

# Region One FAC Report

## 85<sup>th</sup> Legislative Session Update

APRIL 2017

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# Important Dates

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Monday, **May 8, 2017** (119th day)—last day for House committees to vote out House bills

Thursday, **May 11, 2017** (122nd day)—last day for House to consider House bills on second reading

Saturday, **May 20, 2017** (131st day)—last day for House committees to vote out Senate bills

Tuesday, **May 23, 2017** (134th day)—last day for House to consider Senate bills on second reading

Sunday, **May 28, 2017** (139th day)—last day for House to adopt conference committee reports

Monday, **May 29, 2017** (140th day)—Sine Die

Sunday, **June 18, 2017** (20th day after session)—last day the governor can sign or veto bills passed during the regular session

# 85<sup>th</sup> Legislative Statistics

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MCA tracking 1,178 of 6,809 this session

1,056 (118 became law) of 6,715 last session

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<b>Administration and Governance</b>	213	<b>School Finance</b>	104
<b>Assessment and Accountability</b>	89	<b>State Government</b>	26
<b>Personnel</b>	88	<b>Higher Education</b>	194
<b>Charters</b>	53	<b>P-16</b>	25
<b>Choice</b>	53	<b>Reporting and Transparency</b>	36
<b>Curriculum</b>	153	<b>Retirement and Benefits</b>	45
<b>Discipline</b>	28	<b>State Revenue</b>	29
<b>Early Childhood</b>	11	<b>Property Tax</b>	39
<b>Economic Development</b>	11	<b>Textbooks, Technology, IMA</b>	20
<b>Facilities and Transportation</b>	31	<b>Student Athletics</b>	16

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# House vs. Senate Budget

	2016-17 All Funds Budget (\$ billions)	2018-19 All Funds (\$ billions)	% Change from Previous Biennium	2016-17 General Revenue Budget (\$ billions)	2018-19 General Revenue (\$ billions)	% Change from Previous Biennium
<b>House</b>	\$216.2	\$218.1	0.9%	\$108.04	\$104.3	-3.5%
<b>Senate</b>	\$213.7	\$217.7	1.9%	\$106.8	\$106.3	-0.5%

# The Spending Limit

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- The Comptroller's Biennial Revenue Estimate (BRE) currently estimates **\$104.9 billion** in funds available for general purpose spending for the 2018-19 biennium
- The Senate budget is currently spending **\$1.1 billion** less than BRE with use of Highway Fund transfer and other contingency riders
- The House is currently spending **\$1.4 billion** less than BRE with use of Rainy Day Fund and other contingency riders

# Major Funding Priorities

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## HOUSE

- Medicaid: \$300 million reduction
- Border Security: \$653 million
- CPS: \$433 million increase
- Higher Ed: Continued special program funding
- FSP Increase: \$1.47 billion basic allotment increase
- TRS-Care: \$500 million (RDF)

## SENATE

- Medicaid: \$1.3 billion increase
- Border Security: \$800 million continuation
- CPS: \$450 million increase
- Higher Ed: No special program, formula funding
- FSP Increase: No basic allotment increase
- TRS-Care: \$290 million (GR)

# Major Methods of Finance

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## HOUSE

- Local ISD property value growth: \$3.6 billion
- FSP payment delay: \$1.875 billion
- Increased recapture: \$1.1 billion
- Rainy Day Fund: \$2.5 billion
- Underfund Medicaid: \$2.0 billion GR
- PSF to ASF Transfer: \$300 million
- Contract Containment: \$500 million

## SENATE

- Local ISD property value growth: \$3.6 billion
- FSP payment delay: \$1.875 billion
- Increased recapture: \$1.1 billion
- Sales Tax Diversion to Highway Fund delay: \$2.5 billion
- PSF to ASF Transfer: \$300 million

# Rainy Day Fund

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- \$11.9 billion at the end of 2018-19 biennium
- Typically used for one-time funding measures
- The most recent appropriations from RDF was in 2013
  - \$3.9 billion (\$1.75 billion to restore the FSP payment delay; \$2 billion for water development projects)
- \$7.0 billion RDF floor
- 3/5 vote for budget shortfall (2016-17 biennium)
- 2/3 vote for any other use (2018-19 biennium)



# School Finance

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# Foundation School Program

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- Full funding in both bills for enrollment growth
- Property value assumptions the same in both
- Austin yield increase in both bills
- Value growth savings exceed the cost of student growth and Austin yield increase
- House puts the extra savings to the state back into the FSP

# HB 21 by Huberty

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- Basic allotment - \$5,350
- Equalized Wealth Level - \$535,000
- No transportation, high school, or staff salary allotment
- Eliminate Chapter 41 1992-93 revenue level hold harmless
- New Dyslexia weight of 0.1, increase Bilingual weight to 0.11
- Increase in small school allotment over 5 years
- Fund technology applications and 8<sup>th</sup> grade CTE
- Financial hardship program for 2 years (partial funding)

# HB 21 by Huberty, cont'd.

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- Contingency rider in appropriations bill
- No fiscal note yet on bill as passed by committee, but model indicates costs exceed \$1.47 billion
- About 161 districts lose revenue due to the bill or ASATR
- Differences in LBB printout data vs. MCA printout

# Retirement and Benefit Bills

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- 45 bills tracked as “retirement and benefits”
- 5 bills passed from committee
  - HB 1428 by Smithee – mediation of out-of-network benefit claims for TRS
  - SB 788 by Huffman – TRS-Care
  - SB 1663 by Huffman – TRS administration clean-up
  - SB 1664 by Huffman – TRS administration clean-up
  - SB 1665 by Huffman – TRS investment authority
- 1 bill has passed the first chamber
  - SB 936 by Huffman – joint interim committee to study public retirement systems

# TRS Insurance Programs

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- SB 788 by Huffman – TRS-Care
  - High deductible plan for non-Medicare eligible retirees
  - Mandatory Medicare Advantage plan for eligible
  - Increase state contribution rate to 1.25% of payroll
  - Phase in for higher deductibles and premiums
  - Some protection for disability retirees
- SB 789 by Huffman – TRS ActiveCare
- House appropriates \$500 million for TRS-Care (RDF)
- Senate appropriates \$316.2 million for SB 788 (GR)



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