



INVITED TESTIMONY INTERIM CHARGE 3

PRESENTED TO THE TEXAS SENATE COMMITTEE ON EDUCATION

BY **Jorge Antonio Borrego**, Texas Public Policy Foundation
SEPTEMBER 18, 2024

Chairman Creighton and Members of the Committee:

My name is Jorge Borrego, and I am the K-12 Policy Director at the Texas Public Policy Foundation. I would like to thank you for the opportunity to speak on this interim charge. As we examine how Texas public schools have utilized the federal funds provided in response to the COVID-19 pandemic, it is crucial that taxpayers have complete transparency when knowing how their tax dollars were used.

These funds were intended to mitigate the educational disruptions caused by the pandemic; therefore, our focus must be on ensuring that every dollar spent was used for this purpose. Additionally, in the context of efficient resource management, we have the responsibility to evaluate whether these expenditures have produced sustainable results and whether the unprecedented financial support was effectively spent.

AMOUNT OF COVID-19 FUNDS RECEIVED

The amount of COVID-19 related funds allocated to Texas totaled an unprecedented \$19.2 billion. The breakdown of the amounts allocated to Texas under each of the three COVID-19 related acts can be found in **Table 1**.

Table 1

Total COVID-19 Related Federal Aid Made Available for Texas

Federal Legislation	Total Federal Allocation
Coronavirus Aid, Relief, and Economic Security (CARES) Act	\$1,285,886,064 ¹
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act	\$5,529,552,209 ²
American Rescue Plan (ARP) Act	\$12,427,523,267 ³

1 U.S. Department of Education. (2024). *Elementary and Secondary School Emergency Relief Fund*. Office of Elementary and Secondary Education. <https://oese.ed.gov/files/2020/04/ESSER-Fund-State-Allocations-Table.pdf>

2 U.S. Department of Education. (2024). *Elementary and Secondary School Emergency Relief Fund (ESSER II)*. Office of Elementary and Secondary Education. https://oese.ed.gov/files/2021/01/Final_ESSERII_Methodology_Table_1.5.21.pdf

3 U.S. Department of Education. (2024). *American Rescue Plan Elementary and Secondary School Emergency Relief Fund*. Office of Elementary and Secondary Education. https://oese.ed.gov/files/2021/06/Revised-ARP-ESSER-Methodology-and-Allocation-Table_6.25.21_FINAL.pdf

continued

As striking as these numbers are, they do not show the public how many dollars were actually received by our school districts and what items these funds were utilized for. Fortunately, the Texas Education Agency's PEIMS data provides insight into these questions.

According to the PEIMS Financial Actual Report⁴, Texas schools received more than \$10 billion in additional federal aid during the 2021, 2022, and 2023 school years (**Table 2**).

Table 2
TEA Reported Revenues & Expenditures

School Year	Total Revenue (Object Code 5000s & 7000s)	Total Expenditures (Object Code 6000s & 8000s)
2021	\$580,832,049	\$584,263,265
2022	\$4,496,597,582	\$4,496,895,188
2023	\$5,007,202,099	\$4,962,445,995

WHAT WERE THESE FUNDS USED FOR?

Aggregating the expenditures from the CARES Act, CRRSA Act, and ARP Act, I identified the amount of funds used for each expenditure category. In all three years, I found that the top three expenditure categories were salaries for teachers and professionals, general supplies, and salaries for support personnel. **Tables 3 – 5** show the ten largest expenditure categories for each school year.

