

SENATE:

Lt. Governor’s Texans Back to Work Task Force Report – On May 6th, Lt. Governor Dan Patrick’s [Texans Back to Work Task Force released its final report](#). Lt. Gov. Patrick said, “I want to thank Brint Ryan and the members of the Texans Back to Work Task Force for their outstanding work producing a blueprint for re-opening Texas 100 percent. The Governor has us off to a great start with the Open Texas Strike Force. This report will help leadership and business return Texas once again to be the number one job creator in the nation. It is a ‘bottom-up’ guide of best practices for businesses to follow as we re-open the Texas economy and prepare to rebuild after the severe damage from the long shutdown. During these enormously difficult times, businesses across Texas are looking for answers on how to rebuild and the Task Force has provided them. This report will help get Texans back to work and make our economy stronger than ever. I am very proud of what they have done.” The Texans Back to Work Task Force final report is a 113-page document that includes over 400 recommendations for employers, employees, state and local government and the public. The report includes immediate recommendations, recommendations for the next 100 days and long-term strategies for the future. Task Force Chair Brint Ryan said, “Using the knowledge gained since the pandemic began, the Task Force strongly believes that business owners can use their creativity and ingenuity not only to formulate safe and effective protocols for their businesses to stay open, but also to rebuild the economy that has been devastated by the pandemic.”

PUBLIC EDUCATION:

TPPF Recommendations to Ensure Access to Education During the COVID-19 Crisis – On April 7th, the Texas Public Policy Foundation sent a letter to Education Commissioner Mike Morath and Governor Greg Abbott with recommendations for securing access to educational services through the Texas Virtual School Network during the COVID-19 crisis and its aftermath. The letter said, “Many Texas students are missing educational time that is key to their development as students, whether they are in their final year of high school preparing for college, or in the critical years of early literacy. The impact of this lost time for so many students may be felt for years to come if actions are not taken to ensure our children have the fullest possible access to educational material. Texans face a challenging task, and we are grateful for your tireless work and leadership. In a state the size of Texas, with more than a thousand individual school districts trying to do the right thing for their students and communities, addressing these problems will be bigger than just one solution. Empowering districts to weigh and meet the needs of their student communities will be critical. We believe that with decisive action, in keeping with the actions you have already taken, and a focus on ensuring every Texas student has access to high-quality education, the state of Texas can lead the way in reversing the negative effects of COVID-19 on our educational system.” The letter also

includes 10 recommendations to help secure educational access for Texas students during school closures:

1. Lift the current moratorium on districts' establishment of new online schools within the Texas Virtual Schools Network (TxVSN).
2. Allow funding to go to courses beyond the "three-course limit" on student access to the statewide course catalog.
3. Open virtual resources to all grade levels. Currently only high school students have access to the course catalog, and K-2 students are barred.
4. Waive the provision allowing districts to deny statewide catalog course enrollment if the district provides a "substantially similar" course.
5. Waive ADA requirements as necessary to allow HB 3's incentive for additional instructional days to cover students enrolling in virtual courses over the summer, up to the amount that would be provided for onsite courses.
6. Revise the process by which courses are approved for the TxVSN. Place the responsibility for course approval in the hands of districts and/or approved third-party accreditors.
7. Temporarily extend the timeline for required teacher professional development that could prohibit teachers from filling the gap in online course teachers.
8. Direct a portion of available federal emergency education grant funding to modernize the TxVSN online systems.
9. Waive the "prior-year public" requirement for full-time virtual education.
10. Evaluate the course fee limit placed on Statewide Catalog courses and determine whether it is appropriately set for given subject areas (such as those that require lab kits, or other high-cost factors).

