

## August 2020 Legislative Report

### HOUSE:

**House Member Survey on Reopening the Capitol** – On August 14<sup>th</sup>, House Administration Committee Chair Charlie Geren (R-Fort Worth) released results of a survey of House members regarding safety measures the House should take for the remainder of the pandemic. Here are some of the results:

**Do you favor or oppose temperature checks upon entry to the capitol?**

Favor – 87.18%

Oppose – 12.82%

**Do you favor or oppose requiring face masks while in the capitol common areas, committee rooms and public meeting spaces?**

Favor – 82.76%

Oppose – 17.24%

**Do you favor or oppose permitting outside public groups to reserve and use public spaces like committee rooms, the legislative conference center and members extension lounge?**

Favor – 39.47%

Oppose – 60.53%

**Under what circumstances do you believe the Texas capitol should be fully re-opened to the general public?** Written responses ranged from “yes” or “no” to “it should be open under current circumstances.” Here are the responses with the most support:

- with increased safety and sanitation protocols;
- after a vaccine is available;
- individual members should decide protocols for their own office;
- when CDC guidelines for reopening are met;
- after a sustained decrease in infection rate, hospitalizations, and deaths;
- with minimal occupancy;
- when session begins;
- unless there is a lock-down, it should be open to the public;
- based on medical facts and data;
- based on recommendations of public health authorities;
- require masks and appropriate social distancing; and
- re-open now with same standards as other public buildings.

**Do you believe the capitol cafeteria should serve food during the pandemic, and if so, how might operations be adjusted in order to ensure the health and safety of patrons?** Again, the responses ranged from a blanket “yes” to a blanket “no.” Here are the most frequent responses:

- using standards applicable to other restaurants;
- only for legislators and staff, essentially creating a bubble;
- for take-out only;
- limited capacity;

- no buffets or self-serve;
- pre-packaged only;
- strict sanitation protocols; or
- online ordering and delivery.

## **BUDGET:**

**House Appropriations Committee** – The House Appropriations Committee has posted a request for information due on September 30, 2020 submitted via e-mail to [Appropriations@house.texas.gov](mailto:Appropriations@house.texas.gov) with “HAC” in the first part of the email subject line for quick identification. The committee requests input on the following:

- **Interim Charge #2 - ERS and TRS Pension Funds** - Review and evaluate the actuarial soundness of the Employees Retirement System and Teacher Retirement System pension funds. Examine the cost of and potential strategies for achieving and maintaining the actuarial soundness of the funds. Examine the effect the unfunded liabilities could have on the state's credit rating. Examine the state's investment policies and practices, including investment objectives, targets, disclosure policies, and transparency. (Joint charge with the House Committee on Pensions, Investments & Financial Services)
- **Interim Charge #7 - Economic Stabilization Fund** - Identify structural changes that can be made to the Economic Stabilization Fund (ESF) in order to maximize investments and establish a source of funding for long-term liabilities. Examine the potential of using the fund for long-term infrastructure projects and the impact of the constitutional cap on the ESF balance.

**House Appropriations Committee's Subcommittee on Article III** – The House Appropriations Committee's Subcommittee on Article III has posted a request for information due on September 30, 2020 submitted via e-mail to [Appropriations@house.texas.gov](mailto:Appropriations@house.texas.gov) with “ARTIII” in the first part of the email subject line for quick identification. The committee requests input on:

- **Interim Charge #1 - Monitoring** - Monitor the agencies and programs under Article III and oversee the implementation of relevant legislation and riders passed by the 86<sup>th</sup> Legislature.
- **Interim Charge #2 - Public School Finance** - Evaluate ongoing costs associated with implementing the provisions of **HB 3**.

