



UH_Higher Ed-The Completion Crisis

Reeve Hamilton

0:00:01.1 All right. Can everyone hear me? Thank you for that enthusiastic response. My name is Reeve Hamilton. I'm a reporter for the *Texas Tribune*. Thank you, on behalf of the *Tribune*, for coming to the fourth annual Texas Tribune Festival, and especially for coming to this panel on the completion crisis. We ask that you turn your cell phone completely off, and if you still do that but want to tweet, let it just be silent and you use #tribunefest to describe the whole festival and #ttfhighered to refer to things that are happening on this track specifically.

Let's get going with introductions. We're going to do about a forty-minute discussion up here. Then there will be Q&A for twenty minutes or so. To do that, you go to one of the microphones in either of the isles. And when we get to the question part, please make sure your questions are short and also questions.

Male Speaker

Hey, Reeve, you do the same.

Reeve Hamilton

It's my panel. I'll do whatever I want. Let's start here at the end. We have Diana Natalicio, the president of the University of Texas at El Paso, a position she has held since 1988. She's been at the university before that. She was the university's vice president for academic affairs, the dean of Liberal Arts, and chairwoman of the Modern Languages Department. She's also served as chairwoman of the American Council for Education Board as a trustee of the Rockefeller Foundation. Please welcome President Natalicio to the stage.

She is next to what may be a familiar face to those of you that are familiar with this campus. This is President Bill Powers, who has served as president of the University of Texas at Austin since 2006. Before that he was dean of the university's School of Law. He has also worked as a legal consultant with the US Congress, the Brazilian Legislature, and his second favorite legislature, the Texas Legislature.

Bill Powers

First.

Reeve Hamilton

First. That's wrong on my bio. Sorry. Next to him we have Brian McCall, who is the chancellor of the Texas State University System. He has held that position since 2010. Before that he was in the Texas House, where he was chairman of the House Calendars and Ways and Means Committee, and he was a member of the House Higher Education Committee. Please welcome Brian McCall.

0:02:34.0 Next to him we have Renu Khator. Chantident (*sic*) Khator serves in the dual position of University of Houston System Chancellor and University of Houston President. She is the first woman to hold the dual position. She's been doing it since January 2008. Prior to joining us here in Texas, she served as provost and senior vice president at the University of South Florida. And I believe she's also the chair elect of the American Council for Education. So please welcome President Khator—Chantident (*sic*) Khator.

And then finally, we have Dan Branch, who is state representative from District 108 in the Texas House. He has been representing that district since 2003, and he is the chairman of the House Higher Education Committee, and he also serves on the Calendars and Pensions Committee. Please welcome Dan Branch.

So the title of the panel is the Completion Crisis. If anyone is here from the previous panel, there was a lot of discussion about the need to get students out of college more. I was wondering if we could start with Chancellor McCall, since you have seen this from both the legislative side of the fence and the institutional side of the fence. How much of a crisis is there, and are the perceptions different depending on which side you're on?

Brian McCall

0:03:52.8 Well, it's certainly a crisis if you don't complete and you've borrowed money and worked hard and not gotten where you need to be, to do what the goal originally was. Is it a crisis that you don't graduate in four years? I don't think so. I think that's a 1960s and '70s concept in many cases for many students. In the 1960s and '70s, when mom and dad paid, and you didn't work except maybe in summer, and the age that you started was eighteen, and the age that you finished was twenty-one, that might be a crisis if you didn't do it in six years. But today, with the average age of a student in the mid-twenties, and in our case, in the Texas State University System—the eight institutions in our system—seventy-three percent of the students work. And that is almost full time, and that is year round. And so is it a crisis? Well, I don't think so. Not for the average student today. If they graduate in five years, six years, we celebrate it.

Reeve Hamilton

Has your perception of that changed as you've moved over from that House Higher Education Committee over into the position of chancellor?

Brian McCall

Well, you know, when I was in the legislature, we had a goal that Raymund Paredes championed, and that was to increase access to higher education, which is a good and worthy goal. We could have a one hundred percent—near one hundred percent—graduation rate in six years in Texas if we did a number of things. One, if we only admitted students who don't get sick, whose children don't get sick, whose spouses don't get sick, whose parents don't get sick, who are in the top ten percent of their graduating class, if we don't accept transfers because they're not included in the calculation, if we don't take community college students because they're not included in the calculation—there are a number of things we could do to get that rate up. But if the goal is access, which it is, we're doing pretty well.

Let me just state that in our system, in four of the universities we're up twenty-one percent in the past ten years in graduation rates in six years, fifty-one percent, forty-eight percent at Sul Ross, so we're—in ten years' time, when Raymund Paredes set these goals, I think all universities are doing the right trend line, something we can be proud of.

Reeve Hamilton

0:06:22.4 Well, Representative Branch, as someone who is in the legislature, and who has been working—

Dan Branch

0:06:27.6 ??? (inaudible).

Reeve Hamilton

For a few more months. You've been working on strategies to try to improve outcomes, I believe. How crisis-like or dire do you see the current state of things?

Dan Branch

Well, I think it's—I guess it's glass half empty/glass half full. When I first came in, in 2003, I think we had about 1.2 million in our higher education system, including our community colleges, and now we're north of 1.6, so fifty-percent-type increases. That's a really good thing. So I think if you look at all our indices are closing the gaps. Our commissioners here in the audience and we've worked hard. We're way ahead on completions, but that was sort of a getting-back-to-average. We're very close on access, on enrollments, and the participation goal for 2015, coming up next year, and so we're doing much better.

