



Legislative Study Group

Texas House of Representatives

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From the desk of Garnet Coleman, LSG Chair

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LSG Report On Hits & Misses In the 81st Legislature

The Legislature made great strides this session in tackling issues important to Texas families, but there were several missed opportunities that died because of a lack of will by members.

Missed opportunities in the 81st Legislature:

CHIP - Bipartisan legislation that would have created a buy-in program for children from working families died because of political gamesmanship on both sides of the rotunda. This valuable legislation is a priority for Texans and it would have provided health insurance to 80,000 Texas children.

Unemployment Insurance - Over \$500 million in federal dollars were left on the table that would have provided a safety net for unemployed Texans in these tough economic times. The result will be an increase in taxes on Texas businesses - a poor policy decision during a recession.

Tuition relief - Since deregulation in 2003, tuition rates at Texas universities have skyrocketed. Middle income families bear the brunt of these costs, as they are forced to take out private student loans, graduating thousands of students into the workforce burdened by mountains of debt. Positive steps were taken to expand TEXAS Grants, but no cap was placed on tuition rates.

Eliminating the Trans Texas Corridor - Since the passage of legislation creating the Trans Texas Corridor in 2003, the detrimental effects of this poor public policy have become clear to millions of Texans. However, the Legislature failed to pass meaningful changes in state transportation policy this session.

Insurance Reform (TDI Sunset) - Voters favor meaningful insurance reform in Texas to lower the highest homeowner's premiums in the country, but the Legislature failed to act.

Utility Rates - While small steps were taken this session to reform and lower utility rates, large scale, meaningful legislation fell victim to the process and was never addressed. This is especially disappointing as Texas heads into the hot summer months.

Medicaid Reforms (12 Month Applications) - Annual Medicaid applications would have simplified the process for Texas families and would have given a quarter million children the opportunity to see a doctor.

Accomplishments of the 81st Legislature

Tier One Universities and Top Ten Percent - Much was made this session of the Top Ten Percent law, and the perceived strain on the University of Texas at Austin. Top Ten Percent has resulted in greater diversity at Texas' institutions of higher education, along with students that have higher GPAs and graduate at higher rates than their peers. The problem is not with the Top Ten Percent law - it is with the lack of slots for excellence in Texas universities. To that end, the Legislature passed a compromise to tweak the Top Ten Percent law only at UT-Austin, along with groundbreaking legislation that would pave the way for seven new top tier universities in Texas. HB 51 and SJR 14 are excellent bills that will keep Texas competitive on the national and global scale.

Expanded TEXAS Grants - With leadership from Representatives Villarreal and Hochberg and the Appropriations subcommittee on Education, the TEXAS Grants program will receive an infusion of much needed funds. More work is left to be done, but this was an important step in providing tuition relief to qualifying families.

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School Finance Reform - Guided by Rep. Hochberg, the Legislature was able to use federal stimulus dollars to pass the best possible school finance legislation that could be fashioned with limited funding, making changes that will improve the way schools in Texas are funded and provide Texas teachers with a minimum \$800 pay raise.

TWIA - While not perfect, the Legislature was able to pass legislation at the 11th hour that will ensure the Texas Windstorm Insurance Association has enough funding (through bonds and other mechanisms) so that residents in 14 Gulf Coast counties will have protection heading into hurricane season.

Hurricane Relief - Important legislation passed due to the work of Speaker Pro Tem Craig Eiland, Speaker Pro Tem Sylvester Turner, and members of the Hurricane Ike committee, to ensure that Galveston is rebuilt and restored.

Budget - The 81st Legislature faced a \$9.1 billion shortfall coming in to session and a Rainy Day Fund projected to contain \$9 billion in the upcoming biennium. On February 17, the American Recovery and Reinvestment Act (ARRA) passed through the federal government and sent \$15.2 billion to Texas for relief, education, and economic development. With the help of the ARRA, that state ended up with a \$182.3 billion budget that had no major cuts for state agencies, increased funding to many health and human services and education programs, and according to Sen. Ogden and Rep. Pitts "has a little something for everyone". SB 1 increased funding for Texas GRANTS, community mental health centers, CPS workers, and business incentives to attract filmmakers and environmentally friendly business to Texas. It provided funds for textbooks for public schools, correctional officer pay raises, \$2 billion in bonds for roads and highways, and a one-time \$500 payment to retired teachers and state employees. All of this was able to be funded without using the Rainy Day Fund, which will continue to be available to aid future shortfalls in the state.

Small Business Tax Relief - HB 4765 will provide immediate tax relief for small businesses in Texas. This bill will exempt businesses that earn revenue up to \$1 million a year from paying the margins tax until December 31, 2011. Currently, businesses that earn up to \$300,000 are exempt from the margins tax. Although this bill will reduce revenue going into the Property Tax Relief Fund and will therefore require additional expenditures for that purpose from General Revenue, this important cut will provide a stimulus to many small Texas businesses.

Voter Photo ID Failed - The House of Representatives killed this legislation, which would have resulted in the disenfranchisement of tens of thousands of low income, minority, elderly and disabled Texas voters. Protecting voting rights in paramount in a democracy, and the death of this legislation was crucial.

Charter School Overreach Failed - A narrowly drafted, 2-page bill on charter schools passed the House unanimously on the Local & Consent calendar, but was used as a vehicle to attach a nongermane, 14 page amendment that overreached and would have amounted to bad public policy. This legislation was halted in the House.

School Accountability - Given the public outcry and opposition to "teaching to the test," there was hope that the new accountability bill would make changes to turn away from a high stakes "test and punish" system and enact reforms that would use multiple assessment measures, focus on the diverse needs of students, and assist schools with high concentrations of at risk kids. The House attempted to address these issues, but changes made in the Senate and the Conference Committee led to passage of a complex 187 page bill that includes some good elements, but still relies heavily on testing and punishment. The final version of HB3 eliminates only third grade test in the elementary grades and replaces the high school TAKS exams with 12 standardized end-of-course exams, with a requirement that students pass the English III and Algebra II exams to graduate. Given the opportunity to forge a new path in student accountability, the leadership, at the urging of the Governor, decided to stay the course.

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