From education, health and the state budget to digital connectivity, government performance and workforce issues, the 87th Texas Legislature took important steps forward this year in six areas that directly affect Texans’ lives.

And Texas 2036 played a key role in driving that success during our first legislative session by offering lawmakers a stable, policy-focused alternative to the high-profile political issues that often drew headlines.

The 87th Texas Legislative Session came at a time of tremendous challenge with both the ongoing COVID-19 pandemic and the Winter Storm Uri.

Against that backdrop, we remained focused on all six areas of our legislative agenda that we had identified before the legislative session, and supported legislators of both parties in passing laws that will benefit Texans for years to come. Not all of these bills will generate front-page news, but the quality and volume of these reforms will generate long-term progress and returns on investment to the state’s taxpayers for years to come.

By the numbers, our policy team:

- Tracked 840 bills
- Engaged intently on 114 bills
- Supported legislators in pre-filing 35 bills
- Provided written or oral testimony 55 times
- Registered in support of legislation an additional 80 times

As a result, 42 bills that move Texas forward across our policy areas became law.

We are especially proud of another data point: most of our bills received overwhelming bipartisan backing, with 92% support on average — including an average Senate vote of 30-1.

Throughout the session, Texas 2036 cut through the political rancor to provide data and policy expertise. We ensured that issues critical to the state’s future were thoroughly researched and ready for legislative action. While there were setbacks along the way — and much work remains to be done as we approach our state’s bicentennial in 15 years — we are proud of Texas 2036’s strong introduction to the state and our many legislative accomplishments.

This report outlines what we consider to be the Legislature’s most significant successes in our six areas of focus. We are indebted to the legislators who authored, sponsored, and supported these bills, understanding that their leadership and work were vital to convert aspirational ideas into meaningful laws.

Likewise, we are indebted to and appreciate our many generous donors and the multitude of volunteer advisory participants. Their support allows us to pursue high-quality, non-partisan, forward-thinking reforms.

As this report demonstrates, Texas 2036 has quickly established itself as an effective and influential partner, driven to initiate our advocacy work based on sound data. We remain eager to work with all interested parties to ensure that Texas remains the best place to live, work, and raise a family.
Our health care policy platform focused primarily on these goals from the Texas 2036 Strategic Framework:

- **Goal 8: Availability of Health Care** – Texans have access to basic health care.
- **Goal 9: Affordability of Health Care** – Texans are able to afford the basic health care they need.
- **Goal 11: Public Health** – Texans and their communities are empowered to adopt healthy lifestyles.
- **Goal 12: Return on Health Care Investment** – Texas has a high-value health system that manages costs and delivers results.

We operationalized many of these objectives into a three-legged policy stool of health care coverage, affordability, and access.

Coverage issues frequently dominate Texas health care discussions, largely because the data points are so staggering: Texas has the most uninsured adults, the most uninsured children, and the highest percentage of uninsured in the country. But, unfortunately, for the last decade, coverage discussions have been locked in partisan trenches.

Our legislative agenda sought to break the gridlock and look anew at smart, effective policies that the Legislature could support to address the coverage issue holistically. Because no single state-level policy solution can solve the problem for 5 million uninsured Texans, we approached the session with an “all options are on the table” strategy — identifying and targeting reforms to help all categories of uninsured Texans. We paired this with objective, unbiased data on the costs and benefits of various options and welcomed the opportunity to work with individuals across the political spectrum to advance solutions for each group.

Health insurance coverage can be critical to ensuring Texans have the financial means to get the care they need when they need it. But for many Texans – both with and without insurance – the cost of care itself presents a more significant barrier. Even among insured Texans, 56% reported skipping care in the past year due to cost. Among the uninsured, this was 75%.

Sometimes the difficulty isn’t the cost itself but uncertainty about what the total price will be. For example, one-third of Texans – and 57% of Texas mothers – reported skipping care because they didn’t know how much it would cost them in advance. Because the price of care can vary so much from provider to provider, we focused this session on making costs more transparent so patients and employers could make more value-driven decisions, avoid needlessly expensive care and reduce the fear of unknown prices.

Lastly, for some Texans, the biggest hindrance to receiving care isn’t the cost or who is paying, but simply the inability to visit a provider. In rural areas, residents face provider shortages, while many urban Texans face challenges accessing care caused by transportation limitations, work schedules, or other issues. Therefore, our policy approach focused on increasing the number of providers in the short term by reducing administrative impediments to delivering care and increasing access to care through telemedicine that had gained momentum during the COVID-19 pandemic.

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**Nonelderly Report Problems with Health Care Affordability, Higher Among Uninsured Texans**

<table>
<thead>
<tr>
<th>Uninsured ages 18-64</th>
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<tr>
<td><strong>85%</strong></td>
<td><strong>75%</strong></td>
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<td><strong>76%</strong></td>
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<td><strong>64%</strong></td>
<td><strong>43%</strong></td>
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<tr>
<td><strong>56%</strong></td>
<td><strong>35%</strong></td>
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- **Red** — It is very or somewhat difficult for their family to afford health care
- **Blue** — They or a family member in their household postponed or skipped any type of health care in the past 12 months due to cost
- **Gray** — They or a household member had problems paying medical bills in the past 12 months

[Link to Texas2036.org](https://texas2036.org/shaping-our-future/)
**Health Policy Successes**

**Coverage**

The 87th Legislature made meaningful progress in increasing health coverage options for Texans, pursuing policy solutions to address the disparate needs of the roughly 5 million Texans without insurance.

### The Nearly 5 Million Uninsured Texans Fall Into 4 Primary Groups

- **Uninsured Children**
  - Approx. 855,000 Texans (17%)
- **Coverage Gap**
  - Approx. 800,000 Texans (16%)
- **Ineligible for Benefits**
  - Approx. 1,150,000 Texans (24%)
- **Subsidy Eligible Adults**
  - Approx. 2,080,000 Texans (43%)

Much of the discussion around coverage has focused on Texas increasing income eligibility thresholds for Medicaid. At Texas 2036, we advocated for a “Texas Plan” that would increase the income eligibility threshold to 138% of the Federal Poverty Level to help address that “Coverage Gap” population. While the Legislature didn’t ultimately move forward with that concept, it did pass a bill extending eligibility for Medicaid coverage for postpartum women from two months to six months. And for the remaining 84% of the uninsured population, significant improvements were made as well.

The Legislature improved the way children’s eligibility is determined, thus reducing the number of children whose Medicaid coverage is terminated improperly, the number of uninsured children altogether, and the burden and disruption on families.

For individuals who earn too much to qualify for Medicaid but are eligible for subsidies under the Affordable Care Act (ACA) Individual Marketplace,1 we worked with Senator Nathan Johnson (D-Dallas) and Representative Tom Oliverson (R-Tomball) on a bill that maximizes the amount of federal premium subsidies coming to Texas and lowers out-of-pocket costs. By doing this, our analysis shows, the state will help 200,000 more Texans obtain insurance at no additional cost to the state budget. This successful effort garnered support from both insurance companies and consumer groups — and it won unanimously.

For the remaining uninsured population, new policy solutions were needed. For uninsured Texans who are ineligible for Medicaid and ACA marketplace subsidies, private plans on the ACA Individual Marketplace are often prohibitively expensive, leading individuals to purchase no insurance or short-term plans. To increase the number of options available to this demographic, we supported the authorization of new alternative health benefit plans offered by Texas Mutual Insurance Company and the Texas Farm Bureau. While these plans will not provide coverage as comprehensive as those in the ACA marketplace, these new plans will offer better alternatives for consumers who are currently priced out of having any health insurance at all.

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1 For individuals, subsidy eligibility begins at about $12,750 and phases out around $51,000 per year. For a household of four, subsidy eligibility starts at $26,500, and phases out at around $106,000 per year. Subsidy eligibility limits have been temporarily increased above the limits just referenced by recent federal legislation. Those temporary increases are set to last for two years.
HB 133 (Rose/Kolkhorst)

HB 133 expanded eligibility for Medicaid for pregnant women from 2 months postpartum to 6 months postpartum. While the initial proposal was to extend eligibility to 12 months postpartum, each additional month of coverage is progress for this vulnerable population. The Legislative Budget Board estimates that average monthly Medicaid coverage will increase by 50,000 Texas mothers. Texas 2036 modeled a 12-month extension in our Health Coverage Policy Explorer, which showed that an additional 140,000 Texans could have received coverage had the Legislature chosen that route. Texas 2036 testified in support of this bill, while also making clear that Texas could cover even more people for fewer state tax dollars by increasing the overall Medicaid income eligibility threshold to 138% of the Federal Poverty Level and qualifying for the 90% federal match. This bill represents an incremental but important win on Medicaid coverage issues.

Health Coverage Policy Explorer
https://texas2036.shinyapps.io/healthcare-policy-tool/
https://texas2036.org/posts/still-on-the-table/
https://tlcsenate.granicus.com/MediaPlayer.php?clip_id=16125
@ 1:09:02
**HB 2658 (Frank/Kolkhorst)**

HB 2658 will reduce the number of children who are improperly removed from Medicaid coverage due to a flawed eligibility verification process. The bill provides an initial six-month period of continuous coverage, followed by a second six-month period of coverage. That second period of coverage is subject to only a single mid-year eligibility check (it had previously been at least four) and extends the time for parents to respond to their children being flagged as potentially ineligible during that mid-year check. Texas 2036 actively supported HB 290 (Cortez/Kolkhorst), testifying that state technology problems were causing some children to lose health insurance coverage improperly. The contents of HB 290 were amended onto HB 2658 in the conference committee.

https://texas2036.org/posts/childrens-health-insurance-eligibility-is-broken-heres-how-to-fix-it/
https://texas2036.org/posts/still-on-the-table/
@ 46:20

**SB 1296 (N. Johnson/Oliverson)**

SB 1296 will create a process that allows the Texas Department of Insurance to reduce net premiums paid by Texans for plans sold on the ACA’s Individual Marketplace. Our studies estimate that more than 200,000 Texans will gain insurance as a result. This Texas 2036 policy arose from our in-depth actuarial studies in the Health Coverage Policy Explorer. Texas 2036 worked closely with the bill’s author to educate other legislators and pursue a successful legislative strategy. In addition, Texas 2036 testified in support of this bill.

https://texas2036.org/posts/still-on-the-table/
https://texas2036.shinyapps.io/healthcare-policy-tool/
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#SB1296 “would really help that group between 200% and 400% of the poverty level. That is the largest group of uninsured in Texas right now. As of 2018, it was around 1.8M.” — Senior Policy Advisor @cmillern2005 testifying on @NathanForTexas’ focused rate review bill #txlege
HB 3752 (Frank/H Hancock)

HB 3752 will authorize Texas Mutual Insurance Company to offer alternative health benefit plans. These plans are expected to be most attractive to uninsured Texans who don’t qualify for and/or can’t afford government-subsidized insurance. There are 1.7 million uninsured Texans who are income-eligible for ACA subsidies but have not enrolled, and an additional 1.1 million uninsured Texans who are ineligible for ACA subsidies or Medicaid. These types of plans are designed to offer a more affordable alternative to these 2.8 million Texans for whom the ACA is not currently working. Texas 2036 testified in support of this bill and worked to address concerns both in testimony and on social media.

