

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



85th Legislative Dynamics

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

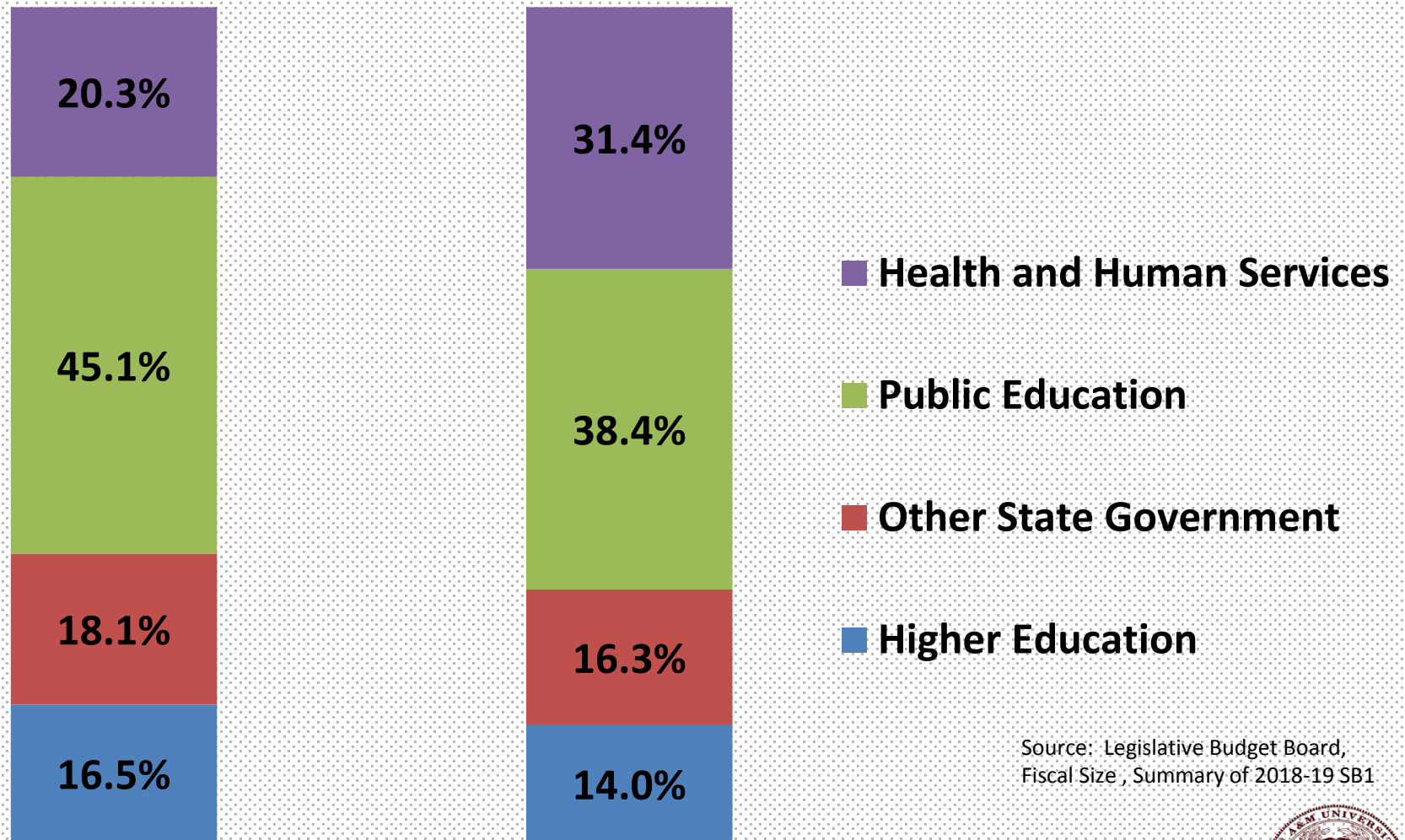
All Funds: \$216.8B, up \$359m (0.2% increase) over 2016-17

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



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

2000-01

2018-19

The Texas A&M University System

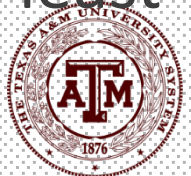


SB1, Higher Education

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

	in millions	Change	% Change
Formulas		(\$2.9)	0.0%
Non-Formula Support		(261.1)	-23.3%
Hold Harmless		176.9	4463.1%
HEGI		39.5	2.9%
HEF		131.1	20.0%
A&M Agencies		(5.2)	-1.5%
Debt Service		206.2	24.5%
Research Funds		(129.6)	-31.7%
Financial Aid		20.8	1.9%
Other		61.4	11.2%
Grand Total		\$237.1	1.7%



