

**The University of Texas at Austin**  
**Compact with The University of Texas System**  
**FY 2006 through FY 2007**

## **I. Introduction: Institution Mission and Goals**

The mission of The University of Texas at Austin is to achieve excellence in the interrelated areas of undergraduate education, graduate education, research, and public service. The university provides superior and comprehensive educational opportunities at the baccalaureate through doctoral and special professional educational levels. The university contributes to the advancement of society through research, creative activity, scholarly inquiry, and the development of new knowledge. The university preserves and promotes the arts, benefits the state's economy, serves the citizens through public programs, and provides other public service. [Source: "Mission," *General Information* catalog, 2004-2005, p. 1]

The University of Texas at Austin is one of three institutions in Texas with membership in the Association of American Universities. Its enrollment is among the largest for single-campus universities in the United States. Composed of 16 colleges and schools, the university had a fall 2004 enrollment of 50,377 (37,377 undergraduates, 11,533 graduate students, and 1,467 law students).

About 11,000 students graduate from the university each year and more than 450,000 have graduated since the establishment of the university. Students attending the university come from all 254 counties in Texas, all 50 states, and more than 100 foreign countries. The 2,500 faculty include a Nobel laureate, Pulitzer Prize winners, MacArthur fellows, and hundreds of members of prestigious academic and scientific organizations. The students and faculty are supported by a staff of 14,000.

The university is a major research institution with more than 90 research units, including units at the main campus, the J. J. Pickle Research Campus, the Marine Science Institute at Port Aransas, the McDonald Observatory near Fort Davis, and the Bee Cave Research Center. The university's research expenditures in fiscal year 2004-2005 exceeded \$380 million.

Containing more than 8 million volumes, the library of the university is the fifth largest academic library in the nation and is consistently ranked among the country's top 10 research libraries. The university's holdings in Latin American materials are recognized as among the most significant in the world. Also world-renowned is the Harry Ransom Humanities Research Center that houses 30 million literary manuscripts, 1 million rare books, 5 million photographs, and more than 100,000 artworks. The Jack S. Blanton Museum of Art contains 17,000 works of art from Europe, the United States, and Latin America. The L. B. J. Library and Museum contains more than 40 million documents relating to President Lyndon Baines Johnson. And the Texas Memorial Museum houses the Texas Natural History Collections, including the non-vertebrate paleontology collections and the Vertebrate Paleontology Laboratory.

In the area of international education, the university has more than 100 exchange agreements world-wide and hosts more than 1,000 international teaching faculty and researchers each year. It annually ranks among the top five universities in the nation both for the number of enrolled international students and for the number of students sent to study abroad.

In service beyond its campus, the university administers many programs designed to inform and assist educators, students, and the general public. Community outreach programs include the Vaughn Gross Center for Reading and Language Arts and the National Center for Educational Accountability. The university also plays an important role in the economic development of the state by bringing significant federal and private-sector research funding to Texas, by training highly educated professionals for entry into a skilled work force, by providing preparation for successful entrepreneurship, by creating an attractive environment for businesses to relocate to Texas, and by providing intellectual property for the development of new businesses.

The core purpose of the university is "to transform lives for the benefit of society." The core values are learning ("a caring community, all of us students, helping one another grow"), discovery ("expanding knowledge and human understanding"), freedom ("to seek the truth and express it"), leadership ("the will to excel with integrity and the spirit that nothing is impossible"), individual opportunity ("many options, diverse people and ideas; one university"), and responsibility ("to serve as a catalyst for positive change in Texas and beyond"). As stated by the honor code, each member of the university is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community.

## II. Major Ongoing Priorities and Initiatives

In keeping with the spirit of the compact, the major ongoing priorities and initiatives have been reviewed over the past year as part of the continuous strategic planning of the university. The following list is updated to reflect changes in priority.

### A. Budget

*Identify and manage the financial resources necessary to maintain the university in a place of national preeminence in higher education*

As an outcome of the 79th Legislature, the university will receive a 4.2 percent increase in General Revenue funding for the coming biennium. This amounts to a 1.4 percent increase per year, less than the 1.8 percent average increase for the past 15 years, and less than the current 3 percent annual inflation rate. It is clear that the university will continue to face significant financial challenges in its attempts to achieve and maintain a place of preeminence in higher education. In November 2004, the university's Tuition Policy Advisory Committee made its recommendations to the president. Although deregulated tuition has helped the funding base, the committee's six-year forecast suggests that the university's critical financial needs will exceed substantially any monies available. For fiscal year 2005-2006, the anticipated shortfall will be about \$53.7 million, and the shortfall will grow to nearly \$187.4 million by fiscal year 2009-2010. (See "Tuition Recommendation - Academic Year 2005-2006," a memorandum of November 16, 2004, from the Tuition Policy Advisory Committee to President Larry R. Faulkner. This document is available on the Internet at [http://www.utexas.edu/opa/news/04newsreleases/nr\\_200411/tuition\\_recommendations.pdf](http://www.utexas.edu/opa/news/04newsreleases/nr_200411/tuition_recommendations.pdf).)

Specific strategies are being developed to address immediate shortfalls, but several general strategies continue.

