August 20, 2013

As the voice of the business community in the 10-county Houston region, the Greater Houston Partnership has a responsibility to represent this metro as ardently as possible. Nowhere should our resolve be more resolute than in the various chambers of government – local, state and federal – where policy decisions are made that affect the region’s growth and prosperity.

This year, GHP had a very successful legislative session in Austin. It’s important to note that GHP’s legislative agenda contained multiple funding priorities, including transportation, education and health care. Funding issues are typically among the most complicated and, to do well, an organization must work effectively with lawmakers as well as other key partners and stakeholder groups. All told, our region worked well together on all issues important to our area. However, much work remains going forward, and GHP will continue to lead the discussion on the critical issues that remain, including transportation.

I want to thank everyone who played a role in GHP’s success. In the 18 months leading up to the session, our policy committee chairs created a focused agenda and our committee members developed strong support for our policy positions. Our leadership engaged effectively, prior to and throughout the session, and our staff did yeoman’s work to position Houston for success in Austin.

Sincerely,

David M. McClanahan
Chairman of the Board
August 20 2013

As the Chairman noted, an agenda focused on funding issues presents special challenges. But, with help from our committee chairs, leadership and staff, we were able to advance the debate and increase funding for Houston.

We're happy to report that the Partnership played a significant role to advance key priorities for the Houston region, including:

- The extension of the Chapter 313 economic development program; securing $57 million for the Emerging Technology Fund and $120 million for the Texas Enterprise Fund;
- Allocating $2 billion for the State Water Plan;
- Restoring $3.6 billion for public education;
- Securing a 45 percent increase (or $30 million) in Graduate Medical Education, totaling $97 million;
- Securing $850 million in increased funding for TxDOT and $1.2 billion in additional funding if approved by voters in 2014;
- Securing passage of HB 200, which will allow for expansion of hike and bike trails in the bayou green space;
- Protecting incentives for the oil and gas industry;
- Securing an expansion of online education courses for K-12 public school students, allowing for competency-based advancement;
- Securing utility easements for recreational purposes;
- Securing $7.3 million in Tier One funding for the University of Houston;
- Securing $52 million in additional funding for the Texas Parks and Wildlife Department (TPWD);
- Establishing a new foundation diploma with college and career “pathways” in five areas: science, technology, business and industry, the arts and humanities, and multidisciplinary;
- Creating an A-F rating system for school districts; and
- Improving the quality of early childhood education by shifting existing federal funds to high quality child care programs.

Our efforts this session will go a long way to make our region stronger. We’re confident through the work of the membership of the Partnership and its staff that Houston and Texas will continue to set the bar as the ideal place to live and work.

Regards,

Bob Harvey
President and CEO

Lilyanne McClean
Senior VP, Public Policy and Communications
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### Signed by the Governor
20 - 21
Going into the 83rd Legislative Session, we expected the legislature to passively support the Governor's two critical economic development incentives, the Texas Enterprise Fund (TEF) and the Emerging Technology Fund (ETF). TEF is known as the state's “deal-closing” fund and provides grants to companies interested in relocating or expanding in Texas. ETF is known as the state’s “deal-opening” fund and connects new companies with local universities to foster innovation and economic growth. At the beginning of session, lawmakers from both parties voiced concerns about the perceived lack of transparency and return on investment for TEF and ETF. News of irregularities at the Cancer Prevention Research Institute of Texas (CPRIT) complicated matters.

To ensure adequate funding for economic development, GHP developed a series of campaigns that emphasized the benefits of both programs, tying them to economic growth and job creation across the state. We met regularly with the Houston area delegation, Speaker Straus, Lt. Gov. Dewhurst and Governor Perry about Houston’s successes with the two programs and their importance to our region. GHP sent over 200 letters of support for these two programs throughout the legislative session.

Before session began, we worked with the 46 legislators of the greater Houston area to establish economic development as our top priority. During the session, we met early and often with our delegation and House and Senate leaders, including lawmakers who would likely be responsible for authoring the state’s budget for the next two years. GHP also leveraged Site Selection magazine’s March announcement naming Houston the “Top Metro” area for company relocations and expansions for the second year in a row. GHP used this positive recognition to educate lawmakers on how the state’s economic development incentives made these achievements possible. GHP also leveraged the Texas Economic Development Council’s conference in Austin from February 27 - March 1.

With support from the Research Department, GHP published “An Economic Development Briefing Book: How a $60,000 Job Drives More Employment and Revenue for the State of Texas,” our version of economic development 101. We used it to brief every member of the legislature. GHP also worked closely with the METRO 8 and other partners to keep the funds top of mind during a very busy session.

At the end of the budget negotiations, ETF and TEF received $57.2 million and $120 million, respectively, over the 2014-15 biennium, which is a win for GHP. On June 14, the Governor approved this funding by signing the final budget bill, SB 1. During the interim period, GHP plans to work with Senate Economic Development Committee Chairman, Sen. Bob Deuell (R-Greenville), who announced his plan to study the state’s economic development incentives during the interim. Given the concern among conservative Republicans that economic development is not a “government activity,” we expect continued scrutiny of these and similar funds.

