Texas Education Agency

To the Administrator Addressed

Commissioner Mike Morath

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DATE:	**April 16, 2026**
SUBJECT:	**Special Education Funding Updates**
CATEGORY:	**Special Education Programs, Data, and Finance**
NEXT STEPS:	**Share with appropriate staff**

This correspondence serves to provide an update to school systems regarding the state's special education allotment, required data collection and reporting for special education, and upcoming training opportunities on these topics ahead of the 2026-2027 school year (SY).

House Bill (HB) 2, Article 4, and Senate Bill (SB) 568, passed during the 89th Regular Session, made significant changes to how the state will fund special education beginning in the 2026-2027 SY. Texas is transitioning from an instructional arrangement/setting-based funding system to a service intensity model so that students' needs specifically drive the funding received from the state special education allotment, irrespective of instructional arrangement/setting.

Texas Education Code (TEC), §48.1022(b), effective on September 1, 2026, states the following:

> For the 2026-2027 school year, the commissioner shall determine the formulas through which school districts receive funding under Sections 48.102 and 48.1021. In determining the formulas, the commissioner shall ensure the estimated statewide amount provided by the sum of the allotments under Sections 48.102 and 48.1021 for the 2026-2027 school year is approximately $250 million greater than the amount that would have been provided under the allotment under Section 48.102, as that section existed on September 1, 2025, for that school year, calculating both amounts using the basic allotment in effect for the 2026-2027 school year.

TEC, §48.102, as amended effective September 1, 2026, and TEC, §48.1021, which also goes into effect September 1, 2026, reflect the two new allotments under the new state special education funding system – tiers of intensity and service group allotments.

This correspondence will focus on what school systems need to know as they start preparing for the 2026-2027 SY. While more details are provided below in this correspondence, there are a few key points for school system leaders to bear in mind for the 2026-27 SY:

- During the 2026-27 SY (and only during that year), school systems must report special education participation via PEIMS using both the prior law instructional arrangement approach and the new law service intensity approach. The new law service intensity information for each student must be reported through PEIMS by the end of the first 6-week attendance submission.
- During the 2026-27 SY, the agency will not be able to provide final information on the funding levels associated with the service intensity approach until the end of the SY, creating greater uncertainty with regard to the level of additional special education funding a school system can expect to receive under the new approach.

- Given this, during the 2026-27 SY, the agency's implementation of statute will ensure that the special education funding a school system receives is no less than the level of funding the school system would have received under the prior law instructional arrangement approach.

Transitioning to Service Intensity System

Tiers of Intensity Details: TEC, §48.102, effective September 1, 2026, specifies 8 tiers of intensity, with tier 1 designating students who receive speech therapy as their only instructional service (i.e., no other specially designed instruction [SDI] other than speech therapy) and tier 8 being students whose admission, review, and dismissal (ARD) committees determine that a residential placement program is the student's least restrictive environment (LRE) for educational purposes. The remaining tiers are described in a webpage established to communicate details about special education funding and will be adopted in rule this year.

Service Group Details: TEC, §48.1021, effective September 1, 2026, specifies that the commissioner must establish through rule at least four service groups. These service groups will result in supplemental funding for certain special education instructional and related services that go beyond the foundational funding established by the tiers of intensity and are described in a webpage established to communicate details about special education funding and will be adopted in rule this year.

Rules and Funding Framework Information: The proposed commissioner rules related to the service intensity model will be posted in the Texas Register for public comment within the next few weeks. The draft rules are available to view but are subject to change before publication in the Texas Register and again at final adoption, which is expected to occur this summer or early fall.

TEA has established a webpage to provide full details related to implementing the intensity tiers and service groups and made the following resources available now to allow school systems to start learning about this transition and to offer extensive collaboration and calibration activities ahead of and during the 2026-2027 SY.

- Special Education Funding Framework Narrative (PDF)
- Special Education Funding Tool (Online Tool)
- How to Guide: Special Education Funding Tool (PDF)
- Frequently Asked Questions (FAQ)

To the extent that any details change in the final adoption of the proposed rules, details on the webpage will be updated accordingly. And as school systems have additional questions during the coming months, the agency will continue to update these resources to improve clarity.

We recommend school systems carefully review all materials located on the webpage and within the documents to understand how to implement the transition to the service intensity funding formula. The end of this correspondence also outlines opportunities to learn more about the funding transition throughout this transition year, and more opportunities will be added based on the feedback TEA receives from the field.

Data Collection and Reporting Requirements for 2026-2027 SY

Instructional Arrangement/Setting Codes: As the state transitions to the new tiers of intensity and service group allotments, maintaining the calculation of the instructional arrangement/setting codes is

still necessary to ensure a successful funding transition as described above at TEC, §48.1022(b). TEA will need to fund the 2026-2027 SY by adding a $250 million statewide increase to the amounts that *would* have been generated under the instructional arrangement/setting system to help set the weights and dollar amounts for the new service intensity system. Therefore, **reporting instructional arrangement/setting codes will still be a requirement for the 2026-2027 SY**, but will cease during the 2027-28 SY and beyond.

