Senate Education Committee
Final Report To The
75th Legislature

September 1996
September 1, 1996

The Honorable Bob Bullock
Lieutenant Governor
Members of the Texas Senate
State Capitol Complex
Austin, Texas 78711

Dear Governor Bullock and Members of the Texas Senate:

The Senate Education Committee is pleased to submit its final interim report with recommendations for consideration by the 75th Legislature.

Respectfully submitted,

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EXECUTIVE SUMMARY

The interim charges of the Senate Education Committee focused on examining major elements of the state's higher education system. The committee was charged with examining: (1) Texas' structure for coordinating and governing higher education; (2) implementation of Senate Bill 1, passed during the 74th Legislative Session; (3) student financial assistance; (4) financing higher education; (5) education and training programs for non-college bound students; and (6) relationships between all levels of education in Texas (see Appendix A).

The committee held three public hearings in Austin and conducted two meetings to discuss the final recommendations to be forwarded to the Lieutenant Governor and 75th Legislature (see Appendix B). The committee, by majority vote, makes the following recommendations:

Powers and Duties of the Texas Higher Education Coordinating Board

- Provide advice and comprehensive planning information for higher education, including developing for the Legislature's consideration a geographic-based master plan for higher education that identifies the future role of each institution in the state and ensures student access to higher education through distance learning and telecommunications.

- Require the Coordinating Board and the Legislative Budget Board to submit a report concerning the impact of any proposed legislation that would establish a new professional school, an additional institution of higher education, or an additional campus.

- Create a set of outcome measures for higher education that includes student performance on a nationally-normed "rising junior" test, the Graduate Record Examination and other graduate entrance exams, and professional licensing tests.

- Identify and assign national or state "peer institutions" to each Texas institution of higher education to serve as benchmarks for the reporting of outcome measures, faculty salaries, additional cost data, and other productivity information.

- Within the context of the statewide master plan, review the effectiveness of the board's authority to review course offerings, approve new departments, schools, and undergraduate degrees at universities, and approve new construction, rehabilitation projects and real property purchases at public institutions of higher education.

- Eliminate the board's authority to restrict distance learning courses.

- Limit the board's formula recommendations to funding formulas for technical programs at community colleges, Lamar-Orange and -Port Arthur, and the Texas State Technical College.
System. The board would implement the two-year academic and university funding mechanisms established by the Legislature and review the funding structure every five years to provide recommendations for legislative changes.

Powers and Duties of University Systems

- Review the quality of libraries and all degree programs offered at each institution within the system and ensure that libraries and access to libraries adequately support programs at each institution.

- Establish a faculty evaluation policy that includes an annual review of the performance of all faculty, including tenured faculty. The review would include the use of peer and student evaluations. Below standard peer and student evaluations for two consecutive years would provide cause for tenure revocation or dismissal.

Student Financial Assistance

- Seek ways to increase spending on student financial assistance should federal student financial assistance be reduced.

University Faculty Salaries

- Meet the ten most populous states' average faculty salaries over the next three biennia by reducing the difference by one-third in each of the next three appropriations.

Funding for Universities

- Simplify the formulas.

- Implement an undergraduate instructional formula that provides a higher level of funding for classes taught by tenured or tenure-track professors.

- Eliminate factors in the facilities formulas that encourage new construction such as funding which is based on the number and/or size of buildings.

- Provide "excellence" funding through a formula for special activities and start-up costs for new programs and courses. The formula would provide additional resources for fast growing institutions. Only special items authorized in statute could be considered for separate, non-formula funding.
Tuition, Fees, and Grant Set-asides at Texas Public Universities

- Allow governing boards of university systems to set tuition rates for the undergraduate program at each university within the system. Tuition rates in law would be minimum tuition charges.

- Eliminate the general-purpose building use fee that is charged to all university students by rolling it into tuition.

- Increase the percentage of Texas Public Educational Grant funds set-aside at universities from the additional tuition revenue generated by charges exceeding the minimum tuition.

Mission, Course Offerings, Operations and Funding for the Texas State Technical College System

- Narrow TSTC's role and mission to offering advanced and emerging, and highly specialized, cost intensive technology programs as defined by the Coordinating Board. Academic course offerings would be limited to courses that support programs approved by the Coordinating Board based on TSTC's new mission and are required for accreditation by the Southern Association of Colleges and Schools. TSTC is encouraged to develop alliances with community colleges to provide technical assistance on curriculum and program development, as well as deliver courses and joint programs.

- Require that remedial education be provided by a local or service region community college, under contract, at the TSTC campus with no additional fees or tuition paid by the student.

- Eliminate all TSTC authority for the establishment of extension centers and programs.

- Designate the extension center at Marshall as a TSTC campus.

- Authorize, but do not mandate, the TSTC extension centers at Abilene and Brownwood, and the extension program at Breckenridge to merge with a service region community college utilizing the continued commitment of local economic development funds as an alternative to additional ad valorem taxation. The existing TSTC centers and extension program could be maintained provided that the equipment and facilities costs, including maintenance and utilities, are borne by the local communities.

- Implement a new funding formula for advanced and emerging technology courses. The new formula should account for the high costs of advanced and emerging, and highly specialized, cost intensive courses and be applicable to TSTC and community colleges.
TASP Testing and Reporting of Remedial Instruction

- Require high schools to release information to the newspaper of local circulation if the school had five or more students requiring remedial assistance at a higher education institution.

- Create a "college bound" portion of the Texas Assessment of Academic Skills (TAAS) test which students can take for exemption from the Texas Academic Skills Program (TASP). This portion of the test would be optional.

Transfer of Credits Among Higher Education Institutions

- Mandate the block transfer of at least 45 hours of general education core courses from a community college to any Texas public university or among community colleges and state universities. The Core Curriculum Advisory Committee established by Section 51.305, Education Code, is directed to develop a statewide transfer policy and identify the general education core curriculum.

Public School/University Partnerships

- Increase funding for the Texas Tuition Assistance Grant Program to provide $1,000 a year college scholarships to high school graduates from low- and middle-income families who maintained a 2.5 grade point average in core academic subjects through high school, graduated in four years, and attended two summer academic institutes at area colleges or universities.

- Provide funding to colleges and universities to host summer academic institutes for high school students. The institutes would be multi-week, intensive academic programs focusing on leadership skills, developmental reading, study skills, time management, and critical thinking and analytical skills, with specific preparation in math, science and language arts.
CHARGE 1

Review the role of the Texas Legislature, Texas Higher Education Coordinating Board, and the university systems in making changes in the governance structure of universities and implementing academic/research programs.

The coordination and governance of higher education have been extensively reviewed in Texas and across the country during the last ten years. In Texas, the 1987 Select Committee on Higher Education reviewed these issues and recommended a stronger regulatory role for the Texas Higher Education Coordinating Board and a governance structure that placed every public university and health science center into one of five systems. The recommended realignment was based, primarily, on the geographic location of institutions.

A Coordinating Board-appointed committee in 1991 again reviewed the issue of governance. The Texas Higher Education Coordinating Board Committee on Statewide Governance of Higher Education recommended keeping much of the existing University of Texas and Texas A&M University Systems intact while grouping the remaining institutions by role and mission. This committee did not explore issues related to the statewide coordination of higher education.

While some states have undergone major changes in the coordination and governance of higher education, no distinct pattern of reform has emerged. Some states have moved toward a more decentralized structure that provides more authority to university systems and individual institutions, while others have vested more regulatory authority in their state coordinating agency.

A few states have made extensive changes in how higher education is governed. Among these changes have been the consolidation of previously separate institutions into a single statewide system and more closely aligning two-year and four-year institutions.

COORDINATION OF HIGHER EDUCATION

There are 32 states that have some type of coordinating board or agency. The nine basic functions of these entities are planning, setting a state policy agenda, policy analysis and program resolution, mission definition, academic program review, budget development and resource allocation, student financial aid administration, information and accountability systems, and institutional licensure.

Of the states with coordinating boards or agencies, 21 have regulatory boards with authority to approve academic programs. Six states have advisory coordinating boards with program review and recommendation authority only. Five states have planning agencies with limited formal authority.

Nationally, coordinating boards appear to be in a period of transition. In an Education Commission of the States study on the impact of state policy on undergraduate education, concerns were raised
about the ability of coordinating boards to respond to the changing enterprise of higher education. The concerns were focused primarily on the lack of long-term planning and policy development capabilities of most state boards.

GOVERNANCE

There are three basic types of structures of governance of public colleges and universities in the United States. A consolidated governance system includes either a single state governing board for all two- and four-year institutions or separate boards for all four-year and two-year institutions. A multi-campus or segmental system includes separate boards for different types of campuses, such as research universities, state colleges, and community colleges. Single-institution boards have full authority over an institution and are not a part of a consolidated or multi-campus system.

Currently, 18 states have consolidated governing boards, nine have a single board for all institutions and nine have a separate board for universities, community colleges and technical institutes. Nine states have multi-campus or segmental systems. Five states have a combination of consolidated and multi-campus systems. Thirteen states have a mix of single-institution boards and multi-campus systems, including Texas. Five states have primarily single-institution boards. Even though several states have maintained all or some part of the single-institution board structure, 70 percent of students in American higher education attend schools that are components of a consolidated or multi-campus system.

