



May 9, 2023

To the 88th Legislature Conference Committee on HB 1:

#### **House of Representatives**

The Honorable Greg Bonnen, Chair  
The Honorable Mary Gonzalez  
The Honorable Jacey Jetton  
The Honorable Gary VanDeaver  
The Honorable Armando Walle

#### **Senate**

The Honorable Joan Huffman, Chair  
The Honorable Brandon Creighton  
The Honorable Lois Kolkhorst  
The Honorable Robert Nichols  
The Honorable Charles Schwertner

Dear Chair Bonnen, Chair Huffman, and Members:

Every Texan's mission is to strengthen public policy to expand opportunity and equity for Texans of all backgrounds. Our priorities for the 88th Legislature focused on a few key policy areas that would benefit all Texans and create a stronger community, workforce, and economy in our state.

The state budget is the primary means by which our Legislature defines its priorities. We thank you for your hard work on the budget so far, yet we believe more can be done to advance equitable policies for all Texans.

This letter first provides a brief summary of our budget conference recommendations, followed by a more detailed discussion contrasting the House and Senate bills. **Overall, our recommendations emphasize the importance of making equitable investments to help Texas's public schools, workers, and low-income residents.**

## **Summary of Recommendations**

### **Health Care**

- **Pay raise for Medicaid community attendants.** Every Texan prefers the more generous and equitable Senate proposal. However, we believe community attendants' wage should be brought to \$15 per hour, at a cost of \$2.2 billion according to HHSC.
- **Medicaid fees for doctors and other practitioners.** Texas Medicaid has not had regular inflation increases to rates for physicians and other non-hospital providers for 30 years.
- **Additional staff support for Medicaid "unwinding" and maintaining 2022 pay raises for critical staff.** Every Texan supports the higher funding provisions in the House bill. Without sufficient staff and other items requested by HHSC, coverage will be at risk for millions of eligible Texans.
- **Increased funding for family planning and women's health programs.** Every Texan supports the higher funding provisions in the House bill, which help expand access to contraception and preventive health care, including in more rural and underserved parts of the state.
- **We strongly encourage the Legislature to expand Medicaid.** Medicaid expansion is a common-sense measure that would support healthcare for around 1.5 million uninsured

Texans, of which 90% of the cost would be covered by the federal government. It has been a clear choice for 40 states and D.C., but some Texas lawmakers continue to block it simply out of ideological rigidity in spite of the overwhelming potential benefits.

- **We oppose the Alternatives to Abortion program.** Both budgets significantly boost the program – \$80 million per year in the House bill and \$70 million in the Senate bill – but it does not constitute health care. These increases redirect funding away from actual health care services provided by Medicaid and state health agencies.
- **We encourage the Legislature to realistically fund Medicaid to cover the inflation and growth in cost per Medicaid enrollee,** estimated to require \$2.2 billion in general revenue and \$5.8 billion in all funds. Neither bill provides this funding, yet the extent to which the conference committee funds this will determine the size of the supplemental funds needed in the 2025 session.

## Education

- **Maximize support for teachers, schools, and students.** Both budgets include \$5.0 billion in increased public education funding, contingent on the passage of other legislation. A vital next step is passage of HB 100, which includes a modest increase in the basic allotment and other provisions for which Every Texan has long advocated.
- **Retain the Herrero rider in the House bill that prohibits funding vouchers or ESAs.** We oppose the passage or funding of any such program, such as that envisioned by SB 8. Vouchers and ESAs take vital tax dollars from our beleaguered public school system, harming students and communities across the state.
- **Benefit enhancements for TRS retirees.** The House budget's \$4.4 billion one-time COLA and other supplements provide long-overdue relief for our retired public school teachers.
- **Keep higher education diversity, equity, and inclusion (DEI) programs in place.** We strongly oppose the prohibition on higher education DEI programs, found in both budget bills but worded differently. DEI programs are vital to making our campuses more diverse, equitable, and fair.
- **TEXAS Grants should be offered to the top 10% of graduating high school students.** The House budget guarantees, for the 2023-24 academic year, that all eligible students graduating in the top 10% of their high school classes can receive a TEXAS Grant for higher education.

