

# Texas Charter for Public Higher Education

1987

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## **Statement from the Chairman**

*The Texas Charter for Public Higher Education*, adopted as official state policy by the 70th Legislature, is a formal statement of the goals and priorities for higher education in Texas. Developed by the Select Committee on Higher Education, the Charter reflects the testimony of hundreds of university and community college officials, professors, students, state and local business and civic leaders, elected state officials, nationally known scientists and educators, and representatives of professional associations at public hearings held across the state.

The Charter, the first policy document of its kind adopted by a state legislature, reaffirms a commitment at the highest levels of state government to improve academic quality and to bring educational opportunity within the reach of every young Texan. It is a pledge to achieve greater efficiency and accountability in the management of the more than 130 public and private campuses already serving more than three quarters of a million students. Under the Charter, higher education becomes an active partner in ambitious new programs to advance research leading to a diversified state economy.

Educated minds will be the principal fuel to drive the Texas economy. Educated minds will propel the resolution of social issues related to an advanced and changing society. Educated minds will promote and maintain the culture of the state's diverse population. In recognizing the role of knowledge and wisdom among our citizens, the Texas Charter commits the state to the pursuit of excellence in higher education.

-- Larry E. Temple  
Chairman, Texas Higher Education Coordinating Board  
Chairman, Select Committee on Higher Education

## **House Concurrent Resolution**

WHEREAS, The Select Committee on Higher Education was created by the 69th Legislature of the State of Texas to make a comprehensive study of all issues and concerns relating to higher education in Texas; and

WHEREAS, During the course of the committee's deliberations, members heard testimony from university and community college officials, professors, students, state and local business and civic leaders, elected state officials, nationally known scientists and educators, and representatives of various professional associations on a wide range of problems and concerns; and

WHEREAS, A management audit of Texas public higher education was commissioned by the committee to provide a comprehensive study of the governance, funding, and management of higher education in Texas; and

WHEREAS, The committee members reaffirmed the basic tenet that investment in higher education is an investment in the state's future economic diversification and prosperity; and

WHEREAS, The committee determined that the State of Texas requires a formal statement of goals and priorities for Texas higher education; and

WHEREAS, For purposes of enhancing quality and achieving efficiency and accountability in public higher education, the committee determined that the State of Texas requires a comprehensive statement of agency responsibilities, institutional missions, and funding and management policies; and

WHEREAS, In its final report, the committee proposed the official adoption of a document entitled *Texas Charter for Public Higher Education*, providing a comprehensive statement of goals, priorities, and policies for Texas higher education; now, therefore, be it

RESOLVED, That the 70th Legislature of the State of Texas hereby adopt the following *Texas Charter for Public Higher Education* as state policy for enhancing quality and guiding the effective and efficient allocation of public resources for Texas higher education.

### **Preamble**

We believe that higher education is vital to human advancement and that support for higher education reveals a society's commitment to progress. An investment in education is an investment in this State's future development and prosperity. By exploring the frontiers of knowledge, higher education produces new ideas to meet future challenges.

Recognizing that economic, technological and social changes will increase at exponential rates, the State's continued economic expansion and productivity will require current and future generations of Texans not only to be trained for vocations and professions, but also to be educated to understand the cultural, scientific and social environment in which they will live, work and compete. Thus, the public higher education system of Texas should provide an educational environment conducive to collective excellence and individual achievement.

Whereas Texas traditionally prospered through the hard work of its citizens and the development of bountiful natural resources, the State's future prosperity will depend more extensively upon economic diversification and the cultivation of its

human resources through education. Therefore, we affirm the necessity and importance of all aspects of higher education -- vocational and technical training, liberal arts and sciences education, graduate and professional education and training -- believing that only all in concert are sufficient to provide the broad educational opportunities the future will demand.

This Charter sets out the principles and provisions by which the future development of higher education in Texas shall be guided.

## **Principles**

### **I. Quality**

#### **THE PEOPLE OF TEXAS EXPECT QUALITY IN ALL ASPECTS OF PUBLIC HIGHER EDUCATION: TEACHING, RESEARCH AND PUBLIC SERVICE.**

Teaching is the central mission of higher education. To that end, our faculties should be among the best in the United States, and their compensation should be competitive with those of comparable institutions throughout the nation. Outstanding faculties should be developed, recruited, and retained by our institutions, rewarded for excellence, and provided sufficient resources to perform their academic functions.