Operation Connectivity – On May 8th, Governor Greg Abbott, the Texas Education Agency (TEA), and Dallas Independent School District (DISD) launched Operation Connectivity, a statewide initiative to deliver internet connectivity and device solutions for school districts, families, and students in Texas. Operation Connectivity was originally started in Dallas to address the lack of high speed internet and/or home laptops for many DISD students which caused an interruption to their learning, as education in the classroom transitioned to at-home digital instruction due to COVID-19. This initiative now aims to provide internet connectivity to hundreds of thousands of students statewide. Governor Abbott said, "As Texas students continue their education at home through virtual instruction, it is essential that we provide them with the resources they need to connect and communicate online. I applaud Dr. Hinojosa and DISD for developing this innovative initiative for Dallas schools, and look forward to expanding Operation Connectivity statewide so that we can implement reliable and effective solutions that will close the digital divide for students across the Lone Star State." Education Commissioner Mike Morath added, "We are grateful for the work of Dr. Hinojosa and his leadership on this necessary undertaking in Dallas and are delighted to be working with the governor to take this effort statewide. With students learning remotely for the time being, it's more important than ever for all our students to be able to access academic content at home. In order for that to happen, all students in Texas need access to computers

and/or tablets, and internet outside of the classroom. Operation Connectivity is providing the right solutions to this big challenge."

Operation Connectivity Task Force - The statewide implementation of this initiative will be led by the Operation Connectivity Task Force. DISD Superintendent Dr. Michael Hinojosa and TEA Commissioner Morath will serve as co-chairs of the task force. Senator Larry Taylor, Chairman of the Committee on Education in the Texas Senate, and Representative Dan Huberty, Chairman of the Public Education Committee in the Texas House, will serve as members of the task force. The task force members will also include representatives from the following entities:

- Office of the Governor
- Local Education Agencies
- U.S. Department of Education
- Federal Communications Commission
- EducationSuperHighway
- Federal Reserve Bank of Dallas
- Department of Information Resources
- Texas Computer Education Association
- Chief Technology Officer Council of Texas

Duties - The Operation Connectivity Task Force will:

- gather critical information to determine which children in the state do not have internet access and/or home devices,
- document best practices,
- identify and secure technology solutions for broadband and devices,
- develop actionable playbooks for districts across the state,
- identify funding needs and help secure resources,
- demonstrate "lighthouse" examples, including at DISD, and
- push for federal and state-level policies that connect more students learning at home to available technology resources.

Schedule of Task Force Activities - The task force will convene as a full group every month to review progress and resolve roadblocks, which will help to ensure the overall effort stays on-track. Working teams that support the larger task force will meet on a more regular basis to move forward on achieving milestones. A group of representatives from the Office of the Governor, TEA, and DISD, along with others, will be in regular communication to ensure rapid progress on this initiative.

Senate Commitment to Maintaining Public Education Reforms – On May 26th, the Texas Border Business publication ran an op-ed penned by Senators Jane Nelson (R-Flower Mound), chair of the Senate Finance Committee, and Juan "Chuy" Hinojosa (D-McAllen), vice-chair of the Senate Finance Committee reaffirming their commitment to public education and maintaining the reforms from the 2019 legislative session. They also suggested ways to leverage federal COVID-19 money for public education. The op-ed said, "Last session, the Texas Legislature passed HB 3 to invest more state dollars in our classrooms and give a much-needed salary increase to our teachers. With the coronavirus pandemic, we have learned to appreciate even more the role of our schools and teachers. Unfortunately, given the downturn in the economy due to this pandemic, we will face tough budget decisions

next session. However, public education remains a priority and we are committed to not losing sight of our future – and that’s our children. We must continue working together to ensure they thrive and not let this current crisis become an everlasting obstacle in achieving their dreams.” The senators made recommendations for protecting education funding by maximizing the funding coming from the federal government. They said, “It is going to take full utilization of U.S. Department of Education, FEMA, USDA, and other sources of funding just to ensure that we have the funds necessary to continue to meet our responsibility to public education.”