## Worker Power and Fair Taxation

- **Article XI includes \$4.2 billion to supplement state retired employee pensions.** We believe adding that item to the final budget would be an important recognition for our state worker retirees, who have not seen a cost-of-living adjustment since 2001. A good bill supported by Every Texan is HB 830, which would provide a one-time 10% bonus and 4% COLA going forward.
- **The budget's massive tax cuts are irresponsible, inequitable, and unsustainable.** Of the two competing proposals, we find the Senate's flat-dollar homestead exemption increase to be more equitable. But we cannot support it because of the package's other provisions.

## Discussion

### Health Care

In the base budget bills, we thank you for strengthening per-child funding and method of finance for Early Childhood Intervention (ECI); supporting growing demand for Healthy Texas Women and Family Planning Program services; and supporting the Better Birth Outcomes services detailed in the HHSC LAR.

Differences in Article II of the budget bills include:

Subject	House HB 1 as engrossed	SCSHB 1	ETX preference and comments
Pay raise for Medicaid community attendants, who help patients with everyday tasks. Over 300,000 frail seniors and Texans with disabilities in Texas Medicaid use the services of attendants to live at home or outside of an institution.	\$1.5 billion AF / \$714 million GR. The House budget increases the base wage of 12% of workers (Intermediate Care Facilities (ICFs), HCS and Texas Home Living programs) to \$15 per hour. But it leaves the base wage for the remaining 88 percent of workers at \$8.11.	\$2.3 billion AF / \$901 million GR to raise base wage of all programs to \$11 per hour. This approach is simpler and more equitable, and all the funding increase goes to direct care workers.	<b>Every Texan prefers the more generous and equitable Senate proposal.</b> However, we believe community attendants' wage should be brought to \$15 per hour, at a cost of \$2.2 billion according to HHSC.
Medicaid fees for doctors and other practitioners.	\$31.4 million GR/ \$101.9 million AF. House riders direct a 10% rate increase for services to Medicaid kids aged 0-4.	\$39.7 million GR/ \$100.4 million AF. 3% increase for wellness visits for kids' and women's health-related surgeries.	Texas Medicaid has not had regular inflation increases to rates for physicians and other non-hospital providers for 30 years. Continuing to postpone increases will only make future rate increases more difficult.
Additional staff support for Medicaid "unwinding" and maintaining 2022 pay raises for critical staff. In April 2023, HHSC started the unprecedented task of post-pandemic "unwinding" — re-checking eligibility for nearly 6 million Texans with Medicaid. HHSC's exceptional items asked to both maintain pay raises from 2022 to help rebuild	\$43.8 million GR for state and contractor staff to support unwinding, \$5M AF for 2-1-1 Information and Referral; \$4.8 million AF for TIERS training functionality build; and \$1 million GR for Eligibility Workload Management System and 250 self-service kiosks.	\$32 million GR for state and contractor staff to support unwinding, \$3.6 AF for 2-1-1 Information and Referral  \$116.5M GR Senate funds less than two-thirds of funds to maintain	<b>Every Texan supports the higher funding provisions in the House bill.</b> Texas started unwinding with a shortage of eligibility workers and backlogs of Medicaid and SNAP paperwork that have persisted for more than a year. Raises from 2022 helped HHSC improve eligibility staffing levels and should be maintained. Without sufficient staff

