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# ***EXECUTIVE SUMMARY***

## ***UNIVERSITY OF TEXAS AT AUSTIN***

### ***MANAGEMENT AND PERFORMANCE REVIEW***

In January 2004, the Legislative Budget Board (LBB) Higher Education Performance Review Team conducted a management and performance review of the University of Texas at Austin. The LBB contracted with Pappas Consulting Group, Inc. (Pappas) to conduct the review. In July 2004, Pappas began their review to develop findings, commendations, and recommendations with the goal of improving education by:

- developing strategies to streamline and improve the efficiency and effectiveness of budget and academic operations;
- identifying methods to establish and/or maximize the use of off-campus delivery of academic instruction (e.g., Web-based);
- identifying opportunities to reduce costs and maximize available resources; and
- highlighting exemplary programs that can be replicated.

To achieve these objectives, the review team examined the following areas of the university's organization and management using suggested audit protocols: Instruction and Academic Support, Human Resources, Financial and Asset Management, Instructional Technology, Governmental Relations, and Plant Operation and Maintenance.

The management and performance review of the University of Texas at Austin (UT Austin) noted twenty-six significant accomplishments and made thirty-four recommendations for improvement. The following is a summary of the significant findings of the review.

#### **SIGNIFICANT ACCOMPLISHMENTS**

- UT Austin is one of the nation's premier public research universities, consistently ranking in the top twenty nationally and having many nationally ranked departments and colleges (Chapter 1).
- In 2001, UT Austin expended nearly \$300 million on research overall and nearly \$200 million on federal research, ranking it 20<sup>th</sup> and 14<sup>th</sup> in these respective areas among public research universities in 2001, the last year for which peer data was available. (By 2003, research expenditures at UT Austin increased to \$380 million.) These rankings are significant accomplishments, especially when considering that UT Austin does not have a medical school or an agricultural school. (Chapter 1).
- In a recent National Survey of Student Engagement (NSSE), UT Austin students reported significantly higher satisfaction with the quality of their education and their overall experience than students at peer institutions (and national averages) (Chapter 1).
- UT Austin has low administrative costs compared to its peers (Chapter 3).
- The Texas Advanced Computing Center is one of the world's leading academic super computer centers (Chapter 4).

- UT Austin provides information technology services to constituencies of the University of Texas System, state of Texas, and the nation. A number of these “good citizenship” extended services result in aggregately reduced costs and/or enhanced access or services to the external constituencies served (Chapter 4).
- UT Austin’s supply side energy conservation measures have limited the increase of natural gas consumption to approximately 4.5 percent while building space has increased nearly 15.5 percent (Chapter 6).

## **SIGNIFICANT FINDINGS**

- According to the Texas Higher Education Coordinating Board’s new costing model, UT Austin has significantly higher expenditures per full-time-student-equivalent (FTSE) than any other Texas university resulting from consistently higher expenditures per academic discipline. However, in out-of-state peer comparisons, UT Austin has one of the lowest costs per FTSE (Chapter 1).
- The core academic curriculum has not been revised since 1981 (Chapter 1).
- UT Austin graduates just over a third of its students in four years (36.4 percent) and less than three quarters after six years (70.5 percent for the 1997 cohort). It ranks relatively low on these measures compared to its peers (who range from 27.7 percent to 69.4 percent for four-year graduation rates and from 54.4 percent to 86.3 percent for six-year graduation rates) (Chapter 1).
- UT Austin has nearly twice as many students categorized as seniors than freshman. The university also has a number of practices and policies that inhibit on-time graduation. Many of these have been identified in the report of the Task Force on Enrollment Strategy, but the implementation timeline lacks urgency (Chapter 1).
- The student credit hour production by the bottom 20% of disciplines is very low. Forty-eight of the ninety-five disciplines produce fewer than 10% of the student credit hours (Chapter 2).
- The fees charged to students in addition to tuition are complex and labor intensive to manage (Chapter 3).
- The UT Austin campus has been experiencing declining debt service coverage. This decline may ultimately affect its capacity to meet future demand for capital construction projects (Chapter 3).
- UT Austin uses a highly decentralized model for technology acquisition, development, and support (Chapter 4).
- In the event of a major technology outage, the university would find it difficult to recover its business, academic, and research operations (Chapter 4).
- Capital projects recommended to the Capital Improvement Plan contain a budget amount for design and construction of the project, but future operation and maintenance costs are not identified (Chapter 6).

- Over half of the university’s buildings have reached an age requiring maximum investment in capital renewal (Chapter 6).

**SIGNIFICANT RECOMMENDATIONS**

**Recommendation 1–1:** Conduct, through an external consultant, an examination of the cost per student and cost per discipline data presented by the Texas Higher Education Coordinating Board, including, if possible, a comparison with national peers. Where costs cannot be adequately justified, measures should be taken to reduce those costs (especially in the low SCH-producing disciplines). It should also examine the peer data to determine what costs are included (for example, instructional costs for medical schools).

**Recommendation 1–3:** Revise its core curriculum to reflect more current and future needs. It should also ensure that the core curriculum supports it’s relationship to efficient progress towards graduation.

**Recommendation 1–7:** Make a priority of significantly increasing both its four- and six-year graduation rates. To accomplish this, it should accelerate some of the recommendations of the Enrollment Strategy Task Force and examine the “best practices” of peers with the highest graduation rates.

**Recommendation 2–4:** Narrow the variation in its faculty-student ratios across disciplines.

**Recommendation 3–1:** Determine whether the multiple mandatory and campus-imposed student fees are necessary.

**Recommendation 4–5:** Give priority to completing the ITS disaster recovery plan, ensure a full functional testing of the plan, and institute mechanisms for annual testing and plan content updates.

**Recommendation 6–2:** Identify the long-term operating budget of major construction projects forwarded for inclusion to the Capital Improvement Plan, including the costs of future maintenance, operations, and capital renewal.

**Recommendation 6–3:** Design and implement a method to measure the weekly room usage of departmentally controlled classrooms, including non-organized courses.

**Recommendation 6–8:** Perform a periodic review (every 3–5 years) of all external properties to determine feasibility for development.

**FISCAL IMPACT**

	2006	2007	2008	2009	2010	Total 5-year (costs) or savings
Recommendation 1-1	\$2,160,000	\$2,160,000	\$2,650,000	\$2,650,000	\$3,130,000	\$12,750,000
Recommendation. 1-4:	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$250,000)
Recommendation. 4-1:	\$308,000	\$308,000	\$308,000	\$308,000	\$308,000	\$1,540,000
Recommendation. 4-3:	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$4,000,000
Recommendation. 6-5:	\$100,000	\$700,000	\$1,050,000	\$1,400,000	\$1,750,000	\$5,000,000
<b>Total Savings (Costs)</b>	<b>\$3,318,000</b>	<b>\$3,918,000</b>	<b>\$4,758,000</b>	<b>\$5,108,000</b>	<b>\$5,938,000</b>	<b>\$23,040,000</b>

**2004–05 FINANCIAL DATA**

		2004–2005 Appropriated Funds	
		FY 2004	FY 2005
A.	Goal: Instruction/Operations	\$301,849,209	\$304,664,252
B.	Goal: Infrastructure Support	\$62,572,990	\$63,169,082
C.	Goal: Special Item Support	\$13,164,391	\$13,164,391
Totals		\$377,586,590	\$380,997,725

- The Educational and General (E&G) Funds budgeted for academic year 2004-2005 totaled \$558,364,845 (state tax dollars, net tuition, lab fees, overhead on sponsored projects, interest on the sponsored projects funds, and Available University Fund). The E&G budget constituted 36% of all University revenue sources.
- Other sources of revenue include Sponsored Research (primarily federal) at 20% of revenues, Designated Funds (self-supporting educationally related enterprises and operations) at 23.4%, Auxiliary Enterprises (self-supporting such as residence halls, intercollegiate athletics, Texas Union, bus service) at 11.4%, gifts and grants at 9%, and Unexpended Plant Funds (non-capitalized repair and renovation funds) at less than 1%.

# ***INTRODUCTION***

The University of Texas at Austin (UT Austin) is the largest of fifteen component institutions in the University of Texas System. The mission of the university is “. . .to achieve excellence in the interrelated areas of undergraduate education, graduate education, research and public service.” To achieve these goals, UT Austin provides a wide range of services to students, scholars, alumni, government agencies, businesses, professional associations, and other individuals and organizations throughout the state.

The university was formally opened in 1883 with 221 students and 13 faculty members on a 40-acre tract of land set aside for educational purposes by the Republic of Texas. From these beginnings, it has grown to be one of the largest universities in the nation. By fiscal year 2003, UT Austin was granting more than 13,000 academic degrees annually and was awarded \$381,064,387 in contracts and grants for research.

## **UT Austin Peer Institutions**

Over the last twenty years, states and universities have engaged in peer studies to improve educational standards. A group of peer institutions is established by selecting a number of institutions (often between 7–15) that have similar missions, Carnegie classification, student population, academic program mix, research grant volume, and (often) geographic location. Peer groups sometimes include “aspirational” institutions, which are institutions that the university conducting the study aspires to be more like. In reality, the top public research universities are so similar that the difference between a peer and aspirational institution is usually insignificant.

Institutions typically use a single peer group for all comparative purposes to keep fiscal uses (such as salary comparisons) in balance with performance uses (such as retention and graduation rates). UT Austin’s peer group includes the following:

- University of California, Berkeley;
- University of California, Los Angeles;
- University of Illinois, Urbana-Champaign;
- University of Michigan;
- University of Minnesota;
- University of North Carolina, Chapel Hill;
- University of Washington, Seattle;
- University of Wisconsin, Madison;
- The Ohio State University;
- Indiana University; and
- Michigan State University.

All of these institutions, including UT Austin, have been selected for membership in the Association of American Universities (AAU). The AAU has only 62 members, 35 of which are public universities. There are also some differences among the institutions in the peer group. For example, over half of UT Austin’s peers have a medical school on campus and a number of them have a land-grant mission. However, in most instances, these variations have little affect on undergraduate performance measures.

Peer data for most performance measures are available through the U. S. Department of Education’s Center for Education Statistics Integrated Postsecondary Education Data System (IPEDS), which requires institutions to submit data using standard definitions. IPEDS is the most widely used national source for longitudinal comparative data on higher education finance, faculty salaries, student enrollments, graduation and degrees, staff employment, library holdings, and other statistics. In addition to peer data from IPEDS, the review team used data from TheCenter at the University of Florida’s annual report, “The Top American Research Universities,” which draws data from a number of additional national sources.

## **Other Sources**

In addition to peer studies, the review team examined extensive academic, human resource, financial, information technology, and facilities documents and data provided by UT Austin and other entities (e.g., the Texas Higher Education Coordinating Board and the University of Texas System). The review team also conducted numerous interviews with key personnel.

During the time of this review, UT Austin released “A Disciplined Culture of Excellence, Report of the Commission of 125” in September 2004. The report was the result of a two-year examination, by a group of 218 prominent citizens, on the current state of UT Austin. The report sets goals and priorities for the next two decades. This is the third time the university convened a commission of citizens for such purposes. The review team used some of the data in their assessment process.

## **Faculty, Staff, Students, and Public Feedback**

As part of the performance review process, the review team gathered feedback from several focus groups (Texas Exes Alumni, Faculty Council, Staff Council, President’s Student Advisory Council), electronic surveys and UT staff and student public forums held on the UT Austin campus in September 2004. Participants were invited to offer comments on the six areas included in the UT performance review:

- instructional and academic support;
- human resource management;
- financial and asset management;
- academic and instructional technology;
- university government relations; and
- plant operations and maintenance.

The overall number of people who participated in the focus groups was relatively small compared to the size of the university community. The electronic surveys also had a relatively low response rate. Participant responses included favorable remarks regarding the collaborative culture of UT Austin for faculty and staff, the student services component of the university, and technology access and provided suggestions for improving transfer student orientation, intern support for students, and standardizing fee amounts at the college level. The responses were generally positive.

## **Governance**

UT Austin is a component institution of the University of Texas System. The University of Texas System has 15 component institutions and is governed by a board of nine regents, selected from different areas of the state, nominated by the governor, and appointed with the advice and consent of the senate. Board members serve staggered six-year terms, with the terms of three members expiring

on February 1 of every odd-numbered year. The chancellor is the chief executive officer of the UT System. The chancellor reports to and is responsible to the Board of Regents. The chancellor is responsible for all aspects of the UT System's operations. As shown in **Appendix B**, the UT Austin president reports to and is responsible to the UT System executive vice chancellor (academic or health) having responsibility for the institution. The president has access to the chancellor and is expected to consult with the appropriate executive vice chancellor and the chancellor on significant issues on an as needed basis.

Subject to supervision by the Board of Regents and administrative officers, the president, central administration, the General Faculty, the Faculty Council, and the Graduate Assembly share governance at UT Austin. The university is organized into 14 colleges and schools, a graduate school, 51 academic departments, and a division of continuing education. Twenty-eight units oversee administrative, logistical, and business operations. Organized research centers and institutes perform academic research. The Faculty Council is composed of elected faculty members, students, and staff persons and administrative officials who serve as ex-officio members. The Graduate Assembly includes elected faculty members and graduate students and administrative officials who serve as ex-officio members. The General Faculty, composed of all regular faculty, has delegated certain responsibilities to the Faculty Council, which together with the Graduate Assembly exercises authority to consider matters such as educational policy, regulations dealing with student activities, requirements for admission, honors and degrees, and catalogue changes.

## **2004–2005 STUDENT DATA**

- 50,377 students headcount
- 58.6 percent White
- 13.4 percent Hispanic
- 3.5 percent African-American
- 0.4 percent American Indian
- 14.3 percent Asian American
- 9.8 percent other or unknown

## **GENERAL INFORMATION**

UT Austin is one of the nation's largest and most distinguished public research universities. With an enrollment in excess of 50,000 (approximately 75% of whom are undergraduates) and national rankings in the top 20 public research universities, UT Austin serves an extensive teaching, research, and service mission.

- The fall 2004 enrollment of 50,377 students was a planned decline of 2.0% from fall 2003 enrollment of 51,426 students.
- There were 21,905 total employees at UT Austin in fall 2004. Of these 21,905 employees, 10,620 were full-time, and 11,285 were part-time (including student workers).
- The fall 2004 full-time equivalent faculty totaled 2,198. Of the instructional staff, 46.1% have tenure (down from 53.8% in 1995).
- UT Austin's main campus has 16.3 million gross square feet of space and over 8.9 million assignable square feet; almost one-third is connected to instruction.

- UT Austin had 53 National Academy Members in its faculty in 2002.
- UT Austin expends just over \$300 million on research annually.

## **SCHOOLS**

- The University of Texas at Austin consists of the following fourteen colleges:
  - Architecture;
  - Business Administration;
  - Communication;
  - Education;
  - Engineering;
  - Fine Arts;
  - Information (formerly Library and Information Science);
  - Law;
  - Liberal Arts;
  - Natural Science;
  - Nursing;
  - Pharmacy;
  - Public Affairs; and
  - Social Work;
- In fiscal year 2004, these academic units awarded 13,065 degrees: 68.6% at the bachelor's level, 21.7% at the master's level, 5.2% at the doctoral level, and 4.5% at the special professional levels (Law and Pharm.D.). The instructional budget for these units totaled \$282,447,009 for 2004–2005.
- Liberal Arts (36.3%) and Natural Sciences (27.6%) produce the largest percentages of undergraduate semester hours; Business Administration (15.6%) and Law (15.6%) produce the largest percentages of graduate semester hours.
- The average age of students is 22.8: undergraduates 20.7, graduates 29.4, law school 25.5.
- Average SAT of entering first-time freshmen was 1230 for fall 2004; average high school rank was 90 percentile; 65.7% percent were in top ten percent of their of high school class; there were 242 National Merit Scholars.
- 51% percent of applicants were admitted for fall 2004 (1995, 70%); 58% percent of admitted actually enrolled (1995, 59%).
- Average course load of fall 2004 (fall and summer combined) entering first-time freshmen was 13.8 credits (semester credit hours).
- In 2004, there were 1,981 transfer students; 468 junior college students (23.6%); and 1,513 senior college students (76.4%).

**Exhibit I-1**  
**UT Austin Degrees Awarded (by Level)**  
**By Each Academic Unit and Instruction Budget by Academic**  
**Unit Degrees Awarded for Fiscal Year 2004**

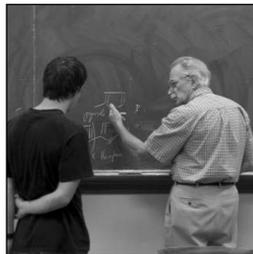
	B	M	D	T	Instruction Budget Fiscal Year 2004
Architecture	47	61	2	110	\$4,618,375
Business Admin	1,239	864	17	2,120	\$26,011,101
Communication	1,224	180	29	1,433	\$12,576,874
Education	510	214	115	839	\$15,359,867
Engineering	918	505	160	1,583	\$36,646,911
Fine Arts	335	126	42	503	\$17,664,596
Information		105	5	110	\$2,380,483
Law		24	466 (JD)	490	\$16,161,455
Liberal Arts	2,982	254	130	3,366	\$58,474,940
Natural Science	1,551	142	153	1,846	\$58,384,084
Nursing	105	48	3	156	\$4,970,145
Pharmacy	6	12	122 (Pharm.D)	140	\$8,659,672
Public Affairs		100	4	104	\$3,436,352
Social Work	46	160	7	213	\$3,421,336
Other Non-College Academic units (and academic equipment)	2	46	4	52	\$13,480,818
<b>TOTAL</b>	<b>8,965</b>	<b>2,841</b>	<b>1259 (includes JD/Pharm.D)</b>	<b>13,065</b>	<b>\$282,447,009</b>

*B=Bachelor's M=Master's D=Doctorate Pharm.D.=Doctor of Pharmacy*

*JD=Doctor of Jurisprudence T=Total*

*SOURCE: UT Austin; Office of Institutional Research, Statistical Handbook, 2004-2005.*





# Chapter 1

## Instruction and Academic Support

University of Texas Austin



*CHAPTER 1*  
***INSTRUCTION AND ACADEMIC SUPPORT***

One of the core missions of a university is to provide teaching and learning opportunities. At UT Austin, the majority of students are undergraduates and Texas residents. To accomplish the mission of teaching and learning and to serve students well, the university must provide instruction and academic support in a range of high quality educational programs that prepare students for productive lives, careers, citizenship, and lifelong learning.

UT Austin faces a great demand from Texas students to attend the university and has to balance that demand while maintaining high quality academic standards and providing a rigorous education. It also has to accomplish these goals while addressing its other missions of research and service. To remain one of the top public research universities in the country, UT Austin has to be competitive for faculty talent.

To properly assess its national competitiveness, UT Austin should be compared to its peers on multiple performance measures, including student satisfaction and research productivity. It must also be measured by its relative instructional support costs and allocation of resources methodology. UT Austin's ability to be innovative in its instructional delivery, its improvement in the quality of teaching, and its efficient response to student needs contribute to its capacity to be a highly effective university.

**ACCOMPLISHMENTS**

- UT Austin has multiple departments and colleges with national rankings. Only the best public research universities provide students with as many options for studying in nationally ranked discipline areas. (p. 16)
- UT Austin serves more students, including a very high population of in-state students (91.9 percent in 2004) at the undergraduate level, than almost any other state university in the country. (It usually ranks first or second in total undergraduate enrollment.) (p. 19)
- In a recent survey, UT Austin students reported significantly higher satisfaction with the quality of their education and the quality of their overall experience than students at peer institutions (and national averages). (p. 20)
- UT Austin retains a high percentage of African-American students from the freshman year to the sophomore year. The African-American freshmen retention rate has exceeded the overall freshmen retention rate. (p. 20)
- UT Austin has shown improvement in recent years in retention and graduation rates. (p. 21)
- UT Austin has a culture of self-examination and examination of its competitiveness with peers. It uses data to target improvements and participates in nationally normed student engagement surveys. (p. 14)
- In 2002, UT Austin had 53 National Academy members, which ranked it as the eighth highest public research university in the country on this measure. (p. 23)

- UT Austin awarded over 600 doctorates in 2002, ranking it third among public research universities. (p. 23)
- In 2001, UT Austin expended nearly \$300 million on research overall and nearly \$200 million on federal research. It ranked 20<sup>th</sup> and 14<sup>th</sup> in these respective areas among public research universities in 2001, the last year for which peer data was available. (By 2003, research expenditures at UT Austin increased to \$380 million.) These rankings are significant accomplishments, particularly since UT Austin does not have either a medical school or a school of Agriculture. (p. 24)
- UT Austin, through the Task Force on Enrollment Strategy, has carefully examined its capacity and its ability to effectively serve a diverse student body in a quality manner. (p. 28)
- UT Austin provides substantial, quality support for teaching improvement through its Division of Instructional Innovation and Assessment (DIIA). Provided to graduate students and faculty, the services of DIIA integrate teaching improvement, assessment, and instructional technology. (p. 29)

## **FINDINGS**

- According to the Texas Higher Education Coordinating Board's new costing model, UT Austin has higher expenditures per student FTE than any other Texas university, resulting from consistently higher expenditures per academic discipline. However, in national peer comparisons, UT Austin has one of the lowest costs per student. (p. 29)
- No formal academic budget allocation document exists. Academic budget allocation occurs in a largely decentralized manner, with no direct reallocation of budget among colleges and no direct relationship between allocations and outcomes. (p. 34)
- The core curriculum has not been revised since 1981. (p. 34)
- No consistent, formal process exists for academic program review. This means that some programs may not get updated regularly or eliminated, as needed. While most programs (86 percent) utilize external evaluators, this is not an institution-wide requirement. (p. 36)
- In a national survey, more UT Austin students responded that their freshman class sizes are larger than they would like than students at peer institutions. (p. 38)
- UT Austin, while having improved freshman to sophomore retention (91.8 percent in 2003), remains below the peer average for this measure (92.4 percent in 2003). (p. 39)
- UT Austin graduates just over a third of its students in four years (36.4 percent) and less than three quarters after six years (70.5 percent) for the 1997 cohort. It ranks relatively low on these measures compared to its peers (who range from 27.7 percent–69.4 percent for four-year and from 54.4 percent–86.3 percent for six-year graduation rates). (p. 41)
- UT Austin, like its peers, has significantly lower four and six-year graduation rates for African-American and Hispanic students than for all students. (p. 44)

- UT Austin has nearly twice as many students categorized as seniors than freshman. The university also has a number of practices and policies that inhibit efficient graduation. Many of these have been identified in the report of the Task Force on Enrollment Strategy, but the implementation timeline lacks urgency. (p. 46)
- Academic planning at UT Austin is highly decentralized and lacks a formal strategic planning structure. (p. 49)
- Online distance learning at UT Austin is still in its beginning stages. While its use will likely always be somewhat limited, there may be niche markets available. (p. 49)

## **RECOMMENDATIONS**

**Recommendation 1.1 (p. 29):** UT Austin should conduct, perhaps through an external consultant, an examination of the cost per student and cost per discipline data presented by the Texas Higher Education Coordinating Board, including, if possible, a comparison with national peers. Where costs cannot be adequately justified, measures should be taken to reduce those costs (especially in the low semester credit hour -producing disciplines). It should also examine the peer data to see what costs are included (for example, instructional costs for medical schools).

**Recommendation 1.2 (p. 34):** UT Austin should develop a formal budget allocation process document. It should also consider centralizing budget reallocations, including the redistribution of vacant positions.

**Recommendation 1.3 (p. 34):** UT Austin should revise its core curriculum to reflect the needs of current and future students. At the same time, it should examine the role of the core curriculum and its relationship to efficient progress towards graduation.

**Recommendation 1.4 (p. 36):** UT Austin should establish a formal academic program evaluation policy that is sensitive to specialized professional accreditation criteria, yet also requires some consistency of approach across colleges. This consistency should include a requirement for external evaluation of all programs.

**Recommendation 1.5 (p. 38):** UT Austin should continue to examine the freshman year experience, including its rigor and its opportunities for active student intellectual involvement. In particular, the university should examine class sizes in relation to its peers to see if student perceptions are accurate.

**Recommendation 1.6 (p. 39):** UT Austin should continue its initiatives to improve freshman to sophomore retention. The continuing examination of the freshman year experience should assist in that, as would accelerated implementation of the Enrollment Strategy Task Force recommendations.

**Recommendation 1.7 (p. 41):** UT Austin should make a priority of significantly increasing both its four- and six-year graduation rates (especially the four-year rate). To accomplish this, it should accelerate some of the recommendations of the Enrollment Strategy Task Force and examine the “best practices” of peers with the highest graduation rates.

**Recommendation 1.8 (p. 44):** UT Austin should implement additional initiatives to eliminate the gap in graduation rates for African-American and Hispanic students from those of all students. It may be able to benefit from examining what has worked in retaining African-American students from the freshman to sophomore year.

**Recommendation 1.9 (p. 46):** UT Austin should remove all institutional barriers to efficient graduation and seek to significantly reduce the number and proportion of seniors. This will require particular initiatives in certain colleges, especially those with large numbers of pre-majors.

**Recommendation 1.10 (p. 49):** UT Austin should implement academic strategic planning at both the college and provost level, moving beyond the current “compacts” that have limitations for long-range academic planning.

**Recommendation 1.11 (p. 49):** UT Austin should accelerate its utilization of online distance learning, moving quickly from the policy development stage to planned, programmatic use in targeted areas.

## DETAILED ACCOMPLISHMENTS

### *Self-Examination*

UT Austin has a culture of self-examination and of data informing policy decisions. It has established a consistent and appropriate peer group and has reached data sharing agreements with this group.

The peer group institutions are similar to UT Austin in mission, size, and quality. The group includes twelve public research universities (including UT Austin): University of California, Berkeley; University of Michigan; UCLA; University of North Carolina; University of Wisconsin; University of Illinois; University of Washington (Seattle); Ohio State University; University of Minnesota; Indiana University; and Michigan State University. The group includes both peers (institutions very similar on various measures) and aspirational institutions (those UT Austin would most like to emulate).

The fundamental differences between peer and aspirational institutions are minor for highly ranked institutions. Using the Lombardi data (described below), nine institutions rank above UT Austin (in two groupings rather than absolute rank because Lombardi recognizes the distinctions cannot be drawn that finely), and seven institutions are in its grouping.

Eight of the eleven peer institutions are in the two groups above UT Austin (University of California, Berkeley; UCLA; University of Michigan; University of North Carolina, Chapel Hill; and University of Wisconsin, Madison are in Group 1. The University of Illinois, Urbana-Champaign; University of Minnesota; and University of Washington, Seattle are in Group 2.); one (Ohio State University) is in the same group; two are in lower groups (Indiana University and Michigan State University). Texas A&M University is in Group 5; University of Texas at Austin, Group 3. Many of the institutions in (and below) UT Austin’s group do not meet the mission, size, and quality tests.

In the *U.S. New and World Report 2005* rankings, the peers rank as follows: University of California, Berkeley (21), University of Michigan (tied at 22), UCLA (tied at 25), University of North Carolina at Chapel Hill (29), University of Wisconsin (tied at 32), University of Illinois at Urbana-Champaign (tied at 37), UT Austin and University of Washington (Seattle) (tied at 46), Ohio State University (tied at 62), University of Minnesota (tied at 66), and Indiana University and Michigan State University (tied at 71).

All of the peers are members of the Association of American Universities (AAU), which is generally regarded as the elite grouping of public and private institutions. Of the 62 universities in the AAU, 35 are American public research universities. The most recent addition to AAU was Texas A&M University in 2001.

Over half of the institutions in the peer group have medical schools as part of their main campus (UCLA, University of Michigan, Michigan State University, University of Minnesota, University of North Carolina at Chapel Hill, Ohio State University, University of Washington, University of Wisconsin). The inclusion of institutions with medical schools in the peer group has no impact on undergraduate peer comparisons regarding performance (such as undergraduate retention and graduation rates), although it may distort some cost data (such as cost per student when all students are included). It would be possible to disaggregate medical schools for budget comparison purposes and for analyses such as salary comparisons, although this would require requesting data from individual institutions as no national data source exists for the instructional portion (it does for hospital expenses). Research universities without medical schools are at a disadvantage when considering total research volume. It would be quite difficult to find a sufficient number of institutions without medical schools to create a reasonable peer group for UT Austin.

In addition to examining its data in relation to the peer group, UT Austin also considers data shown in “The Top American Research Universities” (also known as the Lombardi Report), which is produced annually by TheCenter at the University of Florida. This report ranks research universities according to nine measures:

- total research expenditures;
- federal research expenditures;
- endowment assets;
- annual giving;
- national academy members;
- faculty awards;
- doctorates granted;
- postdoctoral appointees; and
- median SAT scores.

The report ranks universities in groups according to how many of the nine elements rank in the top 25. UT Austin places in the third group (**Exhibit 1-1**), with seven of the items in the top 25 (total research expenditures, ranked 20th; federal research expenditures, ranked 14th; endowment assets, ranked sixth; annual giving, ranked 14th; National Academy members, ranked eighth; faculty awards, ranked 13th; doctorates granted, ranked third) and two in the top 50 (postdoctoral appointees, ranked 40th; median SAT scores, ranked 27th). There are five institutions with all nine measures in the top 25, four with eight, and seven (including UT Austin) with seven.

**Exhibit 1-1**  
**The Top American Research Universities (November 2003)**  
**UT Austin Compared to Peers**

	UC-Berkeley	UCLA	U of IL	Indiana	U of Mich	Mich State	U of MN	UNC	OSU	U of Wash	UW	UT Austin	TX A&M
Measures in Top 25 Among Publics	9	9	8	1	9	4	8	9	7	8	9	7	5
Total Research Expenditures	8	1	12	69	3	23	7	18	13	4	2	20	11
Federal Research Expenditures	11	4	13	72	2	30	8	9	17	1	5	14	20
Endowment Assets	3	7	21	27	2	26	5	12	14	9	13	6	1
Annual Giving	6	2	17	39	13	7	4	9	10	5	1	14	21
National Academy Members	1	7	9	35	5	47	10	12	27	3	6	8	27
Faculty Awards	4	5	5	26	2	26	17	9	10	3	1	13	26
Number of Doctorates Granted	1	8	7	21	5	14	9	17	4	12	2	3	11
Post-Doc Appts	3	4	27	51	6	23	7	8	24	2	12	40	34
Median SAT Scores	5	7	10	101	7	72	31	14	47	61	10	27	43

*SOURCE: TheCenter, The Top American Research Universities (November 2003), pgs. 92–93.*

The university also annually examines how its students engage in their educational experience. It participates in the highly regarded National Survey of Student Engagement (NSSE). This survey examines the quality of the student experience in the following areas:

- academic and intellectual experiences;
- mental activities;
- examinations;
- reading and writing;
- problem sets;
- additional collegiate experiences;
- enriching educational experiences;
- quality of relationships;
- time usage;
- institutional environment;
- educational and personal growth;
- academic advising; and
- satisfaction.

One of the benefits of NSSE is that it provides national comparisons. For UT Austin, the comparisons included some peer institutions, the Carnegie classification of Doctoral-Extensive, and all NSSE institutions. Not all the peer institutions utilize NSSE. Therefore, UT Austin uses the members of the Association of American Universities Data Exchange (AAUDE) for peer comparison purposes. All nine institutions are public research universities and members of AAU, and four of them are also in UT Austin’s formal peer group (Indiana University; The Ohio State University; University of Illinois, Urbana-Champaign; and University of Wisconsin, Madison). The other institutions in the group include University of Kansas; University of Missouri, Columbia; University of Nebraska, Lincoln; and University of Pittsburgh.

Another benefit of NSSE is the ability to add a series of institution-specific items. As UT Austin has asked these questions in concert with the peers listed above, appropriate comparisons are also available for those questions.

**National Rankings**

The *U.S. News and World Report* rankings, while not completely accepted by the higher education community, have considerable currency with parents, students, and the general public. UT Austin ranks 46<sup>th</sup> among all universities (public and private) and 14<sup>th</sup> in public universities, as shown in Exhibit 1–2.

**Exhibit 1–2  
2005 U.S. News and World Report Ranking for UT Austin and Peers**

Institution	US News Ranking (All)*	US News Ranking (Public Universities)*
University of California, Berkeley	21	1
University of California, Los Angeles	Tied at 25	4
University of Illinois, Champaign-Urbana	Tied at 37	9
Indiana University, Bloomington	Tied at 71	30 (tie)
University of Michigan, Ann Arbor	Tied at 22	2 (tie)
Michigan State University	Tied at 71	30 (tie)
University of Minnesota	Tied at 66	26
University of North Carolina, Chapel Hill	29	5
The Ohio State University	Tied at 62	22
University of Washington, Seattle	Tied at 46	14 (tie)
University of Wisconsin, Madison	Tied at 32	7
University of Texas at Austin	Tied at 46	14 (tie)

SOURCE: *U.S. News and World Report Ranking*, \*Based on 2005 National Universities Rankings.

The National Research Council ranks seven University of Texas at Austin doctoral programs in the top ten nationally, and 22 other departments rank in the top 25 (**Exhibit 1–3**). These represent a wide range of disciplines in several colleges. Similar results can be seen in the *U.S. News and World Report* rankings, where 44 University of Texas at Austin programs and specialties rank in the top ten nationally and 24 more rank in the top 25 (**Exhibit 1-4**). Other more specialized organizations that rank particular disciplines (for example, the Research Board of the National Communication Association, the Public Accounting Report, and others) also consistently rank UT Austin programs highly.

**Exhibit 1–3  
1995 National Research Council Rankings**

Doctoral Program	Ranking
Civil Engineering	4
Computer Sciences	7
Aerospace Engineering	8
Classics	8
Astrophysics/Astronomy	10
Chemical Engineering	10
Ecology, Evolution and Behavior	11
Linguistics	11
Physics	11
Anthropology	12
Spanish and Portuguese	12
Germanic Languages	13
Chemistry	13
Electrical Engineering	14
Geography	14
Geosciences	16
Mechanical Engineering	15
Psychology	16
Sociology	16
Music	17
Biomedical Engineering	20
Art History	19
Government	19
Materials Science Engineering	20
Comparative Literature	21
English	21
History	22
Mathematics	23
French	23

*SOURCE: 1995 National Research Council Ranking.*

**Exhibit 1–4  
2001 U.S. News and World Report Graduate Level Program Rankings**

Graduate Program	Ranking
Latin American History	1
Pharmacy	2
Accounting	3
Advertising	4
Management Information Systems	4
Radio-Television	4
Public Affairs	7
Public Relations	7
Film	7
Theatre	8
Computer Sciences	9
Artificial Intelligence	5
Databases	8
Hardware	10
Theory	10

**Exhibit 1–4 (Continued)**  
**2001 U.S. News and World Report Graduate Level Program Rankings**

Graduate Program	Ranking
Architecture	10
Entrepreneurship	7
Fine Arts	10
Printmaking	12
Painting/Drawing	17
Theater	8
Library and Information Science	10
Archives and Presentation	1
Speech Pathology	12
Chemistry	11
Analytical	8
Geological Sciences	11
Sedimentology/Stratigraphy	1
Hydrogeology	6
Tectonics/Structure	6
Paleontology	9
Engineering	10
Civil	3
Environmental	4
Computer	6
Aerospace	7
Chemical	6
Education	13
Administration	6
Special Education	9
Print Journalism	11
Social Work	10
Sociology	16
Audiology	13
Math	14
Geometry Topology	8
Physics	14
Nonlinear Dynamics/Chaos	1
Astrophysics/Space	8
Atomic/Molecular	9
Rehabilitation Counseling	21
Law	15
Tax Law	5
Dispute Resolution	8
Trial Advocacy	9
Music	17
Jazz	10
Piano/Organ/Keyboard	10
Composition	11
Conducting	15
Opera/Voice	15
Business	18
Nursing	19
Nursing Administration	7
Psychology	17
History	22
English	18
Economics	21
Political Science	23

*SOURCE: U.S. News and World Report Ranking; Note, this is the last time UT Austin compiled the rankings at the institutional level. More recent rankings are kept at the department level and are available at [http://www.utexas.edu/academic/oir/downloads/US\\_News2003.xls](http://www.utexas.edu/academic/oir/downloads/US_News2003.xls). A review of these indicates continued high rankings.*

While these rankings reflect the quality of the graduate programs, they also reflect the overall quality of the faculty. As long as those faculty regularly teach undergraduates as well as graduates (and the faculty workload policy encourages that), the overall quality of the undergraduate program should also be high. Students in focus groups reported that they believed they had numerous choices for

high quality undergraduate majors in multiple colleges; they reported that this led to many students choosing double majors (which may contribute to the low four-year graduation rates). UT Austin’s Office of Institutional Research estimates that approximately 4 percent of the degrees awarded were dual degrees—including students receiving combined undergraduate and graduate degrees (although a higher proportion of students probably had dual majors at some point). The number of dual degrees is not a regularly reported item; therefore, peer data are not available. The review team, however, believes that 4 percent would be a relatively high proportion.

**Population of Students**

UT Austin serves a large student population, both at the undergraduate and graduate level. Its undergraduate population is the largest in the country (38,383 in 2003), and its graduate population is the fourth largest (13,043 in 2003). UT Austin’s undergraduate student body is predominantly made up of Texas residents (91.7 percent in 2003). This percentage has changed little in the last decade, ranging only from 91.1 percent (1994) to 92.0 percent (1999). Its graduate population consists of 44.2 percent in-state students, which is relatively high compared to 27.8 percent out-of-state students and 28 percent foreign students in 2003. However, the combined percentage of in-state residents at the graduate and undergraduate level (80.7 percent) reflects a commitment to serve Texas students.

**Exhibit 1– 5  
UT Austin Total Undergraduate Students From 1950 to 2003**

1950	1960	1970	1980	1985	1990	1995	2000	2003
10,658	16,477	31,880	36,599	36,633	37,152	35,086	38,162	38,383

SOURCE: Office of Institutional Research, UT Austin.

**UT Austin Undergraduate Enrollment Compared to Peers as a Percentage of Total Enrollments  
1992 – 2003**

University	1992	%	1996	%	2001	%	2003	%
University of Texas at Austin	35,911	72.9	35,789	74.5	38,609	76.3	38,383	74.6
The Ohio State University	38,955	74.7	35,486	73.4	36,049	74.4	37,605	74.1
Michigan State University	30,726	78.5	32,318	77.8	34,874	78.9	34,853	78.2
University of Minnesota	41,604	76.1	37,665	73.3	32,136	69.0	32,474	65.6
Indiana University	28,149	78.0	26,788	77.2	30,157	79.4	30,319	78.6
University of Wisconsin, Madison	29,591	70.8	28,344	72.1	29,861	73.0	30,234	72.7
University of Illinois, Urbana/Champaign	27,348	71.2	28,540	73.5	28,746	73.2	29,226	72.2
University of Washington, Seattle	25,481	73.7	25,228	73.4	26,860	71.8	27,685	72.8
University of California, Los Angeles	23,647	66.8	23,914	67.2	25,328	67.6	25,665	66.6
University of Michigan, Ann Arbor	22,236	62.7	23,590	64.6	24,547	64.2	24,517	62.8
University of California, Berkeley	21,707	70.9	21,226	71.2	23,269	72.4	23,206	70.2
University of North Carolina, Chapel Hill	15,295	63.8	15,296	64.6	15,844	62.1	16,144	61.2
Average excluding University of Texas at Austin**		72.2		72.1		71.8		70.8

**UT Austin New Freshman Class Size from 1980 to 2003**

1980	1985	1990	1995	2000	2003
5,799	6,299	6,047	6,352	7,686	6,544

\*Undergraduate students as a percentage of student body.

\*\*Average based on actual enrollments.

SOURCE: Integrated Postsecondary Education Data System (IPEDS) Enrollment Reports.

**Exhibit 1–6**  
**UT Austin Graduate Enrollment Compared to Peers as a Percentage of Total**  
**Enrollments 1992 – 2003**

University	1992	%	1996	%	2001	%	2003	%
University of Minnesota	13,067	23.9	13,723	26.7	14,461	31.0	17,000	34.4
University of Michigan, Ann Arbor	13,240	37.3	12,935	35.4	13,701	35.8	14,514	37.2
The Ohio State University	13,224	25.3	12,866	26.6	12,428	25.6	13,126	25.9
University of Texas at Austin	13,347	27.1	12,219	25.5	12,007	23.7	13,043	25.4
University of California, Los Angeles	11,756	33.2	11,680	32.8	12,166	32.4	12,883	33.4
University of Wisconsin, Madison	12,233	29.2	10,945	27.9	11,061	27.0	11,354	27.3
University of Illinois, Urbana/Champaign	11,048	28.8	10,301	26.5	10,545	26.8	11,232	27.8
University of Washington, Seattle	9,116	26.3	9,140	26.6	10,552	28.2	10,351	27.2
University of North Carolina, Chapel Hill	8,682	36.2	8,378	35.4	9,650	37.9	10,215	38.8
University of California, Berkeley	8,909	29.1	8,571	28.8	8,859	27.6	9,870	29.8
Michigan State University	8,412	21.5	9,227	22.2	9,353	21.1	9,689	21.8
Indiana University	7,922	22.0	7,912	22.8	7,806	20.6	8,270	21.4
Average excluding University of Texas at Austin "		27.8		27.9		28.2		29.2

\*Graduate students as a percentage of student body.

\*\*Average based on actual enrollments.

SOURCE: Integrated Postsecondary Education Data System (IPEDS) Enrollment Reports.

Such large enrollments do create challenges, both for the quality of the overall student experience and for the infrastructure. At the same time, the people of Texas clearly want access to UT Austin, which has responded by maintaining a high proportion of undergraduates, approximately 75 percent as shown in **Exhibit 1–5**. This access decision may have “cost” UT Austin in some national rankings since large graduate programs support research. For example, the top group institutions in the Lombardi rankings as mentioned earlier in this chapter, all have a lower proportion of undergraduates, ranging from 61.2 percent to 72.7 percent. Balancing access and quality requires a thoughtful, considered, and strategic approach. Such an approach is manifested in both the Enrollment Strategy Task Force Report and in the Commission of 125 Report.

### ***Satisfaction***

A review of the 2004 National Survey of Student Engagement (NSSE) indicates that UT Austin students have a very high level of satisfaction with several key measures regarding academic experience and quality. For example, one question asks: “If you could start over again, would you go to the same institution?” On a scale of 1–4, with 3 being “probably yes” and 4 being “definitely yes”, UT Austin freshmen averaged 3.5, compared to freshmen peer institutions at 3.35. UT Austin seniors responded at an average of 3.42, compared to 3.22 at peer institutions.

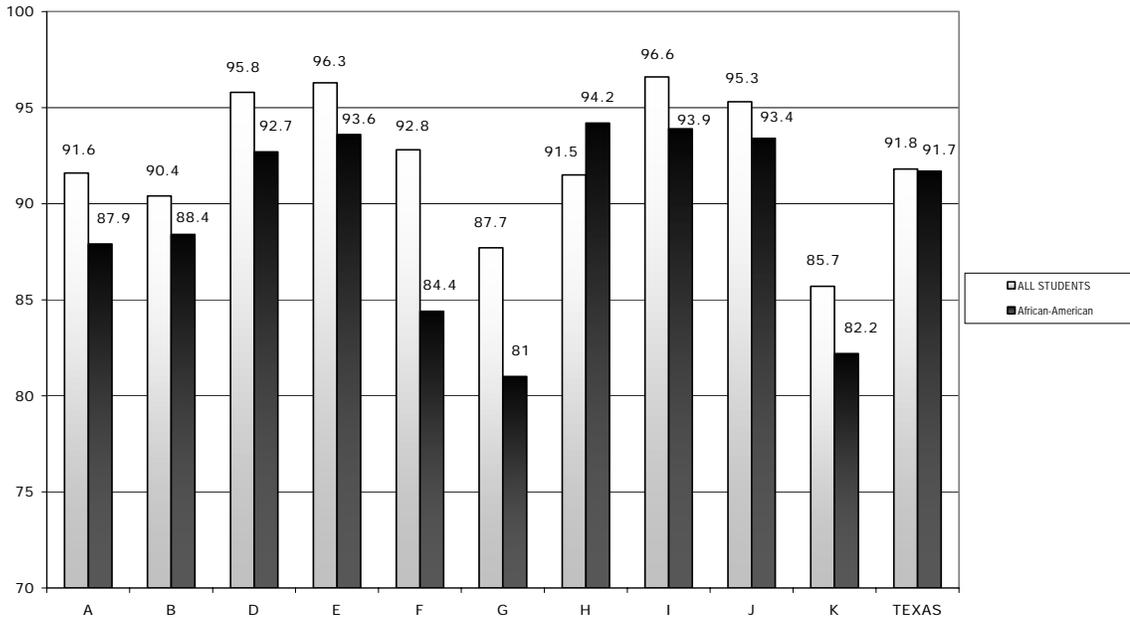
On the question of overall academic quality, 50 percent of freshmen and 45 percent of the seniors surveyed at UT Austin rate it as “excellent,” versus 45 percent and 30 percent of the peers, respectively. The same pattern continues for the quality of majors: 52 percent of freshmen and 54 percent of the seniors surveyed rated it as excellent, compared to 42 percent and 46 percent at the peer institutions, respectively.

### ***African-American Student Retention***

UT Austin retains 88.8 percent of its African-American students (1997 cohort) from the freshman to sophomore year according to the Association of American Universities Data Exchange (AAUDE) Comparative Retention and Graduation Study for 2003–2004. This compares favorably with the overall student retention rate of 88.0 percent (1997 cohort). No other institution in the peer group has African-American student retention above that of all students in that particular year. The 2002 cohort data show that 91.7 percent of African-American students were retained, compared to 91.5 percent of white students and 91.8 percent of all students (**Exhibits 1-7, 1-8**). UT Austin appears to have made a

concerted effort to increase African-American student retention. The process begins with its active recruitment of talented African-American students and by attracting strong students with scholarships through the Longhorn Opportunity Scholarship Program (aimed at top 10 percent students from 70 Texas high schools with a median family income below \$35,000). African-American students are represented at a higher rate than all students in the general freshman retention programs, such as freshman seminars (900 students in classes of 15), freshman interest groups (cohort registration and programs for 3,000 students in groups of 20), honors programs, and special residence halls. In addition, the institution offers mentoring by African-American faculty, staff, and upper division students.

