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Public Education, State Budget

Retired teacher health program projects funding shortfall

[October 2](#) — The state’s health insurance program for retired teachers, TRS-Care, is expected to have a funding shortfall of \$875 million in fiscal 2016-17, according to a recent presentation by the Teacher Retirement System of Texas (TRS) to the Legislative Budget Board.

TRS, which administers the program, is asking the 84th Legislature to appropriate funds in the fiscal 2016-17 budget to cover the shortfall. TRS Executive Director Brian Guthrie said at the Sept. 17 hearing that the requested amount is large but needed if the program is to continue.

TRS-Care was established by the Legislature in 1985. About 243,000 retired teachers and eligible dependents participate in the program.

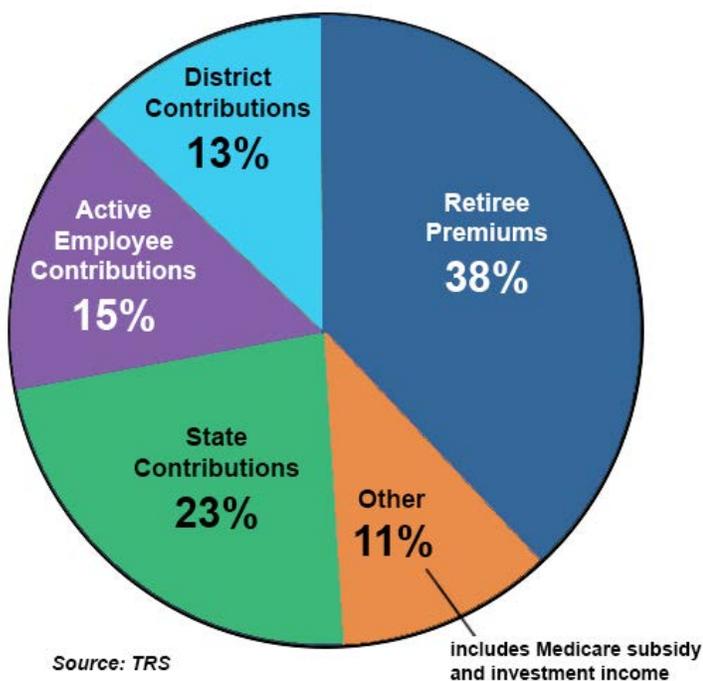
Texas Insurance Code, [ch. 1575](#), sets out requirements and funding for the retiree health plan. A basic coverage health care plan is offered at no cost to retirees. TRS-Care offers two optional plans, for which retirees pay premiums based on the plan selected, years of service, number of dependents, and Medicare status.

Plan member premiums are projected to account for 38 percent of [TRS-Care](#) funding in fiscal 2015. Other funding comes from the state, which contributes 1 percent of active employees’ payroll; active employees, who contribute 0.65 percent of their salaries; school districts, which contribute 0.55 percent of active teachers’ payroll; and other contributions, including Medicare Part D subsidies and investment income.

Retirees under age 65 are a significant cost driver for TRS-Care. The 83rd Legislature in 2013 enacted [SB 1458](#) by Duncan, which set a minimum age of 62 for retirees to be eligible for the two optional plans. That provision, which went into effect Sept. 1, 2014, does not affect current retirees and certain active employees who were “grandfathered in” under the previous requirements.

A [study](#) completed in 2012 by TRS at the Legislature’s direction discussed several options to improve the sustainability of TRS-Care, including:

- pre-funding the long-term liability through higher contribution rates;
- requiring retirees to pay the full cost for optional coverage;
- requiring enrollees to purchase certain Medicare coverage when they become eligible;
- raising the minimum age requirement to participate;
- providing a stipend for non-Medicare retirees to purchase insurance in the private market; and
- moving non-Medicare retirees to TRS-Active Care, the insurance program for working teachers.



The TRS board is conducting another study that will look at plan design changes and other options to address the anticipated shortfall for the Legislature and board to consider.

— by Janet Elliott

Higher Education, Human Services

Lawmakers review use of tuition waivers by former foster youth

October 14— Texas lawmakers this interim are considering ways to increase enrollment and retention of the state’s former foster youth in higher education. Relatively few complete post-secondary education, despite a Texas law that entitles certain former foster youth to free tuition and fees at public colleges and universities, according to testimony in September at a joint session of the House Human Services and Higher Education committees.