1. Improve processes to enhance services and reduce costs
2. Explore alternative methods of pricing educational services that encourage more rapid completion of degree requirements
3. Increase public awareness of the university's spending and the resulting public benefit of state investments in the university

In light of declining state support, the university continues to take steps to reduce the growth in costs and to use assets in the most productive ways. However, the institution has a growing concern about access and affordability. To maintain a high quality of education, the university has been forced to increase the share of expenses that must be borne by families through tuition and fees. By offering additional financial assistance, the university has taken the initiative to mitigate cost increases for families with annual incomes of \$80,000 and less. To this point, the additional financial assistance seems to have been effective. Thus, for the

university's first-time enrolled freshmen (summers and falls) in 2002, 2003, and 2004, the percentages of students by household income remained essentially constant (viz. 5% to 6% for household incomes below \$20,000, 11% to 12% for incomes in the range of \$20,000-\$40,000, 11% to 12% for \$40,000-\$60,000, 12% for \$60,000-\$80,000, and 50% for household incomes greater than \$80,000). Nevertheless, as financial pressures mount, the concern will also rise.

## **B. Faculty expansion**

*Reduce the student/faculty ratio by increasing the number of tenured and tenure-track faculty while maintaining stability in, or lowering, the overall university enrollment*

The university has continued to address the problems of student/faculty ratio as explained in the original compact document. In academic year 2000-2001, the university embarked upon a 10-year program to add 300 strategically placed faculty (i.e., 30 per year). Because of severe budget constraints, the program was suspended in 2001-2002, but it resumed in the following year and has continued annually since then.

In the four years during which the program has been active (2000-2001, 2002-2003, 2003-2004, and 2004-2005), 134 new tenured and tenure-track positions have been added through central funding by the University Budget Council, through special allocations by the executive vice president and provost, and with funding from open lines in the colleges and schools. During the same period, the executive vice president and provost also funded seven non-tenure-track positions. In all cases, the added positions have been targeted to core disciplines and high priority programs as determined through discussions between the executive vice president and provost and the deans and faculties of the colleges and schools.

In its efforts to reduce the student/faculty ratio, the university has complemented the faculty expansion with an initiative to reduce the number of students. Thus enrollment was decreased from 52,261 in fall 2002 to 50,377 in fall 2004. The combination of faculty expansion and reduction of student enrollment has led to a drop in the student/faculty ratio from 21.01 in fall 2000 to 20.10 in fall 2004. (See *Statistical Handbook 2004-2005*, Table FS 10, "Student/Faculty Ratios," pp. 125-127. This document may be accessed at [http://www.utexas.edu/academic/oir/statistical\\_handbook/04-05/pdf/SH04-05.pdf](http://www.utexas.edu/academic/oir/statistical_handbook/04-05/pdf/SH04-05.pdf).)

## **C. Facilities preservation**

*Develop and fund a systematic plan for the preservation of facilities operated by The University of Texas at Austin*

The original compact described the significant challenge of preserving facilities in an institution with the size and complexity of The University of Texas at Austin. Several strategies were then presented. The strategies and their status are as follows.

1. Campus Planning and Facility Management has proposed a goal of improving the overall campus condition by 50 percent by the year 2020.

The university is still working toward this goal.

2. Buildings at the main campus and the J. J. Pickle Research Campus have been grouped into reinvestment categories based on their condition. These categories guide the use of preservation funds.

Building categories continue to be used to establish priorities and allocate funds.

3. Campus Planning and Facility Management has established a measure to determine effectiveness in the use of preservation funds. The goal is to improve this measure from 70 percent to 80 percent by the year 2010.

The estimated effectiveness for fiscal year 2004-2005 is 83 percent. That will exceed the goal, but the challenge is to maintain this level of effectiveness as buildings age and the need for repairs increases.

To determine progress, Campus Planning and Facility Management uses three measures explained in the original compact.

1. One measure is the building condition index (BCI). This is an assessment of individual buildings and indicates the cost to remedy the deficiencies of a specific building as compared with the replacement value of that building. The goal for the university is to keep all BCI values in the range of 0.15 to 0.45 (i.e., 15% to 45% of replacement value). A building condition index was established for each building included in a condition assessment during fiscal year 2002-2003. (Building condition indices ranged from 0.01 to 0.98.) To measure progress toward the university goal, the condition of each building is measured periodically against the benchmark BCI for that building.

The university has just completed a re-assessment of approximately 50 percent of facilities supported by Education and General (E&G) funding. The final results are expected by late summer 2005, and will provide information necessary to evaluate changes in the BCI.

2. The second measure is the change in the overall facility condition index (FCI). An FCI is an assessment of a specific group of buildings and indicates the aggregate cost to remedy the deficiencies in that group as compared with the replacement value. As of fiscal year 2002-2003, the FCI for the main campus was 0.45 (i.e., the cost of remedying the deficiencies amounted to 45 percent of the replacement value of this group of buildings). The goal for the university is to bring the FCI for the main campus down to 0.20 by fiscal year 2019-2020. The FCI is reviewed periodically to determine progress toward that goal.

The university has just completed a re-assessment of approximately 50 percent of facilities supported by E&G funding. The final results are expected by mid-summer 2005, and will provide information necessary to evaluate changes in the FCI. Changes will take into consideration the effect on the FCI of newly added buildings.

3. The third measure is the effectiveness of expenditures of facilities preservation dollars in reducing the condition indices at the building and campus levels. The university will continue to use VFA, Inc. to provide regular condition assessments of its facilities as well as to evaluate progress on improving campus condition. The effectiveness rating continues to improve and is estimated to exceed 80 percent by fiscal year 2004-2005.

Major obstacles identified in the initial compact document remain.

1. Availability of funding

For fiscal year 2004-2005, the university has been able to increase funding for facilities preservation by \$5 million, bringing the total to \$17 million. However, this still is not

sufficient to address major needs such as the replacement of the Experimental Science Building.

2. Coordination of repair and renovation efforts with academic and research upgrades and other essential projects

The funding allocation process has been revised so that all facilities preservation and compliance-related activities are funded from the same resource pool. This has increased the coordination of various projects, including fire and life safety and compliance with the Americans with Disabilities Act.

