

Results of the 83rd Legislative Session

Barry R. McBee, Vice Chancellor and Chief Governmental Relations Officer

U. T. System Board of Regents Meeting
August 2013



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.
www.UTSYSTEM.EDU

Results of the 83rd Legislative Session

- Regular Biennial Session of 140 days
 - No emergency matters from Governor Perry
- Three Extraordinary or Called Sessions
 - Governor sets the agenda
 - 1st dealt with redistricting
 - 2nd addressed abortion and juvenile justice
 - 3rd finally passed transportation funding legislation



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.
www.UTSYSTEM.EDU

Higher Education Funding

- Higher Education Funding Up
 - \$13.1 billion in General Revenue for all of higher education
 - Increased \$604 million (4.8%)
 - Up \$305.7 million in General Revenue for all four-year institutions
 - Up \$233.9 million in General Revenue for all health-related institutions



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.
www.UTSYSTEM.EDU

3

The Budget for U. T. System

The University of Texas System
2014-15 General Revenue Appropriations (Excluding Tuition Revenue Bond GR)
Conference Committee Version of Senate Bill 1
(Does Not Include Higher Education Group Insurance Contributions)

CONFERENCE CMTE. VERSION - Rev. 6/17/2013

	2012-13 Biennium	2014-15 Biennium	Biennial Change	
Institution	GR Appropriations (less TRB)	GR Appropriations (less TRB)	\$ Increase (Decrease)	% Increase (Decrease)
The University of Texas at Arlington	169,029,748	172,872,804	3,843,056	2.27%
The University of Texas at Austin	462,790,828	497,738,437	34,947,609	7.55%
The University of Texas at Brownsville	36,174,381	33,653,423	(2,520,958)	-6.97%
The University of Texas at Dallas	141,200,031	162,340,211	21,140,180	14.97%
The University of Texas at El Paso	123,190,129	131,386,090	8,195,961	6.65%
The University of Texas - Pan American	96,453,281	102,859,990	6,406,709	6.64%
The University of Texas of the Permian Basin	31,855,977	34,415,027	2,559,050	8.03%
The University of Texas at San Antonio	156,092,766	169,806,773	13,714,007	8.79%
The University of Texas at Tyler	41,341,965	47,775,912	6,433,947	15.56%
Total Academic Institutions	1,258,129,106	1,352,848,667	94,719,561	7.53%

Notes:

2012-13 appropriations include House Bill 1 and House Bill 4, 82nd Regular Legislative Session and Senate Bill 2, 82nd Legislature First Called Session. 2012-13 is net of reductions of \$2 million for the University of Texas at Austin and \$0.9 million for the University of Texas at Dallas made by the 83rd Legislature, Regular Session, in the supplemental appropriations bill, House Bill 1025.

2014-15 \$5.9 million per year of UT Brownsville's formula funding is appropriated to the Higher Education Coordinating

2014-15 appropriations include \$1.0 million from Article IX for the University of Texas at Austin for the Bureau of Economic Geology. A House Bill 1025 supplemental appropriation of \$1.5 million for UT Austin's Center for Mexican American Studies was vetoed and is not included above.



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.
www.UTSYSTEM.EDU

4

The Budget for U. T. System (cont.)

The University of Texas System
2014-15 General Revenue Appropriations (Excluding Tuition Revenue Bond GR)
Conference Committee Version of Senate Bill 1
(Does Not Include Higher Education Group Insurance Contributions)

CONFERENCE CMTE. VERSION - Rev. 6/17/2013

	2012-13 Biennium	2014-15 Biennium	Biennial Change	
Institution	GR Appropriations (less TRB)	GR Appropriations (less TRB)	\$ Increase (Decrease)	% Increase (Decrease)
UT Southwestern Medical Center	232,614,767	254,109,760	21,494,993	9.24%
UT Medical Branch at Galveston	448,828,189	472,475,295	23,647,106	5.27%
UT Health Science Center at Houston	269,164,291	301,587,461	32,423,170	12.05%
UT Health Science Center at San Antonio	247,193,197	265,372,515	18,179,318	7.35%
UT M.D. Anderson Cancer Center	294,603,334	331,540,606	36,937,272	12.54%
UT Health Science Center at Tyler	66,702,104	68,810,770	2,108,666	3.16%
Total Health Institutions	1,559,105,882	1,693,896,407	134,790,525	8.65%
UT System Administration	2,850,000	11,880,625	9,030,625	316.86%

