Developing a Long-Term Strategy for Higher Education

Presentation for:

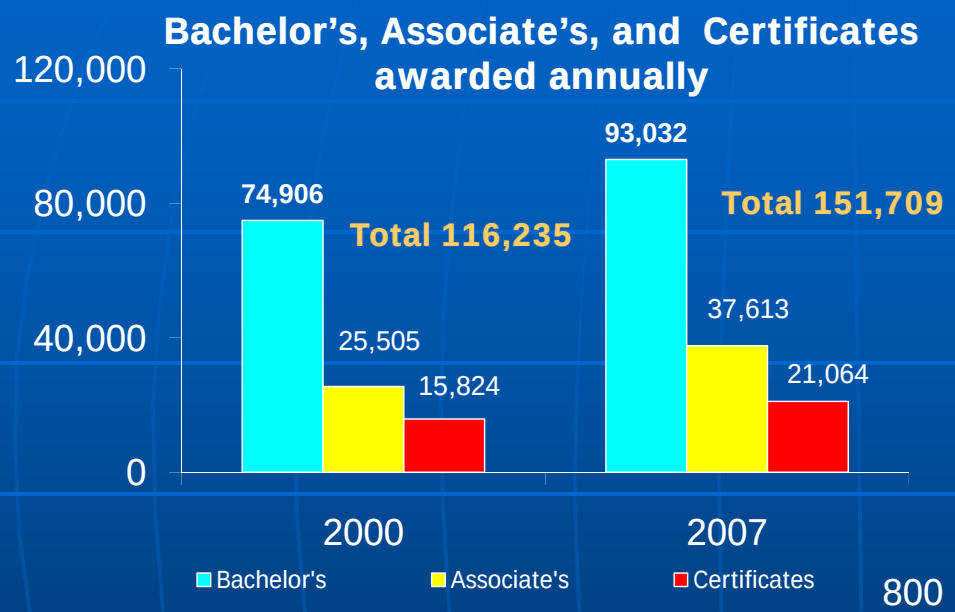
Senate Subcommittee on Higher Education

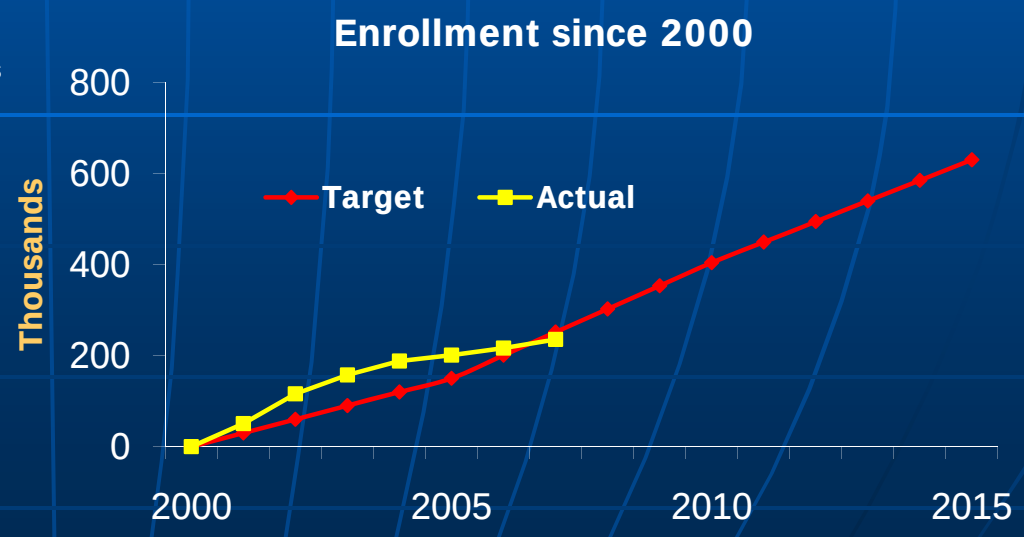
June 25, 2008

Texas needs a long-term strategic plan

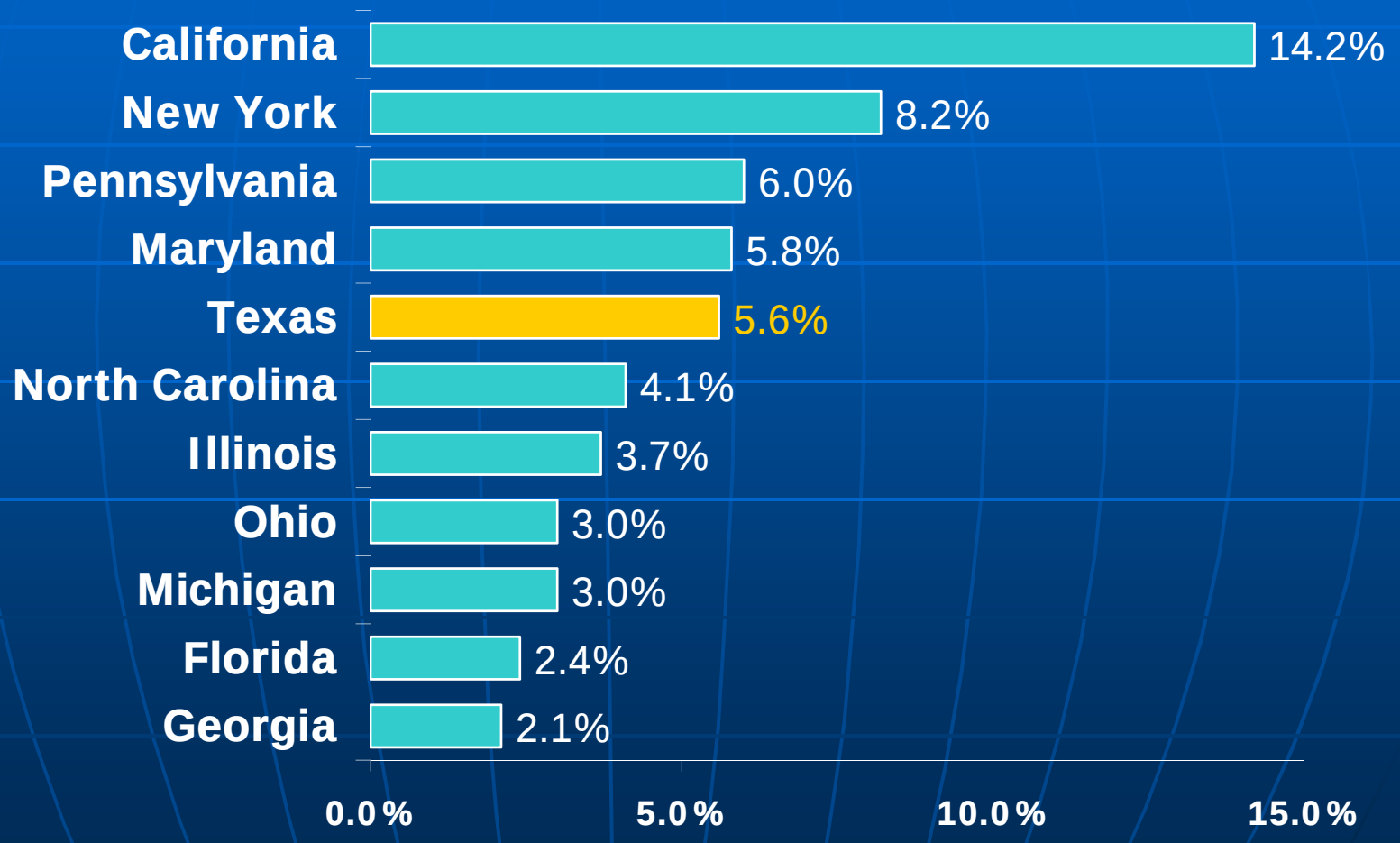
Texas has made **significant progress** on *Closing the Gaps*, but we face **new challenges** that require us to more systematically plan for the employment of infrastructure and resources for higher education.

