



To the Administrator Addressed

Commissioner Mike Morath

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DATE:	July 22, 2021
SUBJECT:	House Bill 2 Implementation: Individuals with Disabilities Education Act (IDEA) State Maintenance of Financial Support (MFS)
CATEGORY:	Funding Implications, Reporting Requirements
NEXT STEPS:	Share with business, finance, and special education staff

House Bill (HB) 2, passed by the 87th Texas Legislature and signed into law by Governor Abbott on June 18, 2021, provides additional special education funding to local education agencies (LEAs).

Background

HB 2, Section 13(a)(3), provides \$44 million for special education funding under Strategy A.1.1., FSP – Equalized Operations, to be distributed for each full-time equivalent student in average daily attendance in a special education program under Subchapter A, Chapter 29, Education Code, in proportion to the applicable weight for the student under the school finance system. Article III, Rider 75, General Appropriations Act, authorizes the distribution of these funds to ensure the state meets maintenance of state financial support (MFS) for Part B of the Individuals with Disabilities Education Act (IDEA) in the current fiscal year. The purpose of this letter is to inform LEAs about specific allocations, timing of payments, and coding for this additional special education funding provided under HB 2.

Timeline and Reporting

Funding will be made available by August 31, 2021, and will be delivered as a stand-alone payment to all affected LEAs, separate from foundation school fund payments. LEAs should document as follows:

- Record payments in the General Fund, under Object Code 5819, Other Foundation School Program Act Revenues
- Record expenditures of these funds under Program Intent Code (PIC) 23, Services to Students with Disabilities (Special Education)

Specific allocations for all affected LEAs are contained in the attachment named [Special Education Supplemental Payments](#). *At least 55 percent of the funds allocated under this section must be used in the special education program under Subchapter A, Chapter 29, Education Code.*

Questions

If you have questions related to the special education funding provisions in HB 2, please contact the Division of State Funding by phone at (512) 463-9238 or by email at sfinance@tea.texas.gov.

Sincerely,

Amy Copeland
Director of State Funding