Tiers of Intensity/Service Group Allotment Calculation and Reporting: Just as knowing an instructional arrangement/setting code for the entire SY is critical to the effective transition to the new funding model, so is reporting the new tiers of intensity and service group allotments at the beginning of the 2026-2027 SY. **Reporting new tiers of intensity and service groups will also be a requirement at the beginning of the 2026-2027 SY and throughout the year** (see below for first required submission date).

Regular Program Offset Calculations: TEC, §48.051(a), requires that the basic allotment formula contains a proportionate reduction for the time students spend each day in career and technology programs or in special education programs in settings other than general education settings. Under the instructional arrangement/setting funding system, those deductions were calculated through the determination of weighted full-time equivalents (FTEs) based on contact hours and contact hour multipliers. Under the new service intensity funding model, school systems will report the average number of minutes per instructional day (Number of Minutes in Special Ed) that a student spends in a special education classroom or setting. TEA will then calculate the required offset. When determining, recording, and reporting tiers of intensity and service groups, this data element will also be required to finish out the data necessary to determine the full funding allotment for special education.

In order to adequately capture both systems for the entirety of the 2026-2027 SY, TEA has established the following requirements:

- As in typical years, any instructional arrangement/setting codes indicated in the PEIMS Summer submission for a student will be carried over into the 2026-2027 SY until an end date is entered due to a change in the student's individualized education program (IEP) that warrants a new instructional arrangement/setting code.
- **By the first PEIMS Attendance Submission reporting period (1st Six Weeks Attendance) due October 8, 2026, each school system is also expected to** review a student's IEP that is expected to be in place as of the first day of the 2026-2027 SY (i.e., the student's most recent IEP that determined the necessary services for the 2026-2027 SY) and to **enter the student's tier of intensity, any service groups for which the student qualifies, and the average number of minutes per instructional day the student spends in a special education setting.** Those will be reflected with a "begin" date of the first day of the school year. At the same time the tier, service groups, and minutes in special education setting will be entered at the beginning of the year, those data elements and the instructional arrangement/setting code will remain in place with no "end" date until the student's required specifically designed instruction (SDI), as documented in their IEP, is revised in a way that would impact their those data elements. Eligible days present in the Tier will be submitted in the PEIMS Attendance and Summer submissions along with the eligible days present in the instructional setting. Note: the funding tool assists the user in arriving at the tier and any service groups for which a student qualifies; it will not provide space to calculate the average number of minutes per instructional day in a special education setting, as that does not necessitate the logic model like the tiers and service groups do.

- During the 2026-2027 SY, when an IEP is revised or developed that determines necessary special education and related services that would change the student's instructional arrangement/setting code as those are currently calculated, the previous instructional arrangement/setting code will be reflected with an end date and the revised instructional arrangement/setting code will be entered, along with a begin date. Additionally, if the IEP revision affects the tier of intensity, service group, or minutes per day in a special education setting, the revised tiers, service groups, and/or minutes in special education setting will be reported with new "begin" dates – which will reflect the date the new services began or applied, and the previous tier of intensity, service groups, and/or number of minutes in special education setting will be coded with an "end" date.

If school systems determine that clarifications need to be made or data errors need to be corrected after the first or subsequent PEIMS Attendance Submissions, they are able to make those corrections in the PEIMS Summer Submission due in June (first submission) and July (Summer Resubmission) 2027.

The funding tool mentioned above, as well as the framework narrative, will be integral to the collection and ultimate submission of tiers of intensity and service groups, as the tool allows a school system to export student data to an Excel format to help keep track of what IEPs have been reviewed and crosswalked into the new tier and service group structure. Note: in order to protect personally identifiable information, the tool contains fields for local student IDs and the 10-digit unique ID and not student names.

Transition Funding Timeline and Planning Guidance

Because 2026–2027 SY tier weights and service group amounts for the new service intensity system will not be finalized until near-final settle up in September 2027 (based on PEIMS Summer Submission data), school systems should plan accordingly. TEA will flow funds to school systems using legislative planning estimates (LPE) during the school year (9/1/26–8/31/27) based on prior year (2025–2026 SY) instructional arrangements/setting codes (FTEs), updated with 2026–2027 SY IA data each six weeks, increased on a proportional basis by $250 million statewide. While 2026–2027 SY special education funding will increase by $250 million overall relative to prior law, LPE may overstate or understate actual funding for individual school systems depending upon actual special education participation.

