



Summary of HB 2 on School Finance

HB 2 is an omnibus bill relating to public education and public school finance. The 148-page bill makes numerous changes to school finance provisions, including increasing the Basic Allotment. The bill provides more than \$8 billion in funding for public education. Major highlights from the bill include:

- Increases the Basic Allotment from \$6,160 to \$6,380 (\$220). Requires districts to use at least 40 percent (currently 30 percent) for compensation increases.
- Provides a hold harmless for declining enrollment of more than 5 percent in ADA from the prior year. Districts will receive 95 percent of the funding from the preceding school year. Caps the program at \$50 million per year.
- Increases the small and midsize adjustments: small size from .0004 to .00062 and midsize from .000025 to .000035.
- Increases comp ed allotment from 0.275 to 0.28.
- Provides increases in the Teacher Incentive Allotment and additional funding for the program in high needs and rural districts.
- Moves funding for special education to intensity of services-based funding in the 2025-26 school year. The commissioner of education must ensure the weights provide \$615 million more funding than in the 2024-25 school year.
- Provides an allotment of \$1,000 for special education evaluations.
- Creates an allotment for teacher candidates that complete the literacy achievement academy (\$500) or the mathematics academy (\$1,000).
- Consolidates several hold harmless provisions for property tax relief and makes changes to recapture districts impacted by compression.
- Creates a Local Optional Teacher Designation System Grant Program.
- Creates a Fine Arts Allotment in grades 6-12.
- Prohibits uncertified teachers from teaching courses in the core curriculum beginning in 2026-27. Provides an exemption for the first year, allowing districts to employ an uncertified teacher in a course other than reading and math in grades 6-12. School districts could not use a District of Innovation exemption for teacher certification issues and must provide notice to parents when a student is not taught by a certified teacher.
- Creates a grant to reimburse school districts for TRS costs associated with hiring retired teachers.
- Creates various grants related to serving students with autism, dyslexia training for teachers, recruiting special education staff, supplemental education services for students, ADSY technical assistance for districts, among others.
- Creates an adjustment for districts that fail the comptroller's property value study.
- Requires school districts to pay a classroom teacher with no experience who holds a certification a minimum stipend greater than the minimum stipend paid to a classroom teacher with no experience who does not hold a certificate. Allows school districts to adopt a minimum stipend to comply with this change as follows:
 - For a classroom teacher who holds a standard certificate or intern with preservice experience certificate, \$3,000; and
 - For a classroom teacher who holds a residency standard certificate, \$6,000.
 - For compensation under these changes, a stipend or other form of compensation cannot be included in a teacher's minimum salary. In addition, school districts are prohibited from adopting a salary schedule that differentiates teacher salaries based on a teacher's certification for teachers who have five or more years of experience.

(Effective beginning with the 2026-27 school year)