## **PUBLIC EDUCATION:**

**Update on School Safety and State Distribution of PPE to Schools** – On August 4<sup>th</sup>, Governor Greg Abbott visited the Texas Division of Emergency Management's (TDEM) warehouse in San Antonio where he provided an update on the state's distribution of Personal Protective Equipment (PPE) to Texas school districts for the 2020-2021 academic year. The governor noted that the state will continue to purchase and distribute PPE to schools at no cost to the school districts. The governor also discussed the Texas Education Agency's (TEA) guidance for school openings - noting that local school boards have the ability to determine how and when to open for in-person instruction. Governor Abbott said, “Health and safety

remain our top priority as we approach the upcoming school year. To meet that priority, the State of Texas is purchasing and distributing vast amounts of PPE to Texas school districts. As local school boards make determinations on how and when they choose to open schools, the state is working to help ensure that there will be a strong supply of PPE waiting for them to keep students, teachers, and staff safe." The state has already distributed the following to Texas schools:

- 59,410,640 masks
- 567,948 gallons of hand sanitizer
- 24,017 thermometers
- 511,294 face shields

As previously announced by the TEA, local school boards have up to a four-week back to school transition period during which they can offer a solely remote instructional setting if that is deemed needed for the health and safety of students, teachers, staff and parents. After four weeks, the school district can extend the transition period up to another four weeks with a vote of the school board and receiving a waiver. If any school district believes they need an extension beyond eight weeks due to COVID-19 related issues, the TEA will review that request on a case-by-case basis. The governor also discussed the Supply Chain Strike Force and TDEM's broader efforts to purchase and distribute PPE supplies to meet the needs of Texas communities. The TDEM warehouse has distributed the following PPE since the pandemic began:

- 794,370 coveralls
- 4,095,892 face shields
- 32,972,340 gloves
- 7,409,424 gowns
- 132,850,406 masks

**Texas Homeschool Coalition Announce Increased Homeschooling** – On August 3<sup>rd</sup>, Texas Homeschool Coalition (THSC) announced that in July, 2020, they saw 15 times the number of public school families withdraw from public school through THSC's website to homeschool compared to the number of families who did so in July 2019. THSC has an online withdrawal tool that automatically generates a withdrawal letter that families can email to their schools to complete the withdrawal process and begin homeschooling. In July 2019, THSC processed 201 withdrawals. In July of 2020, THSC processed 3,114 withdrawals, a 15-fold increase. Historically, August sees the largest number of withdrawals to homeschool; often three to five times higher than July numbers. This indicates that August could be another record-breaking month. THSC released the following statistics:

- In 2018 and 2019, 23,000-25,000 students withdrew from public school to homeschool each year, according to data from the Texas Education Agency (TEA).
- Homeschool withdrawals have increased seven percent annually on average over the last 20 years.
- While official TEA withdrawal numbers for 2020 are not yet available, early numbers from THSC's online withdrawal tool indicate an enormous increase in families moving to homeschooling.

- Withdrawals through THSC’s online tool, as well as call and email volume from families asking how to homeschool, spiked dramatically within the first 24 hours following the TEA’s announcement of new back-to-school guidelines on July 7<sup>TH</sup>.

**Houston Area Senators Call for School Openings** – On August 13<sup>th</sup>, Senators Paul Bettencourt (R-Houston) and Brandon Creighton (R-Conroe) issued a statement saying that Harris County Judge Lina Hidalgo does not have the authority to prevent the opening of schools. On August 12<sup>th</sup>, Judge Hidalgo announced that as long as Harris County is in “Red Level 1” school districts should not have the option for in-classroom instruction and should submit plans to Harris Public Health before resuming in-person instruction. The senators pointed out that Attorney General Ken Paxton has issued an opinion, along with guidance from Governor Greg Abbott, Lt. Governor Dan Patrick, Speaker Dennis Bonnen, House Public Education Committee Chair Dan Huberty and Senate Education Committee Chair Taylor that local health departments do not have the authority to issue a preventative order for the blanket closure of schools. Senator Creighton said, “We are winning the battle against COVID-19. The single greatest threat to the employment of a single mom is to keep schools closed. Also, our kids benefit from being back in school, not just for quality education but also for nutrition and support. With COVID-19 having a 99 percent survival rate and millions of Texans depending upon employment and keeping their kids learning, we need to open schools on time with appropriate safeguards.” Senator Bettencourt added, “Judge Hidalgo says to let science be science but ignores the CDC guidelines urging schools to reopen. She needs to use numbers that are real numbers like the TMC data which shows COVID-19 hospitalizations are way down. Hospitalizations should be the key statistic for any plan. Mathematically, I don’t see how Hidalgo’s plan would let in-classroom instruction happen until 2021.”

