



The Capitol
Austin, Texas 78711-2008
512-463-0001

David Dewhurst
Lieutenant Governor of Texas
President of the Senate

T 500-441-0073
FAX 512-463-0700
Email: LD@legis.state.tx.us

July 25, 2007

Dear Senators:

I have heard from many of you, and some such as Senators Zaffirini and Hinojosa have written editorials regarding Governor Perry's veto of \$154 million in funding for community college health insurance in Fiscal Year 2009. Community college officials and legislators around the state have also expressed concerns to me about the impact of this veto, which represents a huge cut to many of their community college budgets. As a result of the veto, some colleges are considering tuition increases, local tax increases or restricting enrollment.

Governor Perry's rationale for the veto is a rider in the General Appropriations Act that requires health insurance benefits be paid in the same proportion of state and local funds as an 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.

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. 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, when the impact of the veto is effective. Several Members of the Legislature and community college officials have proposed simply restoring the funding as it was appropriated in the budget. However, budget execution also requires approval from the Governor, and discussions with his office have indicated that any proposed solution must address the proportionality issue.

I believe we have a tremendous opportunity to not only address the Governor's concerns raised in relation to the proportionality issue, but also to return the \$154 million to our deserving community colleges either by in part increasing the health insurance rates, funding the formulas or other means. I plan to convene a working group in the next few weeks that includes Senators Ogden, Shapiro, Duncan, Zaffirini, Hinojosa and other interested Members, along with the Governor's office, the community colleges, Members of the House of Representatives and the appropriate state agencies, so we can work together toward a solution by the end of this year.

July 25, 2007
Page 2

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. As we work through this issue, we will definitely review actions taken by the community colleges as they set Fiscal Year 2008 budgets. If necessary, I would expect the working group to make recommendations on how to require tuition or local tax increases enacted in FY 2008 to address the veto to be rescinded.

Thank you for your interest in and commitment to this issue.

Sincerely,



David Dewhurst
Lieutenant Governor

cc: Governor Rick Perry
House Speaker Tom Craddick
Members of the Texas House of Representatives
Community College Presidents
Higher Education Coordinating Board

Senator Judith Zaffirini
Chair



Senator Rip Abernethy
Senator Dan Patrick
Senator Royce West
Senator Tommy Williams

Senate Higher Education Subcommittee

August 3, 2007

Dr. Larry M. Phillips, President
Angelina College
P. O. Box 1768
Lufkin, TX 75902-1768

Dear President Phillips:

Thank you for your leadership and for articulating effectively the impact on community colleges of Governor Rick Perry's veto of \$154 million for health insurance. I appreciate especially the op ed articles written by various presidents and the many favorable comments about mine. Because Lt. Governor David Dewhurst appointed me Chair of the Senate Higher Education Subcommittee (SHESC), Vice Chair of the Senate Finance Committee, and member of the Legislative Budget Board (LBB), I am in a strong position to continue to champion resolving this issue. To facilitate this effort, I will call a hearing of the Senate Higher Education Subcommittee at the State Capitol on Tuesday, August 14, at 10 a.m. in the Capitol Extension, room E1.036. I hope you will attend.

After meeting and discussing this problem with Governor Dewhurst, who chairs the LBB, I strongly believe that we will find a way to restore the \$154 million to community colleges. His July 25 letter to community college presidents underscored his commitment. We must ensure that proportionality will be addressed, however, so that Governor Perry will agree with a majority of LBB members regarding budget execution.

Please be aware that any community college actions, including tax and tuition increases, attributed to the governor's veto may impact funds received from any corrective action. Alternatively, funding might require rescinding those actions. Accordingly, I would appreciate your keeping me informed about any proposals that you are considering or decisions that your boards have made.

Alleviating the dire situation faced by community colleges because of this veto is at the top of my priority agenda. Count on me to work closely with you to identify the best possible solution. Feel free to contact me or Warren von Eschenbach, SHESC director, about this issue or whenever we can be of assistance.

May God bless you.

Very truly yours,

A handwritten signature in black ink that reads "Judith Zaffirini".

