

## **Address on the State of the University**

The University of Texas at Austin  
September 18, 2002

Forty years ago, in November, 1962, the citizens of Texas elected John Connally as Governor. He was a visionary, and he was persuasive. He changed Texas, and in so doing, he changed the nation and the larger world. John Connally had been on the national stage and was coming home. He was ambitious for Texas, but he had learned that Texas would have to improve its own competitiveness to share fully in the America of the future. On his first day in office, he set the tone by saying this:

The talisman of this new age is education. Throughout history, man has always searched for the uncommon ingredient or objective, whether it be new lands, gold and silver, or oil. Today, this uncommon ingredient is brainpower, the coin of the realm of this new age.

Governor Connally had served as Secretary of the Navy for the two years before his return to Texas. While in Washington, he observed that many federal contracts were going to states without the natural resources and advantages of Texas. This puzzled him. "Probing deeper," he would later write, "I found that an assured supply of skilled workers and technicians, and the proximity of research centers which drew leading scientists and scholars, were the deciding factors. In short, a concentration of brainpower spelled the difference."

And so, as governor, he made education a major focus of his administration. He challenged the educational leaders of Texas and the state legislature to join in partnership with him to raise the state's standard of learning to the nation's most competitive levels. There was a lot of work to be done in our state in 1963. But it was a cause that John Connally embraced and promoted vigorously until the end of his governorship. "All that we seek to do for Texas," he said, "must rest on a basis of excellence in education."

It was in higher education that his leadership had the most lasting impact. He began by broadening the public's understanding of the critical role that universities play in our society. Under his leadership, Texas developed a master plan for higher education, established a formula funding system to improve consistency, created the Texas Higher Education Coordinating Board, originated a state-operated student loan program, raised faculty salaries from below the national average to among the highest in the country, and, for the first time in Texas history, focused serious attention on libraries and research. He had a vision of a more productive, better educated Texas, and he won the confidence of political and educational leaders across the broad spectrum of our state. With adequate funding, new loan programs, and the lowest tuition of any of the 50 states, John Connally opened the doors of higher education to generations of young Texans.

The story of John Connally's mere six years at 10th and Colorado is a reminder that individual leaders matter and that they can exercise tremendous leverage, for good or ill,

on the future of generations unborn. Governor Connally was, to be sure, aided by able allies and supporters, but in the perspective of decades, his personal leadership seems to have become bolder, not fainter, on the backdrop of history. There can be little doubt that his choices and his skill brought into being a Texas far more prosperous, far more diversified in its economy and its cultural life, far more influential on the national stage, and far better equipped to face the challenges of its own complex present. John Connally gave Texas indispensable tools with which to meet the future. And it was because he believed, fundamentally, that brainpower would be "the uncommon ingredient."

When Governor Connally began his work to improve the colleges and universities of Texas, the conditions were not ideal. Here is what he said to a group he had commissioned to develop a plan:

Higher education in Texas faces tremendous problems. Enrollment is increasing enormously. The frontiers of knowledge are expanding fantastically, creating problems of what and how to teach. There is a relative shortage of teachers, and we face ever-increasing costs. As never before, these factors and problems endanger the quality of our entire educational process.

His words could have been spoken yesterday. Forty years later, we are facing many of the same challenges that Texas faced then. Rising operating costs, expanding enrollment, new frontiers of knowledge and research that demand our immediate attention, our best thinking, and our financial support. One might ask why we now face again the problems of the 60's, after all of the progress in the intervening decades. It is a good question. The answer is that the earlier successes in building better institutions supported a much larger and more sophisticated Texas, with a vastly enlarged economy and population and a much greater understanding of the power of knowledge and developed intellect. Success bred the problems we now face. Now it is our turn to meet them on behalf of those who will come in the decades after us.

We are a state with grand ambitions and tremendous pride, but these are tough times. Current projections warn us of an impending budget deficit, more uncertainty in the markets, and an atmosphere of slow growth and belt-tightening. We've been here before—as recently as the Texas depression of the 80s and 90s. But if we take a page out of history and look at what John Connally accomplished in six years—and the partnerships he forged—then perhaps we will succeed as he did in using the power of higher education to strengthen our state. Under his formula for success, challenge becomes opportunity. And opportunity seized with shrewdness and wisdom leads to progress. I am convinced that if we use our existing resources wisely and if the institutions of higher learning in our state work effectively with the Governor, the Legislature, other state officers, corporate leaders, and private supporters, we can advance the cause of education in Texas and, in the process, gain the regard of the nation.

