



Wrap-Up from the 86TH Texas Regular Legislative Session

The 86th Texas Legislative Session largely lacked the controversies that derailed previous sessions. Significant public school finance investment will ultimately be the legacy of the session, though there were other historic reforms this year as well.

Lawmakers addressed surprise medical billing after a nine-year struggle, catalyzed higher education reforms, increased budget transparency, and used the Economic Stabilization Fund to shore up the budget.

It was not all good news, however. The big school finance bill also moved us backward on school tax equity. Tougher limits on cities and counties could prevent them from raising the revenue they need to fund libraries, parks, police officers and firefighters. Also notably, lawmakers ignored the upcoming 2020 Census and did nothing meaningful to address the tragic uninsured rate in Texas.

What Didn't Happen?

Lawmakers thought better of introducing school voucher bills, which stymied previous school finance reforms. Attempts to repeal in-state tuition for Texas students brought to the United States as children never got hearings. There were also fewer divisive social issue bills like the “bathroom bill” of 2017, with some important exceptions. Immigration, a hot-button issue in 2017, hardly came up. The heart of this session came down to tax policy and the breakdown between education investments and tax cuts.

What's the Good News?

It's hard to overstate the impact that an additional \$6.2 billion infusion will have on educational outcomes for school children across Texas. CPPP, for many sessions, has been emphasizing that money matters in education and that Texas needs to increase its fair share of school funding. The new school finance law demonstrates that truth and is the result of millions of Texas voters demanding change. For 2020-2021, when including teacher and other staff salaries, \$6.2 billion of the “new money” in the school finance law adds to school resources in some way.

Meanwhile \$5.2 billion is earmarked for reducing local school property taxes.

In higher education, a new law means people are no longer at risk of having their professional licenses revoked if they can't pay their student loans. Also, adults in school who perform well on high school equivalency exams will not have to deal with numerous hours of preparation, additional costs, and stress from an additional exam evaluating the same skills. The change will provide more incentives to take equivalency exams and will reduce barriers to entry for college.

Thanks to a powerful combination of data analysis, coalition strength and legislative champions, the Texas Legislature took bold action to limit surprise medical bills. Hundreds of thousands of Texans have been harmed by these bills, which they received after unknowingly getting care from providers outside their insurance network. CPPP has been a leading research and advocacy voice on surprise medical bills for the last nine years, and we are proud that the new law protects consumers by ending surprise medical billing for state-regulated health insurance plans. Both Republicans and Democrats agreed the practice had to stop and worked together to make it happen.



CPPP also worked tirelessly with partners to secure a dramatic win for workers this session. A few cities in Texas have passed basic worker protections, such as rest breaks, earned paid sick time, fair hiring, and family policies. A small, but powerful business lobby sought to undermine local democracy by having the state prohibit these local policies statewide, but the legislation failed to reach the House floor in the last week of session due to overwhelming opposition, rallies, and testimony.

Lastly, we helped to block several ill-conceived proposals like raising the sales tax, which would have burdened lower income Texans the most. Likewise, the Senate wisely rejected a proposal to eliminate more than \$28 billion a year in local school revenue without clearly identified ways to replace it.

What's the Bad News?

The biggest disappointment of the session was the Legislature's complete inaction to address uninsured Texans, even though Texas has the highest uninsured rate and most uninsured people in the country. The Senate shamefully killed House bills that would have extended health care coverage for new mothers and kept eligible kids from being cut off their coverage. We deeply appreciate lawmakers who stepped up for health care this session by making important improvements to Medicaid Managed Care and deeply regret that none of the significant coverage reforms passed, even those that were cost-neutral.

The 2020 Census was also completely ignored in terms of legislative actions. Members of both chambers filed bills creating a Complete Count Commission and included budget riders, but ultimately no bills or funding were passed, leaving cities and counties to hold the bag on Census outreach efforts. Other states may capitalize at the expense of Texas in terms of representation and federal funding by this lack of foresight by our state leaders.

