

TASA Midwinter Conference

January 26, 2021



"I want you to know that the school board is very pleased with your efforts to make this new budget work."

Budget Issues at the Start of the 87th Session



- What are the prospects for extending the hold-harmless?
- How might House Bill 3 fare given the state budget picture?
- What do we know about ESSER2?
- What can we learn from bills filed so far?
- Discussion about beginning budgets for 2021-2022



Prospects for the ADA Hold Harmless

ADA Hold Harmless

- Current rules allow for the use of the ADA floor for the first 3 six weeks periods
 - First two six weeks evaluated together, third separately
 - All or nothing treatment of special program counts
 - Don't forget about the attendance **rate** cap
- Commissioner says potential decision in February regarding treatment of 4th, 5th, and 6th six weeks

Can Texas Afford to Extend the Hold Harmless?

ON ONE HAND

- Current biennium shortfall of \$1 billion
- Next biennium GR shortfall estimated at \$7.3 billion

ON THE OTHER HAND

- Last session appropriations built on ADA assumption of 5,176,272 in FY 21
- Current payments (LPE) are based on ADA of 5,154,174
- The ADA floor totals 5,113,564
- 1/3 of districts are not projected to need the floor

Why February?

FEBRUARY 2018						
SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

www.theprintablecalendar.com

- ✓ ADA Hold Harmless covers FY 21 for schools, but is an FY 22 settle-up cost for the state
- ✓ February data updates will be used to better project FSP cost:
 - ✓ Fall PEIMS submission enrollment
 - ✓ Preliminary PVS results
 - ✓ Comp ed counts



- What might the legislature do?
- How should districts plan?



Prospects for Protecting House Bill 3

State Budget Update: 2022-2023 Biennium

Revenue Available for General-Purpose Spending		In Billions of Dollars	
		2020-21	2022-23
General Revenue-Related (GR-R) Tax Collections	+	\$97.41	\$103.93
Other GR-R Revenue	+	\$15.03	\$15.65
Total GR-R Revenue	=	\$112.44	\$119.58 SUBTOTAL
Beginning Balance	+	\$4.84	-\$0.95
Total GR-R Revenue & Fund Balances	=	\$117.28	\$118.63 SUBTOTAL
Revenue Reserved for Transfers to the Economic Stabilization and State Highway Funds	-	\$4.32	\$5.83
Amount Needed for Transfer to the Texas Tomorrow Fund*	-	N/A	\$0.27
Total Revenue Available for General-Purpose Spending	=	\$112.96	\$112.53 TOTAL

