

Testimony  
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Legislative Appropriations Request Hearing  
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Thank you for the opportunity to appear this morning and discuss the Legislative Appropriations Request for The University of Texas System Administration.

You have the Administrator's Statement that accompanies our LAR, and I'll direct your attention to those elements I think are particularly important. Our conversation will necessarily involve dollar signs and numbers, and I see my particular duty is to put those in context.

Our universities each have three core missions: education, research and service, and System Administration must serve those missions at each of our fourteen institutions. Of those missions, the one most often overlooked is service. But given my professional background of service, I believe we need to elevate the attention we pay to this mission. Our universities, both academic and health-related, exist to serve Texas and the nation.

Our mission statement is bold— “to improve the human condition in Texas, our nation and our world”—and our pledge is to “use the size, diversity and quality of the UT System to advance education, push the bounds of discovery, enhance population health, build stronger communities and shape public policy for the common good.”

First, look at our size: We are by far the largest university system in Texas by any measure, whether budget, annual research expenditures, number of students or number of graduates. With more than 100,000 employees, we are among the largest employers in Texas. We host more than 7.3 million patient visits annually. The economic impact of an \$18 billion enterprise is difficult to understate. For example, just one year after entering the workforce, our former students earned more than \$2 billion working in Texas in 2014, exceeding the amount of state funds appropriated to all UT System institutions in that year.

Next, look at our diversity: We have eight academic and six health-related institutions, each different in size and mission, in who they serve, and in what they offer. Our academic institutions range from UTPB, a comprehensive university with more than 6,000 students, to the flagship, UT Austin, with more than 50,000 students. Our health institutions range from UT Health Science Center Tyler, a regional academic health center which serves as Texas' primary respiratory disease center, to UTMB Galveston, home to hospitals with almost 145,000 annual inpatient days, Galveston National Laboratory, and the first full-size BSL4 lab located on a university campus in

the United States. We have three universities formally designated as Hispanic-serving in UTRGV, UTSA and UTEP.

And, of course, look at our quality: Among the academic institutions, we have four of the state's emerging research institutions at Arlington, Dallas, El Paso and San Antonio. UT Austin is one of only three Texas members of the elite Association of American Universities and just last month was recognized as the top Texas university globally. UT MD Anderson is universally recognized as the world's leading cancer center.

UT System was recently recognized by Reuters as the most innovative higher education system in the U.S and the fourth most innovative in the world.

As chancellor, I am focused on leveraging the System's size, diversity and quality in support of our mission to serve Texas and the nation.

That size, diversity and quality directly correlate to the size of System Administration. In terms of centralized functions that maximize efficiency and cost-effectiveness, we do more, and it takes more staff, than what other systems may do. This is not a criticism of how other systems are organized or carry out their functions, but a conscious decision about what UT System Administration will do. And we do a lot:

- Consistent with our statutory responsibility to provide oversight and coordination, we maintain central offices for academic affairs and health affairs, providing direction to the institutions and ensuring consistent policies across our institutions.
- The Office of General Counsel is a central law firm dealing with the complexities that institutions of varying size and internal abilities encounter, including claims and litigation oversight, specialized legal counsel in construction, contracting and procurement, intellectual property, and employment and employment benefits law.
- The Office of External Relations plays a leadership role in the strategy, negotiations and gift agreements with donors who give more than \$1 billion a year, ensures compliance with the terms of more than 14,000 endowments, and provides highly customized training and expertise to campus development professionals to secure more philanthropy
- We provide the internal audit function required by law of all agencies and institutions, the cost of which would otherwise be borne by the individual campuses.
- We maintain a system-wide police force of more than 1,400 commissioned officers, the third largest force in Texas state government.
- We centralize many information technology functions, such as business enterprise software and data center operations.

- We operate and self-fund several insurance programs, including medical malpractice, workers' compensation, and health insurance for more than 100,000 employees and 23,000 retirees.
- We do centralized financing for capital projects across the system, along with planning and construction services.