**House Public Education Committee** – The House Public Education Committee has posted four separate requests for information. All responses are due September 30, 2020 and must be e-mailed to [education@house.texas.gov](mailto:education@house.texas.gov). For all RFI’s are issued for information and input from state agencies, interested parties, and the public. Specific questions are asked of agencies on particular charges.

**House Public Education Committee Interim Charge #1 - Monitoring** - Monitor the agencies and programs under the Committee's jurisdiction and oversee the implementation of relevant legislation passed by the 86th Legislature. Conduct active oversight of all associated rulemaking and other governmental actions taken to ensure intended legislative outcome of all legislation, including the following:

**Responses To Questions Requested From Entities** - The Committee seeks responses to one or more of the topics and questions outlined below from the following state agencies: Texas State Auditor’s Office, Legislative Budget Board, Texas Health and Human Services Commission, and the Texas Department of State Health Services.

**Interim Charge #1A - HB 3**, which relates to **public school finance** and public education. Monitor the Texas Education Agency's (TEA) implementation of the bill, including the extensive rulemaking process and broad unintended consequence

authority of the commissioner. Examine the pay raises districts have provided to staff and the various approaches adopted to differentiate these salary increases according to experience. HB 3 Questions:

- **Question 1** - Can the state delay implementation of the teacher incentive pay program to push it out to the next biennium? If so, what would be the impact on the current budget, as well as budget implications for the 2022- 23 biennium?
- **Question 2** - Does the state have any obligation to ensure that newly awarded salaries are carried forward from year-to-year all other conditions being equal?
- **Question 3** - Is the state capable of providing the additional financial resources so school districts can maintain the new salaries awarded post- HB 3?
- **Question 4** - What impact does the "no new revenue - tax cap" of 2.5 percent have on a school district's ability to continue the pay raises or changes in salary scheduled adopted for the 2019-20 school year?

**Interim Charge #IB - HB 1842 (84R), HB 22 (85R), SB 1882 (85R), and HB 3906**, which relate to **public school accountability, assessment, interventions, and district-charter partnerships**. Monitor the ongoing progress of the TEA's implementation and rulemaking of the A-F rating system, the State of Texas Assessments of Academic Readiness (STAAR), and public school sanctions and interventions. HB 1842 (84R), HB 22 (85R), SB 1882 (85R) and HB 3906 Questions:

- **Question 5** - The stated purpose of these partnerships with charters was to serve as incubators of innovative ideas in how to turn around failing campuses. Have any successful programs been identified that can be replicated by struggling campuses?
- **Question 6** - Have certain types of new partnerships been more successful than other types of alternative educational arrangements?
- **Question 7** - What type of resources (financial and other types of supports) have been necessary to implement new turn-around partnerships?
- **Question 8** - What measures of "success" are being used to know if these partnerships are working and sustainable?
- **Question 9** - Can programs that have been deemed successful at these low-rated campuses be replicated at other campuses within the district? If not, why? If yes, have similar results in increased student achievement been realized?

**Interim Charge #1C - SB 1873 (85R)**, which relates to reporting certain **school district health and safety information**. Review the report on physical education prepared by the TEA and determine what, if any, next steps are needed based on the data collections; and **HB 18**, which enhances **school safety** and mental health resources for students and school personnel and works to reduce the stigma around mental health conditions. Monitor the process by which state agencies coordinate to implement the legislation and their compliance with various requirements, including providing required guidelines and resources to schools. (Joint charge with Committee on Public Health.) SB 1873 (85R) Questions:

- **Question 10** - Other than checking a box that a report has been filed with TEA, has this legislation resulted in any changes in the PE programs offered to students? Is Texas using any of this data or trends that Texas students are healthier and more physically active?
- **Question 11** - Other than checking a box that a report has been filed with TEA, has this legislation resulted in any changes in the PE programs offered to students? Is Texas using any of this data or trends that Texas students are healthier and more physically active?