Judith Zaffirini

Senator Judith Zaffirini
Chair



Senator Rip Aberitt
Senator Dan Patrick
Senator Royce West
Senator Tommy Williams

Senate Higher Education Subcommittee

July 20, 2007

Dr. Mary Spangler, Chancellor
3100 Main Street
P.O. Box 667517, MC 1106
Houston, Texas 77266-7517

Dear Dr. Spangler:

Thank you for your letter relating to the appropriation for employee group insurance for community colleges. I share your shock and dismay about Governor Rick Perry's unwarranted and unexpected veto of this important legislation and his inaccurate and hostile veto message. Your taking the time to share a copy of your letter to Governor Perry with me is appreciated greatly.

As vice chair of the Senate Finance Committee and chair of the Senate Higher Education Subcommittee, I value and agree with your perspective. Given the growing need and burden on community colleges, the governor's veto is harmful to the state of Texas. Please know that I am working with Lt. Governor David Dewhurst and our colleagues who support this important funding to remedy the situation during the interim so that your institution and others are not penalized unfairly. My perspective is expressed in the attached Op-Ed article.

Feel free to call upon me or my staff whenever we can be of assistance. May God bless you.

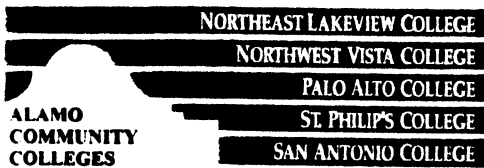
Very truly yours,

A handwritten signature in cursive script that reads "Judith Zaffirini".

Judith Zaffirini

JZ/vc

Enc.: Op-Ed Article by Zaffirini



Office of the Chancellor

201 W. Sheridan St., Bldg. B • San Antonio, Texas 78204-1429 • 210/208-8020

June 22, 2007

The Honorable Rick Perry
Governor of Texas
P.O. Box 12428
Austin, Texas 78711

Dear Governor Perry:

Texas is very fortunate to have a community college system that reaches virtually every resident in Texas and is acknowledged nationally as one of the most responsive community college systems in the nation. The "Closing the Gaps" challenge is being addressed primarily through the community college system. A strong Texas economy essentially is dependent upon training and re-training, educating and re-educating, not only the current Texas workforce, but the millions relocating to this state. You are correct to place a high level of expectation on higher education, and we have applauded your efforts to increase both accountability and incentives to achieve your vision and the vision of those who elected you for the future of Texas. The fulfillment of this challenge certainly will achieve your call for a highly educated and technically skilled workforce to meet the growing global competition which Texas faces.

We are stymied therefore, to understand many of the underlying reasons behind your recent vetoes as they relate to community colleges. First and foremost, we wish to clearly go on record that the Alamo Community Colleges are appropriately utilizing state health benefits dollars as stipulated by the legislature and deny any falsification of our appropriation requests. This stinging rebuke has the potential of tainting the integrity of the entire community college system. We, therefore, respectfully encourage you to reassess the basis upon which this accusation has been made. We have directed our Internal Audit staff to further review this matter, but sincerely believe that we made the necessary adjustments in the way these dollars are being used several years ago, when the allocation matter of health benefits was first raised. Actually, ACCD supplements the state's share by over \$1 million annually.

This is also the opportunity to point out that the community college group health insurance appropriation has been at 90%, compared to state agencies at 100%, a number of universities at 97% and the UT & A&M System Universities at 95%. The impact of the health benefit veto on our system is \$12 million. Because we are properly spending our state dollars, there is no reason for terminating this allegedly inappropriate allocation as suggested, and doing so would create a financial exigency that must result in higher tuition and/or taxes or dramatic reductions in our offerings, at the very time we are preparing to open new facilities, including a new college (these funds were also vetoed) authorized by

Letter to Governor Perry
June 22, 2007
Page 2

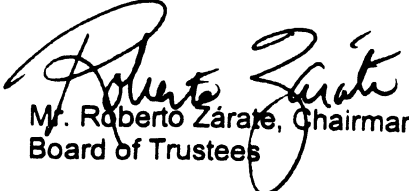
Bexar County taxpayers. This action is especially surprising as the legislature fully vetted this issue and agreed that community colleges should receive additional resources. This is particularly noteworthy at a time when, as you say, the funding process for higher education requires review and modification. The community colleges are your most cost effective educational system in the state and yet the emphasis continues to be on reducing state allocations which ultimately have the undesirable effect of reducing our ability to meet the needs of state residents at the level of quality desired and expected by you and the legislature.

