

The University of Texas at Austin
Compact with The University of Texas System
FY 2007 through FY 2008

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, 2005-2006, p. 2]

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 2005 enrollment of 49,696.

About 13,000 students graduate from the university each year and more than 500,000 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 2005-2006 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 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. During this period, the university had a change of presidents. While still in his initial months, the new president is developing an institutional agenda. The following list, therefore, reflects both new institutional priorities and updated information on continuing priorities and initiatives of major importance for the university.

A. Develop Public Support for Higher Education in Texas

Take initiative to inform more effectively the leaders and general citizenry of Texas about the importance of higher education for the future of the state

For the future success and prosperity of the state, Texas must increase substantially its capacity to offer higher education to its citizens while also elevating the quality of its colleges and universities. 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 in fall 2004 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>.) Recognizing the importance of higher education for Texas and its need for public support, the commission made the following recommendation (*A Disciplined Culture of Excellence, Report of the Commission of 125*, The University of Texas, September 20, 2004, Recommendation Sixteen, p. 30):

The University's communications efforts must convey the value of higher education to society. In addition, UT must clarify its key strengths and distinctive qualities and devise ways to communicate them more coherently and consistently to its constituencies at all levels.

As a new ongoing priority, the university will develop and implement a communication strategy to inform both state leadership and the population at large about the value and needs of higher education.

B. Elevate the University's Academic Standing Nationally

Bring the university to a place of nationally recognized leadership among public research universities

To conclude the introduction to the report of the Commission of 125, the chairman of the commission commented (*A Disciplined Culture of Excellence, Report of the Commission of 125*, p. 9):

The Commission of 125 firmly believes that The University of Texas can best serve society by fulfilling its aspiration to be the best public university.

Since its inception, The University of Texas at Austin has aspired to its constitutional imperative to be a "university of the first class." Although the institution does have significant national stature and many of its academic programs are recognized as being at the highest levels of quality, progress is still needed to bring the university as a whole to the level implied by the report of the Commission of 125. As a new ongoing priority, the university will develop and implement strategies to elevate the quality of its programs and its national stature. For example, the university is taking steps to implement "Strategic Initiative Two" of the final report of the Commission of 125 (*A Disciplined Culture of Excellence, Report of the Commission of 125*, p. 16): Establish more demanding standards for leadership of academic departments and research centers, and give those leaders the authority and resources needed. (Cf. item II, M, 1, b, below.) The long-range goal of this initiative is to elevate the quality of the academic departments and thus ultimately to raise the quality and stature of the university.

C. Recruit a More Diverse Student Body and Faculty

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

1. Creation and elevation of new senior position focused on diversity

In 2005, the university created and filled the position of vice provost for inclusion and cross-cultural effectiveness. The new portfolio was created specifically to focus on diversity and to improve the campus climate and level of student, staff, and faculty diversity through strategic efforts.

The new vice provost began his work by addressing key issues that had been raised by the Task Force on Racial Respect and Fairness in its January 2004 report. (The report can be accessed on the Internet at http://www.utexas.edu/opa/news/04newsreleases/nr_200401/report_respect.pdf. See also the response of then-President Larry R. Faulkner at http://www.utexas.edu/opa/news/04newsreleases/nr_200405/enrollment_response.doc.) The vice provost met with university leaders and held campus town hall meetings and small focus groups to solicit ideas regarding cross-cultural issues. He invited external constituents, including members of the local community, to share their perspectives of community and university relations.

The newly created Office of Inclusion and Cross-Cultural Effectiveness provided financial support to 34 student organizations, faculty/staff associations, and academic programs engaged in promoting diversity. For example, the office funded 5 separate roundtable discussions hosted by the Multicultural Information Center and the Gender and Sexuality Center. The office supported the 2006 Diversity Spring Symposium coordinated by the Division of Housing and Food Service. It supported the Diversity Speaker Series hosted by the College of Education. The office also helped sponsor a Summer Welcome Program for entering freshman students and a Texas Hillel White Rose Program. In addition, the Office of Inclusion and Cross-Cultural Effectiveness provided scholarships to first generation and underrepresented student participants in the Intellectual Entrepreneurship Program.

