

Recap of 85th Legislative Session (So Far) & 86th Session (Early) Preview

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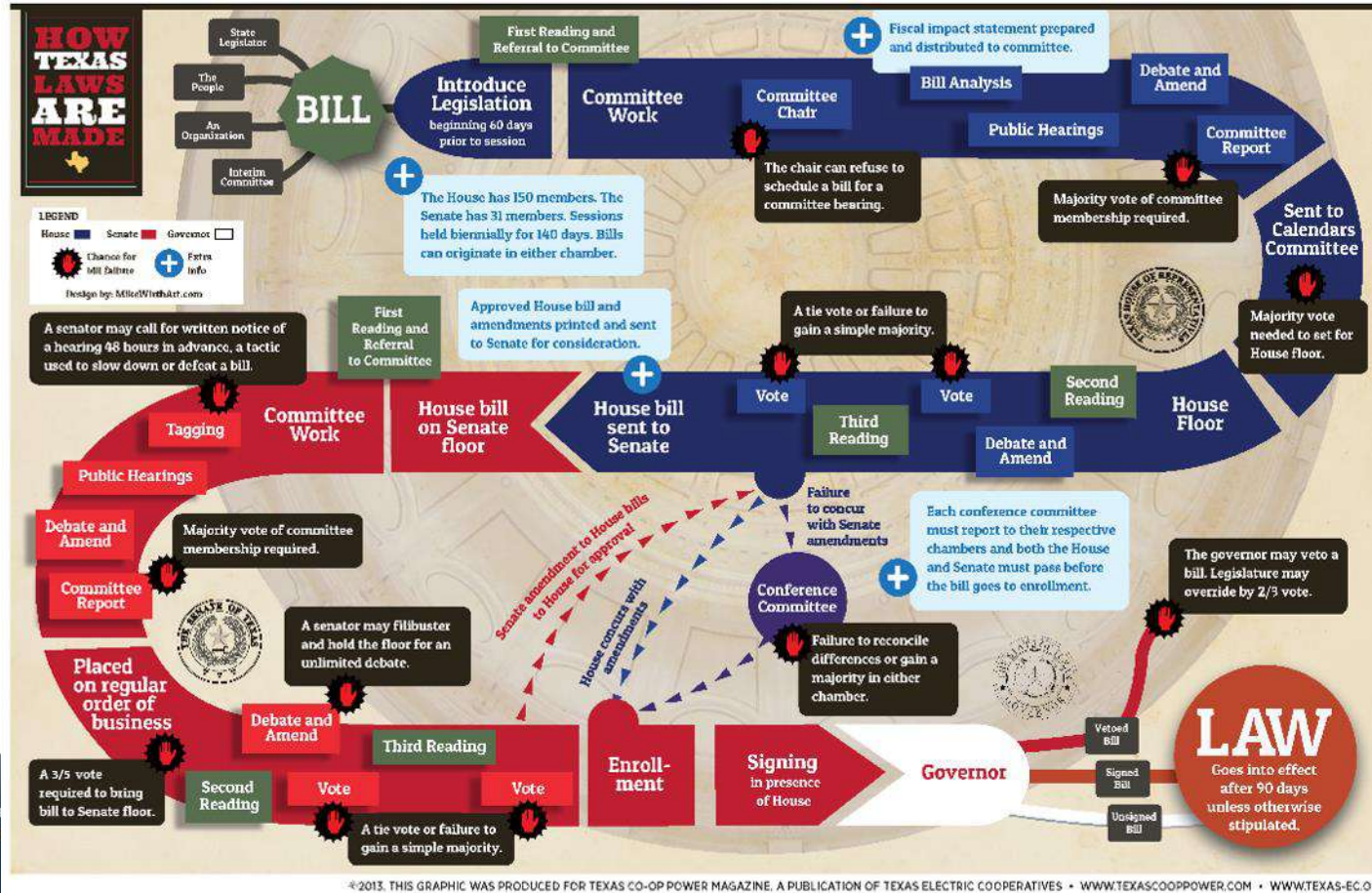
Texas Legislative Process



