

Introduction

Twenty-first Century Challenges for The University of Texas System

The University of Texas System, composed of nine universities and six health centers, is an intrinsic and essential part of one of the fastest growing states in the nation. The state has looked to The University of Texas for leadership since 1876, when the Texas Constitution assigned it with the great responsibility to be a university of the first class. One hundred and thirty years later, being of the first class entails having the ability to reach throughout the state to provide a university education for our future workforce and citizens, to compete globally in research and health care, and to draw talent to Texas.

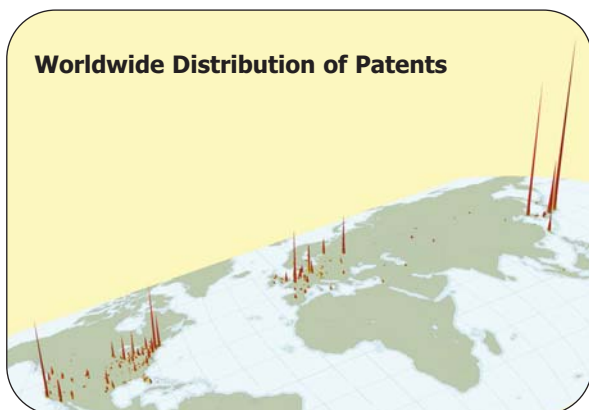
Global integration and competition.

The twenty-first century will be an era of increasing worldwide integration and competition in science, technology, business, and education. The competition for the best minds, the best workforce, and the best ideas will heighten the importance of education as a means to social and economic mobility and success. Longer life expectancy and multiple careers will call for a different orientation of education to lifelong advancement. Organizations and political bodies must address increasing health care needs of an aging and globally mobile population. At the same time, institutions must anticipate and adapt to the increasing diversity of the American populace, and the increasing youth of some parts of the country, including Texas. Recipients of educational services will be accustomed to using technology which will be ubiquitous in business, education, health care, and entertainment.

If we are not prepared, and do not help the state prepare for this global convergence, we will face a "quiet crisis" that will continue to eat away at our educational, engineering, and scientific base. Some, out of a sense of entitlement, may believe that our country will remain dominant because it deserves to based on its past. But, we are already experiencing a numbers gap because America, including Texas, is not producing enough engineers and scientists and is attracting fewer skilled professionals from other countries. And, we face an education gap because business is beginning to find better prepared and more productive workers elsewhere.

Scientific, technology, and economic gaps in Texas.

For Texas, in particular, a number of science, innovation, and economic indicators show that the state is lagging, especially when compared with California, in areas where higher education and the UT System can make a difference with immediate, concerted action. For example, Texas ranked 23, and California 2, in the 2004 Milken Institute index which compiles a number of key state technology and science indicators. Even more critically, Texas lost ground from 2002, when it ranked 14 in this index, while California gained ground from its number three ranking in 2002. The state ranked 32 and California 23 in university-performed R&D per \$1,000 of gross state product. It ranked 38 and California 3 in net formations of high-technology establishments per 10,000 businesses. Texas also lags in production of Ph.D.s; it ranked 22 and California 6 in persons with a recent Ph.D. in science or engineering per 10,000 civilian workers. And, Texas ranked 15 and California 5 in patents issued to companies or individuals per 1,000 workers.



Graphic created by Tim Gulden for Dr. Richard Florida, "The World is Spiky," *The Atlantic Monthly*, October 2005

Demographic pressures.

At the same time, Texas, the second most populous state after California, will continue to be challenged by population growth and by educational and economic needs. Population growth will be centered in the major metropolitan areas and in Texas's border cities. By 2040, the majority of the population will be Hispanic. Just one quarter of the total population has a bachelor's degree or higher, and the Texas workforce is becoming less educated. If trends continue, by 2040 just 13 percent of the workforce is projected

to have a bachelor's degree, down from 18 percent in 2000. Average household income is predicted to decline from \$54,441 in 2000 to \$47,883 in 2040 (in 2000 dollars).