**Exhibit 1–7**  
**UT Austin African-American Freshman-to-Sophomore Retention**  
**Compared to Selected Peer Institutions 2002**



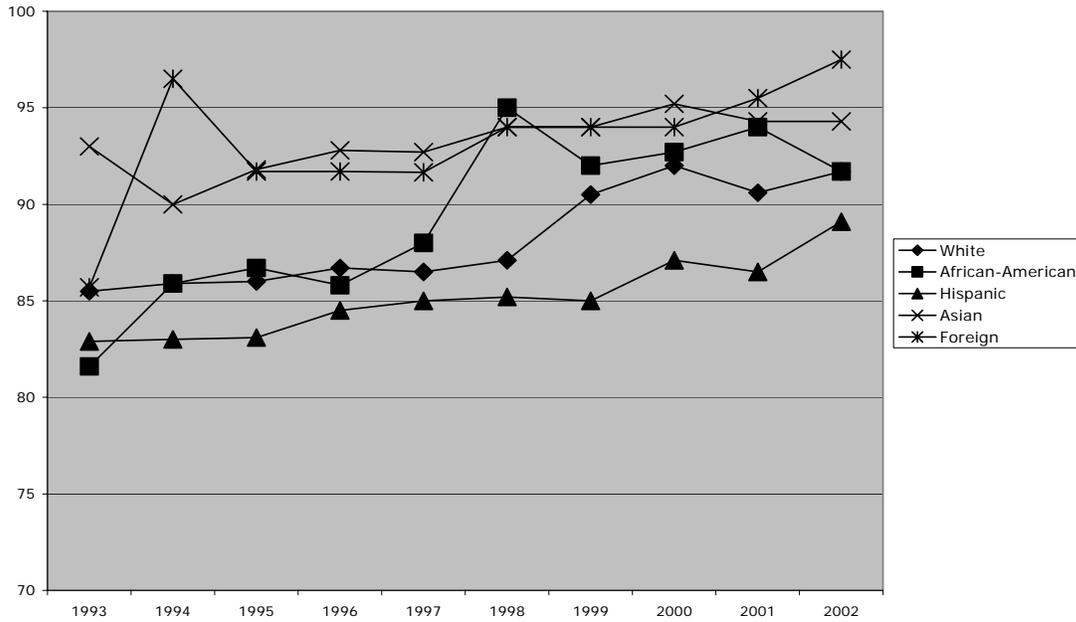
NOTE: In this, and a number of other charts in the report, the peer institutions have not given permission for their data to be separately identified. Institutions A-K are the peer group institutions (see “Self-Examination” for a listing). Data were not available for Institution C.

SOURCE: AAUDE; Comparative Retention and Graduation Study, 03–04.

**Improvement in Retention/Graduation Rates**

UT Austin has demonstrated significant improvement in freshman retention rates over the last decade. “First-time, full-time freshman” are defined by the National Center for Education Statistics (NCES) as full-time (enrolled for 12 or more hours) and in a degree-seeking program, and include students enrolled in the fall term who attended college for the first time in the prior summer term as well as new fall entrants. These improvements have occurred across all freshman student groups (White, African-American, Hispanic, Asian, and Foreign), with the most substantial increase coming from African-American students—a 10 percent increase in the past decade (from 81.6 percent for the 1993 cohort to 91.7 percent for the 2002 cohort).

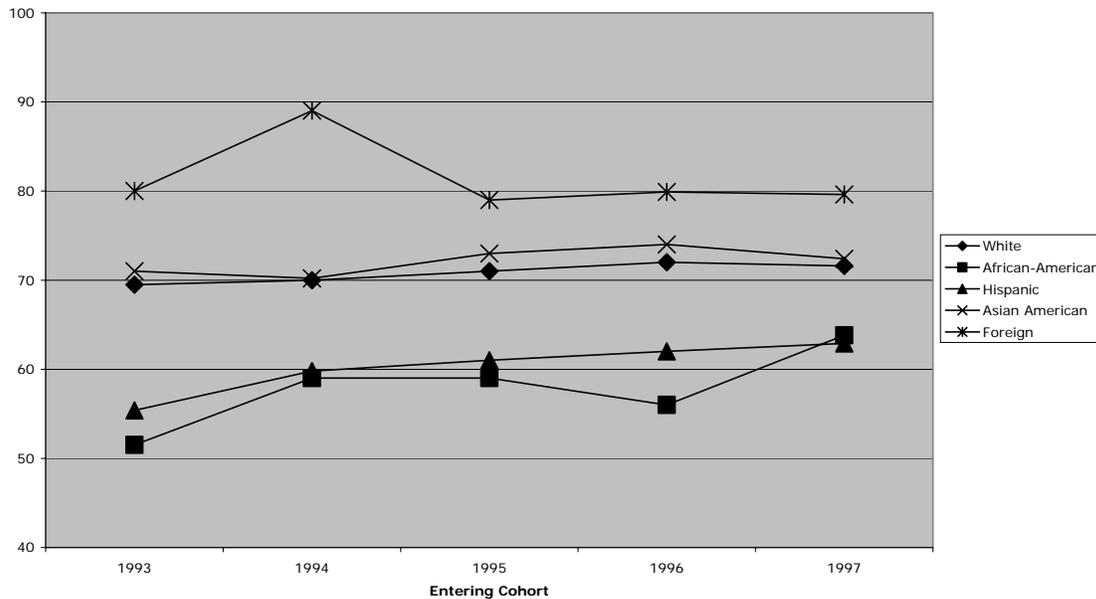
**Exhibit 1-8**  
**UT Austin Freshman Retention Rates After One Year 1993-2002**



SOURCE: UT Austin; Office of Institutional Research.

There have also been improvements in four-year graduation rates (from 30.3 percent in 1993 to 41.7 percent in 1999, the latest cohort) and six-year graduation rates, as shown in **Exhibit 1-9** (from 65.8 percent in 1993 to 70.5 percent in 1997, the latest cohort). These improvements have been generally consistent across all groups, although there were slight declines between the 1996 and 1997 cohorts for White students and Asian American students.

**Exhibit 1-9**  
**UT Austin Freshman Six-Year Graduation Rates**



SOURCE: UT Austin; Office of Institutional Research.

**Faculty**

One measure of faculty quality is the election of faculty to one of several national academies. TheCenter’s “Top American Research Universities” report uses membership in three national academies in its rankings: the National Academy of Sciences (NAS), the National Academy of Engineering (NAE), and the Institute of Medicine (IOM). These academies provide advice to the federal government in their respective areas, although they are all private, nonprofit organizations. Faculty members who are elected by existing members for admission into one of the three academies, consider it one of the highest honors.

UT Austin had 53 National Academy members in 2002, ranking it eighth for public research universities. This ranking is notable because UT Austin does not have a medical school.

**Exhibit 1–10  
UT Austin National Academy Members Compared to Peers–2002**

National Academy Members*			
University	Total members 2002	Rank All Universities	Rank Public Universities
University of California, Berkeley	202	4	1
University of Washington, Seattle	79	10 (tie)	3
University of Michigan, Ann Arbor	70	14	5
University of Wisconsin, Madison	69	15	6
University of California, Los Angeles	60	17	7
University of Texas at Austin	53	18	8
University of Illinois, Urbana-Champaign	51	20	9
University of Minnesota	38	23 (tie)	10 (tie)
University of North Carolina, Chapel Hill	36	26	12
The Ohio State University	17	50 (tie)	27 (tie)
Indiana University	9	68 (tie)	35 (tie)
Michigan State University, Ann Arbor	6	81 (tie)	47 (tie)

\* Data from the National Academy of Sciences, National Academy of Engineering, and Institute of Medicine membership directories for 2002. Includes active or emeritus members at their affiliated work institutions.  
SOURCE: The Top American Research Universities, TheCenter, University of Florida, 2003.

**Doctorates Produced**

In 2002, UT Austin ranked third in the country for the production of doctorates. While the size of a research university is in part a factor in the number of doctorates awarded, it does indicate that graduate students seeking doctorates highly regard UT Austin faculty. Since many students with doctorates will become faculty members at universities or other academic related organizations, the reputation of UT Austin is enhanced nationally.

**Exhibit 1–11  
UT Austin Doctorates Awarded Compared to Peers - 2002**

Institution	Rank Public Universities	# Doctorates Granted
University of California, Berkeley	1	805
University of Wisconsin, Madison	2	650
University of Texas at Austin	3	639
The Ohio State University	4	617
University of Michigan, Ann Arbor	5	610
University of Illinois, Champaign-Urbana	7	602
University of California, Los Angeles	8	593
University of Minnesota	9	560
University of Washington, Seattle	12	452
University of North Carolina, Chapel Hill	17	390
Michigan State University	14	428
Indiana University	21	347

SOURCE: The Top American Research Universities, TheCenter, University of Florida, 2003.

**Research**

UT Austin lists research as one of its core missions. With just under \$300 million in total research expenditures in 2001, UT Austin ranks 20<sup>th</sup> among public research universities (**Exhibit 1-12**). It ranks tenth out of the twelve peer institutions, however, virtually all the peer institutions include a medical school. UT Austin ranks 14<sup>th</sup> in federal research expenditures among public research universities with \$195,184 million—making it ninth out of the twelve peer institutions (**Exhibit 1-13**). Again, not only do most peer institutions have medical schools, but several also have schools of Agriculture (both of which generate considerable opportunities for federal grants). However, in the National Science Foundation Survey of Research and Development Expenditures at Universities and Colleges: Fiscal Year 2002, UT Austin ranks second out of all research universities (both private and public) without medical schools for federally funded research, behind only the Massachusetts Institute of Technology (MIT)

**Exhibit 1–12  
2001 Total Research Expenditure Rankings of UT Austin Compared to Peers**

Total Research Expenditures			
Universities	2001	Rank all universities	Rank public
University of California, Los Angeles**	\$693,801	2	1
University of Wisconsin, Madison**	\$604,143	3	2
University of Michigan, Ann Arbor**	\$600,523	4	3
University of Washington, Seattle**	\$589,626	5	4
University of Minnesota**	\$462,011	10	7
University of California, Berkeley	\$446,273	11	8
University of Illinois, Urbana-Champaign	\$390,863	18	12
The Ohio State University**	\$390,652	19	13
University of North Carolina, Chapel Hill**	\$303,576	30	18
University of Texas at Austin	\$295,104	32	20
Michigan State University**	\$265,946	35	23
Indiana University	\$103,960	98	69

\*Data from the National Science Foundation/SRS Survey of Research & Development Expenditures at Universities and Colleges, fiscal year 2001.

\*\*These institutions have medical schools as part of their main campus.

SOURCE: The Top American Research Universities, TheCenter, University of Florida, 2003.

**Exhibit 1–13  
2001 Total Federal Research Rankings of UT Austin Compared to Peers**

Federal Research Expenditures x \$1000*			
Universities	2001	Rank all universities	Rank public
University of Washington, Seattle**	\$435,103	2	1
University of Michigan, Ann Arbor**	\$396,117	3	2
University of California, Los Angeles**	\$312,858	8	4
University of Wisconsin, Madison**	\$304,009	10	5
University of Minnesota	\$264,289	15	8
University of North Carolina, Chapel Hill**	\$221,615	20	9
University of California, Berkeley	\$208,080	23	11
University of Illinois, Urbana-Champaign	\$195,316	25	13
University of Texas at Austin	\$195,184	26	14
The Ohio State University**	\$161,092	32	17
Michigan State University**	\$112,359	51	30
Indiana University	\$46,712	109	72

\*Data from the National Science Foundation/SRS Survey of Research & Development Expenditures at Universities and Colleges, fiscal year 2001.

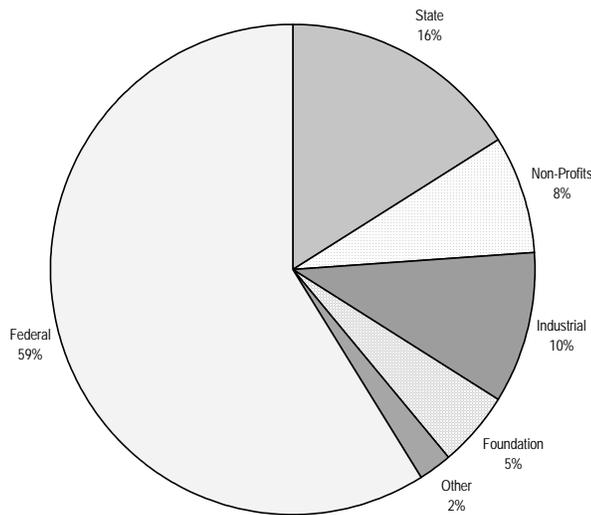
\*\*These institutions have medical schools as part of their main campus.

SOURCE: The Top American Research Universities, TheCenter, University of Florida, 2003.

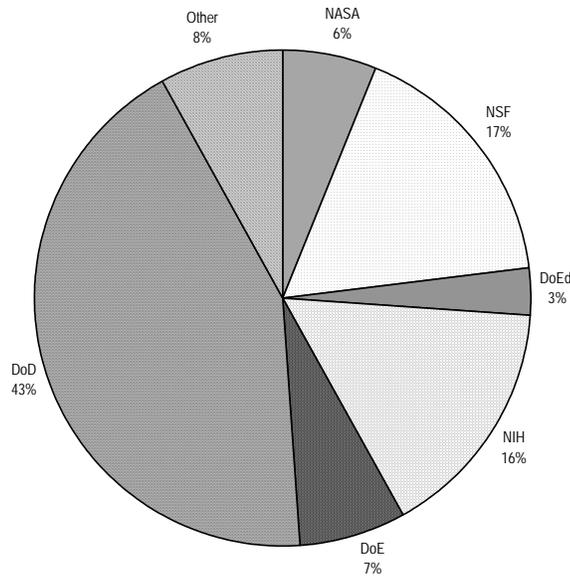
The research competitiveness of UT Austin provides significant financial benefit to the university and the state, with almost 2,500 contracts and grants from multiple sources totaling approximately \$380 million in research expenditures reported to the Texas Higher Education Coordinating Board in fiscal

year 2003. Of this funding, only 16 percent comes from Texas state agencies, as shown in **Exhibit 1–14**. Federal grants and contracts represent 59 percent, industrial 10 percent, non-profits 8 percent, foundations 5 percent, and other 2 percent. Within the federal category, the Department of Defense represents 43 percent, followed by the National Science Foundation (NSF) at 17 percent, National Institutes of Health (NIH) at 16 percent, Department of Energy at 7 percent, NASA at 6 percent, Department of Education at 3 percent, and other at 8 percent. Public research universities with medical schools receive a higher proportion from NIH (whose funding increased dramatically over the past decade).

**Exhibit 1–14**  
**UT at Austin Research Funding by Source Fiscal Year 2003**

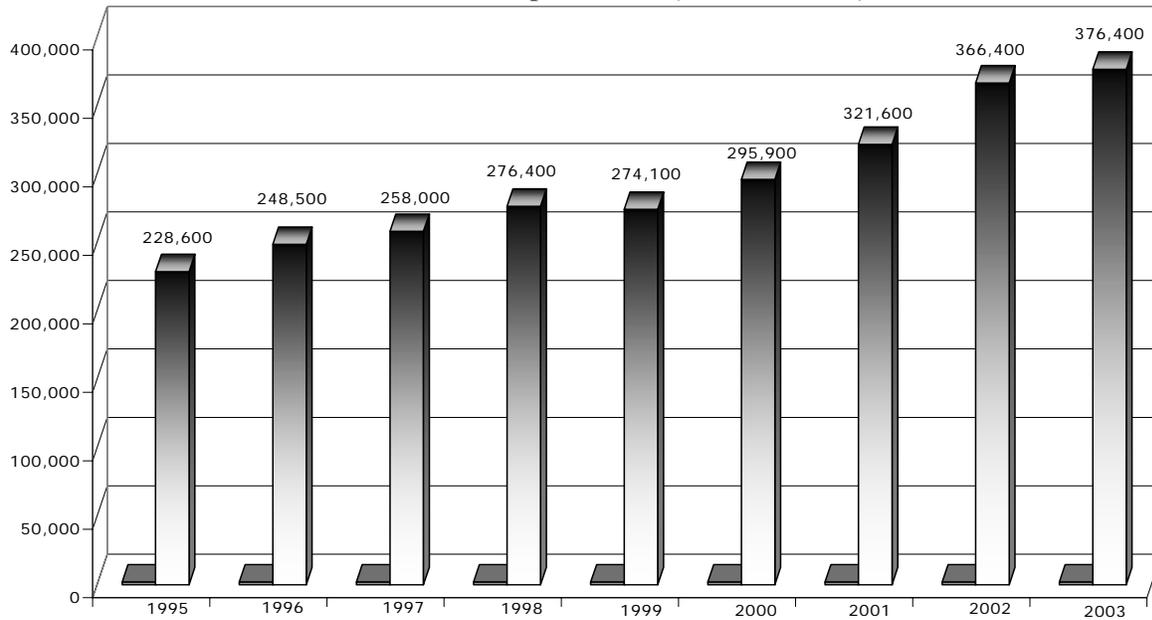


**Sources of Federal Grants and Contracts**



SOURCE: UT Austin, Office of Research, 2004.

**Exhibit 1–15**  
**Funding Increase by Year**  
**Total Research Expenditures (in Thousand \$)**



SOURCE: UT Austin, Office of Research.

These are largely dollars brought into Texas and having a considerable multiplier effect from employment and purchases of equipment and supplies. Faculty with funded grants typically “buy out” that portion of their state-funded activities (primarily teaching), allowing the university to often purchase more instructional capacity. That is, the salary “savings” can be sufficient to replace, for example, one course taught by a highly compensated professor with several courses by an “adjunct” or part-time/non contract faculty member. (For example, a faculty member earning \$80,000 a year receives a grant from the federal government that will pay for 25 percent of time. If that faculty member normally teaches four courses an academic year, a “buy out” of one course can occur. This frees up \$20,000 for the instructional budget, or other academic purposes, that would be sufficient to offer several course sections by adjuncts, depending on the adjunct rate per course in that particular discipline.) While this raises quality questions and issues about who actually teaches undergraduates, UT Austin appears to be well positioned. Located in an attractive capital city with a highly educated government and private sector workforce, the supply of qualified adjuncts should be sufficient. In addition, with a large graduate program attracting quality students, the supply of graduate teaching assistants should also be high. UT Austin also takes seriously the commitment to improve the quality of teaching and to having tenured and tenure-track faculty teach undergraduates, as mentioned below.

UT Austin’s faculty workload policy (and the colleges’ implementation of that policy) strongly supports the use of tenured faculty for teaching undergraduates. An examination of available peer data (this is not a regularly reported measure) suggests that the percentage of student credit hours taught by tenured or tenure-track faculty at UT Austin is 54.5 percent, compared to 59.0 percent, 55.3 percent, 45.0 percent, and 43.8 percent for four peer institutions from which the review team was able to secure data.

Many states have become more aggressive in the last decade with utilizing research universities as economic engines in a new knowledge economy by investing in state-funded, targeted research.

These efforts often begin in partnerships with the private sector, as happened in Austin in the 1980s with the establishment of the Microelectronics and Computer Technology Corporation (MCC). In the 1980s, the University played an essential role in the establishment of MCC, which in turn led to the greatly enhanced "high tech" growth in the Austin area and the positive effect that industrial growth had on the local economy. This effort spawned further technology activity that continues to this day with the recent Sematech location to Austin. The university, government, and private sector partnership has also been successful in creating the Austin Technology Incubator, which has helped create 65 companies, providing 2,850 jobs and generating \$1.2 billion in revenue.

As in most states, Texas state agencies contract with UT Austin primarily for applied research. The four major areas include the environment, public health, education, and transportation infrastructure. **Exhibit 1–16** shows a sample of total awards from selected state agencies made during the 2004 calendar year.

**Exhibit 1–16  
Research Awards From Selected State Agencies in 2004**

Area/Agency	Awards
<b>Environment</b>	
TX Commission on Environmental Quality	\$2,580,614
TX Water Development Board	\$350,648
TX Parks & Wildlife Department	\$862,880
TX General Land Office	\$362,634
<b>Public Health</b>	
TX Department of State Health Services	\$1,404,350
<b>Education</b>	
TX Education Agency	\$12,296,844
<b>Transportation Infrastructure</b>	
TX Department of Transportation	\$1,095,388

*SOURCE: UT Austin, Office of Research, 2004.*

Texas also supports two competitive economic development research grant programs: the Advanced Research Program (ARP) and the Advanced Technology Program (ATP). The Texas Higher Education Coordinating Board administers these programs. These programs seek to support research (particularly in scientific and technology fields), increase the number of specialists working in Texas, and promote the commercialization of research. Since their inception in 1987–1988, the programs have received approximately \$60 million in legislative appropriations each biennium (\$40 million for ATP and \$20 million for ARP). However, budget constraints in 2004–2005 led to ATP receiving only \$19.5 million and the ARP not receiving any funding.

In 2004, UT Austin received \$4,352,519 of the available \$19.5 million (approximately 23 percent), with 31 projects being selected in the peer review competitive process open to all Texas public universities (no more than 70 percent of the funds in each program can be awarded to institutions in the University of Texas and Texas A&M systems). Of the 31 projects, seven (totaling \$893,967) came under the category of Technology Development awards, which require a one-to-one matching from an industry partner. Such matching programs provide strong evidence of the practicality of the project.

UT Austin received \$10 million of the \$40 million in a new state-funded, economic development research program, the Advanced Materials Research Center (AMRC). The program, a collaborative between International SEMATECH (ISMT) and Texas universities, focuses on research in advanced materials and aims to accelerate commercialization.

Other research also targets the state's business and industries. The McCombs School of Business, for example, has conducted research that has assisted the state's energy industry (especially energy finance), airline industry (especially disaster recovery technology for scheduling and logistics), on-line gaming industry (especially market research), insurance industry (especially credit scoring), and the healthcare industry (especially management practices). The School of Business receives over \$1 million in grants and contracts each year.

### ***Task Force on Enrollment Strategy***

In October 2002, President Faulkner established a Task Force on Enrollment Strategy, comprised of faculty, staff, students, and the executive director of the Texas Exes. This group issued its report in December 2003. The task force established nine "Guiding Principles":

1. The university should be internationally renowned for its teaching, research, and service.
2. The university should provide a graduate and undergraduate education second to none.
3. The university should strive to carry out its central educational mission on a contiguous campus.
4. The university should improve the percentage of undergraduates who complete their degrees and shorten time to graduation.
5. The university should move progressively to a student-to-faculty ratio that is similar to those of our national comparison group of institutions.
6. Undergraduate curricula should be flexible enough to allow students to explore academic areas outside their majors without slowing progress towards graduation.
7. The university should be diverse in its students, faculty, and staff. Diversity includes such elements as ethnicity, gender, residency (Texas, U.S., foreign), and socioeconomic status.
8. The university should have adequate resources to accomplish all of the above while remaining an economically viable choice for all Texans.
9. The university's size should be consistent with these principles.

The report makes clear that the quality of education has to be the highest priority and reinforces that rhetoric with specific recommendations. For example, the task force recommends holding enrollment at 48,000, increasing the average number of semester credit hours taken by students from 13.11 to 14.0, increasing the size of faculty, and reducing the student/faculty ratio to 19:1; it also shows the interrelatedness of these issues and some of the potential costs and benefits.

Many similar reports at other universities focus only on freshmen enrollment. This report appropriately identifies the unsatisfactory graduation rates as a major enrollment issue. The longer a student stays (and, more importantly, the more credit hours a student takes), the less access available for other students. This report details the current deficiencies in graduation rates for UT Austin. Recommendations include:

- limiting the number of semesters to obtain a bachelor's degree;
- increasing, through incentives, undergraduate course loads;
- revising the core curriculum;
- revising policies for admission under the Coordinated Admissions Program;
- revising policies for continuation upon graduation and for readmission;
- revising policies for changing colleges and majors;
- increasing the monitoring of student progress towards a degree;
- expanding access to courses for non-majors;
- limiting options for repeating courses;
- reducing drops and withdrawals;

- expanding classroom availability;
- increasing class availability;
- reviewing freshman admission criteria;
- tightening transfer requirements; and
- studying the role of Continuing and Extended Education.

In addition to the recommendations, the report includes supporting background data and context such as estimated costs of total student enrollment exceeding 48,000, average number of hours earned at the time of graduation for various degrees, and studies regarding the admissions process. Taken together, the recommendations, if implemented promptly and decisively, could have a substantial impact on graduation rates and, therefore, on access. It provides a substantial road map for the next five years and a context for long-term considerations.

### ***Teaching Improvement***

UT Austin has a long-standing, highly regarded commitment to teaching improvement. Now housed in a broader-based division—the Division of Instructional Innovation and Assessment (DIIA)—instructional improvement receives praise from instructors, administrators, and graduate students. The DIIA also integrates assessment and instructional technology into teaching and the improvement of teaching. The focus on assessment responds innovatively to a negative finding (and the resultant sanction status for UT Austin, now removed) from the Southern Association of Colleges (SACs) in 1997. This division provides leadership and advocacy for the role that technology can play in learning.

One particularly noteworthy activity by DIIA focuses on providing a full-certificate program for teaching graduate assistants. (Many universities simply provide orientation programs on teaching or short-term workshops.) The certificate program covers topics such as assessment, creative work, leading discussions, lecturing, teaching with technology, understanding student needs, teaching research skills, and a series of electives (for example, teaching in a diverse classroom, working with students in distress, classroom management, and helping students with test anxiety).

Because of its reputation, DIIA attracts not only teaching assistants, but also faculty members who have interest in experimenting with their teaching approaches. Deans and department chairs also utilize DIIA as a resource for faculty who need to improve or update their teaching methods.

## **DETAILED FINDINGS**

### ***Cost Per Student FTE (Rec. 1.1)***

No standard measures exist for determining cost-per-student, cost-per-course, or cost-per-discipline in higher education. This presents a major challenge for both the understanding of costs and, therefore, the management of academic costs. It also prevents meaningful peer comparisons, at the very least, from institutions in one state to those in another. The basic issue centers on what gets counted in the costs. Some institutions (or states) use “instruction costs” when calculating the cost-per-student, whereas others use all state funds or even all funds. When it comes to discipline costs, variances among institutions often exist in what gets “charged” to a department. For example, some departments use professional academic advisors charged to their department budget, others may use faculty as part of their load expectation, yet others may use college- or university-wide advising centers that may or may not proportionately “charge back” to the department.

In Texas, as in many other states, a funding formula is based on student credit hours generated, adjusted for the assumed difference in costs to offer certain disciplines (or, more often, groupings of disciplines) and at different levels (for example, lower division undergraduates, upper division undergraduates, masters, doctoral, professional). Normally, these adjustments are made by “weighting” the various factors. These formulas are often complex and frequently controversial, with institutions disputing most often the “weights.”

For the last two years, the Texas Higher Education Coordinating Board (THECB) has been conducting a comprehensive review of the “weights” used in the formula (which distribute approximately 60 percent of state funding to Texas universities to insure that they “truly reflect the universities’ cost of operation”). The report *Texas Public University Cost Study FY 2002 and FY 2003 – December 2004* explains the costing methodology as:

“The workgroup agreed that the most appropriate methodology for calculating the weights is an “all funds” approach in which the costs used to calculate the weights must equal those provided in each institutions’ Annual Financial Report (AFR). An earlier workgroup had taken on a similar task to calculate the weights, but limited its analysis to only faculty costs. That study proved to be methodologically flawed as a result of this limitation.

In addition to faculty costs, the workgroup agreed that five additional elements of cost should be included because the I&O (Instruction and Operating) formula funds these activities as well:

- Academic Support;
- Institutional Support;
- Student Services;
- Other Instruction (Department Operating Expense), and
- Research.

Academic Support, Institutional Support, and Student Services are specific entries in the schools’ Annual Financial Reports. The sum of Faculty Salaries and Other Instruction is equal to the sum of Instruction and Research, which, for the purposes of this study, also includes Departmental Operating Costs. Instruction and Research are functional elements of costs that are specific entries in the AFRs. Together, these five cost centers, plus capital outlay, comprise all of the funding sources dedicated to higher education for I&O as defined in the appropriations act.

The workgroup then determined the most appropriate way to allocate these cost centers to the various levels and disciplines. The group agreed on the following allocation methodologies:

- The salaries of faculty who were teaching courses during the years under investigation would be provided to each institution, and each would provide a faculty-specific teaching load credit (TLC). The data provided to the institution would already be linked to a level of instruction and academic discipline, and the TLC would allow for the portion of faculty salary dedicated to teaching to be distributed. Because teaching loads vary among the institutions, this value varies among institutions. This calculation also recognized that faculty do not

spend all of their time teaching, but often devote part of their time to other activities such as research.

- Academic Support is allocated by level and discipline according to the faculty salary distribution because academic support costs are closely aligned with faculty salary expenditures.
- Institutional Support and Student Services would first be allocated to one of the five levels using the distribution of institution-specific headcounts, and then to the disciplines according to the distribution of semester credit hours.
- Department Operating Expense (DOE) was deliberated far more than the other issues. Several DOE calculations were examined to determine the most appropriate allocation methodology. The group decided that each institution would charge DOE expenses to the appropriate academic discipline, based on the institution's internal budget designations. For example, the DOE expenditures for the English department were charged to "Liberal Arts." After an institution allocated its costs to the appropriate academic discipline, the institution's DOE costs were then allocated by the level of instruction (undergraduate, master's, etc.) using either semester credit hours, the faculty salary distribution, or a combination of the two, whichever the institution believed best represented the proper distribution of costs to the level of instruction. Data on the five elements of cost were collected and allocated for FY 2002 and FY 2003."

While not indisputable, this costing approach (which is really an expenditure approach) is generally sound and comprehensive, including many more costs (for example, institutional support and department operating expense) than is often the case in costing studies. While this approach increases comprehensiveness, it also increases the number of areas where variances might exist among institutions, especially if certain expenditures occur outside the normal state framework (for example, through a research foundation). Nevertheless, the study provides valuable insights.

Based on the THECB report methodology and compared to other state institutions, UT Austin has by far the highest average total cost per Full Time Student Equivalent (FTSE) at \$19,330; the next highest institution has a cost of \$14,930, as shown in **Exhibit 1–17**. UT Austin's cost is \$8,760 (43 percent) above the state average of \$10,570. Since the methodology includes research expenditures as part of its calculation, the variance appears consistent with UT Austin's research expenditures being over \$370 million in fiscal year 2003.

Although the costs at UT Austin seem relatively high compared to other Texas institutions, several cautions need to be outlined. Without peer data that utilizes this exact methodology, firm conclusions about the appropriateness of these costs cannot be drawn. Peer analysis is possible utilizing Educational and General (E&G) expenditures per FTSE student. Using that methodology, UT Austin ranks 11<sup>th</sup> out of the 12 universities in its national peer group, as shown in **Exhibit 1–18** (although these data may include medical students at those institutions with medical schools). The major research university with the most comprehensive mission in a state tends to be significantly more expensive than all others and substantially higher than the statewide average. With faculty salary costs much higher and faculty teaching loads much lower at a national research university compared to a regional comprehensive university, such variances occur. There is also a significant variance between UT Austin (\$19,330) and

Texas A&M (\$11,940), another research university. A more comprehensive study would need to be undertaken to understand the reasons for the degree of this variance, including the extent to which the variables in the cost model may or may not contribute to the differences and the extent to which the difference in the availability of Available University Funds between UT Austin and Texas A&M (2:1) impacts this difference and the extent to which reporting differences for research influence the costs (expenditures) per student.

**Exhibit 1–17  
Fiscal Year 2003 Average Total Cost Per Full Time Student Equivalent**

Institution	Total FTEs	Total Cost	Cost per FTSE
UT Austin	48,345	\$934,479,813	\$19,330
Sul Ross	1,794	\$26,788,809	\$14,930
UT Dallas	9,177	\$133,866,315	\$14,587
UT Brownsville	2,192	\$30,037,226	\$13,701
A&M Galveston	1,440	\$18,511,989	\$12,857
A&M Texarkana	964	\$11,930,959	\$12,381
A&M University	40,700	\$485,949,716	\$11,940
University of Houston	29,607	\$342,698,773	\$11,575
University of Houston Victoria	1,577	\$17,862,921	\$11,329
Texas Tech	25,904	\$278,781,263	\$10,762
UT Tyler	3,332	\$33,673,595	\$10,107
Prairie View A&M	6,843	\$68,763,075	\$10,048
A&M Kingsville	5,814	\$58,120,794	\$9,997
University of Houston Clear Lake	5,316	\$52,719,733	\$9,917
A&M International	3,075	\$30,039,069	\$9,770
UT El Paso	13,942	\$134,949,387	\$9,679
Texas Southern	9,026	\$84,043,036	\$9,311
University of North Texas	25,812	\$233,559,052	\$9,048
Texas Woman's University	7,238	\$65,056,363	\$8,988
A&M Corpus Christi	6,788	\$58,908,845	\$8,678
UT Arlington	19,510	\$166,396,166	\$8,529
UT Permian Basin	2,108	\$17,607,393	\$8,351
UT San Antonio	18,062	\$138,874,447	\$7,689
West Texas A&M	5,847	\$42,856,855	\$7,330
UT Pan American	12,853	\$92,819,476	\$7,222
Tarleton A&M University	7,383	\$53,245,117	\$7,212
San Angelo State University	5,753	\$41,461,190	\$7,207
Lamar State University	8,323	\$59,802,172	\$7,185
A&M Commerce	6,968	\$49,697,557	\$7,133
Stephen F. Austin	10,767	\$75,761,265	\$7,036
Texas State University-San Marcos	22,271	\$156,433,425	\$7,024
Sam Houston State	11,896	\$80,776,713	\$6,790
Midwestern State	5,266	\$34,233,650	\$6,501
University of Houston Downtown	7,660	\$49,268,165	\$6,432
<b>Totals</b>	<b>393,551</b>	<b>\$4,159,974,322</b>	
<b>Average Statewide Cost</b>			<b>\$10,570</b>

*SOURCE: Texas Public University Cost Study, fiscal year 2002 and fiscal year 2003, Texas Higher Education Coordinating Board.*

**Exhibit 1–18  
Total E&G Expenditure/FTSE Fiscal Year 2001**

Institution	Total E&G Expenditure/FTSE Student FY 2001
University of California at Los Angeles	50,839
University of North Carolina at Chapel Hill	48,049
University of Minnesota	44,377
University of Washington at Seattle	43,690
University of Michigan at Ann Arbor	42,688
University of California, Berkeley	42,358
University of Wisconsin at Madison	37,600
The Ohio State University	31,201
University of Illinois at Urbana-Champaign	28,221
Michigan State University	25,599
University of Texas at Austin	22,433
Indiana University	18,807

SOURCE: The University of Texas System, Board of Regents Accountability and Performance Report, 2003–2004.

Since the discipline costs contribute to the total cost, UT Austin’s discipline costs also tend to be higher than those at other institutions. The discipline cost data (which include lower division undergraduates, upper division undergraduates, master’s, doctoral, and special professional programs) again reveal high costs at UT Austin. Of the fourteen discipline areas that include UT Austin, the costs for UT Austin are above the state average in all cases. In engineering and nursing, UT Austin’s discipline costs are more than twice the state average.

Of the 34 Texas universities, 20 offer some form of doctoral program. The average cost for the doctoral programs per FTSE totals \$20,573 (or \$2,132 per SCH). UT Austin costs \$52,595 per FTSE, ranking second behind the University of Houston at \$58,588; Texas A&M University ranks fourth at \$39,456.

UT Austin produces doctorates in 12 of the 14 discipline fields (groupings) offered at the doctoral level in Texas, followed by the University of Houston with nine disciplines, and Texas A&M University with eight. UT Austin ranks as the most expensive doctoral program per SCH in seven of the twelve discipline areas and is above the state average in all but one (pharmacy) of the twelve disciplines. Of the seven disciplines in common, UT Austin has a higher cost in four (science, engineering, home economics, and health services) than Texas A&M (which is higher in liberal arts, teacher education, and business). The variances from the state averages are not as pronounced at the doctoral level. Health services, at 121.2 percent, and home economics, at 93.6 percent, particularly deserve further study. (Nursing, at 178.4 percent, is based on an average of only two institutions.)

**Exhibit 1–19  
Fiscal Year 2003 Average Total Cost Per SCH for Doctoral Programs  
Rank Order for UT Austin, Average, Cost, and Variance**

	Academic Discipline											
	Liberal Arts	Science	Fine Arts	Teacher Ed	Home Econ.	Engineering	Social Svcs	Lib. Sci.	Health Svcs	Pharm.	Business	Nursing
UT Austin	\$1,855	\$5,201	\$1,461	\$1,545	\$1,984	\$3,884	\$3,169	\$1,681	\$4,459	\$1,539	\$3,487	\$3,721
Rank with other TX insts.	3/19	1/11	2/6	2/18	1/7	1/15	1/2	1/3	1/8	2/2	4/9	1/2
Texas Average	\$1,686	\$3,531	\$1,217	\$1,178	\$1,025	\$2,561	\$2,269	\$905	\$2,016	\$1,704	\$3,054	\$1,336
Variance from Average	+10.0%	+47.3%	+20.0%	+31.1%	+93.6%	+51.6%	+39.7%	+85.7%	+121.2%	-9.6%	+14.2%	+178.5%

SOURCE: Texas Higher Education Coordinating Board Study, 2004.

The Texas Higher Education Coordinating Board’s Formula Funding Cost Study (Appendix E) reflects a decrease of more than \$2 million per year in formula funding for UT Austin using the phased-in methodology. If the phased-in methodology is not used, then the annual “savings” increases to \$3.13 million (Appendix D of the Coordinating Board Study). However, since the board’s

methodology is new and not fully accepted by all institutions and since the financial consequences are considerable, the methodology and results warrant external verification before any implementation.

This study provides a good starting point for further review of costs; further detailed analysis and explanation by discipline grouping seem warranted. Applying the same methodology to one or more out-of-state state peers would help determine a reasonable variance from the state average for UT Austin. Such analysis may ultimately identify opportunities for academic cost efficiencies. In addition, the peer cost data requires further review since its variances are also significant.

### ***Formal Budget (Rec. 1.2)***

Budget allocation methods vary among universities. At one extreme, all budgets remain centralized with no allocation to units and all budget decisions and expenditures being authorized at the central level. At the other extreme, units, such as colleges, have total authority over their budgets, including revenue (such as tuition). Most public research universities tend to be relatively decentralized budgetarily. While UT Austin does not give its colleges total budget authority, its budgetary philosophy is primarily one of decentralization.

However, no single document describes either the philosophy or the process. Budget requests from the colleges to the provost tend to be made in the “compact” documents and meetings. These documents and meetings, however, involve only half of the colleges each year. They tend to be basic requests for adding faculty and facilities and do not include a standard format for providing a rationale and justification for such requests. A more formal and detailed budget request system would provide greater opportunities for reallocation from lower to higher priorities.

Reallocation at UT Austin currently occurs primarily through the strategic allocation of new resources (for example, revenues that most recently came from tuition increases). A good portion of these revenues has been dedicated to new faculty lines in those colleges that have high student-to-faculty ratios. While this permits some “reallocation” from one college to another, in an environment where new resources are limited it may not permit reallocation at a sufficient level or pace necessary to support priorities.

Many universities “sweep up” all vacant faculty positions each year (for instance, those that become available through retirements) at the provost’s level. Those vacant positions then get reallocated differentially to colleges. UT Austin does not “sweep up” positions at the provost’s level. Each college does so and many reallocate from one department to another within that college. However, this does not allow for reallocation among colleges as demand changes or as new initiatives need to be launched. It also complicates securing support for interdisciplinary efforts, especially those that cut across colleges.

### ***Core Curriculum (Rec. 1.3)***

The core curriculum, also frequently referred to as the general education component, represents a core skill set and body of knowledge expected of all students. Generally taken in the freshman and sophomore years, the core curriculum has been the object of much debate in recent years. The increasing demand for and emphasis on professional programs has put pressure on the core curriculum, since many majors have started to require courses in the major (or at least prerequisites) in the freshman and sophomore years.

UT Austin has not reviewed and revised its core (known as “Basic Education Requirements”) since 1981. The current program, as shown in UT Austin Undergraduate Catalog 2004–2006, lists the following expectations for a graduate:

- be able to express himself or herself clearly and correctly in writing;
- be capable of reasoning effectively from hypotheses to conclusions and of logically analyzing the arguments of others;
- have a critical appreciation for the social framework in which we live and the ways it has evolved through time;
- have experience in thinking about moral and ethical problems;
- have an understanding of some facets of science and the ways in which knowledge of the universe is gained and applied;
- have an understanding of some aspects of mathematics and the application of quantitative skills to problem solving;
- have gained familiarity with a second language;
- have an appreciation for literature and the arts; and
- be competent in the basic use of computers.

However, the courses listed as fulfilling the requirements do not provide the education needed to gain all these skills and knowledge. While the core curriculum requires 42 credit hours (a substantial number and a specific part of THECB requirements derived from the statutes in Chapter 61 of the Education Code enacted in 1997), a multitude of courses (approximately 150) can fulfill the requirement at UT Austin. The ability of majors to “require specific courses to fulfill basic education requirements; allow more options.... or require completion of further coursework....” (UT Austin Undergraduate Catalog, 2004–2006, p.8) further complicates and perhaps diminishes the impact of the core.

Apart from the academic questions raised by a sprawling and perhaps dated core, there are questions of academic efficiencies. With so many options and so many major-specific limitations, students may have difficulty navigating their way through the core efficiently, contributing to the excess number of credits taken by students. In addition, this type of core complicates effective advising.

The visibility and priority given to the recommendation for a new core curriculum by the Commission of 125 in its report from September 30, 2004, cited as Strategic Initiative One, should provide the necessary impetus for faculty review of the curriculum. The commission also correctly urges prompt development and implementation. Its delineation of characteristics reflects much of the current thinking about an appropriate core, as follows:

“...Every student should:

- Receive a broad education that includes exposure to culture, literature, foreign language, the humanities, and the arts.
- Explore mathematics, science, and technology.
- Learn to think and read critically, write cogently, speak persuasively, and work both independently and as part of a team.
- Engage in open discussion, inquiry, discovery, research, problem solving, and learning to learn.
- Examine questions of ethics and the attributes of effective leadership.
- Acquire a sense of history and the global community together with a respect for other cultures.”

The Commission urges a single core that is sensitive to college and accreditation needs but not driven by them. It will be crucial for academic efficiency that this singular approach happens so that students can easily navigate their way through the new core without wasting credits.

President Faulkner, in response to the Commission of 125's recommendation (and to those from the Task Force on Enrollment Strategy and the Task Force on Racial Respect and Fairness) appointed a Task Force on Curricular Reform in December 2004. The task force has begun its work on developing a new undergraduate core curriculum and is expected to submit a report to the president in October 2005.

A focused core will likely lead to stronger academic preparation of students and a more efficient use of resources for those students who enter as freshmen. However, some academic efficiency may be lost from the Commission of 125 recommendations not to count advanced placement courses and to require transfer students to take additional courses. While wholly consistent with the philosophy and goal of all students having a common core, it will likely require transfer students to add to their total credit load (which would seem to be in conflict with the rules of the Texas Higher Education Coordinating Board that require the honoring of the core transferred from any Texas public university). The net impact of a common core should still result in a significant improvement in academic efficiency, though, ultimately, this efficiency will be maximized only if the core classes receive priority for availability. This might be an area for an innovative experiment in the use of instructional technology.

#### ***Formal Academic Program Evaluation (Rec. 1.4)***

The process for evaluating academic programs on a regular basis varies considerably among research universities. On one level, universities rely on their regional accreditation for overall evaluation. (UT Austin obtains its accreditation through the Southern Association of Colleges and Schools [SACS]) This form of accreditation generally covers a ten-year period and reviews the overall institution according to established standards but does not examine specific academic disciplines.

In some disciplines, particularly those in professional schools, an organization provides specialized accreditation. Again, these tend to be conducted according to established standards and over a specified time period (usually five or ten years). Both the regional and specialized accreditations include an examination of self-studies and data and often a visit and follow-up visits. In the case of specialized accreditation, the visiting teams comprise faculty in that discipline from other similar institutions. UT Austin's disciplines covered by specialized accreditations have received the appropriate academic program reviews, including external examination.

**Exhibit 1–20**  
**Program Review Chart**  
**Schedule of Program Reviews (Compact, External, or Accreditation)**

2009-2010	School of Architecture Programs		Div. of Continuing Extended Education	College of Education	College of Engineering	College of Fine Arts	School of Law	College of Liberal Arts	Graduate School of Information	College of Natural Sciences	School of Nursing	College of Pharmacy	LBJ School of Public Affairs	School of Social Work
2001	Compact (postponed/reneged) Interior Design	Compact	State review of all teacher education	Compact (cont'd into 2002)	Compact (cont'd into 2002)	Compact (changed to 2011 new dean)	Compact	Compact	Compact (postponed-new dean)	Compact	State review	Compact	Compact	Compact
2001	McCombs School of Business All Programs	Compact	State review of all teacher education	Compact (cont'd into 2002)	Geosystems Engineering & Hydrology Program new program	Compact (cont'd into 2002)	Compact	Compact	Compact (postponed-new dean)	College of Natural Sciences: Chemistry, Human Ecology	Compact	Compact	Compact	Compact
2001-2002	Compact (arrival of new dean)	Communication Sciences and Bachelor Programs	Compact	Compact	Compact	Compact	Compact	Compact	Compact (postponed-new dean)	College of Natural Sciences: Marine Science Institute, Physics	State review	Compact	Compact	Compact
2002	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Astronomy, Geological Sciences, Institute for Neuroendocrinology	Compact	Compact	Compact	Compact
2002-2003	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: IMB Marine Sciences, Marine Science Institute, Physics	Compact	Compact	Compact	Compact
2003	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2003-2004	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2004	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2004-2005	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2005	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2005-2006	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2006	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2006-2007	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2007	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2007-2008	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2008	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2008-2009	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact
2009	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	Compact	College of Natural Sciences: Center for Biotechnology, Human Ecology	Compact	Compact	Compact	Compact

Legend:  
**Bold – Compacts**  
*Italics – Accreditation reviews*  
 Plain – External reviews or State reviews  
 Source: UT Austin, Schedule of Program Reviews, and UT System Regents Policy.

UT Austin supplements professional accreditations, which only cover a small proportion of all academic programs, largely through its “compact” process, as shown in **Exhibit 1–20**. This process, instituted in 1994, has multiple purposes. Described as “an integrated management, planning, and budgeting activity,” the compact process involves a biennial document and meeting between the provost and each dean. The compact documents follow a prescribed format as follows:

- mission of the college/school;
- current school priorities and strategies;
- new initiatives and strategies;
- planning linkages; and
- assessment issues.

However, an examination of these compact documents reveals that they do not serve as true academic review documents. As can be seen above, no separate section exists specifically for academic program review. When mentioned, academic program comments tend to emphasize the need for additional faculty. There is no systematic overview of all programs on a regular cycle (for example, every five years). In addition, no requirement exists for external review of all academic programs. Universities that utilize a regular process of external review usually invite a small team of distinguished faculty from similar programs at other institutions to examine the program in such areas as curriculum, requirements, faculty numbers and quality, and research. This provides both a different perspective and a level of objectivity not always possible from internal reviews.

