TSA Update

4/14/2021


State Budget Update and Likely Treatment of ESSER
TASBO


HOUSE BILL 3 CLEAN UP
4/12/2021
©2021 Texas Association of School Business Officials. All rights reserved. Do not duplicate or distribute without express permission.
13
TASBO


OTHER SCHOOL FINANCE ISSUES
4/12/2021
©2021 Texas Association of School Business Officials. All rights reserved. Do not duplicate or distribute without express permission.
15
TASBO

State Budget Update and Likely Treatment of ESSER

State Budget Update

- SB 1 passed in the Senate. Action moves to the House
- 2022-2023 biennial budget balanced through:
  - excess funds from the 2020-2021 biennium. 20-21 reductions include:
    - $5.5 billion in lower FSP costs due to ESSER supplant, faster than expected tax year 2019 property values and lower than estimated FY 20 and 21 ADA
    - $505.5 million from 5% reductions from state agencies
    - $1.168 billion in other CRF supplanting (health care and safety)
  - Reductions to health and human services

ESSER 3 is about 10X greater than ESSER 1

(amounts in billions)	ESSER 1	ESSER 2	ESSER 3
Total (nationwide)	$13.2	$54.3	$122.0
Total Allocation to TX	$1.285	$5.530	$12.419
Allowed for state reservation	$0.130	$0.553	$1.242
Allocated to LEAs	$1.157	$4.977	$11.177
Act	CARES	CRRSA	ARP

CRRSA WAIVER REQUEST EMERGES

- Submitted by Governor's office
- Is in response to ESSER 2
- Seeks a general waiver from MOE requirements. Justification included:
  - Need to protect legislative appropriations authority;
  - Impact of COVID on state budget;
  - Legislature's commitment to schools demonstrated through HB 3

Allowed Use of Funds

ESSER 1	ESSER 2 (CRSSA)
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. USDE Fact Sheet is here

ESSER 3 (ARP)
LEAs must use 20% of funds to address learning responding to students' social, emotional, and academic needs and addressing disproportionate impact of COVID-19 on underrepresented student groups. Remaining 80% same as ESSER 1 & 2 allowed activities. See the USDE Fact Sheet for ARP ESSER 3 here

Spending Timeframe

ESSER 1	ESSER 2 (CRSSA)
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.

ESSER 3 (ARP)
SEA must make the grants to LEAs within **60 days** of receiving funds. Funds retained by state within one year.
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 (CRSSA)
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 (dollar levels)** 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.

ESSER 3 (ARP)
Under the ARP Act, a State that receives ESSER III funds must maintain support for elementary and secondary education and higher education in FY22 & FY23 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. Maintenance of Equity Requirement – new with ARP applies both to State and LEAs requires maintenance of equity in FY22 and FY23. Additional guidance to come from USDE. The provision aims to ensure higher-poverty districts and campuses do not shoulder a disproportionate amount of any state or local education cuts that may occur.

Reporting & Tracking of Funds

ESSER 1	ESSER 2 (CRSSA)
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

ESSER 3 (ARP)
SEA must comply with FFATA & reporting requirements and deadlines reasonably required by the Secretary of Education.
ESSER 3 funds must be tracked separately from ESSER 1 & 2.

Legislation that Interacts with ESSER Funding

- HB 4465 by Dutton
  - Creates a grant program for COVID response, appears to be funded through ESSER supplant
  - Left pending in House Public Ed
- SB 1786 by Taylor
  - would increase district contribution to TRS for next two years
  - Referred to Senate Finance

Status of ESSER Funding

Program	Status
ESSER 1 (CARES)	Supplanted FSP funding (covered last six weeks when schools were closed by Governor's executive order and districts were providing remote instruction).
ESSER 2 (CRSSA)	Waiver sought, outcome unknown Signal for using to cover FY 21 ADA hold harmless Questions remain about additional state strings, further supplantation
ESSER 3 (ARP)	Treatment unknown Maintenance of equity may make supplant difficult

HOUSE BILL 3 CLEAN UP

Senate Introduced	House Committee Substitute
	Removes requirement for certified teachers to get TIA; Ensures TIA compensation is TRS eligible Mitigates interaction of TIA with Ch. 49 adjustment for some districts
Prohibits districts from **imposing** M&O rate to create surplus to pay debt. Requires agency review and corrective action plan for those that do not comply Provides TEA more authority over tax rates	Prohibits districts from **imposing** M&O rate to create surplus to pay debt. Requires agency review and corrective action plan for those that do not comply Provides TEA more authority over tax rates
Additional truancy reporting	Additional truancy reporting
Adds associate's degree to CCMR Outcomes Bonus	Adds associate's degree to CCMR Outcomes Bonus
Sliding scale fast growth allotment	Fast growth allotment based on numeric growth
Recapture payment at settle-up for districts missed during LPE	Recapture payment at settle-up for districts missed during LPE
Small Mid Allotment based on total ADA (not regular program)	CTE weight based on adjusted allotment, differential weight based on courses students take

OTHER SCHOOL FINANCE ISSUES

Other School Finance Issues

- **House Bill 3445** (fund balance)
- Senate Bill 1428, Senate Bill 1438, House Bill 3376 (disaster pennies)
- House Bill 35 and House Bill 664 (bonds)

ADA Hold Harmless

New in the TEA FAQ:

Q: *I understand that the Agency will apply the hold harmless automatically to all eligible LEAs. Will the agency take into consideration overall funding levels with and without the hold harmless for LEAs before implementing the hold harmless? New April 8, 2021*

A: *Yes, the agency will provide the highest level of funding that results from either the hold harmless attendance counts (as a group, inclusive of all settings) or the LEA's actual attendance counts (as a group, inclusive of all settings) for the entire school year, encompassing all portions of the school year for which an LEA would have been eligible for a hold harmless adjustment. Ultimately, an LEA's funding will not be negatively impacted by the hold harmless adjustment.*