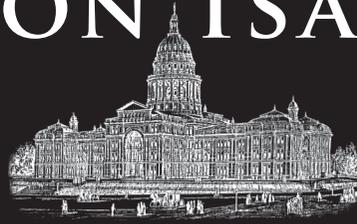




# STATE REPRESENTATIVE JASON ISAAC

CAPITOL  
REPORT



FALL  
2013

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COUNTIES  
BLANCO  
HAYS

STATE REPRESENTATIVE  
DISTRICT 45

Dear Friends and Neighbors,

Every legislative session brings new challenges with the issues that are currently facing our state, and this year was no exception. During the 83rd legislative session, and the special sessions that followed, we made great strides in pressing issues that affect all Texans, such as education, taxes, water, and transportation.

I supported major education reform that will significantly reduce burdensome standardized testing, increase workforce development opportunities, and give parents and students more flexibility while maintaining rigorous academic standards. Through legislation that lowered taxes for small businesses, those businesses can continue to thrive and create jobs. We finally implemented our state water plan, which will help to preserve our natural resources while preparing us to meet our long term water needs. And, by dedicating a portion of our oil and gas revenues to the State Highway Fund (pending voter approval), we significantly increased money for transportation without raising taxes or jeopardizing our Rainy Day Fund.

But, one of the biggest frustrations this session was the incredible growth in our spending. Because of our decision to spend within our means in the previous session, we were lucky enough to enter into this session with a healthy economy and surplus revenue. But instead of the giving the extra money back to the taxpayers who provided it, the Legislature passed a budget that increased spending by as much as 26%. As we all know, once a government program is created or expanded, it's almost impossible to eliminate or decrease in the future.

Although we manage our money much better in Texas than they do in Washington, I believe that wasteful spending and growing debt is the biggest threat to future generations. I remain steadfast in my conviction that government must live within its means. Voters elected their representatives to make responsible spending decisions with their tax dollars, not to skirt major issues and then ask taxpayers to shoulder yet another financial burden. I will continue to advocate for sustainable solutions that do not increase taxes or fees and promote economic development opportunities that lead to job creation.

I'm proud of what we've accomplished in some areas, but it is apparent that our work is never done. We will continue to face pressing issues next session like providing the most effective and equitable education to our students, creating a more permanent funding solution for our growing transportation needs, and continuing to manage our state without unreasonable encroachment by the federal government. The laws that are passed affect us, and our pocketbooks, for generations to come.

Thank you for entrusting me with the great privilege of serving as your State Representative. It is an honor to work for Texas.

In Liberty,

JASON ISAAC



## BUDGET

This session's budget appropriates \$196.9 billion over two years.

Some reports will show the Texas Budget for 2014-15 will increase by 3.7% over the previous biennium. However, you can also make the case that it grew 16%, or even 26%. How can these all be true? It all comes down to what number you want to use as a starting point:

1. All Funds actual spending for the last two years
2. All Funds budgeted spending for the last two years
3. General Revenue budgeted spending for the last two years

Last session, the Legislature was facing a shortfall and cut \$15 Billion from the budget (All Funds). By the time we came back this session, the economy had improved, tax revenue was up, and overall funding in the budget was slightly more than restored. Therefore, the official version of this session's budget starts at a baseline of \$183 billion, instead of the budgeted \$167 billion. Overall, the budget appropriates \$196.9 billion (All Funds) over two years and it spends \$102 billion in general revenue compared with \$84 billion two years ago.

Although the math can be complicated, no matter how you look at it, the legislature vastly increased spending. Although the budget contains a roughly \$1 billion tax cut, for every \$1 of tax relief, \$19 in new revenue will be spent.

In 2011, we intentionally edited the payment schedule for programs like Medicaid and Public Education in order to create a "balanced" budget in the midst of our shortfall. This session, we came back and filled the gaps that those changes created by passing a supplemental budget that provided an extra \$6.6 billion for those programs.

Legislators cannot in good faith say that we reduced the size of government last session by cutting spending while also claiming that the budget only increased by 3.7%.

The budget did, however, manage to include an increase in state legislator's pensions. Legislative pensions are tied to pay of district judges. The budget increased

