February 2021

The Honorable Dan Patrick, Lieutenant Governor
The Honorable Dade Phelan, Speaker
Members of the 87\textsuperscript{th} Legislature

When the 86\textsuperscript{th} Legislature adjourned, no one could have predicted the challenges that would arise in these two intervening years. We experienced a confluence of crises not seen in generations. I’ve seen first-hand the personal hardships and the pain that we have all endured. Our hearts are with those who have suffered from COVID-19, and we will mourn for every single Texan who lost their life to the virus.

And while many Texans have faced hardship and loss due to a worldwide pandemic, a global slowdown in the oil and gas industry, and the resulting economic uncertainties, the State of Texas remains the envy of the nation. Transforming from a largely one-dimensional economy nearly a century ago, Texas now boasts a diverse mix of industries and is a world leader in job creation and relocation.

This economic expansion is due in no small part to the strong work ethic of Texans and the hospitable business climate that state leaders have created. But we are not merely stewards of our past creation. We must take an active role in ensuring the tenets of our flourishing economy are strengthened. These include: a tax framework that is balanced and efficient; a regulatory structure that does not impede innovation; an educational system that prepares students for college, career, or military service; and a substantial system of public safety so citizens feel safe in their homes, schools, and places of work and worship. Together, we made significant progress toward these goals last session, but there is still more work to be done.

As we begin the 87\textsuperscript{th} Legislative Session, we must ensure that we do not lose ground on the critical progress made in public school finance, property tax reform, disaster preparedness, school safety, and numerous other achievements of previous legislatures. But we must also look toward the future as our economy moves beyond the pandemic. We will take action so the state can remain a model for the rest of the nation by providing for a healthier, safer, freer, and more prosperous Texas. The enclosed highlights these goals and how they can be achieved in the state budget.

I respectfully submit to you my budget priorities for Fiscal Years 2022-2023 in accordance with the Texas Government Code and the Texas Constitution. I look forward to working with all the members of the 87\textsuperscript{th} Legislature to ensure that the next state budget addresses our shared priorities. I truly believe that Texas will be able to meet its needs and serve the taxpayers and residents of our state during this biennium and beyond.
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The Economic Impact of the Pandemic

Opportunity is what Texas is all about. No doubt, we have faced hard times this past year. But as Texans we never shy away from challenges. Instead we embrace them. We adapt and overcome and grow stronger as a result.

- Governor Greg Abbott, State of the State Speech, February 2021

At the onset of the COVID-19 pandemic in Texas, the state’s fiscal position was strong. Revenues exceeded expectations and the state budget was sound, even given the historic investments in public education and property tax reduction. The pandemic, however, initiated a series of swift and severe pressures on the state economy. The fiscal impacts of COVID-19 were intensified by a price war in the oil market and a subsequent collapse in demand and production. Nearly two million Texans filed for unemployment insurance benefits between March 14 and May 9, triple the number of claims filed in all of 2019. By September, that number rose to nearly 3.5 million. As anticipated economic conditions evaporated, tax revenue collections declined. In response, Comptroller Glenn Hegar issued a revised Certification Revenue Estimate (CRE) in July 2020 - amending the CRE previously issued in October 2019 - to account for the seismic changes in the state’s fiscal landscape. The revised CRE estimated a loss of $11.57 billion, down 9.5% from the October estimate. Transfers to the Economic Stabilization Fund and the State Highway Fund were each projected to be $1.13 billion, down from $1.67 billion deposited in November 2019.

Despite these unpredictable conditions, sound and conservative fiscal management preceding the pandemic put Texas in a strong position to respond, and state leaders took decisive action. In May, the Governor, the Lieutenant Governor, and the Speaker of the House issued a letter directing all agencies and institutions of higher education to submit a plan identifying ways to reduce nearly all discretionary general revenue and general revenue related appropriations by 5% for the 2020-2021 biennium. In addition, leadership directed state entities to implement other cost-saving measures such as holding open vacant positions that were not critical to the state’s COVID-19 response, deferring expensive capital expenditures, avoiding unnecessary travel, and reducing administrative expenses. Thanks to the timely action and dedication of state leaders, agencies, and institutions, the 5% interim reduction and other cost-saving strategies generated significant savings for the current biennium.

Despite these efforts, the financial effects of the COVID-19 pandemic and energy sector slowdown will linger into the upcoming biennium. The Comptroller’s recently released Biennial Revenue Estimate makes clear that uncertainty still abounds and that the Legislature will have to contend with many difficult decisions in the coming days. However, thanks to the fiscal restraint of past legislatures, this Legislature will be able to fund the essential government services that citizens expect from this state without raising taxes. While this is encouraging, it further highlights the absolute necessity for Texas to continue its historic adherence to fiscal conservatism.
Federal Funding for COVID-19 Response

Following the outbreak of the COVID-19 pandemic, Congress passed, and the President signed, several measures that provided significant and critical funding to the state. The Coronavirus Preparedness and Response Supplemental Appropriations Act, the Families First Coronavirus Response Act (FFCRA), the Coronavirus Aid, Relief, and Economic Security Act (CARES), and most recently the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) have provided billions in funding for the state and local response to ensure the safety of their residents.

Many of these supplemental funding streams flowed through existing programs that state agencies administer. These programs include the Home-Delivered and Congregate Meals Program, the Emergency Food Assistance Program, the Supplemental Nutrition Assistance Program, and others. In addition to the increases in funding for these existing programs, the CARES Act and other COVID-19 related legislation established temporary or one-time sources of federal funding unique to the pandemic. The Office of the Governor (OOG) worked, and continues to work, with legislative leaders including the Lieutenant Governor, the Speaker of the House, the Chair and Vice-Chair of the Senate Finance Committee, and the Chair and Vice-Chair of the House Committee on Appropriations to ensure these funds are utilized to efficiently respond to the pandemic without creating lasting requirements for future state spending. Below is a non-exhaustive list of these federal funding streams.

**Coronavirus Relief Fund (CRF)**

Texas received over $11.24 billion of the $150 billion CRF authorized by the CARES Act. Of that total, the United States Department of the Treasury distributed slightly more than $3.20 billion directly to cities and counties in Texas with a population greater than 500,000; the remaining portion was distributed to the state. According to the CARES Act, the CRF could be used only for costs that:

- were necessary expenditures incurred due to the public health emergency;
- were not accounted for in the budget most recently approved as of the date of enactment; and
- were incurred during the period that began on March 1, 2020, and ended on December 30, 2020 (this requirement was amended to reflect an end date of December 31, 2021 by CRRSAA).

The State of Texas was one of the first in the nation to ensure that a portion of the state’s CRF allocation was distributed to local governments that did not receive funding directly from the Treasury Department. While this was not required by the CARES Act, nor by Treasury Department guidance, state leaders decided to ensure that local officials had the resources needed for their pandemic response. On May 11, 2020, state leadership informed mayors and county judges that they were eligible for reimbursement for direct COVID-19 expenditures. To date, local governments have claimed nearly $545 million in reimbursements. Of that total, the following shows how those funds were utilized.
State leaders have further supported local entities by providing significant public health investments statewide in response to the impacts of the pandemic - expending over half of the state’s CRF allocation on public health and safety costs incurred to bolster local COVID-19 response efforts. The state utilized hundreds of millions of dollars from its own CRF allocation to establish a statewide testing infrastructure in a matter of weeks at the onset of the pandemic in Texas. Through the exhaustive efforts of the Texas Division of Emergency Management (TDEM), and with the support of private entities, testing capacity expanded exponentially. The state also used CRF funds to engage in mass procurement of personal protective equipment (PPE) that TDEM distributed throughout the state to public and private entities. Early in the pandemic, the state’s shipments often became the only lifeline to these critical supplies as healthcare providers’ reserve stocks dwindled and normal supply chains slowed dramatically. TDEM’s efforts were supported by the Texas Military Department and other state and private entities.

The state, through the Department of State Health Services (DSHS), has provided substantial assistance to local healthcare providers by funding surge medical staffing to expand capacity statewide. As hospitals, nursing homes, and other facilities encountered diminishing staff and available beds, many local governments reached out for state assistance. It became apparent the state could more efficiently contract for surge staff and deploy them as needed across the state, compared to a more piecemeal approach of individual jurisdictions managing this part of the response. DSHS has provided thousands of additional contracted medical personnel such as registered nurses, respiratory therapists, certified nursing assistants, phlebotomists, and other technical positions who have contributed a combined 14.5 million staff hours as of the end of 2020. The billions of dollars the state shouldered have been critical as frontline healthcare workers were either inundated with cases or contracted COVID-19 themselves. While healthcare expenses would normally be covered by
local governments, the pandemic requires quick action and collaborative effort between the state and local entities to ensure Texans have access to the medical services they need.

