

85th Texas Legislative Session Preview

**The University of Texas System
Office of Governmental Relations**

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85th Texas Legislative Session

- The Regular Session is 140 days long from January 10, 2017 thru May 29, 2017
- The sole constitutional mandate for each legislative session is to adopt a budget for the State of Texas
- During this process, many new laws will be adopted that impact Texas and its citizens

The 85th Session's Impact on UT?

- People
- Price of state government (i.e., the state budget)
- Policy issues that will dominate the headlines
- Priorities for the UT System

The People and Politics – Main Statewide Players

Governor Greg Abbott



Lt. Governor Dan Patrick



Speaker of the House Joe Straus

The People and Politics – Main Statewide Players

Comptroller of Public
Accounts Glenn Hegar



Attorney General Ken Paxton



Land Commissioner George P. Bush

The People and Politics – The Texas Legislature

- 181 legislative members composed of 31 Senators and 150 Representatives
- Legislature continues to be very politically conservative – perhaps more so than ever
- No change in partisan makeup of Senate, but departure of Longhorn Senators Eltife and Ellis
- Loss of four Republican seats in House, but still strong 95-55 majority
- Changes in House committee leadership

The Price of State Government – It's All About The Budget

- Overall, Texas' economy remains strong – though not as strong as it was in May 2015
- State revenues for fiscal year ending Aug. 2016 were almost \$1 billion short of Comptroller's estimate
- Don't panic – the 84th Legislature left billions in unspent available revenue
- Nevertheless, state leadership asked state agencies and higher education to reduce their requested budgets for the 85th Session by 4%
- Texas has over \$10 billion in its Rainy Day Fund – but this fund is seldom tapped

The Price of State Government – It's All About The Budget

- There are numerous competing priorities demanding state funding:
 - Medicaid
 - Public schools
 - Border security
 - Foster care system
 - Behavioral and mental health
 - Retirement systems' actuarial soundness and health care costs

The Price of State Government – It's All About The Budget

- Higher education issues demanding state funding:
 - Need another \$371 million to fully fund state's payments for tuition revenue bonds and the HEAF
 - Student growth demands additional funding
 - Even though the 84th Session was generous to higher education in terms of gross dollars, the real allocation translates to less than a 1% increase, before inflation, per student
 - Reality is that state funding per student is not even back to what it was in 2011 for academic institutions and 2001 for health institutions

A photograph of the Wisconsin State Capitol building at sunset. The building is a large, white, classical-style structure with a prominent dome and a spire. The sky is a mix of orange, yellow, and red, with some clouds. The sun is low on the horizon, creating a strong backlighting effect. The foreground is dark, with the silhouettes of trees and bushes. The text "The secret to happiness is..." is overlaid in a white, cursive font with a black outline.

*The secret
to happiness
is...*

Policy Issues Dominating the Headlines in the 85th Session

- Bills are assigned low numbers to convey their symbolic importance – thus, the 85th Session's budget bill will be SB 1
- SB 3 on school choice/vouchers
- SB 4 on sanctuary cities
- SB 5 on Voter ID
- SB 6 on Women's Privacy Act (i.e., transgender bathrooms)
- SB 8 on restrictions on fetal tissue sales and research
- SB 18 on tuition set-asides
- SB 19 on tuition reform

Policy Issues Dominating the Headlines in the 85th Session

- Speaker Straus has indicated that among the House priorities will be:
 - School finance reform
 - Improving treatment of mental illness
 - Ensuring security of online data and networks
 - College affordability

Policy Issues Dominating the Headlines in the 85th Session

- Perennial (Biennial) and New State Issues:
 - Public school performance and testing
 - Property taxes
 - Business tax policy
 - Health care policy
 - Local control (state vs. municipalities)
 - Less Washington-bashing

Priorities for UT System in 85th Session

- Protect the Permanent University Fund and the Available University Fund
- PUF made up of West Texas lands and revenues from those lands that have been invested and grown into an \$17 billion endowment
- AUF is the annual distributions from PUF used by UT (2/3) and A&M (1/3) to pay debt on capital projects, system administration operations, and to help fund UT Austin, A&M, and Prairie View A&M
- UT's share of the AUF for 2016-17 is \$603 million – 51% for debt payments and System Administration and 49% for UT Austin
- Changes to the PUF and AUF are constitutional, requiring 2/3 vote from House and Senate, then a vote of the people, with no opportunity for veto by Gov. Abbott