UT Austin should consider developing a formal, faculty-approved academic program review policy. Currently, no single policy exists. This policy should include a regular academic program review cycle. In today’s rapidly changing academic environment, that cycle should be in the 5–7 year range. Where an external accreditation is already required, that would satisfy the requirement. Where that is not the case (the majority of programs), programs should be reviewed for quality and currency.

In all instances, academic program review should involve an external evaluation process, either through a specialized accrediting organization or through the engagement of objective discipline experts. Academic program review should be linked to other processes, such as strategic planning, faculty hiring, tenure, post-tenure review, learning technology, assessment of learning outcomes, faculty workload, and research productivity. In particular, it should have a faculty development component so that faculty can maintain their expertise at the cutting edge of teaching, learning, and scholarship in the discipline.

Exemplary program review and the follow-up cited above require the commitment of both human and financial resources. If program review becomes a bureaucratic exercise rather than one with tangible results (for example, major curricular change), it will add little value. Some faculty in a focus group shared this concern, especially the time commitment involved. One could certainly argue that the depth and breadth of existing academic program quality at UT Austin has not been hampered by the lack of a vigorous and rigorous academic program review process. However, if UT Austin aspires to be among the top handful of public research universities, a dynamic academic program review process could provide a significant additional benefit.

### ***Freshman Year Experience (Rec. 1.5)***

While the overall satisfaction of students with their education at UT Austin is very high in the 2004 National Survey of Student Engagement (NSSE), some of the survey data from freshmen raises serious questions about some aspects of the quality of their freshman year experience. All the items discussed below have a statistically significant difference between UT Austin and its peer institutions.

In the “Academic and Intellectual Experiences” section of the survey (22 items), UT Austin students generally reported similar experiences to their peers. However, several items appeared to have significant differences. UT Austin students indicated that they asked questions in class or contributed to class discussions less often than their peers (2.33 vs. 2.65), made class presentations less often (1.78 vs. 2.00), prepared two or more drafts of a paper less often (2.03 vs. 2.58), came to class without completing assignments more often (2.42 vs. 2.12), and worked less with other students on projects during class (1.94 vs. 2.35). In two items in this category, UT Austin students reported being much more engaged than their peers: discussing ideas related to class with others outside class (2.93 vs. 2.71) and having serious conversations with students of a different race or ethnicity (3.02 vs. 2.63). Both of these items have largely to do with experiences outside of class; likewise, UT Austin has program initiatives that foster positive outside of class interactions.

In addition, UT Austin freshman students reported feeling less challenged by their exams than their peers (5.46 vs. 5.69), wrote fewer papers of both between 5–19 pages (1.79 vs. 2.32) and fewer than 5 pages (2.66 vs. 3.07), and completed fewer homework sets of less than an hour (2.26 vs. 2.61). They also suggested that there was less emphasis at UT Austin on writing well than at peer institutions (2.56 vs. 2.82). An analysis of the NSSE data suggests that UT Austin freshmen experiences differ more from their peers than do the seniors’ experiences.

Further examination of the freshman year experience seems warranted, however. The group charged with developing the new core curriculum should examine the survey data. UT Austin has already implemented some freshman year innovations, such as learning communities. A learning community brings groups of students together in a common series of courses, thus making a large university feel smaller for students. The NSSE survey confirms the availability of learning communities as UT Austin students report participating in them at much higher rates than students at peer institutions (FY 0.40 vs. 0.13). However, the data do suggest that both the freshman year curriculum and pedagogy need further review.

Perhaps of even greater concern than curriculum and pedagogy is the size of classes for freshmen. These class sizes warrant careful review. At UT Austin, 21 percent of freshmen and 44 percent of seniors considered lower-division class size to be “far larger than you’d like”. The contrast with peers is dramatic: only 12 percent of freshmen and 26 percent of seniors at peer institutions felt the same way. Interestingly, both for UT Austin and peers, seniors feel this more strongly. This is perhaps because by the senior year they have experienced the benefit of smaller classes.

UT Austin plans to reduce the student-faculty ratio from the current 20/1 over time by adding faculty and controlling enrollment. The NSSE data suggest that priority should be given to reducing the student/faculty ratio and class size in the freshman year.

### ***Retention Rates (Rec. 1.6)***

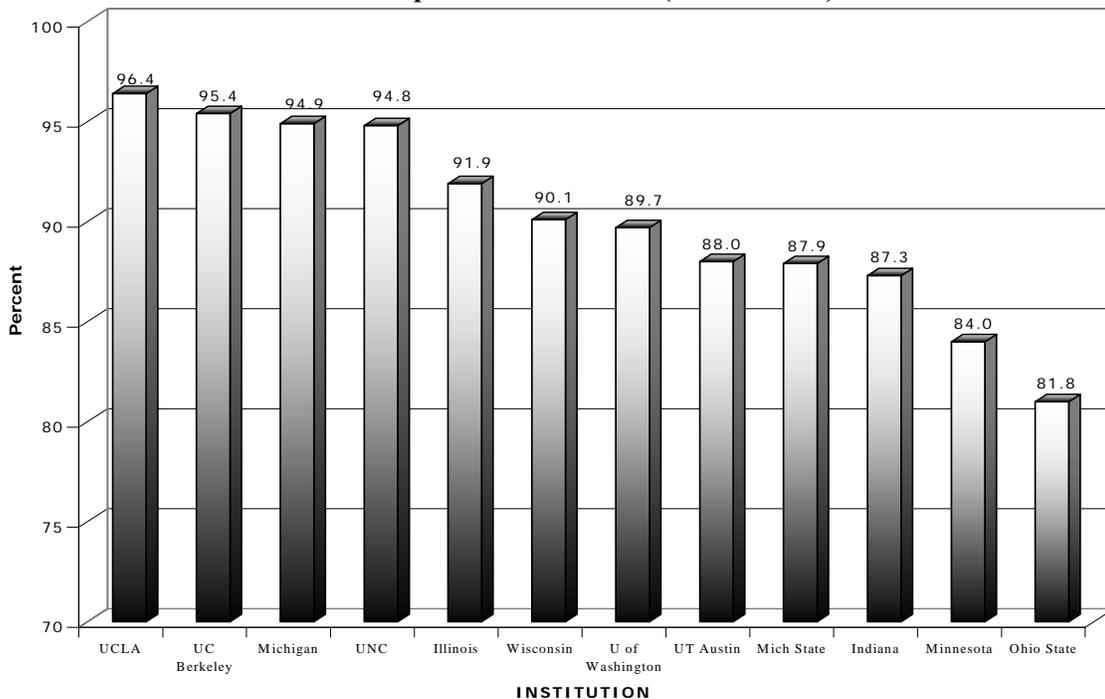
The retention of students from their freshman to sophomore year has become a standard measure for universities for a number of reasons. This measure generally reflects both on the academic preparation of students and their overall satisfaction with their first year experience. While many external factors can also influence whether students return for their sophomore year at the same institution, such as financial and family circumstances, the university can influence most internal factors. From the original student selection process to orientation, advising, class size, financial aid, student services, availability of faculty, special academic initiatives, and residence life, universities seek to retain students not only because of the human factor but also to maximize the return on their investment of recruiting, admitting, and serving that student for the first year.

Retention rates have also become standard measures because of the general integrity of the data. Universities follow a uniform definition of which students get counted (first-time, full-time freshman) and submit their data to the Integrated Postsecondary Education Data System (IPEDS). A first time, full time freshman is defined in IPEDS as, “ A student attending any institution for the first time at the undergraduate level. Includes students enrolled in academic or occupational programs. Also includes students enrolled in the fall term who attended college for the first time in the prior summer term, and students who entered with advanced standing (college credits earned before graduation from high school). A student enrolled for 12 or more semester credits, or 12 or more quarter credits, or 24 or more contact hours a week each term.”

The retention picture for UT Austin is mixed. The 1997 cohort of students provides the most comprehensive data for examining both retention and four- and six-year graduation rates since that data represents the most recent cohort to have six-year graduation rates. Using that cohort data, UT Austin retained 88 percent of its freshmen, as shown in **Exhibit 1–21**. UT Austin ranked only eighth out of the twelve institutions in its peer group. Six of the peer institutions reported retention rates above 90 percent, with the top institution (UCLA) at 96.4 percent and the lowest institution (The Ohio State University) at 81.8 percent.

UT Austin has improved its retention rates significantly and quickly. By the 2002 cohort, the rate had improved from 88 percent to 91.8 percent and the ranking from eighth to sixth, demonstrating that its rate of improvement exceeds its peers (although both the rate and ranking are down slightly from the 2000 cohort, 92 percent and tied for fifth, recently released data shows the 2003 cohort had a 93.2 percent retention rate). By the 2002 cohort, nine institutions had exceeded the 90 percent retention rate.

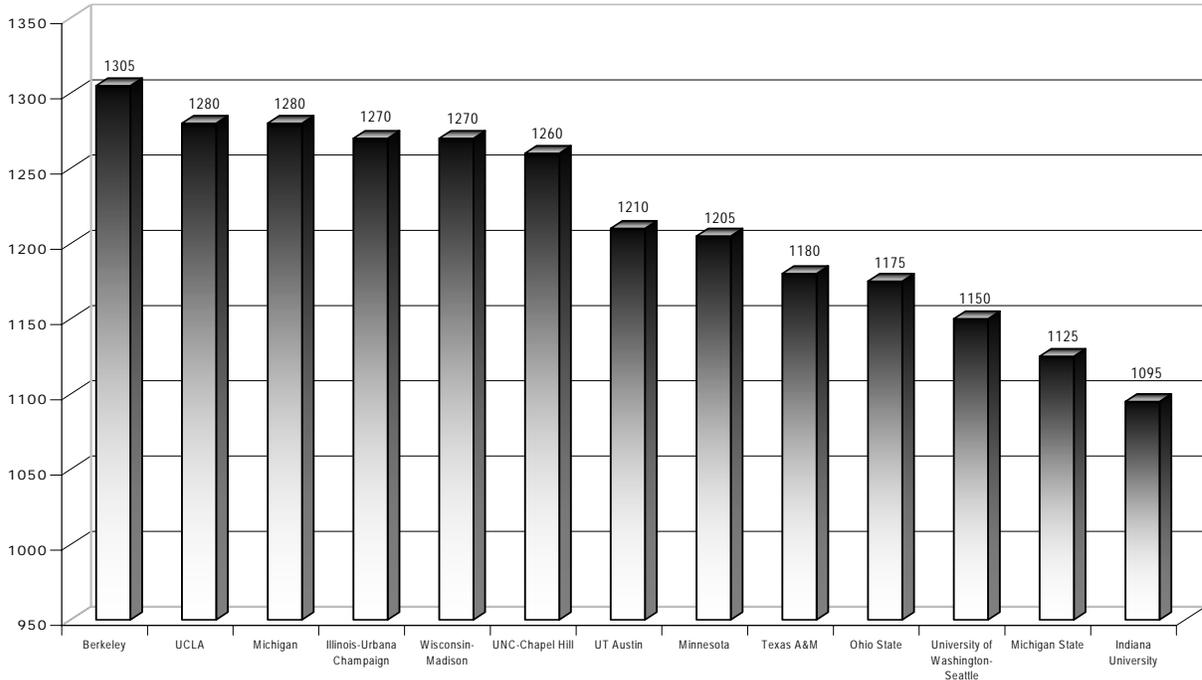
**Exhibit 1–21**  
**Freshman-to-Sophomore Retention (1997 Cohort)**



SOURCE: UT Austin; Office of Institutional Research.

A high correlation generally exists between the quality of incoming students and retention rates. In 2002, UT Austin ranked seventh in the peer group for the median SAT scores of incoming freshmen (1210), with the highest peer institution having a median SAT of 1305 and the lowest 1095, as shown in **Exhibit 1–22**. (Median SAT scores are the only student “quality” indicator for which peer comparison data is available.)

**Exhibit 1–22**  
**Median SAT Score for Incoming Freshman**



SOURCE: *TheCenter; The Top American Research Universities*, pgs 92–93.

While some of the improvement between 1997 and 2002 may be the result of institutional initiatives (such as the Longhorn Scholars Program, which targets certain students and provides financial aid, a special curriculum, tutoring, and special advising, and freshman interest groups, which provide cohort registration and programs for 3,000 students in groups of 20), much of the improvement may be accounted for by the better quality of the incoming freshmen. (Median SAT scores rose from 1205 in 1997 to 1222 in 2002 to 1230 for fall 2004.) The average high school class ranking has also increased over this period. Further improvements in retention rates are desirable but harder to accomplish; for example, the highest rate of peers only improved from 96.4 percent in 1997 to 96.6 percent in 2002. All of this suggests that the freshman year experiences including curriculum, teaching methods, class size, and support systems, deserve focused attention.

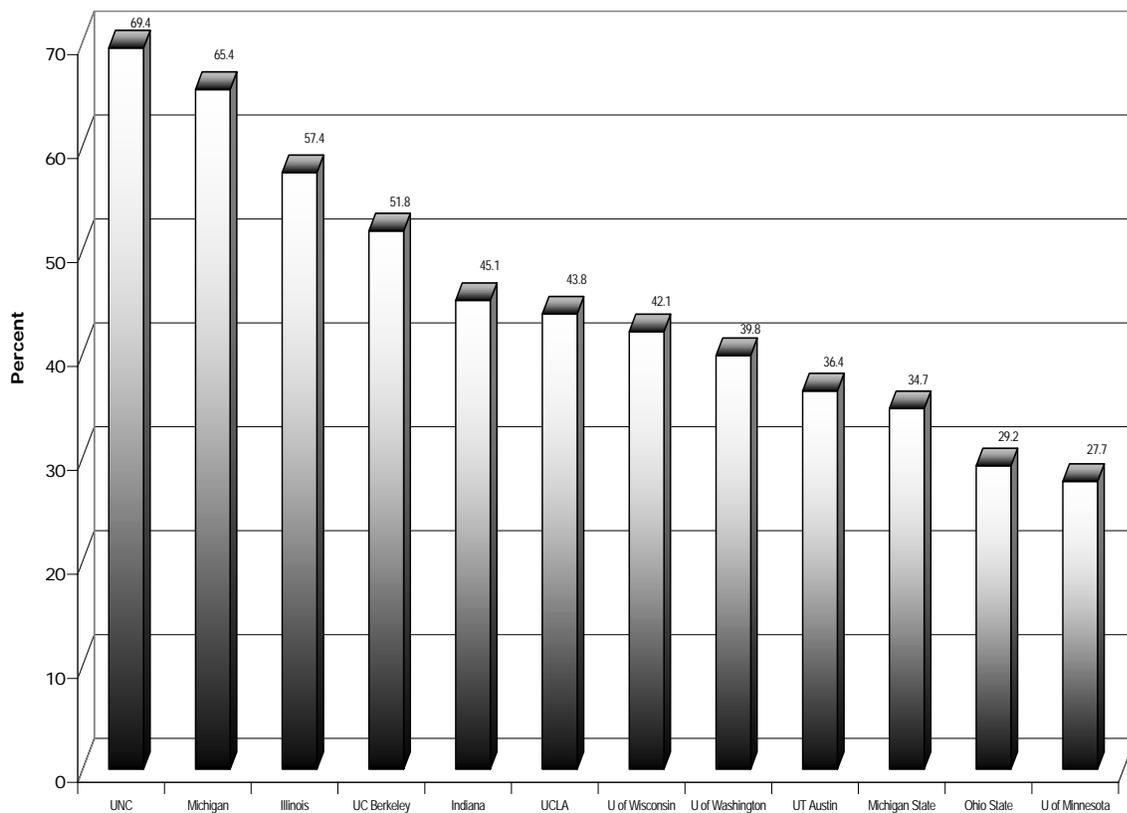
**Four- and Six-Year Graduation Rates (Rec. 1.7)**

Graduation rates present a challenge for UT Austin. As with retention rates, comparative data proves to be both readily available and reasonably reliable. In many ways, especially for research institutions that predominantly attract traditionally aged students (18–24) who have the primary goal of earning a degree, the graduation rate measure has great significance. For state policy makers, optimal graduation rates suggest an effective and efficient use of resources and an easing of access pressures. In essence, if students do not graduate in an efficient manner (or at all), they put increased demand on resources. For example, if they take more credit hours than required, they are “over-utilizing” the faculty resource. In addition, they may be denying access to other students who seek to

matriculate to UT Austin. While some graduation factors are beyond a university’s control, many can be influenced by the institution’s policies and practices.

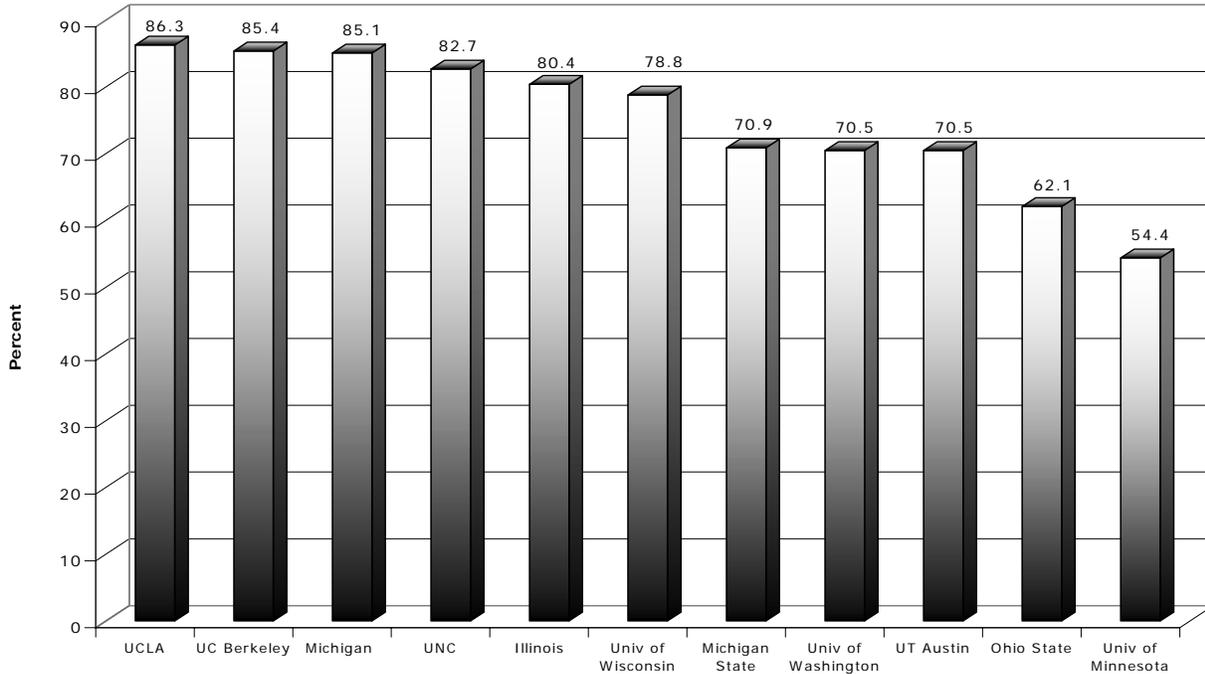
For the 1997 cohort, UT Austin ranks ninth out of twelve in the peer group for four-year graduation rates and is tied for eighth out of the eleven institutions reporting six-year graduation rates, as shown in **Exhibit 1–23**. It should be noted that only four of the institutions have four-year graduation rates above 50 percent and only five have six-year graduation rates above 80 percent. UT Austin’s four-year graduation rate for the 1997 cohort is 36.4 percent. The highest institution in the peer group (University of North Carolina, Chapel Hill) has a rate of 69.4 percent; the lowest institution (University of Minnesota) is at 27.7 percent. As shown in **Exhibit 1–24**, UT Austin graduates 70.5 percent of its students by the end of their sixth year. The highest institution in the peer group (UCLA) graduates 86.3 percent; the lowest institution (University of Minnesota) graduates 54.4 percent. The gap analysis confirms that UT Austin’s greatest deficit from the highest ranked institutions is four-year graduation rates.

**Exhibit 1–23**  
**Four-Year Graduation Rates (1997 Cohort)**



SOURCE: AAUDE; *Comparative Retention and Graduation Study, 03–04*.

**Exhibit 1–24**  
**Six-Year Graduation Rates (1997 Cohort)**



SOURCE: AAUDE; Comparative Retention and Graduation Study, 03–04.

A simple way to display “value added” is to consider the rankings of SAT averages, freshman to sophomore retention, and four- and six-year graduation rates. **Exhibit 1–25** provides a value-added comparison of UT Austin and the University of North Carolina at Chapel Hill using these factors.

**Exhibit 1–25**  
**Value Added Comparison**

	SAT Rank	Retention Rank	Four-Year GR Rank	Six-Year GR Rank
University of Texas at Austin	7 <sup>th</sup> (2002)	8 <sup>th</sup> (1997)	9 <sup>th</sup> (1997)	8 <sup>th</sup> (1997)
UNC Chapel Hill	6 <sup>th</sup> (2002)	4 <sup>th</sup> (1997)	1 <sup>st</sup> (1997)	4 <sup>th</sup> (1997)

SOURCE: Pappas Consulting, 2005.

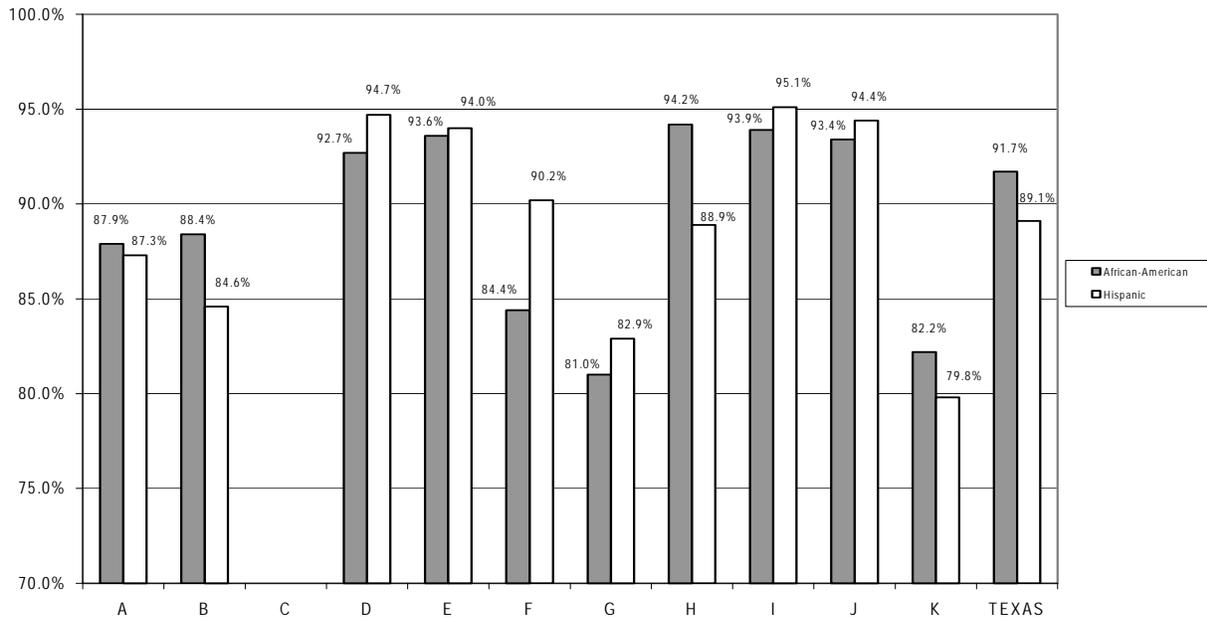
The institution “adding the most value” would, in all likelihood, have a higher ranking for retention rates than SAT and higher graduation rankings than retention rankings, as does the University of North Carolina at Chapel Hill, for example. This is not yet the case for UT Austin.

If UT Austin improved its four-year graduation ranking from ninth to sixth over five years (and the current sixth stayed constant), it would require a 7.4 percent improvement. Assuming an incoming freshman class of approximately 6,500, that would mean approximately an additional 100 students graduating in four years every year. *In theory*, using a \$20,000 per FTE student cost per year (an approximation based on the two cited cost studies), this improvement equates to a \$2 million savings a year, cumulating to \$30 million over five years. *In practice*, these additional graduated “slots” would be filled by other students, thereby not creating savings but increased access. If UT Austin went from ninth to third, savings would be nearly \$6 million per year.

**Graduation Rates for African-American and Hispanic Students (Rec. 1.8)**

Retaining and graduating African-American and Hispanic students at the same or better rate than the student body as a whole, challenges virtually every public research university. UT Austin ranks sixth out of the twelve peer institutions in retaining African-American students, its same ranking as for all students in **Exhibit 1–26**. The retention rate of 91.7 percent for African-American students is virtually the same as the retention rate for all students at 91.8 percent. The retention rate for Hispanic students (89.1 percent) falls slightly below that for all students (91.8 percent), and UT Austin ranks sixth in the peer group.

**Exhibit 1–26  
Returned in the Fall of the Second Year  
African-American and Hispanic Retention 2002 Cohort**



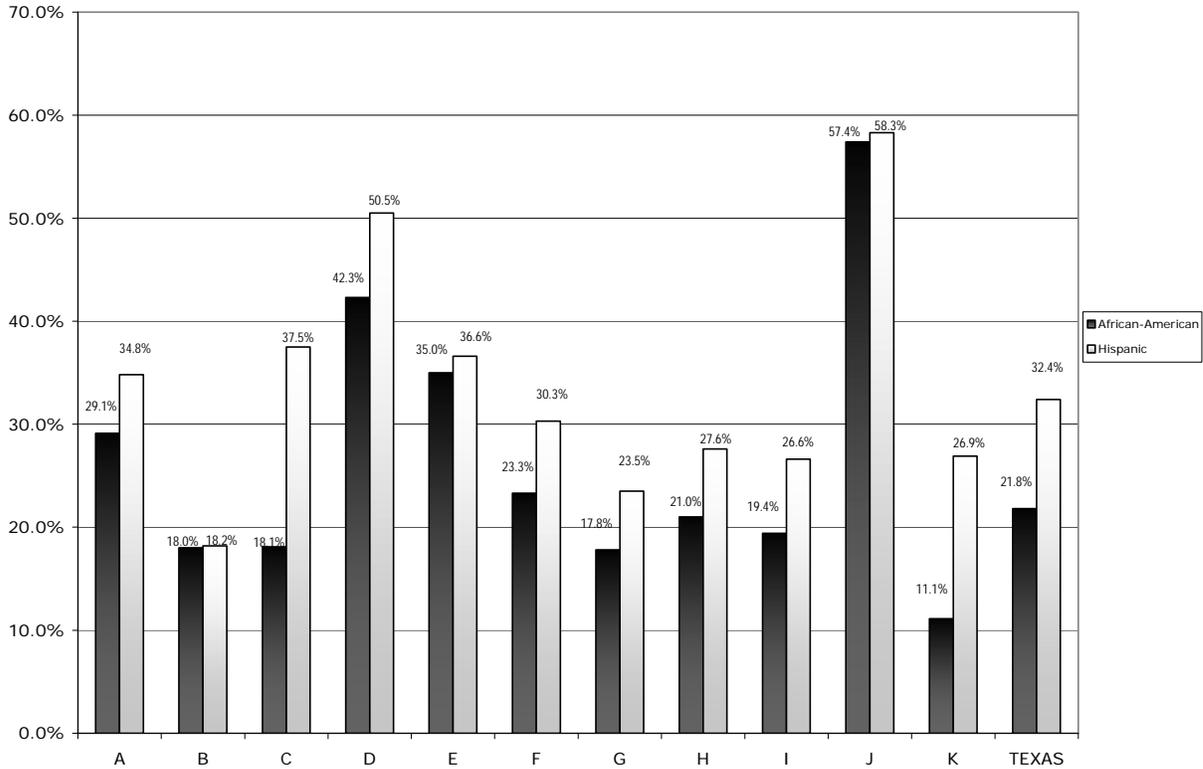
SOURCE: AAUDE; Comparative Retention and Graduation Study, 03–04.

Institutions include: University of California at Berkeley, University of California at Los Angeles, University of Illinois at Urbana-Champaign, Indiana University, University of Michigan, Michigan State University, University of Minnesota, University of North Carolina at Chapel Hill, The Ohio State University, University of Washington, and University of Wisconsin. Most of these institutions agreed to share their data on the condition that they are not separately identified. Institution C did not have data available.

The achievement gap widens considerably with four- and six-year graduation rates. UT Austin only graduates 21.8 percent of its African-American students within four years (contrasted to 36.4 percent for all students). It graduates 32.4 percent of its Hispanic students within four years. The retention rate for African-American students far exceeds that of Hispanic students, yet this performance does not translate into higher four-year graduation rates for the 1997 cohort. (This appears to be an anomaly since the graduation rates of African-American and Hispanic students are very similar most years.) The successful efforts to have strong African-American retention rates needs to be translated into higher graduation rates, and Hispanic retention and graduation need to be significantly improved through targeted efforts. The changing demographics of Texas and the nation make these improvements an imperative.

Some of the peer institutions have been relatively successful in four-year graduation rates for African-American and Hispanic students. The highest peer institution on this measure graduates 57.4 percent of its African-American students in four years (**Exhibit 1-27**). UT Austin ranks sixth out of the twelve institutions at 21.8 percent and is much closer to the lowest institution, which graduates only 11 percent, than the highest institution. For Hispanics, the highest institution graduates 58.3 percent in four years, the lowest 18.2 percent. UT Austin ranks sixth at 32.4 percent.

**Exhibit 1–27**  
**African-American and Hispanic Four-Year Graduation Rates, 1997 Cohort**



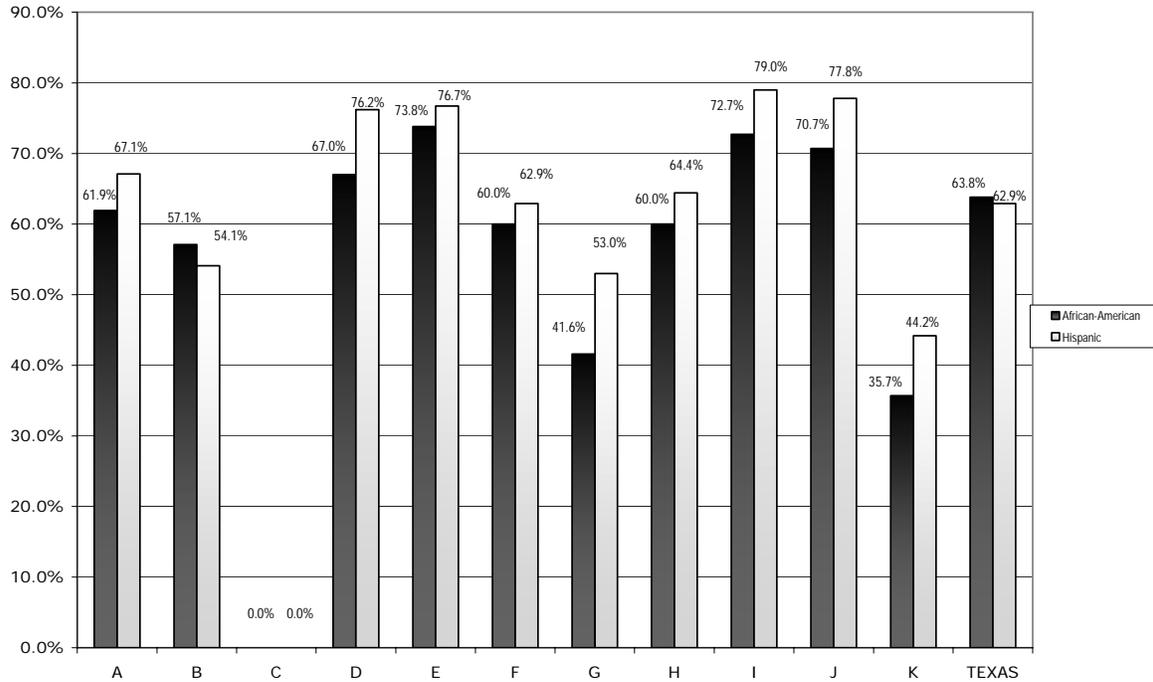
SOURCE: AAUDE; *Comparative Retention and Graduation Study, 03–04*.

Institutions include: University of California at Berkeley, University of California at Los Angeles, University of Illinois at Urbana-Champaign, Indiana University, University of Michigan, Michigan State University, University of Minnesota, University of North Carolina at Chapel Hill, The Ohio State University, University of Washington, and the University of Wisconsin. Most of these institutions agreed to share their data on the condition that they are not separately identified.

The six-year graduation rates for African-American and Hispanic students at UT Austin show significant improvement, although they still lag the rates for all students illustrated in **Exhibit 1–28**. At UT Austin, 63.8 percent of the African-American students and 62.9 percent of the Hispanic students graduate within six years (all students, 70.5 percent). UT Austin ranks fifth for the African-American six-year graduation rate and tied for seventh for the Hispanic rate. The highest peer institution on this measure graduates 73.8 percent of African-American students, the lowest 35.7 percent. On Hispanic graduation rates, the highest peer institution graduates 79.0 percent, the lowest 44.2 percent. Therefore, by the sixth year, UT Austin’s rates came much closer to the top institutions than the lowest.

As with the data for all students, the data for African-American and Hispanic students suggests that, while all graduation rates should be improved, the priority needs to be on four-year graduation rates.

**Exhibit 1–28**  
**African-American and Hispanic Six-Year Graduation Rates, 1997 Cohort**



SOURCE: AAUDE; *Comparative Retention and Graduation Study, 03–04*.

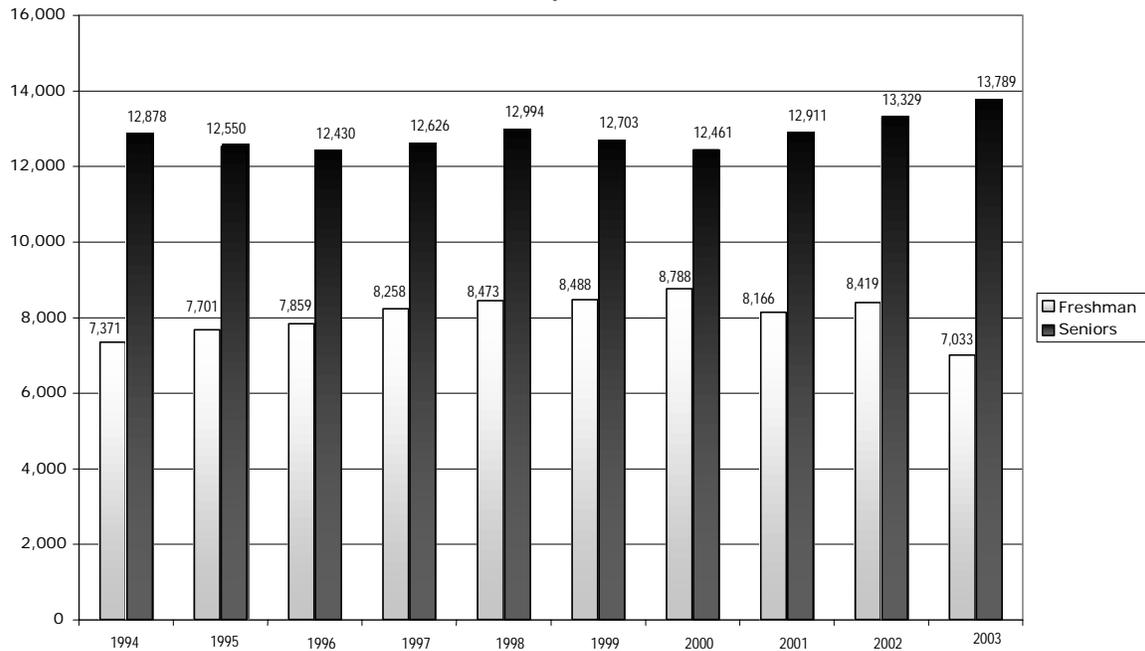
Institutions include: University of California at Berkeley, University of California at Los Angeles, University of Illinois, Indiana University, University of Michigan, Michigan State University, University of Minnesota, University of North Carolina, The Ohio State University, University of Washington, and the University of Wisconsin. Most of these institutions agreed to share their data on the condition that they are not separately identified. Institution C did not have data available.

***Institutional Barriers (Rec. 1.9)***

UT Austin’s four- and six-year graduation rates fall well below the best of their peers. Some in the focus groups believed this resulted in part from student choice, citing the attractiveness of Austin as a city, the need for students to work, and the large numbers of options students have to take interesting courses and engage in out-of-classroom developmental activities. Yet many of the peers are located in attractive towns (for example, Madison and Ann Arbor). The 2004 NSSE survey also suggests that fewer UT Austin students work for pay both on campus (FY 1.28 vs. 1.55; SR 1.76 vs. 2.24) and, in the case of freshmen, off campus (FY 1.37 vs. 1.68) than their peer counterparts. Furthermore, the peer institutions also offer a variety of quality courses. The fact that these student choice factors exist comparably at peer institutions indicate that they are not a contributing factor in UT Austin’s relatively low graduation rates.

The data on enrollment in **Exhibit 1–29** reveal an interesting phenomenon: there are nearly twice as many seniors (13,789) as freshmen (7,033) at UT Austin, a pattern that has existed for at least a decade.

**Exhibit 1–29**  
**Totals for Freshmen and Seniors Only**  
**Fall Enrollment by Classification 1994-2003**



SOURCE: UT Office of Institutional Research and Pappas Consulting, 2005.

Some of this difference can be explained by the addition of transfer students after the freshman year. However, when reviewing data from a very similar peer (University of Illinois at Urbana-Champaign), the pattern exists but does not appear as pronounced. The student population at the University of Illinois at Urbana-Champaign is 23.8 percent undergraduate freshmen (compared to 18.3 percent for UT Austin) and 31.5 percent seniors (compared to 35.9 percent at UT Austin).

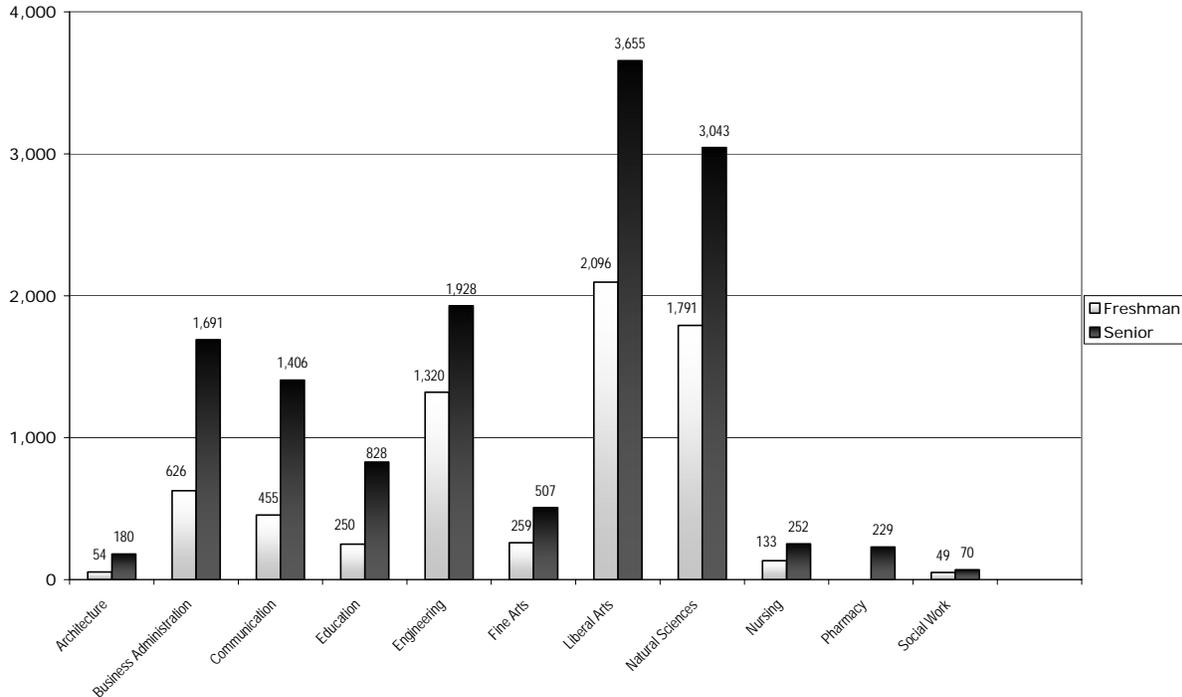
The Task Force on Enrollment Strategy Report provides further data to explain the graduation rates. The average student credit load for undergraduates is 13.11, which means a student would take nearly ten semesters to graduate. In addition, the average undergraduate student graduates with 140 credit hours and those with double-majors take an average of 170 credit hours. According to both the student focus groups and the undergraduate catalog, which has a special section on “Simultaneous Majors”, double-majors, rather than minors, seem to be unusually encouraged at UT Austin.

Some of the excess credit hours may be the result of “credit creep,” whereby programs have a tendency to add more required credit hours than they delete. A number of states (Florida for example) limit the number of credits that can be required in a program to 120, unless there are exceptional circumstances.

While excess credits may also be the result of poor advising, the 2004 NSSE survey results indicate comparatively high rates of satisfaction with advising (FY 3.12 vs. 2.90 at peer institutions). The quality of advising is rated as “excellent” by 32 percent of freshmen (compared to 25 percent at peer institutions) and 32 percent of the seniors (compared to 26 percent at peer institutions). However, it is not possible from the data to determine what priority efficient graduation receives in the advising process.

Interestingly, the ratio of freshman to senior phenomenon varies significantly among colleges, with some, but not all, professional colleges having a particular challenge. This disparity among the colleges is illustrated in **Exhibit 1–30**.

**Exhibit 1–30**  
**Enrollment by College and Level Fall 2003**



SOURCE: UT Austin; Office of Institutional Research and Pappas Consulting, 2005.

Because of its highly decentralized nature, UT Austin students face barriers when changing majors, especially between colleges. The Report of the Task Force on Enrollment Strategy, December 2003, p.15, accurately summarizes the issue:

“Under current policy, there are no University-wide limitations on changing majors, changing colleges, or applying to restricted programs. As a consequence, many students frequently spend both time and money remaining in academic holding patterns, or trying repeatedly, without success, to gain admission to restricted programs for which they do not meet admission criteria. By doing so, they take seats in courses that are needed by other students who are progressing towards degrees.”

The task force further recommends limiting application to a restricted program to one time (unless an exception is granted by the dean). This is not a sufficient response to a serious barrier. For example, students hoping to enter certain professional majors are “warehoused” in other majors, usually in a different college. For example, approximately 750 pre-pharmacy students are in the College of Natural Sciences, yet the School of Pharmacy will admit only about 125–135 students in a given year and only 55–60 percent of these will be from the pre-pharmacy pool. However, the report recommends no change in policy on changing majors within a college and stays silent on changes in majors across colleges. The new policies and practices should be developed to address changes across colleges.

While the task force identified a significant number of barriers to efficient graduation and provided numerous recommendations, the implementation schedule is leisurely given the importance of the issue. The provost's recent "Distribution of Action Plans" lists a majority of recommendations on a one to two year implementation timetable (and the report has already been out almost a year). While many of the items appropriately deserve faculty input, delayed implementation means that the impact of the changes on graduation rates will not be felt for six to eight years.

### ***Strategic Planning (Rec. 1.10)***

UT Austin plans at a number of levels, with its compact document to the University of Texas System and each college's compact document serving a planning dimension. In addition, everyone seems aware of the president's strategic agenda (and indeed each compact document responds explicitly to that agenda). This fall, a group of citizens, named the Commission of 125 (to recognize the 125<sup>th</sup> anniversary of the 1876 Constitution mandating "a university of the first class"), issued essentially a strategic plan for the next 25 years. All of the current planning documents sound consistent themes and ambitions.

These themes and ambitions should be placed into a more traditional institution-wide strategic plan that confirms vision, mission, and principles and articulates the action plans, timetables, resource needs, and accountability measures. Each college's contribution and role in the strategic direction should also be included.

While the type, level, and intensity of strategic planning varies from institution to institution, a single strategic plan incorporating the elements of existing plans would assist UT Austin in communicating its future directions both internally and externally.

### ***Distance Learning (Rec. 1.11)***

Distance learning has a long history in American higher education and at UT Austin. In the early days (in the case of UT Austin, 95 years ago), correspondence courses served distance education purposes. In more recent times, technology has been employed, initially with two-way audio and more recently with the use of the Internet. Private, for profit universities, such as the University of Phoenix, entered the field, and a number of states attempted to launch e-universities or utilize consortia efforts (such as the Western Governor's University or the Southern Regional Education Board's electronic campus).

The results to date have been mixed; with several state efforts being scaled back and other initiatives being revamped (such as the British Open University's attempt to launch a distance education effort in the U.S.). At the same time, institutions such as the University of Phoenix have found a target audience of largely adult students. State universities within systems have often formed consortia to offer complete degree programs, usually in targeted programs.

The primary audience for distance education tends to be older students who have constraints that limit their ability to come to campus on a regular basis (for example, work schedules or family demands). These students tend to be self-starters and disciplined learners. UT Austin's Distance Education Center's catalog accurately summarizes the qualities of students who can succeed in distance education.

**Exhibit 1–31**

**Are You A Student Who Is Likely To Succeed In A Distance Learning Class?**

You are probably ready to take a Distance Education course if you agree with many of the following statements.	You may have more difficulty taking a Distance Education course if you agree with many of the following statements.
I am taking this course because of degree/diploma or job requirements.	I am taking this course even though it is not a high priority for me.
I get schoolwork done in a timely manner and often ahead of time.	I need to be reminded to get my schoolwork done in a timely manner, or I put schoolwork off until the last minute.
In a classroom setting, I work well without someone telling me what learning activities I need to do.	In a classroom setting, I usually need someone helping me to decide what activities I need to do.
I am a good judge of my understanding of course materials and my readiness to move to the next section.	I am never certain of my understanding of the course materials in a class.
It is not particularly important to me to have face-to-face interaction with my instructors.	It is very important to me to have face-to-face interaction with my instructors.
I find that I can learn without interacting with my fellow students.	I find that interaction with my fellow students is an important part of my learning process.
I have good comprehension of what I read.	I often need help to understand what I read.
I read materials quickly.	I read materials slowly.
In terms of time and place, I appreciate the flexibility that taking a Distance Education course offers me.	In terms of time and place, the flexibility that taking a Distance Education course offers is not important to me.
While offering flexibility, I recognize that taking a Distance Education course still requires that I allocate a significant amount of time for studying.	I think that taking a Distance Education course will provide a quick and easy solution to my educational needs.