Recommendations

The committee makes the following recommendations regarding powers and duties of the Texas Higher Education Coordinating Board:

• Provide advice and comprehensive planning information for higher education, including developing for the Legislature's consideration a geographic-based master plan for higher education that identifies the future role of each institution in the state and ensures student access to higher education through distance learning and telecommunications.

• Require the Coordinating Board and the Legislative Budget Board to submit a report concerning the impact of any proposed legislation that would establish a new professional school, an additional institution of higher education, or an additional campus.

• Create a set of outcome measures for higher education that includes student performance on a nationally-normed "rising junior" test, the Graduate Record Examination and other graduate entrance exams, and professional licensing tests.

• Identify and assign national or state "peer institutions" to each Texas institution of higher education to serve as benchmarks for the reporting of outcome measures, faculty salaries,
additional cost data, and other productivity information.

- Within the context of the statewide master plan, review the effectiveness of the board's authority to review course offerings, approve new departments, schools, and undergraduate degrees at universities, and approve new construction, rehabilitation projects and real property purchases at public institutions of higher education.

- Eliminate the board's authority to restrict distance learning courses.

- Limit the board's formula recommendations to funding formulas for technical programs at community colleges, Lamar-Orange and -Port Arthur, and the Texas State Technical College System. The board would implement the two-year academic and university funding mechanisms established by the Legislature and review the funding structure every five years to provide recommendations for legislative changes.

**Recommendations**

The committee makes the following recommendations regarding powers and duties of university systems:

- Review the quality of libraries and all degree programs offered at each institution within the system and ensure that libraries and access to libraries adequately support programs at each institution.

- Establish a faculty evaluation policy that includes an annual review of the performance of all faculty, including tenured faculty. The review would include the use of peer and student evaluations. Below standard peer and student evaluations for two consecutive years would provide cause for tenure revocation or dismissal.
CHARGE 2

Monitor the implementation of Senate Bill 1, 74th Legislative Session, with emphasis on the relationship established between the education and juvenile justice communities; the change in relationship between the state and independent school districts; the implementation of home-rule school districts, and campus and program charter provisions; and the LBB studies on school funding special allotments and program weights.

The Joint Select Committee to Review the Central Education Agency was created by the 73rd Legislature to revise the Texas Education Code. The result of the Committee's work was Senate Bill 1, a less restrictive and more "user friendly" version of the Education Code. As expected, however several aspects of the Code will require the attention of the Legislature during its 75th Regular Session. The major issues are summarized below.

THE RELATIONSHIP ESTABLISHED BETWEEN THE EDUCATION AND JUVENILE JUSTICE COMMUNITIES

Without question, the "safe schools" provisions of Senate Bill 1 have been the most widely discussed and the most difficult to implement. For the first time, all districts are required to provide alternative education programs (AEPs) for students and all districts must adopt (by September 1, 1996) a student code of conduct. Further, teachers were given the right to remove disruptive students from their classrooms. In a significant step toward ensuring that students are no longer expelled to the street, the new Juvenile Justice Alternative Education Program (JJAEP), which must begin operation no later than September 1, 1996, requires juvenile justice officials in the 26 largest counties to work with school district officials to create education programs for expelled students. Not surprisingly, there have been problems both with understanding and implementing the new law. Among the major issues associated with implementation are:

• **Expelled Students** - Although the intent of Senate Bill 1 was that all expelled students be provided educational services by the JJAEP, the code can be interpreted as applying only to expelled students who have been adjudicated as delinquent. A request for an Attorney General's opinion is currently pending regarding whether JJAEPs can legally provide such services.

• **Responsibilities** - The specific responsibilities and relationships between such entities as school districts, local county officials, the Texas Education Agency, the Texas Juvenile Probation Commission, and the Texas Youth Commission regarding provision of services to expelled students has been a matter of debate.

• **Removal of Students** - The United States District Court, Western District of Texas, Judge
James Nowlin presiding, ruled that the absence in the statute of certain procedures to be used prior to removal of a student to an AEP rendered such removal violative of the due process clause of the United States Constitution. The court's ruling only applies to San Marcos CISD and only to removal for off-campus felonies, but has obviously had an impact on other school districts. The case is currently on appeal to the Fifth Circuit Court of Appeals.

- **Disabled Students** - Both school district and county officials are, with the assistance of the Texas Education Agency and the Texas Juvenile Probation Commission, working to clarify the responsibilities of each for disabled students eligible for special education services and for students eligible for protection under Section 504 of the Rehabilitation Act of 1973.

- **Funding from Districts** - The amount JJAEPs are entitled to receive from a school district is not clearly stated in law. Current law requires that this amount be negotiated in the memorandum of understanding between county and school district officials.

- **Funding/Placements** - A one-time appropriation of $25 million was provided for implementation of the safe schools provisions. After much consideration it was decided that $18 million will be disbursed to all school districts based on 1995-96 AEP placements and $7 million will go to the 26 counties with populations over 125,000 to operate JJAEPs based on the total juvenile population (ages 10-16) in the county. Other than the $25 million, no additional state money was provided for safe schools. It has been suggested by various sources that the Legislature study the feasibility of establishing a weighted formula for AEP and JJAEP placements.

**THE CHANGE IN RELATIONSHIP BETWEEN THE STATE AND INDEPENDENT SCHOOL DISTRICTS**

The overriding theme of Senate Bill 1 was returning operational control of the public schools to the local communities. As was stated during the Select Committee process, the state should establish the "what" - what should be learned - and the local districts should prescribe the "how" - how the students are to learn. Senate Bill 1's success in realizing this theme is perhaps best illustrated by the following.

- **State Board of Education Rules** - The Texas Education Agency estimates that implementation of Senate Bill 1 will ultimately result in a reduction by more than 50 percent of the total number of State Board of Education Rules. This figure takes into consideration the fact that authority for adoption of some of these rules was transferred to other entities.

- **Home-Rule Charters** - Senate Bill 1 allows school districts to adopt a home-rule charter. As with home-rule cities, the impetus for such a move is to allow the governmental entity to establish its own governing rules, with the exception of certain specific state and federal laws. Prior to passage of Senate Bill 1, a number of school districts indicated that they would
adopt home-rule charters. As of the date of this report, however, no school districts have done so. Due to the reduction in state rules and regulations, a few of these same districts have indicated that they no longer feel that home-rule status is necessary for them to freely govern themselves.

IMPLEMENTATION OF HOME-RULE SCHOOL DISTRICTS, AND CAMPUS AND PROGRAM CHARTER PROVISIONS

As noted, Senate Bill 1 allows school districts to adopt home-rule charters. Although no districts have as yet adopted home-rule status (or even petitioned for such), the Governor's Business Council has prepared a model home-rule charter and indicates that a number of both public and private individuals have expressed interest in the possibility of home-rule.

All 20 open enrollment charters authorized to be granted by the State Board of Education were granted. Lack of start-up funding and the fact that only 20 such charters could be granted appear to be the major issues.

Because school districts are not required to provide information regarding campus charters, the Texas Education Agency reports that there has been some difficulty in gathering hard data regarding these charters. TEA officials report that, as of the date of this report, it is believed that no such charters have been granted. The Agency is attempting to gather information concerning interest in such charters.

LBB STUDIES ON SCHOOL FUNDING SPECIAL ALLOTMENTS AND PROGRAM WEIGHTS

Senate Bill 1 charged the Legislative Budget Board with studying all the various public education allotments, for the purpose of improving the efficient distribution of state funds.

OTHER SENATE BILL 1 ISSUES

- **State Textbook Adoption Process** - There was some discussion between members of the Legislature and the State Board of Education regarding the meaning and intent concerning the State Board of Education's role regarding textbook adoption under Senate Bill 1. In July 1996, the Board adopted rules for textbook adoption that include language authorizing the Board to continue its practice of rejecting a book if the publisher does not agree to change objectionable content. This "content" portion of the rule, however, takes effect only after a finding by the Attorney General that the provisions of Senate Bill 1 do authorize the Board to reject textbooks due to content the Board finds to be objectionable.

- **Transportation** - In a change from prior law, Senate Bill 1 provides that school districts may use passenger cars to transport fewer than 10 students on state funded bus routes. Two
attorney general opinions, one withdrawn, attempted to clarify this and other provisions related to transportation (see Appendix C).

- **School District Purchasing Provisions** - Senate Bill 1 revised the state restrictions regarding school district purchasing procedures to greatly increase school district discretion in this area. Three attorney general opinion requests have been submitted dealing with the new purchasing provisions (see Appendix C).

- **Admissions** - A question arose concerning who may legally enroll a student in the public schools. A letter of intent regarding the relevant provisions of the admissions section of Senate Bill 1 was written by Senator Ratliff and Representative Sadler in response to this concern (see Appendix D).
CHARGE 3

Review the affordability of higher education in Texas in light of potential cutbacks in federal student assistance, increases in tuition and student services fees, and recent state-funded student assistance measures.

FEDERAL STUDENT FINANCIAL AID

Historically, federal aid has been essential to providing students with access to higher education. In the last two decades alone, federal aid awarded through Title IV of the Higher Education Act of 1965 has increased by 400 percent. Title IV Programs include Federal Family Education Loan Program (FFELP), Pell Grants, College Work-Study, Supplemental Educational Opportunity Grants, Federal Direct Student Loan Program, and the State Student Incentive Grant Program. About 83 percent of student aid allocated in Texas each year is through federally sponsored, subsidized, and funded programs, up from 80 percent five years ago.