In coordination with DSHS, TDEM has also deployed alternate care sites (ACS) across the state. ACSs are temporary or converted spaces that can provide acute, non-acute, or hospital care to individuals outside of traditional healthcare locations. These ACSs have been critical to COVID-19 response efforts when local capacity is overwhelmed from a spike in hospitalizations and when new capacity is needed to administer therapeutics capable of preventing additional hospital admissions. Created across the state, these sites leverage local healthcare capacity and ensure that citizens will still receive care during the pandemic.

Along with the more visible efforts of DSHS and TDEM, state agencies and institutions of higher education have made significant adjustments to their operations as part of the state’s overall response to the pandemic. DSHS dedicated substantial resources to its ongoing response to COVID-19 including vaccine distribution. The Texas Department of Criminal Justice (TDCJ), the Texas Department of Juvenile Justice, State Supported Living Centers, and State Mental Health Hospitals adapted their operations to prevent the spread of COVID-19 within their facilities. State troopers at the Department of Public Safety (DPS) and game wardens at the Texas Parks and Wildlife Department were drawn to the frontlines of numerous response efforts. Every state agency and institution of higher education has played a role in responding to the pandemic by adjusting operations and making resources available to ensure the safety of staff and students. All of these actions amassed considerable costs, and such duties were not contemplated when the budget was previously adopted by lawmakers. In accordance with the requirements of the CARES Act, and subsequent guidance from the Department of the Treasury, the state is utilizing approximately $3.5 billion of the CRF to support these efforts, primarily for salary and benefits costs for public health and public safety related employees at state agencies and institutions of higher education that have been substantially dedicated to COVID-19 response efforts.

Through its CRF allocation, the state has committed approximately $400 million to Texas schools to assist students, families, and teachers. Early in the pandemic, the state launched a reimbursement program for local education agencies’ (LEA) COVID-19 costs and the initial transition to remote learning during the spring 2020 semester. In collaboration with the Texas Education Agency (TEA), the state also launched Operation Connectivity, harnessing its significant buying power to purchase millions of learning devices for students. Including hotspots, personal laptops, and other eLearning devices, this investment enabled students to learn effectively and stay connected to their teachers and classmates from home. In addition to securing the devices - which were in high-demand nationwide - the state was able to achieve savings of 20% to 40% on these purchases. This bulk procurement enabled LEAs to get at-home learning devices into the hands of Texas students and teachers quickly and at a minimized cost.

State leaders also funded a statewide effort to respond to the essential civil legal needs of low-income Texans. Due to the impacts of the pandemic, many Texans found themselves unable to afford basic

### Helping Students Stay Connected

- Over 3.66 million e-Learning devices purchased
- Over 874,000 hotspots provided for students
- More than 800 LEAs utilized the bulk purchase program
civil legal services. This funding, through the Texas Access to Justice Foundation, provided a critical lifeline for those directly impacted by the pandemic during a period of significant economic hardship.

The State awarded funding to the Texas General Land Office and Veterans Land Board to address COVID-19 related costs at the Texas State Veterans Homes (TSVH). Over the course of the pandemic, these state-run facilities had to implement rigorous sanitization procedures, alterations to common spaces, and other modifications to ensure that residents were safely distanced - leading to both increased costs per resident and higher operating costs. The state allocated funding to address testing, increased costs of care, and other costs incurred by the TSVH directly due to the COVID-19 pandemic to support the continued provision of essential care to these veterans and their families.

STATE USAGE OF THE CRF PRIORITIZING PUBLIC HEALTH AND PUBLIC SAFETY

At the onset of the pandemic, many state agency offices were forced to temporarily close and agency staff had to quickly determine how to continue to provide critical state services from home. The state supported agencies in their transition to a work-from-home posture by funding activities at the Department of Information Resources (DIR) who developed the CARES Act Laptop Purchasing
Initiative. Leveraging the state’s purchasing power, DIR was able to secure large orders of laptops, headsets, and other remote-work technologies so that agency staff were able to work effectively and securely from home. The state’s CRF award to DIR likewise funded the expansion of internet bandwidth, computing capacity, and access to secure web-based video conferencing - all to further support both frontline agencies and the continued provision of state services to Texans. Using that funding, DIR created the Governor’s Open Texas and COVID-19 resource websites, as well as a website through which medical providers and disaster response personnel could request staffing support and be paired with volunteers identified by DSHS’ Texas Disaster Volunteer Registry.

Another significant effort impeded by the pandemic was the collection of data for the 2020 census. The state allocated CRF funding to the Secretary of State (SOS) to support outreach and make certain that Texans were aware of this critical effort and their opportunity to participate. This use of funds helped ensure the state received an accurate count and that Texans everywhere will be represented at the state and federal level.

As evidenced by these various spending initiatives, the state incurred significant costs related to the COVID-19 pandemic, including funding services normally left to local governments to provide during a disaster such as testing, PPE procurement, surge staffing, and alternate care sites. The majority of the state’s CRF funding was utilized to address public health and safety costs - any remaining CRF generated through public assistance reimbursements from the Federal Emergency Management Agency (FEMA) will be utilized for other public health and safety costs that the state has and will incur to combat the pandemic in 2021.

Elementary and Secondary School Emergency Relief Fund (ESSER)

Texas received an ESSER allocation of nearly $1.29 billion from the more than $13 billion authorized by the CARES Act. The enacting legislation required a minimum of 90% - or slightly more than $1.1 billion - of that award be distributed directly to LEAs according to the federal Title I formula. Through TEA, the state distributed this funding to aid in sustaining a significant hold harmless policy for the spring 2020 semester. Since the school finance laws and formulas did not contemplate a scenario in which students would learn remotely outside of the traditional classroom setting, state leaders and TEA allowed for the continued funding of schools even though students were not physically present in the classroom. This multi-billion dollar hold harmless policy was essential for the health of students and teachers and to stabilize the entire public school system. State leaders have continued this hold harmless policy through the fall 2020 semester.

The remaining portion of ESSER funding was used to provide an optional, free tool for every school system in Texas to support virtual instruction. The Texas Home Learning (THL) Program included learning management system software, curricular models aligned with TEKS, progress monitoring diagnostics, teacher training and professional development, and other critical components that eased the transition to learning from home. These tools have been utilized by hundreds of school districts across the state and have helped minimize learning loss due to the COVID-19 pandemic.
The recently approved CRRSAA included a substantial second tranche of ESSER funding. This additional allocation of ESSER provides an opportunity to maintain the progress and momentum of House Bill 3, while also making targeted investments to ensure students do not fall behind due to COVID-19 learning loss. This includes a program that state leaders announced in November 2020 to provide $420 million for reimbursing other technology-related costs incurred by school systems since the end of the 2019-2020 school year and in preparation for the current one. The OOG will continue to work with the Legislature and the U.S. Department of Education to ensure school districts can reliably plan on the improved school finance formulas to make enduring decisions for their students.

Governor’s Emergency Education Relief Fund (GEER)

Of the nearly $3 billion allocated by Congress, Texas received over $307.02 million for the state’s GEER fund. The recently approved CRRSAA allocated an additional $134.33 million in a second round of GEER funding. Both Acts allowed the governors of each state to allocate GEER funding at their discretion for emergency support grants to both higher education and public education institutions deemed to have been significantly impacted by the pandemic. These funds were intended to support the ability of institutions to continue providing educational services to their students and to support ongoing operations. State leaders ensured this funding was used for strategic purposes to limit learning loss due to the pandemic and provide support for students to continue their progress towards a credential or degree.

A portion of GEER funding supported THL to provide instructional content and courses for multiple grade levels. It also provided for a remote dyslexia instructional platform to help address the unique needs of these students in transitioning to home learning. Funding was also provided to the Texas School for the Deaf, the Texas School for the Blind and Visually Impaired, and the Windham School District to ensure their critical activities were maintained.

GEER funds were also used to create the Supplementary Special Education Services (SSES) program. The student-centered SSES connects eligible students with severe cognitive disabilities to additional support, such as high-quality personalized programs, for the critical services they require. These additional services were intended to help those most affected by the pandemic and their transition to virtual education.

_The SSES program is yet another example of how effectively our state is working to close gaps in our system of public education. These one-time grants will positively impact thousands of Texas families and help students who require special education services to keep pace academically despite the ongoing disruptions tied to the pandemic._

- Texas Education Commissioner Mike Morath.

