

- SUBJECT:** Transfer of Angelo State University to the Texas Tech University System
- COMMITTEE:** Higher Education — committee substitute recommended
- VOTE:** 8 ayes — Morrison, McCall, F. Brown, Aycock, Giddings, D. Howard, Patrick, Rose
- 0 nays
- 1 absent — Alonzo
- WITNESSES:** For — Kyle Box, Angelo State Alumni Association; Gary D. Cox, San Angelo Chamber of Commerce; C. Varren Parker; Dan Stultz, Texas Hospital Association; Bryan J. Vincent, Agilight Inc.; Alex Yarbrough; (*Registered, but did not testify*: Jeanie Coffey)
- Against — Kent M. Adams; Bob Dransfield; Alan W. Dreeban; John E. Dudley; Bernie C. Francis; Maggie Manzano; Gret Wilkinson
- On — Jim Brunjes, Texas Tech University System; Charles R. Matthews, Texas State University System (*Registered, but did not testify*: Glenn Opel, Vinson & Elkins LLP)
- BACKGROUND:** Education Code, ch. 96 governs institutions of the Texas State University System and ch. 109 governs Texas Tech University System. Currently, Angelo State University is a component institution of the Texas State University System (TSUS) and is under the management of the board of regents of TSUS. Angelo State University (ASU) joined the TSUS in 1965.
- DIGEST:** CSHB 3564 would transfer the governance, management, and control of Angelo State University (ASU) and all its land, buildings, facilities, equipment, supplies, and property from the board of regents of Texas State University System (TSUS) to the board of regents of the Texas Tech University System (TTUS) as of January 1, 2008. The bill would transfer various provisions relating to ASU, including tuition revenue bond authority, state funding, and allocations from the Higher Education Fund, from the board of regents of TSUS to the board of regents of TTUS.

The board of regents of TTUS would be authorized to accept all contracts and written obligations, including ASU bonds. The board could issue bonds not to exceed amounts previously authorized for ASU, and any bonds issued could be used only at ASU for purposes for which they were previously authorized.

The board of regents of TTUS would be granted the necessary authority to prescribe courses and degrees, rules, affiliation agreements and joint appointments. The university would be subject to the obligations and benefits of state law just as other higher education institutions. Students and employees of ASU would not be affected by the transfer, including employment status or accrued benefits. The university could not require military training as a condition for admission or graduation.

The Texas Higher Education Coordinating Board (THECB) would resolve any disagreements between the two systems regarding the transfer.

The bill would take effect January 1, 2008.

**SUPPORTERS  
SAY:**

CSHB 3564 is needed to fulfill the wishes and desires of the students at ASU and the residents and the business community in the San Angelo area to be realigned with Texas Tech because of the potential undergraduate and postgraduate improvements this union could provide. Transferring to the Texas Tech system would expand educational opportunities by giving students more prestige and greater access to research grants and scholarship money. Along with providing more opportunities for collaboration with a school that shares its geographical and philosophical interests, the bill would turn ASU into the largest satellite campus of a top-tier system. ASU's contribution to the Tech system would be more valuable than remaining in the Austin-based Texas State system, of which ASU's student enrollment is only five percent.

If ASU were to become affiliated with Texas Tech, it would not mean higher tuition rates. Other factors, including increasing energy costs, faculty salaries, and other pressures could lead to tuition increases no matter what system the university belonged to. Additionally, the university's largest endowment fund — the Carr Foundation — would move with the university to the Tech system because it is dedicated solely to ASU, so ASU students would not miss out on scholarships from the foundation.

Transferring the governance and control of ASU would not cause a transfer of the TSUS revenue financing system debt obligations issued for ASU and would not require the discharge of such debt obligations at the time of the transfer. The Texas Tech board of regents simply would enter into a binding obligation to make annual payments to the Texas State board of regents in amounts sufficient to pay the annual debt service due.

The proposed move is not designed to damage or impair the Texas State system. Transferring ASU to the Texas Tech system simply would be a better fit as far as long-term goals for both of the two institutions as well as for West Texas. The bill would provide a seamless transfer with no disruption to students or employees.

OPPONENTS  
SAY:

Moving ASU to the Texas Tech system would serve neither the higher education policy nor the fiscal interests of the state and not promote the best academic interests of the students. ASU students have benefited from being part of the Texas State system, including facilities expansion and low tuition rates. Transferring ASU to the Texas Tech system, where the cost of doing business per full-time student is about three times higher, could increase tuition sharply. The TSUS knows and understands the impact of high tuition on students and families and has worked continuously to keep tuition low. ASU is important to the Texas State system in fulfilling its "Closing the Gaps" mission of promoting student affordability. Beginning in the fall of this year, TSUS will eliminate course fees and convert to a straight dollar amount that will be easy to understand and budget for.

TSUS is committed to promoting teaching excellence as well as student diversity. Many students in the system are from underrepresented populations. ASU students benefit from the TSUS in many ways, including over \$46 million in scholarship awards.

The transfer could pose significant problems for the system of financing debt, specifically for the payment of debt for tuition revenue bonds. If ASU withdraws from the Texas State system, it still would be responsible for the debt. There would be other costs associated with the transfer, including the cost to transfer construction projects and legal fees associated with refunding of bonds.

NOTES:

The committee substitute would allow ASU to enter into affiliation or coordination agreements with any other entity or institution of the state to

further the purposes of the university. Also, the Texas Tech board could appoint joint faculty positions within the system and with other higher education institutions. The committee substitute would change the effective date from September 1, 2007, to January 1, 2008.

A related measure, HJR 103 by Darby, which would amend the Higher Education Fund in Art. 7, sec. 17(b) of the Texas Constitution to transfer Angelo State University from the Texas State University System to the Texas Tech University System, was reported favorably, without amendment, by the House Higher Education Committee on April 16.

The companion bill, SB 1749 by Duncan, was reported favorably, as substituted, by the Senate Education Committee on April 19.

According to the Legislative Budget Board, the TSUS indicates that refunding the bonds to remove ASU from that system would cost about \$2.4 million. The system also indicated there would be construction transition costs, including legal costs for a bond and tax attorney and a financial advisor, totaling \$102,000. The system indicates that ASU currently participates in a system-wide effort to reduce technology costs and those costs would have to be reallocated to the remaining component institutions, costing around \$50,000 annually.