

ELECTIONS:

Senate District 30 – State Representative Drew Springer (R-Muenster) won the December 19th Senate District 30 Special Election Run-Off to succeed Senator Pat Fallon (R-Frisco) in the Texas Senate. Here are the results:

- Drew Springer (R-Muenster) – 32,599 votes – 56.45 percent
- Shelley Luther (R-Pilot Point) – 25,146 votes – 43.55 percent

House District 68 Special Election – On December 28th, Governor Greg Abbott issued a proclamation announcing Saturday, January 23, 2021, as the special election date to fill the Texas House of Representatives District 68 seat recently vacated by Senator-elect Drew Springer.

GOVERNOR:

Re-Opening of the State Capitol – On December 21st, Governor Greg Abbott, Lt. Governor Dan Patrick and House Speaker Dennis Bonnen announced that the Texas Capitol will re-open on January 4th. In response to the COVID-19 pandemic, health and safety protocols have been put in place to allow for the Capitol's reopening while maintaining a safe environment for all visitors, lawmakers, and staff. Preparations to safely conduct business in the Texas House and Senate are ongoing, and each chamber will vote upon their respective rules and protocols at the start of the legislative session.

SENATE:

Lt. Governor Plans to Change the 3/5ths Rule – On December 9th, Lt. Governor Dan Patrick said, "I intend to ask the Senate to vote to change the number of votes required to bring a bill to the floor for consideration. When I was elected Lt. Governor in 2015, we changed the rule from 21 to 19 so that Democrats were no longer able to veto legislation they didn't like. The Republican majority now stands at 18. I am recommending lowering the number of votes needed to bring a bill to the floor to 18. A simple majority vote of 16 is needed to pass a bill, but we must be able to get that bill to the floor without Democrats blocking it. Texans reaffirmed in the 2020 election that they support conservative candidates and conservative policies, and I am committed to again moving a conservative agenda forward."

HOUSE:

Opening Day Operational Plan – On December 14th, House Administration Committee Chairman Charlie Geren (R-Fort Worth) sent a memo to House members concerning the Opening Day Operational Plan. It said, "In response to the ongoing COVID-19 crisis and as a result of discussions of the Workgroup on Legislative Operations during a Pandemic, ceremonial and operational modifications will be implemented for opening day of the 87th Legislature. The duration of the ceremony will be shortened, and there will be a significant reduction in the number of people

admitted to the House floor and gallery. Additional details regarding ticketing, testing, seating, media access, and other logistics are forthcoming. The modifications are necessary to ensure the health and safety of the Members-elect, guests, staff, media, and the public, while providing a meaningful ceremony to celebrate Members' election to the Texas House of Representatives of the 87th Legislature in compliance with constitutional and statutory requirements for the ceremony. Under Section 301.001, Government Code, the legislature is required to convene at 12 noon on January 12, 2021, and under Section 301.004, Government Code, the oath of office is administered simultaneously to all Members-elect by the Chief Clerk, immediately following the required roll call in district number order.

BUDGET:

Voter Approval for the Issuance of Bonds – On December 1st, State Representative Brooks Landgraf (R-Odessa) filed **HB 664** to require any ballot measure for approval of the issuance of bonds or other public debt to be submitted to voters and taxpayers only during a November election, removing the option to vote on debt during lower turnout elections.

PUBLIC EDUCATION:

Increasing Homeschooling Statistics Released – On December 2nd, the Texas Home School Coalition (THSC) announced the release of a new research tool showing a comprehensive breakdown of all homeschool withdrawals from Texas public schools since 1997. Between 1997-2019, withdrawals from public schools to homeschools in Texas increased 228 percent compared to a 41 percent increase in public school enrollment over the same period. While homeschool withdrawals grew at an average annual rate of 6.5 percent, public school enrollment grew at an average rate of 1.6 percent. Before COVID-19, 22,000-25,000 students were withdrawing from Texas public schools to homeschool each year. THSC's new research tool, which is available for viewing online, provides previously unavailable geographic and grade level breakdowns of the students who withdraw from Texas public schools to begin homeschooling. Homeschool withdrawal data was obtained from the Texas Education Agency (TEA), which reports on only those homeschool students who withdrew from the public school system to homeschool and only students in grades 7-12. For this reason, total homeschool growth in Texas is estimated to be significantly higher than the numbers reported by the TEA. A recent survey from Gallup showed that the number of homeschool families in the United States doubled from 5 percent in 2019 to 10 percent in 2020. This could mean more than 670,000 homeschool students in Texas, which would translate into more than \$7 billion in savings to the state per year. While homeschool withdrawal information for 2020 is not yet available from the Texas Education Agency (TEA), all available indicators point toward record growth. Tim Lambert, President of THSC, commented on the upward trend in homeschooling saying, "Data from the TEA indicates that homeschooling in Texas has been growing at an incredibly fast pace over the last 20 years, and that was true before COVID-19. By all appearances, homeschool growth is outpacing all other forms of education by incredible margins and has just become a mainstream educational option."

