

Rio Grande  
Guardian JUN 16 2007

## Perry vetoes \$5 million earmarked for TAMIU's student success program

By Steve Taylor

AUSTIN - In signing the \$151 billion state budget into law Friday, Gov. Rick Perry slashed \$5 million earmarked for a Student Success Program at Texas A&M International University at Laredo.

Perry also cut \$154 million in fiscal year 2009 funding that would have helped pay health insurance contributions for employees of public community and junior colleges. In so doing, he accused such institutions of falsifying their appropriations requests to get round a provision that stops state money from paying wages and benefits to non-state employees.

In total, Perry used his line-item veto power to reduce the two-year budget by \$570 million.

"The budget passed by the 80th Legislature will ensure Texas continues on the path of prosperity; building and strengthening the distinct pillars that create a great society: quality education, health care and security," said Perry. "Legislators should be proud of their work, but be ever cognizant that more is still to be done."

Perry said the budget, passed by lawmakers at the end of the 80th legislature, increased general revenue spending by \$7.7 billion, or 11.8 percent, compared to the current biennium. He said 98 percent of growth is due to increased funding in education, human services, criminal justice and the environment.

If TAMIU officials thought their chances of increased funding were enhanced by having Sen. Judith Zaffirini, D-Laredo, and Rep. Ryan Guillen, D-Rio Grande City, on the conference committee that settled differences between the House and Senate versions of the budget, they did not reckon with Perry's line-item veto power.

Funding for TAMIU's Student Success Program has been a priority for Zaffirini, vice chair of the Senate Finance Committee. In 2006, she secured a \$25 million in tuition revenue bonds for the universities Student Success Center.

Even allowing for Perry's veto, Zaffirini was able to get an additional \$8.8 million for TAMIU, including \$2 million for faculty enhancement. Zaffirini could not be reached for comment at press time.

"This university already receives a disproportionate share of special items

and excellence funding," Perry said, in a statement explaining the reason for the TAMIU line item veto.

"Special Items represent 48.3 percent of its total general revenue budget, less tuition revenue bond debt service, compared to the university statewide average of 18.4 percent. If this initiative is a priority, the university can use its \$31.3 million appropriated for Institutional Enhancement."

Border lawmakers have long contended that they need to get extra funding for their universities through Special Items because the formulas used to allocate appropriations are stacked against young and fast-growing higher education institutions.

In a statement accompanying his decision to sign the budget, Perry made a point of blasting the legislature for the way it funds higher education. His rebuke came after lawmakers largely ignored his request for an overhaul of higher education funding. Perry had wanted to reduce Special Items and put greater emphasis on incentives tied to graduation success.

"Our process of funding higher education is seriously flawed," Perry said. "During the past several biennia, the legislature has moved away from the equitable statutory formula funding system to greater reliance on the inequitable use of political earmarks."

Perry said the formulas developed by the Texas Higher Education Coordinating Board are fair and not developed in a vacuum. He said scores of senior administrators from all institutions participate in advisory committees that evaluate quantifiable financial data and come to an agreement on distributive formulas.

"However, once the formulas are used by legislative staff in the introduced versions of the appropriations bill, institutions pressure their local delegations for special consideration and thwart the objective professional process," Perry argued.

"Legislators provide special earmarks for their local institutions with no consideration of the best use of scarce resources to meet statewide goals and needs."

Perry pointed out that from 1986-87 to 2006-07, special items and excellence

funding grew from \$63.8 million to \$908.2 million, an increase of 1,323.2 percent.

"In 1986-87, special items represented 2.1 percent of the schools' total general revenue appropriations. By 2006-07, this percent was 14.9 percent," Perry said.

"After I publicly denounced this kind of pork-barrel spending, the legislature added another \$255.4 million and cut virtually nothing. In 2008-09, special items will constitute 19.5 percent of total general revenue funding. This is unacceptable."

Perry's decision to block \$154 million in fiscal year 2009 from going to public community and junior colleges to pay for employee health insurance will hurt institutions like South Texas College in McAllen and Laredo Community College. Southmost College in Brownsville will be less adversely affected because most of its workers are employed by the University of Texas at Brownsville.

Because community and junior colleges were violating a provision that stops state money from being used to pay the wages and benefits of non-state employees, Perry said, millions of dollars were being lost from the state coffers.

"To get money for these employees, community colleges falsified their appropriations requests," Perry said. "As a result, their appropriation for fiscal years 2008-09 is approximately \$126 million too high."

Perry said community colleges have unexpended balance authority, "so they can apply proportionality in fiscal year 2008 and fund most of fiscal year 2009 with fiscal year 2008 savings and the rest with increases provided for instruction and operations."

Rey Garcia is president of the Texas Association of Community Colleges, which represents 50 community college districts. Garcia told the Austin American-Statesman that the TACC was "blindsided" by Perry's comments. "Accusing community colleges of falsifying appropriations requests is an irresponsible statement to which we take strong exception," Garcia said.

# Perry slashes \$570 million in 'pork'

■ Cuts affect sites in Houston, Galveston and San Antonio

By POLLY ROSS HUGHES  
AUSTIN BUREAU

AUSTIN — Gov. Rick Perry lambasted "pet pork projects" in higher education Friday as he slashed \$570 million from the state's next two-year budget and criticized lawmakers for not offering a bigger tax break to homeowners.

Overall, Perry approved \$151.9 billion in the budget bill, which he said would continue Texas on a "path of prosperity." That increases state general revenue spending by \$7.7 billion, or 11.8 percent over the current budget.

But several higher education items were victims of Perry's budget ax, including a diabetes center in Galveston and a life science institute in San Antonio.

"Nearly one in every five dollars dedicated to higher education was spent outside the funding formulas on pet pork projects," said Perry, who cut more than \$35.8 million out of \$123 million in higher education earmarks.

The governor, who proposed a sweeping overhaul of higher education financing last January only to see it ignored by lawmakers, used his line-item veto power to register his discontent.

"The funding process used by the Legislature to write this appropriations act is antiquated, unfair and keeps Texas from adequately competing at national and global levels," Perry said.

"Texas is shackled by provincialism, preventing the creation of the workforce and laboratory innovations needed to meet the demands of the 21st century economy," he added. "This must stop."

Perry said he does support many investments in the budget, including \$100 million for border security, \$146 million in college financial aid and hundreds of millions to provide health insurance for uninsured adults and children for clean air programs and schoolteacher incentives.

But he criticized budget writers for billions of dollars in "accounting tricks" and failing to fund more tax cuts.

"Not one cent of more than \$7 billion unspent by the Legislature went to additional tax relief," he complained, referring to money that legislators didn't allocate. "Instead of leaving all that money in a government bank account, I believe we

should have invested some of it in the economy through tax cuts."

## Fee eliminated

Lawmakers did continue \$14 billion in property tax relief passed in a special session last year, and Perry praised them for also giving taxpayers a \$600 million break by eliminating a Telecommunications Infrastructure Fund fee from their telephone bills.

"Texas started this legislative session with the largest projected surplus in state history. This was an ideal time to expand the 2006 property tax cuts and get the state's fiscal house in order for the future," he said.

Perry's higher education cuts included a \$6 million veto for a San Antonio Life Sciences Institute, requested jointly by University of Texas San Antonio and the University of Texas Health Science Center.

The two institutions billed the project as necessary to stimulate growth of the biomedical and biotechnology industries in San Antonio and spur commercialization of research products from the two universities.

Officials from the two institutions did not return telephone calls seeking comment Friday, but Perry said he doesn't want to create more "tier-one" research institutions before a new commission on higher education and global competitiveness drafts a long-term plan for "efficient use" of taxpayer dollars.

The University of Houston fared better with Perry's approval of a \$5 million wind energy project, contingent on an award from the U.S. Department of Energy, and \$1.1 million for a master's degree in nursing at its Victoria campus.

## UH, UTMB cuts

But the governor cut nearly half a million dollars for administrative operations for the University of Houston System, saying such costs were funded else-

## EDUCATION TARGETS

Some cuts Gov. Rick Perry made to funding for state universities:

- \$6 million for a Life Science Institute shared by UT-San Antonio and UT Health Science Center in San Antonio
- \$5 million for an engineering program at West Texas A&M University in Canyon
- \$5 million for public health expansion at UT Health Science Center in Houston
- \$2 million for the Stark Diabetes Center at UT Medical Branch in Galveston
- \$474,000 for system operations at University of Houston

where in the school's budget.

"We recognize that there are competing demands for limited resources, and we understand that difficult decisions had to be made," said UH spokesman Eric Gerber.

Perry also vetoed \$2 million for the Stark Diabetes Center at the University of Texas Medical Branch in Galveston, noting that the budget already includes \$18 million for diabetes research at the University of Texas Southwestern Medical Center in Dallas.

Texas A&M University-International in Laredo lost \$5 million from Perry's vetoes that had been earmarked for "student success" initiatives to expand Ph.D. programs in business, a joint degree program and outreach in math and science.

## Prescription, prison cuts

Perry also slashed \$297 million in 2009 for the state's contribution to federal Medicare prescription drugs for those eligible for Medicaid and Medicare.

He said it "penalizes states like Texas that have taken innovative steps" to control drug costs.

He also cut \$29 million from the second year of Texas Department of Criminal Justice's budget to contract for temporary space and \$10.8 million for certain support services for offenders.

Perry said the prison systems funding is set to increase by 10 percent, and much of "this substantial increase will support probation, parole and substance abuse treatment."

Austin Bureau reporters Janet Elliott and Gary Scharer contributed to this report.

polly.hughes@chron.com

Dallas  
Morning News JUN 16 2007

# Perry trims higher ed, jail funds

**Legislature: \$650 million  
vetoed from budget;  
legislator questions cuts**

By **ROBERT T. GARRETT**  
Austin Bureau  
rgarrett@dallasnews.com

AUSTIN — Gov. Rick Perry wagged his finger at lawmakers Friday for sending him a murky, pork-filled budget.

He then signed 99.6 percent of it into law.

Mr. Perry vetoed \$650 million in spending, almost half of which

was described by a health care policy expert as a symbolic protest of a federal Medicare rule. However, his cuts to community colleges and the state prison system could sting.

The governor vetoed about \$36 million of higher education "special items," though he let stand an additional \$87 million that he could have erased — including \$20 million of \$21.6 million earmarked for Dallas-area institutions.

"While I support many of the investments in the budget, I am concerned that this budget is not transparent, continues billions of dollars of accounting gimmicks and misses several opportunities," Mr. Perry said.

CONTINUED ON  
NEXT PAGE

Cont. from "Perry"...

Through his vetoes, he trimmed the state's two-year spending blueprint from \$152.5 billion to \$151.9 billion.

Mr. Perry also complained that too much was left unspent in the treasury and that more tax cuts should have been passed.

"Instead of leaving all that money in a government bank account, I believe we should have invested some of it in the economy through tax cuts," the Republican governor said.

GOP legislative leaders defended their decision to leave unspent between \$6 billion and \$7 billion, most of which was used to replenish the state's rainy day fund.

They noted that the tax-swap bill passed during last year's special session on school finance left a budget hole, and they had to pour some of this year's record surplus into that gap.

Lt. Gov. David Dewhurst said the budget "protects Texans" by leaving money unspent so the state is ready for fiscal emergencies and can pay for school property tax cuts in 2010 and 2011.

"Zeroing out the state treasury

before we find out what the reformed business tax will generate is a gamble, and we must not gamble on providing tomorrow's essential services and promised tax cuts," Mr. Dewhurst said.

House Appropriations Committee Chairman Warren Chisum, R-Pampa, the House's chief budget writer, said that though he dislikes some of Mr. Perry's tweaks, they were pretty minor.

"In a \$152 billion budget, I guess it's not too much," Mr. Chisum said of the vetoes.

The governor, as he did two years ago, eliminated money to pay what he says is an unfair refund to the federal government in health care programs.

Last year, elderly Texans who had obtained their prescription drugs from Medicaid, a state-federal program for the poor, started getting medicines from Medicare Part D, a federal program.

Mr. Perry said a formula requiring refunds by the states penalizes Texas. It and other states have sued to overturn the federal mandate.

Anne Dunkelberg, a former state Medicaid official with the Center for Public Policy Priorities, which advocates for low-income

Texans, said Mr. Perry's criticism of the federal policy has merit.

But she said the refund payments didn't stop when he vetoed \$440 million two years ago. And they probably won't cease because he erased \$297 million for refunds in 2009.

"It is in some sense symbolic, only because we are in fact making those payments every month," Ms. Dunkelberg said.

Mr. Perry vetoed \$154 million for employee benefits next year at community colleges.

The governor said the two-year colleges have violated a budget provision that prevents them from using state money to pay for fringe benefits for certain employees. Mr. Perry said they are not state employees and not entitled to state benefits.

He also vetoed more than \$40 million from the prison system, saying it received an "unreasonable" funding increase of 10 percent when the number of inmates and parolees is expected to grow by 5 percent or less.

Mr. Chisum questioned those trims.

The House budget chief said community colleges "have half of

the population in higher education" and are financially strapped.

He said Mr. Perry's elimination of funds for the state to house some of its prisoners in jails would hurt counties' finances.

While Mr. Perry criticized state universities for seeking "special items" that bypass a funding formula devised by the Higher Education Coordinating Board, Mr. Chisum said the governor insisted on \$100 million in incentive funding tied to graduation rates and improvement of college classroom instruction. "He wanted his \$100 million to spread around," he said. "That's kind of a double standard."

Perry spokesman Robert Black responded, "The governor is attempting to reward outcomes in higher education and not just enrollment, [while] many of these special items, they're awfully hard to justify when the school didn't even ask for the money."

One conservative activist praised the governor's actions.

"Governor Perry should be congratulated for recognizing that Texans don't want Washington-style wasteful spending in the Lone Star State," said Michael Quinn Sullivan of Texans for Fiscal Responsibility.

## SPECIAL-ITEM CUTS

Gov. Rick Perry cut about \$650 million from the state's two-year budget, including roughly \$36 million in special-item funding — money outside normal expenditures — for Texas colleges and universities. Some of the items slashed, and the governor's explanation:

**Item:** \$500,000 for the Higher Education Coordinating Board to develop a system tracking student readiness and progress.

**Governor's reason:** The board "can do this within existing resources. It was appropriated \$24.6 million for the College Readiness Initiative in addition to the \$14.9 million provided for fiscal year 2007."

**Item:** \$2 million for diabetes research at the University of Texas Medical Branch in Galveston

**Governor's reason:** He noted that \$18 million had been appropriated for UT Southwestern Medical Center. "Two appropriations were made for diabetes research, and only one is needed," he said. "Medical Branch can collaborate with Southwestern."

**Item:** \$1.6 million to the University of North Texas System for "system operations."

**Governor's reason:** The school is getting 106 percent of the funding recommended by the coordinating board. "Since this formula includes administration, no additional funds should be necessary." He used the same explanation for cutting \$1.7 million from Texas State, nearly \$3.2 million from Texas Tech, and \$474,000 from the University of Houston systems.

**Item:** \$2 million for obesity research at the Texas Agricultural Experiment Station in Temple.

**Governor's reason:** He noted that \$18 million had been allocated for the same purpose at UT Southwestern. "The Experiment Station can collaborate with Southwestern."

Waco

Tribune-Herald JUN 19 2007

## Perry veto cuts \$2.7 million in state funds to MCC

By David Doerr

Gov. Rick Perry dealt a double blow to McLennan Community College last week when he vetoed \$154 million in funding for Texas' two-year higher education institutions and accused college officials of falsifying their funding requests.

MCC is one of the state's 50 community colleges hit by the line-item veto, which eliminated one year's worth of health insurance funding in the two-year budget state lawmakers approved in May. At MCC, the cut amounts to a \$2.7 million loss, leaving officials unsure how to fill the gap in funding they have received since the late 1980s.

Johnette McKown, MCC executive vice president, said college officials were caught "totally by surprise" by the veto.

"We were just stunned," she said. "It's not just the college. It's our citizens that will obviously have to make the difference when you have \$2.7 million less over two years, you'll have to figure out a way to continue to provide the quality service that we are known for."

In a written statement, Perry explained his reasoning for the veto, saying a budget provision bars the spending of certain state funds on employee benefits if the employees' wages are paid from a source other than state funds.

"Community colleges have violated this provision, using millions of state dollars annually to pay the benefits of non-state-paid employees," wrote Perry. "To get money for these employees, community colleges falsified their appropriations requests. As a result, their appropriation for fiscal years 2008-09 is approximately \$126 million too high."

MCC and community college officials across the state took umbrage at the accusation they intentionally altered their funding requests. McKown said she was especially disturbed by the claim, saying college officials had completed the request forms the same way they have for years.

"We cannot imagine why he would say that," she said. "It is very disappointing and it is absolutely not true. That's not the way we do things."

Perry's office did not return calls Monday requesting an explanation of the accusation.

The dispute between Perry and college officials centers around a change in how the governor's office views who should be responsible for covering the cost of fringe benefits. Perry's office insists that those benefits, including health insurance coverage, should be covered by the entity that pays for the majority of the employees' salaries, the same way employees at four-year colleges are treated.

But community college officials say that state government has historically differentiated their institutions from four-year universities. The state has traditionally funded educational costs for their institutions while local dollars, including revenue from property taxes as well as tuition and fees, have gone to support facilities, physical plant employees and custodians.

### Changing 'proportionality'

In recent years, the governor's office has sought to change the definition of the concept called "proportionality," which is used to determine whether the state is required to fund certain expenses.

The Legislature, however, has studied the issue during the past two sessions and found it inappropriate to apply the revised definition of proportionality to community colleges, said Steven Johnson, director of external affairs for the Texas Community Colleges Association.

"The Legislature has always found that the way proportionality is calculated for us is different than way it is for other institutions of higher education," he said.

Confusing community college officials even more, Perry included the funding for the health insurance coverage in the proposed budget his office released in January, Johnson said.

Johnson said college officials across the state were offended by being accused of fraud and disappointed that they would have scrimp to make up for the cut.

McKown said the 413 employees whose health care coverage was paid for by the state would not have to worry about losing the benefit. However, the school might have to delay program expansions, increasing local property taxes or hiking tuition to make up for the cut, she said.

That decision would be up to the MCC board of trustees, McKown said.

"Whether there will be an increase in taxes or not, that would be something we would not look forward to doing," she said. "That's one of the avenues. When the governor takes that (funding) away, one of the possibilities is for the local taxpayers once again to be asked to pay for it."

ddoerr@wacotrib.com  
757-5755

# Community colleges forced to bridge gaps

Perry's health-insurance  
veto a notably 'big hit'

BY MELISSA LUDWIG  
EXPRESS-NEWS STAFF WRITER

Among Gov. Rick Perry's flurry of vetoes last week, a \$154 million cut in health insurance for community college faculty has stunned college leaders across the state and sent them scrambling to make up for the loss in already-tight budgets.

Though the cut won't take effect until 2008, Texas' 69 community colleges will probably start planning for the losses now, and could be forced to raise tuition or local property taxes, cut staff or charge employees more for insurance, said Steven Johnson, director of external relations for the Texas Association of Community Colleges.

"It's a big hit," Johnson said.

In his written comments about the veto, Perry accused colleges of falsifying budget requests to get

more money than they deserve, a charge that incensed college leaders and lawmakers. He said the state should cover insurance only for employees paid with state money, which excludes those paid with federal grants or funds from other sources.

"I do not understand what the governor's problem is," said Rep. Ruth Jones McClendon, D-San Antonio. "This came really out of the blue."

Perry's office did not return a call seeking clarification.

Johnson and McClendon say the funding equation was hashed out during countless hours of budget discussions. In fact, they said, an early version of Perry's own proposed budget included the health insurance money.

"I was sitting there in the (budget) hearings from morning to night. None of this came up from the governor's office. No one called me," McClendon said. "If (the governor) had information that would have changed the budget process, it would have been nice if he would have shared that with the budget writers."

In general, Perry derided the budget as full of "pet pork projects" and used his line-item veto to slash \$35.6 million from higher education spending.

Locally, the Alamo Community Colleges lost \$12 million for health insurance, a big blow for a district operating on thin margins.

Perry also vetoed \$1.3 million for instructional costs at the district's newest college, Northeast

Lakeside, and half a million for a pilot project that would chart students' success rates as they move from high school to college.

"We're still trying to get our arms around it," Chancellor Bruce Leslie said of the cuts.

In his explanation for denying money to new colleges, Perry said he wouldn't funnel dollars to head-picked campuses without evaluating growth within the entire district. He said ACC should already be taking those measurements as part of its mission.

But Leslie said the pilot project was innovative and meant to serve as a statewide model for tracking success and boosting accountability.

"We thought this was exactly in line with what the governor wanted," Leslie said.

As for the health insurance, McClendon said she doesn't see a way for the colleges to seek relief in the Legislature.

"They will have to go in and make major adjustments to their budget," she said.

Perry also vetoed \$6 million

for a Life Science Institute shared by the University of Texas at San Antonio and the University of Texas Health Science Center.

UTSA President Ricardo Romo said the money would have been a huge boost to the institution and the local economy but they will press on without it.

"We will move forward," Romo said. "Every year we make a better and stronger case for how important this project is."

mludwig@express-news.net

## South Texas College to lose \$4 million from governor's veto

Elizabeth Hernandez

AUSTIN — It comes down to either students at South Texas College, or taxpayers in Hidalgo and Starr counties.

One of the two may have to stomach higher bills in the coming years to make up for community college funding Gov. Rick Perry cut from the state budget on Friday.

Perry signed the \$152 billion budget, but he used his line-item veto power to nix \$154 million that would have paid for community colleges' faculty health insurance coverage in fiscal year 2009.

The governor's spokesman said community colleges have improperly used money to pay for health insurance of employees not eligible to be covered under state funds. He left the money in tact in 2008 to give the colleges time to adjust their budgets.

About \$4 million of the vetoed money would have gone to South Texas College, said its president, Shirley Reed.

Now, Reed said, the school must find a way to make up for the difference — through either tax increases, cuts in programs or tuition increases. Community college funding is solely a combination of state, tuition and local taxpayer dollars.

"It's either going to be on the backs of our taxpayers or on the backs of our students," Reed said.

The backs of students seems more likely, since even if taxpayers approve an increase, it would take two years to develop then implement. By that time the state funds would have been cut off, she said.

If student increases are approved, they could go into effect as early as fall 2008, according to Reed.

STC is one of 50 colleges that are facing the same problem, said Steve Johnson, spokesman of the Texas Association of Community Colleges.

Johnson said community colleges are already hurting, receiving \$1.7 billion through the state's formula funding, just

51 percent of what they need to be fully-funded, even though they serve half of all Texans in higher education and 72 percent of all freshmen.

Perry's veto puts those in fast-growth areas like the Rio Grande Valley in an especially tight spot to meet increased demand for community college services, he said.

"Local ad valorem taxes are limited. You simply can't go back and increase, so you're left with really one choice: to either raise tuition or cut services," Johnson said.

At issue are budget rules that say the state can pay for benefits of a faculty only in the same proportion that the state pays for that person's salary.

So, if STC pays for 20 percent of a nurse professor's salary, it can only expect the state to pay for 20 percent of the professor's health care.

Black said the community colleges have known they were using too much state money to pay for health care, but didn't change their ways.

"The community colleges should have adhered to the warnings from the governor in the last two sessions and made their changes accordingly," Black said. "They tried to take another bite of the apple."

But Johnson said community colleges have discussed the issue at length with state leaders and budget writers and the Legislature agreed that community colleges have different guidelines.

Johnson said colleges took special exception with Perry's message in his veto that community colleges had in the past "falsified their appropriations requests" to get health care money.

"What has stunned us the most was that we have had this conversation for years and the governor has gone beyond that and said that we basically misrepresented the numbers, and that is not fair," Johnson said.

Black said there are examples of community colleges, not all of them, telling the state they have a certain percentage of state-funded employees when actually those employees are only eligible for, but not necessarily paid by, state funds.

"What they're doing is they're saying, 'Well, they're general-revenue eligible, we might be paying out of general revenue,'" Black said. "That's not how it should work."

State Rep. Ismael "Kino" Flores, D-Palmview, whose district includes South Texas College, said Perry's staff should have told lawmakers they didn't like the item during the session rather than wait until the end to veto it.

To raise \$4 million, STC could have to increase tuition 20 percent. The school collects \$19.4 million a year in tuition, Reed said.

