

Bay Area Houston Legislative Agenda Fact Sheet 2023

Comprised of 16 cities, Harris and Galveston counties, the Bay Area Houston region is the home of:

- NASA Johnson Space Center
- Space Center Houston
- Bayport Industrial Complex
- 6 major healthcare systems
- Houston Spaceport at Ellington Airport
- Port Houston
- 7 school districts, 3 colleges & 3 universities

The People of Bay Area Houston

Population of more than 631,000 residents

Median Age of Residents:	35
Average Household Income:	\$93,400
Median Household Income:	\$69,475
Education of Population 25 and older:	
Bachelor's Degree	over 20%
Graduate Degree	over 10%

The 740,000 people who live and work in Bay Area Houston enjoy a low-cost business climate, affordable and diverse housing options, and year-round activities with more than 3,000 acres of parks and recreational space.

Houston ranks second among U.S. cities in *Fortune 500* headquarters. Bay Area Houston features:

- The largest concentration of specialty chemical processors in the world
- Industry leaders from the aerospace / aviation, healthcare, maritime, specialty chemical, and tourism/recreation sectors



88th Texas Legislative Session Priorities

An outstanding quality of life, regional prosperity, and highly skilled employees are very attractive to businesses that are considering relocation or expansion. It is vitally important to cooperatively address legislative issues that are necessary for the continued growth of this region. These include:

- Education & Workforce Development
- Supporting the Region's Healthcare System
- Coastal Barrier
- Space Alliance Technology Outreach Program and Texas Aerospace Scholars Program
- Texas Space Leadership
- Transportation Funding—BayTran
- Economic Development Incentives

For your reference, details on these Legislative Agenda items are included in this packet.



Education and Workforce Development

The legislative priorities and recommendations for Public Education (Pre-K through 12) and Higher Education (Community Colleges and Four-Year Institutions) are:

K-12 Legislative Agenda

Priority 1: Our region's ISDs and communities consider school security and safety for our students and staff a very high priority and ask for your support

- Following the Santa Fe shooting, significant investments were made, and processes and protocols were upgraded
- More can and will be done in the wake of the Uvalde ISD tragedy, but this will be most effective if supported by additional (and continued) funding by the Texas Legislature. For example, increased funding of the School Safety Allotment and providing flexibility to local districts to adequately support their unique needs in providing for students and staff safety would be very helpful. One-time investments, while appreciated, are not a long-term answer to this issue.

Priority 2: Funding is a difference maker

- Our business and industry leaders continue to tell us how important a quality education system is to their future workforce needs...and it starts with an excellent K-12 foundation.
- Increase funding to Basic Allotment to offset inflation and to better align to the national average.
- Increase funding to create opportunities to "get back on track" for students who have experienced a loss of learning due to COVID.
- Increase funding to address the growing teacher/staff recruitment/retention issue. There are signs that the teacher pipeline is drying up, and there are not enough teachers graduating to backfill those that have retired or resigned.

Priority 3: Support local control

- Keep local election dates flexible based on the needs of the local community. Districts should be able to maintain flexible election dates for bond elections to offset inflation in construction costs and keep local debt to a minimum.

Priority 4: Accountability matters

- Maintain accountability through meaningful assessments for any public school, charter school, or voucher program of any kind.

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- Support the use of community-based accountability systems where they have proven results.

Community College Legislative Agenda

The new model for funding community colleges in Texas that has been developed by the Texas Commission on Community College Finance is a significant step in the right direction. We encourage your support as the package of recommendations moves through the legislative process.

Community colleges are an important contributor to the health and vitality of our economic base in the Bay Area Houston region. Their strong focus and well-earned track record of serving business and community needs are widely known and appreciated in this region. As our business sectors continue to grow and have new workforce needs, our community colleges need to be positioned to support them.