[1] METRO 8 is a coalition of the State’s largest Chambers: Houston, Dallas, Fort Worth, Arlington, Austin, San Antonio, El Paso, and Corpus Christi
Chapter 313

HB 3390
Rep. Harvey Hilderbran (R-Kerrville)

Key Conferees:
Rep. John Davis (R-Houston)
Rep. Jim Murphy (R-Houston)
Rep. Craig Eiland (D-Galveston)

Chapter 313 of the Texas Economic Development Act is designed to attract large capital investment to the state, yet many lawmakers misunderstood the program as a job creation tool with a low return. Unlike other programs, Chapter 313 projects allow school districts to offer temporary limitations on the taxable value of new investment property in the state. The Partnership worked closely with the METRO 8, Texas Taxpayers and Research Association (TTARA), and the Texas Economic Development Council to educate the legislature and extend the program for several years. Four different bills were filed to extend and reform Chapter 313. Ultimately, House Ways and Means Chairman Harvey Hilderbran (R-Kerrville) was able to pass HB 3390 through both chambers. The conference committee report for HB 3390 extended Chapter 313 for 8 years and made efficiency reforms to improve the program’s performance. GHP actively supported full passage of HB 3390 and the conference committee report. The bill was sent to the Governor’s desk on May 27 and was signed on June 14.

R&D Tax Credit

HB 800
Rep. Jim Murphy (R-Houston)

The R&D tax credit allows companies pursuing innovative opportunities to receive a sales tax or franchise tax exemption.

The Legislative Budget Board (LBB) estimated HB 800 would provide an $850 million benefit to Texas businesses over the next five years.

Texans for Innovation projects that these tax incentives will generate $13 billion in additional economic activity and 97,000 new jobs.

Consistent with GHP’s goals to grow business in Texas, GHP supported restoration of the research and development tax credits. The House Research Organization’s report on the R&D tax credit revealed that ending the tax credit in 2006 cost the state more than $3 billion annually and more than 20,000 jobs. As session began, Texas was one of four states that did not offer a research and development incentive of some type, putting the state at a competitive disadvantage. The House and Senate passed the conference committee report to HB 800 the week before session ended and the bill was signed by Governor Perry on June 14. HB 800 was part of the Governor’s tax relief package. We expect several lawmakers will monitor its impact during the interim.

GHP has consistently supported smart tax policies that grow business and help create jobs. This session, House Ways and Means Chairman Harvey Hilderbran (R-Kerrville) introduced HB 500, a bill that allows businesses with up to $1 million in annual revenue to receive a franchise tax exemption. The Partnership played an integral role in supporting HB 500 through the House and Senate, helping to overcome efforts to kill the bill in the waning hours of session. The bill passed the House and Senate just hours before session ended, with the House passing the bill’s conference committee report at midnight on May 27. The Governor signed this legislation on June 14. We expect the interim charges to monitor how the exemption performs.
Public Education Funding

SB 1
Sen. Tommy Williams (R-The Woodlands)

Key Budget Conferees:
Sen. Dan Patrick (R-Houston)
Rep. John Otto (R-Dayton)

HB 1025
Rep. Jim Pitts (R-Waxahacie)

Key Conferees:
Sen. Tommy Williams (R-The Woodlands)
Sen. John Whitmire (D-Houston)
Rep. John Otto (R-Dayton)

We all remember last session: public education was cut by $5.4 billion, and a lawsuit ensued. As the 83rd Legislative Session began, it was unclear whether lawmakers would take steps to “refund” public education or if they would wait for a ruling from Judge John Dietz.

Importantly, GHP and other advocates for public education funding started working early to replenish funding and, in the end, the efforts proved successful: $3.4 billion for public education was included in SB 1, and an additional $200 million was added to HB 1025.

According to the Legislative Budget Board’s district runs for 2014-2015 dated May 17, 2013, it is estimated that HISD and Spring Branch ISD would receive an additional $23 million and $4 million, respectively.

As it relates to Pre-K funding, SB 1 included an additional $30 million in supplemental funding.

SB 1 also included $57 million in the National Research University Fund (NRUF) for the 2014-2015 biennium, of which UH is slated to receive $7.3 million, in line with GHP’s support of Tier One funding for the University of Houston. As well, SB 1 allocated $33 million in formula funding for community colleges, with 10 percent based on Student Success points, a GHP priority.

Pre-K and Early Childhood Education

SB 1
Sen. Tommy Williams (R-The Woodlands)

HB 376
Rep. Mark Strama (D-Austin)

Texas has the largest Pre-K program in the country.

The final budget bill, SB 1, included an additional $30 million for Pre-K.

GHP’s legislative agenda included restoring funding for Pre-K programs and support for the development of high quality common standards for early childhood education systems, so that children are effectively prepared for kindergarten.

