar language is provided for fiscal year 2024 and subsequent fiscal years; state and local revenue under chapters 48 and 49 is compared to what the district would have been entitled to under those chapters as they existed on September 1, 2022, if the increase to the homestead exemption had not passed under SB2, 88(2).

Additional State Aid for Certain Districts Impacted by Compression (TEC 48.283) (Estimated \$87.1 million, 2026-27 biennium)

SB2, 88(2), provided Tier 1 rate compression in the form of a 10.7 cent decrease to district MCRs in fiscal year 2024. TEC 48.283 was established with the intent to offset M&O revenue losses for districts that paid recapture in fiscal year 2023 but, as a result of the 10.7 cent MCR reduction, saw a reduction in their total state and local M&O revenue. In particular, districts that have adopted a Local Optional Homestead Exemption (LOHE) and leave recapture as a result of the bill would benefit under this provision.

Additional State Aid for Homestead Exemption (ASAHE) for Facilities (TEC 46.071) (Estimated \$2.2 billion, 2026-27 biennium)

SB1, 84R increased the homestead exemption from \$15,000 to \$25,000 and ASAHE I&S was established beginning in fiscal year 2016 to offset local I&S revenue losses due to the increase in the homestead exemption. Districts were entitled to additional state aid if the state and local revenue available to service eligible debt was less than the state and local revenue that would have been available had the increase to the homestead exemption not occurred. This section was amended when the homestead exemption was increased to \$40,000 by SB1, 87(3), and to \$100,000 by SB2, 88(2), to ensure that districts would also be held harmless for local I&S revenue loss resulting from the additional increases to the homestead exemption.

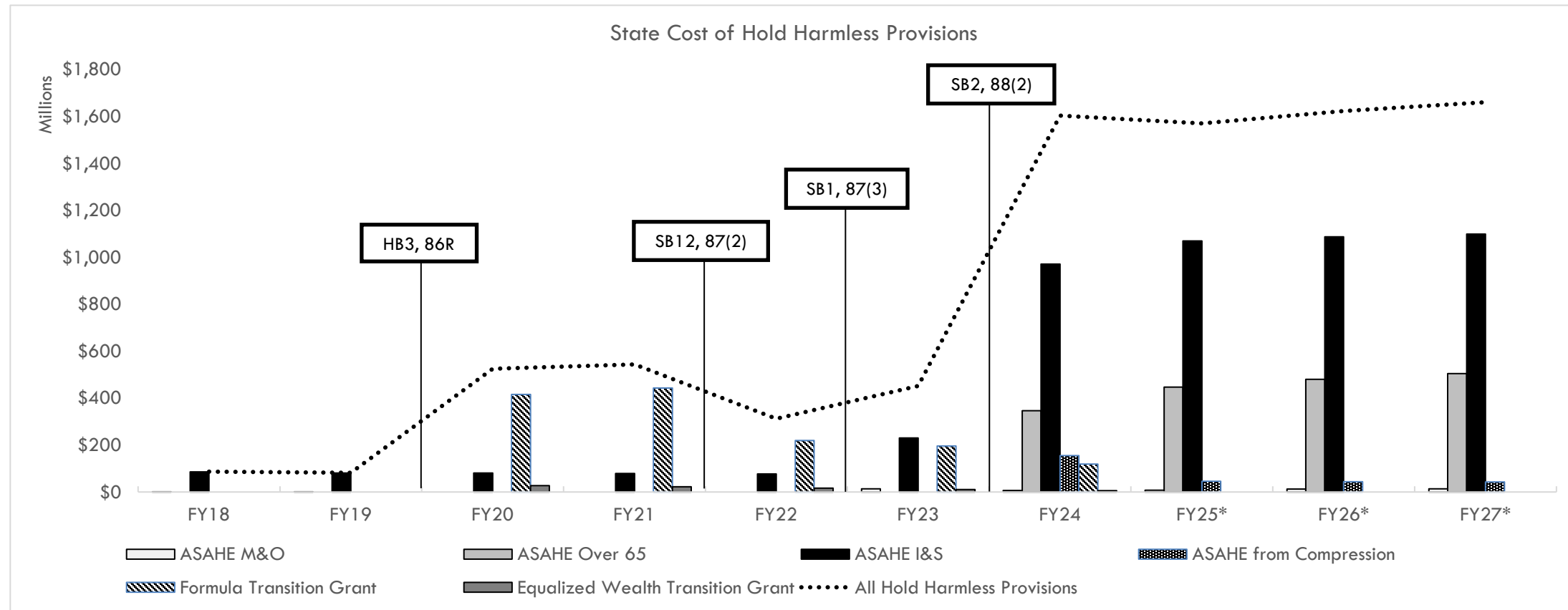
Formula Transition Grant (48.277) (Expired after fiscal year 2024)

Added by HB3, Eighty-sixth Legislature, Regular Session, and capped at \$400 million per year by HB 1525, Eighty-seventh Legislature, Regular Session, the Formula Transition Grant held districts harmless from maintenance and operations revenue losses under that may have occurred due to the significant changes HB3 made to the formula funding under the FSP. Totaling \$416.0 million in the first fiscal year, the Formula Transition Grant decreased to an estimated \$119.3 million in fiscal year 2024, after which, pursuant to TEC 48.277(d), the provision expired.

Equalized Wealth Transition Grant (48.278) (Expired after fiscal year 2024)

HB3, Eighty-sixth Legislature, Regular Session, modified local revenue subject to recapture to be local revenue in excess of entitlement, reducing the benefit received by districts subject to reduced recapture based on information from the district in the 1992-93 school year by 20 percent per year through the addition of the Equalized Wealth Transition Grant. Totalling \$27.5 million in the first fiscal year, the Equalized Wealth Transition Grant decreased to \$5.5 million in fiscal year 2024, after which the provision expired.

The chart below shows the state cost of each of the hold harmless provisions outlined above for fiscal years 2018-27.



*Fiscal years 2025-27 are projected.

12. **Instructional Materials and Technology.** The Instructional Materials and Technology Allotment (IMTA) is a program that provides local education agencies with funding for technology and instructional materials. Recommendations provide \$1,042.7 million to the IMTA. Including amounts appropriated for associated administrative costs, the total recommended level of funding in 2026-27 is \$1,047.6 million. This is a \$2.7 million decrease in funding from the 2024-25 base due to the removal of onetime funding for a new instructional materials ordering system.

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 Texas Permanent School Fund Corporation (TPSFC) are each authorized to make discretionary transfers of \$600.0 million per year from the Permanent School Fund (PSF) to the ASF. Transferred funds are appropriated to the Texas Education Agency (TEA) for the ASF per-capita distribution (a component of the Foundation School Program) and for the IMTA.

The 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 PSF. The PSF is a constitutionally dedicated fund for the support of public education. For the 2026-27 biennium, recommendations assume a preliminary PSF distribution of 3.45 percent or \$1.8 billion per fiscal year and \$600.0 million in discretionary transfers from the TPSFC 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 Instructional Materials and Technology Fund (IMTF) during each biennium. 2026-27 recommendations would set the funding level for the IMTF at 21.8 percent of the distribution from the PSF to the ASF. This recommendation would provide \$1,047.6 million to the IMTA, including amounts appropriated for program administration. This would maintain 2024-25 base appropriations for the IMTA, excluding unexpended balances from the prior biennium and onetime appropriations. The recommendation would provide a General Revenue savings of \$1,359.4 million that would be 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 IMTA.

Recommendations decrease IMTA funding set aside for administration by \$2.7 million in 2026-27 due to the removal of onetime funding for the Education Materials and Textbooks (EMAT) system provided in the 2024-25 biennium. Recommended funding levels will support the continued maintenance of the EMAT in the 2026-27 biennium, as the new system will run in parallel to ensure no break in operational ability. EMAT is a web portal used by Texas school districts to place orders and reimbursement requests for instructional materials adopted by the SBOE.