SOURCE: UT Austin, Distance Education Center, 2003–2004 Course Catalog.

However, traditional undergraduate students will sometimes take a distance education course because of its convenience or because the course’s asynchronous nature allows them to make progress towards graduation efficiently. Very few institutions, however, serve large numbers of undergraduates in degree programs exclusively by distance education.

The term “distance education” covers a broad array of delivery methods. In addition to all courses and activities being offered through technology at a distance, “hybrid” programs have emerged. These programs involve a mix of distance education and on campus activities (for example, a certain number of weekends per year). Furthermore, short-term certificate or continuing education programs for professionals by distance education have proven to be popular, as have specialized graduate degrees particularly at the master’s level in professional fields. Some universities, like UT Austin, have concentrated not on distance education degree programs but on trying to enhance traditional courses with the technology that has largely emerged through the development of distance learning.

In addition to the technology challenges, the challenge of getting faculty involved, and the challenges for many students of learning through distance learning, costs and the development of an appropriate business plan create significant challenges. The traditional costing of higher education products (courses and degrees) usually involves low development costs (faculty develops new courses as part of their traditional workload) but relatively high long term costs because the course or degree program cannot serve large numbers of students at any one time. Distance education courses and degree programs have almost the opposite cost structure: very high initial development costs (especially if establishing the technology platform is included) yet lower per unit costs over time, as these costs can be distributed over potentially a very large number of students. Most state funding models, however, have not been adjusted to respond to this new costing model. Distance education, then, continues to evolve in American higher education, and universities vary widely in the stage of their evolution. UT Austin remains in an early evolution stage for online distance education and many seem skeptical about its possibilities, citing concerns about financial viability.

Currently, UT Austin offers no undergraduate or graduate degree exclusively through distance education. UT Austin does contribute a few courses to the University of Texas System Telecampus, a consortium of University of Texas institutions managed at the system level that does offer degrees, but very few students from UT Austin take any courses through the University of Texas Telecampus (in 2002–2003, two doctoral students, one master’s student, and approximately 11 undergraduates). Some colleges (for example, law and engineering) make very limited use (for example, law estimates 3–5 percent) of distance education for continuing education, and one college (pharmacy) provides its degree program to underserved areas (University of Texas San Antonio) partially through distance education (2 years traditional pre-pharmacy at the home institution, 2 years traditional pharmacy courses at UT Austin, and 2 years distance education at the home institutions).

Relatively few core undergraduate courses are available through distance education at UT Austin. The Distance Education Center (DEC) serves approximately 5,000 students a year through its courses. However, of the 88 courses in its catalog, only 21 are web-based. While these courses span a number of disciplines (government, history, kinesiology, business, math, nutrition, physics, psychology, rhetoric, social work and Spanish) and a few partially meet legislative requirements (Gov 310L, American Government; HIS 315K, the United States, 1492–1865; HIS 315L, United States Since 1865), very few UT Austin students enroll in these courses. Furthermore, enrollment in distance education courses of any type from UT Austin’s own Distance Education Center requires prior departmental approval if a student wishes to count the course towards the degree. Some colleges require the approval of the dean. Requiring any level of prior approval presents a disincentive for students to enroll in such courses.

UT Austin has not ignored the role of technology and the use of distance education in higher education. Two major committee reports (Technology Enhanced Learning Committee, March 8, 2000, and Report of the Technology Enhanced Learning Committee, October 2004) address the issues. In both cases, however, the emphasis is on “technology enhanced learning,” that is, the use of technology to strengthen existing, traditionally taught courses. The 2004 report does speak somewhat more to distance education than the 2000 report. However, the 2004 report still only dedicates three pages out of thirteen to distance education and focuses more on topics such as course evaluation and course coding than on incentives to faculty for offering distance education courses or strategic academic program development (such as current “bottleneck courses”).

The talent and infrastructure to expand the use of online distance education exist at UT Austin. Currently, a significant reluctance to accelerate its utilization exists at the leadership level. This reluctance can be traced to legitimate concerns about existing faculty-student ratios and current demands on faculty. Certainly, a university that seeks to control its enrollment to protect quality should not be looking at wholesale expansion of distance learning to attract large new audiences of undergraduates. Nevertheless, a number of strategic and niche opportunities exist, as has been demonstrated by some peer institutions.

The University of Illinois at Urbana-Champaign, for example, makes a very good peer match for UT Austin. Its ratings in the Lombardi Report are similar and its reputation and mission have striking similarities. Both institutions are members of a system and neither campus has its own medical school. The University of Illinois Urbana-Champaign offers 69 undergraduate courses in a wide range of disciplines and eight master’s degrees (one in computer science, five in education, and two in engineering) exclusively online at [www.online.uiillinois.edu](http://www.online.uiillinois.edu). In addition, it offers 16 certificate programs and three continuing education courses. U of I Online (an administrative unit that facilitates online courses and programs for the three campus University of Illinois System) has an extensive Web site that indicates that these degrees, programs, and courses receive the same treatment as any

other University of Illinois course. The complete degree programs (all of which are campus specific) are not identified as having been earned through distance education.

UT Austin should re-examine both its commitment to distance learning and its policies and practices related to distance learning. While a definite relationship exists between online distance learning and technology enhanced learning, both recent major studies at UT Austin have gravitated towards the latter. Because of the potential to enliven the teaching of traditional courses, this focus tends to downplay the possibilities of distance education. Those recommendations that do pertain to distance education can be characterized as conservative. Therefore, it is suggested that a group of pioneers and advocates for distance education at UT Austin be convened to recommend which strategic areas need developing, and which policies and practices need changing to accelerate the utilization of distance education. The group should also report on what peers and leading research universities and independent research universities offer in online distance education.

Some strategic possibilities exist for UT Austin. A number of research universities have identified master's degrees in professional disciplines to be a good niche market for distance education. For example, many universities' master's programs in education serve practicing teachers who may find difficulty in attending on-campus, regularly scheduled classes. Selective master's in engineering programs also appear to be popular, especially those aimed at practicing professionals. In addition, large public research universities do not typically offer as many distance education undergraduate degrees and courses as do regional universities, especially those with significant numbers of commuter students and/or part-time and non-traditional students.

At the undergraduate level, complete online undergraduate degrees may not be the strategic priority given the target audience and the expenses of delivering an entire degree. However, significantly expanding the number of undergraduate online courses would expand available options for UT Austin undergraduates. For example, students would be able to accelerate their degree completion if they could take some courses through distance education, especially courses needed out of sequence. In this regard, the faculty group charged with developing the response to the Commission of 125's recommendation on the core curriculum should examine what proportion of the new core could have an online option. Just as the core curriculum needs to be modernized, so do the methods of delivering it.

In addition, UT Austin should consider implementing incentives for faculty to develop appropriate online courses. Such incentives include explicit mention of this activity in policies and tenure, promotion, post-tenure review, and merit evaluations. Furthermore, the current faculty workload policy, which includes multiple ways to demonstrate workload, remains silent on how developing and offering distance education courses count.

UT Austin should also consider revamping academic policies so that distance education courses receive the same treatment as any other courses. Separately identifying distance education courses (other than for the purpose of indicating to students the delivery method) and requiring special permission to take them, are policies and practices that provide a disincentive to students to take such courses and to faculty to offer such courses. As such, students receive little encouragement to seek out such courses as one partial option for timely completion of their degrees. Again, it would be constructive for UT Austin to examine the policies and practices of both private and public peers and research universities that have made a major commitment to distance education.

As part of an extensive examination of distance learning, UT Austin should also further study the cost, funding, and business model issues. The Distance Education Center, in response to the provost and a request initiated by the review team, developed an initial analysis of some of these financial

issues. While cautioning that the analysis cannot be considered conclusive, the “Online Course Cost Analysis” paper provided by the Distance Education Center looks at “Course Life Cycle Amortization” (using a five-year course life cycle period, with updates beginning in year three). Based on a number of assumptions (including the exclusion of technology platform costs in the calculations), the Distance Education Center calculates that the average cost to develop and deliver a three-hour online college credit course to one student is approximately \$353. The current tuition charged by the Distance Education Center for a three-credit course totals \$399, as shown in **Exhibit 1–32**.

**Exhibit 1–32**  
**UT Austin Distance Education Center Online Course Cost Analysis**

To determine the Development and Delivery Unit (DDU) cost per Semester Credit Hour (SCH), we take the Total Life Cycle Development and Delivery Cost (\$11,172.07)

	Development Cost	\$22,510.33
+	Delivery Cost x 5 years	\$81,233.33
+	Upgrade cost @ .33 of Development	\$7,428.41
=	<b>Total Life Cycle Development and Delivery Cost</b>	<b>\$111,172.07</b>

and divide by the Total Credit Hour Enrollment (945). The Total Credit Hour Enrollment is calculated by multiplying the average annual course enrollment (63) by five (life cycle years of a typical course), then by three (number of credit hours per course).

/	<b>Total Credit Hour Enrollment</b> (Average Annual Enrollment x 5 years) x 3 credit hours	945
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The end result is the estimated cost of developing and delivering one credit hour of a course based upon the DEC’s current enrollment expectations.

	Development Cost	\$22,510.33
+	Delivery Cost x 5 years	\$81,233.33
+	Upgrade cost @ .33 of Development	\$7,428.41
=	Total Life Cycle Development and Delivery Cost	\$111,172.07
/	Total Credit Hour Enrollment (Average Annual Enrollment x 5 years) x 3 credit hours	945
=	Development & Delivery Unit Per Semester Credit Hour	\$117.64

For the DEC, the cost to develop and deliver an online college credit hour to one student is estimated at \$117.64 per Semester Credit Hour. Following this estimation, the average cost to develop and deliver a three-hour online college credit course to one student is \$352.92.

*SOURCE: UT Austin; Division of Continuing Education.*

Since this division operates as a cost-recovery, non-formula funded unit, these calculations cannot be reliably extrapolated to the development and offering of a departmentally based distance education course. Yet they provide a starting point for further analysis that needs to be conducted.

**FISCAL IMPACT**

Recommendation	2006	2007	2008	2009	2010	Total 5-yr (costs) or savings	One-time (costs) or savings
Rec. 1.1: Conduct an examination of the cost per student and cost per discipline data.	2.16 million <sup>1</sup>	2.16 million	2.65 million	2.65 million	3.13 million	12.75 million	N/A
Rec. 1.2: Develop a formal budget allocation process document.	0	0	0	0	0	0	0
Rec. 1.3: Revise core curriculum to reflect the needs of current and future students. <sup>2</sup>	0	0	0	0	0	0	N/A or internal reallocation
Rec. 1.4: Establish a formal academic program evaluation policy.	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$250,000) <sup>3</sup>	N/A
Rec. 1.5: Continue to examine the freshman year experience. <sup>4</sup>	0	0	0	0	0	0	N/A
Rec. 1.6: Continue its initiatives to improve freshman-sophomore retention. <sup>5</sup>	0	0	0	0	0	0	N/A
Rec. 1.7: Make a priority of significantly increasing both its four- and six-year graduation rates.	2.0 million <sup>6</sup>	4.0 million	6.0 million	8.0 million	10.0 million	30.0 million	N/A
Rec. 1.8: Implement additional initiatives to eliminate the gap in graduation rates for African-American and Hispanic students from those of all students. <sup>7</sup>	0	0	0	0	0	0	N/A
Rec. 1.9: Remove all institutional barriers to efficient graduation. <sup>8</sup>	See 6 above	0	0	0	0	0	0
Rec. 1.10: Implement academic strategic planning at both the college and provost level. <sup>9</sup>	0	0	0	0	0	0	0
Rec. 1.11: Accelerate utilization of online distance learning.	0	0	0	0	0	0	0

<sup>1</sup> Subject to external validation and review. These “savings” are reflected in Appendix E of the Texas Higher Education Coordinating Board’s Formula Funding Cost Study. If the phased-in methodology is not used, then the annual “savings” increases to \$3.13 million (Appendix 3). However, since the board’s methodology is new and not fully accepted by all institutions and since the financial consequences are considerable, the methodology and results warrant external verification before any implementation.

<sup>2</sup> The review to the core curriculum will likely require considerable time and effort from the faculty but will not require new resources. Any required resources (for example, faculty release time; communication plan for new core) can likely be found through the reallocation of existing resources. Ultimately, a more efficient core could result in improved graduation rates and the attendant academic and financial efficiencies.

<sup>3</sup> Projected cost only. Total number of programs not presently receiving external review per year needs to be ascertained, as does the average cost at UT Austin for programs receiving external reviews. These costs could likely be handled by reallocation.

<sup>4</sup> Actual re-examination will not require resources. Recommendations, however, are likely to include a call to reduce freshman class sizes. This will likely either require new resources or reallocation of existing resources or a revision to faculty workload.

<sup>5</sup> See note 4 above. Review may result in additional Freshman Year initiatives. These program costs could likely be handled by reallocation.

<sup>6</sup> For illustration purposes only. Changes in academic outcomes have highly significant imputed financial consequences. The illustration here is a conservative one. If UT Austin improved its four-year graduation ranking from ninth to sixth over five years (and the current sixth stayed constant), it would require a 7.4 percent improvement. Assuming an incoming freshman class of approximately 6,500, that would mean approximately an additional 100 students graduating in four years every year. In theory, using a \$20,000 per FTE student cost per year (an approximation based on the two cited cost studies), this improvement equates to a \$2 million savings a year, cumulating to \$30 million over five years. In practice, these additional graduated “slots” would be filled by other students, thereby not creating savings but increased access. If UT Austin went from ninth to third, savings would be nearly \$6 million per year.

<sup>7</sup> See 6 above. There might be some relatively minor costs to implement additional support initiatives. These could likely be handled by reallocation. There would be imputed financial gain for increased graduation rates, as well as major social gains.

<sup>8</sup> See 6 above.

<sup>9</sup> See narrative section. The costs would depend on the number of courses, programs, and degrees identified to be delivered in a largely web-based environment. Likely to be high development costs, but they could be amortized, as the distance education cost study suggests, over 5 years.





# Chapter 2

## Human Resources Management



## *CHAPTER 2*

# ***HUMAN RESOURCES MANAGEMENT***

Human resources management is responsible for ensuring efficient and effective delivery of high quality education and maintaining a high caliber faculty. Universities commit a very high percentage of their budgets to personnel, with the highest salaries going to academic faculty and administrators. Therefore, universities should maximize their investments in personnel by effectively using human resources to manage faculty policies, tenure policies, and performance review policies. In addition, effective human resources management of faculty workload and productivity contributes to the efficiency and effectiveness of a university (for example, low faculty-to-student ratios and increased student credit hours by discipline.)

### **ACCOMPLISHMENTS**

- The Extension of the Tenure Track Probationary policy is comprehensive and contains a number of “best practices.” (p. 58)
- The Academic Titles and Tenure policy, in conjunction with the president’s annual implementation memo, contains many “best practices.” (p. 58)
- The Faculty Compensation, Faculty Promotion, Tenure, Renewal of Appointment, or Non-renewal of Appointment policy combines a number of other UT Austin and UT System policies; it also provides the president with considerable authority. (p. 59)
- The university annually reviews promotion and tenure results that have been disaggregated by gender and race/ethnicity for each college. (p. 60)

### **FINDINGS**

- The Annual Review and Periodic Evaluation of Faculty policy is incomplete. It contains no explicit reference to dismissal for cause as a possible consequence for nonparticipation in recommended improvement activities or for failure to improve. (p. 64)
- The Periodic Evaluation of Faculty Report neither resides in the permanent personnel file of each faculty member, which is maintained in the provost’s office, nor is that process managed by the Faculty Personnel Office. (p. 65)
- The faculty workload policy, though similar to those at other research universities, has so many elements that it is not fully accessible to public policy makers. (p. 66)
- The student credit hour production by the bottom 20 percent of disciplines is very low. (p. 67)
- The ten academic disciplines producing the greatest number of student credit hours have remained consistent over the last five years and account for a remarkably high percentage of total credits, although with some variation in cost. (p. 67)

## RECOMMENDATIONS

**Recommendation 2.1 (page 64):** UT Austin should revise its Annual Review and Periodic Evaluation of Faculty policy to include specific references to dismissal for cause as a consequence (among others) for both nonparticipation in required improvement activities or the failure to show improvement.

**Recommendation 2.2 (page 65):** UT Austin should place the summary of each faculty member's periodic evaluation in that faculty member's official personnel file, which is maintained in the provost's office. Faculty personnel policy implementation and record keeping responsibilities should reside in a single office under the supervision of one person.

**Recommendation 2.3 (page 66):** UT Austin should revise its faculty workload policy so it is more understandable to public policy makers. In particular, the minimum requirement for teaching—especially concerning undergraduates—should be explicit.

**Recommendation 2.4 (page 67):** UT Austin should lower its faculty-to-student ratios and narrow the gap in student credit hour production between disciplines with high student credit hour production levels and disciplines with low student credit hour production levels. In instances where disciplines constitute a formal department, UT Austin should examine the academic and institutional support costs for separately budgeted departments, including minimum size and minimum semester credit hour production required to justify support.

## DETAILED ACCOMPLISHMENTS

### *Tenure Track Probationary Policy*

The “University of Texas at Austin – Original Handbook of Operating Procedures,” Chapter 3, Policy 3.11 “Extension of the Tenure Track Probationary Period” ([www.utexas.edu/policies/hoppm/h0311.html](http://www.utexas.edu/policies/hoppm/h0311.html)) is comprehensive (with the exception of no reference or cross-reference to maternity family leave) and protects the interests of the university while demonstrating sensitivity to faculty circumstances. “Best practices” noted in the policy are

- emphasizing that the request for tenure extension should be made in a timely manner and not delayed until the tenure decision year;
- encouraging department chairs to take the initiative to bring the policy to the attention of faculty members whom they believe may need to utilize it;
- limiting the extension to no more than two years and normally no more than one year;
- requiring recommendations from the budget council, department chair, and dean but retaining the final decision with the executive vice president and provost; and
- expecting thorough documentation and the signature of the faculty member.

### *Academic Titles and Tenure Policy*

The “University of Texas at Austin – Original Handbook of Operating Procedures”, Chapter 3, Policy 3.15 “Academic Titles and Tenure” policy ([www.utexas.edu/policies/hoppm/h0315.html](http://www.utexas.edu/policies/hoppm/h0315.html)) supplements several University of Texas System policies provided in Part One of the Regents’ Rules and Regulations, Chapter III, Sections 6.1, 6.2, and 6.3. In some instances, the policy is more rigorous than those at other research universities. For example, UT Austin does not permit prior academic experience at another institution to count toward tenure. In other instances, it seems to assume that there will be deviations from the policy. For example, while it prohibits instructors from

exceeding four years and assistant professors seven years in rank, it also references what is to occur if there is a “discovery” that the limit has been exceeded.

In March 2004, UT Austin’s President Faulkner issued a memo to deans and department chairs regarding promotions and other changes in academic rank/status to be effective September 1, 2005. The fact that this memo came from the president rather than the provost symbolizes the importance of tenure policies to the university administration. The president’s memo states the actual expectations and process for tenure review. The memo also emphasizes that tenure should not be granted based only on past and current performance, but also on the candidate’s potential to sustain significant contributions.

The memo further directs that, in addition to the requirements of the Handbook of Operating Procedures, Chapter 3, Policy 3.17, the recommendations for promotion in rank and for tenure are to include separate statements assessing the candidate’s performance in the following areas:

- teaching at both undergraduate and graduate levels;
- research, publication, creative, and other scholarly activities;
- academic advising, counseling, and other student services;
- administrative and professional service to the university and beyond; and
- other evidence, such as fellowships and grants.

It is noteworthy that advising and student services are a distinct category, suggesting those areas are assigned reasonable importance by administration.

The process also calls for peer observation of teaching and for solicitation of external evaluation letters. Both of these are relatively standard practices for public research universities. UT Austin has a detailed policy that includes clear timelines, documentation requirements, and process structure. The dean is required to present each case in person to a group consisting of the president, provost, vice president for research, and the vice provost and dean of Graduate Studies.

The accompanying “General Guidelines for the Preparation of Supporting Materials and the Management of Tenured and Tenure-Track Candidate Promotion Files” details the required documentation for tenure candidates. The guidelines clearly state what is expected in a “dossier” and timelines for the procedures. The requested information appropriately reflects current “best practices,” such as:

- teaching evaluations;
- observations of teaching;
- evidence of advising or other student services; and
- encouragement to submit only the five most significant professional works (thereby emphasizing quality over quantity).

In addition, the guidelines provide advice and a sample letter for soliciting letters from outside references. The use of these guidelines by deans and department chairs should significantly reduce the likelihood of appeals based on process and litigation.

### ***Faculty Compensation***

The “University of Texas at Austin – Original Handbook of Operating Procedures”, Chapter 3, Policy 3.17 “Recommendations Regarding Faculty Compensation, Faculty Promotion, Tenure, Renewal of Appointment, or Non-renewal of Appointment” clarifies several other personnel policies regarding

tenure and clearly states that decisions are not final until approved by the chancellor and Board of Regents. The policy provides the president with the authority to determine the quality of the faculty. This is not the case at all public research universities. As stated in the UT Austin handbook, “The president may accept, reject, or modify all recommendations forwarded and may make decisions with regard to salary increases, promotion in rank, the award of tenure, renewal of appointment, or non-renewal of appointment of a faculty member regardless of whether a recommendation has been received.” Although rarely used, this authority leads to more responsible decision-making at levels below the president.

### ***Review of Promotion and Tenure Results***

Public research universities generally have rigorous standards and processes for promotion and tenure. In the highly competitive market for top faculty, selective standards and processes help the top universities select and maintain a superior faculty. The processes tend to be similar, beginning with a departmental review (usually by a faculty committee), then a college review (either by another college-wide faculty committee recommending to the dean or by the dean), and then university review (either by a university-wide committee recommending to a provost who recommends to the president, or by the provost who recommends to the president), all leading to regent approval (usually recommended by the chancellor if in a system). The multiple steps in the process provide checks and balances.

However, because university faculty have tended to be disproportionately White and male, especially at research universities, it is important that both aggregated and disaggregated data be thoroughly reviewed for any possible gender or racial bias. Since much of the process is decentralized (department and college), the data need to be aggregated at the provost’s level and then disaggregated by race and gender.

The Office of the Executive Vice President and Provost at UT Austin routinely collects and reviews these data. The office provides a report that includes a general summary of changes in academic rank/status, a similar summary sorted by gender, and a summary sorted by race/ethnicity (for all ranks and by tenured/tenure-track only). In addition, the report includes a ten-year summary on recommendations sorted by recommendation group and by action; a ten-year summary sorted by gender and a tracking analysis; a ten-year summary sorted by race/ethnicity and a tracking analysis; and a ten-year summary sorted by gender, race/ethnicity and a tracking analysis. The comprehensive, orderly display of the data allows trends to be readily identified. For future tracking considerations, an additional ten-year average with the summary data would separate tenure from other promotion actions.

A review of these data indicates that in seven of the ten years reviewed, males were promoted at a higher rate than females. Averaging the faculty promotion percentages for the ten-year period shows males at 83.1 percent and females at 78.9 percent (**Exhibit 2-1**). The ten-year tracking analysis for race/ethnicity shows Whites promoted at a rate of 84 percent, Hispanics at 77 percent, Asians at 77 percent, and African-Americans at 68 percent (all three American Indians up for promotion in that period received promotion). The 2004–2005 results were the lowest of that ten-year period for both Hispanics (33 percent) and African-Americans (40 percent). This may simply be an anomaly and/or the result of the low number of minority candidates considered in those years. UT Austin needs to review and respond to the lower promotion rates for minorities, particularly those of African-American males (58 percent, compared to 86 percent for African-American females and 85 percent for White males). In addition, the university should conduct continued longitudinal analysis in subsequent years to identify any emerging patterns.

**Exhibit 2-1  
CHANGES IN ACADEMIC RANK/STATUS  
Tenured and Tenure Track by Gender  
1994-95 through 2003-04**

Academic Year	Male		Female	
	No. Considered	% Promoted	No. Considered	% Promoted
1994-95	57	86.0%	22	72.7%
1995-96	75	76.0%	33	78.8%
1996-97	70	75.7%	25	80.0%
1997-98	58	93.1%	26	84.6%
1998-99	72	75.0%	34	64.7%
1999-00	65	78.5%	31	77.4%

Academic Year	Male		Female	
	No. Considered	% Promoted	No. Considered	% Promoted
2000-01	66	89.4%	28	78.6%
2001-02 <sup>1</sup>	47	89.4%	28	85.7%
2002-03	53	84.9%	39	84.6%
2003-04	54	85.2%	21	90.5%
10 year Average		83.1%		78.9%

<sup>1</sup> One faculty member with joint appointment across two colleges is counted only once in the totals.

SOURCE: UT Austin, Office of EVPP; rev 12/12/03

**Exhibit 2-2**  
**The University of Texas at Austin**  
**TENURED AND TENURE-TRACK CHANGES IN ACADEMIC RANK/STATUS**  
**TEN-YEAR TRACKING ANALYSIS BY RACE/ETHNICITY**  
**1994-05 through 2003-04**

Academic Year	TOTAL			AMERICAN INDIAN		ASIAN		BLACK		HISPANIC		WHITE						
	No. Considered	No. Promoted	% Promoted	No. Considered	No. Promoted	% Promoted	No. Considered	No. Promoted	% Promoted	No. Considered	No. Promoted	% Promoted	No. Considered	No. Promoted	% Promoted			
1994-95	79	66	84%	1	1	100%	7	7	100%	1	1	100%	3	3	100%	67	54	81%
1995-96	108	83	77%	0	0	0%	11	9	82%	0	0	0%	3	2	67%	94	72	77%
1996-97	94	74	79%	0	0	0%	10	7	70%	2	0	0%	6	6	100%	76	61	80%
1997-98	84	76	90%	0	0	0%	6	5	83%	4	4	100%	8	8	100%	66	59	89%
1998-99	108	85	79%	1	1	100%	11	7	64%	6	4	67%	3	2	67%	87	71	82%
1999-00	97	76	78%	2	2	100%	9	7	78%	3	2	67%	10	7	70%	73	58	79%
2000-01	94	82	87%	0	0	0%	6	6	100%	5	3	60%	5	5	100%	78	68	87%
2001-02	75	68	91%	0	0	0%	6	6	100%	4	3	75%	3	2	67%	62	57	92%
2002-03	92	78	85%	0	0	0%	5	3	60%	6	6	100%	9	6	67%	72	63	88%
2003-04	75	65	87%	0	0	0%	5	4	80%	3	2	67%	3	2	67%	64	57	89%
<b>TOTAL</b>	<b>906</b>	<b>753</b>	<b>83%</b>	<b>4</b>	<b>4</b>	<b>100%</b>	<b>76</b>	<b>61</b>	<b>80%</b>	<b>34</b>	<b>25</b>	<b>74%</b>	<b>53</b>	<b>43</b>	<b>81%</b>	<b>739</b>	<b>620</b>	<b>84%</b>

SOURCE: UT Austin, Office of EVPP; rev 12/12/03

The granting of tenure represents a major qualitative decision, especially for public research universities that seek to improve their reputations and rankings. Such universities need to recruit talented faculty who will have career productivity at the highest level. This process begins with the hiring decision. The better the hiring decisions, the higher the percentage of tenure approvals. Also, like many similar institutions, UT Austin conducts annual reviews of tenure-track faculty and comprehensive reviews midway through the six-year probationary period. Proper reviews during the probationary period increase the number of tenure approvals. Of those seeking tenure during the last three years at UT Austin, 75 percent were successful (**Exhibit 2-3**). This rate reflects that tenure decisions are not automatically positive, nor overwhelmingly negative.

**Exhibit 2-3**  
**The University of Texas at Austin**  
**TENURE-TRACK CHANGES IN ACADEMIC RANK/STATUS**  
**FIVE YEAR TRACKING ANALYSIS\***  
**1999-00 Through 2003-04**

Academic Year	CONSIDERED								ACTIONS								
	Total Submitted	Early		Up/Out		Reconsidered		Promoted		Terminal		Terminal Sustained		HWOP		Tabled	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1999-00	63	16	25.4	43	68.3	4	6.3	48	76.2	14	22.2	1	1.6	0	0.0	0	0.0
2000-01	48	11	22.9	34	70.8	3	6.3	40	83.3	6	12.5	1	2.1	1	2.1	0	0.0
2001-02	47	20	42.6	24	51.1	3	6.4	42	89.4	3	6.4	2	4.3	0	0.0	0	0.0
2002-03	48	18	37.5	29	60.4	1	2.1	37	77.1	12	25.0	0	0.0	0	0.0	0	0.0
2003-04	40	15	37.5	21	52.5	4	10.0	30	75.0	5	12.5	2	5.0	2	5.0	1	2.5

\* Instructor to Assistant professor recommendation not included.

SOURCE: UT Austin, Office of EVPP; rev 12/12/03

**Student Credit Hour Production**

Student credit hour (SCH) production serves as a standard measure in higher education for workload and productivity purposes. Derived by multiplying the number of credit hours by the number of students (for example, 25 students in one three-credit hour course generate 75 SCHs), the SCH unit can be used to measure faculty, course, discipline, departmental, college, and university productivity. On the departmental level, high SCH production reflects high student demand. This demand may reflect the popularity of a particular department’s offerings, the number of majors, and/or the number of courses required in the core curriculum or a general graduation requirement. While high SCH production is generally desirable, a department must balance the demand for high SCH production with reasonable faculty numbers so that quality can be maintained.

UT Austin produced approximately 630,000 SCHs in fall 2003. (Spring SCHs usually show a slight decline.) From 1999–2003, just over 3 million SCHs were produced (nearly 2.5 million at the undergraduate level), as shown in **Exhibit 2–6 (p. xx)**. Over that same period, the top 10 SCH producing disciplines remained remarkably consistent, with only 11 disciplines ever claiming one of the ten spots. Mathematics, biological sciences, and chemistry and biochemistry held the number one, two, and three positions, respectively, each year.

**Exhibit 2–4**  
**SCH Production of Top Ten Disciplines**  
**1999–2003**

Discipline (areas of concentration, study, or program interest)	SCH/ 1999	SCH/2000	SCH/ 2001	SCH/ 2002	SCH/ 2003	5 Yr Total SCH	5 Yr Rank	2003 Instructional Budget
Mathematics	41,167	42,453	42,357	43,155	39,343	208,475	1	\$6.25M
Biological Sciences	27,156	27,188	28,670	33,021	33,690	149,725	2	\$10.0M
Chemistry & Biochemistry	24,263	24,261	25,652	28,184	29,286	131,646	3	\$6.07M
Law+	19,879	20,040	20,678	21,220	20,247	102,064	4	\$13.7M
Electrical Engineering	17,252	19,329	19,976	21,283	20,179	98,019	5	\$6.43M
History*	18,156	19,596	18,099	19,857	19,200	94,908	6	\$3.87M
Spanish & Portuguese	17,873	18,747	18,940	18,301	16,895	90,756	7	\$1.54M
Government*	13,758	16,308	17,814	20,652	21,597	90,129	8	\$3.03M
Psychology	19,129	17,822	17,154	17,652	16,443	88,200	9	\$3.92M
Management Science	18,774	16,432	17,174	14,866	13,359	82,605	10	\$5.06M

+ Degree Program

\* These disciplines offer six hours of courses that are required of all undergraduates by statute.

SOURCE: UT Austin; Office of Institutional Research and compiled by Pappas Consulting.

As can be seen in **Exhibit 2–4**, the top 10 SCH-producing disciplines generate over one-third of the total student credit hours.

## DETAILED FINDINGS

### *Annual Review (Rec. 2.1)*

UT Austin, like many other public research universities, has implemented post-tenure review policies to address public concerns that, once tenured, faculty members receive no comprehensive review and no consequences for poor performance. UT Austin uses these annual performance reviews in making decisions regarding promotions and salary increases, but the reviews do not ensure faculty accountability, nor do they include a significant faculty development component. These two elements need to be added for the review process to be optimally effective.

The “Annual Review and Periodic Evaluation of Tenured Faculty” policy for UT Austin is generally comprehensive (as mentioned previously in this chapter), covering both the annual evaluation (and encouraging it to be used in the merit raise process) and a six-year post-tenure review process. UT Austin’s policy was adopted in 1996 and is well designed, especially in conjunction with the memo from the executive vice president and provost and the University of Texas System policy. Although the annual review policy and its implementation need some updating, notable practices were found which include:

- a clear explanation of the required documentation (which a faculty member can supplement);
- an appropriate recognition that the evaluation should be based on the duties assigned;
- priority given to teaching quality;
- establishment of a departmental committee, with the faculty member having the option of meeting with the committee;
- expectation that there be a written report from the committee to the faculty member and the dean;
- process for a second committee to review and meet with any faculty member deemed to be unsatisfactory;
- sensitivity to not duplicating evaluations (for example, annual reviews and merit evaluations) during the post-tenure review year;
- central database on post-tenure review results maintained by the Provost’s Office. This includes a notation of faculty members who were not reviewed because they chose to retire or resign. Experience with post-tenure review policies indicates that such policies may accelerate retirement or resignation decisions in some cases; and

- a requirement that all “unsatisfactory” findings be discussed by the dean and provost to determine explicit follow-up actions in accordance with existing policies.

Although the current policy contains good practices, it does not explicitly indicate consequences for nonparticipation in improvement activities or failure to improve. (The University of Texas System policy clearly states dismissal as a consequence, but this statement does not appear in UT Austin’s implementation policy.)

Adding the statement would not alter the consequences, but would clarify the policy for UT Austin faculty. The present policy vaguely states that the results of the evaluation will be sent to the department chair and the dean “for review and appropriate action in accordance with the University of Texas System Guidelines for Periodic Evaluation of Tenured Faculty,” (Sec 3.14 no.4). Likewise, the provost’s implementing policy states that the dean and the provost “will discuss the nature and substance of any unsatisfactory report and determine the appropriate action in accord with established University policies and procedures for handling faculty issues” (Office of the Executive Vice President and Provost, April 6, 2000, revised Post-tenure Review Procedures memo, [http://www.utexas.edu/provost/policies/post\\_tenure/memo2000.html](http://www.utexas.edu/provost/policies/post_tenure/memo2000.html)).

Therefore, UT Austin should revise its policy to incorporate the University of Texas System policy language in University of Texas Board of Regents Rules and Regulations Part One, Chapter III, Section 37.371, 37.372, and, particularly, 37.373.

- 37.371: For individuals found to be performing well, the evaluation may be used to determine salary recommendations, nomination for awards, or other forms of performance recognition.
- 37.372: For individuals whose performance indicates they would benefit from additional institutional support, the evaluation may be used to provide such support (e.g., teaching effectiveness assistance, counseling, or mentoring in research issues/service expectations).
- 37.373: For individuals found to be performing unsatisfactorily, review to determine if good cause exists for termination under the current Regents’ Rules and Regulations may be considered. All proceedings for termination of tenured faculty on the basis of periodic performance evaluation shall be only for incompetence, neglect of duty, or other good cause shown and must be conducted in accordance with the due process procedures of the Regents’ Rules and Regulations, Part One, Chapter III, Section 6 including an opportunity for referral of the matter to alternative dispute resolution. Such proceedings must also include a list of specific charges by the President and an opportunity for a hearing before a faculty tribunal. In all such cases, the burden of proof shall be on the institution, and the rights of a faculty member to due process and academic freedom shall be protected.

Incorporating the rules and regulations listed above directly into university policy would remove ambiguity from UT Austin’s current policy and allow faculty to be more aware of the consequences for unsatisfactory performance.

### ***Faculty Evaluation Reports (Rec. 2.2)***

The faculty personnel file plays an important role in effective faculty personnel management. It documents the official actions related to a faculty member and has both historical and legal significance. Poorly designed and maintained faculty personnel files can create both confusion and legal and financial liabilities. UT Austin’s faculty personnel file processing and maintenance is well

designed and properly implemented and maintained, with only one apparent exception. The periodic evaluation of faculty report(s), required every six years, is not currently placed in the permanent, official faculty personnel file that resides in the Provost's Office.

The current components of that file include:

- prior approval request form;
- signed acceptance letter;
- annual memorandum of appointment;
- faculty annual report, including reports of instructional activities, thesis/dissertation supervision, active sponsored projects;
- administrative approval of leave requests;
- administrative approval of endowed position appointments;
- administrative approval for extension of the probationary period;
- administrative approval for modified instructional duties;
- administrative approval to extend counteroffer;
- promotion dossier; and
- letter of resignation/retirement (including phased retirement contract, where applicable) or death notice.

All tenured faculty members undergo a formal evaluation every six years. A comprehensive written report, including review of the resume, student evaluations of teaching, annual reports, and other materials submitted by the faculty member, is filed with the faculty member and the dean by the department faculty committee. If the evaluation results in an "unsatisfactory" performance designation, a further review may be warranted and an additional report generated. Neither of these reports is a required element in the permanent, official faculty personnel file that is maintained in the provost's office. The file is incomplete without this report, even if it is available in the departmental or college personnel files.

The absence of this item from the official personnel file in the provost's office not only creates a gap in an otherwise comprehensive personnel file; it could also create legal (and, therefore, financial) difficulties (for example, if an appeal occurred during the transition from one or both of the current officials cited above).

### ***Faculty Workload Policy (Rec. 2.3)***

Faculty workload policies for public research universities tend to be relatively complex in part because faculty members at research universities have multiple missions and often "buy out" part of their state salary with research grants. In addition, faculty workload policies present a challenge in explaining faculty activity to public policy makers and the general public. Most outside the university think of faculty workload in terms of undergraduate instruction. Generally, faculty members at major research universities average about six hours of undergraduate instruction a week (for example, teaching two three-credit-hour courses that meet three times a week for an hour each class period) or the equivalent when combined with graduate instruction. Like a lawyer who spends more time in preparation than in court or a dairy farmer whose actual milking hours are relatively low, a faculty member devotes time to preparation, grading, research, public service, and university service obligations. All of this contributes to the complexity of the policies.

In recent years, some universities have begun to think more in terms of a departmental workload rather than individual faculty workload. The department provides a certain number of courses that

produce a certain number of student credit hours over an entire academic year. The department chair has the flexibility to deploy faculty in a manner he/she finds most effective.

Most states have either explicit or implicit expectations for faculty workload, especially as it relates to undergraduate instruction. Texas Education Code 51.402, "Report of Institutional and Academic Duties," designates the coordinating board, in cooperation with governing boards, to establish appropriate weights for various faculty activities and to adopt appropriate rules and regulations for faculty workload. It further requires filing individual faculty workloads, including "academic duties and services performed by each member of the faculty" and "all appointments held by the faculty member... the salary paid to each appointment, the percent of time of each appointment, and the source of funds from which salary payments were made."

The University of Texas System has an implementing faculty workload policy under Regents' Rules and Regulations Part One, Chapter III, Section 36. The policy is similar to those of other public research universities' policies; however, the complexity of the policy makes it difficult for a layperson to comprehend. It begins with the assumption of an 18-semester-credit-hour annual load for each faculty member and then has 14 different "equivalencies" that can reduce this teaching load.

Few, if any, faculty members at UT Austin would teach eighteen semester hours. None of the "equivalencies," however, are excessive; in fact, they tend to be on the conservative side and are in general support of the teaching mission. For example, department chair "release" time is limited to the equivalency of six semester hours per semester and there is a reduction in teaching load for newly appointed faculty. The apparent emphasis on teaching undergraduates seems to be supported by data and faculty comments in focus groups. For example, tenure-track faculty members at UT Austin generate 54.5 percent of the undergraduate student credit hours. While equivalent peer data are not regularly reported or readily available, the review team obtained data from four peer institutions (who asked not to be individually identified). The selected peer percentages for undergraduate hours taught by tenure track faculty at these institutions were 59.0 percent, 55.3 percent, 45.0 percent, and 43.8 percent.

Although the University of Texas System workload policy does not include an "equivalency" for either developing or offering a distance education course, it does contain another unusual element that may be a response to a state requirement. Education Code, Chapter 51.403(d) requires a small class report for undergraduate courses with fewer than ten registrants. In an attempt to avoid having courses appear on that report, the workload policy has an "equivalency" for "Insufficient Enrollment," allowing a reduction in workload for cancelled classes if no other classes can be substituted. It would be a better use of the faculty member to teach a class with nine students than to not teach the class at all, even if that means the class would make the small class report. Another state requirement related to reporting each individual faculty member's workload inhibits experimentation with departmental workloads rather than individual faculty workloads. These departmental workloads could be designed to achieve a net increase in productivity; however, there would be a risk of having to report greater discrepancies among individual faculty members' workloads.

### ***Student Credit Hour Production (Rec. 2.4)***

Student credit hour (SCH) production data can reveal unproductive departments and/or disciplines, but many reasons can exist for low-producing SCH departments. Often these departments are in transition, either phasing out (for example, Manufacturing Systems Engineering) or starting up (Neuroscience), or they may currently be in low demand but have the potential for greater future demand. For example Middle East studies and Arabic languages have seen recent increases in

participation due to world events. In addition, low SCH production departments or disciplines often have low costs associated with them since the faculty often share appointments in other departments and do not incur direct academic support costs for the disciplines.

In **Exhibit 2–5**, data reveal that the bottom 10 SCH-producing disciplines generate less than 0.2 percent of the SCHs (contrasted to the top 10 producing over 33 percent of the SCHs). When the next 13 disciplines are added, the total SCH production remains under 1 percent. The bottom 48 (out of 95) disciplines produce fewer than 10 percent of the SCHs. The disparity between the top 10 (33 percent of SCH) and the bottom 48 (9.2 percent SCH) indicates a preponderance of low SCH-producing disciplines.

Further review should reveal opportunities for academic and financial efficiencies, keeping in mind that large public research universities are the only ones likely to have the financial and intellectual resources to offer low demand programs that may have future importance. The review should also compare SCH data with data on annual degrees granted. As shown in **Exhibit 2–5**, very few of these units reported instructional budgets. Those that did have relatively low costs. As part of the review there should also be an examination of whether there are academic or institutional support costs associated with being a separate SCH unit and whether there is minimum size (faculty, students) and SCH production for a unit to justify departmental status and its associated costs.

This recommendation can be implemented with existing resources. Increases in the SCH productivity, especially from the bottom 48 disciplines, which collectively produce less than 10 percent of the SCH should allow either the redeployment of faculty resources or some limited reductions. However, significant analysis will need to be undertaken by UT Austin to determine the potential savings.

**Exhibit 2–5**  
**SCH Production Ranked by Discipline (Bottom 10 percent and Bottom 20 percent)**  
**Fall 1999–2003**

Discipline (areas of concentration, study, or program interest)	1999 Fall 99 SCH	2000 Fall 00 SCH	2001 Fall 01 SCH	2002 Fall 02 SCH	2003 Fall 03 SCH	Fall 03 Rank	Five Year Total	Five Year Rank	2003 Instructional Budget
<b>20<sup>th</sup> Percentile</b>									
Technology, Literacy, and		372	543	549	528	74	1,992	77	
Public Relations	526	482	516	480			1,986	78	
Comp and Applied Math	156	240	273	297	345	80	1,311	79	
Comparative Literature	297	209	244	210	303	81	1,263	80	
Materials Sci Engr	277	204	211	258	249	84	1,199	81	
Neuroscience	87	142	157	282	416	78	1,084	82	
European Studies	3	159	219	252	432	77	1,065	83	\$18,033
Science and Math Ed	234	213	195	183	207	88	1,032	84	\$58,193
Humanities	253	258	207	134	147	89	999	85	
<b>10<sup>th</sup> Percentile</b>									
Natural Sciences	149	157	158	155	271	82	888	86	
Writing	141	213	219	123	183	87	879	87	
Archaeology	147	147	168	144	171	88	777	88	
Ethnic Studies-Asian AM		99	255	273	123	90	750	89	\$23,883
Lib Arts UTeach			82	261	260	83	603	90	
Fine Arts	166	96	101	82	20	92	465	91	
Nat Sci UTeach				150	209	85	359	92	
Manufacturing Sys Engr	24	36	42	78	39	91	219	93	
Urban Studies				75			75	94	
Medieval Studies			3	9	3	93	15	95	

SOURCE: UT Austin; Office of Institutional Research compiled by Pappas Consulting, 2004.