Research is an integral component of Texas higher education, enhancing both the educational process and the advancement of knowledge. University research contributes to economic growth through the education and training of scholars and scientists and through the discovery of new insights and relationships leading to innovation and new technology. The quality of university research should be improved by increasing the access to research funds among all campuses and academic disciplines, by encouraging competition through expert review, and by requiring greater accountability through merit evaluation of state-supported research programs.

Public service is a significant function of higher education. Colleges and universities enrich the State's quality of life by providing public access to libraries and cultural events. Local communities are afforded direct assistance from the agricultural and engineering extension services and academic health care centers. Most importantly, institutions of higher education shall serve both the private and public sectors as an independent source of information for policy decisions, resource allocations, management options and regulatory issues.

Effective teaching, research and public service can be achieved only in an environment free of censorship and restrictions. The autonomy and integrity of our institutions of higher education should always be assured.

## **II. Accessibility**

### **HIGHER EDUCATION SHOULD BE ACCESSIBLE TO ALL THOSE WHO SEEK AND QUALIFY FOR ADMISSION.**

Neither financial nor social status should serve as a barrier to opportunities for higher education in Texas. Financial aid as well as academic and social support services should be available. Texas colleges and universities shall actively recruit and retain students from populations that have not heretofore fully participated in higher education.

## **III. Diversity**

### **HIGHER EDUCATION SHOULD PROVIDE A DIVERSITY OF QUALITY EDUCATIONAL OPPORTUNITIES.**

The State is best served through diverse academic and cultural campus environments. Each postsecondary educational institution should be assigned a distinct role. Each college and university should strive to excel in selected academic or technical areas and to achieve distinction among peers nationwide. Independent colleges and universities constitute a vital segment of the diverse educational opportunities in the State. In recognition of their important role, the State, through appropriate public policies, should encourage their continued vitality and contributions as integral parts of the higher education system in Texas.

## **IV. Adequate Funding**

### **SUPPORT THROUGH ADEQUATE FUNDING IS CRITICAL IF HIGHER EDUCATION IS TO ACHIEVE ITS PURPOSE.**

Definitions of role and scope should identify the specific purposes of each Texas college and university as well as those activities eligible for State support. Base funding should be allocated at levels which will enable each institution to achieve its primary objectives. Special incentive and initiative funding should enable individual institutions to develop distinct strengths. Colleges and universities should be encouraged to expand use of local, federal, corporate and philanthropic funds to further their specific goals.

## **V. Effective Management**

### **THE PEOPLE OF TEXAS ARE ENTITLED TO EFFICIENT AND EFFECTIVE MANAGEMENT OF HIGHER EDUCATION.**

Colleges and universities should strive to reduce operating costs through the improved management of human resources and through the cost effective management of physical plants and equipment. Financial reporting information shall be standardized and simplified to allow for statewide review and planning. Financial incentives for managerial effectiveness should be provided to all colleges and universities demonstrating measurable operating efficiencies and increased productivity.

## **VI. Leadership**

### **THE PEOPLE OF TEXAS ARE ENTITLED TO CAPABLE AND CREATIVE LEADERSHIP IN HIGHER EDUCATION.**

The Texas Legislature shall define state policies and goals for higher education, appropriate the necessary funds to achieve those ends, and hold the higher education system accountable.

The Texas Higher Education Coordinating Board shall serve as an advocate for higher education, providing advice and comprehensive planning capability to the Legislature, coordinating the effective delivery of services, and efficiently administering assigned statewide programs.

Regents and administrators of systems and institutions of higher education shall ensure efficiency in program planning and management, excellence in program performance, and accessibility to all Texas residents who seek and qualify for admission to postsecondary education and training.

Faculty in Texas public higher education shall develop the intellectual potential of their students through superior teaching, create new knowledge through superior scholarship and research, and generally improve the economic and social condition through training in vocation and professions.

## **Provisions**

### **I. RESPONSIBILITIES**

Responsibility for achieving these goals rests with the Texas Legislature, the Texas Higher Education Coordinating Board, the institutional governing boards, the system administrations, and the colleges and universities.

#### **Texas Legislature**

The Texas Legislature sets broad policy while delegating implementation to appropriate officials. The Legislature has responsibility for financing public higher education. Authorizing funding methods to promote educational quality and demanding effective resource management and accountability are the paramount responsibilities of the Texas Legislature.

#### **Texas Higher Education Coordinating Board**

The Coordinating Board, Texas College and University System shall be renamed the Texas Higher Education Coordinating Board.