Beyond supporting important recruitment, social, academic, professional development, and leadership events, the vice provost for inclusion and cross-cultural effectiveness initiated plans to expand and improve The Diversity Institute managed by the School of Social Work. The institute provides a limited amount of scholarly research and cross-cultural diversity training to local businesses and corporations. In the future, The Diversity Institute will partner with the newly created Office of the Vice President for Diversity and Community Engagement (see below) to expand campus diversity and community outreach initiatives.

During spring 2006, the position of vice provost for inclusion and cross-cultural effectiveness was redefined and raised to vice president for diversity and community engagement with the added responsibility to build and sustain positive partnerships with local and statewide communities.

2. Students

The University of Texas at Austin continues to make progress toward achieving diversity in its student body. For fall 2005, the university admitted and enrolled the most ethnically diverse freshman class in its history. The numbers of African Americans and Hispanics enrolled as first-time freshmen were the highest for those respective groups in the history of the university. For Hispanics, it was the second year in a row that a record was set. For first-time freshmen enrolled, the total percentage of African Americans (5%), Hispanics (18%), Asian Americans (17%), and Native Americans (<1%) was about 41%, with the remainder of the class being white (55%), international students (3%), and unknown (<1%). Additional statistical information about freshmen can be accessed at <http://www.utexas.edu/student/admissions/research/HB588-Report8.pdf>, which is an Office of Admissions report, including "Implementation and Results of the Texas Automatic Admissions Law (HB 588) at The University of Texas at Austin," "Demographic Analysis of Entering Freshmen, Fall 2005," and "Academic Performance of Top 10% and Non-Top 10% Students, Academic Years 1996-2004."

For the university as a whole there was an increase in the proportional representation of both African American (3.5% to 3.7%) and Hispanic (13.4% to 14.1%) students. Total enrollment increased for Hispanics by 4.3% (286 students), for African Americans by 5.0% (87), and Native Americans by 7.4% (15). Enrollment decreased or remained essentially stable for Asian American, white, and international students.

The University of Texas at Austin ranked eighth in the nation for the number of Hispanics graduating with a baccalaureate degree (1,171). And the university continues its efforts to improve academic opportunities and success of underrepresented populations. The Lilly Foundation recently awarded a grant for the University Alliance, a collaboration between The University of Texas at Austin and the Hispanic Scholarship Fund. The purpose of the collaboration is to increase the number of Hispanic students seeking a college degree.

3. Faculty

Diversification of the faculty continues to be a difficult challenge. In the teaching faculty from fall 2004 to fall 2005, the number of Hispanic faculty members increased by 6 (4.3%) and the number of Native American faculty increased by 5 (55.6%). However, the number of Asian faculty decreased by 6 (2.8%) and the number of African American faculty decreased by 1 (1.1%). The number of faculty women

increased by 16 (1.7%), but the overall percentage of women on the teaching faculty was essentially static (i.e., 35.2% for fall 2004 and 35.6% for fall 2005).

In the first year of his position, the vice provost for inclusion and cross-cultural effectiveness assisted in the recruitment of 13 faculty members. These included Hispanics, African Americans, Asian Americans, and women in the fields of history, English, sociology, curriculum and instruction, anthropology, physics, educational administration, and social work. He assisted in the successful retention of two key female faculty members who were being recruited by other institutions.

D. Reform the Undergraduate Core Curriculum

Undertake a review and revision of the undergraduate core curriculum

As recommended by the Task Force on Racial Respect and Fairness, the Task Force on Enrollment Strategy, and the Commission of 125, a Task Force on Curricular Reform was appointed in December 2004 to undertake a review of the undergraduate core curriculum. The Task Force presented its recommendations to the General Faculty on October 27, 2005.