**Exhibit 2-6**  
**The University of Texas at Austin**  
**Office of Institutional Research**  
**SEMESTER CREDIT HOURS PRODUCED BY DEPARTMENT**  
**By Semester, College, Academic Area and Level**

								1999-03		
COLLEGE/ Academic Area	1999 Fall 99	2000 Fall 00	2001 Fall 01	2002 Fall 02	2003 Fall 03	Fall 03 Rank	Five Year Total	Five Year Rank	Cumulative SCH	Cumulative Percentage
Undergraduate	476,698	488,597	496,764	515,329	501,718					
Masters	63,228	58,670	59,195	60,092	61,752					
Doctorate	26,476	31,827	33,186	36,243	38,635					
Special Professional	21,180	22,191	22,838	28,515	27,785					
<b>Total</b>	<b>587,582</b>	<b>601,285</b>	<b>611,983</b>	<b>640,179</b>	<b>629,890</b>		<b>3,070,919</b>			
<b>90<sup>th</sup> Percentile</b>										
* Mathematics	41,167	42,453	42,357	43,155	39,343	1	208,475	1	<b>3,070,919</b>	100.0%
* Biological Sciences	27,156	27,188	28,670	33,021	33,690	2	149,725	2	2,862,444	93.2%
* Chemistry and Biochemistry	24,263	24,261	25,652	28,184	29,286	3	131,646	3	2,712,719	88.3%
** LAW	19,879	20,040	20,678	21,220	20,247	5	102,064	4	2,581,073	84.0%
* Electrical Engr.	17,252	19,329	19,976	21,283	20,179	6	98,019	5	2,479,009	80.7%
* History	18,156	19,596	18,099	19,857	19,200	7	94,908	6	2,380,990	77.5%
* Spanish and Portuguese	17,873	18,747	18,940	18,301	16,895	8	90,756	7	2,286,082	74.4%
* Government	13,758	16,308	17,814	20,652	21,597	4	90,129	8	2,195,326	71.5%
* Psychology	19,129	17,822	17,154	17,652	16,443	9	88,200	9	2,105,197	68.6%
* Management Science	18,774	18,432	17,174	14,866	13,359	13	82,605	10	2,016,997	65.7%
<b>90<sup>th</sup> Percentile</b>										
* English	15,654	15,414	15,087	15,462	15,267	10	76,884	11	1,934,392	63.0%
* Economics	13,908	14,116	14,469	15,445	14,660	11	72,598	12	1,857,508	60.5%
* Physics	14,283	14,334	13,896	14,714	14,564	12	71,791	13	1,784,910	58.1%
* Computer Sciences	12,804	14,405	15,512	14,053	11,848	16	68,622	14	1,713,119	55.8%
* Philosophy	13,401	13,821	14,469	13,392	11,796	17	66,879	15	1,644,497	53.6%
* Accounting	10,408	11,108	11,508	11,988	12,514	14	57,526	16	1,577,618	51.4%
* Music	10,829	11,029	10,620	11,331	11,393	18	55,202	17	1,520,092	49.5%
* Communication Studies	9,214	10,920	10,298	11,015	10,624	21	52,071	18	1,464,890	47.7%
* Mechanical Engineering	10,096	10,246	10,764	10,631	10,308	22	52,045	19	1,412,819	46.0%
<b>80<sup>th</sup> Percentile</b>										
* Art and Art History	10,719	10,696	10,356	10,305	9,120	28	51,196	20	1,360,774	44.3%
* Finance	8,592	8,631	9,955	11,634	12,130	15	50,942	21	1,309,578	42.6%
* Sociology	9,147	9,182	9,413	11,475	11,176	19	50,393	22	1,258,636	41.0%
* Educational Psychology	10,331	10,658	9,745	9,915	9,695	24	50,344	23	1,208,243	39.3%
Business Administration	8,449	9,290	10,102	10,379	10,847	20	49,067	24	1,157,899	37.7%
* Management	8,184	8,934	9,033	9,901	10,027	23	46,079	25	1,108,832	36.1%
* Classics	8,401	9,155	9,337	9,985	9,132	27	46,010	26	1,062,753	34.6%
* Kinesiology	8,951	9,070	9,006	9,440	9,497	26	45,964	27	1,016,743	33.1%
* Marketing	8,200	7,908	9,611	9,275	8,952	29	43,946	28	970,779	31.6%
* Human Ecology	7,877	8,008	8,161	9,463	9,588	25	43,097	29	926,833	30.2%
** PHARMACY	7,329	8,269	8,373	8,570	8,758	30	41,299	30	883,736	28.8%
* Theatre and Dance	7,584	7,943	9,114	8,996	7,583	34	41,220	31	842,437	27.4%
* Curriculum and Instruction	8,362	7,685	8,503	8,327	8,154	33	41,031	32	801,217	26.1%

**Exhibit 2-6 (Continued)**  
**The University of Texas at Austin**  
**Office of Institutional Research**  
**SEMESTER CREDIT HOURS PRODUCED BY DEPARTMENT**  
**By Semester, College, Academic Area and Level**

COLLEGE/ Academic Area	1999-03									
	1999	2000	2001	2002	2003	Fall 03	Five Year	Five Year	Cumulative	Cumulative
	Fall 99	Fall 00	Fall 01	Fall 02	Fall 03	Rank	Total	Rank	SCH	Percentage
* Radio-Television-Film	7,930	8,203	8,470	8,055	8,270	32	40,928	33	760,186	24.8%
* French and Italian	8,505	8,175	7,607	7,479	7,322	35	39,088	34	719,258	23.4%
* Anthropology	7,077	7,485	6,992	7,794	6,783	39	36,131	35	680,170	22.1%
** ARCHITECTURE	7,721	6,906	6,161	6,960	7,318	36	35,066	36	644,039	21.0%
* Civil Engineering	6,935	6,580	7,064	7,060	7,047	37	34,686	37	608,973	19.8%
* Geological Sciences	7,391	6,535	6,621	6,838	6,981	38	34,366	38	574,287	18.7%
** SOCIAL WORK	6,388	5,920	5,790	6,271	6,223	44	30,592	39	539,921	17.6%
* Advertising	5,003	4,734	5,295	5,708	8,748	31	29,488	40	509,329	16.6%
* Aerospace Engineering	5,249	5,521	5,824	6,250	6,543	40	29,387	41	479,841	15.6%
Rhetoric and Composition (4)	6,303	6,204	5,820	5,775	5,127	47	29,229	42	450,454	14.7%
* Geography & Environment	5,216	5,494	6,056	5,565	6,405	41	28,736	43	421,225	13.7%
* Asian Studies	4,821	5,144	5,451	6,593	6,386	42	28,395	44	392,489	12.8%
** NURSING	5,369	5,411	5,397	5,388	6,286	43	27,851	45	364,094	11.9%
* Astronomy	4,420	5,577	5,637	6,312	5,588	45	27,534	46	336,243	10.9%
* Journalism	5,365	4,662	5,131	5,223	5,173	46	25,554	47	308,709	10.1%
** INFORMATION	4,589	4,240	4,236	4,202	4,791	49	22,058	48	283,155	9.2%
* Chemical Engineering	4,557	4,233	3,949	4,291	4,767	50	21,797	49	261,097	8.5%
* Linguistics	3,483	4,123	4,406	4,528	4,827	48	21,367	50	239,300	7.8%
Applied Learning	4,176	4,134	4,194	4,191	3,120	54	19,815	51	217,933	7.1%
* Germanic Studies	3,716	3,608	3,225	3,545	3,343	52	17,437	52	198,118	6.5%
* Communication Sciences	3,815	2,740	2,394	3,160	2,723	56	14,832	53	180,681	5.9%
Freshman Seminar	2,643	2,811	2,784	2,812	2,933	55	13,983	54	165,849	5.4%
** PUBLIC AFFAIRS	2,464	2,674	2,688	2,867	3,188	53	13,881	55	151,866	4.9%
* Petroleum and Geo Engr	2,159	2,141	1,920	2,405	3,364	51	11,989	56	137,985	4.5%
* Middle East Studies, Dept	1,885	2,017	2,392	2,552	2,570	57	11,416	57	125,996	4.1%
* American Studies	1,983	1,737	2,091	2,073	2,418	58	10,302	58	114,580	3.7%
Plan II	1,756	1,893	1,985	1,984	2,004	61	9,622	59	104,278	3.4%
* Educational Administration	1,924	1,532	1,845	2,082	2,090	59	9,473	60	94,656	3.1%
* Special Education	1,584	1,434	1,626	1,818	2,010	60	8,472	61	85,183	2.8%
Latin American Studies	1,488	1,413	1,440	1,398	1,431	62	7,170	62	76,711	2.5%
General Engineering	1,222	1,324	1,260	1,276	1,222	66	6,304	63	69,541	2.3%
* Slavic & Eurasian Studies	854	1,027	943	1,194	1,190	68	5,208	64	63,237	2.1%
* Molecular Biology	644	871	1,069	1,207	1,396	64	5,187	65	58,029	1.9%
Ethnic Studies - Afr/AfrAM	936	972	966	969	1,323	65	5,166	66	52,842	1.7%
Ethnic Studies - MexAm	828	798	1,005	954	1,200	67	4,785	67	47,676	1.6%
* Biomedical Engineering	323	341	486	913	1,403	63	3,466	68	42,891	1.4%
Religious Studies	828	852	534	510	567	72	3,291	69	39,425	1.3%
Middle East Studies, Ctr	618	618	606	645	798	69	3,285	70	36,134	1.2%
Communication	747	702	672	576	388	79	3,085	71	32,849	1.1%
Graduate Studies	343	564	640	675	579	71	2,801	72	29,764	1.0%

**Exhibit 2-6 (Continued)**  
**The University of Texas at Austin**  
**Office of Institutional Research**  
**SEMESTER CREDIT HOURS PRODUCED BY DEPARTMENT**  
**By Semester, College, Academic Area and Level**

COLLEGE/ Academic Area	1999	2000	2001	2002	2003	Fall 03	Five Year	1999-03			
	Fall 99	Fall 00	Fall 01	Fall 02	Fall 03	Rank	Total	Five Year Rank	Cumulative SCH	Cumulative Percentage	
Women's Studies	486	552	513	645	546	73	2,742	73	26,963	0.9%	
Liberal Arts Honors	577	490	512	612	512	75	2,703	74	24,221	0.8%	
* Marine Science	381	537	486	486	477	76	2,367	75	21,518	0.7%	
Russian, East European,	288	351	363	456	732	70	2,190	76	19,151	0.6%	
<b>20<sup>th</sup> Percentile</b>											
Tech., Literacy, and Culture		372	543	549	528	74	1,992	77	16,961	0.6%	
Public Relations	528	462	516	480			1,986	78	14,969	0.5%	
Comp and Applied Math	156	240	273	297	345	80	1,311	79	12,983	0.4%	
Comparative Literature	297	209	244	210	303	81	1,263	80	11,672	0.4%	
Materials Sci Engr	277	204	211	258	249	84	1,199	81	10,409	0.3%	
Neuroscience	87	142	157	282	416	78	1,084	82	9,210	0.3%	
European Studies	3	159	219	252	432	77	1,065	83	8,126	0.3%	
Science and Math Ed.	234	213	195	183	207	86	1,032	84	7,061	0.2%	
Humanities	253	258	207	134	147	89	999	85	6,029	0.2%	
<b>10<sup>th</sup> Percentile</b>											
Natural Sciences	149	157	156	155	271	82	888	86	5,030	0.2%	
Writing	141	213	219	123	183	87	879	87	4,142	0.1%	
Archaeology	147	147	168	144	171	88	777	88	3,263	0.1%	
Ethnic Studies - AsianAM		99	255	273	123	90	750	89	2,486	0.1%	
Lib Arts UTeach			82	261	260	83	603	90	1,736	0.1%	
Fine Arts	166	96	101	82	20	92	465	91	1,133	0.0%	
Nat Sci Uteach				150	209	85	359	92	668	0.0%	
Manufacturing Sys Engr	24	36	42	78	39	91	219	93	309	0.0%	
Urban Studies				75			75	94	90	0.0%	
Medieval Studies			3	9	3	93	15	95	15	0.0%	
* Academic Department											
** Single unit college								<b>5-Year</b>			
								<b>80,316.6</b>	<b>90th Percentile</b>		
								<b>51,365.8</b>	<b>80th Percentile</b>		
								<b>2,150.4</b>	<b>20th Percentile</b>		
								<b>932.4</b>	<b>10th Percentile</b>		

SOURCE: UT Austin; Office of Institutional Research compiled by Pappas Consulting, 2004.

**FISCAL IMPACT**

<b>Recommendation</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total 5-year (costs) or savings</b>	<b>One-time (costs) or savings</b>
Rec. 2.1: Revise Annual Review and Periodic Evaluation of Faculty policy. <sup>1</sup>	0	0	0	0	0	0	0
Rec. 2.2: Make the summary of the outcome of each faculty member's periodic evaluation part of that faculty member's official personnel file that is maintained in the Provost's Office.	0	0	0	0	0	0	0
Rec. 2.3: Consolidate and codify the process for appointment of new faculty.	0	0	0	0	0	0	0
Rec. 2.4: Revise the faculty workload policy.	0	0	0	0	0	0	0 <sup>1</sup>
Rec. 2.5: Narrow the range of the faculty-to-student ratios and student credit hour production by discipline between the highest producing disciplines and the lowest. <sup>2</sup>	0	0	0	0	0	0	0

<sup>1</sup> Faculty Human Resource policy changes (Rec. 2.1, 2.2, 2.3, and 2.4) neither require resources nor result in savings. Their implementation may have immeasurable positive financial effect by limiting personnel legal issues and their attendant financial consequences.

<sup>2</sup> Increases in the SCH productivity, especially from the bottom 48 disciplines, which collectively produce less than 10 percent of the SCH should allow either the redeployment of faculty resources or some limited reductions. However, significant analysis will need to be undertaken by UT Austin to determine the potential savings.



# Chapter 3

## Financial and Asset Management



## *CHAPTER 3*

# *FINANCIAL AND ASSET MANAGEMENT*

This chapter reviews the Financial and Asset Management functions of UT Austin and evaluates the methods used by the university to optimize its assets to support the primary missions of teaching, research, and service.

The vice president and chief financial officer, who is responsible for the financial integrity of UT Austin, manages the financial resources and assets of the university. The vice president and chief financial officer is responsible for certifying revenue and expenditures and optimally managing the university's cash balances and reserves and financial operations and procurement.

UT Austin's Financial Affairs offices are primarily associated with budget, finance, accounting, procurement, business contracts, and related functions. Responsibility for financial and asset management is shared between the University System Office, the Board of Regents, and University of Texas Investment Management Company (UTIMCO).

The executive vice chancellor for Business Affairs, located in the University System Office, is primarily responsible for financial and asset management functions across the university system. Areas of responsibility include

- finance functions;
- controller and budget functions;
- facilities planning and construction;
- university lands/West Texas operations; and
- real estate.

The Board of Regents serves as the governing body for the University of Texas System and has nine members who are appointed by the governor and confirmed by the senate. The Board of Regents has promulgated two sets of governing documents that establish the framework for directing and managing the University of Texas System. The two documents are *Regents' Rules and Regulations* and *Regental Policies*.

The Board of Regents adopts the *Regents' Rules and Regulations*, which apply to the entire University of Texas System. The *Regents' Rules and Regulations* are separate from component institution's rules and regulations included in each institutional Handbook of Operating Procedures. The *Regents' Rules and Regulations* consists of the following sections:

- Part one contains, in general, all rules and regulations not related to fiscal matters.
- Part two consists, in general, of the fiscal, physical plant, and investment rules and regulations of the board.

*Regental Policies* is a collection of statements or directives that apply to all components and are specifically approved by the Board of Regents for the University of Texas System. *Regental Policies* is in addition to the *Regents' Rules and Regulations*, *University of Texas System Policies*, *University of Texas System Administration Internal Policies*, and departmental collections such as the *Business Procedure Memoranda*, *Personnel Policy Memoranda*, and the *Police Policy and Procedure Manual*.

Created in March 1996, UTIMCO, which is the first external investment corporation formed by a public university system, oversees investments for the University of Texas System. UTIMCO is a

501(c)(3) corporation modeled after investment management companies used at Harvard University, Princeton University, Stanford University, and Duke University to invest their respective assets. UTIMCO oversees investments in the Permanent University Fund, the Permanent Health Fund, the Short Intermediate Term Fund, and other assets. A Board of Directors consisting of three University of Texas System regents, the chancellor of the University of Texas System, and five outside directors with experience in investment management governs UTIMCO. This governance structure is designed both to preserve regent control of investments for fiduciary purposes and to increase the level of expertise in the governance of investments. Day-to-day management of funds is delegated to UTIMCO employees, who provide a full range of investment management services to the University of Texas System Board, its component institutions, and the Texas A&M University System Board with regard to the Permanent University Fund.

Cash Account Management: The university's funds are separated into two categories: state and local funds held in the State Treasury and institutional funds held in bank accounts. The university's cash accounts primarily involve seven bank accounts: three accounts at the State Treasury, one money market account, a short-/intermediate-term investment fund, and two index funds managed by Barclay's Global Investors (BGI). The university also invests (by way of UTIMCO) resources (endowments) in a long-term investment fund.

The Long Term fund and short-/intermediate-term investment accounts are under the control of UTIMCO. The Debt Index & Equity Index funds mainly provide working capital and are managed by UT Austin under investment policies set by UTIMCO and the Board of Regents. Investment accounts are managed in such a way that all university financial resources are invested at all times.

Accounts Receivable: The university's receivables operations mainly involve (1) externally-funded contracts and grants and (2) students. Both accounts receivable areas are actively managed, and aging reports for both areas are prepared and closely monitored.

For contracts and grants, weekly aging reports are prepared. Based on reports from August 2004 and September 2004, over 89 percent of UT Austin's contract and grant receivables are less than three months past due and only 3.4 percent are more than 12 months past due.

Student accounts receivable include tuition, fees, housing, and other incidental expenses charged to students and required to be paid within the current academic term. Students are not allowed to register until their payment is made for prior academic terms. As of August 31, 2004, 98 percent of student receivables accounts were less than one year past due and only 0.5 percent of the accounts more than five years past due.

Fund Balances: The university's fund balances are segmented based on the purpose and degrees of restriction assigned to the fund, as shown in **Exhibit 3-1**.

**Exhibit 3–1**  
**Report on Ending Fund Balances Compared to**  
**Operating Revenues As of August 31, 2003 (in thousands)**

	Unrestricted	Restricted	Endowment, Loan, Plant & Agency Funds	Total
FY 2003 Ending Balance	\$187,825	\$192,316	\$3,349,605	\$3,729,746
<b>Restricted or Available for Specific Purposes</b>				
Restricted		192,316	1,845,847	2,038,163
Encumbrances	32,477		27,498	59,975
Accounts Receivable	18,126			18,126
Net Investment in Land, Buildings, Equipment			1,403,221	1,403,221
Tech Dev & Transfer Program	5,377			5,377
Prepaid Expenditures	21,603			21,603
Student Fees-Restricted	22,245			22,245
FY 03–04 Operating Budget	3,000			3,000
Reserve for Petty Cash	244			244
Subtotal	111,534	192,316	3,276,565	3,580,415
<b>Committed Portion of Ending Balance</b>				
Faculty Startup/Matching Funds	2,469			2,469
Capital Projects	31,927		70,112	102,039
Texas Tomorrow Fund Shortfall	6,400			6,400
Committed for Scholarships	3,605			3,605
Research Enhancement	2,976			2,976
Externally Funded Programs	10,825			10,825
Subtotal	58,202		70,112	128,314
<b>Reserves for Operations</b>				
Contingencies for Operations	7,220			7,220
Reserve for Investment Market Adjustments/Losses	4,916		2,928	7,845
Reserve for Utilities	5,952			5,952
Subtotal	18,088		2,928	21,017
<b>FY2003 Ending Balance</b>	<b>187,825</b>	<b>192,316</b>	<b>3,349,605</b>	<b>3,729,746</b>
<b>Total FY2003 Revenues</b>	<b>\$974,490</b>	<b>\$393,314</b>	<b>\$99,675,375</b>	<b>\$1,467,480</b>
Reserves as a Percent of Operating Revenues	1.86%	0.00%	n/a	1.43%

SOURCE: UT Austin Controller's Office; FY2003 Annual Financial report.

Fund definitions are as follows:

- **Restricted:** Resources limited by external entities, such as donor/grantor stipulations; contractual obligations; or unavailable for expenditure, such as endowments, loans, and plant and agency funds.
- **Committed:** Resources dedicated by the university to be used for stated purposes, such as faculty, scholarship, and research endeavors.
- **Reserves:** Operating and capital funds budgeted for unexpected costs.

As of August 31, 2003, total fund balances for the university were over \$3.7 billion. **Exhibit 3–1** separates fund balances by purpose and availability of the different types of balances. For example, \$1.4 billion is invested in land, buildings, and equipment. Another \$1.6 billion represents restricted endowment funds managed by UTIMCO whose balances are held in perpetuity by the Board of Regents.

Of the total \$3.7 billion in fund balances, \$21 million, or 1.43 percent of the university's \$1.5 billion operating revenues is easily accessible and available for operating reserves.

## ACCOMPLISHMENTS

- The university is undertaking comprehensive analyses to improve its operations and has developed a methodology to systematically examine its business procedures. This analysis of operating efficiencies includes measuring potential savings against the degree of difficulty in implementing new processes or procedures. (p. 77)
- The university has implemented an on-line workflow system, the \*DEFINE system, which incorporates financial controls with a disciplined training regimen, resulting in a workflow solution for the university's comprehensive environment. (p. 78)
- UT Austin has low administrative costs compared to its peers. (p. 79)

## FINDINGS

- Students are assessed a wide array of fees in three categories for a multitude of purposes, including required fees, course related, college/school related and service related fees in addition to paying tuition. In fiscal year 2004, UT Austin collected over \$43.5 million in student fees that are tracked over 438 separate fee accounts in the colleges, schools and departments. (p. 81)
- Endowment income for UT Austin is an important and increasing source of revenue for the wide array of programs and services it supports. Over 100 new endowment accounts are being added each year. The university needs to continue to find ways to improve management of endowment income and to optimize its use. (p. 86)
- The majority of the university's endowment is restricted due to the guidelines imposed by various donors. The resulting lack of flexibility limits the ability to finance campus wide efforts through endowment funds. (p. 88)
- The university is currently working to determine the appropriate level of endowment income that may be accumulated. (p. 88)
- The UT Austin campus has been experiencing declining debt service coverage and there is concern that this decline may ultimately affect its capacity to meet future demand for capital construction projects. (p. 90)

## RECOMMENDATIONS

**Recommendation 3–1 (page 81):** UT Austin should determine whether the multiple mandatory and campus-imposed student fees are necessary.

**Recommendation 3–2 (page 86):** UT Austin should continue to aggressively implement the 75 recommendations of the Endowment Risk Assessment Task Force and emphasize ways to improve technology, train staff, and streamline the administrative efforts required to spend endowment income.

**Recommendation 3–3 (page 88):** UT Austin should conduct a study to evaluate its unrestricted endowment strategies and evaluate ways in which unrestricted endowment may be increased.

**Recommendation 3–4 (page 88):** UT Austin should establish a general policy of maintaining accumulated endowment income equivalent to one year’s pay out amount, with exceptions supported by an approved spending plan. The university should also undertake a study to determine ways in which income from similar restricted endowment funds, such as those for academic programs or disciplines, may be pooled in order to facilitate expenditures.

**Recommendation 3–5 (page 90):** UT Austin and the System Office need to continue to closely monitor the increasing use of bonded indebtedness to finance new construction and repairs (for example, replacing depreciating physical plants). One recommended approach is to use a 10-year horizon rather than the current 6-year horizon. Alternative scenarios should account for possible changes in economic conditions by using varying interest rates.

## **DETAILED ACCOMPLISHMENTS**

### ***Comprehensive Operations Analysis***

The university is undertaking comprehensive analyses to look for ways to improve its operations and has developed a methodology to systematically examine its business procedures. This analysis of operating efficiencies includes a measurement of potential savings against the degree of difficulty in implementing new processes or procedures. This analysis should be considered a best practice for other public Texas institutions.

The university has created two “waves” of implementation strategies. The first wave, which began in 2003, involved savings opportunities that had a relatively high savings potential and a relatively low degree of difficulty to implement. Examples of Wave One initiatives include: purchasing of IT hardware and peripherals, offset printing, offset press paper, lab supplies, and express shipping. Savings potential ranges from \$2.2 million to \$6.0 million.

Wave Two initiatives, currently underway, include furniture, fleet, and food purchasing, with potential savings ranging from \$0.3 million to \$1 million.

An example of an operating efficiency and service improvement is the implementation of an integrated office supply procurement program with Office Depot. Through the consolidation of purchasing, the university has realized recurring savings of \$2.7 million, while at the same time simplifying the process and reducing the amount of staff time required to order supplies. Specific benefits of the Office Depot purchasing program are

- substantial discounts off list prices (based on total volume of purchases);
- access to more than 15,000 office supply items;
- 24-hour online ordering;
- next-day delivery of most items ordered before 5 PM;
- contract prices at Office Depot retail stores nationwide using UT Austin procurement card;
- 30 percent subcontractor (second level/tier) historically underutilized business credit to UT Austin;
- online tracking and order history access; and
- elimination of campus storehouse operations and inventory.

The university has also undertaken a project to better utilize copiers, fax machines, printers, and scanners. A pilot program conducted in the Finance Office replaced individual machines with multifunctional equipment linked via a network. Prior to the consolidation, 102 pieces of equipment

served 286 users and were 40 percent underutilized. The new configuration has 23 multifunctional machines in a networked environment using queuing management techniques, and the cost per page has been reduced from .055 to .027 cents (an over 40 percent reduction). The potential savings of a campus wide program is \$1.5 million.

The university has undertaken other service improvement and savings programs such as on-line self help automation in benefits, student billings, timekeeping and reporting; W2 automation and distribution; and credit card service agreement changes (\$2.5 million annual savings).

The university plans to keep looking for ways to improve its operations. Studies are underway for expanded use of the procurement card, prompt pay discounts, process re-engineering tests, and development of a campus wide data warehouse for enhanced information storage and retrieval.

### ***The \*DEFINE Accounting System-Related Internal Controls and Segregation of Duties***

The university has implemented the \*DEFINE system, a financial accounting, payroll, and budget system that incorporates financial controls and disciplined training regimen.

The \*DEFINE system is at the core of the university's control structure for transactions involving financial resources. This software package serves as a backbone for regulating required authorizations before transactions can be executed through the system. Access authorizations, account reconciliation and verification, and asset controls are among the primary internal control features of the \*DEFINE system.

Three detailed manuals describe the on-line \*DEFINE financial system. These volumes and the associated training courses provide users at the department level with the internal control structure and business procedures necessary to adhere to university, University of Texas System, state, and federal financial guidelines. In addition, several features help ensure the accuracy of transactions. These features, such as the commodity code crosswalk, eliminate hundreds of manual decisions concerning object code classification since the commodity codes are programmed to utilize only the most correct object codes.

There are three basic operating levels within \*DEFINE that serve as the core control for appropriate segregation of duties for financial transactions processed through the system:

- system level security (used to control access to the financial modules and functions);
- electronic offices and routing (used to control account views and functional and routing capability); and
- electronic documents and electronic signatures (used to create and control accounting transactions).

The \*DEFINE system security reports are distributed throughout the year to authorized account contacts to help maintain the accuracy and control of access rights. All changes in accessibility must pass through the departmental personnel charged with system security administration. The personnel require appropriate approval for all changes to system access. In addition, the departmental system security administrators work with centrally located personnel, who provide an additional layer of system security, to execute the changes.

**Low Administrative Costs**

The higher education standard definition for Institutional Support was used to analyze administrative costs at UT Austin. The National Center for Education Statistics defines Institutional Support as follows:

“A functional expense category that includes expenses for the day-to-day operational support of the institution, expenses for general administrative services, central executive-level activities concerned with management and long range planning, legal and fiscal operations, space management, employee personnel and records, logistical services such as purchasing and printing, and public relations and development. Also includes information technology expenses related to institutional support activities. If an institution does not separately budget and expense information technology resources, the costs associated with student services and operation and maintenance of plant will also be applied to this function.”

The definition for Institutional Support has been consistent for over 30 years and is used by all institutions included in the peer institution analysis.

The peer institution comparison for fiscal years 2001 through 2003 is shown in **Exhibit 3–2, Exhibit 3–3, and Exhibit 3–4**. The analysis compares Administrative Cost Per Student (Full-Time Student Equivalent [FTSE]). UT Austin ranks eleventh for 2001 and tenth for 2002 and 2003 among the 12 peer institutions.

**Exhibit 3–2  
Administrative Costs  
National Comparison Group Institutions  
Fiscal Year 2001**

Institution	Total Administrative Cost	Fall 2000 FTSE Students	Administrative Cost Per Student	Rank
University of California, Berkeley	\$94,421,000	29,546	\$3,196	1
University of Washington at Seattle	102,585,000	32,396	3,167	2
The Ohio State University-Main Campus	123,909,820	42,167	2,939	3
University of California at Los Angeles	99,111,000	35,837	2,766	4
University of Michigan at Ann Arbor	93,077,576	35,514	2,621	5
University of Minnesota-Twin Cities	88,270,295	35,454	2,490	6
University of North Carolina at Chapel Hill	51,122,000	22,152	2,308	7
Indiana University	70,598,134	33,569	2,103	8
University of Illinois*	68,738,301	36,125	1,903	9
Michigan State University	54,643,723	38,229	1,429	10
University of Texas at Austin	\$62,351,235	46,134	\$1,352	11
University of Wisconsin at Madison	47,993,610	37,289	1,287	12

\*University of Illinois amounts include one-half of the University of Illinois System cost, salaries, and fringe amounts.  
SOURCE: IPEDS Finance Report - Institutional Support Category; UT Austin Office of Institutional Research, 2004.

**Exhibit 3–3**  
**Administrative Costs**  
**National Comparison Group Institutions**  
**Fiscal Year 2002**

Institution	Total Administrative Cost	Fall 2001 FTSE Students	Administrative Cost Per Student	Rank
University of Washington at Seattle	\$140,337,122	33,745	\$4,159	1
Indiana University	119,829,703	34,497	3,474	2
University of California, Berkeley	100,793,000	30,374	3,318	3
University of Minnesota-Twin Cities	97,291,160	36,818	2,642	4
University of North Carolina at Chapel Hill	58,560,098	22,688	2,581	5
University of Michigan at Ann Arbor	92,401,875	36,061	2,562	6
University of California at Los Angeles	92,482,000	36,418	2,539	7
The Ohio State University	93,547,288	43,112	2,170	8
University of Illinois*	70,607,972	36,908	1,913	9
University of Texas at Austin	\$67,390,484	46,792	\$1,440	10
Michigan State University	56,077,542	39,016	1,437	11
University of Wisconsin at Madison	41,884,660	37,718	1,110	12

\* University of Illinois amounts include one-half of the University of Illinois System cost, salaries, and fringe benefits.  
 SOURCE: IPEDS Finance Report - Institutional Support Category; UT Austin Office of Institutional Research, 2004.

**Exhibit 3–4**  
**Administrative Costs**  
**National Comparison Group Institutions**  
**Fiscal Year 2003**

Institution	Total Administrative Cost	Fall 2002 FTSE Students	Administrative Cost Per Student	Rank
University of California, Berkeley	\$100,934,000	31,312	\$3,224	1
University of California at Los Angeles	104,282,000	36,581	2,851	2
University of Minnesota-Twin Cities	106,513,916	38,812	2,744	3
University of North Carolina at Chapel Hill	63,460,504	23,144	2,742	4
University of Washington at Seattle	95,018,484	35,011	2,714	5
University of Michigan at Ann Arbor	95,564,000	36,739	2,601	6
The Ohio State University	99,869,095	44,519	2,243	7
Indiana University	72,726,243	35,328	2,059	8
University of Illinois*	69,668,371	37,570	1,854	9
University of Texas at Austin**	\$75,032,782	48,705	\$1,540	10
Michigan State University	59,059,640	39,678	1,488	11
University of Wisconsin at Madison	47,411,745	37,781	1,255	12

\*University of Illinois data include one-half of the University of Illinois System cost, salaries, and fringe benefits.

\*\*UT Austin total administrative cost amount reported to IPEDS has been reduced by \$3,568,000 due to the retirement incentives program being reported entirely under Institutional Support. There is also a \$2,441,544 offsetting increase due to an accounting error.

SOURCE: IPEDS Finance Report - Institutional Support Category; UT Austin Office of Institutional Research, 2004.

For the three years analyzed, UT Austin administrative cost per FTSE increased 4.4 percent compounded annually (from \$1,352 to \$1,540), compared to the median institution, which increased 1.5 percent compounded annually (from \$2,490 to \$2,601). In fiscal year 2003, UT Austin reduced its administrative costs by reorganizing administrative functions and eliminating approximately 600

positions. This action reduced UT Austin’s administrative cost per FTSE to \$1,490 and its four-year compounded growth rate in administrative cost per student to 2.5 percent. Even though UT Austin’s growth rate has been modestly higher than its peers, it remains among the lowest in administrative cost per FTSE.

**Exhibit 3–5** tracks the trend in administrative salaries and wages from fiscal year 1999 to fiscal year 2004 and compares the trend with total salaries and wages (excluding auxiliary enterprises).

**Exhibit 3–5**  
**UT Austin Administrative Salaries Compared to Total Salaries**  
**Fiscal Years 1999 to 2004**  
**(In thousands)**

	FY99	FY00	FY01	FY02	FY03	Estimate FY04	Change FY99–04
<b>Institutional Support - Salary &amp; Wages:</b>							
E&G	26,871	27,296	30,074	33,632	39,399	38,019	11,148
Designated	26,022	28,627	31,597	16,296	29,688	28,570	2,548
Restricted	793	752	794	1,205	5,109	1,104	311
Adjustment - FY01–02 <sup>1</sup>	0	0	0	13,887	0	0	0
Adjustment - FY02–03 <sup>2</sup>	0	0	0	0	(3,568)	0	0
<b>Total</b>	<b>53,686</b>	<b>56,674</b>	<b>62,465</b>	<b>65,020</b>	<b>70,628</b>	<b>67,693</b>	<b>14,007</b>
<b>% Incr/(Decr)</b>		<b>5.6%</b>	<b>10.2%</b>	<b>4.1%</b>	<b>8.6%</b>	<b>(4.2%)</b>	<b>26.1%</b>
<b>Total Salary &amp; Wages (excludes Auxiliaries):</b>							
E&G	312,803	335,173	348,102	375,2890	393,074	388,462	75,659
Designated	65,112	72,989	91,632	87,075	111,305	116,231	51,119
Restricted	124,342	134,967	151,947	164,466	177,078	179,553	55,212
Plant	0	0	0	22	5,625	0	0
Adjustment - Salary Elimination & Adjustment	0	0	0	13,887	(311,807)	0	0
<b>Total</b>	<b>502,257</b>	<b>543,130</b>	<b>591,680</b>	<b>640,739</b>	<b>681,151</b>	<b>684,247</b>	<b>181,990</b>
<b>% Incr/(Decr)</b>		<b>8.1%</b>	<b>8.9%</b>	<b>8.3%</b>	<b>6.3%</b>	<b>0.5%</b>	<b>36.2%</b>
Inst Support S&W as % of Total S&W (excludes Auxiliary)	10.7%	10.4%	10.6%	10.1%	10.4%	9.9%	
<b>Total Salary &amp; Wages (excludes Aux. &amp; Inst. Supp.)</b>	<b>448,571</b>	<b>486,455</b>	<b>529,215</b>	<b>575,720</b>	<b>610,524</b>	<b>616,553</b>	<b>167,982</b>
<b>% Incr/(Decr)</b>		<b>8.4%</b>	<b>8.8%</b>	<b>8.8%</b>	<b>6.0%</b>	<b>1.0%</b>	<b>37.4%</b>

NOTES: <sup>1</sup> FY 02 Service Department Elimination – Classification error resulted in elimination of salaries as part of service department elimination. These amounts (primarily Designated Funds) added back.

<sup>2</sup> FY 03 Early Retirement Bonus – \$3,568,000 retirement incentive program (in Institutional Support).

SOURCE: UT Austin; Budget Office-Annual Financial Reports, 1999–2003.

The data show that administrative salaries and wages grew 26.1 percent from fiscal year 1999 to fiscal year 2004, compared to a 37.4 percent growth for total salaries and wages (excluding auxiliaries and Institutional Support). In fiscal year 1999, administrative salaries were 10.7 percent of total salaries, decreasing to 9.9 percent in fiscal year 2004.

**DETAILED FINDINGS**

**Student Fees (Rec. 3–1)**

Students, in addition to paying tuition, are assessed a wide array of fees, grouped into three categories, for a multitude of purposes, including required fees and course-related, college- or school-related, and service-related fees.

In fiscal year 2004, UT Austin collected over \$43.5 million in student fees, which are tracked in over 438 separate fee accounts in the colleges, schools, and departments. These student fee accounts are summarized by school/college in **Exhibit 3–6**.

**Exhibit 3–6**  
**UT Austin Student Fees**  
**Fiscal Years 2003–04**  
**Status of Ending Fund Balances**

School or College	Number of Fee Accounts	Beginning Balance	Income	Expense, Transfers & Encumbrances	Ending Balance
Architecture	9	\$191,989	\$515,114	\$ 570,072	\$137,031
McCombs Business	30	3,360,525	10,686,109	9,851,226	4,195,408
Communications	24	1,073,301	4,779,861	4961,944	891,218
Education	36	648,910	2,312,013	2,542,490	418,433
Engineering	71	2,515,693	9,760,036	9,347,376	2,928,353
Fine Arts	40	1,118,565	2,810,558	2,632,421	1,296,702
Graduate Studies	7	191,144	277,692	367,390	101,446
Information	7	87,549	356,580	326,388	117,741
Law	11	36,433	2,981,758	2,612,937	405,254
LBJ Public Affairs	4	51,897	157,756	144,030	65,623
Liberal Arts	113	2,045,734	3,143,908	1,599,397	3,590,245
Natural Sciences	57	2,055,412	3,792,898	1,251,082	4,597,228
Nursing	13	199,184	833,495	705,015	327,664
Pharmacy	9	420,621	548,619	540,047	429,193
Social Work	7	101,800	586,454	459,522	228,732
<b>Total</b>	<b>438</b>	<b>\$14,098,757</b>	<b>\$43,542,851</b>	<b>\$37,911,337</b>	<b>\$19,730,271</b>

SOURCE: UT Austin; Budget Office, 2004.

As of August 31, 2003, \$19.7 million of the \$43.5 million collected remained unspent. The Provost's Office, Budget Office, and the colleges' business offices review these balances on a regular basis to ensure that these funds have reasonable and appropriate long-term purposes extending beyond a fiscal year.

The required course-related fees, college/school program-related fees, and service-related fees shown in **Exhibit 3–6** are further broken down in the following:

### **Required Fees**

Every student who registers, unless registered in absentia, pays the following required fees:

The **Barbara Jordan and Cesar Chavez statue fee** of \$2.00 per semester or summer session is used to fund the construction of statues of Barbara Jordan and Cesar Chavez. Any excess money will be used to establish student scholarships.

The **Gregory Gymnasium renovation fee**, not to exceed \$1.90 per semester hour of credit (prorated for summer sessions), assists with the cost of financing, renovating, operating, maintaining, and improving Gregory Gymnasium.

The **health services building fee** of \$8.00 per semester or summer session finances the replacement of the Student Health Center building (prorated for summer sessions).

The **information technology fee** of \$12.00 per semester credit hour provides student access to systems of instructional computing and information technology services.

The **international education fee** of \$3.00 per semester or summer session funds a financial assistance program for eligible students participating in international study programs or exchange students (prorated for summer sessions).

The **library fee** of \$12.00 per semester credit hour assists with the cost of purchasing library materials, expanding on-line information resources, and improving library hours and other services for students.

The **medical services fee** of \$62.48 per semester or summer session covers part of the cost of providing medical services at University Health Services (prorated for summer sessions).

The **recreational sports fee** of \$20.00 per semester or summer session assists with the cost of financing, constructing, operating, maintaining, and improving recreational sports facilities and programs (prorated for summer sessions).

The **registration fee** of \$7.00 per semester or summer session assists with the cost of touch-tone technology and Web services.

The **student services fee** consists of two fees: a fee of \$9.60 per semester credit hour for the Counseling and Mental Health Center and \$12.00 per semester credit hour for the following services: the Cactus yearbook; Campus and Community Involvement; Counseling, Learning, and Career Services; the *Daily Texan*; the Designated Driver Program; the Division of Recreational Sports; the Forensics Program; the Graduate Students' Assembly; KVRX student radio; KVR student television; Legal Services for Students; the Marine Science Institute Graduate Students Association; the Multicultural Information Center; the ombudsman; Retention Services; the Senate of College Councils; Services for Students with Disabilities; shuttle bus service; the Student Child Care Center; Student Government; the Student Services Fee Committee; *Texas Travesty* humor magazine; and the Volunteer Center.

The **student services building fee** of \$1.10 per semester credit hour finances the construction, repair, maintenance, renovation, improvement, and replacement of a student services building (prorated for summer sessions).

The **Texas Union fee** of \$42.72 a semester or summer session entitles the student to use union facilities and supports debt retirement of bonds used for renovation of the union building (prorated for summer sessions).

A **general property deposit** of \$10.00 is assessed every student in the first semester of enrollment to help offset the cost of property loss or damage and nonpayment of any university billing. The deposit, less outstanding charges, is returned upon request when the student leaves the university with no intention to return. Applications for refund are available in the Student Accounts Receivable Office, Main Building, Room 4. A general property deposit that remains without request for refund for four years from the date of the student's last attendance at the university is forfeited to the Student Property Deposit Scholarships. A student who does not plan to re-enroll at the university and wishes to assign his or her property deposit to a student organization or to the university for a specific purpose may request that the refund, issued payable to the student, be mailed to the assignee.

**Course-Related Fees**

Students enrolled in certain courses are assessed fees as described below. The fees associated with a course, if any, are totaled and the amount published in the UT Austin *Course Schedule* or at [www.utexas.edu/student/registrar/schedules](http://www.utexas.edu/student/registrar/schedules).

**Field trip fees** are assessed to students in courses that include a field trip to finance transportation and related costs of the trip.

**Incidental fees** reflect the actual cost of materials or services provided in certain courses and are assessed to students enrolled in those courses (there is no maximum amount).

**Laboratory fees** are charged to cover the cost of laboratory materials and supplies used by the student for each laboratory course. The fee may not be less than \$2.00 or more than \$30.00 for each course in a semester or summer term.

**Supplementary fees** are additional fees that may be required for certain courses in art, architecture, drama, speech, and music where individual coaching is the usual method of instruction.

**College or School Program and Service-Related Fees**

Certain program and service-related fees are assessed to students in certain colleges or schools in addition to tuition, required fees, and specific course fees. Fees charged for the 2003–04 academic year are shown in **Exhibit 3–7**.

**Exhibit 3–7  
College and School Program and Service-Related Fees  
Academic Year 2003–04**

	Fall / Spring Semester	Prorated Summer Sessions		
<b>School of Architecture</b>				
Advising	\$ 56.00	\$49.00	\$37.00	\$24.00
Instructional Technology	\$78.00	\$69.00	\$55.00	\$43.00
Placement	\$61.00	\$54.00	\$41.00	\$27.00
Design Workshop	\$89.00	\$79.00	\$60.00	\$40.00
Equipment Maintenance	\$22.00	\$17.00	\$13.00	\$9.00
Materials Lab Fee	\$60.00	\$60.00	\$45.00	\$38.00
<b>Red McCombs School of Business</b>				
Advising	\$127.00	\$127.00	\$95.00	\$64.00
Instructional Technology	\$200.00	\$84.00	\$58.00	\$42.00
Placement	\$155.00	\$57.00	\$43.00	\$28.50
Freshmen Orientation (1 time only)	\$35.00	\$35.00 (1 time only)		
Honors Program	\$150.00	\$150.00	\$112.00	\$75.00
<b>Red McCombs Graduate School of Business</b>				
Advising (MBA)	\$435.00	\$435.00	N/A	\$217.50
Advising (MPA/PPA)	\$420.00	\$420.00	\$315.00	\$210.00
Instructional Technology (MBA)	\$750.00	\$253.00	\$189.00	\$127.00
Instructional Technology (MPA/PPA)	\$700.00	\$236.00	\$176.00	\$119.00
Placement	\$545.00	\$190.00	\$133.00	\$100.00
Orientation (MBA – 1 time only)	\$150.00	\$150.00 (1 time only)		
Orientation (MPA/PPA – 1 time only)	\$160.00	\$160.00 (1 time only)		
<b>College of Communication</b>				
Advising (Undergraduate)	\$135.00	\$135.00	N/A	\$68.00
Advising (Graduate)	\$ 50.00	\$50.00	N/A	\$25.00
Instructional Technology	\$140.00	\$70.00	\$70.00	\$70.00
Placement (Undergraduate only)	\$60.00	\$30.00	\$30.00	\$30.00

**Exhibit 3-7 (Continued)**  
**College and School Program and Service-Related Fees**  
**Academic Year 2003-04**

	Fall / Spring Semester	Prorated Summer Sessions		
<b>College of Education</b>				
Advising (Undergraduate)	\$127.00	\$127.00	\$95.00	\$64.00
Advising (Graduate)	\$30.00	\$20.00	\$20.00	\$20.00
Career Services	\$20.00	\$13.00	\$13.00	\$13.00
Field Experiences Fee	\$58.00	\$38.00	\$38.00	\$38.00
Learning Resource Center	\$145.00	\$145.00	\$145.00	\$145.00
<b>College of Engineering</b>				
Advising (Undergraduate)	\$100.00	\$100.00	\$75.00	\$50.00
Advising (Graduate)	\$20.00	\$20.00	\$20.00	\$20.00
Placement (Undergraduate)	\$ 50.00	\$50.00	\$50.00	\$50.00
Placement (Graduate)	\$30.00	\$30.00	\$30.00	\$30.00
Learning Resource Center (Graduate)				
Aerospace & Engineering Mechanics	\$170.00	\$170.00	\$128.00	\$85.00
Biomedical Engineering	\$145.00	\$145.00	\$109.00	\$73.00
Chemical	\$145.00	\$145.00	\$109.00	\$73.00
Civil	\$175.00	\$175.00	\$131.00	\$87.00
Electrical & Computer	\$145.00	\$145.00	\$109.00	N/A
Manufacturing Systems and Material Science	\$155.00	\$155.00	\$116.00	\$78.00
Mechanical	\$173.00	\$173.00	\$130.00	\$86.00
Petroleum & Geosystems	\$159.00	\$159.00	\$119.00	\$79.00
<b>College of Fine Arts</b>				
Advising (Undergraduate)	\$118.00	\$118.00	\$89.00	\$ 59.00
Art Design Media	\$500.00	N/A	N/A	N/A
Art Studio Services	\$88.00	\$44.00	\$ 44.00	\$44.00
Art Woodshop Services	\$33.00	\$16.00	\$16.00	\$16.00
Fine Arts Visual Arts (Undergraduate only)	\$8.00	\$4.00	\$4.00	\$4.00
Music Services	\$129.00	\$129.00	\$97.00	\$64.00
Career Services (Undergraduate)	\$29.00	\$29.00	\$22.00	\$14.00
Career Services (Graduate)	\$32.00	\$32.00	\$24.00	\$16.00
Theatre & Dance Performance	\$136.00	\$136.00	\$102.00	\$68.00
Theatre & Dance Building Service	\$44.00	\$44.00	\$33.00	\$22.00
<b>School of Law</b>				
Instructional Technology	\$200.00	N/A	N/A	N/A
Learning Resource Center	\$134.00	\$60.00	\$45.00	\$30.00
Placement	\$240.00	\$220.00	\$210.00	\$205.00
<b>School of Information</b>				
Placement	\$130.00	\$70.00	\$70.00	\$70.00
<b>School of Nursing</b>				
Advising	\$65.00	\$65.00	\$50.00	\$32.50
Instructional Technology	\$60.00	\$60.00	\$45.00	\$30.00
Placement	\$75.00	\$75.00	\$56.25	\$37.50
Nursing Student Assistance	\$100.00	\$100.00	\$75.00	\$50.00
<b>College of Pharmacy</b>				
Advising	\$74.00	\$74.00	\$74.00	\$53.00
Instructional Technology	\$154.00	\$102.00	\$102.00	\$102.00
Placement	\$25.00	\$10.00	\$10.00	\$10.00
<b>LBJ School of Public Affairs</b>				
Advising	\$50.00	N/A	N/A	N/A
Instructional Technology	\$53.00	\$ 53.00	\$26.00	\$13.00
Placement	\$100.00	\$100.00	\$75.00	\$50.00
<b>School of Social Work</b>				
Advising	\$85.00	\$85.00	\$64.00	\$42.00
Instructional Technology	\$95.00	\$95.00	\$71.00	\$47.00
Learning Resource Center	\$95.00	\$95.00	\$71.00	\$47.00
Placement	\$80.00	\$80.00	\$60.00	\$40.00

SOURCE: UT Austin; Budget Office, 2004.