The following table includes information on historical funding for the IMTA, including 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 2024-25 biennium. Although recommendations for Rider 8, Instructional Materials and Technology, provides unexpended balance authority from the 2024-25 biennium to the 2026-27 biennium.

Instructional Materials and Technology Funding, 2018-2019 to 2024-25 Biennia

	IMTA Appropriation*	Unexpended Balance from Previous Biennium	Distribution Rate of the PSF to ASF Transfer
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	\$233,067,672	24.3 percent
2026-27**	\$1,047,639,958	n/a	21.7 percent

Source: Legislative Budget Board and Texas Education Agency

Notes:

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

** LBB Staff Recommendation.

13. **Significant General Revenue Funding Changes for Non-FSP Programs and Administration from the 2024-25 Base.** 2026-27 recommendations include \$3.8 billion in General Revenue Funds for Non-FSP Programs and Administration, an 8.0 percent decrease from the 2024-25 base. This decrease is primarily attributable to a \$1.1 billion decrease associated with onetime funding for the School Safety Grant Program included in the agency’s 2024-25 base offset by a \$1.0 billion increase for an Education Savings Account (ESA) program, contingent upon enacting legislation, pursuant to TEA, Rider 78.

Highlights related to the agency’s recommended funding for 2026-27 include the following:

Instructional Materials Allotment: Recommended funding level of \$1,047.6 million for the Instructional Materials and Technology Allotment and administration, which is a decrease of 18.4 percent from the 2024-25 base funding level, (see Selected Fiscal and Policy Issue #12). This recommendation would provide a level of instructional materials funding equivalent to 21.8 percent of the estimated transfers made by the State Board of Education and the Texas Permanent School Fund Corporation to the Available School Fund.

School Safety: A reduction of \$1,078.4 million associated with onetime funding for the School Safety Grant Program appropriated in Senate Bill 30, Eighty-Eighth Legislature, Regular Session.

Agency Administration: Recommended funding level for agency administrative strategies (excluding State Board for Educator Certification and Certification Exam Administration) is \$256.5 million in General Revenue Funds, a decrease of 5.9 percent of 2024-25 base funding.

The following table provides a full listing of recommended funding levels for TEA’s Non-FSP Programs and Administration for 2026-27, including a comparison to 2024-25 base amounts.

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

Program	2024-25 Base	2026-27 Recommended (Total)	2026-27 Recommended (Change)	2026-27 Recommended (Percent Change)	Notes
Funding for Districts and Students					
Incentive Aide	\$3.4	\$2.0	\$(1.4)	(41.5%)	Removal of onetime agency base funding reallocation.
Strong Foundation Grant Program	\$150.0	\$150.0	\$	0.0%	
Educator Excellence Innovation Program	\$29.0	\$29.0	\$	0.0%	
Blended Learning Grant Program	\$12.0	\$12.0	\$	0.0%	
Provide Free Reading Instruments	\$0.7	\$0.7	\$	0.0%	
Texas Gateway and Online Learning	\$14.6	\$14.6	\$	0.0%	
Interactive Online Learning	\$12.0	\$12.0	\$	0.0%	
School Improvement and Governance Support	\$2.5	\$2.5	\$	0.0%	
College and Career Readiness School Models	\$16.2	\$16.2	\$	0.0%	
Texas Advanced Placement Initiative	\$18.5	\$18.5	\$	0.0%	
Student Success Initiative/Community Partnerships	\$10.5	\$10.5	\$	0.0%	

Regional Day Schools for the Deaf	\$66.3	\$66.3	\$	0.0%	
Summer CTE Grant Program	\$7.8	\$7.8	\$	0.0%	
Subsidy HS Equivalency Exams	\$0.8	\$0.0	\$(0.8)	(100.0%)	Removal of onetime agency base funding reallocation.
Civics Training	\$29.3	\$43.9	\$14.6	50.0%	Biennialization of implementation activities.
Computer Science Grant Program	\$2.6	\$2.6	\$	0.0%	
Autism Grants	\$20.0	\$20.0	\$	0.0%	
FitnessGram Program	\$1.9	\$1.9	\$	0.0%	
School Safety SB30	\$1,078.4	\$0.0	\$(1,078.4)	(100.0%)	
Mathematics Achievement Academies	\$7.7	\$7.7	\$	0.0%	
Literacy Achievement Academies	\$14.3	\$14.3	\$	0.0%	
Intensive Educational Supports	\$30.0	\$30.0	\$	0.0%	
Texas Strategic Leadership Support	\$0.0	\$30.0	\$30.0	100.0%	
Subtotal	\$1,528.5	\$492.5	\$(1,036.0)	(67.8%)	
Instructional Materials					
Instructional Materials	\$1,254.7	\$1,022.7	\$(232.0)	(18.2%)	See Selected Fiscal and Policy Issue #12.
Open Source Instructional Materials	\$20.0	\$20.0	\$	0.0%	
Subtotal	\$1,274.7	\$1,042.7	\$(232.0)	(18.2%)	

Pass-through Grants to Non-Governmental Organizations					
Council on Early Childhood Development	\$33.0	\$33.0	\$	0.0%	
Teach for America	\$11.0	\$11.0	\$	0.0%	
Dyslexia Coordination and Screening	\$0.3	\$0.3	\$	0.0%	
Best Buddies	\$2.0	\$2.0	\$	0.0%	
Athletic Programs for Students with Disabilities	\$6.0	\$6.0	\$	0.0%	
Early Childhood School Readiness	\$6.5	\$6.5	\$	0.0%	
Amachi	\$10.0	\$10.0	\$	0.0%	
Communities in Schools	\$61.0	\$61.0	\$	0.0%	
Non-Educational Community-Based Support Services	\$2.0	\$2.0	\$	0.0%	
Adaptive Equipment and Services	\$5.0	\$5.0	\$	0.0%	
Texas Academic Innovation and Mentoring (AIM)	\$4.3	\$4.3	\$	0.0%	
MATHCOUNTS	\$0.4	\$0.4	\$	0.0%	
Academic Decathlon	\$0.4	\$0.4	\$	0.0%	

Mobile STEM Grant Program	\$7.5	\$6.5	\$(1.0)	(13.3%)	Removal of onetime costs, offset by increased operating costs.
Parent-Driven Special Education Services	\$93.3	\$60.0	\$(33.3)	(35.7%)	Removal of onetime funding associated with reducing program waitlist.
Fatherhood/Parental Involvement in Literacy	\$1.0	\$1.0	\$	0.0%	
Food Security, School Readiness, and Recovery	\$5.0	\$5.0	\$	0.0%	
Mental Health Services in Texas Partnership for Out of School Time	\$5.0	\$5.0	\$	0.0%	
Pre-K Services at Intergenerational Facilities	\$1.0	\$1.0	\$	0.0%	
Safe and Healthy Schools Initiative and Field Review Teams	\$13.6	\$13.6	\$	0.0%	
Gifted and Talented Performance Standards	\$0.9	\$0.9	\$	0.0%	
Santa Fe Memorial	\$0.0	\$2.7	\$2.7	100.0%	
Preschool-Aged Children's Food Security	\$0.0	\$4.0	\$4.0	100.0%	
Subtotal	\$269.2	\$241.6	\$(27.6)	(10.3%)	
Indirect Funding to TEA					
School Lunch Matching	\$28.5	\$28.5	\$	0.0%	
Juvenile Justice Alternative Education Programs	\$11.9	\$11.9	\$	0.0%	
Texas Juvenile Justice Department Education Program	\$8.4	\$14.3	\$5.9	70.7%	
Windham School District	\$133.3	\$148.1	\$14.8	11.1%	See Selected Fiscal Policy Issue #17.
Regional Education Service Centers Core Services	\$23.8	\$23.8	\$	0.0%	
Students with Visual Impairments	\$11.3	\$11.3	\$	0.0%	
Maintenance of State Financial Support for Public Education	\$74.6	\$0.0	\$(74.6)	(100.0%)	See Selected Fiscal Policy Issue #16.
Education Savings Account Program	\$0.0	\$1,000.0	\$1,000.0	\$100.0%	
Subtotal	\$291.7	\$1,237.9	\$946.2	324.3%	