A full-time student at STC pays about \$1,000 for tuition and fees, plus books, per semester, said Diana Peña, vice president for finance and administrative services at STC. If tuition goes up, fewer students may enroll in STC and elsewhere.

"Students are already priced out of community colleges and higher education," Reed said. "We're just going to make it worse."

The STC board meets later this month and is expected to take up a resolution expressing disapproval for Perry's veto, Reed said.

The veto would not affect Texas Southmost College in Brownsville and Texas State Technical College in Harlingen because faculty members there are state workers.

Elizabeth Hernandez covers the state capital for Valley Freedom Newspapers. She is based in Austin and can be reached at (512) 323-0622. For this and more local stories, visit [www.themonitor.com](http://www.themonitor.com)

## Perry's veto stuns community colleges

By Laura Elder

Gov. Rick Perry last week vetoed nearly \$154 million meant to pay the state's share of health-insurance premiums for employees at community colleges, broadly accusing campuses of falsifying funding requests.

The veto cut nearly \$3 million from two local campuses, leaving leaders mystified and looking for ways to make up the difference.

College of the Mainland in Texas City had requested a total of \$4.2 million as the state's share of its health-insurance premiums in the next biennium. But Perry deleted appropriations for community-college employee benefits for 2009, leaving the college only half that amount. Galveston College requested \$1.88 million, but will receive only \$940,000 in the next biennium.

Community colleges, Perry said, were violating budget provisions by using millions of state dollars to pay the benefits of non-state-paid employees.

Community colleges aren't allowed to use state money to pay benefits to employees whose salaries or wages are paid from a source other than the general-revenue fund, he said.

But Homer "Butch" Hayes, president of College of the Mainland, and other community-college leaders took issue with Perry's accusation, calling it inaccurate and out of left field.

"We're more concerned about the attitude of the governor," Hayes said.

The College of the Mainland doesn't use state money to pay employee benefits to anyone whose salary is paid by sources such as grants, he said.

The college has 325 benefit-eligible employees.

Community-college leaders said they were taken off-guard by

Perry's actions and accusations because they'd done nothing different from previous biennia in their appropriation requests.

"Honestly, what baffles us is that we have filled out the legislative appropriations request the same way for last three biennia," said Steve Johnson, a spokesman for the Texas Association of Community Colleges, which represents 50 community colleges in the state.

Perry included the appropriations in the budget he submitted earlier this year, Johnson said.

"We don't think we've done anything wrong and no one ever said we had done anything wrong on this issue," he said.

"We're accused of falsification and given half the funding; it's going to be a big problem for many colleges."

Community colleges — many of which are already suffering financial shortages — will have to consider whether to cut back on programs, or raise tuition or local taxes to make up for loss in state appropriations. By law, they must offer health insurance.

College of the Mainland will review its \$26 million yearly budget to find a way to make up for the loss in state appropriations, Hayes said.

One option is tapping local taxes, but Perry's actions left the college with few choices, he said.

Perry, slashing what he said was pork spending for higher education, cut \$570 million from the state's budget before approving an overall \$151.9 billion in state general-revenue spending for the next two-year budget.

"He waited until the last minute and now there's nothing anyone can do," Hayes said.



Waco

Tribune-Herald JUN 20 2007

## Governor's veto may bring local tax, tuition hikes for MCC

By Tim Woods

McLennan Community College officials say Gov. Rick Perry's veto of \$154 million in funding for Texas' two-year higher education institutions might force them to tap local taxpayers for even more assistance.

If so, it will come on the heels of a recently passed \$74.5 million bond for MCC improvements to be paid by local homeowners. McLennan County voters approved the bond package last November.

Perry's veto also has led MCC officials to question how committed Perry is to Texas' economic development and higher education across the state.

"We were told we would not have to worry about (the funding)," MCC executive vice president Johnette McKown said. "We were surprised. We were stunned."

For MCC, the governor's line-item veto means the school will be without \$2.7 million it was counting on for the 2008-09 school year. McKown and MCC President Dennis Michaelis say three sources of funding exist for community colleges — state funds, tuition and local taxes — and that, because of the Perry veto, local taxpayers likely will be asked to step up again.

"Well, the state money is out, so it will probably be a combination of budget cuts, some level of tuition increase and local tax," Michaelis said. "The taxpayers were very kind to us by approving the bond, so I know the (MCC) board is going to want to minimize (further tax increases)."

Calls to Perry's office Monday and Tuesday were not returned.

MCC is one of the state's 50 community colleges hit by the line-item veto, which junked a year's worth of health insurance funding in the two-year budget state lawmakers approved last month.

### Local legislators react

State Rep. Jim Dunning, D-Waco, said he, too, was surprised by the move. Not entirely, however.

"Yes and no," Dunning said. "I was surprised the governor would do it like that without having discussed his concerns during the session openly. On the other hand, Rick Perry never ceases to surprise me in really being irresponsible."

Dunning said he understands the veto leaves MCC in a tricky situation.

"It really leaves (MCC) with no good option and, frankly, I can't rationalize what the governor did," he said.

State Sen. Kip Averitt, R-Waco, who serves on the finance committee, said he also was caught off-guard by Perry's veto, as was Rep. Charles "Doc" Anderson, R-Waco.

"I was very much surprised and disappointed," Averitt said. "Many times when Gov. Perry does his vetoes, he doesn't always consult with the authors of the bill or the backers of the measure. It's kind of standard operating procedure in the governor's office . . . He's always done it that way, so the method doesn't surprise anybody."

McKown and Michaelis also said Perry's assertion that community colleges have "falsified their appropriation requests" is hurtful and that the manner in which requests are made has not changed in recent memory.

It's simply a "difference of opinion" about how the appropriation law reads, McKown said.

### The governor's defense

In a statement explaining his veto, Perry said a budget provision bars the spending of certain state funds on employee benefits if the employees' wages are paid from a source other than state funds. He accused community colleges of

falsifying requests to gain funding in the past.

"The governor has put us in a very difficult situation and his implication of falsifying the numbers — well, I think that kind of inflammatory comment has no place and is inappropriate because he's known for a long time (how community colleges fill out their appropriation requests)," Michaelis said. "He has simply put the people of Texas — because that's who the community colleges serve — in a very untenable situation."

MCC will begin looking at ways to make up for the lost funds immediately, Michaelis said, acknowledging that "it would only be the responsible thing to do to compensate for it in this year's budget as much as we can."

Although MCC doesn't want to lean too heavily on taxpayers, Michaelis said he fears the possible consequences of raising tuition.

"Every dollar you raise tuition, you increase the chances you're going to be eliminating students and discouraging them from a college education," he said.

Michaelis said that fewer students attending MCC could hurt the local workforce because young people will not be as well-trained. As a result, he said, new businesses may be less inclined to move into the area.

"It starts a cycle that's ugly," Michaelis said. "The board doesn't want to raise tuition, but in order to be able to continue to serve students and the community, we might have to. One of the surprising things about it is Gov. Perry has claimed to be a very strong voice for economic development in the state of Texas, and economic development starts with a well-trained workforce."

twoods@wacotrib.com  
757-5721

## Perry's health insurance veto angers community college officials

Ruth Campbell

Gov. Rick Perry's veto of community college group insurance has Midland College officials in a state of shock.

The veto cuts \$155,586,981 million from the state's 50 community colleges. Nearly \$154 million of that figure is for group health insurance covering faculty and administrators, a news release from the Texas Association of Community Colleges said.

In his veto statement, Perry says community colleges violated a budget rider provision that appropriated funds can't be used for employee benefits or "other indirect costs associated with salaries or wages."

Perry wrote a letter to community colleges accusing them of making "fraudulent requests." Midland College President David Daniel took exception.

"Everything is out in the open and always has been. We would never do anything to cause one to question our veracity or integrity. (Perry's) letter frankly was a shock in its bold assertions. ...

"In my 16 years in this community college system in Texas, I have never witnessed such an unfair charge against the system," Daniel said in an interview Tuesday.

Perry's Press Secretary Robert Black said the governor told community colleges in 2003 to abide by the "proportionality rule," and the Legislature warned them of it in 2005.

Black said proportionality works like this: If an employee is paid for by general revenue dollars -- money from the state -- their benefits should be paid for from the same funds. An employee paid from tuition and general revenue should be paid from both funds.

When community colleges started, the state paid for all operations, except physical plant, grants and auxiliary services. Now the state funds operations at about one-third, and MC Vice President for

Administrative Services Rick Bender said the state wants to fund insurance at the same level.

Perry vetoed the second year of the biennium, rejecting funds appropriated directly to the Employee Retirement System of Texas on behalf of community colleges, Bender said. Despite the cut, employees will not pay more for insurance.

Bender said Midland College's allocation for group insurance is some \$2 million a year. Because of the reduction, the college will have to find \$1 million a year, but technically won't have to try until next year.

Midland College has more than 400 full-time employees and 900 total, including part-time staff. Daniel expects more than 6,000 students to enroll next fall. Forty percent are vocational students studying auto mechanics, welding, aviation mechanics, graphic arts -- "things that will put them directly out to work" and programs that update the education of people already in the workforce.

Preliminary budget for 2007-08 is \$39,112,867, up \$2.6 million last year's \$36,483,190 million. Appropriations are based on contact hours -- the number of hours students spend in class or lab.

State allocations this year are \$9.906 million. The proposed budget includes 4 percent raises for administrative and professional staff and faculty and 6 percent increases for classified employees, including clerical, secretarial and maintenance staff.

Adjunct faculty salaries will go up from \$1,500 to \$1,650 per three-hour class. Bender said that amount has not gone up in a decade.

MC is also trying to move hourly employee wages up as well. Bender said most student workers and part-time clerical workers currently make \$5.50-\$7.50 per hour. The proposed budget raises those wages to \$7-\$9 per hour.

Bender said some workers make \$10-\$11 per hour.

Years ago, community colleges procured their own insurance. About 18 years ago, the state mandated community colleges had to be under state insurance. Community colleges benefited by getting better health care for their money, Bender said.

"We are by far the most efficient delivery (system) for higher education for students, parents and the state. So why has the governor decided to pick on the most productive (part) of higher education?" Bender added.

Bender this week attends the annual Texas Association of Community College Business Officers in Galveston. The meeting will likely include officials from the Texas Higher Education Coordinating Board, Legislative Budget Board, and others.

Community colleges may not be able to wait until the next session to do something about the cut, but Bender said he expects this year's budget to stay as is. MC's fund balance is \$7.1 million.

"I'm honestly not sure what we will do this year. If something's not resolved by next year, we will have to do one and possibly a combination of three things -- make some cuts, increase tuition and fee rates and consider (raising) taxes," he added. "We would probably have a fourth option -- tap into our fund balance."

Black said Perry understands community colleges are upset, but they should have known this was coming. He added the governor thinks community colleges are the key to the state's economic future.

"They have to play by rules and procedures the Legislature sets down in terms of funding. The governor just wants them to get back in line with rest of higher education," Black added.

## Perry's veto concerns small colleges

By DAYNA WORCHEL

Texas community colleges might have to raise tuition and cut staff members after Gov. Rick Perry's line-item veto Friday of \$154 million in health insurance benefits for community college employees, according to Kilgore College President Bill Holda.

"This is going to be a big problem for us, and it is very frustrating," Holda said this week.

Perry signed the two-year \$151 billion state budget into law Friday. The budget goes into effect in October and included funding for everything from college financial aid to the Children's Health Insurance Program.

However, Perry used his line-item veto power to reduce the budget by \$570 million, according to a press release from the governor's office. One casualty of the line-item veto was \$154 million in health insurance coverage for the 2008-09 budget year.

For Kilgore College, the veto means the loss of \$2.1 million in its group health insurance funding for the 2008-09 budget. The budget would have allocated Kilgore College \$4.25 million for that year had Perry not used his line-item veto power. The college's health plan funding for the coming budget year is intact.

Holda said his institution might have to raise tuition and fees and reduce staff or course offerings to address the cuts. In-district students pay \$43 per semester hour, and out-of-district students pay \$90 per semester hour, according to the Kilgore College Web site. To be considered in-district, a student must live in Kilgore, Sabine, Gladewater, White Oak, Leverett's Chapel, Overton or West Rusk school districts.

Robert Black, press secretary for the governor, said Perry vetoed the funding because community colleges had falsified information on applications to get health insurance funding for their employees.

"With community colleges, if their employees are paid from the state's general revenue fund, then their health insurance must be paid from the same fund," Black said.

"If their employees are paid from revenues generated by tuition and fees, then their health insurance must be paid from that same source."

All faculty, library and administrative employees are included in the state group health insurance (revenue generated from college tuition and fees), Holda said.

Employees who work for the school's physical plant, such as maintenance workers, are not included in the state's group health plan (revenue generated from the state's general revenue fund).

Black said community colleges have inflated the numbers of their general revenue fund employees so that the state would pay for the health insurance of their employees.

"Each school is responsible for its own budget, and the governor finally put his foot down — he warned the community colleges that this would happen if they didn't stop this practice," Black said.

Holda said he is baffled by Perry's action, and his college did not falsify any employee information.

Steve Johnson, spokesman for the Texas Association of Community Colleges, said Perry's decision was a surprise.

"How dare the governor say we are falsifying information," Johnson said.

Johnson said community colleges fill out the same forms for the same funding

each year, and the governor had included the health insurance funding in his January budget.

He said he does not know what can be done to remedy the situation.

"I would encourage people to contact their state representatives," he said.

Charles Florio, president of Northeast Texas Community College in Mount Pleasant, said his school will lose almost \$875,000 in state health insurance funding for the 2008-09 school year.

The college would have received \$1.7 million for that period had the funding remained intact.

"I am not surprised at anything the governor does — he has made our faculty into second-class citizens," he said.

Florio said he worries about the state of public education in the United States, and he believes the country is going back to an 18th-century system of quasi-public and private education.

"Our students are dirt poor and can't afford any tuition hikes," he said.

Florio said he plans to meet with Holda, who is the secretary of the non-profit Texas Association of Community Colleges, and state representatives in Austin to come up with a plan to turn things around for community colleges.

"We want to be sure that Perry had the legal authority to do what he did and want to put the heat on Perry politically with the business leaders who helped elect him," he said.

Florio also said he and Holda want to meet with the legislative budget board to determine if the funding can be restored.

"The world's currency is knowledge," Florio said.

# UH regents approve tuition increase

■ But hike at main campus isn't as much as what was initially proposed

By MATTHEW TRESENGUE  
HOUSTON CHRONICLE

University of Houston regents scaled back their planned increase in tuition and fees on Tuesday, approving a 6.9 percent boost for the fall semester.

The initial increase will bring the cost for attending UH's main campus to \$3,144 a semester for Texas residents taking a full-time load of 12 hours.

The same load cost \$2,942 last semester.

The increase is less than the governing board had considered in April.

The regents had agreed to an increase of up to 12.4 percent but said they would roll back the amount if state lawmakers provided more funding to the four-campus system.

UH received \$23.5 million above the amount the Legislature provided in the previous two-year budget cycle. Overall, the UH System received an additional \$42 million, an increase of 43 percent, during the legisla-

## UPPER MIDDLE CLASS

The Regent's plan approved Tuesday...

...of 9.9 percent, including tuition and fees to \$3,200.

...the University of Houston...

...the University of Houston...

...ive session that ended last month.

"The end product was certainly a nice one to see," Grover Campbell, the UH System's vice chancellor for governmental relations, told the Board of Regents.

The higher tuition and fees will generate \$16.7 million, campus leaders said. They ex-

pect that new money to allow the aspiring research institution to add 20 faculty members and five academic advisers and provide salary increases of 4 percent for faculty and staff.

UH also will set aside \$400,000 for scholarships to attract more transfer students from community colleges.

Samuel Dike, vice president of the UH student government association, said he would prefer no tuition increase, but he expressed relief that it wasn't higher. He said student leaders will spend the next year trying to develop alternatives to annual tuition increases.

"The university cannot afford to rely on tuition revenues," Dike said. "It's just not a stable situation."

matthew.tresengue@chron.com

# 2-year colleges: Veto on funds makes cuts likely

Besides dropping services, leaders weigh tax, tuition increases

By ROBERT T. GARRETT and KAREN BROOKS  
Austin Bureau

AUSTIN — Community college leaders say they'll be forced to cut services such as remedial instruction or raise tuition or taxes after Gov. Rick Perry vetoed a portion of their state funds.

While it may take up to a year for college district boards to decide how to spread the pain, board members, administrators and instructors on Tuesday condemned the governor's veto of 8 percent of the schools' state funds for the next two years.

"This came totally unexpected," said Dr. Wright Lassiter, chancellor of the 90,000-student Dallas County Community College District.

The governor used his veto pen late Friday to erase from the state's two-year budget an item giving \$154 million to community colleges for group health insurance.

Mr. Perry said the 50 community college districts had overestimated how many faculty and staff they pay entirely with state funds.

Mr. Perry argued that for several years, the Legislature has approved a budget provision that says agencies can't use state funds to pay fringe benefits for employees who are paid from sources other than state revenue.

However, the governor said that in their budget requests submitted last fall, community and junior col-

leges tried to pass off as state-paid employees a large number who are paid with locally generated funds. Mr. Perry didn't specify how many, though he said because of mislabeling, districts sought \$126 million too much.

He lepped off the second year of their appropriation for group health insurance, which was an amount \$28 million higher. He said the campuses have enough money to make ends meet.

Mr. Perry also said in his veto proclamation that two-year colleges "falsified their appropriations requests."

Ray Garcia, president of the Texas Association of Community Colleges, responded: "We take strong exception to that statement. Our institutions filed their appropriations requests in good faith and followed the same practices we've followed for the last several" legislative sessions.

Community college leaders have argued the issue with Mr. Perry for several years, saying they are both local and state institutions — not a state agency that lawmakers wanted the rule about fringe benefits to cover.

Dr. Lassiter of the seven-campus Dallas County district said it will lose \$16 million because of the veto — or 5 percent of its budget.

Dr. Lassiter and other district officials said that among their "unpleasant choices" for the academic year that begins in fall 2008 are tax and tuition increases, hiring freezes, travel constraints and cutting programs such as remedial instruction for an ever-increasing number of freshmen who aren't ready for college-level work.

"We would want to ask our trustees to approve a tax increase as an absolute last resort," he said, adding that higher tuition also prices out of the market the lower-income students whom the two-year colleges are trying to reach.

Dr. Bob Collins, board chairman of the Collin County Community College District, which has 41,000 students, estimated the veto would cost that district \$4 million. But he said raising tuition is out of the question.

"We've been trying to hold the line for a number of years on tuition," he said.

Rep. Dan Branch, R-Dallas, who co-chairs a new House-Senate panel studying education funding, said "administrators don't want to raise fees because they think that runs off students."

But neither lawmakers in Austin nor the districts' elected boards want to raise taxes, he said.

Mr. Branch promised to hold hearings on the subject.

rtgarrett@dallasnews.com;  
kmbrooks@dallasnews.com

# Veto will drive up tuition, ACC says

## Surprise rejection by Perry costs community colleges millions

By Ralph K.M. Haurwitz  
AMERICAN-STATESMAN STAFF

Gov. Rick Perry's veto of \$154 million for community college health benefits was an ill-advised move that will cost Austin Community College \$7.6 million and force it to raise tuition, school officials said Tuesday.

One option for ACC, with about 32,000 students, is to raise tuition to \$44 per credit-hour, a \$5 increase, which works out to \$15 more for a typical three-credit course. Increases could be much larger for students who live outside the district's boundaries. The governor also vetoed \$390,000 that had been allocated to help cover the cost of increased enrollment at ACC's new campus in South Austin.

"It's safe to say that it's inevitable there will be some increase in tuition and fees," ACC President Stephen Kinslow said. "The only question is how much."

ACC officials, their counterparts at community colleges across the state and legislative leaders said they were stunned by Perry's veto message Friday evening, in which the governor said that the schools had falsified their appropriations requests to get more state money for employee health benefits than they were due. Community college officials denied the charge, which relates to an off-and-on dispute over how much of the benefit costs should be borne by legislative appropriations, local taxes and tuition.

Kinslow called the governor's statement an outrageous accu-

sation that insults "every chancellor and president of 50 community college districts, the hundreds of trustees who help govern those districts and the Legislature." Herbert Swonder Sr., president of Frank Phillips College, a community college in the Panhandle, called it "an unbelievable comment from the highest office in our state." And Rey Garcia, president of the Texas Association of Community Colleges, said the veto came without warning.

That view was echoed by legislative leaders.

"I was shocked that he would do this," said Rep. Warren Chisum, R-Pampa, chairman of the House Appropriations Committee. "It's quite a hit to the junior colleges. We looked very closely at the funding and looked at how many students our junior colleges handle. We

thought we were very in line and acted very responsibly."

Robert Black, Perry's press secretary, said Tuesday that Perry stands by his statement.

"It's strong language," Black said. "But it's also true: language in a lot of the requests we've seen; the math doesn't work. Community colleges are presenting to the Legislature more general revenue employees than they have general revenue dollars. And the reason they're doing that is to get the state to pay for health benefits."

This is not the first time Perry has raised the issue, Black said, noting that the governor asked community colleges in his 2003 State-of-the-State address to pay a proportionate share of insurance costs. A report in January by the Legislative Budget Board recommended that community colleges shoulder a greater share of health benefit costs.

The budget board's report said state law generally requires that benefits be paid in proportion to the source of salaries. In other words, if three-fourths of an employee's salary is paid out of general revenue appropriated by the Legislature, then three-fourths of that employee's benefits should be covered by the state. Similarly, if tuition covers a third of an instructor's salary, then tuition should cover a third of the benefits.

The state spends millions of dollars a year more on community college benefits than true proportionality would dictate, the budget board concluded.

CONTINUED ON  
NEXT PAGE

### Gov. Rick Perry's higher education vetoes:

**Community colleges**, \$154 million for group health insurance. Governor's reason for veto: A budget provision bars use of general revenue for employee benefits if the employees' salaries are paid from sources other than general revenue.

**New community college campuses**, \$3.3 million (including \$390,000 at Austin Community College's South Austin campus) for new enrollment. Reason: A separate appropriation associated with enrollment growth is adequate.

**Texas Higher Education Coordinating Board**, \$500,000 for a pilot system to track and improve student readiness for college. Reason: Board can do this with existing resources.

**Angelo State University**, \$300,000 for a museum of fine arts. Reason: Contributes little to 'Closing the Gaps,' the state's set of goals for improving enrollment and graduation rates.

**Texas Cooperative Extension**, \$3 million to increase the number of county extension agents. Reason: Not a state priority.

**Texas Agricultural Experiment Station**, \$2 million for obesity research. Reason: UT Southwestern Medical Center at Dallas is getting \$18 million for obesity and diabetes research.

**University of Texas at San Antonio**, \$3 million for a life science institute. Reason: State needs a long-term plan for higher education before it creates more tier-one research institutions.

**West Texas A&M University**, \$5 million for engineering program. Reason: School did not request it.

**Texas A&M International University**, \$5 million for a student success initiative. Reason: Campus already receives a disproportionate share of special items and excellence funding.

**UT Health Science Center at Houston**, \$5 million for expanding the public health program. Reason: Funds are being provided for increasing the number of nursing graduates, a more pressing need.

**UT Health Science Center at San Antonio**, \$3 million for a life science institute, a collaboration with UT-San Antonio. Reason: State needs a long-term plan for higher education before it makes such investments.

**UT Medical Branch at Galveston**, \$2 million for diabetes research. Reason: UT Southwestern Medical Center at Dallas is getting \$18 million for diabetes and obesity research.

**Texas State University System**, \$1.7 million for operations. Reason: System did not request it.

**Texas Tech University System**, \$3.2 million for operations. Reason: Other funding is adequate.

**University of Houston System**, \$474,900 for operations. Reason: Other funding is adequate.

**University of North Texas System**, \$1.6 million for operations. Reason: Other funding is adequate.

Source: Governor's proclamation on House Bill 1

*Cont. from "Veto."*  
The issue arose early in the most recent legislative session, was dropped by lawmakers and never came up again — until Perry's veto, said Bruce Leslie, chancellor of the Alamo Community College District in San Antonio, which lost \$13 million. Community colleges' options for absorbing the cuts include raising tuition, increasing taxes, cutting programs, laying off employees and eliminating raises. Raising taxes is not a realistic option for ACC, which

would have to obtain voter approval to go above its cap of 9 cents per \$100 of assessed property value, said John Hernandez, chairman of ACC's trustees. College officials will have to scramble to revise a \$180.6 million budget they had planned to approve July 8.