Elementary and Secondary School Emergency Relief Fund – “The Elementary and Secondary School Emergency Relief Fund (ESSERF) was established in the CARES Act. The ESSERF will provide Texas with nearly \$1.3 billion for our schools and gives us the flexibility to have the funds we will need to fund public education during the next biennium. Texas Education Agency (TEA) Commissioner Mike Morath, presented superintendents across the state with the decision made by the governor and legislative budget-writing leaders to use ESSERF funds to cover current expenses in the Foundation School Program. This decision will both maintain full formula funding for schools this year and next, while simultaneously reducing the state’s obligation by approximately \$1.1 billion. This savings now, will allow us to free up the funds to use again for public education as we begin drafting the state’s budget next session.”

Coronavirus Relief Fund – “An additional piece of the funding puzzle is the Coronavirus Relief Fund (CRF). The CRF will provide the state with \$11.24 billion that is split three ways: \$3.2 billion for the twelve largest counties and 6 largest cities; \$1.85 billion for the remaining 242 counties and cities; and, \$6.18 billion for the state. These funds must be spent on coronavirus related expenses incurred March 1, 2020 through December 30, 2020. Using these funds to support school district coronavirus expenses is a permissible and encouraged use of the CRF. To help achieve our goal of preserving our commitment to public education, Commissioner Morath announced that the state will spend hundreds of millions of dollars from the state’s \$6 billion CRF share to help cover part of coronavirus related expenses incurred by school districts this school year. This will provide much relief to our school districts who have incurred expenses for increased cleaning supplies, personal protective equipment, software licenses for online teaching, technology devices for distance learning, and other unanticipated costs due to COVID-19. While we are working at the state level to support public education, we still strongly encourage our school districts to also work with their city and county to help cover the school districts’ portion of current and future coronavirus-related expenses. It is our hope that local governments will sincerely consider partnering with their local school districts by providing them with monetary assistance from their Coronavirus Relief Funds.”

BUDGET:

Senate Finance Chair Calls for Zero-Based Budget – In a May 8th letter to Senator Bob Hall, Senate Finance Committee Chair Jane Nelson wrote, “You are correct that we will be facing significant budget shortfalls. While I am getting daily updates from LBB, the Comptroller’s office, TDEM, TWC, DSHS, HHSC, TEA, and

other state agencies, we will have a much clearer picture when the Comptroller updates his Certification Revenue Estimate in July. In the meantime, both state and local governments should assume that we need to be “tightening our belts.” It is both reasonable and necessary for agencies to reduce their FY 20-21 spending - and to start immediately. The across-the-board reductions you suggest are not a call that can be made by the finance chair. In the past, we have not only had those, but also hiring freezes and other actions to curb agency costs. I absolutely remember the 2003 Governor’s budget with all zeros. And I remember the approach the House and Senate budget writers took in both 2003 and 2011 when we had to make serious reductions in state spending. When I was appointed chair of the Senate Finance Committee, I immediately put all agencies on notice that - when coming before our committee - they should not expect their budgets to start with current spending levels. The upcoming session will be the fourth consecutive time our agencies, on a rotating basis, will undergo a strategic fiscal review, Texas’ form of zero-based-budgeting. Because of the challenges we will be facing in the upcoming budget cycle, I plan to take that a step further. As I meet with each agency to review their appropriation requests, I will begin at ZERO. We will add restricted appropriations to that amount, and then examine each and every request before adding it to our base bill that I will file during session. The bill I file will adhere to both constitutional spending limits, as well as my depression-era parents’ philosophy of ‘If you don’t have it, you shouldn’t spend it.’ Fortunately, Texas is in a much stronger position than other states to meet the challenges ahead. I appreciate your prayers for strength and wisdom. I pray for the same. Thank you for all you do for your constituents and for Texas.”

