

## **BUDGET:**

**Annual State Revenue and August Sales Tax Revenue** – On September 1<sup>st</sup>, Comptroller Glenn Hegar released totals for fiscal 2020 state revenues, in addition to announcing monthly state revenues for August.

### **State Revenue for 2020:**

- General Revenue-related revenue for fiscal 2020 totaled \$56.98 billion, down 1.5 percent from fiscal 2019.
- All Funds tax collections were \$57.38 billion, down 3.4 percent from fiscal 2019.
- Sales tax revenue was \$34.10 billion, up 0.2 percent over fiscal 2019.
- Motor vehicle sales and rental tax revenue was \$4.8 billion, down 3.9 percent from fiscal 2019.
- Franchise tax revenue was \$4.42 billion, up 4.8 percent over fiscal 2019.
- Oil production tax revenue was \$3.23 billion, down 16.9 percent from fiscal 2019.
- Natural gas production tax revenue was \$925 million, down 45.1 percent from fiscal 2019.
- All Funds revenue was \$141.58 billion, up 10.7 percent over fiscal 2019, primarily due to substantial increases in federal funding for pandemic-related assistance.

Comptroller Hegar said, “Yearly revenues were slightly ahead of our projections in the revised Certification Revenue Estimate (CRE) released in July. This was, in part, due to surprisingly strong July sales tax collections as Texans’ spending for home improvement projects increased while they spent more time at home both for teleworking and staycations, in lieu of leisure travel. Those July gains, however, were largely reversed in August, bringing actual collections closer to, but still ahead of, our estimate.” The Economic Stabilization Fund (ESF) and State Highway Fund (SHF) both receive funding from oil and natural gas severance taxes. In November, the Comptroller’s office will deposit \$1.13 billion in each of those funds, down from the \$1.67 billion deposited in each fund in November 2019.

**Sales Tax Revenue in August** – Comptroller Hegar also said state sales tax revenue totaled **\$2.82 billion in August** (*In July, it was \$2.98 billion; June, it was \$2.67 billion; and in May it was \$2.16 billion*), 5.6 percent less than in August 2019. (*In July, it was 4.3 percent more than 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 August sales tax revenue is based on sales made in July and remitted to the agency in August. Rising COVID-19 infection rates in July likely suppressed economic activity. Comptroller Hegar said, “State sales tax collections from all major sectors other than retail trade declined significantly from year ago levels, with the largest declines in the oil- and gas-related sectors. Collections from retail trade were up, as increased consumer spending on home improvements,

home entertainment, distance learning and outdoor recreation in response to the COVID-19 pandemic spurred higher remittances from building materials, home furnishing, electronics and appliance, and sporting goods retailers. Retail trade tax collections were also boosted by online out-of-state vendors and marketplace providers who did not have tax collection obligations a year ago. Tax remittances from the information sector were depressed, as federal law in July began prohibiting sales taxation of internet service. Consumer spending was supported in July by enhanced federal benefits, which have since been reduced or expired. Consequently, further declines in sales tax revenue may ensue in the coming months.” Total sales tax revenue for the three months ending in August 2020 was down 2.7 percent compared to the same period a year ago. Sales tax is the largest source of state funding for the state budget, accounting for 59 percent of all tax collections. The effects of the economic slowdown and low oil prices also were evident in other sources of revenue in August 2020. Texas collected the following revenue from other major taxes in August:

- motor vehicle sales and rental taxes - \$468 million, down 4 percent from August 2019;
- motor fuel taxes - \$287 million, down 12 percent from August 2019;
- oil production tax - \$219 million, down 39 percent from August 2019;
- natural gas production tax - negative \$15 million, down 115 percent from August 2019, due to substantial refund payments during the month;
- hotel occupancy tax - \$31 million, down 49 percent from August 2019; and
- alcoholic beverage taxes - \$69 million, down 39 percent from August 2019.

