Preview of The 83rd Texas Legislature
Presented to TASSCUBO
Vice Chancellor Barry McBee

State Budget Forecast for FY 2014 - 2015

- Foundation School Program cuts ($40 billion)
- Medicaid cost containment ($1.8 billion)
- Rainy Day Fund ($3.2 billion)
- Cuts ($6.4 billion)

State Budget Forecast for FY 2014 - 2015

- Effect of Improving Texas Economy
  - Tax receipts continue to improve
    - 30 straight months of year-over-year sales tax growth
  - Comptroller raised revenue estimate for current biennium by $2.5 billion
    - Trends, if continue, will produce even larger surplus
  - Rainy Day Fund - $8 billion by end of 2013, maybe growing to $10 billion by 2015
    - But takes 2/3 vote to spend

State Budget Forecast for FY 2014 - 2015

- Normal Budget Pressures
  - Structural Budget Gap Due to 2008 Property Tax Reform ($1 billion)
  - Medicaid Growth ($3 to $5 billion)
  - Public Schools ($2 billion)
  - Other (higher education, retirement systems, corrections, etc.) ($1 to $2 billion)

State Budget Forecast for FY 2014 - 2015

- Non-Normal Budget Pressures
  - Fill $8.8 Billion Gap in one-time money spent in 82nd Session
  - School Finance Lawsuit ($4 billion - ?)
  - End of Dedicated Fund Divisions ($3.5 to $4 billion)
  - Restore Funding Cuts from 82nd Session (7)
  - Affordable Care Act ($1 to $1.5 billion)
**State Budget Forecast for FY 2014-2015**

- **Bottom Line**
  - If current revenue trends continue
    - Budget next session will be tight, but probably manageable, with some tough decisions
    - Rainy Day Fund potentially available for extraordinary budget pressures or for critical state infrastructure needs

**Higher Education Legislative Issues**

- **Fund Formulas**
  - Outcomes-based funding for academic institutions
  - Graduate Medical Education
  - Nursing Funding
- **New Tuition Revenue Bonds**
- **Student Financial Aid**
  - Changes to TExAS Grants to stretch limited funds
  - Restructuring B-On-Time Loan Program

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**Higher Education Legislative Issues**

- **Research Funding:**
  - Texas Competitive Knowledge Fund
  - Texas Research Incentive Program
  - Cancer Prevention and Research Institute of Texas (CPRIT)
  - Norman Hackerman Advanced Research Program
  - Research Development Fund
  - Emerging Technology Fund

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**Higher Education Legislative Issues**

- **New/Restructured Medical Schools and Health Science Centers**
- **Eliminate Unnecessary Regulatory, Administrative, and Reporting Burdens**
- **Governor Perry’s Agenda**
  - $10,000 degrees
  - Tuition “freeze” (guaranteed tuition)

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**Higher Education Legislative Issues**

- **In-state Tuition for Undocumented Students**
- **Veteran’s Benefits Under Hazlewood Act**
  - Other tuition exemptions and waivers
- **Transfers**
- **Concealed Handguns**

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**Other Major State Issues**

- **Public Education**
  - Finance
  - Vouchers/Choice
  - Standardized Testing/End of Course Exams
  - Workforce Development
    - 4 x 4 Curriculum
- **Medicaid Expansion**
- **Transportation**
- **Water**
- **Immigration and Border Security**
Other Major State Issues
- Women's Health Issues
- Sunset Bills
  - THECB
  - TEA
  - PUC
  - RRC
  - TDCJ

Federal Higher Education Issues
- Impact of Sequestration
  - Cuts to research funding
  - Cuts to student financial assistance
- Reauthorization of Higher Education Act
- Pell Grant Funding
- Student Loan Interest Rates

Changes in Legislature
- House
  - New Partisan balance
    - 65 Republicans
    - 65 Democrats
  - 49 new members due to incumbents not running or losing primary
  - 66 freshmen or sophomores
  - Changes in committee chairs and membership
    - At least 13 new chairmen
    - Public Education and Appropriations Education Subcommittee
    - Speaker’s race

Senate
- Partisan balance remains the same
  - 10 Republicans
  - 12 Democrats
- 6 new members due to incumbents not running, losing primary, or death
- Changes to committee chairs and membership
  - Finance and Higher Education Committees
- Changes in Senate rules

Key Dates
- Prefiling of Legislation began yesterday
- The 83rd Legislature Convenes Tuesday, January 8, 2013
- In January 2013
  - Governor delivers State of the State Address
  - Comptroller issues revenue estimate for 2014-2015
  - Lt. Governor and Speaker organize committees
  - Senate begins hearings on base appropriations bill
- Sine Die is Monday, May 27, 2013
- Gubernatorial Veto Period Ends on Sunday, June 16, 2013
- Possible Special Sessions Through Summer or Into 2014
- Filing for 2014 Election Begins December 2013