

**Testimony**  
**James Milliken**  
**Chancellor, The University of Texas System**  
**Legislative Appropriations Request Hearing**  
**September 24, 2018**

**Introduction**

Good morning. My name is James B. Milliken, and I'm Chancellor of the University of Texas System.

I began my work as Chancellor one week ago. I'm honored to represent the UT System today as we begin the legislative appropriations process.

I've spent the last thirty years helping lead university systems in North Carolina, Nebraska and most recently New York.

In other words, preparing for the UT System.

But regardless of where you are, I believe there are values we share as Americans that are the foundation of our commitment to public higher education.

Perhaps the most important of our shared values is this: talent is universal and equally distributed across the population, regardless of economic status, race, ethnicity, national origin or zip code. But opportunity, without higher education, often is not.

The difference maker, the great engine of economic and social mobility in American society that helps turn talent into opportunity, is higher education. And public higher education, which produces 70 percent of our nation's graduates, is the most important engine.

To have the most opportunities, to get the best jobs in our knowledge-based economy, earning an education beyond high school is essential. I'm absolutely convinced that most Americans and most Texans recognize that as a society we need more higher education, not less. They want it for their children, their businesses, their communities.

**Texas**

This is particularly true in Texas, where, if we want our economy to continue to be the envy of the nation, we need to continue to take advantage of our greatest strength – our people. And especially important is the investment we make in our large and fast-growing college-age population.

Of the 50 states, **Texas's population is the second biggest and the third youngest.** The only states with a younger median age than Texas are Utah and Alaska – which, while nice places, have a combined population of less than 4 million people, compared to our 28 million.

With its young and growing population, Texas has, in effect, the raw materials ...

and with excellent universities and community colleges spread all over the state, it has the capacity ...

to produce more college graduates than just about anywhere.

Which is great news, because in the future, the states with the highest levels of educational attainment are going to have the most dynamic economies, the most successful businesses, the most ground-breaking research driving innovation, the best health, and on and on.

Simply put, higher education has never been more important to our state and our country.

And if you set out to create a university system whose institutions could offer broad, affordable access, student success, and graduates who are able to land jobs in their field of study in their state, it would look very much like the UT System.

## **UT System**

On my first week on the job, I've had the opportunity to see first-hand some of what makes the UT System so strong. I spent time on three UT campuses – UT Arlington, UT Southwestern Medical Center, and UT Dallas.

I wish everyone in Texas could see what I saw last week. If they did, there would be little doubt about the value of the investment in UT institutions. From what I know, I expect to be similarly impressed during my visits soon to the other 11 institutions. This is a remarkable system and it provides incomparable service to the state of Texas.

With eight academic and six health institutions, it is the largest higher education system in the state, with more than 235,000 students.

In terms of quality and cost, our students receive a demonstrable value. Across the board, tuition and fees at UT academic institutions place them among the **most affordable** of state and national peers.

Tuition at UT Austin, the state's top-ranked research university and among the country's best, costs less than a number of other Texas public universities, and it is consistently ranked by Kiplinger, Forbes and The Princeton Review **as one of the best values** in the nation.

A UT education is about the best investment you can make, provided you earn a degree. When it comes to graduating in a timely manner, our students face many of the same challenges I witnessed first-hand in other states. Many of them come from low-income households and are the first in their family to go to college. Many have to work while they're in school. And some are simply not ready when they show up at our doors.

These factors help explain why college graduation rates, not just here in Texas, but across the country, are not all they should be. But I'm heartened by the progress being made across the UT System to drive improvement in our four- and six-year graduation rates. This will continue to be a high priority for the Board of Regents, the presidents and for me. The reason is simple and compelling: when a student graduates – particularly a first generation college-goer – it affects not just his or her life, but the lives of their family and community members for generations.

In the 2016-17 academic year, UT institutions produced almost **59,000 graduates** – an increase of nearly 50% over the last decade. And those graduates headed out into the world with **less debt**, on average, than their peers around the country.