Agency Administration					
Agency Operations and Admin Programs	\$566.0	\$595.5	\$29.5	5.2%	Includes programs administered by TEA, e.g., student assessment program and HB 1605 implementation (see Selected Fiscal Policy Issue #18).
Central Administration	\$12.7	\$10.0	\$(2.8)	(21.8%)	
Information Systems-Technology	\$146.2	\$136.2	\$(10.0)	(6.8%)	See Selected Fiscal Policy Issue #20.
State Board for Educator Certification	\$13.6	\$14.6	\$1.0	7.3%	
Certification Exam Administration	\$28.5	\$28.5	\$	0.0%	
Subtotal	\$766.9	\$784.8	\$17.8	2.3%	
Non-FSP GR Total	\$4,130.8	\$3,799.0	\$(331.8)	(8.0%)	

Note: Totals may not sum due to rounding.

14. **School Safety Update.** Recommendations include \$29.1 million for the TEA school safety program and field review teams, including administration and staff; and excluding amounts appropriated for the Foundation School Program (FSP) School Safety Allotment. TEA has expanded its school safety oversight and support work during the 2024-25 biennium in alignment with the Texas School Safety Center (TxSSC) and requirements in House Bill 3, Eighty-Eighth Legislature, Regular Session. TEA created and staffed a new Office of School Safety and Security, consisting of individuals with substantial expertise in school or law enforcement safety and security operations charged with monitoring safety and security requirements and providing technical assistance to school districts. Overseen by the Office and using a rubric developed in collaboration with the TxSSC, school safety review teams were established in each region of the state to conduct on-site general intruder detection audits and provide additional technical assistance. Recommendations for the 2026-27 biennium, excluding the removal of onetime funding for vehicles and a software application, include level funding for TEA’s school safety administrative costs between the 2024-25 and 2026-27 biennia.

Recommendations include a \$400.0 million increase to the FSP School Safety Allotment, contingent upon enacting legislation.

Senate Bill 30, Eighty-eighth Legislature, Regular Session, appropriated \$1,100.0 million in grant funds for school safety and facilities enhancements. By the end of fiscal year 2024, TEA reported school districts had encumbered or expended 96.8 percent, or \$1,061.1 million, of available grant funds. This grant was an addition to the ongoing School Safety Allotment, increased by House Bill 3, Eighty-eighth Legislature, Regular Session (see table below).

The following table provides an overview of historical funding for school safety initiatives of TEA and TxSSC, and recommended funding for the 2026-27 biennium.

School Safety Initiatives Historical Funding (in Millions)

	86 th Legislature	87 th Legislature	Budget Execution	88 th Legislature	Recommended 2026-27
TEA:					
Passthrough Grants to Districts	\$100.0		\$400.0	\$1,100.0	
School Safety Allotment	\$96.2	\$96.7		\$366.9	\$766.9
Silent Panic Alert Technology			\$17.1		
TEA Safe and Healthy Schools Initiative and Field Review Teams		\$2.0		\$13.6	\$13.6
School Safety and Security Division Administration and FTEs				\$18.9	\$15.5
Texas State University:					
TxSSC	\$11.0	\$11.0	\$7.0	\$18.0	\$18.0
ALERRT	\$4.0	\$4.0	\$7.0	\$17.0	\$17.0
Texas Commission on Law Enforcement:					
School Marshall Program				\$1.3	\$1.3
Total	\$211.2	\$113.7	\$431.1	\$1,535.7	\$832.3

Note: \$400.0 million of School Safety Allotment funding shown is contingent on the passage of legislation by the Eighty-ninth Legislature.

15. **Overview of Education-related COVID-19 Federal Legislation and Funding.** The state received federal funding appropriated through the Elementary and Secondary School Emergency Relief Act (ESSER) in three phases. 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) helped schools offset costs attributable to the COVID-19 pandemic starting in March 2020. According to TEA, as of September 2024, only \$9.2 million of the \$5.0 billion formula funds remained available to districts. Out of \$11.2 billion of ARPA funds, \$831.7 million remain available. The U.S. Department of Education has extended liquidation flexibility for both grant programs, extending allowable contracted services through February 2025 for CRRSA and February 2026 for ARPA.

TEA has examined school district uses of grant funds drawn down across the CARES, CRRSA, and ARPA grants. The highest percentage of funding was utilized for student services (e.g., counseling, nursing, food) at 15.2 percent, followed by staffing model and planning supports at 12.3 percent, additional teachers at 12.1 percent, and COVID-related facility support (e.g., cleaning and PPE) and teacher pay increases at 11.0 percent each. TEA estimates that 38.6 percent of funds supported recurring costs, while 36.7 percent were onetime expenditures. TEA was unable to determine the status of the remaining 24.7 percent.

The ESSER grants did not include “supplement, not supplant” requirements typically found in federal education grants to school districts. This allowed districts to use grant funds for activities previously funded with state resources. Because of this flexibility, TEA consistently encouraged districts to balance the use of grant funding between new activities and activities previously funded with state resources to allow for savings that could increase fund balances. Increased fund balances could then be spent down when federal funding returned to historic levels, allowing districts to soften a potential sharp decline in resources and maintain needed activities. According to TEA data, total fund balances summed across all districts in their General Fund increased by \$5.5 billion, from \$19.3 billion to \$24.8 billion between Fiscal Years 2019 and 2023.

16. **Maintenance of Financial Support Obligations under the Individuals with Disabilities Education Act.** During the past three years, TEA staff worked with the U.S. Department of Education to reduce Individuals with Disabilities Education Act (IDEA) funding for Texas to satisfy alleged failures to meet Maintenance of Financial Support (MFS) requirements in 2012, 2017 and 2018. Texas Education Code, Section 48.279(d), provided the commissioner authority to transfer other state funds available for that purpose to replace funds withheld for MFS noncompliance. At this time, TEA assumes that the withheld funds (replaced by \$74.6 million provided by Senate Bill 30, Eighty-eighth Regular) satisfies outstanding obligations.

To avoid future penalties, Texas Education Code, Sub-sections 48.279(b) and (c) provide the commissioner authority to transfer funds or request supplemental funding if the agency determines that the total amount of funding for special education is less than the amount required to comply with MFS requirements.

17. **Windham School District.** Recommendations include an increase of \$14.8 million from the Foundation School Fund for Windham School District to biennialize salary increases provided in fiscal years 2024 and 2025 (\$3.1 million) and to extend services to eleven additional campuses (\$11.6 million), formerly staffed by privately operated prisons. The Foundation School Fund increase for educational services at the privately operated prisons will be partially offset in the 2026-27 biennium by reduction of \$11.6 million in General Revenue at the Texas Department of Criminal Justice.
18. **HB 1605 Implementation.** Recommendations include a net increase of \$42.2 million for curriculum funding as a part of the Agency’s continued implementation of HB 1605, Eighty-eighth Legislature, Regular Session. This increase relates to funding for 10.0 additional FTEs and biennializes other cost increases; including costs for district learning hubs, development of adoption resources, campus classroom reviews, Open Education Resource (OER) continuous improvement review and development, an OER repository, and implementation grants and training. Increases are partially offset by reductions of \$39.4 million that included costs to establish the new review process, a full set of Tier 1 Instructional Materials, OER Educator and Parent Advisory Boards, and a grant to support the National Medal of Honor Museum.