-\$0.95 2020-2021 Shortfall

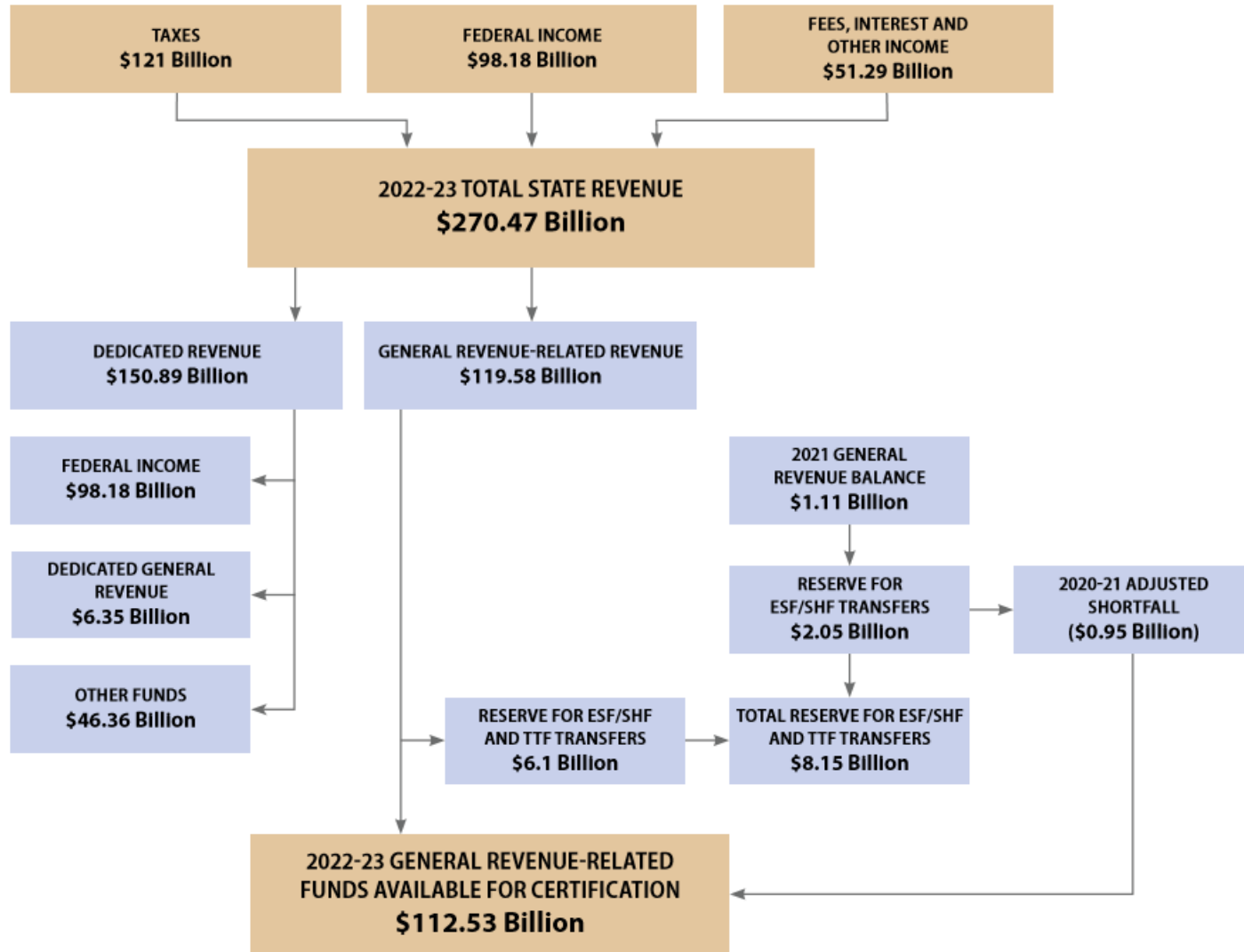
\$112.53 2022-2023 Net Available GR-R

\$270.47 2022-2023 All Funds Revenue

\$11.6 2023 Rainy Day Fund Balance

Source: Comptroller of Public Accounts

State Budget Update: 2022-2023 Biennium

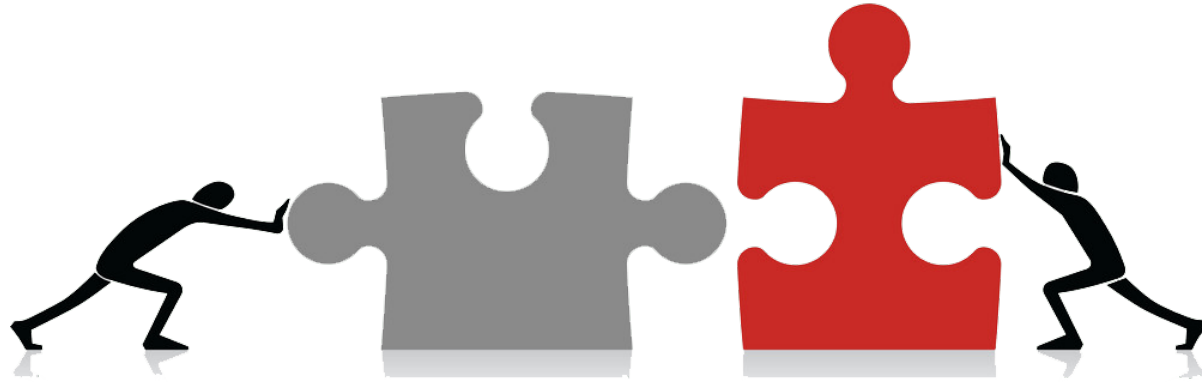


2022-2023 Projected Revenue:

(in billions)	Biennial Totals
Gen Rev - Available	\$112.5
Other	\$46.4
GR - Dedicated	\$6.3
Federal Funds	\$98.2
All Funds (for Approp)	\$263.4
Transfers / Not Avail	\$7.1
Total State Revenue	\$270.5

