

By: _____ .B. No. _____

Substitute the following for .B. No. _____:

By: _____ C.S..B. No. _____

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the establishment of an education savings account
3 program.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. The purpose of this Act is to:

6 (1) provide additional educational options to assist
7 families in this state in exercising the right to direct the
8 educational needs of their children; and

9 (2) achieve a general diffusion of knowledge.

10 SECTION 2. Chapter 29, Education Code, is amended by adding
11 Subchapter J to read as follows:

12 SUBCHAPTER J. EDUCATION SAVINGS ACCOUNT PROGRAM

13 Sec. 29.351. DEFINITIONS. In this subchapter:

14 (1) "Account" means an education savings account
15 established under the program.

16 (2) "Certified educational assistance organization"
17 means an organization certified under Section 29.354 to support the
18 administration of the program.

19 (3) "Child with a disability" means a child who is
20 eligible to participate in a school district's special education
21 program under Section 29.003.

22 (4) "Higher education provider" means an institution
23 of higher education or a private or independent institution of
24 higher education, as those terms are defined by Section 61.003.

1 (5) "Parent" means a resident of this state who is a
2 natural or adoptive parent, managing or possessory conservator,
3 legal guardian, custodian, or other person with legal authority to
4 act on behalf of a child.

5 (6) "Participating child" means a child enrolled in
6 the program.

7 (7) "Participating parent" means a parent of a
8 participating child.

9 (8) "Program" means the program established under this
10 subchapter.

11 (9) "Program participant" means a participating child
12 or a participating parent.

13 Sec. 29.352. ESTABLISHMENT OF PROGRAM. (a) The
14 comptroller shall establish a program to provide funding for
15 approved education-related expenses of children participating in
16 the program.

17 (b) The program confers a state benefit to program
18 participants in addition to a free public education.

19 Sec. 29.3521. AMOUNT OF APPROPRIATION; LIMITATION ON
20 EXPENDITURES. (a) The amount of money appropriated for a state
21 fiscal biennium for purposes of the program must be at least equal
22 to the amount of money necessary for the biennium to provide the
23 amount specified under Section 29.361 for each:

24 (1) participating child;

25 (2) child on the waiting list maintained by the
26 comptroller under Section 29.356(f) on the January 1 preceding the
27 biennium; and

1 (3) child who is a sibling of a participating child and
2 is eligible for the program under Section 29.355 for the first time
3 during that biennium.

4 (b) In the comptroller's legislative appropriations
5 request, the comptroller shall specify the amount required under
6 Subsection (a) for the first state fiscal year of the biennium and
7 estimate the amount required for the second state fiscal year of the
8 biennium.

9 (c) Notwithstanding any other law, for the state fiscal
10 biennium beginning September 1, 2025, the amount spent for purposes
11 of the program may not exceed \$1 billion. This subsection expires
12 September 1, 2027.

13 (d) Notwithstanding any other provision of this subchapter,
14 for the 2026-2027 school year, the total amount of money spent for
15 purposes of participation in the program by children described by
16 Section 29.356(b)(2)(D) may not exceed 20 percent of the amount of
17 money appropriated from the program fund for that school year. In
18 allocating money under the program in accordance with this
19 subsection, the comptroller shall ensure children who were enrolled
20 in a school district or open-enrollment charter school for at least
21 90 percent of the preceding school year are prioritized. This
22 subsection expires September 1, 2027.

23 Sec. 29.353. PROGRAM FUND. (a) The program fund is an
24 account in the general revenue fund to be administered by the
25 comptroller.

26 (b) The fund is composed of:

27 (1) general revenue transferred to the fund;

- 1 (2) money appropriated to the fund;
2 (3) interest and other earnings attributable to the
3 investment of money in the fund;
4 (4) gifts, grants, and donations received under
5 Section 29.370; and
6 (5) any other money available for purposes of the
7 program.

8 (c) Money in the fund may be used only for the purposes
9 specified by this subchapter.

10 Sec. 29.3535. PROMOTION OF PROGRAM. Notwithstanding any
11 other law, the comptroller or the comptroller's designee may enter
12 into contracts or agreements and engage in marketing, advertising,
13 and other activities to promote, market, and advertise the
14 development and use of the program. The comptroller may use money
15 from the program fund to pay for activities authorized under this
16 section.

17 Sec. 29.354. SELECTION OF CERTIFIED EDUCATIONAL ASSISTANCE
18 ORGANIZATIONS. (a) An organization may apply to the comptroller
19 for certification as a certified educational assistance
20 organization during an application period established by the
21 comptroller.

- 22 (b) To be eligible for certification, an organization must:
23 (1) have the ability to perform one or more of the
24 duties and functions required of a certified educational assistance
25 organization under this subchapter;
26 (2) be registered to do business in this state; and
27 (3) be able to assist the comptroller in administering

1 the program wholly or partly, including the ability to:

2 (A) accept, process, and track applications for
3 the program;

4 (B) assist prospective applicants, applicants,
5 and program participants with finding preapproved education
6 service providers and vendors of educational products;

7 (C) accept and process payments for approved
8 education-related expenses;

9 (D) verify that program funding is used only for
10 approved education-related expenses;

11 (E) verify that a program participant is eligible
12 to participate in the program;

13 (F) accept, track, review, and resolve inquiries
14 and complaints received regarding the program; and

15 (G) establish and maintain a
16 comptroller-approved Internet website for the program.

17 (c) The comptroller shall establish cybersecurity
18 requirements for certified educational assistance organizations,
19 including the implementation of best practices developed under
20 Section 2054.5181, Government Code.

21 (d) The comptroller may certify not more than five
22 educational assistance organizations to support the administration
23 of the program, including by:

24 (1) administering wholly or partly:

25 (A) the application process under Section
26 29.356; and

27 (B) the program expenditures process under

1 Section 29.360; and

2 (2) assisting prospective applicants, applicants, and
3 program participants with understanding approved education-related
4 expenses and finding preapproved education service providers and
5 vendors of educational products.

