

Testimony to the Senate Finance Committee
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Thank you, Mr. Chairman and members of the Committee. My name is Francisco Cigarroa, and I am Chancellor of The University of Texas System.

Our presidents will speak to you about the needs of the individual institutions within the UT System and the effects of the introduced bill on their specific institutions. I will address the collective picture of the introduced budget and the overall priorities of the U.T. System as to our academic institutions.

First, let me say that I understand the difficult choices you must make, and I greatly respect your commitment to make those hard choices as you work to protect and advance Texas.

The proposed budget cuts to higher education institutions are unquestionably deep. The proposed budget will have adverse effects on access, affordability and excellence. There will likely be reductions in force of faculty and staff and fewer college bound students may be served. So the difficult task becomes how to work together to respond to and mitigate those effects to the fullest extent possible such that students and their success remain our priority.

We have been in economically challenging times during the whole of my two years as chancellor. As I have visited individually with members of both chambers over those two years, I have consistently offered that The University of Texas System is committed to being part of solving the problems you face and being good stewards of public resources and of our missions. I cannot stand before you to ask for your support if we are not continuously looking at ways to improve efficiencies. At the UT System, we have proactively sought to reduce expenses and identify savings and efficiencies. We can document \$1.4 billion in savings, avoided costs, and new revenue generated over the last five years. This includes having reduced the size of System administration by 84 positions during my tenure, down to the 2003 level. As we are challenged to do more with less, we will continue seeking to reduce our costs. Where we are already innovative and efficient, we must be more innovative and more efficient.

If you have the opportunity to appropriate more than what the base bill represents, I offer that higher education is a very high-yield investment, something that is essential even in difficult times. Texas relies on universities for economic prosperity today and into our future. Our universities are critical to a highly educated and skilled work force, technological ingenuity, and knowledge—all of which are produced by universities. Business leaders and academicians alike agree that education is inextricably linked to Texas' economic advancement and its ability to attract new businesses, especially in

the face of global competition. In 2010, the UT System was ranked the world's third-best higher education operation in terms of patent strength. Among many other distinctions that promote our great state, this helps position Texas as a competitive force nationally and globally.

Just as you must work to balance competing priorities and demands, we will do so within the budget you are able to provide us. It is important that you understand our priorities.

For the academic institutions, our top priority is—and will always be—the students themselves. We will work with available resources to provide quality, affordable education to as many Texans as possible. Should you have the opportunity to add funding to the introduced budget, I ask that you support our institutions with more formula dollars and UT Austin with the Competitive Knowledge Fund. Formula funding and the Competitive Knowledge Fund are essential to our core academic mission. We have to have the faculty to teach. And, without funding for student financial aid, such as the TEXAS Grants, access to higher education will be delayed for many high school graduates, particularly first-generation college students who may have less available in personal financial resources. We have worked hard with you to close the gaps, and we remain firmly committed to do that. But, without sufficient formula funding and student aid, it becomes increasingly difficult to help students earn a degree in a timely manner. Students must be our top priority.

I take this opportunity to encourage you to weigh the value of university research in balancing competing priorities. The research mission of our universities is an integral part of the innovative spirit of Texas and is an investment with long-term returns, especially at UT Austin, our health related institutions and at our emerging research institutions. It may seem easy to dismiss research as simply an expense item that can be deferred, but it is undeniable that university research improves the quality of life and improves the economy of Texas and the nation.

Similarly, I encourage you to consider targeted and strategic investments in capital projects that support and advance the needs of Texas and our universities. Even as we deal with the current situation, we have experienced record enrollments, and Texas will continue to grow in population and in the number of students. We must continue to plan and move forward.

Finally, I would also ask that during this session you consider legislation that will best enable us to deal with reduced budgets, to do more with less. This involves three elements:

First, enable us to find and implement even more efficiencies by freeing us from the expense of unnecessary regulation that increases our costs and limits our ability to adapt to changing times. This goes beyond eliminating a host of the

reports we are asked to provide. From statutes and regulations that restrict purchasing processes to those that govern our construction of facilities, there should be a careful analysis to consider whether the added costs of regulation are justified by what I believe are the tenuous benefits. Some can be eliminated in this session; others can be sunset in two years, allowing more study of their costs and benefits in the interim. Eliminate the regulations, and hold us accountable for results.

Second, give us the flexibility to make the best decisions for our System and for our institutions, given our acknowledged priorities. For example, I ask that you give us the flexibility to decide whether the means of operating with reduced revenue should be a salary reduction, a furlough, a reduction in force, or some other alternative, rather than imposing on us an across-the-board, one-size-fits-all requirement. We are a complex System, with 15 institutions with different missions, different student and patient populations, different institutional needs and different access to resources. Given our complexity and diversity, what is best for state agencies generally, or for one institution within our System, will have little relationship to that of another institution.

Third, I also ask that you give the institutions the maximum flexibility to establish priorities and mitigate the effects of reduced appropriations. For example, the appropriations bill usually lists special items for each campus. We would ask that you eliminate the individual listing of those items and provide the institution with a single sum for special item support beyond what the formulas generate. This would be of particular importance to our national research university, U.T. Austin, where the formulas disadvantage a full-developed institution that is no longer growing in enrollment. I ask you to give us more freedom to use the money we do receive.

Mr. Chairman and members of the committee, Texas—and The University of Texas System—will weather this economic storm together, just as we weathered and continue to recover from the devastation of Hurricane Ike. We pledge to be honest with you about the effects of the budget and the decisions you must make, we pledge to be part of the solution, and we ask that you give us the flexibility to respond in a way that best serves the missions we are charged to carry out. Thank you.