

REMARKS OF  
BERNIE C. FRANCIS, CHAIRMAN  
TEXAS STATE UNIVERSITY SYSTEM BOARD OF REGENTS  
BEFORE THE  
SENATE FINANCE SUBCOMMITTEE ON HIGHER EDUCATION FINANCE  
MAY 28, 2008

Good morning Chairman Zaffirini and members of the committee. For the record, my name is Bernie Francis and I serve as Chair of the Board of Regents for the Texas State University System. Thank you for this opportunity to provide input on Charge #3 regarding the ongoing effects of tuition deregulation on college enrollment and accessibility.

Created in 1911, the Texas State University System has evolved throughout the years from a primary focus on the support and management of state teacher colleges to a network of higher education institutions that are as diverse as their student populations. With four universities, an upper division campus, 2 two-year colleges and one institute of technology, the System is unlike any other as it addresses the divergent needs and missions of its institutions while providing quality affordable educational opportunities to the students we serve. Flexibility has certainly been the key component to our success.

We are very proud of our Board's history and diligent efforts to hold down the cost of education while at the same time offering exemplary programs for our students. A review of tuition costs among the 35 four-year colleges in Texas finds that our institutions are among the most affordable, with the majority of them in the lower half in costs (see **Chart A part 1**). The System's commitment to providing an affordable education is backed by our actions not just by our words. Our System overhead averages just \$56 per student, by far the lowest rate in the state.

Even in our attempts to maintain our "low cost provider" title in higher education, we too face the pressures associated with rising tuition costs. This is of particular concern to us as our student population is largely representative of the group of students being targeted in the state's Closing the Gaps goals. Keeping the costs of higher education under control is important to us. As we struggle with the escalating

costs of utilities, of competitive faculty salary issues, of maintaining quality academic programs and facilities, we remain painfully aware of the financial impact our decisions have on the parents and students we serve.

In light of this fact, the Board has implemented significant changes in the management of the System in the last few years, from changes in the administration of student housing projects, to modifications in property insurance costs, to reducing fees in banking transactions. By consolidating our technology purchases and taking advantage of the economies of scale, we also save our students over \$5 million annually. All of these efforts have resulted in either direct cost reductions of millions of dollars or have made a huge contribution to keeping a lid on rising costs at the institutions and thereby, the students. We have also taken the very progressive step in adding clarity and predictability to the costs of attending our institutions. In November 2006, our Board of Regents approved a payment structure that makes it easier to compute the cost totals for both students and parents. In short, we have eliminated all **academic course fees**. This change became effective system-wide in Fall 2007.

We have been very aggressive in identifying creative alternatives to address rising costs because our institutions do not have the luxury of huge endowments or self-sustaining research projects with huge dollars attached. Simply put, our funding either comes from the students via tuition and fees, or the state via general revenue funding.

One surprising fact that the data will show for TSUS institutions is that despite the deregulation of tuition in 2003 and the corresponding increases in tuition and fees that have occurred statewide and even at our institutions, the fact remains that four out of five of our four-year/upper division institutions remain in the bottom third of the 35 institutions in state appropriations per full-time student equivalent (FTSE). (See CHART A, part 2). The fifth institution, Sul Ross State University is near the top of the list only because of the institutional enhancement dollars it receives to help offset the costs associated with having a student population of 1,700 which is insufficient to address its serious ongoing needs. To go one step farther, what these numbers actually show is that in general, tuition increases at TSUS institutions

historically have not kept up with need, thus it has almost been to the institutions' detriment, making it even more difficult for them to compete in today's educational marketplace. (See Chart B).

As mentioned earlier, the Texas State University System is unique in the composition of its institutions. Additionally, the System embraces the diversity of Texas and works diligently with the campuses to make sure we offer a welcoming and supportive environment for all students.

How has tuition deregulation affected access at TSUS institutions? In short, it appears to be not much at all. As you can see in Chart C, our headcount and enrollment has been steadily increasing and that is in spite of four institutions being severely impacted by Hurricane Rita almost three years ago.

Because of our mission, history and commitment, the System focuses much of its resources and efforts on the recruitment, retention and special needs of those students who are underrepresented and often, but not always, under-prepared. We also promote a college-going culture to serve and attract many non-traditional students who, because of a variety of life events, are often unable to attend full-time and as a result, their time to degrees may not be as quick as we or they would like.