Our request, Governor, is that you review the accusation of falsification of community college data, that you reconsider the veto of college health benefits and that you afford community college trustee leadership the opportunity to meet with you and discuss the issues that you have with the community college system in Texas. We wish, as a board and leadership team, to go on record with our sister community colleges to request that you allow us to work closely with you in addressing the issues you may have in order that we function as a more effective system of community colleges.

We ask that you reconsider these very substantial and drastic cuts at the time when there is every economic indication that a greater investment in community colleges will have a very positive leveraged impact on economic growth and development for the State of Texas as recently published by Dr. Perryman, especially as the majority of the "Closing the Gaps" solutions will take place through the community college system.

Thank you for considering our request. We look forward to an opportunity for you to meet with the trustees and presidents/chancellors of your community colleges.

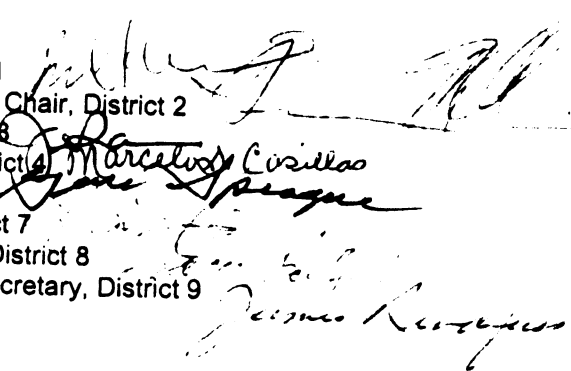
Sincerely,


Mr. Roberto Zárate, Chairman
Board of Trustees


Dr. Bruce H. Leslie
Chancellor

ACCD Board of Trustees

Dr. Bernard Weiner, District 1
Mr. Denver McClendon, Vice Chair, District 2
Ms. Jennifer Ramos, District 3
Mr. Marcelo S. Casillas, District 4
Dr. Gene Sprague, District 6
Mr. Charles J. Conner, District 7
Mr. Gary Beitzel, Secretary, District 8
Mr. James Rindfuss, Asst. Secretary, District 9



Letter to Governor Perry
June 22, 2007
Page 3

Copies to:

ACCD Board of Trustees
ACCD Chancellor's Executive Committee
State Senator Carlos Uresti, District 19
State Senator Judith Zaffirini, District 21
State Senator Jeff Wentworth, District 25
State Senator Leticia Van de Putte, District 26
State Representative Trey Martinez Fischer, District 116
State Representative David McQuade Leibowitz, District 117
State Representative Joe Farias, District 118
State Representative Robert Puente, District 119
State Representative Ruth Jones McClendon, District 120
State Representative Joe Straus III, District 121
State Representative Frank Corte, Jr., District 122
State Representative Michael Villarreal, District 123
State Representative Jose Menendez, District 124
State Representative Joaquin Castro, District 125



TEXAS COMMUNITY COLLEGE TEACHERS ASSOCIATION

State Office: 5113 Southwest Parkway, Suite 185 — Austin, Texas 78735
Toll-Free 1-800-288-6850 In Austin (512) 328-2044 Fax (512) 328-1086 E-mail: stateoffice@tccta.org

June 28, 2007

2007-2008 EXECUTIVE COMMITTEE

Theresa S. Mouchayleh

President
Austin Community College
Austin, Texas 78752
(512) 223-7748

Revis L. Bell

President-Elect
St. Philip's College
San Antonio, Texas 78203
(210) 531-3407

Andrea C. Zabel

Vice President
Midland College
Midland, Texas 79705
(432) 685-4646

Fred G. Newbury

Secretary
Richland College
Dallas, Texas 75243
(972) 238-6219

Annie J. Benfield

Treasurer
Tomball College
Tomball, Texas 77375
(281) 357-3761

Danita L. McAnally

Immediate Past President
Amarillo College
Amarillo, Texas 79178
(806) 371-5495

COMMITTEE CHAIRS

Laurie Passmore

International Development Committee
North Harris Montgomery
Community College District
The Woodlands, Texas 77381
(832) 813-6657