The University of Texas at Austin continues to play its role as a great public research university through outstanding teaching and research and through our commitment to serve all the people of Texas and society at large. And we have had a very good year.

In academic year 2001-2002, we set ambitious goals for student progress in retention and graduation rates. Freshman retention is a major success story. It increased to 92 percent last year. Our freshmen succeed at rates that are now superior to the norm for the nation's top public universities. The four-year graduation rate has increased from 29.4 percent in 1995 to 36.5 percent last year, but it remains far too low. The six-year graduation rate rose above 70 percent for the first time, up by 2 percent over the year before.

To help improve our four-year graduation rate, a flat-rate pilot program was authorized by the Legislature and has now been implemented in the Colleges of Liberal Arts and Natural Sciences. Students who take more than 12 hours will get those extra hours free of charge. If we are successful in encouraging students to take more hours per semester, the result will be more openings for new students in the future and significant cost reductions to students and their parents.

The Coordinated Admissions Program was inaugurated last year in cooperation with five other UT System campuses. Under the terms of this successor to the old Provisional Admission Program, a student is offered admission to UT Austin upon completion of 30 hours of course work, with a minimum grade point average of 3.0, at a participating UT component. In the summer of 2001, some 500 students enrolled, most at UT Arlington and UT San Antonio. Of those, about 170 transferred to the Austin campus this fall. This program is an effective way to preserve our tradition of allowing motivated graduates of Texas high schools to "earn their way in," but in a way that enables the University to manage the overall total of new students.

The Donald Harrington Fellows Program was launched with the appointment of four faculty fellows and nine graduate fellows. Mrs. Sybil Harrington, whose generosity enabled this opportunity, set her sights on creating a fellowship program competitive with the most famous worldwide. The Harrington Fellows Program has already taken great steps toward that goal. For this academic year we have appointed two faculty fellows and 20 new graduate fellows. The level of talent is extraordinary, as is the opportunity presented to each appointee. The Department of Biomedical Engineering came into being and was immediately successful in competition for large-scale support from the Whitaker Foundation. This unit has been built by some of the most talented faculty members in the College of Engineering and it involves a strong, exciting collaboration with colleagues and programs at M. D. Anderson and the UT Health Science Center, Houston. The department has already attracted several hundred new majors.

Let me add, happily, that Professor Rebecca Richards-Kortum, member of the Academy of Distinguished Teachers and a prime mover in the new Department of Biomedical Engineering, has today been announced as UT's first member of the Howard Hughes Medical Institute. This is a tremendous honor in which we all rejoice.

Also gaining momentum last year was the Center for Nano and Molecular Science and Technology, led by Paul Barbara, which is positioning itself strongly in a burgeoning new field, and the Institute for the Humanities, led by Evan Carton, which is creating a new forum for intellectual activity on the campus.

The University of Texas at Austin, Just for the Kids, Inc., and the Education Commission of the States formed a partnership to create the National Center for Educational Accountability, which is based at UT Austin. This partnership, chaired by Tom Luce, will help educators, policymakers, and the public to identify and to expand the use of effective educational practices aimed at improving schools. A superb national board was recruited and convened, and the list of engaged states has now grown to include California, Michigan, and Massachusetts. The Center is ideally positioned to play a large, constructive role in the efforts to improve educational performance nationwide.

Compensation of our faculty and staff remains a focus of concern. It is now pretty clear that we have been able to gain ground against our employment markets in all categories in each of the last three years. For the fiscal year 2002-2003, we provided a 3.25 percent centrally-funded pool for faculty and staff, which, with additional local funds, produced average raises of about 4 percent for all groups. This result may not be high enough to actually gain further ground, but it probably will allow us to hold our own.

Also, we launched a very successful premium sharing program to neutralize increases in health care insurance for employees.

The first Staff Council was elected last year and had a productive first year of operation. Frank Simon offered excellent leadership and continues now for a second year as Chair.

I congratulate Associate Vice President Kyle Cavanaugh and his staff for the national acknowledgement they will be receiving this fall. The College and University Professional Association for Human Resources recently awarded UT's OHR the National Recognition for Excellence in Human Resource Practice Award, the highest accolade in the field of higher education. Congratulations to Vice President Pat Clubb, Kyle Cavanaugh, and their entire team for being the best in the country.

A major accomplishment was the development of a 5-year comprehensive financial plan for the University, which has helped us to make important decisions about operations, repair and renovation, and strategic investments. Creating the capacity for more effective financial planning has been a major goal of mine and was a particular target in the recent administrative reorganization. I am quite pleased with the progress. The Provost's office is now taking the lead on strategic allocation of resources, and the new Vice President and Chief Financial Officer, Kevin Hegarty, is providing much enhanced financial forecasting and modeling. The University Budget Council has become a strong, effective team.