The problem is—I'll give you an example—while we've held our own on six-year graduation rates, we've gone from a rank of seventeen nationally to a rank of about thirty-fifth nationally, just in the last three years. So other states are doing better. So part of this issue's not only is it should our policies be student-oriented, and I think more outcome oriented, but we've got to

make sure that we keep up with the competition not just among other states but other countries, of course.

0:07:55.9 And so there's a financial aspect to this. So with limited public funds, every time a student takes—I don't think there's a crisis. I agree with the chancellor. And by the way, I think we have really outstanding leaders. One of the benefits for me working and getting to work with leaders like this is that they are truly outstanding and recognized in many ways. So I think my colleagues here are all working really hard to improve their numbers, and I think we've changed the culture in Texas. We now focus on outcomes, particularly acute in our community colleges, which is actually the area where we needed the most improvement in terms of completions.

But to me, when you look at the cost of having someone stay six, seven years as opposed to getting out early—the cost to that family, to that person, the debt, the cost to tax payers that that scholarship could have gone to someone else—to me that's where one aspect of a crisis can be seen is that we just don't have enough public funds to allow for a culture that takes much longer. And I'd say the other aspect is at some point we need a workforce, the demographers are telling us, where in the future sixty-some percent of the jobs are going to require some sort of certificate, some sort of credential, and we're not nearly at that level. In Texas, our workforce is about thirty-four percent credentials, and so we do have a ways to go, and if we all believe that the future is a knowledge economy, and therefore higher-skilled jobs will bring greater fruits for not only our state and individuals but families, then we need to get on with the mission of getting people out in the most efficient way we can.

Our average statewide for six years is forty-nine. We have a forty-nine percent graduation rate in six years. I think we can do much better. Massachusetts, I think, is around sixty-eight percent. I just think that we have to better, and we have to do better with more velocity. And that's why we've tried to have programs and policy initiatives to try and encourage that.

Reeve Hamilton

Well, and President Natalicio, no matter what the legislature thinks culturally in the country, hasn't completion and the speed with which you complete students been a fairly strong driver in reputation, if you look at the *US News and World Report* rankings, for example? So does that add to the sort of sense of urgency, or should we be thinking about that differently?

Diana Natalicio

0:10:41.0 Well, I think it does. I think it creates a climate where everyone's trying to compete and raise their graduation rates. As you know, I've been very concerned about the use of certain metrics to define a crisis, and graduation rates is one of them. I think it grossly understates what's actually happening, particularly in public higher education, because graduation rates only capture a small slice of the total enrollment and the total number of graduates. It only captures those students who start and complete their degrees at the same institution. And *US News and*

World Report and IPEDS and all these other organizations that gather data don't bother to say that. And so what we're doing really is understating the number of success stories that we have to count.

0:11:31.9 Having said that, I think the job isn't finished, but I think we have made tremendous progress over the past ten years. At UTEP, for example, our enrollment is up about fifty percent, but our degree completions are up doubled—a hundred percent. So we have become a lot more efficient in helping students graduate, but we also are trying to ensure that those students who don't happen to begin their work at UTEP get as much attention and as much priority as those who do start at UTEP. So the transfer students from El Paso Community College or elsewhere are primary targets for the same kinds of program reinforcement that we provide all of our students, and they're graduating in due course because the community college and UTEP have begun, over the past twenty years, to develop strategies that are vertically integrated.

I think one of the keys here is to ensure that there's a college-going culture from the beginning—from elementary school on—and that's one of the things we've worked on, because if you don't have a pool of high-aspiring and highly-prepared students to come into the university, then you're going to have much more difficulty trying to get them through to completion. So I think, like so many issues, this is a really complex issue, and it often gets translated into a single metric like graduation rates, and then everyone wrings their hands because they think everything's failing and it's really not. So I would agree with my colleagues. This is not a crisis, but we must do better.

And I think the thing we need to remember is that public higher education has a very different profile from private higher education. Private higher education rarely accepts transfer students. Most of their students start and complete at the same institution. Public higher education is open. And with that, we take a lot more at-risk students, if you will, and those students then are going to have to deal with a lot of the issues that Chancellor McCall talked about—life issues. They're very different from the students who typically pass through a private institution.

So there are many, many issues to be dealt with, and I think we need to celebrate our victories. I think we need to communicate better to the public, that indeed a lot of good work is being done, because I think this whole climate of negative thinking about higher education is really quite destructive.

Reeve Hamilton

Well, President Khator, you've said you're not satisfied with our completion rates at University of Houston, especially as you transition and grow into a tier-one university. What's a level that you would be happy with? I think in 2013 you were at fifty-five percent for the six-year rate. What would you like to get to, and what strategies are you using to change things?

Renu Khator

0:14:28.0 So the bottom line is as Chairman Branch said—whether it’s four or six years, eight years, ten years, bottom line is that we have only thirty-nine percent of the adults with postsecondary education here in Texas. By 2018 we need to have sixty-three percent people who are going to need postsecondary education in order to be functional, in order to have jobs, so we definitely, regardless of the time it takes, have to make sure that the students do complete college.

Now, I can give you six excuses as to why it is that we can’t do something about that, but I can give you six reasons why there is room for us to do better. For instance—and I’m going to give a lot of credit to Chairman Branch, because at the last session I know he led it, and the legislature passed, the fixed four-year (s/l tuition). We took that, along with many other incentives that we have on campus, packaged it together, and this year we sold that plan to the parents financially, because if you are two years early, you get into the marketplace, what does that do to you? And we sold it to the students by saying that you don’t have to take 150 credit hours that you’re taking right now to graduate. If you stay focused, you can do 120 credit hours. And if you like our campus so much you want to stay six years, great. We’ll make a plan for you so you can take six more credit hours, and you can do bachelor’s and master’s in the same time period. And as a result, we have sixty percent of the freshmen who have bought this concept called UH in 4. They have signed a contract that they will graduate in four years. Now, we continue the retention rates of today. I know that our graduation rate will cross over all of the national thresholds.

