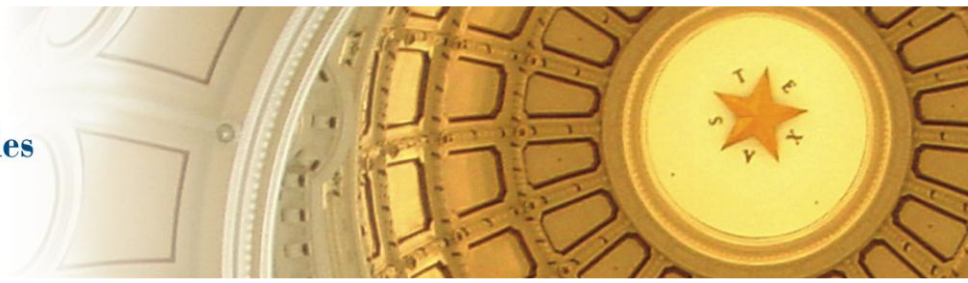




Center for Public Policy Priorities



*The Devil's in the Details  
Lessons from the 82<sup>nd</sup> &  
an Agenda for the 83<sup>rd</sup> Legislature*

*2012 RAISE Texas Summit*

*Houston TX*

*October 30, 2012*

*Don Baylor, Jr.*

*OpportunityTexas*

*[baylor@cphp.org](mailto:baylor@cphp.org)*

# Texas in 2012

## Population

- 25.7 million Total population (27% Under 18)
