Equitable Public Policy is Critical for Long-Term Recovery

In Texas, opportunity isn’t the same for everyone – despite our state's wealth. Texans are working hard to support their families and contribute to our state, but millions lack access to affordable health care, healthy food, a quality education, and good jobs. Policies that favor profits over people created these systemic gaps, which left Texans more vulnerable when the COVID-19 pandemic hit.

At Every Texan, we envision a Texas where people of all backgrounds can contribute to and share in the prosperity of our state. We advance social justice through public policy because it is one of the most effective ways to deliver strategic and systemic change. Through fact-based public policy, Every Texan is re-writing the rules to build a more just and equitable Texas.

Our work has never been more critical. Every Texan is leading on the front lines, with short-term policy solutions to save lives and livelihoods during the pandemic, and a long-term policy road map to reverse systemic inequities and ensure every Texan can thrive.

Starting from a Baseline of Inequality

The COVID-19 pandemic has hit the Texas economy particularly hard, with a significant state revenue shortfall expected and Texans filing over 3.8 million unemployment claims.
as of October 17. However, some Texans have shouldered a disproportionate share of the impact, underscoring health and economic inequities that existed long before the pandemic began.

Although Texas boasts one of the largest economies in the country, approximately 13.6% of Texans were living at or below the federal poverty level in 2019. Latinx and Black Texans were more likely to experience poverty (at 18.6% and 18.7% respectively), and Asian and white Texans less likely (at 9.2% and 8% respectively). This disparity, rooted in historic and systemic racial inequality, also appears in pre-COVID unemployment rates. In 2019, 5.3% of Black Texans were unemployed, 4% of Latinx Texans were unemployed, and 3.2% of white Texans were unemployed on average.

These income inequalities have shown up in and been worsened by high rates of unmet basic needs. In a rolling average from 2017-2019, 13% of Texans reported having insufficient access to food within the last year—higher than the U.S. average overall. More than 1 in 5 Texas renters were severely housing cost-burdened, spending over half of their income on housing. Due to discriminatory housing policies and practices, housing cost burden particularly affects Black women in Texas, who are more likely than any other demographic group to feel the burden of housing costs – at least twice as likely as white men. Many Texans must also spend a significant amount of their income on child care costs, which can average over $8,000 annually for an infant. An insufficient supply of child care options in many parts of the state has additionally resulted in 55% of Latinx families, 62% of low-income families, and 63% of rural families living in child care deserts. A child care desert is an area with little or no access to quality child care.

A lack of healthcare access and disparities in rates of chronic illness further undercut many Texans’ attempts to achieve financial security. In large part because of the state’s refusal to expand Medicaid in accordance with the Affordable Care Act, Texas has the worst uninsured rate in the country. Almost 1 in 5 Texans were uninsured in 2019. But within racial and ethnic populations, 11% of white, 15% of Black, and 29% of Latinx Texans were uninsured. Over 1 in 4 employees in the South, including Texas, Arkansas, Louisiana, and Oklahoma, do not have access to paid sick leave, and 80% do not have access to paid family leave to care for an ill family member. Many of those who lack access to paid family leave, sick leave, and health insurance are Texas’ essential workers, who face the risk of COVID-19 daily. Twenty percent of Texas’ essential workers lack health insurance, and 27% are supporting their families on incomes of less than 200% of the federal poverty level.

In addition, many of the chronic illnesses that make people more susceptible to mortality from COVID-19 are overrepresented in communities of color. For example, 10% of Black Texans have been diagnosed with asthma, compared to 8% of Texans overall. Seventy-six percent of Latinx Texas adults and 73% of Black Texas adults are considered overweight or obese compared to 70% of Texans overall due to policies affording unequal access to nutrition and healthcare.