Texas has made significant progress in participation and success





Texas has improved its position among peers for federal research expenditures



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:

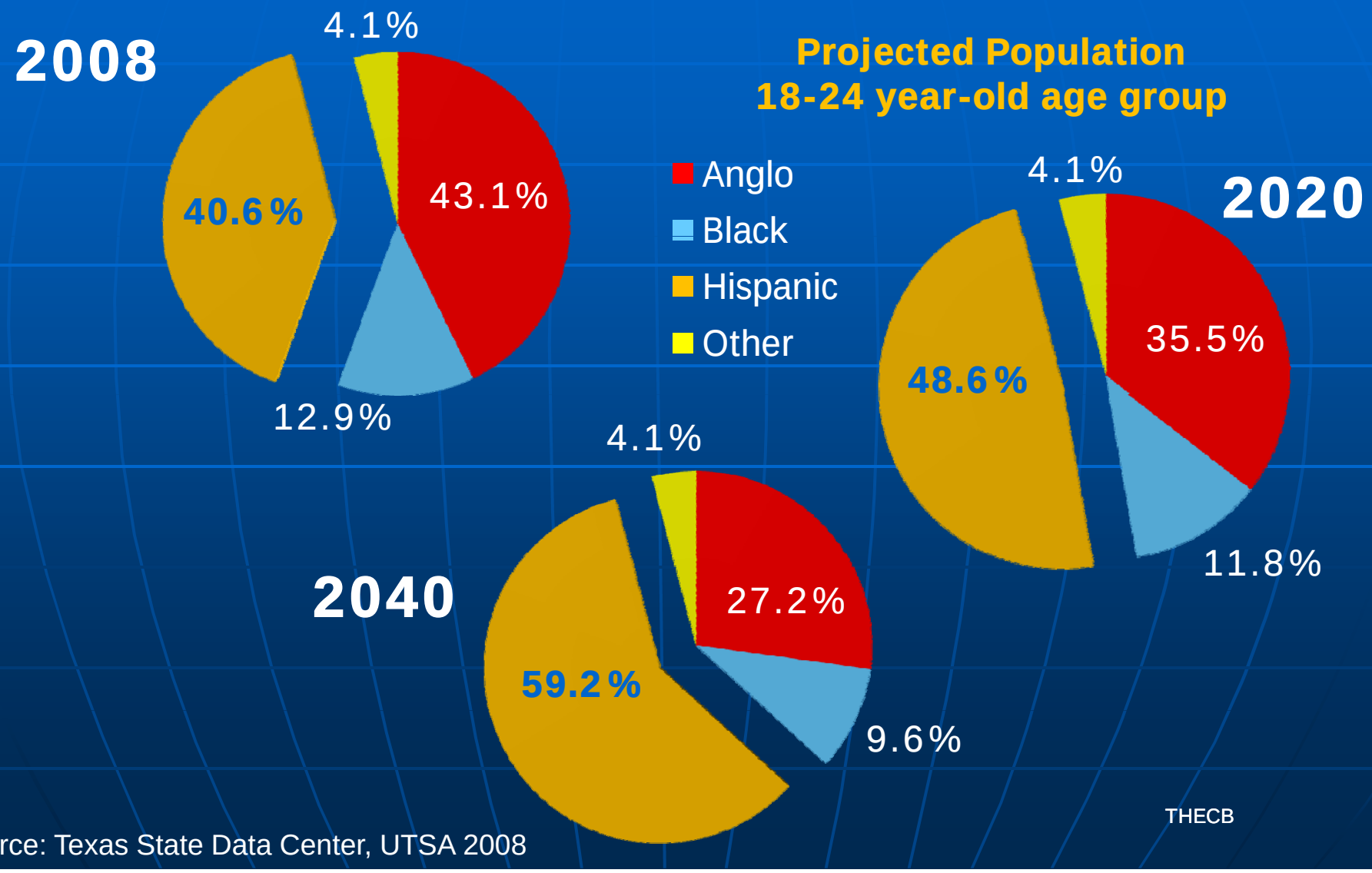
Population growth and demographic shifts will increasingly strain state higher education resources and infrastructure

Texas has the largest increase in population among the 10 fastest growing states

State	2000 Population	2007 Population	Change 2000-07	% Change 2000-07
Texas	**20,851,820**	**23,904,380**	**3,052,560**	**14.6**
California	33,871,648	36,553,215	2,681,567	7.9
Florida	15,982,378	18,251,243	2,268,865	14.2
Georgia	8,186,453	9,544,750	1,358,297	16.6
Arizona	5,130,632	6,338,755	1,208,123	23.5
North Carolina	8,049,313	9,061,032	1,011,719	12.6
Nevada	1,998,257	2,565,382	671,125	28.4
Virginia	7,078,515	7,712,091	633,576	9.0
Washington	5,894,121	6,468,424	574,303	9.7
Colorado	4,301,261	4,861,515	560,254	13.0

Source: Texas State Data Center, UTSA 2008

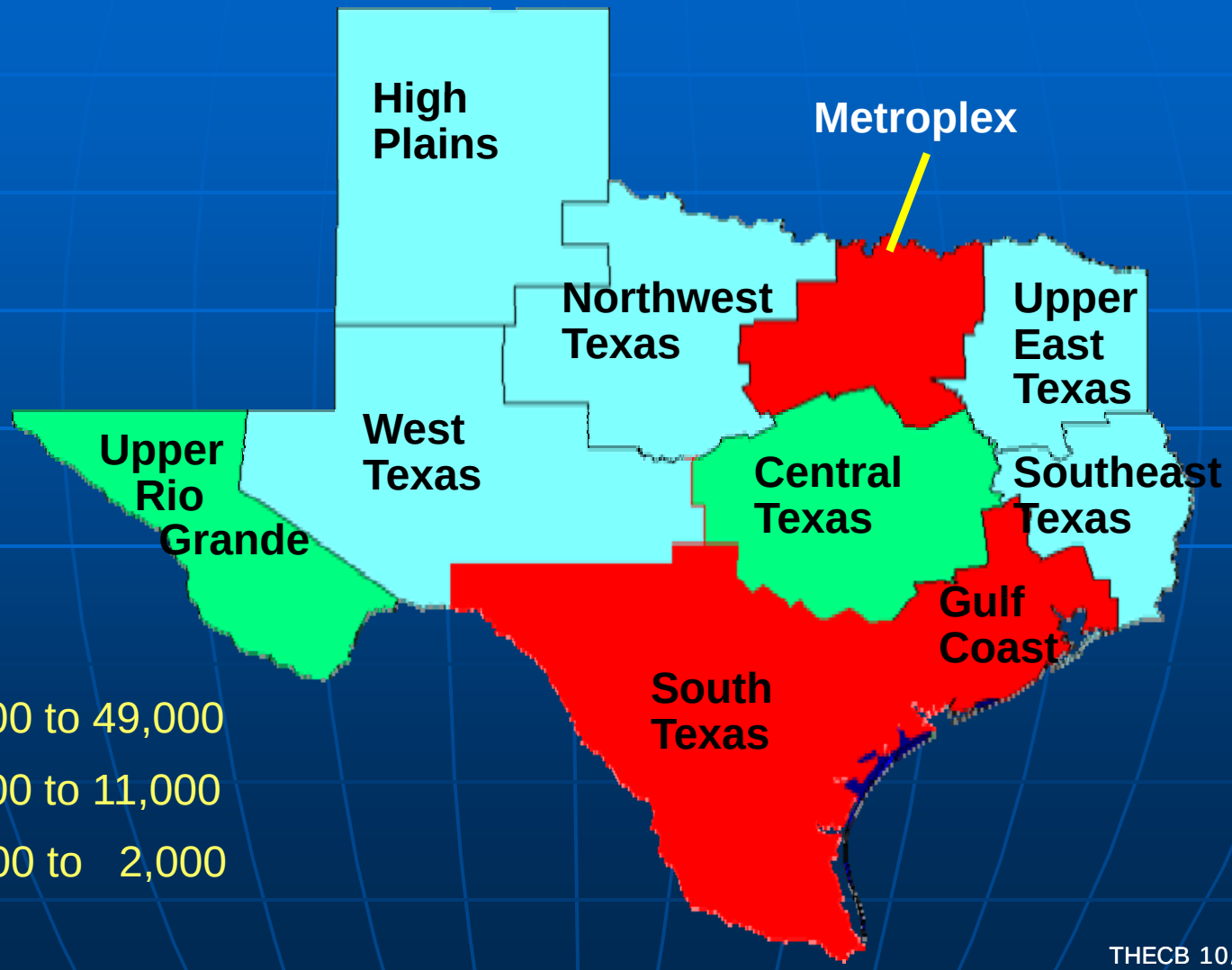
Hispanic college-age population is growing significantly