During the 2024-25 biennium, TEA and SBOE created a new Instructional Materials Review and Approval process and launched the first round of annual reviews. Bluebonnet Learning Instructional Materials was established as the brand for state-developed and owned, Open Education Resource (OER) textbooks covering all of the Texas Essential Knowledge and Skills. The first Bluebonnet math and elementary reading materials were submitted for review at the November 2024 SBOE meeting.

- 19. **State Cybersecurity Initiative.** Recommendations include \$42.0 million to continue the implementation of a statewide cybersecurity program to protect districts from major cyber incidents. The program includes 3 TEA staff members to support the initiative, direct technical assistance provided through regional education service center practitioners assisting districts with implementation of cybersecurity controls, and Department of Information Resources provided end point detection response, cybersecurity assessments, and a network detection response program.
- 20. **IT Deferred Maintenance.** TEA received \$11.3 million in exceptional item funding in the 2024-25 biennium to complete deferred maintenance on legislatively mandated applications over a 5-year period. The agency identified 14 high status applications requiring 130,567 hours of work during the 2024-25 biennium, including the Educator Certification Online System, the Texas Student Data System, the Foundation School Program, and eGrants. As of the end of fiscal year 2024, the agency had completed 29,942 work hours and expects to complete these projects by the end of fiscal year 2025. The agency has hired a team of 33 program staff to complete this work, including: ten Programmers, ten Systems Analysts, five Business Analysts, two Project Managers, two Managers, and one each of a Program Specialist, Data Analyst, Cybersecurity Analyst and Auditor.

Recommendations include continuing the maintenance effort and maintaining the \$11.3 million in the agency’s base funding for 2026-27, as the agency has identified additional applications that require a similar effort. The agency has indicated that priority deferred maintenance projects for the 2026-27 biennium will be determined in the summer of 2025.

- 21. **Parent-Directed Special Education Services (PDES).** Recommendations include a continuation of the \$60.0 million PDES (formerly named the Supplemental Special Education Services program) appropriation in the 2026-27 biennium. PDES is a onetime \$1,500 grant for parents of eligible Texas students served by special education. PDES funds can be used to obtain educational materials and resources such as textbooks, curricula, technology devices, and/or services such as tutoring.

TEA received \$60.0 million of continued grant funding for PDES and an additional \$33.3 million of onetime funding for students on the program’s wait list for a total of \$93.3 million in the 2024-25 biennium. In addition, TEA has made available an additional \$68.8 million of ESSER III funds as of September 30, 2024, for a biennial total of \$162.1 million. As of the end of October 2024, TEA made PDES grant awards to approximately 97,270 students, worth approximately \$145.9 million for the 2024-25 biennium.

- 22. **Status of the Texas Student Assessment and Accountability Programs.** Recommendations increase base funding for TEA assessment and accountability programs by \$14.2 million to \$247.7 million in All Funds, primarily due to an increase in federal grants for student assessment.

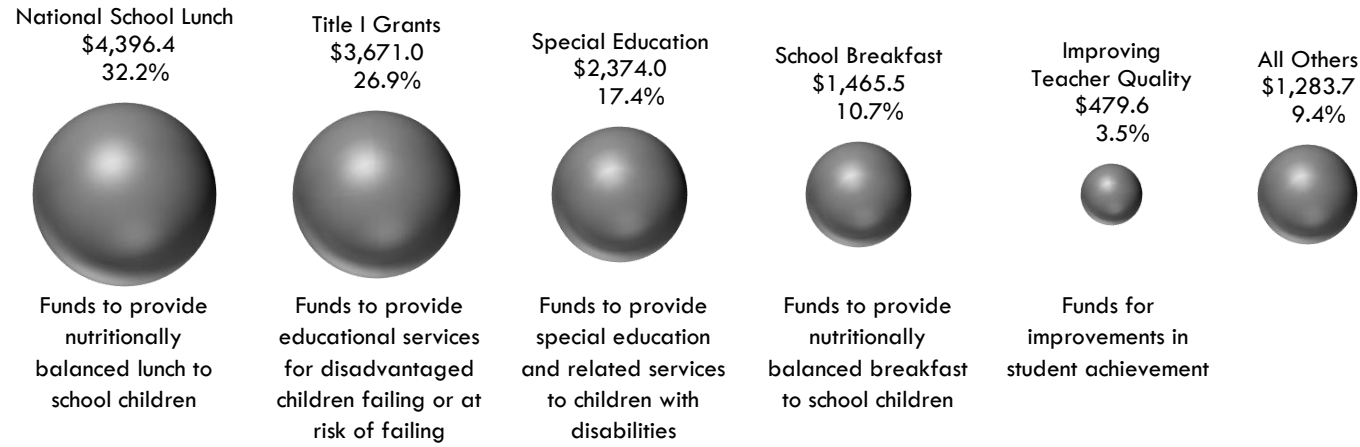
The issuance of 2023 and 2024 A–F ratings remain pending and subject to change based on judicial rulings. The following table includes District A-F Accountability Ratings for school year 2022, the last year that ratings have been issued.

Table 4, District A-F Accountability Ratings

Rating	2022	
A	395	33.1%
B	644	54.0%
C	112	9.4%
Not Rated: Senate Bill 1365	41	3.4%
Not Rated or Data Under Review	15	.1%
Total	1,207	

Texas Education Agency - House
 Summary of Federal Funds (2026-27)

Total \$13,670.1M



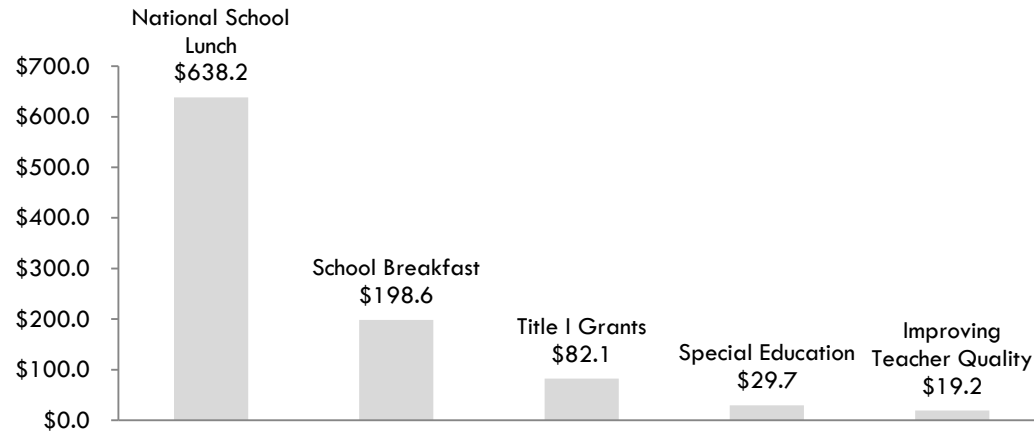
Selected Federal Fiscal and Policy Issues

Federal Funds for the 2026-27 biennium would see a net increase of \$971.2 million. This growth is primarily attributable to funding increases in the National School Lunch and School Breakfast programs.

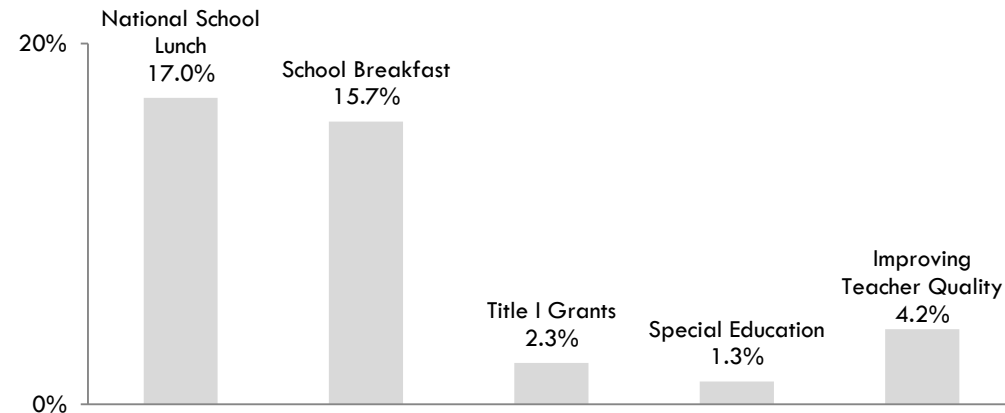
Other programs with significant increases include Title I, Special Education Grants to States, and Improving Teacher Quality State Grants.