"Ultimately, with any of those options, the students suffer," said Veronica Rivera, an ACC trustee.

rhaurwitz@statesman.com; 445-3604

**Amarillo**

**Globe-News JUN 20 2007**

## **State hits AC with \$3.8M cut**

By Brad Newman

Major funding cuts to community colleges statewide will leave Amarillo College searching for ways to make up for its losses.

The state will withhold \$3.8 million in funding for AC's health insurance over the next two years.

AC President Steven Jones called the cuts "unexpected and unwarranted" at a media conference Tuesday afternoon.

Gov. Rick Perry on Friday sliced \$154 million from Texas community colleges. He accused community colleges of falsifying their funding requests for health insurance.

Jones disagrees with Perry's statement, stating that AC, other Texas community colleges and local legislators carefully followed budget instructions throughout the legislative session.

"Basically, this \$3.8 million is the amount of money that the state gives Amarillo College to help provide health insurance for employees," Jones said. "Now, the governor is telling us to find that money from other sources."

Jones said AC's 2007-08 budget, estimated at \$48 million, had already been balanced based on \$20.3 million from the state that legislators approved.

Unless the governor reverses his veto, which Jones said is unlikely, the college now must find ways to cover the loss, whether through increases in tuition or property taxes, or by asking employees to pay a portion of the insurance.

None of those avenues have been studied in detail, the president said.

"The impact of this veto is significant - and negative," Jones said. "We must not wait two years for the next legislative session to correct this mistake and restore the funding taken away by this veto."

Jones said AC will consider several options to re-shuffle funds as it amends its budget by August, when it must be OK'd.

AC's board of regents ultimately will decide how to proceed.

The board next meets at 6 p.m. Tuesday in the Campus Union Building at AC's Washington Street campus, 2201 S. Washington St.

## Junior college budgets slashed

By Enrique Rangel

AUSTIN - South Plains College President Kelvin Sharp is worried and upset.

He is worried because unless there is a way to make up for \$3.3 million that SPC stands to lose in the academic year 2009-10, his 9,000-student school at Levelland will be in deep financial trouble. The \$3.3 million is included in a multimillion-dollar cut Gov. Rick Perry made over the weekend to the health insurance program for community college professors.

"\$3.3 million is almost 10 percent of our budget," Sharp said. "We're still recovering from the budget cuts of 2003."

And he is furious because Perry accused the state's junior colleges of falsifying budget requests to get more money.

"How do you accuse 50 community colleges of falsifying a report?" he asked. "We disagree with that statement."

When announcing his budget cuts Friday, Perry said in a lengthy proclamation that "to get money for these employees, community colleges falsified their appropriations requests. As a result, their appropriation for fiscal years 2008-09 is approximately \$126 million too high."

The story of SPC is the story of Amarillo College and 48 other junior colleges in Texas.

Amarillo College President Steven Jones called the funding cut "unexpected and unwarranted."

Perry, Jones said in a press conference, "is telling us to find that money from other sources."

Steve Johnson, spokesman for the Texas Association of Community Colleges, was just as worried.

"We've been hit pretty hard," Johnson said. "Half of all (college and university) students in the state are enrolled in a community college and this cut is going to impact everyone, students, faculty, administrators ..."

If the money they are losing is not restored, the two-year schools may be forced to increase tuition or local property taxes, make staff cuts or just charge employees more money for health insurance, he said.

However, Perry's press secretary, Robert Black, said Sharp, Jones, Johnson and other community college officials have no one to blame but themselves because the governor warned them four years ago that this was coming.

Faculty at community colleges are what are considered General Revenue Fund employees, but such a fund does not cover insurance and other benefits because they come from other sources of revenue, Black said.

"The governor is very supportive of community colleges," he said. "But they should not inflate their numbers when making their budget requests."

### Possible solution

Sen. Robert Duncan, R-Lubbock, who along with Rep. Warren Chisum, R-Pampa, sits on the Legislative Budget Board, a 10-member group that recommends to the governor and the Legislature how the state money should be allocated, said the governor is partially right in his assessment but disagreed that the community colleges used deceptive methods to get their funding.

The funding mechanism is complex, but the colleges have been getting the money they now stand to lose because the Legislature has allowed it over the years, said Duncan, who also sits on the Senate Finance Committee. He was also one of the 10 conferees, five from the Senate and five from the House, who negotiated the \$152 billion for the next biennium.

So, given the history of the funding, the Lubbock lawmaker is optimistic that a solution can be worked out to everyone's satisfaction because this is the result of an

analytical mistake the governor's staff made.

"I am confident that there will be some resolution," Duncan said.

One possibility is that the Legislative Budget Board will meet and then recommend restoring the funding, Duncan said. The Legislature does not have to be in session for the LBB to meet.

The second option is to approve a "supplemental appropriation" when the next legislative session starts in January 2009. That could go into effect immediately and the junior colleges would still be OK.

The only problem with the second option that the community colleges would not know for sure until early 2009 that the money would be coming after all and they, like other schools and businesses, need to plan their budgets way ahead of time, Duncan said.

Rep. Carl Isett, also, a Lubbock Republican, said he is hopeful that a solution can be found because even though SPC is not in his House District 84, thousands of his constituents would be impacted if the funding cut is not restored.

And like Duncan and other area legislators, Isett had no clue that Perry was planning to cut such funding for the junior colleges.

"I am disappointed because I thought we passed a very fiscally responsible budget," said Isett, who also sits on the House Appropriations Committee.

But then again, "that is the governor's prerogative," he added. "That is why we gave him that power."

- Staff writer Brad Newman contributed to this report. Globe-News Austin Bureau chief Enrique Rangel can be reached at [enrique.rangel@morris.com](mailto:enrique.rangel@morris.com).



## Officials want special session after Perry veto

By DAYNA WORCHEL

State Rep. Tommy Merritt, R-Longview, said he has already gotten several heated letters from his constituents about Gov. Rick Perry's veto of \$154 million in health insurance funds for community college employees last week. The cuts will take effect in fiscal year 2009, and will cause many of the schools to cut staff, programs and possibly raise property taxes within their districts.

Merritt said he wants the governor to call a special session to remedy the situation.

"I am also requesting for Texas House Speaker Tom Cradick to have the legislative budget board make a budget executive action and provide funding for the group insurance," Merritt said.

If Perry does not call a special session, Merritt wants to pass an emergency appropriations bill when the legislature reconvenes in January 2009.

Robert Black, press secretary to Perry, said the governor has no intention of calling any special session. "The community college shouldn't be surprised by this — the governor talked about this subject in his 2003 state of the state address," Black said.

He added that the math doesn't work out the way the community colleges are saying, and that Merritt should not be surprised by Perry's action.

"The governor has given the schools (until) the year 2009 to get their budgets worked out," Black said.

Texas Sen. Kevin Eltife, R-Tyler, said he knew Perry's action was going to result in community colleges either raising tuition or property taxes.

He said he was very disappointed and that both the senate and the house worked very hard during the recent session to see that community colleges were adequately funded.

"I hope we can work with the governor's office in the interim to find common ground and restore this funding," he said.

Gregory Powell, president of Panola College, said the school will lose nearly \$1 million because of the Perry veto.

"We've been building our budget based upon the knowledge that we would get this money, and property values are down in Panola county," he said.

Powell said 75 percent of the school's budget is in labor costs and that the school may have to look at staff cuts and closing some of the school's programs.

"Texas is less educated as a state than it was 10 years ago, because every time we have raised our tuition, we price a segment of the population out of the market," he said.

"We're going to look at different options and do the best we can," Powell said.

Kilgore College President Bill Holda said if the school is not able to get relief legislatively, then they won't have much choice other than to cut services and programs.

Raising property taxes to the full \$0.20 per \$100 valuation only would generate \$600,000, he said. The property taxes in the Kilgore College district currently are \$0.174 per \$100 valuation.

"The key is, a lot of people will shake their heads about the situation, and then they won't do anything," he said.

# KC President stunned over Perry's veto

**KC President stunned by Governor Perry's attack on college group health insurance**

Stunned. A statement from Kilgore College says that word best describes Kilgore College President Bill Holda's reaction upon learning that Governor Rick Perry issued a veto last Friday which cut almost \$154 million from the group health insurance appropriations of Texas community colleges, hitting KC deep in the pocketbooks.

Perry's move will eliminate all state funding for Kilgore's healthcare in 2009, forcing the college to scramble and find funding for an unexpected \$2.1-million shortfall. This decision will assuredly affect more

than just KC employees and retirees and will spill over into the community, according to Holda.

"Kilgore College will lose \$2,129,068 as a result of Perry's veto," Holda said. "Raising our tax rate to the maximum (20 cents per \$100 valuation) will generate only \$600,000. An additional \$15-per-hour tuition tax hike, added to the significant tax increase, is the only way to generate enough revenue to cover this loss. And we absolutely do not want to impose either of these actions upon our constituents and students."

Holda said yesterday the college records about 100,000 credit hours per year which would be subject to the \$15 tuition increase.

This latest reduction of state assistance in community college funding continues a trend Holda says he has witnessed unfold throughout his 32 years on the KC campus:

When Holda arrived at KC in the mid-1970s, the state covered 100 percent of the school's instructional costs and accounted for 85 percent of the total budget. Today those numbers have dwindled to 52 percent of instructional costs and 35 percent of the budget.

KC is earning the same allotment per contact hour since the time that Holda took over as president 12 years ago. Meanwhile, Holda says, the cost of doing business has grown 25 to 30 percent during that same period.

Over the past four years the college's state funding has dropped 15 percent.

Tendencies like these lead Holda to believe that the impact of this veto will go far beyond a one-year plan, placing an even greater burden on East Texans and the college for years to come.

"If the past is any predictor of the future, it is unlikely that we will ever recover those lost funds in a future appropriation," he said. "This will cripple our

abilities to best serve our students. Actions like these make it evident that the highest level of political leadership in our state pays mere lip service to the importance of education in Texas. The Governor has slammed the door in the face of our students who were about to cross the threshold of higher education."

According to Holda, the governor's veto will hurt women and minorities more than any other segment of the KC service area. With this loss, the college will not be able to achieve the goals of the Closing the Gaps higher education plan, create greater access for high school students or effectively meet the needs of the

**CONTINUED ON  
NEXT PAGE**

Cont. from "KC"...

growing business community.

Perry alleges that community colleges falsified appropriations requests, a claim that college leaders across the state categorically deny, citing rounds of conversation with the state's Legislative Budget Board, coupled with multiple reviews in both the Senate and the House.

"Two House and two Senate committees reviewed this issue during the past year and everyone was all right with it. After repeated scrutiny on more than four separate occasions, the legislators agreed that this was not an issue," Holda said.

"Perry is receiving extremely poor advice from some of his staff and he is unaware

of the damage he is inflicting on education in Texas. His simplistic accusations show that he does not understand the many intricate moving parts in the allocation of Higher Education Group Health Insurance."

The state's funding has traditionally covered the health insurance premium for college employees, Holda said, and employees have paid most of the cost of coverage for dependents. The school, he said, is required to pay the employees' premium.

The state pays 100 percent of the employe health care premium for state employees, 95 percent of the premium for eligible employees at University of Texas and

Texas A&M and 97 percent for employees at other universities. As of Friday, the state pays none of the premium for employees at community colleges.

Holda said community college representatives are reviewing the veto to make sure it was legal. They will also ask the legislative budget board to replace the funding out of emergency appropriations money set aside in the state budget to cover special funding needs.

"We've sold property. We've sold the radio station. We've closed eight to ten programs," Holda said yesterday afternoon. "I guess for now we'll go and scours for or five more programs."

## Perry reined in veto pen, but still inflicted pain

The period after the 80th Texas Legislature went home on May 28 until Sunday, June 18, was when Gov. Rick Perry exercised one of the few real powers that the Texas Constitution gives governors, the power to veto. Since Perry holds the state record for vetoes, 83 in his first term, this power is a very real one.

Since that record output of vetoes, which came in 2001, when Perry ascended to power because his predecessor, George W. Bush, had gotten a better offer at the White House, Perry has used his veto pen with a lighter hand. Nevertheless, when the deadline came on Sunday, Perry had vetoed some 50 bills and had used his line item veto power to erase \$650 million from the budget. Given that the \$650 million came out of a \$152 billion two-year budget, the amount overall might be considered a relatively small slice. But for the hundreds of thousands of community college students across the state, including those at Del Mar College, who will likely have to bear the brunt of those cuts, the line item veto of \$154 million, a quarter of the amount Perry excised from the budget, will be especially burdensome. Worse, the cut of millions of dollars in support to community colleges is counter to the state's goal of producing more college graduates because community colleges in Texas enroll more college students than any level of higher education.

But the cuts gave Perry the excuse in his budget message to rail about overspending, the use of "accounting gimmicks" and pork barrel politics. The governor's protestations about pork barrel projects might have more credibility if the same budget didn't carry millions of dollars for parks and historic preservation in the districts of political allies of Tom Craddick, the powerful House speaker who managed to stave off an attempt at his ouster, critics say, by the use of special item funding.

The \$154 million cut by Perry would have paid for employee benefits. Perry said community colleges "falsified" their budget requests, an unjust slur that masks the governor's disingenuousness about how his veto violates the long standing agreement in the legislature on how funding for the state's 50 community colleges is split between local communities and the state. Perry simply ignored the legislature's intensive study of who pays for what, which had included state support for health insurance benefits, and, with legislators out of Austin, found another way to relieve the state of its responsibility to fund higher education.

The governor's veto pen may have treaded lightly for the bulk of the budget. But that pen administered cruel cuts for the families of community college students and taxpayers in community college districts who will have to pay for what Perry calls "pork barrel politics."

## Gov. Perry's Ham-Fisted Veto Pen Strikes Again

BY RICHARD WHITTAKER

In a final flurry of red ink, Gov. Rick Perry vetoed a slew of bills last Friday, just before the Sunday deadline. Through a mixture of simple vetoes and line-item deletions, Perry killed 49 bills, on top of three already vetoed in May, and struck more than half a billion dollars out of the budget.

The dead bills crossed party lines and hit both chambers: Twenty-five of the 44 House bills and resolutions vetoed came from Republicans, while Democrats authored five of the eight Senate bills killed on Perry's desk. Legislators are attacking Perry for what they see as a high-handed approach that killed bills with no consultation, and state agencies are countering what they see as unfair criticism by the governor.

Some of the most extensive cuts were in Perry's line-item vetoes of the final budget. He cut \$646.5 million out of the total, with 23 items being dropped. Some of this was housekeeping, removing riders for bills that didn't pass or were vetoed, but there were some big-budget deletions. Perry caused a storm when he slashed the entire 2009 budget for group insurance contributions for community and junior colleges, worth \$153 million. In his proclamation, Perry accused community colleges of falsifying their reports and inflating their request by \$126 million – a charge the Texas Association of Community Colleges has called outrageous. "We're stunned," said Steven Johnson, TACC's director of external relations. "The Legislature has looked at this for the last two sessions and found no problem. Even the governor's own budget proposal in February did not include this cut. This has fractured the historic relationship between the local areas and the state."

Some of the biggest attacks came on higher education. Calling its funding "seriously flawed" and attacking legislators for making universities dependent on "pork barrel spending," Perry lopped off \$36 million in special items, including \$2 million for obesity research at the Texas Cooperative Extension and \$5 million for

public-health programs at the UT Health Science Center at Houston, which he called redundant duplicates of other projects.

Perry also saved some fearsome criticism for the Legislative Budget Board, the office that produces fiscal notes – the calculations of the running costs of all Texas state agencies and the potential price tag of any legislation. Savaging them for underestimating or just ignoring the true cost of bills, he said their work did not make "the state budget the clear, transparent document it should be for the citizens of Texas."

This criticism wasn't restricted to the bills he vetoed. In allowing Senate Bill 453 – mandating HIV testing for all new inmates of Texas prisons – to pass unsigned, he attacked the LBB for producing numbers that were "deeply flawed and misleading." They hadn't calculated the cost of the tests or of future treatment for HIV-positive inmates. This meant that legislators did not know the true cost of the law they passed, Perry said, and he urged them to reform the entire fiscal note process.

Educators were also hit hard by many of the vetoes, such as House Bill 1427, which funded a summer program at the University of Houston's College of Optometry, and HB 3457, a broadly supported bill by Scott Hochberg, D-Houston, which would have ended the expensive and polluting habit of leaving school buses idling. Many bills relating to the conditions of prisoners were struck down as well. Perry threw out HB 2990 by House Corrections Chair Jerry Madden, R-Plano, which would force all inmates, staff, and visitors to a Texas Department of Criminal Justice facility to be tracked with a radio frequency identification transmitter – but only because the money wasn't in the budget. Back on May 25, Perry had already vetoed HB 770, which would have mandated TDCJ to inform released felons of their right to vote. Bill author Rep. Harold Dutton, D-Houston, said he is still waiting to discuss

the veto with Perry. "They didn't talk to me; they just sent me an explanation that I didn't think much of," said Dutton. He also said that Perry's argument that this wasn't TDCJ's job and that it would cost extra didn't hold up since the agency already sent these letters out – in part because Dutton had already introduced similar bills in the last two sessions. "If they're already doing it, I don't see how this would add any more cost to it," Dutton said. "I still wish it had become a law, because then he couldn't stop them doing it."

Similarly, Rep. Terri Hodge, D-Dallas, had no consultation with Perry's office before he killed two of her prison-related bills. HB 44 would have given wardens the discretionary power to return good-behavior time forfeited for minor offenses to nonviolent offenders – a move backed by TDCJ that Hodge said would be an incentive for rehabilitation among prisoners and make corrections officers' jobs easier by cutting overcrowding and discipline problems. HB 47 would have allowed education of inmates on administrative segregation in their cells; Perry claimed this would cost almost \$3 million, a charge Hodge called inflated, and she would have told him so, if they had ever met to discuss it.

"I think it's unfortunate that neither the governor nor his staff spoke to me or anyone on my staff," said Hodge, "to see if there was anything we could do to make these bills a little different or a little better, so the governor could have signed them." Hodge couldn't understand why the decision was so arbitrary and said, "We have a governor that is in charge of a state with the second biggest prison population in the country, and it's unfortunate they either know or care so little about it that we aren't doing some of the minor, sensible things to educate these people better and stop wasting so many tax dollars on the prison system. That way, we could spend that money on education and reduce our prison population, period."

## Eye on Austin: Vetoes stir up trouble

By Enrique Rangel

Gov. Rick Perry vetoed more than 50 bills the Legislature passed during the just-concluded session and though that made quite a few legislators unhappy, it was a minor irritation compared with the \$154 million for community colleges that he axed from the 2008-09 state budget. The cut infuriated the presidents of the two-year schools, many lawmakers and even the editorial boards of some newspapers.

Sen. Robert Duncan of Lubbock, whose 46-county district includes five community colleges, said what dismayed him the most was the fact that the governor painted all 50 schools with the same brush when he accused them of falsifying budget requests.

"I've been working on this issue for years," Duncan said. "Community colleges have not committed fraud."

Although a few schools have not fully complied with all the requirements the governor mentioned in his reason for cutting the funds, the Legislative Budget Board has identified at least 23 community colleges as being in compliance with the budget request requirements, and that list includes all West Texas colleges, Duncan explained. The 10-member board, of which Duncan is a member, recommends to the governor and to the Legislature how the state money should be allocated.

In short, the colleges in compliance were "mistreated," Duncan said. However, the Lubbock lawmaker remains confident that the legislative analysis mistake the governor's staff made will be cor-

rected and the junior colleges will get their money after all. That's encouraging news for South Plains College and Amarillo College, which stand to lose \$3.3 million and \$3.8 million respectively.

Another successful Tech graduate in Austin

Staying with Perry, he has just appointed Brian Newby as his new chief of staff. And though Newby is a longtime Fort Worth resident, he is a Texas Tech graduate.

Newby, who also has the distinction of being the first black chief of staff for a Texas governor, joins other influential Tech alumni at the Capitol. In addition to most legislators from the South Plains and the Panhandle, other graduates include: House Speaker Tom Craddick; Rep. Jim Keffer, R-Eastland, chairman of the House Ways and Means Committee (as well as one of Craddick's main challengers for the right to wield the gavel); Rep. Harvey Hilderbran, R-Kerrville, chairman of the House Culture, Recreation and Tourism Committee; and Sen. Jeff Wentworth, R-San Antonio, chairman of the Senate Jurisprudence Committee.

For some of those folks, studying at Tech led to long stays in the region.

Wentworth, for example, was a general assignment reporter at the Lubbock *Avalanche-Journal* from 1969 to 70 and then worked at the district office of U.S. Rep. Bob Price of Amarillo, the first Republican elected from the Panhandle.

And should we say anything about Duncan and Rep. Carl Isett, another Lubbock Republican? They may not be South

Plains or Panhandle natives but they moved to the region as fast as they could.

Craddick woes continue

The 80th legislative session may have ended four weeks ago, but life has not gotten any easier for the embattled speaker. Last week, two former members of his inner circle, Keffer and Byron Cook, R-Corsicana, asked Texas Attorney General Greg Abbott to look into the constitutionality of Craddick's refusal to recognize those who wanted to oust him while the Legislature was in session.

Craddick's refusal brought the House close to a meltdown in the waning days of the 140-day session when ordinarily legislators burn the midnight oil to pass as much legislation as possible.

Regardless of how Abbott rules, a growing number of Capitol-watchers think that Craddick won't be back as speaker in 2009, especially if the Democrats pick up more seats next year. Currently, there are 81 Republicans and 69 Democrats in the Texas House but only 76 votes are needed to elect a new speaker. Moreover, there are already five Republicans, including Delwin Jones of Lubbock, and two Democrats running against Craddick.

Jones says he's a serious candidate for speaker - but so does Keffer and the other Craddick challengers. It's too early to pick the winning horse.

Enrique Rangel is Globe-News Austin Bureau chief. He can be reached at [enrique.rangel@morris.com](mailto:enrique.rangel@morris.com), or P.O. Box 12457, Austin, TX 78711-2457.

Victoria  
Advocate JUN 26 2007

## VC board unhappy with Perry's funding veto

BY APRILL BRANDON

Victoria College board members will send letters to Gov. Rick Perry to express their shock and disappointment with his veto of \$155 million in funding to state community colleges in the state budget.

In a special meeting Monday, the board unanimously voted to send the letters, in which it also expressed its desire to reach a beneficial solution to his veto, which will slash \$1.5 million from VC's budget for the 2008-09 school year.

"We recognize Gov. Perry's right to veto and think his concern that higher education funding needs a comprehensive review is valid, but we take issue with the allegations that we falsified our appropriations request," VC president Jimmy Goodson said at the meeting.

They also discussed possible ways to make up the \$1.5 million if it is not reinstated in the budget. Possibilities include holding off purchasing a student information system, which would save \$500,000 in the budget and possibly holding off their plan to increase the base salaries of employees, which would save \$300,000.

Goodson added that increasing taxes and tuition are not desirable solutions, and that the college is looking at making adjustment within the budget to make up the \$1.5 million that was cut.

In the letter signed by all the board members, the trustees said the college submitted its request just as it had in years past and it was discussed in open legislative hearings. The letter also stated that the board was disappointed in the veto and that by "denying our appropriations, you have made it more difficult for The Victoria College to serve our students and the organizations that rely on the college."

Of the \$155 million cut, \$154 million went to health insurance for faculty and administrators. According to Perry's press secretary Robert Black, community colleges in Texas have been "inflating the number of general revenue employees that they have so the state will pick up the health insurance."

During the board meeting, state Representative Geanie W. Morrison told the VC board via speakerphone their only recourse is if the Legislative Budget Board reinstates the funding.

Aprill Brandon is a reporter for the Advocate. Contact her at 361-580-6514 or [abrandon@vicad.com](mailto:abrandon@vicad.com), or comment on this story here.

# Veto puts colleges in a bind on benefits

■ Perry halts  
\$154 million for  
health coverage,  
prompting call for  
alternate funding

By CLAY ROBISON  
clay.robison@chron.com

AUSTIN — Gov. Rick Perry's veto Monday of \$154 million for community colleges' health insurance costs prompted a lawmaker to ask legislative leaders to find a funding alternative.