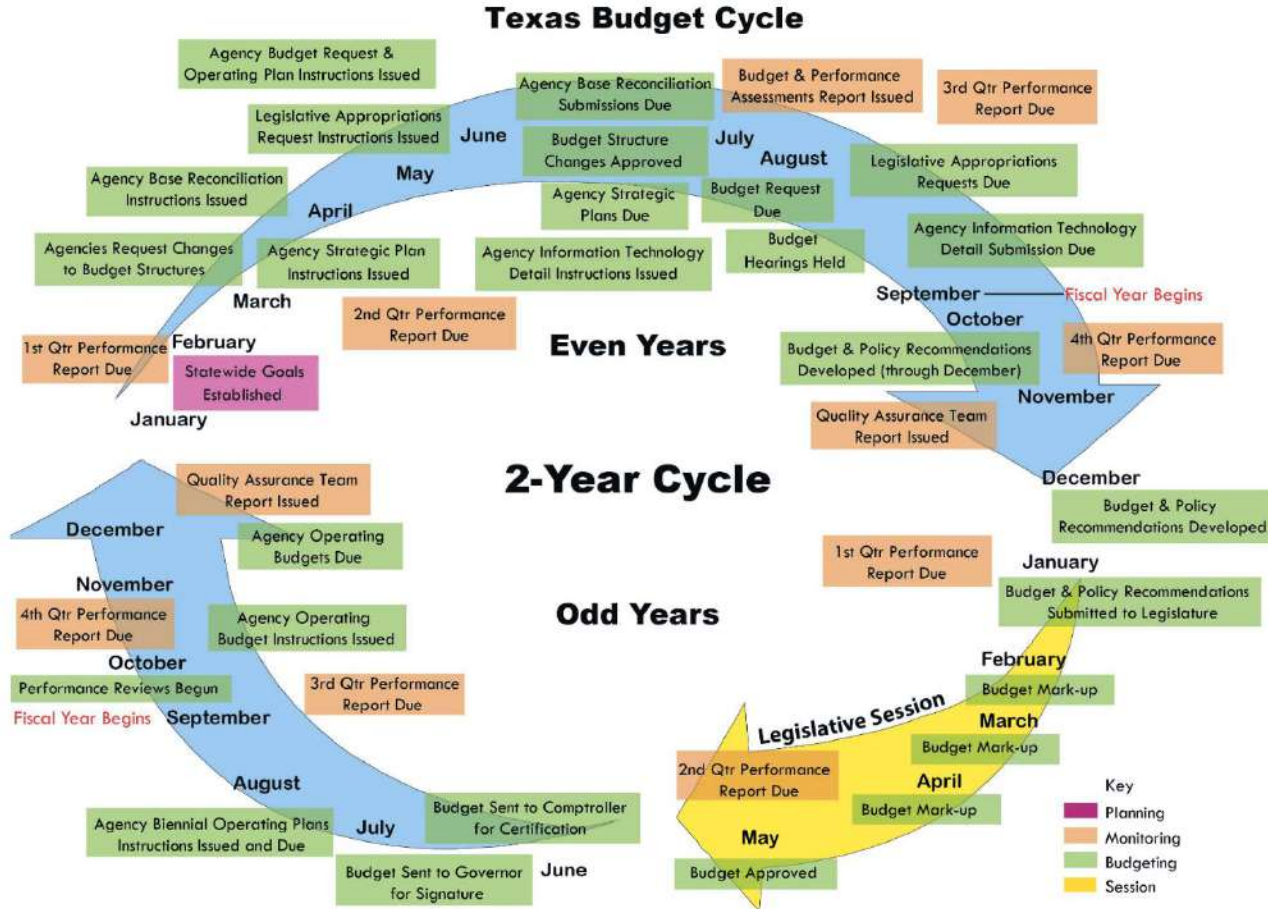
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Texas Legislative Process