The federal government, however, has dramatically altered the approach to financial aid. From roughly equal emphasis on student loans and grants, the government has moved toward an approach dominated by loans. Increasingly, federally supported student aid is loan aid, not grant or work-study aid. Largely as a result of this emerging federal emphasis, loans have grown to well over half of all financial aid awarded in the United States. The increased use of loans as the primary instruments of federal student-aid policy has created new financial challenges for students, graduates and parents.

STATE STUDENT FINANCIAL AID

There has also been a shift, although slight, in Texas' role in providing financial aid. From fiscal year 1991 through fiscal year 1995, the state's share of student aid in Texas decreased from 19.2 percent to 17 percent.

The two largest state-funded financial aid programs are the Tuition Equalization Grant Program, which provides financial aid for students at private colleges and universities in Texas, and the Public Educational Grant Program, dedicated to students enrolled in public higher education. In fiscal year 1995, the former program disbursed $25.2 million in student aid; the latter, $56.9 million.

The Hinson-Hazelwood Loan Program is a state-funded loan program guaranteed by the federal government, which acts much as a private lender in providing aid to students. In fiscal year 1995, Hinson-Hazelwood provided $85.5 million in student aid.

In addition, the state provided $93.9 million in aid to out of state students qualifying for resident status. Resident status is granted to individuals hired as lecturers, professors, researchers, and
teaching assistants at universities. A variety of other factors may secure resident status for an out of state student, including receipt of a competitive scholarship, or service on a military base within the state.

Earlier this year, State Comptroller John Sharp introduced The Texas Tomorrow Fund, a guaranteed tuition program which allows pre-payment of college costs at 1996 rates. The program allows early payment for up to 120 credit hours at a senior college and up to 64 hours at a community college, providing a substantial discount on future tuition rates.

FUTURE CONSIDERATIONS

In 1997-98, the 105th Congress is scheduled to take up the reauthorization of the Higher Education Act of 1965. Over the past three years, Congress has cut administrative funds to FFELP guarantors and lenders. The cuts have increased administrative costs to guarantors and lenders, but have not affected students. However, proposals have been put forward to cut interest subsidies paid by the federal government on loans for needy students.

Deficit reduction, cost containment, budget balancing, and reducing the role of the federal government remain important forces in Congress, and will shape debate over the structure and level of funding for student aid. Goals of the reauthorization may include: decreased reliance on federal support and increased risk sharing with states and institutions; consolidation of Title IV programs to create one grant program, one loan program, and one college work-study program; and simplification and standardization of the Title IV application process and delivery systems.

In fiscal year 1995, Texas contributed about $331 million in student financial aid; the federal government, about $1.6 billion. Trends toward budget cutting and devolution of responsibility for programs, however, may call for increased percentages of aid to be contributed by the state.

Recommendation

The committee makes the following recommendation regarding student financial assistance:

• Seek ways to increase spending on student financial assistance should federal student financial assistance be reduced.
CHARGE 4

Study higher education financial issues related to the projected increases in enrollment; faculty and administrator salaries; and support for research into emerging technologies and for medical schools.

FACULTY SALARIES

Higher education teachers and researchers are part of a mobile profession. Texas universities must compete with other top-quality universities to retain and recruit the brightest and most productive faculty members.

Average faculty salaries in Texas at all ranks--instructor, assistant professor, associate professor and full professor--fall below the average salaries in the ten most populous states. Texas' average of $48,490 in 1995-1996 was $7,000, or 14.5 percent, below the average in the ten most populous states.

Recommendation

The committee makes the following recommendation regarding university faculty salaries:

- Meet the ten most populous states' average faculty salaries over the next three biennia by reducing the difference by one-third in each of the next three appropriations.

UNIVERSITY FUNDING

The Coordinating Board is statutorily charged with developing formulas to fund public universities, community colleges, the Texas State Technical College System, and Lamar University at Port Arthur and Orange. At present, 14 different university funding formulas are recommended to the Governor and the Legislature for use in appropriating funds to higher education institutions. Within the formulas for faculty salaries and departmental operating expense, funding rates are developed for 18 different program areas, for four-year and upper-level universities, and for undergraduate, masters, professional and doctoral programs. Among the 14 formulas, there are five different formulas for facilities maintenance and operations.

The number and complexity of the formulas makes the allocation of funds difficult to explain and understand. In addition, the formulas promote certain behavior, such as encouraging the use of less-qualified faculty to teach undergraduate classes, or rewarding construction of new buildings instead of the efficient use of existing ones.

The Legislature also appropriates funds for non-formula special items at higher education
institutions. The Coordinating Board reports that for fiscal years 1996 and 1997, non-formula special item funding totals $525 million and constitutes eight percent of all state educational support for higher education. Of the $525 million allocated for special items, $200 million or 38 percent of the total was for general instructional support, such as new program start-up or library enhancements.

The growth in funding for non-formula special items raises concerns about the state's ability to adequately fund essential operations through the formulas. Also, the inequitable distribution of non-formula dollars remains an issue. The Coordinating Board reports that special item funding as a percent of total appropriations for universities ranged from a low of four percent at Texas Woman's University to 55 percent at Texas A&M International University.

**Recommendations**

The committee makes the following recommendations regarding funding for universities:

- Simplify the formulas.
- Implement an undergraduate instructional formula that provides a higher level of funding for classes taught by tenured or tenure-track professors.
- Eliminate factors in the facilities formulas that encourage new construction such as funding which is based on the number and/or size of buildings.
- Provide "excellence" funding through a formula for special activities and start-up costs for new programs and courses. The formula would provide additional resources for fast growing institutions. Only special items authorized in statute could be considered for separate, non-formula funding.

**TUITION, FEES AND GRANT SET-ASIDES**

Tuition for Texas residents attending state public universities will be $32 per semester credit hour for the 1996-1997 academic year. While scheduled increases in tuition are in effect—up to $40 an hour for the 2000-2001 academic year—higher education for Texas resident students remains a bargain compared to other states.

In 1995, Texas ranked 42nd among the 50 states in tuition and fee charges for resident undergraduate students. Among the ten most populous states, only one state—North Carolina—has lower average tuition and fee charges than Texas. The United States average for the same year for resident students enrolled for 30 hours was $2,402 compared to $1,659 in Texas.

A survey by the State Higher Education Executive Officers found that 18 states allow multi-
institution governing boards to establish tuition rates for universities within systems. Twelve states
give universities or single-institution governing boards the authority to set tuition.

Texas universities currently have authority to set tuition for graduate programs. The tuition rates set
by the Legislature are minimum rates and graduate tuition cannot exceed more than twice the rate
in law.

Among the fees charged to Texas students attending public universities is the general use fee. This
is a mandatory fee charged to each student based on the number of semester credit hours for which
a student registers. During the 74th Legislative Session, universities were authorized to set the fee
at an amount equal to the tuition rate. For fall 1996, general use fee rates will range from $10 a
credit hour at Texas Southern University to $32 an hour at The University of Texas at Austin. While
all other fees charged students are for a specific purpose, such as recreational activities or health,
hospital and medical services, the general use fee revenue can be used for any legal purpose.

The state provides grant aid to students attending public institutions through the Texas Public
Educational Grant (TPEG) program. Institutions are required to set aside 15 to 20 percent of each
resident student’s tuition charge as provided by the General Appropriations Act. Three percent of
nonresident tuition is set aside for the program. In fiscal year 1995, $57 million was awarded to over
74,000 students.

An increase in the percentage of tuition revenue being set aside for TPEG grant aid from charges
exceeding the state base rate would provide additional grant funds to students with financial needs
while federal grant support remains stagnant. Higher tuition, coupled with more grant aid, would
require those who can afford higher education to shoulder a greater percentage of the cost of
education while providing assistance to financially needy students.

Recommendations

The committee makes the following recommendations regarding tuition, fees, and grant set-asides
at Texas public universities:

• Allow governing boards of university systems to set tuition rates for the undergraduate
program at each university within the system. Tuition rates in law would be minimum
tuition charges.

• Eliminate the general-purpose building use fee that is charged to all university students by
rolling it into tuition.

• Increase the percentage of Texas Public Educational Grant funds set-aside at universities
from the additional tuition revenue generated by charges exceeding the minimum tuition.
CHARGE 5

Review educational services and training provided to non-college bound students, and make recommendations on the appropriate educational institutions to ensure that these students acquire employment skills.

As the wages of high school graduates have fallen, the need for larger numbers of students to pursue some form of postsecondary education has emerged as critical to the economic future of the state and students. The 74th Legislature, out of concern for the fragmented and duplicative manner by which non-college bound students are being trained for the workforce and a need to provide integrated services to these students, addressed workforce development. Previously, nine state agencies spent well over $1 billion each year to administer nearly 30 programs related to workforce development. House Bill 1863 merged these programs under the new Texas Workforce Commission, which was created on September 1, 1995, and is expected to be completely operational by September 1, 1996.

The goal of the legislation was to coordinate programs and resources to provide a more integrated approach to workforce development, as well as eliminate waste caused by duplication of effort. Programs administered by the Texas Workforce Commission include the Job Training Partnership Act/Education Coordination, Communities in Schools, apprenticeship training, and career and technology education. School-to-work transition efforts serve as an umbrella for integrating academic and occupational instruction, connecting classroom instruction with work experiences, and linking high school and postsecondary curriculum. As a result, students will acquire a high school diploma, a postsecondary certificate or degree, and a certificate indicating that industry recognized skills have been attained.

