

SUBJECT: Establishing a Texas State Technical College campus in Fort Bend County

COMMITTEE: Higher Education — committee substitute recommended

VOTE: 8 ayes — Zerwas, Howard, Clardy, Crownover, Martinez, Morrison,
Raney, C. Turner

0 nays

1 absent — Alonzo

WITNESSES: For — Evalyn Moore, City of Richmond; Vincent Morales, City of
Rosenberg; (*Registered, but did not testify*: Mike Meroney, Huntsman
Corp., BASF Corp., and Sherwin Alumina Co.; Felicia Wright, Texas
Association of Builders)

Against — None

On — Betty McCrohan, Wharton County Junior College; (*Registered, but
did not testify*: Steven Johnson, Texas Association of Community
Colleges; Rex Peebles, Texas Higher Education Coordinating Board;
Jonathan Hoekstra, Texas State Technical College; Michael Reeser, Texas
State Technical College System)

BACKGROUND: Education Code, ch. 135 governs the Texas State Technical College
(TSTC) system, which provides technical-vocational education for which
there is demand in the state. The college, which offers certificate and
associate degree programs, has campuses in Harlingen, Marshall and
Waco, as well as a campus serving West Texas with permanent locations
in Abilene, Breckenridge, Brownwood, and Sweetwater.

Education Code, sec. 135.04(b) states that any TSTC campus or extension
seeking to establish a program in the same tax district as a public junior
college operating a vocational and technical program must show that the
local junior college would not be able to offer that program. If the
program is not locally available and a need for the program is established,

TSTC may offer the program if approval is granted from the Texas Higher Education Coordinating Board. Approval of technical-vocational programs does not apply to Brown, McLennan, Cameron, and Potter counties.

DIGEST: CSHB 658 would establish a Texas State Technical College (TSTC) campus in Fort Bend County.

The bill also would exempt the TSTC-Fort Bend campus from requiring Texas Higher Education Coordinating Board approval to offer a program in the same tax district as a public junior college operating a vocational and technical program.

This 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, 2015.

SUPPORTERS SAY: CSHB 658 would establish a much-needed Texas State Technical College (TSTC) campus in Fort Bend County, one of the fastest-growing counties in Texas. This growth has created a need for truck drivers, welders, plumbers, HVAC technicians, and other trades for which TSTC offers programs. In the next 15 years, 48,000 new technical jobs with a high median salary are projected to be created in Fort Bend County, according to a recent study. Demand in the area for mid-level skilled employees currently surpasses the available supply of trained workers.

On top of the workforce shortage, a large portion of current mid-level skilled workers will be retiring soon, leaving an even more significant gap. Companies and manufacturers seeking to locate operations in Fort Bend County want to know that they will find the mid-level skilled labor they need. TSTC, whose mission involves responding to the state's workforce demands, is best situated to address these shortages in Fort Bend County.

Although Fort Bend County as a whole has seen considerable growth, some areas of the county lack training opportunities, and having a TSTC

campus would help to stimulate some of the lower-income areas of the county. Educating 1,000 students could have as much as a \$1 billion economic impact on the regional economy.

CSHB 658 has strong community support, as demonstrated by local investment in the new campus. Certain foundations, local economic development corporations, and local governments already have pledged more than \$40 million to establish the campus. Launching a TSTC campus in Fort Bend County now is necessary because of the workforce needs and the community's strong support. By establishing the campus, the community and TSTC could signify their commitment to one another and their joint commitment to economic development in industry and technology.

CSHB 658 would build upon an existing TSTC program extension in Fort Bend County. Nearby Wharton County Junior College (WCJC), which supports this change, has shared a facility with the TSTC program extension for more than 14 years. WCJC has a 75-year memorandum of understanding with TSTC outlining a plan for the two schools to avoid duplication by providing complementary offerings in tandem. WCJC does not have the space or facilities to offer many of the technical training courses that TSTC can provide. By establishing an official campus, TSTC could offer programs not already available at WCJC and would give the junior college more space by moving into its own facility.

By becoming a campus, TSTC-Fort Bend would become eligible for funds needed to support the institution, such as Higher Education Fund money appropriated to the TSTC system and campus infrastructure funds. While these appropriations coupled with transition costs could stretch some available resources for the TSTC system and other Texas colleges, the pressing labor needs of the state and Fort Bend County justify establishing a TSTC campus in this area. This expansion would result in only a negligible increase, if any, to the state's appropriation to the TSTC system.

The enactment in 2013 of HB 5 by Aycock created a need for more career

pathways, and many local school districts have reached out to TSTC asking them to help create technical training pathways to comply with this new law.

The bill's exemption of TSTC-Fort Bend from the Higher Education Coordinating Board's program approval would protect the investment of about \$40 million that the community already has made in this project. Under current law, if WCJC annexed Fort Bend County to its tax district, the school could control TSTC's program offerings. Investors were wary of supporting the creation of a campus that later could be curtailed by competition from a local community college. Therefore, this exemption should be included in the bill.

**OPPONENTS
SAY:**

CSHB 658 would undercut existing law regarding Texas Higher Education Coordinating Board approval for programs offered at TSTC. The statute was created to prevent duplication of programs where there is a local community college in the same tax district and to make efficient use of state resources.

The TSTC campuses exempt from program approval by the coordinating board were exempted because they were established around the same time as community colleges in their tax districts, and the requirement for approval was intended to ensure TSTC in the future did not duplicate offerings of nearby community colleges. CSHB 658 would circumvent this provision, undermine its intent, and set a bad precedent.

Establishing a TSTC campus in Fort Bend County would not solve any pressing state needs. At a time when resources for postsecondary education are limited, allowing TSTC to expand also would send a negative message to the rest of the state.

Although the memorandum of understanding between WCJC and TSTC could protect each school's course offerings, there is no guarantee that the TSTC-Fort Bend campus would not compete with other colleges in the area, potentially drawing away students and resources.

NOTES:

According to the Legislative Budget Board's fiscal note, the bill would have an estimated negative net impact to general revenue funds of approximately \$12 million through fiscal 2016-17. These funds would be used for transition funds, employee salaries and benefits, an increase in formula funding, and tuition revenue bond debt service.

Unlike the original bill, CSHB 658 would locate the new campus in Fort Bend County generally without identifying a particular city. HB 658 as introduced would have located the campus in the city of Richmond.

CSHB 100 by Zerwas, which passed the House on second reading yesterday, would authorize about \$15 million in tuition revenue bonds for the TSTC-Fort Bend campus.

The companion bill, SB 581 by Kolkhorst, was referred to the Senate Higher Education Committee on February 23.