Key components of this transformational set of proposals that we support include:

- The shift to **funding based on outcomes** (degrees, certifications, etc.) and support to high demand fields vs. growth
- **Financial support for dual credit programs** that get students well trained and into the workforce sooner
- Incentivizes community colleges to **transfer students to four-year institutions**
- Provides important **foundational support to smaller community colleges** (often in rural areas with smaller business bases)
- Provides **additional support to make post-secondary learning opportunities available to lower-income students**

University Legislative Agenda

University of Houston Clear Lake

- **Priority Funding Considerations**
 - Stable Base Formula Funding
 - Provide an increased funding formula to cover enrollment growth and inflation, which would significantly reduce pressure to increase tuition and fees
 - Performance Based Funding for Comprehensive Regional Universities
 - Increase funding for TEXAS Grants
 - Conversion of Expansion Funding to Institutional Enhancement Funding

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- Hazelwood Exemptions – appropriate resources to cover all exemptions or modify the exemption

- **Exceptional Item Requests**

- Campus Construction Assistance Program (CCAP)
 - Provide funding for the creation of a Phase II STEM/Classroom building and the renovation and repurposing of vacated space
- Expand funding for the Center for Autism and Developmental Disabilities (CADD)

University of Texas Medical Branch

- **HRI Formula Funding**

Adjust formula rates for inflation and fund growth to ensure UTMB and other HRIs can train the future health care workforce and address the health care needs of a rapidly growing state.

- **Drug Discovery - \$22.2M**

This funding will support bench-to-bedside drug discovery work. Drug Discovery will bring together UTMB's expertise in virology, pharmacology, toxicology, and medicinal chemistry to develop oral drugs for emerging and re-emerging threats. This funding will support researchers, lab operations, supplies, and equipment needed by the institute and will be leveraged to match philanthropic donations and federal funding.

- **School of Public and Population Health (SPPH) - \$11M**

UTMB's SPPH will welcome its inaugural class in Fall 2022. This funding will support the additional costs associated with opening a new school, including the hiring of faculty, purchasing of equipment, and development of academic infrastructure. A robust public health infrastructure with a well-trained workforce will be essential to protecting the health of Texans and the Texas economy.

- **Health Care Workforce**

UTMB also supports efforts to address continuing and mounting health care workforce challenges, including THECB loan repayment programs, GME expansion grants, the Nursing Shortage Reduction Program, and programs such as AHEC.

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Texas A&M University Galveston

- **Formula Funding**

Consistent formula appropriations that fund student enrollment growth and inflation are needed to avoid adverse impacts on students' success. Our highest priority is additional funding in the formulas to cover student enrollment growth through the Fall 2022 semester in the base bill and additional funding for student enrollment increases in the Spring 2023 semester. Any additional funding provided through the formulas over and above covering the cost of enrollment growth will help cover inflation and offset pressure on tuition, keeping costs more affordable for our students.

- **Performance Based Funding for Comprehensive Regional Universities**

The 87th Legislature recognized the importance of the state's 27 Comprehensive Regional Universities by passing SB1295 and using federal funding to support this legislation. For the upcoming biennium, we request \$80 million in General Revenue to provide two years of performance funding to continue student support programs at our Comprehensive Regional Universities. This amount would provide \$250,000 in base funding and \$1,000 per at-risk student per year. With this support, these institutions can help address the state's decline in direct enrollment from high school to college and close the gap in these institutions' graduation rates compared to the emerging research and research institutions. Increasing regionals' college enrollment and graduation rates will add more skilled employees to the workforce and improve the regional economy.

Recommendations:

K – 12 Public Education	See recommendations above
Community Colleges	See recommendations above
Higher Education	See recommendations above

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issue

Supporting the Region's Healthcare System

Access to quality healthcare services is critical to our growing and vibrant region. Hospitals and healthcare providers not only contribute significantly to the state and regional economic viability through local spending, job creation, and research but also enhance the quality of life for the communities they serve. Today, hospitals and healthcare providers face numerous financial challenges centered on unbudgeted costs pertaining to the pandemic, workforce shortages, and increased supply costs due to inflation. In order to preserve and support the region's healthcare system, we suggest and support the following actions:

MAINTAIN MEDICAID FUNDING

- Request that the legislature fully fund the Medicaid shortfall, which is projected to be \$3.7B in general revenue for the 2022-2023 biennium
- Urge the Texas legislature to continue its investment in the Medicaid program without cutting reimbursement to providers. The state currently pays hospitals approximately 52% of their cost for in-patient care in the Texas Medicaid program.
- Support the extension of Medicaid coverage for new mothers from 2 months to 12 months

SUPPORT OF SAFETY-NET, TRAUMA, AND RURAL HOSPITAL FUNDING

- Increase base Medicaid reimbursement rate from 52 to 58 cents per dollar of cost of care for safety net, trauma, and rural healthcare services

CONTINUATION OF THE LOCAL PROVIDER PARTICIPATION FUND (LPPF)