The state invested $175 million of GEER funding in the state’s higher education system for student financial aid, improvements in online learning, and enhanced data infrastructure capabilities. This investment included:

- $57 million to ensure existing state financial aid programs were not negatively impacted;
• $46.5 million in emergency student support so students whose families have been severely financially impacted by COVID-19 can stay enrolled in higher education;
• $46.5 million in targeted financial aid for upskilling and reskilling displaced workers for jobs in high-demand fields;
• $10 million to improve the quality of online learning by strengthening distance education offerings and bolstering institutions’ capabilities to use data to support student success; and
• $15 million for strategic education and workforce data infrastructure to provide timely, actionable intelligence to students, institutions, employers, and policymakers.

*These strategic investments in our students and institutions will keep more students on track to enter the workforce with the credentials and education that tomorrow’s economy will demand.*

- Commissioner of Higher Education Harrison Keller

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**Community Development Block Grant - Coronavirus (CDBG-CV)**

The CARES Act provided $5 billion in CDBG-CV funding, of which Texas received approximately $141.85 million. In the face of tremendous financial strain during the pandemic, many Texans were out of work, unable to feed their families, and facing possible eviction. The state is taking a targeted approach to assist those with the greatest need, and in partnership with the Texas Department of Housing and Community Affairs (TDHCA) and the Office of Court Administration (OCA), established the Texas Eviction Diversion Program. Using CDBG-CV funding, in combination with Community Service Block Grant funding that was also allocated through the CARES Act, the program offers up to six months of rental assistance to eligible tenants and landlords. Participating landlords can receive lump sum payments in exchange for allowing tenants to remain in their homes and the forgiveness of any late fees. The program will not only enable renters to stay in their homes and make property owners whole, but it will also help avoid mass evictions across the state and provide economic stability for vulnerable families. TDHCA is currently working with the federal government to expand this program to include mortgage assistance. As noted above, $4.22 million of CRF was utilized for essential legal services through the Texas Access to Justice Foundation. In addition to housing assistance, as a growing number of Texans faced food insecurity, the state was also able to combine CDBG-CV, CRF, and FEMA funding to provide $133 million for food bank distribution activities to aid local entities with demand.

*In times like these, sometimes that means that we search for creative ways to meet the needs of landlords and tenants. The Texas Judiciary is happy to work with Governor Abbott and TDHCA to provide a way for tenants to stay in their homes and ensure that landlords are made whole.*

- Texas Supreme Court Chief Justice Nathan L. Hecht.
Child Care Development Block Grant (CCDBG)

Texas utilized CARES Act CCDBG funding along with existing childcare funds to support both parents and childcare providers. At the onset of the pandemic, the state funded frontline worker childcare to ensure adequate assistance was available for physicians, hospital staff, and other individuals who were critical to the initial COVID-19 response. The state also used CCDBG funding for enhanced reimbursement rates (ERR) for those subsidy providers that were able to remain open so they could implement adequate distancing and sanitization. For those providers that could not offer services, CCDBG offered stabilization grants to ensure they could retool their operations to ultimately serve children in the future. When in-person instruction in schools resumed, CCDBG funding was expanded to support full-day childcare for those whose schools were unable to remain physically open.

Coronavirus Emergency Supplemental Funding

The United States Department of Justice’s Bureau of Justice Assistance awarded the state $42 million under the Coronavirus Emergency Supplemental Funding Program. Allowable costs included overtime, equipment (including law enforcement and medical PPE), additional hiring, supplies (such as gloves, masks, sanitizer), and the medical needs of inmates in local jails and detention centers. These grants were also made available to assist county jails with the costs of housing inmates awaiting transfer to the state prison system following TDCJ’s decision to halt intake of new inmates due to ongoing outbreaks in local jails and TDCJ facilities. The OOG made this entire funding amount available to local entities.

These historic investments across public health, public safety, and education supported local jurisdictions and demonstrate how Texas has effectively leveraged its CRF allocation and other supplemental federal funding in response to the pandemic. In partnership with legislative leaders, the careful use of these additional federal funds, combined with fiscal restraint, places Texas in a strong position for an accelerated recovery from COVID-19. Given the state’s economic position due to the pandemic, legislators must make prudent decisions to provide for a healthier Texas, ensure a safer Texas, promote a freer Texas, and foster a more prosperous Texas.
A Healthier Texas

As we continue to combat the pandemic, we do so with better tools, more knowledge, plus medical improvements that are helping us move beyond this challenge.

- Governor Greg Abbott, State of the State Speech, February 2021

Ensuring Access to COVID-19 Vaccines and Monoclonal Antibody Therapeutics

The COVID-19 pandemic has caused disruption, suffering, loss of life, and economic damage across the world. However, like many disasters, the pandemic also brought out the best that the citizens of our state and country have to offer. We owe a debt of gratitude to our healthcare heroes who serve tirelessly on the frontlines of this pandemic. Similarly, without the brilliant minds of those researchers who swiftly developed effective therapeutics and lifesaving vaccines, the suffering and loss of life would have been that much greater. Though we have weathered this storm for a year, the path to finally end the COVID-19 pandemic is through ensuring wide access to effective therapeutic treatments and ultimately achieving community immunity through voluntary vaccinations.

Texas is touted as the gold standard in the country for ensuring broad-based access to the available monoclonal antibody therapeutics. These drugs are effective at keeping patients out of the hospital, and Texas has prioritized educating our state’s physicians, dialysis technicians, and infusion nurses on the effectiveness of these therapeutics. The state deployed its own resources to mobilize infusion centers to the areas of Texas most impacted by the spread of COVID-19.

This state is also the leader in rapid vaccine administration, and Texans expect state government to continue that success. By prioritizing the most vulnerable in our communities, we will continue to relieve the disease burden on our hospitals and reduce the number of fatalities due to COVID-19. Once the most vulnerable Texans have the opportunity to be vaccinated, the Expert Vaccine Allocation Panel will make recommendations on how to effectively and efficiently reach all Texans who want a vaccination.

I recommend the 87th Legislature utilize to the fullest extent federal funds made available for the purpose of administering therapeutics and vaccine doses. I further recommend the 87th Legislature consider the efforts made in administering therapeutics and vaccines as they discuss reforms on how public health is delivered in Texas.

Improving Technological Capabilities at DSHS

The pandemic has highlighted the importance of possessing accurate and timely data to inform decision-making. Information technology and public health infrastructure have been essential in the state’s COVID-19 response. However, the pandemic did draw attention to areas of that infrastructure that need improvement. It is critical that the state thoughtfully upgrade DSHS’ IT systems to both protect the private personal health data of individuals and provide decision makers accurate and timely data.
I recommend the 87th Legislature support DSHS’ Infectious Disease Infrastructure request and strategically allocate federal funds to improve public health IT and laboratory infrastructure.

Expanding the Warehouse Capacity for PPE

COVID-19 brings numerous challenges that the state of Texas continues to meet head on. From the beginning of the pandemic in Texas, PPE was one of the most important resources needed to ensure the health and safety of our citizens, including medical personnel. Early in the pandemic, the Governor’s Supply Chain Strike Force and TDEM began to compete with the entire world to procure the PPE necessary to protect against COVID-19 infection. The state, through the Texas National Guard, partnered with a Texas-based company to provide additional manpower to manufacture N95 masks, surgical masks, and face shields. The Governor’s Supply Chain Strike Force also procured and distributed nearly 871.5 million pieces of PPE. The PPE obtained by the state was distributed to both public and private entities including numerous healthcare providers and schools. But, the global inability to easily source PPE caused several challenges within the healthcare industry and economy. In response to the current pandemic, and in preparation for all future events, the state should maintain an adequate supply of PPE and build an evergreen stockpile.

Hand in hand with the substantial need to build our own stockpile of PPE and other medical supplies, there is a significant need for climate-controlled warehouse storage for that stockpile. To ensure the stockpile that TDEM has acquired maintains its integrity, most items must be stored in climate controlled conditions. The state is currently meeting its storage requirements by using temporary, leased and borrowed, climate and non-climate-controlled storage from local and state agency partners scattered across the state. This current posture does not allow TDEM to house an evergreen stockpile or meet future unanticipated PPE needs.

I recommend the 87th Legislature address the critical storage need to ensure the future availability of PPE.

Improving Our Foster Care System through Community-Based Care

I made Child Protective Services (CPS) an emergency item for the Legislature to act on immediately in 2017, and the innovative reforms that came from that session continue to transform how foster care is delivered in Texas. The 85th Legislature directed the Department of Family and Protective Services (DFPS) to transition from a state-operated legacy foster care system to a locally-driven model known as Community-Based Care (CBC). The 86th Legislature maintained momentum in this transformation by funding CBC expansion into new regions.

Currently, CBC is active in four regions across the state. In two of those regions, the community-based contractors have taken over full case management, which has resulted in a higher likelihood of children being placed closer to home than in the legacy system. Further, in both regions the number of children placed with a relative or kinship caregiver within 60 days of removal continues to rise when compared to the legacy system. This new model has made clear that when communities take ownership of their most vulnerable children, better outcomes are achieved.
I recommend the 87th Legislature fund continued implementation of CBC across additional regions of Texas.