In spring 2006, the Faculty Council hosted meetings in each college and school for faculty to discuss the recommendations of the Task Force on Curricular Reform. Oral reports of these discussions were provided to the Faculty Council at its regular meetings. The council also held three university-wide forums to provide opportunities for further discussion of the task force recommendations. The Senate of College Councils, which has voting representation on the Faculty Council, hosted student forums in the colleges and schools and produced resolutions regarding the report of the task force.

The Educational Policy Committee of the Faculty Council agreed to work during summer 2006 to consider the results of the college meetings and forums held by the Faculty Council and to provide its own recommendations to the full Faculty Council in September 2006. Complementing that effort is the work of an *ad hoc* committee composed of deans and their representatives, which is considering the practical implications of adopting recommendations of the Task Force on Curricular Reform. The *ad hoc* committee intends to complete its work during summer 2006.

E. 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 received a 4.2% increase in General Revenue funding for the biennium. This amounts to a 1.4% increase per year, less than the 1.8% average increase for the past 15 years, and less than the current 3% annual inflation rate. It is clear 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 2005, 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 2006-2007, the anticipated shortfall will be about \$37.3 million, and the shortfall will grow to nearly \$95.8 million by fiscal year 2010-2011. Tuition increases were recommended by the Tuition Policy Advisory Committee to cover the shortfall of \$37.3 million for 2006-07. Subsequently, \$15 million of the recommended tuition increase was changed to an Energy Fee. An additional increase of \$5.4 million to cover the \$42.7

million shortfall for 2007-08 was also recommended. This amount will reduce the \$95.8 million shortfall for 2010-11 to \$53.1 million. (See "Tuition Recommendation - Academic Years 2006-07 and 2007-08," a memorandum of November 3, 2005, from the Tuition Policy Advisory Committee to then-President Larry R. Faulkner. This document is available on the Internet at http://www.utexas.edu/news/tuition/2005_TPAC_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 of 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 the present time, the additional financial assistance seems to have been effective. Thus, for the university's first-time enrolled freshmen (summers and falls) in 2003, 2004, and 2005, the percentages of students by household income remained essentially constant (viz. 5% to 7% for household incomes below \$20,000, 11% to 13% for incomes in the range of \$20,000-\$40,000, 11% to 13% for \$40,000-\$60,000, 11% to 13% for \$60,000-\$80,000, and 50% for household incomes greater than \$80,000). Nevertheless, as financial pressures mount, the concern will also rise.

F. 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 five years during which the program has been active (2000-2001, 2002-2003, 2003-2004, 2004-2005, and 2005-06), 152 new tenured and tenure-track positions have been funded through central allocations by the University Budget Council and through special allocations by the executive vice president and provost. During the same period, the executive vice president and provost also funded eight 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 49,696 in fall 2005. 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 19.85 in fall 2005. (See *Statistical Handbook 2005-2006*, Table FS 10 (3), "Student/Faculty Ratios," pp. 127-129. This document may be accessed at http://www.utexas.edu/academic/oir/statistical_handbook/05-06/pdf/0506facultystaff.pdf.)

G. Facilities preservation and enhancement

Develop and fund a systematic plan for the preservation and enhancement of facilities

Facilities preservation

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% 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% to 80% by the year 2010.

The estimated effectiveness for fiscal year 2005-2006 is 80%, down slightly from 83% in the previous compact. 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 (BCI) 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 completed a re-assessment of all facilities supported by Education and General (E&G) funding. The final results are expected by late summer 2006, 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% 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.

A re-assessment of about 50% of facilities supported by Education and General (E&G) funding indicated that the FCI had not changed appreciably over the past two years, due in part to the addition of a new building and the renovation of two others. However, there does seem to be a rather rapid increase in the "urgency" of deficiencies. Completion of the last phase of the re-assessment effort will allow this apparent trend to be analyzed more completely.

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 be about 80% by fiscal year 2005-2006.

Major obstacles identified in the initial compact document remain.