[Here](#) is a link to the research tool.

Proposals to Boost School Employee Pay – On December 8th, Representative Jessica González (D-Dallas) filed two pieces of legislation that, she says would dramatically improve the livelihoods of Texas’ public school teachers and support personnel during the coronavirus pandemic and its resulting economic recession. **HB 732** would establish a \$15 minimum wage for all employees working in public school districts and open-enrollment charter schools in the State of Texas. **HB 733** would double the state’s premium assistance for active school employees from \$900 to \$1800 per fiscal year. Representative González said, “Premium assistance was set in 2001 at \$900 and has not been adjusted as premium increases and out-of-pocket costs have grown. Employees of Texas’ public school system are battling COVID-19 on the frontlines, and now, more than ever, they need the State of Texas to step up for them. That’s why I’ve filed HB 732 and 733, to set a higher minimum wage for school support personnel, and to increase Texas’ financial obligation to school employees’ healthcare plans. I look forward to working with my colleagues in the House to enact meaningful solutions to the many economic problems facing our State, for the benefit of our most courageous and selfless public servants on the frontlines, caring for and educating Texas’ children.”

A-F Ratings Paused for the 2020-2021 School Year – On December 10th, the Texas Education Agency announced that A-F ratings would be paused for 2020-2021 school year due to the ongoing disruptions associated with COVID-19. The STAAR test will proceed for the 2020-21 school year in order to provide critically important information about individual student learning that teachers and parents can use to help students grow. For those schools that incorporate STAAR results into teacher evaluations, TEA is providing flexibility to allow them to remove that component this school year. STAAR results will allow schools, teachers, and parents to see how individual students are performing while also giving education leaders and policymakers across Texas a comprehensive picture of what are likely to be sweeping impacts of the pandemic on student learning, helping policymakers craft solutions for the years ahead. However, the STAAR will not be used for accountability purposes this school year. Education Commissioner Mike Morath said, “The last nine months have been some of the most disruptive of our lives. The challenges have been especially pronounced for our parents, teachers, and students. We continue to prioritize the health and safety of students, teachers, and staff in our schools this year, while working to ensure students grow academically. The issuance of A-F ratings for schools has proven to be a valuable tool to support continuous improvement for our students, allowing educators, parents, and the general public to better identify and expand efforts that are working for kids. But the pandemic has disrupted school operations in fundamental ways that have often been outside the control of our school leaders, making it far more difficult to use these ratings as a tool to support student academic growth. As a result, we will not issue A-F ratings this school year.” School systems are required to make STAAR available to every eligible student. The test will be administered on school campuses

across the state or at other secure alternative testing sites. The test is an assessment of the grade level expectations of Texas students, with questions designed by subject matter experts and committees of Texas teachers to measure how well students have mastered knowledge and skills in various grades and subjects. STAAR will continue to be administered only in secure environments to ensure the results remain valid and reliable.

Program of Study in Career and Technical Education – On December 9th, Representative Gary VanDeaver (D-New Boston) filed **HB 773**, a companion to **SB 194** by Beverly Powell (D-Burleson), which would amend the Texas Education Code to add the indicator "students who successfully completed a program of study in career and technical education." Programs of study include coherent sequences of courses, industry-based certifications, and work-based learning. These programs of study include courses in agriculture, food, and natural resources, architecture and construction, arts, audio/video technology and communications, business, marketing and finance, education and training, energy, health science, hospitality and tourism, human services, information technology, law and public service, manufacturing, STEM, and transportation, distribution, and logistics. Representative VanDeaver said, "It is important to give school districts as much credit as possible for the range and wealth of programs they offer on their campuses to our students. This bill will ensure that they receive recognition for their course offerings in the accountability system."

Social-Emotional Learning – On December 12th, Representative James Talarico (D-Round Rock) announced the filing of **HB 332** permitting schools to use compensatory education allotment funds to pay for social-emotional learning programs. It would allow schools to:

- Hire more counselors to address the social-emotional needs of their students;
- Train teachers in trauma-informed care; and
- Create social-emotional learning programs.