Programs with Significant Federal Funding Changes from 2024-25

Program Change-by Amount (In Millions)



Program Change-by Percentage



**Texas Education Agency
Rider Highlights - House**

New Riders

13. **Funding for Students with Disabilities.** The new rider consolidates all the agency's Special Education funding riders for clarity.
74. **Santa Fe Ten Memorial.** The new rider appropriates \$2.7 million for the creation of a memorial that remembers and honors those who died, and all individuals impacted on May 18, 2018, by the Santa Fe High School shooting.
75. **Preschool-Aged Children's Food Security Grant Program.** The new rider appropriates \$4.0 million to provide healthy meals to certain preschool-aged children.
77. **Contingency for School Safety Allotment.** The new rider appropriates \$400.0 million for increases to the School Safety Allotment contingent upon actions of the Eighty-ninth Legislature.
78. **Contingency for Education Savings Account.** The new rider appropriates \$1.0 billion for an Education Savings Account program contingent upon actions of the Eighty-ninth Legislature.
79. **Increased Teacher Compensation.** The new rider provides \$4.85 billion for increases to public education funding contingent upon actions of the Eighty-ninth Legislature.
80. **Texas Strategic Leadership Support.** The new rider appropriates \$30.0 million for a comprehensive education leadership and support initiative.

Modification of Existing Riders

3. **Foundation School Program Funding.** Recommendations would revise rider to update sum-certain appropriation, yields, and assumptions. Recommendations revise rider to add clarification about which estimates TEA and CPA shall submit to the LBB under TEC 48.269.
6. **Windham Schools.** Modification would add a total of \$14.8 million to biennialize salary increases (\$3.1 million) and extend services to eleven additional campuses (\$11.6 million), formerly staffed by privately operated prisons.
8. **Instructional Materials and Technology.** Modifications would add reporting requirement for High Enrollment Growth districts and language to conform with HB 1605, 88th Regular Session. Funding for eligible materials and technology for students with disabilities would be moved to the new Funding for Students with Disabilities Rider.
10. **Reimbursement of Advisory Committee Members.** Modification would remove the Texas Commission on Virtual Education, as that Commission is no longer active, and add the Open Education Resource Advisory Board and the 1836 Project Advisory Committee.
11. **Student Testing Program.** Modification would consolidate language formerly in Rider 95, Contingency for HB 1225, Eighty-eighth Legislature, Regular Session.

21. **Funding for Juvenile Justice Alternative Education Programs.** Modification would reduce notification days required prior to a transfer from 45 to 15 calendar days.
22. **FSP Funding for the Texas Juvenile Justice Department.** Modifications would increase FSP allotments provided to TJJD students to include formula funding related to special education, dyslexia, bilingual education, and compensatory education.
26. **Child Nutrition Program.** Conforming changes related to funding recommendations from Texas Department of Agriculture.
35. **Financial Aid for Swift Transfer.** Modification would update estimated costs, provide for a settle-up process between the Texas Higher Education Coordinating Board (THECB) and TEA, and include notification requirements for the THECB.
41. **Open Education Resource Instructional Materials and High-Quality Instructional Materials Supports.** Modification would add conforming language from HB 1605, Eighty-eighth Legislature, Regular Session.
48. **College and Career Readiness School Models.** Modification would remove references to the T-STEM program, due to statutory expiration of program.
54. **Mobile STEM Laboratory Grant Program.** Modification would remove one-time funding for increasing the number of mobile labs, offset by a biennialization of program funds, and would add a reporting requirement on implementation of the new labs.
55. **Blended Learning Grant Program.** Modification would provide the Texas Education Agency (TEA) authority to provide “other supports” beyond granting funds to grantees.
57. **Reporting Requirements: COVID-19 Funding to School Districts.** Modification would denote final agency reporting as funds are expiring.
58. **Parent-Directed Special Education Services Program.** Modification would update the program name from Supplemental Special Education Services to Parent-Directed Special Education Services and remove contingency language and one-time funding to provide services to eligible students on the program’s waitlist.
63. **Interagency Cybersecurity Initiative for Public Schools.** Modification would remove one-time funding for services previously provided through the Department of Information Resources.
64. **Civics Training Programs.** Modification would increase funding to biennialize funding level for full Fiscal Years 2026 and 2027 implementation.
65. **Texas 1836 Project.** Modification would merge Texas 1836 Project Pamphlet rider with this rider.
66. **Space Planning and Utilization.** Modification would remove initial project funding and legislative intent and add final project reporting requirement.
76. **Property Tax Relief.** Recommendation would revise rider to update estimates for HB3 compression and provide an estimate for the total cost of property tax relief provided since the passage of HB3, Eighty-sixth Legislature, 2019. Recommendations would increase the transfer to the PTRF from \$12.3 billion to \$15.8 billion and would provide \$3.5 billion from the PTRF for property tax relief contingent upon enacting legislation. Recommendation would further amend rider to add a requirement that TEA confer with LBB and CPA prior to publication of district Tier 1 Maximum Compressed Rates.

Deleted Riders

Recommendations would consolidate the following into the new **Funding for Students with Disabilities** rider: 10, 13, 15, 16, 17, 19, 28, 30, 31, 32, 61, 66, and 86.

38. **Permanent School Fund Distribution Rate.** Recommendations would move rider to Texas Permanent School Fund Corporation bill pattern.
45. **Teach for America.** Recommendations would delete the rider.
67. **Foundation School Program Transfer Authority for Individuals with Disabilities Education Act State Maintenance of Financial Support.** Rider no longer needed, as state has met its previous obligations.
71. **Salary Increase Maintenance for District Employees.** Rider no longer needed.
72. **Cross-Agency Coordination on Available Out of School Time Funding.** Rider is no longer needed, as the Council has completed its work.
81. **Texas 1836 Pamphlet.** Recommendations would consolidate this rider with Rider 65.
89. **College, Career, and Military Readiness Indicator Study.** Rider no longer needed, as the evaluation has been completed.
94. **Contingency for Public Education Funding.** Contingency rider no longer needed.
95. **Contingency for House Bill 1225.** Recommendations would consolidate this rider with Rider 11.

The following riders include recommendations to remove obsolete language, and make conforming changes such as updating fiscal years and amounts to reflect funding recommendations:

4. Foundation School Program Set-Asides;
12. Summer School for Children with Limited English Proficiency;
14. Estimated Appropriation for Incentive Aid for Voluntary District Consolidation;
15. MATHCOUNTS and Academic Competitions;
16. Communities In Schools;
18. Appropriation Limited Revenue Collections;
24. Funding for Regional Education Service Centers;
25. Receipt and Use of Grants, Federal Funds, and Royalties;
27. JJAEP Accountability;
29. Educator Quality and Leadership;
30. Early Childhood School Readiness Program;
31. Student Success Initiative/Community Partnerships;
32. School Improvement and Governance Support;
33. Virtual School Network;

