The Texas Education Agency (TEA) proposes an amendment to §61.1010, concerning additional state aid for school districts that contract to partner to operate a district campus. The proposed amendment would update the list of exclusions to align the rule with statute and changes made by House Bill (HB) 2, 89th Texas Legislature, Regular Session, 2025, and reorder the list for clarity.

BACKGROUND INFORMATION AND JUSTIFICATION: Section 61.1010 provides an entitlement through the Foundation School Program for school districts that enter contracts to partner to operate a district campus under Texas Education Code (TEC), §11.174 and §11.174(b).

The proposed amendment would add the sparsity adjustment under TEC, §48.052, to the list of exclusions under subsection (e) because HB 2593, 84th Texas Legislature, Regular Session, 2015, stated that the adjustment only applies to school districts with very small student populations.

HB 2, 89th Texas Legislature, Regular Session, 2025, removed the New Tech Network from TEC, §48.106. The proposed amendment to §61.1010(e)(1) would remove the reference to the New Tech Network to align with the bill.

HB 2, 89th Texas Legislature, Regular Session, 2025, recodified and transferred the School Safety Allotment from TEC, §48.115 (Subchapter C), to TEC, §48.160 (Subchapter D). The proposed amendment would remove the School Safety Allotment from §61.1010(e)(5) because §61.1010(c)(1)(B) does not include TEC, §48.160, allotments.

HB 2, 89th Texas Legislature, Regular Session, 2025, repealed TEC, §48.114, which includes the Mentor Safety Allotment, effective September 1, 2026. The proposed amendment would remove the Mentor Safety Allotment from §61.1010(e)(4) to align the rule with the bill.

The proposed amendment would also reorder the list to match the numerical order of the authority that supports each exclusion.

FISCAL IMPACT: Amy Copeland, associate commissioner for school finance and chief school finance officer, has determined that for the first five-year period the proposal is in effect, there are no additional costs to state or local government, including school districts and open-enrollment charter schools, required to comply with the proposal.

LOCAL EMPLOYMENT IMPACT: The proposal has no effect on local economy; therefore, no local employment impact statement is required under Texas Government Code, §2001.022.

SMALL BUSINESS, MICROBUSINESS, AND RURAL COMMUNITY IMPACT: The proposal has no direct adverse economic impact for small businesses, microbusinesses, or rural communities; therefore, no regulatory flexibility analysis, specified in Texas Government Code, §2006.002, is required.

COST INCREASE TO REGULATED PERSONS: The proposal does not impose a cost on regulated persons, another state agency, a special district, or a local government and, therefore, is not subject to Texas Government Code, §2001.0045.

TAKINGS IMPACT ASSESSMENT: The proposal does not impose a burden on private real property and, therefore, does not constitute a taking under Texas Government Code, §2007.043.

GOVERNMENT GROWTH IMPACT: TEA staff prepared a Government Growth Impact Statement assessment for this proposed rulemaking. During the first five years the proposed rulemaking would be in effect, it would limit an existing regulation by removing references related to sources of funding.

It would not create or eliminate a government program; would not require the creation of new employee positions or elimination of existing employee positions; would not require an increase or decrease in future legislative appropriations to the agency; would not require an increase or decrease in fees paid to the agency; would not create a new regulation; would not expand or repeal an existing regulation; would not increase or decrease the number of individuals subject to its applicability; and would not positively or adversely affect the state's economy.

PUBLIC BENEFIT AND COST TO PERSONS: Ms. Copeland has determined that for each year of the first five years the proposal is in effect, the public benefit anticipated as a result of enforcing the proposal would be ensuring the rule aligns with statute. There is no anticipated economic cost to persons who are required to comply with the proposal.

DATA AND REPORTING IMPACT: The proposal would have no data and reporting impact.

PRINCIPAL AND CLASSROOM TEACHER PAPERWORK REQUIREMENTS: TEA has determined that the proposal would not require a written report or other paperwork to be completed by a principal or classroom teacher.

PUBLIC COMMENTS: TEA requests public comments on the proposal, including, per Texas Government Code, §2001.024(a)(8), information related to the cost, benefit, or effect of the proposed rule and any applicable data, research, or analysis, from any person required to comply with the proposed rule or any other interested person. The public comment period on the proposal begins August 21, 2026, and ends September 21, 2026. A request for a public hearing on the proposal submitted under the Administrative Procedure Act must be received by the commissioner of education not more than 14 calendar days after notice of the proposal has been published in the *Texas Register* on August 21, 2026. A form for submitting public comments is available on the TEA website at https://tea.texas.gov/About_TEA/Laws_and_Rules/Commissioner_Rules_(TAC)/Proposed_Commissioner_of_Education_Rules/.

STATUTORY AUTHORITY. The amendment is proposed under TEC, §29.934, as amended by HB 2, 89th Texas Legislature, Regular Session, 2025, which enables a local education agency to apply for a campus to become designated as a resource campus if the campus has received an overall performance rating of D, F, or an overall performance rating of "Not Rated" for three years over a 10-year period of time; TEC, §48.052, which provides additional funding to school districts with very low student populations; TEC, §48.102, as amended by Senate Bill (SB) 568 and HB 2, 89th Texas Legislature, Regular Session, 2025, which provides school systems with an annual allotment for special education; TEC, §48.106, as amended by HB 2 and HB 120, 89th Texas Legislature, Regular Session, 2025, which provides school systems with an annual allotment for career and technology education; TEC, §48.160, as transferred, redesignated, and amended by HB 2, HB 121, and SB 260, 89th Texas Legislature, Regular Session, 2025, which provides school systems with an annual allotment for school safety purposes; TEC, §48.252, which authorizes the commissioner of education to adopt rules necessary for the implementation of an entitlement for school districts that enter into a contract to operate a district campus under TEC, §11.174 or §11.157(b), or school districts that operate a resource campus under TEC, §29.934; and HB 2, 89th Texas Legislature, Regular Session, 2025, which repeals TEC, §48.114, effective September 1, 2026. TEC, §48.114, provides school systems with an annual allotment for a mentoring program for classroom teachers.