Sen. Eddie Lucio, D-Brownsville, said Perry had imposed an unnecessary hardship on the colleges, their students and local taxpayers, who help pay their bills.

Lucio asked Lt. Gov. David Dewhurst to seek a meeting of the Legislative Budget Board to consider transferring money to the colleges from elsewhere in the state budget.

But such a transfer also would require the governor's approval, which spokesman Robert Black said is unlikely.

In vetoing the funds, Perry cited a budgetary provision barring agencies from using state funds to pay benefits for employees paid from sources other than state revenue.

Black said the governor thinks that community colleges — which are supported through state appropriations, local property tax revenue and tuition — have for several years been inflating the number of employees paid with state funds to boost their appropriations.

"The governor believes the community colleges have to be brought in line with the funding policies set by the Legislature," he said.

The veto covers the state's group insurance contributions for the 2009 fiscal year, which begins Sept. 1, 2008. Perry left an equal amount of funding for fiscal 2008 intact.

Community college officials have disputed the governor's statement that they "falsified" appropriations requests. And Lucio said he thinks the Legislature, in appropriating the money, "acted appropriately and in a prudent manner."

Dewhurst and Speaker Tom Craddick head the LBB. It includes eight other lawmakers.

Dewhurst said he shared Lucio's concerns but noted that state leaders have time to "study this problem in-depth and find a solution that works."

Steve Johnson, of the Texas Association of Community Colleges, said the state's 50 community college districts will have to cut programs, raise tuition or increase local property taxes to make up the difference.

Houston Community College officials have said Perry's veto will cost the district \$11 million.

"The governor leaves us with very few choices by cutting this funding. We either cut services or raise revenue through increased tuition, fees and/or taxes," said HHC Chancellor Mary Spangler.

clay.robison@chron.com



McAllen

Monitor JUN 27 2007

## Senator asks for community college money

Elizabeth Pierson Hernandez

AUSTIN — Brownsville Sen. Eddie Lucio Jr. is asking Lt. Gov. David Dewhurst to start the process to find extra money for community colleges to compensate for \$154 million Gov. Rick Perry vetoed from their budgets.

South Texas College leaders said they would lose \$4 million because of Perry's June 15 veto, which axed funding that the Legislature had designated to pay for health benefits of community college professors in 2009.

Perry said community colleges had ignored previous warnings from him and budget writers to stop using too much state money to pay for employee health insurance.

To offset Perry's veto, community college district voters will have to agree to pay more taxes, or community college students will have to pay bills that could increase as much as 20 percent, STC officials said. Other college districts across the state face similar quandaries.

"It is my hope that under your leadership, and that of your colleagues on the budget board, an expedited solution can be developed to assist local communities throughout the state," Lucio wrote in a June 21 letter to Dewhurst.

Dewhurst and House Speaker Tom Craddick are joint chairmen of the 10-member Legislative Budget Board, which recommends to the Legislature every two years how much money every state agency should receive.

The board also has the authority to make emergency appropriations when it sees fit, but the governor must approve the transfers.

Perry spokesman Robert Black said the chances of the governor approving a transfer to pay for the item he just vetoed are "slim to none."

The governor called on community colleges to stop using

state money to pay health insurance to locally paid teachers in his 2003 State of the State address, Black said. The budget board then warned community colleges of the problem in its report in 2005 to the Legislature.

"The governor's actions should not come as a surprise to anyone," Black said.

The governor thinks community colleges should adhere to the same so-called rule of proportionality that other institutions do, Black said. That means if 20 percent of an employee's salary is paid for with state funds, only 20 percent of his health insurance can come from state coffers.

Perry said community colleges have overstepped their boundaries and even misled the Legislature with their proposed budgets to get the money. Community colleges said they have been honest and in constant dialogue with lawmakers, who approved the money.

Dewhurst said he understands Lucio's worry but did not promise to call a meeting of the budget board, as Lucio asked. Instead, Dewhurst said in a statement that he wanted to study the formula by which community colleges pay for employee health insurance.

"I share Sen. Lucio's concerns, and fortunately, the budget signed by Gov. Perry provides funding for employee benefits through the end of (fiscal year) 2008," Dewhurst said.

"This gives us some time to study this problem in-depth and find a solution that works for community college employees and the students and communities they serve — as well as taxpayers."

Elizabeth Pierson Hernandez covers the state capital for Valley Freedom Newspapers. She is based in Austin and can be reached at (512) 323-0622.

Amarillo

Globe-News JUN 27 2007

## AC plans for budget shortfall

By Brad Newman

Amarillo College could decide to bolster money in its reserves as it prepares to face a \$3.8 million cut in state funding in two years.

AC regents discussed next year's budget and options for dealing with state cuts at a budget workshop Tuesday afternoon.

Gov. Rick Perry's veto of \$154 million from Texas community colleges earlier this month sliced \$3.8 million from AC's employee health insurance coverage, beginning in 2009.

"We have to take some steps next year to be ready for the full cut in 2009," said AC president Steven Jones. "We have to start planning for that reality now."

Early budget planning suggests that AC shuffle money in its reserves - adding a fund specifically for employee health insurance - to help handle the \$3.8 million cut that would take effect in fall 2009.

Jones said he remains hopeful that some of the state funds will be restored, but he emphasized that AC should prepare for the worst.

"The governor's veto still looms large at this point in time," Jones said. "We're still hoping to restore some of the funds taken by the veto."

AC will continue to explore options for covering the shortfall over the next two months, before regents adopt the 2007-08 budget in August.

Terry Berg, dean of finance and administrative services, presented next year's preliminary budget during the workshop.

The proposed budget does not include a tax rate increase for next year.

Skyrocketing property values in AC's tax district will provide AC with \$994,245 more than last year, according to AC estimates.

For the fourth consecutive year, the rate is set at 16.043 cents per \$100 valuation, or \$160.43 per year for a homeowner with \$100,000 of taxable property value.

"We're blessed to live in a growing economy where we don't have to increase the rate," Jones said. "We want to continue our good covenant with taxpayers."

State appropriations comprise \$17,153,266 of AC's revenue for next year, up 2 percent from last year.

No tuition increases are on the table for next fall. However, regents approved two student fee increases in March.

The preliminary budget includes a 3-percent raise for full-time employees.

The budget, if approved, would include a \$70,000 allowance for election expenses for next year.

In addition to AC's regular board of regents election set in May 2008, the college has proposed setting aside funds to pay for a bond issue election in November 2008.

In April, regents agreed to pay up to \$175,000 for Shiver-Megert & Associates, an Amarillo architectural firm, to assess AC's capital needs.

The firm will present a report to the board in July with suggestions about future construction and improvement projects that might be funded by a bond issue.

Three public hearings concerning the drafted budget are set in August before regents OK the final budget Aug. 28.

El Paso  
Times JUN 28 2007

## Perry veto costs EPCC \$6 million; tax, tuition hikes loom

By Brandi Grissom

El Paso Community College will have to do some serious belt-tightening and might have to raise taxes and tuition because of a Gov. Rick Perry veto that will cost the school \$6 million, officials said Wednesday.

"We will get through it," said Ernst Roberts, executive assistant to EPCC President Richard Rhodes. "And we've dealt with cuts in state money before, so we are not unaccustomed to having to deal with this."

Perry vetoed more than \$150 million in the state budget that lawmakers had approved for community colleges statewide. He said the schools used inflated numbers to request more money than they needed.

"Community colleges falsified their appropriations requests," he wrote in a statement explaining the veto.

Perry spokesman Robert Black said community colleges requested state money to pay for health insurance for employees that should have been paid for out of dollars raised locally from tuition and property taxes. He said that Perry had warned college officials about the problem since 2003 but that they continued to request more money than they were due.

"The governor finally put his foot down," Black said.

But in a letter sent Friday to Perry, Rhodes said the veto came as a "financial kick in the stomach."

Rhodes' executive assistant said Perry had mentioned concerns about the health insurance issue, but he and other school officials thought the matter had been set aside.

School officials also took offense at Perry's allegations that appropriations requests were falsified. "There is no effort on our part to ask for that which we don't deserve," Roberts said.

EPCC officials are now writing the school's budget for the next school year, and Roberts said they were trying to decide how to save \$3 million. They will have to find another \$3 million to cut next year.

In his letter to the governor, Rhodes said officials would consider freezing hiring and restricting travel and would examine purchasing.

Roberts said they might also have to increase the community college's tax rate, which hasn't happened for two years, and to raise student tuition. Those, he said, would be last resorts.

Nicolas Dominguez, a member of EPCC Board of Trustees, said he didn't want to increase tuition. "We shouldn't do this on the backs of the students," he said.

State Sen. Eliot Shapleigh, D-El Paso, said he planned to talk to the Texas Higher Education Coordinating Board this week about options to help community colleges.

Brandi Grissom may be reached at  
bgrissom@elpasotimes.com; (512) 479-6606.

Corpus Christi  
Caller-Times JUN 29 2007

## Del Mar staff, retirees, students worry about insurance fund cuts

By Israel Saenz

For some questions on the state's cut of community college insurance funds there still are no answers -- although area legislators said they would work to see that the burden does not fall on the college community's staff and students.

On June 15, Gov. Perry vetoed \$155,979,799 in health insurance funds for the state's 50 community colleges, which Del Mar College officials report means a loss of \$4 million in health insurance funding for the 2008-2009 fiscal year. Preparing for the loss could mean cutting services or raising tuition or property taxes as early as August, college officials said.

Retired Del Mar College professor Donna Vaughn was one of about 115 people attending an informational session Thursday organized by Del Mar College Board of Regents Chairman Chris Adler and state Sen. Juan "Chuy" Hinojosa, D-McAllen, wanting to know who in the future would pay for the \$360 a month in state-funded health care she depends on.

"What do I need to do in order to maintain my health insurance?" she asked Adler and Hinojosa.

Hinojosa suggested that she and other community members voice concerns to the governor's office.

While legislators said they will appeal to the governor's office and state Legislative Budget Board to shift appropriations to the 2008-2009 year, Del Mar College faculty, staff, administrators joined area community members in asking what insurance problems are ahead for the college. State representatives Solomon Ortiz Jr. and Juan Garcia, both D-Corpus Christi, and Texas A&M University-Kingsville President Rinaldo Juarez also attended.

Adler began the session by addressing a statement by the governor indicating that community colleges, including Del Mar and Coastal Bend College, have inflated numbers of state-paid

employees in their reports to the Legislature in order to receive more health insurance funds.

The state pays for the health insurance of state-paid community college employees, which Del Mar College said includes everyone except building and grounds employees, who are paid using locally raised tax dollars. Coastal Bend College officials have reported the veto would mean a loss of \$1.4 million in insurance funds for the 2008-2009 fiscal year at the college based in Beeville.

"I'm alarmed by the charge that all 50 community colleges have falsified data," Adler said. "Such a charge puts into question the credibility of this college."

Both Del Mar and Coastal Bend College financial officers draw up budget plans in August.

Del Mar President Carlos Garcia said the percentage of state appropriations that made up the college's annual budget has dropped from 66 to 22 percent in the past 20 years, and with the recent cut could drop that percentage into the teens.

While Garcia said after the meeting that the community should not panic, Del Mar student Kim Pfeiffer said that a rise in tuition to make up for lost insurance funds could result in students not being able to foot tuition bills.

Pfeiffer, who was vice president of the East Campus' student government association during the spring and works three part-time jobs to help pay for classes, said the group would likely address any fallout from the issue when it reconvenes in the fall.

"We already have to pay for gas and books, which are very expensive," she said. "A tuition increase would severely affect me."

Contact Israel Saenz at 886-3767 or saenzi@caller.com

**Amarillo**  
**Globe-News JUL 01 2007**  
**Governor gets AC's attention**

Amarillo College President Steven Jones and AC Board of Regents Chair Lilia Escajeda are fighting mad at Gov. Rick Perry.

They should carry their fight forward.

Jones and Escajeda have sent Perry a letter asking him to restore the \$3.8 million in AC money he vetoed recently. They said in the letter that the cuts comprise "an additional 18.5 percent" of state money upon which AC had been counting. It comes "at a time when AC is still trying to recover from the budget cuts of four years ago," the AC officials said. "Those cuts were the result of an economic downturn in Texas. The new cuts from your recent veto come during a time of prosperity when there is a \$7 billion state surplus."

They also are troubled by Perry's assertion of fraud and state, quite correctly, that AC enjoys remarkable public standing in Amarillo and the Panhandle. "In stating that Texas' community colleges falsified appropriation requests, you have placed doubt in the minds of even the most ardent advocates of our colleges," they argued in their letter.

Jones and Escajeda have taken up the cudgel for their institution, one that cannot afford the kind of broadside it has taken from the governor's office.

Perry's veto alleges that community colleges falsified their financing requests in order to get money to pay the benefits of non-state-paid employees. Which colleges? Is Amarillo College among the offenders? The governor clearly applied a sledgehammer when one wasn't required.

Jones wondered late this past week why Perry didn't act sooner, while the Legislature was in session, rather than waiting until after it had adjourned.

The letter from AC, which was sent to Perry's office this past week, has asked the governor to work with the Legislative Budget Board and the Legislature to restore the cuts. Indeed, the college has four important allies in that campaign - state Sen. Kel Seliger of Amarillo and state Reps. David Swinford of Dumas, John Smithee of Amarillo and Warren Chisum of Pampa, all Republicans, as is Perry.

And in some remarkably strong language, Jones and Escajeda have demanded that Perry "revisit the false accusations (of fraud) and retract them."

Statements alleging fraud, the letter states, "cannot be made lightly by the governor."

Still, the Jones-Escajeda letter isn't as strong as the letters some college presidents have sent to the governor, Jones said.

The veto has hit Amarillo College where it hurts by taking away money it already had. These cuts are even more draconian than the veto Perry issued earlier that cut \$5 million from West Texas A&M University's engineering program. That was additional money that WT officials had sought.

The \$3.8 million cut from AC's package was there - and now it isn't.

Perry has gotten the attention of many college officials around the state, including those who govern and run AC.

There's a decent chance that Perry will restore at least part of the money he cut from Amarillo College's budget. He should go all the way and restore it in full measure.

Still, AC officials should persist in their quest for the restoration of state money.

This veto hurts too much in a community that has come to depend on Amarillo College.

Midland

Reporter JUL 05 2007

## Perry insurance veto spurs congressional reply

Ruth Campbell

Twelve members of the U. S. Congress have written a letter expressing disbelief at Gov. Rick Perry's decision to veto more than \$155 million in funding for community college employee benefits.

The legislators also are requesting proof that all 50 Texas community colleges "committed fraud" so "we can take any action necessary at the federal level to address this serious matter," the letter said.

Midland College's allocation for group health insurance is \$2 million a year. Because of the reduction, the college will have to find \$1 million a year.

The cut, which takes effect in 2008-09, has prompted Midland College to freeze spending for the remainder of this fiscal year, consider delaying start dates of new faculty and reducing the proposed raise for adjunct faculty.

Proposed employee raises will not be rescinded, MC Vice President of Administrative Services Rick Bender has said.

"This unexpected veto has left over 50 Texas community colleges with large budget shortfalls. In order to cover these costs many community colleges are considering tax and tuition increases, hiring freezes and cuts to programs. This impacts both current and future students, and the quality and accessibility of education within the state of Texas," the letter said.

U.S. Rep. Mike Conaway, R-Midland, who was not asked to sign the letter, said this is a state issue and "not really something I need to weigh in on at this point." He added "fraudulent claims" is a "pretty harsh phrase," and he assumes Perry had a basis for making that remark.

State Sen. Kel Seliger, R-Amarillo, has five community colleges in his district, many with multiple satellite campuses that play a "huge role" in providing opportunities for and meeting the needs of young people.

He said he expects community college funding to come up in the next legislative session.

"It's troubling because regardless of the arguments about proportionality we're going to need more community colleges to meet the demands with the growing number of young people we want to pursue higher education," Seliger said. "... The simple fact of the matter is the \$155 million is there and is available. The state still has it."

Those signing the letter are Democratic Reps. Eddie Bernice Johnson, Solomon P. Ortiz, Chet Edwards, Silvestre Reyes, Sheila Jackson Lee, Charles A. Gonzalez, Nick Lampson, Lloyd Doggett, Ruben Hinojosa, Gene Green, Al Green and Ciro Rodriguez.

Johnson said community colleges are critical to young people trying to further their education and adults wanting to change careers or get additional training. She hopes Perry will reconsider his veto. Perry's Press Secretary Robert Black has said the governor probably wouldn't do that.

The lawmakers also take issue with Perry's accusation community colleges have made fraudulent requests to the state.

"We are shocked and perplexed by your assertions that these schools are attempting to defraud the state of Texas and thus deserve to have their funding cut. This is a very serious charge which certainly deems further examination. We respectfully request that you provide full disclosure of your findings that prove all 50 of our Texas community colleges have committed fraud by the end of June, so we can take any action necessary at the federal level to address this serious matter," the letter said.

After hearing about the veto, the Texas congressional delegation talked about it and decided to write Perry, said Cathy Travis, communications director for Ortiz, who represents the Corpus Christi area.

She said the veto "really rankled Democratic members of Congress" and they wanted to do something to "express their displeasure."

Ortiz' district has several community colleges. Del Mar College, for example, will lose \$4 million because of the veto, Travis said. Depending on their size, other colleges are facing even more of a loss.

Midland College Executive Vice President Richard Jolly said he thinks the Congressional support is great and appreciates it very much. He said Texas is a "beacon" for the nation and other people watch what goes on here.

Community colleges are funded based on contact hours. Jolly said when that method started in the early 1970s, community colleges got funded in the "mid-40 percent range."

"Now we get 28 or 28.5 percent, so it's fallen, whereas tuition and taxes have gone up," along with enrollment, he said. The governor believes community colleges should only get health benefits in proportion to state funding, Jolly said. So when state funding drops, "it's kind of a double whammy," he said.

Taking public and private schools into account, Jolly said 75 percent of all freshmen and sophomores in the state are enrolled in community colleges and 50 percent of all undergraduate students, including those at private schools, are enrolled in community college.

"Dollars are not following students and it's going to create a wider chasm between the haves and have-nots. Fewer families will be able to send their kids to colleges and universities," Jolly said.

Midland College has 6,000 students. Total duplicated enrollment for continuing education courses, including such classes as truck driving and those offered through the Petroleum Professional Development Center, is 16,212. The academic year runs from Sept. 1, 2006 to Aug. 31, 2007.

## Community college supporters want answers from Perry regarding funding cuts

Daniel Perry

McALLEN — Local and statewide community college supporters said they have not gotten a good enough explanation from Gov. Rick Perry about why he cut more than \$153 million in health insurance money last month from the two-year budget taking effect in September.

"I think the governor flipped his wig," said Charles Zucker, executive director of the Texas Faculty Association in Austin. "He had over a year to let the community colleges know he would veto anything that would pay for the other half of group benefits. His argument that they were doing something ingenious or were lying does not make sense."

Perry has accused community colleges of inflating the number of employees being paid with state money so the state can pay their health coverage. Perry spokesman Robert Black said Monday that community colleges can also pay employees with local money generated from tuition, fees and taxes and pay health coverage from that funding.

The lack of money means community colleges statewide have tough decision to make in the upcoming months on how to make up the lost funding. Some options, while not official, from South Texas College and other institutions include raising tuition rates or cutting programs.

STC President Shirley A. Reed said the situation puts a black eye on the state's education system, which would not appeal to national and international companies wanting to do business in the state.

"You cannot expect the community colleges of this state to be closing the (education) gap, providing greater access and maintaining affordability while they are cutting our funding," she said.

Black said the funding question was

first brought up in Perry's 2003 State of the State address.

"By estimating higher education income better, reducing special item projects, and asking community colleges to pay a proportionate share of insurance costs, we could net \$1.1 billion in savings and recovered costs," Perry told legislators on Feb. 11, 2003.

Black also cited a 2005 Legislative Budget Board report, "Staff Performance Report to the 79th Legislature," which indicated the state overpaid community colleges by \$50 million in fiscal year 2003. He said South Texas College was over-funded by about \$2.4 million.

"The state was overpaying on health insurance and the local community colleges were underpaying," Black said. "We don't have this problem with major universities."

Reed said she and many other community college presidents she has talked to were familiar with the budget board report.

"We simply ignore that report because there is no credibility, there is no validity to it," she said. "You can prove any arguments with numbers — we all know that."

Black said the governor's office had been in contact with the Texas Association of Community Colleges since last year about the funding issue. He said the reason many community college supporters were surprised by Perry's veto was because they received bad information from the association, which represents the state's 50 community colleges.

Steve Johnson, spokesman for the Austin-based TACC, said the only contact the organization has had with Perry's office has been through proclamations two-year institutions have passed

expressing dissatisfaction with the veto.

"They just finished this budget a little over a month ago and none of this was raised by the governor's office," Johnson said. "No one in the Legislature has ever accused the community colleges in terms of fraud."

Johnson said each community college is responsible for its own legislative requests and that the association is more of an advocate for the campuses.

Rep. Veronica Gonzales, D-McAllen, said Perry's veto was not logical at a time when the state is on good financial footing. The state had a budget surplus of about \$14 million, according to the state comptroller's office.

"Once the Legislature is gone, there's nobody there to really examine if the allegations are true," Gonzales said. "It's just very easy to line-item veto whatever he wants. Education is not the place to go."

Some of the same community college supporters said there are few options available to turn the financial tide before the money is lost in September 2008. The insurance money for community college employees is intact through August 2008.

"There's not much realistically we can do except encourage people to write to the governor and make sure we do all we can that he doesn't get elected, should he run again," Zucker said.

Johnson said a special session could be called — the next time the Legislature meets regularly is in 2009 for the 81st session — or the Legislative Budget Board could convene an emergency meeting.

Daniel Perry covers education and general assignments for The Monitor. You can reach him at (956) 683-4454.

# Cuts in community college budgets hit the neediest

They don't have nationally recognized football teams and they rarely receive multimillion-dollar gifts from their alumni, but community colleges are the workhorses when it comes to higher education.

They serve more than half of all students enrolled in higher education in Texas and more than 70 percent of all incoming freshman.

Community colleges are playing a major role in the state's efforts to close the achievement gaps and meet Texas' goal of increasing the number of college graduates.

So it is no wonder Gov. Rick Perry's liberal use of his line-item veto to reduce community college funding for the next biennium has angered administrators and trustees of the Alamo Community Colleges in Bexar County.

With a few strokes of his pen, Perry cut \$154 million in health insurance

costs for community college employees; that includes \$12 million for the ACC.

His vetoes also affected \$500,000 allocated by the Legislature to the ACC's Student Success Pathway Program, a pilot program aimed at tracking students' transition from high school to community college and on to four-year universities; and \$1.3 million for the district's newest campus, Northeast Lakesview College, set to open in the fall of 2008.

ACC Chancellor Bruce Leslie says the district had no inkling from the governor's office the veto was coming. Everything seemed on course up until

the veto was announced.

CONTINUED ON  
NEXT PAGE

cont. from "Cuts"...

the time the Legislature adjourned, he said.

Leslie and ACC trustees were shocked by Perry's comments following his veto. He accused community colleges of falsifying budget requests to get more money than they deserved.

ACC board Chairman Roberto Zarate, who has worked hard with colleagues to regain the community's trust in the college district after a public corruption scandal five years ago, took it as a personal affront.

"It was devastating to have him call us fraudulent. We have worked so hard to be transparent. Everybody is wondering what happened to have him indict us like that," Zarate told the Express-News Editorial Board during a recent meeting.

"He provided no support for that statement. All we have received from the governor's office is they won't talk

about it," trustee Gene Sprague said.

The ACC was not the only district stunned by the governor's action. The leaders of the other 49 college districts also were surprised and are not talking it sitting down.

Although community colleges historically have not had much political clout in Austin, they now are ready to mobilize and are reconsidering their political strategies.

Many districts, like the ACC, are sending letters to the governor asking him to reconsider the funding and if they can meet with him to discuss what issue he has with them.

ACC officials have not heard back about the letter they sent June 22, but they are hoping the Bexar County legislative delegation, local community leaders and members of the public will help them in their campaign to get the governor to reconsider his actions.