Notes:
2012-13 appropriations include House Bill 1 and House Bill 4, 82nd Regular Legislative Session and Senate Bill 2, 82nd Legislature First Called Session including appropriations made for Institutional Operations at health-related institutions.
2012-13 is net of \$2 million for the Health Science Center - San Antonio, a reduction made by the LBB.
2014-15 appropriations include \$10 million in a bill-pattern rider appropriation for the University of Texas Health Science Center - San Antonio for the South Texas Medical School and \$10 million from Article IX for UTMB for hospital operations.
The University of Texas System Administration includes \$9.2 million in trustee funding for the Darrell K Royal Alzheimer's Initiative.



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.
www.UTSYSTEM.EDU

5

The Budget for U. T. System (cont.)

U. T. System Academic Institutions State Appropriations (General Revenue) as a Percentage of Revenues

	2001	2005	2009	2013
UT Arlington	39.3%	31.3%	28.2%	21.9%
UT Austin	22.1%	20.0%	16.4%	13.1%
UT Brownsville	24.8%	22.3%	26.1%	21.2%
UT Dallas	37.6%	29.6%	29.9%	19.5%
UT El Paso	36.7%	28.7%	30.4%	22.8%
UT Pan American	42.9%	35.4%	36.0%	29.9%
UT Permian Basin	63.4%	46.4%	56.2%	43.9%
UT San Antonio	37.2%	27.1%	29.8%	23.6%
UT Tyler	53.7%	49.7%	45.5%	32.9%

Source: Operating Budgets



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.
www.UTSYSTEM.EDU

6

The Budget for U. T. System (cont.)

U. T. System Health-Related Institutions State Appropriations (General Revenue) as a Percentage of Revenues

	2001	2005	2009	2013
UT Southwestern Medical Center	15.3%	13.1%	11.7%	7.8%
UT Medical Branch - Galveston	23.6%	21.7%	19.3%	20.0%
UT Health Science Center - Houston	27.4%	24.3%	22.2%	17.7%
UT Health Science Center - San Antonio	35.6%	30.3%	25.6%	21.3%
UT MD Anderson Cancer Center	11.3%	7.6%	5.6%	4.1%
UT Health Science Center - Tyler	31.3%	29.1%	34.8%	28.7%

Source: Operating Budgets



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.
www.UTSYSTEM.EDU

7

Overall Priorities – 83rd Legislature

- Fund the formulas, as recommended by the Texas Higher Education Coordinating Board Formula Advisory Committees
- Authorize new tuition revenue bonds as approved by the Board of Regents
- Support the creation of a new University of Texas institution in South Texas, which will have an integrated medical school and will be eligible for support from the Permanent University Fund
- Support the creation of a new U. T. System medical school within The University of Texas at Austin
- Continue efforts to eliminate unnecessary regulatory, administrative and reporting burdens
- Fund institutions' exceptional item requests, as approved by the Board of Regents



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.
www.UTSYSTEM.EDU

8

Overall Priorities – Achieved

- ✓ Fund the formulas, as recommended by the Texas Higher Education Coordinating Board Formula Advisory Committees
- Authorize new tuition revenue bonds as approved by the Board of Regents
- ✓ Support the creation of a new University of Texas institution in South Texas, which will have an integrated medical school and will be eligible for support from the Permanent University Fund
- ✓ Support the creation of a new U. T. System medical school within The University of Texas at Austin
- ✓ Continue efforts to eliminate unnecessary regulatory, administrative and reporting burdens
- ✓ Fund institutions' exceptional item requests, as approved by the Board of Regents



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.
www.UTSYSTEM.EDU

9

General Academic Institution Priorities

- Continue state investments in financial aid programs, especially the TEXAS Grant program, and minimize the impact of proposed changes to the TEXAS Grant program that may affect student success and completion rates
- Fund the Texas Competitive Knowledge Fund, which benefits U. T. Austin
- Fund the Texas Research Incentive Program, which benefits U. T. System's four emerging research institutions
- Support the proposal for outcomes-based funding that emerged from the General Academic Formula Advisory Committee
- Address the unique situation posed by the dissolution of the partnership between The University of Texas at Brownsville and Texas Southmost College