6 (e) A certified educational assistance organization
7 designated to perform duties described by Subsection (d)(2) shall:

8 (1) communicate with parents interested in
9 participating in the program and program participants through
10 synchronous and asynchronous communication, prioritizing
11 synchronous communication, regarding:

12 (A) the educational options available in this
13 state;

14 (B) how and when to apply to the program and
15 preapproved education service providers;

16 (C) how to manage an account, including
17 requesting payments;

18 (D) program requirements; and

19 (E) any other information necessary to fulfill
20 the organization's responsibilities under this subchapter; and

21 (2) raise awareness regarding the availability of the
22 program.

23 (f) The comptroller may designate a certified educational
24 assistance organization to establish and maintain a
25 comptroller-approved Internet website for the program.

26 Sec. 29.355. ELIGIBLE CHILD. (a) A child is eligible to
27 participate in the program and may, subject to available funding,

1 enroll in the program for the semester following the semester in
2 which the child's application is submitted under Section 29.356 if
3 the child is eligible to:

4 (1) attend a school district or open-enrollment
5 charter school under Section 25.001; or

6 (2) enroll in a school district's or open-enrollment
7 charter school's prekindergarten program under Section 29.153.

8 (b) A child who establishes eligibility under this section
9 may, subject to available funding and the requirements of this
10 subchapter, participate in the program until the earliest of the
11 date on which:

12 (1) the child graduates from high school;

13 (2) the child is no longer eligible to either attend a
14 school district or open-enrollment charter school under Section
15 25.001 or enroll in a school district's or open-enrollment charter
16 school's prekindergarten program under Section 29.153, as
17 applicable;

18 (3) the child enrolls in a school district or
19 open-enrollment charter school in a manner in which the child will
20 be counted toward the district's or school's average daily
21 attendance for purposes of the allocation of funding under the
22 Foundation School Program; or

23 (4) the child is declared ineligible for the program
24 by the comptroller under this subchapter.

25 Sec. 29.3551. RESTRICTION ON PROGRAM PARTICIPATION.

26 Notwithstanding any other law, including Section 29.355, a child
27 may not participate in the program unless the child's parent

1 establishes that the child is a citizen or national of the United
2 States or was lawfully admitted into the United States.

3 Sec. 29.356. APPLICATION TO PROGRAM. (a) A parent of an
4 eligible child may apply to a certified educational assistance
5 organization designated by the comptroller to enroll the child in
6 the program for the following semester, term, or school year, as
7 determined by the comptroller. The comptroller shall establish
8 deadlines by which an applicant must complete and submit an
9 application form to participate in the program.

10 (b) On receipt of more acceptable applications during an
11 application period for admission under this section than available
12 positions in the program due to insufficient funding, a certified
13 educational assistance organization shall, at the direction of the
14 comptroller, fill the available positions by lottery of applicants,
15 approving applicants:

16 (1) in the following order:

17 (A) siblings of participating children;

18 (B) children to whom Paragraph (C) does not
19 apply; and

20 (C) children who previously ceased participation
21 in the program due to enrollment in a school district or
22 open-enrollment charter school; and

23 (2) within each of the groups described by Subdivision
24 (1), in the following order, as applicable:

25 (A) children with a disability who are members of
26 a household with a total annual income that is at or below 500
27 percent of the federal poverty guidelines;

1 (B) children who are members of a household with
2 a total annual income that is at or below 200 percent of the federal
3 poverty guidelines;

4 (C) children who are members of a household with
5 a total annual income that is above 200 percent of the federal
6 poverty guidelines and below 500 percent of the federal poverty
7 guidelines; and

8 (D) children who are members of a household with
9 a total annual income that is at or above 500 percent of the federal
10 poverty guidelines.

11 (c) For purposes of Subsection (b), a certified educational
12 assistance organization that receives an application from an
13 eligible child and the child's eligible sibling during the same
14 application cycle and approves the child's application shall
15 approve the sibling's application at the same time.

16 (d) The comptroller shall adopt rules necessary to
17 administer Subsection (b). The comptroller shall provide for
18 posting on the Internet website established and maintained for the
19 program any rule adopted under this subsection.

20 (e) The comptroller shall create an application form for the
21 program and make the application form readily available through
22 various sources, including the Internet website established and
23 maintained for the program. The application form must state the
24 application deadlines established by the comptroller under
25 Subsection (a). Each certified educational assistance
26 organization shall ensure that the organization is capable of
27 receiving the application form, including any required supporting

1 document, electronically.

2 (f) The comptroller shall create and maintain a waiting list
3 based on the priority categories described by Subsection (b) for
4 applicants if, during an application period, there are more
5 acceptable applications for admission than there are available
6 positions.

7 (g) Each certified educational assistance organization
8 designated under Subsection (a) shall provide for posting on the
9 Internet website established and maintained for the program a
10 comptroller-approved applicant and participant handbook with a
11 description of the program, including:

12 (1) expenses allowed under the program under Section
13 29.359;

14 (2) a list of preapproved education service providers
15 and vendors of educational products under Section 29.358;

16 (3) a description of the application process under
17 this section and the program expenditures process under Section
18 29.360; and

19 (4) a description of the responsibilities of program
20 participants.

21 (h) Each certified educational assistance organization
22 designated under Subsection (a) shall annually provide to each
23 participating parent served by the organization the information
24 described by Subsection (g). The organization may provide the
25 information electronically.

26 (i) The comptroller or a certified educational assistance
27 organization designated under Subsection (a):

1 (1) may require the participating parent to submit
2 annual notice regarding the parent's intent for the child to
3 continue participating in the program for the next school year; and

4 (2) may not require a program participant in good
5 standing to annually resubmit an application for continued
6 participation in the program.

7 (j) The agency shall provide to the comptroller the
8 information necessary to make the determinations required under
9 Subsection (b).

10 Sec. 29.357. PARTICIPATION IN PROGRAM. (a) To receive
11 funding under the program, a participating parent must agree to:

12 (1) request that program money be spent only for
13 expenses allowed under Section 29.359;

14 (2) share or authorize the administrator of an
15 assessment instrument to share with the program participant's
16 certified educational assistance organization the results of any
17 assessment instrument required to be administered to the child
18 under Section 29.358(b)(2)(B) or other law;

19 (3) refrain from selling an item purchased with
20 program money; and

21 (4) notify the program participant's certified
22 educational assistance organization not later than 30 business days
23 after the date on which the child:

24 (A) enrolls in a school district or
25 open-enrollment charter school;

26 (B) graduates from high school; or

27 (C) is no longer eligible to either:

1 (i) enroll in a school district or
2 open-enrollment charter school under Section 25.001; or

3 (ii) enroll in a school district's or
4 open-enrollment charter school's prekindergarten program under
5 Section 29.153.