GHP supported HB 376, the Child Care Subsidy Reform bill. HB 376 will shift a small percentage of the federal subsidy funds from direct child care services to quality child care initiatives, such as additional teacher training, and is revenue neutral. In preparation for the bill’s consideration, GHP reached out to members of the Houston delegation to explain the benefits of HB 376. GHP worked closely with the Collaborative for Children. The bill was signed by the Governor on June 14.
GHP also supported many “non-funding” public education issues, including support for legislation that would provide public school districts and public charter schools with greater flexibility to address their financial challenges. The agenda also focused on efforts to amend the accountability system to ensure a clear, fair, transparent and understandable system, while maintaining college readiness, academic rigor and relevance.

As the legislative session progressed, GHP led on key issues; including graduation requirements to form a single diploma with concentration areas. This change offers higher standards and is a gateway to college and postsecondary education in Texas. This change helps students pursue a traditional path into colleges and universities or move directly into the workforce to help fill the gaps in high-demand skills currently needed in the region. GHP supported expansion of online education, competency-based advancement, the implementation of an “A-F” accountability system, and support for the creation of the “home-rule” district. GHP also supported the creation of an independent charter review authority, improvement of the “parent trigger” and “achievement-school districts,” as well as state-wide implementation of students’ ability to transfer to any district of their choice. During the interim, GHP plans to work with key partners, including Texans for Education Reform, to advance other reform measures that did not reach the Governor’s desk this session.

Five of eight bills were sent to the Governor’s desk, creating an opportunity for GHP to address the remaining issues during the interim. All five bills were signed.

HB 5, the primary education reform bill, improves graduation requirements by changing testing and improving accountability. It creates one foundation diploma, with endorsements in five areas: science, technology, business and industry, the arts and humanities, and multidisciplinary. To enhance accountability, school districts will receive an A-F rating system, while individual campuses will keep the existing exemplary, recognized, acceptable, and unacceptable ratings.

GHP strongly supported sections of HB 5 that were consistent with the Resolution in Support of Amendments to K-12 Graduation Requirements, which passed the Board of Directors on March 6, 2013. HB 5 was signed by the Governor on Monday, June 10.
K-12 Public Education

Access to Choice

SB 2
Sen. Dan Patrick (R-Houston)

Key Conferees:
Sen. Dan Patrick (R-Houston)
Sen. Larry Taylor (R-Friendswood)
Rep. Patricia Harless (R-Spring)
Rep. John Otto (R-Dayton)

SB 2, the charter school bill, will grant charter schools the first option to lease or buy any facility that a school district lists for lease or purchase. It also directs the Commissioner of the Texas Education Agency to work in coordination with an appointed SBOE member on new charter applicants. The bill also includes language to improve efforts that allow traditional independent school districts to convert into home-rule districts. **SB 2 was signed by the Governor on June 14.**

According to the Texas Charter Schools Association, there were 482 public charter campuses in Texas in 2011 serving 133,697 students. In Houston, there were 111 public charter schools educating more than 36,000 students. In 2010, there were more than 56,000 students on waiting lists for public charter school seats in the state.

K-12 Public Education

Online Education

HB 2694
Rep. Mike Villarreal (D-San Antonio)

Key Conferees:
Sen. Glenn Hegar (R-Katy)
Sen. Dan Patrick (R-Houston)
Rep. Harold Dutton (D-Houston)
Rep. Dan Huberty (R-Houston)

HB 1926
Rep. Ken King (R-Canadian)

SB 1365
Sen. Bob Duncan (R-Lubbock)

GHP supported three online education and competency-based advancement bills that were approved by the Governor on June 14: **HB 1926**, which expands the availability of online courses aligned with the state’s curriculum standards, and implements funding mechanisms to encourage school districts to participate; and **SB 1365** and **HB 2694**, the competency-based advancement bills, which allow students to receive credit for courses in which they are able to demonstrate college readiness.
Higher Education

SB 1
Sen. Tommy Williams (R-The Woodlands)

Key Budget Conferees:
Sen. Dan Patrick (R-Houston)
Rep. John Otto (R-Dayton)

A Tier One ranking confirms a university’s excellence. SB 1 includes an additional $7.3 million in Tier One funding for the University of Houston.

During the interim, GHP will work with UH and TSU to develop a strategy for equalizing pharmacy funding among Texas universities.

Community colleges play a vital role in the Houston region by creating an environment for students to achieve the necessary performance that leads to long-term economic growth and prosperity for the region. The Student Success Points funding system recognizes student achievement along a continuum from successful completion of college readiness courses to intermediate success measures to successful outcome metrics.

This session, GHP maintained its support for continued funding for the University of Houston to maintain Tier One status. GHP’s agenda also included advocating for a Student Success Points funding model that recognizes student progression in community colleges, equivalent to ten percent of funding.