A governor cannot rescind his veto, but he can have the Legislative Budget Board, of which he is a member, restate the funding.

If they don't get some of that funding back, ACC and its counterparts across the state will be faced with increasing tuition, increasing taxes or cutting back programs.

Community colleges provide access to higher education to thousands of students who might not otherwise be able to afford college.

Cutting funding and implying they are scamming the state is ludicrous.

The governor's actions will only adversely impact those least able to afford a higher education and, in the end, hurt the state's goal of increasing college graduation rates.

It all seems so counterproductive.

gpadilla@express-news.net



## Texas Democrats threaten retaliation for Perry's veto

Bob Campbell

Meeting today in Washington, the Texas Democratic Congressional Delegation is so perturbed about Gov.

Rick Perry's veto of \$154 million in community college funding that it may consider reprisals, spokesmen said.

The 12-member group sent an angry letter to Perry June 25 and will wait for an answer before deciding what to do, but Higher Education Act reauthorizations and federal grant funding are the obvious options, they said.

Midland College stands to lose \$2 million in 2008-09 while Odessa College and Howard College in Big Spring suffer similar shortfalls.

"The governor seems to be saying he vetoed it because of fraud and we asked for examples if that's the case," said a spokesman for Rep. Chet Edwards of Waco, chairman of the House Appropriations Subcommittee on Military Construction and Veterans' Affairs.

"He's taking millions away from the colleges, which will cause tuition increases. We'll just have to wait and see what he says before we go to the potential next steps.

"We will not jump ahead in the process but will certainly look at the options available at the federal level. A big chunk comes from state funding for grants, so that will be an option. The annual higher education reauthorization appropriation for grants is certainly something that can be looked at."

The Texas Association of Community Colleges last week said Perry's rationale

"is an irresponsible statement to which we take strong exception.

"The statement refers to a policy issue known as proportionality. The Legislature held interim hearings and discussed it openly. Legislators made appropriations with full understanding of the key differences between community colleges and other agencies with regard to proportionality."

A Perry spokesman said Tuesday that the state's 50 junior colleges since 2003 had uniformly ignored the admonition not to use state money for the benefits of faculty members and administrators whose salaries were paid from local sources like tuition, fees and property taxes.

"If they're paid by local fees, their health insurance must be paid from there," the spokesman said. "This shouldn't be a surprise because the governor has been talking about it since 2003.

A 2005 legislative study said none of the colleges were following the proportionality rules. They were all overfunded, including Midland College, which was overfunded by \$1.6 million on health insurance.

"Community colleges have to follow the rules just like universities and they haven't been."

A spokesman for Congressman Charles Gonzalez of San Antonio said federal cuts to Texas colleges and universities will be the delegation's only alternative if the governor refuses to reinstate the money.

"That's all we can do," he said. "Rep. Edwards is the appropriator and chief architect on this issue. Rep. Gonzalez also has several colleges in his district and this is a big deal for us.

"We have not had any allegations of impropriety at our colleges and even if we did, you would just be punishing the students. If the administrators are guilty, take it up with them. But you shouldn't punish the students."

The letter to Perry was also signed by Reps. Silvestre Reyes of El Paso, Lloyd Doggett of Austin, Ruben Hinojosa of Edinburg; Sheila Jackson Lee, Gene Green, Nick Lampson and Al Green of Houston; Ciro Rodriguez of San Antonio, Eddie Bernice Johnson of Dallas and Solomon Ortiz of Corpus Christi.

An Ortiz spokeswoman said her boss is worried about Del Mar College's \$4 million loss but uncertain if Congress can do anything about it. "We're not sure we have a role beyond saying we're unhappy," she said.

"The governor made a bad decision, but tomorrow is the first time we have met since the recess. If any federal education funding is involved, it might open the door."

A spokeswoman for Johnson said the veto "will be especially hurtful to Dallas, where our community colleges will lose \$16 million. Before these cuts go into effect, we hope the governor, Legislature and colleges come to some agreement that preserves support for these vital community institutions."

**El Paso**  
**Times JUL 11 2007**

## **Community colleges need red-ink help, Shapleigh says**

By Brandi Grissom

AUSTIN -- State Sen. Eliot Shapleigh asked the state's higher education commissioner, in a letter this week, to help community colleges in El Paso and statewide determine options for dealing with budget cuts.

Last month, Gov. Rick Perry vetoed nearly \$154 million that lawmakers had approved for community colleges to pay for employee health benefits.

El Paso Community College officials have said the veto will mean a \$6.2 million budget hole for them to fill during the next two years.

"The community college has very difficult choices ahead, whether they cut services or they raise tuition or they raise taxes," Shapleigh said. "None of those are options the community college can take easily."

In the letter sent Monday, Shapleigh asked Higher Education Coordinating Board Commissioner Raymund Paredes to issue a report detailing how community colleges can fill in the gaps left by Perry's veto.

Perry, in a veto statement, said he stripped the money from the budget because community colleges inflated numbers to request more money from the state than they needed.

EPCC officials have said that they did not falsify their numbers and that the veto caught them off guard.

Richard Rhodes, EPCC president, said officials were in the middle of creating next year's budget and looking for ways to cut. Already, he said, a hiring freeze has been implemented.

Rhodes said officials would first look to cut back on spending before raising tuition or community college property taxes. Raising tuition or taxes, he said, would be a last resort.

Any guidance Paredes might provide, Rhodes said, would be welcomed.

"We've got to look at everything," he said.

Before any drastic moves are made, though, Rhodes said he hoped Perry and legislators could find a way to get community colleges more dollars.

"It's kind of plan for the worst and hope for the best," he said.

Brandi Grissom may be reached at  
bgrissom@elpasotimes.com;(512) 479-6606.

# ACC raises costs after Perry veto

Because funding bills were rejected, school boosts fees for all students, tuition for some

By Katie Humphrey  
AMERICAN-STATESMAN STAFF

Austin Community College students will pay \$2 more in fees for each credit hour they take to help make up for Gov. Rick Perry's veto of legislation that would have aided the state's two-year colleges, ACC officials said.

The decision by the ACC Board of Trustees was part of a \$185.5 million budget that it approved Monday night in a 6-2 vote.

A total of \$3.8 million disappeared for ACC when Perry vetoed \$154 million for community college health benefits statewide, and the board's budget is a combination of fee increases, tuition hikes and cuts that will be announced later to make up for that money.

The board's new budget includes an \$8-per-credit-hour tuition increase for students outside the college's taxing district and a \$24-per-credit-hour tuition increase for out-of-state students. Students from outside Texas make up 2 percent of the student body.

Tuition for in-district students — about 71 percent of ACC students — will not go up.

All students will pay the \$2 general fee increase starting in the fall. It will raise the cost of a typical three-credit course \$6.

Over a two-year period, Perry's veto cost ACC \$7.6 million, college officials said. Another of his vetoes axed \$90,000 that lawmakers had allocated to help cover costs at the new South Austin campus.

The college relies on a combination of funding from the state, local taxpayers and student tuition and fees. If state funding shrinks, the college must raise taxes or student tuition and fees to compensate, ACC President Steve Kinalow said.

"That expense doesn't go away," he said. "It gets displaced."

Kinalow said the college does not plan to cut student services and will look for ways to reduce the budget for deferred maintenance and expansion of the college district. Discussions about additional cuts are under way, he said.

College staff members had recommended that the board raise the general fee \$5, but the board chose a lower amount to put less of a burden on students, board Chairman John Hernandez said.

The fee will rise from \$13 to \$15. A typical three-credit course for an in-district student in the fall will cost \$168.

"We hated to do it," Hernandez said. "We're just glad that it was a smaller impact than was initially projected on the students."

Trustees James McGuffee and Allen Kaplan voted against the budget. Lillian Davis was absent.

Kaplan said he would have preferred a \$5 increase to avoid having to make cuts as the college attempts to expand.

"We are a growing college, and we have to pay more dollars for expanding our programs," Kaplan said. "If it doesn't stop momentum that the college has had for the last few years, it certainly slows it down."

khumphrey@statesman.com; 445-3658

## HOW THINGS ARE SHAPING UP

### THE PROCESS

Texas Education Agency officials expect to skip a competitive bidding process this fall and approve Fitnessgram as the state's fitness testing tool.

Officials said that the law doesn't require competitive bids on the project and that Fitnessgram is one of only two programs equipped to handle statewide testing.

Fitnessgram already is used in about 1,000 schools, said Jeff Kloster, an associate commissioner at the TEA.

### WHO CREATED THE PRODUCT?

Dallas physician Kenneth Cooper created Fitnessgram and pushed for the law that could result in its expansion to schools across the state.

Dr. Cooper said he would not profit from his program's use statewide and has offered to cover the initial price tag with money raised by his private foundation.

"I'm getting absolutely nothing out of this financially," he said. "This is an opportunity Texas has to lead the world."

Staci Hupp

# The law also applies to colleges

By Gov. Rick Perry

Community colleges are the backbone of our higher education system in Texas. They provide a community-based way for Texans to get a quality education close to home.

I have supported increased funding for community colleges throughout my tenure as governor. State funding for instruction at these institutions has grown by \$121.1 million, or 16.4 percent, in the past 6 years and I have proposed another \$66.1 million in incentive performance funding beyond what the Legislature provided.

However, just as I have repeatedly supported increased state funds for community colleges, I have also consistently called for community colleges to follow state law by paying their appropriate share of health insurance for their employees. Unfortunately, they have been unwilling to do this.

Unlike larger universities with a statewide reach, community colleges serve the needs of a specific local area. As such, they are empowered to raise taxes from the population they serve. Community colleges then pay employees from either these lo-

cal taxes (combined with tuition and fees) or state funds allocated by the Legislature and collected from all taxpayers in Texas. State law clearly dictates that any community college employee paid with state funds can have their health insurance paid the same way. However, state law also says that if a community college employee is paid from locally-raised funds, their health insurance must also be paid from that same source.

I fully support this sensible dividing line between funding sources. If the state pays an instructor's salary, then the state should also fund his or her health benefits. However, I don't support the notion that all Texas taxpayers should cover the health benefits of those local community college employees who are not paid by state funds. This would be akin to the state paying the health insurance of a city councilman or a county commissioner.

Unfortunately, this is what has been happening. And this is the reason I vetoed a portion of community college health insurance funding for 2008-2009.

For years, community colleges have approached the Legislature and insisted the state pay health insurance benefits for employees not paid by the state. Despite the clarity of the law, community colleges have continually

pursued a distorted interpretation. Their argument clearly runs counter to state law.

I addressed this issue in my 2003 State-of-the-State address, asking community colleges to begin paying their fair share. In 2005, the Legislature, through the Legislative Budget Board, produced a report showing that every community college was circumventing the law, shifting millions in costs to the state. In its 2006 budget, the Senate reacted by phasing out improper community college health insurance funding. I supported this change as a reasonable approach; unfortunately, the House did not.

Then, in 2006, the LBB and my office provided detailed instructions to community colleges for requesting state health insurance funding for eligible employees. Unfortunately, the community colleges again refused to follow the Legislature's directives.

When my staff questioned community colleges about this issue last year, a representative of the Texas Association of Community Colleges responded that their mission "supersedes" the law. I wholeheartedly disagree. During the 2007 legislative session, my staff reminded the community colleges on the specifics of the law. In conversations with their association, my staff implored them to play by the

rules. The association refused.

I owe it to Texas taxpayers to ensure the law is followed. I will continue to call for increased formula funding for community colleges. However, I will also hold them accountable to the spirit and letter of the law.

Community colleges are an essential contributor to our state's future success, and I remain committed to helping them maintain the highest standards in pursuit of their mission.

*Rick Perry is governor of Texas.*

Longview

News-Journal JUL 17 2007

## Kilgore College chief again hits Perry on health insurance funding

By DAYNA WORCHEL

Kilgore College President Bill Holda calls for Gov. Rick Perry to correct a "misunderstanding" about state funding for health insurance for community college employees in a letter he plans to send to the governor today.

In June, Perry vetoed \$154 million in state funding for health insurance for community college employees for the 2008-2009 academic year. The veto means a loss of \$2.1 million for Kilgore College and \$875,000 for Northeast Texas Community College in Mount Pleasant, the two institutions have reported. Holda has said he expects Kilgore College would have to raise tuition or cut course offerings to make up for the expected shortfall, and he said some community colleges might have to close.

Holda wrote his letter to Perry in response to an editorial the governor wrote about the issue, which appeared Saturday in some Texas newspapers.

"I am hopeful that with the help of Texas citizens, college officials and legislators, we can work with you to correct this misunderstanding and restore the state funds to community colleges very quickly," Holda wrote in his letter.

In the editorial, Perry re-states his stance that community college employees who are paid by state funds should also have their health insurance funds paid from state funds. However, he says state

law requires that local funds be used to pay health insurance costs for employees who are paid from locally raised funds.

"I fully support this sensible dividing line between funding sources," Perry wrote in his editorial.

Perry says he has supported increased funding for community colleges while calling for them to pay "their appropriate share of health insurance for their employees."

"Unfortunately they have been unwilling to do this," the governor says in his editorial. "Unlike larger universities with a statewide reach, community colleges serve the needs of a specific local area. As such, they are empowered to raise taxes from the population they serve, not unlike a local hospital, school or utility district."

Holda, in his letter, says community colleges have followed the law regarding employees' health insurance. He says he is "appalled" at what he says is a suggestion for community college boards to raise taxes to address the situation.

"Now, you accuse community colleges of not 'playing by the rules,' you override the appropriation approved by our elected legislators, and finally, you suggest that local boards 'are empowered' to raise property taxes to cover the shortfall," Holda says in his letter.

"It seems unconscionable that you would suggest shifting the state mandated

health insurance expense to the local taxpayers. The middle class is squeezed once again."

An attempt to reach the governor's office by phone late Monday afternoon was not successful.

Holda's letter is the latest chapter in an effort by Texas community colleges' to restore the health insurance funding.

The Texas Association of Community College's executive committee in June asked the state's Legislative Budget Board to provide health insurance funding.

Holda attended the community college association's summer meeting Wednesday through Friday in Houston, where he said group members discussed how their communities were responding to this issue and reviewed the organization's strategy for getting the funding restored.

"It's reassuring to know that I am not alone, and that all community college presidents feel the same way," he said.

Holda said he wants to encourage people to contact the governor's office and their local legislators.

"I'm asking alumni, friends, and business people to take the time to write or call both the governor's office and to write letters to Sen. Kevin Eltife, R-Tyler, and either Rep. Tommy Merritt, R-Longview, Rep. Bryan Hughes, R-Mineola or Rep. Chuck Hopson, D-Jacksonville" Holda said in an e-mail.

Amarillo

Globe-News JUL 17 2007

## AC readies for fund cuts

By Enrique Rangel

Amarillo College President Steven Jones is confident that money vetoed by Gov. Rick Perry will be restored long before the next state budget goes into effect, in September 2008.

But just in case the governor's veto stands, AC already is planning some revenue-increasing measures and some cutbacks on some programs to make up for the \$3.8 million that the school stands to lose, Jones said.

"I am very optimistic that we're gonna have a meeting of the minds and this issue will be resolved," he said. "But we also need to be prepared in case the money is not restored."

South Plains College officials are thinking along those lines because the institution stands to lose \$3.3 million if Perry does not reverse his decision.

As they did in late June when the governor announced his veto, Jones and SPC president Kelvin Sharp took exception to the governor's accusation of impropriety.

"How can 50 (community) colleges commit fraud all at once?" Jones asked.

As he did when Perry first announced the \$154 million cut for the 50 community colleges in the state, Sen. Robert Duncan

remains optimistic a solution to the problem can be found, perhaps as early as September.

Like Jones and Sharp, Duncan based his assertion on the fact that many of the community colleges complied with the state's requirements.

"The methodology reveals that institutions were abiding by the proportionally requirement of the law," Duncan said. "We should be able to resolve the issue and restore funding to those institutions."

Jones and Sharp consider Duncan a key player in the dispute with Perry because he is a member of the Legislative Budget Board, a 10-member group which recommends to the governor and to the Legislature how the state money should be allocated.

And, along with Rep. Warren Chisum, R-Pampa and chairman of the House Appropriations Committee, Duncan also sat in this session's Budget Conference Committee, which negotiated the 2008-09 state budget.

"The good news is that we still have a few weeks," Duncan said. "There is still time to take a look at this. It's money we can't afford to lose."

## Perry's 'slant'

Gov. Rick Perry may not be telling all the truth when he says he has supported increased funding for community colleges. The American poet Emily Dickinson once penned, "Tell all the truth but tell it slant...." Perry may know that poem.

Perry, on Friday July 13, issued a column explaining why he cut community college funding in the state's budget.

Victoria College will suffer a shortfall in next year's budget (2008-2009) of \$1.5 million, or a little more than 4 percent of the college's \$28 million budget. The total veto of community college funding he vetoed from the state budget was \$154 million.

Perry accused community colleges across the state of ignoring state law pertaining to how much funding the institutions get for providing health insurance to employees. If this is true, there are a lot of crooks in community colleges.

But a larger look at community college funding should be in order for this partnership between community colleges and the state.

Jimmy Goodson said he became president of Victoria College in 1989, a time when the state was paying between 58 and 60 percent of the total operating expenses of the college.

"It is down below 30 percent now," Goodson said.

He explained that the state's Higher Education Coordinating Board recommends the amount of funding, based on a formula, to the Legislature. Then the House and Senate take the recommendation and usually "fund less than 55 percent of the recommendation."

"It's a vicious circle caused by shrinking state funds. The funding situation is aggravated by community college growth. The funding is never adequate to keep up with the growth," Goodson said.

"And the state has not kept pace with inflation and the costs." He said that if the state had kept up with the funding, there would not be an issue with Perry's veto.

So, when Perry says community colleges are not reporting within the law, he leaves out the fact that state funding for community colleges has significantly decreased over the years. And Perry vetoed what the state wanted to fund community colleges.

"The losers are our students and our constituents, who support this institution," Goodson said. Oh, let's not forget that Perry is supporting community colleges.

The Legislative Budget Board may issue a budget execution action to retrieve the vetoed funds, Goodson said, but Perry would have to approve it.

All indications are that Perry would not approve such an action.

"Right now, I think ultimately we will have some kind of resolution," Goodson said.

Otherwise, the relief from the \$1.5 million lost because of the veto would not come until the January 2009 legislative session. In the interim, that \$1.5 million cut from Victoria College's funding might have to be made up through tuition and tax increases and other areas that can be cut.

Texas Monthly Blogger Paul Burka (/burkablog) said in a recent blog: "...There are some things that are more important than truth in budgeting, and one of them is community college education. The Legislature had the right priorities. I would say that Perry can't see the forest for the trees, but that's not the problem, exactly. It's that he thinks he's looking at big trees, but it's just brush."

As the Brits say - Hear, hear.

Rio Grande  
Guardian JUL 20 2007

## Perry, Zaffirini, clash over community college funding veto

By Steve Taylor

McALLEN, July 19 - In dueling editorials, Gov. Rick Perry and state Sen. Judith Zaffirini, D-Laredo, have clashed over Perry's controversial decision to veto \$154 million earmarked for Texas community colleges in 2009.

The money was to have covered employee health insurance. Without the funds, border institutions like South Texas College in Hidalgo County and Starr County, Laredo Community College, and El Paso Community College, say they could be forced to increase student tuition fees and/or taxes.

In his op-ed, Perry defended the move, saying he had supported increased funding for community colleges throughout his tenure as governor.

"State funding for instruction at these institutions has grown by \$121.1 million, or 16.4 percent, in the past 6 years, and I have proposed another \$86.1 million in incentive performance funding above and beyond what the Legislature provided," Perry wrote.

However, Perry said he had also consistently called for community colleges to follow state law by paying their share of health insurance for their employees. "Unfortunately, they have been unwilling to do this," Perry wrote.

Perry said that unlike larger universities with a statewide reach, community colleges serve the needs of specific local areas. "As such, they are empowered to raise taxes from the population they serve, not unlike a local hospital, school or utility district," he wrote.

Perry said state law was clear that if community college employees are paid with local funds, their health insurance also must be paid from the same local source.

"I fully support this dividing line between funding sources," Perry wrote. "If the state pays an instructor's salary, then the state should fund his or her health benefits. However, I don't support the notion that all Texas taxpayers should cover the health benefits of local community college employees who are not paid with state funds."

Perry said unfortunately, this was exactly what had been happening. "And this is why I vetoed a portion of community college health insurance funding for the 2008-2009 biennium," he wrote.

In her op-ed, Zaffirini said to put Perry's veto into perspective, the money he cut was more than the total new dollars appropriated to community colleges this biennium for operations and instruction.

"This unwarranted and unexpected action will not only negatively affect our community colleges' efforts to achieve the goals of Closing the Gaps, but also severely strain their resources," Zaffirini wrote.

"The grim reality is that to make up for this lost funding, community colleges will either have to raise local property taxes, increase tuition, reduce services or, sadly, do all three." Zaffirini said any of these options will negatively affect their ability to serve students who typically have the fewest resources to attend college. "The worst re-

sult is that many students may be forced to drop out of college because of the governor's actions," she wrote.

Laredo Community College calculates that Perry's veto will cost the institution \$3.3 million. In a letter to Perry, LCC Board President Pete Saenz Jr. and LCC President-elect Dr. Juan L. Maldonado said impact of the veto would be devastating.

"This dramatic loss in state funds strikes a devastating blow to the taxpaying citizens of our district and the employees of our college district," Saenz and Maldonado wrote, in their letter to Perry.

"Your veto will cripple our community college's ability to continue making strides in improving our citizens' level of education and ability to compete in the workforce for livable wages, not to mention the impact it will have on the health and well-being of our employees and their families. The impact on our students, who already struggle financially in their dream of achieving a higher education, will be equally devastating."

El Paso Community College President Richard Rhodes calculates that Perry's veto will cost the institution \$6 million. In a letter to Perry, Rhodes said the veto came as a "financial kick in the stomach."

South Texas College President Shirley Reed said Perry's veto would cost her college about \$4 million. STC has campuses in McAllen, Weslaco and Rio Grande City. Reed said there were not too many options to plug the gap. "It's either going to be on the backs of our taxpayers or on the backs of our students," Reed said.



# Perry should rethink college funds veto

BY MILICENT VALEK AND REY GARCIA

Gov. Perry says that community colleges are the backbone of Texas higher education. He is right. Every year more than 1 million students pass through the doors of community colleges in search of their dreams — from beginning the journey toward a bachelor's degree to acquiring the skills to grow the Texas economy.

Community colleges are the fastest growing sector of higher education, serving more than 70 percent of lower-division students. The Texas Higher Education Coordinating Board in the visionary

## COMMENT

"Closing the Gaps" plan made clear that the future of Texas relies on the success of the community colleges.

While we welcome Gov. Perry's words of support, it is unfortunate his beliefs were not shared with his staff who publicly and privately said the governor does not support funding for community colleges. Community colleges are excluded from the pool of incentive funds for which the governor advocated. The governor boasts of increases in community college funding over the past six years. These modest increases, which did not keep up with our enrollment growth, were completely erased with a single stroke of his veto pen.

The governor's reason for his veto is an ill-informed belief that community colleges are out of step with the law. Nothing can be further from the truth. The issue has been fully debated and considered by the Legislature. The Senate and the House discussed this issue in 2006 and, in 2007, both times setting it aside.

Contrary to the governor's comments, the Texas Association of Community Colleges cannot appropriate state money and set state budget policy. The decision to appropriate funds is in the hands of the Legislature. Consequently, the association participated in the legislative process, and we stand by the well-reasoned decisions of the Legislature.

The governor's staff is not on record on this issue during the legislative hearings even though they were sitting in the room when it was discussed. Rather than usurp the authority of the Legislature with a post-session veto, the governor should abide by the Legislature's decision to fund health insurance benefits for eligible community college employees.

Funding for community colleges is based on a compact between the state and communities that choose to levy a property tax to support a college. At the conclusion of the 80th Legislature, the state support for its share of the agreement is down. Colleges have been using local tuition and tax dollars to fill the gap created by the shrinking state commitment to community college funding.

In 1986, the state provided 64.5 percent of the budget for community colleges. By 2006, this state share declined to only 31.1 percent. When the governor notes that some state eligible community college employees are paid from local funds, it is solely driven by the cuts in state funding.