We want to empower UT students to make the smartest possible decisions about their future. To that end, the UT System has forged a first-of-its-kind partnership with the **U.S. Census Bureau**, which gives current and prospective students data from all across the nation. These data show students what their earnings are likely to be, ten years down the road, based on their choice of major.

The story of the UT health institutions is as impressive as that of our academic institutions. They award almost 60% of the state's medical degrees, and account for 65% of the residents in accredited programs among Texas public institutions. Our clinical operations had 7.9 million patient visits last year.

Your zip code doesn't determine whether you get sick – and it shouldn't determine whether you get well. So UT health institutions are collaborating in new ways – with each other and with local partners – and expanding the use of telemedicine to bring health care that is both state-of-the-art and convenient to some of the smallest and most isolated communities in Texas.

Research scientists at UT health institutions are leading the charge to find treatments and cures for afflictions that threaten us all – from cancer to heart disease to diabetes and for infectious diseases like zika and ebola.

And the UT System has drawn together the resources of all six health institutions to address the growing threat of Alzheimer's, dementia, concussions, PTSD and other neurological disorders.

At \$2.9 billion, UT System's total research funding – encompassing all of our academic and health institutions – is the second only to the University of California System.

But it wasn't just the scale, the resources, or the assembled talent that impressed me so much about the UT System and attracted me to Texas.

It is the spirit, the confidence, and the optimism that is part of the Texas DNA – and part of the DNA at the UT System. I'm very bullish on the future of the UT System and its 14 outstanding institutions. They are helping provide opportunity on a grand scale and driving positive change—all in service to the people of Texas.

When I visited **UT Arlington** last week, I learned firsthand, through meetings with impressive students and faculty, about the outstanding work being done there to provide access to a diverse, talented group of students – many of them first generation – who will graduate from an outstanding institution and have opportunities made possible by their hard work.

I'm proud to say that throughout the UT System, that hard work is being honored and supported through a long list of innovative efforts, aimed at driving student success before and during the time spent on a UT campus.

These include our work on dual credit programs, to ensure they are of high quality, and that the students enrolled in these programs not only receive credit, but arrive in college ready to learn and graduate on time, with as little debt as possible.

Within the same System, **MD Anderson Cancer Center**, widely regarded as the best cancer center in the world, is expanding its reach through partnerships with other UT health centers around the state – bringing hope and unparalleled care to Texans for who travel to Houston would be difficult.

Scientists at **UT Southwestern** have, for the very first time, used CRISPR gene editing to stop the progression of muscular dystrophy in a large mammal, creating realistic hope that a cure – not a treatment, but a cure – for this terrible disease may be on the horizon.

When I was on the campus last week, I learned that of the two most prestigious scientific journals in the world—Nature—just rated the quality of UT Southwestern research papers #1 among health science centers globally. And the same source ranked it #5 among all institutions in terms of the innovative nature of its research, as measured by how many third-party patent applications cited UT Southwestern faculty research.

### **Our commitment as stewards of public resources**

To join this system driving so much positive change, in so many arenas, for the people of Texas really is an honor and an opportunity... and it includes a solemn obligation

One important opportunity is to appear before you and have a chance to discuss a few of the great things being done at our institutions – with the commitment that even more could be done, with additional investment from the state.

And yes, of course, we think every dollar the legislature appropriates on our behalf will be a very good investment. Having said that, I will also pledge to you that when I come to you asking you to invest, I will come as a partner. Among other things, that means you can count on us to be faithful and responsible stewards of the funds entrusted to us.

I am heartened by what I've seen in a short time about the commitment of the Board and the UT System Administration to **efficiency and effectiveness** – whether it's looking for ways to facilitate institutional collaboration, providing shared services to the campuses at reduced cost or greater efficiency, or ensuring cost-effective governance, oversight and accountability.

The System Administration's budgeted headcount has been reduced by nearly 25% over the last two years, resulting in 200 fewer full time employees today than there were in 2016. System Administration is also reducing its reliance on the Available University Fund, which enables more funding to go to our campuses.