- Between 2000-10 the total population increased by 20.6% (2x national rate) and the child population increased by 1M (Half of U.S. net child pop. growth)



## □ Labor Force and Unemployment:

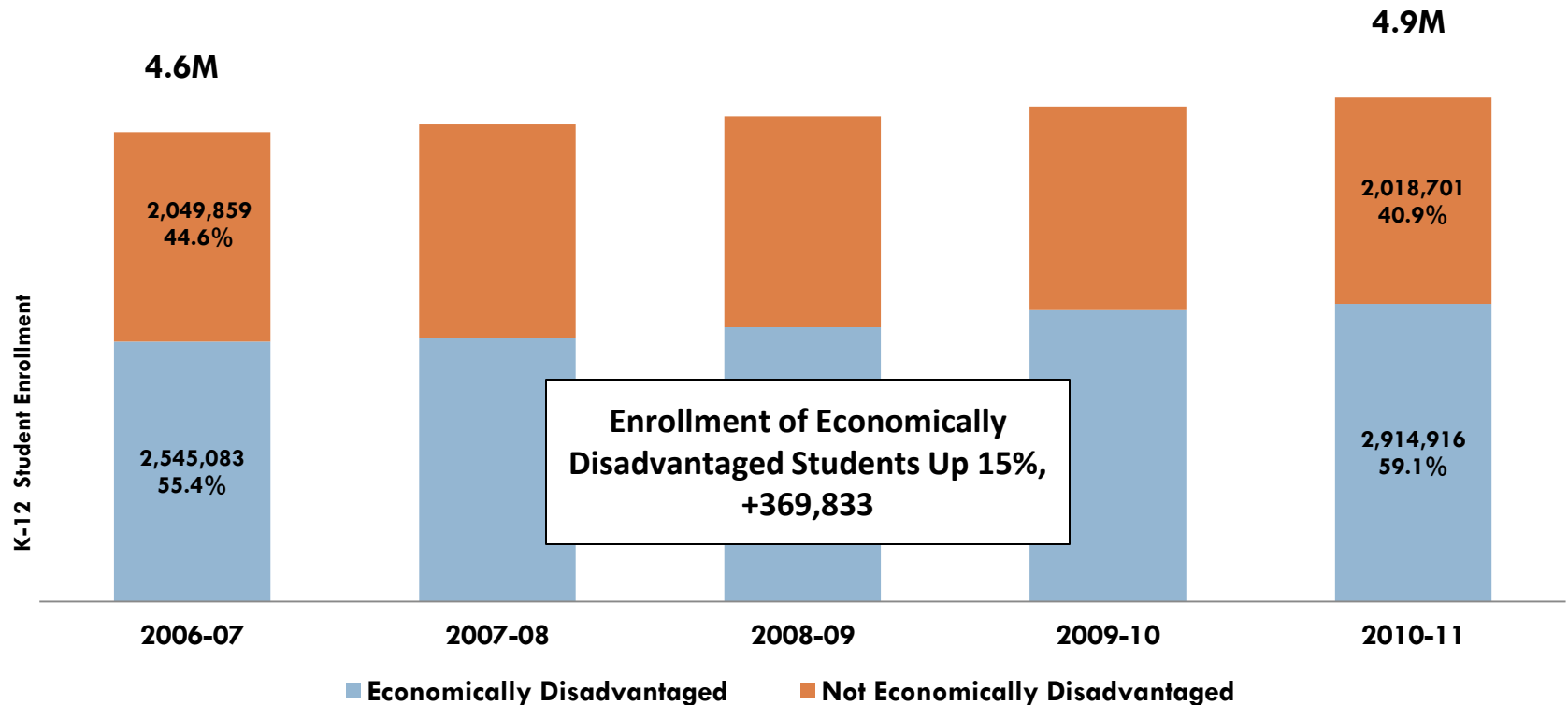
- 6.8% Unemployment (Sept. 2012)
- Texas added over 270,000 private sector jobs from Oct. 2011-Sep. 2012
- In the 2<sup>nd</sup> quarter of 2012, 58% of those receiving Unemployment Insurance were long-term unemployment (more than six months)