A major disappointment was a new law that will complicate local budget processes and tie the hands of county and city lawmakers in providing essential services that Texans need. The state has a long history of being extremely fiscally conservative and consistently ranking near the bottom in taxes collected and spending per resident, and it is only local support of public services that keeps Texas from being ranked lower. The new law makes it more difficult to pay for parks, libraries, police, fire, emergency services and other local responsibilities by capping property tax increases at 3.5 percent without an election.

Where Do We Go From Here?

Lawmakers kicked the can down the road on making real decisions about revenue. The new \$11 billion school finance law will not have sufficient funding by next legislative session. State leaders refused an array of good options that could have led to more revenue and improved equity. Even worse than punting was asking voters to decide this fall whether to amend the Texas Constitution to prohibit a state income tax permanently, which is unnecessary and short-sighted. Meanwhile, yacht owners got a tax cut, which will cost the state money. If we are serious about funding for schools and health care, then 2021 needs to focus on revenue options. CPPP will be ready for that discussion with common-sense solutions.

By the Numbers

This session our seasoned policy experts and rising stars engaged in research, analysis and advocacy to equip lawmakers with the facts they needed on policies that affect every single Texan. From school finance to surprise medical billing and more, our staff was pounding the marble inside the Capitol and partnering with other advocates, experts, influencers and Texans across the state to pass good bills and block bad ones.

OUR POLICY EXPERTS TESTIFIED **99** TIMES ON **87** BILLS

OUR ANALYSIS AND EXPERTS APPEARED IN **850+** MEDIA STORIES

TO KEEP LAWMAKERS, ADVOCATES AND OTHER STAKEHOLDERS INFORMED OF LEGISLATIVE DEVELOPMENTS, CPPP RELEASED:

17 ACTION ALERTS TO ENGAGE TEXANS DURING THE SESSION

19 STATEMENTS
38 BLOG POSTS

OUR OUTREACH LED TO **1,390** CALLS MADE + **801** EMAILS SENT TO LAWMAKERS ON IMPORTANT BILLS



Health Care, Food & Other Basic Needs

For the health and well-being of Texas families, all Texans need access to affordable, high-quality health care through insurance or direct medical service providers.

This was a landmark session for health care costs and transparency with the passage of historic bipartisan legislation that significantly limits surprise medical billing and the adoption of other important protections for *Texans who have health insurance*. Unfortunately, state leaders failed to address the fact that Texas has the nation's worst uninsured rate for kids, the nation's worst uninsured rate for women of childbearing age — with often devastating consequences for moms and babies — and the nation's worst uninsured rate for adults.

✓ Good Bills Passed

- Strong consumer protections passed that will put an end to surprise medical bills for patients with health insurance overseen by Texas state agencies. Another bill will prevent surprise medical bills from harming credit histories, regardless of what type of health insurance people have. Texas now has among the strongest consumer protections for surprise medical bills in the nation.
- Good bills passed to improve patient protections and health care cost transparency, including one that improves transparency of prescription drug price hikes and two bills that crack down on some of the unscrupulous marketing and billing practices of freestanding ER facilities.
- A number of strong reforms to Medicaid Managed Care became law, but the legislature stopped short of adopting some of the most important protections for patients and accountability measures for insurers.
- Skimpy short-term health plans will now have to clearly spell out coverage limitations to consumers before people purchase a plan, including alerting consumers if pre-existing conditions are not covered and if plans cannot be renewed.
- The state budget includes an additional \$62 million (All Funds) investment for women's health services over the previous biennium.

⚡ Bad Bills Blocked

- A short-sighted proposal died that would have led to higher rates of hunger among Texans by giving up Texas' control over the Supplemental Nutrition Assistance Program (SNAP) policy to federal officials.
- A recycled proposal to drug test struggling Texans who are receiving Temporary Assistance for Needy Families (TANF) benefits failed again this session.
- A bill was blocked that would have eroded access to consumer protections in the Affordable Care Act including coverage of essential benefits like mental health and maternity.



