



MOAKCASEY™

PROVEN LEADERS ADVANCING TEXAS SCHOOLS

School Finance & Legislative Update



Prepared for





Bill filing has begun

- More than **3,700 bills/joint resolutions** have been filed since bill filing began on 11/12/24.
- [MoakCasey](#) is tracking more than **830 bills** that impact public education in some way.
- We have heard that Lege Council has 20,000 bills in the pipeline.



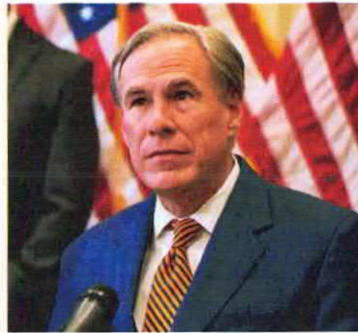
89th Legislature

A look at the big three



Speaker Dustin Borrows

- Burrows is the new Speaker of the House
- Committee Chair shake up
- 35 new House members
- 150 bill numbers reserved for priorities
- House Republicans have set goal of \$20 billion in property tax cuts



Governor Greg Abbott

- Declared School Choice an emergency item
- Authority to call 30-day special sessions on topics of his choosing



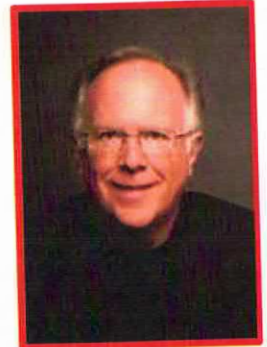
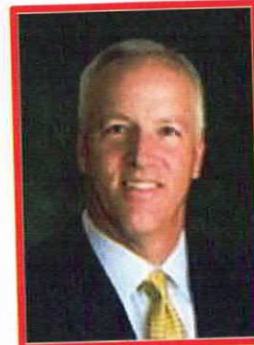
Lt. Governor Dan Patrick

- 40 bill numbers reserved for priorities including:
- School Choice (#2)
- Increasing HSE to \$140K (#4)
- Parental Bill of Rights (#12)

House Committee on Public Education

Brad Buckley (Chair)
Diego Bernal (Vice-Chair)

Alma Allen
Trent Ashby
John Bryant
Charles Cunningham
Harold Dutton
James Frank
Gina Hinojosa
Todd Hunter
Helen Kerwin
Jeff Leach
Terri Leo Wilson
Alan Schoolcraft
James Talarico



NEW Senate Committee on Education K-16

Brandon Creighton (Chair)
Donna Campbell (Vice-Chair)



Paul Bettencourt

Brent Hagenbuch

Adam Hinojosa

Phil King

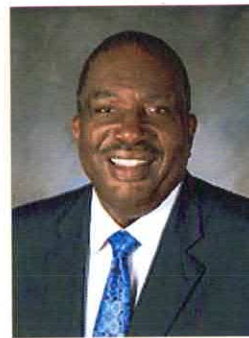
José Menéndez

Mayes Middleton

Tan Parker

Angela Paxton

Royce West





Budget | House V. Senate

- **Spending limits:** Both bills spend slightly more than \$150 billion in general revenue, which comes under the spending caps outlined last week by the Legislative Budget Board (LBB).

According to the LBB, the House has **\$4.8 billion** of remaining appropriations authority under the tax spending limit, while the Senate has **\$6.9 billion** left.



89th Legislature



Budget | House V. Senate

- **Maintain current funding:** Both the House and Senate proposals fully fund current law and includes \$1.7 billion to pay for expected enrollment increases.

Additionally, current law requires that the golden penny yields be increased in line with school district property value growth. Both bills increase the golden penny yield from \$129.52 up to **\$132.40** in fiscal year 2026 and **\$140.02** in fiscal year 2027.





Budget | House V. Senate

- **Possible funding increases:** The House proposal allocates \$2.425 billion in annual increases to public education funding (\$4.85 billion for the biennium). This could come in the form of an increase to the basic allotment or to other allotments.

The Senate proposal does not reference general funding increases. Instead, it allocates \$4.85 billion over the biennium strictly for teacher compensation increases (\$750 million of which would go toward the Teacher Incentive Allotment). Remaining \$4.1 billion would go to per-teacher pay increase of \$4,000. Teachers in rural districts would see an additional increase of \$6,000 (\$10,000 total).





Budget | House V. Senate

- **Property tax relief:** Both bills spend \$51 billion to fully fund existing property tax relief measures put in place by HB 3 (2019) as well as SB 2/HJR2 (88th, 2nd Called Session).

Both proposals reference **\$3.5 billion of additional tax relief that could come during the 89th session.** While the House proposal does not provide specifics, the Senate proposes spending **\$3.0 billion** on an additional \$40,000 increase to the homestead exemption and **\$0.5 billion** of tax relief that would benefit Texas businesses.



89th Legislature



Budget | House V. Senate

- **School Safety:** Both bills reference an additional \$200 million annual increase to the school safety allotment. This would more than double the current allotment, which is around \$180 million.
- **Vouchers:** Both chambers allocate \$1 billion to fund new voucher legislation that would come out of the 89th session. Last session, lawmakers had only allocated \$500 million for the proposed voucher program.



89th Legislature



Senate Bill 2 VOUCHERS

Senate moved quickly to approve Senate Bill 2, which passed 19-12 off the Senate floor along party lines, with Senator Nichols being the only Republican to vote against it.

- Provides \$10,000 for eligible student enrolling in a private school, and students with disabilities would get \$11,500. Homeschool students would receive \$2,000 (+\$500 for homeschool students with disabilities).
- Provides universal access, but has a prioritization mechanism for 80 percent of seats would go to students previously attending public school and are either educationally disadvantaged or have a disability.
- Income eligibility would be 500 percent of the poverty level, or \$160K for a household of four



89th Legislature



Senate Bill 2 (Continued)

- SB 2 does not include a hold harmless mechanism, even though SB 8 (88R) included a provision for districts with fewer than 20,000.
- SB 2 participants would be required to take a norm-referenced assessment (or STAAR) each year, for data collection and reporting purposes.
- The results of these assessments would not impact the eligibility for the voucher.
- LBB fiscal note estimates the cost at \$1 billion in 2026-27, with potential for growing to \$3.8 billion annually in five years.



89th Legislature



SB4 / SJR 2

Property TAX RELIEF

- SJR 2 would propose to update the state constitution to allow for the state homestead exemption to increase from \$100,000 per eligible homestead to \$140,000
- Does include hold harmless to cover eligible debt as of January 1, 2025 (payment made before 9/1/2023).
- **The bill would also reduce I&S state aid if districts collect more taxes than what was required to pay debt service. Amendment did ensure that ISDs would at least get the new \$100k->\$140k HS.**



89th Legislature



House Public Ed. Bills

House rolled out package of six bills that would make substantial changes to public education policy in Texas:

- **HB 2 by Buckley:** School Finance & Teacher Workforce Reforms
- **HB 3 by Buckley:** Vouchers
- **HB 4 by Buckley:** Assessment and accountability
- **HB 6 by Leach:** Student discipline & “Teacher’s Bill of Rights”
- **HB 100:** Instructional materials
- **HB 123:** Early literacy and mathematics



89th Legislature