

Testimony of William H. McRaven
Chancellor, The University of Texas System
Before the Senate Committee on Higher Education
March 22, 2017

***Delivered remarks often deviate from prepared remarks*

Good morning. Chairman Seliger, members of the committee, my name is Bill McRaven and I am chancellor of The University of Texas System.

Thank you for giving me an opportunity to talk to the committee about tuition.

Each of the bills before you today freezes or otherwise limits tuition increases for a period of time, although they differ in approach.

After authority to set tuition was delegated to the regents in 2003, there were some initial significant increases. But the recent history shows our board has been conservative in setting tuition and a good steward of its responsibility.

As an example, in constant dollars-- net tuition at UT Austin was \$500 less in 2015 than it was in 2004, and 2016 tuition and fees are lower at UT Austin than six other Texas public universities.

In fact, our tuition increases have been among the lowest in the state, averaging 3.5% to 10% between 2011-2016. Most UT System in-state undergraduate students have seen little or no increase in tuition since the fall of 2012. Tuition for 2017 will increase 2% for inflation, with additional increases of zero to 4%. These increases were approved by the Board--only after each president demonstrated--and committed to improvements in performance.

Campus administrative costs as a percentage of the operating budgets have decreased over the last six years for most of our universities. All of our administrative costs are at or below the state average. In addition, we have engaged system-wide efforts to control costs through consolidating business functions and shared services.

We want to remain affordable, but we also must stay competitive. Operational revenue—tuition and general revenue—is key, particularly in recruiting and retaining faculty. At UT System, we use tuition strategically to balance affordability with excellence.

Because the mission and needs of institutions are diverse, I would offer that the regents are in the best position to assess the unique needs of each institution. The diversity of our system makes it so that one size does not fit all.

Senator Seliger adds a performance-based approach to tuition setting-- that seeks a similar balance of affordability and performance. The metrics in this bill are tailored to the unique situation of each institution. This approach is consistent with our drive at UT for improved performance to accompany tuition increases. But tuition increases tied to performance will only work if accompanied by stable state funding-- on a per student basis-- that reflects enrollment growth and accounts for inflation.

In the context of Senate Bill 1, which proposes to reduce the state's share of the cost of higher education--- legislation that restricts access to operating revenue will significantly hinder our ability to maintain excellence, increase access, react to market and economic conditions, and attain the state's 60 X 30 goals.

Again, thank you for your time today and I will be glad to answer any questions.