

**The Chancellor’s Perspective on the Board of Regents’ and UT System’s Commitment to Advancing The University of Texas at Austin**

The University of Texas System is unequivocally committed to The University of Texas at Austin and ensuring its place as a university of the first class for the people of Texas, the nation, and the world. It is in this context that I offer the following perspective.

As chancellor of one of America’s largest public university systems, I was deeply troubled by recent national headlines indicating that college student debts had reached the $1 trillion mark. Some reports suggest that 94 percent of students currently borrow money to pay for their education, compared to 45 percent nearly 20 years ago. Last year’s average debt was $23,300 after graduation, but in many cases it was a staggering $50,000 or more, leaving graduates to start life’s journey with enormous debt that will hobble them for decades, and in some cases without a degree.

Tuition nationally increased 72 percent from 2001 to 2011, largely because state funding for public universities dropped 24 percent, forcing students to borrow more money. The trend of consistently raising tuition to counter reductions from other funding sources is not sustainable for students and parents. This issue is a national one and has received considerable attention by President Obama and many federal and state leaders. It is not going away.

So I was very pleased when The University of Texas System Board of Regents decided to hold resident undergraduate tuition at current levels for the next two years at UT Austin while also allocating $6.6 million per year from alternative revenue sources—an amount equivalent to my proposed tuition recommendation. (The Regents approved tuition increases for out-of-state undergraduate and graduate students at UT Austin.) The Board was able to direct special funds to UT Austin from the Available University Fund (AUF), thanks primarily to oil and gas revenue produced from UT’s West Texas lands and very positive investment returns this year. It was a win-win-win decision. Families were relieved not to see an increase in tuition bills, UT Austin received equivalent funding, and the Board bent the rising cost curve of higher education.

Like UT Austin President Bill Powers, the Board of Regents and I enthusiastically share the goal of making UT Austin the best public research university in the country, and we firmly believe that we are providing the resources to demonstrate our commitment. Beyond simply addressing tuition requests, the Board has provided more than $500 million in new funding for groundbreaking, transformational initiatives that could help propel UT Austin to greater heights.

* The Regents increased UT Austin’s share of the AUF distribution from 45 percent to 48 percent, with additional funding to recruit top faculty, granting UT Austin an additional $290 million over ten years to support a new medical school (linked to an additional $350 million to be identified from local and regional sources). This bold and visionary initiative will bolster the University’s national reputation, augment breakthrough biomedical research, attract more funding and commercialization, and provide world-class healthcare for Texas and the world. In fact, the credit rating agency Moody’s Investment Services reacted to the Board’s approval of a medical school as a “promising development and credit positive action,” reporting that universities with medical schools have better ratings since they create major economic benefits for their metropolitan regions, and they realize significantly more research and philanthropic dollars. These new funds will contribute generously to UT’s academic and research missions and national competitiveness.
* Over the past two years, the Regents have committed $105 million of Permanent University Fund (PUF) resources to help build a new Engineering and Education Research Center at UT Austin, another critically needed initiative for UT’s ascendancy to the top.
* After a challenging legislative session last year resulting in 16.5 percent less state appropriations to UT Austin, the Regents allocated an additional $40.5 million over two years from the AUF to reduce the financial loss at UT. Added to a previous three-year Board AUF allocation of $75 million, this effectively restored the lost state funds. Other public universities in the country did not fare as well and raised tuition by double digits to accommodate losses.

Bending the higher education cost curve down requires innovation, creativity, greater adaptability, and smarter change, not constantly defaulting to increasing tuition and fee rates on the backs of students. I know that UT institutions are working hard to implement a variety of cost-containment, efficiency, and productivity goals as outlined in my *Framework for Advancing Excellence Across The University of Texas System*, all of which will contribute to keeping costs down while providing students with an excellent learning experience.

The future of UT Austin is incredibly exciting: a new engineering center, a new medical school, redesigned undergraduate courses, better integration of online and blended learning, and groundbreaking research that will change the world. I view this as the greatest time ever to lead a university, given the opportunity to innovate, and having access to unique financial resources that many other public universities do not have. It is unfortunate that criticism over a tuition increase that represents less than .3 percent of an annual operating budget overshadowed an otherwise celebratory and important moment in the life of one of our nation’s finest institutions.

The University of Texas, its Regents, System administration, legislators, alumni, families, and philanthropists all share the responsibility to provide funding for these UT Austin advancements. We must all work together to lessen the debt students will carry into their futures – futures that we promised them would be better and brighter if they earned a University of Texas degree. We should hold our heads up high with Texas pride and rest assured that UT Austin and all of the institutions in the UT System will receive support to ascend to higher levels of greatness.

*Francisco G. Cigarroa, M.D., is chancellor of The University of Texas System.*