So let me give you another example. I visit every freshmen class at the beginning of the semester, so I visited seventeen classes so that I can reach to freshmen in a much smaller session. And I ask them, “Is there anybody here who has come with a plan saying that I’m going to go to University of Houston, have fun, going to go to parties, and will drop out?” And never a single student has raised their hand. Then I ask them to take it—

Male Speaker

That’s the silent majority.

Renu Khator

Then I ask them take a look to the person sitting to your right and keep your eyes there, and then I will say, “Think about it. Move six years from now—six years, not four, six—either you or that person sitting next to you is graduating.” I said, “That is the statistics. But you can do some things and I can do something, and let’s talk about it. Let’s make it back to today that you will not drop out from here.” And one of the things I do is I give them my personal email, and I say, “Before you even think about dropping out, call me so that we can figure it out what is it and how we can keep you here.” And the reason I do it is because there is an issue about expectations too. And I think President Natalicio mentioned that—that we have to create that expectation. And I think that is part of it, but the part of it is also income, educational background. We know

all of those factors are there. But even after you take all of the factors out, I think there is still institutional inefficiency, institutional cultural paradigm. I think institutional commitment, that there is room for us to do more.

So my message to my faculty and staff has been, “We’re doing great, but how is it possible that individually we can do great and collectively we can be mediocre?” So let’s make sure that we finish that gap, get at least to the national average, and then we start talking about other things, because we are serving two populations, and we have to serve both of them. Eighteen years old, who come to the campus and who want to graduate, who are focused because they are full time. Ninety-six percent of the students are full time.

0:18:18.7 Now, of course some things will go wrong. That’s fine. But then we are also serving being in a cosmopolitan city. We are serving the population who wants to access the institution at any given time, and we have to serve both of them, and we have to make sure that there is a pathway to completion, not just access, to both of those populations.

Reeve Hamilton

So getting back to a point that Chancellor McCall was making earlier, one of the seemingly easier ways to get both of those students that are looking to their left and right is just change where the students are. How do you make dramatic change without changing the culture and the type of students you are serving, which is something I know you’re trying to do?

Renu Khator

Right. Well, you cannot. I mean, the bottom line and one of the fundamental principles of American higher education—and I have been in other higher education systems—is that we commit to provide access to anybody at any time with any kind of aptitude—that they come. As long as, I say, you have fire in your belly, you are welcome to come to our campus. And we graduate the same time an eighty-six-year-old and a seventeen-year-old. So that’s the beauty of the higher education, and we commit to that.

But the thing is you cannot ignore that America needs both pieces of higher education. You need to have the bottom of the pyramid, meaning a very well-qualified, functional population, but you also need the top of the pyramid, that is the people who are thinking absolutely innovatively—whether it’s research, discoveries, instruction—because America—higher education and American, where we are today in higher education, we are at the top of the world. Everybody seeks to come here. The talent wants to come here. We have to maintain that position too.

So both are necessary, and both can be delivered. You just don’t have to sacrifice one for the other.

Reeve Hamilton

Well, and President Powers, you're in an interesting position because you're—John Sharp's not here anymore. I can say you're here as the most elite public university in the—

Bill Powers

0:20:12.7 You can say it.

Renu Khator

I'm not so sure about that.

Reeve Hamilton

Historically **0:20:18.6** ??? (inaudible). And yet you've committed to a little more than half of the students who graduate in four years, and you have said that you would like to get that up to seventy percent by 2017, which with the—you're taking in the top seven percent of the state's high school graduates. With that population, how can you tweak it that much in that short amount of time? Is that actually a doable goal?

Bill Powers

0:20:44.0 Well, I do think it's a doable goal, and I think we're making progress toward that. I think we'll get to that seventy percent. If we can improve it to sixty-eight percent and it takes another year, we're making a lot of progress on that. A lot has been said that I think is very sound and that I agree with. I do think there are really two issues going on, and our situation faces one of them. But completions, I think, is a crisis. In the aggregate, we're not completing enough of our population to have an AA or a bachelor's or a master's at every level. Institutions are different, individual people are different, but in aggregate, I do think that's a crisis.

We've done a good job on access, made a lot of progress. We have not done a good job on completions. And access is so that people can get completions. I think Chairman Branch is focused on that. I think we need to focus on it too.

The student who starts and doesn't complete is a tragedy. The student who starts and goes in the fall and then works in the spring and summer, goes in fall, works in the spring and summer, transfers but completes is a success. I want to get to how we keep score in a bit because I think it's important. That is a success. That's really not our issue. Our issue is a resource issue. That is if somebody stays longer there's not room for other people to come in.

It really isn't a time issue; it's a credit hours. And we have students who are taking 145, 150 credit hours. That's using our resources; it's using their resources. They can navigate through the system better, and we're focusing on it. It's not their fault, by the way. Degree plans are too complicated. They're too specified and narrow, so if you switch a little bit, this course doesn't

count for that little sub-major. We've got to have a lot more flexibility in it so that students can navigate that. We've got to do a better job on that. That's a resource issue.

And our ability to get to a seventy percent graduation rate—we're almost there on five-year graduation rates. Actually, we're very close on four-and-a-half-year graduation rates. So we don't see this going from fifty-eight to **0:23:36.2** (audio fades) to seventy in four-year graduation rates. We see it going from four-and-a-half years to four years. That's the way we look at it, because it's a navigating through our system, and I think we're making a lot of progress on that.