Ensuring Compliance with the Federal Foster Care Lawsuit

Texas continues to strengthen our foster care system. DFPS and Health and Human Services Commission (HHSC) leadership coordinate closely to ensure the agencies meet the requirements of the court order issued in the federal foster care litigation as efficiently as possible. The Legislature has demonstrated its commitment to improving the foster care system in past sessions, and further support is necessary at this time for DFPS and HHSC to have the ability to ensure ongoing compliance. The agencies must be able to continue their efforts to protect children in the state’s managing conservatorship from abuse and neglect.

Litigation-related requests before the Legislature include:

- Continuation of funding that established a rate increase for providers to attain 24-hour awake night supervision in certain licensed residential placements;
- Additional funding to assist the agencies with the heightened monitoring of certain licensed providers to ensure they meet a high standard of performance for children in their care;
- Relocating the residential child care licensing function from HHSC to DFPS which will aid in more effective transitions between child care investigations and licensing investigations; and
- Exceptional item requests related to staffing for residential child care investigations and child care licensing, staffing for CPS, heightened monitoring implementation costs, and court monitor fees.

I recommend the 87th Legislature fund the requests made by DFPS and HHSC relating to the federal foster care litigation to ensure ongoing compliance with the court order. I further recommend the 87th Legislature support ongoing efforts to improve the foster care system, including transferring the residential child care licensing function to DFPS.

Expanding the Capacity of High Quality Providers

Protecting youth in the state’s care that are overcoming the abusive or neglectful situations they came from is an enormous responsibility. The state must work to sustain and increase the capacity of foster families, child-placing agencies, and general residential operations, while also ensuring these providers are held to the highest standard of care. This includes studying and thoughtfully considering the results of the foster care rate study funded by the 86th Legislature to inform decision-making on adequate payment models for our foster care providers.

I recommend the 87th Legislature provide for an efficient licensing process for providers and facilities while ensuring proper safety regulations are in place. I further recommend the 87th Legislature find opportunities to expand the capacity of high-quality providers, which could include increasing payments for foster parents as well as for general residential operations.
Implementing the Family First Prevention Services Act

This Legislature has the opportunity to determine the best way for Texas to implement the federal Family First Prevention Services Act (FFPSA) which will go into effect on October 1, 2021. For the first time, states will be able to draw down federal Title IV-E dollars for programs that work to prevent kids from entering the foster care system. Texas must take advantage of this new opportunity. Programs listed in the FFPSA clearinghouse that are approved for Title IV-E reimbursement, including the Nurse Family Partnership, are proven to strengthen the family unit prior to state involvement, ultimately keeping more families safe and together.

Already, Texas served nearly 11,000 families outside of the child welfare system in 2019, indicating Texas’ alignment with the FFPSA’s clear intent to prevent families from ever entering the foster care system by providing quality prevention services for families at high risk. The number of families served will continue to increase through the opportunities provided by FFPSA.

*I recommend the 87th Legislature utilize the Family First Transition Act funds and consider funding approved programs under the FFPSA to build out the prevention services capacity in Texas, drawing down the new Title IV-E funds made available for this purpose.*

Expanding on Our Investment in Behavioral Health

Last session, the state took another critical step to improve the behavioral health of our children. Through the newly created Texas Child Mental Health Care Consortium, the Legislature fostered collaboration between the state’s health related higher education institutions to improve early identification and access to mental health services and address psychiatry workforce issues. The Consortium included multiple programs such as the Texas Child Health Access Through Telemedicine (TCHATT) program and the Child Psychiatry Access Network (CPAN). Originally included in Senate Bill 10, these programs were identified as an emergency item last session, and were created and funded by the Legislature.

*I recommend the 87th Legislature continue to make investments in the state’s behavioral health programs, including the Texas Child Mental Health Care Consortium.*

Texas has made significant investments in recent sessions by increasing funding in community mental health services and improving our state hospital system. Last session, the Legislature built upon its mission of improving the state mental health hospital system by providing $445.4 million in Economic Stabilization Funds for the continuation of the state’s comprehensive inpatient mental health plan. These funds allowed for the completion of a new facility at the Rusk State Hospital and to begin construction of replacement facilities at the Austin and San Antonio State Hospitals. This investment will modernize the state’s facilities, and continued funding in community mental health services will allow for greater advancements in behavioral health treatment.

*I recommend the 87th Legislature authorize the investment needed to continue these efforts and improve our state’s mental health infrastructure.*
Continuing Healthcare Transformation and Quality Improvement

Recently, Texas negotiated a 10-year extension for the Texas Healthcare Transformation and Quality Improvement 1115 Demonstration Waiver. This extension preserves the ability of Texans to continue to benefit from services paid for with more than $11 billion of supplemental or directed payments annually. After September 2021, Texas will continue to benefit from lessons learned in the innovative Delivery System Reform Incentive Payment (DSRIP) projects through new Medicaid directed-payment programs and the Public Health Providers - Charity Care Pool (PHP-CCP). The PHP-CCP will provide financial stability to our publicly owned and operated health departments/districts and local mental health and behavioral health authorities to continue serving low-income Texans. Though this funding does not explicitly appear in the state budget, it is critical for our state’s healthcare system.

Ensuring Healthcare Access for Texans with Preexisting Conditions

There is significant uncertainty regarding the status of federal health care legislation. Regardless of the outcome, the Texas Legislature should take steps to ensure that Texans with significant, preexisting medical conditions have an option for coverage. Last session, Senate Bill 1940 temporarily authorized the creation of a health insurance risk pool to provide a mechanism for Texans to receive quality health care. Measure like this are critical to ensure that whatever actions the federal government takes, Texas is ready to provide options for Texans with preexisting conditions to have the opportunity for quality coverage.

*I recommend the 87th Legislature extend to 2023 the authorization to create a temporary health insurance risk pool and consider additional measures needed to ensure health insurance coverage for individuals with preexisting conditions.*

Increasing the Availability of Teleservices

Throughout the pandemic, both providers and patients have increased their use of teleservices including telemedicine, telehealth, and telemonitoring. This was critical for individuals to have access to their medical providers during the onset of COVID-19. Teleservices can increase access to timely medical treatments and provide effective healthcare monitoring for patients with complex medical conditions.

*I recommend the 87th Legislature find opportunities to increase the use of teleservices.*

Expanding Access to Broadband

The COVID-19 pandemic highlighted the need for access to high-speed internet as Texans continue to rely on broadband service in their daily lives. Teleservices, tele-education, and remote work are just a few facets of daily life that now require reliable broadband service. Access to high-speed internet is essential for the economy and supports critical state functions. Increased connectivity has been shown to improve public safety, enhance agricultural practices, and spur economic development. To further expand access to high-speed internet and cultivate prosperity for the state,
Texas should support the creation of a state broadband plan, authorize a broadband office within the Economic Development and Tourism Office, and eliminate barriers to provide greater access to broadband services. Expanding access to high-speed internet will provide opportunities and improve the quality of life for all Texans, especially those in rural and low-income communities.

*I recommend the 87th Legislature continue to invest in broadband initiatives that will help expand access to high-speed internet in unserved areas across the state.*

Fulfilling Our Commitment to Those Who Served

Texas is proud to be home to the second highest number of veterans in the country. As a state, we have pursued policies that make Texas a great place to live for those who have served our country. Those policies paid dividends when the Army Futures Command chose Texas for its headquarters. Our veteran friendly climate makes it easier for those who served to become small business owners, and we continue to attract workers with skill sets that employers are looking to hire.

The funding invested in the Texas Veterans Commission (TVC) supports programs that serve Texas veterans and their families. One program worth greater state investment is the Healthcare Advocacy Department partnership with the Department of Veterans Affairs. Currently, the department is unable to provide healthcare advocates in 12 of Texas’ 24 VA Outpatient Clinics, and demand for its services far exceeds current capabilities. The department’s core mission is to assist veterans in overcoming the obstacles associated with receiving VA healthcare and to help Texas’ medical community cut through the red tape of the MISSION Act which expands veteran access to community-provided healthcare.

