Developing a Long-Term Strategy for Higher Education

Presentation for:
Senate Subcommittee on Higher Education

June 25, 2008
Texas needs a long-term strategic plan

Texas has made **significant progress** on *Closing the Gaps*, but we face **new challenges** that require us to more systematically plan for the employment of infrastructure and resources for higher education.
Texas has made significant progress in participation and success

Bachelor's, Associate's, and Certificates awarded annually

<table>
<thead>
<tr>
<th>Year</th>
<th>Bachelor's</th>
<th>Associate's</th>
<th>Certificates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>74,906</td>
<td>25,505</td>
<td>15,824</td>
<td>116,235</td>
</tr>
<tr>
<td>2007</td>
<td>93,032</td>
<td>37,613</td>
<td>21,064</td>
<td>151,709</td>
</tr>
</tbody>
</table>

Enrollment since 2000

Target vs. Actual

Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Actual</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Texas has improved its position among peers for federal research expenditures.

- California: 14.2%
- New York: 8.2%
- Pennsylvania: 6.0%
- Maryland: 5.8%
- Texas: 5.6%
- North Carolina: 4.1%
- Illinois: 3.7%
- Ohio: 3.0%
- Michigan: 3.0%
- Florida: 2.4%
- Georgia: 2.1%
Challenges facing Texas higher education

Dramatic **shifts in state demographics**, increasing **fiscal pressures** on institutions and the state, and **future workforce needs** challenge Texas policymaker to develop a long-term strategy to efficiently and effectively deploy higher education resources and infrastructure.
Challenge #1:

Population growth and demographic shifts will increasingly strain state higher education resources and infrastructure.
Texas has the largest increase in population among the 10 fastest growing states

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>20,851,820</td>
<td>23,904,380</td>
<td>3,052,560</td>
<td>14.6</td>
</tr>
<tr>
<td>California</td>
<td>33,871,648</td>
<td>36,553,215</td>
<td>2,681,567</td>
<td>7.9</td>
</tr>
<tr>
<td>Florida</td>
<td>15,982,378</td>
<td>18,251,243</td>
<td>2,268,865</td>
<td>14.2</td>
</tr>
<tr>
<td>Georgia</td>
<td>8,186,453</td>
<td>9,544,750</td>
<td>1,358,297</td>
<td>16.6</td>
</tr>
<tr>
<td>Arizona</td>
<td>5,130,632</td>
<td>6,338,755</td>
<td>1,208,123</td>
<td>23.5</td>
</tr>
<tr>
<td>North Carolina</td>
<td>8,049,313</td>
<td>9,061,032</td>
<td>1,011,719</td>
<td>12.6</td>
</tr>
<tr>
<td>Nevada</td>
<td>1,998,257</td>
<td>2,565,382</td>
<td>671,125</td>
<td>28.4</td>
</tr>
<tr>
<td>Virginia</td>
<td>7,078,515</td>
<td>7,712,091</td>
<td>633,576</td>
<td>9.0</td>
</tr>
<tr>
<td>Washington</td>
<td>5,894,121</td>
<td>6,468,424</td>
<td>574,303</td>
<td>9.7</td>
</tr>
<tr>
<td>Colorado</td>
<td>4,301,261</td>
<td>4,861,515</td>
<td>560,254</td>
<td>13.0</td>
</tr>
</tbody>
</table>

Source: Texas State Data Center, UTSA 2008
Hispanic college-age population is growing significantly.

- **2008**
  - Anglo: 40.6%
  - Black: 12.9%
  - Hispanic: 43.1%
  - Other: 4.1%

- **2020**
  - Anglo: 48.6%
  - Black: 11.8%
  - Hispanic: 35.5%
  - Other: 4.1%

- **2040**
  - Anglo: 59.2%
  - Black: 9.6%
  - Hispanic: 27.2%
  - Other: 3.0%

Source: Texas State Data Center, UTSA 2008
Enrollment growth in Texas is concentrated in a few regions.
Challenge #2: Fiscal pressures will continue to mount at both the state and institutional levels
Among peer states, Texas is projected to have the greatest structural budget deficit by 2013.
Estimated infrastructure and operational expenses given current practices

- Total new capital construction costs to meet participation goals by 2015:
  - Public Universities: $3.2 billion
  - Public Community Colleges: $6.2 billion

- Total new faculty and cost to meet participation goals by 2015:
  - Public Universities: 7,400 ($381.5 million)
  - Public Community Colleges: 13,400 ($449.4 million)
Operating expenses per full-time equivalent student have increased
(General Academic Teaching Institutions)

FY 2005: $15,123
FY 2006: $16,113
FY 2007: $16,956
Texas universities have invested more in faculty and their salaries, which is a significant cost-driver.

- Texas universities have added **1,175 full-time equivalent faculty members** since FY 2003—a 10 percent increase.
- Texas universities have increased the average salary for full-time equivalent faculty members from $63,399 in FY 03 to $80,341—a **27 percent increase**. This includes all faculty ranks.

<table>
<thead>
<tr>
<th>National Salaries (Professor)</th>
<th>10-State Average</th>
<th>Texas Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2000</td>
<td>$80,563</td>
<td>$76,192</td>
</tr>
<tr>
<td>FY 2007</td>
<td>$102,752</td>
<td>$99,683</td>
</tr>
<tr>
<td>% increase</td>
<td>28%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: AAUP Salary Survey 2008
Texas’ faculty salaries lag behind nationally recognized research institutions

Source: AAUP Salary Survey, 2008
Although Texas has made substantial investments in higher education, the share of state funding is diminishing.
Texas is above the U.S. average, but below some key peer states in state support.