Linda R. Zientek

Legislative Committee
Blinn College
Brenham, Texas 77833
(979) 830-4437

Wendy A. Gunderson

Membership Services Committee
Collin County Community College
Preston Ridge Campus
Frisco, Texas 75034
(972) 377-1536

Brian K. Dille

Nominating Committee
Odessa College
Odessa, Texas 79764
(432) 335-6592

Patsy C. Lemaster

Member Support Committee
Amarillo College
Amarillo, Texas 79178
(806) 371-5254

Richard L. Elam

Professional Development Committee
Blinn College
Brenham, Texas 77833
(979) 830-4437

Hall Lee Ward

Public Relations Committee
Blinn College
Brenham, Texas 77833
(979) 830-4437

Anna Maria Mendiola

Student Services Committee
Blinn College
Brenham, Texas 77833
(979) 830-4437

Larol A. Lowe

Technology Committee
Blinn College
Brenham, Texas 77833
(979) 830-4437

R. K. Browshahi

Workforce Development Committee
Blinn College
Brenham, Texas 77833
(979) 830-4437

The Honorable Judith Zaffirini
The Senate of Texas
P.O. Box 2910—Capitol Station
Austin, Texas 78768

Dear Vice Chairman Zaffirini:

The Texas Community College Teachers Association is a professional association, consisting of approximately 6,000 faculty, administrators, counselors, librarians, and other educators on every community college campus in Texas. We are by far the largest organization of two-year college educators in the state.

We strongly take issue with the June 15 veto of the appropriations for employee health benefits for FY 2009. On this matter we are in full agreement with the Texas Association of Community Colleges.

The veto proclamation states that college leaders "falsified" their appropriation request. TCCTA members or staffers were present for all revenue hearings and we must respond emphatically that no falsification—or any sort of distortion—occurred. Certainly, there were differences regarding the issue of "proportionality," but college leaders were consistently straightforward and factual in their presentations—and members of the House and Senate ultimately accepted our point of view. I urge you to review the official record of the hearings of October 2 (the initial LAR request presented to the combined hearing of the LBB and Governor's staff), the hearing of the House Committee on Appropriations Subcommittee on Education on February 7, and the Senate Finance Committee hearing on February 8. You will discern readily that the position of community college leaders has not changed on proportionality since the concept first arose.

Our other point of contention, of course, is the veto itself, which will cause massive financial disruption on every campus in Texas. Precious revenue must now be diverted from instructional programs to comply with the statutory requirement (not to mention the moral obligation) to provide these benefits to educators. Furthermore, it is impossible to fathom how the goal of Closing the Gaps can now escape jeopardy. Most tragically, colleges will be compelled to raise tuition, slamming the door on the very cohort of students who are the vanguard of economic development in Texas.

CONTINUED...

RICHARD MOORE
Executive Director

CAROL FRICKE
Administrative Assistant

The Honorable Judith Zaffirini
The Senate of Texas
June 28, 2007
Page 2

Perhaps these are among the reasons the Governor's own original budget proposal included appropriations to fully fund health insurance benefits for community college employees.

Our reaction to the veto goes beyond disappointment. It is no exaggeration to state flatly that a sense of betrayal is spreading among the teachers and administrators charged with the most vital educational project of the next generation.

We are aware that policy options are limited at this point. Even if the next Regular Session enacts supplemental legislation correcting the situation by September 2009, colleges will have implemented their budget cuts in educational programs. It is our understanding, however, that the LBB possesses the authority to reinstate the funds. If this is correct, we strongly urge immediate action to do so. We urge you further to explore any other remedies that may be available.

We feel this controversy could have been avoided with better communication. TCCTA will continue to represent the interests of its members in a constructive fashion. Please contact our state office if you wish to have further information.

Sincerely,



Terry S. Mouchayleh
State President

ALAMO
COMMUNITY
COLLEGES

NORTHEAST LAKEVIEW COLLEGE

NORTHWEST VISTA COLLEGE

PALO ALTO COLLEGE

ST. PHILIP'S COLLEGE

SAN ANTONIO COLLEGE

Office of the Chancellor

201 W. Sheridan, Bldg. B.

San Antonio, Texas 78204

Phone: 210.208.8020

Fax: 210.208.8149

July 10, 2007

The Honorable Judith Zaffirini
Texas Senator
12702 Toepperwein Rd., Suite 214
San Antonio, TX 78233

