



The Higher Education Challenge Facing Texas

October 18, 2011

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Chairman

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My Central Message

- Texas is doing better and falling farther behind
- It is an urgent matter that Texas increase the knowledge and skills of its workforce to globally competitive standards
- Failure to do so will have serious economic consequences for both the state and its citizens
- To ensure the desired future for our state, we must be much more aggressive in our expectations and our policies – incrementalism is not a solution
 - Benchmark against global best performance
 - Be much more strategic in
 - Increasing capacity to deliver instruction
 - Investing public resources
- As largest donor and regulator, state role is central in laying out educational goals for our state workforce and our public institutions
- In setting goals, state must prioritize completion

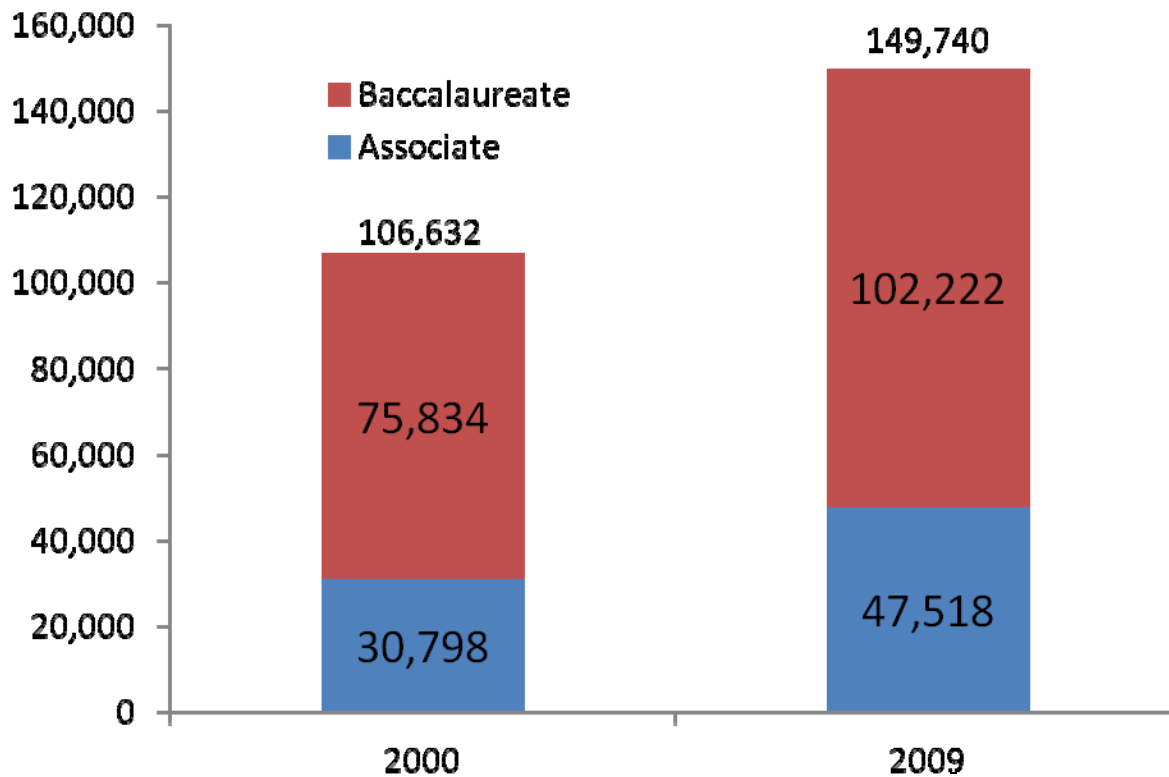
The Challenge

Challenges Texas Must Address to Maintain a Globally Competitive Workforce

- Raise education attainment levels to meet or exceed our competitors
- Shrink disparities across race and ethnic groups
- Get more students into high-demand technical fields
- Improve skills of adult population by bringing them back into the education system

Texas has Made Substantial Progress in Degree Completions

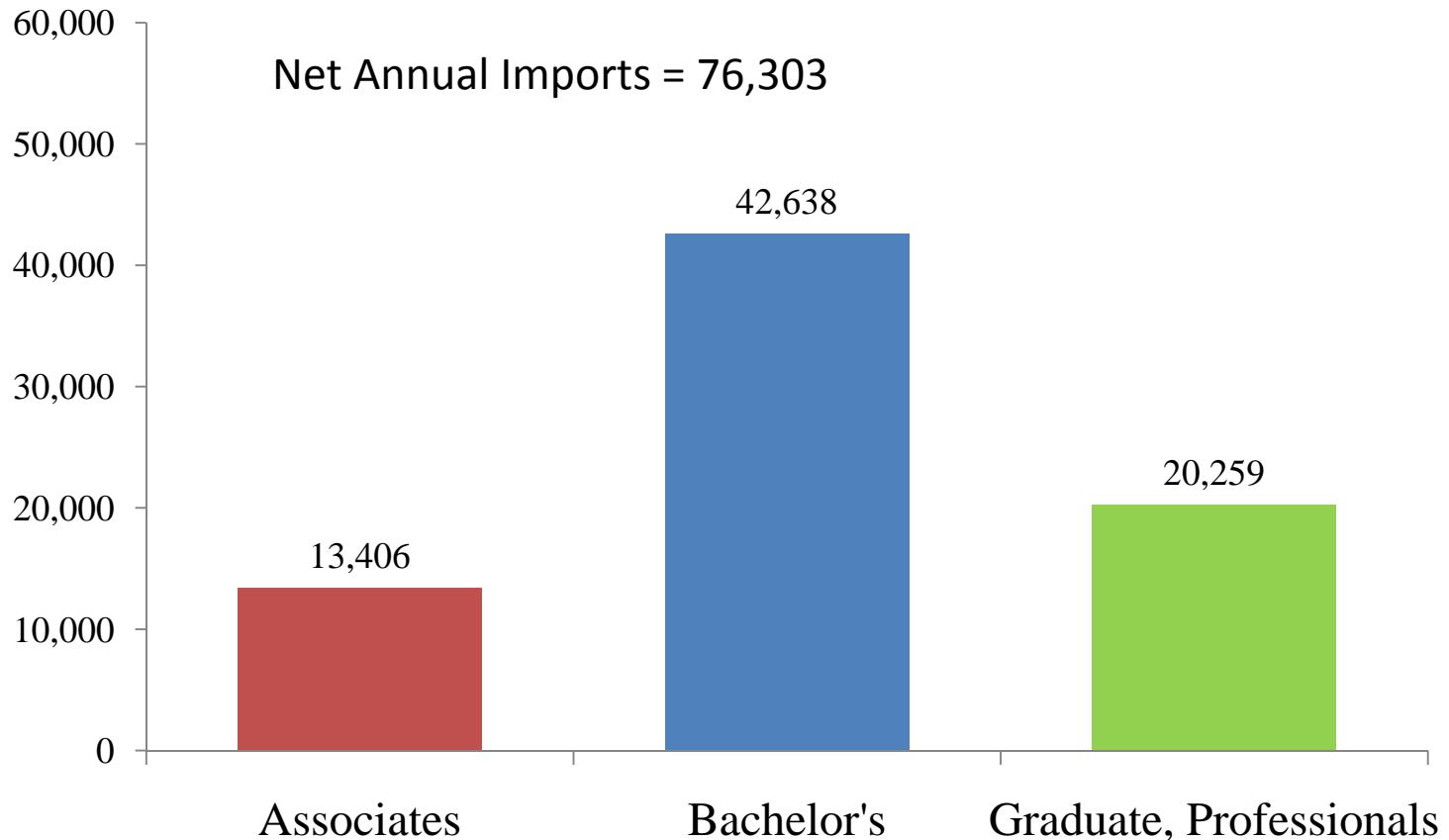
Increase in Undergraduate Degree Production: Texas 2000-2009