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@ 1:41:10

HB 3924 (Oliverson/ Springer)

HB 3924 will authorize the Texas Farm Bureau to offer alternative health benefit plans, similar to the authorization discussed above for HB 3752. These plans are expected to be most attractive to uninsured Texans who don’t qualify for and/or can’t afford government-subsidized insurance plans. As discussed above, there are 1.7 million uninsured Texans who are income-eligible for ACA subsidies but have not enrolled, and an additional 1.1 million uninsured Texans who are ineligible for ACA subsidies or Medicaid. These types of plans are designed to offer a more affordable alternative to these 2.8 million Texans for whom the ACA is not currently working. Texas 2036 testified in support of this bill and worked to address concerns both in testimony and on social media.

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https://tlcsenate.granicus.com/MediaPlayer.php?view_id=49&clip_id=15619
@ 17:01
Affordability

On affordability, the 2021 session was both productive and historic. The Legislature passed three major health care price transparency bills this session. One improved last session’s drug price transparency bill by streamlining reporting requirements and allowing penalties for noncompliance. The other two codified recent major federal rules regarding price transparency on hospitals and insurers. Together, these bills will help patients and employers to know better what health care costs are. Of course, price transparency alone won’t solve the affordability crisis, but it’s a crucial first step to empowering Texans and their employers to seek value in health care.

Federal hospital price transparency rules went into effect on January 1, 2021, but they faced implementation concerns. Texas’ version kept the same rules but included streamlined reporting requirements and enhanced penalties for noncompliance. Likewise, federal transparency rules for health insurance companies are set to go into effect on January 1, 2022. Texas codified these rules into state law, ensuring that insurers subject to state law must comply.

As prices become more transparent, we’ll continue to work to ensure that health benefit plan designs take advantage of this information to drive value. One tool that can help determine which providers offer the best value is an All-Payer Claims Database (APCD), which was also established in this session. The state will now begin collecting data on all payments made by payers regulated by the state, such as insurers or state benefit plans. While restrictive disclosure rules for the APCD may make it difficult to publicly report actionable information, the data is now being collected and transparency improvements can be made in future sessions.

SB 1137 (Kolkhorst/Oliverson)

SB 1137 codifies federal price transparency rules on hospitals and improves streamlined reporting requirements and enhanced penalties for noncompliance. Texas 2036 worked with aligned groups to identify authors. Once filed, we testified publicly about the benefits of increased price transparency, as well as the lack of compliance thus far under federal rules. We advocated for meaningful enforcement mechanisms and the creation of a standardized template for reporting the data to make it more useable.

https://texas2036.org/posts/rising-costs-drive-need-for-health-care-price-transparency/
https://tlicsenate.granicus.com/MediaPlayer.php?view_id=49&clip_id=15517 @ 2:03:50
http://tlchouse.granicus.com/MediaPlayer.php?view_id=46&clip_id=20146 @ 1:40:17

1/3 of Texans – including 57% of Texas mothers – reported skipping healthcare because they didn’t know what it would cost. #SB1137, which just passed the House, will help pull back the curtain on prices so Texans can get the care they need. #TXlege #TXhealth

Congratulations Sen. @loiskolkhorst! #SB1137 passes the Texas Senate 31-0, providing Texans greater transparency in health care pricing #SB1137 is on its way to the Governor! Thank you @ TomOliverson, @loiskolkhorst, and @KHancock4TX for your leadership on this critical healthcare legislation! #TXlege #TXhealth
SB 790 (Zaffirini/Howard)

SB 790 helps reduce the number of Texans who would be subject to surprise bills from local government ambulances and requires a study on ambulance surprise billing statewide. Texas 2036 supported SB 999 (Hancock/Oliverson), which would have added ambulance services into the broader surprise billing legislation (SB 1264, 86-R) that passed last session. While SB 999 did not pass, an interim study on the topic was added through an amendment to SB 790 on the House floor to set the stage for a solution next session.

HB 2090 (Oliverson/Hancock)

HB 2090 codifies federal price transparency rules on insurers. This bill works to ensure that patients with insurance can know in real-time the actual price for a service and their personal out-of-pocket costs according to their specific health insurance plan. The bill also includes the establishment of the APCD, which Texas 2036 advocated for and worked with the UT Health Science Center to understand how best to create one. During the process, we engaged in extensive discussions with stakeholders regarding the need to collect specific and relevant data and to create greater transparency and public access to that information. Work remains to be done on establishing a framework that will allow for more public access to this important information.

https://texas2036.org/posts/rising-costs-drive-need-for-health-care-price-transparency/
https://texas2036.org/posts/an-all-payor-claims-database-can-help-control-healthcare-costs/
https://tlchouse.granicus.com/MediaPlayer.php?view_id=46&clip_id=19811 @ 1:19:50

HB 18 (Oliverson/Kolkhorst)

HB 18 provides uninsured Texans a path to receive more affordable prescription drugs. The bill enables uninsured Texans to obtain a state-issued prescription drug card that gives access to “post-rebate” prices for life-saving medicines like insulin. Many Texans with insurance pay lower net prices for prescription drugs because their insurance companies have negotiated “rebates” that make the final price of the drug as much as 70% less expensive. This bill lets uninsured Texans gain access to that post-rebate price. Texas 2036 worked with the bill author to develop language and strategies to explain the operation of the bill and testified in support of the bill in the Senate.

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HB 1033 (Oliverson/Hancock)

HB 1033 improves upon existing drug price disclosure laws by streamlining reporting and enabling penalties for noncompliance by manufacturers. Texas 2036 supported this bill.

SB 790 (Zaffirini/Howard)

SB 790 helps reduce the number of Texans who would be subject to surprise bills from local government ambulances and requires a study on ambulance surprise billing statewide. Texas 2036 supported SB 999 (Hancock/Oliverson), which would have added ambulance services into the broader surprise billing legislation (SB 1264, 86-R) that passed last session. While SB 999 did not pass, an interim study on the topic was added through an amendment to SB 790 on the House floor to set the stage for a solution next session.
Access

The third leg of the health care policy stool – access – had a couple of big wins for Texans. With rural hospitals closing and many communities lacking primary care providers, technology-driven health access options, like telemedicine, provide more access to care across our state’s many geographies. In addition, Texas will be joining the Interstate Medical Licensure Compact. This agreement makes it easier for doctors to become licensed in Texas and ensures Texas remains a competitive and attractive jurisdiction to practice medicine.

**HB 4 (Price/Buckingham)**

HB 4 makes permanent many of the emergency rules that were designated to remove regulatory barriers to telehealth and telemedicine access during the COVID-19 pandemic. In the fall of 2020, Texas 2036, along with Texas Rural Funders and the Greater Houston Partnership, founded our Digital Texas coalition, a statewide coalition of advocates, employers, and non-profit organizations working to improve digital connectivity for all Texans. Under the leadership of the Digital Texas Health Subcommittee, Digital Texas members organized support for the legislation and brought together telehealth advocates to aid the bill’s passage.

**HB 1616 (Bonnen/Huffman)**

HB 1616 creates an expedited pathway to licensure for physicians wishing to practice in multiple states via the Interstate Medical Licensure Compact. This is intended to increase the supply of doctors available to provide services to Texans and allow Texas physicians to remain competitive in telemedicine markets in other states, both by easing relocation barriers and by eliminating potential barriers for telemedicine access. Texas 2036 supported this bill’s passage.
Additional Policy Efforts

Our policy agenda also supported opportunities to upgrade our public health infrastructure as they arose.

HB 797 (Howard/Buckingham)

HB 797 expanded the ability of homecare and hospice nurses to obtain and administer vaccines – including the COVID-19 vaccine – that would address communicable diseases.

SB 969 (Kolkhorst/Klick)

SB 969 addresses some of the public health data struggles the state experienced during the COVID-19 pandemic and will better enable the state to collect, share, and use public health data. It will improve data transparency, quality, and integrity, while still protecting personal and private health information. Texas 2036 worked with the Texas Health Improvement Network (THIN) to discuss specific improvements that could be made to state health data systems. Throughout the pandemic, Texas 2036 had worked closely with state agencies to identify data issues that prevented state leaders from having actionable information. As a result, Texas 2036 built a statewide dashboard to distill the most useful information into easy-to-understand formats and worked to raise awareness of the limitations of existing data systems.

COVID-19 Dashboard: https://texas2036.shinyapps.io/covid_tracker/

Congrats Sen. @loiskolkhorst and Rep. @StephanieKlick on the passage of #SB969. This bill will help improve Texas’ ability to collect, share, and utilize public health data! #txlege #txhealth
Healthcare Coverage Policy Explorer

In January 2021, Texas 2036 combined data, policy, and advocacy into the innovative and impactful tool called the Health Coverage Policy Explorer. This interactive tool modeled most major options available to Texas lawmakers to increase the number of Texans with health insurance coverage, with customizable assumptions and the ability to mix and match policy choices to see how they interrelate. The tool’s impact was significant: the debate about Medicaid expansion became more rooted in data, and two of the policies modeled – including one unique to the Health Coverage Policy Explorer (SB 1296’s Focused Rate Review) – passed in the Legislature. This effort, and others discussed in this document, show the power of merging data and policy to create sensible, non-partisan solutions that will improve the lives of Texans as the state approaches its bicentennial.

texas2036.org/health-coverage-explorer/
With these options selected, each newly insured person would have a net annual cost to the state of about $1,515.30.

502K  
Newly Insured People (2025)

$760M  
Net State Cost (2025)

$1.97B  
New Federal Dollars (2025)

5.04M  
Number Uninsured (2025)

Select data to show
Select type
ACA and Medicaid
Select variable
Number Uninsured

Estimated difference in Number Uninsured between current plan and selected plan

Baseline  Selected Policy
In the fall of 2020, Texas 2036 began developing a web-based interactive tool for policymakers and the public to explore and better understand the costs and impacts of various policy options to reduce the uninsured rate in Texas. As is well-known, Texas has the highest uninsured rate in the country, with approximately 18% of Texans without insurance – nearly 5 million Texans. While many excellent prior studies have looked at the impacts of various policies to impact that uninsured rate, none have looked at the issue holistically, as we did.

Our goal was not to create a report with a single headline number, but instead to establish an interactive tool that would be useful to a broad group of people who might have reasonable disagreements regarding certain underlying assumptions in Texas (such as how many eligible Texans might sign up for a program). Thus, instead of watching as stakeholders simply disagreed over a specific number, we aimed to create broader consensus over a possible range of outcomes.

We focused on the two primary sources of federal funding that Texas could harness to develop the most cost-effective policy solutions: federal Medicaid funding and federal subsidies for insurance through the individual marketplace. We then built a team of leading state and national experts to model more than 500 interactive scenarios. This team included the state’s former Medicaid director, a former Health and Human Services Commission chief financial officer, a former Senate Finance committee director, a former lead health insurance advisor to Governor Greg Abbott, a multi-state ACA consultant, and nationally recognized actuaries.

### Findings

On the Medicaid side, a striking lesson was that expanding eligibility to 138% of the Federal Poverty Level was crucial to obtaining maximum value. By doing so, Texas could take advantage of an enhanced 90% federal match for the expansion population (the existing match for the current program is ~60%). Instead of paying 40%, or in some cases 100% of the cost of care, Texas could instead enroll those individuals in Medicaid, and pay only 10% of the cost. The value of these offsets is substantial.

For example, our tool showed that increasing eligibility to 100% FPL (and not obtaining the 90% match) would enroll about 500,000 Texans at the cost of over $700 million per year. By comparison, if Texas increased eligibility to 138% FPL, about 720,000 Texans would enroll at a net cost of about $1 million per year.