A significant contribution to our strategic planning was the completion of two building-by-building surveys of our physical plant, one focused on fire and life safety and the other on the condition of building systems. These efforts, undertaken by Vice President Pat Clubb's organization, give us a much clearer view of our requirements.

An outgrowth of the financial plan was the creation of a Task Force on Efficiency, which is now at work under the leadership of Randy Diehl. All corners of the campus are

finding ways to reduce costs and improve efficiency in our operations. It is in our own interest, because we cannot otherwise meet our strategic needs. Besides, in the coming era of state budget reductions, we will be judged by how wisely and efficiently we make use of existing resources. We cannot expect the state to provide additional support unless we demonstrate our ability to run a lean and cost-effective organization.

I will say more on budgetary issues later.

In the spring we reached the \$1-billion mark in the *We're Texas* Campaign. This was a tremendous milestone. At the celebration ceremony we announced the largest gift in the history of the University, from John A. Jackson of Dallas, which is valued at approximately \$150 million and will ensure our preeminence in the geosciences and the study of the environment.

The Campaign exceeded its seven-year goal in less than five years. Total contributions as of August 31, 2002 amount to \$1.25 billion. This success is the result of hard work by folks across the campus, and especially our outstanding Resource Development staff—led by Vice President Johnnie Ray. I am grateful to them, to all of you, and to the wonderful donors and volunteers who have helped to make this an exceptional campaign.

We are not done yet. Our emphasis for the final two years is "Value and Connection." That is, to illustrate and to enhance the University's value to the people of Texas and to strengthen our connections to every citizen in the state.

We also have, within the Campaign, a focus on building our private endowment to a value equal to the UT Austin share of the Permanent University Fund. This is a long-term goal that will outlive the Campaign. But when we achieve it, we will have two powerful engines for excellence for this university--the Permanent University Fund and a matching private endowment. There is progress to report. When the Campaign began in September, 1997, our private endowment was valued at 62% of the UT Austin share of the PUF. Now, with pledges included, the value is assured to reach almost 89%.

For the most part I have talked about facts and figures, finances, initiatives, and organizational improvements. These are important parts of the UT success story of 2001-2002, but they don't show the human face that makes this a special place in which to work and learn. Our members distinguish themselves and their university every day through their contributions to the academy and the world at large. When Professor George Georgiou of biomedical and chemical engineering, and Professor Brent Iverson of chemistry, strive to develop a potential anthrax antibody, we all benefit. When Professor King Davis in the School of Social Work serves on a presidential commission on ethnic and racial disparities in mental health, the nation listens to his wise counsel. When Gerald Torres is elected president of the American Association of Law Schools, we share his honor. When Helen Lee, a graduate student in Radio -TV-Film, wins the Student Academy Award for Best Narrative Film from the Academy of Motion Pictures, we applaud her rare and wonderful achievement. When our law school team wins three national titles in moot court competitions, we light the Tower orange. When anthropology

grad students Lev Michael and Chris Beier and linguistics grad students Mark Brown and Lynda de Jong travel to the Peruvian Amazon to help revive the Iquito language and build a language center, we salute their courage and selfless endeavor. When Longhorn Athletics has its best year in a proud and storied history -- winning national championships in baseball and men's swimming and diving, finishing 5th in the nation in football, and being rated by the Sears Cup committee as second in the nation in overall sports achievement -- we show up early, get loud, and wear burnt orange. And when Kay Sewell, George Cogswell, and Joe Lucas and their administrative services support staff in the General Libraries do the quiet work of moving 90,000 volumes during a library renovation, we lift our hats to them -- and to the tens of thousands of other staff members, students, and teachers who perform a little magic every day to meet the challenges that come their way.

Of special interest during the year was the infrastructure charge that I had proposed—and the Board of Regents had enacted—as a means for addressing the impending needs for repair and renovation. It is appropriate for me to report now on the current status of these matters.

In early summer, the Attorney General provided a fairly intricate ruling concerning the Board's authority to impose such a fee. Even though it did seem legal for the University to proceed with the infrastructure charge in a modified form, I judged that it was inappropriate for us to go forward on the basis of the technicalities of the ruling, because broad understanding and acceptance of the action could not have been gained. In consequence, we are not levying the charge this year, but the obligations still lie before us.

It is important for everyone to understand that this issue is not at all about a large backlog of repairs left irresponsibly undone. It is largely about a looming, predictable rise in the need for repair and renovation that will come about because of the ages of the structures on our campus. To a much smaller degree, it is about changes in standards concerning environmental health and about requirements for special academic facilities in evolving technical areas.