Source: Texas State Data Center, UTSA 2008

THECB

Enrollment growth in Texas is concentrated in a few regions



39,000 to 49,000

10,000 to 11,000

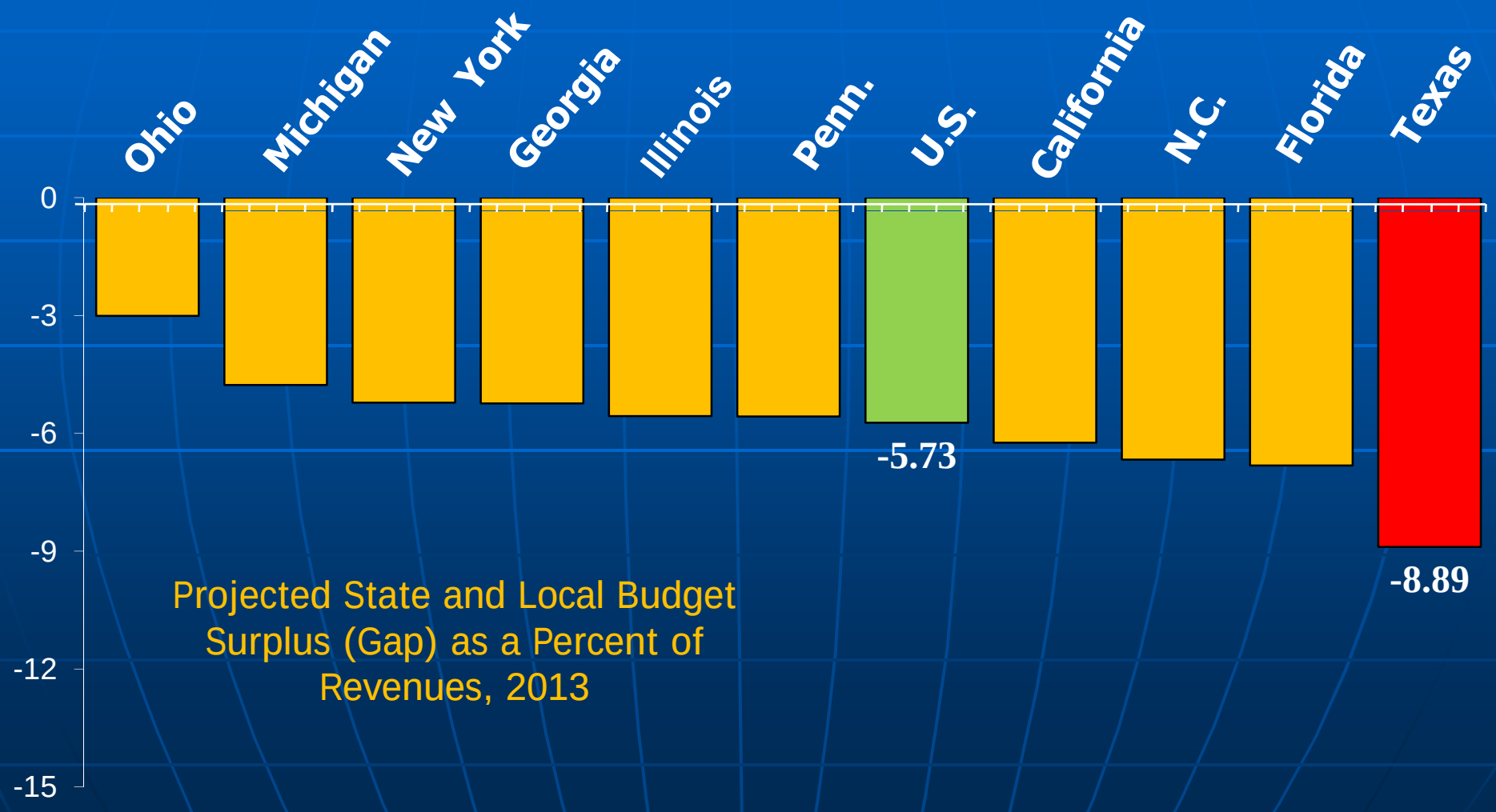
-300 to 2,000

THECB 10/2005

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



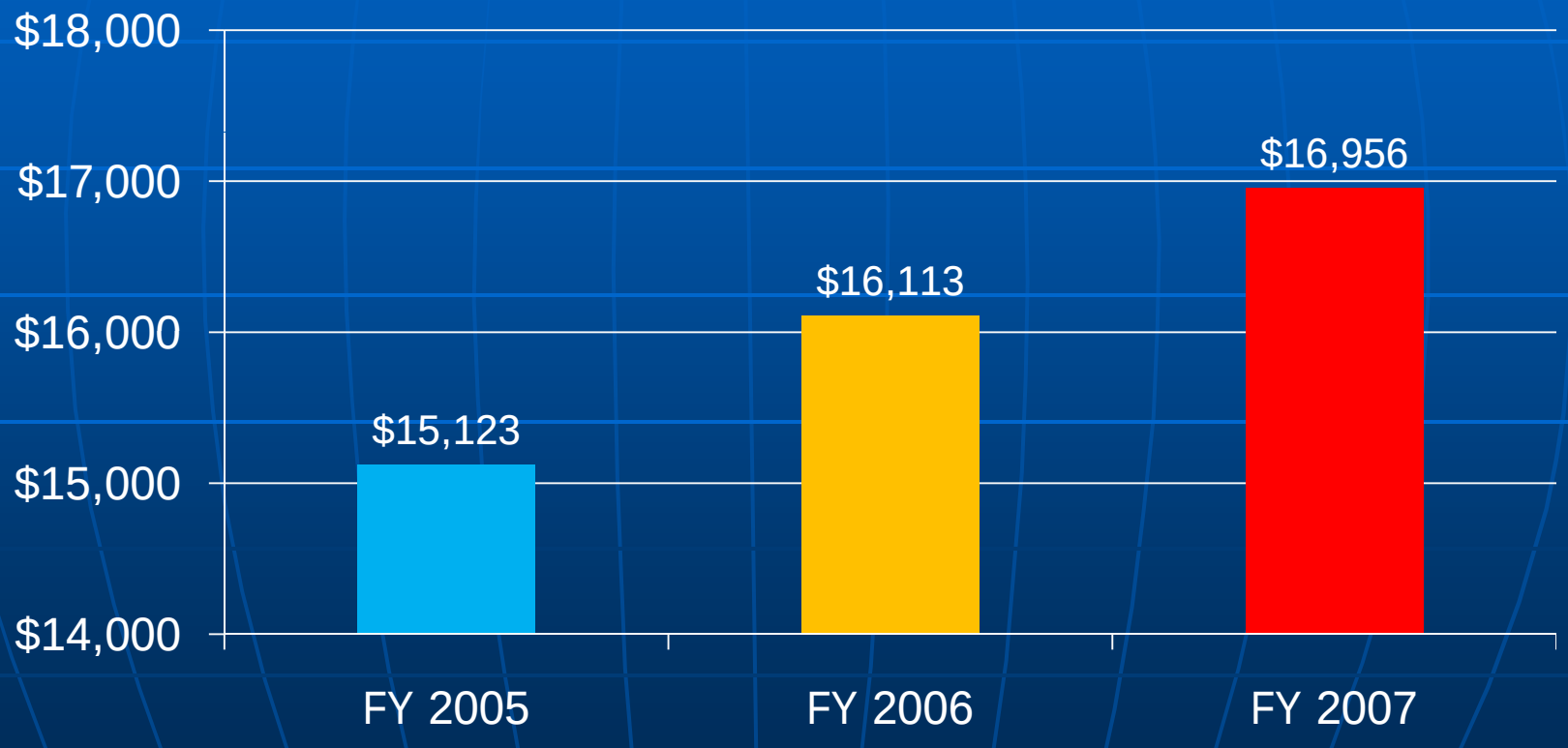
Source: NCHEMS; Don Boyd (Rockefeller Institute of Government), 2005

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)