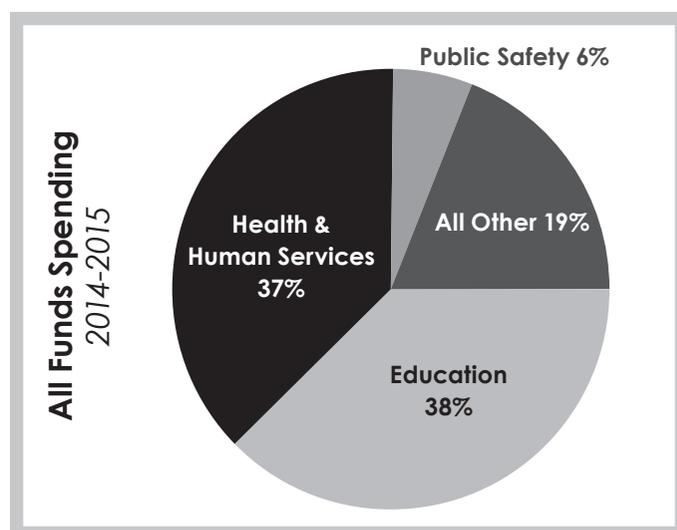
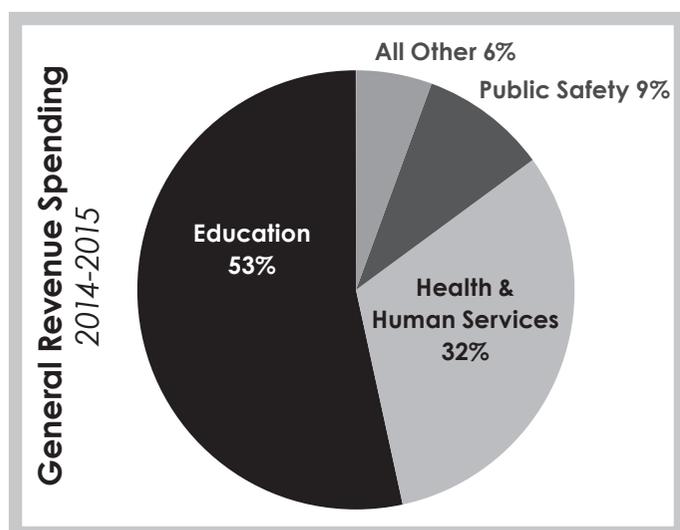
district judges salaries from \$125,000 to \$140,000, meaning they also voted for a raise in their own pensions. I offered an amendment to combat this raise by tying legislator pensions to a percentage of the Governor's salary, meaning legislators would not have received a raise. Unfortunately, the amendment did not pass.

***But, the budget did include several positive items:***

- \$3 billion increase in General Revenue for Public and Higher Education. Including the supplemental budget, a total of \$5.6B additional dollars were allocated to public education. Public and Higher Education now represent 54% of General Revenue spending.
- \$530 million increase to strengthen the Teacher Retirement System and provides for a long-awaited cost-of-living adjustment for education retirees.
- Meaningful increases in Health and Human Services, including \$259 million for mental health programs, \$100 million for women's health programs and \$18 million for identification of fraud, waste and abuse in the Texas Medicaid program.
- Using some gas tax dollars directly for roads, thereby eliminating \$400 million in transportation diversions.
- \$1.36 billion in tax relief via tax credits and reductions.

Although this budget did not "break the spending cap," accounting tricks were used to do it. When the legislature began session in January our priorities were improving public education, funding and implementing the state-wide water plan, and increasing transportation funding. Despite having plenty of money, while we did increase education funding, we did not appropriate the money we need for transportation or water out of general revenue. In the end, although the budget did some good things, it vastly increased spending while ignoring two of our state's biggest funding priorities.

For these reasons, I could not support the budget and chose to vote against the bill.



EDUCATION



***Increase in Funding:***

We appropriated an additional \$3 billion in General Revenue for Public and Higher Education, a 7.1% increase over the previous biennium. Public and Higher Education now represent 54% of General Revenue spending.

***Focus on Instruction:***

Since first taking office in 2011 one of my top priorities has been to reduce unfunded mandates on schools to help them reduce costs. I have authored and co-authored legislation to reduce burdensome standardized testing. Students, teachers, and parents alike have expressed their frustration about spending too much time preparing to take a test, when we should be preparing students for their future.

House Bill 5, which I co-authored, reduces the number of mandated end-of-course tests in high school from 15 to 5. This will significantly reduce the number of school days spent on standardized testing (along with the stress and pressure that comes with these tests) while still providing a means to measure students' abilities on a statewide scale.

We also passed a bill that would have eliminated the over-testing of students in grades 3-8 by decreasing the number of tests from 17 to as few as 11. House Bill 866 would have eliminated some of the STAAR testing requirements for students who meet certain performance thresholds. The bill also would have given school districts and open-enrollment charter schools more discretion to appropriately test students to determine whether they are performing at a sufficient level. However, because

of federal mandates, the state needed to seek and be granted a waiver from the federal government in order for these changes to take place. Unfortunately, our request was denied by the U.S. Department of Education and students in these grades will not see this much needed relief in testing.

***Flexible Graduation Plans:***

House Bill 5 also made significant changes to our current graduation plans, allowing students more flexibility to pursue the best path for them. Students will have the ability to explore their individual interests as they prepare for higher education and the workforce by providing multiple pathways to graduation.

