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**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
57th Legislature, 2nd Session, 2026**

Bill Number	<u>*SB19</u>	Sponsor	<u>Muñoz</u>
Tracking Number	<u>.233128.4</u>	Committee Referrals	<u>SCC/SEC</u>
Short Title	<u>School Finance Unit Value Reset</u>		
Analyst	<u>Estupiñan</u>	Original Date	<u>1/27/2026</u>
		Last Updated	<u></u>

BILL SUMMARY

Synopsis of Bill

*Senate Bill 19 (SB19) requires the Public Education Department (PED) to adjust the unit value for fiscal year 2026 (FY26) by February 27, 2026.

This bill has an emergency clause, which means it would take effect immediately upon the governor's signature.

FISCAL IMPACT

*SB19 does not contain an appropriation.

There would not be a fiscal impact on PED to implement the provisions of *SB19.

SUBSTANTIVE ISSUES

Under current statute, PED is required to establish the final unit value for the state equalization guarantee (SEG), the state's public school funding formula, by January 31, 2026.

Fiscal Considerations. For FY26, PED is anticipating a significant increase in enrollment growth program units reported during 40-day attendance counts that are largely attributable to virtual programs established for the 2025-2026 school year. PED has estimated these program units may total approximately \$41 million, creating an anticipated shortfall in the FY26 SEG distribution between \$20 and \$35 million. Neither the LESC, the Legislative Finance Committee (LFC), nor the executive recommendation include a supplemental appropriation to the SEG for this anticipated shortfall.

*SB19 would provide PED with additional time to gather information on the anticipated budgetary impact of these enrollment growth program units, and for the Legislature to consider potential statutory changes to address budget considerations related to virtual education during the 2026 legislative session. By adjusting the deadline for setting the final unit value to February 27, 2026,

*SB19 also prevents PED from having to set a statutorily required lower final unit value to absorb the anticipated FY26 shortfall that would reduce SEG distributions for all school districts and charter schools.

ADMINISTRATIVE IMPLICATIONS

PED staff would be required to gather additional information on enrollment growth in virtual programs and establish an adjusted unit value for FY26 by February 27, 2026.

SOURCES OF INFORMATION

- LESC Files

DE/mam/mca/jkh