Instruction-related fees are complex and labor intensive to manage. Also, the fees are not eligible for the 20 percent financial aid set-aside provision that applies to tuition in Section 56 of the Education Code. These fees have become more prevalent with limits placed on tuition increases by the state.

Charging student fees is a way to increase revenues to underwrite specific types of student-related costs such as instructional technology, advising, and career placement services.

However, the process of assessing and managing student-related fees is cumbersome and labor intensive. For example, many of the fees are related to specific courses and charged on a per credit hour basis, therefore, they must be adjusted when a student adds or drops a class. Each department and college or school must also budget each fee account and ensure the expenses are correct. Balances need to be closely monitored to ensure they are spent in a timely fashion. The university's Budget Office reviews the student fee accounts when budgets are prepared and again in the middle of the fiscal year to make sure they are being spent appropriately. Some colleges, such as the College of Natural Sciences, have elected to accumulate their fees and use most of the revenue for major laboratory renovations and construction and equipment.

Texas public universities may choose to increase student fees rather than tuition because revenues from fees are exempt from the 20 percent financial aid set-aside provision. It is difficult to compare the full cost of education being charged students attending Texas public universities because of the different methods of assessing tuition and fees and the different amount of financial aid that is set-aside at each institution. If, as is currently the case, peer studies include only tuition and required fees, the tuition and fee cost for UT Austin is understated because it has many more college level fees than most universities.

The university is attempting to address the student fee issue by implementing the Flat Rate Tuition Pilot Program in the colleges of Liberal Arts and Natural Sciences, as authorized by the legislature. These two colleges have the flexibility to spend flat rate tuition dollars based on their college priorities. All student-related fees have been eliminated under the Flat Rate Tuition Pilot Program.

### ***Endowment Income (Rec. 3–2)***

Currently, UT Austin has over \$2 billion in invested endowment funds, representing 3,883 individual endowment accounts and serving 30 units. In fiscal year 2004, the endowment investments paid \$93 million and supported a wide range of programs, services, and scholarships in virtually every area of the university. Accumulated endowment income amounted to over \$100 million on August 31, 2004.

The university's endowments and endowment income, classified by purpose, is summarized in **Exhibit 3–8**.

**Exhibit 3–8**  
**Endowment Market Value and Accumulated Endowment Income Balances**  
**Fiscal Year 2004 (In thousands)**

	Count	8/31/2004* Market Value	2004 Annual Income Payout	8/31/04 Accumulated Income Balance	8/31/03 Accumulated Income Balance
<b>Faculty Endowments</b>					
Chair	272	\$530,161	\$23,098	\$24,550	\$22,698
Professorship	502	210,616	9,380	13,841	13,096
Faculty Fellowship	267	64,595	3,021	3,849	3,765
Lectureship	127	17,071	784	2,153	1,949
Visiting Professorship	21	11,692	680	586	632
<b>Total Faculty Endowments</b>	<b>1,189</b>	<b>834,135</b>	<b>36,963</b>	<b>44,979</b>	<b>42,140</b>
<b>Student Endowments</b>					
EPS/EPF	749	77,379	3,343	3,088	2,620
Graduate Fellowship	197	136,652	6,424	5,450	5,769
Graduate Research	5	244	11	15	12
Scholarship	1,005	201,243	8,444	11,930	12,560
Undergraduate Research	1	48	1	3	2
<b>Total Student Endowments</b>	<b>1,957</b>	<b>415,566</b>	<b>18,224</b>	<b>20,486</b>	<b>20,962</b>
<b>Other Endowments</b>					
Program Support	681	775,589	32,371	34,661	22,958
Book Fund	56	12,384	507	685	772
<b>Total Other Endowments</b>	<b>737</b>	<b>787,973</b>	<b>32,877</b>	<b>35,346</b>	<b>23,729</b>
<b>External Trustees**</b>					
Externally Trusteed Endowments of all Types			4,927		
<b>Total External Trustees</b>			<b>4,927</b>		
<b>Grand Totals</b>	<b>3,883</b>	<b>\$2,037,674</b>	<b>\$92,992</b>	<b>\$100,811</b>	<b>\$86,832</b>

\*Market Values for externally trusteeed endowments are included but valuation dates vary by trustee.

\*\*At the time of this report, the payout from externally trusteeed endowments could not easily be separated by endowment type. The numbers of these endowments are included in the 'count' column by endowment type.

SOURCE: UT Austin; Office of the Vice President for Resource Development, 2004.

Endowment income for UT Austin constitutes an important and increasing source of revenue for the wide array of programs and services it supports. Over 100 new endowment accounts are being added each year. The university needs to continue to find ways to improve consistent management of endowment income and to optimize its use.

In August 2002, the university's Endowment Compliance Committee formed an Endowment Risk Assessment Task Force to study current endowment policies and to propose measures to further strengthen compliance processes campus wide. In December 2003, the task force issued a report identifying 60 specific risks and evaluated controls designed to mitigate those risks. The task force proposed 75 recommendations to further mitigate operational, financial, and compliance risks. For the past year, the university concentrated on endowment management to enhance processes and tools to assist staff that work with endowments. The Office for Resource Development prepared a status report dated October 12, 2004, assessing the implementation of the 75 recommendations for resource development. Of the 75 recommendations, 73 percent were in some stage of implementation.

Many of the remaining task force recommendations require the Office for Resource Development to work closely with the schools, colleges, and departments that oversee the endowment accounts. The operations are decentralized, with every college and most departments administering endowment income accounts. Each unit has its own budget and staff; with some having more financial resources and staff than others. The strategy is intended to provide all of the colleges, schools, and departments with the resources they need to manage their endowments properly.

### ***Unrestricted Endowment (Rec. 3–3)***

The university's endowment is highly restricted and lacks the flexibility of unrestricted endowment funds.

Of the 3,883 endowments, 98.8 percent of the market value is restricted by donor-designated purpose, leaving 1.2 percent as unrestricted for either the president or a dean of a specific college to appropriate. The highly restricted nature of the university's endowment contrasts the policies at other universities. For example, at the University of California, \$932 million of its \$4.2 billion endowment (22.5 percent) is unrestricted (University of California Annual Financial Report, June 30, 2003, Note 10).

Unrestricted endowments are accessible to the full range of university programs and are less labor intensive to manage and monitor. Restricted endowments require significant effort to track the activity of each account to ensure that the income is being used according to the terms and conditions of the donor.

The lack of unrestricted endowment results primarily from the fundraising practices of the university, which have emphasized support of specific programs and disciplines. Other peer universities have placed more emphasis, especially in gifts given through bequests, on unrestricted endowments.

### ***Accumulated Endowment (Rec. 3–4)***

Accumulated endowment income has grown from \$86.8 million to \$100.8 million during the 2004 fiscal year, with an annual income of \$93 million.

The university has developed and is improving its system of annual review, requiring the accumulation of funds be based on a plan registered by the department and approved under the auspices of the Endowment Compliance Committee. The committee has recently established certain benchmarks to assist in the evaluation of endowment balances. In some cases, there are reasons income should be accumulated over several years, such as to make sizable investments in such areas as a recruitment package for a new professor, to acquire equipment or library/museum collections, or to award students.

On the other hand, the investment practices and payout distribution methods of UTIMCO provide a steady and reliable endowment income stream that has little variability. UTIMCO controls the investment management of related UT Austin financial resources. The University of Texas Board of Regents has delegated investment management responsibility to UTIMCO, subject to compliance with University of Texas Board approved investment policies. UTIMCO invests endowment and operating assets primarily through internal mutual funds, each with distinct time horizons and unique risk and return characteristics. Within the internal mutual funds, UTIMCO allocates the fund's assets to internally- and externally-managed portfolios in accordance with approved asset allocation policies.

The General Endowment Fund (GEF) is the primary endowment fund used to manage UT Austin endowment funds. UTIMCO uses benchmarks to constantly measure and compare the performance of GEF with other market indexes, as noted in **Exhibit 3–9**.

**Exhibit 3–9  
UT Austin Performance for the Periods Ended June 30, 2004**

	One Year	Three Years	Five Years	Ten Years
Endowment Pool Performance (net of fees)	20.07%	5.75%	5.86%	10.79%
Endowment Policy Portfolio (benchmark)	14.95%	3.02%	4.07%	11.07%

*SOURCE: UTIMCO, 2004.*

The benchmark comprises a blend of asset class indices weighted to reflect the endowment fund’s asset allocation policy targets, which are listed in the Board of Regents Long-Term Investment Policy, December 2003.

UTIMCO also compares endowment investment performance with a peer group, as in **Exhibit 3–10**. The peer group, Compensation Plan Peer Group Universe (**Exhibit 3–11**), comprises 36 endowment funds greater than \$1 billion (excluding Harvard and Yale).

**Exhibit 3–10  
UTIMCO Compensation Plan Peer Group Universe  
Periods Ending June 30, 2004**

	1 Year		2 years		3 Years		5 Years		10 Years	
	Return	%tile	Return	%tile	Return	%tile	Return	%tile	Return	%tile
Maximum	20.55		13.73		12.50		12.90		16.96	
25 <sup>th</sup> %tile*	18.03		10.94		6.56		9.87		14.46	
Median	16.97		9.95		4.60		7.71		12.29	
75 <sup>th</sup> %tile	15.60		8.99		3.42		4.08		10.68	
Minimum	12.49		2.58		0.53		0.68		7.79	
# of Portfolios	36		36		36		32		27	
UTIMCO GEF-Net of Fees	20.07	6	11.16	25	5.75	38	5.86	64	10.79	75

\* 25<sup>th</sup> percentile is also the top quartile.

*SOURCE: UTIMCO, 2004.*

The peer group comparison shows improvement in UTIMCO investment management performance during the ten-year period, rising from the 75<sup>th</sup> percentile for the ten-year period to the 6<sup>th</sup> percentile for the past-year performance.

The 36 peer institutions comprising the investment performance benchmark are shown in **Exhibit 3–11**.

**Exhibit 3–11  
Compensation Plan Peer Group Universe Participants**

Brown University	The Rockefeller University
California Institute of Technology	The Texas A&M University System and Foundations
Case Western Reserve University	UNC at Chapel Hill and Foundations
Columbia University	University of California
Cornell University	University of Chicago
Dartmouth College	University of Michigan
Duke University	University of Minnesota and Foundation
Emory University	University of Notre Dame
Grinnell College	University of Pennsylvania
Johns Hopkins University	University of Pittsburgh
Massachusetts Institute of Technology	University of Rochester
New York University	University of Southern California
Northwestern University	University of Virginia
University of Washington	The Ohio State University and Foundation
Princeton University	Vanderbilt University
Purdue University	Washington University
Rice University	Wellesley College
Stanford University	Williams College

*SOURCE: Cambridge Associates. Represents university endowments (excluding Harvard, Yale, and total endowment assets) with total assets in excess of \$1 billion as of fiscal year end June 2003.*

UT Austin needs to determine the appropriate level of accumulated endowment income and how to optimally manage the large number of small, restricted endowment accounts.

**Debt Management (Rec. 3–5)**

The Board of Regents has responsibility for the issuance of long-term debt under the management of the University of Texas System. The University of Texas System maintains a AAA rating for its revenue-financed bonds. According to Moody’s, the University of Michigan and the University of Virginia are the only other public universities that have earned that highest investment grade rating.

Each campus in the University of Texas System is responsible for covering its own debt service requirements and must meet minimum debt service coverage ratios (the system requires a debt service coverage ratio of 1.5 \* debt service). The debt coverage ratio is used to monitor the availability of funds to meet debt service obligations. The coverage ratio is calculated by dividing the net amount available for debt service (pledged sources less expenditures and capital outlay) by the annual debt service. Typically, the coverage ratio should be 1.0 or greater.

The System Office calculates debt coverage ratios for each project and campus as a whole, with the goal of maintaining the AAA rating. UT Austin campus has experienced declining debt service coverage, and the decline may ultimately affect its capacity to meet future demand for capital construction projects. UT Austin has accrued \$274,243,000 in new debt during the fiscal year 1999 to fiscal year 2004 period, as shown in **Exhibit 3–12**.

**Exhibit 3–12  
UT Austin Debt Issued Fiscal Years 1999–2004**

Fiscal Year	Issued Type	Project Number	Project
FY99	\$300,000 CP	102-919	Parking Garage #4
FY99	500,000 CP	102-863	Track & Soccer Stadium-Interim Gifts
FY99	1,500,000 CP	102-864	Memorial Stadium-Neuhaus
FY99	812,000 CP	EQ	Equipment
FY99	2,700,000 CP	102-865	Memorial Stadium-Lower Field
FY99	3,500,000 CP	102-917	Chilling Station Expansion
FY99	521,000 CP	EQ	Equipment
FY99	2,000,000 CP	102-922	Seat Building
FY99	11,000,000 CP	102-964	San Jacinto Dorm
FY99	2,400,000 CP	102-985	Parking Garage 6
FY99	1,600,000 CP	102-998	Jester F&LK
FY99	1,000,000 CP	102-917	Chilling Station Expansion
FY99	575,000 CP	EQ	Equipment
<b>FY99 Total</b>	<b>28,408,000</b>		
FY00	218,000 CP	EQ	Equipment
FY00	114,000 CP	102-767	Student Services Facility
FY00	5,000,000 CP	102-917	Chilling Station Expansion
FY00	104,000 CP	EQ	Equipment
FY00	3,000,000 CP	102-998	Jester F&L
FY00	383,000 CP	EQ	Equipment
FY00	810,000 CP	102-917	Chilling Station Expansion
FY00	345,000 CP	EQ	Equipment

**Exhibit 3–12(Continued)**  
**UT Austin Debt Issued Fiscal Years 1999–2004**

Fiscal Year	Issued Type	Project Number	Project	Fiscal Year
FY00	34,400,000	99B	102-964	San Jacinto Dorm
FY00	9,010,000	99B	102-985	Parking Garage 6
FY00	590,000	99B	102-917	Chilling Station Expansion
FY00	3,400,000	99B	102-998	Jester F&L
<b>FY00 Total</b>	<b>57,374,000</b>			
FY01	133,000	CP	102-998	Jester F&L
FY01	367,000	CP	102-917	Chilling Station Expansion
FY01	20,000,000	CP	102-015	Parking Garage 7
FY01	1,288,000	CP	EQ	Equipment
FY01	851,000	CP	EQ	Equipment
FY01	1,300,000	CP	102-917	Chilling Station Expansion
FY01	3,000,000	CP	102-053	Erwin Center & Basketball Practice
FY01	326,000	CP	EQ	Equipment
<b>FY01 Total</b>	<b>27,265,000</b>			
FY02	8,000,000	CP	102-085	Utilities Infrastructure Upgrades
FY02	193,000	CP	EQ	Equipment
FY02	10,000,000	CP	102-053	Erwin Center & Basketball Practice
FY02	1,581,000	CP	EQ	Equipment
FY02	300,000	01B	102-917	Chilling Station Expansion
FY02	2,368,216	01B	102-015	Parking Garage 7
FY02	111,784	01B	102-197	MRI Imaging Center
<b>FY02 Total</b>	<b>22,574,000</b>			
FY03	26,500,000	CP	102-965	Blanton Museum of Art
FY03	750,000	CP	102-154	Charter School
FY03	392,000	CP	EQ	Equipment
FY03	122,000	CP	EQ	Equipment
FY03	3,300,000	CP	102-053	Erwin Center & Basketball Practice
FY03	28,500,000	03B	102-085	Utilities Infrastructure Upgrades
FY03	533,000	03B	102-917	Chilling Station Expansion
FY03	24,300,000	03B	102-027	Benedict/Mezes/Batts
FY03	13,450,000	03B	102-053	Erwin Center & Basketball Practice
<b>FY03 Total</b>	<b>97,847,000</b>			
FY04	3,000,000	CP	102-010	Gregory Gym Aquatics Complex
FY04	5,000,000	CP	102-027	Benedict/Mezes/Batts
FY04	400,000	CP	EQ	Equipment
FY04	75,000	CP	102-154	Charter School
FY04	18,000,000	04D	102-027	Benedict/Mezes/Batts
FY04	1,500,000	04D	102-965	Blanton Museum of Art
FY04	4,300,000	04D	102-010	Gregory Gym Aquatics
FY04	8,500,000	04D	102-085	Utilities Infrastructure Upgrades
<b>FY04 Total</b>	<b>40,775,000</b>			
<b>Grand Total</b>	<b>\$272,743,000</b>			

SOURCE: UT Austin; Budget Office, 2004.

According to the fiscal year 2004–2009 Capital Improvement Program, UT Austin capital building program needs are estimated at \$680.78 million and require \$39.50 million to be financed through the Permanent University Fund (PUF) and \$304.20 million to be financed through the Revenue Finance System (RFS). Presently, the university has approximately \$500 million of outstanding long-term debt and anticipates that this amount will grow to about \$700 million by 2009, assuming that it is able to complete one-third of its critical Capital Improvement Program.

The continuing demand for new funds has caused UT Austin's debt coverage ratio to shrink over time. The System Office requires each new project and the campus as a whole to maintain a 1.3 debt coverage ratio. UT Austin's ratio has been meeting the required debt coverage ratio but at steadily decreasing levels. The debt service coverage ratio for fiscal years 1999 through 2010 is shown in **Exhibit 3–13**:

**Exhibit 3–13**  
**UT Austin**  
**Debt Coverage Ratio**

Fiscal Year	Debt Coverage Ratio
1999	2.31
2000	3.03
2001	2.30
2002	2.08
2003	3.50
2004 (Estimate)	3.75
2005 (Projection)	1.75
2006 (Projection)	1.25
2007 (Projection)	1.53
2008 (Projection)	1.50
2009 (Projection)	1.42
2010 (Projection)	1.52
Benchmark	1.35

*SOURCE: UT System Office; Revenue Financing System-Projections, Forecast for FY 2002–2004.*



# Chapter 4

## **Information Technology**

University of Texas Austin



## *CHAPTER 4*

# ***INFORMATION TECHNOLOGY***

The assessment of Information Technology (IT) at UT Austin focused on several areas of review, including:

- currency and overall integrity of Information Technology across several functional areas of specialized technology support;
- currency, overall integrity, and security of the university's central IT organization across several technical and management areas; and
- structure and scope of distributed computing within the university across several review areas.

At UT Austin, technology is a high priority for teaching and research missions and provides efficient support for administrative operations. UT Austin's model for information technology development and support is unlike those of other higher education institutions but nonetheless effectively meets many of the significant requirements of the institution. Overall, there is an advanced level of technology deployment throughout the university, closely tailored to the individual academic and business specifications of university personnel.

### **ACCOMPLISHMENTS**

- UT Austin facilitates the development of new technologies by having initiatives and placing appropriate personnel close to the end users. (p. 95)
- UT Austin effectively maintains its technology systems and keeps them up-to-date. (p. 95)
- The Texas Advanced Computing Center (TACC) is one of the world's leading academic super computer centers. (p. 95)
- UT Austin performs certain "good citizenship" roles to broader constituencies of the university of Texas System, state of Texas, and the nation. A number of these extended services result in aggregately reduced costs and/or enhanced access and services to the external constituencies served. (p. 96)
- UT Austin has begun work on a disaster recovery plan for its central Information Technology Services (ITS) unit and the services directly supported by that group. (p. 97)

### **FINDINGS**

- UT Austin uses a highly decentralized model for technology acquisition, development, and support. (p. 97)
- The central Information Technology Services (ITS) organization, which was formed by a merger of academic and administrative computing units, places emphasis on developing and maintaining the technical infrastructure of the university and several campus wide technical

services and providing various support systems to the technical staff and services utilized by the distributed developers. (p. 97)

- In-house, highly customized technology solutions can result in the stagnation of technology outcomes unless offsetting mechanisms are put into place. (p. 98)
- Distributed decision-making may not result in the best use of resources for the university as a whole. (p. 98)
- Management reporting for operational and planning decision-making is not adequate for the university. (p. 99)
- In the event of a technology outage, the university would find it difficult to recover its business, academic and research operations. (p. 100)
- It is not clear that technology leaders have taken responsibility for the development of disaster recovery/business continuity plans (beyond basic data backup provisions). (p. 100)

## RECOMMENDATIONS

**Recommendation 4–1 (page 97):** UT Austin should evaluate the role of the central ITS organization, including an examination of additional means for better inter-unit communication to avoid unnecessary technology duplication.

**Recommendation 4–2 (page 97):** UT Austin should conduct an audit, either internally or through the central ITS unit, of the significant technologies installed across the university to formulate a plan to eliminate redundancies and/or any “critical person” dependencies.

**Recommendation 4–3 (page 98):** UT Austin leadership should maintain, and even increase, current resource levels for technology innovation and support and examine its dependency on customized technology. In addition, technology leadership needs to ensure that development is meeting both local needs and university needs and that projects are on pace with vendor developments. Further, third party systems should be more available to meet niche technology requirements.

**Recommendation 4–4 (page 99):** To improve management reporting, UT Austin should make the Data Warehouse Project a high priority, striving for the earliest possible completion date. The distributed systems currently in place in the colleges and offices for local management reporting should be discontinued in favor of a central warehouse data system.

**Recommendation 4–5 (page 100):** UT Austin should give priority to completing the ITS disaster recovery plan, ensure a full functional testing of the plan, and institute mechanisms for annual testing and plan content updates.

**Recommendation 4–6 (page 100):** UT Austin leadership needs to ensure that responsibility for disaster recovery/business continuity planning is delegated to all appropriate distributed units.

## **DETAILED ACCOMPLISHMENTS**

### ***Technology Implementation and Development of New Technologies***

Technology is widely implemented across the university. All university offices, both administrative and academic, use various technologies to support their activities. Technology is used in classrooms and limitedly in distance education programs. Researchers utilize computing software, Web access for information collection, and networking facilities for broad-based communication with colleagues. Administrative and academic support areas use technologies extensively to support their daily operations and long-term planning functions.

Development of new technologies is rapidly facilitated through technology initiatives and by having development/support personnel close to end users. Programming and technical staff supporting the major academic and administrative departments are organized and located directly within individual units to facilitate a rapid response to technology needs. Some units also utilize programming and technical services provided by functional offices offering similar services. Consequently, most units have more than one ongoing technology initiative.

### **Technology Systems**

There is a commitment by university offices to maintain the current technology systems as well as implement “leading edge” initiatives. This costly commitment to modernize technology systems is a result of the increasing prioritization of IT. Funding is received through direct resource allocations for specific initiatives and departmental allocations for IT products and personnel.

Computers are widely used for academic and administrative functions at UT Austin. This includes processes and services involving faculty, staff, campus leadership, and students. On-line capabilities exist in virtually every area of the university, rather than in only one or two leading offices. Almost all major administrative processes are now performed online and in real-time, with few paper form backup alternatives (e.g., admissions applications, financial aid award processing, student registration, hiring processes, personnel appointment forms, employee timesheets, budget authorizations, and financial transactions). Document imaging is used in several administrative areas, resulting in a significant reduction in paper processing, storage, and distribution as well as attendant personnel costs. Students participate in technology-based learning at a high level, which requires faculty members to become similarly involved in technology-based teaching and learning. Over 45,000 of the university’s 50,000 students work within Blackboard’s Course Management System, which is an on-line tool for teachers and students that provides educational resources.

Over the past decade, the university has invested over \$6 million in classroom technology, including multimedia instructor podiums, video projection systems, sound systems, and network connections. Of the university’s 419 total classrooms, 261 have received this new technology. Of the 261 “wired” classrooms, 183 have been built using a UT-developed standard configuration, resulting in lower unit costs for component acquisition and system integration as well as providing a common user interface for faculty who use multiple classrooms. The University of Texas M.D. Anderson Cancer Center has adopted this standard.

### **Texas Advanced Computing Center**

Over the past several years, the Texas Advanced Computing Center (TACC) at UT Austin has developed into one of the leading academic supercomputing centers in the nation. TACC provides high-performance computing facilities, advanced scientific visualization, data storage, and archival

services. Additionally, it houses the 600-processor Cray-Dell PowerEdge Xeon Cluster, which ranked as the 8<sup>th</sup> most powerful U.S. academic supercomputer in a November 2004 worldwide survey. In October 2004, TACC connected to the National Science Foundation (NSF) TeraGrid, becoming the only university or national laboratory between California, Illinois, and Tennessee to have a direct connection. TACC also serves as a lead member of High Performance Computing Across Texas Consortium (HiPCAT), a Texas university consortium providing statewide leadership on grid computing.

### **Good Citizenship**

Beyond its goals for the extensive use of technology to support higher education functions on campus, the university also performs certain “good citizenship” roles for the University of Texas System, state of Texas, and the nation.

- The university serves as a “lead agent” for six other University of Texas component campuses by extending human resources and financial systems to those campuses, including software development and operational support.
- In a similar “lead agent” capacity, the university seeks to extend its vendor licenses to other Texas institutions, including access to library databases and subscriptions, usage provisions within technology purchasing contracts, and broad site licenses for the use of technology products.
- The university provides the infrastructure and operational support for a statewide network to link together public and private universities and various state agencies.
- The university developed an online admissions application form to lower the high costs of processing manually submitted application forms as well as to speed up the response time to applicants. This online service was subsequently expanded into a common application form and service available to all Texas public higher education institutions. The software system is maintained by the UT Austin Admissions Office, and the online application form is available on the Texas Higher Education Coordinating Board’s “College For Texans” website for any student wishing to apply to any public Texas institution of higher education.
- The university runs a national transcript exchange service that allows higher education institutions to share student college transcripts among participating institutions. This exchange service, which includes a fee, reduces both the time and cost of processing transcripts in the transfer admission process.
- The university is an active participant in the development of a statewide system for the electronic exchange of transcripts from high schools to post-secondary institutions. This system is expands on the national transcript exchange system already in place.

Under this model, each high school will write a program that extracts high school transcript data and transforms it into the appropriate national standard for electronic exchange. UT Austin will receive that data from the high school and transfer it to any member institution. All Texas public institutions are members. UT Austin serves as the central information delivery mechanism between the high schools and the higher education institutions.

This electronic exchange service will significantly reduce the current slow and costly processes of mailing and manual data entry of paper transcripts. UT Austin is working with

several different school districts and sponsoring agencies to implement this system. It is currently in the testing phase with Treand, Inc. and discussions are underway for implementation at Austin ISD, with an expected starting date of early 2005.

- The university plays the lead role in developing and connecting UT Austin and other Texas colleges and universities to a new regional high-speed data network (Lonestar Education and Research Network), which will in turn connect to the Internet2 and the National LambdaRail coast-to-coast optical fiber network.

As a result of these extended services, UT Austin makes reduced costs and/or increased access to enhanced services available to institutions and agencies that might otherwise have not been able to utilize functions individually. This creates a greater aggregate benefit to the state.

### **Disaster Recovery Plan**

UT Austin is in the final stages of the development of a disaster recovery plan for its central ITS unit and the services directly supported by that group. This effort, led by an office within the ITS organization dedicated to security policies and functions, should be completed shortly.

## **DETAILED FINDINGS**

### ***Processes and Controls (Rec. 4-1 and 4-2)***

UT Austin uses a decentralized model for technology acquisition, development, and support. Virtually all academic and business application support is done locally at the college or administrative division level, with technical staff reporting to the dean or lead administrative officer. Decentralized computing processes result in duplicative costs and/or services, including redundant software solutions and underutilized server and infrastructure capacity. For example, the university uses multiple email systems instead of a single university wide system and has redundant course management systems. Decentralized computing efforts also create inefficient staffing levels (e.g., staffing similar positions or not adequately staffing areas of need), which results in having “critical persons” in various technology support areas, leaving the university vulnerable to not being able to fix a problem if the “critical persons” were absent.

The university’s central Information Technology Services (ITS) organization focuses on infrastructure, technical services, support for technical staff, and institutionalizing new applications. Mechanisms to minimize potential duplicative activities have been put into place, such as technology committee structures (e.g., academic “Tech Deans” and administrative “Tech VPs”), information-sharing forums, and joint partnership ventures across units.

In addition, the use of additional processes and controls should be considered to increase inter-unit communication and cooperation and to avoid unnecessary duplication in system development initiatives. For example, the use of additional forums for inter-office discussion should be considered, especially for non-homogenous interest groups. Similarly, the purchasing process for new technologies might incorporate a check against existing installed and/or planned products. Development and publication of a more comprehensive IT strategy for the university would facilitate awareness of planned activities and acquisitions by various units and allow units to focus more on planning their individual IT activities.

An evaluation should be conducted, either internally or through the central ITS unit, of the significant technologies installed across the university to eliminate redundancies and any “critical person” dependencies. The focus should be on significant technology products and installations and the purchase, maintenance, personnel, and other attendant costs associated with them as well as a percentage of utilization of the resources employed.

Formed by a merger of academic and administrative computing units a few years ago, the present ITS unit’s role is primarily focused on:

- supporting the campus and external network connectivity;
- supporting a central server that houses those servers that support its software systems as well as supporting some distributed system servers at the request of end users (this service is used more by distributed technical units);
- supporting certain campus wide applications as a centralized service;
- “institutionalizing” and broadly distributing selected IT services originally developed by one of the distributed units across campus;
- training technical personnel within a common technical tool set for IT services provided by personnel located in various distributed units (this training will need to expand to cover future additional tool and skill sets);
- providing a Central Information Security service, including intrusion detection, incident response, policy, and awareness training; and
- providing centralized and distributed end user support.

A “post-implementation review” should be done after any major organizational change, such as the reorganization of computing units, to determine whether adjustments are needed or whether any issues have surfaced that need to be addressed. A discussion within the community on the role of the central ITS organization should either affirm and/or modify the role of ITS.

### ***UT Austin Leadership Commitment Levels (Rec. 4–3)***

Many institutions in a technical environment similar to UT Austin struggle with providing current technology services. Technology solutions are often customized by the end users, which can potentially result in a stagnancy of technology advancements because many users are not familiar with the customized processes of others. UT Austin has taken steps to invest in and enhance the currency of its customized systems. These internal investments have been made to better ensure that the capabilities of the recently acquired and expensive major Enterprise Research Planning systems are maximized. This strategic approach to business software development would not be appropriate for many higher education institutions. However, it appears to be cost-effective for UT Austin given the size, scale of operations, and commitment to maintaining systems of the university.

UT Austin should benefit from this approach by:

- retaining the proven core processing logic and functionality already working in the traditional systems;
- enabling Web-based customer interactions so that end user functionality is current with state-of-the-art vendor systems and presentations;
- allowing individual offices, through its distributed systems development model described above, to move aggressively with new technology development and providing processes that allow for relatively quick system implementation; and
- utilizing a common computing environment (Natural and Adabas) across the major application areas, supported by technical personnel trained centrally for a common skill set who follow design, presentation, and development standards that allow for integrated processing and data sharing across the various locally-developed systems.

Given its internal dependency on maintaining the currency of its system and the increasing competition within higher education for resources, UT Austin leadership will need to maintain, if not increase, its current level of committed resources to technology innovation and support.

The university should review current systems for further development, identify necessary technology updates, and determine funding sources. The university also needs to re-examine its current practice of generally prioritizing technology projects at the local level. The current lack of procedures for a comprehensive review of IT spending and prioritization combined with distributed decision-making may cause capital resources to be directed towards initiatives that are high priority for the local units but may not be the best use of resources for the university as a whole.

Technology projects should be prioritized from a broader perspective to assure that technology development is meeting both local departmental needs as well as university needs. In addition, initiatives should ensure that functional improvements keep pace with national vendor developments in order to maintain “system currency.” (For example, current university initiatives to incorporate “wait list” capabilities and prerequisite checking into the university’s registration system are functions typically already within major vendor systems in the marketplace.)

The use of third-party systems for meeting certain niche technology requirements should be an available decision option for university developers. For example, the university recently selected the Blackboard product for its primary course management system. Care should be taken to reserve university in-house development resources for high-value and truly unique needs.

#### ***Data Warehouse (Rec. 4-4)***

Management reporting is inadequate for operational and planning decision-making, especially at the academic/business unit level, which has not received appropriate reporting to manage at optimum levels. The result has been the implementation of a variety of local systems loaded with non-integrated data.

The current Data Warehouse Project being implemented at the university will bring all critical information technology data into one central database to facilitate access to performance and planning data. A “data warehouse” is a database with related special reporting tools that accumulates, reformats and reorganizes data into a file format to produce reports, utilizing and linking data from across various operational departments. Deans are the intended users of this warehouse. The Data

Warehouse Project has been prioritized and awarded funding from the president's office. This project should continue to receive high priority and concomitant funding to allow for the earliest possible completion date.

Upon completion of the Data Warehouse project (estimated December 2005), the distributed systems currently in place in the colleges and offices for local management reporting should be discontinued. All future internal management reporting should use central warehouse data. This will ensure that data are consistent, as they are drawn directly from the same base transactional systems of record.

### ***ITS Disaster Recovery Plan (Rec. 4-5 and 4-6)***

In the event of a technology outage, UT Austin would find it difficult to recover its business, academic, and research operations. ITS is developing a formal disaster recovery plan, expected to be completed and available for testing in early 2005. The current draft of this plan focuses on inventory documentation and contact lists.

However, the draft is not clear about the distributed leaders' responsibilities for the development of disaster recovery/business continuity plans (beyond basic data backup provisions). The ITS disaster recovery plan focuses on the restoration of services for systems directly supported by ITS personnel; their disaster recovery responsibilities do not extend into the requirements for the many various distributed systems. Since system integrity failures for distributed systems affect significant portions of the campus, personnel, and/or mission-critical functions, disaster recovery requirements should also cover those areas.

University leadership needs to ensure that responsibility for disaster recovery/business continuity planning gets delegated appropriately to all distributed units where critical ITS services are provided. An inventory of systems and functions across the university should be conducted to determine how critical each unit is to the university's mission and operation. For each highly critical system, a person should be delegated with the responsibility to create a disaster recovery plan in sufficient detail. ITS personnel should be available to advise the individuals delegated with this responsibility since they have experience with developing disaster recovery plans. Each unit-level recovery plan should be scaled according to the critical level of the unit.

The ITS disaster recovery plan should be completed at the earliest possible date. The completed plan should reflect not just a priority contact list, but should also detail significant recovery steps. Upon completion of the planning and documentation step, a full functional testing of the plan should be designed and executed. Any issues resulting from this test should be corrected and appropriately documented. After the ITS disaster recovery plan has been completed, tested, and revised, mechanisms should be instituted to ensure that ongoing changes in relevant personnel, business practices, or technology components are automatically updated in the plan. Further, the plan will need to be tested on an annual basis and plan contents updated to reflect shortcomings and new environmental conditions.

**FISCAL IMPACT**

Recommendation	2006	2007	2008	2009	2010	Total 5-year (costs) or savings	One-time (costs) or savings
Rec. 4-1: Examine additional means for better inter-unit communication to avoid unnecessary technology duplication. <sup>1</sup>	\$308,000	\$308,000	\$308,000	\$308,000	\$308,000	\$1,540,000	0
Rec. 4-3: Conduct an audit, either internally or through the central ITS unit, of the significant technologies installed across the university and formulate a plan to eliminate redundancies and/or any "critical person" dependencies. <sup>2</sup>	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$4,000,000	0

<sup>1</sup>Multiple e-mail systems result in duplicative support costs. While the total number of duplicative systems is not known, estimated savings from eliminating those systems and putting users on a shared university wide system are significant. The estimated savings in the matrix are based on typical software maintenance and license fees, related server and hardware costs, and system and support time.

<sup>2</sup>The university's distributed model for the acquisition and development of technologies does not provide a central inventory of the current technologies exists or a measurement of the cost/support required for those technologies. It is recommended that the university undertake an inventory audit of the significant technologies currently in place within the university. Probable areas of emphasis should be the various email systems in place as well as the technology development and reporting tools installed. The major steps needed for an inventory audit would be:

- Survey all major divisions to itemize those significant technologies that are installed.
- Review any available purchasing/fixed asset inventory records for matching or inclusion into the survey results.
- Identify areas of apparent duplication of function.
- Identify the attached licensing costs associated with these duplicative technologies.
- Identify the personnel skills and FTE support requirements for installing and/or maintaining these duplicative technologies, or any shortcomings in such support.
- Identify any other costs associated with these duplicative technologies.
- Evaluate the cost/benefit of retaining these duplicative technologies.

Based on results from similar audits at other major research universities, an audit would likely identify opportunities for savings in the range of \$800,000 per year (\$4 million over five years).





# Chapter 5

## **University Governmental Relations**

University of Texas Austin



## *CHAPTER 5*

# ***UNIVERSITY GOVERNMENTAL RELATIONS***

The University of Texas System coordinates both state and federal governmental relations (the latter through an office located in Washington, D.C.). Each University of Texas institution, including UT Austin, has a primary officer responsible for state and federal governmental relations. At UT Austin, the vice president for Institutional Relations and Legal Affairs serves as the chief governmental relations officer and the chief legal and compliance officer. The office has the general responsibility for managing communication with the Board of Regents, the University of Texas System, state and local governmental and quasi-governmental entities, the state legislature, and federal governmental representatives and entities. Reporting to this officer is an associate vice president for Governmental Relations, who has responsibility for the day-to-day state governmental relations for UT Austin.

The Institutional Relations and Legal Affairs Office provided the review team with job descriptions, staffing levels, annual budget figures (including source of funds), and a percentage breakdown of time spent on government relations by stakeholder groups. The review team obtained similar data from peer institutions. However, due to the sensitivity of the data, most of the institutions requested that they not be separately identified.

Certain other factors complicate direct and reliable peer data. For universities within systems, the governmental relations function is frequently a shared responsibility. The degree of this sharing varies significantly among systems, although the leadership (and thus the staffing levels and budget dedication) usually comes from the system level. The systems, however, vary enormously in size and complexity. The University of Wisconsin at Madison (a UT Austin peer) is one of 26 institutions in the University of Wisconsin System, whereas the University of Illinois Urbana-Champaign (another peer) is one of only three institutions within its system. The University of Texas System is unique because, of the 15 institutions in the system, six are health-related institutions. Furthermore, not all peer institutions exist within true systems (for example, the University of Michigan).

Legal limitations on lobbying also complicate accurate peer comparisons. Some states explicitly prohibit lobbying activities by state funded agencies (as Texas does in Chapter 556 of the Government Code). Other states, such as Washington and Missouri, permit such activities. In reality, however, the difference between “lobbying” and “providing information” probably does not significantly impact staffing and budget allocations to governmental relations activities.

Another limitation on peer comparisons involves the structure and responsibilities of governmental relations offices. Some universities place this function under an external or public affairs operation. Some include both state and federal governmental relations. At UT Austin, state governmental relations personnel report to a vice president for Institutional Relations and Legal Affairs; this combination of institutional relations and legal affairs may well be unique, yet it reflects the experience and skills of the particular vice president. In addition, the partnership is logical, since governmental relations work requires an understanding of the legal structures of government and the legal implications of pending legislation.

### **ACCOMPLISHMENT**

- UT Austin has low governmental relations costs per student (\$5.22 in 2004) in comparison to its peer institutions. (p. 105)

**Budget for State Governmental Relations**

The budget for state governmental relations at UT Austin totals \$268,832 (**Exhibit 5–1** presents the 2004 operating budget). The vast majority of this funding (\$259,075) comes from general revenue, with the balance (\$9,757) coming from discretionary gift funds. Of the total budget, approximately 90% is used for salaries. The governmental relations function employs one full-time professional and one full-time support person. In addition, one-sixth of the vice president’s salary is allocated to this function, as well as one-third time of a research fellow and one-fifth of an assistant to the vice president. In legislative years (odd-numbered years), the budget increases slightly to cover such items as a Pre-Session Legislative Conference.

**Exhibit 5–1  
The University of Texas at Austin Governmental Relations-State Relations Activities  
2004 Operating Budget Information**

Salaries (2 FTE, 1/6 FTE, 1/5 FTE, one 2 month employee)	\$242,107 (General Revenue)
Supplies, Equipment, Phone Service, etc.	\$12,000 (General Revenue)
Conferences and Travel	\$4,000 (General Revenue)
Publications	\$380 (General Revenue)
Electronic Database/Legislative Tracking Service	\$588 (General Revenue)
Special Events	
Examples are: Buses and food for Longhorn Marching Band to perform at events as requested by legislators; campus educational visits/tours provided for state officials, legislators, and/or staff; entertainment (meals) and tickets associated with attendance at athletic events and other discussion opportunities	\$8,157 (Discretionary Gift Funds)
Entertainment/Business Luncheons	\$1,600 (Discretionary Gift Funds)
<b>TOTAL</b>	<b>\$268,832</b>

*NOTE: Fiscal year 2004 was a year without a regular legislative session. For years in which there is a regular legislative session, the following additional costs are incurred: \$25,000 (Discretionary Gift Funds) for the Pre-Session Legislative Conference cosponsored by the senate, the house, and UT Austin (logistics provided through the LBJ School of Public Affairs); and \$1,700 (General Revenue) for additional use of electronic database/legislative tracking service.*

*SOURCE: UT Austin; Governmental Relations, 2004.*

Within the caveats of comparison difficulties noted above, budget and staffing for governmental relations at UT Austin appear to be modest when compared with peers, as noted in **Exhibit 5–2**.

**Exhibit 5–2**  
**The University of Texas at Austin State Governmental Relations Comparison with**  
**Peer Institutions Fiscal Year 2004**

Institution	Profess- ional Staff	Support Staff	Total Budget	Source of Funds	Enrollment by Level	Comments
A	3	2	\$796,092	General funds from state appropriations and tuition	28,747 Undergraduates 15,554 Graduate & Professional <i>44,301 Total</i>	
B	5	1	\$410,000	General funds (combination of general revenue, tuition and other funds)	25,677 Undergraduates 8,951 Graduate & Professional <i>34,628 Total</i>	
C	1.5	1	\$181,250 (salaries only)	General funds from state appropriations and tuition	28,583 Undergraduates 11,354 Graduate & Professional <i>39,937 Total</i>	The budget for state relations is provided from two different sources. The non-salary portion of the budget is provided by the Chancellor's Office; therefore, it was difficult for the institution to determine the state relations' share.
D	2	2	\$425,000	General funds from state appropriations and tuition	34,853 Undergraduates 9,689 Graduate & Professional <i>44,542 Total</i>	
E	2	1	\$331,000	General funds from state appropriations and tuition	37,605 Undergraduates 13,126 Graduate & Professional <i>50,731 Total</i>	This office is combined with federal relations and has a total budget of \$1.1 million. Therefore, the state relations portion of the budget is estimated.
F	2	1	\$400,000	General funds from state appropriations and tuition	28,589 Undergraduates 10,281 Graduate & Professional <i>38,872 Total</i>	
G	3	2	\$454,000	50% from state appropriations and 50% from tuition and fees	27,962 Undergraduates 11,173 Graduate & Professional <i>39,135 Total</i>	
H	2	2	\$300,000	General funds from the state as well as tuition and other funds	23,206 Undergraduates 9,870 Graduate & Professional <i>33,076 Total</i>	This office is in the process of significantly increasing its budget as well as the number of staff.
I	5.5	4	\$711,000	92% comes from general funds, the rest comes from designated funds	24,517 Undergraduates 14,514 Graduate & Professional <i>39,031 Total</i>	
J	2.66	1	\$638,000	General funds from state appropriations and tuition	38,589 Undergraduates 7,809 Graduate & Professional <i>46,398 Total</i>	This office is combined with the federal relations function.
K	2	.5	\$614,243	General funds from state appropriations and tuition	16,144 Undergraduates 10,215 Graduate & Professional <i>26,359 Total</i>	
UT Austin	1 full time 1 at 1/6 time	1 full time 1 at 1/5 time 1 at 1/16 time	\$268,832	General funds from state appropriations and discretionary gift funds	38,383 Undergraduates 13,043 Graduate & Professional <i>51,426 Total</i>	

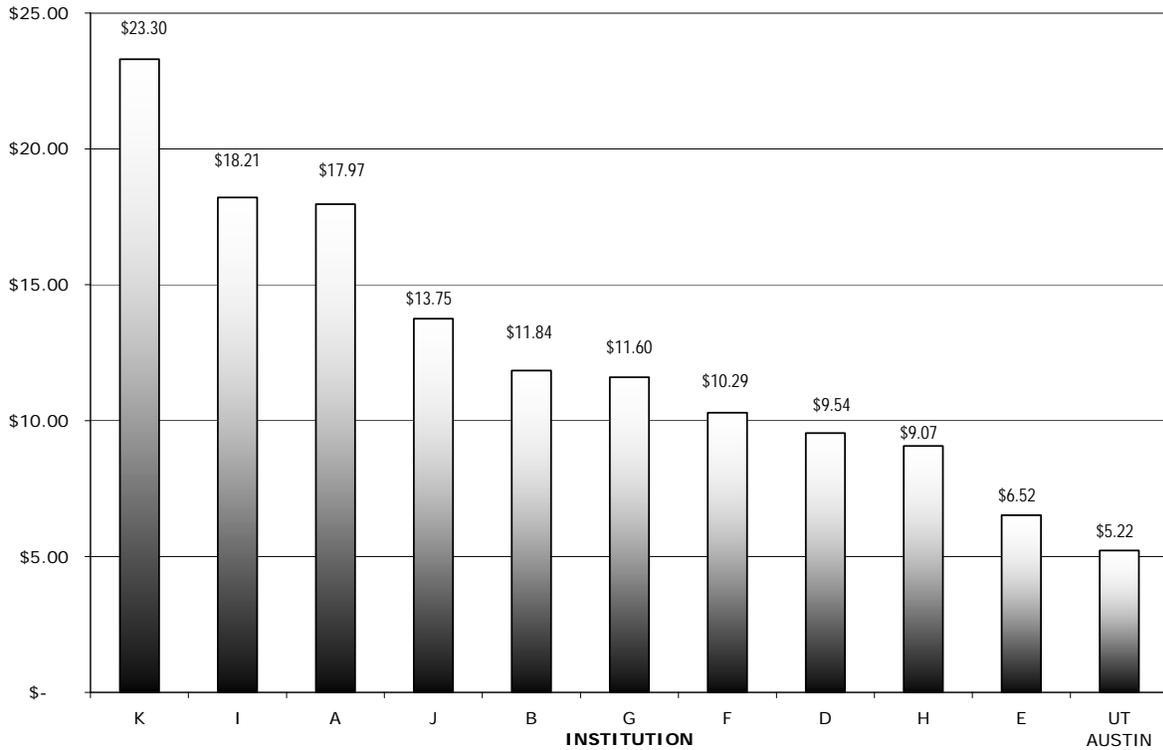
*NOTE: Institutions A-K include: University of California at Berkeley, University of Michigan, UCLA, University of North Carolina, University of Wisconsin, University of Illinois, University of Washington (Seattle), The Ohio State University, University of Minnesota, Indiana University, and Michigan State University. Most of these institutions agreed to share their data on the condition that they not be separately identified.*

*SOURCE: UT Austin; Governmental Relations and Pappas Consulting 2004.*

**Governmental Relations Cost Per Student**

As shown in **Exhibit 5–3**, on a per student basis, UT Austin spends \$5.22 per student on governmental relations, ranking it lowest in the peer group. The peer institutions range from \$6.52 per student to \$23.30 per student. Institution C submitted salary data only, so it is not included in **Exhibit 5-3**.