Texas' Healthy Business
Environment Has Become a Major
Contributor to Our Educational
Attainment Goals

Texas Has Benefitted From Importing College-Educated Residents . . .

Net Annual Migration by Degree Level for 22 to 64 Year Olds
(Average from 2005-07)

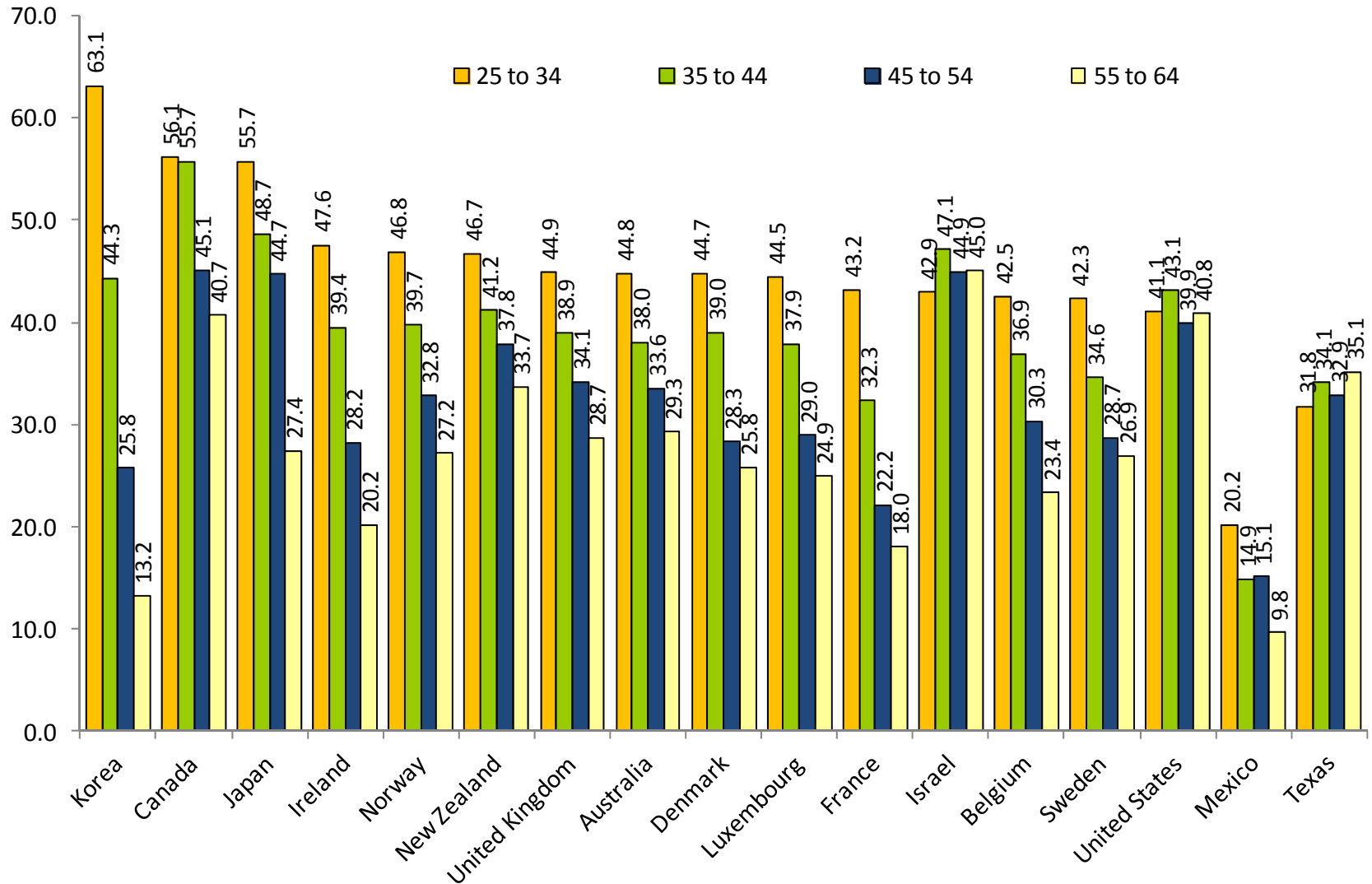


However, even with this good news
we are not moving to where we need
to be - Texas is falling behind

To remain globally competitive,
Texas must significantly increase
our progress (productivity)

