

SUBJECT: Establishing law school in Dallas by University of North Texas System

COMMITTEE: Higher Education — committee substitute recommended

VOTE: 9 ayes — Branch, Castro, Alonzo, Berman, Cohen, D. Howard, McCall, Patrick, Rose

0 nays

WITNESSES: For — Vonciel Hill, Dallas City Council; Thomas Leppert, City of Dallas; Jay Patterson; (*Registered, but did not testify:* Jay Barksdale, Dallas Regional Chamber; Tony Goolsby)

Against — None

On — John Creuzot; Lee Jackson, Teresa Snelson, University of North Texas System; Macgregor Stephenson, The Texas Higher Education Coordinating Board

BACKGROUND: Education Code, ch. 105 governs the University of North Texas System. Education Code, ch. 55, subch. B authorizes the governing board of each institution of higher education to issue revenue bonds to finance the acquiring, purchasing, constructing, improving, enlarging, and/or equipping any property, buildings, structures, activities, services, operations, or other facilities for and on behalf of its institution. Each board may issue its revenue bonds to be payable from and secured by liens on and pledges of all or any part of any of the revenue funds, including student tuition, of the board and its institutions, or any branch or branches of its institutions. The Legislature typically appropriates general revenue to reimburse institutions for the tuition used to pay the debt service.

Art. 7, sec. 17 of the Texas Constitution authorizes the Higher Education Fund (HEF), which benefits higher education institutions not eligible for the Available University Fund (AUF). The HEF is supported by general revenue fund appropriations.

The public institutions in Texas with law schools are the University of Texas at Austin, Texas Tech University in Lubbock, and the University of Houston and Texas Southern University in Houston. The private

accredited law schools are Baylor University in Waco, St. Mary's University in San Antonio, Southern Methodist University in Dallas/University Park, South Texas College of Law in Houston, and Texas Wesleyan University in Fort Worth.

DIGEST: CSHB 59 would authorize the board of regents of the University of North Texas System to establish and operate a law school in the city of Dallas. The University of North Texas System would be authorized to issue \$40 million in revenue bonds for the law school.

Until the University of North Texas at Dallas had been administered as a general academic teaching institution for five years, the board would administer the law school as a professional school of the system. After five years, the law school would become a professional school of the University of North Texas at Dallas and until then, the school would be entitled to formula funding as if the school were a professional school of a general academic teaching institution.

The bonds would be payable from pledged revenue and tuition, and the amount of a pledge could not be reduced while bonds were outstanding. If sufficient funds were not available to meet the obligation, the board could transfer funds among institutions to ensure the most equitable and efficient allocation of available resources.

Before the board established the school, but no later than June 1, 2010, the Texas Higher Education Coordinating Board (THECB) would have to prepare a feasibility study to determine the actions that had to be taken to obtain accreditation of the law school.

Lawsuits filed against the UNT law school would be filed in Dallas County.

If the bill received at least a two-thirds vote of each house of the legislature, the University of North Texas College of Law would be entitled to participate in funding provided by the Higher Education Fund (HEF) established in Art. 7, sec. 17 of the Texas Constitution.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

SUPPORTERS
SAY:

It is time to establish a new public law school in the city of Dallas. Texas has four public law schools, but none in the state's most populous metropolitan area. In fact, Dallas-Fort Worth is the largest metropolitan region in the nation without a public law school. The D-FW area is home to about 6 million people, and that number is expected to increase by 300 percent by 2040. Dallas needs to be ready for this population surge.

The area has fewer lawyers per 100,000 people than the national average and fewer than the averages of Central Texas and the Houston coastal area. The last public law school in Texas to receive American Bar Association approval was Texas Tech in 1969. Since 1980, the population of Texas has grown from 14 million to around 24 million, but no additional public legal education institution has been added during this time. Only 525 new law school seats have been created at existing schools in the last 25 years.

North Texans do not have an affordable option to continue legal studies on a graduate level. Having a public law school in Dallas would serve a broad range of the population by providing opportunities for traditional and non-traditional students, many of whom are of modest means. Currently, anyone in the Dallas area desiring to attend a public law school must either leave for other areas of the state, leave the state entirely, or attend a private law school, which is much more expensive.