**Interim Charge #1D - HB 19**, which places non-physician **mental health professionals** at education service centers to provide resources for educators and administrators in school districts and charter schools. (Joint charge with Committee on Public Health)

**Interim Charge #1E - HB 906**, which creates the **Collaborative Task Force on Public School Mental Health Services**. (Joint charge with Committee on Public Health)

**Interim Charge #1F - SB 11**, which creates the **Texas Child Mental Health Care Consortium** to facilitate access to mental health care services through telehealth and expands the mental health workforce through training and funding opportunities. Monitor the creation of the consortium and agencies' rulemaking processes. Review how school districts are spending their school safety allotment. (Joint charge with Committee on Public Health)

**House Public Education Committee Interim Charge #2 - Digital Learning** - Determine if any barriers exist in providing a digital learning environment for all children, including an evaluation of the competitive marketplace for blended learning products and services. Evaluate the effectiveness of the Technology and Instructional Materials Allotment (TIMA) in providing districts the resources necessary to equip students with instructional materials and technology, including in the review all programs and initiatives funded by set-asides from the TIMA. Monitor the performance and accountability of the state's full-time virtual schools and online courses provided through the Texas Virtual School Network.

**Responses To Questions Requested From Entities** - The Committee seeks responses to the topics and questions outlined below from the following state agencies: Texas Education Agency, Texas State Auditor's Office, and the Legislative Budget Board. Questions:

- **Question 1** - Can a map, detailed list, or other resources be provided that shows where there are gaps in available internet coverage? If so, please provide. What needs to be done to close this gap?
- **Question 2** - What plans do internet service providers have to roll-out increased coverage in the state to close the technological gap, only highlighted by the current pandemic?

**House Public Education Committee Interim Charge #3 - Special Education Strategic Plan** - Monitor the progress of the TEA's compliance with the Corrective Action Response required by the United States Department of Education, the implementation of the state's Special Education Strategic Plan, and the state's compliance with other federal requirements regarding special education, including maintenance of state financial support for special education. Recommend solutions

to barriers the agency, school districts, students with disabilities, and parents face in accessing a free and appropriate public education and in meeting the milestones of the plan and any measures needed at the state level to ensure that students with disabilities are being located, fully evaluated, and appropriately identified for special education instruction and services.

**Responses To Questions Requested From Entities** - The Committee seeks responses to the topics and questions outlined below from the following state agencies: Texas Education Agency, Texas State Auditor's Office, and the Legislative Budget Board.

**House Public Education Committee Interim Study Charge #4 - Audit Review** - Monitor the State Auditor's review of agencies and programs under the Committee's jurisdiction. The Chair shall seek input and periodic briefings on completed audits for the 2019 and 2020 fiscal years and bring forth pertinent issues for full committee consideration. The following state agencies are under the committee's jurisdiction: the State Board of Education, the Texas Education Agency, the Texas representatives to the Education Commission of the States, the Office of Southern Regional Education Compact Commissioner for Texas, the Texas School for the Blind and Visually Impaired, the State Board for Educator Certification, and the Texas School for the Deaf.

**Responses To Questions Requested From Entities** - The Committee seeks responses to the topic outlined below from the Texas State Auditor's Office.

**House Public Education Committee RFI Related to COVID-19:**

**Responses To Questions Requested From Entities** – The committee is seeking information and input from the public; public school districts; and relevant associations such as those representing independent and private schools, faculty associations, parent associations, and teacher associations in regards to the topics and questions as outlined below.

**Questions:**

1. Are Texas public schools ensuring the health and safety of students, faculty, and staff during the 2020 Fall Semester? When applicable, please speak directly to classroom and lab settings, and cafeterias.
2. What plans are in place for on-campus COVID-19 testing? Do school districts have the capacity to provide testing on campus, both in terms of available supplies and labs to process tests?
3. If applicable, what are plans for athletics this Fall? How will student athletes be kept safe? If fans will be permitted to attend events, how will fans be kept safe?
4. What do projected enrollment figures and formula funding look like for this school year?
5. Has there been a noticeable impact on staff or faculty retention with regard to concerns about the pandemic?
6. How have state and federal COVID-related funds already impacted budgets?
7. How has the pandemic affected the overall financial status of small and rural school districts?