- 34. Texas Advanced Placement Initiative;
- 36. Amachi Texas;
- 37. Texas Academic Innovation and Mentoring;
- 38. Perkins Reserve Fund Distribution;
- 39. Texas Gateway and Online Resources;
- 43. Reporting on Year-Round Schools;
- 44. Mathematics Achievement Academies;
- 45. Literacy Achievement Academies;
- 46. Disposition of Property and Use of Funds from Closed Charter Schools;
- 47. FitnessGram Program;
- 49. Public Education State Funding Transparency;
- 50. Report on Effectiveness of Certain TEA Programs;
- 51. Interstate Education Compacts;
- 52. Funding for Customized School Safety Programming;
- 53. Grants for Pre-K Services at Intergenerational Facilities;
- 56. Local Designation Systems and Teacher Incentives;
- 59. Grants For Advanced Placement Computer Science Principles Courses;
- 60. Fatherhood and Parental Involvement in Literacy Campaign;
- 61. Strong Foundations Grant Program;
- 62. Intensive Educational Supports;
- 67. Grant Program for Adaptive Equipment and Services;
- 69. Fentanyl Contamination Training;
- 71. Mental Health Services in Out of School Time;
- 72. Interactive Online Learning Grant Program;
- 73. Food Security, School Readiness, and Recovery Grant Program;

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

	2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	Complaints & Misconduct Investigations: The agency is requesting \$17.7 million from the General Revenue Fund to replace declining certification revenue that provided resources for district level staff and educator investigations, to provide new investigative activities regarding general complaints about compliance with other education laws, and to fund a new automated case management system for investigations.	\$17,680,335	\$17,680,335	28.0	Yes	Yes	\$16,469,698
2)	Strong Foundations: TEA anticipates the need for additional funding to increase grant funding to districts to support high-quality instructional materials adoption and implementation; to acquire publishing equipment, warehouse and distribution facilities to supply printed instructional materials for Bluebonnet Learning products; to offset the increase in freight and materials costs for the new materials; and to allow the agency to hire 6 additional FTEs to support program monitoring.	\$2	\$2	6.0	Yes	Yes	\$2
3)	Special Education: The agency anticipates the need for funding to support state financial commitment recommendations of the Texas Commission on Special Education Funding. The specifics of the request will be finalized during the fall and winter and will be presented to the legislature for consideration during the regular session.	\$2	\$2	0.0	No	No	\$2
4)	Educator Preparation: The agency anticipates the need to support structural changes and funding for the high-quality teacher preparation pathways and mentoring recommendations of the Teacher Vacancy Task Force. The specifics of the request will be finalized during the fall and winter and will be presented to the legislature for consideration during the regular session.	\$2	\$2	0.0	No	No	\$2

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

		2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
		GR & GR-D	All Funds	FTEs			
5)	Strategic Educator Compensation: TEA anticipates the need to support increases in the overall and strategic compensation practices for educators as recommended by the Teacher Vacancy Task Force. The specifics of the request will be finalized during the fall and winter and will be presented to the legislature for consideration during the regular session.	\$2	\$2	0.0	No	No	\$2

Agency Rider Requests not Included

6)	Amend multiple riders to grant Agency UB authority between biennia.	\$0	\$0	0.0	No	No	\$0
7)	Amend Rider 2, Capital Budget. Request to add clarifying language to item d. Centralized Accounting and Payroll/Personnel System (CAPPS).	\$0	\$0	0.0	No	No	\$0
8)	Amend Rider 11, Student Testing Program. Request UB authority between biennia.	\$0	\$0	0.0	No	No	\$0
9)	Amend Rider 12, Summer School for Children with Limited English Proficiency. Request to update language to meet current terminology.	\$0	\$0	0.0	No	No	\$0
10)	Amend Rider 16, Communities In Schools. Request to increase agency administrative transfer from \$100,000 to \$150,000.	\$0	\$0	0.0	No	No	\$0
11)	Amend Rider 19, Limitation on the Transfer and Use of Funds. Request to increase transfer authority from \$8.0 million to \$10.0 million.	\$0	\$0	0.0	No	No	\$0

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

		2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
		GR & GR-D	All Funds	FTEs			
12)	Amend Rider 28, Capital Budget Expenditures from Federal and Other Funding Sources. Request to grant agency additional flexibility and allow for a broader range of unanticipated capital expenditures related to new federal programs.	\$0	\$0	0.0	No	No	\$0
13)	Amend Rider 29, Educator Quality and Leadership. Request to increase set aside funds for certain programs and specify uses to account for all funds.	\$0	\$0	0.0	No	No	\$0
14)	Amend Rider 35, Financial Aid for Swift Transfer. Request to amend due date of report based on timing of data availability.	\$0	\$0	0.0	No	No	\$0
15)	Amend Rider 41, Open Education Resource Instructional Materials and High-Quality Instructional Materials Supports. Request allocation adjustment for review and development of materials.	\$0	\$0	0.0	No	No	\$0
16)	Amend Rider 51, Interstate Education Compacts. Request an increase in Fiscal Year 2027 by \$60,000.	\$60,000	\$60,000	0.0	No	No	\$60,000
17)	Amend Rider 54, Mobile STEM Laboratory Grant Program. Request clarifying language on reporting requirement.	\$0	\$0	0.0	No	No	\$0
18)	Amend Rider 56, Local Designation Systems and Teacher Incentives. Request to revise how TEA may transfer fee revenue to administrative strategies to administer the program.	\$0	\$0	0.0	No	No	\$0
19)	Amend Rider 61, Strong Foundation Grant Program. Request authority to collect and analyze program data from funds allocated to the rider.	\$0	\$0	0.0	No	No	\$0
20)	Amend Rider 63, Interagency Cybersecurity Initiative for Public Schools. Request to amend rider to grant Agency UB authority between biennia.	\$0	\$0	0.0	No	No	\$0

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

		2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
		GR & GR-D	All Funds	FTEs			
21)	Amend Rider 72, Interactive Online Learning Grant Program. Request to increase agency administrative transfer by \$300,000.	\$0	\$0	0.0	No	No	\$0
22)	New Rider. Unexpended Balances of Earned Federal Funds. Request to provide unexpended balance authority from Fiscal Year 2025 to Fiscal Year 2026.	\$0	\$0	0.0	No	No	\$0
23)	New Rider. Unexpended Balances Appropriation: Acquisition of Information Resource Technology. Request to provide unexpended balance authority from Fiscal Year 2025 to Fiscal Year 2026 for certain capital projects.	\$0	\$0	0.0	Yes	No	\$0
TOTAL Items Not Included in Recommendations		\$17,740,343	\$17,740,343	34.0			\$16,529,706

**Texas Education Agency - House
Appendices**

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

Strategy/Fund Type/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
FSP - EQUALIZED OPERATIONS A.1.1	\$57,307,549,613	\$69,308,190,332	\$12,000,640,719	20.9%	<p>Increase in GR for FSP primarily due to \$8.75 billion in contingency funding provided for FSP and recommended changes to Foundation School Program (FSP) strategies related to changes in student populations, district property values, tax rate compression, the golden penny yield, and other cost drivers.</p> <p>Increase in Other Funds primarily due to \$3.5 billion increase in GR to PTRF transfer for additional property tax relief.</p>
GENERAL REVENUE FUNDS	\$29,393,522,895	\$37,139,926,042	\$7,746,403,147	26.4%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$27,914,026,718	\$32,168,264,290	\$4,254,237,572	15.2%	
FSP - EQUALIZED FACILITIES A.1.2	\$2,303,622,946	\$2,485,907,971	\$182,285,025	7.9%	
GENERAL REVENUE FUNDS	\$2,303,622,946	\$2,485,907,971	\$182,285,025	7.9%	
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	\$804,704,432	\$1,861,298,191	\$1,056,593,759	131.3%	<p>Increase primarily due to \$1.0 billion for an Education Savings Account Program, a \$14.6 million biennialization of the Civics Education Program, and net increase of \$42.2 million for HB 1605 implementation.</p> <p>Increase primarily due to a \$11.7 million increase to the Early Childhood Readiness program.</p> <p>Reduction related to ending of interagency contracts with Texas Workforce Commission.</p>
GENERAL REVENUE FUNDS	\$602,024,650	\$1,660,546,449	\$1,058,521,799	175.8%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$188,921,698	\$200,393,658	\$11,471,960	6.1%	
OTHER FUNDS	\$13,758,084	\$358,084	(\$13,400,000)	-97.4%	
ACHIEVEMENT OF STUDENTS AT RISK A.2.2	\$3,940,141,475	\$4,021,066,960	\$80,925,485	2.1%	<p>Increase primarily related to updated federal funds estimates for Title I program.</p>
GENERAL REVENUE FUNDS	\$10,000,000	\$10,000,000	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$3,930,141,475	\$4,011,066,960	\$80,925,485	2.1%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

