

<b>DATE:</b>	<b>September 18, 2025</b>
<b>SUBJECT:</b>	<b>HB 2 Implementation: Special Education Program and Funding Updates</b>
<b>CATEGORY:</b>	<b>Finance and Special Populations</b>
<b>NEXT STEPS:</b>	<b>Share with appropriate staff</b>

This correspondence provides updates on program and funding changes affecting special education and related services as a result of House Bill (HB) 2 (89th Texas Legislature, Regular Session, 2025). A [Frequently Asked Questions \(FAQ\) document](#) on Article 4 of HB 2 has also been developed by the Texas Education Agency (TEA) and will be updated as needed.

### Funding for Initial Special Education Evaluations

HB 2 created Texas Education Code (TEC), §48.159, which provides \$1,000 for each full individual and initial evaluation (FIIE) completed by a school system. The \$1,000 per completed FIIE is generated for both children who are enrolled in public school and children enrolled in private school, including homeschool.

As mentioned in the [July 10, 2025, To the Administrator Addressed \(TAA\) correspondence](#), the SY 2025–26 SOF reports contain estimates based on SY 2024–25 until actual FIIE data for SY 2025–26 is reported to TEA and incorporated in September 2026 as part of the near-final settle up process. Beginning with SY 2025–26, school systems will submit special education data through the Texas Student Data System (TSDS) Special Education Data System (SPEDS) Summer Submission (formerly the TSDS Child Find collection). For more information on the SPEDS Summer Submission, see the [June 26, 2025, TAA correspondence](#).

### Funding for Fiscal Agents of Regional Day School Programs for the Deaf

HB 2 also created TEC §48.315, and repealed TEC §30.087(b), affecting funding for Regional Day School Programs for the Deaf (RDSPDs).

Prior to the repeal of TEC §30.087(b), funding for RDSPD fiscal agents/program administrators was received through a grant via a budget rider in the General Appropriations Act (GAA) based on weighted full-time equivalent (FTE) students receiving RDSPD services from the fiscal agent/program administrator.

The transition from funding based on an appropriation in a budget rider to an entitlement in Chapter 48 of the TEC will result in a more standardized, routine method of funding. Each fiscal agent/program administrator will receive, at minimum, \$6,925 per student served by the RDSPD fiscal agent/program administrator. The total statewide amount must be at least \$35 million, which means a higher per student amount than \$6,925 if the total statewide amount is less than \$35 million, but no less than \$6,925 per student in any year.

TEA will use RDSPD fiscal agent data from LEAOfRDSPDService ([Data Element ID E1527](#)) reported in the Public Education Information Management System (PEIMS) Fall Submission to determine which entity will receive funding. Students will be included if they receive at least 45 minutes per week of RDSPD services and are reported in PEIMS with instructional services from the RDSPD

(RegionalDaySchoolProgramForDeaf, [Data Element ID E0833](#)) code 3 ([Table ID C067](#)) with SPEDProgramSvc ([Data Element ID E3058](#)) code 22 ([Table ID C341](#)). The SY 2025–26 [Summary of Finances \(SOF\)](#) reports will be updated with estimates based on SY 2024–25 until actual RDSPD data for SY 2025–26 is reported to TEA and incorporated into SOF reports in March 2026. This funding is part of Other Programs (line 52), and the specific amount can be found in the corresponding detail report. RDSPD fiscal agents/program administrators will receive estimated funding via the [Foundation School Program \(FSP\) payment schedule](#) except for education service centers (ESCs) that will receive estimated funding in a lump-sum payment at the beginning of the year, subject to the settle up process.

Expenditures must be reported according to the [Financial Accountability Systems Resource Guide \(FASRG\)](#). Each fiscal agent and member of the SSA must reflect their allocation of the expenditures. Charter schools are expected to report their expenditures as well. Module 1 of the FASRG will be updated to reflect this change.