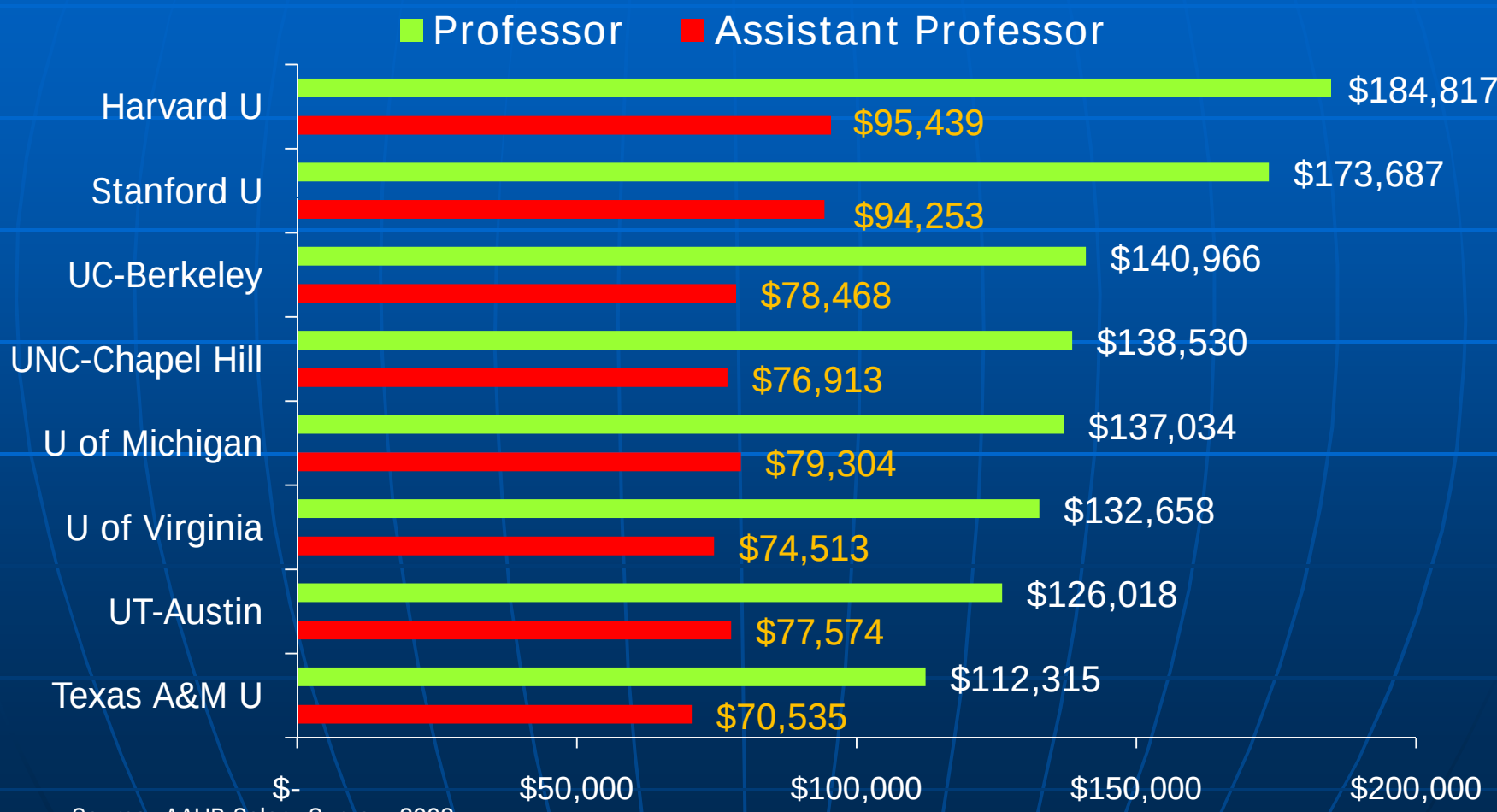
Texas universities have invested more in faculty and their salaries, which is a significant cost-driver

- 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.

National Salaries (Professor)	10-State Average	Texas
FY 2000	$80,563	$76,192
FY 2007	$102,752	$99,683
% increase	28%	24%