**Challenge: to achieve goals within
severely constrained budgets**

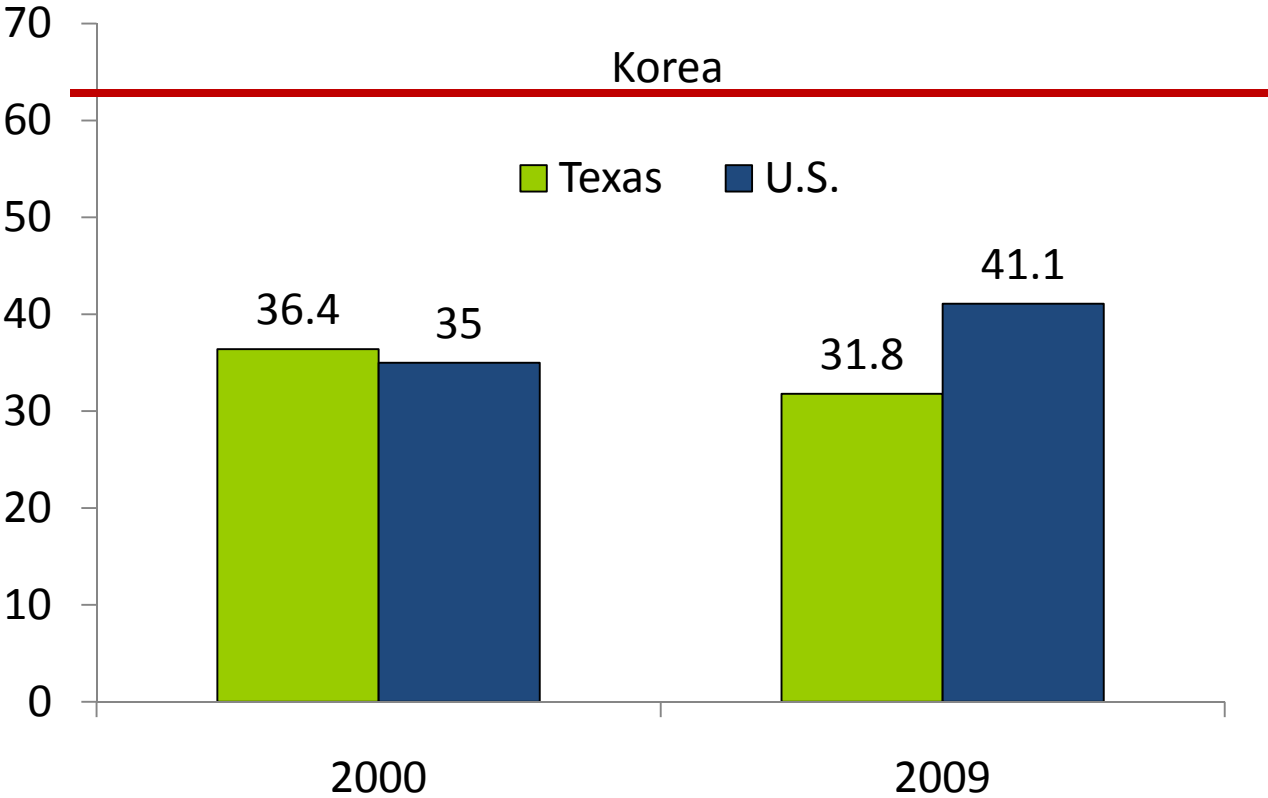
Percent of Adults with an Associate Degree or Higher by Age Group – Texas, Mexico, U.S. & Leading OECD Countries, 2009



Comparing Texas with Nations and Other States in the Percentage of Young Adult Degree Attainment (Ages 25-34)

U.S. States	%	OECD Country
	62	Korea (63.1)
	60	
	58	
	56	Canada, Japan
Massachusetts	54	
North Dakota	52	
Minnesota • New York	50	
	48	Ireland Norway, New Zealand
Maryland • New Jersey • New Hampshire • Illinois Iowa • Connecticut • Vermont • Nebraska	46	United Kingdom, Australia, Denmark
Virginia	44	Luxembourg, France
Pennsylvania • Rhode Island	42	Israel, Belgium
Kansas • Hawaii • Colorado	42	Sweden
Washington • Wisconsin	40	UNITED STATES
Montana	40	Netherlands, Switzerland
Missouri • North Carolina	38	Finland
California • Oregon	38	Spain
Utah • Ohio • Delaware • South Dakota • Michigan	36	Estonia
Maine • Georgia • South Carolina • Florida	36	Iceland
Indiana	34	Poland, Chile
	34	
Kentucky • Tennessee • Alaska	32	
Arizona • Alabama • TEXAS • Oklahoma • Idaho	32	
Louisiana • Wyoming • Mississippi	30	
West Virginia	30	Slovenia
Arkansas • New Mexico • Nevada	28	Greece
	28	
	26	Germany
	26	Hungary
	24	
	22	
	20	Austria
	20	Slovak Rep, Czech Rep, Mexico, Italy Turkey (16.6)