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.
www.UTSYSTEM.EDU

10

General Academic Institution Priorities – Achieved

- ✓ Continue state investments in financial aid programs, especially the TEXAS Grant program, and minimize the impact of proposed changes to the TEXAS Grant program that may affect student success and completion rates
- ✓ Fund the Texas Competitive Knowledge Fund, which benefits U. T. Austin
- ✓ Fund the Texas Research Incentive Program, which benefits U. T. System's four emerging research institutions
- Support the proposal for outcomes-based funding that emerged from the General Academic Formula Advisory Committee
- ✓ Address the unique situation posed by the dissolution of the partnership between The University of Texas at Brownsville and Texas Southmost College



Health-Related Institution Priorities

- Explore the creation of a new funding mechanism focused on excellence in outcomes and research for health-related institutions
- Address the state's health care workforce needs by adequately funding the graduate medical education (GME) formula and related programs that support GME
- Allow U. T. institutions to benefit from the federal funds generated through the Texas Healthcare Transformation and Quality Improvement Program (the Section 1115 waiver)
- Continue funding for the Cancer Prevention and Research Institute of Texas, as approved by the voters of the state in 2007
- Fund correctional care provided to the Texas Department of Criminal Justice by The University of Texas Medical Branch at Galveston



Health-Related Institution Priorities - Achieved

- Explore the creation of a new funding mechanism focused on excellence in outcomes and research for health-related institutions
- ✓ Address the state's health care workforce needs by adequately funding the graduate medical education (GME) formula and related programs that support GME
- ✓ Allow U. T. institutions to benefit from the federal funds generated through the Texas Healthcare Transformation and Quality Improvement Program (the Section 1115 waiver)
- ✓ Continue funding for the Cancer Prevention and Research Institute of Texas, as approved by the voters of the state in 2007
- ✓ Fund correctional care provided to the Texas Department of Criminal Justice by The University of Texas Medical Branch at Galveston



THECB Sunset

S.B. 215

- THECB extended to 2025, but much changed
- THECB may review, but construction projects and real estate acquisitions are no longer subject to prior approval of the THECB
- THECB may not close low-producing programs but shares information with regents
- Action on proposed degree programs must occur within one year; no summary disapproval of proposed programs without full review
- Universities will now have more direct involvement in rulemaking, including negotiated rulemaking on admission policies, curriculum, allocation or distribution of funds, data requests, and compliance monitoring
- THECB must publish allocation methodologies for trustee funds, including financial aid
- THECB is prohibited from issuing certificates of authority to foreign post-secondary institutions
- New power of THECB to conduct risk-based compliance monitoring regarding funds allocated by THECB and data reporting; misuse or misallocation of funds is reported to regents, legislature, and governor, but no sanctions
- Express reservation to institutions of powers not granted to THECB



Legislation of Interest to Regents

- H.B. 31 – Requires meetings of Board of Regents to be webcast and archived on the internet
- H.B. 2414 & S.B. 984 – Facilitates greater electronic participation in Board meetings by Regents
- S.B. 1604 – Allows Regents to appoint someone other than Chancellor to UTIMCO Board
- H.B. 12 – Establishes reporting requirements for gifts designated as salary supplements and for information on staff compensation
- H.B. 16 – Requires web posting and updates of internal audit plan and annual audit report



What Failed

- Tuition revenue bonds
- Campus carry
 - But S.B. 1907 prohibits rules preventing concealed weapons in vehicles
- Outcomes-based funding
- Clarification of roles in higher education governance (S.B. 15 vetoed by Governor Perry)



Interim Activities Leading to the 84th Session

- Maintain and strengthen relationships
- Publish with Office of General Counsel Summary of Legislative Enactments
- Work with committees
 - House Select Committee on Transparency in State Agency Operations
 - Joint Select Committee on Higher Education Governance, Excellence and Transparency
 - Standing committees and interim charges
- Funding studies
 - Formula Advisory Committees at THECB
 - Legislative review of formulas and other funding
 - Internal reviews of funding methodologies
- Observe 2014 elections



Questions?