For higher education, these trends present extreme challenges. Like other states, the proportion of the Texas budget needed for health care, criminal justice, and other needs will increase, thereby decreasing the portion available for education. Competition for scarcer resources will increase, as will the demand for greater efficiency. Higher education in Texas must focus on improving the educational pipeline, including good preparation in K-12 and entry to and completion of college degrees, despite countervailing demographic trends. Institutions must be prepared for an increasingly diverse student population and for growth that will call for expansion of teaching, research, and health care facilities, and the use of technology to improve the quality and efficiency of education and operations.

Balancing quality and growth.

Looking ahead a decade and more, the drive to excel is paramount while the institutions that constitute the UT System face unrelenting pressure for growth. The UT System can and must be a major engine to drive the competitive capacities of the state. Equally compelling is the imperative to add value and to demonstrate the outcomes of teaching and learning, research, and health care in the UT System on students, patients, and society. The UT System believes that over the next generation, these issues of competitiveness, access, impact, and growth will be the critical concerns for the world, for the nation, for Texas, and for each institution of higher education in the state.

Given this environment, for the UT System to compete successfully over the next decade and beyond, the most profound strategic question will be how to balance most effectively its drive to compete and excel in critical areas with its obligation to provide access to people and communities across the state and beyond, to prepare a highly-skilled and principled workforce, and to enrich individuals and society.

UT System distinctiveness.

Interviews with state and national education and policy leaders revealed distinctive strengths and



challenges that the System can bring to bear as it pursues its goals. It is perceived as having huge potential economic impact. It has the means to leverage resources across institutions to a much greater degree than almost any other system in the country. Its large endowment gives it financial flexibility that many systems lack. It has the potential to engage Hispanic students, particularly, to broaden the pipeline for many critical professions in education, science, technology, and health care.

The UT System is viewed as continually trying to improve rather than being complacent about its position or success. It is expected to use its leadership position in the state, nation, and world to take risks. However, resource scarcity and diffusion across the state will challenge all institutions to grow in strategic directions and meet the state's expectations. And recruiting the leadership needed at every level to compete globally will be a continual challenge, as competition increases for the best students, scholars, scientists, health experts, and academic and administrative leaders.

This plan addresses the most critical strategic directions the UT System must pursue and, in doing so, what the cost will be to achieve excellence and access to its programs so that it can sustain and enhance its stature as a university system of the first class for the twenty-first century.

The institutions of the UT System are deeply woven into the fabric of Texas communities. The UT System's ability to address the directions outlined here will depend on the extent that its activities are viewed and supported as part of a coordinated and collaborative network of higher education institutions. One gauge of its success will be the degree to which, over the next decade, the UT System succeeds in assessing, demonstrating, and being recognized by people across Texas for value it adds to the state.

Purpose and Scope of the Strategic Planning Initiative

The UT System describes itself simply as Nine Universities. Six Health Institutions. Unlimited Possibilities. During the past four years, the UT System and its fifteen institutions have achieved focus and momentum in adding value, developing collaborations, improving the research profile, becoming more efficient, and assuring that each entity is in the right business.

This emerging alignment makes it imperative now for the UT System to focus even more intently on the future, to explain clearly what it represents, where it is going, how it adds value, how it exerts leadership in the state today, tomorrow, and in the decade to come. Core elements of this plan include: proposing certain new and bold areas of emphasis; aiming for the

highest quality; projecting capital needs; responding to state goals; forging stronger alignment among the complementary roles of the Board, institutions, and System Administration; setting specific measures of progress; communicating System goals and priorities inside and outside the System; focusing on outcomes; and assessing progress on a yearly basis as we move forward.