In order to provide this ideal environment for personal growth and learning, the System plays a critical role in making sure that affordability, accessibility and success are high priorities for each of our campuses. Most notably, the System:

1. Works collaboratively with the institutions on system-wide initiatives;
2. Developed a cooperative admission policy where applicants to TSUS campuses of rapid growth are given the option to consider other TSUS campuses for attendance;
3. Aggressively pursues additional articulation opportunities with community colleges to develop additional pathways to our universities; and
4. Works to encourage the development and expansion – when it makes sense – of high need programs to address state needs (such as innovative programs in nursing, science and teaching).

The Board of Regents is very proud of the outstanding work that has been done to ensure that our institutions remain accessible and continue to build on the goals of *Closing the Gaps*. We look forward to working with the legislature in building upon these efforts.

## FY 2007 Rankings of Texas Public University By Average Tuition & Fees

SECTION 1			SECTION 2		
Rank	Institution	FY 2007 Average Tuition and Fees	Rank	Institution	FY 2007 State Appropriation per FTSE
1	The University of Texas at Dallas	\$8,554	1	The University of Texas at Brownsville	\$12,060
2	The University of Texas at Austin	\$8,060	2	Sul Ross State University	\$11,138
3	University of Houston	\$7,706	3	Texas A&M International University	\$10,469
4	Texas A&M University	\$7,326	4	Texas A&M University-Texarkana	\$10,418
5	Texas Tech University	\$7,083	5	Texas A&M University at Galveston	\$9,517
6	The University of Texas at Arlington	\$7,040	6	Prairie View A&M University	\$9,264
7	The University of Texas at San Antonio	\$6,848	7	Texas A&M University-Kingsville	\$8,403
8	University of North Texas	\$6,680	8	University of Houston-Victoria	\$7,939
9	Texas State University-San Marcos	\$6,518	9	The University of Texas at Austin	\$7,612
10	Prairie View A&M University	\$6,118	10	Texas A&M University	\$7,592
11	Texas Woman's University	\$5,832	11	The University of Texas at Dallas	\$7,454
12	Texas A&M University at Galveston	\$5,645	12	Texas Southern University	\$7,419
13	Texas A&M University-Corpus Christi	\$5,640	13	Texas A&M University-Corpus Christi	\$7,224
14	Midwestern State University	\$5,632	14	Texas Woman's University	\$7,168
15	The University of Texas at El Paso	\$5,610	15	The University of Texas at Tyler	\$6,755
16	Sam Houston State University	\$5,566	16	University of Houston	\$6,695
17	Lamar University	\$5,560	17	The University of Texas at the Permian Basin	\$6,664
18	Texas Southern University	\$5,428	18	University of Houston-Clear Lake	\$6,276
19	Stephen F. Austin State University	\$5,412	19	Angelo State University	\$6,185
20	The University of Texas at Tyler	\$5,382	20	Texas Tech University	\$6,168
21	University of Houston-Clear Lake	\$5,194	21	The University of Texas at El Paso	\$5,988
22	Texas A&M University-Commerce	\$5,190	22	West Texas A&M University	\$5,945
23	Tarleton State University	\$5,094	23	The University of Texas-Pan American	\$5,597
24	University of Houston-Victoria	\$5,085	24	Texas A&M University-Commerce	\$5,549
25	Texas A&M International University	\$5,038	25	Lamar University	\$5,527
26	University of Houston-Downtown	\$4,934	26	The University of Texas at Arlington	\$5,471
27	Texas A&M University-Kingsville	\$4,878	27	Stephen F. Austin State University	\$5,142
28	West Texas A&M University	\$4,794	28	Tarleton State University	\$5,065
29	Sul Ross State University	\$4,746	29	Midwestern State University	\$4,903
30	Sul Ross State University-Rio Grande College	\$4,746	30	The University of Texas at San Antonio	\$4,821
31	The University of Texas at Brownsville	\$4,665	31	University of North Texas	\$4,633
32	Angelo State University	\$4,661	32	Texas State University-San Marcos	\$4,421
33	The University of Texas of the Permian Basin	\$4,650	33	Sam Houston State University	\$3,868
34	The University of Texas-Pan American	\$4,613	34	University of Houston-Downtown	\$3,817
35	Texas A&M University-Texarkana	\$3,721	35	Sul Ross State University-Rio Grande College w/ SRSU	