*I recommend the 87th Legislature provide for additional healthcare advocates at TVC so Texas veterans can receive the federal healthcare and benefits they have earned.*

A Safer Texas

*We also cannot ignore the need to improve policing. It helps our law enforcement officers do a better job. It also makes our communities safer.*

- Governor Greg Abbott, State of the State Speech, February 2021

One of the paramount features of any government is ensuring the safety of its citizens. Whether it be in public areas, places of employment, educational spaces, or others, Texans cannot meet their basic needs if they don’t feel safe. That is why it has never been more important to ensure state and local investments in public safety continue in the next biennium.
Ensuring Rapid Disaster Response

The Disaster Fund within the OOG has continuously proven effective in allowing the state to rapidly deploy resources in the face of natural and man-made disasters. Whether it is a hurricane, wild fire, explosion, or other crisis, including a pandemic, this critical funding gives Texas flexibility to respond when state and local resources are not quickly available or have been depleted. While many of these costs can be partially reimbursed with federal funds made available through the Stafford Disaster Relief and Emergency Assistance Act, this process can be cumbersome and time consuming. By fully replenishing the state’s disaster fund using the Economic Stabilization Fund, state leaders will ensure that Texas is ready to face the next event as it has numerous times in the past.

*I recommend the 87th Legislature appropriate a total of $150 million to the Disaster Fund so the state remains ready to respond to the next disaster.*

Verifying Qualified Peace Officers

Law enforcement agencies should have access to information about potential candidates so only qualified, professional officers are hired. If an officer previously worked in law enforcement, a hiring agency should have access to records to ensure the officer meets the standards for employment. To aid in the hiring of qualified applicants, the Texas Commission on Law Enforcement (TCOLE) should manage a robust technology system that is able to facilitate secure file transfers between law enforcement agencies so employment records can be shared.

*I recommend the 87th Legislature fund the modernization of the IT structure at TCOLE to enable secure file transfers for law enforcement employment records. I further recommend the 87th Legislature consider other IT needs at TCOLE that would assist in training officers, such as the enhancement of online training platforms.*

Developing Curriculum for Peace Officers

Ensuring Texas peace officers are well trained is in the best interest of the public and law enforcement, as the demands of the job are rigorous, stressful, and ever-changing. The public expects, and our officers deserve, the essential training needed to appropriately react to various situations. To this end, it is important that current training requirements are evaluated and updated to include more relevant and necessary training courses.

Currently, Texas peace officers must complete at least 696 hours of training in the Basic Peace Officer Course and then an additional 40 hours of Continuing Education Units (CEUs) every 24 months. When applicable, and appropriate, training should be available online. Ensuring training is up-to-date, accessible, and valuable requires months of curriculum development. This is especially true when additional trainings are amended onto older requirements, requiring TCOLE to develop and update a greater number of trainings with limited resources.

*I recommend the 87th Legislature fund additional curriculum developers at TCOLE to provide current, robust, and beneficial training for peace officers.*
Providing Law Enforcement Access to Training

Additional training curriculum and requirements are critical for officers so they have the tools necessary to respond to any situation. But it is just as critical to ensure that officers have access to that training. The state should make any training that is conducive to an online modality available immediately. For the courses that require hands-on instruction, law enforcement officers have to spend hours in training they would otherwise spend making their communities safer. The state currently provides $29 million to support local law enforcement’s access to training through the OOG’s Public Safety Office and the Office of the Comptroller. If the state increases training requirements, the state should also increase the availability of funds so local departments can provide this crucial training.

*I recommend the 87th Legislature require the training peace officers need to effectively protect Texans and increase funding for grants so local departments can access such training.*

Providing Additional Body Cameras for Peace Officers

Body worn cameras help officers and those they encounter view an incident through an unbiased lens. However, not every officer in Texas has access to this critical equipment. The 85th Legislature appropriated $10 million to the OOG for grants to law enforcement agencies to establish or enhance body worn camera programs. With those funds, law enforcement agencies were able to purchase over 9,000 cameras for officers. However, there are over 78,000 licensed peace officers in Texas, many of whom are employed by agencies that do not have the funding to purchase body cameras. In addition, given the rapid evolution of this technology, it may become necessary to replace equipment frequently. This technology can help both the public and the officer, and the state should work to expand their usage.

*I recommend the 87th Legislature fund a grant program managed by the Public Safety Office within the OOG to award funding to eligible law enforcement agencies to purchase body cameras for their officers.*

Increasing DPS Recruit Schools

As the state works to secure the Texas Capitol area, the border, and patrol the state’s highways, DPS has been stretched thin. Troopers work tirelessly to ensure the public safety of Texans. However, as risks and threats increase, so too does the work of troopers. For example, many of these brave public servants have been traveling to Austin to provide additional protection to the Capitol and adjacent areas within the City of Austin since the summer of 2020. Other troopers have travelled across the state to provide security to other areas under the threat of violence. Compounding this problem, approximately 900 troopers will be eligible for retirement in the upcoming biennium. DPS is currently able to conduct two recruit schools in the next two years. These schools help fill empty trooper positions within the agency, but they are not enough to address the combined need of added responsibilities and attrition through retirement.
I recommend the 87th Legislature fund additional DPS recruit schools to account for attrition and the increased responsibilities of the agency.

Securing the Border

Texas and Mexico share approximately 1,200 miles of border and are connected by 28 international bridges and border crossings. These crossings are the conduit for commerce and have contributed to Mexico’s status as our state’s top trading partner. The partnerships between Texas and Mexico are vital to our continued success, and the state must foster these relationships by ensuring the security of our southern border.

For too long the federal government has neglected to fulfill its basic constitutional obligation to secure the border. Spillover cartel violence threatens our interstate corridors and Texas must act to ensure this threat does not extend into our communities. The Legislature has rightly responded to these concerns, and statewide efforts have been very successful. Since 2015, the state has appropriated $2.4 billion to add DPS troopers to the border region, provide equipment and cameras, increase border prosecutions, and clear Carrizo Cane from the banks of the Rio Grande River. These efforts have proved invaluable and must be supported.

Changes in the administration in Washington, D.C. have brought about an end to border wall construction, alterations to the Migrant Protection Protocols, and reductions in interior enforcement of immigration laws. Though uncertainty remains with how the federal government will address the crisis on the border, Texas must continue a strong investment in border security.

I recommend the 87th Legislature demonstrate the state’s commitment to border security by maintaining the assets provided by the Legislature to preserve the safety of Texans.

Enhancing Capitol Security

Recent events across the nation, and in Washington, D.C. in particular, have highlighted the need to ensure public buildings are safe for visitors and those who work in them. The seats of government are important symbols, but more significantly, they provide a location for citizens to peaceably assemble and exercise their First Amendment rights. To ensure citizens can exercise those rights, DPS provides security for the Capitol Complex. However, as threats evolve, so do security needs. To protect those who visit and work in the Capitol Complex, DPS must have the capability to detect, deter, and dissuade any threat.

I recommend the 87th Legislature fund Capitol security capabilities and the associated personnel requirements of DPS.

Ensuring Safety in the Capital City

Government at every level must fulfill its obligation to public safety and ensure necessary resources are available for law enforcement activities. Efforts to defund the police across the country, and here in the capital city, highlight the state government’s duty to ensure adequate law enforcement and
public safety are provided in downtown Austin to protect residents, visitors, private property, and state assets. The City of Austin has taken action to defund the Austin Police Department, creating the need for the Capitol Complex Safety Zone to fund licensed peace officers to patrol city streets in a limited area around the Capitol complex. Funding for these operations will come from Austin local sales tax receipts, rather than using state funds to pay for this local responsibility.

I recommend the 87th Legislature authorize the Capitol Complex Safety Zone to protect people and property and to ensure local funds are made available to fund the effort.

Preventing and Responding to Mass Violence

Texas has suffered several mass attacks over the past few years. Tragic events have occurred in Sutherland Springs, Santa Fe, El Paso, Midland, and Odessa. Following the heinous acts in El Paso, Governor Abbott convened two meetings of the Texas Safety Commission, which included a broad array of local, state, and federal officials, victim service providers, and private entities. The Governor also convened law enforcement and public safety experts across all levels of government to serve on a Domestic Terrorism Task Force. During these meetings, several topics were discussed, one of the most important being how can we prevent mass violence in Texas. One way to help prevent mass violence is to ensure law enforcement has the ability to identify and investigate threats. To do this, law enforcement needs highly-trained peace officers and the appropriate tools, such as upgrades to the Texas Suspicious Activity Reporting Network and additional crime analysts.

I recommend the 87th Legislature fund enhancements to DPS reporting tools and provide the agency appropriate staff to identify and investigate threats to Texans.

Reducing Homelessness Across the State

Local governments face significant challenges in their efforts to reduce homelessness. In addition to the substantial federal dollars available to locals, the state has provided grants to larger cities for services and housing activities - including construction, development, or procurement of housing - and homelessness prevention programs through the Homeless Housing and Services Program (HHSP). So the problems associated with homelessness are not exacerbated, state funding from the HHSP or any other grant program should not be distributed to a city that will not enforce a camping ban.

