Senate Finance Committee Testimony
January 25, 2017
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Good Afternoon –

Time is short, so I will hit a few important points and then **move quickly to where I would most like to focus my attention, which is on the introduced SB1 and Rider 15.05**, which further reduces 2018-2019 general revenue by 1.5 percent.

- I would be seen as ungrateful if I did not begin by **thanking the legislature** for the support provided for the current 2016-2017 biennium.
- I also want to **echo the chancellor's comments** on the importance of adequately funding the **formulas**, the **TEXAS Grant** program, and the rapidly increasing cost of providing the **Hazlewood** exemption to our veterans and their families.

Regarding UHD and where we are today, I will stress **three points**:

- UHD is **among the most diverse** universities in the state, serving a student population that truly reflects the Texas of tomorrow.
- We are an institution **in transition**. Over the past 3 years we have raised our admission standards and have developed innovative programs to **improve student success rates**. It has been a challenge and it has cost us some enrollments at the UG level, but we're **starting to get the results** we've been seeking, which will soon be showing up in the form of improved 6-Year Graduation Rates.
- UHD remains **committed to affordability**, maintaining one of the lowest tuition/fee structures in the state despite a very low level of per-FTSE state support.

Details on all of the above can be found in the full written testimony that has been provided to the committee.

Now to SB1, which eliminates all special item funding. I would like to **use my time to talk about the one 'special item'** that all Texas public universities receive, ***Institutional Enhancement***.

- The history of this item is a bit convoluted, with it having been **conceived during a prior effort to examine and reform special item funding,** and with it having been refined several times over the years.
- However, what is **undeniable is that the I/E item is a 'special item' in name only**. These funds are not earmarked to meet some narrow purpose, but rather are funds that **support core operations**, and have been so since the item was established.
    - In the case of UHD, taking this $4.6M biennial appropriation away would be the equivalent of cutting our *Instruction & Operations* formula by that amount.

- The elimination of I/E funding **will disproportionately impact small and mid-sized universities**. Without citing specific institutions, a quick review of the appropriation bill from last session found that:

    - For **small and mid-size institutions** the I/E funding very often accounted for **10%-12% of their total general revenue** appropriation.

    - For the **larger institutions** in the state, the I/E funding usually accounted for **2%-3% of their total general revenue** appropriation.

    - It might also be noted that it is the smaller and mid-sized institutions around the state that have **managed to hold tuition and fees down**, which we've been able to do **in part because of the support we receive through the *Institutional Enhancement*** item.

The **proposed 1.5% GR reduction** would reduce UHD's biennial GR appropriation by an **additional $720K**.

Combined, and factoring in additional GR coming through the formulas, UHD would be faced with **a net $3.4M biennial GR reduction, or $1.7M per year**. As this committee knows, a large % of our total expenditures go toward faculty and staff positions. With our average faculty and staff salaries being $85K and $62K respectively *(made up numbers, the Budget Office staff is working to get actual figures)*, we would be looking at eliminating 20-25 F/T positions.

On the **faculty side** this would mean **many more classes being taught by part-time faculty**. While we have some very fine part-time instructors, there is no question that students benefit from full-time faculty. These are the faculty who are on campus regularly, available to mentor students, and who draw the students into deeper levels of engagement.

On the **staff side**, this would mean **fewer support staff for a university that is already well below state and national standards in that regard**. While we'd make every effort to limit the impact on students, cuts of this magnitude would be felt across the university. We'd have fewer advisors, fewer financial aid counselors, and fewer staff working in our library and computer labs.

I'd be happy to try to answer any questions you might have. Thank you.