1. Availability of funding

For fiscal year 2005-2006, the university was able to provide \$12 million in funding for facilities preservation. (This was less than for 2004-2005 when an additional one-time allocation of \$5 million was available for facilities preservation.) Lack of adequate recurring funding for repair and renovation remains a substantial problem.

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

At an institution of the size and complexity of The University of Texas at Austin, the setting of repair and renovation priorities in coordination with academic needs remains an ongoing challenge.

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.

Facilities enhancement

Complementing the priority of facilities preservation is that of facilities enhancement. The "Capital Improvement Program" submitted to The University of Texas System indicates the breadth of institutional facilities needs for The University of Texas at Austin. Among the highest priorities remains the replacement of the Experimental Science Building.

As with facilities preservation, a significant obstacle to the realization of many of these projects is the lack of financial resources. Thus, while funding is being identified for some projects (e.g., Student Activities Center, Dell Computer Sciences Hall, Dell Pediatric Research

Institute) other equally important projects (e.g., a new building for the College of Communication) cannot proceed without new sources of funding.

H. 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 situation regarding faculty compensation at The University of Texas at Austin remains critical. The university's average faculty salaries for tenured and tenure-track ranks lag 6.1% behind the average of the 20 institutions of its normal comparison group and 12.7% 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. For fiscal years 2005-2006 and 2006-2007, the university has been able to supplement faculty salary merit increases with targeted funds to retain the most valued and vulnerable faculty.

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 aging facilities, then attrition of faculty strength and programmatic deterioration can be expected.

During the past four years, a time when most employees of state agencies received no increases, the university provided performance-based salary increases to staff comparable to averages reported in published surveys for the same period. For 2006, published salary surveys indicate salaries for persons in professional occupations increasing at an average of 3.6%. For fiscal year 2006-2007, the university has committed its own resources to fund a 3% salary pool for merit increases for staff and faculty. Individual units will be permitted to supplement this pool with their own resources.

In addition to merit increases, staff salary ranges have been adjusted to maintain a competitive market position in two of the past three years. For fiscal year 2006-2007, salary range minima have been increased by 2%. The minimum hourly rate has been increased to \$11. Moreover, for open positions, managers are encouraged to post salary ranges to allow flexibility in making market-appropriate offers to attract the best applicants.

The university's retirement and health insurance benefits are competitive with both private and public sector employees. The university increased its contribution to the Optional Retirement Program in fiscal year 2005-2006 from 6% to 6.5%. For 2006-2007 the contribution will rise to 7%. The university also increased its contribution for health insurance by 6% for fiscal year 2006-2007. But while the university has attempted to mitigate the affect of health insurance increases, faculty and staff have had to absorb increases as well. It is a trend that affects all employers and employees, and the consequences are most significant for the lowest wage earners.

I. Student progress and success

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

In April 2006, The University of Texas at Austin submitted to The University of Texas System a report on "Strategies and Targets for Increasing Graduation Rates." That report discusses the strategies that the university is using to improve graduation rates and provides targets, viz., to exceed its national comparison group by the year 2010 with a four-year graduation rate of 55% and to reach a six-year graduation rate of 80%. (The university already exceeds the national averages for graduation rates.)

As indicated by the university's *Statistical Handbook 2005-2006* (http://www.utexas.edu/academic/oir/statistical_handbook/05-06/) and the Common Data Set 2005-2006 (<http://www.utexas.edu/academic/oir/cds/05-06/CDS2005-2006.pdf>), both of which are produced by the Office of Institutional Research, the retention rate after one year for the 2004 entering freshman class was 92.7%. This was down from the previous year (93.2%). However, undergraduate graduation rates continued to rise. The four-year graduation rate for the 2001 entering class was 46.9% (up from 45.6% for the 2000 entering class and up from 35.5% for the 1995 entering class). The six-year graduation rate for the 1999 entering class was 75.1% (up from 74.3% for the 1998 entering class and up from 70.3% for the 1995 entering class).