GHP worked closely with the University of Houston and Texas Southern University to address the disparity in funding that impacts colleges of pharmacy. Rep. James White (R-Woodville) initially filed a bill, which increased funding for pharmacy programs. His bill was incorporated as a “wishlist” item in the budget; however, the conference committee did not approve this item in the final version of the budget. GHP, in close coordination with UH and TSU, worked with Lt. Gov. Dewhurst, Sen. Williams (R-Woodlands), Rep. Otto (R-Dayton), Rep. Pitts (R-Waxahachie), Sen. Ellis (D-Houston), Rep. Coleman (D-Houston), the staff of every member in House Appropriations and Senate Finance, and the staff of members in the Houston delegation to ask for their support on this issue.

House Appropriations Subcommittee on Education Chairman John Otto (R-Dayton) indicated that he was not willing to include pharmacy funding in the final bill. Therefore, despite support from most members in the conference committee and GHP’s advocacy efforts, equal pharmacy funding was not included in the final budget bill.
The beginning of the 83rd Legislative Session was promising for transportation advocates. With a surplus of funds in the Rainy Day Fund and TxDOT quickly approaching the cap on its bonding capacity, there was a clear incentive to establish new, sustainable funding mechanisms for road infrastructure.

Going into session, GHP established a comprehensive transportation agenda that included the elimination or capping of diversions from the State Highway Fund, increasing vehicle registration fees, the creation of other sustainable funding mechanism such as increasing the gas tax, the redistribution of motor vehicle sales tax to the state highway fund, and the capitalization of the rail relocation and improvement fund. In short, the Partnership supports a “multi-modal” transportation network that supports our growing population, attracts new businesses, and competes in an increasingly global market.

Legislators filed 36 bills to address the transportation funding crisis and GHP provided testimony in support of 15 different transportation bills throughout session. However, only a few bills truly got traction. Legislation introduced by Rep. Linda Harper-Brown (R-Irving) would have directed motor vehicle sales tax revenues into the State Highway Fund, allowing that money to be used for highway projects. Another bill by Rep. Drew Darby (R-San Angelo) would have increased vehicle registration fees by $30 annually, providing a sustained source of income that was projected to reach $730 million a year by FY 2018. The bill that would have increased registration fees made it to the House Floor during the regular session but stalled without broad support in the House. Opposition to the bill came from both political camps. The first group, largely Republicans, included legislators ideologically opposed to raising taxes or fees. The second group, largely Democrats, included representatives who believed increasing registration fees would adversely impact their economically-disadvantaged constituents.

During the regular session, relief for transportation came in the form of two budget bills. The first included $450 million in general revenue funding to maintain and improve state roadways in areas impacted by energy exploration and development, including the Eagle Ford Shale. The second bill, the main budget bill, contains language that would eliminate $400 million per biennium in diversions from the State Highway Fund.

On Monday, June 10, after hearing from GHP and other stakeholders throughout the state, Governor Perry added transportation to the agenda for the special session. The deliberations continued through August over the course of three special sessions.

The third special session ended with a victory for transportation. On Monday, August 5, the
two chambers worked late to pass legislation that provides much-needed transportation infrastructure funding. Sen. Robert Nichols (R-Jacksonville) and Rep. Joe Pickett (D-El Paso) worked with the leadership of both parties to craft a package that virtually every legislator could support. Their bill, HB 1, adds at least $1.2 billion dollars per year to the State Highway Fund. These funds can only be used to pay for construction, maintenance, and acquisition of right-of-way for non-tolled roadways.

Here is how the final legislative package will help fund transportation:

At the end of each fiscal year, the Comptroller calculates the amount by which both oil and natural gas tax collections exceed 1987 collection levels ($532 million and $600 million, respectively) and transfers an amount of general revenue equal to 75 percent of this excess to the Rainy Day Fund.

The combined legislation, HB 1 and SJR 1, direct the comptroller to allocate half of the 75 percent directly to the State Highway Fund, while maintaining a “sufficient balance” in the Rainy Day Fund. The “sufficient balance” would be determined by a select committee of five House members and five Senate members appointed by the Speaker of the House and the Lieutenant Governor no later than September 1 of each even-numbered year. The committee’s recommended Rainy Day Fund balance would then need to be ratified by a majority of each legislative chamber within 45 days of the beginning of a legislative session.

The bills also require TxDOT to identify $100 million in savings from its administrative budget by August 31, 2015 and use the savings to pay off bond debt. A crucial amendment for the Gulf Coast region was included in HB 1 and allows Texas ports to compete for funding for infrastructure and security projects out of the Texas Mobility Fund. This new pot of funding may enable the ports to improve infrastructure in a more rapid manner and be prepared for future growth. Finally, the bills require the creation of a Select Committee on Transportation Funding, Expenditures and Finance. The Speaker and Lieutenant Governor will create two committees, each with nine members, which will study the future reliability of transportation funding and possible alternative funding mechanisms. Recommendations from this committee will be provided to the Legislature by November 1, 2014.

It is important to note that all of these funding measures are contingent upon approval of a constitutional referendum that will take place November 2014. Since TxDOT is funded for the next biennium, the legislature felt that it was acceptable to push the transportation referendum to 2014 and hope voters will approve the State Water Plan this year.