The Texas Higher Education Coordinating Board shall be a planning body to advise the Legislature on higher education and to coordinate designated services statewide. Responsibilities of the Texas Higher Education Coordinating Board shall be:

- To develop a five-year master plan which is updated annually;
- To classify and prescribe the institutional role and mission for each public institution of higher education in Texas and make such changes in classification of role and mission of each institution as it deems appropriate and hear applications from institutions for changes in classification of role and mission;
- To establish enrollment limits at all institutions of higher education;
- To report to the Legislature annually on the "state of higher education";
- To present to the Legislature a comprehensive summary and analysis of institutional appropriations requests and formula development in order to provide a statewide view of funding requirements;
- To establish and maintain a management information system including uniform statistics which are appropriate to planning, financing and decision-making rather than regulation;
- To administer designated programs such as trustee funds, incentive/discretionary grants, research competition awards, and other programs assigned by the Legislature;

- To develop funding formulas through an ongoing process of committee review and expert input; to advise and offer technical assistance to the Legislature, systems offices, and institutions; to approve degree programs and certain construction projects; and to coordinate higher education;
- To publish materials on admission policies, transferable courses among universities and community/junior colleges, financial assistance programs and other information to assist in making decisions about higher education;
- To develop and implement policies on the transferability of lower division courses among institutions of higher education;
- To develop guidelines for institutional reporting of student performance; and
- To encourage cooperative programs and agreements among institutions of higher education including, among others, degree offerings, research activities, library and computer sharing.

### **Governing Boards**

Governing boards are educational policy-makers, not implementers. They are trustees of the systems and institutions of higher education. Individuals serving on these boards shall have suitable backgrounds for carrying out the following statutory responsibilities:

- To establish institutional goals in compliance with role and mission statements, assuming responsibility for their implementation and the execution of related policies;
- To select chancellors and institutional presidents;
- To set campus admission standards in accordance with role and mission, correlating them with standards of comparable institutions in other states;
- To set tuition and fees within statutory limits; and
- To accept legal fiduciary responsibilities as trustee in managing funds administered by campuses under the board's purview.

### **System Administrators**

System administrations shall serve as coordinators, not managers, and system planners. Their specific statutory responsibilities shall include:

- To initiate, monitor, approve and coordinate institutional long-range planning;

- To approve short-range institutional plans for operations and expenditures;
- To provide technical assistance to institutions such as legal and financial services; and
- To evaluate presidents and their institutions and to assist them in achieving performance goals.

### **Colleges and Universities**

Colleges and universities shall provide postsecondary education and training. Their responsibilities shall include:

- To transmit culture through general education;
- To extend knowledge;
- To teach and train students for professions;
- To provide for scientific, engineering, medical and other academic research;
- To protect intellectual exploration and academic freedom;
- To strive for intellectual excellence;
- To provide educational opportunity for all who can benefit from postsecondary vocational, technical and academic education and training;
- To provide continuing education opportunities for all citizens; and
- To provide public services.

## **II. ROLES AND MISSIONS**

### **Public Community/Junior Colleges**

Texas Public Community/Junior Colleges shall be two-year institutions primarily serving their local taxing districts and service areas in Texas and offering vocational, technical and academic courses for certification or associate degrees. Continuing education, remedial/compensatory education consistent with open-admission policies, and programs of counseling and guidance shall be provided.

Each institution shall insist upon excellence in all academic areas -- instruction, research and public service. Faculty research, using the facilities provided for and consistent with the primary function of each institution, is encouraged. Funding for research should be from private sources, competitively acquired sources and local tax revenues.

## **Texas State Technical Institute**

Texas State Technical Institute shall serve the State of Texas by offering occupationally oriented programs in highly specialized technical and vocational areas for certification or associate degrees which do not duplicate programs commonly offered by public community/junior colleges. Each Texas State Technical Institute campus is authorized to develop and offer highly specialized technical programs with related supportive course work. Primary consideration shall be placed on industrial and technological manpower needs of the state. The emphasis of each Texas State Technical Institute campus shall be on excellence in instruction and public service. Faculty research, using the facilities provided for and consistent with the primary function of the institution, is encouraged. Funding for research should be from private sources, competitively acquired sources and appropriated public funding.

### **III. FUNDING**

#### **General Funding Policies**

Funding policies shall allocate resources efficiently while providing incentives for quality and institutional diversity. The Texas Higher Education Coordinating Board shall present a comprehensive summary and analysis of institutional appropriations requests to the Legislature.

University funding proposals shall include: (1) base funding determined by formulas reflecting institutional roles and missions, (2) incentive funding for academic enhancement and managerial innovation and (3) special initiative funding for academic programs.