Texas Budget Process



85th Texas Legislature

- House
 - Led by Speaker Joe Straus of San Antonio
 - 5th Term as Speaker of the House, tied for most in Texas history
 - Partisan Split: 95 Republicans, 55 Democrats
- Senate
 - Led by Lt. Governor Dan Patrick
 - Partisan Split: 20 Republicans, 11 Democrats
 - More conservative than House
- Governor Greg Abbott
 - First Longhorn governor since Dolph Briscoe
 - 45% approval rating as of June 2017 (UT/TT Poll)
 - Nearly \$41 million campaign cash on hand



What Did the Legislature Face?

- Sobering State Budget Outlook
 - Less available revenue for general purpose spending
 - Prop 7 – diverts up to \$5 billion in sales taxes in FY 18-19 biennium to highways
 - Slower growth in sales tax revenue
 - Oil & gas price uncertainty
 - Nation's largest Rainy Day Fund (\$10+ billion), but reluctance to tap it
- Controversial and Divisive Issues
 - Privacy (i.e., bathrooms)
 - Sanctuary cities
 - School choice
 - Voter ID
 - Abortion regulation
 - State vs. local control
 - Local property tax limits and reforms



What Were UT System's Priorities?

- ✓ Permanent and Available University Funds
 - Protect their integrity as key source of funding for UT and A&M
- Fund Formulas and Research
- ✓ Maintain Current Tuition Setting Authority
- ✓ Address Mental and Behavioral Health Needs of Texans
 - \$300 million for new state mental health hospitals
- ✓ Continue Cancer Prevention and Research Institute of Texas (CPRIT)
 - Increase Funding for Governor's University Research Initiative
 - \$15.6 million for Governor's University Research Initiative



What Were UT System's Priorities?

- ✓ Uphold Presidents' Authority Regarding Campus Carry Rules
 - Re-evaluate Effectiveness of Top 10% Law
 - Obtain Funding to Cover Cost of Hazlewood Legacy Exemption
- ✓ Maintain Current THECB Authority
- ✓ Reconsider Contracting Restrictions Imposed on Higher Education in 84th Session
- ✓ Continue to Allow Undocumented Students In-state Tuition



As Session Developed, New System Priorities Emerged

- ✓ Maintain Integrity of Formula Funding and Preserve Funding of Special Items
 - No changes to higher education budget structure
 - Special items received significant reductions
 - Hold harmless provided to some institutions
- ✓ Adequately Fund UTMB's Correctional Health Care for Texas Department of Criminal Justice
 - \$80 million in supplemental funding for correctional health care
- ✓ Address Problem of Campus Sexual Misconduct
- ✓ Retain Lions Municipal Golf Course as Key UT Asset



What Did The Legislature Do?

Productivity

Session	Status	HB	HCR	HJR	HR	SB	SCR	SJR	SR	Total HB & SB	Total
85 th - 2017	Filed	4333	138	111	2707	2298	64	58	963	6631	10672
	Passed	700	68	3	2682	511	29	6	961	1211	4960
84 th - 2015	Filed	4207	122	133	3632	2069	52	67	1074	6276	11356
	Passed	819	68	2	3581	504	32	5	1072	1323	6083
83 rd - 2013	Filed	3950	207	130	3213	1918	49	63	1100	5868	10630
	Passed	732	153	6	3173	705	36	4	1100	1437	5909
82 nd - 2011	Filed	3865	172	154	2812	1931	60	53	1268	5796	10315
	Passed	797	101	3	2733	582	41	8	1262	1379	5526
81 st - 2009	Filed	4836	285	140	3140	2583	87	50	1117	7419	12238
	Passed	867	203	9	3073	592	55	0	1111	1459	5910
80 th - 2007	Filed	4140	294	108	2994	2050	90	64	1250	6190	10990
	Passed	955	200	10	2840	526	59	7	1244	1481	5900
79 th - 2005	Filed	3592	250	102	2316	1892	43	43	1109	5484	9347
	Passed	876	171	5	2269	513	27	4	1105	1389	4970

What Did the Legislature Fund?

