Pre-K Partnership Pass-through Funding Requirements Under HB 2

School System Leaders:

This message is for school system leadership, including superintendents and related staff, that have indicated participation in a Pre-Kindergarten partnerships through PEIMS. We want to keep you informed of important updates related to prekindergarten partnerships and to communicate changes ahead of the coming school year.

Pre-K Partnership Pass-Through Funding Requirement Reminder – Texas Education Code (TEC), §29.153(i)

HB 2 requires that a partnership between a school district or charter school and a private prekindergarten provider must provide that at least 85% of funds are passed to the private prekindergarten provider. TEC, §29.153(i) as established in the 89th Legislative Session is included here for reference:

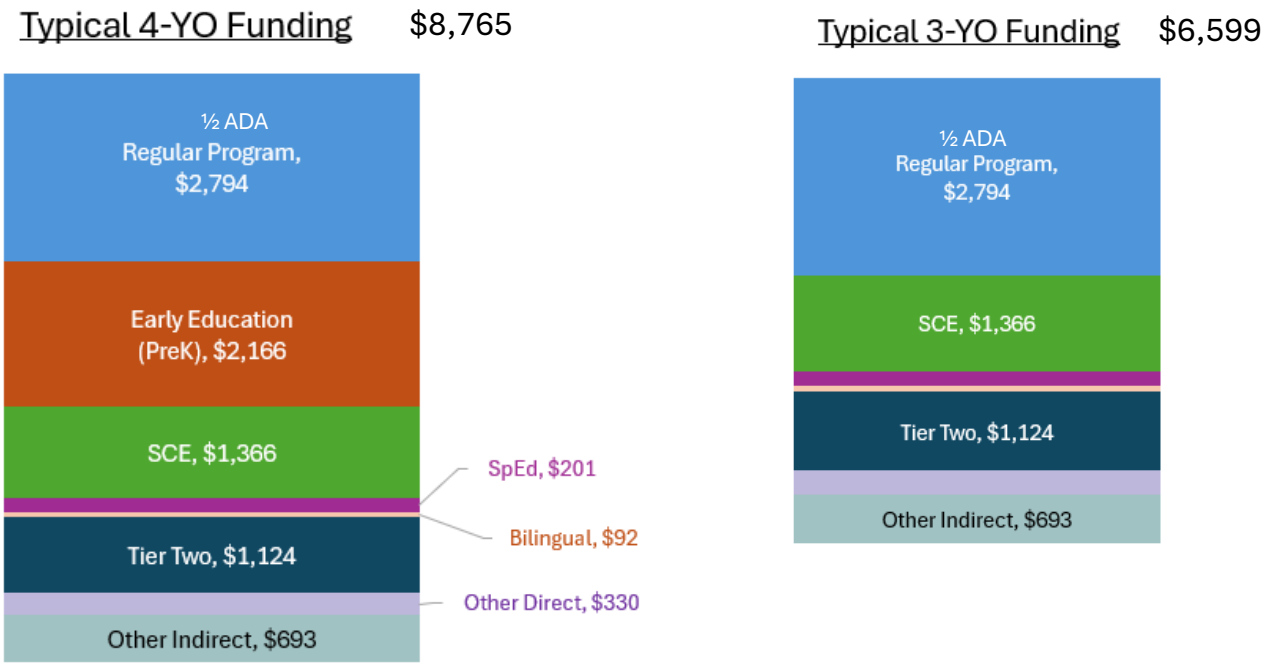
(i) A partnership entered into between a school district or open-enrollment charter school and a private provider for a prekindergarten class under this section must provide for the provider to receive funding for each district or school student enrolled in the class in an amount that is not less than 85 percent of the amount of funding that the district or school receives for the student. Notwithstanding Section 7.056(e)(3)(I), the commissioner may waive the requirement under this subsection on request by a school district or open-enrollment charter school in accordance with Section 7.056.

This provision §29.153(i), as enacted by HB 2, began to apply to school districts with the 2025-26 school year.

What Constitutes 85% of Funding?

TEC, §29.153(i), requires that a provider receive not less than 85% of the funding the district or school receives for the student. The funding a district or school receives for the student should be a good faith estimate of the total amount of funding a district receives for the student. This include funds from regular program funding, the early education allotment, state compensatory education funding, special education funding, bilingual funding, tier two funding, other direct (e.g. small and mid-sized allotment, allotment for basic costs, school safety, etc.), and other indirect (e.g. proportionate share of teacher retention allotment) funding, but does not need to include I&S funding. School systems should use local state aid templates to estimate the total funding per student.

This graphic provides a general approach to how the calculation could result given average data statewide during the 2025-26 SY:



Note: The chart is an example of the funding streams available for a pre-k student. Not all pre-k students will generate all funding streams. Local amounts will vary based on the individual student and the district or charter they attend.

TEA Approach to Supporting and Monitoring this Requirement:

TEA is required to ensure that all Pre-K Partnerships meet legal requirements and pass **85% of all funding** that the school system receives for the student as soon as possible to comply with the law, while accommodating the realities of implementation.

The following is the approach TEA will take to monitor and support the implementation of this requirement:

1. **School Year 2025-2026:** TEA encourages school systems to comply with the 85% pass-through requirement for the current school year. School Systems may apply for a waiver (below) if they are not in compliance, given there may have been inadequate time for negotiation between school systems and their partners to allow for implementation.

2. **School Year 2026-2027:** Waivers will also be available for school systems actively working in good faith with their Pre-K partners to ensure their agreements meet the 85% pass-through rate. Additionally, TEA will provide targeted support to facilitate partnerships through Pre-K Intermediaries established under HB 2. The application process for Pre-K Intermediaries will be conducted in summer 2026 and intermediaries will be named in fall 2026.
3. **School Year 2027-2028 and beyond**: TEA does not currently expect broadly available waivers to be offered.

School systems may apply for a waiver using this link: Pre-K Partnership Pass-Through Waiver . Waiver applications must be submitted by September 30, 2026. Waivers may be approved for School Year 2025-2026, School Year 2026-2027, or both.

TEA will engage in rulemaking to clarify expectations for pass-through rates and Pre-K Partnership agreement expectations. The Agency expects these rules to be in effect in summer 2027.

Additional details on rules, intermediaries, and available supports will be released in a To The Administrator Addressed (TAA) letter in early fall 2026.

Share Your Questions Now

To ensure the future communications are as helpful as possible, we are collecting pass-through funding, partnership, and intermediary questions. Please submit your questions to the Pre-K Partnership Questions & Input Form linked. TEA will update and post to the TEA Pre-K Partnership website an FAQ document later this year. We appreciate your continued partnership and commitment to early childhood education.

Sincerely,

Chris DeWitt
Director, System Support Division
Texas Education Agency