BASE FUNDING shall remain formula-driven, with the following modifications:

- All institutions shall receive adequate base funding according to role and missions and with special attention given to those funding elements which directly support faculty; and
- Fixed and variable elements of cost shall be reflected in funding formulas.

INCENTIVE FUNDING shall be established to reward institutions achieving specific goals, including but not limited to:

- Achievement of minority recruitment and retention goals while keeping standards high;
- Attainment of specified graduation rates while keeping standards high;

- Demonstrated commitment to liberal arts core curriculum;
- Demonstrated commitment to continuing education programs;
- Improvements in energy conservation;
- Improvements in use of campus buildings;
- Demonstrated commitment to renovation and maintenance of existing facilities;
- Development of articulation arrangements;
- Accreditation of a specified proportion of eligible academic programs;
- Assessment of the performance of graduates as a measure of general education outcomes (for example, assessing performance of a sampling of graduates on an appropriate standardized test);
- Assessment of the performance of graduates on a measure of specialized field outcomes (for example, assessing performance of a sampling of graduates on professional licensing examinations);
- Evaluation of instructional programs through a survey of students, recent alumni and the community/employers;
- Peer evaluation of academic and research programs by scholars from other institutions on a continuing, systematic basis; and
- Attainment of, or progress toward, academic goals established by the institution in its long-range plan.

Each goal shall be weighted according to priorities established by the Legislature and funded by a proportion of base funding.

SPECIAL INITIATIVE FUNDING shall promote education excellence. Specific programs shall include:

- Eminent Scholars Program, authorized in 1983, to enable public universities to attract high quality students and faculty;
- Teaching Excellence Program to recognize and reward outstanding teaching;
- Program Excellence Challenge to encourage universities to identify their best undergraduate programs for one-time enrichment grants; and
- Academic Challenge to develop priority undergraduate and graduate programs institutionally.

Flexibility in the use of state funds shall be enhanced by:

- Appropriating base funding to the institutions in lump-sum amounts, even though formulas are used to compute the base funding; and
- Permitting institutions to retain unexpended balances from year to year.

Campus and system administrations also shall be encouraged to maximize the use of local funds within legal and constitutional limits to support programs consistent with their role and mission. Unless statutorily specified otherwise, all receipts collected by institutions of post secondary education shall be maintained locally and outside the State Treasury. Local funds include but are not limited to:

- All tuition and building use fee revenue;
- Restricted and unrestricted gifts and donations;
- Restricted and unrestricted interest income;
- Service department revenue;
- Funds from auxiliary enterprises such as residence halls, food services, bookstores, snack bars, university hospitals, and other services;
- Grants and contracts for research projects or training;
- Indirect cost return revenue;
- Student aid monies;
- Special endowments;
- Annuity and life income trust funds;
- Certain plant funds for construction, renewal and replacement, retirement of debt, and investment; and
- Agency funds held for student and professional organizations, as well as group insurance funds.

Governing boards shall retain full authority for the use of these funds within legal and constitutional limits. Reports shall be required to assure accountability. To improve existing reporting procedures the Texas Higher Education Coordinating Board shall strengthen its management information system and the State Auditor shall develop uniform accounting and classification procedures. These two agencies also shall create guidelines for reporting and accounting and shall develop simplified methods to reduce paperwork and duplicate reports. Accountability indices shall be established to ensure the proper use of local funds while protecting institutional autonomy and authority.

The financing of community/junior colleges and the Texas State Technical Institute shall be based on contact hours within categories developed, reviewed and updated by the Coordinating Board. The stewardship of state funds, local ad valorem tax revenues and other local funds shall be managed by the institutions and their respective governing boards.

### **Research and Technology Funding**

State funding for higher education research shall be funded through the following programs:

**RESEARCH ENHANCEMENT PROGRAMS** -- All public senior universities in Texas shall receive support for innovative research and seed monies for nonstate financial support. Each campus shall receive an appropriation based on number of full-time-equivalent faculty as determined by the Texas Higher Education Coordinating Board. This formula-based funding shall be awarded to faculty within any discipline according to campus-wide competitive peer-review procedures developed at each university.

**ADVANCED RESEARCH PROGRAM** -- Nondirected (basic) research shall be funded through statewide competitive peer review. Research areas shall include astronomy, atmospheric science, biological and behavioral sciences, chemistry, computer sciences, earth sciences, engineering, information science, mathematics, material sciences, oceanography, physics and social sciences. Proposals shall be judged for excellence by a peer-review process administered by the Texas Higher Education Coordinating Board. All faculty in all Texas public institutions of higher education shall be eligible to submit proposals. Annual funding shall be at a level equal to at least 10 percent of the average total estimated federally sponsored research for the preceding three years in all Texas public higher education institutions.