Table 3
Top Ten Categories, 2021

Expenditure Categories	Total
General Supplies	\$279,846,538
Salaries or Wages for Teachers & Other Professional Personnel	\$158,120,216
Fixed Assets - Other	\$36,423,670
Utilities	\$24,538,040
Miscellaneous Contracted Services	\$15,498,547
Salaries or Wages for Support Personnel	\$11,779,061
Furniture, Equipment, and Software	\$7,906,304
Supplies for Maintenance and/or Operations	\$7,152,494
Group Health & Life Insurance	\$6,984,953
Operating Transfers Out	\$5,408,319

Table 4
Top Ten Categories, 2022

Expenditure Categories	Total
Salaries or Wages for Teachers & Other Professional Personnel	\$2,193,774,404
General Supplies	\$597,194,661
Salaries or Wages for Support Personnel	\$339,416,862
Miscellaneous Contracted Services	\$230,452,002
Group Health & Life Insurance	\$159,882,559
Teacher Retirement/TRS Care	\$158,288,389
Building Purchase, Construction or Improvements	\$116,259,032
Furniture, Equipment, and Software	\$82,342,851
Contracted Maintenance and Repair	\$69,924,745
Extra Duty Pay/Overtime for Support Personnel	\$67,674,908

⁴ Texas Education Agency. (n.d.). PEIMS access database financial data downloads. <https://tea.texas.gov/finance-and-grants/state-funding/state-funding-reports-and-data/peims-access-database-financial-data-downloads>

Table 5

Top Ten Categories, 2023

Expenditure Categories	Total
Salaries or Wages for Teachers & Other Professional Personnel	\$2,301,659,432
General Supplies	\$552,984,308
Salaries or Wages for Support Personnel	\$391,446,916
Miscellaneous Contracted Services	\$304,204,079
Building Purchase, Construction or Improvements	\$255,891,376
Teacher Retirement/TRS Care	\$199,713,865
Furniture, Equipment, and Software	\$153,614,480
Group Health & Life Insurance	\$141,527,879
Vehicles per Unit Cost of \$5,000 or More	\$63,922,881
Extra Duty Pay/Overtime for Support Personnel	\$59,666,714

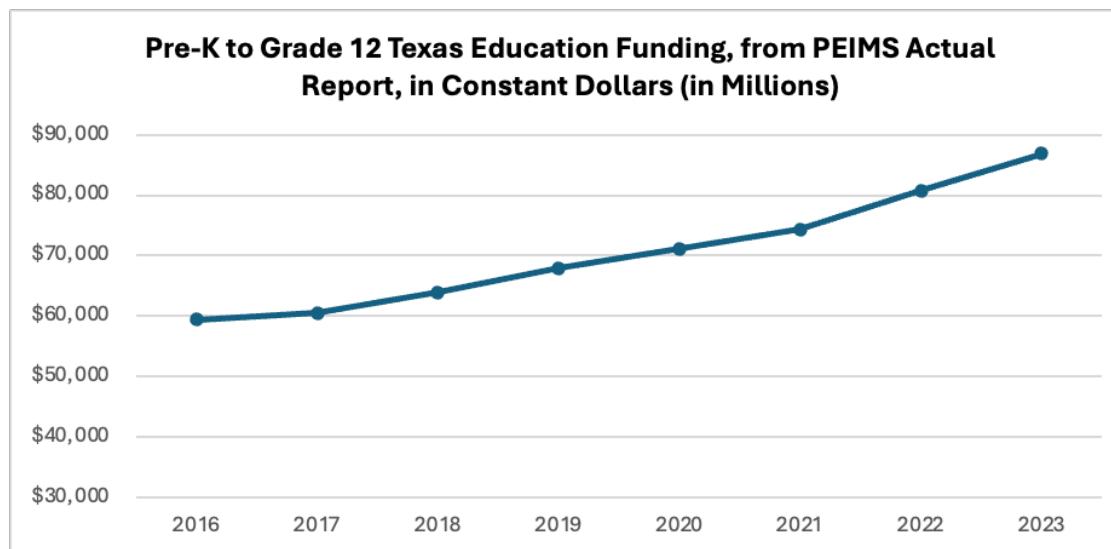
As these tables show, it is clear that a substantial portion of COVID-19 funds were used for reoccurring expenses such as salaries, payments to TRS, and payments to health insurance, despite knowing that these funds were a one-time grant and that using funds for reoccurring expenses would not be financially feasible in the long run. Furthermore, what might be cause for concern is that the expenditure on salaries may represent entirely new hires. There was a 15-percentage point increase in new administrative FTEs and a two-percentage point increase in new teacher FTEs between the 2020 and 2023 school years.

