

Texas HB2 Article 5: Sections 5.27-5.32 - Incentives and Likely Results

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Opinionated Executive Summary: Control Through Complex Distribution Mechanisms

This law creates elaborate funding schemes that appear to support early education but actually increase state control over local decisions through complex distribution formulas and punitive mechanisms. Here are the main unintended results:

State Control Through Funding

The new funding rules for full-day prekindergarten give the state control over how districts use their resources. Schools must follow state-set rules instead of deciding what works best for their students.

Limited Choices for Literacy Programs

The Early Literacy Intervention funding helps pay for reading programs, but it forces schools to use state-approved methods. This limits schools from choosing the best reading programs for their students. Good for publishers, bad for districts.

Third Grade Grants Will Punish Schools

The Third Grade Supplementary Supports rule says that if students who got grants still fail reading tests in third grade, the district loses future funding. This punishes schools for things

they often don't control and blames teachers instead of addressing those factors outside teacher control e.g., home environments, discipline, parent preference). This may be the craziest section yet.

WAY Too Much Paperwork

The new rules require schools to track, report, and follow many complicated programs. Schools spend more time filling out forms instead of focusing on teaching. This adds a lot of extra work that takes away from helping students. In the face of all this added bureaucracy, I don't know why anyone will still want to be a teacher. Teaching is becoming a smaller and smaller part of what 'teachers' are expected to do.

Detrimental Focus for Schools

Schools will have to start making decisions based on what brings in the most state money, not what helps students the most. The funding rules push schools to follow certain programs, even if they don't match the needs of local students or communities.

State Control Sneaking In Under the Guise of Support

These funding rules make schools follow state-approved methods. They give the illusion of more support but actually make schools more controlled by the state instead of being able to respond to local needs.

The Real Problem - Central Planning NEVER Improves Anything

These rules change early education funding from a system that schools can manage to one controlled by the state. They promise help but actually make schools more dependent on the state. The result is less control for local schools, more paperwork, and decisions based on rules instead of what students actually need.

Detailed Analysis

Main Table

Search:

Category	Incentive Created	Intended Result	Codes for Destructive Results We Will Actually Get
All	All	All	All
Full-Day Prekindergarten Early Education Allotment Distribution Priority	Agency shall provide funding to districts operating full-day prekindergarten programs based on one-half average daily attendance for each student in program	Provide enhanced funding support for districts operating comprehensive full-day prekindergarten programs to ensure adequate resources for extended instructional time	C, D, E, F
Full-Day Prekindergarten State-Determined Distribution Mechanism Authority	Agency shall distribute early education allotment money according to state-determined distribution mechanism instead of standard district allocation	Ensure efficient and targeted distribution of early education funds specifically supporting full-day prekindergarten programs through systematic allocation methods	C, D, E, F
Full-Day Prekindergarten Proportional District Entitlement Distribution	If funding remains after full-day program distribution agency shall provide proportional amounts based on district entitlement under Section 48.108(a-1)	Maintain equitable distribution of remaining early education allotment funds while prioritizing full-day prekindergarten program operational support	C, D, E, F
Early Literacy Intervention Annual Student Allotment of \$250 Base Amount	School district entitled to annual allotment of \$250 or greater appropriated amount for each enrolled student receiving reading interventions under Section 28.0064	Provide dedicated funding for intensive reading intervention services to support students identified as needing additional literacy instruction support	A, C, D, E, F
Early Literacy Intervention Funding Exclusion for Title I Compensatory Education Recipients	School district may not receive literacy intervention funding for students already receiving allotment under compensatory education Section 48.103	Prevent double funding by ensuring districts do not receive literacy intervention money for students already supported through compensatory education programs	C, D, E, F, G
Early Literacy Intervention District Enrollment Percentage Cap at 10 Percent	School district may receive literacy intervention funding for not more than 10 percent of students enrolled in kindergarten through third grade	Establish reasonable limits on literacy intervention funding to ensure program sustainability and prevent districts from over-identifying intervention students	C, D, E, F, G
Third Grade Supplementary Supports Grant Amount \$400 Per Student Eligibility	Student entitled to receive \$400 grant amount for each grant eligibility under Section 28.02111 or greater amount provided by appropriation	Provide financial assistance to families and districts for supplementary educational supports helping third grade students achieve reading proficiency	A, C, D, E, F
Third Grade Supplementary Supports Single Grant Limitation Per Category	Student may receive only one grant under each subsection of Section 28.02111 unless legislature provides additional grants by appropriation	Ensure appropriate use of grant funds by limiting students to one grant per category while allowing legislative flexibility for additional appropriations	C, D, E, F, G
Third Grade Supplementary Supports Future School Year Funding Reduction Mechanism	Beginning 2030-2031 school year agency shall reduce district entitlement by total grant money received for students meeting specific failure criteria	Create accountability mechanism ensuring districts effectively use supplementary support grants by reducing future funding for continued student failure	A, C, D, E, F, G
Third Grade Supplementary Supports District Funding Penalty for Failed Assessment Performance	Agency shall reduce district funding for students who fail third grade reading assessment received grants and were enrolled kindergarten through third grade	Incentivize effective use of intervention grants by establishing financial consequences for districts when supported students continue to struggle	A, C, D, E, F, G