Percent of 25-34 Year-olds with an Associates Degree or Higher

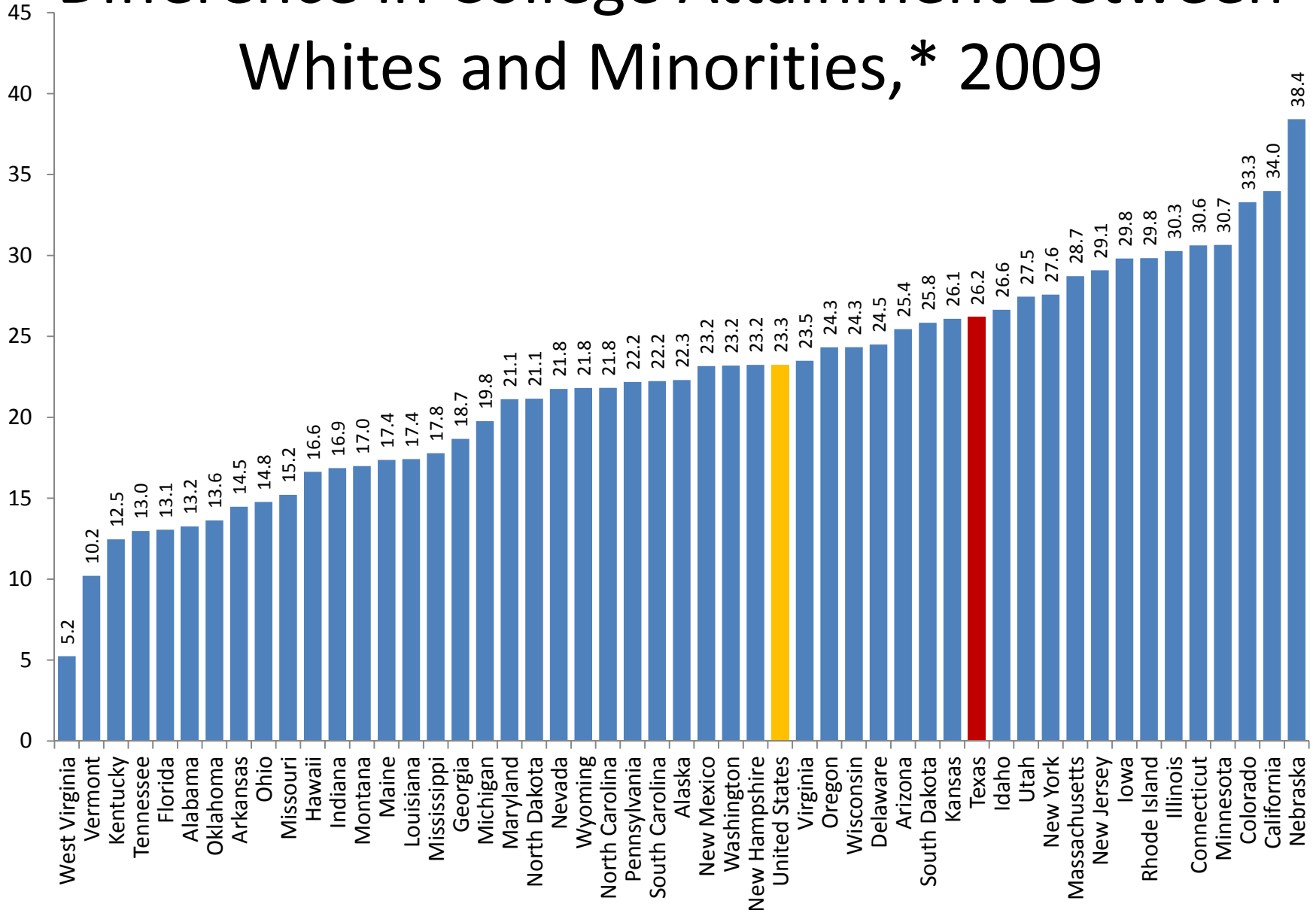


Why Are We Becoming Less Competitive in Terms of Educational Attainment?

Difference in College Attainment Between Whites and Minorities Aged 25-44, 2009

	Percent with Associate Degree or Higher		Difference
	Whites	Minorities	
Texas	45.6%	19.4%	26.2
U.S.	45.6%	22.3%	23.3

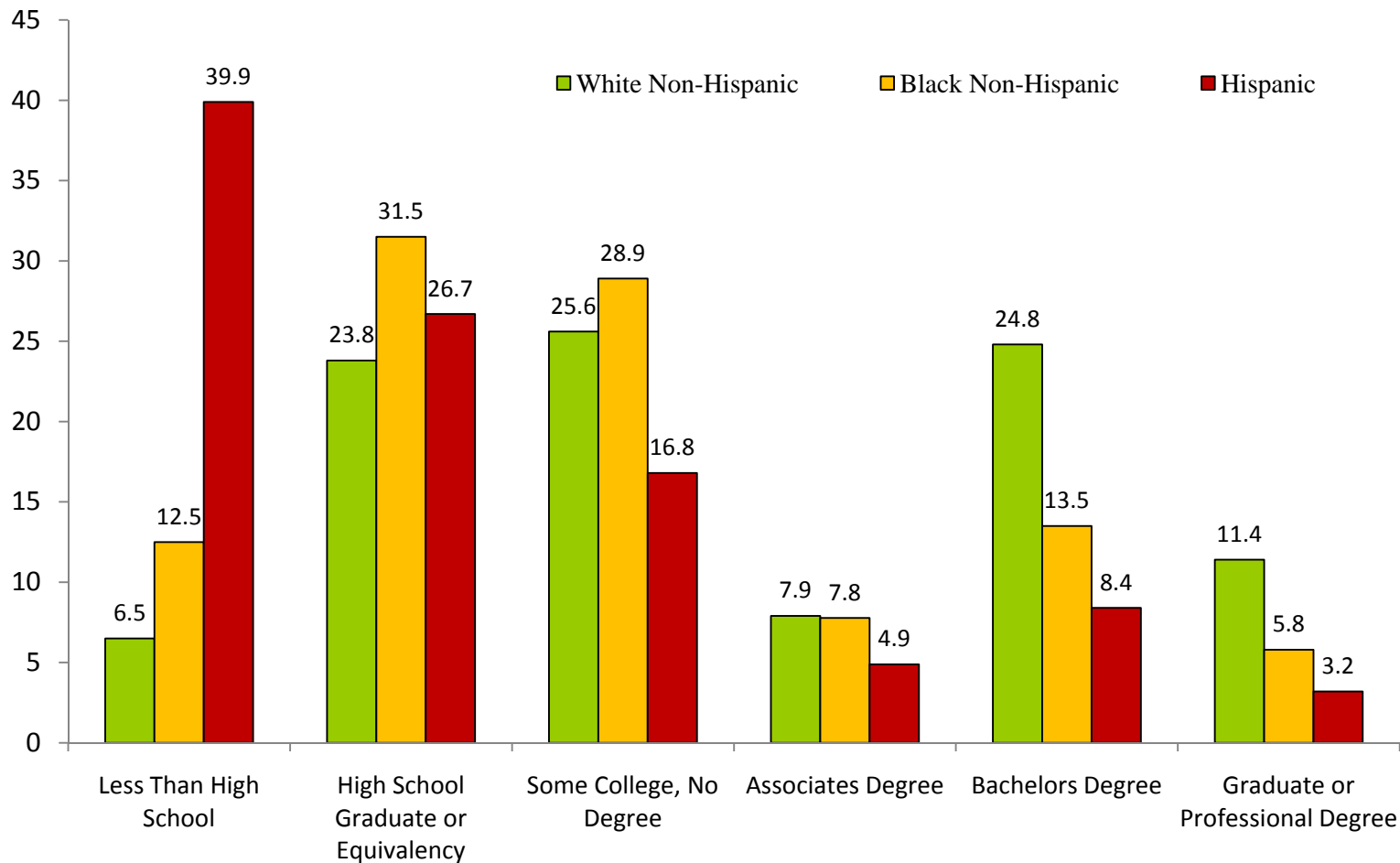
Difference in College Attainment Between Whites and Minorities,* 2009