Governor, Lt. Governor and Speaker Ask State Agencies for Budget Cuts – On May 20th, Governor Greg Abbott, Lt. Governor Dan Patrick, and Speaker Dennis Bonnen sent a letter to state agencies, judicial agencies and institutions of higher education asking them to engage in prudent fiscal management and institute immediate cost saving strategies submit a plan for a five percent budget cut to the Legislative Budget Board and the governor by June 15, 2020. The letter said, “As you have no doubt seen, there is significant economic uncertainty not only in this state but across the country and around the world. We are confident that Texas will get back to work and continue leading the nation in job growth, economic innovation, and business creation. However, it will take months until we know the true extent of the economic ramifications of COVID-19, and how combating this virus will impact state finances. To prepare for this economic shock, we must take action today to ensure that the state can continue providing the essential government services that Texans expect. To achieve that goal, every state agency and institution of higher education must engage in prudent fiscal management efforts. Savings achieved in the current biennium are not only necessary to offset current year revenue losses, the savings will provide for the smoothest path toward recovery as you provide necessary services to Texans. Some cost saving strategies that agencies should pursue that will not affect the state’s response to COVID-19 include:

- foregoing any capital expenditures that can be deferred, any avoidable travel expenditures, any administrative expenses that are not mission critical, and

- keeping unfilled any open positions that are not essential to the COVID-19 response.

These savings should be lapsed to the Treasury. Additionally, we request each state agency and institution of higher education to submit a plan identifying savings that will reduce your general and general revenue related appropriations by five percent for the 2020-2021 biennium. Please submit this plan to the Legislative Budget Board and the Office of the Governor by June 15, 2020. Given the importance of the state's response to COVID-19 and the continuity of critical government functions, the following are excluded from the five percent reduction:

- Appropriations to the Texas Division of Emergency Management, the Texas Department of State Health Services, the Texas Workforce Commission, the Texas Military Department, and the Texas Department of Public Safety;
- Funding for debt service requirements and bond authorizations;
- Current law requirements for the Foundation School Program and school safety;
- Funding for Child Protective Services;
- Benefits and eligibility levels in Medicaid programs, the Children's Health Insurance Program, the foster care program, the adoption subsidies program, the permanency care assistance program, and services for individuals with intellectual or developmental disabilities;
- Funding for behavioral health service programs;
- Appropriations for Correctional Security Operations and Correctional Managed Health Care at the Texas Department of Criminal Justice;
- Appropriations to Health Related Institutions and Community Colleges; and
- Employer Contributions to the Teacher Retirement System and Employees Retirement System funds and to Social Security.

In the coming weeks, the Legislative Budget Board and the Office of the Governor will issue instructions for the Legislative Appropriations Request that each state agency and institution of higher education will submit for the 2022-2023 biennium. While the exact final instructions are still being determined, every state agency and institution should prepare to submit reduced budget requests as well as strategies to achieve further savings. Furthermore, when the state revenue picture becomes clearer in the coming months, it may become necessary to make additional budget adjustments. Though state leaders will make difficult decisions in the future, please know that we will not impede your agency's response to the coronavirus threat or take actions that will harm the public health of this state. As Texans recover from this pandemic, it is incumbent that state government continues to maintain mission critical services without placing a greater burden on taxpayers. Your assistance in achieving these goals is imperative. Our offices stand ready to assist you with any questions you have or any clarifications that may be necessary. Thanks again for your service to the state and her people. We will get through this time by helping our fellow neighbors and relying on them in turn."

State Revenue and Expenditure Tool – On May 29th, Comptroller Glenn Hegar announced the release of an [updated state revenue and expenditure tool](#) on the agency's website. Comptroller Hegar said, "It has never been more crucial to provide

Texans with the tools they need to see how their tax dollars are spent and to provide lawmakers with the information they need to provide adequate oversight. My office has always been committed to giving taxpayers a user-friendly view into how government is treating their hard-earned tax dollars, and this newly refined tool is a continuation of that commitment. The new visualization tool gives users a daily look into state government finance and allows them to download state financial data for further analysis. Tabular data, charts and graphs can help taxpayers, researchers and policymakers search and explore vast amounts of government information with new perspectives, and easily compare various state agencies' expenditures." The tool provides viewing options including:

- **Revenues** – There are 25 state revenue categories on how funds are allocated by object code, agency and appropriation.
- **Expenditures** – There are 18 different state spending categories to compare how the state allocates money.