## • Income Inequality:

- 59% of public school students are economically disadvantaged
- 2 of 3 (68%) of tax filers are low-income (IRS)
- In 2011, 2.57 million Texas filers received \$6.5 billion in federal EITC

# Steady Rise in Share of Texas Students that are Economically Disadvantaged

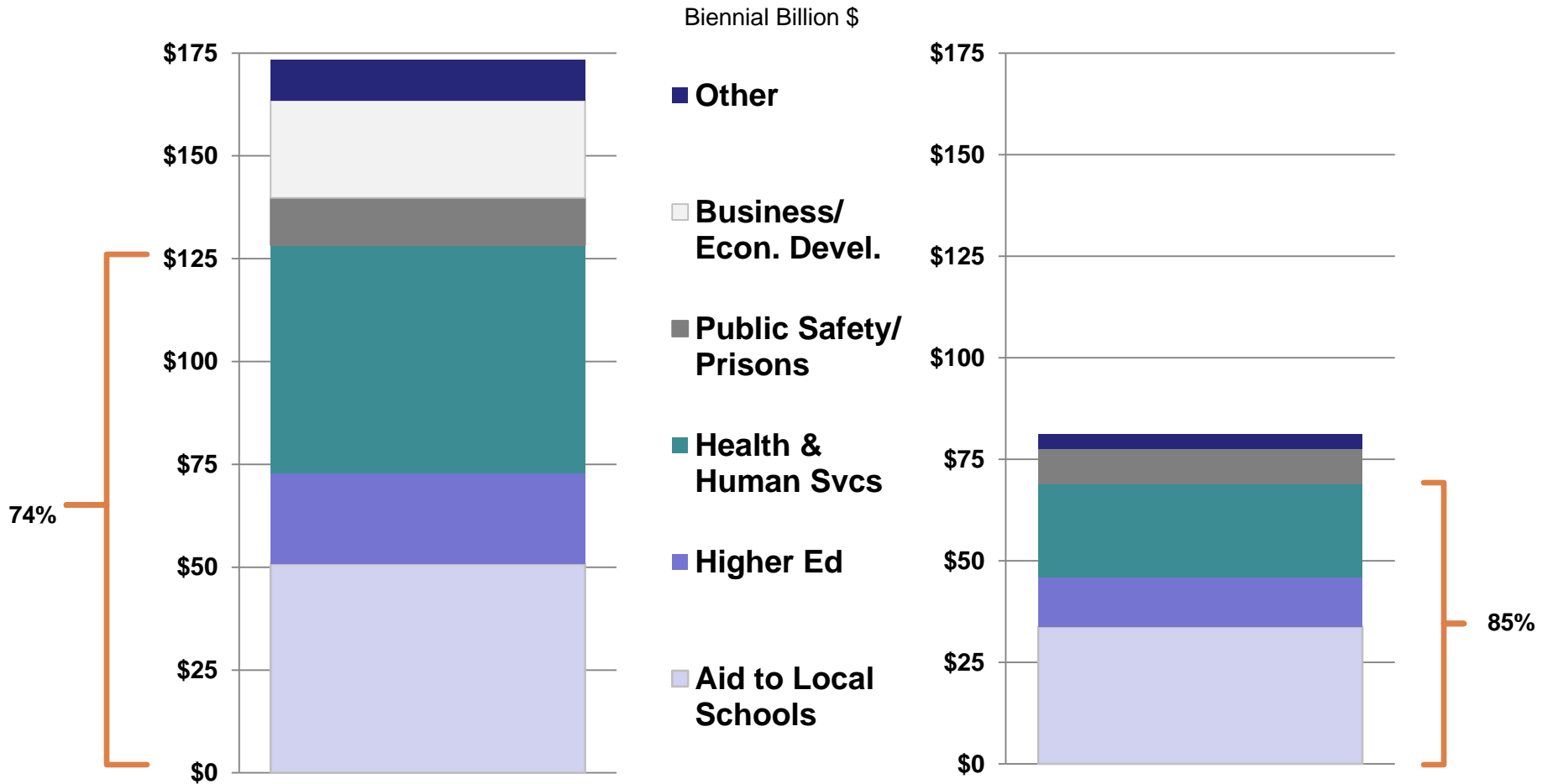
## Economically Disadvantaged Pre-K-12 Enrollment Grows (2007-2011)



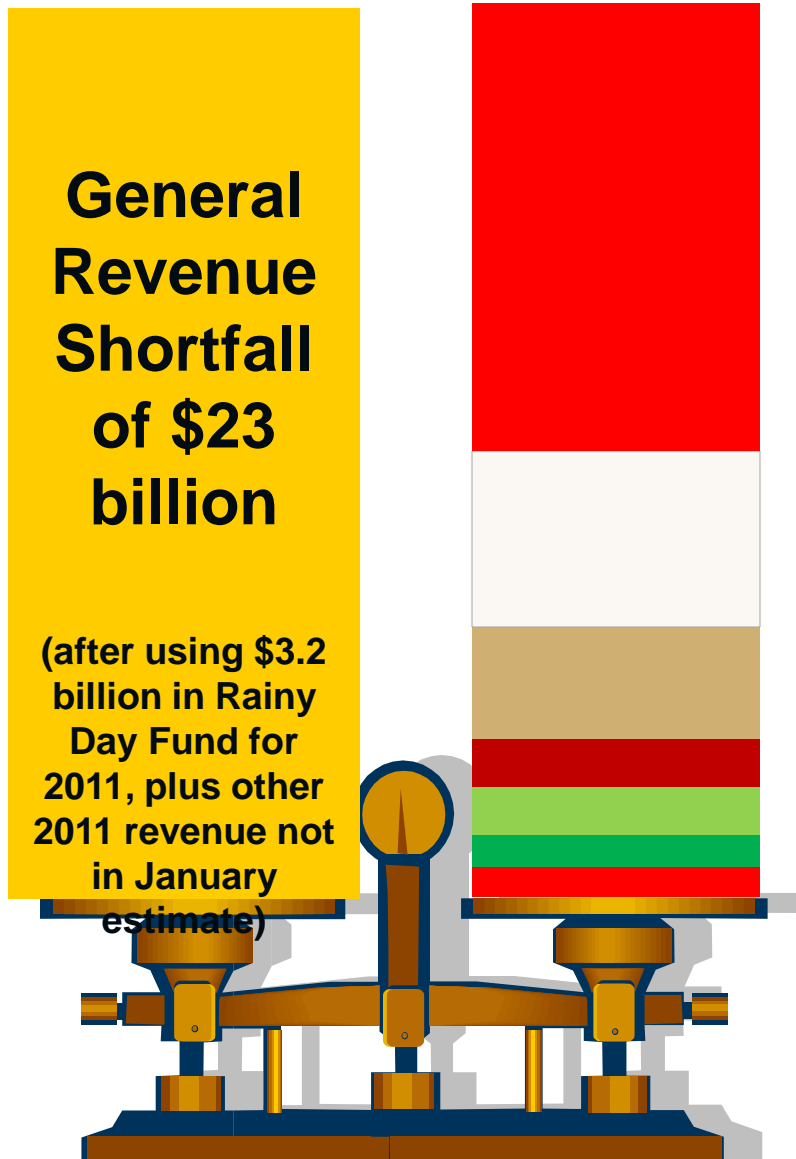
Source: CPPP Analysis, Texas Education Agency, Enrollment Trends 2010-11, October 2011