The ability of the tool to graphically demonstrate these differences helped elevate the discussion around Medicaid expansion, and our neutral focus on evaluating the cost and effectiveness of these policies helped change the nature of the debate that was occurring around the Capitol. While previous discussions had been focused and centered on the potential cost to Texas, the ability of our tool to show not only one-year projections, but projections up to five years out, shifted the focus of discussion from the cost of expansion to debates around the quality of the Medicaid system and whether to grow a program that many found flawed.

On the Affordable Care Act side, there were two striking findings. First was that 1332 Waiver reinsurance pools offered surprisingly little value to the state. Many legislators discussed this solution as a possible way to address the affordability of insurance – we were able to show through our actuarial analysis that it would not be nearly as effective as many had thought.

Second, we demonstrated that Texas could develop a much more effective solution through a complex concept called Focused Rate Review. Our actuaries discovered that premium rates were misaligned in Texas due to perverse incentives from a lack of enforcement. If the state were to take over review and enforcement of these rates, it could create a situation where both insurers and consumers were better off. By re-aligning premium rates, more federal subsidies could flow to Texans, reducing their net premiums while leaving insurers whole.
Impacts

We met with hundreds of people and performed dozens of demonstrations of the Policy Explorer, including for the White House, the Governor’s office, key legislators, and prominent private sector leaders. The most significant legislative win associated with these efforts was Sen. Nathan Johnson’s and Rep. Tom Oliverson’s bill on focused rate review, which passed into law. The bill received support from groups like Every Texan and AARP, as well as industry stakeholders like Texas Association of Health Plans and Blue Cross Blue Shield. It passed unanimously in the Legislature and was signed by the Governor. By exploring this issue holistically and engaging actuarial experts, we were able to identify an under-the-radar solution that passed with bipartisan and widespread industry stakeholder support.
Looking Ahead: Future Health Policy Opportunities

While this session was a productive one for health care policy, significant work remains. Here are a few areas where Texas 2036 will look to engage in the interim and beyond:

- **Understanding the Uninsured:** As we developed options to cover more Texans, we realized there is much we don’t know about the uninsured population. While there are policy improvements that we know can reduce the uninsured rate, in order to address all 5 million uninsured, we need to better understand the reasons why people are uninsured. For instance, we know that many individuals eligible for free or discounted coverage still cite cost as a barrier. More in-depth study could help us understand if the true barrier is cost, awareness, or some other factor or combination of factors.

- **Improving the All-Payer Claims Database:** HB 2090 will establish an All-Payer Claims Database. The data being collected by this database is excellent. However, restrictions in the law prevent the disclosure, report, or use of the data in ways that would be useful to employers or the public. This means that employers and the public can only see high-level averages that aren’t always actionable. In addition, these restrictions prevent the ability to research which medical providers and health benefit plan design types drive the best health outcomes. We hope to work with stakeholders to improve the APCD, ensuring it can live up to its full potential in improving the affordability and quality of health care in Texas.

- **Engaging Employers to Address Rising Costs:** Health care costs have been rising unsustainably in Texas for some time, and employers could be well-positioned to address this. Employers provide health coverage benefits for nearly half of Texans and have a fiduciary duty to ensure that their employees obtain the best value. However, because the core missions of most of these companies are unrelated to the provision of health care, they have not generally given it the same attention as other needs, such as talent recruitment and development or skills training. At the Capitol, the discussion around health care prices has frequently been between insurers and medical providers – with the biggest group that provides health benefits often not a factor. Our objective is to raise awareness among employers that addressing costs is within their control and build a coalition to support policies that would enable them to pursue greater value for their employees.
Texas Voter Poll - Health

In early January 2021, Texas 2036 conducted a statewide poll of Texas voters to assess attitudes about the future of Texas across a range of issues, including health.

The poll revealed that far more Texas voters than a year ago are concerned about the future, and public confidence in state government has declined considerably. Four-in-five say the legislature needs to take action this year to address the challenges Texas now faces. The poll also shows that after nearly a year of the COVID-19 pandemic, far fewer Texans rate the state’s ability to solve problems as “good” or “excellent.”

Regarding health care costs and availability, key highlights include:

• 71% of Texas voters are “extremely concerned” or “very concerned” about the future of Texas because health care costs are rising for individuals and families in Texas, while health outcomes are among the worst in the nation.

• 90% of voters think they should be informed about how much a medical service will cost before they receive health care services or treatment.

• 34% — including 57% of women with children — said they or someone in their household had postponed or skipped medical treatment or surgery out of fear about what the final medical costs would be. 90% of Texans believe patients should be informed about medical costs before treatment.

The poll also revealed widespread support for legislation and policy changes that leverage federal funding to reduce costs and make available health insurance to uninsured Texans:

• 88% of Texas voters are concerned about the future of Texas when they hear that nearly five million Texans have no health insurance.

• 86% support changes that ensure more of the Medicaid tax dollars that Texas sends to the federal government are actually spent in Texas.

• Nearly three-fourths support cost-effective Medicaid changes through which the state could draw down $4 billion in federal tax dollars and cover another 1 million people through an investment of just $1 per person per year.

www.texas2036.org/poll
The COVID-19 pandemic has resulted in massive learning loss for students across Texas. According to one estimate, students could end the year as many as 9 months behind in math proficiency, with low-income students and students of color at risk of falling even further behind.

The COVID-19 pandemic has resulted in significant learning loss for students across Texas, especially for low-income children and students of color. The number of students who do not meet grade-level standards on the state assessments increased across almost all subject areas and grade levels, with notable drops in math and reading achievement. Even before the pandemic, Texas faced a dire situation with student achievement. According to the Nation’s Report Card, 7-in-10 Texas fourth graders could not read at grade level, and 6-in-10 were not proficient in math, with wide gaps in educational attainment linked to race, ethnicity, and income. These disparities, if unresolved, will have negative implications for our state’s economy for decades to come.

The historic school finance reform passed in 2019 (House Bill 3) made significant investments in high-yield areas such as early childhood literacy, teacher effectiveness and pay, and college and career readiness programs. Even before the COVID-19 pandemic, these investments were critical to improving underperforming K-12 schools and expanding educational opportunities to more students. With COVID-related learning loss impacting students across Texas, these evidence-based reforms have become even more important, but full implementation of wide-scale reform takes years.

In January 2021, Texas 2036 released the Texas Voter Poll, which showed Texans agree that addressing educational inequities and learning loss should be top priorities for the state.

As the disruption to learning pressed on into 2021, it became apparent that the Legislature needed to take additional steps during the 87th session to directly combat learning loss and help accelerate learning through evidence-based programs and strategies. Texas public schools will receive more than $17 billion in one-time federal stimulus funding, and Texas 2036 made it a priority to ensure policymakers maximized this once-in-a-generation opportunity to not only help Texas students get back on track, but also to close achievement gaps among student groups that existed long before the pandemic.

Our education policy platform encompasses two goals from the Texas 2036 Strategic Framework:

- **Goal #3 - Early learning:** Texas children get a strong early start to succeed in school and life.
- **Goal #4 - K-12:** Texas students graduate high school ready for postsecondary success.

We pursued a variety of priorities approved by our Board of Directors, guided by the following principles:

- Assessment and accountability ensure equity,
- Proven practices benefit students, and
- Education funding should be stable and prioritized.
COVID school closures reinforced existing gaps in academic performance. Addressing new and existing gaps will require innovative strategies and targeted investments to ensure these setbacks are temporary. We began working on this issue in 2020 by communicating the need for policymakers to formulate a plan for the infusion of federal funds to address learning loss and offer options for the use of those funds. Texas 2036 assisted in opening the lines of communication between the federal Department of Education and state leaders to ensure that federal Elementary and Secondary School Emergency Relief (ESSER) funds moved to schools in a timely manner.

The state’s educational achievement gaps pre-dated the pandemic, and some of the tools to address it are already in place with the passage of HB 3 from 2019. Texas 2036 sought to protect investments made last session in evidence-based education reforms and maintain appropriate student assessment and accountability. Two major bills passed that leveraged federal stimulus funds to address existing long-term achievement gaps and learning loss.

### HB 1525 (Huberty/Taylor)

HB 1525 addresses unintended consequences in HB 3 from 2019. The bill improves the Career and Technology Education Allotment by incentivizing schools to offer high-quality CTE coursework. The bill also includes provisions to address learning loss and accelerate student learning – with over $600 million in general revenue funds and $1.3 billion in state discretionary CRRSAA and ARPA federal stimulus funds to go directly to schools for tutoring, extended learning, and other evidence-based practices. Policies such as summer school and extended school days can ensure students receive more instruction, while innovative curricula and accelerated learning can ensure students receive better instruction as well. Other options, such as broadband grants, will allow more Texas students to access learning opportunities outside the classroom. Importantly, each of these options can also be scaled up or down, depending on funding availability. For the long-term financial health of districts, Texas mustn’t inadvertently create unsustainable recurring costs and dangerous fiscal cliffs down the road.

Texas 2036 staff engaged at multiple points throughout the legislative session to ensure a plan was in place for federal funding to address learning loss and achievement gaps. Our staff frequently meet with Texas Education Agency (TEA) leadership, testified before committees, and met one-on-one with legislators and staff. Through testimony to the Senate Finance and House Appropriations committees, we stressed the importance of fully funding last session’s investments in evidence-based reforms.

[https://texas2036.org/posts/state-lawmakers-must-prioritize-funding-for-education/](https://texas2036.org/posts/state-lawmakers-must-prioritize-funding-for-education/)
[https://texas2036.org/posts/tutoring-can-help-struggling-students-catch-up/](https://texas2036.org/posts/tutoring-can-help-struggling-students-catch-up/)

### HB 4545 (Dutton/Taylor)

HB 4545 establishes the Strong Foundations grant program to support elementary campuses in implementing high-quality instruction, increasing parental engagement, and administering diagnostic and formative assessments. This bill supports our strategic framework goal #3 – ensuring Texas students get a strong early start in school – and our education agenda, which prioritizes policies that address learning loss. The bill also replaces grade placement committees with accelerated learning committees to move the focus of COVID recovery away from remediation. Texas 2036 supported this legislation.
Improving Online and Digital Learning

The COVID-19 pandemic required widespread experimentation and adoption of new learning models and technologies, including virtual and hybrid learning. Unfortunately, for many students, full-time virtual learning is ineffective, with schools seeing higher failure rates for full-time remote students over the last year. However, some students thrived in full-time virtual and hybrid learning over the last year, and many parents hope to see a continuation of high-quality online learning. Reforming virtual learning also presented an opportunity to close course equity gaps in rural and low-income schools, particularly for advanced coursework like Algebra I in 8th grade and AP courses (learn more online at https://texas2036.org/posts/texas-should-expand-online-learning/). Ultimately, no major reforms were made in virtual learning, but two bills improving the quality and access to online learning did pass.