These pre-existing economic and health inequalities have contributed to the severity of the pandemic’s impact in Texas. Positive COVID-19 cases and death rates continue to climb as economic losses worsen, all disproportionately affecting communities of color. The state unemployment rate peaked at 13.5% -- the highest on record -- in April 2020, and the August 2020 rate was 6.8%. About 1.6 million Texans are estimated to have lost job-based health insurance because of a job loss in the family between March 1 and May 2. In June, over 7% of Texans reported having no or slight confidence in being able to pay the next month’s rent. Of those who reported having no confidence in being able to pay the next month’s rent, over half were Latinx. Over 12% of Texans reported not having enough food to eat within the past 7 days.
Principles for an Equitable Economic Recovery

As the data shows, the COVID-19 pandemic and ensuing economic crisis have disproportionately harmed communities of color in Texas and amplified existing inequities. Black and Latinx communities are dealing with higher rates of exposure to COVID-19 and loss of employment than their white neighbors, and many immigrant families are systematically excluded from state and federal COVID-19 relief efforts. These troubling inequities underscore the ways in which America’s history of racism, bias, and discrimination have remained embedded in our health, social, and economic systems.

Federal, state, and local lawmakers can help reverse current trends and create a broader economic recovery by enacting policies that adhere to these principles:

1. Help Texans with the greatest health and economic needs;
2. Reverse Texas’s longstanding racial, gender, and economic inequities;
3. Avoid budget cuts that harm long-term economic growth and hinder economic opportunities for people of color and low-income Texans; and
4. Adhere to scientific data and expertise to avoid economic recovery false starts and setbacks.

White supremacy and structural racism created and still perpetuate disparities in power, resources, and opportunities — sometimes passively by default, and other times actively — disadvantaging communities of color and preserving the privilege of an elite, largely white class. The wealthiest 10% of white households hold nearly two-thirds of all the country’s wealth, and other white households about another fifth, leaving only 13% for everyone else. Texas has 56 billionaires who collectively saw their wealth increase by $24 billion, or 10.1%, during the first three months of the COVID-19 pandemic even as the state’s economy was reeling from a huge spike in joblessness and a collapse in taxes collected, according to a report by Americans for Tax Fairness (ATF) and the Institute for Policy Studies (IPS). Texans who have benefited from privilege that has its roots in structural racism and systems of oppression must now be part of the forces that change public policy so that all Texans pay their fair share, and we all work to dismantle structures that continue to limit opportunity for people of color.

Economic disparities bring harm to Black and brown people, limit their ability to provide for their families, and hinder their contributions to strengthening the broader economy. In the era of COVID-19, these disparities have resulted in even more severe health and economic inequities. Nationwide, counties that are majority people of color have far more COVID-19 cases and hospitalizations than majority white counties. Making matters worse, Black and Latinx people have endured higher death rates due to COVID-19. The country’s unprecedented unemployment levels have also affected lower-wage jobs the most, where people of color, including immigrants, and women are overrepresented.

The need for these principled public policy choices has always existed, but it is more important now than ever. “Like a scary camera we’ve turned on ourselves, the pandemic is exposing hard truths about our society that we have overlooked for too long,” Every Texan CEO Ann Beeson wrote in the El Paso Times. Although they don’t fix all the wrongs that have been present since our nation’s beginnings, the principles and policies outlined above will help address the needs of those most affected today and help eliminate longstanding structural inequities.
Public health infrastructure and capacity, physical and economic health care access, and health-coverage-related issues are all essential to a successful roadmap to an equitable Texas economic recovery from the COVID-19 pandemic and recession.

These issues are distinct from the expert medical, scientific, and epidemiological best practices, which are of course critical to an effective public health response. Those expert public health practices have appropriately received early and primary attention, and Texas is home to rich expertise (though the lack of a fully unified and coordinated set of public health guidelines for the pandemic in Texas and the U.S. remains a concern).

This section focuses on the too-often-forgotten factors that must be present in order for a true equitable economic recovery to occur. We define a true recovery as one which includes the public policy goal to prevent — and not accept as an inevitable consequence — the economic devastation of millions of Texas families.

Fully Fund Statewide Public Health Systems

First, every phase of reopening the state depend on building the most robust possible public health systems across Texas. To bring back the economic activity needed for recovery, residents need to be able to access testing and treatment and benefit from adequately staffed and trained contact-tracing systems. Testing sites must be plentiful, and lab capacity must be adequate to support rapid results, without which contact tracing and disease containment cannot work. Of course, hospital capacity to provide care for COVID-19 patients at all levels of severity is critical.

A return to full employment without these systems will be impossible.