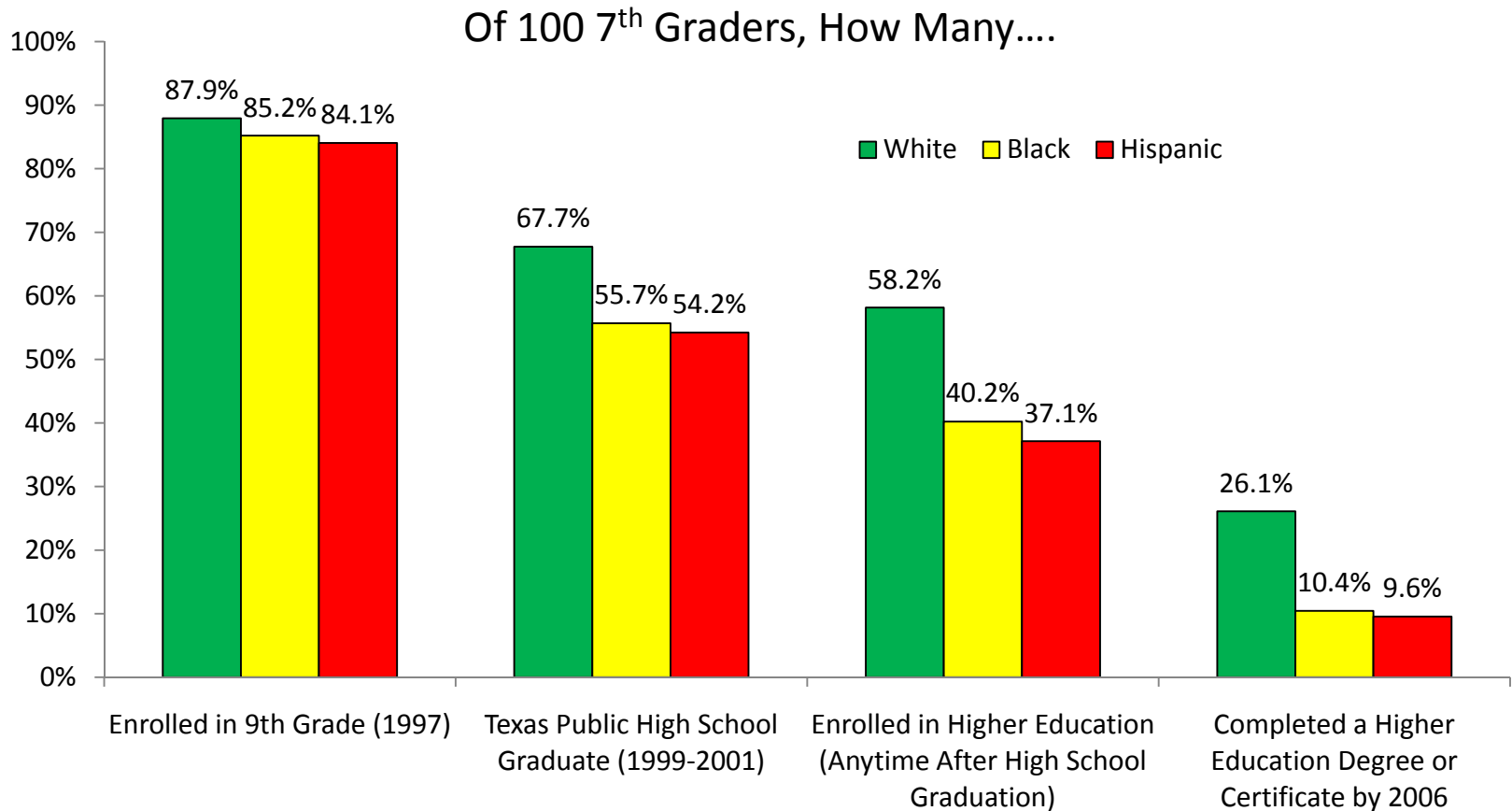
* Minorities include African-American, Hispanic, and Native American

Source: U.S. Census Bureau, 2009 ACS (PUMS)

Educational Attainment of Population by Percentage Age 25-64 by Race/Ethnicity, Texas, 2007-2009

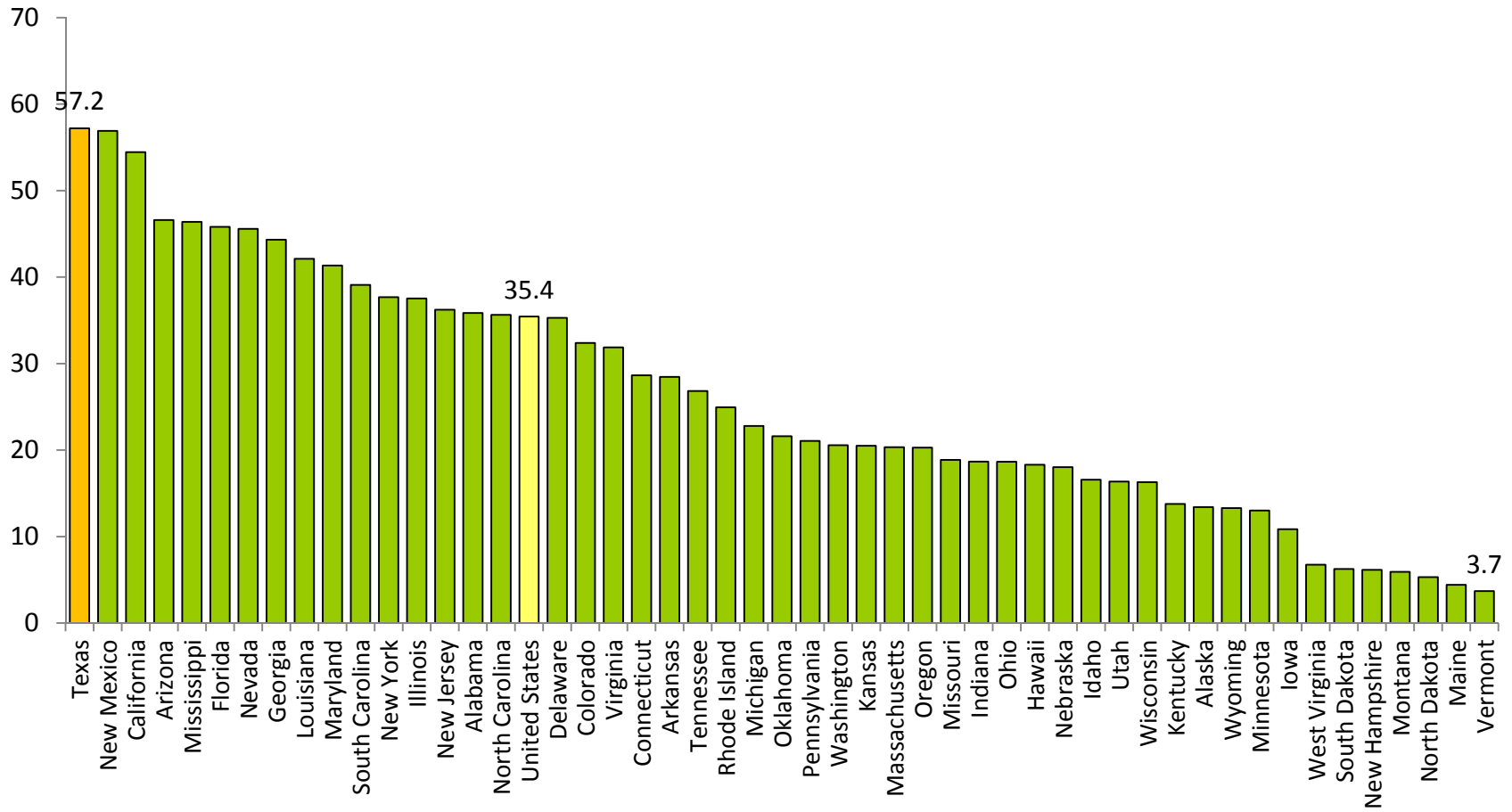


Student Pipeline by Race/Ethnicity - Transition Rates from 7th Grade to College Completion

