



David Dewhurst
Lieutenant Governor of Texas
President of the Senate

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July 25, 2007

Dear Senators:

I have heard from many of you, and some such as Senators Zaffirini and Hinojosa have written editorials regarding Governor Perry's veto of \$154 million in funding for community college health insurance in Fiscal Year 2009. Community college officials and legislators around the state have also expressed concerns to me about the impact of this veto, which represents a huge cut to many of their community college budgets. As a result of the veto, some colleges are considering tuition increases, local tax increases or restricting enrollment.

Governor Perry's rationale for the veto is a rider in the General Appropriations Act that requires health insurance benefits be paid in the same proportion of state and local funds as an employee's salary. I agree something must be done to ensure that all universities and community colleges are treated consistently, but I don't want to see drastic measures being implemented, such as raising local taxes, increasing tuition or restricting enrollment.

I want this issue addressed now, in Fiscal Year 2008, before the impact of these funding cuts are felt in Fiscal Year 2009 by our community colleges. I believe a meeting of the Legislative Budget Board this fall to consider budget execution is the most appropriate avenue for addressing this issue prior to the beginning of Fiscal Year 2009, when the impact of the veto is effective. Several Members of the Legislature and community college officials have proposed simply restoring the funding as it was appropriated in the budget. However, budget execution also requires approval from the Governor, and discussions with his office have indicated that any proposed solution must address the proportionality issue.

I believe we have a tremendous opportunity to not only address the Governor's concerns raised in relation to the proportionality issue, but also to return the \$154 million to our deserving community colleges either by in part increasing the health insurance rates, funding the formulas or other means. I plan to convene a working group in the next few weeks that includes Senators Ogden, Shapiro, Duncan, Zaffirini, Hinojosa and other interested Members, along with the Governor's office, the community colleges, Members of the House of Representatives and the appropriate state agencies, so we can work together toward a solution by the end of this year.

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Once resolved, I expect our final solution will dramatically improve the current funding situation in which the community colleges find themselves following the \$154 million veto, so I would encourage the community colleges to refrain from taking drastic measures at this time. As we work through this issue, we will definitely review actions taken by the community colleges as they set Fiscal Year 2008 budgets. If necessary, I would expect the working group to make recommendations on how to require tuition or local tax increases enacted in FY 2008 to address the veto to be rescinded.

Thank you for your interest in and commitment to this issue.

Sincerely,

A handwritten signature in black ink that reads "David Dewhurst". The signature is written in a cursive style with a horizontal line extending from the end of the name.

David Dewhurst
Lieutenant Governor

cc: Governor Rick Perry
House Speaker Tom Craddick
Members of the Texas House of Representatives
Community College Presidents
Higher Education Coordinating Board