**Comptroller Explains His Updated Certification Revenue Estimate** – On September 23<sup>rd</sup>, Comptroller Glenn Hegar released the September issue of his Fiscal Notes report. The report examines the considerations that went into the preparation of the updated Certification Revenue Estimate (CRE) - and the myriad uncertainties faced by revenue estimators. Those uncertainties included the economic turmoil produced by the COVID-19 pandemic and the subsequent collapse in oil and gas demand, prices and production. Comptroller Hegar said, “Predicting the course of Texas’ enormous, complex and dynamic economy is a difficult task in the best of times, and much more so in the face of a truly unprecedented event such as the pandemic. At present, the bottom line is that we don’t expect ‘normal’ economic conditions to return this year. Our job is to follow the events and trends that affect the state economy - and to keep our state leaders and Texans at large informed about what we’re seeing.” The July 2020 forecast relied on a variety of social, economic and even psychological assumptions about the country’s recovery, including the question of whether social gathering limitations and other restrictions will be lifted before the end of 2020. It remains unclear, for example, whether state or local officials will order more restrictions on social gatherings or business operations. Comptroller Hegar concluded, “We have to consider human behavior. Even when restrictions are lifted or loosened, when will people feel safe going to the movies again? When will they feel comfortable packing into stadiums or attending conferences and conventions? It’s difficult to predict how consumers will respond in the aftermath of such unprecedented events.”

[Here](#) is a link to the September issue of Fiscal Notes.

**PUBLIC EDUCATION:**

**Innovative Learning Solutions for Math** – On September 3<sup>rd</sup>, the Texas Education Agency announced the first set of instructional materials - covering K-12 Math - that will be made available to school systems through the Texas Home Learning 3.0 (THL 3.0) initiative. Like other THL 3.0 offerings, the instructional materials are digitized, customized, and aligned to Texas Essential Knowledge and Skills (TEKS) - the state standards for what students should know and be able to do. These resources are optional and free to all Texas school systems to utilize. TEA has partnered with Carnegie Learning for 6-12 Math and Great Minds for K-5 Math to develop and deliver this first set of high-quality, TEKS-aligned unit and lesson plans. The first sets of materials are ready for school systems to adopt and adapt, and additional materials will be released on a continuous basis. Before release, all THL 3.0 instructional materials undergo a rigorous review process that includes Texas teacher feedback to confirm alignment with TEKS and quality standards. THL 3.0 is a comprehensive initiative to support school systems, teachers, parents, and students during the public health crisis and beyond with high-quality instructional materials, technology solutions, and professional development resources. Additional THL 3.0 instructional materials for other subjects and grade levels will be announced over the coming weeks. TEA has partnered with Carnegie Learning for 6-12 Math and Great Minds for K-5 Math to develop and deliver this first set of high-quality, TEKS-aligned unit and lesson plans. Education Commissioner Mike Morath said, “Texas Home Learning 3.0 is a milestone achievement in Texas public education. The significant ways in which these high-quality, free instructional offerings across core subjects will shape learning throughout the Lone Star State in the months and years to come is hard to gauge at this moment, though we are confident the outcomes will be positive. Our state’s hard-working students and teachers will benefit immensely from this digital TEKS-aligned offering. School systems are having to adjust to these extraordinary times - and we at TEA are doing the same. We will continue to provide our schools with support in all realms so that the learning can continue uninterrupted.” The Carnegie Learning Texas Math Solution provides educators and students with free access to its middle school and high school content to support flexible learning in the 2020-21 school year and beyond. Educators who choose to participate will receive access to TEKS-aligned curriculum materials and adaptive math learning software, MATHia®, all customized for Texans to access high quality content that works seamlessly between remote and in-classroom environments. The Texas Math Solution includes daily teacher lesson plans with accessible student materials, guidance for remote learning for teachers, and family guides to support learning regardless of setting. Great Minds’ Eureka Math® in Sync TEKS Edition is built specifically for Texas. Crafted by teachers and math scholars, the instructional materials carefully sequence mathematical progressions to maximize coherence across grade levels. The materials are designed to meet the needs of today’s hybrid and virtual learning environments, allowing students and teachers to access the Eureka Math in Sync TEKS Edition materials wherever,

whenever. Features of these materials include short, digestible videos for each lesson along with downloadable and fillable PDFs so students can show their work and communicate with teachers via annotations and comments. 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. More than 300 Texas school systems have already signed up, with another 200 more currently engaging with the Schoology team.