Other legislative goals of the consolidated workforce training system include:

- Improving the connection between education and training program offerings and state and regional labor market needs; and

- Providing students and other consumers with sufficient information to make informed choices about labor market and education alternatives.

To examine further ways to improve Texas' workforce development system, Section 84 of Senate Bill 1, 74th Legislature, requires the Commissioner of Education to provide the 75th Legislature with a plan for offering career options to all school age citizens of Texas. In response to this charge, the Texas Education Agency commissioned the Occupational Information Coordinating Committee to undertake a study of vocational and school-to-work education and training for non-college bound students.
These efforts are important steps in addressing the increasing demands for a focused, systematic approach to the needs of Texas students, especially those who do not seek the traditional four-year baccalaureate degree upon graduating from high school. Such efforts are essential to the success of all Texas students, as well as that of the Texas economy.

**Recommendation**

The committee makes no recommendation regarding this charge.
CHARGE 6

Study the appropriate role of and relationships between the levels of education in Texas. Such relationships include elementary/secondary education and higher education, and two-year and four-year institutions.

TEXAS STATE TECHNICAL COLLEGE SYSTEM

Questions have arisen during the last decade, and most recently in the 74th Legislative Session, about the state's system of delivering postsecondary technical education programs.

The Texas State Technical College (TSTC) System has been viewed as having a statewide mission for delivering highly specialized technical certificate and degree programs that are too expensive to replicate on several or all community college campuses. Chapter 135.01(c) of the Education Code specifically states that "[t]he emphasis of each Texas State Technical College System campus shall be on advanced or emerging technical programs not commonly offered by public junior colleges."

Public community colleges are authorized to provide technical programs leading to certificates and associate degrees. However, the focus of each community college is to provide courses and programs for the population within its service area.

While the missions for TSTC and the community colleges appear to be different, the state uses the same formulas for funding technical education programs at both types of institutions. There are 39 different funding rates for technical programs ranging from welding to word processing to electronics.

It has been argued that a lack of adequate funding for advanced technical programs has caused TSTC to stray from its high-tech mission to compete with community colleges for scarce dollars.

A review of TSTC instructional contact hours from base years 1988-1989 through 1994-1995 shows an overall decline of 8.3 percent in total contact hours. During the same time period, technical/vocational contact hours decreased 21.5 percent, while academic contact hours rose 273.7 percent.
**TSTC Academic and Vocational Technical Contact Hours**

**Base Years 1988-1989 through 1994-1995**

<table>
<thead>
<tr>
<th>Base Year</th>
<th>Academic</th>
<th>Voc/Tech</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-1989</td>
<td>372,228</td>
<td>7,952,083</td>
<td>8,324,311</td>
</tr>
<tr>
<td>1990-1991</td>
<td>953,496</td>
<td>7,914,099</td>
<td>8,867,595</td>
</tr>
<tr>
<td>1992-1993</td>
<td>1,255,484</td>
<td>7,217,793</td>
<td>8,473,277</td>
</tr>
<tr>
<td>1994-1995</td>
<td>1,391,008</td>
<td>6,246,194</td>
<td>7,637,202</td>
</tr>
</tbody>
</table>

Some of the decline in contact hours is due to the 1993 conversion of the McAllen Extension Center to South Texas Community College. TSTC attributes the "leveling" of technical contact hours to the closing of numerous vocational programs and the increase in the number of part-time students. TSTC further explains the substantial shift in technical/vocational and academic contact hours to a recategorization of "applied academic" courses that were previously counted as technical/vocational contact hours.

Total headcount enrollment at TSTC has declined from 8,303 in 1989 to 7,560 in 1995, an 8.9 percent decrease. These figures do, however, include enrollment for McAllen and the Amarillo campus, which was transferred to Amarillo College in 1995.

**TSTC Headcount Enrollment, Fall Term**

**1989 through 1995**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ENROLLMENT AT CURRENT CAMPUSES</th>
<th>ANNUAL PERCENT CHANGE</th>
<th>MCALLEN</th>
<th>AMARILLO</th>
<th>TOTAL ENROLLMENT ALL CAMPUSES</th>
<th>ANNUAL PERCENT CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>7,174</td>
<td></td>
<td>418</td>
<td>711</td>
<td>8,303</td>
<td>-3.6%</td>
</tr>
<tr>
<td>1990</td>
<td>6,914</td>
<td>-3.6%</td>
<td>584</td>
<td>657</td>
<td>8,155</td>
<td>-1.8%</td>
</tr>
<tr>
<td>1991</td>
<td>6,580</td>
<td>-4.8%</td>
<td>645</td>
<td>566</td>
<td>7,791</td>
<td>-4.5%</td>
</tr>
<tr>
<td>1992</td>
<td>6,742</td>
<td>2.5%</td>
<td>670</td>
<td>591</td>
<td>8,003</td>
<td>2.7%</td>
</tr>
<tr>
<td>1993</td>
<td>6,716</td>
<td>-0.4%</td>
<td>0</td>
<td>536</td>
<td>7,252</td>
<td>-9.4%</td>
</tr>
<tr>
<td>1994</td>
<td>7,234</td>
<td>7.7%</td>
<td>0</td>
<td>498</td>
<td>7,732</td>
<td>6.6%</td>
</tr>
<tr>
<td>1995</td>
<td>7,560</td>
<td>4.5%</td>
<td>0</td>
<td>0</td>
<td>7,560</td>
<td>-2.2%</td>
</tr>
<tr>
<td>1989 TO 1995</td>
<td>5.4%</td>
<td></td>
<td></td>
<td></td>
<td>20</td>
<td>-8.9%</td>
</tr>
</tbody>
</table>
For individual campuses, the decrease in students has been fairly dramatic. TSTC Sweetwater experienced a 21.2 percent drop in enrollment from 1989 to 1995. The decline for the Waco campus for the same time period was 15.5 percent. The Marshall Extension Center, however, has experienced a substantial jump in enrollment since it opened in 1992, from 72 to 269 students.

**TSTC Headcount Enrollment, Fall Term, By Campus/Center**

1989 through 1995

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Harlingen</td>
<td>2,312</td>
<td>2,305</td>
<td>2,331</td>
<td>2,566</td>
<td>2,432</td>
<td>2,888</td>
<td>3,056</td>
</tr>
<tr>
<td>Sweetwater</td>
<td>633</td>
<td>590</td>
<td>492</td>
<td>479</td>
<td>524</td>
<td>543</td>
<td>499</td>
</tr>
<tr>
<td>Waco</td>
<td>3,996</td>
<td>3,803</td>
<td>3,534</td>
<td>3,308</td>
<td>3,228</td>
<td>3,164</td>
<td>3,375</td>
</tr>
<tr>
<td>Abilene</td>
<td>233</td>
<td>210</td>
<td>191</td>
<td>182</td>
<td>221</td>
<td>200</td>
<td>198</td>
</tr>
<tr>
<td>Breckenridge</td>
<td>n/a</td>
<td>6</td>
<td>32</td>
<td>64</td>
<td>50</td>
<td>74</td>
<td>82</td>
</tr>
<tr>
<td>Brownwood</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>71</td>
<td>69</td>
<td>99</td>
<td>81</td>
</tr>
<tr>
<td>Marshall</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>72</td>
<td>192</td>
<td>266</td>
<td>269</td>
</tr>
</tbody>
</table>

There has been considerable discussion about the kinds of programs that TSTC would offer with a mission that is focused solely on advanced and emerging, and highly specialized, cost intensive technology programs. According to TSTC, advanced and emerging technology programs comprise 58 percent of all programs offered at TSTC, and highly specialized, capital intensive programs represent 31 percent of programs. TSTC's definition is based on a list of programs developed by the Texas Innovation Network Systems and published by the Texas Department of Commerce in 1990 and revised in 1992.

A 1995 Coordinating Board task force of community college and TSTC administrators defined and developed a process for identifying advanced and emerging technical programs. The criteria used by the task force recognized high costs for capital equipment and highly-trained faculty. Based on the task force's identification process, approximately 68 percent of all programs offered at TSTC are advanced and emerging and highly specialized, cost intensive technical programs.

**Recommendations**

The committee makes the following recommendations regarding the mission, course offerings, operations and funding for the Texas State Technical College System:
• Narrow TSTC's role and mission to offering advanced and emerging, and highly specialized, cost intensive technology programs as defined by the Coordinating Board. Academic course offerings would be limited to courses that support programs approved by the Coordinating Board based on TSTC's new mission and are required for accreditation by the Southern Association of Colleges and Schools. TSTC is encouraged to develop alliances with community colleges to provide technical assistance on curriculum and program development, as well as deliver courses and joint programs.

• Require that remedial education be provided by a local or service region community college, under contract, at the TSTC campus with no additional fees or tuition paid by the student.

• Eliminate all TSTC authority for the establishment of extension centers and programs.

• Designate the extension center at Marshall as a TSTC campus.

• Authorize, but do not mandate, the TSTC extension centers at Abilene and Brownwood, and the extension program at Breckenridge to merge with a service region community college utilizing the continued commitment of local economic development funds as an alternative to additional ad valorem taxation. The existing TSTC centers and extension program could be maintained provided that the equipment and facilities costs, including maintenance and utilities, are borne by the local communities.

• Implement a new funding formula for advanced and emerging technology courses. The new formula should account for the high costs of advanced and emerging, and highly specialized, costs intensive courses and be applicable to TSTC and community colleges.