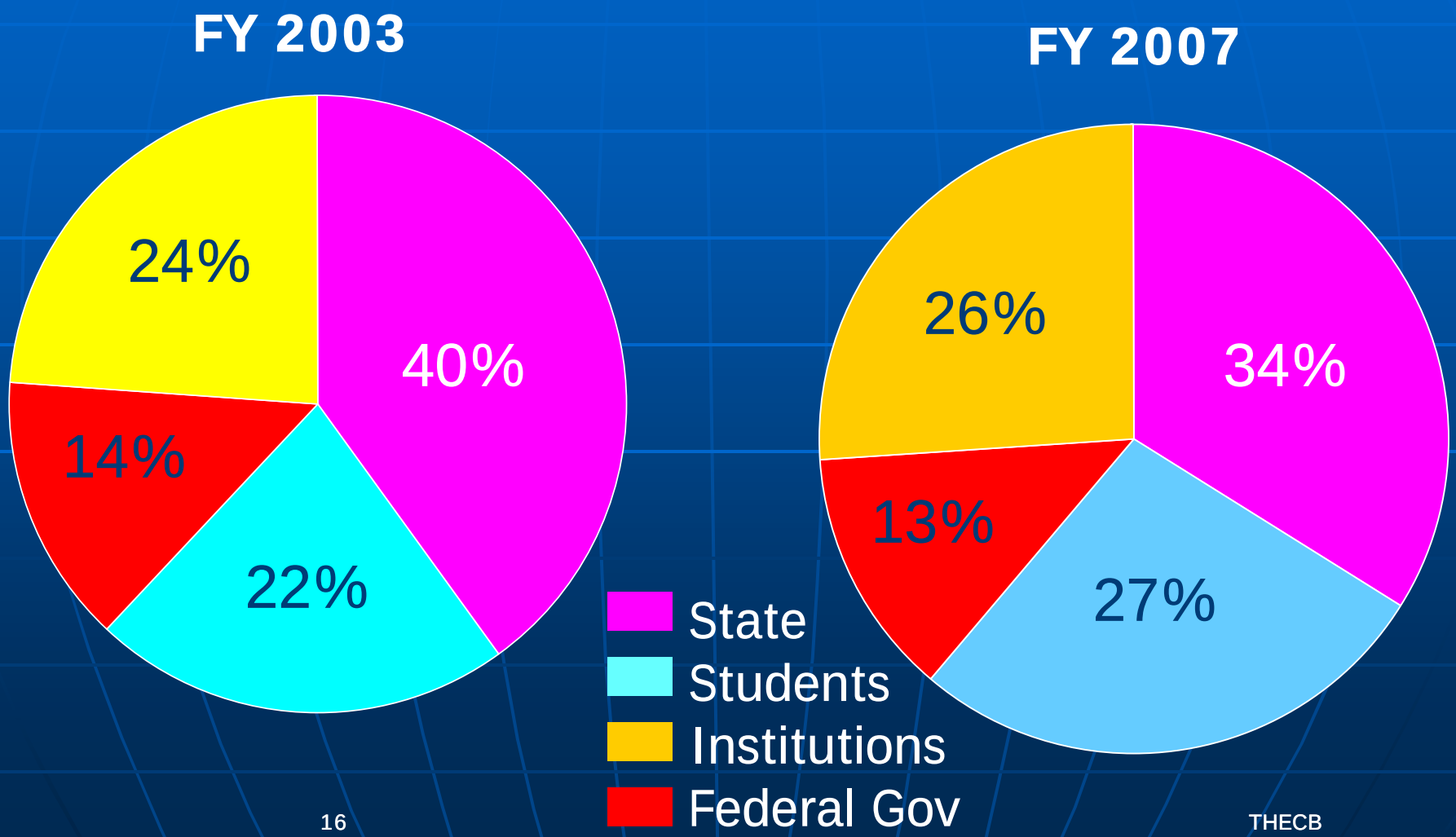
Source: AAUP Salary Survey 2008

Texas' faculty salaries lag behind nationally recognized research institutions

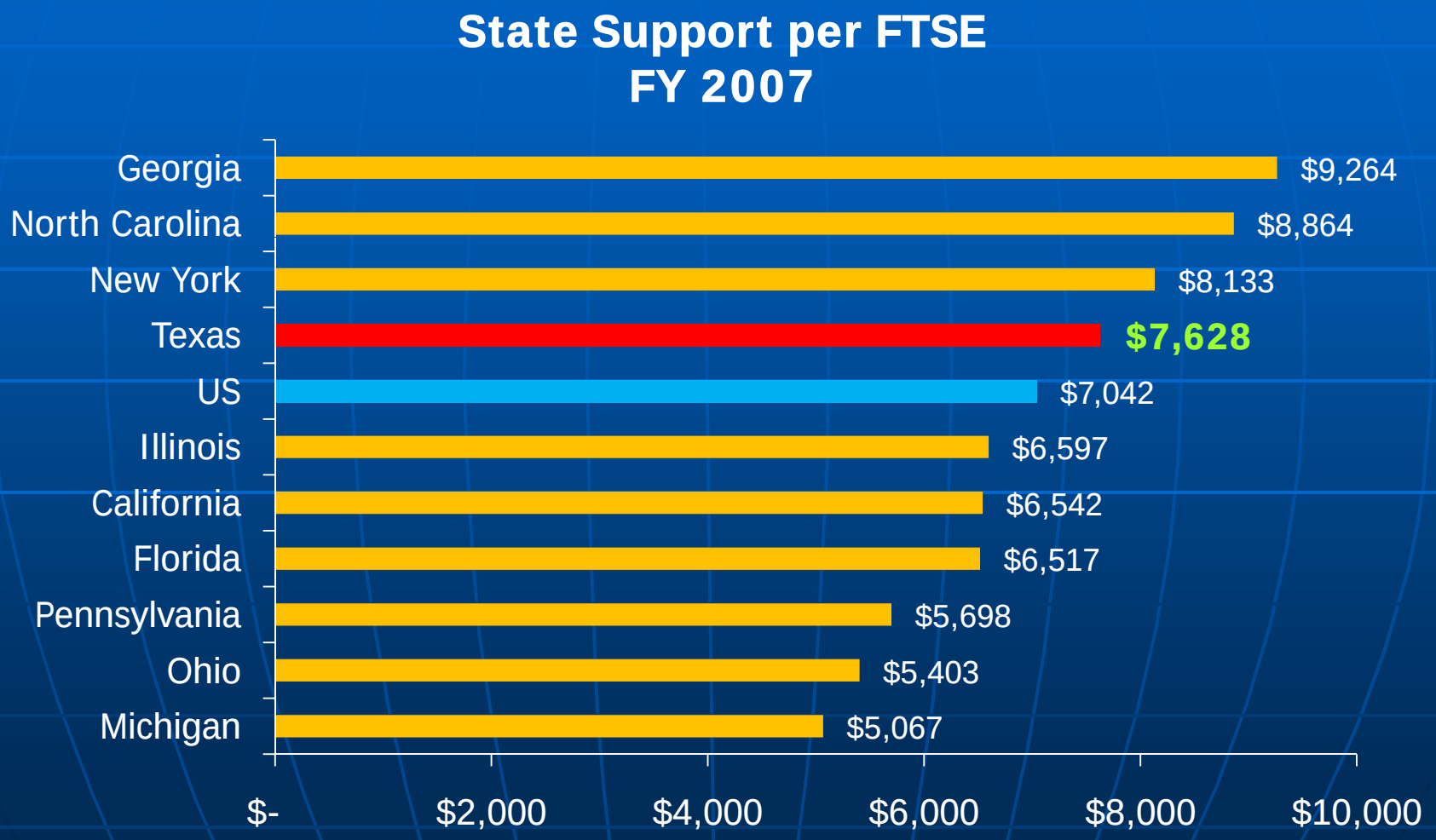


Source: AAUP Salary Survey, 2008

Although Texas has made substantial investments in higher education, the share of state funding is diminishing

