FY 2012-2013 Legislative Appropriations Request Hearing

August 30, 2010
Austin, Texas
Overview

• Commitment to Texas
• Texas A&M is efficient
• Texas A&M is effective
• Texas A&M is a great value
• Texas A&M is addressing economic realities
• It’s Time for Texas A&M
• 2012 – 2013 Legislative Appropriations Request
Commitment to Texas
Commitment to Texas

• Provide excellent education at a reasonable cost
• Prepare State’s next generation of leaders
• Lead the State in graduation rates
• Enhance diversity and enroll and graduate first generation students
• Engage in research discoveries that enrich the lives of Texans and enhance the State’s economy
Tier 1 Status Commitment

• Integration of teaching **AND** research in a knowledge-based economy benefiting the State’s prosperity and well being

• Texas A&M and the University of Texas jointly request enhanced support of respective missions

• 2012-2013 Legislative Appropriations Request represents a commitment to Tier 1 responsibilities

• Texas A&M’s top priority is funding an increase to the competitive knowledge fund
Integrating Teaching Excellence and Research

Fall 2009 Undergraduate Enrollment

National Science Foundation Statistics by Top 10 Institutions Without Medical Schools FY08 R&D Expenditures
Texas A&M is Efficient
Return on State’s Investment

• Efficiency
  – Texas A&M leads the State with a 6 year graduation rate of 84%
  – SCH/Faculty ratio is 15% above the State average
  – Lowest administrative cost ratio in the State and one of the lowest among national peers
  – Shared services initiatives

<table>
<thead>
<tr>
<th>University</th>
<th>Administrative Cost (per student)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penn State</td>
<td>$4,940</td>
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<tr>
<td>Minnesota</td>
<td>$4,055</td>
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<tr>
<td>California-San Diego</td>
<td>$3,908</td>
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<tr>
<td>Michigan-Ann Arbor</td>
<td>$3,816</td>
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<tr>
<td>California-Berkeley</td>
<td>$3,471</td>
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<tr>
<td>UCLA</td>
<td>$3,426</td>
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<tr>
<td>North Carolina at Chapel Hill</td>
<td>$3,307</td>
</tr>
<tr>
<td>California-Davis</td>
<td>$2,848</td>
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<tr>
<td>Ohio State</td>
<td>$2,682</td>
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<tr>
<td>Purdue</td>
<td>$2,572</td>
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<td>Georgia Tech</td>
<td>$2,171</td>
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<tr>
<td>Florida</td>
<td>$2,093</td>
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<tr>
<td>UTAustin</td>
<td>$1,960</td>
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<tr>
<td>Texas A&amp;M</td>
<td>$1,580</td>
</tr>
<tr>
<td>Wisconsin-Madison</td>
<td>$1,420</td>
</tr>
<tr>
<td>Illinois</td>
<td>$896</td>
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</tbody>
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Administrative Costs Among Vision 2020 Peers (per student)
Funding Per Student
Ranked by Total Funding per Student

Source: FY 2008 IPEDS Finance Survey; AUF data are from UT and Texas A&M System Budget Summary Reports.
Texas A&M is Effective
Return on State’s Investment

Effectiveness

– Texas A&M produces more teachers than any other university in the State in the high-need STEM, ESL and special education areas

– Texas A&M produces more engineering bachelor’s degrees than any institution in the state and ranks 8th nationally

– Multiple community college partnerships exist at Texas A&M that are highly successful, resulting in a four year transfer graduation rate of over 80%

– Texas A&M’s co-enrollment program with Blinn College is widely recognized as a model community college/university program
Return on State’s Investment

U.S. News & World Report Best Colleges 2011 Rankings:

<table>
<thead>
<tr>
<th>Undergraduate</th>
<th>Graduate</th>
</tr>
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<tbody>
<tr>
<td>1st in Biological/Agricultural Engr</td>
<td>2nd in Petroleum Engineering</td>
</tr>
<tr>
<td>1st in Petroleum Engineering</td>
<td>3rd in Biological/Agricultural Sciences</td>
</tr>
<tr>
<td>2nd in Nuclear Engineering</td>
<td>3rd in Nuclear Engineering</td>
</tr>
<tr>
<td>7th in Civil Engineering</td>
<td>3rd in Chemistry Inorganic</td>
</tr>
<tr>
<td>8th in Aerospace Engineering</td>
<td>3rd in Veterinary Medicine</td>
</tr>
<tr>
<td>9th in Engineering</td>
<td>5th in Statistics</td>
</tr>
<tr>
<td>16th in Business</td>
<td>6th in Aerospace Sciences</td>
</tr>
<tr>
<td></td>
<td>6th in Industrial/Manufacturing Engr</td>
</tr>
<tr>
<td></td>
<td>8th in Chemistry</td>
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<tr>
<td></td>
<td>8th in Civil Engineering</td>
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Texas A&M is a Great Value
Commitment to “Best Value”