**Supreme Court Review of Cypress-Fairbanks ISD Court Order** – On August 17<sup>th</sup>, Attorney General Ken Paxton filed a friend-of-the-court brief with the Supreme Court of Texas, urging the court to override a trial court order that prevented the Cypress-Fairbanks Independent School District from resuming in-person, on-campus operations and teacher trainings just days before the start of the school year. On Friday (August 14<sup>th</sup>), the trial court granted a request from a teachers’ union to effectively shut down the on-campus operations of one of Texas’s largest school districts. On Sunday night (August 15<sup>th</sup>), the Supreme Court of Texas stayed the trial court’s order. Attorney General Paxton said, “Friday was supposed to mark the return to campus for Cy-Fair teachers and staff who were preparing to start the new school year and welcome back kids, until a trial court unlawfully ordered the campus shut down at the request of a teachers’ union. The trial court’s order exceeds its jurisdiction and grants relief contrary to the laws of Texas. Teachers’ unions have no authority to override the decisions of schools administrators about how to return to school safely.”

**Legislator Calls for Audit of IDEA Public Schools** – On August 18<sup>th</sup>, State Representative Terry Canales (D-Edinburg) sent a letter to Education Commissioner Mike Morath and Texas First Assistant State Auditor Lisa Collier, calling for a comprehensive and multi-agency audit of the IDEA Public Schools (IDEA) after recent disclosures of lavish expenditures for its executives. The disclosures included leasing of a private jet solely for the use of top IDEA officials and their families, chauffeured limousines, advertisements during the Super Bowl and World Series, travel expenses of over \$14 million, and many more similar expenditures. The letter said, “IDEA receives approximately half a billion dollars a year from the State of Texas to educate students. It has plans to almost double its enrollment to 97,000 students and add 27 new campuses by the end of 2021. If approved, state funding could double to approximately \$1 billion annually. Additional state oversight is needed to ensure that state dollars are spent for their intended purpose and to prevent questionable use of state funds in the future. As public servants, the State has an obligation to ensure that taxpayer dollars are used for their intended purposes, and the recent disclosures of the expenditures at IDEA are alarming - to say the least. Texas must ensure that our tax dollars are not being used for purchases like private jets and Super Bowl advertisements. I believe IDEA’s recent actions have raised clear and pressing concerns surrounding IDEA’s financial decisions. Other contracts, state agencies, and even universities that receive far fewer state dollars than IDEA receive more state oversight. So, given IDEA’s questionable expenditures, a financial audit of IDEA only makes sense. Let me be clear, I do not believe any of our neighborhood schools are at issue here. I salute the hardworking teachers and students of IDEA, and I wholeheartedly support the work that they are doing. I believe this issue is solely at the executive level of the school district. A state audit conducted jointly by the Office of the State Auditor and TEA may ensure that public funds are used efficiently for their intended purpose and may improve public trust. An audit also may reveal the need for possible legislative changes to increase oversight and reduce risk to the State of Texas.”



**Commissioner Morath Recommends New Charter Schools** – On August 19<sup>th</sup>, Commissioner of Education Mike Morath advised members of the State Board of Education of his decision to grant eight Generation Twenty-Five charters. Eight Generation Twenty-Five charter school applicants successfully completed a final step of the state’s charter application process allowing them to begin operation in Texas for the 2021-22 school year once any contingencies are met. The eight are:

- Brillante Academy (McAllen);
- CLEAR Public Charter School (San Marcos);
- Doral Academy of Texas (Buda);
- Heritage Classical Academy (Houston);
- Learn4Life-Austin (Austin);
- Prelude Preparatory Charter School (San Antonio);
- Rocketship Public Schools (Fort Worth); and
- Royal Public Schools (San Antonio).

Under SB 2 (passed in 2013), the Commissioner of Education has the authority to grant new open-enrollment charters in Texas and must notify the State Board of Education of those that are approved. The State Board of Education may veto any new charter approved by the Commissioner within 90 days of the Commissioner’s decision. The State Board is expected to discuss the Commissioner’s decisions on September 10, 2020 and take action or no action during its meeting on September 11, 2020.