6 (b) The administrator of an assessment instrument required
7 to be administered under Section 29.358(b)(2)(B) or other law shall
8 share with a parent the participating child's results on the
9 assessment instrument, including, if available, the participating
10 child's percentile rank. A child's results and rank on an
11 assessment instrument administered under this section are
12 confidential, are not subject to disclosure under Chapter 552,
13 Government Code, and may only be shared as necessary to fulfill the
14 requirements of this subchapter. In providing the results and rank
15 for an assessment instrument, the administrator shall ensure
16 compliance with state and federal law regarding the confidentiality
17 of student educational information, including the Family
18 Educational Rights and Privacy Act of 1974 (20 U.S.C. Section
19 1232g).

20 Sec. 29.358. PREAPPROVED PROVIDERS AND VENDORS. (a) The
21 comptroller shall by rule establish a process for the preapproval
22 of education service providers and vendors of educational products
23 for participation in the program. The comptroller shall allow for
24 the submission of applications on a rolling basis.

25 (b) The comptroller shall approve an education service
26 provider or vendor of educational products for participation in the
27 program if the provider or vendor:

1 (1) has previously been approved by the agency to
2 provide supplemental special education services under Subchapter
3 A-1 and remains in good standing with the agency;

4 (2) for a private school, demonstrates:

5 (A) accreditation by an organization recognized
6 by:

7 (i) the Texas Private School Accreditation
8 Commission; or

9 (ii) the agency; and

10 (B) annual administration for students in grades
11 3 through 12 of a nationally norm-referenced assessment instrument
12 or the appropriate assessment instrument required under Subchapter
13 B, Chapter 39;

14 (3) for a school district or open-enrollment charter
15 school, demonstrates:

16 (A) accreditation by the agency; and

17 (B) the ability to provide services or products
18 to participating children in a manner in which the children are not
19 counted toward the district's or school's average daily attendance;

20 (4) for a private tutor, therapist, or teaching
21 service, demonstrates that:

22 (A) the tutor or therapist or each employee of
23 the teaching service who intends to provide educational services to
24 a participating child:

25 (i) is an educator employed by or a retired
26 educator formerly employed by a school accredited by the agency, an
27 organization recognized by the agency, or an organization

1 recognized by the Texas Private School Accreditation Commission;
2 (ii) holds a relevant license or
3 accreditation issued by a state, regional, or national
4 certification or accreditation organization; or
5 (iii) is employed in or retired from a
6 teaching or tutoring capacity at a higher education provider;
7 (B) the tutor or therapist or each employee of
8 the teaching service who intends to provide educational services to
9 a participating child provides to the comptroller a national
10 criminal history record information review completed for the tutor,
11 therapist, or employee, as applicable, within a period established
12 by comptroller rule or authorizes the comptroller or the
13 comptroller's designee to conduct a national criminal history
14 record information review of the tutor, therapist, or employee as
15 prescribed by comptroller rule; and
16 (C) the tutor or therapist or each employee of
17 the teaching service who intends to provide educational services to
18 a participating child is not:
19 (i) required to be discharged or refused to
20 be hired by a school district under Section 22.085; or
21 (ii) included in the registry under Section
22 22.092;
23 (5) for a higher education provider, demonstrates
24 nationally recognized postsecondary accreditation; or
25 (6) notwithstanding Subdivision (2), for a private
26 provider serving children in prekindergarten or kindergarten,
27 demonstrates that the provider meets the requirements to be an

1 eligible private provider under Section 29.171.

2 (b-1) The comptroller may approve a vendor of educational
3 products that provides products or services described by Section
4 29.359(a)(1)(C), (2), (4), (6), (8), or (9) for participation in
5 the program in accordance with comptroller rule.

6 (c) The comptroller may approve only an education service
7 provider located in this state or vendor of educational products
8 registered to do business in this state.

9 (d) An education service provider or vendor of educational
10 products shall provide information requested by the comptroller to
11 verify the provider's or vendor's eligibility for preapproval under
12 this section. The comptroller may not approve a provider or vendor
13 if the comptroller cannot verify the provider's or vendor's
14 eligibility for preapproval.

15 (e) Each applicant for approval under this section shall
16 submit to the comptroller documentation demonstrating that each
17 person employed by the applicant or provider who will interact with
18 a participating child is not identified as having engaged in
19 misconduct described by Section 22.093(c)(1)(A) or (B) using the
20 interagency reportable conduct search engine established under
21 Chapter 810, Health and Safety Code.

22 (f) The comptroller or the comptroller's designee shall
23 review the documentation for each person described by Subsection
24 (e). Each applicant for approval under this section must provide
25 the comptroller or the comptroller's designee with any information
26 requested by the comptroller or designee to enable the comptroller
27 or designee to complete the review.

1 (g) An education service provider or vendor of educational
2 products must agree to:

3 (1) abide by the disbursement schedule under Section
4 29.360(c) and all other requirements of this subchapter;

5 (2) accept money from the program only for
6 education-related expenses approved under Section 29.359;

7 (3) notify the comptroller not later than the 30th day
8 after the date that the provider or vendor no longer meets the
9 requirements of this section; and

10 (4) return any money received, including any interest
11 or other additions received related to the money, in violation of
12 this subchapter or other relevant law to the comptroller for
13 deposit into the program fund.

14 (h) An education service provider or vendor of educational
15 products that receives approval under this section may participate
16 in the program until the earliest of the date on which the provider
17 or vendor:

18 (1) no longer meets the requirements under this
19 section; or

20 (2) violates this subchapter or other relevant law.