Former foster youth are eligible for the tuition and fee waiver under Texas Education Code, [secs. 54.366](#) and [54.367](#). The law authorizes exemptions from tuition and fees for certain students who have been under the conservatorship of the Department of Family and Protective Services (DFPS), including some adopted students who were formerly in foster or residential care. Those who qualify for the waiver under sec. 54.366 must use it in some capacity by age 25 to gain lifetime eligibility. Students eligible for the waiver under sec. 54.367 do not face any age restrictions but must maintain a minimum GPA and not complete excessive credit hours.

Some additional federal, state, and institutional support is available to promote enrollment and success of former foster youth in higher education. The Education and Training Voucher is a federal stipend of \$5,000 per year for eligible former foster youth to use for housing, books, or other needs. In Texas, certain foster youth who will “age out” at 18 may elect to remain in foster care longer if pursuing education or employment by participating in the state’s Extended Foster Care program. Educational and transitional programs at various levels, such as the Court Appointed Special Advocates (CASA) and Preparation for Adult Living programs, offer training and support to help prepare foster youth to leave the system. Several of the state’s public higher education institutions also have support services or staff dedicated to helping former foster youth.

According to data from the Texas Higher Education Coordinating Board, about 3,700 students took advantage of the tuition waiver in 2013, at a cost of about \$9.7 million to the institutions. An estimated 11,000 individuals are thought

to be eligible for the waiver, according to testimony at the hearing, although the precise number is not known. Witnesses recommended collecting data on the number who qualify for the waiver and on college completion rates and other success measures.

Witnesses said that among the challenges that may prevent former foster youth from attending college are the cost of housing and other needs, lack of life skills and access to mentors, lack of awareness of the benefit, and the unstable school and living experiences of many foster youth, which can affect high school completion and college readiness. Many youth leave foster care at 18 without a high school diploma or GED, according to DFPS data.

One solution discussed at the hearing was raising or removing the age limit by which some eligible individuals must activate the waiver. Witnesses noted that other states have similar policies with less strict age limits. Some suggested adding a question to college applications that would identify former foster youth so they could be informed about the waiver. Providing more liaisons at public higher education institutions also could support the success of former foster youth, witnesses said.

Witnesses also recommended subsidizing housing for former foster youth or expanding the state’s supervised independent living programs, a form of extended foster care in which individuals receive support services from DFPS while living more self-sufficiently. Lawmakers also suggested working with faith-based organizations to secure housing for former foster youth pursuing higher education.

Some at the hearing raised concerns about the cost to institutions of offering the waiver. Colleges absorb the costs, as they do with waived costs for veterans under the Hazlewood Act. Those present at the hearing also deliberated students’ access to the waiver regardless of citizenship status, as residency requirements for the exemption do not appear in statute.

— by Mary Beth Schaefer

Transportation

Texas voters to consider proposal on transportation funding

October 24 — In the upcoming general election, Texas voters will be asked to approve or reject an amendment to the Texas Constitution to dedicate certain funds to transportation. The proposed amendment on the November 4 ballot would direct the comptroller to allocate to the State Highway Fund (Fund 6) one-half of the amount of general revenue derived from oil and natural gas production taxes that currently is transferred to the rainy day fund. If the amendment is approved, revenue transferred in this way could be used only for building, maintaining, and acquiring rights of way for public roadways other than toll roads.

The proposed amendment would take effect immediately upon approval by voters and apply to transfers the comptroller made after September 1, 2014. The ballot proposal reads: “The constitutional amendment providing for the use and dedication of certain money transferred to the state highway fund to assist in the completion of transportation construction, maintenance, and rehabilitation projects, not to include toll roads.”

Supporters of the proposed amendment say that, in combination with its enabling legislation, HB 1 by Pickett, it would take a key step toward securing critical funding for transportation projects in Texas without raising taxes, charging new fees, or using tolls. While far from a cure-all, they say, the proposed amendment would present a viable way to secure part

of the funding Texas needs to keep roadway congestion at current levels, given population and economic growth. Supporters say protections provided for the rainy day fund in the enabling legislation, HB 1, would help to ensure it maintained a sufficient balance.

Opponents of the proposed amendment say it effectively would take money from one fiscal pocket and move it to another. They say that reducing the general revenue from oil and natural gas production taxes that flows into the rainy day fund could create problems in lean times. In the event of an emergency that demanded state spending during a fiscal crisis, the rainy day fund might be the only source of revenue available to lawmakers. A fall in oil and gas prices could signal a downturn in the current boom, opponents say, which would significantly affect the growth rate of the rainy day fund balance. They say the enabling legislation’s protections for the rainy day fund balance are inadequate and subject to legislative whims.

Report. Read more about the proposed constitutional amendment to dedicate funds to transportation in the House Research Organization’s focus report, [Constitutional Amendment on November 2014 Ballot](#).

— by *Blaire D. Parker*