For these programs to be successful, coordination is essential in achieving effective and efficient delivery of services. Every entity providing services to the homeless using federal funding is required to have a Homeless Management Information System (HMIS). Texas currently has 11 Continuums of Care with separate HMISs that are not able to interface with each other or share data. This inability to share data statewide often results in a duplication of effort. For example, if an individual has previously received services but then moved to an area that is served by a different continuum of care, the new area may not have access to the previous records. This data mismatch also makes it more difficult for state and local leaders to make data driven decisions to prevent homelessness.
I recommend the 87th Legislature continue funding for the HHSP which benefits persons experiencing or at risk of experiencing homelessness. I further recommend the 87th Legislature strategically utilize federal funding to pursue a statewide HMIS or data warehousing solution to allow continuums of care to effectively share data and more efficiently deliver services.

Increasing Human Trafficking Suspicious Activity Reporting

Texas has long been a leader in anti-human trafficking efforts. As the state continues to address this abhorrent crime through efforts to prevent its occurrence, protect victims, prosecute offenders, and increase partnerships with affiliated organizations, Texas must continue to develop new tools and strategies. One way to ensure traffickers are removed from the streets is to ensure tips regarding potential trafficking are appropriately vetted by law enforcement. State law requires individuals who have certain professional or occupational licenses to post signage regarding human trafficking in their place of business. These include establishments and occupations licensed by the Texas Alcoholic Beverage Commission, the Texas Department of Licensing and Regulation, and HHSC. Other entities like transportation hubs and sexually oriented businesses must also post signage. However, these signs do not require tips be reported to a law enforcement agency for vetting and potential investigation. Texas must work to push all crime-related tips to the Texas Suspicious Activity Reporting Network where trained law enforcement officers and analysts can review the information, produce intelligence, and apprehend offenders to protect Texas’ most vulnerable residents.

I recommend the 87th Legislature require all current anti-trafficking signage include the phone number for the Texas Suspicious Activity Reporting Network. I further recommend the 87th Legislature provide necessary funding to ensure all suspicious activity reports related to human trafficking are quickly and appropriately vetted by the DPS.

Continuing Our Commitment to School Safety

The 86th Legislature approved Senate Bill 11 which included funding to support needed investments in safety for our schools. These investments provided for additional training of school resource officers and district employees in how to respond to emergencies and expanded upon mental health initiatives in schools. Additionally, Senate Bill 500 authorized School Safety Grants, which were used to strengthen facilities and to provide security improvements to campuses such as the installation of metal detectors, security systems, door locking systems, and perimeter security fencing. Ninety-seven percent of school systems applied and received funding with grants ranging from $25,000 to $3.3 million.

I recommend the 87th Legislature build upon the initiatives included in S.B. 11 and S.B. 500 to continue to provide a safe environment for our students.

Reducing the Backlog of Untested Sexual Assault Evidence Kits

In recent sessions, the Legislature has prioritized efforts to protect survivors and punish the perpetrators of sexual assault. In 2019, the Legislature capitalized on those efforts and made
significant investments to address the number of untested sexual assault evidence kits. In total, the 86th Legislature appropriated $52 million and 122 additional FTEs to DPS to increase crime lab capacity and testing of sexual assault kits. The agency reports these funds have improved crime lab services and accelerated the pace at which they can test sexual assault evidence kits. As evidence of that, the number of untested sexual assault kits in DPS inventory decreased by nearly 40% from September 1, 2019 to December 31, 2020. Thanks to the investment of the Legislature, even with additional kits being sent to DPS for testing, the backlog of untested kits continues to drop.

Additionally, the Legislature created the Sexual Assault Survivors Task Force (SASTF) within the OOG to establish a survivor-oriented, trauma-informed, collaborative, and coordinated response to sexual violence. The SASTF recently released their first biennial report, which contains eleven policy recommendations for the 87th Legislature to consider. Survivors of sexual assault and other crimes deserve timely analysis of evidence kits, and we owe them our commitment to do so.

*I recommend the 87th Legislature maintain the investment to clear the backlog of untested sexual assault evidence kits and build crime laboratory capacity to continue accelerating the pace of testing.*

**Reforming our Flawed Bail System**

Currently, many Texas magistrates do not have access to sufficient information when making pretrial bail determinations. Risk assessment tools provide valuable information for magistrates to consider in making these determinations, such as a defendant’s risk of flight or risk of danger to the community. In addition, magistrates must be adequately trained in how to make these determinations. Ensuring that magistrates have the resources and training necessary to make sound bail determinations is in the best interests of public safety, the administration of justice, and all Texans.

*I recommend the 87th Legislature provide funding to the OCA for the development and implementation of a statewide pretrial risk assessment tool for use in making bail determinations, as well as for appropriate training.*

**Protecting Critical Information Technology Systems**

As technology evolves, so do the threats it faces. Cyberattacks, such as phishing and malware, continue to expand in number and complexity. The perpetrators of these attacks, ranging from individual hackers to nation-states, are expanding their capabilities as well. These cybercrimes are committed for a multitude of reasons, but often attackers are seeking financial gain, testing security defenses, or attempting to improperly obtain data. According to the FBI, the number of reported cybercrime incidents have drastically spiked since the onset of the COVID-19 pandemic. Consequently, the cost of cybercrime has also risen, with damages estimated to be about $6 trillion globally in 2021.

To protect its residents and businesses from existing and future cyberattacks, Texas must continue to raise awareness of cyber threats and develop innovative cybersecurity solutions. The state should consider supporting cybersecurity initiatives at institutions of higher education. For example, there
are many Texas universities and colleges designated as National Centers of Academic Excellence in Cybersecurity. They offer programs designed to provide focused cybersecurity training and professional development. Investing in these programs could provide the workforce and expertise needed to combat future cyberattacks.

Along with private entities, the state has substantial data that must be protected. To effectively safeguard the state’s infrastructure and critical data, Texas should consider utilizing enhanced cybersecurity technologies, such as Endpoint Detection and Response (EDR) software. This EDR technology detects and blocks ransomware events from occurring. By investing in novel cybersecurity initiatives and advanced technologies, Texas can help prevent cyberattacks, protect critical infrastructure, secure Texans’ personal data, and save the state significant costs by avoiding and mitigating future cyber incidents.

I recommend the 87th Legislature continue to invest in innovative cybersecurity solutions that help protect the state and its residents from cybersecurity threats.

A Freer Texas

Whether you are a newcomer to our state, or your family has been here for generations, we all unite around the ideals of freedom and personal liberty. But freedom is fragile. If left undefended, we risk losing our freedoms one by one.

- Governor Greg Abbott, State of the State Speech, February 2021

We must find solutions that allow all Texans to enjoy the unique prosperity that comes with being a Texan. Texans should be able to work free from burdensome occupational licensing requirements, own a home free from overwhelming property tax liabilities, and prepare for the future free from onerous taxes that diminish retirement savings. By considering these reforms, and others, state leaders can continue to promote a freer Texas.

Simplifying State Licensing Requirements

Texans have the right to earn a living and should not be faced with overly burdensome regulatory red tape that hinders job creation when exercising this right. Areas such as educational requirements, experience hours, and the fees associated with obtaining a license should be evaluated to ensure the least restrictive standard is applied and only revenue needed to cover the cost of regulation is collected. Advancements achieved in prior sessions related to substantial equivalence and licensing portability should be expanded upon to increase employment and magnify the value of a Texas license. As we move forward as a state, we must remain vigilant to not increase, but work to decrease, the regulatory cost of doing business in Texas.
I recommend the 87th Legislature examine the fees associated with a Texas license and prevent any increased cost to allow Texans to keep more of their money while exercising their right to earn a living.

Strengthening the Taxpayer Protections Achieved in Senate Bill 2

Last session, the Legislature passed Senate Bill 2 to bring greater transparency to the property tax rate-setting system and to ensure that homeowners had a stronger voice in this critical process. Taxpayers now have substantially more information about the proposed tax rates for every taxing unit and a greater say if the taxing unit attempts to exceed the previous voter-approval rate.

However, some property owners encountered an unintended consequence of this landmark legislation during the pandemic. In response to the numerous natural disasters that occur across the state, but most often storms along the Texas coast, S.B. 2 allowed taxing units to use a greater than voter-approval rate for up to three years after a declared disaster. This provision was primarily intended for natural disasters that caused physical damage to property but was triggered under the current statewide disaster declaration due to the pandemic. To their credit, many local governments chose not to exercise this authority in the face of severe economic dislocation caused by the global pandemic. However, there were some local governments that took advantage of the opportunity to increase their property tax levy at a time when Texas’ homeowners and businesses could least afford it. This must be prevented going forward.

I recommend the 87th Legislature reform this provision of current law. The authority to exceed the voter-approval rate should only be available to cities, counties, and special districts that have suffered physical damage due to a disaster. I further recommend the 87th Legislature provide voters with the ability to ratify temporary property tax increases following a disaster before they become a permanent part of the tax burden going forward.

