

SUBJECT: Lamar University System transfer to Texas State University System

COMMITTEE: Higher Education — committee substitute recommended

VOTE: 8 ayes — Rangel, Ogden, Gallego, Goolsby, Harris, Kamel, Reyna,
Rodriguez

0 nays

1 absent — Moreno

WITNESSES: (*On original version*)

For — Former State Rep. Wilhelmina Delco; Dr. Donna Birdwell-Pheasant and Dr. Larry Allen, Faculty Senate, Lamar University-Beaumont; Dr. Ronald Fritze, Dr. Mary Alice Baker and Dr. Bruce Drury, Lamar-Beaumont; Lonnie Arrington and James Stokes, Beaumont Chamber of Commerce; George Talbert, Mobil Corp., and seven others.

Against — Mark Steinhagen, Steinhagen Oil Company; Carroll Conn Jr., Texas A&M College of Business; Kent Adams, Jefferson County Republican Party; Michael Ramsey, Lamar University Board of Regents; Lanny Haynes, Lamar University System; the Rev. Joe Saffle, Citizen Coalition for the Preservation of Lamar University System; Carl Thibodeaux, Orange County; Arthur Guidry, City of Port Arthur; Dan Cochran, City of Orange; Jeb Reed, Student Government Association, Lamar-Orange; Bob Shinn, Lamar Foundation at Orange; the Rev. Raymond Scott, National Association for the Advancement of Colored People (NAACP), Port Arthur Branch; Karen Priest, Faculty Senate and Staff Advisory Committee, Lamar University-Orange; Marcus Williams, Student Government Association, Lamar University-Orange; Steven Hale, Greater Port Arthur Chamber of Commerce; Bill Worsham, City of Port Arthur; Janet Hamilton, Lamar Nursing Students, Lamar University-Orange; Harry Corbett, Greater Orange Area Chamber; Terry Stuebing, Bridge City Chamber of Commerce; Alice Carter and Kathe Gardner, Lamar University Institute of Technology; Robin Roberts, John Gray Institute, Lamar University System; Alice Branson, Faculty Senate, Lamar University-Port

Arthur; Don Burgess, Lamar University Orange Foundation; Barbara Batty, Port Arthur Chamber of Commerce, and eight others.

On — Lamar Urbanovsky, Texas State University System; Dr. Don Brown, Texas Higher Education Coordinating Board.

BACKGROUND: The Legislature in 1983 created the Lamar University System, which includes Lamar University-Beaumont, a four-year college with two educational centers: Lamar University-Port Arthur and Lamar University-Orange, which offer two-year programs and accept freshman and sophomore students only. The institutions are supported by the Higher Education Assistance Fund (HEAF), which was created under Texas Constitution Art. 7, sec. 16. The Lamar system also supports the Lamar University Institute of Technology and the John Gray Institute. The Lamar system has about 14,000 students.

The Texas State University System (TSUS), in existence since 1911 under various names, consists of four state universities: Angelo State University in San Angelo, Sam Houston University in Huntsville, Southwest Texas State University in San Marcos, and Sul Ross University in Alpine, which also includes campuses in Del Rio and Eagle Pass. The system has about 43,000 students. The schools receive funding under the HEAF.

The systems are both governed by nine-member boards of regents who are appointed by the governor and confirmed by the Senate for six-year terms.

DIGEST: CSHB 2313 would abolish the Lamar University System and transfer Lamar University-Beaumont, Lamar University-Orange, Lamar University-Port Arthur and Lamar University Institute of Technology to the Texas State University System (TSUS). The bill would officially establish Lamar University Institute of Technology (LUIT) and authorize it as a degree-granting institution.

The TSUS board would have all necessary authority to govern and manage the Lamar schools, and appropriations would be transferred and earmarked for use by these universities under the TSUS. All contracts and written obligations, including bonds on behalf of Lamar University and its other campuses, would be ratified, confirmed and validated under the TSUS.

Student credit hours would fully transfer, and faculty and staff employment status would be unchanged. The bill would guarantee that other funds, gifts, and endowments are held for the benefit of Lamar University and its other campuses under the TSUS.

The TSUS governing statutes (Education Code sec. 96) would be amended to increase the size of the board of regents from nine to 12 members, each holding office for six years. The terms of the three new members would be staggered and expire in 1997, 1999 and 2001. The terms of four members of the new board would expire February 1 of each odd-numbered year. A majority of the board's membership would constitute a quorum.

The TSUS board would be authorized to manage Lamar University and its other campuses and to create the Spindletop Memorial Museum at Lamar.

The bill would authorize the TSUS to charge each student enrolled at Lamar University or any of its other campuses a student fee of no more than \$70 per semester and no more than \$35 per summer session. Any fee increases would require student approval.

The bill would take immediate effect if approved by two-thirds of the membership of each house.

**SUPPORTERS
SAY:**

Joining the long-established Texas State University System (TSUS), would give Lamar University and all its campuses a statewide presence and would provide them a wide range of benefits. The presidents of Lamar-Beaumont, Lamar-Orange and Lamar-Port Arthur would report directly to the TSUS board of regents and continue to enjoy autonomy and influence just as they now do but under a more cost-effective system administrative structure.

Other schools with separate boards of regents, such as the University System of South Texas (Texas A & I University, Laredo State University and Corpus Christi State University), Pan American University and West Texas State University, have in recent years merged with larger systems in the interest of efficiency and to broaden their opportunities, and the Lamar campuses would reap similar advantages. TSUS maintains a much more efficient budget system with fewer employees. For example, TSUS spends just \$17 per student on administrative costs, compared to \$71 at Lamar.

