



ELECTION 2012 AT A GLANCE

NATIONAL

- President Barack Obama was reelected with final Electoral vote; 332 Obama, 206 Romney Popular Vote; 51% Obama, 48% Romney.
- Democrats held control in the Senate -- Final Tally at 53-45 with 2 independents.
- Democrats won 199 House seats; Republicans, 234 seats.
- The new Congress will have 20 female senators, the most ever in U.S. history.

TEXAS

CONGRESSIONAL SEATS

- Former state Rep. Joaquin Castro, D-San Antonio, will take the seat vacated by retiring Democratic U.S. Rep. Charlie Gonzalez in CD-20.
- Democrat Beto O'Rourke will replace U.S. Rep. Silvestre Reyes, D-El Paso, whom he beat in the primary, in CD-16.
- In the state's closest — and most expensive — congressional race, Democratic challenger state Rep. Pete Gallego ousted incumbent Republican U.S. Rep. Francisco “Quico” Canseco in Congressional District 23, the largest congressional district in Texas; CD-23 stretches from El Paso to San Antonio.
- The congressional district was new but the name was familiar as U.S. Rep. Lloyd Doggett cruised to victory in Congressional District 35.
- Ted Cruz, a Harvard-educated lawyer and Tea Party icon, easily won the U.S. Senate race, becoming the first Hispanic from Texas to land the job.
- In CD-14, the seat long held by U.S. Rep. Ron Paul, R-Lake Jackson, who decided not to run for re-election, remains in Republican control. State Rep. Randy Weber, R-Pearland, pulled out a win over Democrat and former Congressman Nick Lampson in the closely watched race.

STATE SEATS

- Democrats picked up 7 seats in the House
- Final House Tally is 95 Republican, 55 Democrat. Republicans lost their 102-member supermajority in the Texas House, opening the door for Democrats to slow or block the majority's agenda.
- Democrats have 12 Senate seats to the Republicans' 19. Under Senate rules, a bill needs 21 votes to make it onto the floor for debate.

PROPOSITIONS:

Travis County voters approve health care property tax increase... Proposition 1 was approved 54.7 percent to 45.3 percent, with 186,128 votes for and 154,308 opposed. ...Central Health officials pitched Proposition 1 as a "once in a lifetime" chance to help create a medical school and use its personnel to provide care to Central Health's indigent and uninsured patients.



FEDERAL BUDGET UPDATE – FISCAL CLIFF:

“Fiscal cliff” is the popular shorthand term used to describe the conundrum that the U.S. government will face at the end of 2012, when the terms of the Budget Control Act of 2011 are scheduled to go into effect. Among the laws set to change at midnight on December 31, 2012, are the end of last year’s temporary payroll tax cuts (resulting in a 2% tax increase for workers), the end of certain tax breaks for businesses, shifts in the alternative minimum tax that would take a larger bite, the end of the tax cuts from 2001-2003, and the beginning of taxes related to President Obama’s health care law. At the same time, the spending cuts agreed upon as part of the debt ceiling deal of 2011 will begin to go into effect. If left in place, the fiscal cliff would lead to the biggest single-year drop in the annual deficit as a percent of the economy since 1969. Because it would be so abrupt and arbitrary, it also could throw the United States back into a recession next year, when more than \$500 billion will be taken out of the economy.

In dealing with the fiscal cliff, U.S. lawmakers have a choice among three options, none of which are particularly attractive:

- They can let the current policy scheduled for the beginning of 2013 – which features a number of tax increases and spending cuts that are expected to weigh heavily on growth and possibly drive the economy back into a recession – go into effect. The plus side: the deficit, as a percentage of GDP, would be cut in half.
- They can cancel some or all of the scheduled tax increases and spending cuts, which would add to the deficit and increase the odds that the United States could face a crisis similar to that which is occurring in Europe. The flip side of this, of course, is that the United States’ debt will continue to grow.
- They could take a middle course, opting for an approach that would address the budget issues to a limited extent, but that would have a more modest impact on growth.

A government report released Monday warned that a sudden increase in taxes would crimp the spending of middle class families next year, and some analysts wondered if families might preemptively curb spending before the year is over. The report, by President Barack Obama’s National Economic Council and his Council of Economic Advisers, estimated that a married couple earning between \$50,000 and \$85,000 with two children would see a \$2,200 increase in their taxes.

STATE UPDATE-LOOKING TO THE 83RD LEGISLATIVE SESSION:

The 83rd Texas Legislative Session for Texas convenes at noon on January 8, 2013. The State Comptroller recently noted an improvement in the Texas economy with sales tax receipts and the Rainy Day Fund exceeding budgeted expectations. Despite the improved financial outlook for



the state and higher revenue available for the 2014-15 biennium than for the 2012-13 biennium, the state budget may remain stagnant, as the Governor reiterated his pledge to support legislation that shrinks government spending and oppose legislation that raises taxes or raids the Rainy Day Fund.

All state agencies have been required to submit proposed budgets that reduce current funding by up to 10% (in 5% increments). The state must also make payments in the 2014-15 biennium that were delayed from the 2012-13 biennium (i.e., Medicaid and the Foundation School Program). Additionally, the anticipated lawsuit by several school districts against the state for failing to adequately fund public schools is about to begin this fall in a district court, but without a Texas Supreme Court decision, we will not likely see any legitimate legislative proposals to remedy the situation.

The 83rd State Legislature will include a large number of freshmen legislators. Although these newly minted elected officials will face a steep learning curve, this change represents an opportunity for Methodist Healthcare Ministries and our partners to educate these new members of our Texas Legislature. The leading issues that lawmakers aim to tackle during the 83rd legislative session are fiscal responsibility, education reform and health care, judging by the majority of the more than 300 bills legislators filed on Monday, November 12th, the first day of pre-filing.

Health care, especially Medicaid, will be front and center as most components of the Affordable Care Act (ACA) will now be implemented in 2013 and 2014 across Texas. These health care reform initiatives are very important because the health care delivery occurs at the local level with local providers. Since Texas leads the nation in the percentage of uninsured (27 percent), the coverage and access issues will need to be discussed and appropriate action taken so we reduce the number of uninsured. Six million Texans have no health insurance including 1.2 million children and nearly one in three Texas working-age adults (ages 19-64) have no insurance. Even though we are fortunate to have a robust Texas economy compared to many states, we have a very large “working uninsured” group, which we estimate to be 2-3 million Texans who vote, serve our country and provide a valuable economic service. Texas needs successful state health insurance exchanges and expanded Medicaid coverage because both will aid in lowering the percentage of uninsured.

RESOURCES:

- The Washington Post: <http://www.washingtonpost.com/wp-srv/special/politics/election-map-2012/president/>
- Texas Tribune: <http://www.texastribune.org/texas-politics/texas-democratic-party/texas-democrats-gained-if-only-little-2012/>
- SF Gate: <http://www.sfgate.com/news/article/Fiscal-cliff-warning-sends-stock-market-lower-4066946.php>
- CNN: <http://money.cnn.com/2012/11/07/news/economy/obama-win-fiscal-cliff/index.html>
- Texas Tribune: <http://www.texastribune.org/texas-legislature/83rd-legislative-session/more-250-bills-hit-lege-docket-first-filing-day/>