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Supplemental Tables

Title
All
INCENTIVE CATEGORY ANALYSIS

Incentive Category	Number of Incentives
All	All
Early Literacy Intervention Annual Student Allotment of \$250 Base Amount	1
Early Literacy Intervention District Enrollment Percentage Cap at 10 Percent	1
Early Literacy Intervention Funding Exclusion for Title I Compensatory Education Recipients	1
Education Code Section 28.006 Multiple Subsection Repeal Elimination	1
Education Code Section 28.007 Complete Section Repeal Elimination	1
Education Code Section 7.058 Repeal Elimination	1
Full-Day Prekindergarten Early Education Allotment Distribution Priority	1
Full-Day Prekindergarten Proportional District Entitlement Distribution	1
Full-Day Prekindergarten State-Determined Distribution Mechanism Authority	1
Funding Sections Immediate September 1 2025 Effect Date	1
Implementation Timeline 2025-2026 School Year Beginning Date	1
Implementation Timeline 2027-2028 School Year Beginning Date for Specific Sections	1
Legislative Article Conflict Resolution Priority Establishment	1
Third Grade Supplementary Supports Commissioner Final Determination Without Appeal Rights	1
Third Grade Supplementary Supports District Funding Penalty for Failed Assessment Performance	1

Title
All
NEGATIVE RESULT CODE FREQUENCY

Negative Result Code	Frequency	Percentage
All	All	All
C	19	100
D	19	100
E	19	100
F	19	100
G	6	31.579
A	4	21.053

Title	
All	

KEY CODED PATTERN FINDINGS

Finding	Description
All	All
Most Universal Negative Pattern	Codes C, D, F appear in 100.000% of incentives, indicating universal state dependency, accountability substitution, and local control elimination
State Dependency Complete Penetration	Code C (state dependency) appears in 100.000% of incentives, representing complete state control over funding distribution, program requirements, and implementation timelines
Accountability Substitution Universal Impact	Code D (accountability substitute) appears in 100.000% of incentives, replacing educational improvement with compliance, reporting, and measurement systems
Administrative Burden Nearly Universal	Code E (administrative burden) appears in 89.474% of incentives, creating extensive overhead in funding distribution, grant management, and compliance requirements
Local Control Complete Elimination	Code F (local control reduction) appears in 100.000% of incentives, eliminating local flexibility in funding allocation, program design, and implementation approaches
People-as-Problem Concentrated Pattern	Code G (people as problem) appears in 36.842% of incentives, treating students, teachers, and districts as problems requiring state correction through funding restrictions and penalties
Extrinsic Motivation Funding Corruption	Code A (extrinsic motivation) appears in 26.316% of incentives, undermining intrinsic educational motivation through funding dependency and financial incentives
Most Problematic Policy Areas	Third Grade Supplementary Supports and Early Literacy Intervention funding show highest concentrations of harmful codes, particularly treating educators and students as problems
Future Punishment Mechanism	Third Grade Supplementary Supports creates unprecedented mechanism to punish districts financially for student outcomes, establishing precedent for future funding penalties

Title	
CODED ANALYSIS SUMMARY STATISTICS	

Metric	Value
Total Incentives Analyzed	19
Most Problematic Code	Codes C, D, F (all appear 19 times each)
Most Frequent Code Combination	C, D, E, F (dependency + accountability + burden + control)
Policy Categories with Code C	19
Policy Categories with Code F	19
Average Codes per Incentive	4.5

Key List of Likely Negative Results

The evaluation codes are based on these axioms:

- Central planning (one size fits all) degrades everyone's performance

- Makes nearly every district action a legal matter
- Robs people of pride in their work
- Efforts at ‘accountability’ will not improve performance of anyone
- Cooperation within an organization is far more effective than competition
- All incentives work; some promote and some pervert the *intention* of the incentive

Search:

Code	Likely_Negative_Result
A	Decreases intrinsic motivation in favor of extrinsic motivation
B	Decreases cooperation within districts in favor of competition for resources
C	Increases dependency on State funding and bureaucracy
D	Substitutes 'accountability' for improvement of the system people work in
E	Increases district administrative burdens
F	Decreases local control and flexibility
G	Treats people as the 'problem', instead of the system they work in

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Interesting Counter-Intuitive Implications

Counter-Intuitive Pattern	Legislative Reality
Success Becomes Punishment	Districts that successfully help struggling third-graders through supplementary grants face future funding reductions if those same students later fail assessments - punishing districts for trying to help
Help Creates Future Harm	Early literacy intervention funding is designed to help students but creates administrative systems that divert resources from actual instruction to compliance and reporting
Support Generates Dependency	Full-day prekindergarten funding support makes districts dependent on state distribution mechanisms rather than building local capacity for sustainable early education programs
Flexibility Eliminates Choice	Multiple funding streams appear to offer program flexibility but actually require conformity to specific state-approved intervention methods and reporting requirements
Assistance Increases Burden	Grant assistance for reading interventions increases district administrative burden through eligibility tracking, enrollment caps, and exclusion rules rather than simplifying support for struggling readers