# Texas State Budget

## “All Funds” versus “General Revenue”



# “Balancing” the 2012-13 State Budget



**Cuts to 2012-13 Budget:**

**Over \$11 billion**

***more than \$5.3 b in cuts to PreK-12***

**Medicaid “I.O.U”:** \$5 billion\*

**Accounting tricks:** \$3 billion

**Growth in GR-D Balances:** \$1.2 billion

**Revised 2012-13 estimate:** \$1.2 billion

**Nontax revenue:** \$800 million (net)

**Cuts to 2011 Budget:** \$1.3 billion  
(offset by \$500 m more for schools)

*\*Note: Medicaid IOU is currently estimated at \$4 billion GR, after certification estimate contingent appropriations and other budget revisions.*

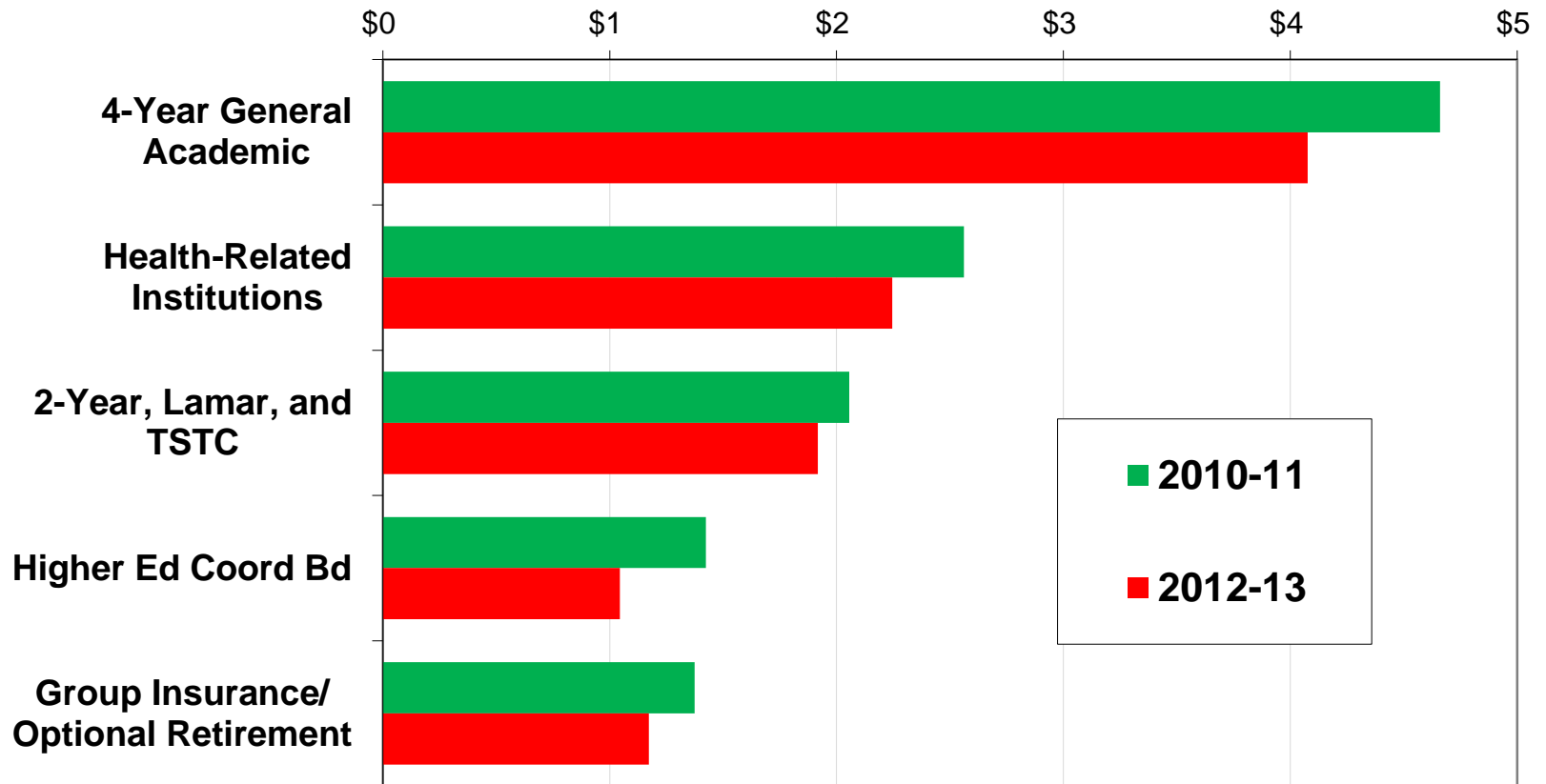
# 2011 Sessions' Budget Cuts

	Requested GR	GR in Budget* as of Dec. 2011	<b>General Revenue Shortfall</b>	
HHS	\$ 31.0 b	\$ 22.9 b	- \$8.1 b	<b>-26%</b>
Education	56.6 b	48.2 b	- 8.3 b	<b>-15%</b>
Criminal Justice	8.2 b	7.5 b	- 0.7 b	<b>-8%</b>
The rest	6.2 b	4.9 b	- 1.3 b	<b>-21%</b>
<b>TOTAL</b>	<b>\$102.0 billion</b>	<b>\$ 83.6 billion</b>	<b>- \$ 18.4 billion</b>	<b>-18%</b>