21 Sec. 29.3585. PROVIDER AND VENDOR SUSPENSION AND REMOVAL.

22 (a) The comptroller shall immediately suspend a preapproved
23 education service provider or vendor of educational products on
24 finding that the provider or vendor:

25 (1) is ineligible under this subchapter for
26 participation in the program; or

27 (2) has failed to remain in good standing by complying

1 with a program requirement under this subchapter or other
2 applicable law.

3 (b) A payment may not be made from a program participant's
4 account to a suspended provider or vendor.

5 (c) On suspension under this section, the comptroller shall
6 immediately send notice of the suspension to the suspended provider
7 or vendor and each certified educational assistance organization by
8 first class mail and e-mail. The notice must include a statement
9 that:

10 (1) specifies the grounds for suspending the provider
11 or vendor;

12 (2) no additional payments may be made to the provider
13 or vendor from a program participant's account during the
14 provider's or vendor's suspension; and

15 (3) the provider or vendor has 30 days to respond and
16 take any corrective action required to comply with program
17 requirements and applicable law.

18 (d) Not later than the 30th day after the date the
19 comptroller provides notice of suspension under Subsection (c), the
20 comptroller shall:

21 (1) remove the provider or vendor from the program;

22 (2) conditionally reinstate the provider or vendor and
23 require the provider or vendor to perform a specified action; or

24 (3) unconditionally reinstate the provider or vendor.

25 (e) On removing a provider or vendor from the program, the
26 comptroller shall notify the provider or vendor and each certified
27 educational assistance organization of the removal.

1 Sec. 29.359. APPROVED EDUCATION-RELATED EXPENSES. (a)

2 Subject to Subsection (b), a participating parent may request that
3 program money be spent only for the following education-related
4 expenses incurred by a participating child at a preapproved
5 education service provider or vendor of educational products:

6 (1) tuition and fees for:

7 (A) a private school;

8 (B) a higher education provider;

9 (C) an online educational course or program; or

10 (D) a program that provides training for an
11 industry-based credential approved by the agency;

12 (2) the purchase of textbooks or other instructional
13 materials or uniforms required by a private school, higher
14 education provider, or course in which the child is enrolled,
15 including purchases made through a third-party vendor of
16 educational products;

17 (3) fees for classes or other educational services
18 provided by a school district or open-enrollment charter school if
19 the classes or services do not qualify the child to be included in
20 the school's average daily attendance;

21 (4) costs related to academic assessments;

22 (5) fees for services provided by a private tutor or
23 teaching service;

24 (6) fees for transportation provided by a
25 fee-for-service transportation provider for the child to travel to
26 and from a preapproved education service provider or vendor of
27 educational products;

1 (7) fees for educational therapies or services
2 provided by a practitioner or provider, only for fees that are not
3 covered by any federal, state, or local government benefits such as
4 Medicaid or the Children's Health Insurance Program (CHIP) or by
5 any private insurance that the child is enrolled in at the time of
6 receiving the therapies or services;

7 (8) costs of computer hardware or software and other
8 technological devices required by an education service provider or
9 vendor of educational products or prescribed by a physician to
10 facilitate a child's education, not to exceed in any year 10 percent
11 of the total amount transferred to the participating child's
12 account that year; and

13 (9) costs of breakfast or lunch provided to a child
14 during the school day by a private school.

15 (b) Money transferred under the program to a participating
16 child's account may not be used to pay any person who is related to
17 the program participant within the third degree by consanguinity or
18 affinity, as determined under Chapter 573, Government Code.

19 (c) A finding that a program participant requested that
20 program money be spent to pay for an expense not allowed under
21 Subsection (a) does not affect the validity of any payment
22 requested by the participant for an approved education-related
23 expense that is allowed under that subsection.

24 Sec. 29.360. PROGRAM EXPENDITURES. (a) The comptroller
25 shall disburse from the program fund to each certified educational
26 assistance organization the amount specified under Section
27 29.361(a) for each participating child served by the organization.

1 (b) To initiate payment to an education service provider or
2 vendor of educational products for an education-related expense
3 approved under Section 29.359, the participating parent must submit
4 a request in a form prescribed by comptroller rule to the certified
5 educational assistance organization that serves the child.

6 (c) Subject to Subsection (d) and Sections 29.362(f) and
7 29.364, on receiving a request under Subsection (b), a certified
8 educational assistance organization shall verify that the request
9 is for an expense approved under Section 29.359 and, not later than
10 the 10th business day after the date the organization verifies the
11 request, send payment to the education service provider or vendor
12 of educational products.

13 (d) A disbursement under this section may not exceed the
14 applicable participating child's account balance.

15 (e) A certified educational assistance organization shall
16 provide participating parents with electronic access to:

17 (1) view the participating child's current account
18 balance;

19 (2) initiate the payment request process under
20 Subsection (b); and

21 (3) view a summary of past account activity, including
22 payments from the account to education service providers and
23 vendors of educational products.

24 (f) A payment system established by a certified educational
25 assistance organization may not allow a program participant to:

26 (1) withdraw cash or remove funds from a participating
27 child's account; or

1 (2) receive payment or reimbursement directly from the
2 program.

3 (g) A certified educational assistance organization may not
4 require a program participant to pay a fee to the organization or an
5 affiliate of the organization related to the use of a participating
6 child's account, including a transaction fee.

7 Sec. 29.361. AMOUNT OF TRANSFER TO PARTICIPANT ACCOUNT;
8 FINANCING. (a) Regardless of the deadline by which the
9 participating parent applies for enrollment in the program under
10 Section 29.356(a) and except as provided by Subsections (b), (b-1),
11 and (d) of this section, a certified educational assistance
12 organization shall transfer in accordance with Section 29.362 each
13 school year that a participating child participates in the program
14 money distributed to the organization from money available under
15 Section 29.353 to the child's account to be held in trust for the
16 benefit of the child in an amount equal to:

17 (1) 85 percent of the estimated statewide average
18 amount of state and local funding per student in average daily
19 attendance for the most recent school year for which that
20 information is available, as provided by the agency; or

21 (2) for a child with a disability, subject to
22 Subsection (b), the sum of the amount described by Subdivision (1)
23 and the amount the school district in which the child would
24 otherwise be enrolled would be entitled to receive for the child
25 calculated based on the child's individualized education program,
26 as determined in accordance with Section 29.3615, and the
27 provisions of Chapter 48 that provide funding based on a child's

1 participation in a school district's special education program
2 under Subchapter A applicable for the school year preceding the
3 school year in which the child initially enrolls in the program.