3. The ability of the university to endure large amounts of repair and renovation and the need for space to house personnel and functions that are displaced by facilities preservation projects

Campus Planning and Facility Management is working with academic units to determine how to implement projects on a scale that will cause the least disruption.

#### **D. Compensation program**

*Fund a total compensation program for faculty and staff that will keep The University of Texas at Austin competitive in the recruitment and retention of top quality talent*

If the university is to achieve and maintain national preeminence among institutions of higher education, it must be able to recruit and retain the best talent available. To achieve that goal, the university must have a compensation program that is competitive with the leading institutions.

The current situation for faculty at The University of Texas at Austin is critical. The university's average faculty salaries for tenured and tenure-track ranks lag 7.1 percent behind the average of the 20 institutions of its normal comparison group and 13.5 percent behind the average of the 12 schools considered its most serious competitors. The faculty salary gap is exacerbated by the fact that, having risen in national prominence, the university has increasingly become a target for other institutions seeking to lure away the most talented faculty. Counter offers are handled on a case-by-case basis, but "raids" by other schools are a serious and growing problem.

It should also be noted that compensation and the quality of facilities are interlocked when it comes to the recruitment and retention of faculty. This is especially true in the sciences and engineering. The university is at a critical juncture in this regard. If resources are not found in the immediate future to fund the renovation of ageing facilities, then attrition of faculty strength and programmatic deterioration can be expected.

In the area of staff compensation, the university has been somewhat more successful. During the past three years, the university has provided performance-based salary increase pools comparable to averages reported in published surveys. Salary ranges have been adjusted to maintain a competitive market position in two of the past three years. When hiring, managers are encouraged to prepare posting ranges to provide flexibility in making market-appropriate salary offers to attract the best applicants. As a result of these efforts, the university's staff retention rate compares favorably to state agencies. Nevertheless, pressure from the private sector, significant cost increases, and cost-shifting related to healthcare benefits continue to make the goal of competitive compensation for staff an ongoing challenge.

The compensation challenge becomes clearer when understood in the context of the national market. For fiscal year 2004-2005, the university made available \$13.7 million for a 3 percent salary pool for merit increases for faculty and staff funded through E&G accounts. Individual units supplemented this pool with their own resources. As a result, the average salary increase for faculty and administrative and professional staff was about 3.6 percent. This is comparable to national survey estimates indicating that professional employees are receiving a 3.6 percent average increase in pay for calendar year 2005. But parity with national estimates for professional staff does not solve the problem of faculty salary gaps.

Using available resources, for fiscal year 2005-2006 the university has again committed to a 3 percent salary pool for merit increases for faculty and staff. And, once again, individual units will be permitted to supplement this pool with their own resources. In addition, the minimum hourly rate has been increased to \$10 and the salary range minimums for certain positions have been increased by 2 percent.

The significance of this action should be noted. For the coming fiscal year, the Texas Legislature mandated a 4 percent salary increase "across the board" for all state employees and a 3 percent increase for the following year. However, those increases did not apply to higher education and the university was compelled to turn to its own resources to provide a merit increase pool. This is consistent with the university's commitment to maintaining a competitive salary structure – a commitment realized even when pay for other state employees in recent years remained flat.

#### **E. Diversity**

*Establish effective means for increasing diversity in all parts of the university and for creating a climate of cultural understanding and respect*

The university continues to make progress achieving diversity in its student body. The entering freshman class of fall 2004, was the most diverse in the history of the institution. From fall 2003 to fall 2004, both the numbers and the percentages of first-time freshmen rose for all categories of underrepresented minorities (African American, Hispanic, and Native American). Those groups plus Asian Americans composed approximately 40 percent of the first-time freshmen enrolled for fall 2004, with the remainder of the class being white (57%), international students (3%), and unknown (<1%). Of the first-time freshmen enrolled in fall 2004, 18 percent were Hispanic, the largest percentage of Hispanic freshmen in the history of the university. Additional statistical information may be found at <http://www.utexas.edu/student/admissions/research/HB588-Report7.pdf>, which is an Office of Admissions report including "Implementation and Results of the Texas Automatic Admissions Law (HB 588)," "Demographic Analysis of Entering Freshmen, Fall 2004," and "Academic Performance of Top 10% and Non-Top 10% Students, Academic Years 1996-2003."

In spring 2003, the president of the university appointed a Task Force on Racial Respect and Fairness. His charge had three parts.

1. To review relevant procedures of The University of Texas Police Department and to examine cross-cultural educational programs available to the police officers
2. To examine the university's ability to exert greater influence over the behavioral standards of student organizations

3. To examine the effectiveness with which the university conveys the diversity ("face") of our student population to the outside world

In addition, he gave the task force permission to address any issues it deemed important in the promotion of racial respect and cultural diversity within the university community.

The task force submitted its final report and recommendations in January 2004 (see [http://www.utexas.edu/opa/news/04newsreleases/nr\\_200401/report\\_respect.pdf](http://www.utexas.edu/opa/news/04newsreleases/nr_200401/report_respect.pdf)). President Faulkner issued his comments on the report in May 2004 (see [http://www.utexas.edu/president/speeches/rrf\\_051004.html](http://www.utexas.edu/president/speeches/rrf_051004.html)). Subsequently, he directed vice presidents to address task force recommendations that pertained to their portfolios. That process continues and progress has been made on several recommendations. For example:

- The president has established a University of Texas Police Oversight Committee.
- The president has created the new position of Vice Provost for Inclusiveness and Cross-Cultural Effectiveness. The position has been filled and the new officer begins his appointment in summer 2005.
- The president has appointed a committee to undertake a review of the university's undergraduate core curriculum.
- The university has developed and adopted a new honor code (italicized, below).

