

# Coalition news & updates

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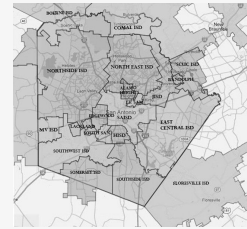
March 31st, 2020 - Please don't hesitate to forward to other districts if information is helpful -

Hello All,

I hope you all had at a chance to have a quick break this past weekend, but I know this email must find you all moving a mile a minute again as the week gets going. You and your teams continue to impress me and the rest of the state with the incredible feat you have accomplished in such a short time.

Below you'll find quick updates from the policy world, HB 3 sustainability research progress, and some quick polls to help better partner with you.

Thinking of you all,  
Julia



## What we're reading

[USDE approves TX waiver](#)

[EdWeek: DeVos Wavier power](#)

[CARES Appropriation Summary](#)

[Tribune: Texas Economic Hit](#)

[Brookings: Strategy for Recovery](#)

## COVID-19

**March 31st update - Governor orders only essential services and activities to remain open. Orders schools closed until May 4th.**

### Federal

President Trump signed into law the CARES Act last week, which will hopefully be the first of several pieces of legislation to help schools and communities across the country. Below are high-level summaries related to K12 schools with links to more detailed breakdowns:

- \$31 billion has been ear-marked for education with [\\$13.5 billion for K12 schools](#)
- 90% of the \$13.5 billion will pass through the Title 1 Aid formula
- Additional \$3 billion for governors to use at their discretion for K12 and higher education institutions
- [\\$8.8 billion for Child Nutrition Programs](#) to help ensure students receive meals when school is not in session
- Gives Secretary DeVos the power to grant waivers for ESSA, [IDEA](#), and Perkins CTE (more on this below – including a possible move to allow for vouchers or "microgrants")
- Allows for schools to seek waivers to increase the allowable share of their Title IV dollars they can spend on internet connected devices

## What we're researching:

1. **HB 3 sustainability** - Report on research so far is below, but this will continue to be a top level concern as we monitor COVID response over the coming months.
2. **Reimburse** - To ensure everyone in the Bexar County community receives need reimbursement funding, we will start to discuss strategies with other advocacy organizations as well as study how past natural disaster reimbursement has worked (or not worked).
3. **Educational impact and accountability** - Moving to a "case-by-case" basis will look very different from district to district. We need to understand the cost, time, and support necessary to make this new reality possible for all district, especially districts who are already struggling through this pandemic.

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Commissioner Morath recently stated that Reading Academies will proceed as

Though many had hope for additional money for the Federal Communications Commission's E-Rate program to provide additional connections for students, the provision was cut out when the bill passed through the Senate.

### State

Of the funding above, Texas expects to receive about **\$1.5 billion**, which will be helpful but will not cover the immense spending schools are undertaking to ensure the safety of their school communities. As more information becomes available, let's stay connected on critical gaps in funding so the Coalition can start to advocate with state leadership to fill needed holes.

While Governor Abbott would have to call a special session to utilize new rainy day fund monies, he does have the power (along with the Legislative Budget Board) to redirect around **\$3 billion dollars** of unused rainy day dollars earmarked for flood prevention this calendar year. Comptroller Glenn Hegar has stated that the on-going drop in oil prices has already cut the the fund by \$500 million and that the fund is a "tremendous asset in Texas' fight against this virus." Hegar's office is preparing options for possible budget cuts to present to state leadership in the coming weeks, while public school finance will be off-limits, agency programs and support may be on the list of possible cuts.

## Betsy DeVos proposes "Microgrants"

During a press briefing on Friday, DeVos stated that she will propose using "Microgrants." According to a spokesperson for the Department of Education, the microgrants could be used to:

*"...fund materials needed for home-based learning, like computers or software, internet access, or instructional materials. They could also support educational services like therapies for students with disabilities, tuition and fees for a public or private online learning course or program, and **educational services provided by a private or public school**, or tutoring, spokesperson Angela Morabito said in an email."*

[Read full article here.](#)

planned.

Do you foresee this being an issue and an increase in cost to your district?

Yes

Select

No

Select

Do you think we should move our June meeting to July?