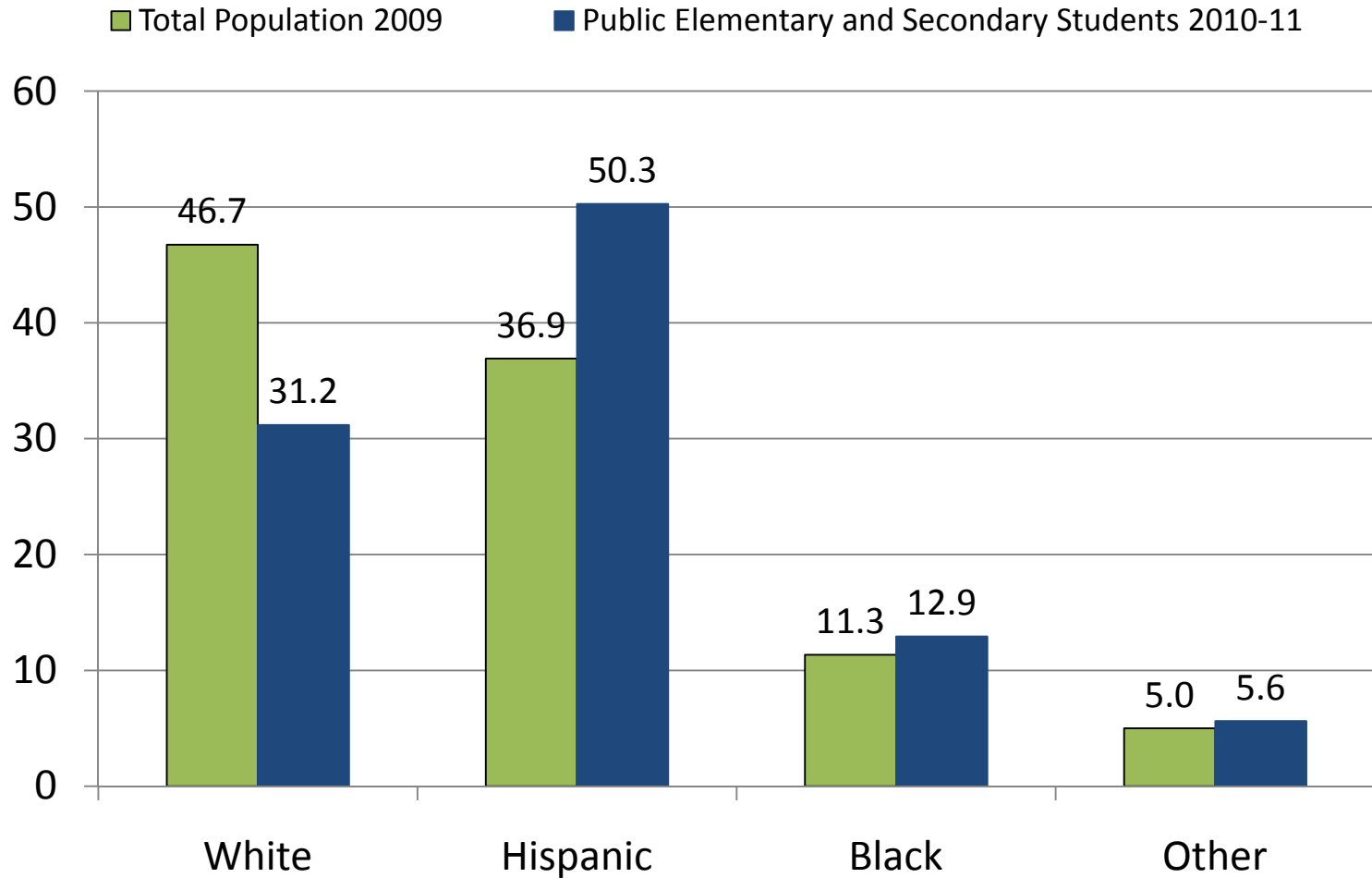


Narrowing Disparity Between Whites & Minorities Must be the Priority

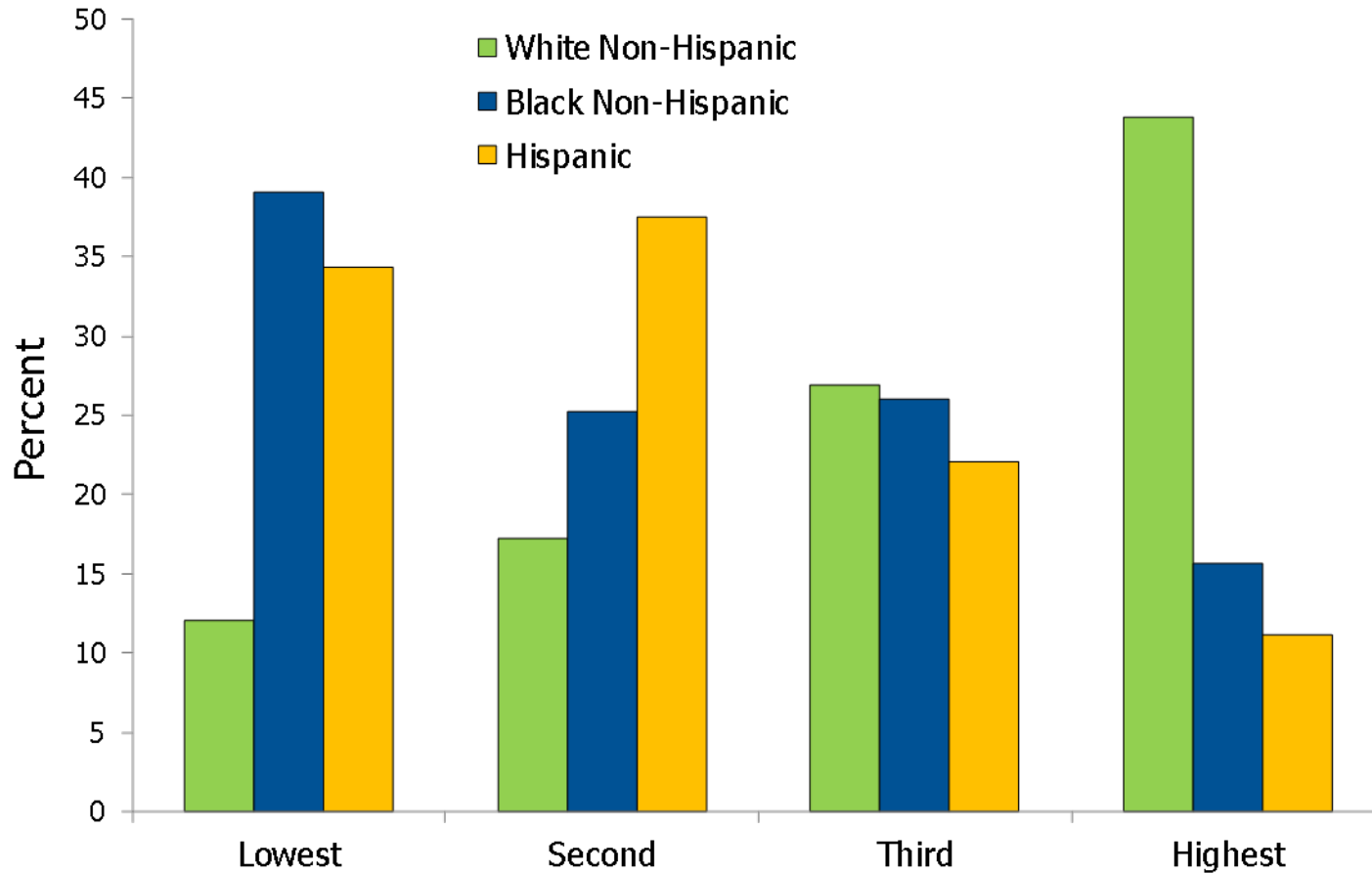
Percent of 0 to 24 Year Olds Who are Black or Hispanic (2009)