This plan focuses on the UT System's strategic intent – on the broad direction for the institutions and System as a whole over the next ten years and more. It describes a framework within which the System will act on the critical directions implied in our "unlimited possibilities," to make strategic choices by asking what it is that the institutions do best and will pursue over the next five to ten years. It addresses strategic gaps – directions the UT System must pursue that require new initiatives and investments. It suggests new scenarios to identify, organize, and allocate resources and to do business to achieve a greater impact with our investments. Moreover, the plan lays out strategies for the System as a whole to differentiate itself among other systems in the state and nation by interrelating and leveraging high-priority activities on behalf of the institutions.

The UT System in 2015

In 2015, the UT System will be well on its way to achieving a position among the two best public university systems in the nation, drawing national and global recognition as a leader in innovation.

Known for its emphasis on cross-institution and disciplinary collaborations, the UT System will contribute to many of the most important research discoveries and translate them into

beneficial use to the private sector in critical areas like security, renewable energy, and the interface of molecular and other sciences.

Through partnerships with the state, the Texas business community, and with institutions and organizations across the country and the world, UT System institutions will address state needs and market and license products and ideas generated by its research and clinical faculty. UT System academic and health institutions will increase student success, achieving a higher level of national leadership in providing access to students across the entire state with the interest and capacity to learn, focusing on quality, inclusiveness, global awareness, and student

success in critical fields. Undergraduate graduation rates will meet ambitious targets. Through attractive programs and creative approaches to financial aid, UT System institutions will attract and retain talented and diverse undergraduate, graduate, and professional students and graduates in Texas. UT System institutions will be recognized as well for their contributions to the arts and culture in communities across the state.

The UT System’s leadership in health research and care will be widely recognized, and graduates of the health institutions will be viewed as the nation’s best pool of highly qualified and diverse professionals and clinical researchers. Leveraging regional collaborations and technological innovations like electronic medical records, the UT System will be a leader in addressing health care financial and quality issues. Patients from around the world will seek care at UT System hospitals and clinics, which will be top-ranked in curing cancer, heart diseases, pulmonary disease, diabetes, and others that disproportionately affect minority populations.

Each academic and health institution will have established expertise and be recognized in one or more areas that attract national recognition,



students, and faculty, and contribute positively to critical research, health care, and educational needs in its region and the state. Strong administrative leadership on each campus will help develop plans and resources to recruit, retain, and develop top faculty who will strengthen research and contribute to undergraduate as well as graduate and professional education.

New funding models, use of technology, and governance structures will increase productivity and efficiency on each campus and in the System

Administration. Through the use of distance education and development of classrooms without walls, the UT System will increase its enrollment capacity to meet the needs of *Closing the Gaps* and help balance its need to increase its capital infrastructure. The UT System will sustain its reputation as an organization that constantly seeks improvement and that sets the standard for operating with the highest degree of strategic focus, alignment, integrity, and accountability.

An integral element in this plan is measuring progress and success and, in the following pages, it lays out specific metrics for the strategic initiatives that address these goals.

Envisioning the UT System in 2015

	<u>2005</u>	<u>2015</u>
Undergraduate enrollments	143,000	183,400
Graduate and professional enrollments	42,800	48,800
Six-year graduation rates	40%	59%
Student diversity (% minority)	50.5%	56.0%
Student diversity (% minority/international)	59.2%	65.5%
Science, technology, and engineering degrees	3,066	4,475
Health profession degrees	2,744	3,300
Number of faculty	15,800	20,000
Faculty diversity (% minority)	27.5%	30.5%
Faculty diversity (% minority/international)	31%	34%
Members of national academies	331	445
Research expenditures	\$1.7 Billion	\$3.0 Billion
Patent awards	119	175
Technology transfer income	\$30 Million	\$49 Million

Implementing the UT System Planning Framework

This planning framework depends on an interrelated set of responsibilities that align what people and institutions are expected to do with the results for which they are held accountable. Internal planning tools in this framework include: the UT System strategic plan; individual institution strategic or long-range plans; annual institution Compacts with the UT System; the System-wide annual *Accountability and Performance Report*, reports to the Board of Regents on specific initiatives, and the presidents' work plans. Externally, plans for institutions and the System are part of the planning processes of the Legislative Budget Board and the Texas Higher Education Coordinating Board, as well as regional and specialized accreditation studies.