HB 3261 (Huberty/Taylor)

HB 3261 implements the transition plan for electronic assessment set in motion last session. In 2019, the Legislature passed HB 3906, directing TEA to study the feasibility of electronic assessment of STAAR and develop a plan. Modernizing testing allows for faster turnaround times on results and increased opportunities for individualized support. Texas 2036 submitted testimony supporting this legislation. (SB 1171 was the senate companion legislation to HB 3261; however, HB 3261 ultimately prevailed.)

https://texas2036.org/posts/sb-1171-continues-the-progress-toward-a-more-dynamic-testing-system/

Statewide assessments are among the state’s primary means of ensuring that all students have equitable access to a high-quality education. Policy Analyst @Madison_927 explains how SB 1171 continues the progress toward a more dynamic testing system #txed

SB 226 (Paxton/Lozano)

SB 226 adds instruction in virtual learning practices to educator preparation programs. This training must cover best practices in assessing students receiving virtual instruction and developing a virtual learning curriculum. This ensures teachers are better prepared for virtual learning should there be expanded options or future needs for it. Improving training for virtual instruction was included in our board-approved education agenda, and Texas 2036 supported this legislation.
Defend Accountability and Assessment

For much of the past decade, education stakeholders have slowly chipped away at standardized assessment, questioning the need for and validity of Texas’ accountability system. Yet, these tools remain among the state's best means of ensuring that students of all races, incomes, and zip codes have equitable access to a high-quality education. We intervened in opposing multiple bills that sought to weaken the assessment and accountability system. Ultimately, none of those became law. Texas 2036 also engaged with legislative members to garner support for bills aimed at strengthening the accountability system.

While legislation passed to correct procedural confusion in the state’s accountability system, this legislation also contains a pause on accountability interventions through the 2022-2023 school year — four years since ratings were last assigned in 2019. As a result, a student who was a freshman in a consistently failing school may graduate without ever receiving additional support due to multiple consecutive years of accountability pauses. We will continue to focus on policies that ensure appropriate resources and supports are targeted toward students who need them.

Learn more online: An op-ed by Margaret Spellings, Texas 2036 President & CEO, urging for administration of the 2021 STAAR assessments was published in the Dallas Morning News in December 2020.


Dual Credit

Over the past few decades, dual credit enrollment has expanded significantly in Texas, growing from 18,000 students in 2000 to more than 200,000 students in 2019. Dual credit – through which a student can simultaneously earn high school and college credit in one course – has immense potential for Texas students and families. However, for various reasons, dual credit has yet to fully live up to this potential.

Students must take significant amounts of dual credit coursework – 30 or more semester credit hours – before seeing significant savings in student debt or time to a degree. Further, more than 10% of students fail or withdraw from dual credit courses each year, suggesting that many students take this coursework before they are prepared.

SB 1277 (West/J. Turner)

SB 1277 requires school districts and colleges to assign students an academic advisor before enrolling in dual credit programs. Advisors can help students make smarter choices regarding dual credit by helping them find courses that will transfer to postsecondary degree programs. Advisors can also talk to students about the consequences of failing or withdrawing from dual credit courses, which end up on a student's college transcript and can affect their financial aid eligibility. Texas 2036 played an integral role in supporting legislative authors by helping develop and advocating for this legislation.

https://texas2036.org/posts/improving-dual-credit-outcomes/
https://texas2036.org/posts/improving-credit-transfer-in-texas-colleges-and-universities/
https://tchouse.granicus.com/MediaPlayer.php?view_id=46&clip_id=20336 @ 1:32:02
Texas 2036 Policy Advisory Groups

From 2017 to 2019, Texas 2036 hosted policy advisory meetings across six policy areas. Hundreds of stakeholders and experts from across the state participated, discussing urgent issues within each policy area and making recommendations. These meetings yielded important insights that became the foundation of our Strategic Framework and influenced our policy platform for the 2021 Legislative Session. For example, in November 2019, we hosted roughly 20 experts and stakeholders at the Kinder Institute in Houston to discuss advanced courses, which include AP, IB, dual credit, OnRamps, and other rigorous courses offered to middle and high school students. One key issue raised was the difficulty that Texas students have in transferring dual credit coursework from high school to their postsecondary institutions.

These conversations influenced SB 1266 by Sen. West and Rep. John Turner, which requires school districts and colleges to assign an advisor to students before they enroll in dual credit. Better, more consistent advising can help students choose courses that will be more likely to count towards their postsecondary degree programs, saving them time and money. Texas 2036 will look to continue these important stakeholder meetings in the interim and beyond, both to evaluate our organizational impact and to identify new policy ideas and priorities.
Looking Ahead: Future Education Policy Opportunities

While this session was largely successful for education policy, there are still areas in need of attention. Here are a few that Texas 2036 will look to engage on in the interim and beyond:

- **Shift the Rhetoric on Assessment & Accountability:**
  As mentioned above, the state’s assessment and accountability infrastructure – which once was a national model and served as the state’s primary means of ensuring that students of all races, incomes, and zip codes had equitable access to a high-quality education – has been under sustained attack in recent years. The state cannot fix what it does not measure, and Texas must care enough about its students to learn how they’re doing and provide the resources needed to meet the challenges they face. We will work with stakeholders to better inform the narrative on this issue and create a more positive view of assessments among educators, parents, and legislators.

- **Increase Access to Advanced Courses:**
  Students in low-income or rural communities have long had less access to rigorous courses than other Texas students. With new technology and instructional models deployed as part of the state’s COVID response, rigorous courses should be more readily available to all Texas students regardless of where they live. In addition, Texas should expand access to Algebra I in 8th grade and to AP courses in high school to set students up for future success, especially in high-demand fields of study such as STEM. Legislation was filed to address these concerns, including SB 2061 by Menendez, which sought to improve data on advanced coursework and require schools to offer Algebra I in 8th grade. Still, more work will be needed to implement these reforms.

- **Expand High-Quality, Optional Virtual Learning:**
  The COVID-19 pandemic has caused widespread experimentation and adoption of new learning models and technologies, including virtual and hybrid learning. The Legislature took steps this year to increase funding for technology and improve teacher preparation in virtual learning, but there is more work to be done. Texas should offer greater access to high-quality virtual coursework options for those families who thrived in this setting and for rural and low-income districts that cannot afford to offer certain courses.

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In early January 2021, Texas 2036 conducted a statewide poll of Texas voters to assess attitudes about the future of Texas, including education and workforce.

The poll of registered Texas voters revealed significant shifts from a poll that the organization conducted of registered voters for Texas 2036 in January of last year:

- The percentage of voters who are extremely or very concerned about the future of Texas increased from 31% in January 2020 to 47% in January 2021. Overall, 87% are concerned about the future of Texas.

- In 2020, 34 percent of Texans felt they were better off than they had been the year before, compared to 14 percent who felt they were worse off. In 2021, those levels are nearly even, with 22 percent believing they are better off and 21 percent believing they are worse off.

The poll revealed stark concerns about core state functions like education and workforce:

- Seventy-nine percent of Texans said they were “extremely concerned” or “very concerned” about testing results showing that even before the pandemic, only 3 in 10 Texas fourth graders could read at grade level.

- A range of questions about whether Texas should better align high school, college and workforce training classes with needs and openings in the job market garnered support of 75% to 91% of voters.

- More than two-thirds of Texans believe the state should use all available tools, including standardized tests, to address learning loss caused by the pandemic.

- 79 percent support better teacher training to improve fourth grade reading levels, and 84 percent support high-quality tutoring to close COVID learning gaps.

- 91 percent believe Texas students need access to the most up-to-date information on jobs and wages so students can make informed decisions about their higher education and colleges can help students get good jobs.

- 84 percent agree that because a high school diploma usually isn’t enough to get a good, well-paying job, the state needs to better orient education programs, degree plans and certifications toward jobs of the future.

www.texas2036.org/poll
Texas has emerged in recent decades as one of the world’s largest and most successful economies. Years of economic growth have been spurred by a business-friendly tax and regulatory climate, abundant natural resources, and relatively strong infrastructure. But this growth is now under threat as our economy modernizes and more jobs require a postsecondary credential and advanced skills. New workforce models, automation, artificial intelligence, and other large-scale forces will permanently eliminate many jobs in Texas while possibly creating fewer new jobs.

This past year, the COVID-19 pandemic dramatically accelerated many of these trends, upending Texas’ economy and leaving millions of Texans unemployed or vulnerable to job loss. Since March of 2020, more than 5 million Texans have filed unemployment claims. Across the country, workers without a college degree were hit especially hard by job loss – in April 2020, almost 1 in 5 people with a high school diploma or less were unemployed. Thus, while unemployment has fallen substantially over the past year, millions of Texans are still unemployed, working fewer hours, or vulnerable to job loss.

Texas’ short-term economic recovery and long-term prosperity will depend on the talents of its workforce.

Large numbers of Texas workers will need to reskill or upskill to get back into good-paying jobs, while current students must learn increasingly advanced skills to be successful in the workforce. With billions in federal stimulus dollars coming to our state, we have a once-in-a-generation opportunity to build more effective education and workforce development systems that help Texans attain good jobs and ensure our state’s workforce needs are met.

Our workforce policy platform encompasses three goals from the Texas 2036 Strategic Framework:

- **Goal #5: Postsecondary Education** — Texas students earn a postsecondary credential to access the jobs of today and tomorrow.

- **Goal #6: Jobs** — Texans have the knowledge and skills to access careers that will provide them with economic security.

- **Goal #7: Workforce** — Texans meet the state’s current and future workforce needs.

We pursued a variety of priorities, including reskilling and upskilling displaced populations, improving data reporting and transparency, expanding competency-based learning, and streamlining credit transfer among institutions.

At the Capitol, workforce-related debates centered on the job losses and economic devastation caused by the COVID pandemic. State leaders were tasked with maximizing one-time federal stimulus funds to help workers and students get back on track, speed economic recovery, and ensure prosperity for decades to come.

texas2036.org/shaping-our-future/
Workforce Policy Successes

Education and Workforce Alignment

In a normal year, Texas spends roughly $70 billion in state and federal funds on our education and workforce systems. With billions more in one-time stimulus funds now available, state leaders can not only get millions of Texas students and workers back on their feet in the short term, but also build stronger and more resilient institutions that will ensure our state’s prosperity in the long term. But to maximize existing resources and take full advantage of federal stimulus dollars, state leaders need better data on the effectiveness of education and workforce training programs. Agencies and institutions also need clear, ambitious workforce goals to more effectively align the state’s efforts and resources. These bills promise to better align education and training programs with regional workforce demands:

HB 3767 (Murphy/Bettencourt)

HB 3767 was the most significant policy priority of Aim Hire Texas, a coalition of 30+ employers, chambers of commerce, education and workforce training institutions, and nonprofits that Texas 2036 co-founded and co-leads with the Commit Partnership. The bill formalizes into statute the Tri-Agency Workforce Initiative, an effort created by Governor Abbott in 2016 to improve collaboration among the state’s three primary education and workforce agencies, ensuring taxpayer dollars are being efficiently utilized. This bill also builds on past successes of the Tri-Agency Initiative, directing the TEA, THECB, and TWC to identify shared workforce goals and strategies while improving data quality and integration. Through statewide workforce goals, shared strategies, and 21st century data tools, this bill will improve education and workforce training program transparency, evaluation, and alignment to workforce demands. Ultimately, it will lead to a stronger Texas workforce and a more efficient expenditure of taxpayer resources. Texas 2036 played an instrumental role in developing and advocating for this critical legislation.