4 (b) The amount transferred to the account of a child with a
5 disability for a school year under Subsection (a)(2) may not exceed
6 \$30,000.

7 (b-1) Notwithstanding Subsection (a), a participating child
8 who is a home-schooled student, as defined by Section 29.916(a)(1),
9 may not receive transfers under the program to the child's account
10 under Subsection (a) in an amount that exceeds \$2,000 for a school
11 year.

12 (c) In determining the estimated statewide average amount
13 of state and local funding per student in average daily attendance
14 for a school year under Subsection (a), the commissioner shall:

15 (1) make the determination not later than January 15
16 preceding the school year; and

17 (2) include projected state and local funding under
18 Chapters 48 and 49 and the amount the state is required to
19 contribute to the Teacher Retirement System of Texas under Section
20 825.404, Government Code, for the school year.

21 (d) If a child enrolls in the program after the beginning of
22 a school year, the comptroller shall prorate the amount transferred
23 to the participating child's account under Subsection (a) based on
24 the date the child enrolls in the program.

25 (e) Any money remaining in a participating child's account
26 at the end of a fiscal year is carried forward to the next fiscal
27 year unless another provision of this subchapter mandates the

1 closure of the account.

2 (f) A participating parent may make payments for the
3 expenses of educational programs, services, and products not
4 covered by money in the account of the parent's child.

5 (g) A transfer under Subsection (a) may not be funded using
6 federal money or money from the available school fund or the state
7 instructional materials and technology fund.

8 (h) Transfers to a participating child's account under this
9 subchapter do not constitute taxable income to a participating
10 parent, unless otherwise provided by federal or another state's
11 law.

12 (i) On dates consistent with satisfying the application
13 deadlines established under Section 29.356(a), the agency shall
14 calculate and report to the comptroller the amount specified under
15 Subsection (a) for each participating child.

16 Sec. 29.3611. ENROLLMENT IN PUBLIC SCHOOL. Notwithstanding
17 any other provision of this subchapter or other law, if a child
18 ceases participation in the program during a school year due to the
19 child's enrollment in a school district or open-enrollment charter
20 school:

21 (1) the district or school is entitled to receive an
22 allotment in an amount equal to the basic allotment multiplied by
23 0.1 for the child's average daily attendance at the district or
24 school for that school year; and

25 (2) the child may not be considered in evaluating the
26 performance of a school district or open-enrollment charter school
27 under the public school accountability system as prescribed by

1 Chapters 39 and 39A for the first school year after the child ceases
2 participation in the program.

3 Sec. 29.3615. INDIVIDUALIZED EDUCATION PROGRAMS;
4 EVALUATIONS. (a) The parent of a child who is not enrolled in a
5 school district or open-enrollment charter school may request that
6 a school district conduct a full individual and initial evaluation
7 of the child for purposes of determining the child's eligibility
8 for:

9 (1) special education services under Subchapter A; and
10 (2) participation in the program as a child with a
11 disability.

12 (b) A school district that receives a request under this
13 section shall follow procedures, including for timely completion,
14 for a full individual and initial evaluation in accordance with 20
15 U.S.C. Sections 1412(a)(10)(A)(ii) and 1414 and Section 29.004 of
16 this code not later than the 45th school day after the date the
17 district receives parental consent to conduct the evaluation.

18 (c) If a school district determines based on an evaluation
19 conducted under Subsection (b) that a child is eligible for special
20 education services, the district shall develop an individualized
21 education program for the child for purposes of establishing the
22 child's eligibility to participate in the program as a child with a
23 disability.

24 (d) At the agency's request, a school district or
25 open-enrollment charter school shall provide to the agency a
26 child's individualized education program developed under Section
27 29.005 or Subsection (c) of this section, as applicable.

1 (e) The agency may adopt rules as necessary to implement
2 this section, including rules regarding an appeal of a
3 determination of eligibility for special education services and
4 services to be provided as described in an individualized education
5 program developed in accordance with this section.

6 Sec. 29.362. ADMINISTRATION OF ACCOUNTS. (a) On receipt
7 of money distributed by the comptroller for purposes of making
8 transfers to the accounts of participating children, a certified
9 educational assistance organization shall hold that money in trust
10 for the benefit of children participating in the program and make
11 quarterly transfers to the account of each participating child
12 served by the organization in equal amounts on or before the first
13 day of July, October, January, and April.

14 (b) Each year, the comptroller may deduct from the total
15 amount of money appropriated for purposes of this subchapter an
16 amount, not to exceed three percent of that total amount, to cover
17 the comptroller's cost of administering the program.

18 (c) The comptroller may disburse each state fiscal year a
19 total amount, not to exceed five percent of the amount of money
20 appropriated for purposes of the program for that state fiscal
21 year, to the certified educational assistance organizations for the
22 cost of providing services under this subchapter.

23 (d) On or before the first day of October and February, a
24 certified educational assistance organization shall:

25 (1) verify with the agency that each participating
26 child is not enrolled in a school district or open-enrollment
27 charter school in a manner in which the child is counted toward the

1 district's or school's average daily attendance for purposes of the
2 allocation of state funding under the Foundation School Program;
3 and

4 (2) notify the comptroller if the organization
5 determines that a participating child is:

6 (A) enrolled in a school district or
7 open-enrollment charter school in a manner in which the child is
8 counted toward the district's or school's average daily attendance
9 for purposes of the allocation of state funding under the
10 Foundation School Program; or

11 (B) not enrolled in a preapproved private school.

12 (e) The comptroller by rule shall establish a process by
13 which a participating parent may authorize the comptroller or a
14 certified educational assistance organization to make a payment
15 directly from the participant's account to a preapproved education
16 service provider or vendor of educational products for an expense
17 allowed under Section 29.359.