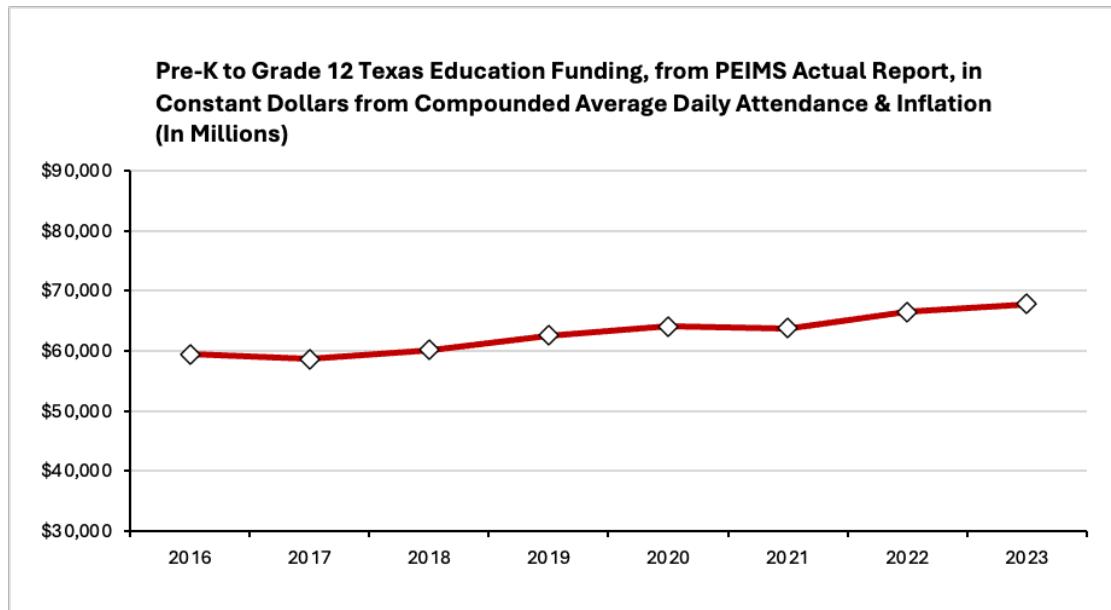
Other noteworthy expenses include over \$372 million for building purchases, construction, or improvements; over \$91 million for new vehicles; and over \$21 million on consulting services between the 2021 and 2023 school years.

These expenditures warrant reflection, as the intended purpose of these federal funds was to mitigate the disruption that the COVID-19 related shutdown might have caused to student learning.

