2017 TASSCUBO Summer Conference

Post-Session 85th Legislative Update

The Texas A&M University System
85th Legislative Dynamics

Legislative Landscape

- House and Senate – Different compositions and approaches
- New chairs of House Appropriations and House Higher Education
- Legislative Party Caucuses
- Influence of the national narrative
Budget Outlook - Less GR available than in 2016-17

- Biennial Revenue Estimate - $2.86B less available
- Prop. 7 – Highway Funding diverts up to $5 billion in sales taxes each biennium
- Slower Growth in Sales Tax Revenue. YTD GR collections for FY17 are below same period FY15.
- Oil & Gas Price Uncertainty
SB 1
Statewide Summary

All Funds: $216.8B, up $359m (0.2% increase) over 2016-17
GR: $106.7B, down $1.3b (1.2% decrease) over 2016-17

- Delay of $1.8B for Prop 7 transportation transfer
- $990m from the Rainy Day Fund for one-time expenses
- $830m in Medicaid cost containment measures
- $580m in revenue enhancements
- Growth in local property tax support allowed for $1.1B decrease in public school GR
GR Distribution by State Government Function

<table>
<thead>
<tr>
<th>Function</th>
<th>2000-01</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Human Services</td>
<td>20.3%</td>
<td>31.4%</td>
</tr>
<tr>
<td>Public Education</td>
<td>45.1%</td>
<td>38.4%</td>
</tr>
<tr>
<td>Other State Government</td>
<td>18.1%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>16.5%</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

Source: Legislative Budget Board, Fiscal Size, Summary of 2018-19 SB1
SB1, Higher Education

All Funds: $20.5B, up $235m over 2016-17
GR: $14.9B, up $239m over 2016-17

- Primarily due to increases to pay for two years of
  - TRB debt service
  - Higher Education Fund (HEF)
- Special items renamed to “non-formula support items” and were generally reduced by about one third
- Academic’s research formulas reduced by 10%
- Hold harmless provided to hold institutions to at least no greater than 10% reduction
## Changes in Higher Education GR
### 2018-19 compared to 2016-17

<table>
<thead>
<tr>
<th>Category</th>
<th>In Millions</th>
<th>Change</th>
<th>% Change</th>
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<tbody>
<tr>
<td>Formulas</td>
<td>($2.9)</td>
<td>0.0%</td>
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</tr>
<tr>
<td>Non-Formula Support</td>
<td>(261.1)</td>
<td>-23.3%</td>
<td></td>
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<tr>
<td>Hold Harmless</td>
<td>176.9</td>
<td>4463.1%</td>
<td></td>
</tr>
<tr>
<td>HEGI</td>
<td>39.5</td>
<td>2.9%</td>
<td></td>
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<tr>
<td>HEF</td>
<td>131.1</td>
<td>20.0%</td>
<td></td>
</tr>
<tr>
<td>A&amp;M Agencies</td>
<td>(5.2)</td>
<td>-1.5%</td>
<td></td>
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<tr>
<td>Debt Service</td>
<td>206.2</td>
<td>24.5%</td>
<td></td>
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<tr>
<td>Research Funds</td>
<td>(129.6)</td>
<td>-31.7%</td>
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<tr>
<td>Financial Aid</td>
<td>20.8</td>
<td>1.9%</td>
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<tr>
<td>Other</td>
<td>61.4</td>
<td>11.2%</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$237.1</strong></td>
<td><strong>1.7%</strong></td>
<td></td>
</tr>
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</table>
Formula structure remained intact

- Base bill policy changed – Keep rate the same or dollars the same depending on which cost less GR.
- General Academic cost matrix shifting. Weighted SCH went down with spring update but no $ adjustment made.
Headcount numbers are the fall headcounts in the base period used to determine formula funding for that biennium.
Headcount numbers are the fall headcounts in the base period used to determine formula funding for that biennium. 2018-19 is adopted rate in SB1.
Statewide Health Related Institutions
Instruction and Operations Rates (per WFTE)

- 2000-01: $11,383
- 2002-03: $11,776
- 2004-05: $11,383
- 2006-07: $9,934
- 2008-09: $10,987
- 2010-11: $10,841
- 2012-13: $11,129
- 2014-15: $9,527
- 2016-17: $9,829
- 2018-19: $9,431

The Texas A&M University System
Summary SB1
Higher Education

Elsewhere in the Budget:

- **TEXAS Grants**: Increase of $71.6m to fund estimated 92 percent of eligible students. Other financial aid programs decreased by $50m.
- **TRIP**: Decrease of $103.1m to $35m
- **GME**: Increase of $44m, which maintains existing commitment
- **Hazlewood**: No increase. $30m previously at Veteran’s Commission now is included as part of the stand alone HW appropriation along with the permanent fund.
- **GURI**: $15.6m, down from $40 million last biennium
- **HEGI**: UT and A&M Systems funded at 74.3% of ERS rates; ERS Higher Ed funded at 86.8%. ERS reserves used to mitigate increase to ERS but negatively impacted HEGI.
Summary SB1
Higher Education

Significant Rider Changes:

• ERS Cost Containment (ERS Rider #18)
• Art. 3 Special Provisions clean up (various)
• Proportionality (Art. IX Section 6.08)
• Non-formula Support Items and Formula Study (Art. III, Special Provisions, Section 62)
Non-Formula Support Items and Formula Study

• Timeline:
  • Sept. 15, 2017 - Members named
  • April 15, 2018 - Report Due
• “shall prepare recommendations for realignment and/or possible elimination of non-formula support items and improvements of formula funding for institutions of higher education.”
• Intent that recommendations be considered in LAR instructions.
Outlook for 2020-21

**Budget:** Decisions used to balance 2018-19 budget will impact 2020-21 budget

- Revenue - Prop 7, RDF, revenue enhancements
- Obligations
  - Medicaid shortfall for 2018-19
  - Public School Finance and MOF

**Bottom Line:** The next legislature will start with a deficit of at least $3 billion. This amount can and will go up or down depending on the economy and state tax collections.
## Legislative Statistics

### 83rd Session

<table>
<thead>
<tr>
<th>Type</th>
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<th>%</th>
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<td>732</td>
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<tr>
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<tr>
<td>TOTAL</td>
<td>6061</td>
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<tbody>
<tr>
<td>HBs</td>
<td>4333</td>
<td>700</td>
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<tr>
<td>HJRs</td>
<td>111</td>
<td>3</td>
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<tr>
<td>SBs</td>
<td>2298</td>
<td>511</td>
<td>22.2%</td>
</tr>
<tr>
<td>SJRs</td>
<td>58</td>
<td>6</td>
<td>10.3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6800</td>
<td>1220</td>
<td>17.9%</td>
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### 84TH Session

<table>
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<th>Passed</th>
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<tbody>
<tr>
<td>HBs</td>
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<td>818</td>
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<tr>
<td>HJRs</td>
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<tr>
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<tr>
<td>SJRs</td>
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<tr>
<td>TOTAL</td>
<td>6476</td>
<td>1329</td>
<td>20.5%</td>
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### 85TH Session

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Statewide Legislative Issues that Passed

- Sanctuary cities
- Convention of States to rewrite U.S. Constitution
- Child Welfare protections
- Ethics
- Mental health initiatives
- Cyberbullying
- Inappropriate teacher-student relationships
- Pension reform
- State preemption on ride-sharing services
- Continued funding on Border Security
General Operations Issues

- **HB 1571** – Energy savings performance contracts
- **SB 255** – contracting/training for governmental entities
  - Education stipends of $5000+ must be reported to LBB
  - Required DIR training
  - 3 new exemptions for HB 1295 entities; publicly traded companies, electric and gas utilities
- **SB 533** – Omnibus contracting bill
  - Education Code 51.923 prevails / exempt POs under $25k
  - State employment now limited to within 2 years of signed contract
  - Requirement to adopt a vendor and employee interaction and communication policy
  - Comptroller to employee a Chief Procurement officer
  - Public information re to contract reporting
General Operations Issues

- SB 736 – General Land Office sale of electric power
  - Collect relevant info such as # of participants, rates, contract terms

- SB 1289 – Purchase of U. S. iron and steel products
  - Required for bid projects; exemptions for a 20% cost increase, produced in sufficient quantities, quality, or “inconsistent with the public interest.”