- \$216.75 billion State Budget for FY 2018-19 biennium
 - Up \$352 million (0.16%) increase over FY 2016-17 biennium
- How Did They Pay for It?
 - Delay \$1.8 billion of the Prop 7 transportation transfer
 - Appropriate \$990 million from Rainy Day Fund for one-time expenses
 - \$830 million in Medicaid cost containment measures



What Did the Legislature Fund?

- Higher Education Funding
 - \$20.5 billion in all funds, a \$235 million increase over FY 2016-17 biennium
 - Primarily due to increases to pay for two years of:
 - TRB debt service
 - Higher Education Assistance Fund (HEAF)
 - \$300 million for state mental health hospitals
 - \$15.6 million for Governor’s University Research Initiative
 - No changes to higher education budget structure
 - Special items renamed “non-formula support funding”
 - Special items received significant reductions
 - Hold harmless provided to institutions
 - Joint interim legislative study on special items and formula funding



How Did U.T. System Institutions Fare?

- General Academic Institutions
 - \$1.5 billion total appropriation, a \$47.1 million (-3.03%) decrease over FY 2016-17 biennium
- Health-related Institutions
 - \$1.8 billion total appropriation, a \$6.7 million (-0.38%) decrease over FY 2016-17 biennium
 - HRI formula funding was provided for the new medical schools at UT Austin and UTRGV



How Did U.T. System Institutions Fare?

General Academic Institutions

The University of Texas System
 2018-19 General Revenue Appropriations (Excluding Tuition Revenue Bond GR)
 Conference Committee for Senate Bill 1
 (Does Not Include Higher Education Group Insurance Contributions)

Conference Committee SB 1 - 05/25/17

Institution	2016-17 Biennium			2018-19 Biennium			Biennial Change	
	GR Appropriations (All Bills)	TRB Debt Service	GR Appropriations (less TRB)	GR Appropriations	TRB Debt Service	GR Appropriations (less TRB)	\$ Increase (Decrease)	% Increase (Decrease)
The University of Texas at Arlington	215,885,289	(20,248,475)	195,636,814	213,964,068	(25,656,574)	188,307,494	(7,329,320)	-3.75%
The University of Texas at Austin	588,695,287	(33,553,067)	555,142,220	596,621,557	(39,357,170)	557,264,387	2,122,167	0.38%
The University of Texas at Dallas	177,694,540	(12,095,237)	165,599,303	178,405,548	(17,514,124)	160,891,424	(4,707,879)	-2.84%
The University of Texas at El Paso	166,681,226	(20,002,599)	146,678,627	166,015,551	(25,415,698)	140,599,853	(6,078,774)	-4.14%
The University of Texas Rio Grande Valley	257,391,915	(30,858,213)	226,533,702	238,037,122	(36,041,300)	201,995,822	(24,537,880)	-10.83%
The University of Texas of the Permian Basin	63,781,827	(20,662,257)	43,119,570	63,117,648	(24,372,714)	38,744,934	(4,374,636)	-10.15%
The University of Texas at San Antonio	194,338,112	(27,864,712)	166,473,400	200,210,617	(33,282,348)	166,928,269	454,869	0.27%
The University of Texas at Tyler	69,330,444	(15,099,993)	54,230,451	71,333,911	(19,739,910)	51,594,001	(2,636,450)	-4.86%
Total Academic	1,733,798,640	(180,384,553)	1,553,414,087	1,727,706,022	(221,379,838)	1,506,326,184	(47,087,903)	-3.03%



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How Did U.T. System Institutions Fare?

