UH System/University of Houston

Presentation to the House Appropriations Committee

February 12, 2013

Overview of the UH System

The University of Houston System includes four universities and four off-campus teaching centers serving the Houston metropolitan area and Gulf Coast region of Texas (see Appendix I). We are the only system of universities providing comprehensive higher education services to one of the most important regions of the state: The Houston metropolitan area spans 10 counties and represents 24 percent of the state's population and 31 percent of its economy. Without question, the future of Houston depends upon the UH System's ability to provide the highly-skilled workforce and cutting edge research needed for economic prosperity. Our universities are fulfilling these expectations. Recent accomplishments include:

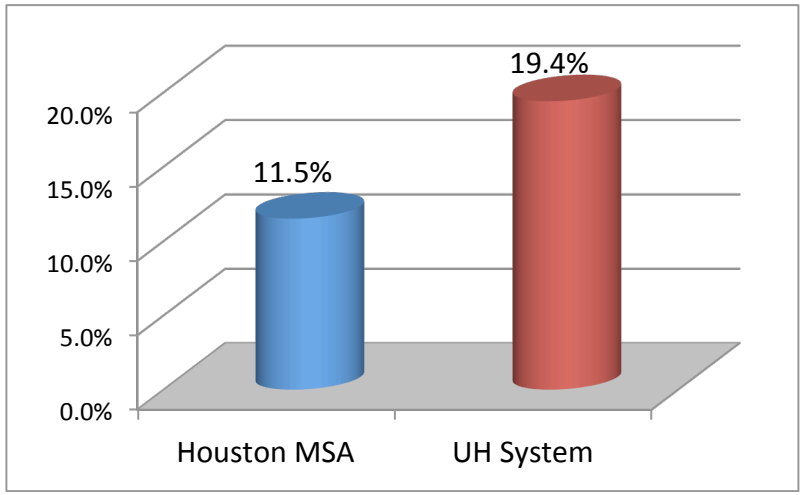
- → Record enrollment of 67,000 students
- → Record degrees awarded of 14,000
- → Research awards of $118 million

In addition, the UH System remains a model of diversity and a reflection of the region it serves. Our student body is 16% African-American, 15% Asian, 28% Hispanic and 32% white. As of this year, all four UHS universities have been designated Hispanic Serving Institutions by the federal government. Most notably, the University of Houston is only the third Tier One institution in the nation to receive this designation.

The UH System in 2020

Over the next 8-10 years, the population of the Houston metropolitan area is forecast to grow by almost 700,000 residents. At the same time, the UH System will expand to 80,000 students, significantly outpacing the growth in population (see Figure 1). To achieve its enrollment goals, the UH System must be strategic in its approach to education, utilizing a variety of delivery models to expand access to its universities. Today, for example, over 21,000 UH System students take courses online (32%). By 2020, this number will grow to 30,000 students (37%). Similarly, the UH System will increase enrollment at its off-campus teaching centers by almost 5,000 students. Doing so will enable our universities to maximize the usage and efficiency of existing resources and infrastructure.

Figure 1. Forecast Population and Enrollment Growth



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UH System Legislative Priorities

While the UH System is working hard to improve efficiency, increased support from the state is essential if our universities are to remain accessible, affordable, and capable of providing students with the quality educational experience that will prepare them for the 21st century workplace. To that end, we have identified the following legislative priorities:

- **Base Formula Funding**

  As demands on our universities grow, it is imperative to provide adequate resources for basic educational services through the formulas. Increased base formula funding will enable the UHS universities to accommodate enrollment demand through course delivery; enhance program quality by recruiting and retaining exceptional faculty members; and enhance student success through academic support services.

- **Funding for Special Items and Exceptional Items**

  Each year the Legislature funds numerous programs at the UH System universities that fall outside the scope of formula funding. These programs have a tremendous impact on our academic programs, research endeavors and the communities we serve. The UH System recommends continuation of special item funding and consideration of our requests for exceptional item funding.

- **Tuition Revenue Bonds**

  Maintaining quality in our classrooms, laboratories, libraries and equipment is critical to achieving the UH System's goals of academic and research excellence. And as enrollment and the number of faculty at our institutions grow, so too does the need for expanded and better infrastructure. Tuition revenue bonds are vital for addressing these needs.