Houston-Area Teachers Protest STAAR Testing – On December 14th, parents, teachers, and students from at least six Houston area school districts demanded that the governor and state legislature cancel STAAR testing, implement adequate safety measures to stop COVID deaths, and fully fund public schools. The districts include Houston ISD, Aldine ISD, Pasadena ISD, Spring Branch ISD, Alvin ISD, Cypress-Fairbanks ISD, and others. They organized a vigil the day before a December 15th national teacher sick-out calling for safer conditions in schools and an end to standardized testing across the country.

Supplemental K-5 Math Computer Program – On December 17th, Governor Greg Abbott and the Texas Education Agency (TEA) announced that a supplemental K-5 math computer program will be made available to school systems through TEA's Texas Home Learning 3.0 (THL 3.0) initiative. Like other THL 3.0 offerings, these instructional materials are optional and aligned to Texas Essential Knowledge and Skills (TEKS). Additional THL 3.0 instructional materials for other subjects and grade

levels will continue to be announced over the coming weeks and months. Currently, more than 100,000 students in 350 different Texas schools are utilizing this program. TEA previously announced that it will offer all Texas school systems a Learning Management System (LMS) from PowerSchool's Schoology for two years at no cost. Nearly 400 Texas school systems have already signed up, with another 200 currently engaging with the Schoology team.

House Members Urge TEA to Extend “Hold Harmless” Guarantee - On December 18th, over 80 members of the Texas House led by Representative Steve Allison (R-San Antonio) sent a letter to Education Commissioner Mike Morath urging him to extend the “hold harmless” to assure full funding to all school districts through the remainder of the school year. The letter said, “We write you today to respectfully request that the Texas Education Agency (TEA) continue the ‘hold harmless’ guarantee for the remainder of the 2020-2021 school year. An extension would ensure our public school systems have continued flexibility and financial security to continue to provide academic instruction and programs while adjusting to the ongoing challenges caused by the COVID-19 pandemic. Our school districts need full funding so they can continue to focus on student learning and mental health, employing and retaining staff to maintain programs, and keeping everyone healthy and safe. The ongoing conditions and uncertainty of the pandemic into 2021 demands further stability for public education. TEA previously indicated it would monitor whether further adjustments to the ‘hold harmless’ will need to be addressed for the second semester, but has not indicated if this important and necessary funding will be extended. Meanwhile, our districts are facing deadlines to make critical decisions regarding their budgets, including consequences to staffing and programs, if the ‘hold harmless’ does not continue. An extended ‘hold harmless’ will allow districts the security to ensure that they can fulfill the commitments to their budgets. Districts have seen losses in enrollment due to the pandemic and anticipate those losses to be compounded by traditionally lower attendance in the spring makes the next six months extremely onerous without continuation of the ‘hold harmless.’ Despite any such enrollment loss, ongoing budget and other education commitments and obligations remain. The impact of COVID-19 has resulted in a learning loss for students whose education has been disrupted for the second school year in a row. We do not yet know the long-term learning loss of the pandemic, but we do know that schools will need intervention strategies to address the learning slides that are reflected in assessments from the beginning of this school year. Potential reductions in staff, programs, and services due to loss of funding if the ‘hold harmless’ is not extended will have a direct impact on some of the most vulnerable students and will have a long-lasting negative effect on their educational attainment. Unfortunately, waiting for the 87th Legislative Session to mitigate the damage from such preventable loss of funding will be too late to help students this school year. The budget passed by the 86th Legislature is more than sufficient to fund the ‘hold harmless’ guarantee for the full current school year. Our urgent concern is that, if the ‘hold harmless’ is not extended for the second semester, the process of making difficult and harmful decisions to reduce staffing, in

addition to cutting programs for students, may be forced on school districts immediately. We must not let this happen.”

Republicans – Including Representative Steve Allison, 36 Republicans signed the letter including Trent Ashby, Ernest Bailes, Cecil Bell, Jr., Keith Bell, Dwayne Bohac, DeWayne Burns, Angie Chen Button, John Cyrier, Drew Darby, John Frullo, Gary Gates, Sam Harless, Cody Harris, Cole Hefner, Kyle Kacal, Stan Lambert, Brooks Landgraf, Lyle Larson, Jeff Leach, Ben Leman, J.M. Lozano, Will Metcalf, Andrew Murr, Tan Parker, Jared Patterson, Four Price, John Raney, Hugh Shine, Shelby Slawson (Representative-Elect), Reggie Smith, John Smithee, Drew Springer, Lynn Stuckey, Ed Thompson, Gary VanDeaver, and James White.