During the interim, GHP will continue to work with a stakeholder groups across the state to address the state’s transportation needs. GHP’s strategic partners include: the METRO 8, Transportation Advocates of Texas, Association of General Contractors, Alliance for I-69 Texas, and Gulf Coast Regional Mobility Partners.
TERP

For many years, GHP has supported full funding for the Texas Emissions Reduction Plan (TERP). TERP, an incentive grant program aimed at mobile source emission reductions, has proven to be a successful strategy for lowering nitrogen oxide (NOx) emissions, a precursor to ozone formation. Prior to the session, a projected increase in TERP revenue made the account very attractive for budget planners seeking to bolster lagging appropriations for other funds. GHP anticipated a defensive play and worked to rally budget conferees to ensure the Texas Commission on Environmental Quality’s appropriations request was granted. Ultimately, the conferees agreed upon $77.5 million for FY 2014-15, a negotiated amount lower than the Senate’s recommendation, but higher than the House’s original funding proposal. On June 14, the Governor signed the final budget bill approving this funding.

It is important to note that there was also an effort to divert TERP source funds into the Rail Relocation Fund and State Highway Fund this session. GHP joined with industry groups in opposition to two bills filed to redirect TERP funds for this use. As a result of the combined efforts of GHP and industry representatives, these attempted diversions were unsuccessful and TERP source funds remain intact.

Oil and Natural Gas

GHP supports the production and exploration of oil and natural gas in Texas. Comptroller Susan Combs’ 2012 budget report highlighted the combined positive impact of high oil prices and improved drilling technology produced a gush of unexpected tax dollars from oil and gas wells across Texas. Specifically, the report illustrated that 17 percent of the Gross State Product ($1.36 trillion) was attributed to the oil and gas industry. During the previous legislative session, proposals to eliminate oil and gas incentives threatened continued energy productivity. With the favorable news of the industry’s impact on the state’s economy, it was expected that lawmakers would enthusiastically support the oil and gas industry in Texas. GHP was prepared to defend industry interests on three bills eliminating incentives or creating fees for oil and gas exploration and production. All proposed legislation aimed at thwarting energy industry progress did not make it past initial committee hearings.
Entering the 83rd Legislature, GHP anticipated broad support for funding the State Water Plan. GHP leadership and staff met with House Natural Resources Committee Chairman Allan Ritter (R-Nederland) and Senate Natural Resources Committee Chairman Troy Fraser (R-Horseshoe Bay) to convey our support for their proposals to create a long-term, sustainable funding source for the 2012 State Water Plan. Initially, GHP was working in support of eight bills filed to create a funding mechanism for the plan. As discussions proceeded, it became clearer the leading bill would be HB 4 by Ritter. The bill won approval in both chambers and was signed by the Governor. HB 4 creates a water infrastructure bank that operates as a revolving fund for financing projects included in the State Water Plan. The bill also includes Chairman Fraser’s recommendation to restructure the administration of the Texas Water Development Board (TWDB) to be led by three full-time board members, appointed by the Governor, rather than six part-time members. Lawmakers have long criticized TWDB’s administration for its lack of requiring regions to prioritize projects. It is expected that the new structure will enable TWDB’s leadership to actively engage with water planning regions in this process.

Both chambers of the legislature also approved the supplemental budget bill, HB 1025 by Rep. Pitts (R-Waxahachie), which will provide $2 billion from the state’s Rainy Day Fund for the water infrastructure bank. As a result of SJR 1 by Sen. Tommy Williams (R-The Woodlands), voters must approve a constitutional referendum for the diversion of funds to the water bank in November 2013. Consistent with GHP’s support for the State Water Plan, the Partnership will develop a resolution for consideration by the Board of Directors to support the referendum. GHP is also well-positioned to initiate a public information campaign via local media to communicate the need for a long-term funding solution for the Plan.
Health Care

Replenishing the Medicaid Shortfall

HB 10
Rep. Jim Pitts (R-Waxahachie)

GHP strongly supported HB 10 by Rep. Jim Pitts (R-Waxahachie), the first emergency supplemental bill of the session. The bill replenished the $4.5 billion Medicaid shortfall created last session. During the 2011 session the legislature only funded the state’s Medicaid program for 18 months out of a 24-month biennium. With support from a broad coalition that included public, private and non-profit interests, HB 10 moved quickly through both chambers and was signed by the Governor on March 13, 2013. Without HB 10, Medicaid providers and safety-net hospitals would not have been paid for patient services after March. Importantly, the state agency that oversees Medicaid would have exhausted all of its funding on March 31, 2013. The passage of HB 10 represents a victory for GHP and providers in the Texas Medical Center and throughout the Houston region. We expect the Medicaid program to undergo a thorough review during the interim period.

According to Comptroller Susan Combs, Medicaid consumes an ever-increasing portion of the state’s budget: the 20.2 percent of total state spending directed to Medicaid in 2011 is projected to balloon to 34.9 percent of the state’s budget by 2023.