**SBOE Rejects Three New Charter Schools** – On September 11<sup>th</sup>, the State Board of Education rejected three of the eight new charters granted by Education Commissioner Mike Morath. The eight charters approved by Commissioner Morath with the three SBOE **rejections** are:

- Brillante Academy (McAllen);
- CLEAR Public Charter School (San Marcos); **REJECTED BY SBOE**
- Doral Academy of Texas (Buda);
- Heritage Classical Academy (Houston); **REJECTED BY SBOE**
- Learn4Life-Austin (Austin);
- Prelude Preparatory Charter School (San Antonio);
- Rocketship Public Schools (Fort Worth); **REJECTED BY SBOE**
- 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 SBOE was exercising that authority when it rejected three of the charters.

**TSTA Reports COVID-19 Safety Violations** – On September 14<sup>th</sup>, Texas State Teachers Association (TSTA) announced that its members have reported hundreds of violations of COVID-19 safety guidelines during the two weeks since many school districts began reopening campuses to students. In an online survey, 664 TSTA members from 135 districts around the state reported a variety of district practices and deficiencies, including personnel policies, which violate recommended guidelines or best practices for school safety. TSTA President Ovidia Molina said, "The biggest issue our members are raising involves inadequate accommodations for high-risk employees or those with high-risk dependents at home. These teachers with underlying health conditions should be allowed to teach remotely from home, but in many cases they are being required to teach from their classrooms or risk losing their jobs. Other major concerns are inadequate staffing to carry out the new safety measures and inadequate, short-sighted sick leave policies that discourage anyone from staying home. Consider these problems together, and we can see that some districts are not committed to keeping potentially sick employees from coming to work, where they could infect other employees and students. Districts are telling employees to self-screen for COVID symptoms but then establishing personnel policies and practices that discourage employees from being rigorous about it. This is very bad policy that ignores the reality of this health crisis. The state of Texas has

been in too big a hurry to reopen school buildings. Texas isn't back to normal yet, and no amount of premature school openings is going to change that. We hope we haven't prolonged the day when we can think about being normal again." Among physical conditions in schools, the most common issues cited by TSTA members were problems with ventilation and social distancing in classrooms. Many buildings have inadequate HVAC systems, and some have sealed windows, preventing the fresh-air ventilation that health experts recommend as a preventive against this air-borne disease. Many districts have classrooms that are too small to keep the recommended safe distances among students and are making little effort to comply with social distancing guidelines. TSTA also has received several reports from its members about violations of the governor's mask order in schools and inadequate personal protective equipment and sanitation supplies. Here are the numbers of violations of safety issues reported by TSTA members:

- Non-compliance with mask mandate - 246
- Inadequate classroom social distancing - 385
- Inadequate ventilation or ventilation equipment - 401
- Inadequate protective supplies (masks, etc.) - 357
- Inadequate access to cleaning/sanitation supplies - 243
- Insufficient accommodations for high-risk school employees or family members - 435
- Lack of school quarantine space or process - 247
- Inadequate or inequitable availability of distance-learning resources for students - 238
- Inadequate district sick leave policies - 337
- Inadequate mitigation policies for lunch or transportation - 255
- Lack of health/safety policy enforcement - 268
- Insufficient staffing for new measures and protocols - 370

### **Teacher Group Files Grievance Over Unsafe COVID-19 Practices in Killeen ISD**

– On September 15<sup>th</sup>, the Texas State Teachers Association (TSTA) filed a grievance with Killeen ISD on behalf of its affiliate, the Killeen Educators Association, who they say requires teacher and paraprofessional members to work in unsafe conditions during the COVID-19 pandemic. Killeen Educators Association President Rick Beaulé said, "Being forced to work in an unsafe environment violates the Texas Education Code as well as Killeen ISD board policy. The district has proposed ideas and put procedures in place without effectively carrying them out. The safety of the students, the staff and the KISD community must come first. This isn't about whether we want to work. We desperately want to teach our students to be the best they can be. This just can't happen as we stand right now. Student cases have already begun to rise. The district administration has ignored the educators' concerns." The complaint notes:

- "Requests for more effective air filters have been denied.
- Employees who have the most interaction with children are not provided with face shields.
- Some employees are provided with cleaning supplies, and some are not. <sup>[1]</sup><sub>[SEP]</sub>

- Social distancing and safety measures reportedly are not being enforced effectively in cafeterias and P.E. classes.” [SEP]

The grievance states, “Our members do not feel safe. Our members are being unfairly penalized because the school district has failed to prepare accordingly for the virtual learning of all its students during the 2020-2021 school year.” The conditions, the educators note, may pose “an unacceptable risk” of teachers being exposed to COVID-19 with possible long-lasting effects on the health of school employees and the public. [SEP] Among other requests, the educators ask that:

- the school district provide personal protection equipment for every employee at their campuses;
- the district suspend on-campus instruction and switch to virtual learning and students be provided with the necessary equipment; and
- members who express concerns about school safety to the administration not be retaliated against.