## **Impact of HB 2 on Special Education Language Acquisition (SELA) Data Collection and Reporting**

HB 2 amended TEC, §29.316, which requires data collection and reporting of the language acquisition and literacy development of children eight years and younger who are deaf or hard of hearing (DHH). The requirement to regularly assess the language acquisition of these students remains in the statute, but the tools and assessments to be used, along with the schedule on which to report the assessment data, will now be determined by commissioner rules. To accommodate the timeline for adopting commissioner rules to regulate TEC, §29.316, the SELA data collection in TSDS is suspended for the SY 2025–26. More information will be communicated on the tools and assessments that will be required and the timeline for that collection and reporting as we approach the SY 2026–27.

## **Special Education Transportation**

As communicated in the [July 10, 2025, TAA](#), the Transportation Allotment modified by HB 2 in TEC, §48.151, increases the special transportation rate for eligible students who receive this as a related service from \$1.08 per mile to \$1.13 per mile. This rate was determined using the greater of the rate per mile per regular eligible student of \$1.00 set by the legislature in the GAA, plus \$0.13 or a greater amount by appropriation. The SY 2025–26 Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) columns will be updated with estimates based on estimated SY 2024–25 route miles multiplied by the GAA-established rate of \$1.08 per mile. The DPE column will be updated at near-final settle up in September 2026 based on the increased \$1.13 rate per mile for special education transportation and information submitted by districts and charters through the transportation module in the FSP system accessed through [TEAL](#).

## **College, Career, and Military Readiness (CCMR) Outcomes Bonus**

Also, as communicated in the [July 10, 2025, TAA](#), the College, Career, and Military Readiness (CCMR) Outcomes Bonus amount modified by HB 2 in TEC, §48.110, is increased for annual graduates in special education cohorts from \$2,000 to \$4,000. More information about early counts of the CCMR Outcomes Bonus for 2024 graduates is in the [August 28, 2025, TAA](#).

## **Funding for Day Placement Programs**

Qualifying day placement programs or day placement cooperatives (co-ops) will be eligible for \$250,000 in the first year to establish the program or co-op and up to \$250,000 in each subsequent year of operation. To implement TEC, §48.304 (added by HB 2), the commissioner must adopt rules. To accommodate the rulemaking timeline, these allotments are expected to begin in SY 2026–27. The rules will align with TEC, §29.008 requirements for residential and day placement programs. Over the coming months, TEA will gather stakeholder feedback to inform both rule sets, which will be proposed for public comment and then adopted.

## **Parent-Directed Special Education Services**

HB 2 required the agency to fund accounts for Parent-Directed Special Education Services (PDSES) grants to those applicants who applied and were determined eligible in the SY 2024-25 but whose accounts did not get funded during that year because of a lack of available funding. HB 2 also amended TEC, §29.042, to require that TEA create a waitlist when there are more eligible applicants than available funding. Based on the number of applicants who applied and were eligible in the SY 2024-25 and the funding appropriated for the program in this biennium, the PDSES program will likely operate under an extensive waiting list. You can view more information about the program, along with the next application window, on the [PDSES webpage](#).

## **Additional Special Education Funding Changes**

HB 2 creates a new special education funding framework, beginning with SY 2026–27, which:

- Modifies special education funding to weights to be set by the commissioner using eight tiers of intensity; and
- Directs the commissioner to establish at least 4 service groups.

The commissioner will determine formulas to ensure the estimated statewide amount is approximately \$250 million more under the tiers and service groups than what would have been provided under the former special education system as it existed on September 1, 2025. Moving forward, the commissioner will submit to the Legislative Budget Board (LBB) proposed weights for the tiers and amounts for the service groups (by December 1 of each even-numbered year).

HB 2 also continues provision under TEC, §48.102, of extended school year (ESY) with funding provided at the highest tier of intensity for which the student qualifies and removes current limitations on funding for ESY that restrict amounts to 75 percent of calculated amounts and impose an annual statewide cap of \$10 million.

The agency conducted a funding pilot last year; the observations and data received from that pilot will drive stakeholder engagement efforts this fall. Proposed rules to establish those tiers and service groups will be published in the Texas Register sometime in Spring 2026. More detailed guidance will be provided in future correspondence as it becomes available.

Questions about this correspondence can be submitted to [HB2@tea.texas.gov](mailto:HB2@tea.texas.gov) or [sped@tea.texas.gov](mailto:sped@tea.texas.gov).