CPPP/Every Texan's Recommendations to Find State Revenue – On May 18th, the Center for Public Policy Priorities (now Every Texan) released a report listing their recommendations on "Where the Texas Legislature Can Find Revenue." The recommendations are:

Introduction – "The COVID-19-induced crisis is reducing state revenue, while at the same time increasing the demand for health care, education, highways, and other necessary services. The Texas tax code contains many outdated or wasteful exemptions that the Legislature has added over the years."

Recommendations – "Here are a few ways the Texas legislature can generate revenue to provide services for the residents of our great state:

- **Sales tax** - Expanding the sales tax base to cover services, like lawyers and stock brokers, could have generated \$3.9 billion in 2019 alone.
- **Gasoline and Diesel Tax Rates** - With gas prices at their lowest in years, now may be the best time to update motor fuels taxes to reflect inflation, raising money for highways and schools.
- **Local Option Homestead Exemption** - Most of the benefits of this homestead exemption from school property taxes go to wealthy Texans - only 200 Texas school districts make use of this provision. Eliminating this unfair exemption would increase property tax revenue received by school districts, reducing the pressure on state aid.
- **Alcoholic beverage tax rates** - Raising alcoholic beverages' tax rates to track inflation since 1984 could have increased state revenue in 2019 by \$340 million.
- **Cigarette tax rates** - The tax rate on cigarettes was last increased in 2007. Adjusting the tax rate for inflation would have brought in another \$333 million in 2019.
- **High-cost natural gas tax break** - Phasing out this tax break instituted in 1989 would have generated about \$35 million a year after five years, according to an April 2019 estimate.

Conclusion: No single tax or revenue source is the silver bullet for addressing revenue shortages or the increased need for the public services we all need now

more than ever. But by equitably updating the Tax Code across the board, the Legislature could prevent drastic budget cuts that would slow economic recovery.”

Center for Public Policy Priorities Becomes Every Texan – On May 27th, the Center for Public Policy Priorities (CPPP) announced that it is changing its name to Every Texan to better reflect the organization's social justice values and commitment to expanding equity. The group’s mission remains the same - to make Texas the best state to live in, where Texans of all backgrounds have a fair opportunity to thrive. CPPP/Every Texan CEO Ann Beeson said, "The pandemic is showing us starkly how public policy can determine who survives and thrives. It's time to rewrite the rules and build a more just and equitable Texas for people of all backgrounds. Since its founding in 1985, Every Texan (formerly the Center for Public Policy Priorities – CPPP) has expanded opportunity and equity for Texans of all backgrounds. Every Texan is an organization pursuing social justice through public policy. Their dedicated team researches, analyzes, and advocates for public policies to expand equitable access to quality health care, food security, education, and good jobs.”

Governor Abbott Asks Local Jurisdictions to Limit Property Tax Increases – On May 19th, Governor Greg Abbott responded to a letter from members of the Texas Democratic Congressional Delegation regarding tax burdens on Texans. In his letter, the governor voiced his support of lessening the tax burden on Texans but clarified that local governments - not the State of Texas - set the property tax rates. The governor disagreed with the members' support of raising taxes in times of economic prosperity. Governor Abbott said, "Property owners shouldn't be saddled with rising property taxes while dealing with a pandemic. As a result, local governments, who set property tax rates, should find ways to reduce the tax burden on Texans. Whether we're facing times of challenge or times of prosperity - raising taxes on the people of Texas is never the answer." In his letter, the governor also urged the members to help pass legislation that protects business owners, healthcare facilities and employees, and first responders from being held liable for COVID-19 exposure claims when they adhere to public health guidelines and make good faith efforts to limit the risk of exposure and infection.