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

Strategy/Fund Type/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
STUDENTS WITH DISABILITIES A.2.3	\$2,652,899,587	\$2,567,220,492	(\$85,679,095)	-3.2%	
GENERAL REVENUE FUNDS	\$311,726,719	\$203,797,740	(\$107,928,979)	-34.6%	Decrease related to onetime expenses related to Maintenance of Financial Support compliance obligations (\$74.6 million) and Parent-Directed Special Education Services (\$33.3 million).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$2,341,111,384	\$2,363,422,752	\$22,311,368	1.0%	Increase primarily related to updated federal funds estimate for IDEA Part B formula grant.
OTHER FUNDS	\$61,484	\$0	(\$61,484)	-100.0%	
SCHOOL IMPROVEMENT & SUPPORT PGMS A.2.4	\$660,314,176	\$676,446,494	\$16,132,318	2.4%	
GENERAL REVENUE FUNDS	\$96,274,169	\$117,853,732	\$21,579,563	22.4%	Increase primarily due to \$23.0 million for a new Texas Strategic Leadership Support program.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$562,780,643	\$558,592,762	(\$4,187,881)	-0.7%	Net decrease related to revised federal funds estimates for Student Support and Academic Enrichment, After School Learning, and Texas GEAR UP State Grant.
OTHER FUNDS	\$1,259,364	\$0	(\$1,259,364)	-100.0%	
Total, Goal A, PROVIDE ED SYS LDRSP GUID'CE RES'S	\$67,669,232,229	\$80,920,130,440	\$13,250,898,211	19.6%	
GENERAL REVENUE FUNDS	\$32,717,171,379	\$41,618,031,934	\$8,900,860,555	27.2%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$7,022,955,200	\$7,133,476,132	\$110,520,932	1.6%	
OTHER FUNDS	\$27,929,105,650	\$32,168,622,374	\$4,239,516,724	15.2%	
ASSESSMENT & ACCOUNTABILITY SYSTEM B.1.1	\$233,484,306	\$247,659,694	\$14,175,388	6.1%	
GENERAL REVENUE FUNDS	\$178,464,624	\$178,214,624	(\$250,000)	-0.1%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$55,019,682	\$69,445,070	\$14,425,388	26.2%	Net increase related to revised federal funds estimates for IDEA-B Discretionary and Grants for Student Assessments.
OTHER FUNDS	\$0	\$0	\$0	0.0%	
TECHNOLOGY/INSTRUCTIONAL MATERIALS B.2.1	\$1,274,744,452	\$1,042,679,721	(\$232,064,731)	-18.2%	

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

Strategy/Fund Type/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
GENERAL REVENUE FUNDS	\$1,274,744,452	\$1,042,679,721	(\$232,064,731)	-18.2%	
					Decrease due to the removal of \$2.7 million in onetime administrative funding and \$233.1 million unexpended balance from the 2024-25 biennium.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY B.2.2	\$1,120,926,409	\$47,270,618	(\$1,073,655,791)	-95.8%	
GENERAL REVENUE FUNDS	\$1,114,193,377	\$41,706,158	(\$1,072,487,219)	-96.3%	
					Reduction due to removal of onetime \$1.1 billion school safety grant program.
GR DEDICATED	\$2,611,722	\$2,611,722	\$0	0.0%	
FEDERAL FUNDS	\$4,121,310	\$2,952,738	(\$1,168,572)	-28.4%	
					Reduction primarily due to federal funds reduction for AWARE Texas grant.
OTHER FUNDS	\$0	\$0	\$0	0.0%	
CHILD NUTRITION PROGRAMS B.2.3	\$5,053,470,545	\$5,890,294,508	\$836,823,963	16.6%	
GENERAL REVENUE FUNDS	\$28,478,464	\$28,486,002	\$7,538	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$5,024,992,081	\$5,861,808,506	\$836,816,425	16.7%	
					Increase related to updated federal funds estimate for Child Nutrition Programs.
OTHER FUNDS	\$0	\$0	\$0	0.0%	
WINDHAM SCHOOL DISTRICT B.2.4	\$133,314,005	\$148,067,928	\$14,753,923	11.1%	
GENERAL REVENUE FUNDS	\$133,314,005	\$148,067,928	\$14,753,923	11.1%	
					Increase related to biennilaization of salary increase (\$3.1 million) and serving 11 new facilities (\$11.6 million).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
IMPROVING EDUCATOR QUALITY/LDRSP B.3.1	\$525,304,774	\$545,072,228	\$19,767,454	3.8%	
GENERAL REVENUE FUNDS	\$67,637,727	\$67,750,000	\$112,273	0.2%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$457,667,047	\$477,322,228	\$19,655,181	4.3%	
					Increase related to updated federal funds estimate for Teacher and Principal Training programs.

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

Strategy/Fund Type/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
OTHER FUNDS	\$0	\$0	\$0	0.0%	
AGENCY OPERATIONS B.3.2	\$168,136,071	\$172,276,187	\$4,140,116	2.5%	
GENERAL REVENUE FUNDS	\$90,525,191	\$93,552,716	\$3,027,525	3.3%	Net increase due to \$7.0 million increase for Strategic Leadership and Educator Support, partially offset by \$4.0 million decrease related to onetime expenditures for the school safety administrative program and a decrease in general operations.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$77,278,030	\$78,723,471	\$1,445,441	1.9%	Increase primarily related to updated federal funds estimate transfer for administration.
OTHER FUNDS	\$332,850	\$0	(\$332,850)	-100.0%	
STATE BOARD FOR EDUCATOR CERT B.3.3	\$14,104,719	\$15,628,369	\$1,523,650	10.8%	
GENERAL REVENUE FUNDS	\$12,802,794	\$15,008,174	\$2,205,380	17.2%	Increase primarily related to increase in Certification and Assessment fees collected.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,301,925	\$620,195	(\$681,730)	-52.4%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION B.3.4	\$53,462,101	\$45,072,517	(\$8,389,584)	-15.7%	
GENERAL REVENUE FUNDS	\$38,533,990	\$30,848,506	(\$7,685,484)	-19.9%	Reduction primarily related to decrease in general agency operational support.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$14,738,087	\$14,016,841	(\$721,246)	-4.9%	
OTHER FUNDS	\$190,024	\$207,170	\$17,146	9.0%	
INFORMATION SYSTEMS - TECHNOLOGY B.3.5	\$184,601,187	\$164,023,289	(\$20,577,898)	-11.1%	
GENERAL REVENUE FUNDS	\$143,614,781	\$132,071,129	(\$11,543,652)	-8.0%	Reduction related to removal of onetime costs for K-12 Data Privacy Initiative.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$40,856,544	\$31,781,086	(\$9,075,458)	-22.2%	Decrease primarily related to transfers related to support for programs funded with ESSER grants.
OTHER FUNDS	\$129,862	\$171,074	\$41,212	31.7%	