 HB 3767 - the Texas Education and Workforce Alignment Act - is headed to @GregAbbott_TX with the broad support of the Texas business and education communities. Excited to build on the great success of the Gov’s Tri-Agency initiative. Congrats @JimMurphy133 and @TeamBettencourt! An important win for Texas workers and employers! As people get back to work, #HB3767 will help people have the skills and employers have the talent to keep Texas an economic leader for many years to come. Congratulations @TeamBettencourt

https://texas2036.org/posts/building-back-equitable-economic-opportunity-for-texas/
https://tlchouse.granicus.com/MediaPlayer.php?view_id=46&clip_id=20296 @ 26:14

HB 1247 (Lozano/Powell)

HB 1247 directs the TEA, THECB, and TWC to jointly develop a strategic framework for high-quality work-based learning (such as internships and apprenticeships) in Texas. This bill lays the groundwork for stronger program transparency, evaluation, and effectiveness, and it ultimately ensures that more Texans will have access to high-quality work-based learning opportunities. Texas 2036 supported this bill’s passage by creating a forum for advocacy groups to coordinate workforce-related legislative efforts and signing onto supportive written testimony and letters to key lawmakers.
SB 1102 (Creighton/Parker)

SB 1102 establishes the Texas Reskilling and Upskilling Through Education (TRUE) grant program, which incentivizes community and technical colleges to partner with the private sector to develop high-value reskilling and upskilling programs. Given the number of workers who have been displaced due to the COVID pandemic, Texas will need to quickly create and scale short-term credentialing and training programs that are aligned to regional workforce needs. SB 1102 creates an effective structure in which Texas postsecondary institutions can collaborate with local industry to offer exactly the type of short-term, workforce-aligned credentials that will help unemployed or underemployed Texans attain good jobs. This legislative initiative was spearheaded by members of the Aim Hire Texas coalition. Texas 2036 engaged early in developing this bill and provided feedback that was ultimately incorporated into the final version. Texas 2036 supported its passage and wrote to key lawmakers calling for support.

Reskilling/Upskilling

1.7 million Texans (13%) were unemployed at the height of the pandemic in April 2020, and almost 1 million Texans remained unemployed more than a year after the pandemic began. Moreover, job losses have not been distributed evenly across the state, with areas such as Houston, El Paso, and the Rio Grande Valley hit especially hard. And while the economy is recovering, many types of jobs do not appear likely ever to return. To help Texans get back to work and speed our state’s economic recovery, Texas will need to create and expand high-quality reskilling, upskilling, and credentialing programs that closely align with regional workforce needs.

Unemployment in Texas has remained twice as high as it was Pre-Pandemic (Jan 2020 – Apr 2021)

- Number of Unemployed Texans, Seasonally Adjusted

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<th>Mar</th>
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HB 4361 (Raney/Bettencourt)

HB 4361 allows any Texas college or university to offer a workforce training program requested by employers if the local college does not offer it. It promotes healthy competition among postsecondary institutions that will result in more workforce training programs that are responsive to employer needs and aligned with in-demand jobs. Texas 2036 supported this bill’s passage and signed onto supportive written testimony.
Competency-Based Education

Competency-based education, including prior learning assessments, enables students to earn credit based on their mastery of a subject instead of completing time-based requirements. As student pathways to degrees and credentials become more diverse – with more students than ever enrolling in dual credit programs during high school, attending multiple postsecondary institutions, and returning as adults for reskilling and upskilling – competency-based education models can ensure that students are recognized for past learning and can earn degrees and credentials more efficiently and affordably. This session, lawmakers passed two bills that promise to expand competency-based opportunities for Texans from a range of backgrounds:

**HB 33 (Dominguez/Zaffirini)**

HB 33 directs the TWC to identify postsecondary programs focused on skills obtained through military experience, education, and training. In addition, it requires these programs to award credit to veterans who have mastered these skills, which will help veterans attain degrees and credentials. Texas 2036 supported this bill’s passage.

#HB33 “will help our veterans graduate sooner and get into the workforce while saving money as well.” Congratulations @RepDominguez on House passage 148-0!

**SB 1227 (Taylor/Metcalf)**

SB 1227 creates a consistent statewide threshold for College-Level Examination Program (CLEP) exams that colleges and universities must use to award course credit to students. This bill makes the process of attaining college credit through CLEP exams more transparent for students, resulting in fewer students wasting time and money taking redundant courses. Texas 2036 supported this bill’s passage.
21st century data resources are critical to enabling state leaders to evaluate education and workforce training programs. Integrated data across institutions and systems can reveal whether students are truly prepared for the workforce. In contrast, disaggregated data shines a light on inequities within our schools, colleges, and training programs. Real-time data resources can improve student advising and offer Texas students and workers the information they need, when they need it, to find high-value educational opportunities.

While Texas agencies collect vast amounts of education and workforce data, this data is often not publicly accessible or linked across systems. Texas must improve access to integrated, disaggregated, and timely data so that state leaders can evaluate and improve offerings, practitioners can better support students, students and workers can make informed decisions about their educational pathways, and business leaders can improve workforce talent pipelines. In addition to HB 3767 discussed above, the Legislature passed two significant bills this session that will improve access to education and workforce data:

**SB 788 (Creighton/Howard)**

SB 788 directs the TEA, THECB, and TWC to develop model data-sharing templates that comply with federal student privacy laws. These data-sharing agreements will improve access to personalized, proactive student supports, helping students complete programs in a timely manner. Texas 2036 engaged and provided feedback early in the development of this policy and supported its passage throughout the legislative process.

**SB1019 (Zaffirini/J. Turner)**

SB 1019 requires the THECB to publish data on student debt that is disaggregated by student race, ethnicity, sex, degree type, and enrollment status. Student debt is an urgent and growing problem in Texas, especially for students of color and those enrolled in certain institutions and degree programs. This bill will shed light on which students are most burdened with debt and help policymakers address these challenges in more targeted ways. Texas 2036 supported this bill’s passage.
Looking Ahead: Future Workforce Policy Opportunities

While this session was a productive one for workforce policy, significant work remains. Here are a few areas in which Aim Hire Texas and Texas 2036 will look to engage through the interim and beyond:

- **Community College Finance:** SB 1230 (Taylor/Pacheco) establishes a statewide commission on community college finance. This interim effort has the potential to transform the ways Texas community colleges are funded and overseen. Community colleges enroll more students than Texas universities and technical colleges combined and serve a wide range of purposes. Texas 2036 plans to provide data on student outcomes and community college financing to help ensure that reforms promote student success, equity, and closer program alignment with local workforce needs.

- **Employer Engagement:** The Aim Hire Texas coalition seeks to address complementary goals of improving access to opportunity for Texans and improving the workforce pipeline for Texas employers. A key goal for growing this workforce coalition and ensuring the effective implementation of HB 3767 will be to ensure that the employers’ voices are heard and help shape state-level reforms.

- **Data Modernization and Integration:** Better data is critical to improving education and workforce training programs, as well as to understanding both current and projected labor market needs. Texas 2036 will continue to work – through projects and advocacy – to expand access to integrated, disaggregated, and timely student and worker data. Priorities over the interim will include working to make workforce data collection and reporting more detailed and useful. Information such as employee occupation and full- or part-time status can unlock new opportunities in understanding opportunity and economic mobility in Texas.

- **Skills and Competency-Based Approaches:** Skills-based approaches to hiring and education promise to make our state’s education and workforce systems more efficient and equitable. Texas 2036 will continue to work to expand competency-based learning and encourage efforts that define workforce skills and link them to jobs and educational opportunities.

- **Credit Transfer:** More postsecondary students than ever before are taking courses from more than one institution. While progress has been made in recent years to streamline the process of transferring courses between institutions and to make that process easier to navigate, much work remains. Students need better advising and resources to understand how courses transfer across programs, and state leaders need stronger data on credit transfer challenges. Texas 2036 will continue working with a broad range of stakeholders to ensure that fewer student and taxpayer dollars are wasted each year to challenges transferring credits.

**Looking Ahead: Future Workforce Policy Opportunities**
In the fall of 2020, Texas 2036 and the Commit Partnership founded Aim Hire Texas, a statewide coalition of employers, nonprofit organizations, and education and training providers working to improve the Texas workforce system for the benefit of all Texans and their employers. Aim Hire Texas engaged the global management consulting firm, Boston Consulting Group (BCG), to develop a comprehensive fact base and accompanying strategy to align Texas’ education and workforce systems with future economic needs.

Aim Hire Texas leverages data, collaboration, and a commitment to continuous improvement to create statewide change. The coalition’s key contributions to the Texas workforce ecosystem include innovative data analysis, evaluations of existing education and workforce programs, and advocacy for evidence-based policies. Four strategic goals guide the work of Aim Hire Texas:

1. **Stronger Households:** Increase the number of Texas households that earn a living wage
2. **Shared Prosperity:** Ensure that more Texans of all backgrounds earn a living wage
3. **Current Employers Thrive:** Improve Texas employers’ access to a trained labor force
4. **Texas Talent as an Economic Development Asset:** Attract new employers to the state to access Texas talent

Over the course of the legislative session, Aim Hire Texas grew into a powerful coalition of workforce advocates and stakeholders across the state, expanding from a small group of seven organizations to more than 40. This coalition led the advocacy efforts for the Texas Education and Workforce Alignment Act (HB 3767/SB 1622), one of the most significant and comprehensive workforce bills filed in recent sessions. Among other things, this bill (1) formalizes in statute the Tri-Agency Workforce Initiative between the TEA, THECB, and TWC, (2) requires agencies to develop shared workforce goals and strategies, and (3) allows agencies to modernize and integrate their data systems.

Working in close partnership with the bill’s two authors, Representative Jim Murphy (R-Houston) and Senator Paul Bettencourt (R-Houston), as well as state agencies, Aim Hire Texas supported this important bill through the legislative process. More than 30 organizations across Texas and from across the ideological spectrum registered their support for this bill, including large and small businesses, chambers of commerce, civil rights groups, and other nonprofits.

With the passage of HB 3767, Aim Hire Texas has established itself as a highly effective and significant coalition for workforce development in the state. It will continue to impact Texas’ education and workforce systems through (1) meaningful data analysis, (2) advocacy, and (3) the development, scaling, and evaluation of regional workforce development programs.
Broadband and digital connectivity will continue to shape Texas’ economy and quality of life through 2036 and beyond.

This technology has proven to be necessary for global competitiveness in the 21st century, both for individuals and industries. Broadband enables access to telehealth, online commerce, remote learning, and likely much more in the years ahead.

The recent COVID-19 pandemic accentuated Texas’ digital divide. Today, nearly 1 million Texans lack adequate infrastructure to support broadband services, with roughly 90 percent of them residing in rural communities. Additionally, another 8 million Texans do not subscribe to at-home broadband service because they can’t afford it, lack the digital literacy and skills to effectively use this technology, or both. Texas’ broadband adoption rate of 68 percent is below the national average and ranks 34th in the nation. The income gap is similarly stark: fewer than half of the state’s households earning less than $20,000 a year subscribe to broadband in the home, while 82 percent of households earning more than $75,000 or more do so.

Historically, Texas engaged in a “hands off” approach to broadband deployment and digital connectivity, relying on private sector planning and community development support. However, the pandemic showcased the need for state leadership in this area. The Operation Connectivity initiative co-led by Governor Greg Abbott and Education Commissioner Mike Morath played an instrumental role in reducing the digital divide for our students and ensuring all have at least one technology device for learning. Texas 2036 was proud to support this initiative by leading the funding and budget subcommittee of Operation Connectivity. At the beginning of the 2021 Legislative Session, Governor Greg Abbott named broadband expansion an emergency item.

Closing the digital divide and ensuring that Texas’ digital infrastructure attracts and sustains innovation will depend on state leadership and collaborative efforts. All levels of government and every economic sector play a role in promoting universal broadband access. To coordinate these efforts, most other states have created programs to expand connectivity. Key components of these programs include planning, dedicated broadband offices offering technical assistance, and competitive funding to support projects. With billions of federal dollars being invested in broadband expansion, Texas must be organized – successfully and wisely. The investment of these dollars will create profound benefits for future generations.