Summary SB1

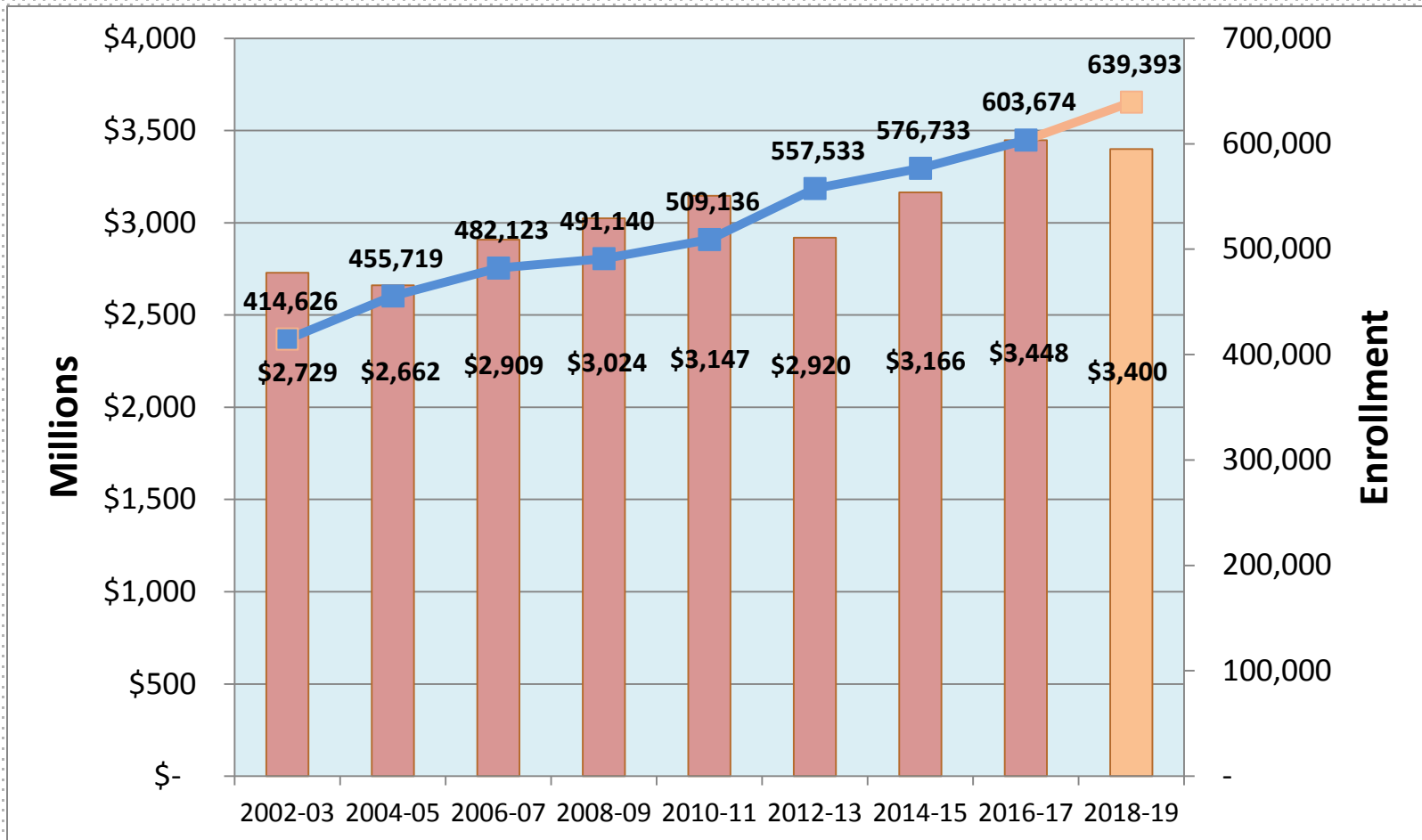
Higher Education Funding

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.