If the grievance issues are not resolved at the district level, the TSTA affiliate can file an appeal to the state education commissioner.

**TSTA sues San Antonio ISD and Commissioner Morath over Democracy Prep Charter Takeover of Stewart Elementary School** – On September 16<sup>th</sup>, the Texas State Teachers Association sued San Antonio ISD and state Education Commissioner Mike Morath over the commissioner’s decision in 2018 allowing SAISD to turn over operations of Stewart Elementary School to Democracy Prep, a New York-based charter school chain. The lawsuit was filed in state district court in Austin on behalf of union members who were teachers at Stewart before the takeover. The plaintiffs include Alejandra Lopez, who now is president of the union, the San Antonio Alliance of Teachers and Support Personnel, a TSTA affiliate. The lawsuit alleges that Commissioner Morath wrongly approved the Democracy Prep deal, even though the school district had not consulted with school employees before approving the takeover, as required by state law for charter takeovers of struggling schools. Lopez said, “We expect school districts and the education commissioner to obey the law. The education commissioner is supposed to be the state’s charter regulator, not a charter champion who ignores the rules to expand the growing charter presence in Texas, at the expense of taxpayers.” In the lawsuit, TSTA also alleges the commissioner erred in holding that the school board had complied with the Open Meetings Act when it directed the district’s superintendent to negotiate with Democracy Prep. The hearing notice was insufficient, and there is no record that the board’s vote to approve the charter takeover was taken in an open session. School employees also were denied their right to an open hearing before the board. The lawsuit asks that the court declare approval of the Democracy Prep application void and declare all contracts and rights of employees who were members of the union at Stewart be reinstated with back pay and benefits. TSTA’s first grievance over the Democracy Prep case was dismissed. But the union won a court decision earlier this year that the education commissioner violated the law when he changed state charter regulations to remove a requirement that districts have to confer with campus personnel before approving charter takeovers of

struggling campuses. The Texas Education Agency has appealed that ruling by state District Judge Jan Soifer of Austin.

**COVID-19 Cases Reported by Schools** – On September 17<sup>th</sup>, the Texas Education Agency (TEA) and the Texas Department of State Health Services (DSHS) posted on the DSHS website the statewide number of cases of COVID-19 reported by Texas public schools. The reported count of on-campus student cases of COVID-19 in the state’s public schools is 2,344 out of an estimated 1.1 million students who have been on campus for instruction or activities since the beginning of the 2020-21 school year. The total count of on-campus staff cases during the same period is 2,175. The number of student and staff COVID-19 cases in Texas public schools will be updated each week beginning the week of September 24<sup>th</sup>, and it will include data by school district. TEA will link to the data from TEA’s COVID-19 website. TEA previously directed all school districts to submit information about COVID-19 cases going back to the start of the school year. Information is submitted via an online form each Monday by those school systems that were notified in the previous week that a student, teacher, or staff member who participates in any on-campus activity has tested positive for a current COVID-19 infection. Antibody tests, which indicate a previous infection, are not required to be reported. The data will provide an overview of the burden of disease in Texas schools over time and inform public policy decisions about COVID-19. School districts and other local authorities will continue to be the best source of the most current and specific information about cases in their schools. Reporting this information to the state does not replace the legal requirement that schools notify public health officials in their area of all cases. Additionally, as per TEA guidance, schools will still be required to inform all parents, teachers, and campus staff of any positive cases tied to their on-campus instruction or activities.

**Continuing Advisory Committee for Special Education** – On September 22<sup>nd</sup>, Governor Greg Abbott appointed Susan Nichols, Ph.D. to the Continuing Advisory Committee for Special Education for a term set to expire on February 1, 2021. The committee provides policy guidance on special education and related services for children with disabilities in Texas.