eligibility staffing and for unwinding-related support.	\$186.5 million GR fully funds HHSC request to maintain 2022 pay raises.	2022 pay raises critical to rebuilding eligibility staff numbers.	and other items requested by HHSC, HHSC will not be equipped to conduct reviews in an orderly manner, putting coverage at risk for millions of eligible Texans.
Increased funding for family planning and women's health programs: Healthy Texas Women, Family Planning Program and Breast and Cervical Cancer Screening. Healthy Texas Women (HTW) and the Family Planning Program (FPP) provide access to limited yet vital health care services that help uninsured Texans plan the timing and size of their families, including contraception and well-woman exams. The Breast and Cervical Cancer Screening (BCCS) program provides life-saving cancer screenings to uninsured women.	<p>For biennium: \$268.6 million AF for HTW, \$144.9 million AF for FPP, and \$24.6 million AF for BCCS.</p> <p>Additionally, the House bill includes the following related riders:</p> <ul style="list-style-type: none"> <li>• 48(c) Information listing BCCS: raising the BCCS income threshold to 250% of the federal poverty level;</li> <li>• 118: Transfer Authority, Women's Health;</li> <li>• 126: Women's Preventive Healthy Mobile Units,</li> <li>• 137: Healthy Texas Women Enrollment Support, and</li> <li>145: Family Planning Program Funds Gone Notification.</li> </ul>	For biennium: \$268.6 million AF for HTW, \$135 M AF for FPP, and \$23.6 million AF for BCCS.	<p><b>Every Texan supports the higher funding provisions in the House bill.</b> These services provide an important safety net for uninsured Texans. The House goes a bit further than the Senate to help expand access to contraception and preventive health care, including in more rural and underserved parts of the state. Further, we support the riders unique to the House bill related to this funding (see left).</p> <p>Critically, the budget makes a significant investment over 2022-23 levels in the state Family Planning Program this session, which has been woefully underfunded for many years. Family planning providers are currently available in 26% of Texas counties, and this investment will fully fund those providers at current caseload levels.</p>

## Education

While we appreciate the additional \$5.0 billion that both House and Senate bills add to public education, **both versions of the budget are light on specifics for those appropriated funds.** Otherwise, the particulars of the \$5 billion investment rely on pending legislation in both chambers.

Differences in Article III of the budget bills include:

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\$5.0 billion in additional funding for schools. Specific goals to be determined by legislation.	<p>The \$5.0 billion as provided in the House budget is not contingent on any specific legislation. Per LBB: “Possible strategies includ[e] increased funding for teacher compensation, school safety, special education, curriculum, and a basic allotment increase.”</p> <p>HB 100, for instance, includes a modest increase in the basic allotment, adjustments for inflation, a pay raise for teachers, and even a partial adoption of enrollment-based funding, for which Every Texan has long advocated.</p>	<p>Per LBB, the increase is “contingent on the passage of SB 8, SB 9, SB 11, SB 1474, SB 2565, or similar legislation related to establishment of an education savings account program, increased funding for teacher compensation, school safety, special education, and instructional materials.”</p> <p>SB 8 includes a pay raise for teachers of \$2000, or \$6000 in smaller districts.</p>	Both budgets appropriate \$5 billion for a non-specific list of enhancements to public education, to be further determined. Using the \$5 billion provided in both budget bills, we encourage both houses to prioritize <b>expanded teacher raises and further increases to the basic allotment.</b> Texas AFT, for instance, estimates that an inflation adjustment would require a basic allotment increase of over \$1,500. And Texas teacher salaries are more than \$7,000 below the national average.
Public school vouchers or education savings accounts (ESAs).	The House budget includes rider 84 by Rep. Herrero prohibiting the funding of a voucher or ESA program.	No such provision exists in the Senate bill. The Senate has passed SB 8 to establish ESAs. The cost of the voucher program would be included in the \$5 billion for public education.	We recommend the conference committee <b>retain the House’s Herrero rider and prohibit funding an ESA program.</b>
Benefit enhancement for retired teachers.	“The House includes \$4.4 billion of funding for a scaled onetime COLA for TRS retirees, a one-time \$5,000 supplemental payment for certain retirees, and an ongoing gain-sharing COLA in Senate Bill 30, as	“The Senate [budget] includes \$3.7 billion of funding for a scaled onetime cost of living adjustment (COLA) for TRS retirees and a one-time \$7,500 supplemental	<b>Every Texan endorses the larger funding amount provided by the House bill.</b>