The core values of The University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. *Each member of the university is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community.*

- The president appointed a committee to recommend implementation strategies for the new honor code. That committee completed its work and appropriate administrative officials have been directed by the president to address the recommendations of the committee.
- A link has been established on the university's Internet homepage that connects to a "Diverse People and Ideas" website listing news, events, services, programs, and statistics pertaining to diversity at the university.
- The vice president for student affairs has studied the task force recommendation that fraternity and sorority rush be deferred to spring semester. He has submitted a report and recommendation to the president.

## **F. Student progress and success**

*Increase undergraduate retention and graduation rates and improve average time to graduation*

As indicated by the UT Austin *Statistical Handbook 2004-2005* ([http://www.utexas.edu/academic/oir/statistical\\_handbook/04-05/pdf/SH04-05.pdf](http://www.utexas.edu/academic/oir/statistical_handbook/04-05/pdf/SH04-05.pdf)) and the *Common Data Set 2004-2005* (<http://www.utexas.edu/academic/oir/cds/04-05/>), both of which are produced by the Office of Institutional Research, the university continues to make significant progress in its undergraduate retention and graduation rates. The retention rate

after one year for the 2003 entering freshman class was 93.2 percent (up from 91.8% for the previous year). The four-year graduation rate for the 2000 entering class was 45.6 percent (up from 41.7% for the 1999 entering class and up from 32.4% for the 1994 entering class). The six-year graduation rate for the 1998 entering class was 74.3 percent (up from 70.5% for the 1997 entering class and up from 68.7% for the 1994 entering class).

#### **G. Enrollment management**

*Implement more effective strategies for enrollment management, including both student matriculation and course offerings and enrollments*

In fall 2002, President Faulkner appointed the Task Force on Enrollment Strategy, charging it to recommend a reasoned strategy for managing student enrollments at the university into the indefinite future. The committee completed its final report in December 2003. (The report can be found at:

[http://www.utexas.edu/opa/news/04newsreleases/nr\\_200401/report\\_enrollment.pdf](http://www.utexas.edu/opa/news/04newsreleases/nr_200401/report_enrollment.pdf).) The president accepted the report and charged the executive vice president and provost to review the recommendations with the appropriate parties and determine what items were actionable in the short and long term.

The process of review and internal referral is continuing. Ultimately, many of the proposals will need multiple levels of consideration and approval before implementation (e.g., the Faculty Council, executive vice president and provost, president, chancellor of The University of Texas System, and the Texas Higher Education Coordinating Board). But the Faculty Council has already considered and recommended various measures proposed by the Task Force on Enrollment Strategy (cf. *Documents of the General Faculty, Eighth Regular Meeting of the Faculty Council for 2004-2005*, May 9, 2005, Order of Business, D. 3969-3970; <http://www.utexas.edu/faculty/council/2004-2005/agendas/ag050905.html>). These recommendations are under review by the executive vice president and provost.

Despite initiatives taken by the university to manage enrollment responsibly, there remains a question about whether success can be achieved in light of the increasing percentage of freshmen admitted under the provisions of House Bill 588 of the 75th Legislature. For 2004, the percentage of freshmen entering the university as graduates from Texas high schools under this "Top 10% Law" was 66 percent. This was a decrease from the previous year. However, that decrease was a consequence of admitting a larger than desirable freshman class. (See *Implementation and Results of the Texas Automatic Admissions Law [HB 588] at The University of Texas at Austin, Office of Admissions*; <http://www.utexas.edu/student/admissions/research/HB588-Report7.pdf>.) Thus 2004 was an exception to the overall trend. Preliminary data indicate that the percentage of freshmen entering the university in 2005 as graduates of Texas high schools and under HB 588 will climb to 70 percent.

The 79th Legislature made no change in the law. If the overall trend continues unabated, within a few years almost all freshmen will be admitted to the university on the basis of a single criterion, i.e., standing in the top 10 percent of the high school graduating class. Not only would it be educationally unsound to admit most or all freshmen on a single criterion, such a situation would have other adverse consequences.

- If, for the sake of responsible enrollment management, the university limited the total number of entering undergraduates, then the increase in students admitted under the "top 10% law" would need to be accompanied by a commensurate decrease in all other categories of new students (i.e., non-top 10% freshmen and transfers).

- An alternative would be to accept all top 10 percent applicants while at the same time admitting a desirable number of other freshmen and transfer students. In effect, the university would lose control of its undergraduate enrollment.

While the university is taking the initiative to identify and implement sound enrollment strategies for undergraduates, a significant component of enrollment control (viz., freshman admissions) may prove unmanageable unless the provisions of HB 588 are modified in the future.

## H. Academic initiatives

### Initiative updates

#### 1. Review of the undergraduate curriculum

As recommended by the Task Force on Racial Respect and Fairness, the Task Force on Enrollment Strategy, and the Commission of 125, in December 2004 President Faulkner appointed a Task Force on Curricular Reform to begin development of a new undergraduate core curriculum. The task force, chaired by William Powers, Dean of the School of Law, has begun its work.

#### 2. Continued development of the Latin American initiative

The university continues to place an emphasis on Latin American studies and programs. The Office of the Executive Vice President and Provost has established a website describing the Latin American initiatives and activities (see <http://www.utexas.edu/lai/>). At the time this compact update was written, the university was searching for a new director for the Teresa Lozano Long Institute of Latin American Studies.