GME and Trauma Care

SB 1
Sen. Tommy Williams (R-The Woodlands)

This session, GHP fought hard for increased Graduate Medical Education (GME) and trauma care funding, which are critical to the Texas Medical Center and institutions around the region. In SB 1 and HB 1025, GME received a 45 percent increase in funding, which amounts to $97 million for the program, a win for GHP. The Governor signed both bills on June 14. Because of the GME funding increase, Texas is expected to have an additional 100 residency slots for FY 14-15, which will help the Houston region retain newly trained physicians and expand the current physician workforce. Another priority, trauma care funding, was preserved by various stakeholders working to defeat legislation that would defund trauma care. GHP, the Texas Hospital Association and the Texas Medical Center institutions fought HB 104 by Rep. Larry Gonzales (R-Round Rock) and HB 790 by Rep. Sylvester Turner (D-Houston), bills that would dismantle the funding mechanism for trauma care. Both bills both died in committee.
Uninsured Texans and Medicaid Reform

For the past eight years, GHP has supported efforts to reduce the number of people who live in Texas without any form of health insurance. This session, the Partnership worked closely with lawmakers and other parties to set the stage for a constructive approach to Medicaid reform. GHP worked closely with Governor Perry, Sen. Tommy Williams (R-The Woodlands) and Rep. John Zerwas (R-Fulshear) to help shape a difficult debate. Several bills that drove the conversation about Medicaid died this session, for fear they would expand Medicaid. It is important to remember that Texas has the highest rate of uninsured in the country at 24 percent or 6 million Texans. In addition, the Houston region has 1.5 million uninsured residents. GHP still has the opportunity to help design and implement a long-term solution for people living in the 10-county region. We have achieved optimal positioning to do so.

In short order, GHP can establish a private sector working group to work with lawmakers and Health and Human Services Commissioner Kyle Janek to develop a long-term solution to Medicaid in Texas.

- According to the U.S. Census Bureau, 30 percent of residents in the greater Houston area lack health insurance.
- The Texas Health and Human Services Commission reported that the state’s uncompensated care charges totaled $13.6 billion in 2008. In 2010, that amount had grown to $17.6 billion.
- In the final budget bill approved by Governor Perry, the legislature added an additional 106 full-time employees or FTEs to the Office of the Inspector General to reduce Medicaid fraud and overpayment.
With eight state parks, historic sites and learning centers in the greater Houston region, GHP supported funding to enable the maintenance and operation of existing state parks, acquisition and development of new parks, and continuation of local park grants. Legislators filed a number of bills this session to allow the Texas Parks and Wildlife Department (TPWD) to receive its full share of the sporting goods sales tax funds. GHP supported nine bills filed this session to end the diversion of sporting goods sales tax funds. Unfortunately, redirecting funds or “diversions” became a political issue and none of these bills advanced in the Legislature.

However, GHP successfully advocated for local parks grants under the Texas Parks and Wildlife Department’s appropriations request. The conference on the budget concluded with TPWD receiving a boost in appropriations – to $590 million for FY 2014-15. Local parks grants were restored under TPWD’s budget and also received an increase to $16.4 million. On June 14, the Governor signed the final budget bill, SB 1, and approved the funding. The Department relies on a large portion of appropriations from the sporting goods sales tax to subsidize park operations.

Utility Easements

Following the 2011 defeat of a proposed bill that would provide limited liability for utility companies granting use of easements for recreational purposes, GHP coordinated early on with Rep. Murphy (R-Houston) in anticipation of HB 200. Negotiations during the interim between stakeholder groups including CenterPoint Energy, the City of Houston, and the Texas Trial Lawyers Association, provided a strong base in support of the bill. GHP joined these parties as invited testimony in support of the bill. HB 200 was met with sweeping support in both chambers and from various regions statewide. Senators Rodney Ellis (D-Houston) and Dan Patrick (R-Houston) sponsored the bill in the Senate. HB 200 was signed by the Governor on Thursday, May 16.
Driver’s Permit

HB 3206
Rep. Roberto Alonzo (D-Dallas)

This session, GHP offered support of the safe driver permit, which would decrease the number of people who drive without insurance. The bill did not have a smooth ride, given some legislators’ public opposition. GHP’s support of the bill helped it pass out of the State Affairs Committee. However, the bill never made it to the House floor for a vote. Three attempts to attach the measure to other bills were unsuccessful. GHP will continue to work in gaining support for the proposal during the interim period.

Port of Houston

HB 1642
Rep. Dennis Bonnen (R-Angleton)

The Port of Houston Authority received significant attention this legislative session. Importantly, it underwent a sunset review during the interim session, and accepted and implemented a series of management recommendations and reforms made by the sunset committee staff even before the session started. Nonetheless, debate regarding the governance structure of the Port of Houston took the entire session to resolve.