- **Financial Aid/TEXAS Grants**

  In addition to resources for university operations, state funding for student financial aid is essential if Texas is to expand access to higher education and facilitate student graduation. This is especially true at the UH System institutions, where the education of many of our students is not paid for by their families. Rather our students typically work to pay for college and rely heavily on financial aid. Therefore, the UH System encourages the Legislature to increase funding for TEXAS Grants.

- **Conversion of Fees to Tuition**

  Currently, state universities process hundreds of incidental fees that are burdensome to our financial systems and can complicate student tuition and fee bills. To address this issue, the UH System requests that the Legislature authorize universities, on a one-time basis, to convert fees to tuition without setting aside the 15-20% in scholarships required of tuition. Doing so will improve operating efficiency and enhance the predictability of college costs.

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University of Houston Tier One Accomplishments

The growth and achievements of the UH System over the past several years have been led by the remarkable accomplishments of the University of Houston. During the current biennium, UH has experienced:

- → Record enrollment of over 40,000 students
- → Research awards of $107 million
- → Recognition by the Carnegie Foundation as a Tier One research university
- → Recognition by the Princeton Review as one of the "Best Colleges in America"
- → Ranked among the top national universities by U.S. News & World Report
- → An invitation to join the Big East Conference
- → Qualification for the National Research University Fund

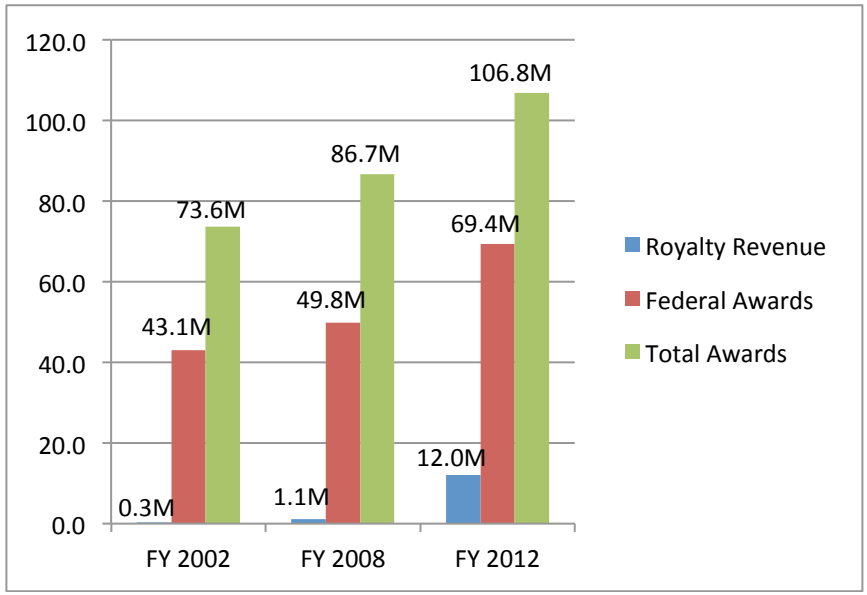
A complete list of the university's accomplishments in recent years has been included in Appendix II.

Legislative Priority: Tier One Resources

None of UH's Tier One accomplishments would have been possible without strong support from the state. Therefore, the University of Houston's top legislative priority for the session is to secure the resources needed to continue its progress as the state's third public Tier One research university. Over the past decade, the Texas Legislature has done a remarkable job of creating programs that are enabling us to achieve this goal, including the Research Development Fund, the Texas Competitive Knowledge Fund, the Texas Research Incentive Program, and the National Research University Fund. In total, the University of Houston receives $24.5 million from these funds, which we are using to develop the university's research infrastructure through investments in lab renovations, equipment purchases, and faculty recruitment and retention. The University of Houston encourages the Legislature to maintain and expand the state's appropriations to these funds, which we believe are producing a great return on investment.

As Figure 2 demonstrates, ten years ago, just before the creation of the Research Development Fund, total research awards at UH were $74 million. Today they are $107 million – an increase of 45%. Especially noteworthy, UH is now ranked among the top 40 universities nationally (and 7th among publics) in royalty income, due to the development and commercialization of two drugs – one to treat epilepsy, the other to treat cancer. This is a dramatic example of how intellectual property not only enhances research productivity and economic development, but improves and saves human lives.

