

2025 LEGISLATIVE RECAP

FROM

CAPITOL TO CLASSROOM:

MAKING AN IMPACT



Lawmakers hailed the 89th Legislative Session as “historic” for public education. It’s hard to disagree. After years of bipartisan opposition, Texas finally has a school voucher program, and the \$8.5 billion school funding package includes the largest permanent pay raise the state has ever provided directly to public school teachers.

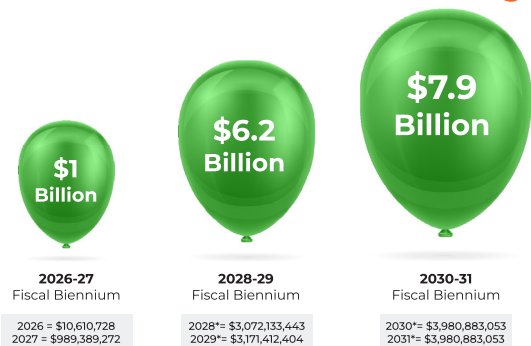
However, questions remain: Will vouchers truly offer choice, or primarily benefit those already in private schools? While the funding boost is welcomed, it falls short of the \$19.6 billion needed to maintain 2019 purchasing power. And history was also not made when attempts to reform STAAR and the accountability system failed, leaving unresolved questions about how to measure school quality.

Texas has the resources to do better. Our state regularly leads the nation in job creation, economic growth, and business investment, and even after the 89th Session, continues to maintain a historically large rainy day fund. The best moments for public education this session occurred when lawmakers worked across the aisle and across chambers to respond to the concerns and hopes of their constituents.

Key Education Themes from the 89th Session

- ▶ **\$8.5 billion in new school funding**, which is greatly appreciated support, but short of inflation-adjusted needs
- ▶ Investment in **teachers and teacher preparation pipelines**
- ▶ Movement on overhauling **STAAR and A-F accountability**, but Texas will have to wait until 90th Legislative Session for any change
- ▶ Major new **voucher program** established
- ▶ **Increase in state mandates** for public school classrooms
- ▶ Focus on **parental rights, DEI bans, and library materials**
- ▶ **Property tax relief** continues to be a major legislative priority

Projected Cost Increase in Voucher Program¹



House Bill 2: School Funding

The 89th Legislature delivered \$8.5 billion in new Texas public education funding over the next biennium. House Bill 2 (HB 2) flowed a vast majority of this new funding through targeted teacher pay raises based on district size and experience, new funding for support staff, investments in special education, a new allotment for operational costs — such as utilities and property insurance, and expanded pre-K partnerships. These dollars provide some relief to school districts facing growing financial pressures.

But HB 2 failed to fully close the state’s school funding gap. Texas schools remain billions of dollars behind both inflation-adjusted levels since 2019 and far below the national average in per-student funding.

House Bill 4: STAAR and School A-F Rating Reform

House Bill 4 (HB 4) represented one of the most significant efforts in years to modernize Texas’ outdated assessment & accountability system. The bill proposed replacing STAAR with a more flexible system built on nationally-normed referenced tests, with faster results and more accurate measures of student growth. The legislation also allowed school districts to adopt local indicators that could be added to the state’s accountability system, providing a more complete picture of student success, rather than relying solely on one high-stakes test on one day.

Despite widespread educator, parent, and stakeholder support, the bill died late in Session after the House and Senate failed to come to an agreement in conference committee.

Senate Bill 2: Vouchers (Education Savings Accounts)

Senate Bill 2 (SB 2) established a new Education Savings Account (ESA) program, allowing eligible students to receive public funds for private school tuition, homeschool expenses, and other approved education-related services. It is open to all Texas students, with funding prioritization based on household income and disability status. It is funded at \$1 billion for the 2026-27 biennium, with projected costs increasing significantly in future years.

When participating in the program, students in grades 3-12 are required to take an annual nationally norm-referenced test or the STAAR assessment. However, private schools and vendors are not subject to the same state academic or financial accountability systems that apply to public schools. The program is administered by the Comptroller’s office, with oversight, audits, and reporting requirements included in the legislation.

Major Public Education Bills That Passed

- **HB 2** — School Funding and Teacher Pay
- **SB 2** — Vouchers (Education Savings Accounts)
- **SB 4** — Property Tax Relief
- **SB 10** — Ten Commandments in Classrooms
- **SB 11** — Prayer in Schools Policy
- **SB 12** — Parental Rights Expansion
- **SB 13** — Library Materials
- **SB 569** — Virtual and Hybrid Schools
- **HB 6** — School Discipline Reform
- **HB 27** — Personal Financial Literacy Course for High School Graduation
- **SB 25** — Physical Education, Recess, and Nutrition Requirements
- **SB 965** — Protect Religious Speech by School Employees
- **HB 1481** — Cell Phone Ban Policy

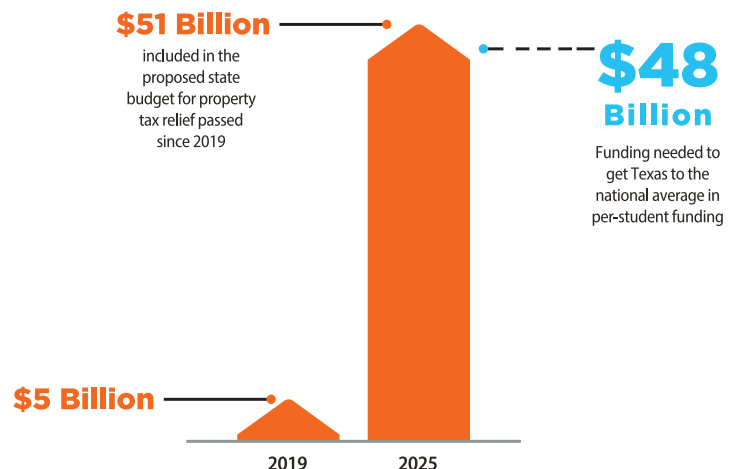
Growth in Property Tax Relief

Senate Bill 4 (and others)

- Increases the homestead exemption from \$100,000 to \$140,000
- Increases the 65 and older exemption from \$10,000 to \$60,000
- Expands the business personal property tax exemption from \$2,500 to \$125,000

Note: **\$3.5 billion** to maintain existing property tax relief passed by the 88th Legislature (2023). **\$3.9 billion for new** relief (homestead exemptions), another **\$2.6 billion** for ongoing tax rate compression.

The Legislature knows how to pass bold, complex, and costly measures when it's a priority



Sources

¹ Based on the filed Legislative Budget Board fiscal note

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