**Susan Nichols**, Ph.D. of Carrollton is currently serving as the Interim Executive Director at the University of North Texas Kristin Farmer Autism Center in Denton. She is a member of the Texas Association of Behavior Analysts and Association of Professional Behavior Analysts. Nichols received a Bachelor of Science in Psychology from Texas Woman’s University and a Master of Science and Doctor of Philosophy in Special Education from the University of North Texas.

**National Blue Ribbon Schools** – On September 24<sup>th</sup>, the U.S. Department of Education (USDE) announced that 26 Texas Public Schools received 2020 national Blue Ribbon honors. The National Blue Ribbon Schools Program recognizes public and private elementary, middle, and high schools that have high student achievement and/or highlights where exemplary progress has been made in closing achievement gaps. Nationally, more than 9,000 schools have received this

prestigious designation since the program's founding in 1982. In Texas, public schools are considered for nomination based on student performance on the first administration of the previous year's STAAR assessments. Each campus receiving Blue Ribbon honors this year has an economically disadvantaged population of 39 percent or more. All 26 campuses nominated by the Texas Education Agency in February received the designation. Education Commissioner Mike Morath said, "There are amazing things happening on these campuses each and every day, and this National Blue Ribbon designation further validates that. I'd like to thank the students on these campuses for making learning a top priority and thank the educators and staff members that work tirelessly to mold young minds into the next generation of successful citizens." Here is a list of the Blue Ribbon Schools:

**Exemplary High-Performing Schools:**

- Carrollton-Farmers Branch ISD – Early College High School
- Corpus Christi ISD – Windsor Park G/T Elementary
- Corpus Christi ISD – Early Childhood Development Center
- Dallas ISD – Henry W. Longfellow Career Exploration Academy
- Dallas ISD – Dr. Wright L. Lassiter Jr. Early College High School
- Eagle Pass ISD – Maude Mae Kirchner Elementary
- El Paso ISD – Transmountain Early College High School
- Fort Worth ISD – Texas Academy of Biomedical Sciences
- Houston ISD – High School for Law and Justice
- Houston ISD – Young Women's College Preparatory Academy
- Laredo ISD – Heights Elementary
- Nederland ISD – Langham Elementary
- Windthorst ISD – Windthorst Elementary

**Exemplary Achievement-Gap-Closing Schools:**

- Alvarado ISD – Alvarado E-South
- Austin ISD – Reilly Elementary School
- Dallas ISD – Edward Titcher Elementary School
- El Paso ISD – Milam Elementary School
- Grand Prairie ISD – Hobbs Williams Elementary
- Houston ISD – Memorial Elementary
- Lancaster ISD – West Main Elementary School
- Laredo ISD – John Z. Leyendecker Elementary School
- Pharr-San Juan-Alamo ISD – Kelly-Pharr Elementary
- Redwater ISD – Redwater Junior High School
- Spring ISD – Dr. Edward Roberson Middle School
- Texas College Preparatory Academies – Vista Academy of Austin-Mueller
- Ysleta ISD – Desertaire Elementary School

**Governor Greg Abbott** congratulated the Texas schools that have been recognized as National Blue Ribbon Schools for 2020. He said, "Congratulations to the hardworking students, teachers, administrators, and parents of the Texas schools recognized as Blue Ribbon Schools this year. This prestigious honor is a testament to Texas' educational excellence and our teachers' dedication to their students. The State of Texas will continue to build a brighter future for every Texas student."



**Southern Regional Education Board** – On September 28<sup>th</sup>, Governor Greg Abbott reappointed Senator Larry Taylor to the Southern Regional Education Board for a term ending June 30, 2024. The Southern Regional Education Board works with states to improve public education at every level, from early childhood through doctoral education. The nation’s first regional interstate compact for education, SREB was created in 1948 by Southern governors and legislators who recognized the link between education and economic vitality.

**Senator Larry Taylor** of Friendswood formerly owned Truman Taylor Insurance Agency, which merged with Galveston Insurance Associates after Hurricane Harvey in 2017. Senator Taylor serves as Chairman of the Senate Committee on Education and as a member of the Higher Education, Water and Rural Affairs, and the budget writing Finance committee. Taylor received a Bachelor of Business Administration from Baylor University. Senator Taylor represents Senate District 11, comprised of portions of Brazoria, Galveston, and Harris Counties.