Lawmakers debated whether to shift control of the Port of Houston away from the local municipalities and counties, but, when the bill ultimately passed both chambers of the legislature, the Port remained under control of the Houston region: the City of Houston and Harris County will each appoint two commissioners; the City of Pasadena will appoint one commissioner; the additional cities surrounding the port will appoint one commissioner; and the chair of the port commission will continue to be appointed by both the City of Houston and Harris County. County will be able to appoint someone of their choosing to the vacant seat. The opposite is also true: if the county’s slot is open for 45 days, the City can then make the appointment. If a vacancy remains open 60 days or more, the Governor will then have the ability to appoint someone to the vacant spot.

The other change to the governance of the port dealt with the term limits of the commissioners. All current commissioners, with the exception of Commissioners John Kennedy and Dean Corgey who were just recently appointed to the commission, will have to step down in October. Current Chairman Janiece Longoria will be allowed to serve a 6-year term, since she previously served ten years as a commissioner. Moving forward, the commissioners, including the chair, will not be allowed to serve longer than 12 years.

During the last days of the session an amendment was accepted that would put the Port of Houston Authority back under review if the bill was not signed into law. Fortunately, the bill was approved without the Governor’s signature and will go into effect on September 1, 2013.
Here is a list of other bills that progressed this session and are related to GHP’s legislative agenda.

**SB 8 by Sen. Jane Nelson (R-Flower Mound) and Rep. Lois Kolkhorst (R-Brenham)**
A bill that combats Medicaid fraud. The bill requires the executive commissioner of the Health and Human Services Commission (HHSC) to establish a data analysis unit to oversee data analysis processes designed to improve contract management, detect data trends, and identify anomalies related to service utilization, providers, payment methodologies, and compliance. The bill will prohibit Medicaid and Children’s Health Plan providers from engaging in marketing activities except for the activities allowed under the marketing guidelines. The bill institutes reporting requirement regulations for medical transportation services providers and managed transportation organizations. In addition, the commission is to periodically review prior authorization and utilization review processes and make appropriate changes. The authority of the Office of Inspector General is clarified to detect, investigate and prevent fraud, waste and abuse across all of the health and human services programs. HHSC is directed to reduce inappropriate use of ambulances for non-emergency transports and must increase regulation of emergency medical service providers. The bill will permanently exclude providers who have been excluded or debarred from another state or federal health care program for fraud or injury; and require health benefit plans participating in the medical assistance program to exchange prior authorization requests electronically. **Signed June 14.**

**SB 149 by Sen. Jane Nelson (R-Flower Mound) and Rep. Jim Keffer (R-Eastland)**
A bill that makes several reforms to the Cancer Prevention and Research Institute of Texas (CPRIT). Primarily it requires CPRIT to employ a chief executive officer to administer the program. The bill establishes a compliance program to ensure all rules and laws are followed and require annual reviews of all grants awarded, institutes conflict of interest prohibitions and increases requirements on disclosure of investors. The bill requires grantees to repay their funding plus interest to CPRIT if they are out of compliance with the terms of their contract and fail to complete a remediation plan. **Signed June 14.**

**HB 2103 by Rep. Mike Villarreal (D-San Antonio) and Sen. Kel Seliger (R-Amarillo)**
A bill that requires the Texas Higher Education Coordinating Board to establish up to three centers for education research established as a part of a college or university or consortium of those institutions to conduct studies and evaluations related to the impact of local, regional, state and federal policies and programs, including an education program, intervention, or service at any level; the performance or educator preparation programs; public school finance; and best practices of school districts with regard to classroom instruction. The bill also requires the Commissioner of Education to determine the satisfactory level of performance required for each certification examination, but specifies that the commissioner must require a satisfactory level of examination performance in each core subject covered by the examination. And, it requires the State Board of Educator Certification to review and update standards for educator preparation programs. **Signed June 14.**

**SB 58 by Sen. Jane Nelson (R-Flower Mound) and Rep. John Zerwas (R-Fulshear)**
A bill that requires the Health and Human Services Commission to integrate into the Medicaid managed care program behavioral health services, including targeted case management and psychiatric rehabilitation services and physical health services for Medicaid-eligible persons by September 1, 2014. It requires managed care organizations that contract with the commission to develop a network of public and private providers of behavioral health services and ensure access to a comprehensive array of services for adults with serious mental illness and children with serious emotional disturbance. It requires the Department of State Health Services to make up to five grants to entities to establish or expand community collaboratives to provider services to persons experiencing homelessness and mental illness. It requires the department, in collaboration with the commission, to establish a public reporting system of performance and outcome measures related to community mental health and substance abuse services. **Signed June 14.**
SB 1390 by Sen. Wendy Davis (D-Fort Worth) and Rep. John Davis (R-Houston)
A bill that requires the state auditor to audit the Texas Enterprise Fund (TEF). Signed June 14.

SB 1727 by Sen. Bob Deuell (R-Greenville) and Rep. Jason Isaac (R-Dripping Springs)
A bill that makes several changes to the Texas Emissions Reduction Plan (TERP), providing for additional emission reductions and flexibility in implementing the plan. Signed June 14.

SB 1101 by Sen. Leticia Van de Putte (D-San Antonio) and Rep. Lyle Larson (R-San Antonio)
A bill that extends the Cybersecurity, Education, and Economic Development Council until September 1, 2015 (instead of 2013). Signed May 10, effective immediately.