Dear Senator Zaffirini:

"Sucker punched," "Surprised," "Blind sided," are some of the expressions that elected officials and community leaders statewide have used to describe Governor Rick Perry's veto of \$156 million of employee group health insurance for the state's community colleges. Attached is a copy of the letter the ACCD Board of Trustees sent Governor Perry regarding his \$12 million veto. To say we all were surprised by Governor Perry's veto would be an understatement. Throughout the entire legislative session, there was no indication of any issue and the Governor's budget recommendations contained the funds. To add to the financial woes created by Governor Perry, he accuses community colleges statewide, without substantiating evidence, of having falsified their appropriations requests. We have audited our records, deny this accusation and are disappointed at the Governor's unsubstantiated statements.

The Governor's veto is unprecedented. For 2009, all community colleges in Texas, including the Alamo Community Colleges, will receive no state support for employee group health insurance. Now, and unlike any other state organization, including universities, we are being unilaterally directed to cover 100 percent of these costs due to a complete withdrawal of state support. This is an 18 percent reduction of \$12 million from our annual appropriation of \$67 million in combined formula funding and group health insurance appropriations.

Community colleges account for over half of the higher education enrollment in the state, and not even a third of the higher education budget. In addition, community colleges account for 70 percent of all students in the state's initiative for "Closing the Gaps". We clearly cannot sustain this drastic loss of state aid in 2009 without increasing local taxes, dramatically raising tuition, and/or cutting \$12 million in programs and employee costs. ACCD's ability to meet expanding needs through our Capitol Improvement Program by opening our new Northeast Lakeview College and additional buildings across the system, as approved by local voters, all scheduled to come on-line in 2009 will be severely compromised.

Continuation
July 10, 2007
Page 2

Adding to the negative impact of Governor Perry's \$12 million veto, is the fact that he also vetoed legislation that would have provided our new Northeast Lakeview College \$1.3 million in new operating dollars necessary to address the growth in students anticipated as the new campus opens and new faculty and staff must be employed. Governor Perry's vetoes will, therefore, result in a total charge of \$13.3 million to our taxpayers and students, and the consideration of reduced services.

We appreciate the advocacy provided by our San Antonio legislative delegation in providing financial support to the Alamo Community Colleges. However, the Governor's actions lead us to express our disappointment with his \$13.3 million vetoes and request your support and assistance by joining us and the state's community leaders in communicating to the Governor the necessity of reinstating these funds, and ensuring the continued viability of the Alamo Community Colleges and our sister institutions across Texas.

Sincerely,


Dr. Bruce H. Leslie
Chancellor

**Alamo
Community
College District
Foundation, Inc.**

**ACCD Office of
Institutional Advancement**

201 W. Sheridan, Suite C-3
San Antonio, TX 78204-1429
(210) 208-9106

Board of Directors

Jackie Van De Walle
CHAIRMAN

Tino Duran
VICE CHAIRMAN

Marty Gonzalez
SECRETARY

Ralph F. Wells, M.D.
TREASURER

Roland C. DuBay, CFRE
EXECUTIVE DIRECTOR

Gloria M. Bryant
P. Gus Cardenas
Kathryn David
Edwin T. McQuiston
George Ozuna, Jr.
Alvaro Rodriguez, Jr.
Roberta Tiner
Paul Young
Susan Young

Directors Emeriti

Cynthia L. Beverage
Audryane Castro
Anthony Edwards
Ruben Escobedo
William E. Greshney
Catherine Jung
D. Ford Nielsen, D.O.S.
Michael J.C. Roth, CPA

Dr. Bruce H. Leslie
CHANCELLOR
Alamo Community
College District

Roberto Zarate
CHAIRMAN
ACCJ Board of Trustees



*Serving the students,
faculty and staff of...*

St. Philip's College
San Antonio College
Palo Alto College
Northwest Vista College
Northeast Lakeview
College

July 10, 2007

The Honorable Rick Perry
Governor of Texas
P.O. Box 12428
Austin, Texas 78711

Dear Governor Perry:

The Alamo Community College District Foundation, Inc. is a charitable 501(c)(3) organization established in 1984 to assist the Alamo Community Colleges in securing private sector support in the face of diminishing relative public funding from the State of Texas. The Board of Directors is comprised of community business and civic leaders who volunteer their time and service to the improvement of educational excellence and access of students in Bexar County and seven (7) surrounding counties. Although we have been progressively successful in our efforts to increase enrollments through expanding scholarship opportunities, the difference made through charitable gifts has not been sufficient to offset the relative decline in State funding support. Your recent veto of several funded programs and initiatives the Legislature had approved for the state's community colleges furthers this gap.