**COVID-19 Data Tracking System for Public Schools** – On August 20<sup>th</sup>, the Texas Education Agency (TEA) in collaboration with the Department of State Health Services (DSHS) announced a new tracking system to monitor and report confirmed COVID-19 cases in public schools across Texas. School systems report COVID-19 cases to DSHS, and DSHS will publicly report data on COVID-19 cases and outbreaks in schools starting in September. Governor Abbott said, “Data on the number of cases in schools is of paramount interest to parents, students, teachers, staff, public health experts, policymakers, and the larger community. This information will be submitted to DSHS any time there is a positive case in a campus community. TEA is collaborating with superintendents on the reporting process and will finalize it in the coming days. As a result, it’s important to note that this data collection effort will be updated based on the input received from Texas school districts. Having this knowledge and being able to publicly share the accumulated case totals from schools in a single place covering the entire state of Texas will help us to further support the health and safety of all Texans.”

**Operation Connectivity Initiative** – On August 20<sup>th</sup>, Governor Greg Abbott announced that the Texas Education Agency (TEA), in partnership with Local Education Agencies, has procured more than 1 million personal devices and internet Wi-Fi hotspots as part of the state’s Operation Connectivity initiative. Financed by a previously announced \$200 million allocation of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding that was allocated to the TEA, and matched by school districts across Texas, the procurement effort will ensure that students attending a Texas public school will have both a device and connection to

the internet throughout the 2020-21 school year and beyond. Administered by Texas' Region 4 Education Service Center, the bulk procurement of devices and hotspots will lead to noticeable cost savings for districts of anywhere from 20-40 percent off the standard retail price for devices. Governor Abbott said, "Securing personal devices and Wi-Fi hotspots will help meet the connectivity needs of students across the state. As school districts delay in-person instruction for the 2020-2021 school year, it is critical that the State of Texas close the digital divide and ensure access to virtual education for students who are learning at home." Education Commissioner Mike Morath added, "Governor Abbott's Operation Connectivity Task Force, co-chaired by Dallas ISD Superintendent Dr. Michael Hinojosa, is comprised of many players, including business and education leaders from across Texas. Because of the herculean efforts of our school districts, the nimble response of our Task Force, and the commitment of community-minded corporate partners in Texas, we are significantly narrowing the digital divide in the Lone Star State, faster than anyone thought possible. This work will help millions of Texas children." Since March 2020, Local Education Agencies and the TEA have contributed nearly \$900 million to help close the connectivity gap among public school students.

**TSTA Study on Virtual Learning Capabilities** – On August 21<sup>st</sup>, Texas State Teachers Association (TSTA) released a study they commissioned that indicated overall digital access for Texas students is worse than in the country as a whole, but the biggest victims are low-income, rural and minority students. TSTA President Ovidia Molina said, "Inequities in virtual learning capabilities were known before the coronavirus pandemic struck Texas this spring, but they are more critical now that remote learning has assumed a much greater role in public education as educators and parents work to protect students, school employees and their communities. TSTA supports virtual learning as a safe way to provide learning opportunities to Texas children while protecting them, their teachers and their families from the dangerous coronavirus. But our state and federal governments must significantly increase funding for this effort so that all students, regardless of family income, race, ethnicity or home address, have access to the tools they need. These are uncertain times, and we don't know how long they will last. Teachers will continue to do their part to educate our students, but the state and federal governments must do a much better job of providing the support and resources that this emergency requires." Drawing on data from the Census Bureau's American Community Survey, Public Policy Associates Inc. (PPA), which conducted the study for TSTA, determined that Texas ranked 46<sup>th</sup> among the states in overall internet and computer access, 45<sup>th</sup> in broadband access and 45<sup>th</sup> in access to both broadband and computers. Seventy percent of households with school-aged children in Texas metropolitan areas have access to broadband and computers, but only 50 percent of similar households in non-metro areas do, a 20-point gap. The study also found:

- Students whose families are below the poverty line are much less likely (43 percent) than their middle- and upper-income peers (74 percent) to have both computers and broadband access at home.

- White students (78 percent) have greater access to both broadband and computers than Black students (63 percent) or Hispanic students (59 percent). The gap between Hispanic and white students in Texas is larger than in the country as a whole.
- Only 70 percent of all school-aged children in Texas have access at home to what can be considered high-speed internet access.
- Thirty-three percent lack either a computer or broadband access.
- PPA suggested the digital deficit for some groups may be even worse than these numbers indicate because the American Community Survey, on which the study was based, collects data on household access to computers, not how many or what kind.