TASP TESTING AND REMEDIAL INSTRUCTION

State law currently requires postsecondary institutions to report to each high school on the performance of its students on the Texas Academic Skills Program (TASP). There is no requirement, however, for the publication of this information.

There are directives in Chapter 39 of the Education Code for school districts to issue campus report cards and district performance reports. Data on high school graduates requiring remedial assistance at higher education institutions could be incorporated into the information required for either of these reports.

Incorporating the TASP with the high school exit-level Texas Assessment of Academic Skills (TAAS) test, to be offered as an option to the students, would provide for an earlier identification of students needing remedial assistance and allow those who pass it to move more quickly into upper level classes.
Recommendations

The committee makes the following recommendations regarding TASP testing and reporting of remedial instruction:

- Require high schools to release information to the newspaper of local circulation if the school had five or more students requiring remedial assistance at a higher education institution.

- Create a "college bound" portion of the TAAS which students can take for exemption from the TASP. This portion of the test would be optional.

CORE CURRICULUM

Several states, including Florida and North Carolina, have tackled the issue of course transferability among state public higher education institutions.

Florida legislation in 1993 requires public community colleges and universities to identify a common core of 36 credit hours of general education courses in the liberal arts and sciences that are fully transferable among the state's institutions. The law further stipulates that students earning an Associate in Arts degree from a community college will, upon admission to a Florida university, be classified as a junior.

The North Carolina assembly passed legislation in 1995 to require the Board of Governors of the University of North Carolina and the State Board of Community Colleges to develop a plan to simplify the transfer of credits for students pursuing associate or baccalaureate degrees within and among public postsecondary institutions in the state. The boards have developed a comprehensive articulation agreement that calls for a 44 credit hour general education transfer core. The core includes study in the areas of humanities and fine arts (12 hours), social and behavioral sciences (12 hours), natural sciences and mathematics (14 hours), and English composition (6 hours). The agreement also allows students earning an academic associate degree at a state community college to enter a North Carolina public university with junior status provided the student meets the same entrance requirements set for all other students.

In Texas, seven out of 10 college freshman and sophomore students attend a community college, and 22 percent of Texas public university enrollees are community college transfers. These students who transfer to public universities graduate at about the same rate as students enrolling as freshmen at our public universities.

Since 1987, the Texas Higher Education Coordinating Board has been required to develop and promulgate a core of general academic courses that are freely transferable among all public higher education institutions. To date, the state has a voluntary common course numbering system and
articulation agreements among individual community colleges and universities.

The expected effect of the committee's recommendation would be to aid in the transfer of community college students to universities without the need to repeat courses at added expense and time, and eliminate double-funding by the state for the same or similar courses.

**Recommendation**

The committee makes the following recommendation regarding the transfer of credit hours among higher education institutions:

- Mandate the block transfer of at least 45 hours of general education core courses from a community college to any Texas public university or among community colleges and state universities. The Core Curriculum Advisory Committee established by Section 51.305, Education Code, is directed to develop a statewide transfer policy and identify the general education core curriculum.

**PUBLIC SCHOOL/UNIVERSITY PARTNERSHIPS**

In 1989, Tenneco, a corporation headquartered in Houston, launched the Jefferson Davis High School Education Collaborative. The Collaborative, whose members included Tenneco, the University of Houston-Downtown, Communities in Schools, the Houston Independent School District, and The Metropolitan Organization, was expanded in 1993 to include Project GRAD (Graduation Really Achieves Dreams). Project GRAD focused on improving classroom management and math, reading and language skills at the seven elementary schools and middle school that "feed" into Jeff Davis High School.

The initial goals of the Collaborative were to reduce school dropout rates and increase the numbers of college bound graduates at the predominately-Hispanic Jeff Davis High School. These goals were to be achieved by providing much needed social services, a summer jobs program and a summer bridge program for middle school students making the transition to high school, through University of Houston-Downtown summer academic institutes and through $1,000 per year college scholarships to Davis students meeting the following requirements:

- graduate in four years;
- maintain a 2.5 grade point average in core academic subjects;
- master a minimum of three of years of math; and
- attend two summer academic institutes at the University of Houston-Downtown.

The Collaborative is being replicated this year by Conoco, the University of Houston and Texas Southern University to provide scholarships and summer academic institutes for students at Yates High School, an inner-city school with a student body that is 88 percent African-American.
Implementation of the support and curriculum programs of Project GRAD for the 11 elementary and two middle "feeder" schools is scheduled for summer of 1996.

An independent evaluation of the Jeff Davis initiative indicates that the program has been successful in meeting its primary goals, particularly increasing the number of Davis graduates pursuing higher education. In 1988-1989, only 20 percent of Davis graduates went to college. After the implementation of the Collaborative's initiatives, that figure jumped to 41 percent, exceeding the overall national average rate of 37 percent for Hispanic seniors. The percentages move even higher for those who met the eligibility requirements for the Tenneco college scholarships. Since 1992, of the 468 students who qualified, 74 percent enrolled in higher education and 64 percent remain in college today.

The annual dropout rate for Davis High School has declined from about 18 percent in 1988-1989 to 11.5 percent in 1993-1994. However, this decline tends to mirror the decrease in the annual dropout rate for other Houston ISD high schools.

The Jeff Davis Educational Collaborative has received national recognition for its success and is viewed as a model for public-private partnerships.

There are other similar public school/university collaborative programs statewide, such as the Texas Pre-freshman Engineering Program (TexPREP). TexPREP is a mathematics based, summer academic enrichment program for middle and high school students interested in pursuing science and engineering careers. Through 1995, summer institutes have been conducted at 30 Texas colleges and universities with 11,000 students completing at least one summer of TexPREP. Eighty percent of participants are minority students. The high school graduation rate for these students is 99.9 percent, and a university graduation rate of 87 percent.

**Recommendations**

The committee makes the following recommendations to provide incentives for public school/university partnerships:

- Increase funding for the Texas Tuition Assistance Grant Program to provide $1,000 a year college scholarships to high school graduates from low- and middle-income families who maintained a 2.5 grade point average in core academic subjects through high school, graduated in four years, and attended two summer academic institutes at area colleges or universities.

- Provide funding to colleges and universities to host summer academic institutes for high school students. The institutes would be multi-week, intensive academic programs focusing on leadership skills, developmental reading, study skills, time management, and critical thinking and analytical skills, with specific preparation in math, science and language arts.
APPENDIX A

Interim Committee Charges
INTERIM CHARGES
OF THE
SENATE EDUCATION COMMITTEE

INTERIM COMMITTEE CHARGE

The Senate Education Committee shall:

1. Review the role of the Texas Legislature, Texas Higher Education Coordinating Board, and the university systems in making changes in the governance structure of universities and implementing academic/research programs.

2. Monitor the implementation of Senate Bill 1, 74th Legislative Session, with emphasis on the relationship established between the education and juvenile justice communities; the change in relationship between the state and independent school districts; the implementation of home-rule districts, and campus and program charter provisions; and the LBB studies on school funding special allotments and program weights.

3. Review the affordability of higher education in Texas in light of potential cutbacks in Federal student financial assistance, increases in tuition and student services fees, and recent state-funded student assistance measures.

4. Study higher education financial issues related to the projected increases in enrollment; faculty and administrator salaries; and support for research into emerging technologies and for medical schools.

5. Review educational services and training provided to non-college bound students, and make recommendations on the appropriate educational institutions to ensure that these students acquire employment skills.

6. Study the appropriate role of and relationships between the levels of education in Texas. Such relationships include elementary/secondary education and higher education, and two-year and four-year institutions.

REPORT

1. The Committee should submit copies of its final report as soon as possible, but no later than September 1, 1996. This date has been chosen so that the work of the Interim Committee can be considered when the Legislative Budget Board is developing performance and budget recommendations to the 75th Legislature. Copies of the final report should be sent to the
Lieutenant Governor, Secretary of the Senate, Legislative Council and Legislative Reference Library.

2. The final report of the Committee should be approved by a majority of the voting members of the Committee and include any recommended statutory changes. A draft bill prepared by the legal staff of the Texas Legislative Council containing any recommended statutory changes should be attached to the report. Recommended agency rule changes should also be attached to the report.

BUDGET AND STAFF

The Committee should use its existing staff and the budget approved by the Senate Administration Committee. Where appropriate, the Committee should obtain assistance from the Senate Research Center and legislative agencies, including the Legislative Budget Board, the Legislative Council and the State Auditor. The Committee should also seek the assistance of the Executive Branch agencies with responsibilities in the areas of the Committee's interim charge.

ADVISORY MEMBERS

On agreement of the Committee, any Senator may serve as a non-voting, advisory member.