We will now have a Core Foundation, which every student will complete. This plan includes the basic courses that every student is required to take in order to graduate. However, by reducing the number of these mandatory classes, students will be free to pursue additional graduation paths of their choice.

Students will choose from five additional endorsements: STEM, Business and Industry, Public Services, Arts and Humanities and Multidisciplinary Studies. These endorsements allow students to take classes that are of the most interest to them and that will best prepare them for their future.

***Increased Accountability:***

The Legislature also enacted new provisions to make our public schools more accountable. Schools will now be evaluated on more measures than state standardized assessment by requiring at least three additional indicators of academic performance, including but not limited to the percentage of students graduating with endorsements or distinguished level of performance, the number of students earning college credit, and the number of students earning workforce certificates. Additionally, the bill establishes a three category rating system that evaluates schools on academic performance, financial performance, and community and student engagement.

Providing Texas students with a quality education is crucial to a thriving economy, and I believe these changes will have a positive impact on our state.



*Proudly representing your voice in the issues that matter the most to you and your family.*

## TAX RELIEF

One of my major priorities this session was to ensure that the state provided much needed tax relief to small businesses who are struggling under the current margin tax system. We were successful in this endeavor. HB 500 promotes small business development and economic growth by providing over \$710 million in tax relief for Texas businesses. Businesses with gross revenues of \$1 million or less will now be permanently exempt from paying the state margin tax. The bill additionally exempts businesses grossing up to \$1 million annually by creating a guaranteed \$1 million deduction from the franchise tax.

The legislature also brought necessary tax relief to businesses performing job-creating research and development activities in Texas. In particular, HB 800 ensures that Texas's businesses are rewarded for their innovation and helps these businesses better compete in the global market. The legislation's provisions allow for businesses to claim either a sales tax exemption or a franchise tax credit for certain research and development activities.

Savings from these pieces of legislation will allow business owners to reinvest that money in their companies, hiring new employees and supporting a thriving economy.



## WATER

The 2012 State Water Plan shows that over the next 50 years, our water supply is expected to decrease 18% and our water demands are expected to increase by 27%. If inaction continues, Texas could be short 8.3 million acre-feet per year by 2060. That equals almost 3 trillion gallons of water.

The State Water Plan contains over 500 strategies that, if fully implemented, will develop 9 million acre-feet of new water over the next 50 years. Without an adequate supply of clean, affordable water, the state's economy and public health would be irrevocably harmed. Water shortages during our current drought already cost Texas businesses and workers billions of dollars in lost income every year.

We made great strides this session by implementing our state water plan. One bill sets up a revolving account for the use of this money as well as outlines procedures for how to implement the funding of water projects across

the state. Voters also recently approved Proposition 6, which dedicated \$2B out of the rainy day fund to fund our state's water plan. Although I believe that this \$2B should have been appropriated through general revenue in the regular budget process, this money is crucial to the future of our water supply.

A dedicated source of funding to help develop the water plan's projects is necessary, largely because of rising costs for local water providers and the high introductory costs of large-scale projects. The capital cost to design, build, and implement the recommended strategies and projects between now and 2060 will be \$53 billion. Local entities are expected to need nearly \$27 billion in state financial assistance to implement these strategies. Between local matching dollars, earned interest, and other investment strategies, this \$2B should fully fund the state's water plan for years to come and ensure a sustainable water supply for future generations of Texans.

TRANSPORTATION

We can all agree that transportation is crucial. It has a major impact on our economy, as well as on our individual daily lives. Texas' population is continuing to grow at record rates, and we must provide adequate funding for transportation infrastructure in order to keep our roads safe and to keep Texans moving. To me, this is a core function of our state government.

During the regular session, the only funding option that was brought to the floor for debate consisted of a significant increase in vehicle registration fees. Fortunately, this proposed increase was overwhelmingly opposed by members of both parties.

I kept my promise to not vote for any transportation bill that increases fuel taxes or vehicle registration fees, especially at a time when the state already has the excess revenue to address the issue with existing funds. Further increasing the financial burden on taxpayers should not be an option. It's unacceptable to ask taxpayers to foot yet another bill for the same road services that they are already paying for through a seemingly endless list of fees and taxes. It's irresponsible to largely ignore this pressing issue and then turn around and ask the taxpayers to fix it for us.

After several attempts to address this complex issue, the Legislature passed a measure during the third special session that will dedicate a portion of our oil and gas tax revenues to the State Highway Fund, preserve the Rainy Day Fund, avoid any impact on school funding, and reduce TXDOT's current debt through efficiency savings. I supported these bills, which will go a long way to addressing our transportation needs.