Democrats – 45 Democrats signed the letter including Alma Allen, Rafael Anchia, Michelle Beckley, Diego Bernal, Cesar Blanco, John Bucy, III, Terry Canales, Sheryl Cole, Nicole Collier, Philip Cortez, Alex Dominguez, Barbara Gervin-Hawkins, Mary Gonzalez, Vikki Goodwin, Bobby Guerra, Roland Gutierrez, Ana Hernandez, Able Herrero, Gina Hinojosa, Donna Howard, Celia Israel, Jarvis Johnson, Oscar Longoria, Ray Lopez, Armando Martinez, Trey Martinez Fischer, Terry Meza, Ina Minjarez, Joe Moody, Christina Morales, Lina Ortega, Leo Pacheco, Mary Ann Perez, Richard Pena Raymond, Ron Reynolds, Eddie Rodriguez, Ramon Romero, Carl Sherman, James Talarico, Ed Thompson, Senfronia Thompson, Chris Turner, John Turner, Armando Walle, and Erin Zwiener.

TSTA Calls for Teachers to be on COVID-19 Vaccine Priority List – On December 22nd, Texas State Teachers Association President Ovidia Molina said, “I encourage every school employee who is 65 or older or who has underlying health conditions to take the COVID vaccine, if their physicians approve. But our public schools and students will not be safe until every educator who wants a vaccine can get one. It may be several months before we have enough vaccine doses to cover all educators and the other high-risk groups. So, TSTA is calling on Governor Greg Abbott to take other overdue steps to protect all our students and school employees from this deadly pandemic. TSTA renews our call for the governor and the Texas Education Agency to give school districts the flexibility to close their buildings and conduct only remote instruction, without losing state funding, for the remainder of this school year if local health experts and local school officials believe that is necessary to keep students, educators and communities safe. We also urge the governor to keep all districts fully funded for the remainder of the school year regardless of attendance losses. Schools cannot afford funding cuts, especially in the middle of a health crisis.”

STATEWIDE:

Senate State Affairs Committee – On December 8th, the Senate State Affairs Committee heard invited testimony on the following interim charges:

Use of Public Funds for Political Lobbying - Study how governmental entities use public funds for political lobbying purposes. Examine what types of governmental entities use public funds for lobbying purposes. Make recommendations to protect taxpayers from paying for lobbyists who may not represent the taxpayers’ interests.

TAX:

Sales Tax Revenue in November – On December 1st, Comptroller Glenn Hegar said state sales tax revenue totaled \$2.98 billion in November, 6.3 percent less than in November 2019. The majority of November sales tax revenue is based on sales made in October and remitted to the agency in November. That compares to:

- October collections were \$2.72 billion, 3.5 percent less than in October 2019;
- September collections were \$2.57 billion, 6.1 percent less than in September 2019;
- August collections were \$2.82 billion, 5.6 percent less than in August 2019;
- July collections were \$2.98 billion; 4.3 percent more than July 2019;
- June collections were \$2.67 billion, down 6.5 percent from June 2019; and
- May collections were \$2.16 billion, 13.2 percent less than May 2019.

Texas collected the following revenue from other major taxes:

- motor vehicle sales and rental taxes - \$414 million, down 1.9 percent from November 2019;
- motor fuel taxes - \$325 million, down 0.6 percent from November 2019;
- oil production tax - \$199 million, down 42.2 percent from November 2019;
- natural gas production tax — \$76 million, down 36.3 percent from November 2019;
- hotel occupancy tax - \$33 million, down 46.1 percent from November 2019; and
- alcoholic beverage taxes - \$96 million, down 19.1 percent from November 2019.

Tax Exemptions and Tax Incidence Report – On December 4th, Comptroller Glenn Hegar released the Tax Exemptions and Tax Incidence Report as required by state law. The report estimates the value of each exemption, exclusion, discount, deduction, special accounting method, credit, refund and special appraisal available to payers of Texas’ sales, franchise, motor vehicle sales and oil production taxes, as well as property taxes levied by school districts. For fiscal 2021, aggregate exemptions for these revenue sources will total an estimated \$58.6 billion.

[Here](#) is a link to the report.

Texas Taxpayers and Research Association – The Texas Taxpayers and Research Association held its annual meeting on December 8th and 9th. Below are some noteworthy comments made by speakers and panelists:

Comptroller Glenn Hegar said for the current two-year budget cycle, state revenue is better than when he gave his revised revenue estimate in July when he projected a \$4 billion deficit. He said, “The state economy has been more resilient than we anticipated.” One positive factor is sales taxes on on-line sales, which were originally estimated to bring in \$500 million and instead are in the \$1.3 billion range. Also, the five percent cuts that legislative leaders asked state agencies to make are expected to result in a savings of close to \$1 billion. Further, some federal funds can

potentially be used to reimburse state agencies for COVID-19-related expenditures they have made; and other federal funds were not taken into account in the July estimate. He will issue an updated Biennial Revenue Estimate (BRE) in January before the legislative session starts, and he indicated that it would be revised again in April or May.