Figure 2. University of Houston Research Productivity



Looking beyond research, Tier One funding from the state is strengthening the University of Houston in other important ways. Ten years ago there were five national academy members at the University of Houston. Today there are 11. Membership in a national academy represents the highest level of achievement for a faculty member in the sciences, engineering and medicine. Similarly, last year a record eight UH faculty members received National Science Foundation CAREER Awards. Given to early-career scholars of exceptional promise, these awards reflect well on the quality of young faculty UH is recruiting. Finally, over the past five years, the number of times UH faculty scholarship has been cited in academic publications has doubled (from 21,000 to 41,000). Less acknowledged than research awards but equally important, citations are a strong indication of the quality of UH faculty work and its respect among peers.

Exceptional Items and Tuition Revenue Bonds – The Case for Pharmacy

In addition to these Tier One funding programs, the University of Houston also uses special item appropriations and tuition revenue bonds to support our Tier One goals. Currently, the university has five special items funded at $10.7 million. These include four research clusters in the health sciences, energy, complex systems, and education & community advancement, plus the Small Business Development Center (SBDC). Each of the four research clusters represents an area of strength for the university and aligns with regional and state economic needs. According to an independent study, SBDC-assisted businesses generated over $339 million in sales and created over 3,000 new jobs in 2009 alone.

For the upcoming biennium, the University of Houston's highest priority for exceptional item funding is the College of Pharmacy. Currently, pharmacy programs funded through the general academic formula receive far fewer resources per student than programs funded through the health sciences formula, even though there is no difference among the programs. Nationally, they are accredited and ranked in the same ways. To address this issue, we are requesting $6.5 million per year to achieve parity with the health science center programs. Doing so is in the best interest of the state. The demand for trained pharmacists in Texas is greater than existing programs can accommodate. These resources will enable the UH College of Pharmacy to expand its professional program, which is a cost effective alternative to starting new programs at other universities.

Pharmacy expansion is also the university's top priority for tuition revenue bond funding. Just as we need additional operations funding to expand the program, we need additional space for instruction and research. Pharmacy has no room to grow in its current location. The proposed Pharmacy and Health Sciences Building, for which we are requesting $70 million in TRBs, will provide the space we need. Located next to the College of Optometry and the new Health and Biomedical Sciences Building, the Pharmacy Building will complete the Health Sciences sector UH is building on campus to correspond to its Energy Research Park.

Student Success

In addition to research and scholarship, student success is an important characteristic of a Tier One university. One of the greatest challenges facing the State of Texas and the University of Houston is ensuring that students, once they enroll, complete their bachelor's degree as quickly as possible and become productive members of the workforce. UH has taken numerous steps to promote timely graduation, including:

- → Increased scholarships
- → Increased academic advisors
- → Expanded instruction
- → New freshman admissions standards
- → New undergraduate residence halls and campus life activities

