

- SUBJECT:** Transferring constitutional funding for Angelo State University
- COMMITTEE:** Higher Education — favorable, without amendment
- VOTE:** 8 ayes — Morrison, McCall, F. Brown, Aycock, Giddings, D. Howard, Patrick, Rose
- 0 nays
- 1 absent — Alonzo
- WITNESSES:** For — (*Registered, but did not testify:* Gary McClure)
- Against — (*Registered, but did not testify:* Kent M. Adams; Bob Dransfield; Alan W. Dreeben; John E. Dudley; Bernie C. Francis; Maggie Manzano; Greg Wilkinson)
- On — Jim Brunjes, Texas Tech University System; (*Registered, but did not testify:* Charles R. Matthews, Texas State University System)
- BACKGROUND:** Art. 7, sec. 17(a) Texas Constitution establishes a constitutional fund, known as the Higher Education Fund (HEF), that benefits institutions of higher education not eligible for the Available University Fund. It is supported by general revenue appropriations, and the distribution of the funds is set forth in Education Code, sec. 62.021. The Constitution requires the funds to be used for capital purposes, including acquiring land, constructing and equipping buildings or other permanent improvements, and repair and renovation of building and facilities. Art. 7, sec. 17(b) specifies the higher education institutions that are eligible to receive funds from the HEF and establishes that Angelo State University (ASU) is a component institution of Texas State University System Administration and is eligible to receive funding.
- DIGEST:** HJR 103 would amend Art. 7, sec. 17(b) of the Texas Constitution to remove Angelo State University as a component of the Texas State University System Administration and list Angelo State University immediately after the Texas Tech University Health Sciences Center under Texas Tech University.

The proposal would be presented to the voters at an election on Tuesday, November 6, 2007. The ballot proposal would read: “The constitutional amendment providing for the continuation of the constitutional appropriation for facilities and other capital items at Angelo State University on a change in the governance of the university. “

**SUPPORTERS
SAY:**

HJR 103 would be a major step in ensuring that the wishes and desires of the students at ASU, the residents and the business community to be realigned from the Texas State University System to the Texas Tech University System. Transferring to the Tech system would expand educational opportunities and offer more collaboration with a school that shares its geographical and philosophical interests. It would become the largest satellite campus of a top-tier system. ASU’s input would be more valuable than in the Austin-based Texas State System, of which ASU’s student enrollment is only 5 percent. The proposed amendment is needed to ensure that ASU’s HEF funding would continue if its governance were moved to the Texas Tech system.

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.

Transferring the governance of ASU would not cause a transfer of the Texas State University System revenue that finances system debt obligations issued for ASU nor would it require the discharge of such debt obligations at the time of 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.

**OPPONENTS
SAY:**

Moving ASU to the Texas Tech system would serve neither the higher education policy nor the fiscal interests of the state and would 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 Texas State system 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, the Texas State system will eliminate course fees and convert to a straight dollar amount that will be easy to understand and budget for.

The transfer could pose significant problems for the system of financing debt, specifically for the payment of debt for tuition revenue bonds. There would be other costs associated with the transfer, including the cost to transfer construction projects and legal fees associated with refunding the bonds.

NOTES:

A related bill, HB 3564 by Darby, which would transfer the governance, management, and control of Angelo State University and all its land, buildings, facilities, equipment, supplies and property from the board of regents of the Texas State University System to the board of regents of the Texas Tech University System as of September 1, 2007, passed the House on second reading on April 24.

The companion measure, SJR 60 by Duncan, and the companion to HB 3564, SB 1749 by Duncan, both were reported favorably, as substituted, by the Senate Education Subcommittee on Higher Education on April 19.