Source: Comptroller of Public Accounts

State Budget Update: 2022-2023 Biennium



Projected Revenue:

(in billions)	Biennial Totals
Gen Rev - Available	\$112.5
Other Available Revenue	\$150.9
All Funds Available	\$263.4
Transfers / Not Avail	\$7.1
Total State Revenue	\$270.5

Current Services Budget:

(in billions)	Biennial Totals House	Biennial Totals Senate
General Revenue	\$119.8	\$119.7
All Funds	\$251.5	\$251.2

State Budget Update: Context

2020-2021 Appropriated:

(in billions)	Biennial Totals
General Revenue	\$118.9
Other	\$39.2
Gen Rev-Dedicated	\$6.2
Federal Funds	\$86.4
All Funds	\$250.7

2022-2023 Projected Revenue:

(in billions)	Biennial Totals
Gen Rev - Available	\$112.5
Other	\$46.4
GR - Dedicated	\$6.3
Federal Funds	\$98.2
All Funds (for Approp)	\$263.4
Transfers / Not Avail	\$7.1
Total State Revenue	\$270.5

2022-2023 Appropriated:

(in billions)	Biennial Totals
GR	???
Other	???
GR-D	???
Federal	???
All Funds	????

Tools



Item	Amount
FSP Savings from current biennium	Roughly \$3 billion
Economic Stabilization Fund	\$8.79 billion – Est FY21 Ending Balance
FSP August 2023 Payment Delay	Roughly \$2 billion
ESSER 2	\$5.5 Billion

Texas schools are wary of losing funding gains lawmakers provided in 2019

A school finance bill in 2019 boosted funding for districts, but the pandemic has since added layers of financial uncertainty.

BY ALIYYA SWABY AND CASSANDRA POLLOCK JAN. 15, 2021 11 AM

School districts brace for cuts amid tight state budget

Balancing Texas' budget is always complicated. The pandemic and recession will make it even harder in 2021

“When the House last adjourned, we celebrated landmark property tax and school finance reform. But now, Texas children are at risk of falling behind because of disruptions caused across the state as a result of this pandemic. We cannot fail them when they need us most.”



“The Comptroller’s Biennial Revenue Estimate today is welcome news considering the economic challenges our state has faced. We believe that with a continuing healthy economy, a growing Economic Stabilization Fund and federal COVID-19 relief, we will be able to move forward on our budget priorities this session and balance the budget by session’s end, as required by the Constitution. We will ...maintain the historic funding increases in education from last session as well as teacher pay increases.”





- What might the legislature do?
- How should districts plan?



OFFICE OF Elementary & Secondary Education

- About
- Programs
- Grantees and Applicants
- Families
- Educators
- Guidance
- Resources

[OESE](#) » [OFFICES/PROGRAMS BY OFFI...](#) » [EDUCATION STABILIZATION...](#) » [ELEMENTARY AND SECONDARY...](#)

Elementary and Secondary School Emergency Relief Fund

PROGRAM OFFICE	EDUCATION STABILIZATION FUND
CFDA NUMBER	84.425D
PROGRAM TYPE	Formula Grant

U.S. Department of Education, OESE
 Education Stabilization Fund
 400 Maryland Ave., SW
 Washington D.C. 20202-6244

E-mail

ESSER 2

ESSER 2 is about 4 X greater than ESSER 1

	ESSER 1	ESSER 2
Total Funding (nation wide)	\$13.2 billion	\$54.3 billion
Total Allocation to Texas	\$1.285 billion	\$5.530 billion
Allowed for state reservation	\$130 million	\$553 million
Allocated to LEAs	\$1.157 billion	\$4.977 billion

Allowed use of funds

ESSER 1

The CARES Act includes allowable uses of funds related to preventing, preparing for, and responding to COVID-19.

Note that the “additional” LEA allowable uses of funds under the CRRSA Act already were permitted under the CARES Act.

ESSER 2

Same as ESSER Fund (CARES Act): Note that the “additional” LEA allowable uses of funds under the CRRSA Act (addressing learning loss, preparing schools for reopening, and testing, repairing, and upgrading projects to improve air quality in school buildings) already are permitted under the CARES Act.

Spending Timeframe

ESSER 1

SEA must award the funds within one year of receiving them, which will be April through June 2021, depending on an SEA's award date.