Goal 16 (Digital Connectivity) from the Texas 2036 Strategic Framework is the foundation for our broadband policy agenda. With approval from our Board of Directors, we pursued policy opportunities to:

1. Create the state-level administrative infrastructure for improving broadband access and adoption, including the creation of a dedicated broadband office, state broadband plan, and stable funding streams;
2. Reduce market barriers for broadband expansion; and
3. Sustain investments made in student connectivity.

[Image of a group of people around a table, likely discussing or working on a project.]

texas2036.org/shaping-our-future/
Digital Connectivity Policy Successes

State Broadband Administration, Planning, and Funding

More than three-quarters of states have created programs to expand broadband connectivity, and 45 states have developed a statewide broadband plan to guide expansion and inclusion initiatives. Because these other states had standing structures in place, they were better prepared to deploy resources to address the digital divide once the pandemic hit. With the recent passage of the American Rescue Plan Act and discussions on the American Jobs Plan, states will experience a once-in-a-generation influx of federal funding for broadband expansion and digital inclusion initiatives. Now more than ever, Texas must be organized to successfully leverage and invest these financial resources to future-proof our economy. Thanks to bipartisan leadership from the Legislature and cross-sector organizations, the following omnibus broadband legislation was passed with the support of Texas 2036:

**SB 1 (Nelson/Bonnen)**

SB 1 – the General Appropriations Act – appropriates $5.0 million in general revenue to create the state broadband development office and carry out key tasks such as developing a state broadband plan and coverage maps. The Digital Texas coalition, with the support of Texas 2036, played a key role in advocating for this funding.

**HB 5 (Ashby/Nichols)**

HB 5 creates a state broadband administrative infrastructure, with key functions led by the Comptroller, to expand broadband connectivity in Texas, including:

- A state broadband office to coordinate broadband initiatives across the state;
- A state broadband plan informed by all sectors that establishes long-term goals and provides a strategic framework for broadband connectivity;
- A state broadband map that identifies areas with and without broadband access to inform funding decisions made by the state;
- A dedicated fund for broadband initiatives, such as digital literacy or infrastructure expansion; and
- A funding program to help finance broadband infrastructure projects in underserved areas. Projects may include fiber optics, wireless, or other technologies. The program must not favor any one technology.

[https://texas2036.org/posts/hb5-passes-unanimously/](https://texas2036.org/posts/hb5-passes-unanimously/)
Deploying broadband networks in unserved or underserved areas requires considerable capital investment — and also favorable market conditions. The public sector can create those market conditions by removing barriers that can increase the cost of investing in projects, slow development, or make development unfeasible. During this legislative session, several initiatives were approved that will provide positive reforms to the broadband development market. These efforts include:

**Reduce Market Barriers**

**SB 507 (Nichols/Anderson)**

SB 507 balances the state highway right-of-way accommodations process for all broadband providers. Previously broadband-only providers (those that did not also provide a utility) did not receive equal accommodations for state highway right-of-way access. Texas 2036 supported this legislation.

**SB 632 (Buckingham/Buckley) & HB 3853 (Anderson/Perry)**

SB 632 & HB 3853 which allows certain river authorities and transmission distribution utilities (TDUs) to extend middle-mile broadband access to internet service providers by supplying excess fiber capacity. Texas 2036 advised legislative staff and supported these two pieces of legislation.

**Sustain Investments Made in Student Connectivity:**

Through Operation Connectivity, state and local governments invested nearly $1 billion to obtain over 1 million mobile hotspots, at-home broadband subscriptions, and e-learning devices to support students with remote learning transitions during the pandemic. This effort primarily benefited students in areas with broadband infrastructure or cellular service. Texas will need a long-term financial strategy to continue progress and refresh technology beyond the 2020-21 school year.

Additionally, long-term solutions for remote learning must be developed for rural and disconnected communities – both to close the homework gap that harms students without internet access, and ensure more students have access to many of the new tools addressing COVID learning loss. Schools received devices and funding for connectivity over the last year, but much of this was through one-time investments. Schools need long-term funding for device maintenance and refreshers, internet subscriptions, and other reoccurring costs. Ultimately, there was no major reform in the area of virtual learning, but two bills that will improve the quality and access to online learning did pass:
HB 1525 (Huberty/Taylor)

HB 1525 is omnibus education legislation that includes provisions requiring TEA to provide broadband technical support for student connectivity to schools. This provision codified the Operation Connectivity initiative at TEA, which will continue to work to close the digital divide for our students. This bill allows TEA to utilize federal funds to assist schools in providing high-speed broadband in students' homes. Provisions in the legislation also clarify that the Technology and Instructional Materials Allotment (TIMA) includes costs associated with hotspots, wireless internet services, and distance learning. Each year, Texas schools receive over $1 billion in TIMA funds, which are also used for textbooks and other designated needs. Texas 2036 worked with a wide range of stakeholders across different sectors to ensure all potential funding streams for connectivity were made available to schools. The bill also establishes stable funding for new and current investments in school connectivity and provides reimbursements for technology costs incurred by schools during the pandemic. Texas 2036 supported this legislation.

HB 3261 (Huberty/Taylor)

HB 3261 is similar to HB 1525, allowing school districts to spend TIMA funds on internet connectivity and training for online assessment. The legislation also directs the education commissioner to assess and estimate the cost of technology for school districts, and provide this information to the State Board of Education for consideration in developing proclamations for textbooks and technology. This new process will help schools better plan for technology and textbook investments. Provisions in this legislation also create a stable funding stream for connectivity. Texas 2036 worked with various stakeholders to perfect language expanding the use of TIMA. Texas 2036 also provided testimony supporting these efforts. (SB 1171 was the senate companion legislation to HB 3261; however, HB 3261 ultimately prevailed.)

https://texas2036.org/posts/sb-1171-continues-the-progress-toward-a-more-dynamic-testing-system/ #txed

SB 1 (Nelson/Bonnen)

SB 1 – the state budget for the FY 22-23 biennium – appropriates $398 million in federal funds toward student connectivity. This includes $390 million to reimburse schools for technology acquisition and $8 million to support schools providing at-home broadband for students. In addition, the state appropriated $4 million in general revenue to assist schools in developing and acquiring the necessary infrastructure to implement online assessments. The Digital Texas coalition, with the support of Texas 2036, played a key role in advocating for this funding.
In the fall of 2020, Texas 2036, along with Texas Rural Funders and the Greater Houston Partnership, founded the Digital Texas coalition, a statewide coalition of advocates, employers, and non-profit organizations working to improve digital connectivity for all Texans. Digital Texas is committed to:

- Ensuring access to reliable connectivity and devices, as well as digital literacy training, so all students, teachers, and administrators work together to modernize the public education system.
- Addressing the changing technological demands of employers, and equipping workers with the digital tools and skills to compete for middle- and high-skill jobs.
- Ensuring access to the necessary technology, infrastructure and support to maintain reliable telemedicine and telehealth services.
- Fostering partnerships across sectors and communities to address connectivity needs.

Since the formal launch on December 17, 2020, the Digital Texas coalition has grown from eight to more than 40 cross-sector organizations. To advance the coalition’s principles, the Digital Texas coalition played a significant role this legislative session in drafting and passing legislation. Through the Digital Texas coalition, member organizations organized support testimony for committee hearings, drafted support letters, and created support literature for the following pieces of legislation: (Information about the following bills can be found above or in other sections of this document).

- HB 4 (Price/Buckingham)
- HB 5 (Ashby/Nichols)
- HB 1525 (Huberty/Taylor)
- HB 3261 (Huberty/Taylor)

Digital Texas also played a role in the development of the state’s biennial budget (SB 1 by Nelson/Bonnen). The coalition successfully came together to advocate for the following items that were included in the final version of SB 1:

- **Digital Literacy Expansion:** SB 1 expands the use of funding for workforce programs to include digital literacy, and funds a digital literacy initiative at the Texas Library and Archives Commission.

- **Student Connectivity:** SB 1 included nearly $400 million to assist schools and students with technology and broadband access.

Digital Texas coalition members engaged early on issues like broadband planning by supporting a bipartisan letter from 88 lawmakers, led by Sen. Nichols and Rep. Ashby, calling on the governor to allocate a portion of CARES Act funding to create a statewide broadband plan. Following this letter, Digital Texas members supported key legislative leaders in drafting legislation, which would eventually become HB 5. The letter can be found online at: [https://www.digitaltexas.org/letter_to_gov_abbott](https://www.digitaltexas.org/letter_to_gov_abbott).

Because of the sustained and successful effort of Digital Texas – and Texas 2036 – the organizations are recognized as leaders on broadband and digital connectivity issues across the state. However, the work of Digital Texas has just begun. The coalition now turns its focus to implementing legislative initiatives that have passed, especially the development of the state broadband plan and appropriations of the influx of federal funding.

[https://www.digitaltexas.org/](https://www.digitaltexas.org/)
[https://texas2036.org/posts/the-power-of-texans-connecting/](https://texas2036.org/posts/the-power-of-texans-connecting/)
Looking Ahead: Future Digital Connectivity Policy Opportunities

While this legislative session yielded historic support for broadband and digital connectivity policy, significant work remains. Here are a few areas that Texas 2036 will engage in the coming interim and beyond:

- **Implementation of HB 5:** The passage of HB 5 is a remarkable step for Texas; however, implementation of this legislation will have a lasting impact on broadband and connectivity policy. Texas 2036, along with the Digital Texas coalition, will play a key role in shaping this implementation. Specifically, the Digital Texas coalition will work with communities to identify and aggregate community-level broadband plans to inform the development of Texas’ first statewide broadband plan. Communities have carried out various broadband planning initiatives, and the Broadband office must be made aware of them when beginning this process. Additionally, Texas 2036 and the Digital Texas coalition will engage in rulemaking and program development to ensure they complement and encourage collaborative leadership. Finally, the Digital Texas coalition will continue outreach and communication efforts to ensure all stakeholders follow the implementation process.

- **Digital Literacy and Skilling:** Digital literacy and skills remain top priorities for groups involved in closing the digital divide. For Texans of all backgrounds to benefit from the deployment of broadband technology, policymakers must explore ways to improve digital literacy and skills in underserved communities. Additionally, improving the digital skills of younger Texans will help ensure that our state remains economically competitive at a global scale. Legislative efforts that should be considered next session include HB 244 (M. Gonzalez), which would have provided grants to upskill teachers on technology and digital initiatives. This legislation passed in the Texas House of Representatives but not the Texas Senate.
In early January 2021, Texas 2036 conducted a statewide poll of Texas voters to assess attitudes about the future of Texas, including our state government performance.

Just over a third rated the Texas state government’s ability to solve problems and serve the needs of its residents as “good” or “excellent.” Prior to the pandemic, 50% of Texas voters gave state government high marks.

And, to a remarkable degree, division is out of favor. Voters picked “politics, government and civility” as the primary issue Texas needs to address to be successful 15 years from now, when Texas celebrates its bicentennial. “Economy, jobs and trade” came in second, and “education” placed third. “Immigration and the border,” which topped the list a year ago, dropped to a tie for fourth.

Texans rightly believe that theirs is the greatest state in the country. These results show widespread voter support for state actions that can make Texas even greater. The truth is that while Texas faces considerable challenges, the state also has great resources and opportunities at hand to meet them — and the poll shows strong support for practical solutions to a range of challenges facing the state.

More than anything, Texans expect action. Voters want leaders to set ambitious goals and deploy innovative policy solutions to maximize the return on taxpayers’ investment and create a firm foundation that future generations of Texans can build on.