J. Enrollment management

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

In fall 2002, then-President Larry R. Faulkner appointed a Task Force on Enrollment Strategy, charging it to recommend a reasoned strategy for managing student enrollments at the university into the indefinite future. The task force completed its report in December 2003. (The report can be found at 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 has proceeded during the intervening years and most of the recommendations of the task force have been addressed. For example, the Faculty Council considered and recommended various measures proposed by the Task Force on Enrollment Strategy (cf. *Documents of the General Faculty*, D. 3969-3970, May 9, 2005) and these have all been considered in the past year. Many of the proposals, however, 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). For most of those recommendations that have been approved, implementation is just beginning and it will be several years before their effects can be evaluated. Nevertheless, because of a variety of initiatives, the university's enrollment decreased 1.4 percent from fall 2004 (50,377) to fall 2005 (49,696).

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 (the "Top 10% Law") of the 75th Legislature. For 2005, the percentage of freshmen entering the university as graduates from

Texas high schools under this law was 69%. This represents a 3% increase over the previous year. (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-Report8.pdf>.)

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% 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% 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.

K. Academic initiatives

1. Dell Pediatric Research Institute

Through a gift from the Michael and Susan Dell Foundation, over the next three years the university will develop the Dell Pediatric Research Institute to establish a center of excellence for children's health and biomedical research.

2. Latin American initiatives

The university continues to place an emphasis on Latin American studies and programs. A Web site established by the Office of the Executive Vice President and Provost describes various Latin American initiatives and activities (see <http://www.utexas.edu/lai/>). In addition to current programs, new ones continue to emerge. For example, the university has under review a proposal from the Lozano Long Institute of Latin American Studies to develop a series of ongoing symposia and related events in South America with the collaboration of leading institutions of higher education there.

3. Biomedical engineering program

The biomedical engineering program, which created its undergraduate program over the past several years, graduated its first class this spring, with 76 students completing their baccalaureate degrees.

The new program continues to gain national recognition on all levels. Faculty were cited as having one of the most influential papers in an international journal in the past 25 years. Other faculty have received \$2.3 million for five years from the National Eye

Institute to develop a better glaucoma test. And two doctoral students won prestigious international research awards from the Society for Biomaterials. (See the Web page for the Department of Biomedical Engineering at <http://www.bme.utexas.edu/index.cfm>.)

In an initiative to strengthen the state's biotechnology capabilities, three institutions of The University of Texas System are combining resources to form a new biomedical engineering department to operate in Houston and Austin. The new department will officially begin on September 1, 2006, joining the educational and research programs of the Department of Biomedical Engineering at The University of Texas at Austin with resources at The University of Texas M. D. Anderson Cancer Center and The University of Texas Health Science Center at Houston. Combining the strength of the system's largest research university with two major components of the largest medical center in the world provides a unique opportunity to translate basic research into medical advances that benefit the citizens of Texas and beyond.

4. Jack S. Blanton Museum of Art

The Mari and James A. Michener Gallery Building (the "phase one" building) of the Jack S. Blanton Museum of Art was completed and opened in April 2006. Academic use of the facility has already begun. Funding for the Edgar A. Smith Building (the "phase two" building) has been identified and construction has begun. (See the Web site for the Blanton Museum at <http://www.blantonmuseum.org/>.)

5. John A. and Katherine G. Jackson School of Geosciences

The John A. and Katherine G. Jackson School of Geosciences was inaugurated with the beginning of the 2005-2006 academic year. The new school combined the Department of Geological Sciences and the Institute for Geophysics, which transferred from the College of Natural Sciences, and the Bureau of Economic Geology, which transferred from the portfolio of the vice president for research. The school graduated its first class in May 2006.

6. 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.

L. Information Technology and Communication Services

Review the effectiveness of information technology and communication services and effect appropriate changes

In 2001, the university consolidated into one unit information technology and communication services that had previously operated separately, viz., in Administrative Computing Services, Academic Computing and Instructional Technology Services, and Telecommunications. The new unit, Information Technology Services, has been operating for five years and its administrative head, the vice president for information technology, recently announced that

he is leaving his position. This is a logical time for the university to review the status of information technology and communication services on campus and to effect changes deemed appropriate. That process has begun and will continue in the coming year.