May be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared.

Available for obligation by State educational agencies (SEAs) and subrecipients through September 30, 2022.

ESSER 2

SEA must award the funds within one year of receiving them, which will be January 2022

May be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared.

Available for obligation by SEAs and subrecipients through September 30, 2023.

State MOE

ESSER 1

Under the CARES Act, a State that receives ESSER funds must maintain support for elementary and secondary education and State support for higher education in each of fiscal years (FY) 2020 and 2021 **at least at the level of such support** that is the average of the support for elementary and secondary education and higher education provided in the three fiscal years preceding the date of enactment of the CARES Act (FYs 2017, 2018, 2019).

ESSER 2

Under the CRRSA Act, a State that receives ESSER II funds must maintain support for elementary and secondary education and higher education in FY 2022 based on the **proportional share of the State's support** for elementary and secondary education and higher education relative to the State's overall spending averaged over FYs 2017, 2018, and 2019.

Reporting and Tracking of Funds

ESSER 1

Each SEA that receives ESSER funds must meet the reporting requirements of section 15011 of the CARES Act, which are satisfied through the Federal Funding Accountability and Transparency Act (FFATA) reporting, and other reporting as the Secretary may require (Annual Reporting).

ESSER 1 funds must be tracked separately from ESSER 2

ESSER 2

Each SEA that receives ESSER II funds must meet the CARES Act reporting requirements that apply to ESSER funds and submit a report to the Secretary within six months of award that contains a detailed accounting of the use of ESSER II funds, that includes **how the State is using funds to measure and address learning loss among students disproportionately affected by the coronavirus and school closures, including: low-income students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and children and youth in foster care.**

ESSER 1 funds must be tracked separately from ESSER 2

What might this mean for Texas LEAs?



- What might the legislature do?
- How should districts plan?



Potential Education Issues

- Student mental health
- Learning loss
- Attendance requirements
- Fund balance
- Property tax
- Staffing
- Taxpayer Funded Lobbying

Leadership

■ Senate

- Stable leadership
- Minor changes in membership
- Potential change in calendar rule

■ House

- New Speaker
- Likely changes in some committee structure, leadership



Senate Education

■ 86th Session

Chair: [Sen. Larry Taylor](#)
Vice Chair: [Sen. Eddie Lucio, Jr.](#)
Members: [Sen. Paul Bettencourt](#)
[Sen. Donna Campbell](#)
[Sen. Pat Fallon](#)
[Sen. Bob Hall](#)
[Sen. Bryan Hughes](#)
[Sen. Angela Paxton](#)
[Sen. Beverly Powell](#)
[Sen. Royce West](#)
[Sen. Judith Zaffirini](#)

■ 87th Session

Chair: [Sen. Larry Taylor](#)
Vice Chair: [Sen. Eddie Lucio, Jr.](#)
Members: [Sen. Paul Bettencourt](#)
[Sen. Bob Hall](#)
[Sen. Bryan Hughes](#)
[Sen. José Menéndez](#)
[Sen. Angela Paxton](#)
[Sen. Charles Perry](#)
[Sen. Beverly Powell](#)
[Sen. Charles Schwertner](#)
[Sen. Royce West](#)

House Public Education

■ 86th Session

Chair:

[Rep. Dan Huberty](#)

Vice Chair:

[Rep. Diego Bernal](#)

Members:

[Rep. Alma Allen](#)

[Rep. Steve Allison](#)

[Rep. Trent Ashby](#)

[Rep. Keith Bell](#)

[Rep. Harold V. Dutton,
Jr.](#)

[Rep. Mary E. González](#)

[Rep. Ken King](#)

[Rep. Morgan Meyer](#)

[Rep. Scott Sanford](#)

[Rep. James Talarico](#)

[Rep. Gary VanDeaver](#)