Protecting Investments by Banning a Transaction Tax

During the pandemic, Texas has diligently managed its fiscal resources and economy to ensure that the Legislature would not have to create new taxes, or increase existing taxes, to balance the state budget. This is not the case for every state. New York and New Jersey, both facing fiscal challenges, have proposed new taxes on financial transactions. New Jersey proposed a tax of 25 cents on every financial transaction and New York proposed a transaction tax with a rate of 5 cents per share for most stocks. Neither tax has become law at this time, but even considering such measures is a serious threat to anyone investing for retirement.

Many Texans through IRAs, 401(k) plans, or pensions - like those provided by the Employees Retirement System (ERS) or the Teacher Retirement System (TRS) - depend on marginal returns from their investments to save for their retirements. They also depend on the ability to buy or sell securities so they are positioned to maximize their returns and minimize their losses. An additional tax on transactions encroaches into retirees’ overall returns, making it more difficult for them to save for the future. Such a tax would also be a hazard for state institutional investors like ERS, TRS or the University of Texas/Texas A&M Investment Management Company (UTIMCO), which have to
make regular trades for their investment strategies. Due to sound past stewardship of state spending, this tax is not necessary to continue providing services to Texans and would have a detrimental effect on the state’s economy.

*I recommend the 87th Legislature protect Texas’ current and future retirees by prohibiting a transaction tax via constitutional amendment.*

**Ensuring Election Integrity**

Election security and integrity are critical to the continued functioning of our democracy. Regardless of political affiliation, Texans must have trust and confidence in the outcomes of elections. During the current biennium, the SOS established an election security training program and hired additional election security trainers. These trainers have been instrumental in developing election security best practices and policy templates for disaster recovery, continuity of operations, and incident response plans. They were also used to observe election procedures on the ground and assist counties with developing and implementing better processes for chain of custody and documentation. These efforts should be continued and expanded with additional trainers so the program can adequately serve all 254 counties.

During the most recent election, there was significant interest in having the SOS deploy election observers across the state during the early voting period. Expanding the election day inspector program to cover the entirety of early voting will boost voter confidence and reduce opportunity for voter fraud.

*I recommend the 87th Legislature continue and expand the use of county election security trainers. I further recommend the 87th Legislature provide additional funding to the SOS to expand the election day inspector program to the early voting period.*

**Supporting Free Commerce through Business Courts**

Though this state is well known for its friendly business climate, Texas is one of a few states without specialized business courts. Businesses often choose to incorporate and litigate in states like Delaware so that their disputes will be resolved by judges with expertise in business law. By creating its own business court system, Texas will strengthen its reputation as the best state in the nation to relocate and expand business.

*I recommend the 87th Legislature approve the creation of business courts, including the court of business appeals, to ensure that complex business disputes will be heard by judges with specialized expertise and knowledge.*
We can help Texans across our state exit this chapter even stronger. We can help them achieve the boundless opportunities that exist only in Texas.

- Governor Greg Abbott, State of the State Speech, February 2021

While the state does not create jobs, it can create a climate in which private enterprise can flourish. Ensuring a highly educated workforce, expanding access to post-secondary educational opportunities, reducing the burdensome licensing bureaucracy, and providing limited and targeted economic development incentives will help the state move past the pandemic economy and foster an even more prosperous Texas.

Building Upon the Transformative Provisions of House Bill 3

The 86th Texas Legislature introduced historic policy changes in passing House Bill 3. The bill included significant student-centered initiatives such as the added dyslexia allotment, increased support for special education students, and the Early Education Allotment for schools to create full-day, high-quality Pre-K, with 250,000 eligible students enrolled in full-day Pre-K for the 2019-2020 school year. It also prioritized our educators by providing for increases in teacher pay and the establishment of the Teacher Incentive Allotment (TIA), which put teachers on a pathway to earning a six-figure salary, specifically prioritizing those willing to serve in high-need areas and rural schools. Approximately 26 school districts participated in the first cohort of the TIA in the 2019-2020 school year, with approximately $40 million paid to 3,650 teachers across the state. To date, 803 school districts have shown interest in participating in the TIA.

Many provisions of H.B. 3 will be critical to students’ recovery from learning loss associated with the pandemic. Texas offers funding incentives for schools that create expanded summer learning opportunities for elementary aged students. H.B. 3 introduced blended learning grant funds, which have helped districts adopt digital learning curriculum and provide a jump-start as schools moved to large-scale remote and hybrid learning models. School districts are now reimbursed for the cost of the administration of college preparation tests, such as the ACT and SAT. Due to these changes, three times as many districts offered the ACT in the fall of 2019 relative to the previous year. This also included a 50% increase in the students testing in fall 2019.

H.B. 3 infused an additional $4.4 billion in total funding for public education operations in fiscal year 2020 over fiscal year 2019, which resulted in a year over year gain of $872 per average daily attendance (ADA). Now more than ever, the initiatives included in H.B. 3 should remain funded in the next biennium as they ensure critical support for schools and improved student-centered policy initiatives. This will only further assist students and school districts in overcoming the long-term effects of COVID-19.
I recommend the 87th Legislature fully fund the initiatives from H.B. 3, passed by the 86th Legislature, and continue the progress that began last session.

Addressing Learning Loss Due to COVID-19

The past biennium brought many challenges for all Texans, but especially for the state’s 5.5 million students and 360,000 teachers. School districts were forced to pivot and provide remote or virtual instruction to the bulk of Texas students. Even with the herculean efforts of teachers, parents, and districts, students have lost a significant amount of academic ground as a result of the effects of COVID-19. According to a study published by TEA, Texas students started the 2020-2021 school year 3.2 months behind. Throughout the school year, some students continue to struggle. TEA has also noted a concerning decline in attendance, indicating that the pandemic has kept a small population of students out of school altogether.

Without swift action, COVID-19 driven learning loss could have an outsized impact on our education system and workforce for years to come. Moreover, it is critical that Texas continues to invest in educational initiatives proven to accelerate learning recovery for students most impacted by COVID-19. Investments should be made in targeted interventions for on-campus support to reduce achievement gaps within schools as a result of COVID-19. Programs that attract and retain effective, diverse educators who reflect the student populations they teach, such as TEA’s Grow Your Own and teacher residency programs, should be continued and expanded.

I recommend the 87th Legislature strategically utilize federal funds to approve programs and initiatives that will help fill the gaps in learning experienced by students due to COVID-19, provide opportunities for parents to advocate for their student’s educational needs, and further invest in our Texas teachers.

Creating a Broad Foundation for Civics Knowledge

Today’s students are the future leaders of our state; to lead Texas forward, it is vital they understand the values of freedom, good governance, and patriotism. To accomplish this, they must first understand the history of our great country, the structure of the different levels of government, the purpose and framework of our founding documents, and how public policies impact individual citizens. They must also be educated in how to participate in our democracy, while understanding the varying views of those around them, especially how to engage with others who share differing beliefs than the ones they hold. To ensure that young Texans both understand and embrace these principles, the state must develop a robust civics curriculum and incorporate it at the elementary level and beyond, ensuring that our students retain the breadth of knowledge required to be engaged, productive citizens capable of preserving their liberty.

I recommend the 87th Legislature approve the creation of instructional resources to ensure our schools teach students the civics knowledge they need to be engaged, productive citizens.
Continuing Reforms that Benefit Retired Teachers

Last session, the Legislature approved Senate Bill 12 to address the financial health of the TRS pension fund and put it on track for actuarial soundness. This was accomplished by incrementally increasing the percentages of annual compensation contributions between the state, school districts, and active members. This plan is projected to decrease the fund’s unfunded liability and amortization period to $48.76 billion and 29 years respectively. The unfunded liabilities and amortization period are expected to continually decrease over time resulting in a fully funded pension system with no debt. To assist in the recruitment and retention of the most qualified teachers, Texas should ensure the pension fund for retired educators will be fully funded so it can remain solvent and stable into the future.

*I recommend the 87th Legislature preserve the progress made by S.B. 12 and not take any action that will increase the pensions system’s unfunded liability.*

Expanding Access and Affordability in Post-Secondary Education

As detailed previously, additional federal funding such as GEER has provided the opportunity for innovative approaches to address many challenges in higher education. Similar to our teachers, parents, and school districts, the state’s institutions of higher education, their students, and the families of those students have aptly met the challenges that COVID-19 uncovered. However, access and affordability continue to be impediments for many students. While the state invests a substantial amount of funding in its need-based financial aid programs, the flagship TEXAS Grants still serve only 58% of eligible students.