Yes

Select

No

Select

Whenever we have the summer gathering, we could adjust the purpose of that meeting to be a COVID-19 debrief with city and state officials.

Would that be of interest to you?

Yes

Select

No

Select

First - cuts to public education entitlements is not a given. You will hear that quite a bit over the next several months, but I'm strongly advising you to not believe this is inevitable yet. CPPP, a nonprofit advocacy organization based in Austin, has been meeting with many of our senior elected officials, all of whom have said protecting HB 3 is a priority for next session.

While we don't know how large the economic fall out will be, as someone who has read the entire state budget, there are other ways Texas can adjust spending AND adjust incoming revenue over the next year to keep education levels whole.

### Here is what we know so far:

- (Review) House Bill 3 was funded through several mechanisms: reallocation of existing allotments (Cost of education index, high school allotment, small/mid-size allotment change), surplus revenue from state sales tax, diversion from oil/gas revenue, and revenue from certain online sales.
- Two out of the four are currently dramatically cut already (oil/gas and sales tax), Hegar has said the [3 billion dollar of expected surplus is already gone](#). However the recently signed [CARES Act](#) infuses additional revenue to businesses and industries directly affected by the economic shut down (not directly to oil/gas, but to transportation and travel industries) along with infusing significant dollars to state medicaid programs. Only time will tell if these measures are enough to cover the loss of revenue, but this is one of the fastest stimulus response in our history to attempt to correct the downturn. On a call with legislators, Hegar stated that the incoming federal dollars would cover Texas's medicaid shortfall and then some, passing fairly significant coverage to other agencies as they review possible cuts.
- Prior to state shut down, the House Democratic Caucus formed the Special Committee of Closing Outdated Tax Loopholes & Exemptions largely to ensure HB 3 could continue with sustainable funding. Though possible tax reform will not be a panacea for budget shortfalls in the coming session, there are options for additional revenue for the state to consider. For example, based on the [comptrollers latest estimates](#) (2018) the state tax exemptions for the state total around \$47.5 billion and Texas has one of the lowest fuel tax rates in the country increasing the tax by \$.10 increases education funding by \$900 million per biennium. There are alternative revenue sources that official can consider.
- While the property tax growth cap was a big "win" for elected officials, it is largely the biggest cost of the HB 3 in the coming years. Any statutory changes would need to wait until next session, but as Hegar is relatively confident that the state is covered for this fiscal year, a statutory adjustment to property tax increases may serve as an additional lever for relief for the next biennium.
- Hegar is asking all agencies to review their budgets now for possible cuts. During the last recession Hegar stated that agencies were asked to cut their spending by 10% and estimates the same percentage might be necessary this time around. However, [as stated above](#), many believe public education entitlements will be off-limits. Hegar is expected to present possible options to state lawmakers in the coming weeks.

### What to watch for in the coming months:

- **Length of the pandemic:** The health of next year's economy is largely determined by country being through the virus and associated protective measures by June, giving the country time to rebound in the fall. Former Federal Reserve Chairman Ben Bernanke [recently stated](#) the pandemic was, "much closer to a major snowstorm or a natural disaster than it is to a classic 1930s-style depression."
- **Additional stimulus from the federal government:** National advocacy organizations estimated the need to cover education budget shortfalls would be around \$75 billion dollars, which is significantly more than the \$13.5 billion in the most recent stimulus package.
- **Movement by Governor Abbott to redirect Rainy Day funding this year:** If Governor Abbott and the LBB decide to move some of this money to cover hard costs related to the pandemic, it could help cover some of the gaps the federal money will not cover. If the pandemic continues into the summer we could see this move become more likely.

### What you can do:

- Document EVERYTHING, any spending, any additional hours; anything and everything you can do to document decisions and spending you made during this time will be critical to telling the story to the legislature later.
- TASB has release a lot of [resources](#) for district to document spending during this time.
- Schedule some time with us, when you can, so we can start to craft our advocacy platform moving forward. We need to know your biggest pain points, deepest concerns moving forward, and support that has helped you through this crisis. We are available at all hours and are happy to talk with anyone from your team if they have time.

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**Our Members:**

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**We are here to help:**

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