#### 3. Development of the biomedical engineering program

The biomedical engineering program is gaining national recognition on all levels. A senior in the program was one of only 69 students nationwide to receive a Record Scholarship from Tau Beta Pi, the Engineering Honor Society. Two graduate students received Whitaker Foundation Professional Development Award grand prizes in national competition, and another graduate student received an honorable mention in the same competition. A faculty member received a \$2.1 million grant from the National Institutes of Health. And, according to *Essential Science Indicators*, the number of citations of an article by another faculty member placed that article in the top 1 percent of its field. (See the webpage for the Department of Biomedical Engineering at <http://www.bme.utexas.edu/index.cfm>.)

#### 4. Development of the Institute for Computational Engineering and Sciences (ICES)

The Institute for Computational Engineering and Sciences has acquired funding for The John A. and Katherine G. Jackson Chair in Computational Geosciences; The W. A. "Tex" Moncrief, Jr. Chair in Life Sciences and Biology; The W. A. "Tex" Moncrief, Jr. Chair in Computational Materials; and The W. A. "Tex" Moncrief, Jr. Chair in Distributed and Grid Computing. These four chairs were deemed essential for the development of the institute.

5. Funding to complete both new buildings for the Jack S. Blanton Museum of Art and funding for the ongoing operational costs of the museum

The phase one building of the Jack S. Blanton Museum of Art is proceeding toward completion and will open in February 2006. The University Budget Council developed and approved a plan to fund the ongoing operational costs of the museum. The university also continues to pursue funding for the phase two building. (See the webpage for the Blanton Museum at <http://www.blantonmuseum.org/>.)

#### New initiatives

6. Jack A. and Katherine G. Jackson School of Geosciences

President Faulkner has proposed the establishment of the Jack A. and Katherine G. Jackson School of Geosciences. The reorganization of the geosciences program at the university is made possible by an endowment established by the late Mr. John ("Jack") A. Jackson which is valued at approximately \$282 million. The proposal for establishment of the new school comes after a two-year process of review and deliberation. At the time this compact update was written, the proposal had been approved by The University of Texas System Board of Regents and was being submitted by the System to the Texas Higher Education Coordinating Board for consideration and approval.

7. South Asia initiative

The South Asia region is of growing strategic importance for the nation, Texas, and the university. The Office of the Executive Vice President and Provost has begun a multi-year investment in the development of new faculty initiatives to build on the university's considerable existing strength in South Asia studies. Following the model of the Latin American initiative (see II, H, 2, above), the South Asia initiative is intended to involve all colleges and schools at the university. A search for the new director of the South Asia Institute will be undertaken in the coming academic year.

### **I. Information Technology and Communication Services**

#### *Undertake an external review of information technology and communication services*

In 2001, the university consolidated into one unit information technology and communication services that had previously operated separately, viz., Administrative Computing Services, Academic Computing and Instructional Technology Services, and Telecommunications. The new unit, Information Technology Services, has now been operating for four years, undergoing a necessary reorganization while also coping with a technological environment of rapid change. There is a need to assess the success of the changes and the status of information technology on the campus, and to determine the structures and best practices suited to the future needs of the university in the areas of information technology and communication services. President Faulkner has appointed a Steering Committee on Information Technology and Communication Services to oversee a comprehensive review of these services by an outside consulting firm. The charge to this committee is to develop a request for proposal, to solicit the interest of appropriate firms, to recommend the choice of a consulting firm, and to oversee and assist the consulting firm throughout its review.

## **J. External institutional reviews**

During the academic year 2004-2005, internal review and planning were supplemented by two external reports.

1. The university underwent a management and performance review as mandated by the Legislative Budget Board (LBB). That review was conducted by the Pappas Consulting Group, Inc. of Stamford, Connecticut, and the final report, *University of Texas at Austin Management and Performance Review*, was released by the LBB on March 7, 2005. (The report can be accessed on the Internet at: [http://www.lbb.state.tx.us/TSPRP/ut\\_austin/UTAustin\\_Performance\\_Review.pdf](http://www.lbb.state.tx.us/TSPRP/ut_austin/UTAustin_Performance_Review.pdf).) During the coming year, the feasibility and practicality of the report recommendations will be considered and appropriate action will be taken.
2. The Commission of 125 (a group of distinguished citizens drawn from Texas, 21 other states, and two foreign countries) completed nearly two years of deliberation and presented a report to the president of the university expressing a vision of how The University of Texas at Austin can best serve Texas and society during the next 25 years. (The report and recommendations can be accessed on the Internet at <http://www.utexas.edu/com125/UTComm125Report.pdf>.) The president has already appointed committees to begin addressing the two major initiatives:
  - a. A new core curriculum  
  
Develop a new undergraduate core curriculum to better prepare students for lives of accomplishment.
  - b. A higher standard of leadership of academic programs  
  
Establish a more demanding standard for leadership of academic departments and research centers, and give those leaders the authority and resources to succeed.

Attention will also be given to the other 16 recommendations of the Commission.

## **III. Future Initiatives of High Strategic Importance**

### **A. Continuation of major ongoing priorities and initiatives**

The items listed under II, A through G, above, will continue to be of high strategic importance for the foreseeable future. Most of these initiatives will require years of commitment and dedicated resources before the goals are reached. The academic initiatives listed above under II, H will also continue to be important, although as they are completed or reach maturity and stability, others will take their place among the institutional priorities.

### **B. Facilities enhancement**

Complementing the priority of facilities preservation mentioned in item II, C, above, are goals of facilities enhancement advanced by student leaders.

1. Increase the number of classrooms and offer more classes

2. Increase student-life facilities on campus, especially to accommodate undergraduate and graduate commuter students

The first of these goals is commensurate with the recommendations of the Task Force on Enrollment Strategy; the second is important for the development of student life services. However, realization of both goals will require increases in financial resources. Operating within its current resources, the university has given high priority and attention to existing academic structures. For example, the university is completing an extensive renovation of Benedict, Mezes, and Batts Halls, three primary academic facilities. Work is beginning on a new building for the biomedical engineering program. And of high priority are other academic facilities such as the Experimental Science Building and a computer sciences building, although funding for these desperately needed facilities is not available.