Priorities for UT System in 85th Session

- Allow System Presence in Houston
- Ensure that Chancellor McRaven's and Board's vision for this tract of land is free from legislative prohibitions, restrictions, or conditions

Priorities for UT System in 85th Session

- Maintain Funding Levels
 - Need formula funding at the same 2015 rates to pay for added students and to cover the cost of inflation
 - Same holds true for other formulas that support infrastructure and graduate medical education
 - Research-based formula funding is critically important (and historically underfunded for health institutions)
 - Ensure that new medical schools at UT Austin and UT Rio Grande Valley receive the same funding for their medical students and activities as other state medical schools
- Continue to receive funds allocated in the past for special student-focused activities and for research projects, as well as funding for important new initiatives and projects

Priorities for UT System in 85th Session

- Maintain Tuition-Setting Authority
 - Maintain the current tuition-setting process and boards of regents' authority to set tuition
 - Maintain set-asides from tuition that fund critical student financial aid

Priorities for UT System in 85th Session

- Lead the Brain Health Revolution Quantum Leap
- Pursue Chancellor McRaven's vision for UT and Texas to lead the revolution in brain health
- Continue supporting the work of Dr. Ray Greenberg and Dr. David Lakey as they work with state leadership to expand the delivery of mental and behavioral health services by UT across Texas
- Goal is to improve overall care, lessen pressures on criminal justice system, and support infrastructure for better healthcare via telemedicine in rural Texas

Priorities for UT System in 85th Session

- Support State Funding for Research
- Continue to support and extend Cancer Prevention and Research Institute of Texas (CPRIT) to invest full \$3 billion approved by voters
- Work to increase funding for Governor's University Research Initiative (GURI) and expand the eligible researchers who can be recruited to Texas
- Extend Texas Research Incentive Program (TRIP) funding to fulfill commitment to match private philanthropy

Priorities for UT System in 85th Session

- Assure Status Quo on Campus Carry
- Work to uphold UT presidents' authority to adopt and implement specific rules and exclusion zones for their campuses
- We believe and trust that our presidents have used appropriate discretion as found in the current law to make well informed and sound decisions about the places on their campuses where concealed handguns should not be present

Priorities for UT System in 85th Session

- Revise Top 10% Law
- Reevaluate effectiveness of law in ensuring diversity and quality at UT Austin in light of Fisher and support President Fenyves in his views on any appropriate changes to the law

Priorities for UT System in 85th Session

- Fund Hazlewood or Control Costs of Legacy Exemption Under Hazlewood
- Since WWI, Texas has been appropriately generous to its veterans under the Hazlewood Act and Legacy exemption, through which qualified veterans, spouses, and dependent children are provided an education benefit of up to 150 hours of tuition exemption
- While worthwhile, this benefit now costs our institutions \$50 million in tuition that is not funded by the State
- This cost works out to \$245 per veteran or family member that is paid by other students
- State of Texas should either fully fund this expense or modify the benefits for Legacy recipients

Priorities for UT System in 85th Session

- Ensure Appropriate THECB Authority
- The Texas Higher Education Coordinating Board provides beneficial oversight of higher education for the state
- However, we will seek to continue the status quo of THECB authority over higher education as last set in the 83rd legislative session, respecting the primary authority of boards of regents

Priorities for UT System in 85th Session

- Modernize Management and Governance of University Lands
- Work to allow University Lands to be developed in a manner that maximizes their value for the PUF and AUF
- Work to modernize and streamline the governance of University Lands

Priorities for UT System in 85th Session

- Protect Texas DREAM Act
- Work to allow undocumented students who meet specific requirements to continue to pay in-state tuition at UT campuses
- We believe that the decision of the 77th Legislature to allow students who came to this country with their parents, no matter their parents' legal status, to pay in-state tuition is good policy for Texas and should remain in place

Thank you for your service
and support for a successful
85th Session.



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