0:23:50.7 It is critical that we (audio fades). You hear it from the transfer issue, the student who goes in the fall but not the spring. How do you keep score on these **0:24:02.2** (audio fades out)? Think of what tennis would be like if a double fault automatically lost the set. The behavior of the tennis player would be deeply different. We just keep score in a way that does not incent the right behavior out the students. **0:24:27.9** (audio fades) We've got to come to grips with what we count as a successful, efficient, timely **0:24:40.4** (audio fades) than the way we're doing it now. **0:24:43.7** (audio fades)

Reeve Hamilton

Well, speaking of changing behavior and incentivizing, I think one of the initiatives that Chairman Branch has been pushing for years is outcomes-based funding, which is this notion of tying a portion of a school's funding to their performance in terms of completions. And I think that's gotten a lot of pushback from universities. Is that correct?

Dan Branch

Well, let me put it this way. I think nineteen states now have outcomes-based funding—some sort of outcomes—and we've—I think we've all worked together and try and—I think we're changing a culture here in Texas, so that takes a little bit of time. That's not an excuse. It's just we're moving in that direction, and we did have some success with our Texas State Technical College System, which has now gone to completely—one hundred percent—based on outcomes, and it's funded by if you get a successful outcome and a student in the workplace.

Our community college system, which is the largest over-fifty system, over eighty campuses, more than half of our 1.6 million students, they are now—ten percent of their funding, with a series of metrics that they came and agreed upon, completion at a certain point along the way—full completion at the Associate's Degree—various metrics that are now their funding. And we had testimony before the commissioner and the Coordinating Board and before our committee that this is going well. I mean, it's being adopted readily. So I expect that the trend will continue.

With the four-years, we didn't get that accomplished. We did get it in the base budget at least as an option, and then ultimately there was the pushback in the appropriations process. I'm hopeful

that we'll maybe tweak the metrics and that some of my colleagues here on this panel will be champions for that in the coming session to get that done.

But I think we all agree that at the end of the day, as President Powers said, we do have to have these completions. I mean, that's the success story, and while partial education, there's value to that, it's harder to measure, so in a society where you do have to measure with limited resources, and we do have to show efficacy, the way you do that is the credential. And of course, you have to maintain your quality. This all presumes quality within the process. But the quantitative analysis is that we need more credentials, as President and Chancellor Khator has said, so we have to have some of the funding, the incentive. As President Powers said about tennis, when you change the incentive the behavior tends to change. So we're trying to do that without unintended consequences but have people say, hey, it's not just about the twelve days of classes and how many derrieres, with all due respect to our college students—how many people show up at the twelfth day of class. What really matters is, did they walk across the stage at this tremendous ceremony that UT has here every day that's a fabulous celebration of the completions at one of our flagship campuses?

Reeve Hamilton

0:27:53.3 Well, moving to the institutional leaders, President Natalicio, have you seen a workable model for outcomes-based funding that you think would actually accomplish the goals it's setting out to accomplish?

Diana Natalicio

Well, I very much believe in creating incentives, but I think the critical point here again is, what are the metrics that you're going to use to determine those incentives, because the unintended consequences are often very serious? One of the things that clearly can help you improve your graduation rate is not to admit any students who are viewed as at risk, so you eliminate all the students whose profiles don't fit the kind of traditional completers. Students come in a lot of packages, and so the metric has to be aligned with a realistic opportunity for an institution to do the right thing, to create access, to create opportunities for students whatever their profile, and then help them achieve those goals. And it's very difficult, I think, to identify metrics that work. One size doesn't fit all.

And so the result of that is that I've seen institutions raise their, for example, SAT for admission in order to eliminate some of the at-risk students, and those are the very students who have perhaps huge potential not identified in an SAT test. So what you're doing is you're using a test whose predictive power, at least at UTEP, is not at all strong. In fact, it doesn't predict anything, these tests, at UTEP. And so the result then is that you basically squander a talent on the basis of a test that you don't believe in. How can we justify doing that in public higher education? That student, just because of that test, doesn't deserve to be sent away on the basis of a test that hasn't been proven to be a successful predictor.

So from my perspective, incentives are great, and I think internally, as Chancellor Khator said, we set incentives for our people. We do that. We hold people accountable within the institution, and we see completions increase. We see the results of working closely with the community college, and we incent those behaviors. But when you start trying to put a template on all institutions, in all settings, serving populations that are very diverse, it's just very hard to do. So everybody's going to feel somewhat aggrieved by whatever incentive it might be because there are going to be disadvantages and unintended consequences that none of us like to live with, and I think that's the big challenge.

0:30:43.5 One of the things that I think is very interesting that's going on now is to look at predicted graduation rates versus actual, those kinds of things where value added is part of the equation, because I think that's a very promising sort of strategy. But there are many other ways in which I think we can set these kinds of incentives.

From my perspective, I would be pleased to do something with incentive funding because I think it would be an interesting experiment, but I think we have to be careful not to use these incentives as penalties, if you will, on institutions that are accepting the risk of taking on students for whom everyone has a sense of challenge. So from my perspective, let's go with it, but let's keep the impact at a management level, because otherwise you're going to penalize the very institutions that are most committed to access.