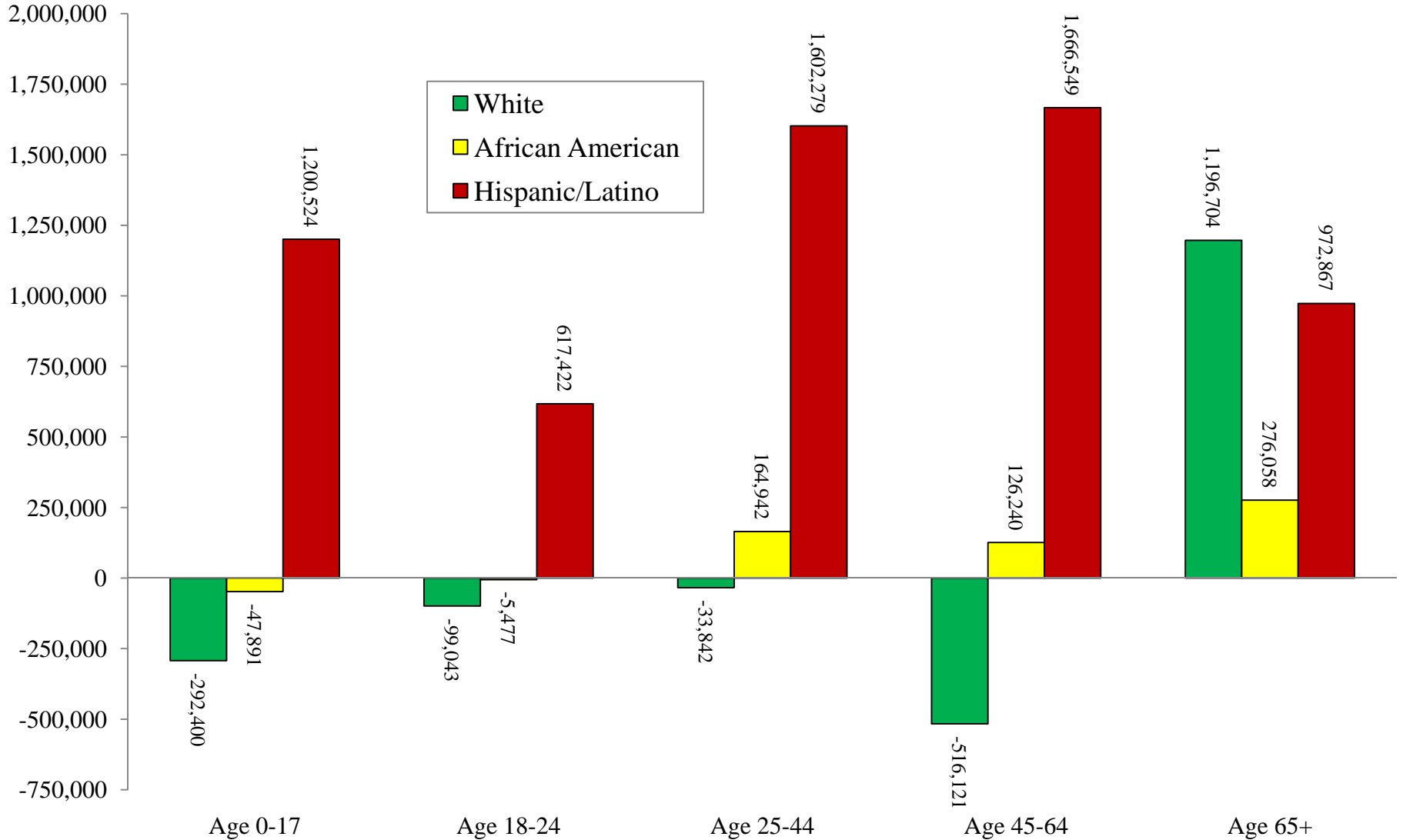
Population Distribution by Race/Ethnicity (Total and K-12)