To help with transition budget planning, school systems are hereby notified that for actual funding reconciled at settle-up, all school systems will receive at least the amount of special education funding (relative to the regular program offset) that they would have earned under the prior law instructional arrangement/setting-based system during the 2026-27 SY. This prior law funding transition will only be provided during the transition year, when both sets of special education participation formats are reported for each child. Beginning in the 2027–2028 SY, funding will be based solely on the new service intensity system using final tier weights and service group amounts.

School systems should budget using current instructional arrangements/setting FTE estimates, recognizing that final funding will shift at settle up compared to LPE, and many school systems will receive an increase given the $250M statewide increase called for in statute. PEIMS Attendance Submissions during 2026–2027 SY can be used with local state aid templates to monitor projected impacts and adjust budgets.

The TEA is required to submit *attendance projections*, including estimates of tiers and service groups under the new system, to the Legislative Budget Board (LBB) by October 1, 2026, for the 2028–2029 biennium. These estimates will be based on historical and early data that TEA receives (see below on opportunity to help TEA provide attendance projections to LBB) and will likely vary from school system estimates because TEA does not have access to IEP information for every student. From October through December 2026, school systems will provide attendance projections to TEA as they normally do, now also including estimates for the new tiers and service groups. By this time, school systems will have completed their first six-week PEIMS Attendance Submission for 2026–2027 SY, incorporating new tier and service group data, and can use this information to make assumptions for the upcoming biennium.

The TEA is required to submit estimates of tier weights and service group amounts under the new system to the LBB by December 1, 2026. TEA will rely on data from the first six-week PEIMS Attendance Submission for these estimates. As noted above, final tier weights and service group amounts will be determined at settle up.

School System Opportunity to Assist TEA in Submitting Attendance Projections to LBB by August 14 (Early Data)

As mentioned above, TEA must submit statewide attendance projections to LBB by October 1, 2026, for the 2028-2029 biennium. Also mentioned above is the requirement for school systems to track student data for both the instructional arrangement/setting system and the new service intensity system in the 2026-2027 SY. However, the first reporting period for TEA to receive the comparison data between instructional arrangement settings, tiers of intensity, and service groups is not until October 8, 2026, which is later than the LBB deadline.

To assist TEA in providing attendance projections based on actual student-level information, TEA is requesting volunteers of school systems to send TEA any early student data they have collected using the special education funding tool through the submission of one consolidated Excel file by or on August 14, 2026. This will assist the agency in providing reasonable estimates as the LBB prepares information for the legislature's consideration in the 90th session, which begins in January 2027.

School systems wishing to submit their data in an Excel file should use this secure file upload link to do so. TEA will be working with each regional education service center (ESC) to ensure that certain ESC staff are available to assist school systems in collecting data to submit for this purpose to meet the agency's goal of obtaining data for at least 15% of the overall special education population by the August 14 Share File submission in enough time to prepare the projections for LBB.

Note: As mentioned above, the tool contains fields for local student IDs and the 10-digit unique ID for each student. When submitting data to TEA through the secure file upload link, the unique ID is important to retain in the file upload.

Additional Data Required with New System

Although not directly tied to the state special education allotment, a new data element called "educational environment" will begin to be collected in the 2026-2027 SY. Each school system will not have to report this until IEPs are revised or developed during the 2026-2027 SY. In other words, as opposed to the tiers of intensity and service groups that TEA will need school systems to start reporting at the beginning of the year based on 2025-2026 SY IEPs (or those otherwise expected to be in place at

the beginning of the 2026-2027 SY), educational environment can wait until the next naturally occurring ARD committee meeting at which an IEP is revised and services or placement modified for the student.

Training and Communications around the New Intensity of Services Model

TEA and ESC teams are offering multiple training and technical assistance opportunities for school systems to help them in transitioning to the new service intensity model.

Check the special education funding webpage for all current and planned training opportunities and to interact with the multiple resources described in this correspondence.

TEA's Office of Special Populations and Student Supports (OSPSS) hosts monthly special education webinars about various topics, and each one through at least September will contain a standing agenda item around special education funding. You can find the dates and registration links on the special education webinar and newsletter page.

- **The April webinar will occur on April 21 at 2 p.m**. These are recorded with the recordings posted on the same webpage shortly after the webinar.

TEA's OSPSS will also begin holding weekly Zoom "office hours" beginning on May 7, 2026.

- To provide flexibility to stakeholders who have routine commitments that would prevent them from attending office hours if scheduled at only one time of day, **TEA will host two weekly office hours in 30-minute increments, from 9-9:30 a.m. and 4-4:30 p.m. every Thursday**. The registration link to join these office hours will remain the same.

TEA has also set up an email address to receive questions and feedback around the new special education funding system: spedfunding@tea.texas.gov.

For any questions or further clarification regarding PEIMS reporting, please enter a TSDS Incident Management System (TIMS) ticket or email TSDSCustomerSupport@tea.texas.gov.