Dan Branch

And I'd just jump in there that the at-risk students were one of the metrics, and even if we weight them in one of the current proposals—and I would say, as a matter of history, that when President Wildenthal, Kern Wildenthal, head of the commission on behalf of the state of Texas, and we came up with the performance program, UTEP, I think, was one of the largest beneficiaries of that program because it focused on a few metrics, one of which was at-risk graduations. So they got money for graduation and an at-risk. Many of your students were at-risk, so you benefitted.

Diana Natalicio

And the better job we did in graduating those at-risk students the better the benefit. That's the sort of thing, but it needs to be discussed. It's really quite complex, and I think often that's missed.

Reeve Hamilton

President Khator?

Renu Khator

So first of all, let me just say I am one hundred percent, totally in favor of having outcome-based funding because I implemented it on our flagship campus. You can write it down.

Dan Branch

Raymund, write it down.

Renu Khator

0:32:39.4 Write it down. But it needs to have two principles which are extremely important. Number one, it should not have redistributed effect because the purpose should be to enforce, to incentivize, to persuade institutions to use the funding to the desired outcomes that you want. If it has a redistributed effect, which is if you take money from two-thirds of the institution and it's going to the one-third of the institution, I think right there is a serious problem.

Second principle, which is very important, and that is the mission based. You have to honor and respect the missions of the different institutions. So let me tell you, within our university, if we could create an outcomes-based funding model for colleges that are as different as law and social work, which is only graduate, and College of Liberal Arts and Social Sciences, which is a different mission—if we can create an outcome-based funding model, it is totally possible for us to do it for the state of Texas. I am told Texas was the first institution to start talking about outcome-based funding models and now we have seventeen states that have it. Come on. It's time. Let's get it done.

So how we do it there is we have eleven different factors that have been agreed upon. Out of those eleven, institutions, based on their mission, they can select eight out of eleven. So that allows you to really cater to your metrics based on what your mission is. And after that, you withhold ten percent of the funding, and you only give if they're able to meet those eight objectives that they have selected. If they are not able to meet, you keep the fund in the central pool, and they you apply it toward either university-wide initiatives on student success or you basically force the college to put it in that particular direction, and then you give it. But we don't take it from Law to give it to Liberal Arts and Social Sciences.

And that really affects us and that helps us because then if we want Engineering and Sciences to do some particular dimension in measure, they're able to push in that direction while other colleges, if they have a lower graduation rate, they push in that direction. So everybody is pushing the institution toward common goals.

Reeve Hamilton

Chancellor McCall, do you have something to add?

Brian McCall

I think it's caused it to do a number of things much better. The discussion of this has caused us to do things better. It's immoral to admit a student that we don't think can make it through the pipeline and have them assume the debt and the failure early in their career. It's very moral for us to do everything we can to admit the right students and do everything we can to mentor and

advise them. And this discussion has caused most of us to really focus on advising and mentoring in the past short while, and we've become more creative about looking at who is admitted and who is not. Not just an SAT score combined with grades and a predictable answer to a predictable essay question. If a cellist could be a Yo-Yo Ma if properly identified, even though they don't do well on a particular section of an SAT, it's very important to figure that out in the admissions process and get them in, advise them, mentor them throughout the process so that they can become the Yo-Yo Ma. None of us ever, in retrospect, want to speak to an admissions counselor and say, "Why wasn't this student admitted?" and they say something like, "He was just some Joseph looking for a major." We want to identify those with promise, make sure they get through the process, and graduate. And I think it's forced us to be more sophisticated.

0:36:26.1 We have twenty thousand or so applicants each year at Texas State for four thousand freshmen positions, and then on top of that we take four thousand transfers. We don't want outcomes-based funding to cause us to take 6500 freshmen students and 1500 transfers, thus manipulating access. And so combined with mentoring, advising, and a more creative admissions process, I think we're going to get where we want to be.

Reeve Hamilton

Well, and President Powers, you were saying?

Bill Powers

I think the discussion over the last five, six, seven years on outcomes-based funding has become somewhat of a lightning rod for a lot of debate over higher education. We've got outcomes-based funding, and I can't imagine not having outcomes-based funding. TxDOT comes from funding and doesn't build any roads or repair any roads. Are we going to say, where's the money going? We get money, and **0:37:29.5** ??? (inaudible) any student. We've got to have outcomes-based funding. Every bit of funding is going to be outcomes-based funding.

Right now the outcomes and the measurements are student credit hours, weighted student credit ours, uniformly across the state without looking to mission. To me the issue is getting the right weight without having these unintended consequences. The access completions is probably the most serious of those. Whatever outcomes-based funding we have has to take into account we need to take risks on students and not just say, well, this one is going to be a better bet for us financially because we know they're going to make it. And with that debate, I think we've made a lot of progress. Chairman **0:38:18.4** ??? (inaudible) there's been a lot of buy in but also debate about that. It's getting the right scorecard that's going to be important.

0:38:28.8 I think there are two things about the whole funding model—outcomes-based funding. They've both been mentioned, but I'd emphasize them. One is we look at the criteria, but they're the same for every institution without looking at mission. The Chancellor mentioned that a

moment ago. I think that is a huge problem—the homogenization of our approaches within systems, within the state—and it’s very difficult to granulate that. It’s easier to have a homogenized system. Homogenized systems never lead to productivity and variable outcomes that work. I think it’s a serious problem that we’ll have to solve.