🎯 Missed Opportunities & New Challenges

- Lawmakers shut down bills to extend the length of Medicaid maternity coverage to a year after birth, despite alignment with recommendations from the Maternal Mortality and Morbidity Task Force and passage by the House.
- Proposals to accept roughly \$8 billion a year in federal Medicaid funds to cover working-poor adults were also shut down. Only a bill by Chairman Garnet Coleman received a hearing.
- Children’s health coverage bill was delayed in the House and then denied in the Senate, so thousands of eligible kids will continue to be denied coverage each month.
- Texas is one of only six states that do not extend Medicaid to adult legal immigrants on the same terms as U.S. citizens, but a good bill to close this loophole didn’t even get a hearing. This long-overdue change would also have helped to provide better maternity benefits for Texas women.
- Texas missed an opportunity to bring down health insurance premiums by 15 percent for people who buy coverage on their own (outside of a job) by setting up a “reinsurance” system using primarily federal funds as seven other states have done.
- Texas law cannot directly stop surprise medical billing for the types of health insurance regulated at the federal level; however, the legislature considered a bill to let larger employers with federally-regulated plans opt into our strong state consumer protections. That bill did not pass. Congress is currently considering a few different proposals to end surprise billing at the federal level. We are hopeful that Congress will be successful.





Quality Education & Good Jobs

Texans prosper when they have the chance to learn, earn and save.

Lawmakers passed significant school finance legislation that invests in Texas public schools, our students and our teachers. On the higher education front, the Legislature provided a break for Texans struggling to pay back student loans and changed high school equivalency test rules to remove a significant barrier to postsecondary education for adult learners. Efforts to prohibit communities from passing local policies that improve working conditions for hard-working Texans thankfully failed this session.

Good Bills Passed

- Lawmakers approved major school finance reforms that CPPP supports on the whole. The new law accounts for inflation, so state and local spending per student, even after adjusting for the Consumer Price Index, should increase in the next two years. In terms of per-student funding, however, the reforms do not go far enough to overcome the obstacles for the majority of low-income and English Language Learner students.
- Bills limiting pre-K class sizes and clarifying eligibility will help improve early education outcomes for the tiniest Texans.
- Legislation passed that would allow the Texas Higher Education Coordinating Board (THECB)-approved high school equivalency (HSE) exam scores to count for college readiness standards, ensuring that adult learners in Texas who perform well on HSE exams will not be subject to duplicative and additional hours of preparation and costs.
- Teachers, counselors, nurses and other professionals will get a break from the repeal of a bad law that threatened them with professional license revocation if they couldn't pay back their student loans.

Bad Bills Blocked

- A slate of extreme preemption bills failed that would have prohibited towns, cities and counties from passing basic worker protections like paid sick days, fair scheduling, fair chance hiring, and construction site safety rules.
- Efforts to repeal the Texas Dream Act failed again this session, preserving a vital pathway to opportunity that is critical to our state's continued economic prosperity.

Missed Opportunities & New Challenges

- The biggest disappointment in the final school finance law stems from the inequitable tax compression, meaning some districts will be able to tax at lower rates than other districts to access the same amount of funds. This violates the fundamental principles of school finance equity that have led to notable advances in public education in Texas in the last 25 years.

Investing In Texas



Texas is fortunate to have a thriving economy, so we can afford to make the investments needed to ensure that hard-working Texans can share in the state's prosperity.

While school finance reform was an overall victory, devoting over \$5 billion of the big new school finance law to “buying down” school property taxes in 2020-2021 was the wrong priority, and the state commitment gets even bigger after 2021. From closing loopholes to updating formulas, lawmakers missed many chances to provide sustainable funding for our schools and other critical services in the future. During the interim and next legislative session, CPPP will continue to work with lawmakers to find secure and equitable revenue sources to support the public good.

✓ Good Bills Passed

- Invested part of the Economic Stabilization Fund to address critical needs in education, Hurricane Harvey recovery, and other areas.
- Extended Chapter 312 property tax abatements, including public notice and transparency provisions to make it easier for Texans to find out how public funds are being used.