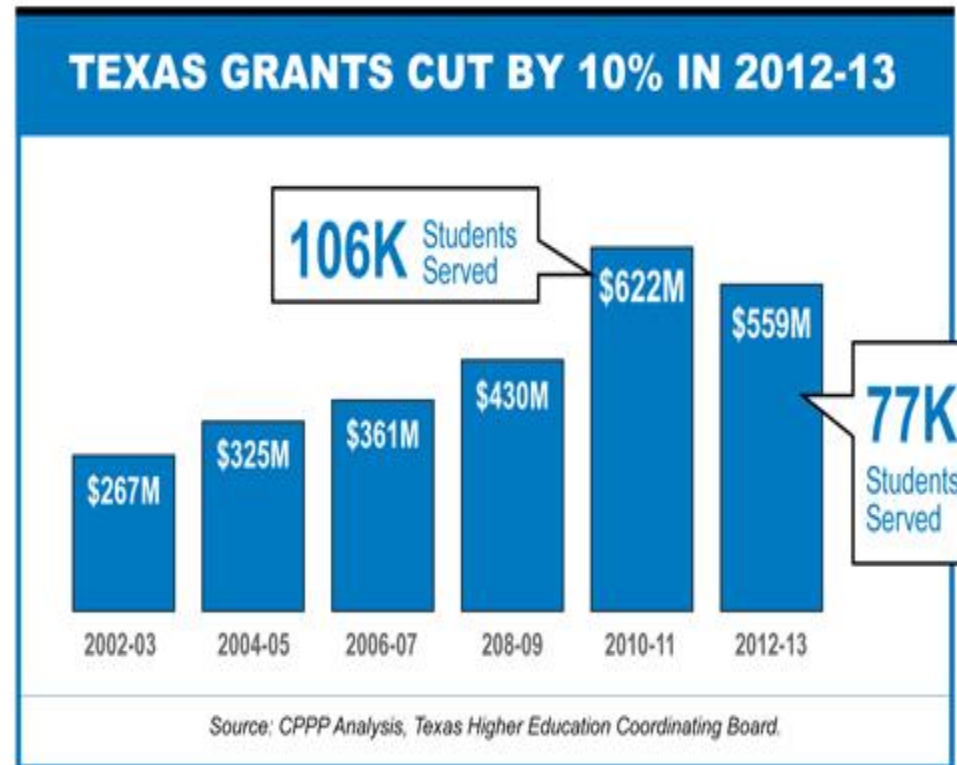
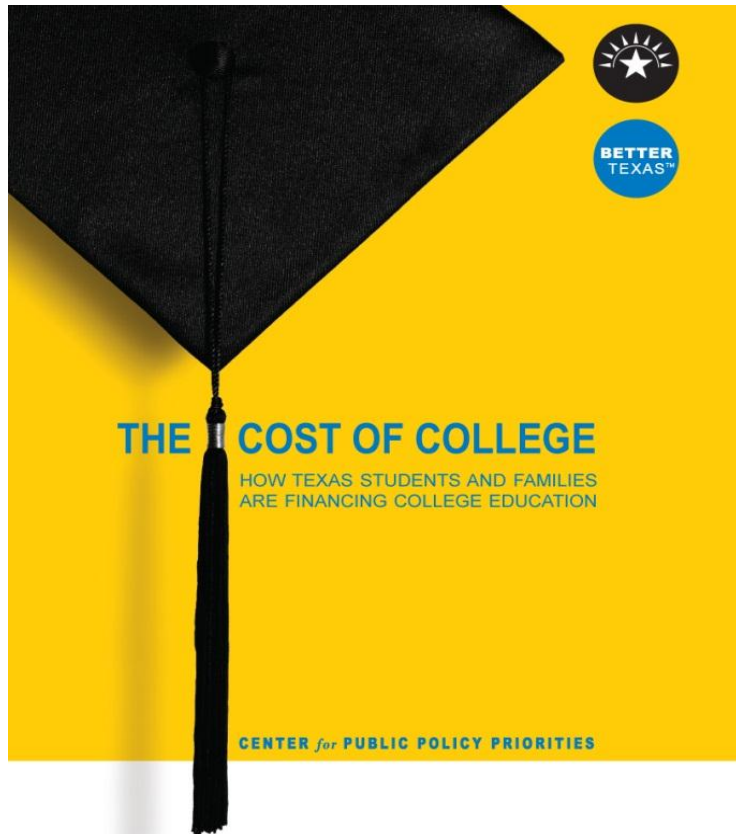
\* "Budget" includes \$2.3 billion Foundation School Program payment that gets made in fiscal 2014; excludes Medicaid IOU

# Major Cuts to Higher Education by Type of Institution

Appropriated General Revenue (in billion \$)