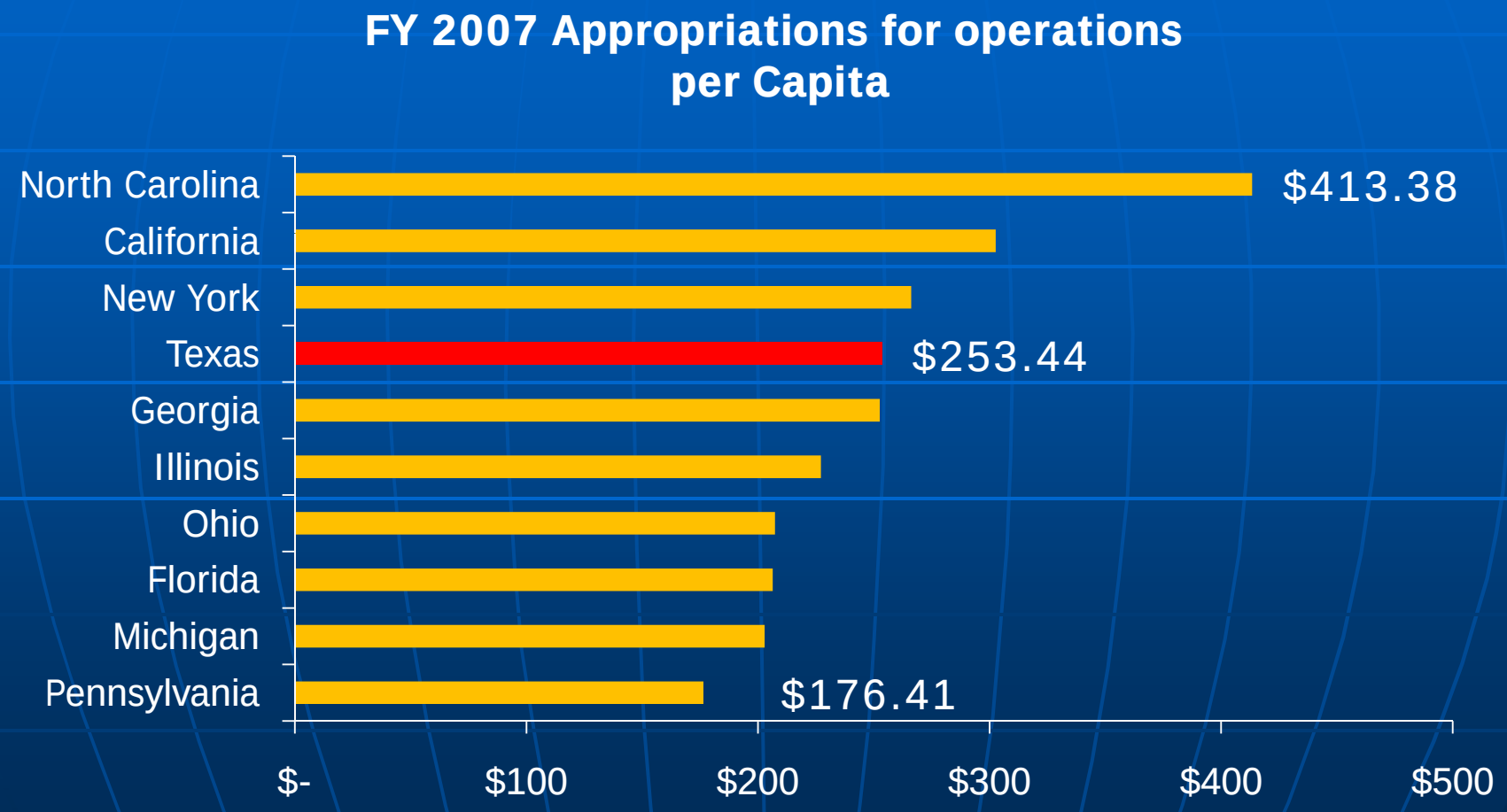


Texas is above the U.S. average, but below some key peer states in state support



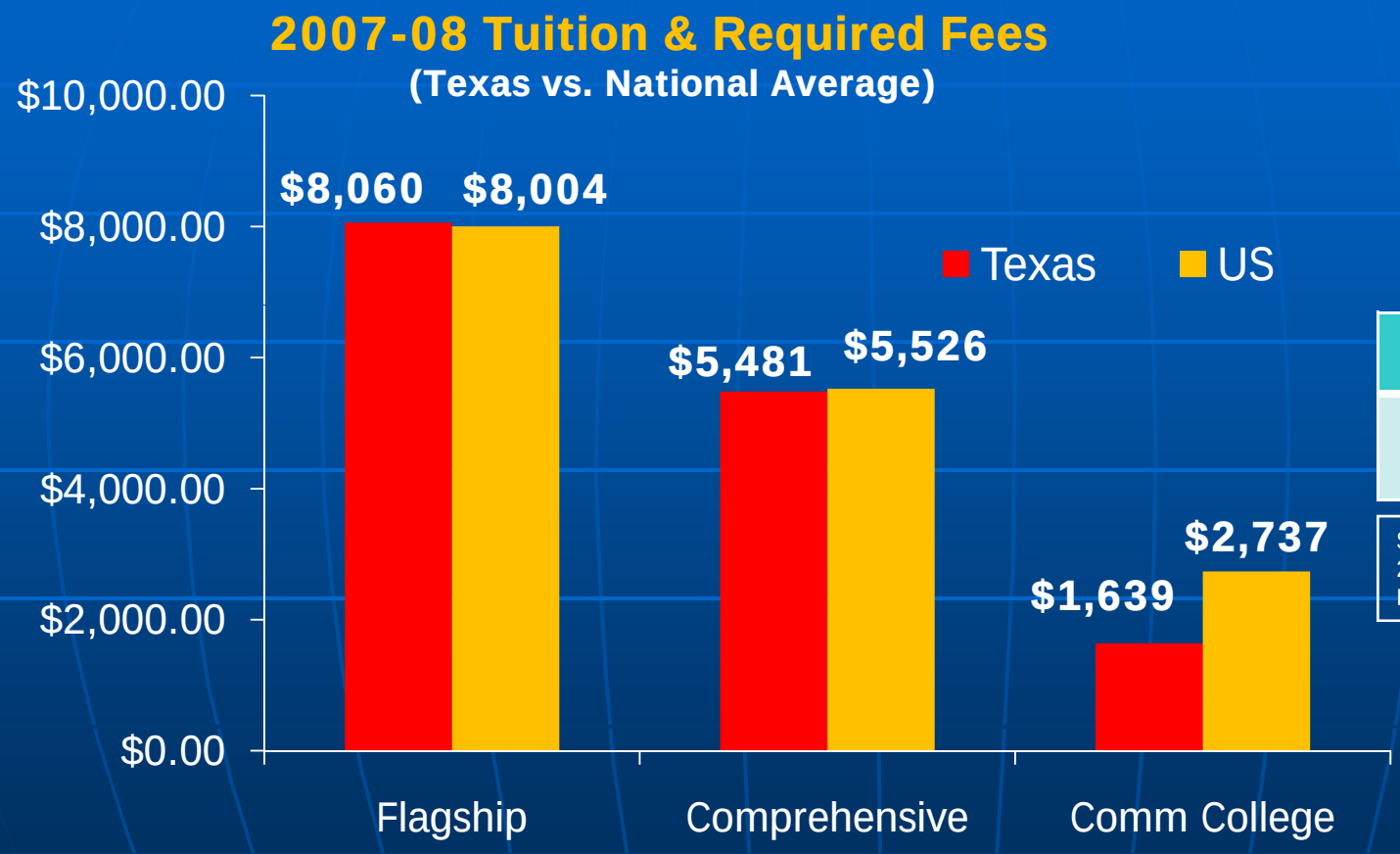
SHEF FY 2007 Early Release

Option #2



**Population data are July 2007 estimates retrieved from the U.S. Census Bureau

Tuition at Texas' 4-year institutions is comporable to national peers, while community colleges remain relatively inexpensive



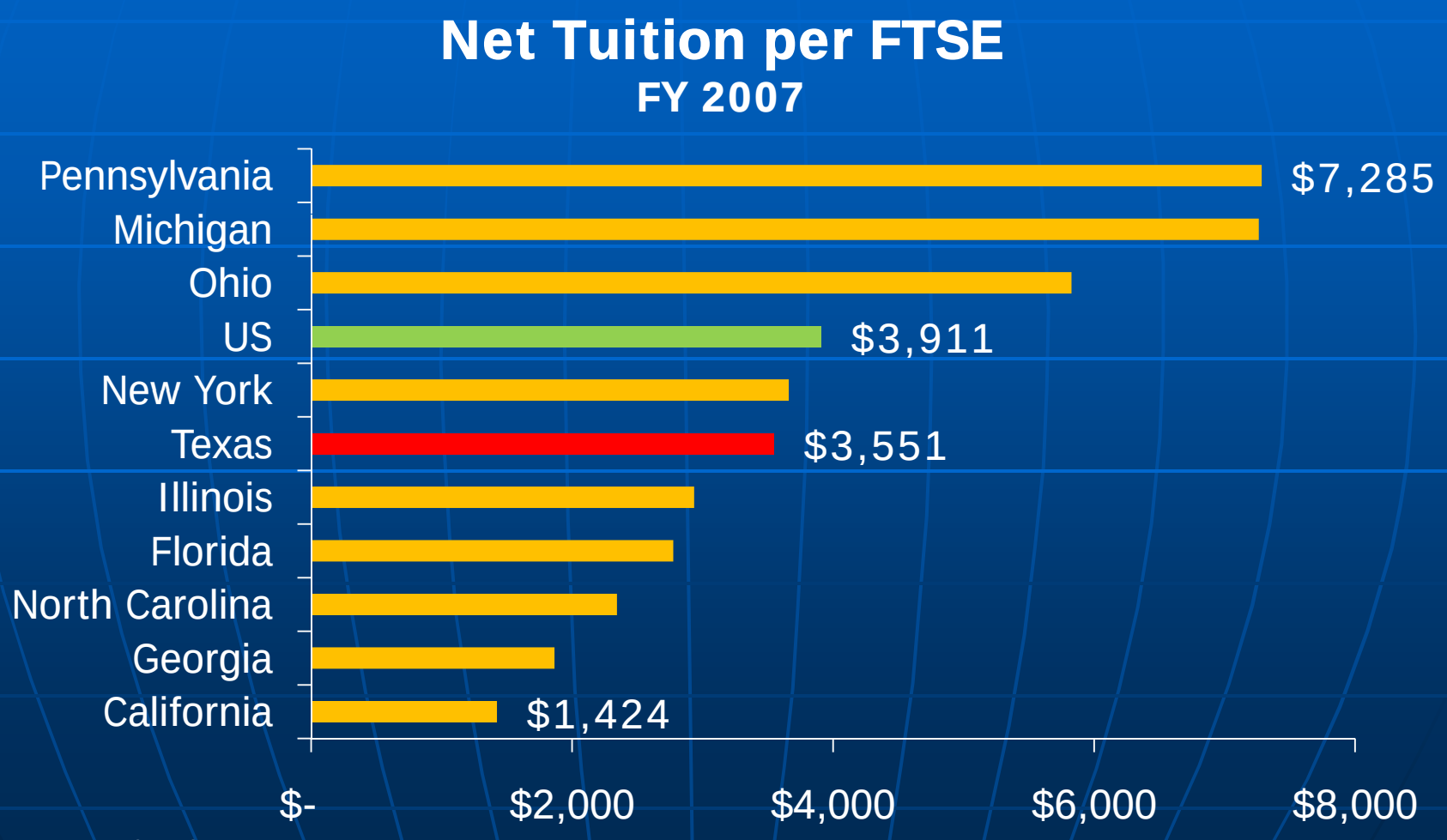
Median Household Income

Texas	National
$43,044	$48,023

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

Source: Washington Higher Education Coordinating Board, *2007-2008 Tuition and Fee Rates: A National Comparison,* March 2008.

Texas is below national average in net tuition collections of all institutions per student



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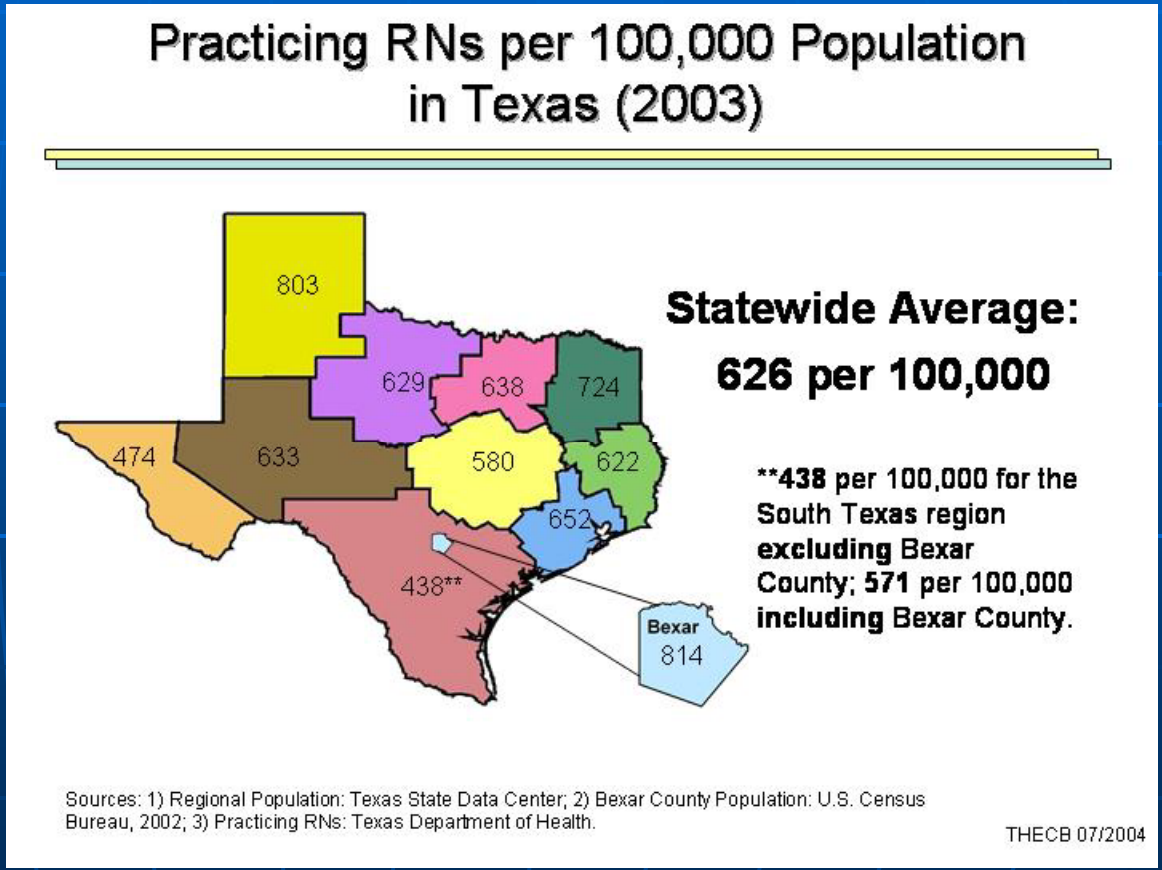
Challenge #3:

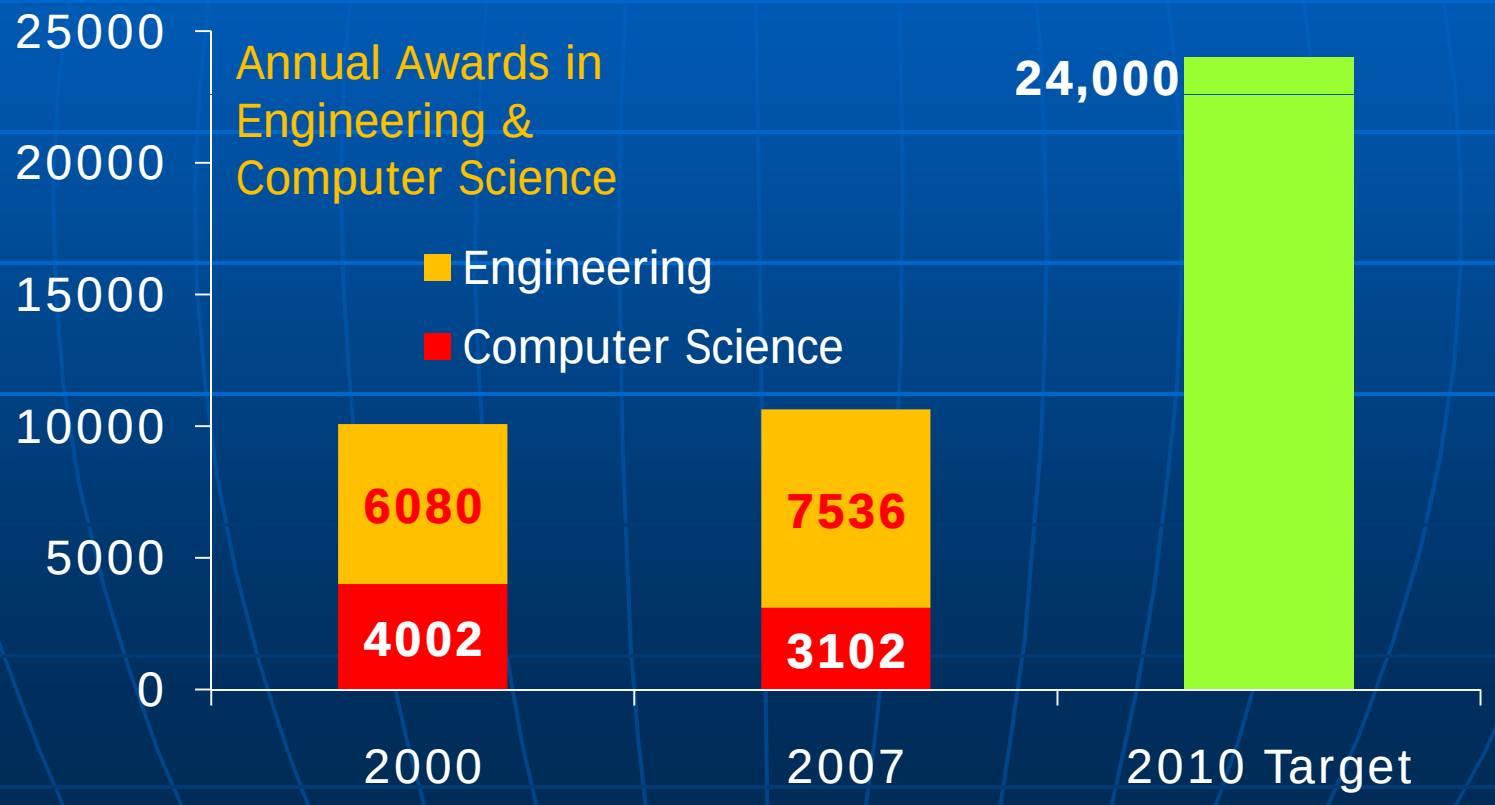
Workforce demands of the 21st century continues to drive educational demands

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 state face challenges in critical fields such as nursing and other health-related fields.



Texas has ongoing statewide shortages in critical technology fields that drive the new economy



Long-term Strategic Planning

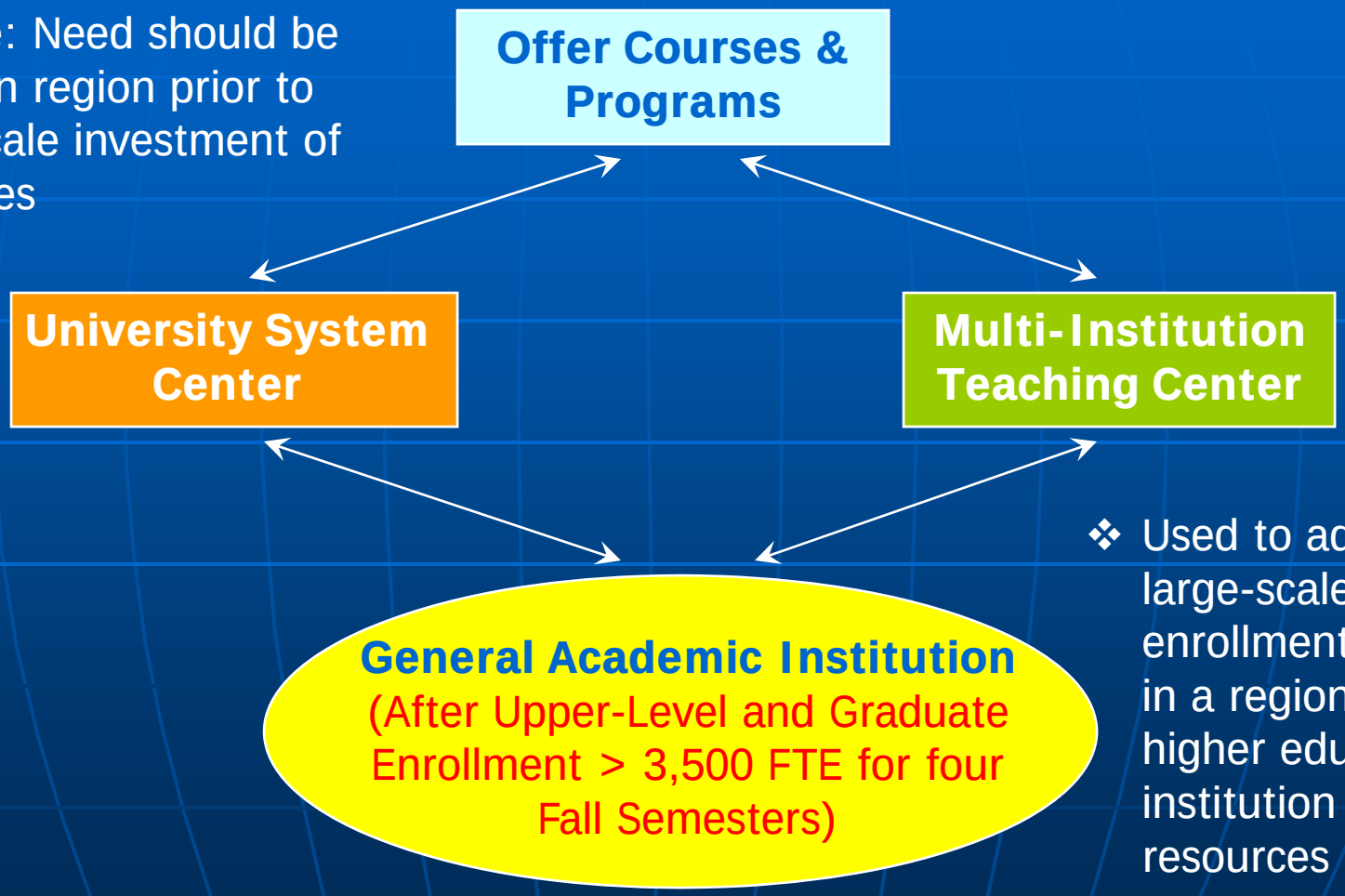
Texas needs to develop a coherent strategy to effectively and efficiently deploy educational resources that:

- ✓ 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



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

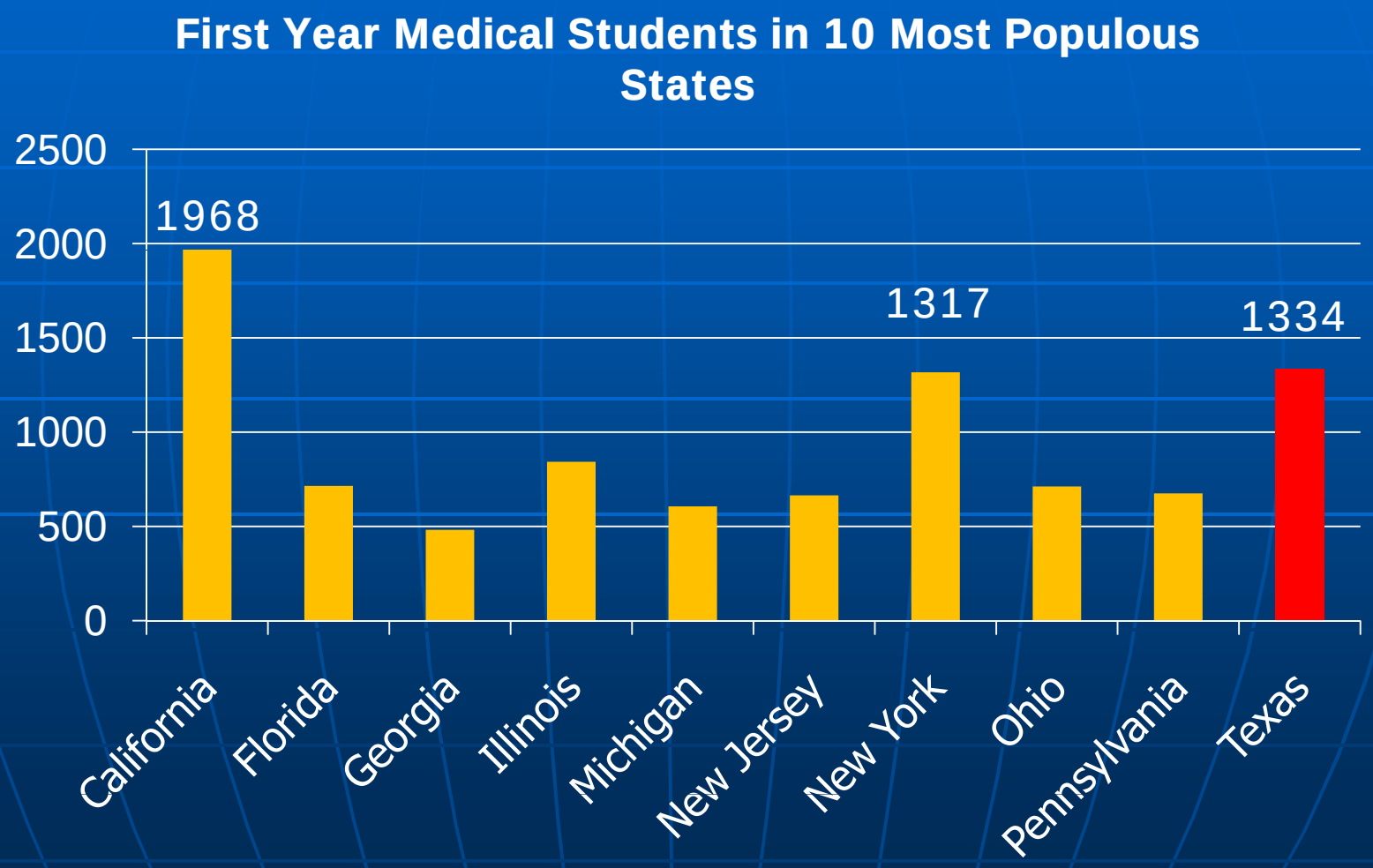
Strategic Planning

Emphasis on excellent undergraduate education is critical

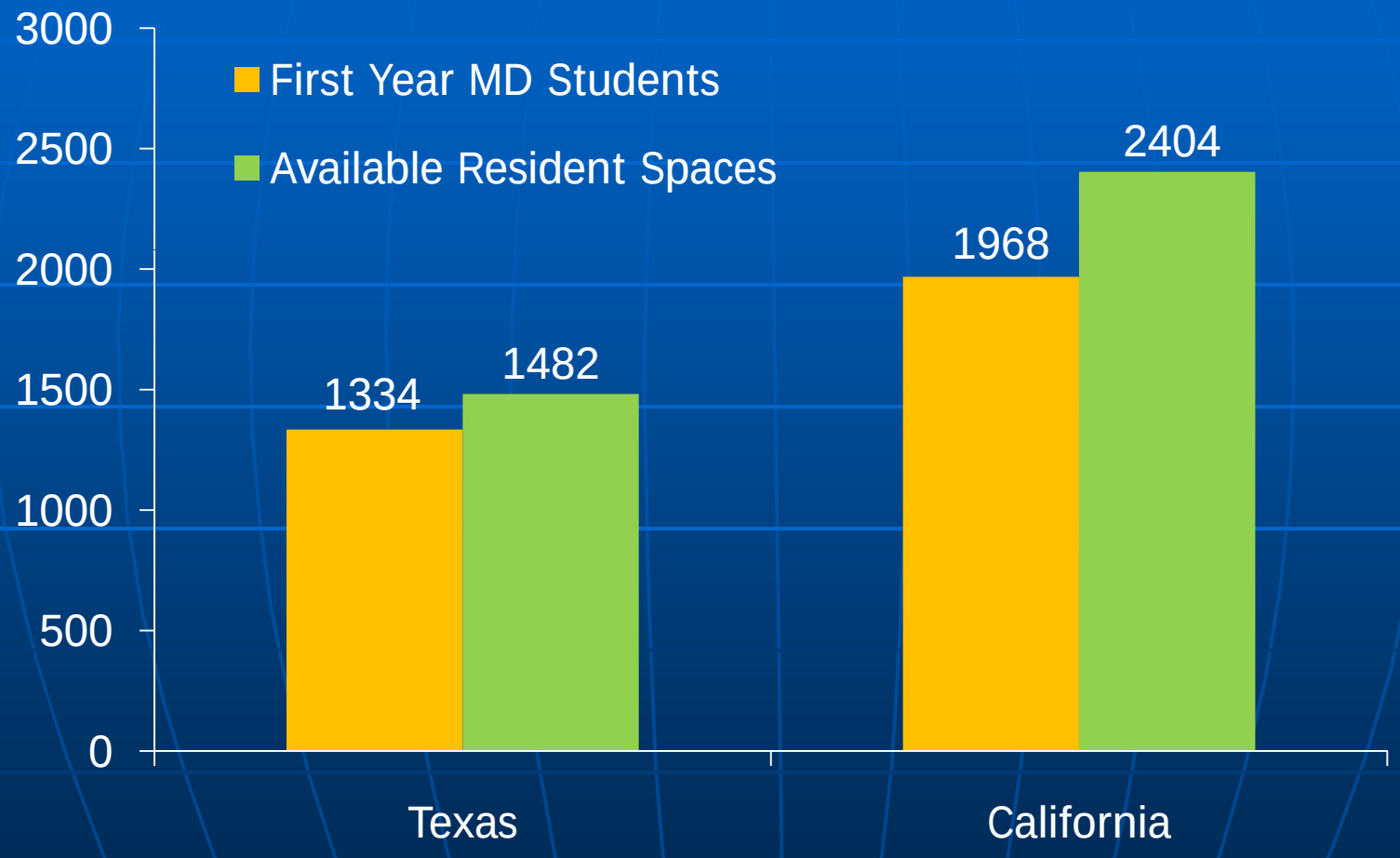
- 81% of all public university students are undergraduates
- 91% of all public college and university students are undergraduates
- 43% of all public college and university students are freshmen
- Need to improve and measure learning outcomes

Strategic Planning

Expanding access to high quality medical education



Texas has little excess capacity to train retain, and attract medical residents



Source: National Resident Matching Program, *Result and Data: 2008 Main Residency Match*

Strategic Planning

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

FY 2005

1	Johns Hopkins	$1,444 million
2	University of Michigan	$809 million
3	University of Wisconsin	$798 million
4	UC Los Angeles	$786 million
5	UC San Francisco	$754 million
6	UC San Diego	$721 million
7	Stanford University	$715 million
15	UC Berkeley	$555 million
25	Texas A&M	$480 million
26	Baylor College of Medicine	$459 million
32	UT Austin	$411 million
46	UT Southwestern	$321 million

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

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

Source: The Perryman Group, "A Tale of Two States"