18 (f) On the date on which a child who participated in the
19 program is no longer eligible to participate in the program under
20 Section 29.355 and payments for any education-related expenses
21 allowed under Section 29.359 from the child's account have been
22 completed, the participating child's account shall be closed and
23 any remaining money returned to the comptroller for deposit in the
24 program fund.

25 (g) Each quarter, any interest or other earnings
26 attributable to money held by a certified educational assistance
27 organization for purposes of the program shall be remitted to the

1 comptroller for deposit in the program fund.

2 Sec. 29.363. AUDITING. (a) The comptroller shall contract
3 with a private entity to audit accounts and program participant
4 eligibility data not less than once per year to ensure compliance
5 with applicable law and program requirements. The audit must
6 include a review of:

7 (1) each certified educational assistance
8 organization's internal controls over program transactions; and

9 (2) compliance by:

10 (A) certified educational assistance
11 organizations with Section 29.354 and other program requirements;

12 (B) program participants with Section 29.357(a)
13 and other program requirements; and

14 (C) education service providers and vendors of
15 educational products with Section 29.358 and other program
16 requirements.

17 (b) In conducting an audit, the private entity may require a
18 program participant, education service provider or vendor of
19 educational products, or certified educational assistance
20 organization to provide information and documentation regarding
21 any transaction occurring under the program.

22 (c) The private entity shall report to the comptroller any
23 violation of this subchapter or other relevant law and any
24 transactions the entity determines to be unusual or suspicious
25 found by the entity during an audit conducted under this section.

26 The comptroller shall report the violation or transaction to:

27 (1) the applicable certified educational assistance

1 organization;

2 (2) the education service provider or vendor of
3 educational products, as applicable; and

4 (3) each participating parent who is affected by the
5 violation or transaction.

6 Sec. 29.364. SUSPENSION OF ACCOUNT. (a) The comptroller
7 shall suspend the account of a participating child who fails to
8 remain in good standing by complying with applicable law or a
9 requirement of the program.

10 (b) On suspension of an account under Subsection (a), the
11 comptroller shall notify the participating parent in writing that
12 the account has been suspended and that no additional payments may
13 be made from the account. The notification must specify the grounds
14 for the suspension and state that the participating parent has 30
15 days to respond and take any corrective action required by the
16 comptroller.

17 (c) On the expiration of the 30-day period under Subsection
18 (b), the comptroller shall:

19 (1) order closure of the suspended account;

20 (2) order temporary reinstatement of the account,
21 conditioned on the performance of a specified action by the
22 participating parent; or

23 (3) order full reinstatement of the account.

24 (d) The comptroller may recover money distributed under the
25 program that was used for expenses not allowed under Section
26 29.359, for a child who was not eligible to participate in the
27 program at the time of the expenditure, or from an education service

1 provider or vendor of educational products that was not approved at
2 the time of the expenditure. The money and any interest or other
3 additions received related to the money may be recovered from the
4 participating parent or the education service provider or vendor of
5 educational products that received the money in accordance with
6 Subtitles A and B, Title 2, Tax Code, or as provided by other law if
7 the participating child's account is suspended or closed under this
8 section. The comptroller shall deposit money recovered under this
9 subsection into the program fund.

10 Sec. 29.365. TUITION AND FEES; REFUND PROHIBITED. (a) An
11 education service provider or vendor of educational products may
12 not charge a participating child an amount greater than the
13 standard amount charged for that service or product by the provider
14 or vendor.

15 (b) An education service provider or vendor of educational
16 products receiving money distributed under the program may not in
17 any manner rebate, refund, or credit to or share with a program
18 participant, or any person on behalf of a participant, any program
19 money paid or owed by the participant to the provider or vendor.

20 Sec. 29.366. REFERRAL TO DISTRICT ATTORNEY. If the
21 comptroller obtains evidence of fraudulent use of an account or
22 money distributed under the program or any other violation of law by
23 a certified educational assistance organization, education service
24 provider or vendor of educational products, or program participant,
25 the comptroller shall notify the appropriate local county or
26 district attorney with jurisdiction over, as applicable:

27 (1) the principal place of business of the

1 organization or provider or vendor; or

2 (2) the residence of the program participant.

3 Sec. 29.367. SPECIAL EDUCATION NOTICE. (a) A certified
4 educational assistance organization shall post on the Internet
5 website established and maintained for the program and provide to
6 each parent who submits an application for the program a notice
7 that:

8 (1) states that a private school is not subject to
9 federal and state laws regarding the provision of educational
10 services to a child with a disability in the same manner as a school
11 district or open-enrollment charter school; and

12 (2) provides information regarding rights to which a
13 child with a disability is entitled under federal and state law if
14 the child attends a school district or open-enrollment charter
15 school, including:

16 (A) rights provided under the Individuals with
17 Disabilities Education Act (20 U.S.C. Section 1400 et seq.); and

18 (B) rights provided under Subchapter A.

19 (b) A private school in which a child with a disability who
20 is a participating child enrolls shall provide to the participating
21 parent a copy of the notice required under Subsection (a).

22 Sec. 29.368. PROGRAM PARTICIPANT, PROVIDER, AND VENDOR
23 AUTONOMY. (a) An education service provider or vendor of
24 educational products that receives money distributed under the
25 program is not a recipient of federal financial assistance and may
26 not be considered to be a state actor on the basis of receiving that
27 money.

1 (b) A state agency or state official may not adopt a rule or
2 take other governmental action related to the program and a
3 certified educational assistance organization may not take action
4 that:

5 (1) limits or imposes requirements that are contrary
6 to the religious or institutional values or practices of an
7 education service provider, vendor of educational products, or
8 program participant; or

9 (2) limits an education service provider, vendor of
10 educational products, or program participant from freely:

11 (A) determining the methods or curriculum to
12 educate students;

13 (B) determining admissions and enrollment
14 practices, policies, and standards;

15 (C) modifying or refusing to modify the
16 provider's, vendor's, or participant's religious or institutional
17 values or practices, operations, conduct, policies, standards,
18 assessments, or employment practices based on the provider's,
19 vendor's, or participant's religious values or practices; or

20 (D) exercising the provider's, vendor's, or
21 participant's religious or institutional practices as the
22 provider, vendor, or participant determines.