Health-Related Institutions

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 Conference Committee for Senate Bill 1
 (Does Not Include Higher Education Group Insurance Contributions)

Conference Committee SB 1 - 05/25/17

Institution	2016-17 Biennium			2018-19 Biennium			Biennial Change	
	GR Appropriations (All Bills)	TRB Debt Service	GR Appropriations (less TRB)	GR Appropriations	TRB Debt Service	GR Appropriations (less TRB)	\$ Increase (Decrease)	% Increase (Decrease)
UT Southwestern Medical Center	312,412,061	(30,853,694)	281,558,367	318,598,633	(37,040,262)	281,558,371	4	0.00%
UT Medical Branch at Galveston	530,386,694	(39,610,620)	490,776,074	525,799,220	(44,856,884)	480,942,336	(9,833,738)	-2.00%
UT Health Science Center at Houston	339,793,209	(31,307,229)	308,485,980	348,607,147	(37,499,622)	311,107,525	2,621,545	0.85%
UT Health Science Center at San Antonio	269,119,967	(25,600,696)	243,519,271	271,530,638	(31,793,152)	239,737,486	(3,781,785)	-1.55%
UT M.D. Anderson Cancer Center	375,738,804	(17,237,949)	358,500,855	385,785,977	(22,655,898)	363,130,079	4,629,224	1.29%
UT Health Science Center at Tyler	85,327,596	(6,302,566)	79,025,030	86,183,300	(7,443,532)	78,739,768	(285,262)	-0.36%
Total Health	1,912,778,331	(150,912,754)	1,761,865,577	1,936,504,915	(181,289,350)	1,755,215,565	(6,650,012)	-0.38%



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What Else Did the Legislature Accomplish?

- In Regular Session
 - Higher education issues
 - Reporting of campus sexual misconduct
 - Community colleges can issue baccalaureate degrees
 - Greater information on open source textbooks
 - Transparency on student loan debt
 - Expansion of telemedicine and telehealth



What Else Did the Legislature Attempt and Not Do for Higher Education?

- Reform Hazlewood
- Re-regulate tuition
- Repeal In-state tuition for undocumented students
- Increase Texas Higher Education Coordinating Board authority
- Eliminate tuition set-asides
- Change campus carry
- Alter Top 10% law



What Else Did the Legislature Accomplish?

- In Regular Session
 - Sanctuary cities ban
 - Child welfare protections/foster care reform
 - Continued funding for border security
 - Statewide texting ban
 - State pre-emption of ride-sharing services
 - Criminalized cyberbullying
 - Stiffer penalties for inappropriate teacher-student relationships
 - Eliminated straight ticket voting



What Did the Legislature Do In Its First Called Session?

- Extended Sunset dates for Texas Medical Board and other agencies
- Established school finance reform commission
- More funding to support retired teachers
- Reformed municipal annexation process
- Limited local tree ordinances
- Additional abortion regulation – reporting, certification, & insurance coverage
- Strengthened patient protections relating to do-not-resuscitate orders
- Cracked down on mail-in ballot fraud
- Extended maternal mortality task force



What Did the Legislature Not Do In Its First Called Session?

- Pass privacy (i.e., bathroom) bill
- Cap local property taxes and spending
- Implement school choice
- Provide significantly more funding for public schools
- Prohibit paycheck deduction for public employee union dues
- Defund Planned Parenthood
- Preempt local texting ordinances
- Alter local permitting



What Can We Expect During The Interim?

- A Second Special Session?
 - Costs and consequences of Harvey
 - Adverse congressional and legislative redistricting decisions
 - Reprise of conservative agenda
- Non-formula support funding and formula funding study (first hearing on February 21; intended to conclude in April)
- Interim studies
- Positioning for 2018 elections and House Speaker's race



Key Dates

- March 6, 2018: Primary election
- May 22, 2018: Runoff primary election
- November 6, 2018: General election
- November 12, 2018: Pre-filing for 86th Legislative Session begins
- January 8, 2019: 86th Legislature convenes
- May 27, 2019: 86th Regular Legislative Session adjourns Sine Die