Associate Deputy Comptroller for Fiscal Matters Phillip Ashley gave an overview of federal funds allocated to Texas in the various COVID-19 relief bills. In all, Texas allocation has been \$137.1 billion, much of which went directly to individuals. Specific amounts:

- Paycheck Protection Program - \$41.3 billion
- Federal Pandemic Unemployment Compensation - \$16.4 billion
- Pandemic Emergency Unemployment Compensation - \$1.4 billion
- Pandemic Unemployment Assistance - \$2.7 billion
- Economic Impact Payments - \$22.6 billion
- Medicare Accelerated and Advance Payments - \$6.5 billion
- Economic Injury Disaster Loans - \$16.4 billion
- FEMA Disaster Relief Fund - \$5.7 billion
- Coronavirus Relief Fund - \$11.2 billion
- Provider Relief Fund - \$6.7 billion
- Economic Injury Disaster Loan Advances - \$1.9 billion
- Infrastructure Grants - \$1.2 billion
- Educational Support \$1.6 billion
- Health and Human Services COVID-19 Appropriations - \$1.5 billion

The state of Texas received \$8 billion, and a total of \$3.2 billion went directly to the Cities of Austin, Dallas, El Paso, Houston and San Antonio and to Bexar, Collin, Dallas, Denton, El Paso, Fort Bend, Harris, Hidalgo, Montgomery, Tarrant, Travis, and Williamson Counties. He also discussed tools the legislature has to manage a budget shortfall including:

- Cuts – 5 percent across the board has already been ordered;
- Speeding up tax collections;
- Delaying large payments into the next fiscal year;
- Shifting funds around by using federal funds to offset expended state funds;
- Using the Rainy Day Fund, which is estimated to have \$8.8 billion; and
- Potential additional federal aid.

Representative Rafael Anchia (D-Dallas), chair of the House International Relations & Economic Development Committee, discussed the committee's interim activities. The committee held a hearing in Laredo, which at that point was the #1 inland port in the country. Mexico is Texas' #1 trading partner and Texas is the largest exporting state in the country. The pandemic has been a setback for trade due to delicate supply chains, trade wars and worker dislocation. The committee is also looking at workforce training. He said Step 1 for the legislature will be economic stabilization followed by Step 2 – economic recovery, which he hopes will involve additional federal funding. On the topic of Medicaid expansion, he said, "This is our tax money that we should repatriate to our state. We have a moral obligation to the health of Texans." He said that Chapter 313 renewal will have

strong bi-partisan support because it is a necessary tool to allow Texas to compete with other states. He added, “We want to anchor those jobs in Texas.” He also asked for businesses to support immigration reform at the federal level, which he said would be a “big boon for the Texas economy.”

Representative Jim Murphy (R-Houston), Chair of the House Pensions Investments & Financial Services Committee discussed his legislation from last session renewing Chapter 312 of the Tax Code authorization for cities and counties to enter into economic development agreements. With on-shoring being a big issue right now, the authority of local entities to provide those incentives is very important. He talked about the need in the upcoming session to renew Chapter 313 of the Tax Code, allowing school districts to give a property tax reduction to businesses making large capital investments that will ultimately be on the tax rolls at the full amount. He said, “Chapter 313 agreements can turn a poor school district into a rich school district.” He added that it would take a “team effort” to pass the Chapter 313 reauthorization bill.

Senator Royce West (D-Dallas), vice-chair of the Senate Higher Education Committee said the Senate has a commitment to maintain funding for HB 3, the public school finance bill that passed last session. He discussed the importance of paid internships to provide the pipeline of potential employees. In a tight budget session, he cautioned against making higher education a “sacrificial lamb of budget cuts.” He also said that business groups need to support Medicaid expansion.

Representative Donna Howard (D-Austin) said, “Nobody wants to go back on HB 3. There is not a sustainable revenue stream, so funding will have to be found.” She is hoping the state will receive additional federal funds and wants the legislature to tap into the Economic Stabilization Fund.

Senate Property Tax Committee – The Senate Property Tax Committee filed its interim report and made recommendations on its interim charge to monitor the implementation of the following legislation addressed by the Senate Committee on Property Tax passed by the 86th Legislature; specifically, make recommendations for any legislation needed to improve, enhance, or complete implementation of SB 2, relating to ad valorem taxation.