The pandemic will likely persist for many months or several years, despite heroic work to find effective treatments and vaccines. Texas leadership must lay the groundwork now for the statewide systems described above, in partnership with metropolitan governments who have built and continue to improve local and regional systems, while ensuring that the needs of rural Texans stay in the picture.

Optimal reopening and recovery while the disease is still active will require Texas government leaders to prioritize funding public health care systems, which will itself require overcoming our historic resistance to investment in these systems.

Remove Barriers to Testing

A second essential step for reopening and economic recovery is testing access, which must include Texans at every income level, in every ZIP code, and of every race and ethnicity. Texans of color have higher rates of infection, hospitalization, and death from COVID-19. Despite this well-documented and demonstrated need, a May 2020 analysis found that in most larger Texas cities, testing was concentrated in higher-income and white neighborhoods. Testing sites — without long waits — that are both close to home and accessible to Texans with or without cars are critical. Leaders have made efforts to begin reduce testing access inequities — with their life-threatening implications — for low-income Texans and communities of color, but Texas’ top leadership must commit to and implement an explicit statewide effort to monitor and achieve ease of testing access for everyone.
Our successful economic engine is hugely dependent on millions of Texans who work for low and moderate wages. Many of the jobs that are indispensable to every Texan’s continued access to basic services and to economic reopening also are the ones that place workers at higher risk of COVID-19 exposure. Workers in many, if not most, sectors will need to access repeated periodic testing going forward, without facing damaging consequences. For our public health systems to contain spread and allow economic reopening to work, Texas must identify and eliminate several major barriers to accessing testing. These include:

- Fear of unregulated costs of tests, both for uninsured and insured Texans;
- Fear of lost wages when a worker is found positive or identified as having been exposed to COVID-19, and required to quarantine;
- Fear that a worker will have to pay the costs of testing when it is required in order to return to or remain at their job;
- Fear of negative immigration consequences, ranging from deportation among undocumented workers, to loss of ability to earn or keep Legal Permanent Resident status.

**State-Level Policy Solutions**

Texas state government has access to federal funds to pay for testing for the uninsured, and could strengthen testing cost protections for the roughly 1 in 3 Texans with private health insurance whose coverage the state of Texas regulates. The remaining two-thirds of insured Texans have health coverage regulated by the federal government, and Congress will need to take more steps to close the loopholes left by the Families First Coronavirus Response Act (FFCRA) that still allow a steady stream of reports of surprise billing and price gouging.

To address the immigration-linked fears of millions of Texans — 5.6 million Texans live in a family that includes at least one non-U.S. citizen (of any immigration status) — will require consistent statewide outreach with the message that accessing COVID-19 testing and treatment will neither affect lawful immigration processes nor trigger immigration enforcement actions. The relevant federal immigration authorities (Citizenship and Immigration Services and Immigration and Customs Enforcement) have stated those policies, but public health entities as well as state and local governments must also carry those messages into Texas communities, and only a rare few have taken those steps broadly and visibly. The lack of sufficient testing and treatment has exacerbated COVID-19 rates in areas like the Rio Grande Valley.

Of course, actual treatment of COVID-19 can have far more damaging financial consequences than testing, for both insured and uninsured Texas workers. As with testing, making good on a real promise to Texans that they will not be devastated financially by COVID-19 treatment costs will require a combination of state and federal actions. These include:

- As described for testing above, Texans need parallel state and federal actions to eliminate loopholes that allow private insurers to leave consumers exposed to unaffordable uncovered costs in both state and federally regulated insurance markets.
- Texans need longer-term policies based on the reality that the need for remote work and social distancing is likely to persist for many months and possibly years.
  - Remove policy barriers — many that Texas controls, some that require a federal fix — that artificially prevent eligible Texans in need from accessing and keeping Medicaid, Children’s Health Insurance Program (CHIP), and SNAP (Supplemental Nutrition Assistance Program, formerly “food stamps”).
  - Make the commitment to invest in the IT system upgrades needed to implement these changes.
  - Recognize that failure to build new systems and make sustained policy changes, in favor of month-to-month or even 90-day policies, may harm our
ability to both save Texan lives and
to achieve real sustainable disease
containment and economic reopening.