⚡ Bad Bills Blocked

- A regressive plan to pay for property tax cuts with a 16 percent increase in the sales tax was killed after analysis from CPPP and the Legislative Budget Board showed the scheme would shift greater tax responsibility to low and moderate-income Texas families.
- An extreme proposal to eliminate more than \$28 billion a year in local school property taxes without a clear alternative source of funding also failed.
- A zombie proposal that comes back every session to impose new, arbitrary spending limits died again this session.
- Proposals to repeal or phase out the business franchise tax failed this session, protecting an important source of revenue for our schools.
- A xenophobic, last-minute budget maneuver to add \$100 million more in public funds toward militarization efforts along the U.S./Mexico border



was scratched in the final days of the legislative session.

- A wasteful insurance tax giveaway lacking basic safeguards to ensure that Texas benefits from investments in rural areas lost steam.
- Lawmakers held off on renewing a colossal corporate tax giveaway program through Chapter 313 school property tax abatements. CPPP recommends an independent analysis of these abatements during the interim.
- A misguided tax break for desalination operations in the Permian Basin failed to gain traction.
- Proposals also failed to subsidize privately owned charter management organizations (CMOs) by making property used for charters exempt from property taxes. Long-term the Legislature needs to evaluate how it will fund both the charter and the school district finance systems with limited resources.

Missed Opportunities & New Challenges

- A new law will limit local democracy by forcing many cities, counties, and emergency services districts to hold an election if they want to raise property taxes by more than 3.5 percent above the previous year's revenue. Cutting local governments' ability to meet the needs of residents in fast-growing communities is illogical.
- Lawmakers passed a constitutional amendment asking Texas voters to forever forfeit their constitutional right to a state income tax with a new constitutional ban. Texans should reject this unnecessary amendment that ties the hands of future generations.
- Instead of identifying sustainable revenue sources for Texas schools and other services, lawmakers capped taxes on yachts and passed tax breaks for aerospace government contractors.





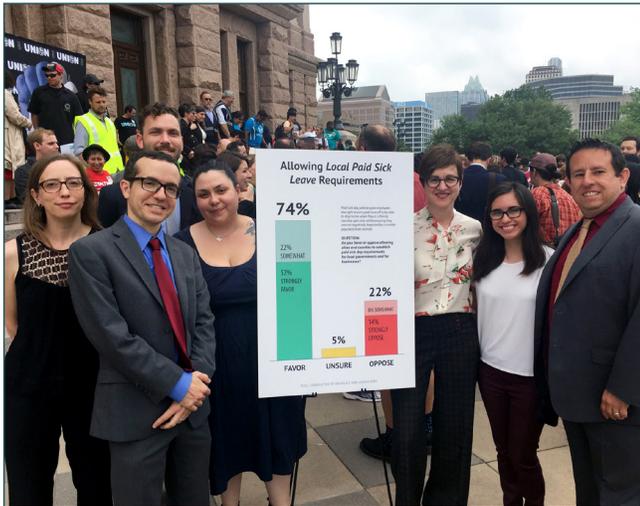
A Strong, Well-Informed Democracy

Well-functioning democracies depend on accurate data, informed voters, and strong representation at all levels of government.

CPPP stood with local elected officials, advocates, working families, and health care experts to ensure local governments can pass policies that reflect the needs and values of their communities. On the downside, the Legislature undermined Texans’ political representation at the congressional level by failing to invest in a statewide Complete Count Commission or Census outreach. The Governor can still issue a proclamation for a Complete Count Commission, but without funding it would largely be symbolic. A strong, well-informed democracy requires transparency, and CPPP, as a member of the Sunshine Coalition, supported successful legislation that will make both state and local government more transparent and accessible to Texans.

✓ Good Bills Passed

- A new law increases transparency by expanding the disclosure requirements of government contracts under the Public Information Act.



⚡ Bad Bills Blocked

- A slate of extreme preemption bills was defeated that would have prohibited towns, cities and counties from passing basic worker protections like paid sick days, fair scheduling, fair chance hiring, and construction site safety rules.
- Broad preemption proposals failed that would have severely limited the ability of local governments to pass local ordinances that contribute to a strong local economy, such as payday lending ordinances and local smoking regulations.

🎯 Missed Opportunities & New Challenges

- Unfortunately, lawmakers didn’t prioritize legislation or include funding in the state budget to support a complete count of all Texans in the 2020 Census, leaving the job up to local communities, businesses, and philanthropic foundations.