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

Strategy/Fund Type/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
CERTIFICATION EXAM ADMINISTRATION B.3.6	\$28,459,404	\$28,459,404	\$0	0.0%	
GENERAL REVENUE FUNDS	\$28,459,404	\$28,459,404	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal B, PROVIDE SYSTEM OVERSIGHT & SUPPORT	\$8,790,007,973	\$8,346,504,463	(\$443,503,510)	-5.0%	
GENERAL REVENUE FUNDS	\$3,110,768,809	\$1,806,844,362	(\$1,303,924,447)	-41.9%	
GR DEDICATED	\$2,611,722	\$2,611,722	\$0	0.0%	
FEDERAL FUNDS	\$5,675,974,706	\$6,536,670,135	\$860,695,429	15.2%	
OTHER FUNDS	\$652,736	\$378,244	(\$274,492)	-42.1%	
Grand Total, All Agency	\$76,459,240,202	\$89,266,634,903	\$12,807,394,701	16.8%	
GENERAL REVENUE FUNDS	\$35,827,940,188	\$43,424,876,296	\$7,596,936,108	21.2%	
GR DEDICATED	\$2,611,722	\$2,611,722	\$0	0.0%	
FEDERAL FUNDS	\$12,698,929,906	\$13,670,146,267	\$971,216,361	7.6%	
OTHER FUNDS	\$27,929,758,386	\$32,169,000,618	\$4,239,242,232	15.2%	

**Texas Education Agency
Summary of Federal Funds - House
(Dollar amounts in Millions)**

Program	Est 2024	Bud 2025	Rec 2026	Rec 2027	2024-25 Base	2026-27 Rec	2026-27 Rec % Total	Recommended Over/(Under) Base	% Change from Base
National School Lunch Program	\$1,900.1	\$1,858.0	\$2,198.2	\$2,198.2	\$3,758.1	\$4,396.4	32.2%	\$638.2	17.0%
Title I Grants to Local Educational Agencies	\$1,809.5	\$1,779.4	\$1,835.5	\$1,835.5	\$3,588.9	\$3,671.0	26.9%	\$82.1	2.3%
Special Education Grants to States	\$1,202.9	\$1,141.5	\$1,187.0	\$1,187.0	\$2,344.4	\$2,374.0	17.4%	\$29.7	1.3%
School Breakfast Program	\$647.6	\$619.3	\$732.7	\$732.7	\$1,266.9	\$1,465.5	10.7%	\$198.6	15.7%
Improving Teacher Quality State Grants	\$235.3	\$225.1	\$239.8	\$239.8	\$460.4	\$479.6	3.5%	\$19.2	4.2%
English Language Acquisition Grant Programs	\$139.1	\$127.3	\$136.4	\$136.4	\$266.4	\$272.9	2.0%	\$6.5	2.4%
Student Support and Academic Enrichment Program	\$138.2	\$119.3	\$130.1	\$130.1	\$257.5	\$260.2	1.9%	\$2.7	1.0%
21st Century Community Learning Centers	\$131.1	\$120.6	\$123.9	\$123.9	\$251.7	\$247.7	1.8%	(\$3.9)	(1.6%)
Vocational Education Basic Grants to States	\$86.7	\$83.3	\$86.0	\$86.0	\$170.0	\$172.1	1.3%	\$2.1	1.2%
Special Education-Preschool Grants	\$25.5	\$24.7	\$25.4	\$25.4	\$50.2	\$50.9	0.4%	\$0.7	1.4%
State Assessments and Enhanced Assessment Instruments	\$24.4	\$24.2	\$24.5	\$24.5	\$48.6	\$49.0	0.4%	\$0.4	0.9%
COVID19 Education Stabilization Fund	\$22.4	\$20.3	\$42.8	\$0.0	\$42.7	\$42.8	0.3%	\$0.1	0.1%
Migrant Education Basic State Grant Program	\$22.8	\$23.9	\$20.4	\$20.4	\$46.7	\$40.9	0.3%	(\$5.8)	(12.4%)
Public Charter Schools	\$20.1	\$20.0	\$20.0	\$20.0	\$40.0	\$39.9	0.3%	(\$0.1)	(0.2%)
Education for Homeless Children and Youth	\$12.5	\$10.8	\$12.9	\$12.9	\$23.4	\$25.7	0.2%	\$2.4	10.1%
Child Care Mandatory & Matching Funds of the CC & Development	\$11.7	\$0.0	\$11.7	\$11.7	\$11.7	\$23.4	0.2%	\$11.7	100.0%
Rural and Low Income Schools Program	\$11.5	\$9.7	\$10.7	\$10.7	\$21.2	\$21.5	0.2%	\$0.3	1.2%
Temporary Assistance for Needy Families	\$4.7	\$4.8	\$4.9	\$4.9	\$9.6	\$9.8	0.1%	\$0.2	2.3%
Developmental Disabilities Basic Support & Advocacy Grants	\$6.2	\$3.8	\$4.9	\$4.9	\$10.0	\$9.7	0.1%	(\$0.2)	(2.3%)
Striving Readers Comprehensive Literacy State Formula Grant (B)	\$4.2	\$3.1	\$3.6	\$3.6	\$7.4	\$7.1	0.1%	(\$0.2)	(2.9%)
Title I Program for Neglected & Delinquent Children	\$2.6	\$2.5	\$2.8	\$2.8	\$5.1	\$5.6	0.0%	\$0.5	10.3%
Project AWARE	\$0.0	\$4.1	\$1.5	\$1.5	\$4.1	\$3.0	0.0%	(\$1.2)	(28.8%)
Child Care and Development Block Grant	\$0.5	\$0.0	\$0.5	\$0.5	\$0.5	\$1.0	0.0%	\$0.5	100.0%
VOCATIONAL EDUCATION - BASIC GRANTS	\$0.1	\$0.1	\$0.1	\$0.1	\$0.2	\$0.2	0.0%	\$0.0	5.9%

**Texas Education Agency
Summary of Federal Funds - House
(Dollar amounts in Millions)**

Program	Est 2024	Bud 2025	Rec 2026	Rec 2027	2024-25 Base	2026-27 Rec	2026-27 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Special Education Grants for Infants & Families w/Disabilities	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	0.0%	\$0.1	73.2%
Migrant Education_Coordination Program	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	0.0%	\$0.1	95.5%
STOP School Violence	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	(\$0.0)	(100.0%)
WIA Dislocated Worker Formula Grants	\$3.0	\$0.0	\$0.0	\$0.0	\$3.0	\$0.0	0.0%	(\$3.0)	(100.0%)
RAND- US Department of Education	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0.0%
Gaining Early Awareness & Readiness for Undergraduate Programs	\$3.5	\$3.4	\$0.0	\$0.0	\$6.9	\$0.0	0.0%	(\$6.9)	(100.0%)
Statewide Data Systems	\$0.9	\$1.9	\$0.0	\$0.0	\$2.8	\$0.0	0.0%	(\$2.8)	(100.0%)
Hurricane Education Recovery	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0.0%
Projects of Regional and National Significance	\$0.2	\$0.2	\$0.0	\$0.0	\$0.4	\$0.0	0.0%	(\$0.4)	(100.0%)
Epidemiology & Lab Capacity for Infectious Diseases (ELC)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0.0%
Public Health Crisis Response	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0.0%
COVID19 Expanding Disabilities Network (Access to COVID 19 Vac	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	0.0%	(\$0.1)	(100.0%)
TOTAL:	\$6,467.4	\$6,231.6	\$6,856.5	\$6,813.7	\$12,698.9	\$13,670.1	100.0%	\$971.2	7.6%

**Texas Education Agency
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2023	Estimated 2024	Budgeted 2025	Recommended 2026	Recommended 2027
Cap	1,165.5	1,270.0	1,270.0	1,298.0	1,298.0
Actual/Budgeted	1,126.9	1,219.6	1,270.0	NA	NA

Schedule of Exempt Positions (Cap)					
Commissioner of Education, Group 9	\$248,094	\$325,000	\$325,000	\$325,000	\$325,000

Note:

The State Auditor's Office Report, Executive Compensation at State Agencies (Report No. 25-702, October 2024) indicates the market average for the Commissioner of Education position was \$279,038. The commissioner's reported salary as of June 30, 2024 was \$220,375.