By pursuing the policies described above, we can
do also honor the dignity of hard-working Texans
and the work that they do. No economic recovery
can claim success if millions of individual Texans
and families are devastated not only by disease,
but also by Texas’ failure to adopt straightforward
public policies to protect Texans. These actions
would bring real meaning to the notion that “we
are all in this together.”

Pursue Federal Funds and Expand
Eligibility

Congress’ actions to date have provided welcome
relief, but also left large gaps. Texas’ leaders
must be our champions to close those gaps. We
need our leaders to fight for additional federal
health care relief dollars, but we also need them to
accept billions in federal Medicaid funds that have
long been available but rejected by Texas leaders.
Given the depth of injury to Texans in the current
pandemic and economic disaster, it is no longer
acceptable to deny the proven economic hardship
and risk of enhanced vulnerability to disease and
death that accompany being uninsured.

Fight for More federal Medicaid relief (FMAP)
for Texas. The increase in federal Medicaid
matching funds (FMAP) provided in the Families
First Coronavirus Response Act (FFCRA) was a
positive first step, but it is not large enough to
avoid significant state budget cuts during a time
when Medicaid is vitally important to COVID-19
response. As of mid-September, 2020, the
FFCRA’s annual $40 billion nationwide is far less
than already-projected state budget cuts, and will
last only until the official public health emergency
ends, even if the economy and state budgets
remain in crisis.

To avoid Texas Medicaid cuts and free up state
dollars for other key state budget needs, all
Texas leaders must push Congress to provide
more of that Medicaid-linked federal matching
relief. A U.S. House proposal would build on
the FFCRA’s 6.2-point increase with another
7.8 percentage points retroactive to July 1, and
Texas’ federal Medicaid funds gain would almost
double from $4.8 billion under FFCRA alone, to
$8.85 billion with the 7.8-point increase extended
to June 2021. Consistent with the request by the
bipartisan National Governors Association,
leaders should also extend this increase until
states’ economic recovery is secure and stable.
Without this additional Congressional support for
state budgets, it will be far more difficult for Texas
to prevent cuts to Medicaid and to other state
services including K-12 education.

Accept federal Medicaid expansion funding to
provide coverage and financial relief to Texas’
working poor and near-poor, whose numbers are
projected to have grown substantially due to loss
of employer-sponsored health insurance, swelling
to above 2 million people by January 2021 unless
policies are changed.31 Texas would gain an
estimated $5 to $10 billion a year in new federal
dollars by expanding Medicaid.32 This coverage
will be critical for low-income families who have
lost work and whose income is officially too low to
qualify for low-cost insurance through the federal
health insurance marketplace. It will also take
pressure off the health care providers and city and
county public health systems that serve these
uninsured adults today with no federal support.

Do not cut staff working to sign Texans up for
benefits, including Medicaid, Children’s Health
Insurance Program (CHIP), or SNAP (formerly
“food stamps”). Do not slash other health and
human services programs at precisely the
time when they are most needed. As Congress
intended, use the state dollars freed up by the
FMAP relief to keep those systems intact and
robust to meet the pandemic’s spike in Texans in
need.

An adequate response to the public health and
economic needs of Texans during and after the
COVID-19 pandemic and economic crisis calls
on Texas leaders to aggressively embrace tools
of public health systems. Every Texan pledges to
support our leaders in bravely entering the new
public policy territory to which the current global
crisis inescapably takes us. We are all in this
together.
Ensure Access to Paid Leave

The ability to take time away from work without losing wages is fundamental to supporting all Texas families and shouldn’t be a privilege granted only to higher income earners. The pandemic has shown us loud and clear how important policies like paid sick leave and paid family and medical leave are in providing stability for workers and their families.

Texans without access to paid sick leave are more likely to experience financial hardship from taking unpaid leave from work. Approximately 43% of Texas workers earning between $15,000 and $35,000 lack paid sick leave, while 69% of workers making less than $15,000 lack access. Additionally, of Texans working less than 35 hours per week, 79% do not have paid sick leave. Unpaid leave also hits Latinx communities harder, as 50% of Texas’ Latinx workers lack access to paid sick leave compared to 33% of Texas’ non-Latinx white workers. Loss in any amount of wages can put significant strain on households. Many low-wage workers also risk losing their job even when attempting to take unpaid leave.