Impact of Tuition Deregulation on TSUS

CHART B

	TXSt-SM	SHSU	LU	SRSU	SR-RG
<b>#1</b>					
<b>Total Revenue</b>					
FY 2001	\$198,589,559	\$100,724,484	\$81,306,568	\$34,230,680	N/A
FY 2003	\$230,571,191	\$108,248,464	\$83,028,976	\$37,803,176	N/A
<b>FY 2003 vs FY 2001</b>	<b>16%</b>	<b>7%</b>	<b>2%</b>	<b>10%</b>	N/A
FY 2004	\$207,259,605	\$115,466,941	\$88,941,831	\$40,048,023	N/A
<b>FY 2004 vs FY 2003</b>	<b>-10%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	N/A
FY 2005	\$241,332,231	\$128,530,704	\$108,884,519	\$49,422,464	N/A
<b>FY 2005 vs FY 2004</b>	<b>16%</b>	<b>11%</b>	<b>22%</b>	<b>23%</b>	N/A
FY 2006	\$255,083,368	\$151,149,931	\$167,521,394	\$44,026,125	N/A
<b>FY 2006 vs FY 2005</b>	<b>6%</b>	<b>18%</b>	<b>54%</b>	<b>-11%</b>	N/A
FY 2007	\$286,156,939	\$162,067,176	\$143,502,324	\$46,519,786	N/A
<b>FY 2007 vs FY 2006</b>	<b>12%</b>	<b>7%</b>	<b>-14%</b>	<b>6%</b>	N/A

In general, Total Revenue (sum of State & Federal Appropriations, Institutional Funds, and Tuition & Fees) has continued to increase since Tuition Deregulation in 2003.

	TXSt-SM	SHSU	LU	SRSU	SR-RG
<b>#2</b>					
<b>State Appropriations per FTSE</b>					
FY 2002	\$3,608	\$3,616	\$4,447	\$9,265	N/A
FY 2003	\$4,044	\$4,488	\$4,949	\$10,142	N/A
<b>FY 2003 vs FY 2002</b>	<b>12%</b>	<b>24%</b>	<b>11%</b>	<b>9%</b>	N/A
FY 2004	\$4,081	\$4,078	\$4,899	\$9,617	N/A
<b>FY 2004 vs FY 2003</b>	<b>1%</b>	<b>-9%</b>	<b>-1%</b>	<b>-5%</b>	N/A
FY 2005	\$4,075	\$3,855	\$4,696	\$9,950	N/A
<b>FY 2005 vs FY 2004</b>	<b>0%</b>	<b>-5%</b>	<b>-4%</b>	<b>3%</b>	N/A
FY 2006	\$4,225	\$3,966	\$5,234	\$10,692	N/A
<b>FY 2006 vs FY 2005</b>	<b>4%</b>	<b>3%</b>	<b>11%</b>	<b>7%</b>	N/A
FY 2007	\$4,421	\$3,868	\$5,527	\$11,138	N/A
<b>FY 2007 vs FY 2006</b>	<b>5%</b>	<b>-2%</b>	<b>6%</b>	<b>4%</b>	N/A

For TSUS, State Appropriations declined in the 2003-04 and 2004-05 biennial period. Modest increases have occurred since then, but state funding levels, ADJUSTED FOR INFLATION, have yet to be restored to pre-2003 levels.

	TXSt-SM	SHSU	LU	SRSU	SR-RG
<b>#3</b>					
<b>Average Tuition &amp; Fees</b>					
FY 2003	\$3,911	\$3,090	\$3,211	\$2,962	\$2,962
FY 2004	\$4,680	\$4,260	\$3,934	\$3,870	\$3,870
<b>FY 2004 vs FY 2003</b>	<b>20%</b>	<b>38%</b>	<b>23%</b>	<b>31%</b>	<b>31%</b>
FY 2005	\$5,252	\$4,592	\$4,965	\$4,114	\$4,114
<b>FY 2005 vs FY 2004</b>	<b>12%</b>	<b>8%</b>	<b>26%</b>	<b>6%</b>	<b>6%</b>
FY 2006	\$5,780	\$5,362	\$4,914	\$4,368	\$4,368
<b>FY 2006 vs FY 2005</b>	<b>10%</b>	<b>17%</b>	<b>-1%</b>	<b>6%</b>	<b>6%</b>
FY 2007	\$6,518	\$5,566	\$5,560	\$4,746	\$4,746
<b>FY 2007 vs FY 2006</b>	<b>13%</b>	<b>4%</b>	<b>13%</b>	<b>9%</b>	<b>9%</b>

Tuition and Fees have been increased dramatically to make up for reductions in state funding.