23 Sec. 29.369. STUDENT RECORDS AND INFORMATION. (a) On
24 request by the participating parent or parent of a child seeking to
25 participate in the program, the school district or open-enrollment
26 charter school that the child would otherwise attend shall provide
27 a copy of the child's school records possessed by the district or

1 school, if any, to the child's parent or, if applicable, the private
2 school the child attends.

3 (b) As necessary to verify a child's eligibility for the
4 program, the agency, a school district, or an open-enrollment
5 charter school shall provide to a certified educational assistance
6 organization any information available to the agency, district, or
7 school requested by the organization regarding a child who
8 participates or seeks to participate in the program, including
9 information regarding the child's school district or
10 open-enrollment charter school enrollment status and whether the
11 child can be counted toward a school district's or open-enrollment
12 charter school's average daily attendance for purposes of the
13 allocation of funding under the Foundation School Program. The
14 organization may not retain information provided under this
15 subsection beyond the period necessary to determine a child's
16 eligibility to participate in the program.

17 (c) A certified educational assistance organization or an
18 education service provider or vendor of educational products that
19 obtains information regarding a participating child:

20 (1) shall comply with state and federal law regarding
21 the confidentiality of student educational information; and

22 (2) may not:

23 (A) sell information regarding a participating
24 child; or

25 (B) distribute information regarding a
26 participating child in a manner not described by Paragraph (A)
27 without the program participant's consent.

1 (d) A student record held by the comptroller or a certified
2 educational assistance organization is confidential and not
3 subject to disclosure under Chapter 552, Government Code. The
4 comptroller or a certified educational assistance organization may
5 redact information that constitutes student records from any
6 information the governmental body discloses under Section 552.021,
7 Government Code, without the necessity of requesting a decision
8 from the attorney general under Subchapter G, Chapter 552,
9 Government Code.

10 Sec. 29.370. GIFTS, GRANTS, AND DONATIONS. The comptroller
11 may solicit and accept gifts, grants, and donations from any public
12 or private source for any expenses related to the administration of
13 the program, including establishing the program and contracting for
14 the report required under Section 29.371.

15 Sec. 29.371. ANNUAL REPORT. (a) The comptroller, in
16 collaboration with the agency and the certified educational
17 assistance organizations, shall compile program data and produce an
18 annual longitudinal report regarding:

19 (1) the number of program applications received,
20 accepted, and wait-listed, disaggregated by age;

21 (2) program participant satisfaction;

22 (3) the results of assessment instruments shared in
23 accordance with Section 29.357(a)(2);

24 (4) the effect of the program on public and private
25 school capacity and availability;

26 (5) the amount of cost savings accruing to the state as
27 a result of the program;

1 (6) in a report submitted in an even-numbered year
2 only, an estimate of the total amount of funding required for the
3 program for the next state fiscal biennium;

4 (7) the amount of gifts, grants, and donations
5 received under Section 29.370; and

6 (8) based on surveys of former program participants or
7 other sources available to an organization, the number and
8 percentage of children participating in the program who, within one
9 year after graduating from high school, are:

10 (A) college ready, as indicated by earning a
11 minimum of 12 non-remedial semester credit hours or the equivalent
12 or an associate degree from a postsecondary educational
13 institution;

14 (B) career ready, as indicated by:

15 (i) earning a credential of value included
16 in a library of credentials established under Section 2308A.007,
17 Government Code; or

18 (ii) employment at or above the median wage
19 in the child's region; or

20 (C) military ready, as indicated by achieving a
21 passing score set by the applicable military branch on the Armed
22 Services Vocational Aptitude Battery and enlisting in the armed
23 forces of the United States or the Texas National Guard.

24 (b) In producing the report, the comptroller shall:

25 (1) use appropriate analytical and behavioral science
26 methodologies to ensure public confidence in the report; and

27 (2) comply with the requirements regarding the

1 confidentiality of student educational information under the
2 Family Educational Rights and Privacy Act of 1974 (20 U.S.C.
3 Section 1232g).

4 (c) The report must cover a period of not less than five
5 years and include, subject to Subsection (b)(2), the data analyzed
6 and methodology used.

7 (d) The comptroller shall provide the report for posting on
8 the Internet website established and maintained for the program.

9 Sec. 29.3715. COLLECTION AND REPORTING OF DEMOGRAPHIC
10 INFORMATION. (a) The comptroller, in collaboration with the
11 agency and the certified educational assistance organizations,
12 shall collect and report demographic information regarding each
13 participating child. The report must include the following
14 demographic information:

- 15 (1) the child's grade;
- 16 (2) the child's age;
- 17 (3) the child's sex;
- 18 (4) the child's race or ethnicity;
- 19 (5) the school district in which the child resides;
- 20 (6) the district campus that the child would otherwise
21 attend;
- 22 (7) the child's zip code;
- 23 (8) the child's date of enrollment in the program;
- 24 (9) the child's category under Section 29.356(b); and
- 25 (10) whether the child has a disability.

26 (b) Not later than August 1 of each year, the comptroller
27 shall submit a written report to the legislature summarizing the

1 demographic information collected under this section.

2 Sec. 29.372. RULES; PROCEDURES. The comptroller shall
3 adopt rules and procedures as necessary to implement, administer,
4 and enforce this subchapter.

5 Sec. 29.373. APPEAL; FINALITY OF DECISIONS. (a) A program
6 participant may appeal to the comptroller an administrative
7 decision made by the comptroller or a certified educational
8 assistance organization under this subchapter, including a
9 decision regarding eligibility, allowable expenses, or the
10 participant's removal from the program.

11 (b) An appeal under this subchapter does not constitute a
12 contested case for any purpose.

13 (c) This subchapter may not be construed to confer a
14 property right on a certified educational assistance organization,
15 education service provider, vendor of educational products, or
16 program participant.

17 (d) A decision of the comptroller made under this subchapter
18 is final and not subject to appeal.

19 Sec. 29.374. RIGHT TO INTERVENE IN CIVIL ACTION. (a) A
20 program participant, eligible child, education service provider,
21 or vendor of educational products may intervene in any civil action
22 challenging the constitutionality of the program.

