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The University of Texas System

Testimony
House Committee on Higher Education
Monday, February 12, 2007
John H. Reagan Building – Hearing Room 120

Chairman Morrison, Vice Chairman McCall, Members:

I want to thank the committee for this opportunity to testify on behalf of The University of Texas System. I would also like to welcome the new members of the committee: Vice Chairman McCall, and Representatives Alonzo, Aycok, Howard and Patrick. You have taken on a big job in one of the areas most important to Texas and we thank you for your service.

I have been asked to begin with some background on tuition flexibility. As the committee knows, the 78th Regular Legislative Session began with a \$10 billion budget shortfall. During that session, the boards of regents of the various state systems were given the authority to set tuition for their individual campuses. This change was made to protect higher education from the worst effects of budget cuts and to ensure that institutions of higher education would have the resources needed to deal with growth and to protect the quality of the educational experience.

Like state legislatures across the country, the Texas Legislature from 2003 on has been confronted with competing priorities for public funds amid rising costs for many vital services, including the public schools and health and human services. As a consequence, over the last four years, state support for UT academic institutions has remained fairly flat, while enrollment growth and inflation have eroded the share of costs the state covers. So, as you may have heard, tuition has gone up. For us, it is roughly a wash – meaning that it results in no particular benefit or loss. But it is fair to say that our students and their families are making up the difference between our rising costs and state support.

I want to emphasize six points here.

- First, the process UT System institutions use to arrive at tuition rates involves extensive student participation. In some cases, the campus committees that undertake this difficult task have student majorities. In every case, student representatives have come before the Board in support of the higher tuition requests. In a few cases, the Board has actually insisted on lower tuition rates than the students requested. The consistent student reaction has been that, while no one enjoys paying more, the quality of their education and the value of their degrees are worth the additional expense.
- Second, we have done our best to ensure that no student is denied a UT education for financial reasons. All UT academic institutions have recently announced that any student with a family income of \$25,000 or less pays no tuition or fees if they graduate within four years. It's been said that, well, with financial aid, that was probably already the case. But because there has been so much publicity about higher tuition and affordability, we felt it important to reemphasize that students are not being priced out of a good education. And many of our campuses have had a tremendous response from prospective students. UT Austin, of course, has made special provisions for its low-to-moderate income students. There, students with family incomes as high as \$80,000 pay only a fraction of any increases and those with incomes of less than \$40,000 pay none. Throughout the UT System, the average undergraduate student receives about a 36% discount from the sticker price. And we have created a system-wide campaign to increase awareness of financial aid opportunities – particularly through the use of Texas College Money, an online financial planning tool. (www.texascollegemoney.com)

Additionally, it is worth noting that national average price for all public universities is \$7,500 a year and The University of Texas at Austin is ranked nationally as the 24th best buy in higher education.

- Third, we work hard to keep the cost of education, taking into account all sources, as low as possible. The total revenues we receive per student, adjusted for inflation, have remained relatively flat. For instance, between 2002 and 2005, revenues per student increased by only \$229 – from \$12,728 to \$12,957 – or 1.8%. The actual cost of producing a semester credit hour is not out of control; we are not seeing annual double digit increases as in the case of health care.

- Fourth, not only has tuition flexibility allowed us to keep pace with costs, it has given us the ability to develop innovations that reduce prices and encourage timely graduation. UT campuses are using approaches such as flat rate tuition, tuition rebates, discounted tuition for courses offered at off-peak hours, and guaranteed tuition rates for a set period of time to encourage students to take more credits each semester and hence to graduate within four years. Graduating on time saves students far more than they pay in tuition increases. Taking longer to get a degree costs students and their families in two ways: extra tuition and other living expenses and the lost opportunity cost of not moving on into the workforce.
- Fifth, tuition increases directly benefit students. The dollars generated are spent for more advisors, better labs and classrooms, additional faculty, and student services. Our students understand that; that's why they support necessary tuition increases.
- And sixth, we have seen no evidence that higher tuition has reduced the number of students choosing the UT System. Both our applications and enrollments continue to rise. In fact our rate of increase is substantially higher than those of other systems.

In terms of the committee's concerns about accountability, I want to reassure you that we share those concerns. We are very proud that, as a result of the able leadership and research skill of Dr. Geri Malandra, the UT System has become the national model for accountability and performance reporting. In fact, Dr. Malandra and I are currently working with a committee that is developing national standards of accountability.

Just last week, the Board of Regents approved our fourth annual Accountability and Performance Report. We have provided you with executive summaries of that report in your materials for today. It uses 135 measures to gauge such things as enrollment, diversity, student outcomes, faculty productivity, clinical care, and community impact for all 15 UT institutions and System Administration. All of our institutions are good. Some of them are great. This report helps all of them be better.

I want to highlight a few of the findings that will interest the committee.

- From 2001-2006, enrollment at UT academic institutions grew 20%, and the number of undergraduate degrees awarded grew 22%.

- As of 2005, 39% of our entering freshmen were Hispanic. Our latest numbers tell us that 35% of 2004-05 high school graduates were Hispanic. And four of our institutions are among the top 10 in the nation in the number of undergraduate degrees awarded to Hispanics.
- One in every four degrees conferred at all our institutions were in the critical areas of science, technology, engineering and math. That's significantly higher than the national average of 17%.

The Accountability and Performance Report is our most comprehensive study of this issue, but we have other reports that relate to accountability – such as campus compacts and learning assessment initiatives. All of these reports are available to the public.

With that, I would be glad to answer any questions that you have.