



Written Testimony for the Senate Committee on Higher Education
Interim Hearing – September 23, 2010
Charge 5#: Cost Efficiencies

Raymund A. Paredes, Ph.D.

Commissioner

Texas Higher Education Coordinating Board

P.O. Box 12788

Austin, TX 78711

(512) 427-6111

Raymund.Paredes@thehb.state.tx.us

Panel #1: Overview of Cost Drivers and Efficiencies in Higher Education

- I. Texas has made meaningful progress toward meeting the goals of *Closing the Gaps by 2015*, yet significant work remains to bring the state up to parity and position Texas as a global leader in higher education.**
- a. According to a recent report, the U.S. spends twice as much as the average industrialized country on higher education, but compared with other nations has an increasingly smaller proportion of young adult Americans with at least an associate degree. Even more startling, the U.S. is in 10th place among developed nations in attainment among younger adults, who overall are now completing less higher education than did their parents' generation. (Source: Organisation for Economic Co-Operation and Development Factbook 2009: Economic, Environmental and Social Statistics, Education Outcomes)
 - b. Higher education funding represents the third largest piece of general revenue and the state continues to invest significant amounts of funding, but getting students through the pipeline and successfully attaining a postsecondary award (bachelor's degree, associate's degree, and certificate) has been a challenge.
 - c. Graduation rates are low – only 27% of full-time students entering a public four-year institution graduate within four years and only 11% of full-time students entering community colleges graduate within three years.
 - d. Approximately \$713 million in state and federal financial aid was lost by students that entered a public four-year or two-year institution in Texas and did not complete and were no longer enrolled after six years.
 - e. According to 2009 data, \$330.3 million was lost in total state revenue via formula funding over a biennium due to dropped courses at public universities and community colleges.
 - f. Most importantly, students are leaving higher education with no degree and accumulating significant loan debt. The average debt of Texas university students

that leave college with no degree is \$10,800 and \$6,700 for community college students.

- g.** The state of our economy will no longer support business as usual. Texas must achieve better results in the most cost-efficient manner in order to improve the future of its citizens. It is incumbent on institutions of higher education and state leaders to make significant shifts in operations to improve student outcomes and propel the state toward economic and global competitiveness for the benefit of all Texans.