Statewide General Academics Formula GR (in millions)

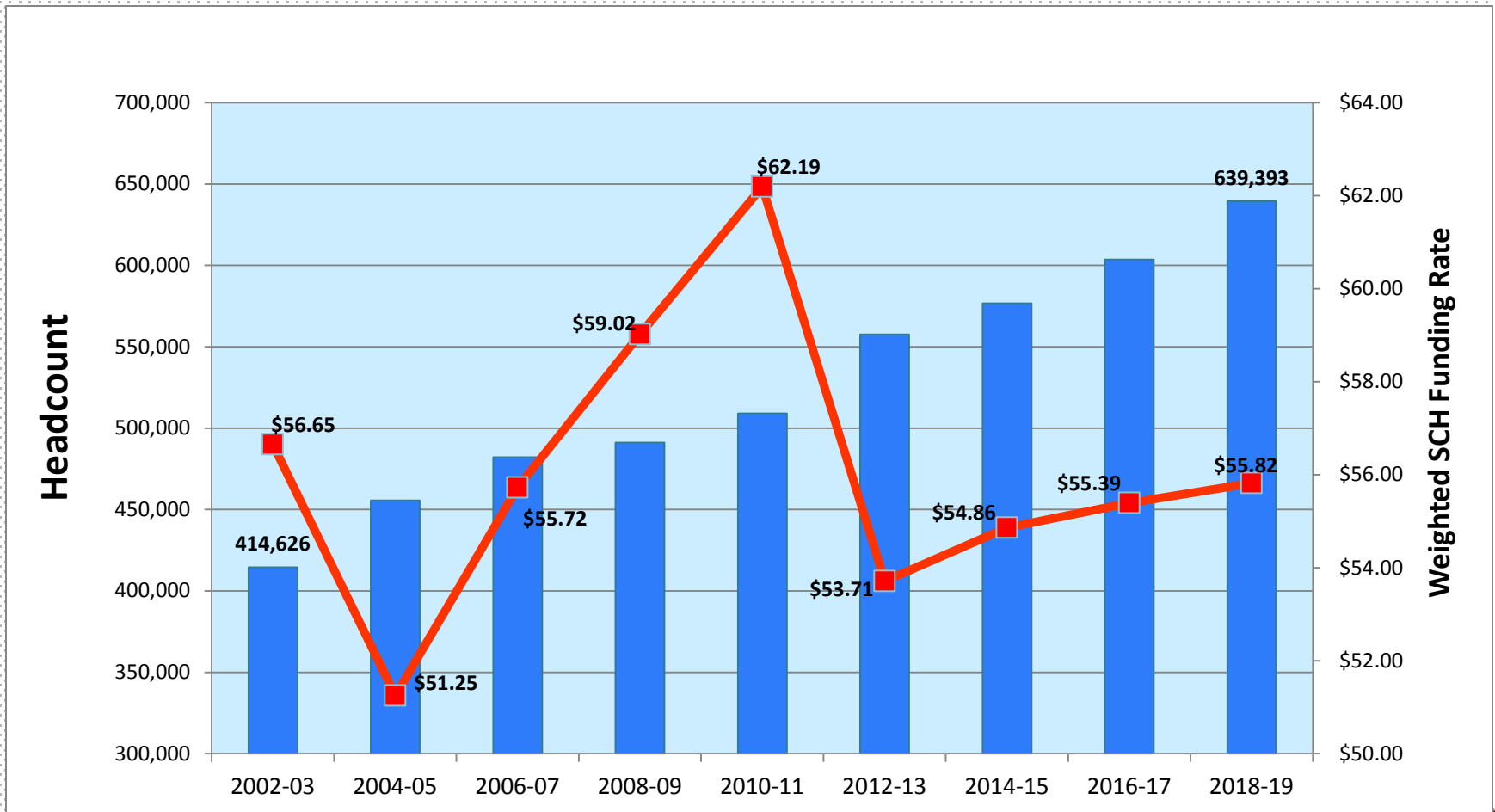


Headcount numbers are the fall headcounts in the base period used to determine formula funding for that biennium.