**ADVANCED TECHNOLOGY PROGRAM** -- Directed (applied) research enhances Texas economic growth through the education of scientists and engineers and the creation of new products and production processes. Advanced technology research shall be funded through competitive peer review. Initial research areas shall include: agriculture/biotechnology/biomedicine, energy, materials science, microelectronics, marine science/aquaculture, aerospace, telecommunications, and manufacturing science. Additional research areas may be added through the determination of an advisory panel. Peer-review panels administered by the Texas Higher Education Coordinating Board shall judge proposals based on excellence in research design and possible innovation in cross-disciplinary, multi-campus and higher education-industry research collaboration. Competition shall be open to faculty in all Texas institutions of higher education (public or private), with a provision for matching grants to higher education institutions conducting collaborative research with corporate and nonprofit organizations. Funding shall be provided by state appropriation, as well as corporate or philanthropic contributions.

**SPECIAL RESEARCH APPROPRIATIONS** -- Funding for special university research missions may be provided by line-item appropriations. However, such research and technology-transfer programs shall be subject to merit review at least every five years. The Higher Education Coordinating Board shall appoint advisory panels to evaluate these

research programs for merit, competent research performance and relevance of research for achieving goals important to Texas. The Texas Higher Education Coordinating Board shall report findings to the Legislative Budget Board, with recommendations for program reauthorization, revision or discontinuation.

INDIRECT COST RECOVERY -- The State of Texas will deduct from the appropriation to each institution of higher education no more than 50 percent of indirect costs received from all research grants during the preceding biennium. Monies retained by each college and university through indirect cost recovery shall be used to conduct and support other campus-based research, including the purchase of equipment.

### **Faculty Compensation**

In addition to academic and support services funded through the general funding policies of the State, faculty compensation shall include salaries and benefits no less than the average compensation offered by peer institutions nationwide with comparable roles and missions as determined by the Texas Higher Education Coordinating Board. The Texas Higher Education Coordinating Board, in development of a State Master Plan, shall gather data on peer institutions. Funding for higher education shall reflect those findings.

### **Student Financial Assistance**

Student financial status shall not be a barrier to participation in higher education, because the state can achieve its full economic and social potential only if every individual has the opportunity to contribute to the full extent of his or her capabilities. It is state policy to appropriate adequate state funding for student financial assistance.

## **IV. MANAGEMENT**

More efficient techniques for managing resources shall be used by the Texas Higher Education Coordinating Board, governing boards, system offices and campus administrators. These techniques will streamline operations and improve accountability. Cost savings generated by the institutions shall be retained and redeployed on the campus.

HUMAN RESOURCES MANAGEMENT policies shall be developed by the Texas Higher Education Coordinating Board and others as required to increase productivity and to provide benefits in a cost-effective manner. These policies include but are not limited to the following:

- The improvement of health benefits for college and university employees, through statewide group programs;
- Creation of a management training system to assist colleges and universities in developing personnel management systems and complying with equal employment opportunity and affirmative action requirements, particularly in regard to record keeping;
- Requirement of institutional five-year plans to manage personnel overhead, to establish position control systems for administrative personnel and to implement productivity improvement programs; and
- Specific institutional plans to identify, develop and recruit outstanding leaders.

PHYSICAL PLANT MANAGEMENT shall emphasize maintaining the investment in land and facilities by:

- Including estimated maintenance costs for the life of buildings in requests for new construction;
- Ending the practice of deferring building maintenance;
- Initiating a policy to make needed facility repair and rehabilitation;
- Preparing annual five-year plans for major repair and rehabilitation projects and new construction, regardless of funding sources; and
- Implementing policies and practices to reduce utility costs.

ACCOUNTING AND FINANCIAL REPORTING PROCEDURES necessary in the management of higher education include:

- Uniform financial reporting system developed and maintained by the State Auditor's Office; and
- Continual evaluation by the Texas Higher Education Coordinating Board of all requirements for data in order to simplify institutional reporting.

PURCHASING AUTHORITY of all colleges and universities shall be expanded by giving institutions responsibility for all purchases in connection with research activities.

STATEWIDE HIGHER EDUCATION TELECOMMUNICATIONS NETWORKS shall be adopted and as shown to be practical implemented for integrated teaching and data transmission and computation.

CASH MANAGEMENT PROCEDURES shall be adopted by the State to require that all institutions of higher education:

- Select their banking relationships competitively; and

- Invest in authorized financial instruments, including certificates of deposit, government-backed securities and treasury bills.