The increased enrollment resulting from this change by broadening the vision of the Lamar campuses beyond solely serving Southeast Texas would help boost the local economy. The universities under the TSUS pool their resources to recruit quality students. Joining the TSUS would help Lamar increase student enrollment while adopting the Legislature's mandate that Lamar expand its student base worldwide.

Federal and state funding would increase under the merger. Additional federal funds would be available to the Lamar University Institute of Technology (LUIT), which would enjoy the benefits of being a separate degree-granting institution authorized in state law. The Lamar campuses at Port Arthur and Orange would not lose federal funding if a merger occurs. A report by the state commissioner of higher education found no indication that federal grants would be adversely affected if Lamar were under the TSUS.

Lamar University-Port Arthur and Orange would continue to retain their state-supported and tax-exempt status. Furthermore, Lamar campuses have traditionally received considerable special-item funding due to Lamar's research-oriented mission. Placing Lamar under the TSUS would only enhance its educational mission and avert the prospect of damaging budget cuts due to questions raised about administration of the Lamar system. A savings of more than \$1 million annually in administrative salaries resulting from the consolidation would free funds for important projects, like the renovation of the university library at Lamar-Beaumont.

Evidence of poor management in the Lamar University system has been brought to light by objective studies, including a State Auditor's Office report in 1993. The audit cited many problems with the system: inadequate cash management, weak financial and automation controls, ineffective monitoring of management and financial activities and lack of attention to prior recommendations for improvement, and other problems.

While some progress has been made by the Lamar system to solve its problems, micromanagement by the board of trustees continues to plague the system's development. About \$6 million was spent over the past 10 years on system administration, which could have been better invested on education programs.

A decrease in student enrollment, a financial crisis and administrative turnover have led to the system's decline. For example, student enrollment has declined 11 percent or a loss of nearly 1,700 students since 1983; the auxiliary fund, collected from student fees, has a \$1.2 million deficit; and the school has had more than 20 chancellors, presidents and vice presidents.

Local control of the Lamar system has often resulted in political fights that have not benefitted any of the Lamar campuses, especially Orange and Port Arthur. On the other hand, the universities and communities under the TSUS have been very positive about the board's governance of their campuses, including two year campuses at Uvalde, Del Rio, and Eagle Pass. More than anything the Lamar campuses need stable, efficient administration, and the TSUS would help provide it.

**OPPONENTS
SAY:**

The Lamar system was established in response to the needs of Southeast Texans; merging the system with the TSUS would dilute the influence of Southeast Texas and result in a loss of local control and federal money. Lamar University is the most important asset to the people in Southeast Texas. Making a change of this magnitude, with so much at stake, requires more deliberation. The potential adverse impact of abolishing the Lamar University System needs to be studied and analyzed further before any major decision to merge with any other system is made, both in the interest of efficient management and to reassure the students, faculty and local residents who would be more directly affected by the change.

Other institutions that have merged with university systems had the opportunity and time to conduct studies before a merger was considered. A two-year study should be undertaken and the system given a chance to correct its past problems. If these problems persist or Lamar is perceived to have not rectified them by 1997, then a merger with the TSUS, the University of Texas, Texas A&M or any other system could be considered.

Administrators and regents are taking action to increase enrollment, cut costs and improve all Lamar campuses. There has not been any proof that changing to the TSUS would enhance the school's reputation or attract more money to Lamar.

The Lamar system has obtained many types of state and federal aid that it would not have received under the TSUS. For example, Lamar University at Orange and Port Arthur are formula-funded systems that would not qualify separately for the Higher Education Assistance Fund, an estimated potential loss of nearly \$26 million dollars over the next decade, had they been under another system.

Lamar University-Orange and Lamar University-Port Arthur are meeting the needs of a diverse population by offering courses to older and disadvantaged students. Many of these students plan to continue their education at Lamar University-Beaumont and obtain their degrees. The campuses also provide many opportunities for students who may not otherwise have the money to pay for their education. Their status would remain in doubt without the a Lamar system administration responsive to regional needs.

Merely merging with another system would not guarantee increased enrollment at the Lamar campuses nor more efficient administration. Maintaining a separate system would focus attention on the unique problems faced by the Lamar campuses and allow greater accountability for making improvements.

By having its own board of regents, Lamar University can have more legislative influence in obtaining funds. If merged, area regents would be in a minority on the board and would have to compete for attention with four or five other entities.

Excellent programs, like a Minority Scholarship Program and the Governor's School for Gifted and Talented Children have been established at Lamar University. It is doubtful whether any of these innovative programs would continue if Lamar were under the TSUS.

NOTES:

The original version of HB 2313 did not include "educational centers" in sections on transfer of authority. The substitute added them and also clarified that the TSUS board of regents' authority would not be limited.

CSHB 2313 clarified that Lamar University would be managed by the TSUS board. The substitute also would allow the Lamar Institute of

Technology to be a separate degree-granting institution. CSHB 2313 would reestablish the Hazardous Waste Research Center and the Texas Academy of Leadership in the Humanities under new sections of the Education Code without any substantive changes.

The Legislative Budget Board estimates an additional cost of \$325,000 per year for two full-time equivalent employees (FTE) under the merger to the TSUS. It also projects an estimated savings of \$384,000 by abolishing the Lamar system, with a reduction of nine FTEs.

The companion bill, SB 986, by Galloway, has been referred to the Senate Education Committee.

Student center fees at Lamar University-Beaumont are \$30 per student for each long semester and \$15 per student for each summer session. Student center fees at Lamar University-Orange and Port Arthur are \$25 per student for each long semester and \$12.50 per student for each summer session. Student center fees under the Texas State University System (TSUS) are \$70 per student for each long semester and \$35 per student for each summer session.