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**Perry plan adds \$1.7 billion for higher education;  
Proposal creates mandatory exit test and increases financial aid 60%**

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AUSTIN - Flanked by leaders of Texas colleges and universities, Gov. Rick Perry unveiled a sweeping higher education plan Thursday that hikes financial aid 60 percent, creates mandatory exit tests and financially rewards higher-performing schools.

The plan would boost higher education spending by \$1.7 billion in state and federal funds, including \$362 million more in financial aid.

Perry called his plan higher education "reform," but critics questioned its use of standardized testing for college students, lack of control of deregulated tuitions and likely adverse financial impact for colleges and universities along the border.

Perry's plan garnered immediate praise, however, for adding incentives for higher graduation rates, especially in critically needed fields such as nursing and computer science.

"If lawmakers adopt this plan, the ultimate result will be a higher education system that is more affordable, more accountable and more focused on meeting the needs of tomorrow's global marketplace," Perry said.

Senate Education Committee Chairwoman Florence Shapiro, R-Plano, and House Higher Education Committee Chairwoman Geanie Morrison, R-Victoria, will sponsor legislation containing the governor's plan.

### **Quality measurements**

Higher education leaders applauded the governor for showering attention on higher education needs, but they also cautioned the proposals are only a starting point.

Perry's proposals follow U.S. Education Secretary and Texan Margaret Spellings' call last year to measure college quality through tests and to streamline the financial aid process.

Even so, some skeptics question the wisdom of higher education institutions relying upon standardized tests and accountability funding, a model that has been applied to the state's primary and secondary public schools.

"I think that's a mistake," said Rep. Garnet Coleman, D-Houston. "You're trying to take something that is extremely subjective and make it objective - make everyone use the same books, same syllabus and compare. That is not what college education is about."

Others worry that Perry's plan would eliminate special items funding, which newer higher education institutions along the border and in North Texas rely upon heavily.

"There's still a lot of discussion that needs to take place," said Sen. Royce West, D-Dallas. "The University of North Texas-Dallas survives on special funding. It's new. The disadvantage is you're not going to have the investment necessary to show your idea is a proven idea that will ultimately attract students."

With dwindling financial help from the state, colleges and universities across Texas have increased tuition and fees nearly 40 percent since lawmakers deregulated state tuition three years ago.

The prospect of millions more in financial aid could prompt universities to raise tuition even more, one student group worries.

"Tuition and fees are the higher education tax - and reasonable people may disagree on how high that tax needs to be, but university administrators are not reasonable people," said Christopher Richey, vice chairman of legislative affairs for the Young Conservatives of Texas. "This financial aid money will only encourage universities to raise their tuition and fees more."

### **`Able to compete'**

Charles Matthews, chancellor for the Texas State University System, said he thinks Texas State University would earn at least \$10 million more per year through Perry's incentive plan.

"We had a hard time in the past trying to compete with the University of Texas in Austin and Texas A&M in College Station," he said. "The other schools had not been properly funded. This is going to give us an opportunity to be able to compete."

Others agreed, welcoming the larger pot for higher education money.

"If it's really \$1.7 billion in new money, then it's a pretty strong

statement for higher education," said Jay Gogue, chancellor of the four-campus University of Houston System.

### **Community college helped**

Gogue and other officials also said it is too early to tell how the proposal would affect specific universities. Several factors would be introduced, including time to degree, the number of students transferring from community colleges and how many students return from one year to the next.

"It could impact us," said George Wright, president of Prairie View A&M University. "But it's too early in the process. A lot of things can come into play."

Community colleges, meanwhile, could benefit significantly if the Legislature funds day-to-day operations as Perry has proposed.

The state now provides 28 percent of the North Harris Montgomery Community College District's annual budget, down from 65 percent 15 years ago. The boost from Perry's plan would cover 75 percent of the budget, allowing the growing district to hire more full-time faculty members and offer more courses, officials said.

Matthew Tresaugue reported from Houston.

### **BY THE NUMBERS**

Gov. Rick Perry's higher education plan would boost state and federal funds by \$1.7 billion:

\$711 million Hike in state funding

\$350 million Incentive funds for more graduates

171,000 Goal for additional bachelor's degree graduates by 2010

\$362 million 60 percent increase in financial aid

\$56.8 million Incentive to increase nursing graduates

Source: Texas Gov. Rick Perry

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