

(CALL TO ORDER)

(ROLL CALL)

- I. Thank you all for being with us today,
  - A. Not only members of our Higher Education Subcommittee and other senators who join us, but also all of you who care about the future of community colleges.
  - B. Because the issue before us today is so important and impacts every region of the state, we invited every Senator to attend today's hearing.
    1. We're delighted that so many are with us today,
    2. as is Representative Geannie Morrison, Chair of the House Higher Education Committee.
  - C. We especially thank Lieutenant Governor David Dewhurst for his leadership in addressing this issue and for his support of our efforts.
- II. The purpose of today's hearing is to address group health insurance for community colleges and to strive toward consensus in resolving the impact of the governor's veto of \$154 million in group health insurance for community colleges in Fiscal Year 2009.

- III. The agenda reflects public testimony that will enable us to hear from
  - A. The Legislative Budget Board and Comptroller's Office,
  - B. Representatives of the Governor's Office,
  - C. The Higher Education Coordinating Board,
  - D. The Texas Association of Community Colleges,
  - E. Panels of trustees and presidents of community colleges that represent a cross-section of our state in terms of region and size, and
  - F. Business and industry representatives.
- IV. The agenda also calls for public testimony, which will be limited to three minutes.
  - A. We asked community college presidents to provide information specifically related to how the governor's veto impacted their institution, what they will have to do if the situation is not resolved, and their suggestions for how to restore funding.
  - B. Our purpose is to find solutions to the problem.
- V. We also invited community college representatives to submit written testimony.

- A. If you have written testimony, please highlight it for us, rather than reading it to us.
  - B. You're also invited to register as resource witnesses, available to answer questions, or simply to register a position regarding the issue.
- VI. Any acceptable solution is likely to require Budget Execution Authority, which requires action by a majority of the Legislative Budget Board, composed of the Lieutenant Governor and four senators and the Speaker and four representatives—and by the governor.
- VII. Clearly, because the governor is concerned about proportionality, the issue must be addressed.
- A. Some senators also have indicated support for proportionality,
  - B. And some, like many community college representatives, expected to address the issue during the last interim and the last session,
  - C. But no action was taken, and the legislature funded group health insurance without proportionality.
- VIII. We all agree that community colleges play a vital role in achieving the goals of *Closing the Gaps*.
- A. Approximately 575,000 students are enrolled at community colleges, and

- B. nearly 72 percent of college freshmen attend one.
  - C. What's more, 70 percent of higher education enrollment growth is at community colleges, which account for approximately half of higher education enrollment in Texas.
  - D. Because the state provides only 31 percent of community college funding, local communities and taxpayers have carried the burden.
- IX. That is why many of us are so troubled by the veto of \$154 million for community colleges.
- X. Because there are many who believe that it is appropriate to apply proportionality to group health insurance for community colleges, however, we must find a solution to this issue that is fair, equitable, and addresses all of our concerns.
- A. The issue is very complex. We must address, for example,
    - B. How to define proportionality
      - 1. Does it refer to the portion of salaries paid by the state?
      - 2. Or to the salaries that are ELIGIBLE to be paid by the state?

- XI. Accordingly, we called this hearing so that we may discuss not only the impact of the veto on our community colleges, but also to study the issue of proportionality more closely and to try to develop solutions that address the governor's concerns and the concerns of many legislators.
- XII. Our intent is to study the issue closely so that we can develop recommendations for our colleagues in the Senate and the House regarding how to resolve the issue. Some options already being discussed include:
- A. Appropriating the \$154 million through the formulas;
  - B. Raising the state's reimbursement rate for Higher Education Group Insurance for community colleges from 90 percent, perhaps to 97.5 or even 100 percent;  
or
  - C. Combining these two options;
  - D. Simply restoring the funding through supplemental appropriations;
  - E. Appropriating the \$154 million to the Coordinating Board for an incentive program for community colleges;
  - F. And restoring the funding to community colleges that are in compliance with proportionality, then appropriating the balance through the formulas.

XIII. Today we'd like to hear additional solutions and your evaluation of those proposed to date, including any unintended or unforeseen consequences.

XIV. I assure you that the members of this committee and those who join us will continue to work with Lt. Gov. David Dewhurst and our colleagues who support this important funding to remedy the situation during the interim so that funding can be restored and so that community colleges and their students are not penalized unfairly while we address proportionality.

XV. Opening Remarks

- A. Would any member of the subcommittee like to make opening remarks?
- B. Would any other senator like to make opening remarks?
- C. Representative Morrison?