Budget Issues for 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?

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			

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- ✓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

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

Source: Comptroller of Public Accounts

-$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

“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."

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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	ESSER 2
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.	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	ESSER 2
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.	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 State educational agencies (SEAs) and subrecipients through September 30, 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	ESSER 2
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).	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	ESSER 2
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).	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	ESSER 1 funds must be tracked separately from ESSER 2

TSA Identified COVID Need

Learning Loss

PK and K Intervention	Students who missed this year may show up next year in the grade missed, or may show up in the next grade having missed a full year of school. Specific attention to early grades will be necessary to prevent ripple effects in subsequent years.
Tutoring services	Students with learning gaps due to absences or learning loss this year need one on one or small group tutoring.
ADSY for all grades	ADSY appears to be part of recovery plan in many districts, but current law requirements mandating 180 local days for entire campus, restrictions on grade level, and half day funding limit its usefulness.
High School Credit Recovery	Higher than normal course failure rates this year will require additional efforts to prevent dips in graduation rates.
Smaller class sizes	In some grades and schools, add on services will not be sufficient. Smaller classes may be required for a year or two to catch students up.

TSA Identified COVID Need

Student Recovery	
Improved PR efforts to locate and recruit students	Increased costs related to developing and printing materials, getting information on benefits of school and school safety out to families (postage, phone, block-walking, etc.)
Before and after school care	
Improved demographic studies, analysis of COVID impact	Current methods to estimate student enrollment may need updating
Increased staffing to improve outreach	Need for increased social workers and others to reach out to families

TSA Identified COVID Need

Health and Safety	
Air Quality Improvements	Air purifiers, updated HVAC units, improved air filters
Water fountains	New bottle-filler fountains to replace traditional drinking fountains
PPE	Likely to become an ongoing cost
Sanitation Supplies	Purchasing more cleaning supplies, increased utility costs from running HVAC systems more often
Increased custodial staffing	Increased staffing for increased frequency / depth of cleaning
Air quality on busses	Plexiglass installation, air purifiers on busses

TSA Identified COVID Need

Staffing	
Substitute Teachers	Substitute shortage is significant, and absences are increasing. Need for hiring permanent substitutes, increasing substitute pay
Unemployment Insurance	Reported from 4X to 10X higher cost than normal
Additional nurses or HR staff	Staff helping answer questions, contact tracing
Bus Drivers	Fewer students per bus. Harder to find bus drivers caused need for increased pay
Benefits cost increase	Health benefits cost increasing from pandemic

Technology Upgrades

Technology Upgrades	
More / upgraded devices	
Wifi improvements	
Better data systems for tracking / contact tracing / Dashboards	Salesforce, Qualtrics, etc.

TEXAS ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Legislative Update

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