The Administrator's Statement lists several other areas where UT System centralizes and provides services to our institutions in support of their missions. UT System Administration is large, in budget and in FTEs, because the System is large and diverse, and we believe the centralized approach to providing these services is more efficient and cost-effective than our institutions could achieve individually.

In addition, we serve the state and all of Texas higher education in key ways. We:

- Operate JAMP, the Joint Admission Medical Program, for the benefit of all nine Texas medical schools and 67 public and private Texas colleges
- Run the Texas Medical & Dental Schools Application Service, which is the centralized application processing service for applicants at all of the public medical, dental, and veterinary schools in Texas
- Manage University Lands, the key asset of the Permanent University Fund, that benefits all the institutions of both the UT and Texas A&M systems
- Administer statewide funds such as the Lone Star Stroke Consortium.

And while we believe centralization brings efficiency, we also know we must always assess our own internal efficiencies. I believe we can do better at System Administration in this regard. This is why I have set a target for the reduction of our size from the current 923 budgeted positions to 794 by the end of the 2017 fiscal year. We will achieve this through the elimination of positions, targeted outsourcing and the redirection of functions back to campuses if this produces measurable benefits, and if necessary a reduction in force.

Given our bold mission, I've challenged the UT System to undertake several key initiatives we call the Quantum Leaps, each of which has the potential for benefits well beyond our institutions. Let me speak to just three of them.

Our goal for Texas to Lead the Brain Health Revolution will leverage existing resources to bring greater collaboration and focus on mental health, traumatic brain injury, and Alzheimer's. One of the first ways this can be done is by marshalling the resources of UT institutions to improve behavioral and mental health care for Texans. This can be accomplished by expanding our Virtual Health Network, where UT physicians will partner with clinicians of other university systems to employ telemedicine platforms to bring much needed care to parts of Texas where behavioral and mental health services are not readily available. We can also offer the expertise of our institutions to provide management and care as part of our state's effort to rebuild and redevelop our state's

mental health hospitals and assisted living centers. The Texas Prospect Initiative will seek to improve and advance the educational pipeline, working with public schools, the Texas Education Agency, Texas community colleges and other institutions to improve teacher preparation, counseling and access to higher education through tools like effective dual credit programs. Not higher education solely in the UT System, but access to all higher education all across Texas.

The third of the Quantum Leaps I would bring to your attention is the UT Network for National Security. The UT System has more than 40 centers and institutes focusing on national security. It only makes sense, for the benefit of the System and the nation, to better connect those enterprises into a system-wide alliance and elevate Texas to national prominence on issues of national security, including particularly cybersecurity. When a national security issue is under discussion in Washington, we want people to ask, “What does Texas think?”

You will hear more from the presidents who will follow me today and tomorrow, and can read more in our LAR, about what we see as the priorities for higher education and UT as we enter the 85<sup>th</sup> Session: increased state funding to maintain the current rates for students, infrastructure, research and graduate medical education, and to cover inflation; maintaining the status quo for tuition-setting, tuition set-asides, the relationship of the Coordinating Board and systems and institution, campus carry and the Texas Dream Act; funding the Hazlewood benefit or modifying the Legacy exemption to help control the costs to us and our students; and providing support for research through CPRIT, Governor Abbott’s University Research Initiative and the TRIP program.

As I said in the beginning, we are unashamedly bold in our vision for the future and the role and mission of the UT System in bringing this better future into reality. We are the largest system, by any measure, and we have the largest and boldest agenda. We think that is what Texans expect—and should expect—of its leaders. The Legislative Appropriations Request we make for the System reflects that.

I’ve spent my time before you today not focused on the dollar signs and numbers, but on the WHY behind those dollar signs and numbers. It is important that the legislature and the governor understand the reasons why System Administration exists in its current size and structure, the size, diversity and quality of the UT System, and the bold agenda we believe Texans deserve and expect.

I’ll be glad to answer any questions you may have, and I have executive staff with me that will help address any details. Thank you.