We fully agree with the governor that the future of the Texas economy is tied directly to the success of community colleges. We implore him to reconsider the advice of his staff and work with the Legislature to restore his \$154 million veto of community college health insurance funds.

No one wants to enact tuition and tax increases or cut programs to raise the local funds necessary to make up for the loss of funds from the veto. The veto amounts to a penalty for providing student access.

A timely word from the governor to Lt. Gov. David Dewhurst and House Speaker Tom Craddick that he is willing to restore these funds will go a long way to keep Texas higher education affordable and accessible.

There are many areas of agreement between the community colleges and the governor. We look forward to putting this issue behind us and working together to achieve our common goals of making Texas a better place and community colleges a place where students can continue to fulfill their dreams.

Milicent Valek is board chair and Rey Garcia is president and CEO of the Texas Association of Community Colleges.

## Hinojosa right on target in critique of governor

State Sen. Juan "Chuy" Hinojosa minces no words when it comes to dismissing Gov. Rick Perry's assertion that he gave legislators plenty of warning before he vetoed crucial health insurance funding for community colleges, including Del Mar College. "That's baloney," Hinojosa told the Editorial Board.

And that in one word is a succinct judgment of the governor's overall response to cries from community colleges across the state at Perry's veto that mugged a vital part of the state's higher education system to the tune of \$154 million. Perry's explanation of the line item veto, which was published on Tuesday's Viewpoints page, is no comfort to Del Mar College officials, students and district taxpayers who must grapple with the consequences of Perry's veto. The college must find \$4 million that hasn't been budgeted by next year, either by raising taxes or raising tuition. Neither is a palatable alternative.

Raising tuition at community colleges under any circumstances already hits the very type of student most vulnerable to being priced out of an opportunity for a better education. Raising tuition because the governor has an after-the-fact arcane dispute with legislators and the colleges over the definition of a state employee would be a travesty. The other choice, raising local district taxes, puts the lie to Perry's oft-repeated assertion that he is on the side of lowering the tax bill for Texans.

Hinojosa says there is growing support for revisiting the funding issue through the Legislative Budget Board, a 10-

member standing committee of top House and Senate leaders. In Hinojosa's view, the LBB is likely to find the money to fund the community colleges' health insurance budgets. That would be an outcome that makes utmost sense. The difficulty of achieving such a solution through the LBB, however, shouldn't be underestimated. Though the Legislative Budget Board includes top state leaders, such as House Speaker Tom Craddick, sidestepping the governor's veto would risk a political confrontation of considerable consequences.

But Hinojosa is right; the governor has ample means to make his voice heard while the Texas Legislature is in session. If he had wanted to press the point that he has differences with who pays for what in funding health insurance for community college employees, legislators would have been remiss in appropriating state money for insurance knowing that a veto awaited them. But Hinojosa, a member of the key Senate Finance Committee, says the committee never heard from Perry.

Instead, after the Texas Legislature had adjourned, leaving community colleges without an immediate fix, Perry vetoed the second year of the biennial health insurance budget, gratuitously accusing college officials of "falsifying" budget figures.

The Legislative Budget Board ought to undo Perry's veto and right an uncalled wrong on the state's community college students and taxpayers.

## Clash with governor prompts Hinojosa to take up community colleges' cause Legislative Budget Board may restore community college funding vetoed by the governor

By Nick Jimenez

State Sen. Juan "Chuy" Hinojosa of McAllen represents Corpus Christi in the Texas Legislature. On Wednesday he spoke with the Editorial Board about several topics, including Gov. Rick Perry's veto of health insurance funding for community colleges, legislation he sponsored to create an engineering school at Texas A&M University-Corpus Christi, cleaning up the scandal-plagued Texas Youth Commission, and state funding for border county sheriffs.

On Perry's veto of \$153 million in health insurance funding for community colleges, including some \$4 million for Del Mar College.

**QUESTION:** What's the solution for the community colleges' health insurance funding?

**HINOJOSA:** The Legislative Budget Board has the authority to restore that funding. You notice he (the governor) vetoed only the second year. It gives us time to come up with a way to put pressure on the governor's office so that the Legislative Budget Board will vote the money.

**QUESTION:** The governor wrote in an op-ed column published Tuesday that legislators and community colleges ignored his warning about his veto and essentially that he had no choice but to line-item veto the funding. Does that wash with you?

**HINOJOSA:** That's baloney. I'm a member of the Senate Finance Committee. Never did the governor's office or his staff contact us, or testify before our committee opposing us appropriating this money for junior colleges. On border security, the governor's staff was there on a regular basis, objecting and making recommendations... they were very much involved. He could have done the same thing on the (community college insurance) issue but he did not. I think he's just... feeling the pressure.

**QUESTION:** Is there a legitimate debate over defining what part of community college funding is paid by local districts and what part is paid by the state?

**HINOJOSA:** I think this is something that came up after the fact. The allegations that he made against junior colleges are pretty serious allegations. (Perry, in his veto message, said community colleges had "falsified" their budgets.) If he has any proof, he should make that available to the district attorney's office in Travis County or the attorney general's office, that they submitted fraudulent information. That is a crime in Texas. That was a bad choice of words. He should be principled enough to say, "I made a mistake." Otherwise, put up or shut up.

**QUESTION:** What's the time line for remedial action by the Legislative Budget Board?

**HINOJOSA:** They can meet at any time. I think the pressure is building up. (The veto impacted the whole state, for both Republicans and Democrats. I know behind the scenes there is a very strong push to line up the votes to re-

store not all the money, but a large part of money.

**QUESTION:** Would the LLB be reluctant to undo the governor's veto?

**HINOJOSA:** They are not reluctant to do it. Speaker Tom Craddick is on the LBB; Speaker Craddick's junior colleges were also cut. But there's going to be resistance from the governor.

On the engineering school legislation.

**QUESTION:** Did you know that the folks in Kingsville and Texas A&M University-Kingsville would oppose an engineering school at Corpus Christi so strongly?

**HINOJOSA:** I was somewhat surprised and taken aback... We need to increase educational opportunities for this area, not fight each other. If we look at other areas of the state, there's a bunch of professional degrees within a very small area... You cannot deny the growth that is taking place in Corpus Christi. If you give students a choice, where do you want to go to school, Kingsville or Corpus Christi? Corpus Christi, that's a no-brainer.

I think Texas A&M University System Chancellor Mike McKinney has made a commitment and we may not need legislation to do it. The chancellor with the board of regents can start engineering courses at A&M-Corpus Christi. And the reason for that may be just to keep a more low-key approach. Once you get it started, once you take the first two or three steps, you see how it works by offering certain types of courses that are offered at A&M-Kingsville, this thing will take off.

**QUESTION:** So A&M-Corpus Christi would offer some engineering courses without the formality of calling it an engineering school?

**HINOJOSA:** That's right. At some point then, we'll have a full-blown engineering school.

**QUESTION:** Would it have to be approved by the Coordinating Board for Higher Education?

**HINOJOSA:** I call the Coordinating Board a bunch of naysayers. For whatever reason, they always say no. I was on the Coordinating Board; I served there for three years. There's a built-in institutional bias against South Texas... When we wanted to put a regional academic health center in the Rio Grande Valley, they opposed it. The regional academic health center has been a tremendous success. For us in Corpus Christi, with the port, with the La Quinta project, it is right for us to start moving in that direction (an engineering school), but it won't happen if we don't push.

On cleaning up the widespread abuse at the Texas Youth Commission. (Hinojosa authored the major legislation on the reform.)

**QUESTION:** Will your legislation and the appointment of a conservator over the system adequately address the problem?

**HINOJOSA:** We are completely restructuring and rebuilding the Texas Youth Com-

mission from the ground up... It's going to take about two years. The situation was so horrendous. You had kids sexually abused, mentally and physically abused, and when they complained, their stay would be extended... When they would send somebody to investigate and the report came back confirming the abuses, they were doctored. We had situations where they were being raped by the guards. It was a completely failed institution.

**QUESTION:** Does this stem from the sudden growth in the TYC population after the get-tough legislation passed while George W. Bush was governor?

**HINOJOSA:** There's no doubt about that. TYC just exploded in growth... They were sending young people for misdemeanors, for breaking windows. There was one kid there for chewing gum in class... We couldn't provide them the help they needed. Now you can't send any more misdemeanors. (That is part of Hinojosa's legislation)... We told the judges they were too quick to send a young person to TYC; you've got to deal with them in the local community. We put in an extra \$47 million to help counties have community-based juvenile systems.

**QUESTION:** Are all the bad apples gone?

**HINOJOSA:** It's still ongoing. At the mid-management level, they are sabotaging the reforms. We still don't have all the right people in place.

On complaints by sheriffs along the Mexican border that they received too little of the \$100 million appropriated for border security. Some appeared in Perry's re-election campaign on the issue.

**QUESTION:** Do the border sheriffs have a valid complaint?

**HINOJOSA:** What the border sheriffs wanted was not good public policy. They wanted us to give them a blank check of \$100 million and they go hire deputies all over the place. We can't do that. If the state starts hiring sheriff's deputies, what happens if the next session we have a deficit?... We'll help (the sheriffs) buy new cars, new radios, but the bulk of the money we ran through the Department of Public Safety. But the sheriffs wanted the money for themselves.

**QUESTION:** So you agree with Perry's office, which said that the money will go for the border even if it won't go directly to the sheriffs?

**HINOJOSA:** The governor wanted to give them the money. It's a payback for their support. I wrote that bill. I'm a border senator. The reality is that (sheriff's departments) don't have the training that DPS has, they don't have a system in place. If you help out the border sheriffs, what about Brooks County, what about Nueces County? How about police chiefs? It just doesn't make sense.

Nick Jimenez is editorial page editor of the Caller-Times. Phone: 886-3787; e-mail: jimenezn@caller.com.

## Private toll roads 'insanity,' Eltife says

By SHERRY KOONCE

Texas toll roads, teacher accountability and water conservation plans were among a laundry list of issues that state Sen. Kevin Eltife brought Tuesday to Longview's Summit Club as guest speaker of the Governmental Affairs Luncheon.

Sponsored by the Longview Partnership, the luncheon event was well-attended and informative, said President Kelly Hall.

Eltife, R-Tyler, recapped the just completed 80th legislative session while providing a preview of the next session in 2009.

Hall said about 150 people packed the Summit Club to hear the senator on a day when it is usually hard to draw a crowd because of competing civic club meetings.

"I think I want to move to Longview. I never get this big of crowd in Tyler," Eltife said.

Eltife said he served on four "of the hottest" committees during 2007: the Senate Business and Commerce, Finance, Natural Resources and Nominations.

He said there were many issues that came before the committees that affected East Texans. Among those was Senate Bill 3, which deals with the management and development of the state's water resources. The bill, which the Texas Legislature passed into law this year, takes a comprehensive approach to the state's water policy, which includes stressing conservation, providing for future sources of water, and maintaining the ecological balances in our state's current natural water resources. Nineteen sites across the state have been designated as reservoir sites, though reservoirs might not be built at any specific site.

The big issue in the water bill is the Marvin Nichols Reservoir in Bowie

County, which would address the long-term needs of the Dallas area.

If built, Eltife said, the Dallas area would benefit from the reservoir more than rural areas such as Longview.

Eltife crafted an amendment to the bill stipulating that Region D, which includes rural areas such as Longview, had the right to 20 percent of the water from the proposed Marvin Nichols. Region C, which encompasses the Dallas area, would pay all cost of construction, operation and maintenance of the site.

"If the Marvin Nichols is built, then we will be guaranteed some of that water and will not have to pay," Eltife said.

The senator said he had, and would continue to vote for, what he believed was best for his constituents — even if that put him in a negative light.

Eltife said he could not support Senate Bill 1643, which called for teachers to be held accountable based on some yet-to-be-determined benchmark.

Because the bill did not specify what the benchmark would be, Eltife said he could not support it.

Under the bill, a state agency such as the Texas Education Agency would determine the benchmark in the future.

"They would not tell us the benchmark for what they would hold the (teachers) accountable. As far as I am concerned, you can blow the TEA up and I will be happy with that," Eltife said.

Eltife said he wanted to see local school districts determine what their teachers would be accountable for.

For his stance on the issue, Eltife said a series of negative ads were ran, but the intent backfired.

"If anybody thinks they are going to change my vote by negative ads, they've

got a screw loose," Eltife said. "The lesson is I'm going to do what I think is best for us. I can't be bought, and you cannot steal my soul."

The senator said he is opposed to building toll roads and turning them over to private contractors because the state would not have control over toll amounts, or the roads.

"This is a bad idea, a bad concept," he said. "It is insanity, and it should be stopped."

Instead, the gas tax should be increased to keep up with inflation to allow the state to build bridges, intersections, expanded roadways and outer loops.

"If you go to the pump, you fill up, you use the road, you need to be willing to pay," he said.

Eltife said the state should increase its contribution to the teacher retirement system, and that Gov. Rick Perry's veto on community college funding was a disaster.

"I am embarrassed by it. He cut \$150 million to \$160 million in funding," Eltife said.

In June, Perry line-item vetoed \$154 million that had been budgeted to fund community college employees' health insurance benefits.

"If you are a community college board, you are looking at having to raise tuition or property taxes to make up for the funding cuts," Eltife said.

Keith Honey, chairman of the Governmental Affairs Committee, said it was refreshing to have the senator as the group's guest speaker.

"If there is anyone here who does not know where he stands on issues, it's your fault," he said.

## Dewhurst calls for reallocation of community college funds vetoed by Perry

By David Doerr

Lt. Gov. David Dewhurst made a public plea Wednesday for state leaders to find a way to reallocate \$154 million in vetoed funds for community college health insurance.

Gov. Rick Perry vetoed the funds last month, and officials from the state's 50 community college districts have responded with anger, saying they'll have to consider tuition increases, local tax increases or enrollment restrictions.

At McLennan Community College, the cut amounts to a loss of \$2.7 million.

"I want this issue addressed now . . . before the impact of these funding cuts are felt," Dewhurst wrote in a Wednesday letter to senators. He added that he didn't want to see community colleges take "drastic measures" to make up for the cut at this time.

"I've had enough of this," Dewhurst later said of the quarreling over the funding. "I want to see \$154 million go back into our community colleges."

Lawmakers did not address the issue during the legislative session that ended in May, and they're not scheduled to meet again until 2009.

A legislative budget panel that includes Perry, Dewhurst and House Speaker Tom Craddick can decide to reallocate the funds with a majority vote and agreement from Perry, but no meeting is scheduled.

Dewhurst said he'll designate a working group of state senators, staff from Perry's office and community college representatives to find a solution.

"Certainly, the governor welcomes input from our legislators," Perry spokeswoman Krista Moody said. "The governor's office has already begun working with the Higher Education Coordinating Board and community college leaders . . . to address the concerns of community colleges."

Who's responsible?

"Make no mistake, Gov. Perry has continuously proposed increased funding for our community colleges," she said. "They are an important factor in Texas'

educational structure. However, the governor wants to ensure that solutions to their concerns fall within the scope of the law."

The dispute between Perry and college officials centers on how the governor views who should be responsible for the cost of fringe benefits. Perry insists that those benefits, including health insurance coverage, should be covered by the entity that pays for the employees' salaries, the same way employees at four-year colleges are treated.

But community college officials say state lawmakers have historically differentiated their institutions from four-year universities.

The state traditionally has funded the benefits for employees directly involved in education at community colleges, such as professors and administrators. The colleges have been responsible for using local revenue from property taxes, tuition and fees to pay for the benefits of employees who support noneducational operations, such as physical plant employees and custodians.

Lawmakers have been critical of Perry's decision to cut the funding without consulting them during the legislative session.

State Sen. Kip Averitt, R-Waco, said he will be one of the lawmakers on Dewhurst's group, which likely will meet within the next few weeks to attempt to find a solution.

"Probably by the end of the day, there will be 31 senators on there," Averitt said. "Everybody is real concerned about it."

Although it remains to be seen if Perry would agree to a compromise, Averitt urged community college officials to refrain from taking any drastic measures before the group has had a chance to tackle the issue.

"We've been looking at it for some time, and I think we do have some options," he said. "If they give us some time, maybe we can come up with a better proposal."

However, community colleges are operating under a short timeline to find ways to make up for the cuts as they approach the deadline for setting their budgets at the end of August.

MCC's board of trustees, which has adamantly opposed a tax increase after voters approved a \$74.5 million bond issue in November, has proposed raising tuition in the spring and cutting various programs to make up for the loss in state revenue.

Johnette McKown, MCC's executive vice president, said Dewhurst's rhetoric is encouraging but that the school will have to settle on a budget long before the community college funding could be restored. But if a compromise is reached and the state funding returned, then the program cuts and tuition hike could be reversed before taking effect, she said.

"We're probably in a better position than most community colleges are, from that standpoint," she said.

'A pretty strong signal'

MCC president Dennis Michaelis said he is appreciative of the efforts of lawmakers such as Averitt to restore the funding. The simple fact Dewhurst is encouraging community colleges not to raise taxes or tuition "sends a pretty strong signal," he said.

"I'm encouraged," Michaelis said. "It's better news than it was yesterday, but it's still not a done deal."

Regardless, he said, the school will continue to plan for the upcoming school year as though nothing will change, with any budget restorations coming after the money definitely has been returned to its coffers.

"If you don't raise tuition and the funding restoration doesn't happen, then you're going to run a deficit budget," he said.

Tribune-Herald staff writer Tim Woods, Cox News Service and the Associated Press contributed to this story.

ddoerr@wacotrib.com

757-5755

## Pressure from border leaders to reverse college funding veto works

By Michele Angél and Steve Taylor

AUSTIN, July 25 - State leaders have bowed to pressure from border legislators and college presidents, among others, and will now look at ways of reinstating \$154 million in community college funding vetoed by Gov. Rick Perry.

Lt. David Dewhurst said Wednesday that the Legislative Budget Board was the appropriate avenue to restore funding before fiscal year 2009, when the cuts were due to kick in. College presidents had warned that the cuts would lead to tuition increases, local tax increases or restricted enrollment.

Dewhurst also announced he was setting up a working group of senators to find a longer term solution and prepare recommendations for the 2009 legislative session. Sens. Judith Zaffirini, D-Laredo, and Juan "Chuy" Hinojosa, D-McAllen, two of the most outspoken critics of the veto, will be on the working group, Dewhurst said.

In a letter to senators, Dewhurst acknowledged that Perry's veto was "a huge cut" to the budget of community colleges. He also said he agreed with Perry's rationale for the veto, which was that health insurance benefits for community college employees be paid in the same proportion of state and local funds as that employee's salary.

"I agree something must be done to ensure that all universities and community colleges are treated consistently, but I don't want to see drastic measures being implemented, such as raising local taxes, increasing tuition or restricting enrollment," Dewhurst wrote.

Perry spokeswoman Krista Moody said Perry "welcomes input from lawmakers and has already begun working with the Higher Education Coordinating Board and community college leaders ... to work toward a solution to meet the needs of our colleges."

She added that Perry has continuously proposed additional funding for community colleges. "However, he wants to ensure that solutions are proposed within the spirit of the law," Moody said.

The presidents of border community colleges have led the protests against Perry's veto.

South Texas College President Shirley Reed said the veto would cost her college about \$4 million. STC has campuses in McAllen, Weslaco and Rio Grande City. Reed said there were not too many options to plug the gap. "It's either going to

be on the backs of our taxpayers or on the backs of our students," Reed said.

El Paso Community College President Richard Rhodes calculated that Perry's veto would cost the institution \$6 million. In a letter to Perry, Rhodes said the veto came as a "financial kick in the stomach."

Laredo Community College calculated that the veto would cost the institution \$3.3 million. In a letter to Perry, LCC Board President Pete Saenz Jr. and LCC President-elect Dr. Juan L. Maldonado said impact of the veto would be huge.

"This dramatic loss in state funds strikes a devastating blow to the taxpaying citizens of our district and the employees of our college district," Saenz and Maldonado wrote.

"Your veto will cripple our community college's ability to continue making strides in improving our citizens' level of education and ability to compete in the workforce for livable wages, not to mention the impact it will have on the health and well-being of our employees and their families. The impact on our students, who already struggle financially in their dream of achieving a higher education, will be equally devastating."

Sen. Eddie Lucio, D-Brownsville, was one of the first senators to call on Dewhurst to get the LBB to reinstate the \$154 million to the community colleges. The LBB is headed by Perry, Dewhurst, and House Speaker Tom Craddick.

In a June 21 letter to Dewhurst, Lucio said: "It is my hope that under your leadership, and that of your colleagues on the budget board, an expedited solution can be developed to assist local communities throughout the state."

Asked by the Brownsville Herald at the time whether Perry would agree to the LBB transferring money to offset the veto, Perry spokesman Robert Black said: "Slim to none."

Since then there have been a howl of protests from college presidents across the state. Legislators, who claim they were blindsided by Perry's veto, have stood with their college presidents.

In a hard-hitting op-ed, Zaffirini, chair of the Senate Higher Education Subcommittee, said that to put the impact of Perry's veto into perspective, the money cut was more than the total new dollars appropriated to community colleges this biennium for operations and instruction.

"This unwarranted and unexpected action will not only negatively affect our

community colleges' efforts to achieve the goals of Closing the Gaps, but also severely strain their resources," Zaffirini wrote.

"The grim reality is that to make up for this lost funding, community colleges will either have to raise local property taxes, increase tuition, reduce services or, sadly, do all three. Any of these options negatively will affect their ability to serve students who typically have the fewest resources to attend college. The worst result is that many students may be forced to drop out of college because of the governor's actions."

Hinojosa also wrote a strongly-worded op-ed criticizing Perry's veto. In an interview with the Corpus Christi Caller-Times, Hinojosa said Perry's claim that lawmakers ignored his warnings about a possible veto was "baloney."

On Wednesday, Hinojosa said he welcomed Dewhurst's move to reinstate the vetoed funds.

"South Texas welcomes the news that the Lt. Governor intends to bring together the appropriate stakeholders and work towards a solution to this crisis," Hinojosa said.

"As a member of the working group, I urge him to convene the group sooner rather than later so that we can assure middle-class families and their communities that they will not face local tax hikes, tuition increases, or cuts in education programs at their junior colleges."

Hinojosa added that he was looking forward to meeting with his Senate colleague soon, "so that we can restore the funding as it was appropriated in the budget and let our community colleges get back to their mission of helping students prepare for their futures."

Sen. Eliot Shapleigh, D-El Paso, was also highly critical of Perry's veto. In a terse letter to Texas Higher Education Commissioner Raymund Paredes, Shapleigh warned that rather than looking to expand access to higher education in my community, El Paso Community College was now being forced to "scramble" to maintain the current level of service provided to students.

Shapleigh asked Paredes to explain what community colleges are supposed to do in response to the veto. "In El Paso, more tuition, more cuts to services, or more taxes are not viable options," Shapleigh wrote.

## College funding may get solution

By DAYNA WORCHEL

Lt. Gov. David Dewhurst is calling for a meeting of the Legislative Budget Board this fall to address the effects of Gov. Rick Perry's veto of \$154 million for community college employee health insurance funding, Dewhurst said in a written statement Wednesday.

Dewhurst is co-chairman of the board along with Speaker of the House Tom Craddick. The two together have the authority to call a meeting of the Legislative Budget Board, according to the board's Web site.

Craddick was not available for comment late Wednesday afternoon.

In June, Perry vetoed \$154 million from the state budget that had been included to fund health insurance for community college employees. He accused community colleges of not paying employees' salaries and insurance from the same funds. Perry said employees who were paid with state funds should have their health insurance paid from state funds, and employees who were paid with community funds should have their insurance paid from community funds.

Since the veto, community college officials across the state have protested vehemently, asserting that they will have to find other ways to come up with the money, including tuition, fee and tax increases.

"I want this issue addressed now, in fiscal year 2008, before the impact of these funding cuts are felt in fiscal year 2009 by our community colleges," Dewhurst stated in a letter to senators, which was released Wednesday. Legisla-

tors are not scheduled to meet again until 2009.

He went on to say in the letter that he believed a meeting of the Legislative Budget Board this fall would help answer some questions and help board members to come up with a plan before the full effect of the funding cuts become reality.

Dewhurst also said he plans to convene a working group in the next few weeks, which will be made up of board members, along with the governor's office, the members of the House of Representatives, the community colleges and the appropriate state agencies.