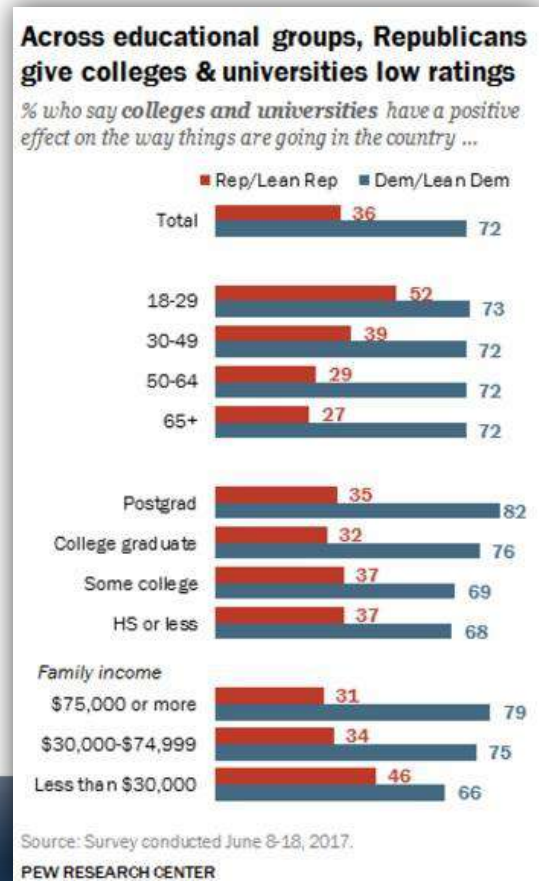
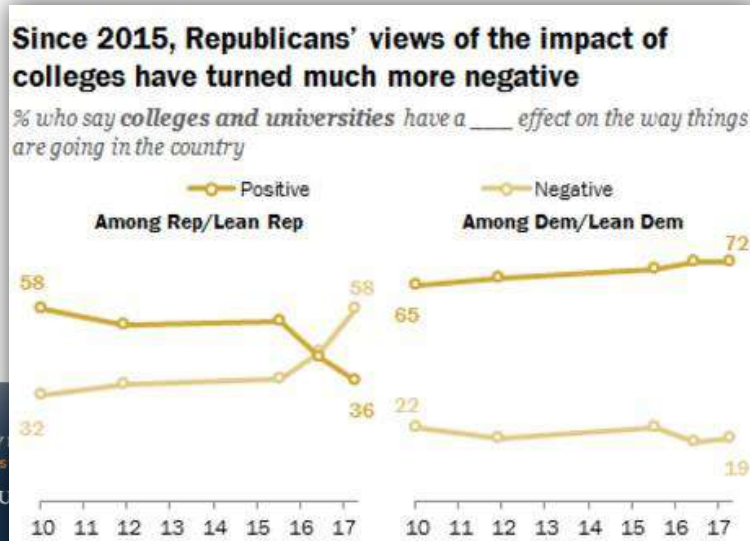
Looking Ahead (Already) to the 86th Session

- State budget prospects for FY 20-21 biennium
 - Estimated \$6-8 billion hole to start
 - Continuing pressures on public school finance system
 - Lingering effects of Hurricane Harvey
 - Rainy Day Fund of nearly \$11 billion
- What will be UT System priorities?
 - Institution priorities
 - Protect PUF and AUF
 - Obtain adequate and rational funding
 - Protect free speech on campus
 - Protect tuition benefit for DREAMers
 - Maintain Regents' tuition-setting authority
 - Revisit campus sexual misconduct legislation



Looking Ahead (Already) to the 86th Session

- Re-establish Value of Higher Education
 - Recent Pew Research poll suggests 58% of Republicans believe higher education does not benefit society
 - A Gallup poll conducted in August shows 67% of Republicans have only some or little confidence in higher education



Thank you for your service
and support for successful
85th - and 86th - Sessions



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