**Exhibit 5-3  
The University of Texas at Austin Governmental Relations  
Cost Per Student 2004 Compared to Peers**



*NOTE: Institutions A-K include: University of California at Berkeley, University of Michigan, UCLA, University of North Carolina, University of Wisconsin, University of Illinois at Urbana-Champaign, University of Washington (Seattle), The Ohio State University, University of Minnesota, Indiana University, and Michigan State University. Most of these institutions agreed to share their data on the condition that they are not separately identified.*

*SOURCE: Calculated by Pappas Consulting, 2004.*

**Stakeholders**

A functional and stakeholder analysis indicates that the UT Austin governmental relations office provides a number of functions primarily to either the legislature (including the executive branch) or to senior administrators (including those in the University of Texas System Office). Based on the job description of the primary professional in this area (associate vice president for Government Relations), these functions include the following:

- interact and advise government officials at the state level of the mission, needs, and activities of UT Austin. Provide assistance at federal and local levels as needed (5%);
- inform the appropriate UT Austin and UT System officials of current operations and long-range developments on the state level that may affect UT Austin (20%);
- conduct strategic planning, in cooperation with the UT System, for legislative session and other programmatic initiatives (15%);
- respond to requests, provide information, and develop legislative and budgetary testimony to legislative personnel and others (40%);

- prepare documents on higher education and UT Austin (5%);
- conduct exclusive legislative tracking (5%); and
- perform various other duties and special assignments as assigned (10%);

All of these are traditional functions for a state governmental relations office, and the percentages of effort would also approximate the percentage of the budget.

The office appears to provide service to essentially two stakeholders, the external legislative stakeholders (collectively) and the internal senior administrators. This classic role means the office helps the legislature to know and understand the needs of UT Austin and the senior administrators to recognize and understand the needs of the state and the effect of any potential state action on the university. From a time perspective, the office splits its time between these two major stakeholders (based on the percentage of effort of the associate vice president of Governmental Relations). When the activities of the Research Fellow are included, the balance of effort shifts to the legislative stakeholder group, although the budget shift would be minimal. The non-salary budget items also appear to be approximately 50% external and 50% internal. Therefore, the cost per major stakeholder group (external, legislative; internal, senior administrators) would be approximately \$135,000 each.

A recent article in “The Chronicle of Higher Education” (October 22, 2004) included a profile on state lobbying. One university profiled was the University of Washington (Seattle), a UT Austin peer institution. As with all major universities, the University of Washington calls on a cadre of others (from the president to CFO to the provost to faculty to others with specific expertise) to assist in legislative activities such as budget and other committee testimony. The state of Washington’s strict lobbying disclosure rules require the university to put a dollar value on those who assist in any way on the state governmental relations activity but are not a direct part of the office. In the 2003–2004 fiscal year, that amount totaled just under \$77,000. As the University of Washington has branch campuses and a major medical center, it is likely that it has more extensive state governmental activity than UT Austin and that UT Austin’s equivalent figure would be considerably lower, especially as the University of Texas System takes the lead responsibility for state governmental relations. The University of Texas System had 11.0 FTE and \$1,247,369 dedicated to the governmental relations function in 2004.





# Chapter 6

## Plant Operations and Maintenance

University of Texas Austin



## *CHAPTER 6*

# ***PLANT OPERATIONS AND MAINTENANCE***

The Plant Operations and Maintenance functions at UT Austin support master planning, facilities planning, capital budget development, construction of new facilities, and maintenance and operations. These functions adhere to the policies and procedures of the Board of Regents and the University of Texas System, with oversight from the Texas Higher Education Coordinating Board. Facilities management supports the education, research, and public outreach mission of the university and provides a safe and secure environment for students, faculty, staff, and campus visitors to live, work, and learn.

This unit also manages the minor construction and renovation of existing facilities and coordinates with the University of Texas System on new construction over \$1 million or renovation projects over \$2 million. The campus forwards recommended construction and renovation projects to the Board of Regents for approval and includes approved projects in the Capital Improvement Plan (CIP).

Campus facilities managers have direct responsibility for the maintenance and operations of facilities on a daily basis. This includes the generation and distribution of all utilities, daily cleaning, grounds and landscaping services, preventive and periodic maintenance of the campus buildings, and the maintenance of specialty equipment.

Maintenance functions are financed by three different methods:

- customer fees from smaller renovation projects or work done for auxiliary services departments (i.e. residence halls, parking, athletics, etc.);
- funds from larger designated projects, usually capitalized (major renovation or facility renewal projects that have a specific, identified funding source); and
- funds budgeted by the institution for the repair, maintenance, and operations of education and general (E&G) facilities space (from a variety of state or campus funding sources but consolidated within UT Austin's budget for support of E&G activities).

The vice president of Employee and Campus Services oversees the Plant Operations and Maintenance functions at UT Austin. The specific departments charged with facilities management responsibilities are

- Campus Planning and Capital Projects;
- Utilities and Energy Management; and
- Physical Plant.

### **ACCOMPLISHMENTS**

- UT Austin's maintenance program performs most maintenance proactively. (p. 111)
- UT Austin's supply side energy conservation measures have limited the increase of natural gas consumption to approximately 4.5 percent while building space has increased nearly 15.5 percent. (p. 111)

## FINDINGS

- UT Austin’s master plan does not address academic space needs, future campus space requirements, or building space available for possible reallocation. (p. 112)
- Capital projects recommended for inclusion in the Capital Improvement Plan contain a budget number for the design and construction of the project, but the future operation and maintenance costs for owning and operating the facility are not projected. (p. 113)
- UT Austin does not track non-organized course offerings in departmentally controlled classrooms, (p. 117) nor does it track station occupancy. (p.119)
- Utilities costs are 51 percent of the annual gross square footage (GSF) maintenance and operations expense for campus buildings. (p. 120)
- Over the past ten years, the percentage of new building space served by the Utilities Department has increased more rapidly than the percentage of consumption of natural gas. (p. 122)
- The prices of UT Austin’s natural gas contracts from the State General Land Office (GLO) are determined by private bids. (p. 122)
- Over half of the university’s buildings have reached an age requiring maximum capital renewal investment. (p. 123)
- The list of properties proposed for development by UT Austin appears to be extensive; however, there are actually only a minimum number of properties that could be candidates for development. (p. 125)

## RECOMMENDATIONS

**Recommendation 6–1 (page 112):** UT Austin should develop a strategic space plan that includes an inventory of current campus space and provides projections on types and quantities of future space needs.

**Recommendation 6–2 (page 113):** Identify the long-term affect of projects forwarded for inclusion on the CIP list on the operating budget.

**Recommendation 6–3 (page 117):** Design and implement a method to measure the weekly room usage of departmentally controlled classrooms (including non-organized courses).

**Recommendation 6–4 (page 119):** Develop and implement a system to track institutional and laboratory space.

**Recommendation 6–5 (page 120):** Perform a university wide energy audit of campus facilities to identify energy conservation opportunities with high returns.

**Recommendation 6–6 (page 122):** The Utility Department should consider five-year contracts with renewal options for natural gas purchases.

**Recommendation 6–7 (page 123):** Develop and implement a prioritized capital renewal strategy to manage critical systems and building component replacements and upgrades.

**Recommendation 6–8 (page 125):** Perform a periodic review (every 3–5 years) of all external properties to determine feasibility for development.

## **DETAILED ACCOMPLISHMENTS**

### ***Maintenance Program***

UT Austin’s maintenance program has a high performance record for preventive and proactive maintenance.

Institutional maintenance work falls into one of three categories:

- reactive (breakage repair);
- proactive (scheduled preventive maintenance to prevent breakdowns in building components and critical equipment or, work identified by the maintenance department during preventive maintenance inspections); and
- departmental (work performed at a departmental request, including minor construction, renovations, or work performed for auxiliary units - parking, student housing, athletics, etc).

UT Austin’s maintenance program performs most maintenance proactively. An evaluation of the all the maintenance work orders for fiscal year 2004 shows a higher level of proactive maintenance (work performed on preventive maintenance work orders or identified by PM inspections) than reactive maintenance.

PM or PM-identified work:	\$3.3 million
Reactive maintenance work:	\$2.9 million

To attain this level of maintenance performance, UT Austin has invested in information technology and management training and re-engineered maintenance work processes and work assignments.

The backbone of the information technology is the Facilities and Maintenance Information System (FAMIS). FAMIS enables the maintenance department to track the detail of work requests, resources applied to work orders (time, materials, parts, etc.), equipment performance and work history, and the work performance of specific work crews, shops, and craftsman. It also allows preventive maintenance schedules to be preprogrammed so that work orders for PM are issued at appropriate times, complete with necessary parts, tools, and equipment.

Maintenance department improvements have increased facilities performance and controlled facilities maintenance and operations costs. Budget reductions have been absorbed without apparent damage to the preventive maintenance program.

### ***Energy Conservation***

The single largest utility cost item for UT Austin is natural gas (used to generate electricity, heat, hot water, and air conditioning). The university has done a commendable job of controlling both the expense and consumption of natural gas.

UT Austin's supply side energy conservation measures have limited the increase of natural gas consumption to approximately 4.5 percent while building space has increased nearly 15.5 percent.

UT Austin's Utility Department has made investments in both modernizing the utility generation equipment and installing supply side energy conservation measures. Examples of investments are more efficient boilers, increased efficiency in heat recovery systems, and controls to optimize the efficiency of the system.

## DETAILED FINDINGS

### *Strategic Plan (Rec. 6-1)*

UT Austin's main campus is nearly 400 acres. The campus is 'landlocked,' completely surrounded by the city of Austin. Given the high demand for land in the city, opportunities to acquire large blocks of land for campus expansion are limited.

In addition to its main campus, the university has more than 400 acres of land on the north side of Austin, which have been developed into the Pickle Research Campus (PRC). The activities at this location are research-oriented and require limited day-to-day interaction with the main campus. The total building space on the PRC is approximately 1.6 million gross square feet. There is space for further development and construction.

Cesar Pelli and Associates and Ballmori Associates completed a UT Austin Campus Master Plan in 1996. The master plan does not address academic space needs, future campus space requirements, or building space available for possible reallocation. Instead, this master plan focuses on architecture, building sites, landscaping, open space, etc. The plan's objective was

“ . . . to support and embody a sense of community for students, faculty, and staff and to create a sense of place that will remain strong and clear in the memories of graduates.”

The plan was intended to maintain the university's established historic character and create a sense of community. The following seven planning principles were developed to maintain those objectives:

- Return the core campus to pedestrians and keep vehicular traffic to the edges of the campus.
- Use the architectural language of Paul Cret's original works as the basis for new structure designs.
- Establish a community of landscaped open spaces, working in concert with buildings to extend and reconnect the campus.
- Add substantially to on-campus housing, thus completing a more complete academic community.
- Establish new centers of student activity, reinforcing housing and academic uses to enhance a full on-campus life.
- Concentrate future construction in the core campus rather than on the fringes.

- Enhance public perceptions of and access to the campus through strengthened identity and way finding programs.

The review team recommends the development of a strategic space plan that includes an inventory of current campus space and provides projections on the type and quantity of future space needs. This plan, with input from the departments, colleges, and schools throughout the university, would provide campus leaders the tools to make informed decisions on the best use of the few remaining building sites on the main campus that can be implemented within existing resources. This plan would also identify facilities that are underutilized and that could be a candidate for space reallocation, renovation, or demolition.

The combination of the current architectural campus planning document and a strategic space plan linked to key academic initiatives would help decision-making and establishing capital budget priorities. This will also provide a means for estimating the facilities costs to support academic initiatives.

### ***Capital Projects (Rec. 6–2)***

The University of Texas System administration has primary responsibility for construction and program management of major projects. Major projects are those in excess of \$1 million for new construction and more than \$2 million for renovations. Projects that are less than these limits are the responsibility of the Physical Plant Department and do not require Board of Regents approval. These smaller projects can be projects requested by departments for renovations, capital renewal projects, systems repairs, or other maintenance projects that are not covered in day-to-day maintenance budgets.

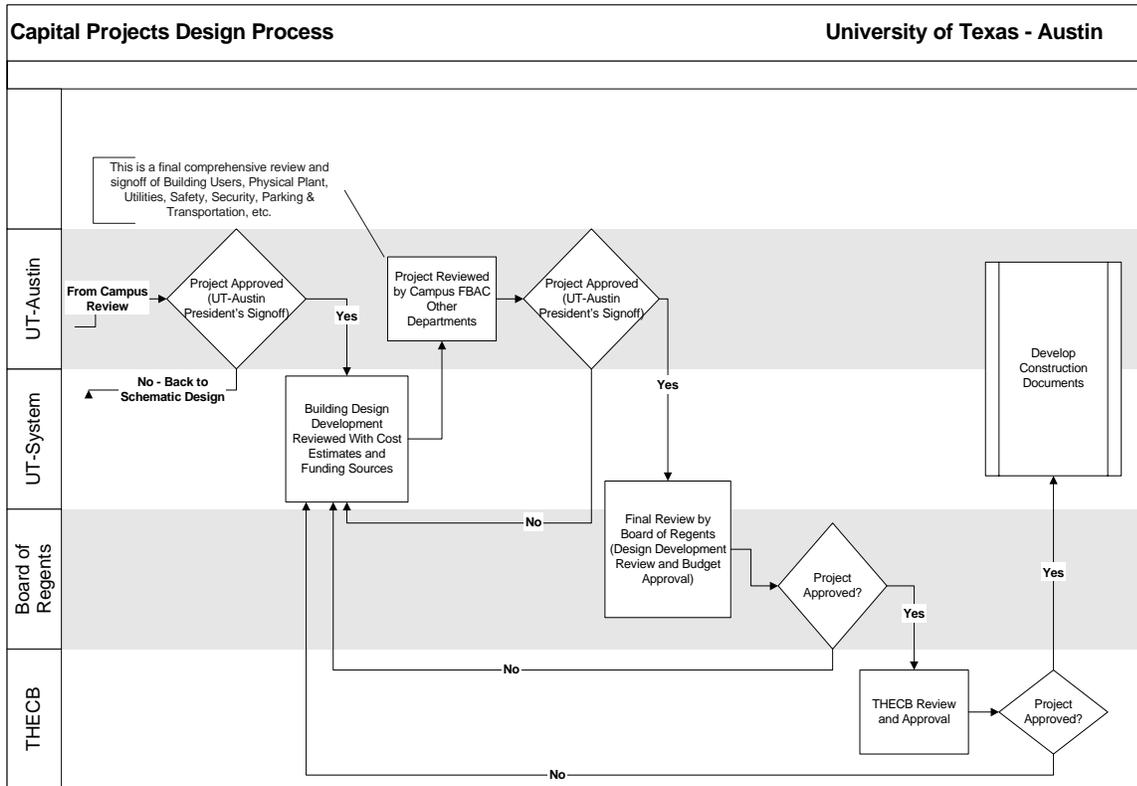
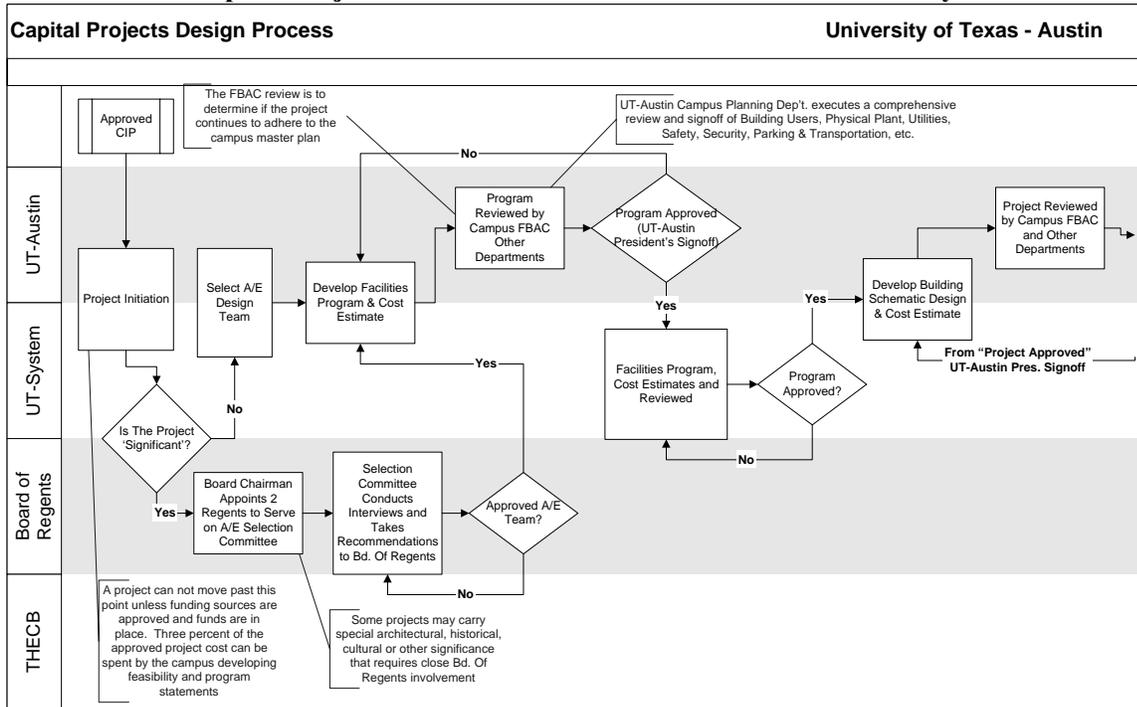
UT Austin constructs minor projects using one of the following three methods:

- dedicated in house construction crew: The Physical Plant Department has a crew that responds to construction and renovation requests from campus departments. These are small projects (usually \$50,000 or less) that require quick response.
- job order contracting: An annual contract is bid using established competitive rates. This method is used for projects of approximately \$50,000 to \$200,000.
- contract bidding: A bid is developed for larger projects with a contractor.

These methods follow campus construction requirements and ensure that construction is meeting campus needs.

The University of Texas System, with assistance from UT Austin, manages the construction and program management for major projects. The review team mapped the design process to identify the coordination and sign-off points between the system and the campus in **Exhibit 6–1**.

### Exhibit 6-1 Capital Projects Coordination Between UT Austin and UT System



SOURCE: UT Austin, created by Pappas Consulting, 2004.

The initial challenge of a capital project is establishing a project budget. If a project has been on the Capital Improvement Plan (CIP) for a few years waiting for funding, the cost of the project will be greater than when it was first approved due to inflation. If the final cost of a project varies from the initial project budget by more than 10 percent, it goes back to the Board of Regents for budget adjustment approval.

The key steps of this process are:

- project initiation (funding needs to be in place before a project can move forward. If project planning is required to launch the project or support fund raising, a total of 3 percent of the project budget can be spent for planning or programming);
- architect-engineering design team selection (if the Board of Regents believes the project is historically, culturally, or architecturally significant, it participates in the selection and final approval of the design team);
- key review and approval stages (there are three key review and approval points for the Campus and System Administration in the project design phase at the end of the programming, schematic development, and design development. At each of these junctures, a cost estimate is done to determine if the project is on budget);
- Board of Regents final approval; (the Board of Regents conducts a final review and approval of the project design and budget at the conclusion of the design development stage); and
- Texas Higher Education Coordinating Board (THECB) review and approval. (the THECB reviews the project and approves the final budget after Board of Regents' approval).

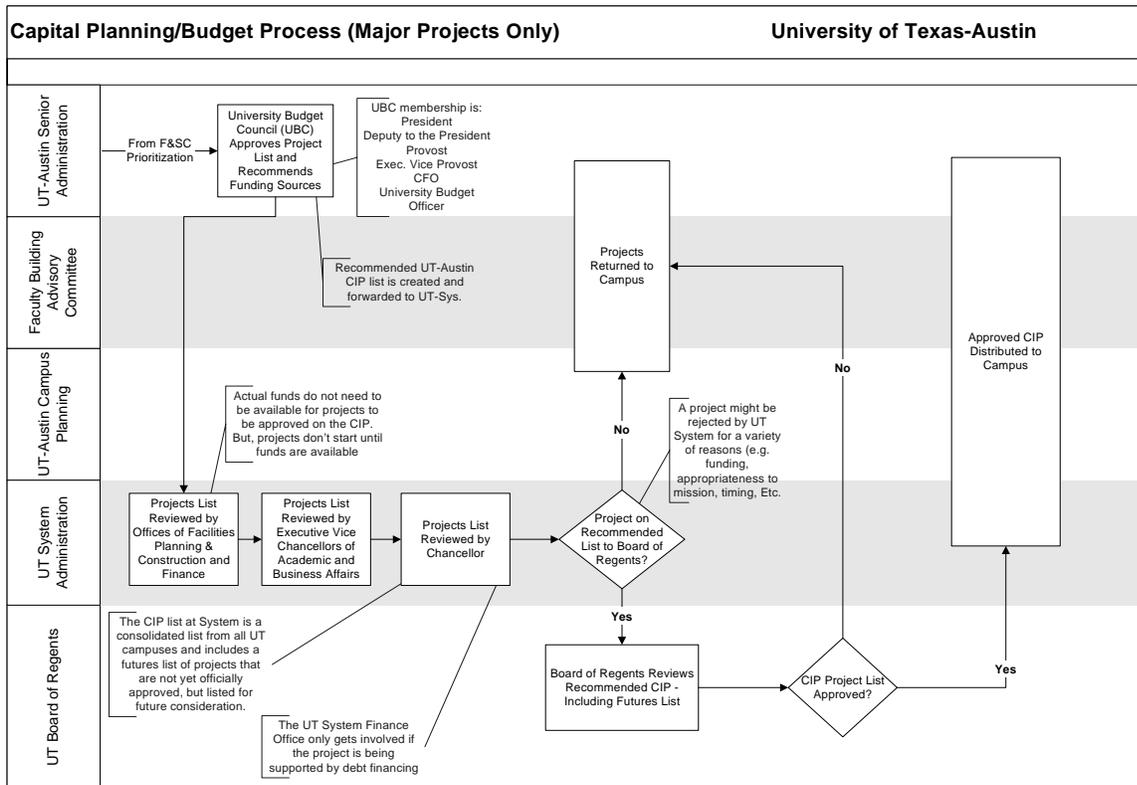
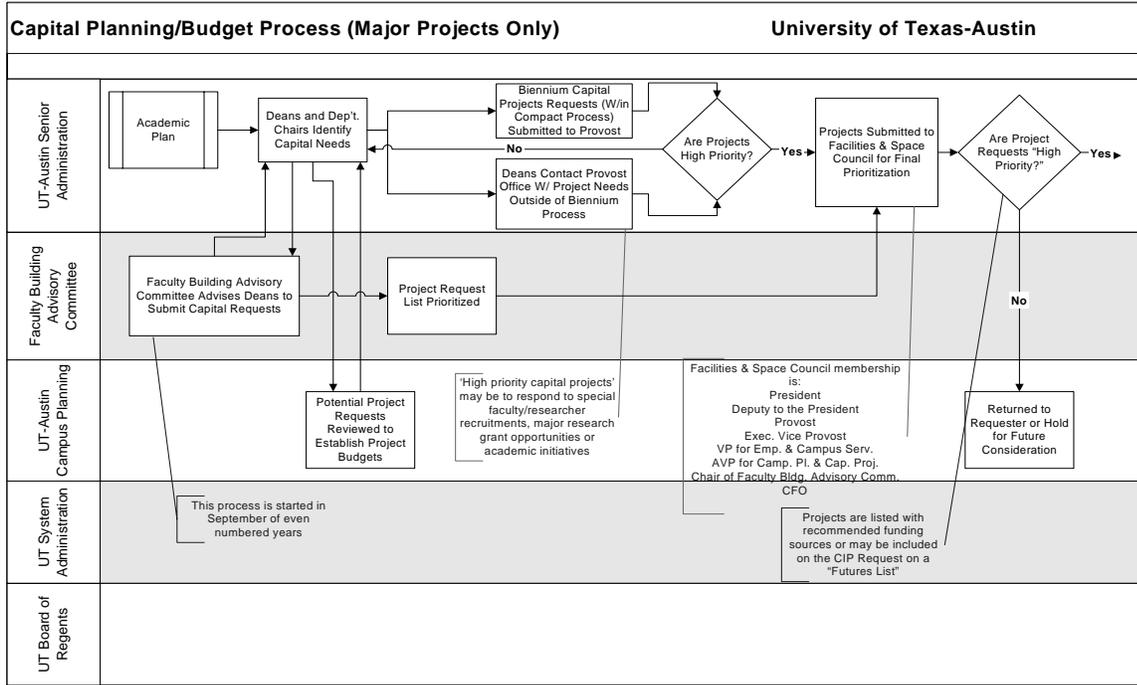
The capital budget process for UT Austin starts with projects recommended by departments and culminates in a CIP approved by the Board of Regents. There are several review and approval points throughout the process to evaluate each project.

**Exhibit 6–2** illustrates the university's capital budget process and identifies key points of review and approval. This process runs every even-numbered year (biennial cycle).

Key steps in the capital budget development process are

- Academic and administrative units initiate project requests. Deans, the provost, and key administrative representatives identify project needs through the compact process.
- The Faculty Building Advisory Committee, Facilities and Space Council (FSC), University of Texas System administration, and Board of Regents evaluate project appropriateness to mission and prioritize projects.
- The FSC, University Budget Committee, University of Texas System administration, and Board of Regents review and approve project funding recommendations.

### Exhibit 6-2 UT Austin Capital Budget Process and Key Approval Points



SOURCE: UT Austin; created by Pappas Consulting, 2004.

- Projects can be recommended for inclusion in the CIP without funding in place, but intended funding sources need to be identified. The University of Texas System reviews and the Board of Regents approve all project funding arrangements.
- The capital budget development process also allows the university to respond to opportunities that arise during the biennium. On a quarterly basis, the Board of Regents can amend projects and reflect changes in the CIP. Examples of projects are those that support key faculty or researcher recruitments, grants, gift funded projects, etc.

A project that is placed on the approved CIP list is not authorized for design and construction until actual funds are in place.

Currently, capital projects recommended to the CIP are not required to project the future costs of operating and maintaining the facility.

The review team recommends that projects forwarded for inclusion on the CIP list identify costs for future maintenance and operations and capital renewal. This recommendation is consistent with the University of Texas System's tendency to employ life cycle costing rather than value engineering.

### ***Departmentally Controlled Classrooms (Rec. 6-3)***

A common space management program tracks and reports the manner in which space is used. Space usage on university campuses can be reported by total space inventory, type, functions supported, assignment, location, condition, and level of use. Space management procedures should also schedule space use, make space assignments, and reallocate space to support new initiatives.

At UT Austin, the Office of Institutional Research compiles, reports, and distributes space use data to campus managers and external agencies. Academic and administrative units report space data by building, room type, functional activity, assignment, etc. A series of reports is generated indicating each department's space capacity and location and the total education and general (E&G) space on campus.

The Provost's Office manages the space allocated to academic units. The provost and his staff also negotiate the reallocation of space from one school or college to another, although reallocation rarely takes place. The academic deans and administrative vice presidents manage space assignments within their own departments.

The Office of Institutional Research for the university maintains records of university space data, such as actual space management, available space, and the level of use of space at the local academic or administrative unit level. UT Austin recently conducted a five-year space utilization analysis to determine the trends in space utilization (**Exhibit 6-3**).

**Exhibit 6–3**  
**Five-Year (1999 to 2003) Trend Analysis of Campus Instructional and Research Activity and Space Growth**

	Increase/ (Decrease)	Increase/ -Decrease
Tenure/TT Faculty	87	5.0%
Total Enrollment	3,355	6.9%
Research Expenditures	\$102,279,842	37.3%
Classroom Space (NASF)	1,879	0.4%
Instructional Space (Includes Classroom Space) (NASF)	60,213	2.7%
Research Space (NASF)	269,249	11.3%
Other Space (NASF)	627,233	11.21%

*NASF = net assignable square feet*

*SOURCE: UT Austin; Office of Institutional Research, 2004.*

The analysis shows that over the past 5 years:

- the number of Tenured/Tenure Track faculty has increased 5 percent;
- student enrollment has increased nearly 7 percent;
- combined classroom and instructional space has increased 3.1 percent;
- research expenditures have increased over 37 percent; and
- research space has increased over 11 percent.

Overall, the amount of classroom/instructional space is not increasing as quickly as enrollment growth, and the amount of research space is increasing less than a third as quickly as research activity.

UT Austin reports and reviews information on all rooms coded as “classrooms” (both general purpose and departmentally-controlled). The Office of the Registrar schedules general-purpose classrooms, and the department to which rooms are assigned schedules departmentally controlled classrooms and laboratories. General-purpose classrooms are scheduled for non-organized courses such as summer classes, camps, clubs, symposia, seminars, outreach programs for UT Austin students, and summer academic programs sponsored by the university. However, reporting to the Texas Higher Education Coordinating Board is only required for organized courses in general purpose and departmentally controlled classrooms.

UT Austin does not track data on classroom usage for non-organized courses in departmentally controlled classrooms. With only two-thirds of general-purpose classroom space scheduled by the Registrar’s Office, the registrar relies on the availability of departmentally controlled classrooms. Currently, the Registrar’s Office uses departmental classrooms that the department is willing to release for central scheduling.

The university should design and implement a method to measure weekly room period (WRP) usage of departmentally controlled classrooms. The Registrar’s Office has been able to fit the current class load into the available general-purpose classroom inventory and nearly attain the THECB standard of 38 hours per week. However, faculty members believe there is a serious constraint on available classroom space, as noted in a 2002 Faculty Building Advisory Committee resolution:

“ . . . all future building and renovation of academic facilities on the main campus of the University of Texas must include a minimum of 15% of the assignable space in the form of general-purpose classrooms. Any exceptions to this must be approved by the President, following advice from the Faculty Building Advisory Committee and the Facilities and Space Committee.”

The need for new classroom facilities would not be as great if the current inventory of departmental classrooms can be used with greater efficiency.

This year the Office of Institutional Research (OIR) and the Office of Facilities Planning and Management have initiated a plan to reduce inconsistencies between OIR facilities information and physical plant data by using the technological capabilities of FAMIS. The goal is to have system integration completed for the facilities update in July 2005.

The Registrar's Office is developing reporting systems that will allow the University to more accurately report non-organized course use for general-purpose classrooms.

***Station Occupancy (Number of Seats) Data (Rec. 6-4)***

UT Austin's classroom and instructional space inventory reported 2003:

General Purpose Classrooms	267
Departmental Classrooms	144
Seminar Rooms	16
Instructional Labs	152

Classroom space usage is measured in two ways:

- weekly room periods (WRP); and
- station occupancy (student seats).

WRP represents the total number of class periods that are scheduled each week for a classroom. For example, if a classroom is used Monday-Friday starting at 9 AM and ending at 5 PM, WRP for that room would be 40. This assumes that each class period is 50 minutes and there are 10 minutes between classes.

Station occupancy is reported as a percentage of the number of total seats occupied in a class period. For example, if a classroom has 40 seats, and 30 students are registered for the class, the station occupancy rate would be 75 percent.

The Texas Higher Education Coordinating Board (THECB) has established a standard of 38 WRP for Texas institutions (38 classes per week per classroom).

A comparative analysis using WRPs was done between UT Austin and three other public research institutions: the University of Illinois, Urbana Champaign; Ohio State University; and the University of Wisconsin, Madison. The data are displayed in **Exhibit 6-4**.

**Exhibit 6-4**  
**UT Austin Classroom Use Compared to Selected Peers**  
**Fall 2003**

	Comparative Classroom Use Data				Fall 2003 Data			
	UT Austin		Institution I		Institution II		Institution III	
Student Enrollment	51,426		41,588		39,319		50,731	
Classrooms (Number of Rooms)		% of Total		% of Total		% of Total		% of Total
General Purpose	267	65%	357	76%	382	92%	328	77%
Departmental	144	35%	112	24%	32	8%	100	23%
Total Classrooms	411		469		414		428	
Average Weekly Room Period (WRP) Use								
General Purpose	37.7		26.2		26.37		24	
Departmental	NA		24.3		NA		NA	
Average Station Occupancy (%)								
General Purpose	NA		58.5		72.7		NA	
Departmental	NA		55.9		NA		NA	
Texas Higher Education Coordinating Board Standard (WRP)	38							
A Weekly Room Period (WRP) is one class period, usually a 50-minute period.								
Station Occupancy Percentage is the percentage of seating capacity filled.								

*SOURCE: UT Austin; 2004. Institutions I, II, II (University of Illinois, Urbana Champaign, Ohio State University, University of Wisconsin, Madison) agreed to share their information, but not be identified separately.*

The comparative data indicate UT Austin has slightly fewer classrooms than the other institutions and a smaller percentage of classrooms in the general-purpose, centrally scheduled category.

Currently, UT Austin does not track station occupancy for its classrooms.

The university should consider implementing a system to track station occupancy data (number of seats) for instructional space. Determining the appropriate kind and size of instructional space will ensure renovation and new construction funds are efficiently utilized.

***Energy Audit (Rec. 6-5)***

Although UT Austin's overall maintenance and operations expenses for campus buildings compare favorably to industry benchmarks, utilities costs are 51 percent of the annual gross square foot (GSF) maintenance and operations expense for campus buildings. The percentage of the annual GSF cost for utilities is slightly higher than the peer comparisons, as shown in **Exhibit 6-5**.

**Exhibit 6-5  
UT Austin Operations and Maintenance Costs Compared to Peer Benchmarks 2004**

Cost Categories	UT Austin Operations and Maintenance Costs			Date: 10/27/2004
	UT Austin	52 Doc/Res. Ext.	45 Public Doc/Res. Ext.	7 Public Cent. Reg. Doc/Res. Ext
Utilities	\$2.73	\$2.47	\$2.38	\$2.60 <sup>1</sup>
Administration	\$0.51	\$0.44	\$0.43	\$0.42
Building Maintenance	\$1.00	\$1.17	\$1.09	\$1.03
Custodial	\$0.72	\$1.09	\$1.04	\$0.82
General Support/Other	\$0.30	\$0.46	\$0.46	\$0.29
<i>Total</i>	\$5.26	\$5.63	\$5.40	\$5.16
Adjustment for CPI at 3 percent compounded annually for 2 yrs (Developed by Pappas Consulting)	\$5.29	\$5.97	\$5.73	\$5.47
Grounds <sup>2</sup>	\$0.05	\$0.09	\$0.09	\$0.05
Adjustment for CPI at 3% compounded annually for 2 yrs	\$0.05	\$0.10	\$0.10	\$0.05
Total E&G GSF	12,949,429			
<i>UT Austin Definitions:</i>				
<i>Administration:</i>	All costs associated with the Director's Office, personnel functions, the accounting group that supports both operations and minor construction activities, central stores and inventory, training and safety			
<i>Utilities:</i>	All Costs associated w/utilities operations. Includes procurement of natural gas, standby electric, purchased electricity, water, wastewater, labor and debt service. Also included is the cost of maintaining the utility distribution system.			
<i>Construction:</i>	Costs associated with the delivery of on-campus construction including salaries for management staff, construction inspectors and staff in asbestos abatement, gen. Construction, PL, elect, and sheet metal shops. Does not include the actual cost of construction activities or materials.			
<i>Building Maintenance:</i>	Cost of operations for all general building maintenance functions. Includes the following shops: zone maintenance, preventive maintenance, fire sprinkler and operations (controls).			
<i>Custodial:</i>	Costs associated with the custodial services operation on campus. In-house staff cleans the majority of space with approximately one million square feet outsourced.			
<i>Grounds:</i>	Cost of maintaining campus grounds. This does not include repair or construction of streets and sidewalks.			
<i>General Support:</i>	Includes vehicle maintenance, transportation services, environmental, recycling, trash operations and the furniture shop.			

<sup>1</sup>Includes utilities costs for both public and private doctoral research-extensive institutions in the central region.

<sup>2</sup>Grounds costs are calculated using square footage of grounds space and are not added into building square footage totals.

SOURCE: "2001-2002 Comparative Costs and Staffing Report for Educational Facilities"; The Association of Higher Education Facilities Officers; Association of Physical Plant Administrators (APPA).

There are essentially two ways for the campus to control energy and utilities costs. The first is by controlling the cost of purchasing and generating utilities. The second is by reducing the consumption of utilities within the buildings. The Utility Department is responsible for supply side conservation and efficiency measures.

A university wide energy audit should be performed of campus facilities to identify energy conservation opportunities with high return. An energy audit measures energy consumption levels within the major buildings on campus. It will highlight methods for energy reduction, such as lighting retrofits, more sophisticated temperature controls, or energy efficient motors or variable speed drives. The audit should account for implementation costs in calculating potential savings.

The energy audit will give UT Austin a prioritized list of energy conservation measures to implement, beginning with the opportunities for the quickest returns. Even though UT Austin has successfully

participated in the LoanSTAR program through the State Energy Conservation Office, there are additional opportunities for cost savings.

Even a modest reduction in the per square foot energy cost can result in significant annual savings. For example, a five percent reduction in utility consumption costs could yield an annual savings of approximately \$1.75 million.

### ***UT Austin Utility Department (Rec. 6–6)***

UT Austin generates all electricity, chilled water for air conditioning, steam (heat, domestic hot water, and air condition), and compressed air, on the main campus. Either steam or direct-fired gas turbines power electric generators. The steam is generated by natural gas. The ‘waste steam’ and heat are recovered for domestic heating, hot water, and some air conditioning (steam driven chillers).

Ninety percent of the natural gas contracts are purchased in advance to prevent the affects of short-term market price swings. The contract prices are determined by private market bids, but the price can be matched or undercut by the General Land Office (GLO). GLO is the state office that manages the energy, oil, and mineral rights from state of Texas land holdings. Since natural gas is used for both the generation of steam and direct-fired gas turbines, it is the single largest ongoing expense for UT Austin’s utility system. Annual expenses for natural gas are approximately \$21 million.

Utilities are distributed to the main campus through approximately six miles of underground utility tunnels. This keeps all utilities protected and out of sight.

Auxiliary departments (student housing, parking, athletics, etc.) purchase their utilities from the campus Utility Department on a full cost reimbursement basis. The pricing model recovers the cost for fuel, capital investment, maintenance, labor and benefits, etc.

The Utility Department annually benchmarks the cost of campus utilities against the possible purchase price from the local utility company. A recent comparison shows UT Austin’s generated utility rate to be \$.049 per KWH, with the City of Austin’s utility rate at \$.056 to \$.058 per KWH. If local utilities were purchased, UT Austin would still need to maintain its own campus distribution system.

Campus water and sewage services are purchased from the City of Austin. Off-campus facilities, such as the Pickle Research Campus, are purchased from local utility companies.

The price of UT Austin’s natural gas contracts with the State General Land Office (GLO) is determined through private bids. GLO goes to the private market and solicits bids, then has the option of matching or beating private market bids or passing on the contract. Recently, the contracts for UT Austin have been taken by GLO for an amount below the private market bid price.

UT Austin’s Utility Department considers five-year contracts with renewal options for natural gas purchases. With current market contractual purchases based on three-year contracts, it could be increasingly difficult for the campus to keep independent private natural gas suppliers interested in bidding for the contract. Furthermore, given the high probability that GLO will take the contract after the price has been established, it is likely that many suppliers will choose not to bid or put very little thought into their bids.

If independent contractors switched to longer term contracts (e.g. five years) with options to extend for an additional two to three years, there would be more competition and perhaps overall lower pricing. The option to extend would enable UT Austin to compare private and contractual natural gas prices before making a decision to renew.

**Capital Renewal Strategy (Rec. 6–7)**

Capital renewal is the planned replacement of depreciated facilities and key components. For example, roofs, HVAC systems, windows, and carpets need to be periodically replaced to keep facilities in safe working condition.

Capital renewal is frequently referred to as “deferred maintenance.” Deferred maintenance sometimes carries the connotation that such maintenance has not been accomplished for lack of resources, effort, or other reasons.

For example, a 20-year old roofing system with a replacement cost of \$100,000 and a life expectancy of 30 years may be said to have \$65,000 of deferred maintenance (two-thirds of its life expectancy). It indicates the facility has a capital renewal need that will eventually come due and is currently valued at \$65,000. Depending on the risk of potential failure, capital renewal may not be executed for another eight to twelve years, when the actual condition of the roof has degraded to a point of failure.

Institutions with large facilities portfolios will always have some level of accumulating capital renewal. The amount of the capital renewal will depend on the replacement value of the facilities portfolio, the quality or life expectancy of the original construction, the accumulated age of the facilities, the level of investments that have been made over time to replace building equipment or components, and the level of use of the facilities.

The challenge is to understand the pace at which capital renewal must be addressed. Such factors as the level of risk associated with a component failure, effectiveness of the maintenance program, and obsolescence of space must be taken into account. For example, a building may have an accumulated capital renewal need that is rated at nearly 60 percent of its replacement value. However, if the facility is obsolete, the institution would be better advised to demolish the space and build a more modern building. This would remove a significant amount of capital renewal need (or deferred maintenance) from the institution’s inventory while upgrading the functionality of the space.

The University of Texas System and UT Austin have both invested significant effort in determining the capital renewal needs on campus. UT Austin has commissioned an engineering study to create a database of building deficiencies. The database enables campus managers to separate the highest risks to campus operations from the elements that can be addressed later.

The campus’ Facilities Condition Index (FCI) is approximately 0.4. This represents an identified capital renewal need of approximately \$700 million.<sup>3</sup>

<sup>3</sup>The Facilities Condition Index (FCI) is a measure of the level of capital renewal required. The FCI is calculated by dividing the total amount of capital renewal needs of a building by its total replacement value. If a building with a replacement value of \$10 million has an accumulated capital renewal need of \$1 million, the FCI would be 0.1:

$$\text{Capital Renewal Need/Current Replacement Value} = \text{FCI}$$
$$\$1 \text{ million}/\$10 \text{ million} = 0.1$$

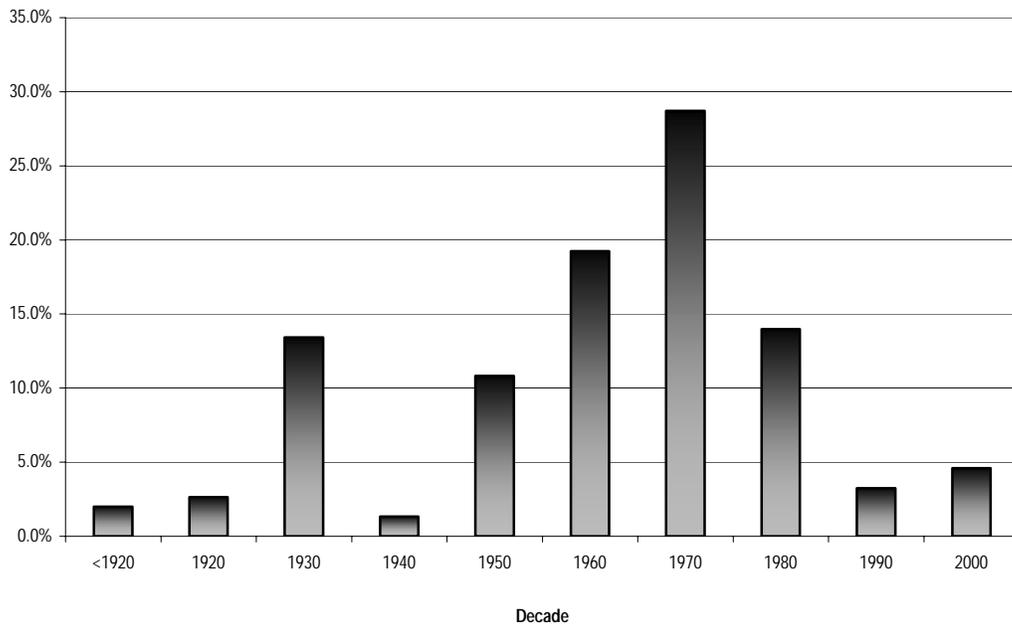
The National Association of College and University Business Officers (NACUBO) articulates the following range:

- .05      Good
- .05-0.1      Fair
- >0.1      Poor

Avoiding capital renewal deficiencies can cause systems and building components to start to fail on a more regular basis and maintenance and operations become more expensive as a greater percentage of the resources are spent fixing problems.

Over half of UT Austin’s buildings have been in use for 20–30 years and require maximum capital renewal investment. In addition, many expensive building components such as roofs, HVAC systems, electrical systems, and elevators need replacement. Newly constructed buildings, on the other hand, do not have high capital renewal needs in the first few years. The profile of new construction at the University of Texas at Austin (**Exhibit 6–6**) shows that approximately 60 percent of the campus buildings were built since 1960 and over 40 percent was built between 1970 and 1989. This amount of campus development was in response to increasing enrollment and research demands.

**Exhibit 6–6**  
**Percentage of Total GSF Constructed**  
**by Decade**



SOURCE: UT Austin; Construction by Decade.

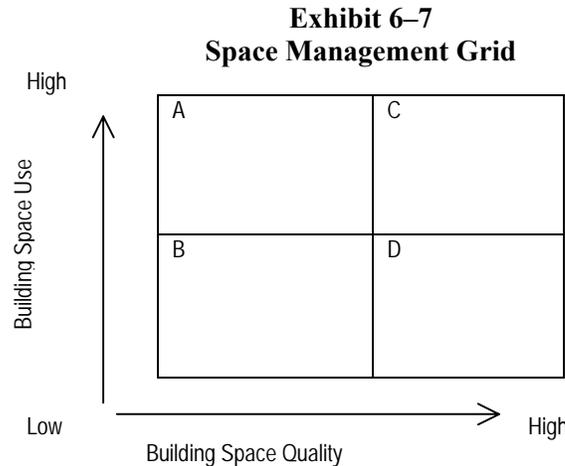
The current capital renewal demands are for the campus buildings constructed in the 1960s and 1970s.

In light of the current poor condition of campus buildings, the university should develop and implement a prioritized capital renewal strategy to manage critical systems and building component replacement and upgrades. Several tools are necessary for developing an effective capital renewal strategy. The first is an engineering study. The second is space management reporting.

The Vanderweil Facility Advisors, Inc. (VFA) engineering study, performed within the last three years, has identified specific buildings and systems that need renewal. The study also determined that the campus FCI is approximately 0.4. The campus has undertaken an initiative to reduce this figure to 0.2 by the year 2020.

Space management reporting would also enable the university to rate building space usage from light to heavy and building condition from poor to good, thereby prioritizing investment needs.