The critical point is that we will not be able to dodge these demands; "irresponsible" is the label that we will deserve if we even attempt to do that. We have inherited a physical plant that builds opportunity and advancement every day for millions of Texans. It is the center of our activity, an indispensable enabler of the scale and quality of our contribution. Generations before us put it here. Generations after us will depend on its being here for them. In the wake of the Attorney General's ruling, we must engage the Governor and the Legislature to help us to work out a permanent solution, but we cannot exit the summer of 2003 without one. It is the most urgent item on the University's agenda.

In the meantime, the University Budget Council has developed a plan for addressing what we can with what we have in the current year and beyond. Here are the main points:

- The annual repair and renovation budget will be funded for the next three years at the level of the last couple of years—about \$13 million annually.
- The following, most critical, capital projects will be continued or begun:
  - Fire and life safety improvements for the Erwin Center
  - The first year of planned fire and life safety improvements elsewhere on the campus
  - The completion of the Biology Wet Lab Building now under construction.
  - Reconstruction of half of the Experimental Science Building to accommodate the program in nanoscience and nanotechnology.
  - Construction of the first building of the Blanton Museum
  - The renovation of two thirds of Batts, Mezes, and Benedict Halls.
- To accomplish these ends, we are committing two thirds of the University's cash reserves. Moreover, we are dedicating \$8 million per year of tuition income to 20 years of debt service for bonds that will be issued to finance the capital projects. These steps leave us vulnerable to unexpected developments of all kinds, but I believe that we have chosen the lesser evil by taking action on infrastructure to the maximum possible extent.
- There is no more money in sight to address anything else. We know that we will be underfunding annual repair and renovation by about \$20 million per year for each of the next three years, but we have no alternative. Nor do we have the capacity to do anything about the second phase of the Batts-Mezes-Benedict renovation, the second phase of reconstruction of the Experimental Science Building, the upgrading of air handling in laboratories, or other pressing matters. These are the reasons why we cannot exit the summer of 2003 without a long-term solution to our infrastructure requirements.

Higher education is a tough, competitive business. Every year, UT Austin is sized up by agenda-setters everywhere, both inside and outside our state, to see if we have the brainpower, the skill, the facilities, the organizations—the competitiveness—to contend at the highest levels. I believe we are competing effectively. Our people and the quality of their work are impressive and admirable by any standards. But this is another academic year, another hurdle to cross, and we have work ahead of us.

My personal attention will be dedicated in the coming year to these items:

- The legislative session opening in January
- The Commission of 125
- The Knowledge Gateway project
- Financial planning through 2006-2007
- The Task Force on Enrollment strategy
- Efforts to build minority participation among our faculty staff and students
- The *We're Texas* Campaign
- Enlarging the national presence of the University
- Developing academic initiatives critical to our future
- Continued emphasis on Latin America, improved public education, and the changing economy

- Resumed expansion of the faculty with the intent of reducing our student/faculty ratio
- New targets for student progress
- Continued improvement of administrative structure and practice
- Further improvement of the employment climate

Let me briefly amplify six of these topics.

First, the legislative session: Our goals are two. We must emerge with a solution to the urgent needs concerning infrastructure, and we must gain a better capacity to invest for the future. Since I have already covered the infrastructure issue, I need say no more about that, but I do want to comment on our capacity to invest.

One of the weakest aspects of our competitiveness is the paucity of resources with which to handle startup costs for new faculty members, to provide matching funding for federal grant proposals, and to seed new programs, especially if they require special facilities. These actions determine the quality and quantity of talent that we can recruit, and they relate critically to the University's ability to develop a commanding presence in fields that will become a part of the economic future of Texas. State leadership needs to help. There are practical solutions, including changing current State policy to allow universities to retain 100% of recovered indirect costs.

Next, let me highlight the Commission of 125, which will soon begin a two-year process of examining the current state of the University and setting goals and priorities for the next two decades. This is the third time that we have convened a commission of citizens for such purposes. The earlier work, undertaken on the occasions of our 75th and 100th anniversaries, paid tremendous dividends. Our graduate programs, libraries, and collections were strengthened immensely in the decades after the work of the Committee of 75. And the quality of our faculty—and its national reputation—soared as the initiatives of the Centennial Commission were implemented in the 1980s.

The new commission will be chaired by Mr. Kenneth M. Jastrow II, Chairman and Chief Executive Officer of Temple-Inland, Inc. He is among the ablest and most dedicated supporters of higher education in Texas, and he will provide strong, imaginative leadership for the Commission of 125. I am grateful for his willingness to make this special commitment to Texas.