**C. Enhancement of first-year experience**

The first-year experiences of freshman and transfer undergraduates and graduate students are critical to their success at the university. The university continues to review current programs and offerings in order to seek ways to enhance the first-year experiences of new students of all levels.

**IV. Other Critical Issues Related to Institutional Priorities**

**A. Impact of initiatives**

1. Enrollment management

Discussed above

2. Diversity of faculty and staff

This remains a high priority for the university and will receive immediate attention by the new Vice Provost for Inclusiveness and Cross-Cultural Effectiveness.

3. Community and institutional relations

As a recognized "flagship institution" in the state capitol, The University of Texas at Austin has unique responsibilities in community and institutional relations. These responsibilities remain an important consideration as initiatives are developed and implemented. Moreover, the university maintains an ongoing strategy of systematic communication to appropriate public officials and to the public at large.

4. Finances

Discussed above

5. Facilities

Discussed above

6. Other infrastructure issues

See Item II, I, Information Technology and Communication Services, above.

**B. Unexpected opportunities or crises**

None anticipated at this time

**V. System and State Priorities**

**A. Increasing student access and success**

Discussed above

**B. Collaborations among UT System institutions, particularly academic-health institution collaborations**

Five initiatives were discussed in the initial compact document and these continue as described there. They are:

1. The University of Texas Center for Biomedical Engineering: This effort involves The University of Texas at Austin, The University of Texas Health Science Center at Houston, and The University of Texas M. D. Anderson Cancer Center.
2. The College of Pharmacy partnerships with institutions in The University of Texas System in support of professional and graduate education and training: These include the Cooperative Pharmacy Programs with two Hispanic Serving Institutions (The University of Texas at El Paso and The University of Texas-Pan American), the Joint Pharm.D. Program with The University of Texas Health Science Center at San Antonio, and a collaborative program with the UT M. D. Anderson Cancer Center Science Park at Smithville.
3. The Coordinated Admission Program (CAP" for undergraduate admission.
4. The School of Law recruiting programs with UT System institutions, Texas A&M System institutions, and Historically Black Colleges and Universities.
5. The University of Texas at Austin initiatives with UT System institutions and other institutions in Texas regarding nanoscience, nanotechnology, and nanomanufacturing.

To these can be added four other ongoing initiatives in information technology.

6. The University of Texas at Austin developed, hosts, and maintains \*DEFINE, an integrated online financial system that is used by The University of Texas System Administration offices as well as the UT System campuses at Arlington, El Paso, the Permian Basin, San Antonio, and Tyler. In addition, the budgeting components of \*DEFINE are used by UT Brownsville and UT HSC-Houston. The University of Texas at Austin also operates an intensive software developer training program to ensure the availability of qualified personnel to maintain and upgrade \*DEFINE. Moreover, the university has recently upgraded the primary and backup mainframe computers and associated storage systems supporting \*DEFINE to enhance capacity and reliability.
7. Under contract with UT System, The University of Texas at Austin operates THEnet (Texas Higher Education Network), a wide-area data network that connects most campuses of the System to each other, to the commodity Internet, and to the

Internet2 Abilene network. ("Abilene" is the high-performance backbone network used by academic, corporate, and governmental partners which form the Internet2 national consortium.)

8. The University of Texas at Austin has provided both organizational and technical leadership to create LEARN (the Lonestar Education and Research Network), a not-for-profit organization composed of 33 universities and university systems in Texas chartered to build and operate a fiber-optic data network spanning 2,100 miles around the state. When completed in 2006, LEARN will provide high-bandwidth connections to the commodity Internet in multiple cities, to Internet2 Abilene, to National LambdaRail (NLR), and to the National Science Foundation TeraGrid. The university also provides office space and contract administrative support services for LEARN.
9. The University of Texas at Austin developed, hosts, and maintains the Texas Common Application ([www.applytexas.org](http://www.applytexas.org)) supporting applications for admission and financial aid to any Texas public university, as well as to participating community and private colleges.

### **C. Increasing external research and funding**

In fiscal year 2003-2004, federally funded research and development expenditures at The University of Texas at Austin totaled \$249 million. This level of funding represents approximately 19 percent of the total federal research and development (R&D) funds received by all of Texas public universities and health-related institutions as a whole. During the period 2001-2004, the university's total and federally funded R&D expenditures increased by 18.9 percent and 23.2 percent, respectively. In 2002, the university ranked second nationally in federally funded research among universities without a medical school, after the Massachusetts Institute of Technology, thus surpassing for the first time both the University of California at Berkeley and the University of Illinois at Urbana-Champaign in the amount of federal R&D funds received. [Source: *National Science Foundation/Division of Science Resource Statistics, Fiscal Year 2002*]

### **D. Increasing marks of academic and healthcare excellence**

As discussed in the initial compact, the executive vice president and provost issued a policy requiring all academic units to develop an outcomes-based approach to program review. The goal is to improve continuously what the university does in academic programs and to set benchmarks of excellence for each program. This was in response to the last reaffirmation review by the Southern Association of Colleges and Schools (SACS). The outcomes-based approach is also embodied in the "Institutional Effectiveness" portion of current SACS criteria and includes not only academic programs but also administrative units that support academic programs.