Molina concluded, “Closing the gap will require additional dollars for low-income neighborhoods, rural and hard-to-reach communities, and in communities of color, as well as for additional training for teachers and support staff. This is another reason Governor Abbott must act now to call off STAAR testing this year. That will reduce student and educator stress and provide additional resources for computers and internet access for students in need. How can the state expect students to properly prepare for STAAR when many don’t even have the appropriate remote learning tools that will be necessary for much of this school year?”

**Philanthropy Advocates** – On August 24<sup>th</sup>, Texas Education Grantmakers Advocacy Consortium (TEGAC) announced its new name, Philanthropy Advocates, a collaboration with Educate Texas. TEGAC’s name change better reflects its core mission, engaging philanthropy to advocate on behalf of 7 million pre-K-12 and higher education students across Texas. Jennifer Esterline, Director, Philanthropy Advocates said, “Since our founding nearly a decade ago, Philanthropy Advocates has harnessed the power of philanthropy and data-driven research to achieve our vision. Our name may have changed, but our commitment to our core mission is unwavering. We advocate to ensure Texas students achieve their educational goals from cradle to career.” Texas philanthropic partners first united in response to the Texas Legislature’s historic budget cuts to public education - totaling \$5.4 billion - in 2011. Over the last decade, Philanthropy Advocates’ work in both education policy research and advocacy efforts has contributed to meaningful education policy reforms in the areas of early childhood education, pathways to college and career, effective teaching, and school finance - including support for one of the most significant state investments in our public education system (HB 3 from 2019). Philanthropy Advocates is a group of 54 family, corporate, community and private foundations and United Ways from across Texas that collectively represent Texas’ smallest communities and largest cities. In 2019, we joined forces with Educate Texas, a trusted change agent in education, to better advocate together on behalf of our state’s 7 million students. Dr. Wynn Rosser, President and CEO, T.L.L. Temple Foundation and Chair, Philanthropy Advocates Leadership Committee said, “Philanthropy Advocates’ collective voice and our seat at the table with state lawmakers and with the business community is helping to promote, to protect and to improve Texas’ public and higher education systems. Now, as we navigate the current pandemic and its impact on our

state's budget and public and higher education systems, our work is more important than ever.” Jennifer Esterline concluded, “Our state’s budget woes and outlook will come into sharper focus in the next few months. One thing is already clear; Philanthropy Advocates’ work will play a critical role as the Texas Legislature grapples with historic, unprecedented budget shortfalls and a weakened economy due to COVID-19.”

**Teacher Incentive Allotment** – On August 25<sup>th</sup>, the Texas Education Agency (TEA) announced the first 26 districts approved for a Local Designation System as part of the Teacher Incentive Allotment (TIA). Made possible by the passage of HB 3 during the 86<sup>th</sup> Legislative Session, the Teacher Incentive Allotment provides a pathway for the most effective teachers to earn six figure salaries while enabling districts in rural and high-needs areas to improve educator recruitment and retention. Through their approved Local Designation System, these 26 districts will be able to implement a system that rewards quality educators and helps foster success and equity in the classroom. Beginning in the spring of this year, interested districts were subject to an intensive multi-step application process that included review of their development of educator evaluation plans, student progress measurements, and robust stakeholder engagement.

**Approved Districts** - The first cohort of approved districts will designate approximately 3,650 teachers and generate nearly \$40 million dollars in additional funding. The approved districts are:

- Anderson-Shiro – 5-year full approval
- Brownsville – 1-year provisional approval
- Dallas – 5-year full approval
- Evolution Academy Charter – 2-year provisional approval
- Fruitvale – 5-year full approval
- Galveston – 5-year full approval
- Harmony School of Science-Houston – 5-year full approval
- Harmony Science Academy – 5-year full approval
- Harmony Science Academy Austin – 5-year full approval
- Harmony Science Academy San Antonio – 5-year full approval
- Harmony Science Academy Waco- 5-year full approval
- International Leadership of Texas – 5-year provisional approval
- Klein – 1-year provisional approval
- La Academia De Estrellas – 1-year provisional approval
- La Joya – 1-year provisional approval
- La Pryor – 5-year full approval
- Legacy Preparatory – 2-year provisional approval
- Longview – 2-year provisional approval
- Lubbock – 5-year full approval
- Newman International Academy – 5-year full approval
- Palestine – 5-year full approval
- San Perlita – 5-year full approval
- Somerset – 1-year provisional approval