23 (b) A court in which a civil action described by Subsection
24 (a) is filed may require that all program participants, eligible
25 children, education service providers, and vendors of educational
26 products wishing to intervene in the action file a joint brief. A
27 program participant, eligible child, education service provider,

1 or vendor of educational products may not be required to join a
2 brief filed on behalf of the state or a state agency.

3 SECTION 3. Section 22.092(d), Education Code, is amended to
4 read as follows:

5 (d) The agency shall provide equivalent access to the
6 registry maintained under this section to:

7 (1) private schools;

8 (2) public schools; ~~and~~

9 (3) nonprofit teacher organizations approved by the
10 commissioner for the purpose of participating in the tutoring
11 program established under Section 33.913; and

12 (4) the comptroller for the purpose of preapproving
13 education service providers and vendors of educational products
14 under Section 29.358 for participation in the program established
15 under Subchapter J, Chapter 29.

16 SECTION 4. Section 411.109, Government Code, is amended by
17 adding Subsection (b-1) and amending Subsection (c) to read as
18 follows:

19 (b-1) The comptroller is entitled to obtain criminal
20 history record information as provided by Subsection (c) about a
21 person who is an employee of an education service provider or vendor
22 of educational products who intends to provide educational services
23 to a child participating in the program established under
24 Subchapter J, Chapter 29, Education Code, and is seeking approval
25 to receive money distributed under that program.

26 (c) Subject to Section 411.087 and consistent with the
27 public policy of this state, the comptroller is entitled to:

1 (1) obtain through the Federal Bureau of Investigation
2 criminal history record information maintained or indexed by that
3 bureau that pertains to a person described by Subsection (a), ~~[or]~~
4 (b), or (b-1); and

5 (2) obtain from the department or any other criminal
6 justice agency in this state criminal history record information
7 maintained by the department or that criminal justice agency that
8 relates to a person described by Subsection (a), ~~[or]~~ (b), or (b-1).

9 SECTION 5. Section 810.002, Health and Safety Code, is
10 amended to read as follows:

11 Sec. 810.002. APPLICABILITY. This chapter applies to the
12 following state agencies:

- 13 (1) the Department of Family and Protective Services;
- 14 (2) the Health and Human Services Commission;
- 15 (3) the Texas Education Agency; ~~[and]~~
- 16 (4) the Texas Juvenile Justice Department; and
- 17 (5) the comptroller of public accounts.

18 SECTION 6. Subchapter J, Chapter 29, Education Code, as
19 added by this Act, applies beginning with the 2026-2027 school
20 year.

21 SECTION 7. (a) Not later than May 15, 2026, the comptroller
22 of public accounts shall adopt rules as provided by Sections
23 29.356(d) and 29.372, Education Code, as added by this Act.

24 (b) The comptroller of public accounts may identify rules
25 required by the passage of Subchapter J, Chapter 29, Education
26 Code, as added by this Act, that must be adopted on an emergency
27 basis for purposes of the 2026-2027 school year and may use the

1 procedures established under Section 2001.034, Government Code,
2 for adopting those rules. The comptroller of public accounts is not
3 required to make the finding described by Section 2001.034(a),
4 Government Code, to adopt emergency rules under this subsection.

5 SECTION 8. (a) The constitutionality and other validity
6 under the state or federal constitution of all or any part of
7 Subchapter J, Chapter 29, Education Code, as added by this Act, may
8 be determined in an action for declaratory judgment under Chapter
9 37, Civil Practice and Remedies Code, in a district court in the
10 county in which the violation is alleged to have occurred or where
11 the plaintiff resides or has its principal place of business.

12 (b) An order, however characterized, of a trial court
13 granting or denying a temporary or otherwise interlocutory
14 injunction or a permanent injunction on the grounds of the
15 constitutionality or unconstitutionality, or other validity or
16 invalidity, under the state or federal constitution of all or any
17 part of Subchapter J, Chapter 29, Education Code, as added by this
18 Act, may be reviewed only by direct appeal to the Texas Supreme
19 Court filed not later than the 15th business day after the date on
20 which the order was entered. The Texas Supreme Court shall give
21 precedence to appeals under this section over other matters.

22 (c) The direct appeal is an accelerated appeal.

23 (d) This section exercises the authority granted by Section
24 3-b, Article V, Texas Constitution.

25 (e) The filing of a direct appeal under this section will
26 automatically stay any temporary or otherwise interlocutory
27 injunction or permanent injunction granted in accordance with this

1 section pending final determination by the Texas Supreme Court,
2 unless the supreme court makes specific findings that the applicant
3 seeking such injunctive relief has pleaded and proved that:

4 (1) the applicant has a probable right to the relief it
5 seeks on final hearing;

6 (2) the applicant will suffer a probable injury that
7 is imminent and irreparable, and that the applicant has no other
8 adequate legal remedy; and

9 (3) maintaining the injunction is in the public
10 interest.

11 (f) An appeal under this section, including an
12 interlocutory, accelerated, or direct appeal, is governed, as
13 applicable, by the Texas Rules of Appellate Procedure, including
14 Rules 25.1(d)(6), 28.1, 32.1, 37.3(a)(1), 38.6(a) and (b), 40.1(b),
15 and 49.4.

16 (g) This section does not authorize an award of attorney's
17 fees against this state, and Section 37.009, Civil Practice and
18 Remedies Code, does not apply to an action filed under this section.

19 SECTION 9. It is the intent of the legislature that every
20 provision, section, subsection, sentence, clause, phrase, or word
21 in this Act, and every application of the provisions in this Act to
22 each person or entity, is severable from each other. If any
23 application of any provision in this Act to any person, group of
24 persons, or circumstances is found by a court to be invalid for any
25 reason:

26 (1) the remaining applications of that provision to
27 all other persons and circumstances shall be severed and may not be

1 affected; and

2 (2) the court must allow continued operation of the
3 program and, if applicable, provide for expanded program
4 participation.

5 SECTION 10. This Act takes effect immediately if it
6 receives a vote of two-thirds of all the members elected to each
7 house, as provided by Section 39, Article III, Texas Constitution.
8 If this Act does not receive the vote necessary for immediate
9 effect, this Act takes effect September 1, 2025.