OPEN MEETINGS

The Committee should follow the provisions of HCR 160 74th Legislature, regarding open meetings, including providing advanced public notice of all scheduled meetings to the Secretary of State, the Lieutenant Governor and the media so the public may participate.
APPENDIX B

Agenda and Lists of Background Materials, Witnesses, and Written Testimony
PUBLIC HEARING

Monday, October 23, 1995
10:00 a.m.
Capitol Extension, Room E1.036
Austin, Texas

I. OPENING REMARKS -- Sen. Bill Ratliff, Chairman

II. DISCUSSION OF INTERIM CHARGES

III. UPDATE ON IMPLEMENTATION OF SB 1 -- Committee Staff

IV. INVITED TESTIMONY
   Mr. Larry Temple, Chairman, 1987 Select Committee on Higher Education
   Dr. Kenneth Ashworth, Commissioner, Texas Higher Education Coordinating Board

V. PUBLIC TESTIMONY ON HIGHER EDUCATION CHARGES

VI. ADJOURNMENT

Background Materials Provided to Members

Letter to Senator Ratliff from Texas Education Commissioner Mike Moses regarding implementation of Senate Bill 1
1995-96 Sunset Review Calendar for TEA Rules
Letter and attachments from Commissioner Mike Moses To Legislative Staff
   • Changes in SBOE rulemaking Authority
   • SBOE Rulemaking Authority
   • SBOE Procedures and Responsibilities
   • Reports Required by SB1
Questions and Answers on Senate Bill 1
Secretary of State Antonio O. Garza, Jr., Notifying Interested Parties that an Attorney General's Opinion was requested regarding interpretation of Section 11.062 of Senate Bill 1.
The Home-Rule School District Education Code prepared by the Office of the Governor (9/95)
Open-Enrollment Charter Guidelines as adopted by the State Board of Education (10/13/95)
Letter from Commissioner Moses to school administrators regarding Chapter 21 of S.B. 1
Background Materials Provided To Members (continued)
Letter and related materials from Criss Cloudt and David Anderson of the Texas Education Agency to school superintendents regarding list of schools identified under the Public Education Grant Program (9/11/95)
Letter from Senator Ratliff to Commissioner Moses regarding textbooks (9/1/95)
Press Release from Senator Jane Nelson regarding textbook adoption (10/10/95)
Attorney General Opinion No. DM-362 related to federal and state law concerning school bus safety (8/25/95)
Letter from Commissioner Moses to Attorney General Dan Morales withdrawing request for opinion and requesting that the Attorney General vacate DM-362 (8/31/95)
Memo from Jack Elrod, Committee Staff Attorney, to Senator Bivins regarding Attorney General Opinion DM-362 (9/1/95)
Letter from Jorge Vega of the Attorney General's Office to Commissioner Moses regarding Opinion DM-362 (9/8/95)
Letter from Commissioner Moses to Attorney General Morales regarding amended request for Attorney General's opinion (9/8/95)
Letter from Senator Bivins to Attorney General Morales regarding legislative intent of Section 34.003 of Senate Bill 1 (9/13/95)
Attorney General Opinion No. DM-352 relating to paging devices (6/13/95)
Letter from Committee Staff Attorney Jack Elrod to State Representative Steve Ogden regarding most current county population estimates (8/27/95)
Letter from Representative Ric Williamson to Harris County Judge Robert Eckels regarding Juvenile Justice Alternative Education Program (9/27/95)
Letter from Senator Ratliff to John Cole of the Texas Federation of Teachers, regarding teacher's responsibility of student's education after student's removal from the classroom (10/11/95)
Memo to Senate Education Committee from Staff Attorney Jack Elrod regarding implementation of Chapter 37 of Senate Bill 1 (10/16/95)
Letter from Commissioner Moses and State Board of Education Chairman Jack Christie to State Board of Education members regarding school accountability issues (8/30/95)
Statement by Governor George W. Bush regarding TAAS tests (8/30/95)
Letter from Commissioner Moses to Attorney General Morales regarding the purchase of insurance (7/20/95)
Final Judgment issued by District Court Judge F. Scott McCown regarding school district taxes (7/24/95)
Proposed language of rules for Driver Education Instructors in the Teacher Retirement System
Final Judgment issued by District Court Judge F. Scott McCown regarding Effective Maintenance Rate (8/14/95)
Letter from Senator Ratliff to Senator Judith Zaffirini regarding school psychologists (9/28/95)
Letter from Senator Zaffirini to Senator Ratliff regarding school psychologists (10/9/95)
Letter from Barbara Holthaus, Texas State Board of Examiners of Psychologists, regarding the licensing of school psychologists (10/9/95)
Letter from David Dunn, Legislative Budget Board, to Stephanie Korcheck, Committee Staff,
Background Materials Provided To Members (continued)

regarding proposal to conduct studies of allotments and adjustments under Chapter 42 of Senate Bill 1 (10/6/95)

Overview of the Texas Higher Education Coordinating Board provided by the Senate Research Center (6/95)

Master Plan for Texas Higher Education, 1995

Final Report, Texas Public Higher Education Governance for the 21st Century (1/91)

Executive Summary of Report of the Select Committee on Higher Education (2/87)

List of Witnesses

Invited Testimony:
Mike Moses, Commissioner, Texas Education Agency
David Anderson, General Counsel, Texas Education Agency
Larry Temple, Chairman, 1987 Select Committee on Higher Education
Kenneth Ashworth, Commissioner, Texas Higher Education Coordinating Board
Jeff Cole, Research Analyst, Office of the Comptroller of Public Accounts

Public Testimony:
William H. Cunningham, Chancellor, University Texas System
Dr. Barry Thompson, Chancellor, Texas A&M University System
Ed Adams, Board of Regents Chairman, Texas State Technical College System
John Anthony, President-Elect, Texas Association of Community Colleges (TACC)
Bill Crowe, President, Tyler Junior College/TACC
Jimmy Goodson, Past President, TACC/Victoria College

Written Testimony and Handouts provided by the following:
Ed Adams, Texas State Technical College System
John Anthony, Texas Association of Community Colleges
Kenneth Ashworth, Texas Higher Education Coordinating Board
Jeff Cole, Office of the Comptroller of Public Accounts
William H. Cunningham, University of Texas System
Rey Garcia, Texas Association of Community Colleges
W.A. Griffin, Jr., Frank Phillips College
William P. Hobby, University of Houston System
Alfred F. Hurley, University of North Texas
Robert W. Lawless, Texas Tech University
Mike Moses, Texas Education Agency
PUBLIC HEARING

Wednesday, January 17, 1996
10:00 a.m.
Capitol Extension, Room E1.036
Austin, Texas

I. OPENING REMARKS -- Senator Bill Ratliff, Chairman

II. INTERIM CHARGE #3 -- STUDENT FINANCIAL ASSISTANCE
Lawrence W. Burt, Director of Student Financial Services,
The University of Texas at Austin
Dalinda "Dolly" Zeriali, Director of Student Financial Assistance,
Texas A&M University -- Corpus Christi
Claire "Micki" Roemer, Director/Coordinator of Financial Aid,
Tarrant County Junior College
Carol McDonald, President, Independent Colleges and Universities of Texas

III. INTERIM CHARGE #6 -- ROLE AND RELATIONSHIPS BETWEEN THE TEXAS
STATE TECHNICAL COLLEGE SYSTEM AND COMMUNITY COLLEGES
Ed Adams, Chairman, TSTC System Board of Regents
Cecil L. Groves, Chancellor, TSTC System

IV. INTERIM CHARGE #1 -- RESPONSIBILITIES AND DUTIES OF THE HIGHER
EDUCATION COORDINATING BOARD
Leonard Rauch, Chairman, Texas Higher Education Coordinating Board
Kenneth Ashworth, Commissioner, Texas Higher Education Coordinating Board

V. PUBLIC TESTIMONY

VI. ADJOURNMENT

Background Materials Provided to Members

A Report on Tuition and Fees, Texas Higher Education Coordinating Board (THECB) (6/96)
Summary of Student Financial Aid in Texas, FY 1990 - FY 1994, THECB (2/95)
Memo from Sharon Cobb, THECB, to high school counselors re: costs of attending Texas
colleges and universities
Trends in Student Aid: 1985 to 1995, A Report prepared by The College Board, (9/95)
Letter from Senator Ratliff to Dr. G. Kemble Bennett, Texas A&M University Engineering
Background Materials Provided to Members (continued)

Extension Service, inviting him to testify before the committee on the delivery of technical education and training in Texas (1/11/96)

Draft TSTC Model developed by Dr. G. Kemble Bennett

Letter from Senator Ratliff to Dr. Cecil Groves, TSTC Chancellor re: various higher education issues to be addressed during interim committee hearings (11/17/95)

Response letter from Dr. Cecil Groves to Senator Ratliff (12/29/95)

Report on Identification of Advanced and Emerging Technology Programs, prepared by The Community and Technical Colleges Task Force For Definition of Advanced and Emerging Technology (5/95)

THECB Press Release re: Enrollment at Texas' public and independent higher education institutions (10/11/95)

Letter from Senator Ratliff to Dr. Kenneth Ashworth, THECB Commissioner, re: higher education issues to be addressed during interim committee hearings (1/8/96)

List of Witnesses

Invited Testimony:
Lawrence W. Burt, The University of Texas at Austin Office of Student Financial Services
Dalinda Zeriali, Texas A&M University-Corpus Christi Office of Student Financial Assistance
Claire Roemer, Tarrant County Junior College Financial Aid Office
Carol McDonald, Independent College and Universities of Texas
Sandra Holt, Incarnate Word College Office of Student Financial Aid
Ed Adams, TSTC System Board of Regents
Cecil L. Groves, TSTC System
Gary Hendricks, TSTC System