The vice provost for faculty affairs is charged with monitoring implementation of the policy and, as needed, providing support for the colleges and schools in their efforts. The initial steps of implementation were taken by modifying the campus-level compacts to emphasize outcomes-based assessment. The intent was to increase initiatives that focus 1) on what students have learned, how they have learned, and how well they are prepared to work in society and in their chosen profession; 2) on faculty teaching effectiveness; and 3) on improved curriculum initiatives. These efforts will be supported in part by the reorganization of the Division of Instructional Innovation and Assessment (DIIA), renovations and modifications of the Flawn Academic Center, and improved coordination between DIIA and the colleges and schools.

To help academic units develop the outcomes-based approach, workshops by an internationally recognized assessment expert are planned for summer 2005. Professional schools on campus which are already working with outcomes-based assessment are also being asked to contribute expertise.

In addition to outcomes-based assessment, the university is engaged in other activities to enhance academic excellence. The university collaborated with UT System and other UT System institutions to develop a number of accountability metrics that were published in the *Accountability and Performance Report 2004-05*. The university also worked with the Texas Higher Education Coordinating Board to develop the Higher Education Accountability System that went on-line in December 2004. The university set benchmarks and goals with Texas A&M University in the Research University group and is tracking progress toward those goals. And the provost is asking the deans to use these and other accountability measures in the campus compact process to show how the colleges and schools are contributing to the achievement of the university's goals.

To encourage departments to improve the educational experience of undergraduates, the provost is changing implementation of the Performance Based Instructional System and faculty workload system. While meeting faculty workload requirements, which are now monitored by the Office of the Executive Vice President and Provost, the changes give departments more freedom to be innovative in class offerings and to use their faculty resources in innovative ways. The changes will also make adoption of a new core curriculum easier.

Coordination of planning efforts is also important to academic excellence and new SACS criteria require greater coordination of planning and evaluation. Institutions are now required by SACS to maintain a systematic review of programs and services that results in continuing improvement and that demonstrates that the institution is effectively accomplishing its mission. Thus the planning efforts that exist on many levels (System-wide, institutional, departmental) will need to be coordinated in a way to meet the SACS requirement. At The University of Texas at Austin, an effort is being made to integrate better the local compacts between the provost and deans with the institutional (System) compact.

## **E. Development and alumni relations**

### **1. Development**

With the conclusion of the university's capital campaign in 2004, the Office of Resource Development assessed and revised its fund-raising priorities. However, a remaining fundamental priority is to increase the university's privately held endowment to a level equivalent to the Permanent University Fund. Therefore, major gift activity will continue to emphasize increasing endowments, especially those related to the recommendations of the Commission of 125. The intent is to develop endowments designated for areas essential for the long-term success of the university.

A second priority is to conclude fund-raising activities for a number of short-term initiatives. Examples include acquisition of major collections (e.g., the Watergate archives), capital improvements (e.g., the Blanton Museum), and matching gift challenges. Planning has also begun for additional short-term, but high profile, campaigns (e.g., a new computer sciences building).

A third priority is to continue to improve and develop new fund-raising techniques and activities. These include revision of the annual fund program and the creation of new web-based giving opportunities. An example of the latter is a new web-based electronic "tribute" system, equivalent to the conventional donor "brick" recognition but adapted to modern technology and accessible on the Internet from anywhere.

Other priorities include strengthening the university's corporate and foundation development activities; supporting the strategic planning and fund-raising activities of the colleges, schools, and units; and building closer relationships between the central development operation and the provost, deans, and directors.

2. Alumni relations

The university's alumni association (The Texas Exes) was described and its programs explained in the original compact. The Texas Exes organization continues its unique and extremely important role of support to the university and its students. Examples include scholarship programs that help the university recruit and retain outstanding students; "send-off" programs that help the university welcome and retain newly admitted freshman students, especially those from locales in which the institution is trying to promote more admissions; the Camp Texas orientation and leadership program; mentoring programs; and teaching and advising awards. Through the "Texas Exes Awards for Outstanding Teachers" The Texas Exes provide outreach to elementary and secondary school teachers across the state.

## **VI. Compact development process**

The process used to develop the original compact was described in that document. As information has been needed, the appropriate entities have been consulted for this update. Leadership groups with whom the draft of this compact update was shared for comment include the University Leadership Council (composed of the president, executive vice president and provost, vice presidents, vice provosts, deans, chair of the Faculty Council, chair of the Staff Council, and other campus leaders), Faculty Council Executive Committee, and President's Student Advisory Council. The completed compact update incorporates comments and information received from them.

## **VII. System contributions**

The University of Texas System is to furnish information addressing this item, however, System officials asked The University of Texas at Austin to provide suggestions for needed support. Those suggestions remain as indicated in the original compact.

- A. Funding for The University of Texas Elementary School
- B. Funding for start-up costs needed to attract outstanding faculty
- C. Funding for major renovation or construction projects, especially for academic facilities such as the Experimental Science Building, the Biology Building, Welch Hall (chemistry), and a computer sciences building.
- D. Funding for short- and long-term financing programs (e.g., commercial paper funding, tuition revenue bonds, Permanent University Fund bonds, Library Equipment Repair and Renovation bonds, revenue financing bonds)

- E. Funding for employee benefits and worker compensation programs
- F. Funding for physical property, casualty, and other business insurance needs
- G. Assistance in informing the Legislature about The University of Texas at Austin and its substantial positive effects on Texas in the areas of education, research, and public service
- H. Assistance in helping The University of Texas at Austin obtain increased funding from the Legislature