Paid sick leave is an important tool in helping us to slow the spread of disease. However, our essential workers are unfortunately some of the least likely Texans to have access to the benefit. Nationally, only 19% of food preparation and service related jobs have access to paid sick leave, followed by personal care service workers at 25%. In a survey of Houston restaurant workers, 63% reported cooking or serving food while sick because they did not have paid sick leave.

Low paid sick leave coverage within jobs that require frequent contact with the public is a serious public health risk, as the current pandemic has exposed. Paid sick leave policies are crucial to keeping our workplaces and the public safe. Texas leaders should enact a statewide minimum standard of paid sick leave for all working Texans and allow local elected officials to pass policies above this minimum to meet the needs of their communities.

While paid sick leave is an important policy to support workers and their families for most common health needs, a strong Texas workforce also requires the ability to take longer periods of leave when family or medical needs require it. Paid Family and Medical Leave (PFML) policies not only provide working Texans the ability to care for themselves or family, it is also a key to a strong Texan economy. A majority of working adults are either ineligible for unpaid leave under the Family and Medical Leave Act (FMLA) or unable to afford to take unpaid leave. However, discrepancies in access show a clear racial divide. Nationwide, 23% of Latinx and 26% Black adults reporting needing family or medical leave but were unable to take it, compared to only 13% of white, non-Latinx adults.

State Paid Family and Medical Leave programs can address both access and affordability constraints on workers needing to take leave, while also increasing racial parity in access to leave. Texas leaders should implement a policy that provides a progressive wage replacement for a minimum of 12 weeks, ensures job protection, and allows for continuity when workers change jobs.

In the absence of a nationwide Paid Family and Medical Leave policy, states across the nation have stepped up to provide this critical support that is not only pro-family but also pro-economy. Research shows that women who have paid leave are 93% more likely to return to the workforce within 9 to 12 months compared to women who do not take any leave, diminishing the loss of workforce.

Ensuring that all working households have access to paid family and medical leave is critical not just to an equitable recovery but also to ensuring
the economic stability that comes from keeping workers in the workforce, even when they need to take time away.

Reform Unemployment Insurance

The unemployment insurance system should be a source of stability for households and the economy in times of economic downturns. However, COVID-19 has exposed significant weaknesses in the program, which has seen little change since its authorization over 85 years ago. In addition to the unprecedented magnitude of demand on the system due to the economic devastation of the pandemic, the system has not kept up with the changing landscape of work, leaving many households with little to no security — and the economy hobbled with severely diminished consumer demand.

Among the most vulnerable to the shortcomings of the current unemployment insurance system are the hardworking Texans who are in need of a pay raise and have no ability to build savings for unexpected financial strains. An equitable recovery needs to include changes to our unemployment insurance program to serve the needs of Texans today.

Federal and state leaders should work to revive the program to meet the needs of workers today. This should include establishing methods for quicker distribution of benefits during emergencies, a higher wage replacement rate, ensuring worker aren’t forced into unsafe work environments, and improving and promoting work share programs which help to prevent layoffs.

Stop Worker Misclassification

The misclassification of workers as independent contractors keeps far too many low-wage workers from receiving the benefits they need for themselves and their families to thrive. This practice is shamefully prevalent in sectors such as home health care and custodial services, where wages are already far too low. When employers commit payroll fraud by misclassifying employees, they rob them of benefits traditionally offered by employers such as health care, paid leave, retirement savings, and workers compensation, as well as public benefits such as unemployment insurance. Misclassification also allows employers to avoid fair pay laws and laws providing employees with protections against discrimination enforced by the Equal Employment Opportunity Commission.

Along with harming hard working Texans, misclassification creates an unequal playing field for employers who are properly classifying workers. These employers are paying the payroll taxes that fund the vital support programs workers need. Employers who misclassify employees can see reductions in the cost to employ a worker of up to 30%. In 2018, Texas Workforce Commission investigations found over 50,000 workers in Texas misclassified as independent contractors, representing $957 million in unreported misclassified wages. These misclassifications not only deprived workers of wages and benefits but also represent up over $10 million in unpaid taxes owed to the state.

Texas leaders need to enact stronger laws that remove any uncertainty in classification and provide stricter penalties for companies that cheat the system and their employers out of fair wages and access to benefits.