	engrossed in the 2nd house. The House includes \$3.45 billion of funding for this purpose in CSHJR 2."	<p>payment for certain retirees. The Senate includes an additional \$1.0 billion of funding for this purpose in Senate Bill 30, as engrossed."</p> <p>SB 10, referred to in the above contingent rider, would provide a 2-6% one-time COLA and further increases, an additional \$5000 for teachers over 70, and an increase in the pension contribution rate to 9%.</p>	
Rider prohibiting diversity, equity and inclusion (DEI) programs in public institutions of higher education.	Sec. 61. Prohibition on Unconstitutional Diversity, Equity, and Inclusion Programs or Practices. No funds appropriated by this Act may be expended by an entity listed in this article (including any component, constituent unit, supported program, or grant recipient) for the design, implementation, or administration of diversity, equity, & inclusion practices or programs that do not comply with Sections 3 and 3a, Article I, Texas Constitution. This prohibition includes, without limitation, the hiring and supervision of employees, mandatory or recommended training, or programmed activities.	Sec. 59. Prohibition on Diversity, Equity, and Inclusion Practices. It is the intent of the Legislature that no funds appropriated by this Act may be expended for diversity, equity, & inclusion practices or similar programs, including personnel, training or activities, on state supported college campuses, state supported university campuses or those who receive state funding, notwithstanding state and federal law.	<b>The DEI rider should be stricken</b> , as suggested in the floor debates in both houses. Of the two, the broader language of the Senate version is more worrisome. DEI programs are vital to making our campuses more diverse, equitable, and fair.
TEXAS Grants for top 10% of high school graduates.	The House budget specifies that an initial TEXAS Grant for higher education be guaranteed for the 2023-24 academic year to all eligible students graduating in the top 10% of their high school classes.	No such provision exists in the Senate bill.	<b>We support the more equitable House proposal.</b>

## Worker Power

To reduce the historically high turnover rate of state government employees, both the House and Senate versions of the budget include \$1.8 billion to institute a 5 percent pay raise in each year of the biennium. We appreciate this nod to Texas's state workers, and we would like it to go further by supporting HB 202, which would provide a \$10,000 raise over the next biennium.

Further, we thank senators for the progress on paid parental leave for state employees in SB 222 and express our hope that all Texas workers may someday enjoy that benefit.

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State retiree benefit enhancement.	Article XI includes a provision for \$4.2 billion to supplement state employee retirees' pensions.	No provision in SCSHB 1.	<b>We believe this is important recognition for our state worker retirees</b> , who have not seen a cost of living adjustment since 2001. A good example bill supported by Every Texan is HB 830, which would provide a one-time 10% bonus and 4% COLA going forward.

## Fair Taxation

We believe the budget should be more fiscally responsible, and we encourage the Legislature to acknowledge the transitory nature of our \$32.7 billion leftover balance and consider making investments in our people. Like Texas, other states are unwisely proposing permanent tax cuts, paid for by their one-time surpluses. It is likely that this session's tax cuts will come back to haunt the 89th Legislature.

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Property tax cuts.	\$17.5 billion for HB 2. Of that, \$12 billion is contingent on enactment of HB 2 and HJR 1 or similar.	\$16.5 billion for SB 3-5. Of that, \$9.8 billion is contingent on SB 3, SB 4, SB 5, and SJR 3, or similar.	<b>Every Texan opposes these tax cuts and believes cuts of this magnitude are irresponsible, inequitable, and unsustainable.</b> In a time of historically high surplus, we should be making investments in our people. Of the two proposals, the Senate proposal's flat-dollar homestead exemption passed in SB 3 is a more equitable approach to cutting taxes. We also prefer the Senate's lesser amount. Other provisions in the Senate package, however, are more problematic.

Again, we appreciate the Legislature's work on the budget so far and we are eager to see even more progress on these important issues facing Texans across our state. As you continue your deliberations over the budget, please contact us if we can be of any assistance.

Sincerely yours,

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