# Texas Rations College Opportunity

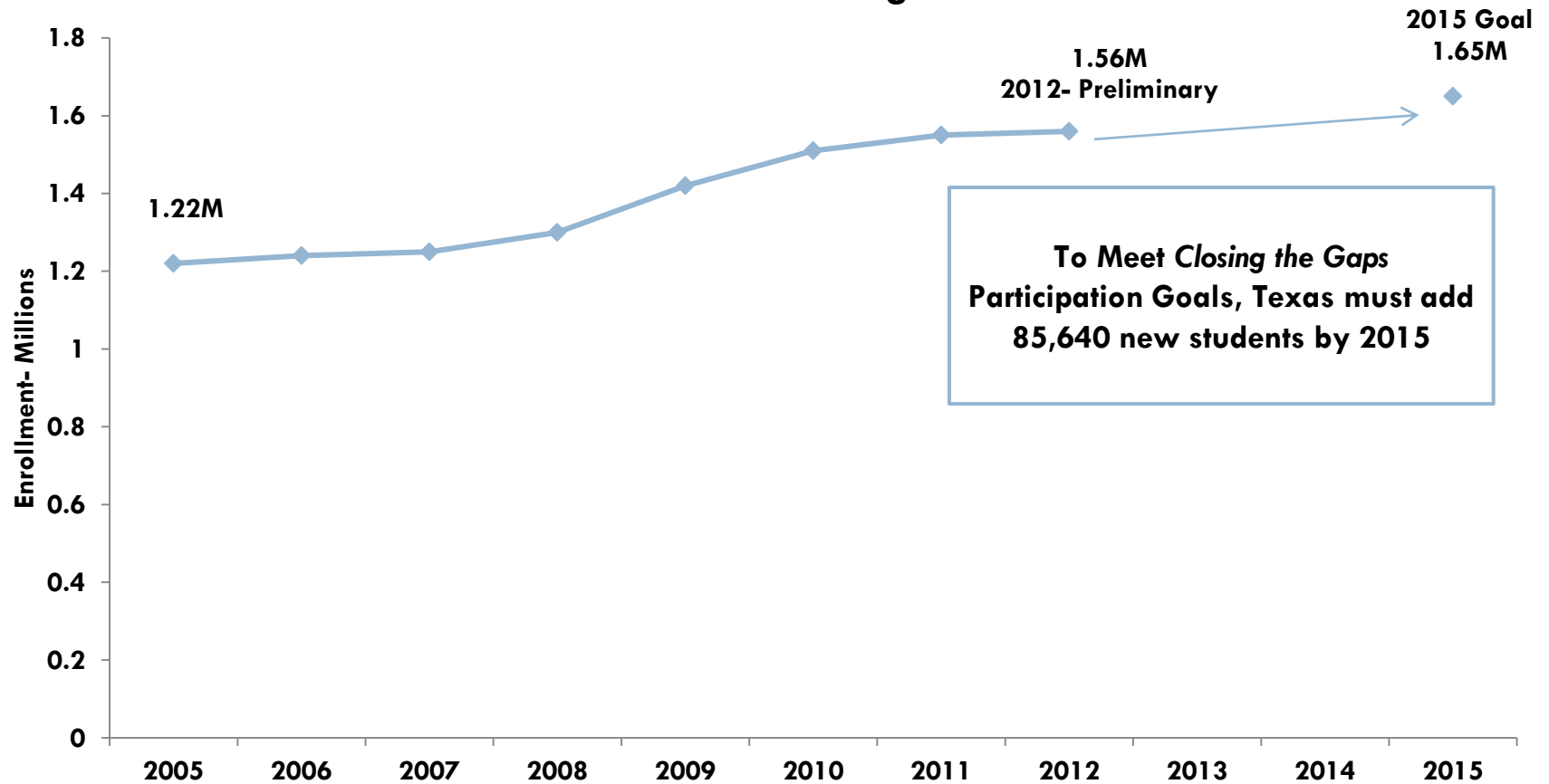


Increased focus  
on merit criteria



# College Enrollment Growth Slows in Texas

## Enrollment Growth at Texas' Colleges and Universities



Source: CPPP Analysis, Texas Higher Education Coordinating Board, Closing the Gaps by 2015 Progress Report, June 2012, and Preliminary Enrollment Numbers Fall 2012. Enrollment at public two- and four-year institutions and independent institutions.