Public Testimony:
Senator Eddie Lucio, Senate District 27
State Representative David Counts, House District 70
State Representative Sergio Munoz, House District 36
State Representative Barbara Rusling, House District 57
Sam Cryan, TSTC-Waco Student Government Association (SGA)
Deana Jensen, TSTC-Marshall SGA
Barbara Jones, TSTC-Marshall SGA
Michael Polanco, TSTC-Waco SGA
Gene Miller, TSTC-Waco SGA
Herbert H. Reynolds, Chancellor, Baylor University
Bert Massey, Jr., Mayor, City of Brownwood
Bruce Curry, Mayor, City of Breckenridge
King Hoermann, Breckenridge Industrial Foundation
Charlie Dromgoole, Abilene Chamber of Commerce
Lanny Lambert, City Manager, Abilene
Danny Buttery, Texas State Bank-Harlingen
Linda Stein, Representing Self

Written Testimony and Handouts provided by the following:
Lawrence W. Burt, University of Texas at Austin Office of Student Financial Services
Dalinda Zeriali, Texas A&M University-Corpus Christi Office of Student Financial Assistance
Claire Roemer, Tarrant County Junior College Office of Financial Aid
Carol McDonald, Independent College and Universities of Texas
Claire Roemer, Tarrant County Junior College Office of Financial Aid
Linda Stein, Representing Self
Ed Adams and Cecil Groves, TSTC System
Danny Buttery, Texas State Bank - Harlingen
State Representative David Counts, House District 70
Troy L. Fraser, Representing Self
King Hoermann, Breckenridge Industrial Foundation
Deana Jensen, TSTC-Marshall SGA
Barbara Jones, TSTC-Marshall SGA
Leonard Rauch and Kenneth Ashworth, Texas Higher Education Coordinating Board
PUBLIC HEARING
Tuesday, March 19, 1996
9:30 a.m.
Capitol Extension, Room E1.036
Austin, Texas

I. INTERIM CHARGE #6 -- ROLE AND RELATIONSHIPS BETWEEN INSTITUTIONS PROVIDING TECHNICAL EDUCATION
   G. Kemble Bennett, Texas A&M Engineering Extension Service

II. INTERIM CHARGE #1 -- ROLE OF LEGISLATURES, SYSTEMS AND COORDINATING AGENCIES IN OTHER STATES
    Mark Bateman, Assistant Professor, Louisiana State University

III. INTERIM CHARGE #1 -- ROLE OF UNIVERSITY SYSTEMS IN GOVERNING HIGHER EDUCATION
    William Cunningham, Chancellor, The University of Texas System
    Barry Thompson, Chancellor, Texas A&M University System
    William P. Hobby, Chancellor, University of Houston System
    Donald Haragan, Interim President, Texas Tech University
       and Texas Tech University Health Sciences Center
    Alfred Hurley, Chancellor, University of North Texas
       and University of North Texas Health Science Center
    Lamar Urbanovsky, Chancellor, Texas State University System
    James Douglas, President, Texas Southern University
    Carol Surles, President, Texas Woman's University
    Dan Angel, President, Stephen F. Austin State University
    Louis Rodriguez, President, Midwestern State University

IV. INTERIM CHARGE #5 -- EDUCATIONAL SERVICES AND TRAINING FOR NON-COLLEGE BOUND STUDENTS
    William Reece, Education Liaison/Carol Parmer, Director of Administration, Texas Workforce Commission

V. PUBLIC TESTIMONY

VI. ADJOURNMENT
Background Materials Provided to Members
Letter from Senator Ratliff to Dr. G. Kemble Bennett, Texas A&M University Engineering Extension Service, inviting him to testify before the committee on the delivery of technical education and training in Texas (1/11/96)
Draft TSTC Model developed by Dr. G. Kemble Bennett
Trusteeship Article entitled "Statewide Governance: Autonomy or Accountability Revisited", provided by R. Novak
Questions On Higher Education Governance, List of Questions Sent to Chancellors and Presidents by Senator Ratliff (2/9/96)
Trusteeship Article entitled "Coordinating Boards Are Under Attack", by E. Hollander (7/94)
Texas Workforce Commission Organization Chart (1/10/96)
Workforce Consolidation: Briefing on House Bill 1863 (7/95)

List of Witnesses

Invited Testimony:
G. Kemble Bennett, Texas A&M Engineering Extension Service
Mark Bateman, Assistant Professor, Louisiana State University
William Cunningham, Chancellor, The University of Texas System
William P. Hobby, Chancellor, University of Houston System
Donald Haragan, Interim President, Texas Tech University and Texas Tech University Health Sciences Center
Alfred Hurley, Chancellor, University of North Texas and University of North Texas Health Science Center
Lamar Urbanovsky, Chancellor, Texas State University System
James Douglas, President, Texas Southern University
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Dan Angel, President, Stephen F. Austin State University
Louis Rodriguez, President, Midwestern State University
William Reece, Education Liaison, Texas Workforce Commission
Carol Parmer, Director of Administration, Texas Workforce Commission

Public Testimony:
L. Richard Hammel, President, Voice of the Taxpayers

Written testimony and handouts were provided by the following:
Mark Bateman, Assistant Professor, Louisiana State University
William H. Cunningham, Chancellor, The University of Texas System
William P. Hobby, Chancellor
William Reece, Education Liaison/Carol Parmer, Director of Administration, Texas Workforce Commission
Sam Cryan, President, Student Government Association, Texas State Technical College
OPEN MEETING

Tuesday, May 14, 1996
9:00 a.m.
Capitol Extension, Room E1.036
Austin, Texas

I. CONSIDERATION OF RECOMMENDATIONS TO ADDRESS INTERIM COMMITTEE CHARGES

II. ADJOURNMENT

Background Materials Provided To Members

Table Of Proposed Interim Recommendations

List of Witnesses

Leonard Rauch, Chairman, Texas Higher Education Coordinating Board
Kenneth Ashworth, Commissioner, Texas Higher Education Coordinating Board
OPEN MEETING

Wednesday, June 5, 1996
9:30 a.m.
Capitol Extension, Room E1.036
Austin, Texas

I. CONSIDERATION OF RECOMMENDATIONS TO ADDRESS INTERIM COMMITTEE CHARGES

II. ADJOURNMENT

Background Materials Provided To Members

Table of Proposed Interim Recommendations showing Committee Action Taken at May 14, 1996 Meeting

List of Witnesses

Resource Witnesses:
William H. Cunningham, Chancellor, The University of Texas System
Don Brown, Deputy Commissioner, Texas Higher Education Coordinating Board
OPEN MEETING

Tuesday, August 20, 1996
10:00 a.m.
Capitol Extension, Room E1.036
Austin, Texas

I. ADOPTION OF FINAL INTERIM COMMITTEE REPORT

II. ADJOURNMENT

Materials Provided To Members
Draft Interim Report
APPENDIX C

Attorney General Opinion Requests
Related to Senate Bill 1
<table>
<thead>
<tr>
<th>Date Requested</th>
<th>Education Code Provision</th>
<th>Issue</th>
<th>Requested By</th>
<th>Summary of Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 26, 1995</td>
<td>Subchapter B, Chapter 44.</td>
<td>Purchase of insurance - clarification of DM-347, an opinion issued prior to SB1.</td>
<td>Mike Moses, Commissioner of Education.</td>
<td>As yet none issued.</td>
</tr>
<tr>
<td>September 8, 1995 (prior request withdrawn, prior opinion withdrawn).</td>
<td>Section 34.003.</td>
<td>Construction of the term &quot;school bus&quot; within the meaning of SB1.</td>
<td>Mike Moses, Commissioner of Education.</td>
<td>Opinion DM-378 issued February 23, 1996 - School districts may permit transportation of fewer than ten students in passenger vehicles not subject to same safety standards and driver qualifications as school buses; School districts may use vehicles meeting standards for commercial carriers for extra-curricular travel; and operators of private passenger cars (such as parents or teachers) are not subject to school bus safety standards when transporting fewer than ten students.</td>
</tr>
<tr>
<td>September 22, 1995</td>
<td>Section 26.007(b).</td>
<td>Whether open and closed meetings of a school board must be held within the district's boundaries.</td>
<td>Mike Moses, Commissioner of Education.</td>
<td>Letter Opinion No. 96-048 issued May 10, 1996. Both open and closed meetings of a school board must be held within the district's boundaries.</td>
</tr>
<tr>
<td>Date Requested</td>
<td>Education Code Provision</td>
<td>Issue</td>
<td>Requested By</td>
<td>Summary of Opinion</td>
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<tr>
<td>October 23, 1995</td>
<td>Sections 11.052, 11.058, and 11.062.</td>
<td>Election by majority vote.</td>
<td>Antonio Garza, Secretary of State.</td>
<td>Letter Opinion No. 95-087 issued December 21, 1995. School districts operating prior to 9/1/95 (election by majority vote of 7 members for single member districts and two at large) under former TEC 23.023 may continue to elect board members by majority vote. Districts electing board members by numbered positions must, per the terms of the Election Code, use the plurality vote method.</td>
</tr>
<tr>
<td>October 31, 1995</td>
<td>Section 44.031 and its relationship to Section 271.024, Local Govt. Code.</td>
<td>Whether a school district must comply with the competitive bidding provisions of the Local Govt. Code when seeking to bid a construction contract over $25,000. Whether Chapter 44, subchapter B of the Education Code also applies to junior college districts.</td>
<td>Mike Moses, Commissioner of Education.</td>
<td>Opinion No. DM-387 issued April 30, 1996. If, per the provisions of TEC 44.031, a district decides that competitive bidding will provide the best value to the district, the district must follow the competitive bidding provisions of the Local Govt. Code. Chapter 44, subchapter B of the Education Code also applies to junior college districts.</td>
</tr>
<tr>
<td>November 22, 1995</td>
<td>Sections 43.005 and 43.006.</td>
<td>Several questions related to contract with non-profit corporation for investment services of permanent school fund.</td>
<td>Mike Moses, Commissioner of Education.</td>
<td>Non-formal Opinion issued May 15, 1996. The non-profit corporation is entitled to assert the sovereign immunity defense; members of the board may raise the defense of qualified immunity for their discretionary acts, performed in good faith, within the scope of their authority; board members and employees are eligible for state indemnification.</td>
</tr>
<tr>
<td>Date Requested</td>
<td>Education Code Provision</td>
<td>Issue</td>
<td>Requested By</td>
<td>Summary of Opinion</td>
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<td>May 7, 1996.</td>
<td>Sec. 37.011.</td>
<td>Whether a juvenile board may provide educational services to certain juveniles who have not been adjudicated as delinquent.</td>
<td>Mike Driscoll, Harris County Attorney.</td>
<td>As yet none issued.</td>
</tr>
</tbody>
</table>
APPENDIX D