The funding mechanism will send half of the revenue from oil and gas production to the State Highway Fund.

Current projections indicate the first transfer would mean at least an additional \$878 million available for transportation in FY 2015. The funds allocated from this appropriation would only be allowed to address construction, maintenance, and acquisition of right-of-ways for non-toll public roadways. This proposal will be placed on the November 2014 ballot, and if passed, would go into effect immediately.

What we have accomplished this session is a step in the right direction, but there is still more to be done if we are going to meet our long-term transportation needs. With that in mind, I also filed two bills that would help to responsibly address the problem, both which would dedicate a portion of the existing sales tax on vehicles to the State Highway Fund.

Currently, we depend greatly on the gas tax, which is included in what you pay at the pump, to fund our highways. But, with the rise of more fuel-efficient vehicles, as well as hybrid and electric cars, these funds are not meet-

ing demand. All vehicles, regardless of how much gas they consume, use the roads and contribute to their wear and tear over the years.

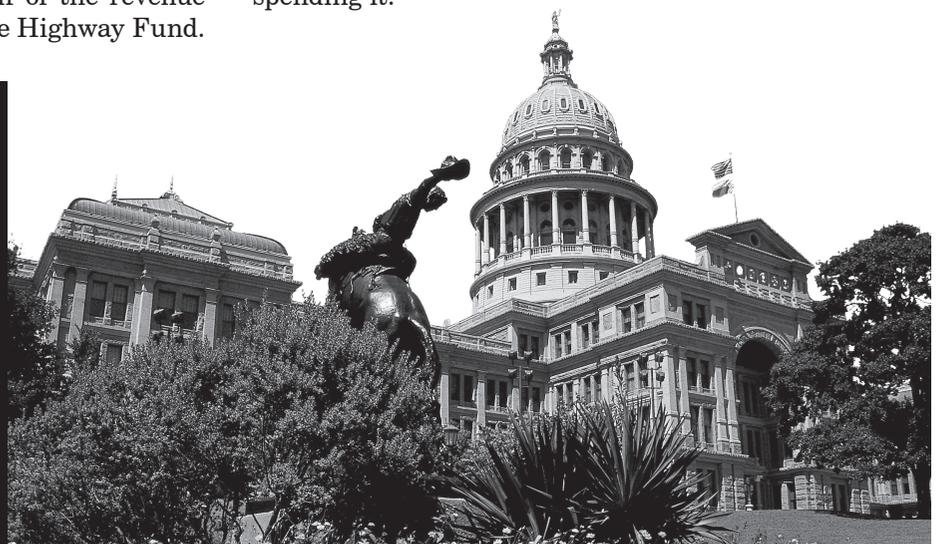
Using a more dependable source, such as sales tax, in addition to the gas tax, would help to solve our funding issues in an equitable way, without increasing the burden to taxpayers. Although these proposals were not adopted this time, many members expressed strong support for this idea and I plan to continue to pursue next session.

I stand firm in my belief that the State of Texas has enough of your money; we just need to do a better job spending it!



VISIT THE CAPITOL

*The State Capitol Building is open to the public all year, with the exception of major holidays. The Capitol's visiting hours are 7:00 a.m. to 10:00 p.m. on weekdays and 9:00 a.m. to 8:00 p.m. on weekends. Professionally guided tours of the Capitol are available throughout visiting hours, free of charge.*





STATE REPRESENTATIVE ★ DISTRICT 45

# JASON ISAAC



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REPRESENTING BLANCO · HAYS ★ CAPITOL REPORT ★ FALL 2013

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**JASON ISAAC**  
 STATE REPRESENTATIVE



## HELPFUL TOLL FREE TELEPHONE NUMBERS

Attorney General.....	800-252-8011	Railroad Commission of Texas .....	877-228-5740
Child Support .....	800-252-8014	Runaway Hotline .....	888-580-HELP
CHIP .....	800-647-6558	State Comptroller.....	800-252-5555
Consumer Protection Hotline .....	800-621-0508	Texas Department on Aging & Disability.....	800-252-9240
Crime Victim's Compensation.....	800-983-9933	Texas Department of Insurance .....	800-252-3439
Elder Law Hot Line.....	800-806-2092	Texas Education Agency.....	800-463-9734
Family & Protective Services .....	800-252-5400	Texas Ethics Commission .....	800-325-8506
Governor's Comment Line .....	800-252-9600	Texas Lottery Commission .....	800-375-6886
Medicaid Fraud.....	512-463-2011	Texas Parks and Wildlife.....	800-792-1112
Missing Persons Clearinghouse.....	800-346-3243	Texas Workforce Commission .....	512-463-2222
National Domestic Violence.....	800-799-7233	Veterans Land Board .....	800-252-VETS
Nursing Home Complaints.....	800-458-9858		