- Regional funding mechanism ends August 31, 2023

SUPPORT HEALTHCARE WORKFORCE NEEDS

- Maintain or increase funding for medical education, nursing programs, and other health professions
- Texas has a continuing shortage of healthcare professionals ranking #41 in the nation for physician-to-population ratio and ranking #47 for primary care. The shortage of PTs, OTs, PAs, clinical laboratory scientists, respiratory therapists, and other healthcare professionals is equally dire
- Enlarge the capacity of current educational programs
- Provide competitive, market salaries for health education professionals
- Provide scholarships and/or loan repayment programs for students
- Provide continued support for growth in the number of graduate medical education (GME) programs in order to provide in-state training opportunities for

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- graduates of Texas health professions programs
- Support policies and procedures to prevent workplace violence in health facilities throughout the state

IMPROVEMENTS TO OUR STATE'S MENTAL HEALTH SYSTEM

- Mental health affects numerous aspects of the community – from hospitals to schools and jails
- Harris County Jail is the largest provider of mental health services in the region
- The Texas Legislature made a significant investment in behavioral health the last two sessions
- The state has too few inpatient beds for patients with severe behavioral health needs
- Outpatient behavioral health care services are not sufficiently available to keep individuals out of behavioral health crisis or to manage chronic behavioral health needs
- Important to avoid looking at mental health issues in isolation, instead take a comprehensive view of how to improve the system for children and adults
- Identify best practices for early identification of mental illness and ways to improve collaboration across care providers

STRENGTHEN REGIONAL WATER INFRASTRUCTURE

- Ensure that electric utility, telecommunications, and water conveyance infrastructure are sufficiently hardened and weatherized in order to ensure reliable, continuous service throughout natural disasters; and that they remain equipped with reliable, sufficient supplemental electricity and water supplies

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Gulf Coast Protection District

National Security Issue

Without protection, a storm surge could shut down the nation's busiest port in foreign tonnage and 15.8% of U.S. port cargo handled, shutter the largest petrochemical complex in the nation, which supplies 30 percent of the U.S. fuel refining capacity, and impact 6 million residents.

Protection for Texas Economy

The coastal barrier system will protect the Texas economy from devastating impacts caused by storm surge:

- Port Closures
- Interruptions in Specialty Chemical Feed Stocks
- Statewide Transportation Disruptions
- Gasoline & Fuel Shortages and Price Increases
- Loss of State Revenues
- Loss of Life

Federal Funding

The project has received congressional approval, is on the U.S. Corps of Engineers' project list, and will be funded through the Water Resources Development Act when funds are appropriated by Congress.

Gulf Coast Protection District

The Gulf Coast Protection District (GCPD) was created in 2021 by the 87th regular Texas Legislature to be the non-federal sponsor of the Sabine Pass to Galveston Bay Coastal Storm Risk Management (S2G) and Coastal Texas Protection and Restoration Feasibility (Coastal Texas) studies, known together as the Coastal Barrier.

Recommendations for Reform:

1. The Gulf Coast Protection District (GCPD) will be seeking an appropriation of \$500 million from the Texas Legislature to continue funding GCPD operations and the non-federal share of the U.S. Army Corps of Engineers' storm surge suppression projects in the Sabine to Galveston and Coastal Texas studies that are located in GCPD's territory. In order to protect our citizens and the industry that upholds this state, the Bay Area Houston Economic Partnership supports this funding request to bring these much needed projects to the Texas Gulf Coast

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Space Alliance Technology Outreach Program and Texas Aerospace Scholars Program

Space Alliance Technology Outreach Program

The mission of the Space Alliance Technology Outreach Program (SATOP) is to make innovative aerospace technology available to the private sector, particularly to small businesses. Secondary goals are to incorporate technology into the small business processes to produce viable products and realize the positive economic impact to small business through new contracts, increased revenues, increased employment, and overall company growth.

The 87th Texas Legislature established a SATOP Capstone Design Projects Program within Texas A&M Engineering Experiment Station (TEES). During the FY2022/23 biennium SATOP experienced a two-fold increase in Capstone projects and a three-fold increase in the time it takes to manage the projects. These projects have been a tremendous success to the students by providing hands-on experience in advancing new products and to the entrepreneurs by enabling them to get their new products to the market sooner. We are requesting an increase in funding that will enable us to better manage the projects and to increase the overall number of projects.

Texas Aerospace Scholars Program

The Texas Aerospace Scholars (TAS) program harnesses the excitement of human space exploration to inspire Texas students to consider and pursue degrees and careers in science, technology, engineering, and mathematics (STEM). TAS provides unique educational and internship experiences.