The Legislative Budget Board is a permanent joint committee of the Legislature that develops budget and policy recommendations for legislative appropriations for all agencies of state government, according to its Web site.

Dewhurst's move is being applauded by local state and community college officials.

"This is very good news," Kilgore College President Bill Holda said Wednesday.

"We certainly welcome his leadership on this issue," said Holda, who is the secretary-treasurer of the Texas Association of Community Colleges. The organization has written many letters of protest to the governor's office concerning the cuts. Sen. Kevin Eltife, R-Tyler, and Rep. Tommy Merritt, R-Longview, also welcomed the news.

"I am extremely proud of Lt. Gov. Dewhurst for taking this action. We must do everything we can to restore this fund-

ing for our community colleges," Eltife said.

"I'm glad to see Lt. Gov. Dewhurst and Speaker Craddick moving forward to find an appropriate solution," Merritt said.

"Now is the time for Gov. Perry to hear from the students and taxpayers of Texas," he said.

Krista Moody, deputy press secretary for Perry, said the governor welcomed all input from legislators as they looked toward meeting the needs of Texas' community colleges.

"The governor's office has already begun working with the Texas Higher Education Coordinating Board and appropriate community college leaders which include trustees, presidents and chief financial officers to address the situation," Moody said.

Moody said the governor had never asserted that community colleges were not underfunded.

"In fact, the governor has continuously proposed increased funding for community colleges, but he wants to insure the funding is appropriate within the spirit of the law," Moody said.

Responding to that statement, Holda said: "I am not aware of any effort since he took office of any initiative to promote community college funding. I would say: Produce the evidence. Show me that you have advocated financial support for community colleges."

Night City Editor Charlotte Stewart contributed to this report.

# Dewhurst seeks to restore community college funds

■ Perry stands by veto of allotment for health benefits

By POLLY ROSS HUGHES  
AUSTIN BUREAU

AUSTIN — Lt. Gov. David Dewhurst said Wednesday he wants a quick meeting of legislative budget leaders to restore cut funding for community colleges and a shortage in student financial aid.

Specifically, he wants to find a way to restore \$154 million Gov. Rick Perry vetoed from the state budget in June to cover health insurance benefits at community colleges.

"I want to see the \$154 million go back to the community colleges," Dewhurst told reporters, saying he was tired of "bickering" over the issue.

"I'm very supportive of our fine community colleges. In my heart, I believe Gov. Perry is, too," he said. "I don't want to see tuition increases, local tax increases or restricting enrollments."

Dewhurst said his office has been working with the governor's office and Speaker Tom Craddick's office to reach agreement on calling a meeting of the Legislative Budget Board, the budget office for state government, as early as September.

Both Craddick and Perry's offices issued statements fa-

voring such a meeting.

"I agree that the issue of funding for community college health insurance is one that needs to be addressed in the near term," Craddick

Lt. Gov. David Dewhurst also expresses concern about a college loan program.

said in a prepared statement.

"My office has been looking at a number of options to do so, and budget execution is, indeed, one way it may be handled."

Perry still stands by his veto on grounds that the two-year schools were using state money for health benefits for non-state employees, said the governor's spokeswoman Krista Moody. But he also believes community colleges are underfunded.

"The governor certainly welcomes input of legislators and is happy to work with the LBB towards meeting the needs of community colleges," she said.

The LBB is made up of Dewhurst, Craddick and eight lawmakers representing the House and Senate.

Dewhurst also said he's concerned about reports that the state's B-On-Time college loan program is short of funds to serve all eligible college students.

The program's no-interest loans are completely forgiven for students who graduate in a timely manner with acceptable grade-point averages of 2.5 or better.

It is not clear yet how much more money is needed to extend the loans to newly eligible college students who are the ones impacted by the funding shortage, Dewhurst said.

"I am committed to working with the governor and speaker to secure necessary funding for this program in order to provide as many of these loans as possible," Dewhurst said. "I believe data will show that more students stay in school and move to graduation under the B-On-Time loan program than under any other state grant or loan program."

[polly.hughes@chron.com](mailto:polly.hughes@chron.com)



Fort Worth

Star-Telegram JUL 26 2007

## Dewhurst seeks funding for community colleges

BY JAY ROOT

AUSTIN - Unless the state restores millions of dollars in community-college funding, Texans can expect local tax hikes, potentially huge tuition increases and restrictions on student enrollment, Lt. Gov. David Dewhurst warned Wednesday.

Dewhurst wants to use emergency spending authority to pump \$154 million back into community colleges around the state. Gov. Rick Perry vetoed the funds out of the two-year state budget, citing concerns that lawmakers violated technical provisions about how state dollars are to be allocated. If the colleges don't get the funding, Dewhurst said, they may have to raise local taxes, cut their budgets or lower the number of students let in.

"Without this money, there are in some cases double-digit tuition increases which are going to be necessary," Dewhurst said. In a letter to state senators, Dewhurst said he wants the state to act "before the impact of these funding cuts are felt."

Perry vetoed the \$154 million in funding, slated for health-insurance coverage for community-college employees, because he said it violated budget provisions that require those dollars to be spent uniformly among community colleges and universities. Dewhurst said he and his fellow top state leaders have the power to restore the funds without violating those budgetary restrictions.

They can do it by calling a meeting of the Legislative Budget Board and using its emergency spending authority to allocate the money. However, Perry must first agree on the funding decision, Dewhurst acknowledged. Perry spokeswoman Krista Moody said the governor "welcomes input" from fellow lawmakers but wants to ensure that any solution "aligns with the spirit of the law."

She said it was too early to say whether a board meeting was in the works.

The veto affects funding beginning in the 2009 fiscal year, which starts in September 2008. Tarrant County College officials are bracing for a \$9.2 million loss in funding that would've been allocated under the \$154 million appropriation, said Bill Lace, executive assistant to TCC Chancellor Leonardo de la Garza.

Lace predicted that most of the shortfall would be made up by cuts in the college's operating budget.

He didn't rule out moves to increase college district taxes or increase tuition in the spring or later. But he said the college would work to avoid that.

"The last thing the college or the board wants to do is try to finance this ... on the backs of our students," he said.

Jay Root reports from the Star-Telegram's Austin bureau, 512-476-4294  
jroot@star-telegram.com

## Dewhurst seeks help for colleges

By Brandi Grissom

AUSTIN -- Lt. Gov. David Dewhurst said Wednesday that help was on the way for community colleges, including El Paso Community College, fearing big budget cuts after a veto by Gov. Rick Perry last month.

In a letter to legislators, Dewhurst said he planned to convene lawmakers and school officials to come up with a way to get \$154 million back to the schools.

"We've got to solve this," Dewhurst said. He added that he wanted to prevent community colleges from having to increase tuition and property taxes and out back on student enrollment.

Perry vetoed about \$154 million from the state budget that was meant to help colleges pay for staff and faculty health insurance.

He said community colleges should pay for the insurance from money raised locally from tuition and property taxes.

EPCC officials said the veto would mean a \$6 million chunk out of their budget over the next two years.

Saul Candelas, EPCC vice president of research and development, said Dewhurst's call for a solution was welcome news.

EPCC officials have already imposed a hiring freeze and cut back on travel, and Candelas said staff and faculty have been asked to look for other ways to save money. "It's impacting many, many people, not just staff but students and student pro-

grams, because that money has to come from somewhere," he said.

In the letter Dewhurst sent to legislators, community college presidents and Perry, Dewhurst said he wanted to find a way to get the \$154 million back to the schools while still respecting Perry's concerns about how the money is appropriated. "I'm wide open on the solution," Dewhurst said.

Spokeswoman Krista Moody said Perry has already been working to get community college officials and the Texas Higher Education Coordinating Board to brainstorm about ways to fully fund the schools.

Any final plan for the colleges will have to be approved by Perry and by the Legislative Budget Board, made up of Dewhurst, House Speaker Tom Craddick and eight other legislators.

Dewhurst's letter came on the day that Texas Senate Democrats, including state Sen. Eliot Shapleigh, D-El Paso, sent a letter to Perry asking him to initiate action to restore the \$154 million.

"El Paso Community College is the fastest-growing community college in the U.S.," Shapleigh said. "We must have the resources to educate our young college students."

Brandi Grissom may be reached at  
bgrissom@elpasotimes.com; (512) 479-6606.

# Dewhurst: Restore funding for colleges

**\$154 million vetoed from budget was to be used for health benefits**

By **TERRANCE STUTZ**  
Austin Bureau  
tstutz@dallasnews.com

AUSTIN — Lt. Gov. David Dewhurst called Wednesday for restoration of \$154 million in funding for Texas community colleges that was vetoed last month by Gov. Rick Perry.

Mr. Dewhurst said he has asked the governor, legislative leaders and community college officials to try to reach an agreement on a plan that would allow the money to go to the state's 50 community college districts while addressing Mr. Perry's objections to the original appropriation.

The governor axed the \$154 million in funding — which was to

be used to pay for group health insurance premiums — because of what the governor said were gross overestimates of how many community college employees were entitled to state-paid health coverage.

Community college officials have blasted the governor for his veto, saying the loss of money would force them to consider tuition hikes, property tax increases and possible staffing cutbacks.

"We have seen a lot of bickering going on over the health insurance funding for our community colleges that was vetoed — and I have had enough of this," Mr. Dewhurst said. "I want to see the \$154 million go back into our community colleges. I don't want to see tuition increases, local tax increases or restricted enrollment."

"Whether we put it back in the [funding] formulas or work out a

hybrid solution that is acceptable to the Legislature, governor and community college presidents ... we need to get it done. This is not that complex."

Mr. Dewhurst said he would like to convene a meeting of the Legislature Budget Board in September or October to consider a plan that would restore the vetoed funds to community colleges. The board, comprises Mr. Dewhurst, House Speaker Tom Craddick and four members each from the House and Senate.

But restoration of the funds also requires the approval of the governor, whose concerns must be met, the lieutenant governor said.

Krista Moody, a spokeswoman for Mr. Perry, said the governor is ready to look at the situation again, but she emphasized, "Any proposal to address the concerns of community colleges needs to align with the spirit of the law."

Her reference was to a requirement that says state agencies can't use state funds to pay benefits for employees who are paid from sources other than state revenue.

Mr. Dewhurst said he has no particular plan to resolve the disagreement, adding, "I'm wide open on a solution."

He also said he would ask Mr. Craddick to join him in appointing a committee of lawmakers and college officials to consider various options, such as redirecting the vetoed money into the regular funding formulas for community colleges instead of earmarking it for health insurance payments.

In addition, he said, "If community college presidents want this \$154 million, they are going to have to help us find a solution. He also urged restraint by college officials in considering tuition increases and enrollment cutbacks "because help is on the way."

Corpus Christi  
Caller-Times JUL 26 2007

## Del Mar asks Perry to reverse insurance veto

By Israel Saenz

Del Mar College regents Tuesday adopted a resolution asking Gov. Rick Perry to reverse his June veto of \$1.54 million in employee health insurance funds for the state's 50 community colleges.

The veto means a loss of \$4 million in the 2008-2009 fiscal year at Del Mar College and a loss of \$1.5 million at Coastal Bend College.

Board President Chris Adler said the resolution, signed by President Carlos Garcia and regents, will be sent this week to the governor's office and symbolizes the board's unity with the state's other community colleges.

"The resolution is personalized to Del Mar College," Adler said. "It's a combined effort of all 50 colleges."

Lt. Gov. David Dewhurst sent a letter to legislators Wednesday asking the Legislative Budget Board to come up with a solution prior to the 2008-2009 fiscal year.

"I believe a meeting of the Legislative Budget Board this fall to consider budget execution is the most appropriate avenue for addressing this issue prior to the beginning of Fiscal Year 2009," the letter states.

The college's budget for the upcoming fiscal year will be set next month.

Contact Israel Saenz at 886-3767 or [saenzi@caller.com](mailto:saenzi@caller.com)

# Dewhurst seeks millions for community colleges

Lieutenant governor says board should restore vetoed funding

By Mark Lisher  
AMERICAN-STATESMAN STAFF

Tired of the bickering between Gov. Rick Perry and community college representatives, Lt. Gov. David Dewhurst Wednesday called for adding \$154 million in state funding for community colleges vetoed by the governor in June.

Dewhurst said he has asked House Speaker Tom Craddick, with whom he chairs the Legislative Budget Board, to convene the board in the fall with the goal of restoring the money taken out of the budget. Senate Democrats Wednesday joined Dewhurst in asking that the governor relent on a funding decision that has or will force community colleges to raise tuition or limit enrollments.

Perry welcomes solutions from legislators and community college administrators, his spokeswoman Krista Moody said Wednesday. The governor, however, stands firm in his contention that community colleges, not the state, are responsible by state law for funding the health benefits of their employees who are not salaried by the state. The \$154 million represents the health insurance part of the overall community college funding package the Legislature passed in the last session.

"I've had enough of this," Dewhurst said of the quarreling over the funding. "I want to see \$154 million go back into our community colleges. I don't want to see tuition increases, local tax increases or restricted enrollments."

Dewhurst offered no solution, instead calling on members of the Legislative Budget Board, the governor and higher education administrators to come together to increase funding while respecting the governor's stand on local contribution to health insurance funding. Dewhurst said he intended to ask for Craddick's support in convening the Legislative

## Budget Board.

While not specifically saying he will convene the board, Craddick issued a statement Wednesday saying that he is equally concerned about the budget stability of community colleges. "I agree that the issue of funding for community college health insurance is one that needs to be addressed in the near term," Craddick said. "My office has been looking at a number of options to do so. . . . I look forward to working with the lieutenant governor and

governor's offices to find the best way to proceed."

In a letter to Perry, Senate Democrats, reflecting the dire predictions of unhappy school officials, students and parents, asked the governor to consider the consequences of his veto. "The funding hole created by your veto either will be filled by those who are least able to afford it, or it will be erased by programs cuts at the colleges themselves," the letter said.

mlisher@statesman.com; 446-3663

**Amarillo**  
**Globe-News JUL 26 2007**

## **Lawmakers to address budget cuts**

By Enrique Rangel

AUSTIN - Amarillo College, South Plains College and other community colleges in West Texas and across the state got some good news Wednesday.

Lt. Gov. David Dewhurst sent a letter to the 31 members of the Texas Senate advising them to address by no later than this fall the \$154 million for community colleges that Gov. Rick Perry recently cut from the 2009 budget.

"I believe we have a tremendous opportunity to not only address the governor's concerns raised in relation to the proportionality issues but also to return the \$154 million to our deserving community colleges either by in part increasing the health insurance, funding the formulas or other means," Dewhurst, the leader of the Senate, wrote.

In the next few weeks he plans to convene a working group that would include Sen. Robert Duncan, R-Lubbock, other key senators and House members, Gov. Rick Perry's staff, other interested members of the Legislature and representatives from community colleges, Dewhurst said in the letter. A copy of the letter also was sent to Perry, House Speaker Tom Craddick, R-Midland, and all House members as well as the presidents of the 50 community colleges and the members of the Higher Education Coordinating Board.

The next step after the group meets is a meeting of the Legislative Budget Board, of which Dewhurst, Perry, Craddick, Duncan and Rep. Warren Chisum, R-Pampa, are members. The 10-member body recommends to the Legislature how the state

money should be spent and it can meet anytime, whether the lawmakers are in session or not.

Dewhurst's communications director, Mike Wintemute, said although his boss has not set a board meeting date, he would like it in September.

"The lieutenant governor believes that this is the will of the public, to solve the issue" as soon as possible, Wintemute said.

If that is the case, "we can work together toward a solution by the end of this year," Dewhurst said in his letter.

Because the document was released late in the afternoon, Steven Jones and Kelvin Sharp, presidents of AC and SPC, respectively, as well as Duncan, could not be reached for comment.

However, in recent interviews, Jones, Sharp and Duncan said they hoped the issue would be resolved long before the start of the 2009 budget so that the two-year institutions would not be forced to raise tuition or local taxes or make drastic cuts to make up for the loss of funds in case Perry's veto stands.

Duncan said at the time that he, too, thought the Legislative Budget Board could meet as early as September to address the issue.

"There is still time to take a look at this," he said. "It's money we can't afford to lose."

If no solution is found AC stands to lose \$3.8 million and SPC \$3.3 million.

Enrique Rangel can be reached at [enrique.rangel@morris.com](mailto:enrique.rangel@morris.com).

Waco

Tribune-Herald JUL 27 2007

## State legislators push Perry to erase budget veto

By Tim Woods

One day after Lt. Gov. David Dewhurst called for a legislative working group to study the issue, 47 Texas House Democrats pushed Gov. Rick Perry to restore \$154 million in appropriations for Texas community and junior colleges.

The schools lost the money when Perry issued a June 15 line-item veto that has been the source of much debate. McLennan Community College, one of 50 community colleges affected by the veto, will lose \$2.7 million over the next two years if the money is not restored.

Perry has appeared to remain steadfast in his contention that community colleges, not the state, are responsible under state law for funding the health benefits of their employees who are not salaried by the state. The \$154 million represents the health insurance part of the overall community college funding package the Legislature passed in the last session.

In a letter Thursday, the House members ask Perry to use his legal power to reverse the veto. The letter says the veto is tantamount to a "tax increase on middle-class Texans who are working hard to build better lives by obtaining a community or junior college education."

'Perry's unwise decision'

Rep. Jim Dunnam, D-Waco, said, "Gov. Perry's unwise decision to veto these funds will harm hard-working families. . . . Hopefully, he will see the light and correct his mistake."

Perry spokeswoman Krista Moody said Wednesday that "Gov. Perry has continuously proposed increased funding for our community colleges. . . . However, the governor wants to ensure that solutions to their concerns fall within the scope of the law."

MCC administrators and trustees already are planning the 2007-08 school year budget as if they will be without the funds, but are likely to make budget cuts that can be reversed if the veto is overturned. They also plan to raise tuition in the spring, another move school administrators say can be undone if the money is returned to their budget.

MCC president Dennis Michaelis said news of the letter is further encouragement, coming on the heels of Dewhurst's letter.

Michaelis said he appreciates the efforts of all legislators pushing the cause.

"Those 47 happen to be Democrats, but I know that — particularly those Republicans in the house who have community colleges in their district — Republicans are supporting this, too," Michaelis said. "We all have to be pretty encouraged that it's receiving this level of attention."

Cox News Service contributed to this story.

twoods@wacotrib.com

757-5721

**McAllen**

**Monitor JUL 27 2007**

## **Community college work group to include Zaffirini, Hinojosa**

Elizabeth Pierson Hernandez

BROWNSVILLE — At least two Rio Grande Valley senators are set to be part of a working group organized by Lt. Gov. David Dewhurst to restore \$154 million in community college funding that Gov. Rick Perry recently vetoed.

South Texas College, which serves Hidalgo and Starr counties, has said it would have to make up for the \$4 million cut to its 2009 budget by either raising tuition, increasing taxes or cutting programs.

The veto does not directly affect Texas Southmost College or Texas State Technical College.

Dewhurst said he doesn't want community colleges to take "drastic measures" such as raising taxes or accepting fewer students.

He called for a fall meeting of the Legislative Budget Board, which has authority to appropriate money if the governor agrees.

"I want this issue addressed now, in fiscal year 2008, before the impact of those funding cuts are felt in fiscal year 2009 by our community colleges," Dewhurst said in a Wednesday letter to senators.

He appointed a working group that includes state Sens. Judith Zaffirini, D-Laredo; Juan "Chuy" Hinojosa, D-McAllen; Steve Ogden, R-Bryan; Florence Shapiro, R-Plano; and Robert Duncan, R-Lubbock.

The group is also expected to include the office of the governor, community colleges, state House members and some state agencies. A solution should be come to by year's end, Dewhurst said.

STC President Shirley Reed said anger among state and federal lawmakers over Perry's veto leads her to believe the college will not have to make cuts.

"We're optimistic that the governor and other political entities will find a solution to this problem," Reed said. "There is such an outcry."

Perry vetoed the money because he took issue with the way community colleges pay for employee health insurance. Community college districts are supposed to use general revenue funds from the state to pay for insurance only in the same proportion they use state funds to pay for salaries.

Community colleges are using the money from the state to pay for health insurance even in cases where a faculty salary is paid locally, Perry said.

The governor stands by his decision to veto the funds, said spokeswoman Krista Moody. He does not think community colleges get too much money, but rather wants the money they do receive to be legally spent, she said.

"The governor wants to make every stride to be sure that community colleges continue to educate students," Moody said. "But he wants to make sure it's done within the law."

Hinojosa, a member of the Senate Finance Committee, said the governor's staff never brought the problem to the budget-writing committee during the five-month legislative session.

Hinojosa said he's not yet sure whether he agrees with the proportionality rule, but does not think colleges should lose money when the state has a surplus.

"We have plenty of money," he said. "This is not the time to reduce funding to community colleges."

Senate Democrats, including Hinojosa, Zaffirini and Sen. Eddie Lucio Jr., D-Brownsville, sent Perry a letter Wednesday calling for him to begin the process to funnel the money back to the colleges.

Seventy-two percent of college freshmen in Texas attend community colleges.

Elizabeth Pierson Hernandez covers the state capital for Valley Freedom Newspapers. She is based in Austin and can be reached at (512) 323-0622. For this and more local stories, visit [www.themonitor.com](http://www.themonitor.com)



# Community college leaders on edge

■ Dewhurst vows state will restore \$154 million in vital health aid

By MATTHEW TRESAUGUE  
HOUSTON CHRONICLE

Community college leaders urged state lawmakers Thursday to respond as soon as possible to Lt. Gov. David Dewhurst's call for restoration of \$154 million in funding for faculty and staff health benefits.

Dewhurst has indicated that legislative budget leaders could meet as soon as September, but the delay may force many community colleges to make tough financial decisions, such as increases in tuition and property taxes and enrollment cutbacks.

Texas law requires the state's 50 community colleges to submit their annual budgets by Sept. 1.

"We can't wait," said A. Rodney Allbright, president of Alvin Community College. "Our budgets need to be done."

Dewhurst spokesman Rich Parsons said community colleges can be assured of the money, and no immediate action is needed.

But some college leaders are skeptical after Gov. Rick Perry pulled the funding last month, saying the two-year schools overestimated how many employees were entitled to state-paid health benefits. College officials and many lawmakers have said they were blindsided by the veto, which represented 8 percent of the schools' state funds for the next two years.

The veto erases the second year of the community colleges' appropriation for group health insurance.

Facing a \$12 million shortfall because of the veto, Houston Community College already has cut spending by \$5 million for the upcoming academic year. Some other larger community college districts are waiting to see how lawmakers respond.

"I think this will be resolved," said John Pickelman, chancellor of the 46,000-student North Harris Montgomery Community College District, which faces the loss of \$10 million. "If it's not, then we will attack it in the second year" with tax rate increases of up to 12 percent and budget cuts.

But the smaller colleges can't wait, officials said, because it may take years to make up for the cuts.

"The smaller the school, the smaller the tax base, the tougher it is to recover that money," said Myles Shelton, president of Galveston College. "Any institution with less than 6,000 students needs to look at this over two years."

Perry's veto will result in a loss of nearly \$1 million for the 2,200-student college. Amid an

enrollment slump, Shelton said he is reluctant to increase tuition and fees, leaving a property tax rate increase as the most likely remedy.

Meanwhile, Alvin Community College will open a \$20 million health science building without new academic programs, such as physical and occupational therapy. The governor's veto represents a \$1.6 million cut, which leaves no money to hire faculty members for the programs, Allbright said.

To close the gap, he said, the college would need to raise tuition by as much as 80 percent, to \$54 per semester credit hour, or the tax rate by up to 18 per-

cent.

At Brazosport College, the loss of nearly \$1.4 million in state-paid health coverage represents 23 percent of its state funds — and 28 percent of the revenue generated from tuition and fees last year.

"When you see these numbers," said Millicent Valek, the school's president and chairwoman of the Texas Association of Community Colleges, "you realize it is wishful thinking that you can make up the loss locally."

Austin bureau reporter Peggy Fikac contributed to this report.

matthew.tresaugue@chron.com

**Galveston County**  
**Daily News JUL 27 2007**

## **Hope for community colleges' funds**

By Heber Taylor

The Daily News was among the voices in the chorus.

The veto left College of the Mainland on the hook for about \$2 million next year. Galveston College was facing the loss of more than \$900,000.