- Uplift Education – 5-year full approval
- Winona – 1-year provisional approval
- Yes Prep Public Schools – 1-year provisional approval

## **TAX:**

**Sales Tax Revenue in July 2020 Up 4.3 Percent from July 2019** – On August 3<sup>rd</sup>, Comptroller Glenn Hegar reported that state sales tax revenue totaled \$2.98 billion in July (*In June, it was \$2.67 billion, and in May it was \$2.16 billion*), 4.3 percent more than in July 2019 (*in June, it was down 6.5 percent from June 2019; and in May 2020, it was 13.2 percent less than May 2019*). The majority of July sales tax revenue is based on sales made in June and remitted to the agency in July. Widespread social distancing requirements were more relaxed across the state in June than in previous months. Comptroller Hegar said, “State sales tax collections in July were better than expected, increasing despite the high unemployment due to the pandemic. The increase was due to a surge in collections from the retail trade sector; receipts from other major sectors - including mining, construction, wholesale trade, services and restaurants - showed significant declines. Collections from e-commerce were up sharply, as many consumers chose to shop online rather than at brick-and-mortar stores. Also, more online marketplace and remote vendors are required to collect and remit Texas tax following the Wayfair decision and subsequent legislation passed last session. Increased time spent at home both for teleworking and staycations, in lieu of leisure travel, spurred sharply higher spending for home improvements. Collections from food and beverage stores also were up strongly, as consumers replaced purchases of alcohol from restaurants and bars with alcohol purchased for off-premise consumption (alcohol sales at bars and restaurants are subject to mixed beverage taxes, not sales and use tax). Collections from sporting goods stores also rose significantly, as consumers turned to home workouts, bicycling, boating, camping and other forms of outdoor recreation consistent with social distancing. With about 1.3 million Texans with continued claims for insured unemployment and another 184,000 receiving benefits under the Pandemic Unemployment Assistance program in June, it’s likely that consumer spending was significantly supported by enhanced benefits provided by the federal CARES Act and related legislation enacted in response to the COVID-19 pandemic. With the expiration of these benefits at the end of July, consumer spending and sales tax collections may decline in coming months.” Total sales tax revenue for the three months ending in July 2020 was down 5.3 percent compared to the same period a year ago. Sales tax is the largest source of state funding for the state budget, accounting for 57 percent of all tax collections. The effects of the economic slowdown and low oil prices were more evident in other sources of revenue in July 2020, though most were improved compared to previous months.

### **Texas collected the following revenue from other major taxes:**

- motor vehicle sales and rental taxes - \$466 million, down 3.7 percent from July 2019;
- motor fuel taxes — \$304 million, down 2.2 percent from July 2019;
- oil production tax — \$187 million, down 40 percent from July 2019;
- natural gas production tax — \$37 million, down 71 percent from July 2019;

- hotel occupancy tax — \$34 million, down 42 percent from July 2019; and
- alcoholic beverage taxes — \$110 million, down 6.2 percent from July 2019. These collections were inflated by a delay in liquor tax remittances, resulting in the July receipt of four months' worth of remittances in liquor taxes due to the Texas Alcoholic Beverage Commission. Mixed beverage gross receipts and sales taxes, which typically make up the bulk of monthly alcoholic beverage tax collections, were down 41 percent compared to July 2019.
- Fiscal 2020 franchise tax collections, which were deferred to July, totaled \$4.17 billion, 4.8 percent more than in fiscal 2019 year-to-date.

**Local Sales Tax Distributions** – On August 12<sup>th</sup>, Comptroller Glenn Hegar announced he will send cities, counties, transit systems and special purpose taxing districts \$908.7 million in local sales tax allocations for August, 3.6 percent more than in August 2019. These allocations are based on sales made in June by businesses that report tax monthly and on sales made in April, May and June by quarterly filers.