We are in the process of recruiting state and national leaders to serve on the Commission of 125, which will begin work in February. Delivery of the final report is scheduled for the University's birthday in September 2004.

The Knowledge Gateway is third among items that I wish to highlight for the coming year. The vision is to find innovative electronic means to project the University's wealth of holdings and services to all citizens of Texas. This university began 119 years ago as The University of Texas; the idea of the Knowledge Gateway is to make more real than ever before the very idea of our being a university for all of Texas.

The project is being led jointly by Vice Presidents Johnnie Ray and Dan Updegrave and will be developed vigorously during the year ahead. The target is to make the first services available by the end of next summer. The initial focus will be on materials and services for teachers and students in the public schools. Through this first effort alone there is enormous potential for the University to make a powerful new contribution to the citizens of Texas, and even to people well beyond the borders of our state.

Let me turn now to the need for financial planning over a five-year horizon. I choose it simply to emphasize that we can succeed with the natural and proper mission of this university only with shrewd use of our financial resources. Without fear of error, I make one point for every member of our community to hear: In the next five years, it will not be possible for us to finance our highest priorities—reduction of the student/faculty ratio, investment in critical new academic programs, development of special facilities, competitive compensation of faculty and staff—without redeploying existing resources in serious measure. In other words, we must find every improvement in efficiency that we can, and we must make decisions to stop doing some things in favor of doing others. The year 2002-2003 will inevitably be the time when we map out the scope of the requirements and the possibilities for realizing them.

We also need a fresh look at our policies concerning enrollments. Because of rapidly rising demand for admission and improved retention of students who enter our programs, our enrollment continues to grow, and it is now well beyond the avowed target of 48,000. In fact, we are at present one full Rice University beyond that target. But the reality is that we do not have any explainable basis for the target. We do not know the financial implications or the educational consequences of becoming smaller or larger, and we do not understand, in any explicit way, the capacity of our educational spaces and tools. Consequently, I will shortly appoint a Task Force on Enrollment Strategy to examine all of the relevant issues and to recommend policies for the admissions cycle just beginning and for management of the size of the University in the years ahead.

My final comments about goals for 2002-2003 are about the progress of students. I continue to lay high personal priority on improving the indices of success. We can be very proud of the wonderful steps forward in the past few years, but better results are possible. This university is good enough, and our students are talented enough, to expect freshman retention to reach 94% and perhaps even 95%, the four-year graduation rate soon to reach 40% on the way to 50%, and the six-year graduation rate to reach 72% on the way to 75%. We will be a better university overall, a better value to our students, and a more powerful servant of Texas when these goals are reached. They are worthy of close attention.

Time is not available here for me to comment, even briefly, on the remaining eight items in my list for 2002-2003. All are nonetheless important to the future of The University of Texas at Austin. It will require our whole community to make progress across the broad front of efforts through which we build a stronger, more valuable, more worthy institution. I thank all members of our community for their dedicated work to make us better.

And so we arrive at this moment in September 2002 with pride in what the University was able to accomplish last year, despite national tragedy and economic downturn, and with confidence that the coming academic year will bring inspiration and transformation to 52,000 young minds and opportunity to countless other citizens. We can be confident that many accolades will come to our faculty, students, staff, and programs, and we can expect that some stunning achievement will punctuate the year. Thus, I can assure our friends and supporters that the UT experience will remain the remarkable adventure it has always been.

There are formidable challenges to running the largest university in America, but I am reminded of John Connally's wise determination to turn challenge into opportunity. What he said in a speech to the Economic Club of New York in April 1964 could be our call to action in the year 2002: "States such as Texas—with a booming population, rapid industrial growth, a wealth of resources—must be the pacesetters in educational and economic achievement rather than the laggards who must always catch up."

This is sobering advice. And the truth is, Texas still has some catching up to do. UT must continue to support the best ambitions of Texas by competing nationally with the best, while at the same time exploring ways in which to present new value to the people of Texas. In the months ahead we must build a more effective relationship with the Governor and the Legislature in order to gain fuller support for higher education in Texas. This will mean working with lawmakers to make our state a leader—a pacesetter—in the competitive world we face. As Governor Connally said in the 1960s, "The time has come for Texans to elevate their vision beyond institutional, community, and regional limits toward much wider horizons of state and national greatness—and choose the course that takes us there."

Well said. I am optimistic about the progress that can be made, even in the year ahead. Thank you all for your support, your commitment, and your attention today.