*I recommend the 87th Legislature prioritize the state’s need-based financial aid.*

Engaging Adult Learners to Meet Workforce Demands

Texas’ colleges and universities will play a critical role in accelerating the state’s economic recovery by preparing skilled graduates for tomorrow’s workforce. A key to ensuring the state can also meet its educational attainment goals is to engage adult learners who need to reskill and upskill to re-enter the workforce or advance in today’s rapidly changing economy. The Texas Higher Education Coordinating Board (THECB), for example, has relaunched its Grad TX initiative with a comprehensive regional pilot that brings together colleges and universities, business representatives, and community organizations to focus on re-engaging the some college, no degree population - which comprises nearly four million Texans - and displaced workers who would benefit from the opportunity to reskill or upskill.

*I recommend the 87th Legislature strategically utilize federal funding to engage individuals with some college and no degree to complete a high-quality credential or degree.*
Creating Opportunities through Apprenticeships

Work-based learning through high-quality apprenticeships is one of the most powerful ways to ensure a student’s learning is relevant to their career. An apprenticeship will not only equip students with marketable skills but also enable students to be paid while they develop relevant experience and advance in their careers. The Legislature has taken steps to create opportunities for industrial workforce apprenticeships, but the current economic circumstances require the state to redouble those efforts. Creating partnerships between employers and educational entities will guarantee students’ employment during and upon successful completion of the training programs, with preference given to programs in high-demand fields.

*I recommend the 87th Legislature strategically utilize federal funding to create industry recognized, registered apprenticeship programs through public institutions of higher education, working in partnership with employers.*

Encouraging Innovation and Research at Post-Secondary Institutions

Created in 2015, the Governor’s University Research Initiative (GURI) has brought numerous distinguished researchers, and the substantial economic impact of innovation and discovery, to the state’s institutions of higher education. As of December 31, 2020, the OOG awarded over $62.23 million in GURI matching funds for five universities to recruit 19 world-class researchers to Texas. Though this program has clearly been a success, there are additional opportunities to expand GURI and bring talented, mid-career researchers to this state. These academics can cement Texas’ status as one of the top states for academic research for decades to come.

*I recommend the 87th Legislature maintain the current funding level of GURI and expand the program to distinguished mid-career researchers.*

Putting the Tri-Agency Initiative into Action

Another critical set of goals the Legislature must pursue are those outlined in the most recent Tri-Agency Workforce Initiative Report, submitted to the OOG in November 2020. The Tri-Agency Workforce Initiative, established in 2016, is a joint endeavor among TEA, THECB, and the Texas Workforce Commission (TWC). The Initiative seeks to build a strong workforce and ensure that Texans are prepared for jobs in the industries that power the state’s economy today and tomorrow by guaranteeing that Texans of all ages have access to high-quality education and workforce training.

Agency staff and leadership closely collaborated with industry partners to make great strides even in the depths of a global pandemic. Ultimately, they developed three overarching priorities responsive to the charges laid out by the OOG, each accompanied by a series of actionable strategies and sub-strategies. Those priorities include:

- Supporting efficient and flexible pathways to earning high-value credentials that are linked to high-wage, in-demand jobs;
• Ensuring students receive the necessary support to succeed at all stages of their educations and in their transitions to the workforce; and
• Creating a robust infrastructure for agency collaboration around common goals, data, and processes to ensure improved student outcomes.

Supporting strategies for these priorities include identifying students’ most efficient paths to obtaining high-value credentials; streamlining and strengthening collaboration among key stakeholders in education and the workforce system; creating more work-based learning opportunities; ensuring that families and students alike are supported and equipped for success in education and workforce development; ensuring access to effective college and career advising; and reducing financial barriers to post-secondary opportunities; and modernizing and enhancing the security of our state educational and workforce data infrastructure to support effective and efficient decision making and resource allocation.

The crucial insights of the Tri-Agency Workforce Initiative must be put into action. Preparing our students and working Texans to meet the workforce needs of high-demand industries will keep our citizens highly competitive and ensure our state continues to be a highly desirable destination for business relocation and expansion.

I recommend the 87th Legislature work to put the strategies outlined in the most recent Tri-Agency Workforce Initiative into action to support our students and working Texans, and to continue building strong links between industry and education for our state’s continued prosperity.

Supporting Communities Surrounding Military Installations

Originally created in 1997, the Defense Economic Adjustment Assistance Grant (DEAAG) program has awarded more than $83 million to military communities and leveraged over $204.8 million in investment since its creation. These projects provide communities infrastructure and development assistance to support their local military installations in advance of the federal Base Realignment and Closure (BRAC) process. DEAAG has been proven to add continuing value to Texas’ military installations and to support both direct and indirect jobs in military communities. Most recently, the Austin Community College District received $4.9 million to support the construction of a new Software Factory and Innovation Center for the Army Futures Command. These grants have contributed to DEAAG’s 200% return on investment.

I recommend the 87th Legislature fund the DEAAG program to continue the state’s commitment to our military installations and their surrounding communities.

Attracting Jobs to Texas

There is no denying the tremendous economic impact felt by our state as a result of the COVID-19 pandemic. In spite of these challenges, the Economic Development and Tourism (EDT) division within the OOG saw a marked increase in the number of companies interested in relocating to and expanding in Texas. Prospect activity has more than doubled at the state level and for Texas communities.
Now more than ever, the state needs the necessary tools that assist Texas communities in attracting high-quality jobs and capital investment. Critical to these efforts is the Texas Enterprise Fund (TEF), which awarded grants totaling $90.65 million from January 2019 through December 2020 to 18 relocating and expanding companies. These TEF awardees have committed more than $6.75 billion in new capital investment and announced 13,984 new direct jobs all across the state, to communities large and small. The TEF also serves as a jobs multiplier, supporting thousands of indirect jobs and existing local and small businesses. Since its inception in 2004, the TEF has attracted 181 companies creating more than 104,000 new jobs and attracting more than $34 billion in capital investment. The TEF is an important tool to strengthen the state’s diverse and growing economy.

*I recommend the 87th Legislature fully fund the Texas Enterprise Fund at $150 million including unexpended balance authority.*

Promoting Travel to Texas

Similarly, travel and tourism are critical components of our economy, supporting 1.3 million direct and indirect jobs in communities across Texas. This is especially critical as the world recovers from COVID-19 and individuals return to traveling for leisure. Direct travel spending in calendar year 2019 was estimated to be $83.0 billion, creating a total local economic impact of $169.8 billion and generating $7.8 billion in state and local tax revenues. The Travel Texas program in EDT promotes Texas as a premier travel destination in domestic and international markets. In FY 2019, Travel Texas contributed to $2.5 billion in domestic travel spending, generating $156.6 million in state taxes, and directly supported 25,000 local jobs. The program is funded through state hotel occupancy dollars, and the FY 2019 return on investment for the Travel Texas program was $11.34 for every dollar invested in domestic advertising. Additionally, Travel Texas provides cooperative advertising opportunities for Texas communities, both large and small, and partners with other state agencies to assist communities with local tourism development initiatives.

*I recommend the 87th Legislature appropriate the dedicated state hotel occupancy tax revenues to EDT and further attract visitors to our great state.*

Cultivating the Film and Music Industry in Texas

The Texas Music Office promotes Texas across the nation and around the world. The music industry in Texas, including music businesses and music educators, created almost 100,000 direct permanent jobs across the state and generated over $10.8 billion in annual economic activity in calendar year 2019. The extended impacts of that activity translate to a total impact to over 210,000 permanent jobs and $27.3 billion in annual economic activity. The state also realized approximately $440 million in tax revenues directly related to the industry.

The Texas Film Commission promotes Texas as the premier destination for film, television, commercial, animation, visual effects, and video game production. In FY 2020-2021, the Texas Moving Image Industry Incentive Program created 12,818 local jobs and generated approximately $230.48 million of in-state spending through 51 projects. While major metro areas continue to see steady production activity, the number of Film Friendly Texas Communities certified by the Film Commission...
Commission increased to 150. These communities hosted a wide range of 2020-21 productions, creating jobs in communities across the state.

*I recommend the 87th Legislature maintain funding for Film and Music Marketing to continue attracting businesses and lucrative job opportunities.*

The 87th Legislative Session will undoubtedly be one of the most challenging our state has ever faced. These difficulties, however, pale in comparison to the struggles that many Texans have faced over the past year. Just as Texans have united and put their differences aside to support one another throughout the pandemic, we in the state government must also come together to work on their behalf.

The priorities included in the Governor’s 2022-2023 budget are critical to providing for a healthier Texas, securing a safer Texas, promoting a freer Texas, and fostering a more prosperous Texas. I look forward to working with each and every one of you to ensure that these goals can be attained for the benefit of every Texan.

Sincerely,

Greg Abbott  
Governor of Texas