The other is, whether it’s on the campus or in the state—and Chancellor Khator mentioned it, but I think we need to think through this—there’s this sense in outcomes-based funding if we’re going to make progress. And the chairman—ten percent, fifteen percent, twenty percent, we need to go slowly because there will be unintended consequences. We can’t put all our eggs in that basket right away. We need to ramp into it and see how it works. But every time we talk about it, people go back and add up, “I’m going to lose a million dollars. You’re going to gain three million dollars,” and it’s dead in the water. It happens on our campuses. It happens throughout the state—this idea that we’re going to incent people and change our funding model and it won’t ever take money away from anybody. We’ll never make progress that way. Every enterprise that makes progress looks at how it’s spending its money and doesn’t just say, “Every level that you currently have you get, and the only progress we’ll make is new money.” So I think it will end up, I think rightly so, having a redistributed effect. That means we have to be very careful about it and very cautious about it and not have it have these unintended consequences. We just don’t have enough money in the state to keep going. Spending the money the way we’ve been spending it in the past, and doing it in a homogenized way across this great state, is totally inefficient.

Diana Natalicio

And I just wanted to add one point of context, and that is let’s remember that this whole conversation about incentive funding has been occurring at a time when state appropriations were declining, and that makes the conversation all the more difficult because all of us are feeling the pinch. So if state appropriations had remained level or had been growing, then this conversation might have been a little easier to have.

Bill Powers

And can I add to that? There’s a sense that, oh, if we just do it differently we can avoid having to invest in higher education or public education, for that matter. Texas, of the leading states, invests much more percentage of its GDP in higher education. We’re not going to compete in the long run if we continue to do that. The American Academy of Arts and Sciences just came out with a study. The US, in twenty years, has gone from second in the world in R&D expenditures to tenth in the world. None of this is going to substitute if people think higher education and public education are important to the future, and I do. We are going to have to **0:42:35.5** (audio fades). Money doesn’t do everything, but we can’t do it at the level of **0:42:39.1** (audio fades).

Reeve Hamilton

0:42:41.3 So finally then, Chairman Branch, forecasting the next legislative session, which you'll be observing, do you expect an influx of cash for the universities, or will they at least get their bonds for campus construction projects, which they haven't gotten since 2006?

Dan Branch

Predicting what the Texas Legislature will do is a risky business, so I think I'll leave that for others. I do think there are some facts in place. We're going to have some changes in the Senate, obviously a new Lieutenant Governor and many new Senators, a slight change in the party alignment there, it looks like, so I think, to the extent there's a discussion about outcomes, I think that—we passed a lot of the transfer bills—a lot of the legislation we passed in the House has died in the Senate. So I think if one's looking objectively, there's an opportunity for change in the Senate, and therefore, whether it's the transfer ability or whether it's outcomes, there may be a little more robust opportunity for getting some things done. And so I think also you've got to look at the funding, as it was mentioned. I think we see largely because oil and gas revenues and other productivity measures that are strong in the state, we're looking to have a surplus. It appears if we pass our constitutional amendment on highways, even then we'll still have about an 8.4 billion projected in the rainy day fund, the largest ever since the creation, and an anticipated surplus—strong surplus—this time next year.

So there's an opportunity to get some things done, but we have some great challenges, as you know—water, roads, and I think education. We've got a public finance ruling from a trial court, so we'll have an issue on public education finance. I hope we can continue to keep funding for education ahead of Health and Human Services, but that's always a growing pressure on the budgets. So I think the usual pressures are there, but we do have—it's much better than 2003 or 2009 when we had these tremendous shortfalls and we had to balance the budget and everyone had to take a cut. So I think we're looking at surplus but growing challenges, and I hope higher ed will step up and get its fair share and invest. We've done a better job of keeping our tuitions flatter, and so I think there's been pressure there. Somebody can argue, well, we haven't put as much in, but the tuition has gone up dramatically. So there's a tension there in trying to get the most for the tuition dollar and the state investment.

Reeve Hamilton

So on that vaguely hopeful note, we'll turn this over to Q&A. So if you have questions, feel free to line up at the mikes. Please identify yourself, and ask one short question.

Question

Well, good morning. My name is Mike Marshall, and I'm with Texas Christian University. Thank you all for your contributions, certainly insightful. But I'm curious to know what the role of technology has in the access and completion. Thanks.

Reeve Hamilton

Who wants to take it?

Bill Powers

0:46:13.8 I think very positive. Some people just can't take time out of their life because of their location to come to a residential university. I think Western Governors University, Southern New Hampshire University, that in and of itself is giving access. There's a lot of controversy about some for-profit universities that—are they recruiting people knowing there aren't jobs on the other end? I think that's in its early stages. I think at residential universities—classrooms—and giving students experiences off the campus and sort of wrapping them with technology, we're working through those. It's not just taping lectures so people don't have to get out of their dorm room. A lot of it's very interactive. I think it's a positive sign. It's not going to replace, in my view—or ought to replace—the sort of interaction that goes on in a lot of classes. But there's 120 hours. It doesn't have to be that every class is the same. I think technology is a plus. We're learning how to use it.

Brian McCall

May I also just add it's a great tool for those who didn't complete. They may have seventy hours. They want to finish their degree, but because of life, it's a good way for them to do it.

Diana Natalicio

I would just say that I'm very enthusiastic about technology because I think it really does level the playing field for a lot of people who might not otherwise have access, but I think the one thing we need to be very careful about is that it is not to be viewed as a low-cost solution for low-income students to just go to a storefront and get some courses at a computer.

There's been a lot of discussion about that sort of thing, and that really is something that I think will cheat a group of people who have been historically undereducated, and we've got to work really, really hard to ensure the technology becomes a force for them rather than just a way of giving them a certificate that may not be of value.

Reeve Hamilton

Let's turn it over to the next question over here.