- SB 1501 – Regulation of towing, booting, and storage
  - Section 18 has specific IHE language for special events
Human Resources/Benefit Issues

- SB 1663 and SB 1664 – omnibus TRS bills.
  - Sunset date pushed back to 2025
  - Interest/late fees assessed against employers late TRS contributions
  - Time limit on purchase of TRS service credit
- SB 1954 – ORP reporting
  - Tightens ORP eligibility deadlines
  - Clarifies the correction process when an employee is erroneously placed in TRS instead of ORP
- HB 4035 – TAMUS/UT System Chapter 1601 benefit bill
- SB 73 – Leave policy and procedures
- HB 88 – Leave policy regarding foster children
- SB 301 – ERS Sunset bill
  - 2029 review date.
Information Technology Issues

- **HB 8 – Omnibus cybersecurity bill**
  - Public information re to contract reporting
  - ITCHE input re guidelines for cybersecurity training and council
  - Higher ed section for testing websites/mobile app security

- **HB 9 – Cybercrime**
  - Criminalizes “denial of service” attacks and creates an offense for intentionally altering data w/o a legitimate business purpose.

- **HB 1861 – Confidentiality of information**

- **SB 1910 – State agency information security**
  - Information Security Officers must report to executive level management
  - Higher ed section for testing websites/mobile app security
Affordability

- **Enacted**
  - SB 537 - Disclosure of Special Course Fees
  - SB 810 - Grant program to encourage use of open educational resources
  - SB 887 - Annual disclosure of education loan obligations
  - SB 1782 - Authorization for 1 additional course “drop” and 15 additional state-funded credit hours for returning adult students
  - SB 1799 - Pilot program for student loan default prevention and financial aid literacy

- **Also Considered:** Repeal of tuition set-asides (SB 18); Tuition roll-back (SB 19); Tuition freeze (SB 19); Performance Based Tuition (SB 543); Participation requirements for student fee elections (SB 837)
Transferability of Credit Hours

- **Enacted**
  - SB 802 - Study of best practices in transferring credits that *apply*, including Dual Credit; Includes identifying existing articulation agreements and identifying *institutions* implementing best practices (SB 802)
  - SB 1091 - Limitation on courses that may be offered for dual credit to those within the core curriculum

- **Also Considered:** Establishing Texas Higher Education Innovation Accelerator (HB 17); Regional consortiums for transfers (SB 2086); Earlier mandatory advising (SB 2122)
Campus Sexual Misconduct

— **Enacted**

- SB 966 - Provides a minor (other than the perpetrator) who reports a sexual assault to proper authorities the defense to prosecution for underage alcohol consumption
- SB 968 - Requirement that a policy on sexual assault be adopted, made available, included in freshman/transfer orientation, and publicized; Requirement to provide means for anonymous electronic reporting of sexual assault
- Provision of amnesty from campus discipline for students (other than the perpetrator) who in good faith report sexual misconduct

— **Also Considered:** Criminal penalties for failure to report (SB 576); Revision to statutory definition of consent (SB 967); Financial penalties for failure to comply with policy (HB 16)
Community College Authority to offer Baccalaureate Degrees

- **Enacted**: SB 2118 - THECB authorized to approve new degree programs at Community Colleges which meet statutory standards; focused on Applied Science, Applied Technology and Nursing
- 26 bills filed addressing this issue

Other Policy Discussions

- HB 3666 - Hazlewood Legacy Reform
- SB 828 - Scope of THECB Authority
- SB 1151 - Freedom of Speech on Campus
- SB 2119 - Top 10% Law
Issues that Did Not Pass during the Regular Session

- Bathroom bill
- Local property tax reform
- School Choice/Vouchers
- Continuation of the Texas Medical Board

SPECIAL SESSION - Starts July 18th.

- Governor stated that the Senate must first pass TMB Sunset legislation and then he will open up the call to 19 other issues; no higher ed issues listed on the call.
- A member can file a bill on any issue.
Key Dates

- July, 2017 – THECB Formula Advisory committees named
- September 1, 2017 – Effective date of most new laws
- September 15, 2017 – Non-formula Support Items and Formula Study to be named
- November 7, 2017: Constitutional amendments and municipal office election
- November 11 – December 11, 2017: Candidate filing for 2018 elections
- January 2017 – THECB Formula Advisory committees’ recommendations finalized
- March 6, 2018 - Primary Election
- April 15, 2018 - Non-formula Support Items and Formula Study recommendations due
- May 22, 2018 - Runoff Primary Election
- August 2018 – LARs due
- November 6, 2018 - General Election
- November 12, 2018 - Pre-filing for 86th Legislative Session begins
- December 2018 – Interim reports due
- January 8, 2019 - 86th Legislature convenes