Increase Wages

For far too long, the so-called “miracle” of the Texas economy has relied on keeping wages low for millions of hard working Texans. Without increases in the minimum wage, more and more Texans will be at risk of financial fragility, meaning even small unexpected expenses can be enough to dismantle any stability in health, housing, or other basic needs.

While a record-breaking 22 states saw increased minimum wages in 2020, hardworking Texans haven’t seen an increase since the last federal action in 2009. Rather than championing the livelihoods of Texans, the state’s leaders have left
worker’s wages anchored to the federal minimum wage of $7.25 per hour, a wage floor that has long exceeded the ability of low wage households to make ends meet.

In the face of rising income inequality and inexcusable poverty levels, Texas leads the nation in having the most minimum wage workers in the nation, with 197,000 Texans making $7.25 per hour or less, while many more earn inadequate wages near the minimum wage.42

Texans need state leaders to take action to ensure that all working Texans are able to earn a living wage, which allows them to afford basic needs and save enough to weather hard times. State leaders should raise Texas’ minimum wage to $15 per hour statewide and repeal current state law that prevents local communities from raising their local minimum wages to account for local cost of living.

Raising wages for Texas’ lowest earners will bring expand equity and allow Texas to rebuild an economy that provides stability to all households.

Maintain and Strengthen Commitment to Supporting Students

An equitable recovery is not possible without investing in Texas students, an increasing percentage of which come from low-income backgrounds. The future workforce of Texas depends on students, especially low-income and students of color, having the opportunity to access and afford higher education.

Texas students, many faced with days’ notice that they were losing their on-campus housing and jobs during the spring semester, are experiencing numerous challenges. In addition to the personal and familial housing and financial insecurity exacerbated by the crisis, students are facing the additional challenges of adapting to digital classrooms all under the severe stress caused by a global pandemic.

COVID-19 has exacerbated numerous pre-existing financial difficulties many students were facing including covering the many costs of housing, food, healthcare, transportation, books, fees and numerous other costs. Students are the future of Texas, and require critical need-based support from the state to overcome the ramifications of these crises.

Maintaining, and deepening where possible, the state’s commitment to aid programs, including the TEXAS Grant and TEOG, will be critical in the next legislative session to ensure students facing the economic fallout of COVID-19 can afford to participate and be successful in Texas higher education and the workforce soon after.

Expand Child Care Access

An equitable recovery will not be achievable without a policy solution to expand access to affordable and adequate child care, which is a particular challenge for households of color and single parents. Estimates show over a million Texas children qualify for the Texas Workforce Commission’s subsidized child care, but only about 10% received it in 2018 due to lack of funds and lack of child care providers who accepted subsidies.43 Estimates also predict that Texas should expect to lose 54% of its child care supply due to COVID-19 without federal aid.44

As lawmakers consider the needs for an equitable recovery from this pandemic, additional subsidies for child care must be a priority. These resources must target communities where access to child care was already a barrier to work or Texas risks preventing millions of low-income working parents from returning to the workforce, inhibiting a full economic recovery.

Congress must act to authorize sustained funding for the essential infrastructure of child care. While the CARES Act included a one-time $3.5 billion increase for child care, reports estimate that the child care system needs at least $9.6 billion per month to fully support pre-COVID levels of child care. Increased workforce training and compensation, an increased supply of child care in areas with shortages, and improved quality of care are crucial to a stable child care sector, and thus a thriving post-pandemic economic recovery.
Ensure Debt and Lending Fairness

As unemployment levels remain high and unemployment insurance benefits are reduced or end altogether, out-of-work families are going to turn to small-dollar loans to stay afloat and meet basic needs. These loans are often the easiest way for low-to moderate-income households to access credit, but they are also extremely predatory. These loan products create a cycle of debt with APRs of over 500% and fees that can lead to the total cost of the loan being 7 times the original borrowed amount. On top of these excessive interest rates and fees, some loans come with further risks to a household’s financial resiliency, such as auto title loans. A default on these loans means the loss of a vehicle, which is critical to a family’s survival and ability to earn wages.

In order to implement an equitable recovery, we must ensure that small dollar lenders cannot charge excessive interest and fees, and that the structure of loan products allows for successful repayment. State and local leaders should also consider the development of low cost products to better support low-and moderate-income households, many of whom will have amassed large debts due to loss of wages.