SB 1102 by Sen. Leticia Van de Putte (D-San Antonio) and Rep. Lyle Larson (R-San Antonio)
A bill that requires the executive director of the Department of Information Resources to designate an employee of the department as the state cybersecurity coordinator to oversee cybersecurity matters for the state. Signed May 10, effective immediately.

HB 842 by Rep. Cecil Bell (R-Magnolia) and Sen. Bob Deuell (R-Greenville)
A bill that allows career and technical programs to allow students to earn the credit necessary to obtain an industry-recognized credential or certificate or an associate degree concurrently with the student’s high school diploma. Signed June 10, effective immediately.

HB 885 by Rep. Jim Murphy (R-Houston) and Sen. Dan Patrick (R-Houston)
A bill that allows open-enrollment charter schools to apply for bonds, including refunding and refinanced bonds guaranteed by the permanent school fund. Signed June 14.

HB 2318 by Rep. Jimmie Don Aycock (R-Killeen) and Sen. Kel Seliger (R-Amarillo)
A bill that requires the State Board for Educator Certification to require educator preparation. Signed June 14.

HB 1223 by Rep. Harvey Hilderbran (R-Kerrville) and Sen. Glenn Hegar (R-Katy)
A bill that provides a sales tax incentive to locate new data centers in Texas. Signed June 14.
Lilyanne McClean  
Senior Vice President, Public Policy & Communications  
Lilyanne has over 25 years of business, policy and communications experience. She has supported six Fortune 100 CEOs, solving a wide variety of legislative, regulatory and judicial problems. Lilyanne manages GHP’s leadership policy committees including the Government Relations Advisory Committee (GRAC), the Political Engagement Committee (PEC) and the Business Issues Committee.

Beth Whitehead Everage  
Manager, Public Policy  
Beth joined the Partnership’s staff in 2006. For seven years, Beth has managed GHP’s Energy & Environment and Quality of Life policy initiatives. Prior to GHP, Beth was an Environmental Specialist at Baker Corporation and a Senior Air Quality Planner at the Houston-Galveston Area Council. Beth’s professional experience includes environmental impact assessment and regulatory/policy analysis. She currently staffs GHP’s Environment and Energy Policy Committee, Clean Air Subcommittee, Climate Change Subcommittee, Oil & Gas Subcommittee, Renewable and Energy Efficiency Subcommittee, Water Issues Subcommittee, and Quality of Life Committee.

Ashlea Graves  
Manager, Public Policy  
Ashlea Graves has worked at GHP for 2.5 years. Prior to GHP, Ashlea worked as a regional political director for Bill White for Texas and as a policy advisor to Congressman Al Green and Senator Rodney Ellis. She currently staffs GHP’s Health Care Advisory Committee, Health Care Business Development Subcommittee, Health Care Emerging Issues Subcommittee and the Small Business Task Force. She also manages GHP’s public affairs activities.

Lisa Guáqueta  
Manager, Public Policy  
Lisa Guáqueta has been with GHP for 2.5 years, managing GHP’s education and immigration policy portfolio. Prior to joining GHP, Lisa worked for the Latin America Initiative at the James A. Baker, III Institute for Public Policy and as the international affairs advisor to the Mayor of Bogotá in Colombia. Lisa currently staffs GHP’s Education and Workforce Advisory Committee, K-12 Subcommittee, Higher Education Subcommittee, Immigration Task Force and Energy Collaborative Workforce Subcommittee.

Max Jones  
Manager, Public Policy and Government Affairs  
Max joined GHP’s public policy team in the fall of 2012. During the 83rd Legislative Session, Max was stationed full-time in Austin. Prior to joining the Partnership’s staff, Max worked as a policy advisor for State Representative Bill Callegari. He also worked as government relations staff for the Texas Workforce Commission, Travis County and the Texas Nursery and Land Association.

Eddie Miranda  
Manager, Public Policy  
Eddie Miranda joined the Partnership in the fall of 2011. Prior to joining GHP he was chief of staff to State Representative Joe Pickett, the former chairman of the House Transportation Committee. He also served as a transportation policy director for the Greater El Paso Chamber of Commerce. Eddie currently staffs GHP’s Transportation Advisory Committee, Transit Planning Subcommittee, Freight/Rail Operations Subcommittee, Ports Task Force, and Airports Task Force.

Steven Scarborough  
Analyst, Public Policy  
Steven joined the Partnership staff in the spring of 2012. Upon graduating from Weslayan College, Steven worked as an intern at the Center for Houston’s Future, handling sustainability issues. Steven currently plays an integral role in GHP’s public policy department handling legislative research, policy analysis and special projects. Steven staffs GHP’s Green Building Subcommittee, Parks and Green Space Subcommittee and Storm Water Management Committee.
Houston’s 10-County Region

Austin
Brazoria
Chambers
Fort Bend
Galveston
Harris
Liberty
Montgomery
San Jacinto
Waller