Within the UT System, the Board of Regents provides overall direction, oversight, governance, and support. The presidents, in consultation with faculty, students, and staff, develop their campus missions, strategies, and tactics, and are accountable for the results to various constituencies. And the UT System Administration contributes leadership, resources, and value-added services in support of these directions.

The Board of Regents

The Board of Regents has the responsibility to delineate the big, long-range goals, priorities, and areas of emphasis for the UT System. This plan presents a significant update. The 2004 Washington Advisory Group report on enhancing research progress; the annual accountability and performance reports; and special studies on such topics as graduation rates, public health, and indigent health care provide substantive information and analysis to support these planning efforts.

Institutions

Each campus is responsible for developing its own strategic or long-range plan, with support from the System Offices of Academic and Health Affairs, to foster alignment among goals, budget, and resource decisions. The timeframe for these plans is aligned with institution needs, including the timeframe for Southern Association of Colleges and Schools (SACS) accreditation reviews. Each institution also prepares a shorter-term Compact with the System, and each president prepares an annual work plan. The plans are shared with System officers and the Board of Regents, who evaluate the fit between institution and System strategic themes and priorities and recommend adjustments as appropriate. This review and consultation process is intended to support the primacy of institutions, while clarifying alignment and support of broad System goals.



System Administration

The UT System Administration must fulfill certain legal responsibilities. In addition, it seeks to focus System work on those areas that add value to UT System institutions, supports institution and Board planning, and works to align efforts at all levels and identify opportunities and centralized services to leverage resources and new initiatives. Its mission statement reflects this two-way responsibility.

Implementation steps

The interlocking challenges are to select, articulate, align, maintain a focus on, and assess the results of high-priority strategic decisions and actions involving many stakeholders at the Board, System Administration, and institution levels to develop, align, and implement the new System plan.

- The Chancellor and the Chairman of the Board of Regents will articulate leadership, responsibility for follow-through on specific initiatives, timelines, metrics, reports, analysis expected, and recommendations for any workforce/structural changes needed.
- The Chancellor will establish more formal strategic oversight by System Administration through appointment of a Strategic Management Council that will monitor progress, raise issues if progress is impeded, and identify opportunities to amplify activities aligned with the plan. This group may consider more formal tracking of progress through surveys or other special reports.
- Overall progress on the plan will be reported to the Board on an annual basis.
- The Chancellor, his executive team, and the Board office will develop an annual cycle of special topic reports and in-depth analyses for the Board of Regents related to the strategic goals and initiatives in the System plan and for each institution.
- Data collection and development of policy analyses, benchmarking studies, and scorecards will be more clearly aligned and centralized to support these reports.

- Align strategic plan, major Board and System investments, accountability data and analysis, Compacts, presidential work plans, System initiative reporting and analysis:
 - Each UT System institution will complete or update its strategic/long-range plan within the next two years (2008).
 - The institutional Compacts will then derive from and be aligned with these plans. Compact guidelines and contents may be adjusted to reflect the priorities in the UT System plan.
 - The UT System's accountability and performance framework may be adjusted to reflect these priorities.
 - A new initiative will examine and enhance as needed Board of Regents policies and design of academic program reviews to ensure a regular, consistent schedule of and communication about rigorous review of all degree programs on each campus.
- The Offices of Institutional Planning and External Relations will execute a communication plan to disseminate information about the plan and the System's progress in executing it internally and externally.

Throughout this document, readers will note quotations in highlighted boxes — these are a sample of the observations made to the planning task force during its strategic issues consultation.