The bill has broad-based support from the city of Dallas and the University of North Texas. A new law school has been a goal of UNT since 1979, when the university began building a law library collection in the hopes of having a law school one day. The city of Dallas has donated the old municipal building and an adjacent annex to house the law school as well as parking and some renovation funding. A new law school is so important to downtown revitalization that the city already has pledged \$14 million in bond funds and \$2 million in public/private partnership funds to renovate the facilities to get the law school operational. The city has already awarded a \$1 million contract and started the design for the exterior renovations.

Dallas has a significant minority population that needs and wants a public law school. The population in Dallas is 60 percent minority, but only 9 percent of lawyers are members of minority groups. Minority representation has declined in the legal profession, and part of the reason is affordability. On average, private law schools are three times as

expensive as public schools. Having an affordable public law school in Dallas would feed the pipeline to increase the number of lawyers in an underserved area. The Dallas area is currently exporting its talented college graduates to other areas of the state, but would rather retain them to serve the local community.

The money invested for a new public law school would be well spent and provide advantages both for the Dallas area and the state.

OPPONENTS
SAY:

There is no immediate need for a new public law school in the state, now or in the near future. The state is producing or importing enough lawyers to meet current employment demands, and over the next seven years, the number of lawyers is projected to grow faster than the increase in population. Costs for a new law school would be substantial. Increasing opportunities for Texas students, particularly students from under-represented groups, may be better achieved by increasing class sizes at existing institutions. Starting evening and part-time programs at existing institutions and providing financial support for grants and preparatory undergraduate programs would be a good start.

The state's fastest-growing economy is in the Rio Grande Valley, and if there is a sharp increase over the next 10 years in the demand for new lawyers, as some have suggested, it would likely be in and around Brownsville. Dallas already has two private law schools in the area, whereas the only law school in the South, West, or Upper Rio Grande regions is St. Mary's in San Antonio, which is a private institution.

In the Texas Higher Education Coordinating Board's (THECB) recent report, "Projecting the Need: Legal Education," four criteria were considered to evaluate the location for a new law school: area of the greatest student demand, greatest student needs, greatest shortage of lawyers, and most developed resources already in place. Of the 10 regions, the Metroplex region ranks highest in existing resources, but the area with the greatest student demand is in the Gulf Coast region and the greatest student need is shared by the West Texas, Upper Rio Grande, Northwest, and Upper East Texas regions, none of which are home to a law school. The region with the fewest lawyers is the Upper Rio Grande.

Other recommendations include allocating more resources and incentives to existing public institutions to expand their class sizes before a new school is established. Increasing the number of law school graduates from

under-represented groups should be a top priority, according to the THECB. They say the ways to achieve this goal include better recruitment and preparation of students within the K-16 pipeline. New loan repayment programs or admissions partnerships also could help address shortages in the workforce without the greater expense of building a new school.

The THECB has suggested that if a new law school is created, no matter the location, certain criteria need to be considered, including meeting student demand and lawyer shortages. The new school should use evening and part-time programs to increase the likelihood that it would serve the needs of under-represented populations and increase the likelihood that they would remain to practice near the area.

NOTES:

The committee substitute differs from the bill as filed by authorizing the law school to participate in the HEF fund established in the Texas Constitution; removing the prohibition against issuing bonds for facilities until the school receives provisional or other accreditation; increasing the amount of tuition revenue bonds from \$30 million to \$40 million; and establishing Dallas County as the venue for a suit filed against the law school.

According to the LBB, the bill would cost \$9.4 million in fiscal 2011 and about \$8 million per year after that.

The companion bill, SB 956 by West, passed the Senate by 29-1 (Seliger) on April 12 and was reported favorably, as substituted, by the House Higher Education Committee on April 22, making it eligible to be considered in lieu of HB 59.

A related bill, HB 91 by Martinez, which would authorize the University of Texas System to establish a Rio Grande Valley School of Law in either Cameron or Hidalgo county, was reported favorably, as substituted, by the Higher Education Committee on May 4.