Question

My name is Maria Garnett. I work as a researcher here in Austin. I have a question about student support services. You, Chancellor McCall, talked about advising and mentoring as a really important tool for helping students succeed. But with a lot of the talk in the policy realm about administrative bloat and things like that, I was just wondering if any of you could speak to which student services in particular have been most effective in helping to get at-risk students to graduate, and how do you keep track of those outcomes at an institutional level?

Renu Khator

0:49:08.8 Let me take that one. Every way you can support a student is really very helpful, but it's not just about providing a support service. It's also having the cultural and paradigm on institution, what does that mean?

For instance, you can have an advisor. If the advisor sees her or his job to be in office for five hour or ten hours or the whole time and seeing how many people they see, they'll do a phenomenal job without moving the needle. However, if the job is really make sure that the students are coming back, that they are retained, that they are persistent, then the advisor may use a chat room, may call, they may have the student come in here. So it's not process. It becomes the goal. I think the institutions have to become obsessed with the goal of completion of college, not necessarily obsessed with strategies but in particular our thesis.

So all of the residence halls will be built now, for instance. We have faculty living in those residence halls with the students. We have the classrooms there. We have free tutorials there. You can come at ten o'clock. And guess what? The students who are more at risk really are showing phenomenal success living there with their GPA, with a progression toward it. So there are probably twenty strategies. I mean, basically I'm a vegetarian. I shouldn't say that. But I mean, there are nine ways to kill a cat. Or skin a cat—whatever that is. But the bottom line is if the institution commits to really getting that student success as a no-excuse priority and everybody buys into it, you will find one way or another to really get to that.

Diana Natalicio

I would just add one thing—engaged faculty—faculty who understand the mission of the institution and the importance of supporting student success.

Question

Hi, I'm Renee. I'm from Houston, Texas—Sugar Land—and I'm a parent of two children in college right now. My oldest son is a junior at University of Houston. He's having a great experience. And both kids were capped at UT, which I understand that. I've exported my youngest son. He's a freshman at NYU in Shanghai, another conversation. But for my older son, U of H, he did get a little scholarship, which was wonderful, but he has the GPA. He has to take fifteen hours every semester. You have to complete in four years. How can you relate that, or realign the scholarships, to fit the current state, where I just heard each of you say it's like four-to-six years—four-and-a-half, five years? So my question is, is the scholarship to the current—?

Renu Khator

0:51:48.2 Very good point. Actually, we have almost doubled the scholarships that go for just the academic excellence piece, just in support for students. So you're right. That piece has to come together. All of the advisors are pulled together as well—advisors and recruiters—in the sense that we no longer look for advisors as to what their outcome is. Their outcome is measured

by the **0:52:13.4** ??? (inaudible) that they have been given. How many came back next semester to really be retained? They get involved in financial aid. They get involved in all kinds of things. Because I give my personal email, I pretty much know what kinds of issues the students are facing, because I get thousands, really, and we have a system set up. They know they may not hear directly from me, but their issue gets resolved within three days. That's my promise. And we have resolved over two thousand issues from boyfriend/girlfriend all the way to every kind of thing.

Brian McCall

Can I get your email address?

Renu Khator

Yeah. You have a girlfriend issue? So you're right. We have scholarships. We have completely revamped the scholarship things, but we don't have still enough funding, and that's why student scholarships for our campaign is a major, major goal because we know that the kind of student body we serve, that is a big, big piece. And campus jobs—all kinds of things that we are looking—we are looking at twenty different strategies, honestly. So thank you very much. I think you have a very smart son. The son who is going to UTEP, very smart.

Dan Branch

I would just throw in that Texas grants require twenty-four hours. Basically, if you don't take summer school, you've got to at least take twelve hours. When I came into the legislature, in the appropriations process—Brian may recall—people were talking about taking this to nine hours. I mean, the culture was going on the opposite direction in 2003, and so some of this has sort of been just stopping that trend to allowing more and more time with the scholarship money flowing to now trying our fixed price program, where you've got to get out—the fixed price only lasts for four years. So we're trying to put these little incentives in place everywhere to think about getting out sooner.

Reeve Hamilton

Let's go over here.

Question

Hi, my name is Alexandra Woldman. I'm a graduate student here at UT Austin. I've actually worked as a TA during my graduate school here. I wanted to ask you guys about mentoring and guidance for undergraduate students, because from what I've heard with my interaction and from personal experience, the students aren't receiving the kind of guidance they need. They're sometimes not sure about what classes they need to take, or they're not sure about what order they have to take the classes in and things won't be offered in fall or spring or summer, and they get off of their schedule. Or sometimes they take too many hard courses at the same time, and it's something that with a meeting with an advisor who is knowledgeable about the program

could have warned them about. And then they're overloaded, they're not doing well in either class, and then they have to drop one, and it ruins their whole process of being able to graduate on time. So basically I'm asking, could you talk a little bit about how students could get better guidance to stay on track so these things don't happen?

Bill Powers

0:55:14.5 Well, I can say that issue has—when we set the goal of graduation rates, which is really helping students through the pathway, that has been, over the last two years, three years, the focus. So just for example, when we have orientation, there are a lot of things we need to orient people on, but nothing more than this kind of mindset and give them pathways and good advice on if you make a change in your sophomore year, you should do this in your freshman year so you have more options in your sophomore year. I think this is the focus that is—yes, it's mentoring, and we need to do that as well, and the student that has the problem, that is struggling, and we help them. Those programs are critically important. But the kind of roadmap advice that you're talking about, I think, especially at large universities, is the biggest obstacle to graduating on time, whatever that means. The school of undergraduate studies—and that's what they're about is to give this kind of advice. I think you're identifying the lever that can make the most immediate impact on students being able to navigate in a timely manner.