# Federal Policy Issues On the Horizon

- ❑ Equitable **tax reform** to promote savings and build assets for low-and-moderate income households.
- ❑ Sequestration and **federal budget cuts**
- ❑ Farm Bill & **SNAP Reauthorization**
- ❑ **Consumer Financial Protection Bureau (CFPB):**
  - ❑ Abuses in private student loan servicing
  - ❑ Qualified Mortgage Standards
  - ❑ Limits on payday loan and overdraft fees
  - ❑ Debt Collection



# At a Glimpse: State Policy Goals for the 83<sup>rd</sup> Legislature

- ❑ Removing Savings Penalties (Asset Limits) for Texans on SNAP, CHIP, Medicaid, & TANF
- ❑ Expanding Access to College Savings Accounts for K-8 Students
- ❑ Obtaining Basic Protections for Consumers of High-Cost Financial Products
- ❑ Reforming and Improving Financial Aid Access
- ❑ Enhancing Postsecondary Success/Developmental/Adult Basic Ed
- ❑ Securing Adequate Revenue to Support Economic Mobility
- ❑ Restoring Medicaid funding and expanding eligibility (ACA implementation)



# Recap of Major Action from 82<sup>nd</sup> Legislature

- Payday & Auto Title Reform (Phase 1)
  - ▣ Texas Financial Education Endowment
  - ▣ Disclosures & Licensing
  - ▣ Data Collection & Reporting (Regional)
- Financial Education K-8 Math
- College Savings/Save & Match
- Slashing of Postsecondary Financial Aid (Grants)

# Implementation & Rulemaking

- Texas 529 Exemption for State Financial Aid
- TFEE Accounting Structure
- TFEE Rulemaking (2013); Grantmaking (2014)
  - ▣ 2-year grants
  - ▣ Financial coaching
- K-8 Financial Education (Scheduled for 2014-15)
- Assess & Reboot Save & Match



# Agenda: Postsecondary Education & Skills Development

- Enact a statewide effort to reduce student loan debt and dependence (THECB master plan)
- Ensure FAFSA completion is supported and incentivized
- Ensure adult learners and ESL students have more seamless pathway into postsecondary credential
- Ensure GED changes do not pose barriers for Texas students
- Ensure financial aid reaches more Texas students with adequate grants
- Improve (pre and post) student loan counseling requirements





# Agenda: Savings, Assets, & Consumer Protection

- Enact rollover and fee limits on payday and auto title loans
- Reform or remove asset limits for SNAP, CHIP
  - ▣ Savings Bond Carve-out
- Explore statewide certification for financial coaches
- Increase contributors (and contributions) to the Texas Financial Education Endowment; pursue necessary TFEЕ tweaks
- Enable qualified/certified financial coaches to assist clients with completing 529 applications
- Identify source of funding for Texas Save & Match
- Continue to monitor increase in property tax lending





# Agenda: K-12 Education

- Restore funding to at least 2011-12 levels;
- Engage debate on “accountability” reform to ensure a more logical testing regime;
- Ensure effective implementation of K-8 financial education curriculum (2014);
- Identify ways that students and families receive financial aid screening no later than 8<sup>th</sup> grade;
- Enable more opportunities for career and technical training; and
- Increase access to early college high school/dual credit programs







# Agenda: Health & Nutrition

- Pursue the “federal option” to expand Medicaid for adults up to 133% FPL;
- Protect CHIP and Medicaid from policy changes and/or budget cuts that undermine health care access;
- Increase access to SNAP;
  - Remove enrollment barriers (e.g. asset limits)
- Increase access to free school breakfast (universal) and free summer meals; and
- Continue to improve eligibility system performance and administration.





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