Impact of Tuition Deregulation on TSUS

CHART C

#1

	TXSI-SM	SHSU	LU	SRSU	SR-RG
<b>Total Headcount Enrollment</b>					
Fall 2002	25,025	13,072	9,802	1,954	908
Fall 2003	26,306	13,417	10,379	2,109	954
<b>FY 2003 vs FY 2002</b>	<b>5%</b>	<b>3%</b>	<b>6%</b>	<b>8%</b>	<b>5%</b>
FY 2004	26,783	14,333	10,804	1,938	1,055
<b>FY 2004 vs FY 2003</b>	<b>2%</b>	<b>7%</b>	<b>4%</b>	<b>-8%</b>	<b>11%</b>
FY 2005	27,129	15,308	10,523	1,918	1,006
<b>FY 2005 vs FY 2004</b>	<b>1%</b>	<b>7%</b>	<b>-3%</b>	<b>-1%</b>	<b>-5%</b>
FY 2006	27,485	15,893	9,867	1,829	948
<b>FY 2006 vs FY 2005</b>	<b>1.3%</b>	<b>3.8%</b>	<b>-6.2%</b>	<b>-4.6%</b>	<b>-5.8%</b>
FY 2007	28,121	16,400	10,213	1,765	941
<b>FY 2007 vs FY 2006</b>	<b>2.3%</b>	<b>3.2%</b>	<b>3.5%</b>	<b>-3.5%</b>	<b>-0.7%</b>

In general, enrollment has continued to increase for TSUS. Reductions at Lamar due to Hurricane Rita. Reductions at SRSU & SR-RG due to location.

#2

	TXSI-SM	SHSU	LU	SRSU	SR-RG
<b>Total Headcount Undergraduate Enrollment</b>					
Fall 2002	21,089	11,220	8,120	1,402	572
Fall 2003	21,974	11,495	8,650	1,552	612
<b>FY 2003 vs FY 2002</b>	<b>4%</b>	<b>2%</b>	<b>7%</b>	<b>11%</b>	<b>7%</b>
FY 2004	22,402	12,295	9,121	1,428	662
<b>FY 2004 vs FY 2003</b>	<b>2%</b>	<b>7%</b>	<b>5%</b>	<b>-8%</b>	<b>8%</b>
FY 2005	22,986	13,182	9,079	1,437	682
<b>FY 2005 vs FY 2004</b>	<b>3%</b>	<b>7%</b>	<b>0%</b>	<b>1%</b>	<b>3%</b>
FY 2006	23,568	13,757	8,430	1,300	668
<b>FY 2006 vs FY 2005</b>	<b>3%</b>	<b>4%</b>	<b>-7%</b>	<b>-10%</b>	<b>-2%</b>
FY 2007	24,038	14,147	8,359	1,228	699
<b>FY 2007 vs FY 2006</b>	<b>2.0%</b>	<b>2.8%</b>	<b>-0.8%</b>	<b>-5.5%</b>	<b>4.6%</b>

In general, undergraduate enrollment has continued to increase for TSUS. Reductions at Lamar due to Hurricane Rita. Reductions at SRSU & SR-RG due to location.

#3

	TXSI-SM	SHSU	LU	SRSU	SR-RG
<b>Total Degrees Awarded</b>					
FY 2002	4,610	2,629	1,346	365	190
FY 2003	4,998	2,529	1,514	345	238
<b>FY 2003 vs FY 2002</b>	<b>8%</b>	<b>-4%</b>	<b>12%</b>	<b>-5%</b>	<b>25%</b>
FY 2004	5,186	2,760	1,574	268	232
<b>FY 2004 vs FY 2003</b>	<b>4%</b>	<b>9%</b>	<b>4%</b>	<b>-22%</b>	
FY 2005	5,456	2,826	1,732	376	254
<b>FY 2005 vs FY 2004</b>	<b>5%</b>	<b>2%</b>	<b>10%</b>	<b>40%</b>	<b>9%</b>
FY 2006	5,583	3,143	1,610	276	219
<b>FY 2006 vs FY 2005</b>	<b>2%</b>	<b>11%</b>	<b>-7%</b>	<b>-27%</b>	<b>-14%</b>
FY 2007	5,801	3,230	1,663	323	198
<b>FY 2007 vs FY 2006</b>	<b>3.9%</b>	<b>2.8%</b>	<b>3.3%</b>	<b>17.0%</b>	<b>-9.6%</b>

In general, total degree production has continued to increase for TSUS. Reductions at Lamar due to Hurricane Rita. Reductions at SRSU & SR-RG due to location.