• *U.S. News & World Report*’s ‘Great Schools, Great Prices’ – Texas A&M ranks 2nd nationally (behind UNC Chapel Hill) among public institutions and is the only public university in Texas to be included in the list
• Among the top 10 public “best value” colleges for 2010 by *The Princeton Review* —the only public institution in Texas to be included in the top-tier ratings
• Top university in the nation for “payback ratio” by *Smart Money* magazine
• Among the top 10 public institutions in a *Forbes* magazine survey that ranked earnings of alumni from around the country with 10-20 years of experience
Texas A&M is Addressing Economic Realities
Texas A&M University has implemented the State required 5% budget reduction for FY 2010 and FY 2011:
- $13M returned to State in FY 2010
- $13M base budget reduction for FY 2011

Budget flexibility is reduced

Consequences
- Eliminated vacant positions and instituted a limited hiring freeze
- Delayed capital purchases
- Reduced travel
- Eliminated merit program
- Reduced general operating expenditures
Comparison of Higher Education’s Share of 5% Reduction to All Funds Budget, 2010-11

All Funds Budget
- Higher Education: 12%
- Public Education: 29%
- Health and Human Services: 33%
- Natural Resources: 2%
- Regulatory: 1%
- General Provisions: 0%
- ARRA: 3%
- Business and Economic Development: 11%
- Legislature: 0%

5% Reduction
- Higher Education: 41%
- Public Education: 11%
- Health and Human Services: 16%
- General Government: 13%
- Natural Resources: 7%
- Business and Economic Development: 1%
- Legislature: 1%
- Public Safety and Criminal Justice: 8%
- Regulatory: 2%
- ARRA: 0%
Texas A&M University has initiated a strategic realignment, including a $39M potential State of Texas reduction for FY 2012 and FY 2013.

Core mission is impacted.

Consequences:

- Student Support
  - Scholarships and assistantships, summer school offerings, study abroad, honors courses, recruiting programs, timelines to graduation

- Personnel
  - 92 Tenure/tenure track faculty
  - 95 Non-tenure track faculty
  - 215 Staff

- Knowledge resources
  - Library books and subscriptions cut
  - Information technology and computing resources curtailed
It’s Time for Texas A&M
It’s Time for Texas A&M

• Texas A&M is making major strategic realignments, including reductions in programs, faculty and staff and utilizing these cost savings to enhance priority areas:
  – Enhancing the Undergraduate Experience
  – Enriching Graduate Programs
  – Leveraging Faculty More Effectively
  – Improving Facilities
• Realignment of other strategic priorities to *Action Plan 2015*, a five year university strategic plan
2012 – 2013 Legislative Appropriations Request
2012 – 2013 Legislative Appropriations Request

1. Base Funding
   • Preserve base funding for the basic, ongoing operations of the University through:
     – Replacement of ARRA funding
     – New funds in formulas to fund additional students enrolled since the last base period and to fund facilities costs

2. Exceptional Item: Increase Competitive Knowledge Fund by $20M

3. Tuition Revenue Bond: Veterinary Medicine & Biomedical Sciences Facility $115M authorization (debt service of $10M/year)

4. Special Items: Preserve and build upon success
Exceptional Item

• Increase Competitive Knowledge Fund – an increase of $20M over the biennium to this fund would help Texas A&M continue to hire and retain outstanding faculty who both teach and conduct research in accordance with identified priority areas
  – Fund created originally with the $40M from faculty reinvestment
  – Continued need for both recruiting and retaining outstanding faculty and facilities to conduct teaching and research in priority areas
Tuition Revenue Bond Request

• THECB reported in 2009:
  – National and state critical shortage of veterinarians
  – Recommended expanded enrollment at Texas A&M’s College of Veterinary Medicine

• Texas A&M’s College of Veterinary Medicine
  – At capacity
  – Faces accreditation issues without additional facilities for expanded enrollment

• Funding for a new Veterinary Medicine & Biomedical Sciences Education building with Small Animal Hospital Expansion is requested

• Veterinary Medicine:
  – Exerts greater than $1.7 billion economic impact to Texas
  – Contributes greater than $32 million directly to Texas in business taxes
Special Items

- **Cyclotron Institute**: state support leverages a 9-to-1 return in institute funding
- **Sea Grant Program**: grant funding that matches $2 federal dollars for every $1 dollar in state funds
- **Energy Resources Program**: has allowed Texas A&M to leverage state money, producing a 12.8 to 1 return
- **Public Policy Resource Laboratory**: serving the needs of Texas policymakers, state support leveraged a 50-to-1 return in 2007. $15M in federal funds brought in.
- **Real Estate Research Center**: no General Revenue ever received, funded through fees collected from Texas Real Estate licensees
- **School of Architecture (Colonias)**: state funding leverages additional funding, the amount secured since inception through grant, contracts and contributions from the public and private sector has been ~$34.7 million