M. External institutional reviews

Respond to results of reviews by external agencies

1. In September 2004, the Commission of 125 issued its final report expressing a vision of how The University of Texas at Austin can best serve Texas and society during the next 25 years. The report, which can be accessed on the Internet at <http://www.utexas.edu/com125/UTComm125Report.pdf>, contained two strategic initiatives.

- a. Develop a new undergraduate core curriculum to better prepare students for lives of accomplishment.

See item II, D, above, for detailed information regarding the university's undergraduate curriculum reform efforts.

- b. Establish a more demanding standard for leadership of academic departments and research centers, and give those leaders the authority and resources to succeed.

In response to this item, the president is considering a proposal to provide significant support to selected departmental chairs, giving them the resources to lead their departments to higher standards of excellence and accomplishment. The increased support is intended to allow these departments to:

- i. recruit superior scholars and researchers who are proven leaders, and
- ii. give the chairs the authority and resources with which to lead effectively.

The university will also hold the chairs accountable for the outcomes.

In addition to these two strategic initiatives, the Commission of 125 also made 16 recommendations. Through the year 2009, the commission will convene at the university annually to receive a report on the status of its recommendations.

2. During 2004-2005, 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. Since that time, the vice presidents have been asked to implement appropriate recommendations of the report. During spring 2006, they provided a status report to the Office of the President.

3. In 2007-2008, the university will undergo a review for reaffirmation of accreditation by the Commission on Colleges of the Southern Association of Colleges and Schools (SACS). Officials of the university have already been engaged for over a year in preparations for the review. Both the process and the elements of evaluation have

been substantially revised since the last SACS accreditation review of the university. The newly required "Quality Enhancement Plan" and outcomes-based assessment process are intended to become permanent features of institutional improvement. Because of their ongoing nature, they will require the dedication of recurring resources for development and maintenance.

N. Enterprise risk management

Enterprise risk management was adopted by The University of Texas System and is addressed in Business Procedures Memorandum 18. The objective of this initiative is to make compliance risk management an integral part of everyday activities of all employees to reduce risks in all operations. To achieve this, institutional managers need to analyze business processes in order to document where high-risk areas have adequate internal controls and to identify areas needing additional attention.

The implementation of enterprise risk management at The University of Texas at Austin is being coordinated by the Office of Internal Audits. To help implement the program, the university engaged a nationally recognized expert in the field. Over several months, he conducted workshops (two sessions of two hours each scheduled on different days) for each vice president and his or her senior managers. As a result of those sessions, the vice presidents developed risk management plans. The program is now being extended to the academic units through the deans and is intended to remain an ongoing management tool.

III. Future Initiatives of High Strategic Importance

- **Continuation of major ongoing priorities and initiatives**

The items listed under II, A through N, 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, K 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.

IV. Other Critical Issues Related to Institutional Priorities

A. Impact of initiatives

1. Enrollment management

Discussed above

2. Diversity of faculty and staff

Discussed above

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. To aid in this area, the president created in summer 2006 the new position of vice president for diversity and community engagement (cf. item II, C, 1). 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, L, 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 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 University of Texas System institutions, Texas A&M System institutions, and Historically Black Colleges and Universities.
5. The University of Texas at Austin initiatives with University of Texas System institutions and other institutions in Texas regarding nanoscience, nanotechnology, and nanomanufacturing.

There are four additional 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 offices as well as the campuses at Arlington, El Paso, the Permian Basin, San Antonio, and Tyler. In addition, the budgeting components of *DEFINE are used by The University of Texas at Brownsville, The University of Texas-Pan American, and The University of Texas Health Science Center at 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.
7. Under contract with The University of Texas 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 that 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) 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 2004-2005, federally funded research and development expenditures at The University of Texas at Austin totaled approximately \$270 million. Historically, this level of funding represents approximately 19% 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 2001-2005, the university's total and federally funded R&D expenditures increased by 38.12% and 30.95%, respectively.