But one politician's beating may be another's chance for glory.

Lt. Gov. David Dewhurst, who is widely viewed as a leading candidate for governor, sent a letter to legislators this week saying that the Legislative Budget Board might find a way "to return the \$154 million to our deserving community colleges."

Dewhurst, arguably the strongest member of that powerful board, said: "Once resolved, I expect our final solution will dramatically improve the current funding situation in which the community colleges find themselves following the \$154 million veto, so I would encourage the community colleges to refrain from taking drastic measures at this time."

Dewhurst may be playing the role of the knight in shining armor for more than it's worth. But this is good news to community colleges that were looking at increasing property taxes and tuition.

## Dewhurst took lead in getting funds returned

Lt. Gov. David Dewhurst last week brokered the beginnings of a deal in which \$154 million in funding for the state's community colleges can be returned to the colleges, this after Gov. Rick Perry vetoed the amount from the state's budget following the recent Legislative session.

Dewhurst should be highly commended for his action to return the funding. The loss of the funds potentially could harm communities and students all over the state.

Without this money, the 50 community colleges across the state, including Victoria College and its loss of \$1.5 million from the veto, would have to increase tuition, or raise taxes, or limit the number of instructors and other staff, or limit enrollment, or implement all of these measures to make up the deficit.

Dewhurst said he was tired of the "bickering" about the issue and wanted the funding returned to the community colleges.

"Whether we put it back in the (funding) formulas or work out a hybrid solution that is acceptable to the Legislature, governor and community college presidents ... we need to get it done," Dewhurst said.

Tentatively, a meeting with the Legislative Budget Board is set for September or October to work out the details of returning the funding. Whatever solution is agreed on, it will have to meet the approval of Perry.

Indications from Gov. Perry are that he is willing as long as his concerns are satisfied.

Perry vetoed the community college appropriations in the state's budget, which was approved by the Legislature, because he said community colleges should not use state funds to pay insurance for community college employees, who are paid by some other source than the state.

Many community college leaders and members of the Legislature question why Perry didn't bring up his concerns during the Legislative session and get it resolved when members of the Legislature could work on the problem.

Despite that, Dewhurst recommends that community colleges delay any remedial action for the loss of the funds.

We praise Dewhurst for his stalwart leadership in getting the funding reinstated.

# Perry's folly

Governor's veto damages community colleges and contradicts his previous position.

**A**FTER supporting full funding for Texas community colleges during the legislative session, Gov. Rick Perry shocked educators and lawmakers by vetoing \$154 million earmarked for state-mandated health benefits for college employees. As a result, the institutions that provide the backbone of vocational and four-year university preparatory education face an unnecessary budgetary crisis.

Representatives of Houston-area community colleges met with the Chronicle's editorial board and painted a grim picture. The veto will cost the Houston Community College System \$11 million. HCCS Chancellor Mary Spangler stated the college will be forced to cut spending this year by \$5 million and another \$5 million next year. At a time when Texas needs to increase the number of residents pursuing higher education, HCCS and other colleges might be forced to raise taxes, tuition and fees.

Other area educators sketched out similar scenarios to cope with the reduction in state funding. Lee College President Martha Ellis said the loss of more than 5 percent of her operating budget will force cutbacks in new programs, student services and classes. To make up \$6 million, San Jacinto Community College faces raising property taxes by nearly 8 percent and tuition and fees by 10 percent.

Perry claimed he was vetoing the funding because it violated state law prohibiting state dollars from being used for health benefits for locally paid staff, but the money was approved by the Legislature. Perry also blamed community college leaders for attempting to pad the amount of money they could justifiably claim from the

state to cover employee health benefits, an allegation that North Harris Montgomery Community College Chancellor John E. Pickelman denied. Pickelman said that after the governor supported full funding for community colleges, "he vetoed his own message. What changes your mind in four and a half months?"

Fortunately, other top state officials see things differently. Lt. Gov. David Dewhurst has called for a meeting of the state Legislative Budget Board to provide alternate sources for the funding. "I want to see the \$154 million go back to the community colleges," Dewhurst told reporters. "I don't want to see tuition increases, local tax increases or [restricted] enrollments."

In a letter to the governor, 47 Democratic members of the Texas House stated, "Your ill-conceived veto is equivalent to a tax increase on middle-class Texans who are working hard to build better lives by obtaining a community or junior college education."

It is more than strange that an elected official who campaigned on a platform of cutting property taxes would cast a veto that is likely to result in the exact opposite. In an article justifying his veto, Perry noted that if community colleges are short on money, "they are empowered to raise taxes from the population they serve, not unlike a local hospital, school or utility district." Those who wind up shouldering higher tax bills will have no one to blame but the governor.

The veto of the community college appropriation is a blunder that needs to be reversed quickly before it damages the higher education system that Texas depends upon to create an educated work force and foster a vibrant economy.

# Perry veto may affect '08 races

CLAY ROBISON

**AUSTIN** — For what it is worth, Gov. Rick Perry is now the veto leader among modern Texas governors, and probably among all Texas governors. All vetoes, however, are not created equal.

Most of Perry's 208 vetoes, like those of his predecessors, have been forgettable. Legislative sponsors, affected interest groups or other concerned parties have moaned and groaned and then moved on.

But there have been notable exceptions, including Perry's veto in 2001 of a bill to ban the execution of mentally retarded convicts, which later was overridden, in effect, by the U.S. Supreme Court.

Among the 55 vetoes, including line-item budget strikes, that the governor issued this year, the one sparking the loudest and angriest reaction was his veto of \$154 million in funding for faculty and staff health benefits at community colleges.

### Impact on Republicans

Several weeks later, community college chancellors, presidents and board members are still outraged and still pleading their case with legislators, editorial writers and anyone else who will listen. And Democratic lawmakers, including House Democratic Caucus Chairman Jim Dunning of Waco, are pressing the issue.

There is a potentially large, negative political impact — not for Perry, who won't be on the ballot next year and maybe never again — but for a few Republican legislators who may find themselves with competitive Democratic challengers in 2008.

There are 50 community college districts throughout Texas, and most are still recovering, in one way or another, from state budget cuts imposed by the Legislature to bridge a multibillion-dollar revenue shortfall in 2003.

This veto, of course, wasn't the fault of any legislator. Perry struck the money because, he said, the two-year community colleges have been inflating the number of employees entitled to state-paid health benefits.

College officials have denied falsifying budget requests and say they will have to raise tuition, increase local property taxes or cut programs to make up for the vetoed funds, which amount to 8 percent of their state funding for the next two years.

The veto could play into the hands of Texas Democrats, who

in recent years have been trying to paint Republicans as anti-education. Democrats already are attacking Republicans over the 2003 budget cuts, a tuition deregulation law that has sharply raised the costs of attending four-year, public universities, and a GOP priority on property tax cuts over increased education spending.

It also could be argued with only limited imagination in a campaign mailout that the veto represents a retreat from lower property taxes because it could force some community colleges to raise their local taxes.

And, all the while, Texas is struggling to meet its goal for increasing the enrollment of Hispanics in higher education, a goal made more difficult by increasing college costs.

Besieged by complaints from community college officials and legislators, Lt. Gov. David Dewhurst has proposed that the Legislative Budget Board find a way to replace the funds. The LBB may come through, but its

recommendation would require Perry's approval.

As counted by the Legislative Reference Library, Perry's 208 vetoes, which include items struck from appropriations bills, put former Gov. Bill Clements in second place at 192.

Clements, a Republican who served two full terms, was governor when Democrats still had a majority of the Legislature. With a GOP legislative majority now, Perry, in many instances, has been striking down the work of his fellow Republicans.

### A change at Texas ACLU

Richard C. Alvarado of San Antonio has been appointed interim executive director of the American Civil Liberties Union of Texas, succeeding, at least for a time, Will Harrell, who recently quit to become an ombudsman for the inmates at the newly restructured Texas Youth Commission.

Alvarado, a retired nonprofit executive, will serve while the

ACLU of Texas' board conducts a national search for a permanent executive director. He will split his time between ACLU headquarters in Austin and his home in San Antonio.

Alvarado has been a member of the ACLU's Texas board for the past four years, most recently as vice president of development. He will take a leave of absence from that post.

### Top honor

Ann Arnold, president of the Texas Association of Broadcasters, will receive that group's first lifetime achievement award at an Aug. 9 gala in Austin.

A former state Capitol news reporter, Arnold became the first female press secretary to a Texas governor when she served on Gov. Mark White's staff during the 1980s. She has been TAB president since 1987 and is a veteran of numerous open-government fights before the Legislature.

clay.robison@chron.com

## Veto spurs House letter

By Enrique Rangel

The state's community college system has reason to be optimistic.

It looks as if the \$154 million Gov. Rick Perry vetoed last month stands a good chance of getting restored.

Perry is under growing pressure to restore the funding he cut from the 2009 budget and it's coming from everywhere, not just from the presidents of the 50 community colleges and the legislators who represent such schools.

Last week, the two-year institutions found a powerful ally in Lt. Gov. David Dewhurst, leader of the Texas Senate. Dewhurst wants to solve the issue as quickly as possible. For starters, he will soon convene a group of senators - including Sen. Robert Duncan, R-Lubbock - and other interested parties, including Perry's staff, to address the issue.

The day after Dewhurst went public with his pledge to help the junior colleges, Perry also received a letter signed by 47 House Democrats urging him to restore the funding. In addition, in a letter to House Speaker Tom Craddick, Rep. Jim Dunnam of Waco, leader of the House Democratic Caucus, urged Craddick, R-Midland, to get involved with Dewhurst and others in finding a solution to the problem.

Perry did not respond to Dewhurst's proposal or to the Democrats' letter. But in a recent op-ed article published in the Amarillo Globe-News and several other newspapers, he justified the veto on grounds that community colleges used deceptive methods to get the funding. The accusation outraged Amarillo College

President Steven Jones, South Plains College President Kelvin Sharp and other community college presidents, as well as Duncan and other legislators.

If Perry's veto stands, AC will lose \$3.8 million and SPC \$3.3 million.

Chisum goes to bat for Craddick again

Two months after the legislative session ended, Craddick's woes continue. Reps. Jim Keffer, R-Eastland, and Byron Cook, R-Corsicana, asked Texas Attorney General Greg Abbott to look into the constitutionality of Craddick's refusal to recognize House members who wanted to oust him in the waning days of the session.

So, Abbott invited the views of current and former lawmakers and the list included Rep. Warren Chisum, R-Pampa.

In a July 20 letter to the Attorney General, Chisum wrote "there is no such thing in the House rules as a 'motion to vacate the chair,' the procedure Craddick's opponents wanted to use to oust him.

Such a method does not exist "for a good reason," Chisum explained. "Creating a procedure to remove and replace speakers during a session could have adverse serious consequences. We would have a hard time getting our work finished during any session involving controversial matters, and that would mean all sessions."

Defending Craddick is nothing new for Chisum.

Before the 80th legislative session started on Jan. 9, when the dump Craddick movement seemed to be gaining

momentum, Chisum was the leading defender of the embattled speaker. And he went to bat for Craddick again during the final days of the session when some House members tried to topple the Midland Republican.

The conventional wisdom in Austin is that Craddick rewarded Chisum's loyalty with the chairmanship of the House Appropriations Committee, the most important committee in the Legislature. Craddick is in his third term as speaker but in his first two terms he did not appoint Chisum to any committee chairmanships.

Heflin sets open house

Want to know what was accomplished during the just concluded session or anything else about the Legislature or House District 85? If so, Rep. Joe Heflin hopes to see you between 2 p.m. and 4 p.m. Wednesday in his district's office. The Crosbyton Democrat will host an open house for his constituents.

"Since the close of the recent legislative session I have been traveling and meeting with the citizens of District 85," Heflin said in a statement. "I very much want to hear about the issues of concern to them, and I invite all of my constituents to come to the open house in Crosbyton." The address is 114 W. Aspen, Suite A.

Globe-News Austin Bureau Chief Enrique Rangel can be reached at [enrique.rangel@morris.com](mailto:enrique.rangel@morris.com) or by mail at P.O. Box 12457, Austin TX 78711-2457. His column appears weekly.

Corpus Christi  
Caller-Times AUG 01 2007

## Del Mar: Health-care notice doesn't affect budget

By Israel Saenz

Area community college officials say Lt. Gov. David Dewhurst's plan to address an employee health-care funding cut offers a glimmer of hope but does not change anything so far.

Trey McCampbell, chair of the Del Mar College Board of Regents Finance Committee, said that as officials form the budget for the 2007-08 academic year, they will operate on the notion that the college's share of the \$154 million in community college health-care funds Gov. Rick Perry cut for the 2008-2009 academic year is gone for good.

Del Mar College is set to lose \$4 million in funding from the cut; Coastal Bend College lost \$1.5 million.

"(Dewhurst's announcement is) very encouraging, but we need to plan as if we're not going to get any of the money," McCampbell said.

Dewhurst sent a letter to state legislators last week requesting that the Legislative Budget Board convene in the fall to address the health insurance cut and develop a solution that would restore some funding.

Officials with Perry's office stated, following the funding veto, that most of the state's 50 community colleges have been

receiving more than their lawful share of insurance funding in previous years. Dewhurst, in his letter, did not specify any possible solutions to community college's woes, but he did appear to rule out outright restoration of the \$154 million.

Joe Alaniz, Del Mar vice president for business and finance, said the college tentatively plans to raise tuition by \$1 per credit hour in the spring 2008 semester and reduce travel and equipment expenditures, in response to the possible need to make up for the funding.

Alaniz also said that while college staff requested a 3 percent cost-of-living raise, college regents approved a 1 percent raise. Alaniz said the college, which will set its budget by the end of August, has no plans so far to raise property taxes. Coastal Bend College also will set its budget by late August.

Coastal Bend College President Thomas Baynum, who took office last week, said the college has no plans to raise tuition or taxes, and that the proposed working group would allow community colleges to voice their concerns.

"This gives us a venue," Baynum said.

Contact Israel Saenz at 886-3767 or [saenzi@caller.com](mailto:saenzi@caller.com)

### Zaffirini seeking data on college insurance

AUSTIN — A Texas Senate leader for higher education is inviting budget experts and others to suggest how the state can help community colleges pay for group health insurance.

In the wake of a \$150 million budget veto by Gov. Rick Perry, Sen. Judith Zaffirini, D-Laredo, chairwoman of the Senate Higher Education Subcommittee, said Thursday that she would hold a hearing Aug. 14.

In June, Perry cut fiscal year 2009 state funding for community colleges' group health insurance, saying he believes some of the funds had been improperly used for nonstate employees.

Last week Perry, Lt. Gov. David Dewhurst and House Speaker Tom Craddick said they plan to call meetings this fall to find alternative ways for community colleges to fund employee health care contributions.

— From staff and wire reports



Fort Worth  
Star-Telegram JUL 03 2007

## Craddick: Restore college funds

BY JOHN MORITZ

AUSTIN -- Republican House Speaker Tom Craddick joined the head of the House Democrats on Thursday in calling for restoring community college funding that was stripped out of the budget by Gov. Rick Perry's line-item veto in June. But Craddick stopped short of embracing the Democrats' strategy for putting the money in the schools' hands.

Craddick, who seldom agrees with Waco Rep. Jim Dunnam, chairman of the House Democratic Caucus, said in a "Dear Jim" letter released by the speaker's office that he plans to "act quickly" to make sure that all or part of the \$152 million vetoed by Perry is returned to the colleges.

"I supported the original appropriation made by the Legislature for this purpose and, therefore, also support the restoration of these funds," Craddick said in his letter, a reply to one Dunnam had sent him calling for action on the matter.

Perry vetoed the Legislature's appropriation for the community colleges to pay 2009 health insurance premiums for their employees. He said the locally operated campuses have ignored a state law requiring the cost of employee benefit packages to be split proportionally between state funds and money generated by local taxes, tuition and fees.

The veto has sent local districts, such as the four-campus Tarrant County College District, scrambling to make up for the loss of state funds.

"We're looking at a loss of \$9.2 million," said Bill Lace, executive assistant to TCC Chancellor Leonardo de la Garza. "So the budget we are preparing to adopt on Aug. 29 is going to be little more bare-bones than it might otherwise be. Now if they are able to find a way to restore some or all of that money, maybe we'd be able to put some meat back on those bones."

In his letter, Dunnam urged Craddick to use his authority as co-chairman of the Legislative Budget Board to essentially nullify Perry's veto. Craddick said that the board, which has the

power to adjust the state budget while the Legislature is out of session, does not have the authority to override a veto.

But Craddick said the board might instead shift money earmarked for other projects so college districts are not on the hook for all of their employees' health insurance premiums in 2009. Lt. Gov. David Dewhurst, the other co-chairman, has also called for restoring the vetoed money.

Dunnam was unavailable Thursday and did not see the speaker's letter, an aide said. Perry spokesman Robert Black said any solution should include requiring local districts to pick up a proportional share of the cost.

Lace, whose district had a combined fall enrollment of nearly 35,000 and a work force of about 2,500, said local districts are "in a Catch-22."

"Because state funding for community colleges has been relatively flat for the past several years, we've been forced to raise more of our money locally to keep pace with the demand for services," he said. "Now we're being asked to take that locally raised money and put more of it into our employee health premiums."

### A closer look

Some facts about Tarrant County College:

Until 1999, it was known as Tarrant County Junior College.

The college comprises four campuses -- two in Fort Worth, one in Hurst and one in Arlington. A fifth, in downtown Fort Worth, is scheduled to open in 2010 and will accommodate up to 4,700 students.

The combined student population was about 27,000 in fall 2000; 32,650 in fall 2002; and 34,854 in fall 2006.

Source: Tarrant County College, [www.tccd.edu](http://www.tccd.edu)

John Moritz reports from the Star-Telegram's Austin bureau.

512-476-4294

[jmoritz@star-telegram.com](mailto:jmoritz@star-telegram.com)

# Craddick joins fight for funds

Speaker seeks to restore  
blocked college money  
without war of words

By KAREN BROOKS  
Austin Bureau  
kmbrooks@dallasnews.com

AUSTIN — House Speaker Tom Craddick said Thursday that he will work with state leaders to restore \$154 million in community college funding that was axed by the governor's veto pen.

In a friendly letter to political nemesis Jim Durnam, D-Waco, chairman of the House Democratic Caucus, Mr. Craddick declined to get into the war of words that has escalated since Gov. Rick Perry nixed the funds in June. Mr. Perry said colleges misrepresented the number of employees eligible for state-funded group health benefits.

Mr. Craddick, R-Midland, said he understands the governor's concerns and wants to work with him and Lt. Gov. David Dewhurst to restore the funding. But while agreeing philosophically with Mr. Durnam, he avoided the lawmaker's tacit invitation in a letter last week to criticize the veto as "ill-conceived."

"I can assure you we will be ready to announce a solution to this issue in the very near future," Mr. Craddick's letter says before concluding with a friendly send-off. "I hope this letter finds you and your family enjoying a wonderful summer."

Mr. Durnam, enjoying a vacation with his wife overseas, couldn't be reached for comment.

A spokeswoman for the governor said "no solution is off the table. ... He welcomes input from lawmakers and is working with community colleges" to address the issue.

Criticism of the veto in recent weeks has risen steadily from the colleges, Mr. Dewhurst and state and federal lawmakers.

Mr. Durnam had asked Mr. Craddick to use the Legislative Budget Board — which can make some budget decisions outside the Legislature — to push the governor into a reversal. Mr. Dewhurst and Mr. Craddick jointly chair that panel. Decisions still have to be approved by Mr. Perry.

Mr. Craddick said the board can't overturn a line-item veto, but he listed alternatives such as shifting funds with budget tricks to be dealt with in the 2009 session.

"Ultimately, [your suggestion] may be the method we choose," the letter says. "However, there are other options available to us that will accomplish the same result."

# Craddick seeks to restore college funds

House speaker says he will work to reallocate vetoed \$154 million

ASSOCIATED PRESS

Texas House Speaker Tom Craddick said he'll work with other state leaders to find a way to reallocate \$154 million in vetoed funds for community college health insurance.

Gov. Rick Perry vetoed the funds in June, drawing criticism from community college officials across the state. They have said they will have to consider tuition increases, local tax increases or restricting enrollment.

Perry rejected the money because of a provision that would have made health insurance allocations to college employees based on their salaries. He also said colleges misrepresented the number of employees eligible for state-funded group health benefits.

In a letter to Rep. Jim Dunnam, D-Waco, chairman of the House Democratic Caucus, Craddick said he understands the governor's concerns and

wants to work with him and Lt. Gov. David Dewhurst to restore the funding.

"I can assure you we will be ready to announce a solution to this issue in the very near future," Craddick, R-Midland, said in the letter.

Last month, Dewhurst wrote a letter to senators calling for the funding to be restored.

"I want this issue addressed now ... before the impact of these funding cuts are felt," Dewhurst said at the time.

A Perry spokeswoman said "no solution is off the table. ... He welcomes input from lawmakers and is working with community colleges" to address the issue.

Dunnam, who was traveling out of the country Thursday, had asked Craddick to use the Legislative Budget Board to push the governor into a

reversal.

The board, jointly led by Dewhurst and Craddick, can decide to reallocate the funds with a majority vote and agreement from Perry.

Craddick said the board can't overturn a line-item veto, but he said there are alternatives, such as shifting funds and then dealing with the issue during the 2009 session.

"Ultimately, (your suggestion) may be the method we choose," he said in the letter. "However, there are other options available to us that will accomplish the same result."

Amarillo

Globe-News AUG 05 2007

## Craddick, Dewhurst come to colleges' aid

Friends in high places come in handy at times.

Take, for instance, Texas House Speaker Tom Craddick's decision to intercede on behalf of Texas' community colleges, which were stung by Gov. Rick Perry's veto of \$154 million in college funds for the 2009-10 fiscal year.

Craddick has informed Texas House Democratic leader Jim Dunsen of Waco that the House leadership is now officially behind the effort to restore the funds to the community colleges. The speaker has all but locked arms with Lt. Gov. David Dewhurst, who said he plans to convene a meeting of the Legislative Budget Board, to work toward restoration of the funds.

Critics of the governor's veto - such as Amarillo College President Steven Jones - have blasted Perry for lumping all two-year colleges together in what the governor said was a deceptive method of obtaining the money for college operations.

Jones and other college presidents have taken serious umbrage at the governor's assertion, with one downstate college leader challenging the governor to make his case before a grand jury.

AC stands to lose \$3.8 million during the affected budget year. Jones has said the veto stung particularly hard because it is money the college already had planned to receive when it begins work on its budget.

The state says the right things about the value of higher education. The governor's veto, in the eyes of college officials, seems to send a contradictory message.

The timely Craddick and Dewhurst intervention should be welcomed by all Texans who share the view that community colleges have a key role to play in the state's vast higher education network.

# Perry's veto creating problems for colleges

Community college districts are scrambling to find ways to make up the lost funding.

Gov. Rick Perry's veto of \$154 million in funding for faculty and staff health benefits at community colleges could affect the pocketbook of most taxpayers in the state.

The funding veto does not mean the expense disappears from community college budgets.

It just means the districts will have to make up the difference through other means. That most likely will mean tuition increases or increases in property tax rates unless state leaders find another approach.

The state's 50 community college districts have launched a lobbying effort and engaged the help of their legislators in hopes of getting the governor to reconsider his actions.

Lt. Gov. David Dewhurst and House Speaker Tom Craddick are amenable to having the funding restored, but their votes on the Legislative Budget Board are not enough. They need the support of the governor on this one, and it is questionable that Perry will change

his mind.

Perry has said the community colleges are inflating the numbers of employees entitled to state-paid health benefits despite claims to the contrary from college officials.

That issue should have been resolved to the governor's satisfaction during the session. Perry's veto came after the session, limiting options for a remedy.

However, the firestorm sparked by the veto offers hope. Legislative hearings are on the way as a bipartisan group of lawmakers pushes for a resolution that doesn't leave colleges holding the bag.

The veto of the community college funds was one of 55 the governor exercised this summer. Community college officials say they were blindsided.

Community colleges are political lightweights, but that is no reason to shortchange the districts and their students.

Community colleges serve more than half the students enrolled in higher education institutions in Texas, totaling more than 1 million students a year.

Undermining their mission by cutting state funding and forcing them to scramble to make up the shortfall adversely affects the state's higher education goals.