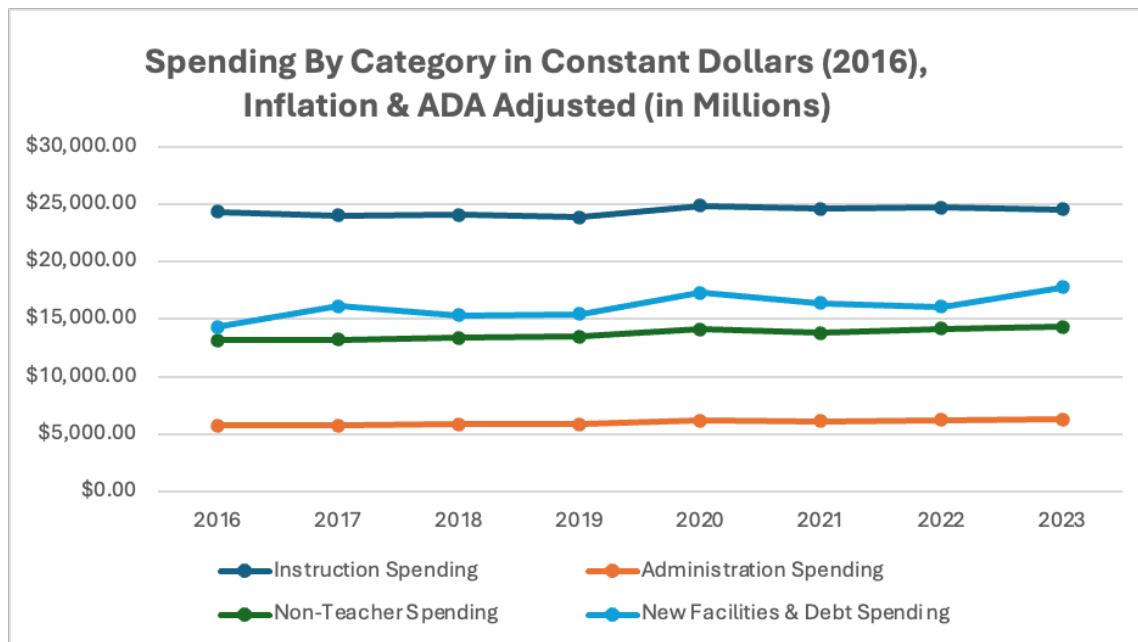
BROADER TRENDS IN SCHOOL FINANCES

Lastly, the COVID-19 related funds did provide an unprecedented influx of federal dollars to what already would have been a historic increase in school funding. Since 2016, funding for education has increased by over \$27.4 billion, representing 14.2% inflation and average daily attendance-adjusted increase in education funding.





But it is not just the funding side of the ledger that has grown. Expenditure on education has also increased. In 2023, Texas spent over \$92.4 billion on public education, representing an increase of over \$28.3 billion since 2016. Even adjusting for inflation and average daily attendance, spending on education is up by over 12.7%. Examining spending more closely, I find that there has been a much greater increase in spending on new facilities and debt services, while only a modest increase in spending on instruction-related expenses.



CONCLUSION

In conclusion, public schools in Texas received an unprecedented \$10 billion in additional funding from the federal government between 2020 and 2023 to respond to the educational disruption brought on by the response to the COVID-19 pandemic. In examining what the school districts reported spending their COVID-19 funds on, I found that the largest spending categories were on reoccurring expenses like salaries and employee benefits. Furthermore, a striking amount of COVID-19 funds were used for nontraditional expenses, such as new buildings, new vehicles, and consultants. I look forward to discussing this issue in detail and working together to ensure that our schools are held to the highest standards of both fiscal responsibility and educational success. I am happy to answer any questions. Thank you.

APPENDIX

Figure 1

Adjustment Tables for CPI and Average Daily Attendance (2016 – 2023)

Year	Total Actual Dollars ⁵	CPI (CPA CRE)	CPI Inflation Deflator	Population Deflator	Compounded Population & Inflation Deflator	Constant Dollar Adjusted Total, Compounded State Population & Inflation	Average Daily Attendance	ADA Deflator	Compounded ADA & Inflation Deflator	Constant Dollar Adjusted Total, Compounded Average Daily Attendance & Inflation
2016	\$59,411.0	238.9	100.0%	100.0%	100.0%	\$59,411.0	4,922,493	100.0%	100.0%	\$59,411.0
2017	\$60,469.0	243.8	98.0%	98.7%	96.7%	\$58,463.0	4,972,376	99.0%	97.0%	\$58,656.0
2018	\$63,938.0	249.7	95.7%	97.5%	93.3%	\$59,659.8	5,005,005	98.4%	94.1%	\$60,164.3
2019	\$67,884.0	254.4	93.9%	96.4%	90.5%	\$61,447.7	5,020,341	98.1%	92.1%	\$62,524.1
2020	\$71,156.0	258.1	92.6%	95.2%	88.1%	\$62,716.9	5,061,017	97.3%	90.1%	\$64,077.9
2021	\$74,323.0	266.6	89.6%	94.1%	84.4%	\$62,717.2	5,140,653	95.8%	85.8%	\$63,793.2
2022	\$80,756.0	287.7	83.1%	92.7%	77.0%	\$62,193.7	4,969,086	99.1%	82.3%	\$66,447.6
2023	\$86,850.0	302.2	79.1%	91.2%	72.1%	\$62,592.5	4,981,161	98.8%	78.1%	\$67,853.6
Total	46.2%	26.5%	-20.9%	-8.8%	-27.9%	5.4%	1.2%	-1.2%	-21.9%	14.2%

