

SUBJECT: Enrollment threshold for Texas A&M-Central Texas tuition revenue bonds

COMMITTEE: Higher Education — favorable, without amendment

VOTE: 8 ayes — Morrison, McCall, F. Brown, Alonzo, Aycock, D. Howard, Patrick, Rose

0 nays

1 absent — Giddings

WITNESSES: For — John Fisher, Central Texas University Task Force; (*Registered, but did not testify*: Ellen Marie Aycock; Terri Batschelet; Diane Connell; John Crutchfield, Greater Killeen Chamber of Commerce; Connie J. Green, City of Killeen; Robert W. Hoxworth; Maureen J. Jouett; Patton Kaufman; Marisa Martin, Scott & White; Marc A. Nigliazzo; William H. Parry, Central Texas University Task Force; Terry Tuggle)

Against — None

On — Carol Raney, Texas Higher Education Coordinating Board; David Rejino, The Texas A&M University System

BACKGROUND: The Tarleton State University System Center - Central Texas (Tarleton-CT) in Killeen was established in 1999 and will become Texas A&M University - Central Texas (TAMU-CT) when a statutory student enrollment threshold is met. Education Code, sec. 87.861(d) states that TAMU-CT may not operate as a general academic institution until the Texas Higher Education Coordinating Board (THECB) certifies that enrollment at Tarleton-CT has reached 1,000 full-time students.

Tuition revenue bonds (TRBs), for which higher education institutions pledge future revenue (tuition and fees) for repayment, are issued to fund capital projects such as institutional construction, renovation and repair projects, equipment, and infrastructure. The Legislature must authorize issuance of TRBs and typically appropriates general revenue to reimburse institutions for the tuition used to pay the debt service.

HB 317
House Research Organization
page 2

During its third called session in 2006, the 79th Legislature authorized the issuance of TRBs for \$25 million for TAMU-CT. Education Code, sec. 55.1751(d) states that the Texas A&M University System may not issue the bonds for facilities at TAMU-CT until THECB certifies that the enrollment has reached 1,500 full-time students for one semester. The TRB would be used to plan, construct, furnish, and equip new facilities on land conveyed to the Texas A&M University System for the new campus. If enrollment was not reached by January 1, 2010, the system's authority to issue bonds for Texas A&M University - Central Texas would expire on that date.

DIGEST: HB 317 would amend Education Code sec. 55.1751(d) to allow the Texas A&M University System to issue bonds for facilities at Texas A&M University - Central Texas when the Texas Higher Education Coordinating Board certified that enrollment at the Tarleton State University System Center - Central Texas in Killeen had reached 1,000 full-time students.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

SUPPORTERS SAY: HB 317 would align the threshold to issue TRBs with the threshold for enrollment and hasten the funding mechanism necessary to construct TAMU-CT's administration and instructional facilities. TRBs were authorized in 2006 for TAMU-CT, but the school is not eligible to receive the bonds until it reaches an enrollment of 1,500 full-time students for one semester. TAMU-CT will be able to operate as a general academic institution when its enrollment reaches 1,000, and HB 317 would align the two enrollment thresholds.

According to THECB, the population of the Central Texas region is projected to increase from 2,309,972 people in 2000 to more than 3 million in 2015, a 35.7 percent growth. An increasing number of students wishing to attend a public university will mean more need for educational opportunity, and TAMU-CT could help accommodate the expanding demand. Also, there is not another state university without a capped enrollment for 100 miles.

Currently, all available space is fully utilized, and options for responding to the need for more space are limited. The school is renting and

borrowing classroom space from the local independent school district and a community college, and because these institutions have priority use of their facilities, most of Tarleton-CT's classes currently must be held after 4 p.m., which seriously hampers students' progress.

The local community is fully behind expanding the school, especially Fort Hood. The school is important to the quality of life for the soldiers and their families. Many soldiers choose to stay in the area after completing their service and the school provides access to higher education opportunities for them and their families. Ft. Hood contributes \$6.09 billion a year to the state of Texas, creating more than 50,000 jobs in the area. There are more than 224,000 retirees, families, and survivors, many of whom wish to pursue higher education.

The demographics of the student population are diverse and reflect the population of the area. Many of the students are considered non-traditional, meaning they probably are employed and older than average students, and about 40 percent are non-Anglo. Expanding the facilities would enable more students to attend, addressing an integral part of Closing the Gaps in participation by under-represented groups of students.

OPPONENTS
SAY:

Tarleton-CT has not experienced significant growth during the last four years, and the student enrollment has remained relatively constant during this period. This indicates that the center is appropriately serving the area's educational needs. If it were to reach the enrollment threshold to become TAMU-CT, a stand-alone institution, by lowering the enrollment threshold for issuing TRBs to fund new facilities, it may not generate sufficient formula funding to sustain an institution of high quality.

NOTES:

According to the Legislative Budget Board, the bill would move issuance of these previously authorized TRBs to 2008. The debt service would be \$2.1 million per year during fiscal 2008-09, assuming the threshold number of students was met.

HB 1668 by Aycock, which also would allow the issuance of previously authorized tuition revenue bonds for Texas A&M University-Central Texas when the THECB certified the enrollment at the Tarleton State University System Center-Central Texas in Killeen reached 1,000 full-time students, passed the House by 143-0 on April 23. HB 317 would take immediate effect if it received the necessary vote of approval, while HB 1668 would take effect September 1, 2007. The companion bill to HB

1668, SB 212 by Fraser, has been referred to the Senate Finance Committee.

HB 589 by Aycock, which would lower the threshold for Tarleton-CT to become TAMU-CT, a stand-alone general academic teaching institution, be changing the methodology by which student enrollment was calculated, passed the House by 143-0 on April 23.