The review team recommends the university utilize the space management grid shown in **Exhibit 6–7** for analytical purposes.



*SOURCE: Pappas Consulting, 2004.*

For example, Quadrant A facilities (fully used, but of lower quality) are ideal targets to consider when making capital renewal investment.

Quadrant B facilities (not fully used and of poor quality) are targets for demolition or limited renewal. For example, converting an older wet lab building to a dry lab building removes the need to upgrade expensive plumbing systems.

The goal of the university should be to have most of the facilities in Quadrant C (space that is heavily used and of high quality).

Quadrant D (space of high quality, but not heavily used) is for facilities best suited for reassignment.

These strategies are only effective if there is a good understanding of the type of space is needed, the current use of space, and the projected space demands of the institution.

**Periodic Review (Rec. 6–8)**

UT Austin’s portfolio of property beyond the main campus consists of large tracts of property, such as the Pickle Research Campus, as well as smaller tracts with very specialized uses.

UT Austin has a policy of reviewing any donated property in terms of market value, use, environmental condition, etc., before it is accepted into the inventory. If there is no readily apparent use for the property, it is sold. Since 1999, 17 properties have been sold for a total of \$4,724,858.

Many of the properties are used for academic purposes, student housing, and designated historical purposes (museums, libraries, nature preserves, etc.).

**Exhibit 6-8  
Property Holdings for the University of Texas at Austin**

Location	UT-Austin Property Summary			E&G Assignable Square Ft.	Total Replacement Cost	Use	Comments/Revision comments
	Acreage	Gross Square Ft.	Assignable Square Ft.				
Main Campus, Austin	425.7	16,053,455	8,646,568	6,133,899	\$2,807,676,301	University instruction and research	Main campus reduced by amount of space and replacement value contained in Lake Austin Ctr. This facility is located in the Brackenridge Tract.
Whitaker Fields, Austin	59.6	NA	NA	-	NA	Recreation Sports at 51st and Guadalupe	Recreation Sports at 51st and Guadalupe
Pickle Research Campus, Austin	463.7	1,614,562	1,166,832	1,157,091	\$187,722,013	University research	
Dobie Paisano Ranch	254.0	-	-	-	\$ -	Permanent wildlife preserve and center for arts and literature	Funds to purchase collected from donors to operate property as a permanent wildlife preserve and center for arts and literature.
Leased Space, Austin, Leander, Dallas, McAllen		162,148	98,896	85,172	\$ 173,808	Please see "Lease Summary" (sheet 2)	ASF and E&G ASF as well as replacement cost not valid for leased space. Sub and grand total reduced by those amounts.
Bee Caves, Austin	32.9	19,648	10,377	9,360	\$1,146,884	Currently used as a site for a radio tower and shooting range for police department	Old Nike Missile site used as the site for the U.T. System Police Training Academy and Pistol Range and a major radio transmission tower for KUT-FM.
Brackenridge Field Lab, Student Housing, and Office Bldg., Austin	157.3	443,205	359,775	27,197	\$40,721,293	Student housing, research, and administration	Donated to be used for UT; Subsequent legislation allowed alternate uses w/ proceeds being used for UT-Austin Values in this row increased to reflect that Brackenridge Field Tract contains the Brackenridge Warehouse, Brackenridge Apartments, Colorado Apartments and Lake Austin Ctr.
Stengle-Lost Pines, Smithville	208.0	4,366	2,733	1,225	\$106,187	Research and teaching in biological science	Held as an asset for an endowed fund for research and teaching in biological science
ARL Lake Travis Test Station, Austin	59.7	5,131	4,888	4,888	\$253,007	Federal sonar research	
Student Family Housing - Austin	25.6	575,847	463,919	-	\$47,658,060	Student housing	Property being used for student housing
McDonald Observatory, Fort Davis	653.3	152,060	129,011	57,966	\$64,118,427	Astronomy research and training	
Marine Science Institute, Port Aransas	84.9	196,815	148,968	124,767	\$18,603,930	Research and instruction in marine biology	Hatchery property cannot be sold w/out approval of US Government
Winedale Historic Center, Round Top	220.7	40,904	33,491	6,775	\$2,891,883	Research, instruction and historical preservation	Land is an asset for an endowment account set up by Ima Hogg
Petex Facility (Permian Basin), Odessa	-	5,000	4,606	4,606	\$248,694	Research and instruction	Property is at UTPB in Odessa
Sam Rayburn Library, Bonham	5.1	6,403	-	-	\$960,281	Memorial Library	Property is from an endowment; can only be used for S.R. Library
BEG Core Research Ctr., Houston	12.4	168,030	160,530	160,530	\$5,100,000	Geophysical testing operations	If sold, proceeds to be used to fund an endowment
BEG Warehouse, Midland	3.5	49,840	49,443	49,443	\$185,671	Geophysical testing operations	If sold, proceeds to be used to fund Hubert Collins Endowment in Geology

**Exhibit 6–8 (Continued)**  
**Property Holdings for the University of Texas at Austin**

		UT-Austin Property Summary					
<i>Location</i>	<i>Acreage</i>	<i>Gross Square Ft.</i>	<i>Assignable Square Ft.</i>	<i>E&amp;G Assignable Square Ft.</i>	<i>Total Replacement Cost</i>	<i>Location</i>	<i>Acreage</i>
BEG Portable Sheds, Devine	-	140	140	140	\$1	Geophysical testing operations	
McDermitt Clinical Sci Bldg., San Antonio	-	17,928	17,928	17,928	\$1	Lease at UT Health Science Center; medical and pharmacy research	
KUTX-FM San Angelo	-	100	100	100	\$1	Public radio satellite of KUT radio on main campus; small office and transmitter	
John Nance Garner House & Museum, Uvalde	0.9	5,168	-	-	\$775,200	Memorial Library	Donated to UT to be preserved as a memorial library. Cannot be sold. Will revert to City of Uvalde if not used for donated use.
<b>Subtotal</b>	2,667.2	19,158,920	10,918,652	7,807,143	\$3,145,734,089		
UT System, Austin	N/A	439,315	271,705	241,295	\$63,577,100		
Non Institutional Agencies, Austin	94.3	671,701	58,157	-	\$58,101,640		
<b>Subtotal</b>	94.3	1,111,016	329,862	241,295	\$121,678,740		
<b>Grand Total</b>	2,761.5	20,269,936	11,248,514	8,048,438	\$3,267,412,829		

*SOURCE: UT Austin; Facilities Inventory, 2004.*

There are also several properties that are commercially leased (**Exhibit 6–9**).

**Exhibit 6–9**  
**UT Austin Lease Summary**

<i>Location</i>	<i>Comments</i>
Red River Professional Bldg. 3208 Red River Austin, Texas 78705	Grant program for civil engineering
Stonelake Building #2 and #3 4030 West Braker Lane, Suite 100 Austin, Texas 78759	Grant program for research and education
Lot 2, Bagdad Meadows 250 & 300 N. Bagdad Leander, Texas	Institute for Advanced Technology Research for federal government on defense systems
200 North Bagdad Road Williamson County, TX	Institute for Advanced Technology Research for federal government on defense systems
Hartland Plaza 1717 West 6th Street, #240 Austin, TX	School of Social Work Grant program for social work outreach program
1775 Eye Street, NW Washington, DC 20006	Center for Educational Accountability, Office of Governmental Relations Sublease, expires 12/31/04, no renewal, not relocating
University Outreach Center 6337 Harry Hines Blvd. Dallas, Dallas City, TX 75235	Dallas Outreach for Admissions Recruiting program for minorities and under privileged students

**Exhibit 6–9 (Continued)**  
**UT Austin Lease Summary**

<i>Location</i>	<i>Comments</i>
Spicewood Business Center 4412 Spicewood Spring Rd. Suites 600 (includes 500) & 800 Austin, TX	Institute for Geophysics Office and research space until improvements can be built or modified on campus
2830 East MLK Blvd. Austin, TX 78702	Art & Art History Gallery & exhibition space for student and faculty artwork; will eventually move into the Blanton once it's open
Concord Square III 508 North 10th Street McAllen, Texas 78501	McAllen Outreach Center for Office of Public Affairs Recruiting program for minorities and under privileged students
Metric 6 Building 9715-A Burnet Road, Suite 150 Austin, TX 78758	Center for American History Temporary warehouse for Exxon Corp. records; records will be transferred into library when space is available
1301 East 7th Street Austin, TX 78702	Community Relations Neighborhood Longhorns - community outreach program
6324 Prospect Dallas, Texas 75214	Dallas Outreach Center for Office of Public Affairs Recruiting program for minorities and under privileged students Currently making arrangements for free space-beginning 3/1/05
UT Health Science Center at Houston 7000 Fannin, Suite 2380 Houston, TX. 77030	Houston Outreach for Admissions
McDermott Clinical Science Building UT Health Science Center @ San Antonio 7703 Floyd Curl Drive, 2 <sup>nd</sup> floor San Antonio, TX 78229	Lease at UT Health Science Center for medical and pharmacy research
Tower Manor 1908 University Avenue Austin, TX 78712	Land and vacant building leased from UT endowment funds for temporary parking. Asset to be purchased from endowments for future campus use.

*SOURCE: UT Austin; Income Received Leases, 2004.*

Many of the commercial leases are smaller properties. The largest lease property is a 140-acre parcel within the Brackenridge Tract that is leased to the City of Austin as a golf course through 2019.

Some have suggested that parcels should be sold for private development. On the list is the golf course and the Bee Caves properties. However, short-term development of these properties appears to be very limited. If the lease of a public golf course were broken for private development, major public relations problems for the university would, in all likelihood, emerge.

The Bee Caves property is a parcel that may be large enough for a development opportunity. However, the U.S. Government donated this property to the university as surplus property. Since it had been used as a Nike Missile Base, it would require a significant amount of environmental remediation. Also, the radio tower on the property would require relocation. Interviews disclosed a variety of opinions regarding the feasibility of development of UT Austin external properties, but these opinions are often based on erroneous information or invalid assumptions. Many of the properties carry use restrictions or constraints that prohibit development.

Others can only be developed with long-term lease expirations, long-term planning, or by overcoming detrimental environmental conditions.

Although the list of properties held by UT Austin appears to be extensive, there are very few that are candidates for development.

The 2004 income from these leases is \$1,403,865.26. The income generated through these commercial leases has steadily grown from 1999–2004, as demonstrated in **Exhibit 6–10**.

**Exhibit 6–10**  
**University of Texas at Austin Lease Income**

<i>Year</i>	<i>Amount</i>
<i>September 1, 2003–August 31, 2004</i>	<i>\$1,403,865.26</i>
<i>2002–2003</i>	<i>\$1,267,379.71</i>
<i>2001–2002</i>	<i>\$1,090,324.44</i>
<i>2000–2001</i>	<i>\$1,100,739.64</i>
<i>1999–2000</i>	<i>\$1,011,227.89</i>
<b><i>Five-year total</i></b>	<b><i>\$5,873,536.94</i></b>

*SOURCE: UT Austin; Income Received Leases, 2004.*

UT Austin should perform a periodic review (3–5 years) of all external properties to determine feasibility for development. The review would identify potential development opportunities and scenarios for property that is not being used to support the academic or research mission. It would also highlight planning horizons necessary for development to allow for any future leases or to mitigate constraints.

The report generated by this review will be an effective communication instrument for all constituencies responsible for these property holdings (e.g., Board of Regents, THECB, etc.).

**FISCAL IMPACT**

<b>Recommendation</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total 5-year (costs) or savings</b>	<b>One-time (costs) or savings</b>
Rec. 6-5: Perform a university wide energy audit of campus facilities to identify energy conservation opportunities with high return. <sup>1</sup>	\$350,000 (\$250,000)	\$700,000	\$1,050,000	\$1,400,000	\$1,750,000	\$5,000,000	(\$250,000)

<sup>1</sup>Total annual utility costs for UT Austin are approximately \$43.4 million. For purposes of estimating costs and savings, it is assumed that the cost of the audit is \$250,000. Energy audits typically result in recommendations for a series of projects, each with a related cost and return-on-investment. Such audits often produce savings from five to ten percent of utility costs. This estimate depicts the net savings resulting from such an audit over a five-year period, with \$1,750,000 of net savings occurring in the fifth year of the project.





# Appendices

University of Texas Austin



*Appendix A*  
***GLOSSARY OF TERMS***

<b>AAS</b>	—	Asian American Studies
<b>AAU</b>	—	Association of American Universities
<b>AAUDE</b>	—	American Universities Data Exchange
<b>ACC</b>	—	Accounting
<b>ACF</b>	—	Actuarial Foundations
<b>ADV</b>	—	Advertising
<b>AED</b>	—	Art Education
<b>AFR</b>	—	African and African American Studies
<b>AFR</b>	—	Annual Financial Report
<b>AFS</b>	—	Air Force Science
<b>AHC</b>	—	Ancient History and Classical Civilization
<b>ALD</b>	—	Applied Learning and Development
<b>AMRC</b>	—	Advanced Materials Research Center
<b>AMS</b>	—	American Studies
<b>ANS</b>	—	Asian Studies
<b>ANT</b>	—	Anthropology
<b>APPA</b>	—	Association of Physical Plant Administrators
<b>ARA</b>	—	Arabic
<b>ARC</b>	—	Architecture
<b>ARE</b>	—	Architectural Engineering
<b>ARH</b>	—	Art History
<b>ARI</b>	—	Architectural Interior Design
<b>ARP</b>	—	Advanced Research Program
<b>ART</b>	—	Studio Art
<b>ARY</b>	—	Archaeology
<b>ASE</b>	—	Aerospace Engineering
<b>ASL</b>	—	American Sign Language
<b>AST</b>	—	Astronomy
<b>ATP</b>	—	Advanced Technology Program
<b>AY</b>	—	Academic Year, fall through following summer
<b>B A</b>	—	Business Administration

<b>BCH</b>	—	Biochemistry
<b>BEN</b>	—	Bengali
<b>BGI</b>	—	Barclay's Global Investors
<b>BIO</b>	—	Biology
<b>BME</b>	—	Biomedical Engineering
<b>BSN</b>	—	Bassoon
<b>CAM</b>	—	Computational and Applied Mathematics
<b>C C</b>	—	Classical Civilization
<b>C E</b>	—	Civil Engineering
<b>CFO</b>	—	Chief Financial Officer
<b>CGS</b>	—	Cognitive Science
<b>CH</b>	—	Chemistry
<b>CHE</b>	—	Chemical Engineering
<b>CHI</b>	—	Chinese
<b>CIP</b>	—	Capital Improvement Plan
<b>C L</b>	—	Comparative Literature
<b>CLA</b>	—	Clarinet
<b>CLS</b>	—	Cultural Studies
<b>CMS</b>	—	Communication Studies
<b>COM</b>	—	Communication
<b>CON</b>	—	Conducting
<b>COSO</b>	—	Treadway Commission's Committee of Sponsoring Organizations
<b>CPUPC</b>	—	Council of Public University Presidents and Chancellors
<b>CRP</b>	—	Community and Regional Planning
<b>C S</b>	—	Computer Sciences
<b>CSD</b>	—	Communication Sciences and Disorders
<b>CVS</b>	—	Control Verification System
<b>CZ</b>	—	Czech
<b>DAN</b>	—	Danish
<b>D B</b>	—	Double Bass
<b>DCH</b>	—	Dutch
<b>DDU</b>	—	Development and Delivery Unit
<b>DEC</b>	—	Distance Education Center
<b>DEFINE</b>	—	Departmental Financial Information Network

<b>DES</b>	—	Design
<b>DEV</b>	—	Developmental Studies
<b>DIIA</b>	—	Division of Instructional Innovation and Assessment
<b>DOE</b>	—	Department Operating Expense
<b>DRM</b>	—	Drama
<b>DRS</b>	—	Drum Set
<b>E</b>	—	English
<b>E&amp;G</b>	—	Educational and General Funds. Education and General Revenues or Expenditures are those revenues or expenditures made in support of the primary missions of the university, teaching, research, and public service. Included in the category of E&G Expenditures are those expenditures categorized as for instruction, research, public service, academic support, institutional support, operation and maintenance of physical plant, student services and scholarships and fellowships. Excluded are expenditures for auxiliary enterprises and hospitals. Included in the category of E&G Revenues are those funds derived from state, federal, and local appropriations; state, local, and private gifts, grants, and contracts; endowment income; and sales and services of educational activities (such as library fines and parking fees). Excluded are revenues derived from auxiliary enterprises, hospitals and independent operations.
<b>ECO</b>	—	Economics
<b>EDA</b>	—	Educational Administration
<b>EDC</b>	—	Curriculum and Instruction
<b>EDP</b>	—	Educational Psychology
<b>E E</b>	—	Electrical Engineering
<b>E M</b>	—	Engineering Mechanics
<b>EMR</b>	—	Energy and Mineral Resources
<b>ENM</b>	—	Engineering Management
<b>ENS</b>	—	Ensemble
<b>ERP</b>	—	Enterprise Research Planning
<b>EUP</b>	—	Euphonium
<b>EUS</b>	—	European Studies
<b>EVPP</b>	—	Executive Vice President and Provost at UT Austin

<b>F A</b>	—	Fine Arts
<b>FAMIS</b>	—	Financial Accounting Management Information System
<b>FASB</b>	—	Financial Accounting Standards Board
<b>F C</b>	—	French Civilization
<b>FCI</b>	—	Facilities Condition Index
<b>F H</b>	—	French Horn
<b>FIN</b>	—	Finance
<b>FLE</b>	—	Foreign Language Education
<b>FLU</b>	—	Flute
<b>FR</b>	—	French
<b>F S</b>	—	Freshman/Forum Seminar
<b>FSC</b>	—	Facilities and Space Committee
<b>FTE</b>	—	Full Time Equivalent
<b>FTEE</b>	—	Full-time-equivalent employee. A full-time-equivalent staff person of employee is calculated as the number of full-time employees, plus one-third the number of part-time employees.
<b>FTSE</b>	—	Full Time Student Equivalent. A full-time-equivalent student is calculated by the National Center for Education Statistics as the number of full-time students, plus one-third the number of part-time students.
<b>FY</b>	—	Fiscal Year – 9/1 to 8/31 of given year
<b>GASB</b>	—	Government Accounting Standards Board– establishes standards of financial accounting and reporting for state and local governmental entities.
<b>G E</b>	—	General Engineering
<b>GEF</b>	—	General Endowment Fund
<b>GEO</b>	—	Geological Sciences
<b>GER</b>	—	German
<b>GK</b>	—	Greek
<b>GLO</b>	—	General Land Office
<b>GOV</b>	—	Government
<b>GRC</b>	—	Germanic Civilization
<b>GRG</b>	—	Geography
<b>GRS</b>	—	Graduate School
<b>GSF</b>	—	Gross Square Feet

<b>GUI</b>	—	Guitar
<b>HAR</b>	—	Harp
<b>HDF</b>	—	Human Development and Family Sciences
<b>H E</b>	—	Human Ecology
<b>HEB</b>	—	Hebrew
<b>HED</b>	—	Health Education
<b>HIN</b>	—	Hindi
<b>HIS</b>	—	History
<b>HMN</b>	—	Humanities
<b>HSC</b>	—	Harpsichord
<b>I&amp;O</b>	—	Instruction and Operating
<b>I B</b>	—	International Business
<b>INF</b>	—	Information Studies
<b>IOM</b>	—	Institute of Medicine
<b>IPEDS</b>	—	Integrated Postsecondary Education Data System. The National Center for Education Statistics collects information from every post-secondary educational institution each year in a system called IPEDS. Information collected includes data on enrollments, graduation, tuition and fees, finance, endowments, libraries, and staff. IPEDS is the only national source for longitudinal comparative data on higher education finance, faculty salaries, student enrollments, graduation and fees, staff employment, library holdings, and other statistics.
<b>ISL</b>	—	Islamic Studies
<b>ISMT</b>	—	International SEMATECH
<b>ITC</b>	—	Italian Civilization
<b>ITL</b>	—	Italian
<b>ITS</b>	—	Information Technology Services
<b>J</b>	—	Journalism
<b>JPN</b>	—	Japanese
<b>J S</b>	—	Jewish Studies
<b>KIN</b>	—	Kinesiology
<b>KOR</b>	—	Korean
<b>L A</b>	—	Liberal Arts
<b>LAH</b>	—	Liberal Arts Honors

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<b>LAR</b>	—	Landscape Architecture
<b>LAS</b>	—	Latin American Studies
<b>LAT</b>	—	Latin
<b>LAW</b>	—	Law
<b>LBB</b>	—	Legislative Budget Board
<b>LEB</b>	—	Legal Environment of Business
<b>LIN</b>	—	Linguistics
<b>M</b>	—	Mathematics
<b>MAL</b>	—	Malayalam
<b>MAN</b>	—	Management
<b>MAS</b>	—	Mexican American Studies
<b>MBA</b>	—	Masters in Business Administration
<b>MCC</b>	—	Microelectronics and Computer Technology Corporation
<b>MDV</b>	—	Medieval Studies
<b>M E</b>	—	Mechanical Engineering
<b>MEL</b>	—	Middle Eastern Languages and Cultures
<b>MES</b>	—	Middle Eastern Studies
<b>MFG</b>	—	Manufacturing Systems Engineering
<b>MIS</b>	—	Management Information Sciences
<b>MIT</b>	—	Massachusetts Institute of Technology
<b>MKT</b>	—	Marketing
<b>MNS</b>	—	Marine Science
<b>MOL</b>	—	Molecular Biology
<b>MPA</b>	—	Masters in Professional Accounting
<b>M S</b>	—	Military Science
<b>MSC</b>	—	Management Science
<b>MSE</b>	—	Materials Science and Engineering
<b>MSM</b>	—	Museum Courses
<b>MST</b>	—	Mathematical Statistics
<b>MUS</b>	—	Music
<b>N</b>	—	Nursing
<b>NACUBO</b>	—	National Association of College and University Business Officers
<b>NAE</b>	—	National Academy of Engineering
<b>NAS</b>	—	National Academy of Sciences

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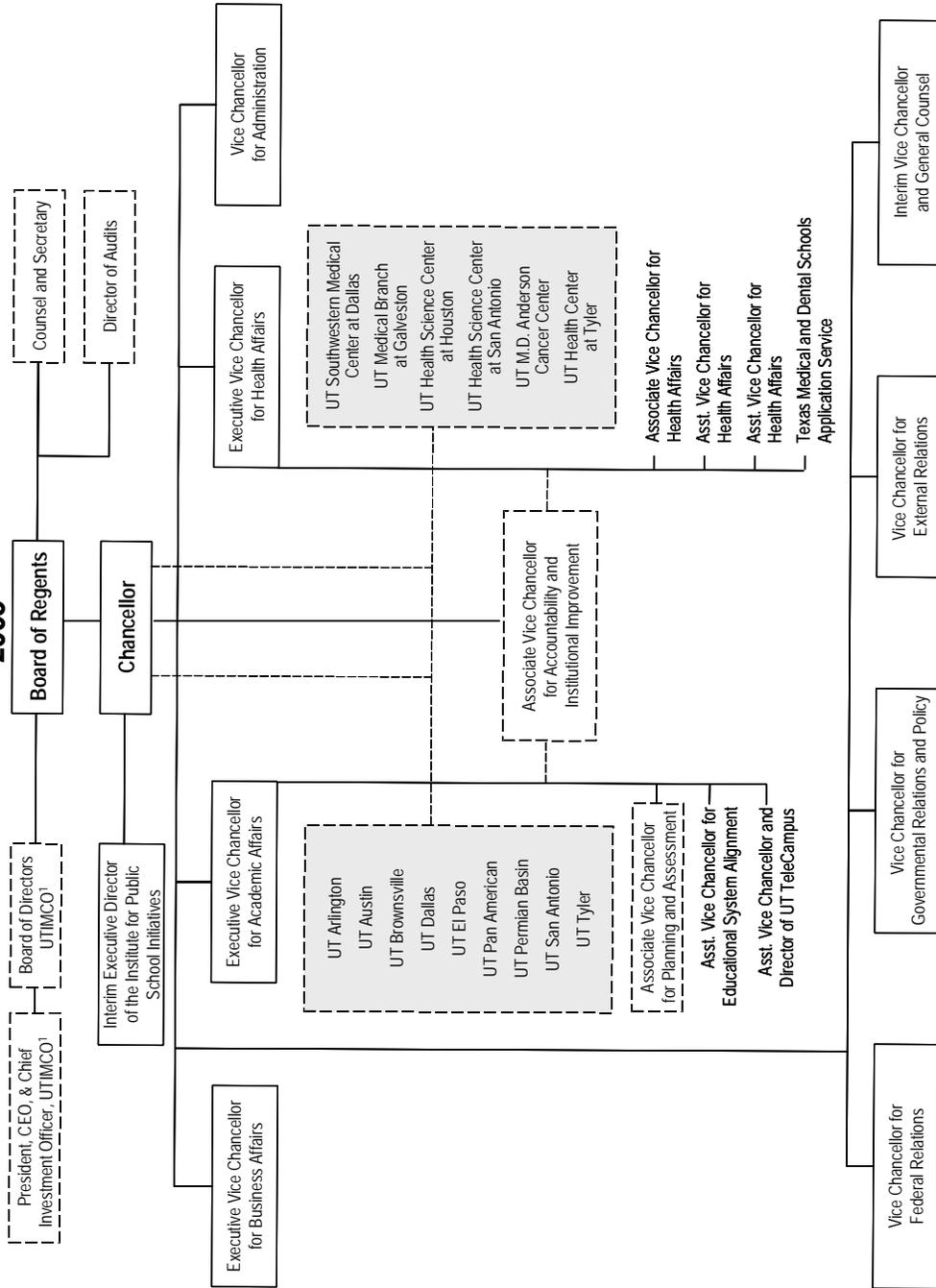
<b>NASA</b>	—	National Aeronautics and Space Administration
<b>NASF</b>	—	Net Assignable Square Feet
<b>NCES</b>	—	National Center for Education Statistics
<b>NEU</b>	—	Neuroscience
<b>NIH</b>	—	National Institutes of Health
<b>NOR</b>	—	Norwegian
<b>N S</b>	—	Naval Science
<b>NSC</b>	—	Natural Sciences
<b>NSF</b>	—	National Science Foundation
<b>NSSE</b>	—	National Survey of Student Engagement. A survey instrument used by higher education institutions to determine the quality of undergraduate learning on their campus and contribute to national benchmarks of effective educational practice.
<b>NTR</b>	—	Nutrition
<b>OBO</b>	—	Oboe
<b>OPR</b>	—	Opera
<b>ORG</b>	—	Organ
<b>ORI</b>	—	Operations Research and Industrial Engineering
<b>OSU</b>	—	Ohio State University
<b>P A</b>	—	Public Affairs
<b>PCG</b>	—	Pappas Consulting Group Inc.
<b>PED</b>	—	Physical Education
<b>PER</b>	—	Percussion
<b>PGE</b>	—	Petroleum and Geosystems Engineering
<b>PHL</b>	—	Philosophy
<b>PHR</b>	—	Pharmacy
<b>PHX</b>	—	TxPharm
<b>PHY</b>	—	Physics
<b>PIA</b>	—	Piano
<b>POL</b>	—	Polish
<b>POR</b>	—	Portuguese
<b>PPA</b>	—	Professional Program in Accounting
<b>P R</b>	—	Public Relations
<b>PRC</b>	—	Pickle Research Campus

<b>PRC</b>	—	Portuguese Civilization
<b>PRS</b>	—	Persian
<b>P S</b>	—	Physical Science
<b>PSY</b>	—	Psychology
<b>PUF</b>	—	Permanent University Fund
<b>R E</b>	—	Real Estate
<b>REC</b>	—	Recorder
<b>REE</b>	—	Russian, East European, and Eurasian Studies
<b>RFS</b>	—	Revenue Finance System
<b>RHE</b>	—	Rhetoric and Composition
<b>R M</b>	—	Risk Management
<b>ROI</b>	—	Return on Investment
<b>R S</b>	—	Religious Studies
<b>RTF</b>	—	Radio-Television-Film
<b>RUS</b>	—	Russian
<b>S&amp;W</b>	—	Salaries and Wages
<b>SACS</b>	—	Southern Association of Colleges and Schools. SACS is the regional accrediting body for UT Austin, as well as other colleges, universities, and schools in Texas and 12 other states.
<b>SAN</b>	—	Sanskrit
<b>SAO</b>	—	State Auditor's Office
<b>SAT</b>	—	Scholastic Aptitude Test
<b>SAX</b>	—	Saxophone
<b>S C</b>	—	Serbian/Croatian
<b>SCA</b>	—	Scandinavian
<b>SCH</b>	—	Student Credit Hour
<b>SCI</b>	—	Science
<b>SED</b>	—	Special Education
<b>SLA</b>	—	Slavic
<b>SME</b>	—	Science-Mathematics Education
<b>SOC</b>	—	Sociology
<b>SPC</b>	—	Spanish Civilization
<b>SPN</b>	—	Spanish
<b>SRS</b>	—	Software Requirement Specifications

<b>S S</b>	—	Social Science
<b>STA</b>	—	Statistics
<b>STC</b>	—	Science and Technology Commercialization
<b>S W</b>	—	Social Work
<b>SWA</b>	—	Swahili
<b>SWE</b>	—	Swedish
<b>TAM</b>	—	Tamil
<b>TASCUBO</b>	—	Texas Association of State College and University Business Officers
<b>TBA</b>	—	Tuba
<b>TBD</b>	—	To Be Determined
<b>T C</b>	—	Tutorial Course
<b>T D</b>	—	Theatre and Dance
<b>THECB</b>	—	Texas Higher Education Coordinating Board. State agency responsible for “working with the Legislature, Governor, governing boards, higher education institutions and other entities to provide the people of Texas the widest access to higher education of the highest quality in the most efficient manner.”
<b>TLC</b>	—	Teaching Load Credit
<b>TLC</b>	—	Technology, Literature, and Culture
<b>TRO</b>	—	Trombone
<b>TRU</b>	—	Trumpet
<b>TUR</b>	—	Turkish
<b>TXA</b>	—	Textiles and Apparel
<b>UCLA</b>	—	University of California at Los Angeles
<b>UNC</b>	—	University of North Carolina at Chapel Hill
<b>URB</b>	—	Urban Studies
<b>URD</b>	—	Urdu
<b>UTIMCO</b>	—	University of Texas Investment Management Company
<b>UTL</b>	—	Uteach Liberal Arts
<b>UTS</b>	—	Uteach Natural Sciences
<b>UW</b>	—	University of Wisconsin
<b>VAS</b>	—	Visual Art Studies
<b>V C</b>	—	Violoncello
<b>VIA</b>	—	Viola

<b>VIB</b>	—	Vibraphone
<b>VIO</b>	—	Viola
<b>VOI</b>	—	Voice
<b>WGS</b>	—	Women’s and Gender Studies
<b>WRP</b>	—	Weekly Room Periods
<b>WRT</b>	—	Writing
<b>YID</b>	—	Yiddish
<b>YOR</b>	—	Yoruba

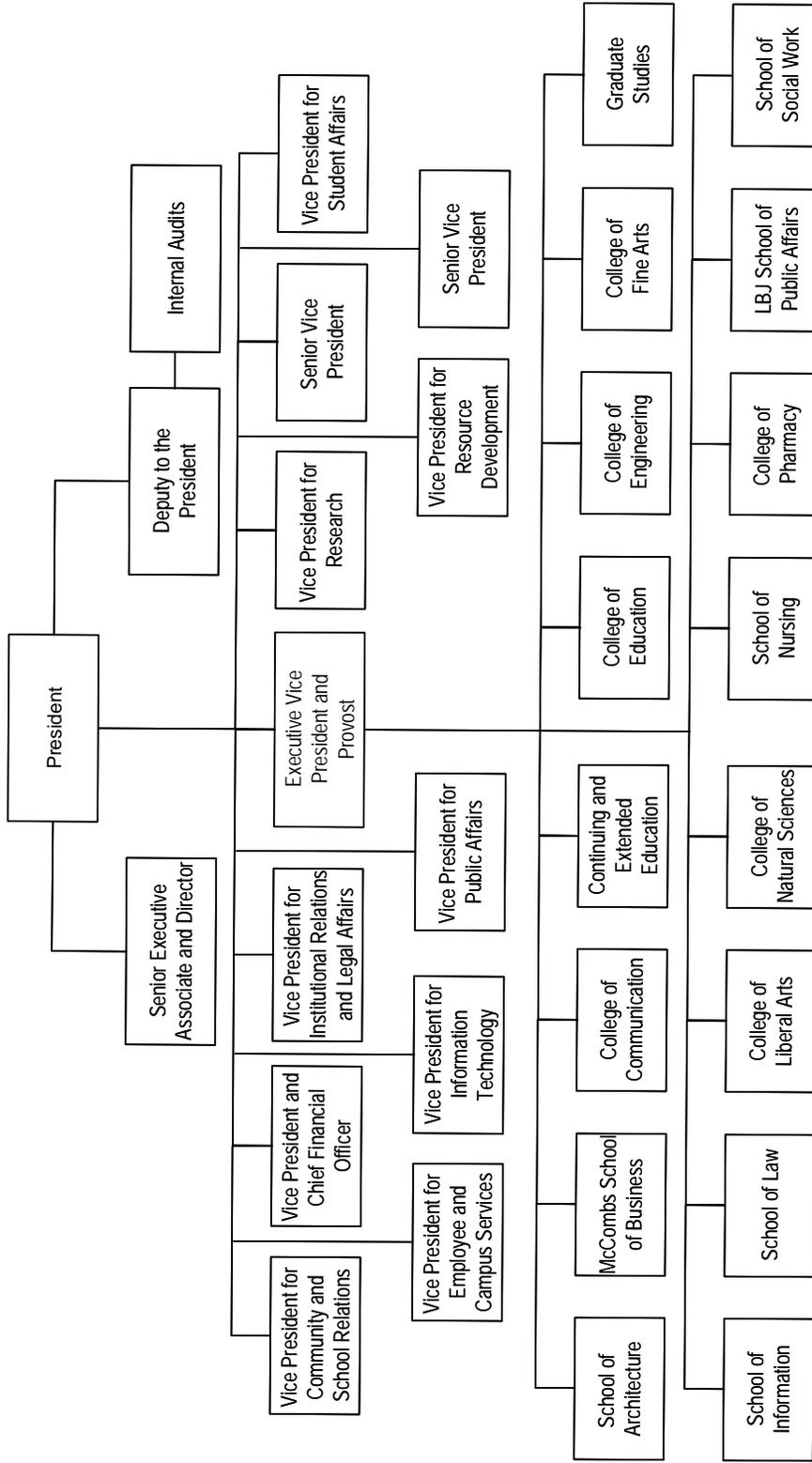
**The University of Texas System Organization  
2005**



Source : <http://www.utssystem.edu/Cha/UTSystemOrgChart.pdf>

Note: 1 The University of Texas Investment Management Company

**The University of Texas at Austin  
General Organization Chart  
2004-2005**



Source: [http://www.utexas.edu/academic/oir/statistical\\_handbook/04-05/org\\_charts/general/](http://www.utexas.edu/academic/oir/statistical_handbook/04-05/org_charts/general/)

*Appendix C*  
***The University of Texas System***  
***Rules and Regulations of the Board of Regents***  
***Series: 31006***

**1. Title**

Academic Workload Requirements

**2. Rule and Regulation**

- Sec. 1      Statutory Requirement. State law requires the Board of Regents to adopt rules concerning faculty academic workloads. *Texas Education Code* Section 51.402 recognizes that important elements of workload include classroom teaching, basic and applied research, and professional development. Workload for the faculty members of the institutions of The University of Texas System is expressed in terms of classroom teaching, teaching equivalencies, and presidential credits for assigned activities.
- Sec. 2      Minimum Workload. Each person paid full time from the appropriations item "Faculty Salaries" shall be assigned a minimum workload equivalent to 18 semester credit hours of instruction in organized undergraduate classes each nine-month academic year, or fiscal year at an institution's option, in accordance with guidelines listed below.
- Sec. 3      Source of Funding. When a faculty member is paid partially from a source of funds other than the "Faculty Salaries" line item, the minimum workload shall be proportioned to the percentage of salary paid from the appropriations item "Faculty Salaries."
- Sec. 4      Supervision of Teaching Assistants. Teaching assistants shall be used only when given proper guidance and supervision to ensure quality instruction. The minimum faculty workload established below does not apply to graduate teaching assistants or assistant instructors who are pursuing degrees. The institutional head is responsible for assuring that all teaching assistants are carefully supervised.
- Sec. 5      Institutional Requirements. This policy sets the minimum workload and equivalencies only; an institution may enact more intensive and/or more detailed minimum requirements for inclusion in the institutional *Handbook of Operating Procedures*, following appropriate approvals. For example, an institution may set individual minimum requirements, consistent with these minimum guidelines, for a specific school or college.
- Sec. 6      Equivalencies. The following equivalencies are available to meet workload requirements:

- 6.1 Graduate Instructions. One semester credit hour of graduate instruction will be considered the equivalent of one and one-half semester credit hours of undergraduate instruction.
- 6.2 Labs. One and one-half contact hours of instruction of regularly scheduled laboratory and clinical courses, physical activity courses, studio art, studio music instruction, and primary music performance organizations, such as ensembles and marching bands, for each week of a long-term semester will be considered the equivalent of one semester credit hour of undergraduate instruction.
- 6.3 Supervision. Supervision of student teachers, clinical supervision, and intern supervision shall be credited such that 12 total student semester credit hours taught will be considered the equivalent of one semester credit hour.
- 6.4 Honors Program or Individual Research Projects. Supervision of student practicum and individual instruction courses, such as honors programs and individual research projects, shall provide equivalency at the rate of one-tenth semester credit hour for each student semester hour of undergraduate instruction and one-fifth semester hour for each student semester hour of graduate instruction per long-term semester. In no case will individual instruction in a single course generate more semester credit hour equivalence than if the course were taught as a regularly scheduled, organized course.
- 6.5 Thesis or Dissertation Supervision. Graduate thesis or dissertation supervision shall provide equivalent credit hours only to the chairperson of the thesis or dissertation committee at the rate of one semester credit hour for each six total student semester hours of thesis research credit and at the rate of one semester credit hour for each three total student semester hours of dissertation credit.
- 6.6 Coordination of Courses. A faculty member who coordinates several sections of a single course shall be given one semester hour of workload credit for each six sections coordinated up to a maximum of three semester hours of credit per semester.
- 6.7 Large Classes. Workload credit may be proportionally increased for teaching a large class that requires extensive grading or evaluation of students' work by the faculty member according to the following weighing factors:

<u>Weighing Class Size</u>	<u>Factor</u>
59 or less	1.0
60 - 69	1.1
70 - 79	1.2
80 - 89	1.3
90 - 99	1.4
100 - 124	1.5

125 - 149	1.6
150 - 174	1.7
175 - 199	1.8
200 - 249	1.9
250 or more	2.0

- 6.8 Proportional Credit. When more than one teacher participates in the instruction of a single course, the credit is proportioned according to the effort expended.
- 6.9 Insufficient Enrollment. A reduced workload may be granted temporarily if assigned classes do not materialize because of insufficient enrollment and when additional classes or other academic duties cannot be assigned to the faculty member. This exception may be granted for two consecutive long-term semesters only for any particular faculty member.
- 6.10 Administrative Services. Workload credit may be granted for a faculty member who is head of a department or head of a comparable administrative unit up to a maximum of six semester hours of workload credit per semester. When justified by the department/unit head and approved by the institutional head, three hours of credit may be given to faculty members who provide non-teaching academic services to the department/unit head. In no case will the total for departmental administration, including the head, exceed nine workload credits per semester unless the institution's organizational structure includes academic units composed of more than one academic discipline.
- 6.11 New Faculty Members. At the recommendation of the head of the department or comparable unit and upon approval of the institutional head, up to three semester hours of workload credit for each of two semesters may be given to a newly-appointed faculty member during the first year of employment for the purpose of developing instructional materials for the courses he or she will teach.
- 6.12 Course Development. At the recommendation of the departmental chair and upon approval of the institutional head, workload credit may be granted to a faculty member involved in the creation of a new course, new course format, or new course materials.
- 6.13 Credit Granted by Institution Head. Academic workload credit granted by the head of the institution for all other purposes is limited to 1% of the total semester credit hours taught at the institution during the comparable (fall or spring) semester in the previous year. With the approval of the institutional head, limited faculty workload credit (within the 1% limit above) may be granted for major academic advising responsibilities, for basic and applied research following a research work plan approved pursuant to institutional policy, for preparing major documents in the fulfillment of programmatic needs or accreditation requirements, or for duties

performed in the best interest of the institution's instructional programs as determined by the head of the institution.

6.14 Clock-hour Basis. Instructional workload equivalents for faculty members holding technical rank may be determined on a clock-hour basis where full-time employment is equivalent to not less than 30 hours of instructionally related activities each week for contact hour courses taught on a quarterly basis.

Sec. 7 Monitoring of Workloads. The president of an institution shall designate the officer of the institution who will monitor workloads, review workload reports, and submit the reports to the institutional head for approval and comment, as appropriate, prior to submitting the reports to the Board of Regents through the System Administration following the standard reporting format and deadlines as provided by the Texas Higher Education Coordinating Board in accordance with *Texas Education Code* Section 51.402 and any applicable riders in the current *General Appropriations Act*.

Sec. 8 Compliance Assessment. Every faculty member's compliance with these minimum academic workload requirements shall be assessed each academic year. If a faculty member is found to be out of compliance, the institution shall take appropriate steps to address the noncompliance and to prevent such noncompliance in the future.

### 3. Definitions

None

### 4. Relevant Federal and State Statutes

*Texas Education Code* Section 51.402 – Report of Institutional and Academic Duties

### 5. Relevant System Policies, Procedures, and Forms

None

### 6. Who Should Know

Administrators  
Faculty

### 7. System Administration Office(s) Responsible for Rule

Office of Academic Affairs  
Office of Health Affairs

### 8. Dates Approved or Amended

December 10, 2004

SOURCE: <http://www.utsystem.edu/bor/rules/CompleteTOC-2.htm>

***The University of Texas at Austin  
Handbook of Operating Procedures and Policy  
Memoranda***

***CHAPTER 3. FACULTY AND ACADEMICS***

The University of Texas at Austin  
Office of the President  
Subject:

Policy Memorandum 3.101  
September 1, 1981  
MINIMUM FACULTY TEACHING REQUIREMENTS

The minimum faculty teaching requirements adopted by the Board of Regents are:  
Each person paid full time from the appropriations item "Faculty Salaries" shall teach a minimum of nine semester credit hours of instruction in organized undergraduate classes each long-term semester with adjustments permitted for the teaching load equivalencies listed below.

**A. Adjustments**

1. One semester credit hour of graduate instruction is equal to one and one-half semester credit hours of undergraduate instruction.
2. Instruction of regularly scheduled laboratory and clinical courses, physical activity courses, studio art, studio music instruction, and primary music performance organizations such as ensembles and marching bands shall provide teaching load credit at the rate of one semester hour of teaching load Credit for each one and one-half contact hours of instruction per week per long-term semester.
3. Supervision of student teachers, clinical supervision, and intern supervision shall be credited such that 12 total student semester credit hours taught is equivalent to one semester credit hour of teaching load credit.
4. Supervision of student practicum and individual instruction courses such as honors programs and individual research projects shall provide teaching load credit at the rate of one-tenth semester hour of teaching load credit for each student semester hour of undergraduate instruction and one-fifth semester hour of teaching load credit for each student semester hour of graduate instruction per long-term semester. In no case will individual instruction in a single course generate more teaching load credits than if the course were taught as a regularly-scheduled, organized course.
5. Supervision of graduate theses is provided teaching load credit only to the chairperson of the thesis or dissertation committee and at the rate of one semester hour of teaching load credit for each six total student semester hours of theses research credit and at the rate of one semester hour Of teaching load credit for each three total student semester hours of dissertation credit.

6. A faculty member who coordinates several sections of a single course shall be given one semester hour of teaching load credit for each six sections coordinated up to a maximum of three semester hours of teaching load credit.
7. Credit may be proportionally increased for teaching a large class, which requires extensive grading or evaluation of students' work by the faculty member according to the following weighting factors:

Class Size	59 or less	60-69	70-79	80-89	90-99	100-124	125-149	150-174	175-199	200-249	250 or more
Weighting Factor	1.0	1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	2.0

8. Credit for teaching may be granted for a faculty member who is head of a department or head of a comparable administrative unit up to a maximum of six semester hours of teaching load credit. When justified by department/unit head and approved by the institutional head, an additional three hours of teaching load credit may be given to faculty members who provide academic services to the unit head, but in no case will the total for departmental administration, including the head, exceed nine teaching load credits.
9. At the discretion of the head of the department or comparable unit, and upon approval of the institutional head, up to three semester hours of teaching load credit may be given for each of two semesters to a newly-appointed faculty member during the first year of employment for the purpose of developing instructional materials for the course he or she will teach.

When more than one teacher participates in the instruction in a single course, the teaching load credit is proportioned according to the effort expended. Also, when a faculty member is paid partially from a source of funds other than the "Faculty Salaries" line item, the minimum teaching workload shall be proportioned to the percentage of salary paid from the appropriations item "Faculty Salaries".

**B. Exceptions**

1. A reduced teaching load may be granted temporarily if classes do not materialize because of insufficient enrollment and when additional classes cannot be assigned to the faculty member. This exception may only be granted for two consecutive long term semesters for any particular faculty member.
2. Limited faculty teaching load credit may be granted with approval of the institutional head for major academic advising responsibilities, for preparing major documents in the fulfillment of programmatic needs or accreditation requirements, or for duties performed in the best interest of the institution's instructional programs as determined by the head of the institution. Teaching load credit granted by the head of the institution for such purposes is limited to 1/10 of 1% of the total semester credit hours taught at the institution during the comparable (fall or spring) semester in the previous year. (NOTE: This is one 3-hour undergraduate course teaching load credit per semester for each 3,000 total semester credit hours taught.)

Salary payments for intercollegiate coaching activities may not come from the appropriation item "Faculty Salaries".

The institutional head shall designate the officer of the institution who will monitor workloads, review workload reports, and submit the reports to the institutional head for approval and comment, as appropriate, prior to submitting the reports to the Board of Regents through System Administration following the standard reporting format and deadlines as provided by the Coordinating Board in accordance with Section 51.402 of Subchapter H, Chapter 51 of the Texas Education Code and any riders in the current legislative Appropriations Bill. Every faculty member's compliance with these minimum teaching requirements shall be assessed each long-term semester. If a faculty member is found to be out of compliance during any semester, the institution shall take appropriate steps to prevent such non-compliance in the future.

*SOURCE: <http://www.utexas.edu/policies/hoppm/pm3101.html>*