D. Increasing marks of academic and health care 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 Division of Instructional Innovation and Assessment (DIIA) 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 were held in fall 2005 followed by further workshops in spring 2006. In addition, a Web site (<http://www.utexas.edu/provost/sacs/index.html>) was developed to explain the accreditation process and to offer resources to the academic and administrative programs as they prepared their outcomes-based assessment plans. Professional schools on campus 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 The University of Texas System and other System institutions to develop a number of accountability metrics that were published in the "Accountability and Performance Report 2005-06." The university also worked with the Texas Higher Education Coordinating Board to develop the Higher Education Accountability System that went online 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 has changed 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

The Office of Development has three major priorities. The first priority is to clarify the performance and service standards that define the professional level of the university's fund raising enterprise. Of particular importance is clarification of the services to be provided by the central office to the colleges, schools, and units, and establishing

benchmark standards for all fundraising professionals, both centrally and across campus.

The second priority is to structure short-term fund raising programs around specific university initiatives such as the proposed Computer Sciences Building, Great Magellan Telescope, and Dell Pediatric Research Institute. Each of these initiatives requires special planning and coordination in order to identify and approach appropriate donor prospects.

The third priority is to begin planning for the university's next capital campaign, tentatively scheduled to begin in 2008. Planning will involve the substantial collaboration of the president, deans, directors, and senior development volunteers. An initial step will be to establish a university-wide campaign planning committee by fall 2006.

Other priorities include strengthening the university's corporate and foundation development activities; restructuring the annual fund program; supporting the strategic planning and fund raising activities of the colleges, schools, and units; expanding the institution's constituent relations program; and building stronger 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. The final draft of this update was shared with the Vice Presidents Council and other appropriate officials for comment.

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 and retain outstanding faculty
- C. Funding for major renovation or construction projects

- D. Funding for short- and long-term financing programs (e.g., commercial paper funding; tuition revenue bonds; Permanent University Fund ["PUF"] bonds; Library, Equipment, Repair, and Rehabilitation ["LERR"] 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

Budget Summary

The University of Texas at Austin
 Operating Budget
 Fiscal Year Ending August 31, 2006

	FY 2005 Adjusted Budget	FY 2006 Operating Budget	Budget Increases (Decreases) From 2005 to 2006	
			Amount	Percent
Operating Revenues:				
Tuition and Fees	\$ 388,268,877	400,538,137	21,269,260	5.5%
Federal Sponsored Programs	277,736,154	290,205,464	12,469,310	4.5%
State Sponsored Programs	49,324,089	40,686,113	(8,637,976)	-17.5%
Local and Private Sponsored Programs	60,704,899	66,489,723	5,784,824	9.5%
Net Sales and Services of Educational Activities	101,333,137	115,429,468	14,096,351	13.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-
Net Professional Fees	-	-	-	-
Net Auxiliary Enterprises	141,233,328	147,102,674	5,869,346	4.2%
Other Operating Revenues	100,000	1,904,120	1,804,120	1804.1%
Total Operating Revenues	1,018,700,484	1,071,365,719	52,665,235	5.2%
Operating Expenses:				
Instruction	413,257,681	437,848,293	24,590,612	6.0%
Academic Support	169,949,988	183,141,566	13,191,598	7.8%
Research	383,681,823	396,303,735	12,621,912	3.3%
Public Service	43,029,889	49,834,359	6,804,470	15.8%
Hospitals and Clinics	-	-	-	-
Institutional Support	99,819,487	92,124,159	(7,695,328)	-7.7%
Student Services	42,160,878	44,511,558	2,350,682	5.6%
Operations and Maintenance of Plant	108,371,778	119,294,802	12,923,024	12.1%
Scholarships and Fellowships	90,813,347	112,742,923	21,929,576	24.1%
Auxiliary Enterprises	182,167,935	181,534,151	(633,784)	-0.3%
Total Operating Expenses	1,531,252,804	1,617,335,566	86,082,762	5.6%
Operating Surplus/Deficit	(512,552,320)	(545,979,847)	(33,427,527)	6.5%
Nonoperating Revenues (Expenses):				
State Appropriations & HEAF	291,910,391	301,206,911	9,296,520	3.2%
Gifts in Support of Operations	32,354,010	31,203,651	(1,150,359)	-3.6%
Net Investment Income	113,470,448	126,592,904	13,122,456	11.6%
Other Non-Operating Revenue	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	437,734,849	459,003,466	21,268,617	4.9%
Transfers and Other:				
AUF Transfers Received	106,335,000	112,480,000	6,145,000	5.8%
AUF Transfers (Made)	-	-	-	-
Transfers From (To) Unexpended Plant	-	-	-	-
Transfers for Debt Service	(36,273,830)	(34,803,057)	1,470,773	-4.1%
Other Additions and Transfers	-	-	-	-
Other Deductions and Transfers	(21,240,860)	(17,241,573)	3,999,287	-18.8%
Total Transfers and Other	48,820,310	60,435,370	11,615,060	23.8%
Surplus/(Deficit)	\$ (25,997,161)	(26,541,011)	(543,850)	2.1%
Total Revenues	\$ 1,458,435,333	1,530,369,185	73,923,852	5.1%
Total Expenses and Debt Service Transfers	(1,567,526,634)	(1,652,138,623)	(84,611,989)	5.4%
Excess (Deficiency) of Revenue over Expenses	\$ (111,091,301)	(121,779,438)	(10,688,137)	