Letter Written by Senator Ratliff and Representative Sadler
Regarding Legislative Intent
January 11, 1996

Mr. Herb Kaman
Principal, East Avenue Elementary School
1615 St. Louis
P. O. Box 905
Gonzales, Texas 78629

Dear Mr. Kaman:

You have asked for legislative intent regarding the provisions of the revised Education Code concerning who may enroll a child in a public school. Section 25.002(f) states in part:

Except as otherwise provided by this subsection, for a child to be enrolled in a public school, the child must be enrolled by the child’s parent or by the child’s guardian or other person with legal control of the child under a court order. If a person with legal authority to enroll the child in school cannot be identified and located, the school district that receives the child’s application for enrollment shall notify the Department of Protective and Regulatory Services and shall admit the child as provided by Section 25.001.

The admission provisions of the Code are similar to the above. School districts must admit children who reside in the district and whose parent, guardian, or other person having lawful control of the person under a court order reside within the district. TEX. EDUC. CODE. § 25.001(b). Subsection (j) of Section 25.001 acts as an exception to these provisions by allowing a school district to decide who may enroll a child. It reads:

For the purposes of this subchapter, the board of trustees of a school district by policy may allow a person showing evidence of legal responsibility for a child other than an order of a court to substitute for a guardian or other person having lawful control of the child under an order of a court.
We intended, in subsection (j), to allow school districts to accommodate various
circumstantial situations. For example, when parents abandon a child and relatives are left in
charge of a child, the relatives may not be acting under the authority of a court order, but
they have assumed responsibility for the child. This subsection lets a school board create a
policy addressing this or other situations where the child is cared for by other than the child's
parents. Such policy would establish the level of evidence necessary for the person to show
legal responsibility for the child.

We hope that this letter aids you in understanding the legislative intent in this area. Please do
not hesitate to contact us if you need any further assistance.

Yours very truly,

William R. Ratliff, Chair
Senate Education Committee

Paul L. Sadler, Chairman
House Committee on
Public Education
APPENDIX E

Committee Member Comments
August 9, 1996

The Honorable Bill Ratliff  
Chairman  
Senate Education Committee  
P.O. Box 12068  
Austin, Texas 78711

Dear Chairman Ratliff:

We want to thank you for your leadership during the interim and the hard work of your staff in developing the Senate Education Committee's Interim Report. Overall, we are impressed with the quality of the report and agree with most of the Committee's recommendations. However, with your permission we would like to add a copy of this letter to the report to record our concerns about a few of the Committee's proposals.

Our primary concern is that some Committee recommendations will have a major impact on college students and their families but were not the subject of study or discussion during the Committee's public hearings. In several instances, the first opportunity the Committee had to publicly discuss the proposals was the day we were scheduled to vote on them. Without input from the public we simply cannot, in good conscience, support the following recommendations.

1. Governance, Recommendation 3: The Committee's recommendation includes using student performance on a "rising junior" test as an outcome measure. Our concern is that Texas already has several performance/outcome measures for college students including the TASP, SAT, GRE and other graduate entrance exams. Requiring students to pass a "rising junior" test before allowing them to take upper division course work would be an unnecessary and duplicative burden on students.

2. Tuition, Fees and Grant Set-Asides: Our concern is that the Committee's recommendation allowing governing boards of university systems to set tuition rates for undergraduate programs is an inappropriate expansion of governing board authority. Recent tuition and fee increases are already burdensome on low and middle income families in Texas. Allowing governing boards to further increase tuition would place higher education out of reach for many low and middle income Texans, even if additional funds were made available to low-income students. The Legislature should consider this measure carefully before relinquishing the authority to regulate tuition at our public institutions of higher education.
3. ROLE OF UNIVERSITY SYSTEMS: The Committee's recommendation establishing an annual faculty and student review of tenured professors with a provision for tenure revocation or dismissal is of great concern to us. First, relying upon peer review among academic competitors and student reviews of their professors raises serious questions about the objectivity in the review process. Second, tenure is a time-honored tradition designed to promote academic freedom and protect educators from needless censoring. The threat of tenure revocation will drive the best educators from our state, reduce the quality of our education and of our graduates. If the intent of this proposal is to increase the accountability of our faculty and ensure that students get the attention from tenured faculty they need and deserve, we suggest the Committee discuss alternative solutions.

We understand that the Committee had a limited amount of time to deal with a number of important and complex issues. Since the Committee did not discuss or study these proposals at length, we recommend these issues be made the subject of public hearings prior to the Legislative session. The taxpayers of Texas who support our institutions of higher learning should have an opportunity to discuss these issues before we recommend them to the 75th Texas Legislature.

Again, thank you for your guidance and hard work. We appreciate the opportunity to work with you to improve the quality of education in Texas.

Sincerely,

Gonzalo Barrientos
State Senator

Gregory Luna
State Senator

GB: sjk
August 15, 1996

The Honorable Bill Ratliff  
Chair, Senate Education Committee  
Texas Senate  
State Capitol, Rm. 224 IB  
Austin, TX 78701

Dear Senator Ratliff:

I want to thank you and the staff of the Senate Education Committee for your hard work in preparation of the interim report to the 75th Legislature. I believe this report effectively identifies the education issues that will be faced by the next legislature and provides a solid foundation for dealing with those issues. I appreciate this opportunity to offer the following comments on the report’s findings:

Committee Charge #4, recommendation #1: Meet the ten most populous states’ average faculty salaries over the next three biennia - While I certainly agree that competitive salaries are an important part of attracting and retaining quality faculty, I remain concerned about the availability and source of funding for the proposal as stated. Inclusion of a comparative cost-of-living “weight” is essential to provide a realistic funding target and should be incorporated into any such calculation.

Committee Charge #4, recommendations #1: Allow governing boards of university systems to set tuition rates for individual university undergraduate programs; and #2: Increase the percentage of TPEGG Fund set-asides from the above-minimum tuition revenue generated - I support granting university systems the flexibility to adjust tuition rates at each member institution to more accurately reflect market conditions, and would suggest revisiting Senate Bill 502, 74th Session, as a sensible reference point toward that end. Additional tuition revenues should be available for use by the school charging the higher tuition for the improvement of its programs, faculty, or facilities; students paying higher tuition should be able to see that they are getting their money’s worth through an improved product. I am opposed to required redistribution of the additional revenues.

Committee Charge #6, recommendation #2: Release Student Performance Reports - While I realize that the Senate passed a similar requirement during the 74th Session, I remain concerned about the ability (as well as the time and cost involved) to accurately track and compare remedial requirements. Any resulting news reports will obviously cast an involved high school in a...
negative light. Basing the reporting requirement on a set number of students penalizes larger schools; using a \textit{percentage} of graduates as the basis might be a more fair approach.

\textbf{Committee Charge \#6, recommendation \#3: Create an optional “college bound” portion of the TAAS which students can take for exemption from the TASP} - I am not sure that we need to increase the complexity of the TAAS. Sec. 51.306 (m) of the Education Code already provides that students who make a score prescribed by the Coordinating Board on the TAAS, SAT, or ACT are exempt from taking the TASP.

\textbf{Committee Charge \#2, discussion of home-rule and open enrollment charters, p.10} - Much of SB 1, the most sweeping change in public education in nearly 50 years, is only now being placed into effect. It is far too early to begin drawing firm conclusions regarding its provisions. Based on my contact with education professionals, community leaders and parents, most are still trying to determine the full ramifications of the new choices offered in SB 1 for the operation of schools and districts.

We should continue to provide every opportunity for them to fully exercise the powers newly reserved to the local level. The statutory limitation on the number of open enrollment schools and requirements for establishing new districts and charter programs should be revisited to ensure such opportunities.

\textbf{Committee Charge \#4, discussion of public university fees, p. 16} - Many students enrolling in Texas public universities and their parents find that their full bill can easily exceed twice the amount of stated tuition when the myriad assessed fees are added. I would strongly urge that this committee continue to study approaches to student billing that offer greater “truth in advertising.” Elimination of the building use fee is a positive beginning; the same should be considered in regard to the general use and other fees.

I hope that the above comments will prove constructive as members consider legislation based on this report, and I look forward to continuing to work with the chairman and each member as we prepare for the upcoming session.

Very truly yours,

\textit{Jane Nelson}

Senator Jane Nelson