We therefore unanimously urge you to reconsider several of your recent vetoes affecting the success of our community colleges. Specifically, we ask you to reconsider the vetoes that reduced (1) \$12 million in health care support for community college employees, and (2) \$1.3 million in new campus funding for the high growth Northeast Lakeview College. The first reduction is a major concern from both an equity and an economic standpoint. Community colleges have historically received less than their sister universities in the percentage of group health insurance coverage supported through legislative appropriations. Your veto widens that gap. More importantly, community college employees as a group receive lower salaries and wages than the employees at their counterpart universities, resulting in a greater burden upon the community colleges to ensure loss in health care support is not unduly passed on to an employee who often can ill afford the additional costs.

Page 1 of 3

The second reduction is of concern because Northeast Lakewood College, as a high growth college, is rapidly exceeding enrollment capacity. The burgeoning demand for higher education access in the Austin-San Antonio corridor has made this community college an institution of choice for many. The cost of success should not be rewarded with a reduction in the funds needed to accommodate growth.

Additionally, we are concerned with your \$1/2 million elimination of the Student Pathways Project that the Alamo Community Colleges had developed in conjunction with the University of Texas at San Antonio and five (5) Bexar County area school districts. This effort, modeled after a very effective national program, promises to create a systemic approach for gathering the needed longitudinal and comparative data from which legitimate assessments can be made regarding student success factors. To assure us of the effectiveness of taxpayer dollars, accountability measures based on assessments grounded in systematically acquired data is essential. The Student Pathways Project is a proven methodological approach that would, in the long run, cost us less by reducing the need for remediation.

The Alamo Community Colleges presently serve 75,000 students and this number is growing annually. The curricula at the various college campuses vary and there are articulation agreements with most of the Texas universities such as the University of Texas at San Antonio and UT System, Texas A&M Kingsville, Texas A&M College Station, Incarnate Word University, University of Texas Health Science Center and Our Lady of the Lake University, just to name a few. ACC does the training and re-training for Texas' workforce as well as first response/911 training (fire, police, ambulance, air traffic controllers). I like to tell people we cover training "from the womb to the tomb" (nursing & medical technologies to mortuary science). This statement may sound like a joke, but is serious in nature. The community colleges are also challenged with a very high percentage (70%) of supplying all remedial classes in preparation for any college.

Governor Perry, we sincerely request that you agree to meet with the leadership of our community colleges that an open and candid dialogue may occur that would address the issues underlying your vetoes of the above funding. We recognize your long-standing support for education, accountability in public spending, and economic growth for our great State of Texas. We especially acknowledge the integrity with which you have carried out the duties of your high office, and only ask at this juncture that you grant an audience with our community college representatives that they may, as well, convey their own positions of trust.

Page 2 of 3

On a personal note, please give my regards to your wife, Anita. I fondly remember you and Anita graciously serving as the Grand Marshals for the San Antonio Stock Show & Rodeo Western Parade, followed by the Fighting Texas Aggie Band, which I coordinated. Wishing you all the best, I am sincerely yours,

Jackie Van De Walle
Jackie Van De Walle
Chairman of the Board

Copies to:

ACCD Foundation Board of Directors
ACCD Board of Trustees
ACCD Chancellor and Chancellor's Executive Committee
State Senator Carlos Uresti, District 19
State Senator Judith Zaffirini, District 21
State Senator Jeff Wentworth, District 25
State Senator Leticia Van de Putte, District 26
State Representative Trey Martinez Fischer, District 116
State Representative David McQuade Leibowitz, District 117
State Representative Joe Farias, District 118
State Representative Robert Puente, District 119
State Representative Ruth Jones McClendon, District 120
State Representative Joe Strauss III, District 121
State Representative Frank Corte, Jr., District 122
State Representative Michael Villarreal, District 123
State Representative Jose Menendez, District 124
State Representative Joaquin Castro, District 125

Page 3 of 3