**State Support per FTSE**
**FY 2007**

- **Georgia**: $9,264
- **North Carolina**: $8,864
- **New York**: $8,133
- **Texas**: $7,628
- **US**: $7,042
- **Illinois**: $6,597
- **California**: $6,542
- **Florida**: $6,517
- **Pennsylvania**: $5,698
- **Ohio**: $5,403
- **Michigan**: $5,067

**(SHEF FY 2007 Early Release)**
**Population data are July 2007 estimates retrieved from the U.S. Census Bureau**
Tuition at Texas’ 4-year institutions is comparable to national peers, while community colleges remain relatively inexpensive.

**2007-08 Tuition & Required Fees**
*(Texas vs. National Average)*

- **Flagship**
  - Texas: $8,060
  - US: $8,004

- **Comprehensive**
  - Texas: $5,481
  - US: $5,526

- **Comm College**
  - Texas: $1,639
  - US: $2,737

**Median Household Income**

<table>
<thead>
<tr>
<th></th>
<th>Texas</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$43,044</td>
<td>$48,023</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2005-06 2-Year-Average Median Household Income (2006 dollars).

Texas is below national average in net tuition collections of all institutions per student.
Challenge #3:

Workforce demands of the 21st century continues to drive educational demands
Texas is challenged to equitably distribute resources regionally to meet critical workforce needs

- Professional degree attainment and employment trends are a key indicator for investing educational resources.
- Some regions of the state face challenges in critical fields such as nursing and other health-related fields.

Practicing RNs per 100,000 Population in Texas (2003)

Statewide Average: 626 per 100,000

**438 per 100,000 for the South Texas region excluding Bexar County; 571 per 100,000 including Bexar County.**

Sources: 1) Regional Population: Texas State Data Center; 2) Bexar County Population: U.S. Census Bureau, 2002; 3) Practicing RNs: Texas Department of Health.
Texas has ongoing statewide shortages in critical technology fields that drive the new economy.
Long-term Strategic Planning

Texas needs to develop a coherent strategy to effectively and efficiently deploy educational resources that:

✓ Maximizes existing capacity
✓ Utilizes innovative delivery models; and
✓ Addresses critical workforce/education needs.
Strategic Planning
Supply/Demand Pathway Model

- Premise: Need should be tested in region prior to large-scale investment of resources

- Offer Courses & Programs

  - University System Center
  - Multi-Institution Teaching Center

- General Academic Institution
  (After Upper-Level and Graduate Enrollment > 3,500 FTE for four Fall Semesters)

- Used to address large-scale enrollment demand in a region with no higher education institution or resources
Strategic Planning

Emphasis on excellent undergraduate education is critical

- 81% of all public university students are undergraduates
- 91% of all public college and university students are undergraduates
- 43% of all public college and university students are freshmen
- Need to improve and measure learning outcomes
Strategic Planning
Expanding access to high quality medical education

First Year Medical Students in 10 Most Populous States

- California: 1968
- Florida: 1317
- Georgia: 1334
- Illinois: 1317
- Michigan: 1334
- New Jersey: 1968
- New York: 1317
- Ohio: 1334
- Pennsylvania: 1317
- Texas: 1968
Texas has little excess capacity to train, retain, and attract medical residents.
Strategic Planning

Institutions with medical schools are at a competitive advantage for Federal R&D expenditures

<table>
<thead>
<tr>
<th></th>
<th>Institution</th>
<th>Federal R&amp;D expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Johns Hopkins</td>
<td>$1,444 million</td>
</tr>
<tr>
<td>2</td>
<td>University of Michigan</td>
<td>$809 million</td>
</tr>
<tr>
<td>3</td>
<td>University of Wisconsin</td>
<td>$798 million</td>
</tr>
<tr>
<td>4</td>
<td>UC Los Angeles</td>
<td>$786 million</td>
</tr>
<tr>
<td>5</td>
<td>UC San Francisco</td>
<td>$754 million</td>
</tr>
<tr>
<td>6</td>
<td>UC San Diego</td>
<td>$721 million</td>
</tr>
<tr>
<td>7</td>
<td>Stanford University</td>
<td>$715 million</td>
</tr>
<tr>
<td>15</td>
<td>UC Berkeley</td>
<td>$555 million</td>
</tr>
<tr>
<td>25</td>
<td>Texas A&amp;M</td>
<td>$480 million</td>
</tr>
<tr>
<td>26</td>
<td>Baylor College of Medicine</td>
<td>$459 million</td>
</tr>
<tr>
<td>32</td>
<td>UT Austin</td>
<td>$411 million</td>
</tr>
<tr>
<td>46</td>
<td>UT Southwestern</td>
<td>$321 million</td>
</tr>
</tbody>
</table>

SOURCE: National Science Foundation
Strategic Planning
Identifying innovative ways to deliver educational resources

- Expand distance education models
- Institutionalize 2+2 models
- Strengthen existing flagships
- Create more national research universities
- Strengthen undergraduate education
Economic Benefits of Achieving the Goals of Closing the Gaps

By 2030:

• For every $1 the state invests in higher education, it receives approximately $8 in return.

• Annual gains (in 2006 dollars) of:
  - $489.6 billion in total spending
  - $194.5 billion increase in gross state product
  - $121.9 billion increase in personal income
  - 1,023,281 increase in permanent jobs

Source: The Perryman Group, “A Tale of Two States”

http://www.thecb.state.tx.us/reports/PDF/1345.PDF