I can assure you that the UT System's focus on being effective stewards of the public's money will only sharpen going forward. This is a priority of the Board of Regents and of mine, and I will present a plan to the Board at its next meeting outlining how the System Administration will build on the work done to date by both the Board and administrative leadership to operate as efficiently as possible. This will allow us to invest more in the institutions programs that provide access, ensure student success, conduct research and train health professionals.

### **Army Futures Command**

We must demonstrate as a university system that what we do everyday is in service to the people of Texas and our nation. I want to make sure to mention one recent development that, beyond any doubt, is a part of that service. The U.S. Army's selection of the UT System as its headquarters for the new **Army Futures Command is a remarkable and welcome confirmation of what we have to offer the nation.** This is a new organization committed to coordinating modernization efforts and integrating innovation across the Army. We're providing physical space and helping the Army leverage the formidable resources of UT Austin as well as all the other UT institutions.

On my first day on the job I met with General John Murray, the new commander of the Futures Command, to assure him of our commitment and to discuss the ways we will work together. I know there are many reasons the Army chose Texas and the UT System. Certainly one key factor was the enthusiastic leadership of Governor Abbott, and we are honored to be a partner in this important new work. I have worked closely with our nations's military during my career, and I welcome this great opportunity for the UT System and Texas.

### **Budget Request**

I want to say a few words about our **budget priorities** as we look ahead to the 86th Legislature, and you will, of course, hear much more from our presidents over the next few days.

**Formula Funding** is our top priority. It is the bedrock of the support we receive from the state, and it allows us to leverage support for the UT System many times over. As you know, it has not kept pace with either enrollment growth or inflation in recent years, and we ask that the Legislature consider restoring this critical investment in Texas's future.

Similarly, the **non-formula support funding** our institutions receive enables a wide range of goals and initiatives for our students, our state, and our economy. There are many essential activities that simply cannot be sustained without it, and we support continued funding of these items for our campuses at no less than the levels provided in the current 2018-19 biennium.

**Tuition Revenue Bonds**, which support capital projects on our campuses is a high priority. We are a growing University System operating in a rapidly-changing world, and to sustain our performance and continue innovating we need more technologically-equipped classrooms and laboratories and to renovate aging facilities.

Long before I came to Texas, I admired the Legislature's commitment to **Research** and its appreciation of research as a driver of progress and prosperity.

**Research-based formula funding** is especially key to the future of our flagship university, UT Austin. But it's critical also to the continued development of the four emerging UT System research institutions in Arlington, El Paso, San Antonio, and Dallas.

**UT Dallas**, which I visited last week, is now eligible to receive funding from the National Research University Fund, making it the first new institution to become eligible since 2012. UT Dallas's heritage and strength in STEM disciplines and graduate education has positioned it well for the challenges of the 21<sup>st</sup> Century. But its focus on collaboration among disciplines – such as the arts and humanities and in brain sciences with UT Southwestern – is one of the most impressive things about it.

We hope the state will support additional investment in the **Research Enhancement Formula** for the UT health institutions. We believe such an investment will help spur research and discovery, the commercialization of intellectual property, and economic development.

Other targeted streams of research funding are critical to UT institutions and the people of Texas.

The **Cancer Prevention and Research Institute of Texas** has attracted acclaimed researchers from around the world to our campuses and laboratories who have brought with them millions of dollars of research funding and teams that are going to be valuable to Texas for decades to come.

UT institutions have also been able to recruit distinguished researchers to Texas from other states and countries through the **Governor's University Research Initiative**, and the **Texas Research Incentive Program** has furthered these recruiting efforts through a partnership among UT System institutions, state funding and generous Texas philanthropists.

We believe the continuation and expansion of all three of these programs is warranted.

You have the Administrator's Statement for our LAR, which includes more detail about our priorities and what we would like to see accomplished in the upcoming session.

For now, let me close by **thanking you** for your attention. I'm looking forward to working with you and your colleagues, and those you serve, as we all strive for the people of Texas.

I'm pleased to answer any questions my seven days of experience has equipped me for. For others, there are a few key staff members with me or we will get back to you with responses as soon as possible.

Thank you.