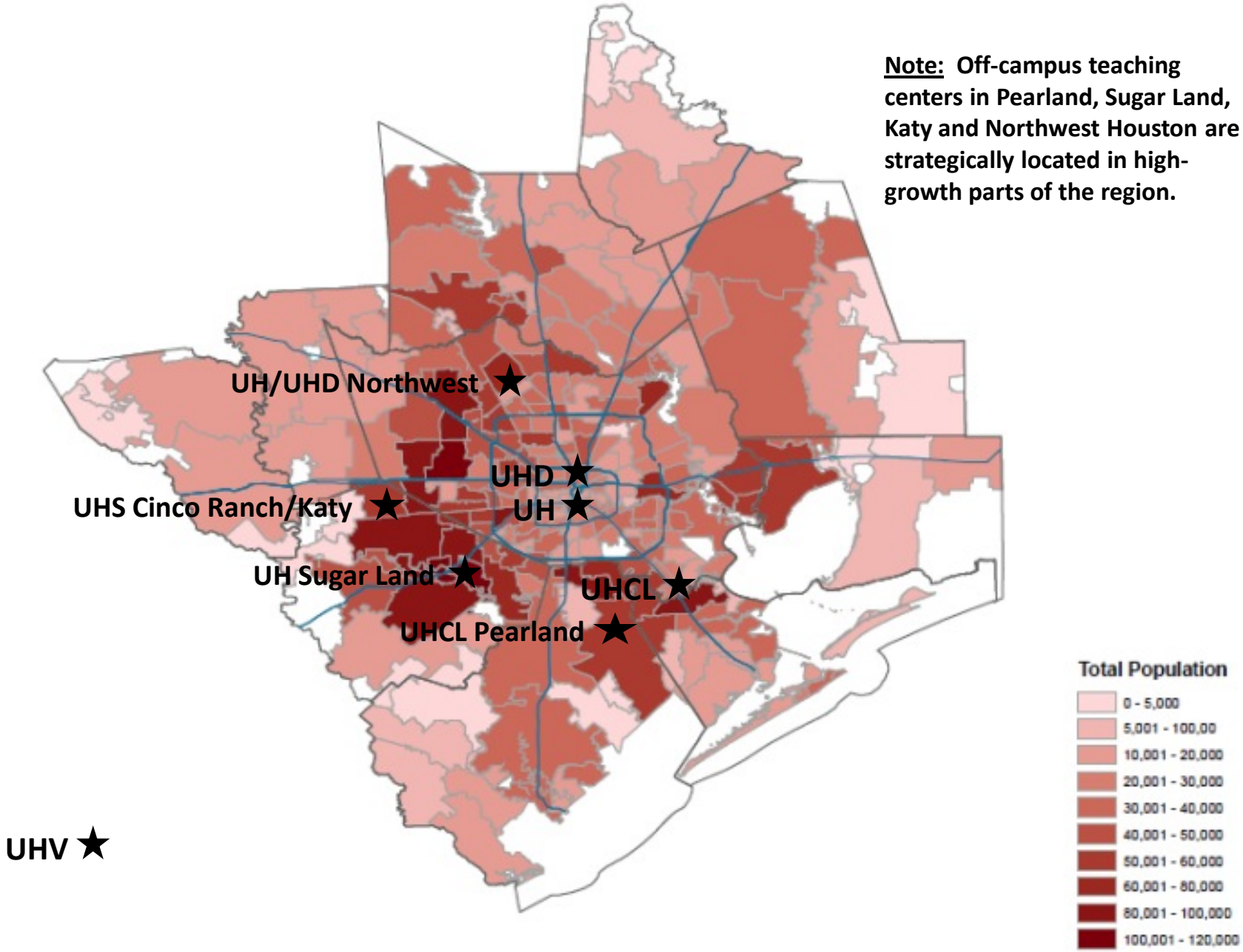
These and other initiatives are having a positive impact on student retention and graduation. Degrees awarded, retention rates, and graduation rates are all at record highs, but they aren't high enough. Currently, the university's six-year graduation rate is 46%. Our goal is to increase it to over 50% as soon as possible. This is a "no excuses" priority – one that we cannot fail to achieve. To get there, we are now addressing challenges in the curriculum that impede student success. This year we are investing $1 million in a First-Year Experience Program, through which core courses with a high incidence of student failure are being redesigned.

Conclusion – Fiscal Responsibility and Affordability

The University of Houston realizes that we have very ambitious goals that cannot be funded by the state and students alone. We must be an equal partner in developing the resources that move the university forward. To that end, over the past two years we have reduced or reallocated over $20 million from institutional budgets to invest in our goals of student success and national competitiveness. In the process, we have consolidated operations in business services, information technology, and some academic departments so that they operate more effectively.

Finally, and perhaps most importantly, UH didn't raise tuition this year for undergraduate students. Given increasing student debt nationwide, and an economy that is producing limited jobs right now, we must be careful of the financial burden we place on students. The University of Houston has a strong record with respect to affordability. This year, UH was ranked 7th in the nation by *U.S. News & World Report* for students graduating with the least amount of debt, and when factoring in financial aid, 26% of UH graduates pay less than $10,000 for their degree. These are distinctions we will work hard to maintain and build upon.

Appendix I. Location of the University of Houston System Institutions in the Ten-County Houston Metropolitan Area



Appendix II. National Recognition for the University of Houston

Organization	Recognition	Year
Top American Research Universities (TARU)	Top 50 rankings for endowment, annual giving, and national academy members	2009-2011
Carnegie Foundation	Very High Research University Status (Tier One)	2011
Association for University Technology Managers	Ranked 17th nationally among public universities for royalty revenue	2011
Chronicle of Higher Education	Best Colleges to Work For	2011-2012
Princeton Review	Best Value College	2012
Princeton Review	Best 377 Colleges for Undergraduates	2013
U.S. News & World Report	Top 200 national universities	2013
U.S. News & World Report	Ranked 7th for students graduating with least amount debt	2013