⁵ Texas Education Agency (n.d.). PEIMS Financial Standard Report. <https://tea.texas.gov/finance-and-grants/state-funding/state-funding-reports-and-data/peims-financial-standard-reports>

Figure 2

Total Federal COVID-19 Fund Expenditures by PEIMS Object Code, 2023, Houston ISD

SALARIES OR WAGES - TEACHERS & OTHER PROFESSIONAL PERSONNEL	\$157,181,436
MISCELLANEOUS CONTRACTED SERVICES	\$65,309,747
FIXED ASSETS - OTHER	\$30,753,890
SALARIES OR WAGES FOR SUPPORT PERSONNEL	\$26,128,472
VEHICLES PER UNIT COST OF \$5,000 OR MORE	\$23,986,372
GENERAL SUPPLIES	\$18,743,087
TEACHER RETIREMENT/TRS CARE	\$17,019,217
GROUP HEALTH & LIFE INSURANCE	\$13,461,222
LIBRARY BOOKS AND MEDIA	\$8,532,876
FURNITURE, EQUIPMENT, AND SOFTWARE	\$7,785,090
READING MATERIALS	\$6,702,409
CONTRACTED MAINTENANCE AND REPAIR	\$4,887,402
PROFESSIONAL SERVICES	\$4,686,404
EXTRA DUTY PAY/OVERTIME - SUPPORT PERSONNEL	\$4,116,887
BUILDING PURCHASE, CONSTRUCTION OR IMPROVEMENTS	\$3,670,622
SUPPLIES FOR MAINTENANCE AND/OR OPERATIONS	\$3,628,880
SOCIAL SECURITY/MEDICARE	\$2,395,290
MISCELLANEOUS OPERATING COSTS	\$1,007,780
SALARIES OR WAGES - SUBSTITUTE TEACHERS /OTHER PROFESSIONALS	\$710,174
TRAVEL AND SUBSISTENCE - EMPLOYEE ONLY	\$298,609
RECLASSIFIED TRANSPORTATION EXPENDITURES/EXPENSES	\$264,633
TESTING MATERIALS	\$261,754
RENTALS - OPERATING LEASES	\$198,439
STUDENT TUITION-OTHER THAN TO PUBLIC SCHOOLS	\$165,010
INSTRUCTIONAL MATERIALS	\$123,097
UNEMPLOYMENT COMPENSATION	\$69,012
EMPLOYEE BENEFITS	\$38,869
WORKERS' COMPENSATION	\$3,097
Grand Total	\$402,129,777

Figure 3

Total Federal COVID-19 Fund Expenditures by PEIMS Object Code, 2023, Dallas ISD

SALARIES OR WAGES - TEACHERS & OTHER PROFESSIONAL PERSONNEL	\$112,499,645
GENERAL SUPPLIES	\$46,212,527
MISCELLANEOUS CONTRACTED SERVICES	\$34,626,444
SALARIES OR WAGES FOR SUPPORT PERSONNEL	\$24,799,816
FURNITURE, EQUIPMENT, AND SOFTWARE	\$15,863,903
TEACHER RETIREMENT/TRS CARE	\$8,910,424
INSTRUCTIONAL MATERIALS	\$5,274,377
PROFESSIONAL SERVICES	\$2,840,726
BUILDING PURCHASE, CONSTRUCTION OR IMPROVEMENTS	\$2,703,209
GROUP HEALTH & LIFE INSURANCE	\$2,624,247
CONSULTING SERVICES	\$1,942,462
SOCIAL SECURITY/MEDICARE	\$1,912,322
MISCELLANEOUS OPERATING COSTS	\$1,547,108