This isn’t the time to rest on our laurels or to be complacent. We’ve got to act to protect the things we value and ensure future generations of Texans can thrive as past and present ones have.

That success is a big part of Texas’ story. Let’s get busy writing the next chapter.
Texas 2036 uniquely specializes in government performance by analyzing whether our state government is structured to meet the needs of its citizens now and in the future.

Right now, many Texans do not believe it is. One of the starkest findings in our January 2021 Texas Voter Poll was a sharp drop in confidence in the government’s ability to solve problems that impact Texans’ lives. Over 30% of voters said the state’s government was performing poorly — twice as much as before the pandemic.

Our 2021 government performance agenda had a strong focus on government data and technology because 2020 exposed — in dangerous ways — the fact that our state’s technology was frequently not ready when crisis struck. For example, at the outset of the pandemic, servers at the Texas Workforce Commission crashed from unprecedented demand, preventing many Texans from receiving timely assistance for unemployment benefits. Months later, the state’s public health data systems faltered as data backlogs caused by antiquated fax machines and manual data entry processes often yielded unreliable data streams. These pandemic issues mounted atop court rulings that exposed flaws in Child Protective Services technology and growing cybersecurity and ransomware threats, compounding significant risks for our state’s future ability to provide services.

State technology modernization has, for years, failed to receive sufficient public attention. But as the pandemic demonstrated, government technology is increasingly essential, both to provide high-quality customer service and to meet the basic needs of government. The best way to ensure Texans are well-served is to ensure that technology is up to date and secure.

Today, more than 1,000 services are provided on the website, Texas.gov, yet cybersecurity remains a top concern. An August 2019 attack took 22 state entities offline, with the perpetrators demanding $2.5 million in return for unlocking their stolen files. State agencies deal with 2.46 billion “bad actor communication hits” every two months, so investing in quality is vital to protecting taxpayers and their private information.

Another ongoing challenge is state agencies’ reticence to share data with one another, making quality data hard to come by. Only a third of state agencies have adequate data analysis capabilities, and state agencies believe their main barriers include a lack of dedicated staff and competing priorities, according to a Department of Information Resources survey.¿

Taxpayers deserve to know their money is being well-spent and their information is secure. With strong support in this biennium’s budget, and billions more coming in federal funds that could be used to modernize our technology, there has never been a better time to focus on planning for the future.

Our government performance policy agenda this session focused primarily on three Strategic Framework goals:

• Goal #32: Wisely Managed State Spending – Texas strategically manages state expenditures to deliver the best value to taxpayers.

• Goal #34: Proven Modern Methods in Data and Analytics, Information Technology, and Contracting/Purchasing – Texas government uses data-driven and proven modern methods to drive toward shared goals.

• Goal #35: Customer Service – Texas people and businesses can access the public services they want and need with user-friendly methods and devices.

We pursued a variety of priorities approved by our Board of Directors, guided by the principles:

• With better tools, the government can meet 21st century expectations, and

• For Texas to be on the right track, it must have the capacity to solve problems.

Government Performance Policy Successes

Improving Government Data and Technology

Pervasive underinvestment and neglected IT infrastructure are keeping Texas from functioning at its optimal capacity. Texas agencies are working with antiquated systems that remain disconnected between agencies, very few customer services are provided online, and most agencies state that information security is their top concern, according to the Department of Information Resources.\(^3\) In addition, IT project planning often must go beyond the two-year legislative cycle, and key strategies can lose funding or focus between different legislative sessions. This results in a lack of data collection, use, and analysis to inform decisions.

In this biennium, 27 state agencies submitted funding requests totaling nearly $900 million to implement a total of 59 IT-related projects, an increase of 86% from the last biennium. The Legislature prioritized this funding, nearly meeting the request with an $893.4 million appropriation for information technology. With these funds and the following bills, Texas has embarked on a path to modernize and improve its IT systems:

**HB 4018 (Capriglione/Nelson)**

HB 4018 establishes the Joint Oversight Committee on Investment in Information Technology Improvement and Modernization Projects, which will oversee the public investment in ongoing IT projects and produce reports to the Legislature on the status of existing plans. It will make recommendations on future investments (leveraging project information collected by the Department of Information Resources) and ensure each state agency submits a one-time IT modernization plan. The bill additionally creates the Technology Improvement and Modernization Fund, a special fund in the state treasury that improves and modernizes state agency information resources, including legacy systems and cybersecurity projects. This vital bill directly resulted from Texas 2036’s government modernization efforts, modelling the need for a sustained commitment to IT funding, similar to past sustained efforts to address deferred maintenance at state buildings. Texas 2036 staff worked with the authors to develop this bill, and we worked extensively with legislators to guide it through the legislative process. Now passed into law, it has the potential to significantly address this area of historical underinvestment over the long term.

\[\text{Number of Agencies Evaluating Maturity for Areas Key to Digital Transformation}\]

\[\text{None} 2 \quad \text{Other, Write In} 2 \quad \text{Quality Management} 15 \quad \text{Mobility} 20 \quad \text{Governance} 27 \quad \text{Identity and Access Management} 29 \quad \text{Cloud} 28 \quad \text{Contracting and Procurement} 31 \quad \text{Project Management} 31 \quad \text{Enterprise Architecture} 31 \quad \text{Application Development} 34 \quad \text{Data Management} 35 \quad \text{Strategic Planning} 38 \quad \text{Accessibility} 46 \quad \text{COOP/DR} 77 \]

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@SenJaneNelson: The future is tech! I sponsored HB 4018 to ensure Texas’ technology is secure and up-to-date. The bill establishes an oversight committee to study and make recommendations on the state’s long-term technology needs. @votegiovanni @Texas2036

#HB4018 resoundingly passed the Senate yesterday and will provide a much-needed fund, Council, and long-term plans for technology improvement and modernization. Thanks to @votegiovanni and @SenJaneNelson for working tirelessly to keep Texas secure!
SB 475 (Nelson/Capriglione)

SB 475 improves state cybersecurity, data management, and transparency. Among many actions, Texas 2036 worked extensively with legislative staff to promote best practices for data management, integration, and stewardship, and sections of this bill were made possible by Texas 2036’s efforts. 

https://tlchouse.granicus.com/MediaPlayer.php?view_id=46&clip_id=20731
@ 41:20

@HopeOsbornTX: First time testifying in the books! Excited it was for #SB475 - an amazing cybersecurity bill by @SenJaneNelson and @VoteGiovanni. #txlege

SB 969 (Kolkhorst/Klick)

SB 969 addresses the state’s pandemic health data needs, creating a more transparent public health data collection and reporting process. During the early months of the pandemic, the state’s health data infrastructure had many shortcomings, often requiring manual transcription of data faxed between entities. A combination of interim reform efforts, coupled with this bill, can significantly improve the collection and analysis of public health data. Texas 2036 consulted with legislative staff during the drafting process regarding data best practices and lessons learned from pandemic data.


@SenJenNelson: As we saw with the recent pipeline ransomware attack, cyber hacks present a clear and present danger. My SB 475 strengthens our cyber defenses and protects sensitive data held by state government. Glad to see it is advancing in the House. Let’s keep Texas cyber strong!

Texas 2036 staff also intervened to address and/or improve bills that could have had potentially harmful impacts on state data quality and data management. In addition, Texas 2036 supported legislation that made incremental changes in legislation that will, over time, improve the state’s information technology ecosystem. Examples of bills we supported that passed the Legislature include:

SB 538 (Blanco/Longoria)
SB 538, allowing DIR to expand their cooperative contracts program, so more entities have access, and allowing contracts to be renegotiated at any time, which will help cybersecurity contracts stay up to date.

HB 3130 (Capriglione/Paxton)
HB 3130, ensuring that agencies will go through DIR to create mobile applications and keep resources centralized through Texas.gov, which will help agencies provide uniform and efficient services through mobile platforms as well as their websites.

HB 1576 (Parker/Paxton)
HB 1576, creating a blockchain workgroup that will study and develop a master plan on how to best incorporate blockchain technology in state government.

HB 1118 (Capriglione/Paxton)
HB 1118, providing consistency and tracking compliance in cybersecurity training between state and local governments.
Contracting

Between 2008 and 2018, total state spending on goods and services rose by 168%, to $59.9 billion – but three-fourths of this spending was performed through emergency or exceptional purchases, not by managed contracts. Legislative responses to past contracting scandals have created processes that agencies have difficulty following, slowing progress in implementing needed programs. The state must have effective, standardized procurement methods to utilize better technology and internal staff, and take full advantage of best practices and greater scale of state purchases. The following bill seeks to accomplish these goals:

SB 799 (Nelson/Paddie)

SB 799 improves state contracting to allow agencies to serve Texans better. The bill accomplishes this by standardizing procurement thresholds and expanding the definition of “best value” to allow for more strategic agency choices during the contracting process. It also improves procurement training and provides greater group purchasing powers to state agencies. Texas 2036 engaged on multiple contracting bills this session, portions of which we worked to incorporate into SB 799 during the legislative process.

Looking Ahead: Future Government Performance Policy Opportunities

While this session was a productive one for government performance policy, significant work remains. Here are a few areas in which Texas 2036 will look to engage through the interim and beyond:

- **Improving and rewarding talent in government:** The Governor’s veto of the Article X budget, which funds the Legislature, has prompted a much-needed discussion about legislative staff pay levels in Austin, an increasingly unaffordable city. Today, the median salary for a staffer in the House of Representatives is just $36,000, which isn’t a living wage if the staffer has a family. With such low pay, a significant portion of staff – 41% – has less than a year of experience, and 87% has less than 10 years of experience. Improving legislative staff pay should be a priority during the upcoming special sessions.

- **Modernizing state technology with federal stimulus funds:** In addition to the $15.8 billions of state fiscal relief stimulus funds that will likely be allocated this fall, multiple federal revenue streams have been identified that can play a role in modernizing state data and IT. Texas 2036 will engage to ensure stakeholders can maximize the impact of these funds and programs, creating long-term future savings for Texas taxpayers.
In April 2020, in the early months of the COVID-19 pandemic, Governor Greg Abbott announced the creation of the Governor’s Strike Force to Open Texas (GSFOT). It featured business and civic leaders from across Texas, assembled to help advise on state policy choices during the emergency. Among the state leaders appointed to the task force were five Texas 2036 board members: our chairman, Tom Luce, as well as Elaine Mendoza, Sam Susser, Marc Watts, and Graham Weston.

Recognizing that the data quality initially available to Strike Force members had significant limitations, Texas 2036 worked with relevant government agencies – in particular, the Department of State Health Services (DSHS) – to create a more user-friendly data dashboard for use by both Strike Force members and the general public. Texas 2036 was among the first to produce granular, actionable data at the state and county level, showing disease trends, testing levels, business impacts, and hospital capacity.

This site generated significant traffic in the spring and summer of 2020 – well beyond its initial Strike Force audience. Over 50,000 unique viewers visited the site, many on multiple occasions, with traffic spiking to almost 10,000 views per week just after Memorial Day. As the pandemic evolved, so too did the site – incorporating additional demographic and vaccine data when that became available.

This project would not have been possible without the assistance of DSHS staff members and members of the Supply Chain Strike Force (SCSF), which was created in March 2020 to address testing and protective equipment availability issues. Our work behind the scenes with these dedicated civil servants helped guide GFSOT recommendations and inform data quality improvements implemented by state agencies during the summer and fall of 2020.