■ 87th Session



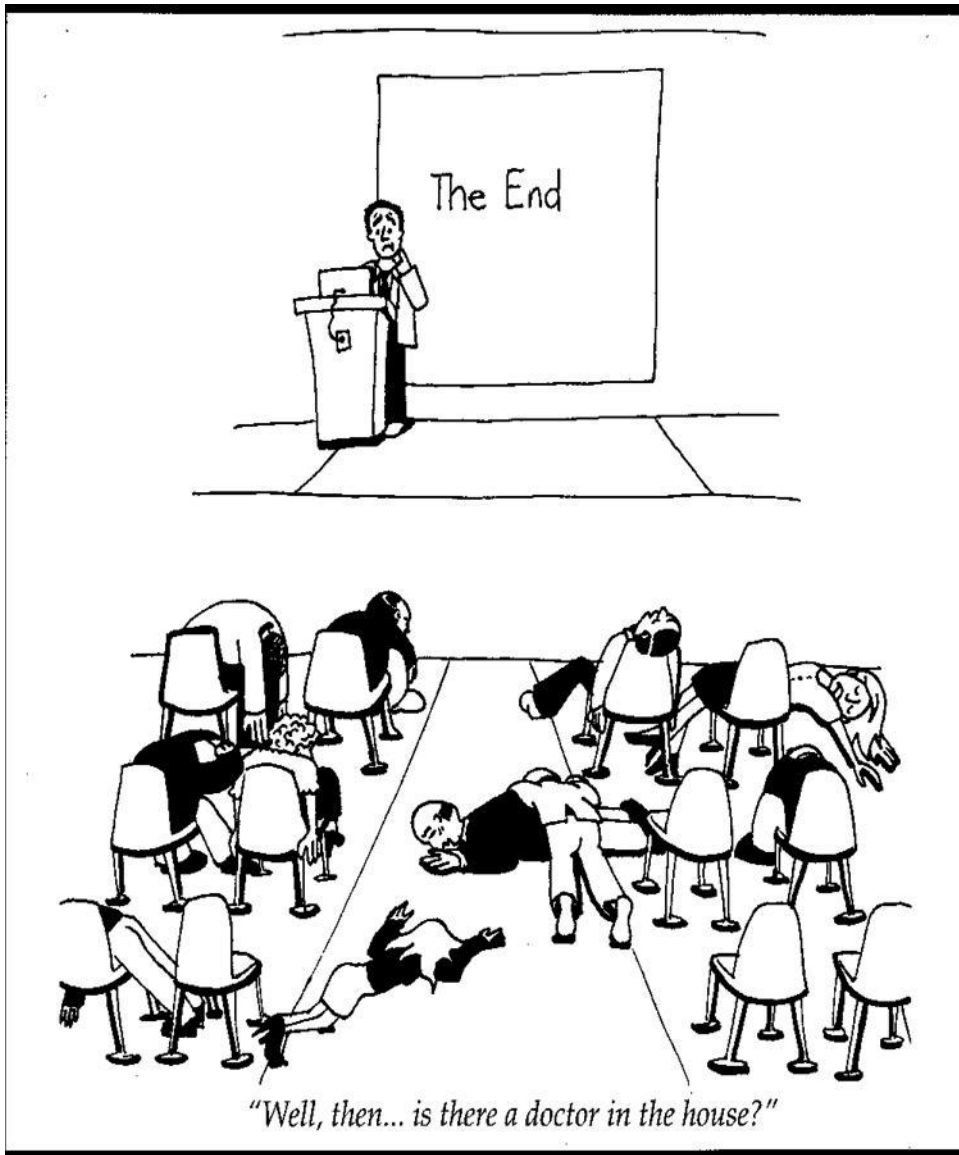
[This Photo](#) by Unknown Author is licensed under [CC BY-NC](#)

Topic	Number of Bills Tracked
Accountability	16
Benefits	9
Bonds	4
Curriculum and Instruction	21
Governance	43
Higher Education	6
Personnel	35
Property Tax	72
Purchasing	5
School Finance	21
State Budget	4
School Safety	26
Other	14
Total	276

Where from here?

- Public education goals of
 - Extending the hold-harmless
 - Protecting House Bill 3
 - Allowing for ESSER 2 to supplement local budgets
- Comptroller's news improves chances for meeting at least **some** of these goals
- Consider preparing for flat funding on current ADA projections. Contingency plan for use of additional dollars should they become available
- Timing may make optimal use of funds more challenging.
- Remember that ESSER 2 will be one-time funding





T | A | S | B | O
TEXAS ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

TASA Midwinter

January 2021



T | A | S | B | O

TEXAS ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Legislative Update

AMANDA BROWNSON

JANET SPURGIN

KAREN WILSON