The State Board of Education (SBOE) adopts the repeal of §109.25 and amendments to §109.51 and §109.52, concerning budgeting, accounting, and auditing. The repeal and amendments are adopted without changes to the proposed text as published in the February 27, 2026 issue of the *Texas Register* (51 TexReg 1246) and will not be republished. The adopted revisions repeal §109.25, whose statutory authority, Texas Education Code (TEC), §48.104(j-1), (k), (l), (m), (n), and (o), was removed by House Bill (HB) 2, 89th Texas Legislature, Regular Session, 2025. The revisions also align language in Subchapter D with TEC, §45.208, which no longer requires depository contracts to be submitted to the Texas Education Agency (TEA).

REASONED JUSTIFICATION: Section 109.25 requires each school district and charter school to report financial information relating to the expenditure of the state compensatory education allotment under the Foundation School Program to TEA. HB 2, 89th Texas Legislature, Regular Session, 2025, repealed the SBOE's authority to direct how the state compensatory education allotment funds are spent and how the funds are reported to TEA. Therefore, the repeal of §109.25 is necessary to implement HB 2.

Section 109.52 establishes the requirement that each school district select at least one bank as a depository and enter into a depository contract with the bank, providing the completed contract to TEA. Section 109.52 also establishes the requirement that a district provide a completed surety bond form to TEA if the depository bank uses a surety bond to secure district deposits. The section includes the depository contract form and surety bond form with the content prescribed by the SBOE. Senate Bill 1376, 86th Texas Legislature, 2019, repealed the requirement for districts to submit certain depository information to TEA. Therefore, §109.52 has been amended to remove filing requirements.

Section 109.51 has been amended to make non-substantive changes to align with language in §109.52.

The SBOE approved the revisions for first reading and filing authorization at its January 30, 2026 meeting and for second reading and final adoption at its April 10, 2026 meeting.

In accordance with TEC, §7.102(f), the SBOE approved the revisions for adoption by a vote of two-thirds of its members to specify an effective date earlier than the beginning of the 2026-2027 school year. The earlier effective date will ensure that school districts and charter schools can adopt the revisions as soon as possible. The effective date is 20 days after filing as adopted with the *Texas Register*.

SUMMARY OF COMMENTS AND RESPONSES: The public comment period on the proposal began February 27, 2026, and ended at 5:00 p.m. on March 30, 2026. The SBOE also provided an opportunity for registered oral and written comments at its April 2026 meeting in accordance with the SBOE board operating policies and procedures. No public comments were received.

STATUTORY AUTHORITY. The repeal is adopted under House Bill 2, Section 7.24, 89th Texas Legislature, Regular Session, 2025, which amended Texas Education Code, §48.104, to repeal the authority of the State Board of Education to direct how the state compensatory education allotments funds are spent and how the expenditures are reported to the Texas Education Agency.

CROSS REFERENCE TO STATUTE. The repeal implements House Bill 2, Section 7.24, 89th Texas Legislature, Regular Session, 2025.

<rule>

§109.25. State Compensatory Education Program Reporting and Auditing System.

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STATUTORY AUTHORITY. The amendments are adopted under Texas Education Code, §45.208, which requires that a school district use the depository contract prescribed by the State Board of Education and that the depository bank secure the highest daily amount of cash in the bank using a bond or other surety agreements.

CROSS REFERENCE TO STATUTE. The amendments implement Texas Education Code, §45.208.

<rule>

§109.51. Uniform Depository Bank Bid or Proposal Form.

(a) At least 60 days before the end of the current depository contract, each school district must decide to use either competitive bidding or a request for proposals to choose a new depository.

(b) At least 30 days before the end of the current depository contract, the district must mail the uniform blank form for the selected process to each bank located in the district. The district must use either the uniform bid form specified in subsection (c) of this section or the uniform proposal form specified in subsection (d) of this section. The district may add other terms to the uniform bid or proposal form if the added terms do not unfairly restrict competition between banks as stated in Texas Education Code, §45.206(b). The district must maintain the selected bid or proposal form and make it available to the Texas Education Agency upon request.

(c) This subsection provides the uniform bid blank form, entitled "Bid Form for Depository Services."

Figure: 19 TAC §109.51(c) (No change.)

(d) This subsection provides the uniform proposal blank form, entitled "Proposal Form for Depository Services."

Figure: 19 TAC §109.51(d) (No change.)

§109.52. Uniform Depository Bank Contract and Surety Bond Forms.

(a) Each school district must use the uniform depository contract form as provided in subsection (b) of this section. The district must complete the form as specified in Texas Education Code (TEC), §45.208, and in accordance with filing instructions provided on the Texas Education Agency (TEA) website. The district must maintain the selected bid or proposal form and make it available to TEA upon request.

(b) This subsection provides the uniform depository contract form, entitled "Depository Contract for Funds of Independent School Districts under the Texas Education Code, Chapter 45, Subchapter G, School District Depositories."

Figure: 19 TAC §109.52(b) (No change.)

(c) If a district's depository elects a surety bond to secure the district's deposit amounts less any applicable Federal Deposit Insurance Corporation insurance, the depository must complete the surety bond form provided in subsection (d) of this section, attach it to the contract, and file it with the district. The district must maintain a copy of the contract and the surety bond form as specified in TEC, §45.208, and in accordance with filing instructions provided on the TEA website. The district must maintain a copy of the contract and the surety bond form and make it available to TEA upon request.

(d) This subsection provides the uniform surety bond form, entitled "Texas School Depository Surety Bond Form."

Figure: 19 TAC §109.52(d) (No change.)

(e) If TEA receives a contract form and determines that it is incomplete, TEA will notify the district.

(f) A district that has no current depository contract in force and filed with TEA will receive its warrants from TEA by US mail.

(g) For depository contract filing requirements for charter schools, refer to §100.1063 of this title (relating to Status and Use of State Funds; Depository Contract).