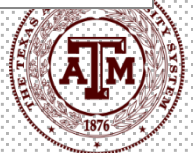
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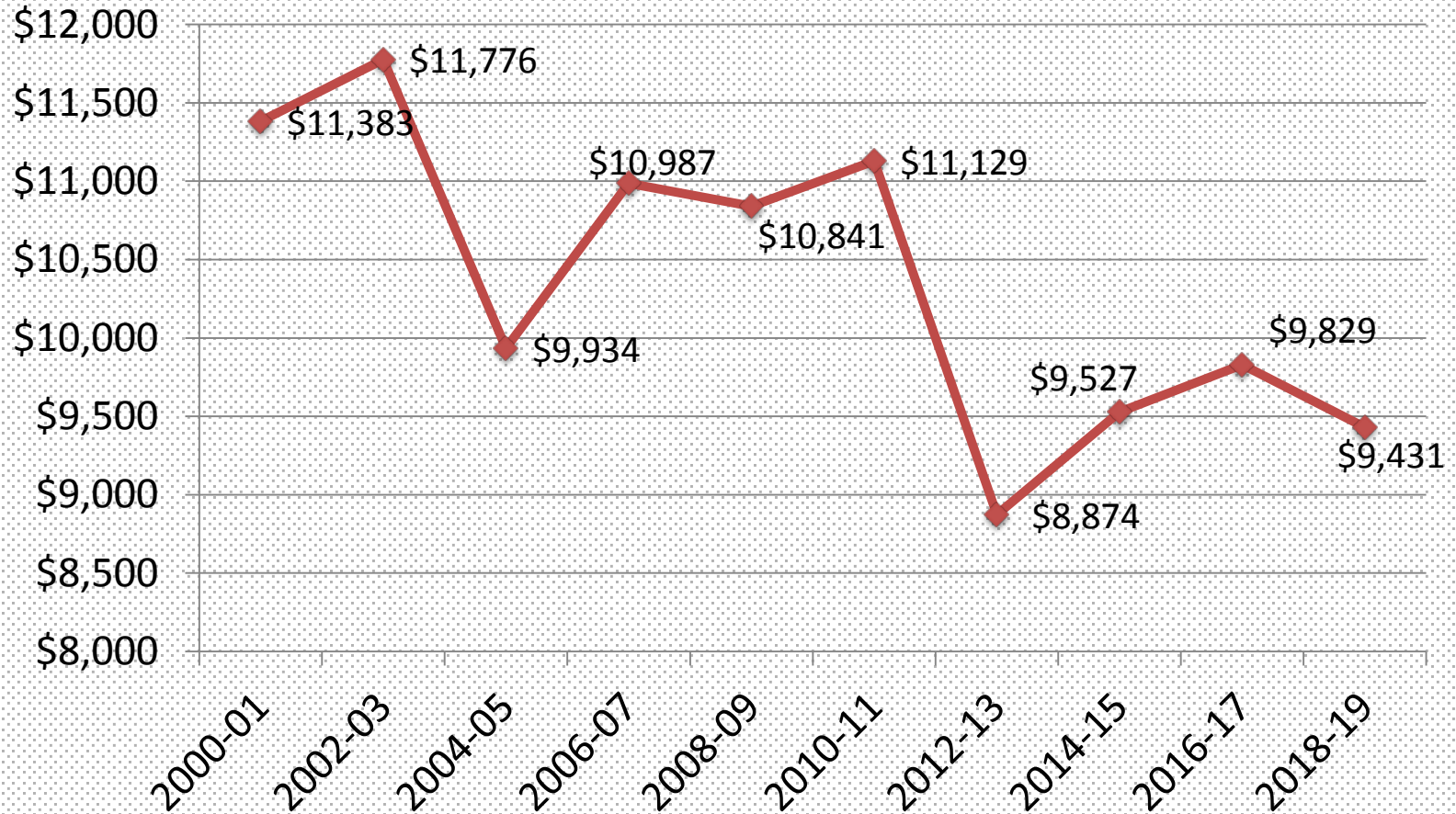
Statewide General Academics Funding Rate



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)



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)



Summary SB1 Higher Education

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

84TH Session

Type	Filed	Passed	%		Filed	Passed	%
HBs	3950	732	18.5%		4207	818	19.4%
HJR	130	6	4.6%		133	2	1.5%
SBs	1918	705	36.7%		2069	504	24.3%
SJR	63	4	6.3%		67	5	7.4%
TOTAL	6061	1447	23.8%		6476	1329	20.5%

85TH Session

Type	Filed	Passed	%
HBs	4333	700	16.2%
HJR	111	3	2.7%
SBs	2298	511	22.2%
SJR	58	6	10.3%
TOTAL	6800	1220	17.9%



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**



Legislative Issues – Higher Ed

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 employ a Chief Procurement officer
 - Public information re to contract reporting



Legislative Issues – Higher Ed

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



Legislative Issues – Higher Ed

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.



Legislative Issues – Higher Ed

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



Legislative Issues – Higher Ed

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)



Legislative Issues – Higher Ed

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)



Legislative Issues – Higher Ed

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)



Legislative Issues – Higher Ed

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

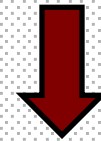
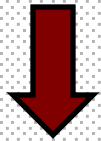
Other Policy Discussions

- 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**