Eventually, many of the lessons learned from this process were incorporated into legislation. SB 969 by Senator Lois Kolkhorst includes input from many pandemic data experts, including our team members, and will help ensure that the state has a transparent and rapid means of sharing actionable public health data during future crises. HB 4018 by Representative Giovanni Capriglione addresses the need for significant improvement to many of our state’s IT systems, as demonstrated by the myriad obstacles faced by state agencies in 2020. Finally, SB 475 by Senator Jane Nelson creates an ecosystem for state agencies to share data and best practices so future data issues can be addressed in a collaborative, government-wide approach.

Texas COVID-19 Daily New Cases

- New Cases
- 7-Day Average

Source: Texas DSHS - COVID-19 Accessible Dashboard Data
BUDGET
PRIORITIZATION
A strong focus of our Government Performance goals, budget prioritization remains pivotal to protecting taxpayer funds and ensuring services are swiftly and reliably provided.

Better data and clearer goals will enable Texas to monitor program performance in meaningful ways so that value and quality are more transparent. During difficult budget years that require funding cuts, legislators should not create obligations for future generations, and cuts should not permanently damage important state initiatives and services. Texas 2036 strove this session to improve how tax dollars are being spent, with an emphasis on ensuring that more funds will be available to the state in the future.

The first issue we focused on has to do with the promise of a secure retirement for state employees. After years of underfunding and lower rates of return than expected, the Employee Retirement System pension fund had accumulated unfunded liabilities of $14.7 billion and faced a depletion date — meaning it would run out of money — by 2061. According to our Texas Voter Poll released in January, 81% of Texans agree that we must address the state’s growing pension liability so that state employees will receive the retirement funds they were promised. In addition, the state should make sure younger workers — two-thirds of whom leave state service within five years — have more options and incentives to remain as public employees. Significant reform was made this session: current employees’ pensions were finally protected through a vital budget appropriation, and a different defined benefit program, called a cash-balance plan with an optional 401(k), was established for incoming employees.

Texas 2036 also focused on ensuring public school funding was being optimized, fueled by a report on how oil prices might impact important funds like the Permanent School Fund. This fund has grown to $48.3 billion, bigger than the Harvard University Endowment. However, it is not growing at the same rate as its peer funds. The New Mexico Land Grant Permanent Fund grew by 83% in the last 20 years, while endowments like the Yale University Fund grew 191%. The PSF’s sister fund, the Permanent University Fund, has grown 118%. But the Permanent School Fund has only grown 76% over this time.

Our work in budget prioritization comes from two Government Performance goals:

- **Goal #31: Broad, Stable Revenue Base** — Texas people and businesses contribute taxes and fees to meet strategic needs and remain competitive as we grow and change.

- **Goal #32: Wisely Managed State Spending** — Texas strategically manages state expenditures to deliver the best value to taxpayers.

We pursued a variety of priorities approved by our Board of Directors, guided by the following principles:

1. Long-term fiscal problems cannot be pushed off in tough budget times; and
2. Short-term budget decisions should not cause long-term budget harm.

[txs2036.org/shaping-our-future/](http://texas2036.org/shaping-our-future/)
Budget Prioritization Policy Successes

Long-Term State Fiscal Health and Budget Prioritization

The Legislature expected to face a significant revenue loss due to lower economic activity during the COVID-19 pandemic. To the surprise of many, the Comptroller revealed in January 2021 that he expected only a 0.4% dip from the previous biennium. Sales and oil and gas tax revenue remained strong, and an additional $1.67 billion was added to his forecast by May. Our team was heavily involved in the budget process, testifying on aspects of the budget a total of 13 times. In addition to advocating for several key initiatives through the budgeting process (supporting various other bills enumerated in this document), Texas 2036 advocated for smart and efficient ways to address liabilities and garner uncaptured revenue through the following bills:

SB 321 (Huffman/Bonnen)

SB 321, which overhauls the Employees Retirement System pension plan, addressing the state’s $14.7 billion unfunded liability while protecting our state’s credit rating. Though the bill received relatively little fanfare, it is arguably the most important fiscal reform passed by the Texas Legislature this year. Once implemented, this bill will save the state more than $33 billion over the next three decades and prevent the financial collapse of the ERS fund. It also has the benefit of offering a competitive defined benefit cash-balance pension plan that may be more beneficial to many future state workers. Texas 2036 advocated in support of pension funding and reform throughout the budget process, and we also successfully supported bills like SB 483 (Schwertner/Parker), which created a biennial report on investment returns for both ERS and the Teacher Retirement System. Our staff worked extensively with legislative offices and stakeholders to support SB 321’s passage.

https://texas2036.org/posts/pension-reform-a-key-to-modernizing-government/
https://tlchouse.granicus.com/MediaPlayer.php?view_id=46&clip_id=20659
@ 54:20 Start
SB 1232 (Taylor/Bonnen)

SB 1232 creates a process to merge the investment operations of the Permanent School Fund under a new operating structure designed to mirror UTIMCO’s management of the Permanent University Fund. The current bifurcated management structure of the PSF, which divides investment operations between the General Land Office’s School Land Board and the State Board of Education, has resulted in a “cash drag” that limits investment returns while introducing investment risks. Experts have stated that merging operations will likely increase the investment fund returns by more than $100 million per year, every year, with compounding growth. This merger will help ensure that the full $48.3 billion corpus of the PSF is properly diversified and structured for resilience against market volatility, while simultaneously creating a path toward greater distributions to the Available School Fund. As described below (see “Spotlight On: Changing World Oil Markets and the Texas Economy”), Texas 2036 supported the legislative authors through the development, stakeholder engagement, and passage of this bill.

https://texas2036.org/posts/maximizing-investment-returns-for-texas-school-funds/
https://texas2036.org/posts/real-progress-with-lasting-benefits/
https://tlchouse.granicus.com/MediaPlayer.php?view_id=46&clip_id=20815 @ 15:20

SB 1: The General Appropriations Act (Nelson/Bonnen)

1. **Public Education: $51.8 billion** in All Funds, which fully funds the state’s commitment to public education investments made by HB 3 (in the 2019 legislative session) and projected enrollment growth during the 2022-23 biennium.

2. **Mental Health: $8.4 billion** in All Funds for behavioral health funding across 25 state agencies.

3. **COVID Impacts/Learning Loss: $1.3 billion** in Federal Relief Funding for targeted programs, such as high-dosage tutoring, to help students and schools affected by the pandemic; and **$150 million** for the Strong Foundations grant program, which supports elementary campuses in implementing high-quality instruction, materials, and support structures.

4. **Student Connectivity: $398.0 million** in Federal Funds, including $390.0 million to reimburse schools for technology acquisitions; and **$8.0 million** to support schools in providing at-home broadband for students.

5. **Broadband: $5.0 million** in General Revenue for the creation of the state broadband development office and to carry out tasks such as developing a state broadband plan and broadband coverage maps.

6. **Improving Online and Digital Learning: $4.0 million** in General Revenue to assist schools in developing and acquiring the necessary infrastructure to implement online assessments.

HB 2: Supplemental Budget (Nelson/Bonnen)

1. **IT Modernization: $893.4 million** in All Funds, including $431.8 million for legacy system modernization and $64.4 million for cybersecurity.

2. **State Benefits: $1.0 billion** in All Funds, to improve the solvency of the Employees Retirement System (ERS) retirement program.
Looking Ahead: Future Budget Prioritization Policy Opportunities

Texas 2036 fought for meaningful funding and policy around fiscal responsibility this session, but there is more work to be done. Here are a few areas in which Texas 2036 will look to engage through the interim and beyond:

• **Federal Funds:** At least $15.8 billion in federal stimulus funds remained unspent in SB 1, with the governor signaling a fall special session to allocate these and other potential federal funds. Texas 2036 will continue to actively engage in state budgetary matters and encourage lawmakers to identify investments that will allow these one-time funding streams to produce long-term benefits. We will also provide a voice of caution against expenditures that create unsustainable fiscal cliffs in future years.

• **Long-Term Revenue Stability:** In addition to avoiding stimulus-related fiscal cliffs, we will continue to evaluate concerning trends associated with revenue sources and revenue exemptions. As technology and the state’s economy evolve, historical funding structures must ensure that government can continue to meet its obligations. A transition in the state’s energy industry, in particular, poses both risks and opportunities for the state’s future revenues. Individual tax burdens are growing, but at the same time, tax exemptions grew 57% in value between 2011-2019. For Texas to remain competitive as we grow and change, the state must start important conversations about the future of its revenue streams.
In March 2021, Texas 2036 and the Center for Houston’s Future (CHF) published a report titled “Changing World Oil Markets and the Texas Economy,” exploring how volatility in oil prices could impact the Texas economy over the next 15 years. The report was accompanied by a Texas 2036 policy brief – Future-Proofing Texas School Funding – that used the larger report’s data to explore how those scenarios could negatively impact education funding. Among the topics explored were the implications for state education investment funds, like the Permanent School Fund, that rely on income from oil activity to finance their revenue inflows and future distributions.

The report found that if oil prices steadily decline to $30 per barrel, state tax revenues stemming from exploration and production (E&P) activity could drop from 2019 levels by as much as 74% ($6.8 billion per year), and royalties to the PSF and Permanent University Fund could decline by as much as 70% ($1.5 billion per year) by 2036. While much of this impact would hit state investment and rainy day funds, Texas public schools also would be partially exposed to long-term industry trends; this is because of their reliance on revenue streams affected by Texas oil and E&P activity, including sales taxes, property taxes, and PSF disbursements. CHF found that approximately 20% of Texas public school funding can be linked to the oil and gas industry, and – if oil and gas prices steadily decline – Texas schools could experience a 30% ($1.7 billion) decline in annual tax revenues and royalties by 2036.

Multiple strategies provided options for new state revenue streams and more resilient budgets, including merging PSF investment operations. At the time of the report’s publication, the management of PSF investments and royalties was divided between the General Land Office’s School Land Board (SLB) and the State Board of Education (SBOE). The TEA also played a role, employing the SBOE’s investment staff. The complex management structure has limited the state’s ability to have a unified asset allocation that ensures resiliency against oil and gas market changes. It also has limited investment returns by creating a “cash drag,” since the SLB was limited in available asset classes for investment and had to keep cash-on-hand to cover collateral calls. While partially addressed by 2019 reforms, gaps still remained that cost the state money and increased investment risk.

With the goal of protecting the Permanent School Fund and maximizing long-term returns, Texas 2036 supported Senator Larry Taylor (R-Friendswood) and Representative Greg Bonnen (R-Friendswood) on SB 1232. This bill created a process to allow the State Board of Education and General Land Office to merge the PSF’s investment operations under a unitary management structure. PSF stakeholders testified that it would also increase annual investment returns by as much as $100 million per year. Texas 2036 provided significant support to the legislative authors, including data, testimony, advocacy, and coordination of various stakeholders.

SB 1232 passed the legislature with near-unanimous support. Once implemented, this initiative will generate additional education funding while also protecting future revenue streams for public education. This report and SB 1232 represent what’s possible when data and policy advocacy come together in support of non-partisan solutions to benefit Texans for generations.

https://texas2036.org/future-proofing-texas-school-funding/
Rather than yield the future to a course of events imposed from outside, we are confident Texans will choose to rely on a great, long-standing asset: the determination to shape their own desires.


Texas 2036 is a non-profit organization building long-term, data-driven strategies to secure Texas’ continued prosperity for years to come. We engage Texans and their leaders in an honest conversation about our future, focusing on the big challenges. We offer non-partisan ideas and modern solutions that are grounded in research and data to break through the gridlock on issues that matter most to all Texans. Smart strategies and systematic changes are critical to prepare Texas for the future.

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