## VIII. Appendices

### A. Budget Summary

**The University of Texas at Austin  
Operating Budget  
Fiscal Year Ending August 31, 2005**

	FY 2004 Adjusted Budget	FY 2005 Operating Budget	Budget Increases (Decreases) From 2004 to 2005	
			Amount	Percent
<b>Operating Revenues:</b>				
Tuition and Fees	\$ 329,640,829	388,268,877	58,628,048	17.8%
Federal Sponsored Programs	270,537,495	277,736,154	7,198,659	2.7%
State Sponsored Programs	39,341,751	49,324,089	9,982,338	25.4%
Local and Private Sponsored Programs	53,039,528	60,704,899	7,665,371	14.5%
Net Sales and Services of Educational Activities	90,953,566	101,333,137	10,379,571	11.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-
Net Professional Fees	-	-	-	-
Net Auxiliary Enterprises	133,028,151	141,233,328	8,205,177	6.2%
Other Operating Revenues	100,000	100,000	-	0.0%
<b>Total Operating Revenues</b>	<b>916,641,320</b>	<b>1,018,700,484</b>	<b>102,059,164</b>	<b>11.1%</b>
<b>Operating Expenses:</b>				
Instruction	378,929,905	413,257,681	34,327,776	9.1%
Academic Support	163,200,548	169,949,988	6,749,440	4.1%
Research	354,944,413	383,681,823	28,737,410	8.1%
Public Service	40,641,757	43,029,889	2,388,132	5.9%
Hospitals and Clinics	-	-	-	-
Institutional Support	78,204,693	80,168,898	1,964,205	2.5%
Student Services	42,614,132	42,160,876	(453,256)	-1.1%
Operations and Maintenance of Plant	102,959,445	106,371,778	3,412,333	3.3%
Scholarships and Fellowships	77,126,257	110,463,936	33,337,679	43.2%
Auxiliary Enterprises	172,771,514	182,167,935	9,396,421	5.4%
<b>Total Operating Expenses</b>	<b>1,411,392,664</b>	<b>1,531,252,804</b>	<b>119,860,140</b>	<b>8.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(494,751,344)</b>	<b>(512,552,320)</b>	<b>(17,800,976)</b>	<b>3.6%</b>
<b>Nonoperating Revenues (Expenses):</b>				
State Appropriations & HEAF	291,849,256	291,910,391	61,135	0.0%
Gifts in Support of Operations	34,030,349	32,354,010	(1,676,339)	-4.9%
Net Investment Income	103,493,465	113,470,448	9,976,983	9.6%
Other Non-Operating Revenue	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>429,373,070</b>	<b>437,734,849</b>	<b>8,361,779</b>	<b>1.9%</b>
<b>Transfers and Other:</b>				
AUF Transfers Received	109,360,000	106,335,000	(3,025,000)	-2.8%
AUF Transfers (Made)	-	-	-	-
Transfers From (To) Unexpended Plant	-	-	-	-
Transfers for Debt Service	(37,444,994)	(36,273,830)	1,171,164	-3.1%
Other Additions and Transfers	-	-	-	-
Other Deductions and Transfers	(8,850,274)	(21,240,860)	(12,390,586)	140.0%
<b>Total Transfers and Other</b>	<b>63,064,732</b>	<b>48,820,310</b>	<b>(14,244,422)</b>	<b>-22.6%</b>
<b>Surplus/(Deficit)</b>	<b>\$ (2,313,542)</b>	<b>(25,997,161)</b>	<b>(23,683,619)</b>	<b>1023.7%</b>
<b>Total Revenues</b>	<b>\$ 1,346,014,390</b>	<b>1,456,435,333</b>	<b>110,420,943</b>	<b>8.2%</b>
<b>Total Expenses and Debt Service Transfers</b>	<b>(1,448,837,658)</b>	<b>(1,567,526,634)</b>	<b>(118,688,976)</b>	<b>8.2%</b>
<b>Surplus (Deficit)</b>	<b>\$ (102,823,268)</b>	<b>(111,091,301)</b>	<b>(8,268,033)</b>	

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

## B. Statistical Profile

### UT Austin

<i>fall</i>	2000	2001	2002	2003	2004
Undergraduate headcount	38,162	38,609	39,391	38,112	37,101
Graduate and professional headcount	11,834	12,007	12,870	13,314	13,276
Total enrollment	49,996	50,616	52,261	51,426	50,377

<i>yr of matriculation</i>	1998	1999	2000	2001	2002
1st year persistence	89.0%	89.9%	91.0%	90.5%	91.4%

<i>yr of matriculation</i>	1995	1996	1997	1998	1999
4-year graduation rate	35.6%	39.2%	36.5%	38.9%	41.3%
6-year graduation rate	69.9%	71.9%	70.1%		

<i>academic year</i>	99-00	00-01	01-02	02-03	03-04
Baccalaureate degrees granted	7,803	7,624	8,005	8,463	8,959
Master's degrees	2,540	2,567	2,644	2,650	2,835
Doctorate degrees	703	720	644	668	683
Professional degrees	526	577	586	596	588

<i>fall</i>	2000	2001	2002	2003	2004
All instructional staff	3,265	3,308	3,418	3,342	3,420
Classified employees	6,594	7,941	8,060	7,642	7,858
Administrative/professional employees	2,706	3,279	3,292	3,255	3,320
Student employees	6,842	7,767	7,929	7,875	8,137

<i>academic year</i>	99-00	00-01	01-02	02-03	03-04
FTE student / FTE faculty ratio	20 to 1	21 to 1	21 to 1	21 to 1	20 to 1

<i>fiscal year</i>	2000	2001	2002	2003	2004
Federal research expenditures	\$185,190,446	\$202,440,085	\$235,436,101	\$240,537,689	\$249,014,154

<i>fiscal year</i>	2000	2001	2002	2003	2004
Revenue/FTE student (nearest thousand)	\$12,000	\$13,000	\$12,000	\$12,000	\$13,000

<i>as of</i>	8/31/99				8/31/04
Endowment total value	\$1,451,337,000				\$2,038,938,000