Equitable Tax Policy

Improving Property Tax Appraisals

Our local governments rely heavily on property taxes to support public services. In the world after COVID-19, we will need the most accurate and equitable way to allocate the responsibility for paying property taxes.

SALES PRICE DISCLOSURE

The value of each property determines property tax levels. To ensure that property owners are paying their fair share of taxes based on accurate valuation of their property, Texas lawmakers must reform our appraisal process to accurately determine the new values of a real estate market changed by COVID-19.

The taxable value of each piece of property in Texas is determined by the appraisal district in each county. In most states, the appraisal process stems from “sales price disclosure,” a requirement that the price at which any property changes hands is publicly reported. This information is the best basis for determining the true market value of a property. Then, based on this information, the current value of similar properties can be determined, with appropriate adjustments for differences in age, condition, location, and other factors.

Unlike a majority of other states in the nation, Texas is one of a dozen states that does not require buyers or sellers to report sales price information to local authorities. Texas appraisal districts therefore lack the most complete and accurate basis for determining property values. This is like making a store clerk guess the correct sales tax on an item, while you cover up the barcode and hide the price.

The result is that difficult-to-assess commercial properties and high-end homes tend to be undervalued. Owners of these properties therefore pay less than their fair share in taxes that support public services, which then shifts the financial burden onto lower- and moderate-income homeowners. Requiring reporting of all real estate transactions will be essential in correcting this imbalance and recognizing the changed values of property.
A recent national study concluded that Black and Latinx homeowners face tax appraisals that are 10% to 13% higher than for similar property owned by white homeowners. Appraisals do not adequately reflect local neighborhood-level characteristics that affect market value. Even within a neighborhood, there are differences in the likelihood of people of color to appeal their appraisal and succeed in that appeal, or to get reductions similar to those granted to white property owners.\footnote{Accurate reporting of the price at which property changes hands, however, provides the foundation for an accurate appraisal.}

"EQUAL AND UNIFORM" APPEALS

Public confidence in our property tax system depends on the perception that all taxpayers receive fair treatment. This fair treatment is the key to providing vital financial support for our schools and local governments.

Property owners have the right to protest the tax appraisal of their property if they believe the appraisal is above market value or if they believe their appraisal is not equal to similar property. Appraisals are representative of the market value of a property — what that property would sell for on January 1 of that tax year. The selling price of similar properties can determine market value.

Protests can also stem from unequal appraisal. The most common approach to an equity appeal is to compare the appraisal under protest to other appraised values. Property owners do not have to allege that their tax appraisal is greater than the market value of a property, just that its appraisal is higher than the appraisal of certain other properties. Appeals on this basis are "equal and uniform" appeals.

The key characteristic of equal and uniform appeals is that prior protests may have lowered the appraised values of comparable properties. This creates an incentive for owners to file protests as close to the deadline as possible, so that other properties adjust before them and their values lowered before appraisers hear owners' protests, lowering the median comparison value. This creates a race to the bottom as successive protests push down the median value. It also creates an administrative burden on appraisal districts as canny taxpayers jockey to be last in line.

Another problem is that Texas has no specific definition of a "comparable property." Property owners sometimes compare their property to a property in another county, for which the appraisal district is not responsible and does not have information. Other less common, equity-related appeals stem from comparisons to appraisals within the same appraisal district.

The biggest beneficiaries of equal and uniform appeals were owners of commercial property, which received two-thirds of the total reduction in taxable value. Large, publicly held corporations tend to hold these properties. Ownership of stock in such companies, however, does not distribute equitably among American racial groups. A national study by the Federal Reserve Board in 2017 showed that about 52% of households owned stocks. Only 31% of Black households and 28% of Latinx households owned equities either directly or indirectly, while 61% of white households held stock positions. Policies favoring commercial properties thus help exacerbate existing wealth inequalities in our society.\footnote{Conclusion}

**Conclusion**

In Texas, opportunity isn't the same for everyone — but we can use public policy to build a more just and equitable future for every Texan. Through fully funding our public health systems, ensuring workers have access to paid leave, reforming tax policies, and more, we can make sure Texas’ hard-working families will not face long-term economic setbacks, and are able to thrive even in a pandemic.