CROSS REFERENCE TO STATUTE. The amendment implements TEC, §29.934, as amended by HB 2, 89th Texas Legislature, Regular Session, 2025; §48.052; §48.102, as amended by SB 568 and HB 2, 89th Texas Legislature, Regular Session, 2025; §48.106, as amended by HB 2 and HB 120, 89th Texas Legislature, Regular Session, 2025; §48.160, as transferred, redesignated, and amended by HB 2, HB 121, and SB 260, 89th Texas Legislature, Regular Session, 2025; and §48.252; and HB 2, 89th Texas Legislature, Regular Session, 2025, which repeals TEC, §48.114, effective September 1, 2026.

<rule>

§61.1010. Additional State Aid for School Districts that Contract to Partner to Operate a District Campus.

(a) General provisions. This section implements Texas Education Code (TEC), §48.252 (School District Entitlement for Certain Students), which provides for additional funding for a school district that has entered into a contract to partner to operate a district campus under TEC, §11.174; a school district that has entered into a contract with a partner to jointly operate a campus or campus program under TEC, §11.157(b); or a school district that operates a resource campus as provided by TEC, §29.934.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings.

(1) Contracted campus--A campus for which the board of trustees of a school district has contracted to partner to operate a campus under TEC, §11.174 or §11.157(b).

(2) Contracted campus program--A program on a campus operated by a charter school under TEC, Chapter 12, Subchapter D, for which the board of trustees of a school district has contracted to jointly operate the program under TEC, §11.157(b).

(3) Resource campus--A campus designated by the commissioner of education to operate as a campus under TEC, §29.934.

(c) Entitlement.

(1) In the fall of each school year, as part of the settle-up process for the preceding school year, the Texas Education Agency (TEA) will use the attendance reported through the Texas Student Data System Public Education Information Management System (TSDS PEIMS) summer data submission, as well as campus-level data regarding the number of students eligible for compensatory education funding under TEC, §48.104, from the TSDS PEIMS fall submission, to calculate the following for a contracted campus, contracted campus program, or resource campus:

(A) the entitlement for each student in average daily attendance at the contracted campus, contracted campus program, or resource campus, as if the campus, contracted campus program, or resource campus were a charter school under TEC, §12.106, using the state average basic allotment as defined under TEC, §12.106(a-1), and state average tax effort for enrichment funding as defined by TEC, §12.106(a-2);

(B) the entitlement for each student in average daily attendance at the contracted campus, contracted campus program, or resource campus under TEC, Chapter 48, Subchapters B, C, and E, as adjusted by subsection (d) of this section, using the district's basic allotment and enrichment tax effort without a local share component for those entitlements; and

(C) any positive difference that results from subtracting the amount calculated under subparagraph (B) of this paragraph from the amount calculated under subparagraph (A) of this paragraph, which shall be added to the district's Foundation School Fund Allotment.

(2) Campus program attendance must be reported on a separate track to receive funding.

(d) Estimates. School districts will be provided with estimated funding during a school year for eligible contracted campuses, contracted campus programs, or resource campuses based on the prior year's attendance data using the same methodology used in subsection (c)(1) of this section to calculate the entitlement. The final entitlement will be based on data from the current school year as provided for in subsection (c)(1) of this section. Any difference from the estimated entitlement will be addressed as part of the Foundation School Program settle-up process according to the provisions of TEC, §48.272.

(e) Exclusions. For purposes of the calculation in subsection (c) of this section, the following allotments shall be excluded from the entitlement:

(1) the Sparsity Adjustment under TEC, §48.052;

(2) [~~(1)~~] the Career and Technology Education Allotment under TEC, §48.106(a-1), for students enrolled in P-TECH [~~or New Tech Network~~] campuses;

(3) [~~(2)~~] the College, Career, or Military Readiness Outcomes Bonus under TEC, §48.110;

[~~(3) the Teacher Incentive Allotment under TEC, §48.112;~~]

[~~(4) the Mentor Program Allotment under TEC, §48.114;~~]

[~~(5) the School Safety Allotment under TEC, §48.115; and~~]

(4) [~~(6)~~] the Fast Growth Allotment under TEC, §48.111 ; and [~~.~~]

(5) the Teacher Incentive Allotment under TEC, §48.112.

(f) Funding for instructional facilities for charter schools. For [~~Effective September 1, 2018, for~~] purposes of the calculation in subsection (c)(1)(A) of this section, any funding to which the contracted campus, contracted campus program, or resource campus would be entitled under TEC, §12.106(d), will be included in the calculation.

(g) Recovery of funds. If a contract is found to be out of compliance with TEC, §11.157 or §11.174, or §97.1075 of this title (relating to Contracting to Partner to Operate a Campus under Texas Education Code, §11.174), TEA will eliminate any funding provided for that campus, contracted campus program, or resource campus under TEC, §48.252, and recover any funds overallocated under the provisions of TEC, §48.272.