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

Statistical Profile

<i>fall</i>	2000	2001	2002	2003	2004	2005
Undergraduate headcount	38,162	38,609	39,391	38,112	37,101	36,291
Graduate/professional headcount	11,834	12,007	12,870	13,314	13,276	12,942
Total enrollment	49,996	50,616	52,261	51,426	50,377	49,233

<i>yr of matriculation</i>	1998	1999	2000	2001	2002	2003
1st year persistence	89.0%	89.9%	91.0%	90.5%	91.4%	92.7%

<i>yr of matriculation</i>	1995	1996	1997	1998	1999	2000
4-year graduation rate	35.6%	39.2%	36.5%	38.9%	41.3%	44.8%
6-year graduation rate	69.9%	71.9%	70.1%	73.8%		

<i>academic year</i>	99-00	00-01	01-02	02-03	03-04	04-05
Baccalaureate degrees granted	7,803	7,624	8,005	8,463	8,959	8,705
Master's degrees	2,540	2,567	2,644	2,650	2,835	2,884
Doctorate degrees	703	720	644	668	683	755
Professional degrees	526	577	586	596	588	688

<i>academic year</i>	00-01	01-02	02-03	03-04	04-05	05-06
All instructional staff	3,265	3,308	3,418	3,342	3,420	
Administrative		664	691	684	708	706
Other, Non-Faculty		9,647	9,642	9,235	9,549	9,619
Student employees		8,676	8,948	8,853	9,058	9,179

<i>fall</i>	1999	2000	2001	2002	2003	2004
FTE student / FTE faculty ratio	20 to 1	21 to 1	21 to 1	21 to 1	20 to 1	19 to 1

<i>fiscal year</i>	2000	2001	2002	2003	2004	2005
Federal research expenditures	\$185,190,446	\$202,440,085	\$235,436,101	\$240,537,689	\$249,014,154	\$269,612,823

<i>fiscal year</i>	2000	2001	2002	2003	2004	2005
Revenue / FTE student	\$12,000	\$13,000	\$12,000	\$12,000	\$13,000	\$13,000

(nearest thousand)

<i>as of</i>	8/31/2000	8/31/2001	8/31/2002	8/31/2003	8/31/2004	8/31/2005
Endowment total value	\$1,611,050,000	\$1,463,114,000	\$1,350,816,000	\$1,640,724,000	\$2,038,938,000	\$2,346,903,000