The other thing is we've got to simplify is the pathway. If there are 185 pathways and you get on the wrong road, it's hard to find your way back. There's just got to be more flexibility in what counts as that requirement in a major or whatever.

Reeve Hamilton

We have about two or three minutes left, so if we can just make these very, very quick, maybe we can have all of them. We might not be able to, but we'll try to. Three words or something.

Question

Yeah. It's quick. My name is (s/l Riley Cole). My qualification for being here is that my younger daughter took nine years to get her BA. But the quick question is the University of New Mexico has a program I was told about that had a tremendous difference in dropout rates by switching from upping the scholarships to a just-in-time microloan program. So the student's car breaks down or they need to go see the doctor and don't have that amount of money. I'm wondering if any of you had any experience—? The challenge for you all is that a lot of the solutions are not academic, right? They're girlfriends, or, in this case, needing two hundred dollars now or you have to drop out. So I'm wondering about microloan programs and other non-academic programs.

Brian McCall

0:58:11.6 About seventy-one percent of students who say they drop out, drop out primarily because of work-related reasons, and so I don't know that I'm answering your question, but I'm putting a context in as to why the students go away. So I don't know.

Question

0:58:27.7 ??? (inaudible).

Brian McCall

We don't.

Renu Khator

It's a good idea, though. I'll look into it if we don't have one. Thank you.

Reeve Hamilton

Next question.

Question

Hello. My name is Marty Harvey, and I teach a freshman writing class at UT Arlington. My students come in and they often tell me that they've been told in high school to get ready for college, so they come in somewhat college ready, but they also have been given this mixed message that college is a place to find yourself. So they think they have time to find themselves, yet we're pushing them into a four-and-a-half-year graduation timeframe. What do we do about that message?

Reeve Hamilton

How do you get students to find themselves quicker?

Dan Branch

Well, at private universities they find themselves and complete at near ninety percent levels in four years. Whether they find themselves or not, I don't know.

Question

0:59:28.2 ??? (inaudible) I've been told by former students, and they wish they had gone into something else.

Bill Powers

I think finding yourself is an important part of going to college. The idea that seventeen-year-olds know what they want to do when they're twenty-five—so I think that's a very important part of it. The School of Undergraduate Studies, those students go into that. And then what we need to do is have a freshman year where they're not pretending that they've made that choice,

make a change, and go back and have to enter the first time through. But we take those students and have a first-three-semester experience that keeps them on track and gives them that flexibility and time and advice to find themselves. I don't believe those are incompatible at all if we do it right.

Reeve Hamilton

All right. Real quick, unless it's a girlfriend question.

Question

I'm Josh Levine. I'm on Moody's Higher Education Team. I have a question about there was a recent study by the Education Advisory Board that showed fifty percent of dropouts are coming from students with GPAs of 2.0 to 3.0—2.8 range. Is there an amount of targeting that's being done with some of these programs in terms of finding specific students that are more at risk of dropping out than others, and if so, what students are you targeting with those programs? Maybe that's too long of a question for one minute.

Reeve Hamilton

If you can identify the students you're targeting with your student support services.

Diana Natalicio

Well, we're doing quite a lot of that, actually, trying to study our own student population and segmenting our entering students by quartiles of class rank and that sort of thing, and then looking at them as they move their way through and looking at interventions that are associated with that. I think that has great promise—targeting students in ways that are aligned with the kinds of challenges that they bring to the institution. So I think that a lot of the analytics that are becoming available—we're involved with the AB, and I think it's just very, very helpful, and it engages the faculty in a way that I think hasn't been done because it's intellectually quite stimulating. So I think it's a very important dimension of the availability now of data through technology and access to that data.

Renu Khator

We have recently started a program where based on frequent surveys you can get early signals of a student's academic stress, financial stress, or social stress. And based on that, then you try to intervene and try to see how you can help before the student even knows that they're in trouble or they come to you. So institutions are doing quite a bit of that.

Reeve Hamilton

All right. Let's try to knock out this last question.

Renu Khator

Yes.

Question

Domino Perez, Director of the Center of Mexican American studies at UT Austin and Texas State alum. A recent report came out, and I think we're familiar with this data, that of the first time Hispanic children make up the majority of the Texas school population. I know that University of Houston and UTEP certainly have sizable Latino populations. UT has around seventy percent. I was wondering what you were doing to prepare for the influx of huge numbers of Latino students and what you can do to help them, in particular, graduate successfully on time? Thank you.

Diana Natalicio

Well, currently, eighty percent of our student population is Latino undergraduate student population, and we've been working for the past twenty-five years on a vertically integrated pre-K through sixteen trajectory. We work with the school districts and the community college in El Paso, so we've been working very hard on college readiness, early college high schools dual credit, every kind of preparation that we can achieve some kind of strengthening of aspirations and achievement. Students who are coming to us now are coming from high schools that never used to send a single student to UTEP because those schools never believed that the students in those schools were college material. We've changed totally the attitudes. I think attitudes and confidence of school personnel about the children who are enrolled in those schools and understanding better the challenges that they face, that the fact that they're absent may not be because they don't care about school but something else—we've got to change the culture of the schools, and I think we've made a lot of progress on that front in El Paso, obviously a highly Hispanic community and therefore a lot of experience. But I think the lessons learned are valuable in many other settings.

Reeve Hamilton

We're going to have to cut it off there, I'm afraid. President Natalicio, President Powers, Chancellor McCall, Chancellor Khator, and Chairman Branch, thanks for joining us. Thanks everyone for coming. There's another panel coming up in just a bit on community colleges, so stick around for that.

1:04:33.9 (end of audio)