September 29, 2020

Senator Jane Nelson  
Chair, Senate Finance Committee  

Via e-mail to Jane.Nelson@senate.texas.gov

Dear Chairwoman Nelson:

Thank you for your continued leadership of the Senate Finance Committee. I am writing regarding policies governing cities’ and counties’ use of CARES Act Funding.

I understand that cities and counties with a population less than 500,000 have already received from the state a 20% direct allocation from funds appropriated by Congress, and for which the Texas Department of Emergency Management (TDEM) is acting as a custodian. However, the remaining balance of approximately $450 million is being disbursed on a reimbursement basis.

This reimbursement process requires cities and counties to accept terms and conditions agreeing, “that a minimum of 75% of its allotment will be spent in the categories of medical expenses, public health expenses and payroll expenses for employees substantially dedicated to mitigating or responding to the public emergency” (see page 6: https://tdem.texas.gov/wp-content/uploads/2019/08/CRF-Terms-and-Conditions_Final.pdf).

While I applaud the state’s efforts to be a prudent steward of taxpayer dollars, many of my local elected officials in rural East Texas have expressed a frustration with this policy. They are already frustrated that Congress is treating small rural communities unfairly with a much lesser per-capita appropriation, and while I would agree that some larger local governments have made unwise decisions on how to spend their funds, I can attest to the commitment of wise stewardship in East Texas.

In particular, several cities and counties I represent have expressed an interest in supporting their school districts by purchasing information technology and expanding the availability of broadband internet. This concept appears to be directly supported by the Texas Education Agency’s Operation Connectivity, encouraging cities and counties to leverage their CARES Act funding with dollars made available to TEA.

My office has been in touch with TEA, TDEM and staff in the Governor’s office. It is my understanding that the consent of budget leadership offices would be required to change this 75% policy. I respectfully ask you to work with your colleagues to eliminate this 75% policy to ensure smaller communities have the authority as their larger counterparts to determine how best to spend these federal dollars.
Thank you for your consideration and please do not hesitate to contact me with any questions.

Sincerely,

Robert L. Nichols
State Senator, District 3

cc: Governor Greg Abbott
    Lt. Governor Dan Patrick
    House Speaker Dennis Bonnen
    Chair of Appropriations Giovanni Capriglione