TAS currently recruits from all legislative districts with the goal of 1,200 high school juniors starting on-line courses. TAS activity experienced a 61% retention rate for on-line course participants. Increased and focused recruitment and retention efforts will help reach the overarching goal of 1,200 students starting and finishing the on-line portion. We will broaden the geographical reach of recruitment through non-traditional avenues and venues, we will also identify the top 100 most diverse high schools that support the most underserved/underrepresented areas. We will increase communications with the 100 underserved/underrepresented schools and identify key points of contacts at various campuses to assist in recruiting (i.e., teachers, counselors, and other educational professionals).

Recommendation:

1. Appropriate funding in biennium 2024 and 2025 to expand and sustain the Space Alliance Technology Outreach Program and the Texas Aerospace Scholars Program.
2. An appropriation of \$80,000 in FY2024 and \$80,000 in FY2025 is requested for TEES Capstone Design Projects Program.

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State Leadership in Space

Texas Space Commission

The State of Texas has an opportunity to make an impact on the long-term success of the space industry and NASA in the State of Texas. The Texas Space Commission, established and funded by the State, should be created to address issues with infrastructure, workforce, long-term viability, and incentives for the space industry. In addition, they should address long-term, sustainable business in the State and provide tools to blunt efforts of other states to recruit Texas companies and work away. This organization should be located in the Bay Area Houston region to be closest to the largest concentration of space industry jobs in the State and central to other space hubs throughout the state.

Recommendations for Reform:

1. Establish a Texas Space Commission to support the space industry's long-term success in Texas and appropriate \$350,000,000 in the FY2024–25 biennium to implement the entity.

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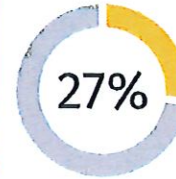
WHO WE ARE

Bay Area Houston Transportation Partnership's (BAYTRAN) region represents 50% of the 8-county regional economy and 27% of the Texas economy which is the 9th largest economy in the world. Our region is unique in that it is comprised of growing residential communities, the country's largest petrochemical complexes, heavy industrial complexes, and multiple ports. The transportation infrastructure in our region is critical to moving people safely, goods efficiently, and as serves as our coastal communities' evacuation routes during emergencies.

BAYTRAN is the advocate for increased mobility and efficient freight movement. BAYTRAN supports policies which increase investment in transportation and supporting infrastructure, which is the key to continued economic growth in the State of Texas. The items discussed in this white paper are critical and require action.



BAYTRAN's region represents 50% of the 8-county regional economy



of the 9th largest economy in the world

KEEPING EXISTING FUNDING TOOLS

Toll Roads

Toll roads are an important funding mechanism in high growth regions, the ability to utilize a toll road could make a difference in keeping up with growth vs. falling behind. BAYTRAN strongly opposes legislation restricting the use of this important tool.

No Diversions

BAYTRAN opposes diversions of funds from transportation dedicated resources to non-transportation uses.

ADJUSTMENTS TO EXISTING REVENUES SOURCES

Motor Vehicle Fuel Tax

with the last increase in 1991, the purchasing power of the 20-cent state motor fuel tax has diminished. BAYTRAN recommends increasing the tax and indexing the tax to a level of inflation such as the Construction Cost Index.

Vehicle Registration Fees

Increase at the statewide level. The Legislature has not enacted a significant increase in registration fees since the mid-1980's.

REVIEW OF POTENTIAL SOURCES FOR NEW REVENUE

Electric and Hybrid Vehicle Equity Fee

Establish a fee to ensure that electric and hybrid vehicle owners contribute a fair share of the cost to fund Texas roadways.

PRIORITY PROJECTS AND INITIATIVES



Coastal Spine

BAYTRAN supports legislation appropriating funding for design and construction of the storm surge protection system in the upper Texas Gulf Coast to protect the environment, industries, the national economy, and vulnerable communities within the region.



Port Infrastructure

Increase funding for port transportation infrastructure needs, including channel improvements, to accommodate continued tonnage growth in exports and imports worldwide.



Grand Parkway

Completion of segments A, B and C, and further expansion of the Grand Parkway is vital to connecting major freight corridors, port facilities, and to serve as a hurricane evacuation route for coastal communities.



Freight Infrastructure

Increase funding for freight transportation infrastructure, including rail, and preserve and grow Legislative Rider funding for port connectivity.