SUPPLIES FOR MAINTENANCE AND/OR OPERATIONS	\$1,434,385
RECLASSIFIED TRANSPORTATION EXPENDITURES/EXPENSES	\$835,979
CONTRACTED MAINTENANCE AND REPAIR	\$822,702
STAFF TUITION AND RELATED FEES – HIGHER EDUCATION	\$808,113
UNEMPLOYMENT COMPENSATION	\$553,796
WORKERS' COMPENSATION	\$484,250
RENTALS – OPERATING LEASES	\$254,862
TESTING MATERIALS	\$195,443
READING MATERIALS	\$162,704
TRAVEL AND SUBSISTENCE – EMPLOYEE ONLY	\$111,229
EDUCATION SERVICE CENTER SERVICES	\$97,268
DUES	\$82,000
UTILITIES	\$56,074
SALARIES OR WAGES – SUBSTITUTE TEACHERS /OTHER PROFESSIONALS	\$16,872
EMPLOYEE BENEFITS	\$9,586
TRAVEL AND SUBSISTENCE – STUDENT ONLY	\$3,497
EXTRA DUTY PAY/OVERTIME – SUPPORT PERSONNEL	-\$18
Grand Total	\$267,685,952

Figure 4

Total Federal COVID-19 Fund Expenditures by PEIMS Object Code, 2023, Aldine ISD

SALARIES OR WAGES – TEACHERS & OTHER PROFESSIONAL PERSONNEL	\$102,364,856
FURNITURE, EQUIPMENT, AND SOFTWARE	\$18,232,620
GENERAL SUPPLIES	\$12,519,203
SALARIES OR WAGES FOR SUPPORT PERSONNEL	\$9,878,101
TEACHER RETIREMENT/TRS CARE	\$8,968,098
GROUP HEALTH & LIFE INSURANCE	\$3,834,678
MISCELLANEOUS CONTRACTED SERVICES	\$3,463,272
CONTRACTED MAINTENANCE AND REPAIR	\$3,044,429
SOCIAL SECURITY/MEDICARE	\$1,542,800
CAPITAL LEASE PRINCIPAL	\$1,282,834
SALARIES OR WAGES – SUBSTITUTE TEACHERS /OTHER PROFESSIONALS	\$483,648
CONSULTING SERVICES	\$474,691
EXTRA DUTY PAY/OVERTIME – SUPPORT PERSONNEL	\$181,271
READING MATERIALS	\$156,201
PROFESSIONAL SERVICES	\$104,759
EMPLOYEE ALLOWANCES	\$75,452
EMPLOYEE BENEFITS	\$56,692
TESTING MATERIALS	\$52,837
RECLASSIFIED TRANSPORTATION EXPENDITURES/EXPENSES	\$52,834
STAFF TUITION AND RELATED FEES – HIGHER EDUCATION	\$20,544
TRAVEL AND SUBSISTENCE – EMPLOYEE ONLY	\$12,126
EDUCATION SERVICE CENTER SERVICES	\$9,090
MISCELLANEOUS OPERATING COSTS	\$5,369
INSTRUCTIONAL MATERIALS	\$1,301
Grand Total	\$166,817,706

ABOUT THE AUTHOR



Jorge Borrego is the K-12 Education Policy Director for the Next Generation Texas initiative at the Texas Public Policy Foundation.

Prior to joining the Foundation, Borrego was a Legislative Director at the Texas House of Representatives. He also worked in the Nonprofit Sector, working for the Down Syndrome Association of Brazos Valley. Where he worked as an Event Coordinator, Data Administrator, and Policy Administrator. He is currently serving as the Treasurer on the organization's Board of Directors.

Jorge holds a Master of Public Administration from the Bush School of Government at Texas A&M University and a Bachelor of Science in Mathematics from the University of Texas at San Antonio.

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