Percent of Texas Families with Children 17 & Younger by Income Quartile

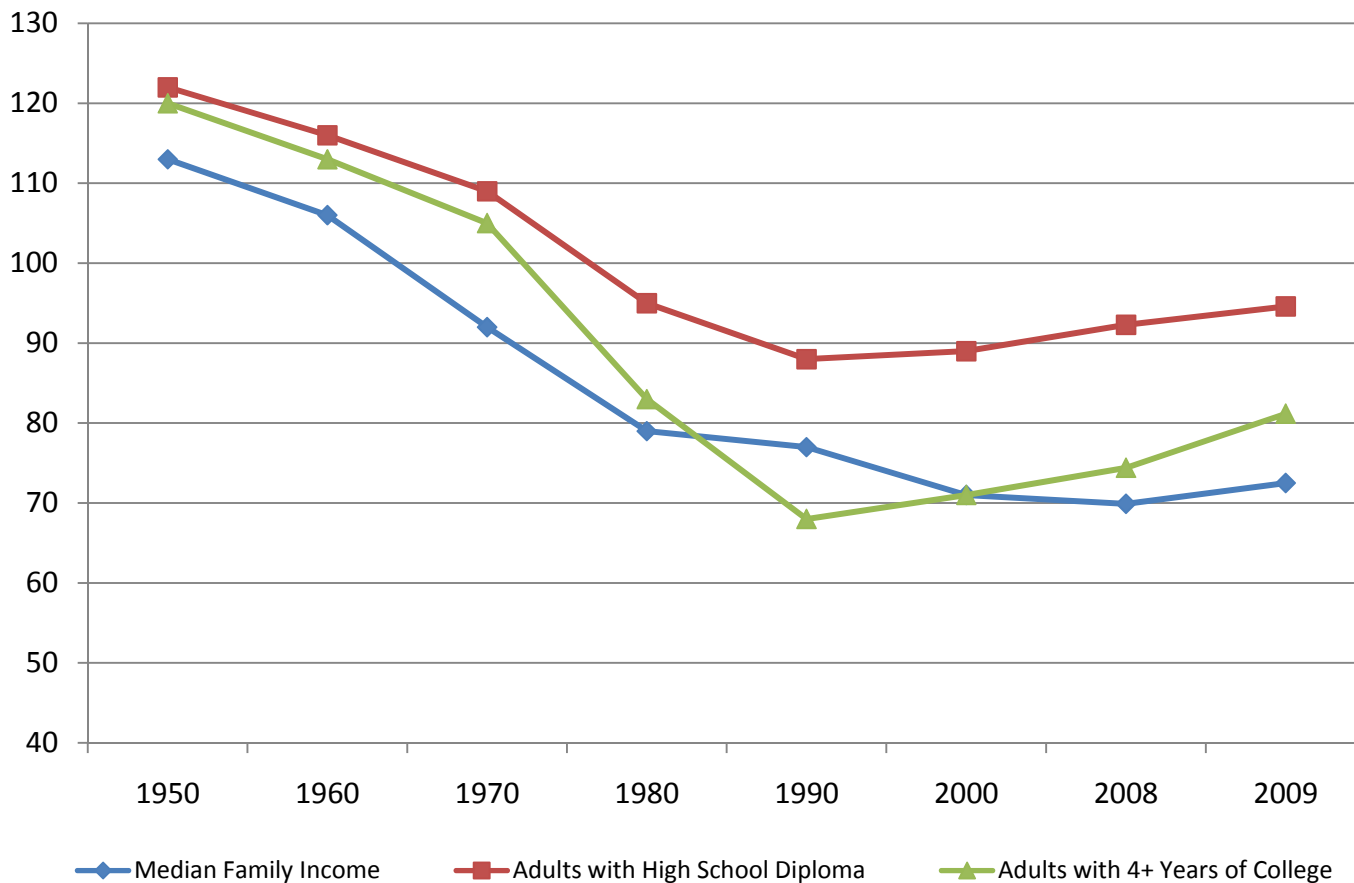


Projected Change in Texas Population by Age and Race/Ethnicity, 2010-30

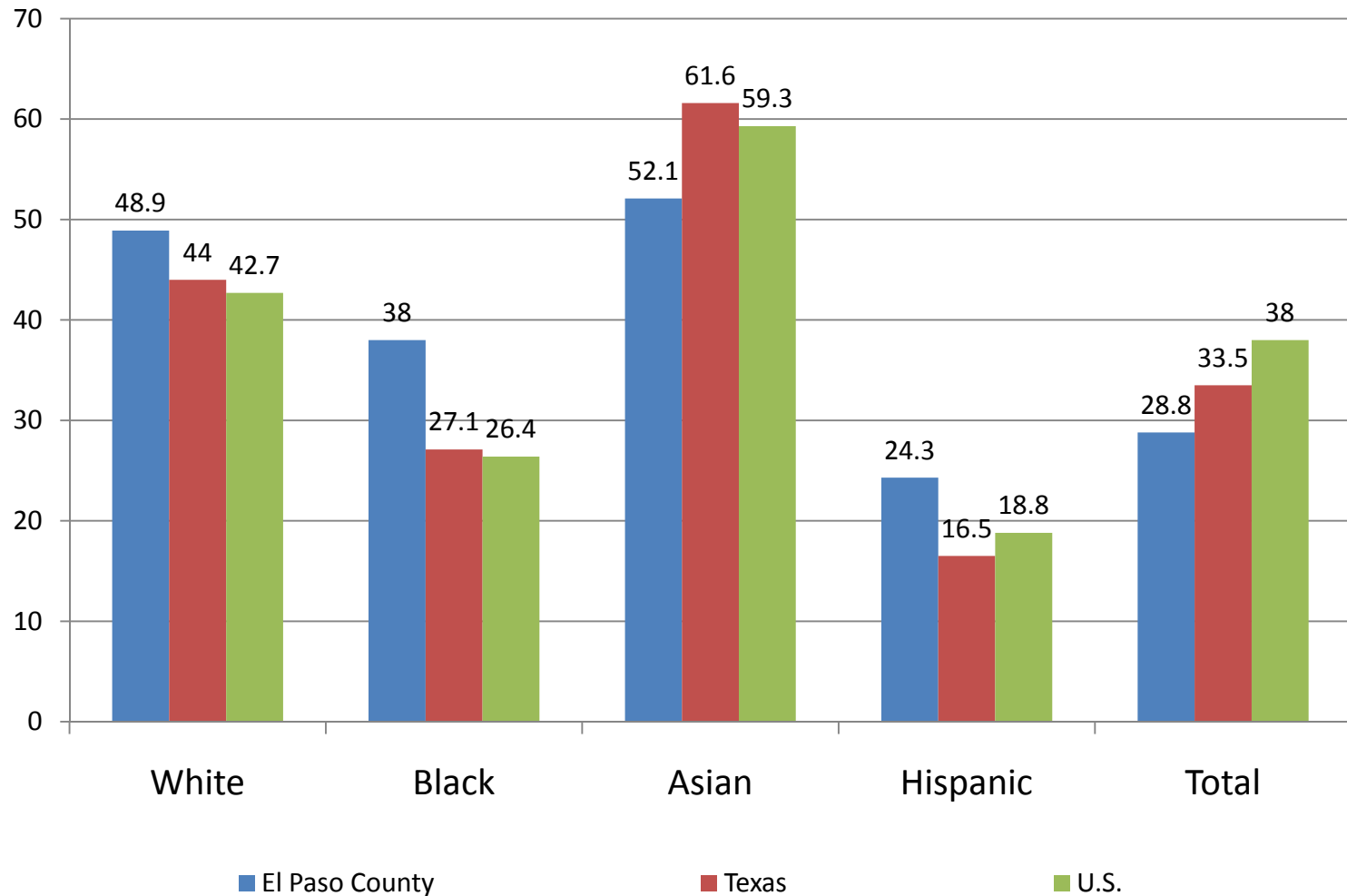


A Glimpse into the Future: The History of El Paso

Median Family Income and Education Attainment, 1950 to 2009, El Paso Relative to Texas



El Paso Educational Attainment by Race (25-64 years) – Associates Degree and Higher (%)



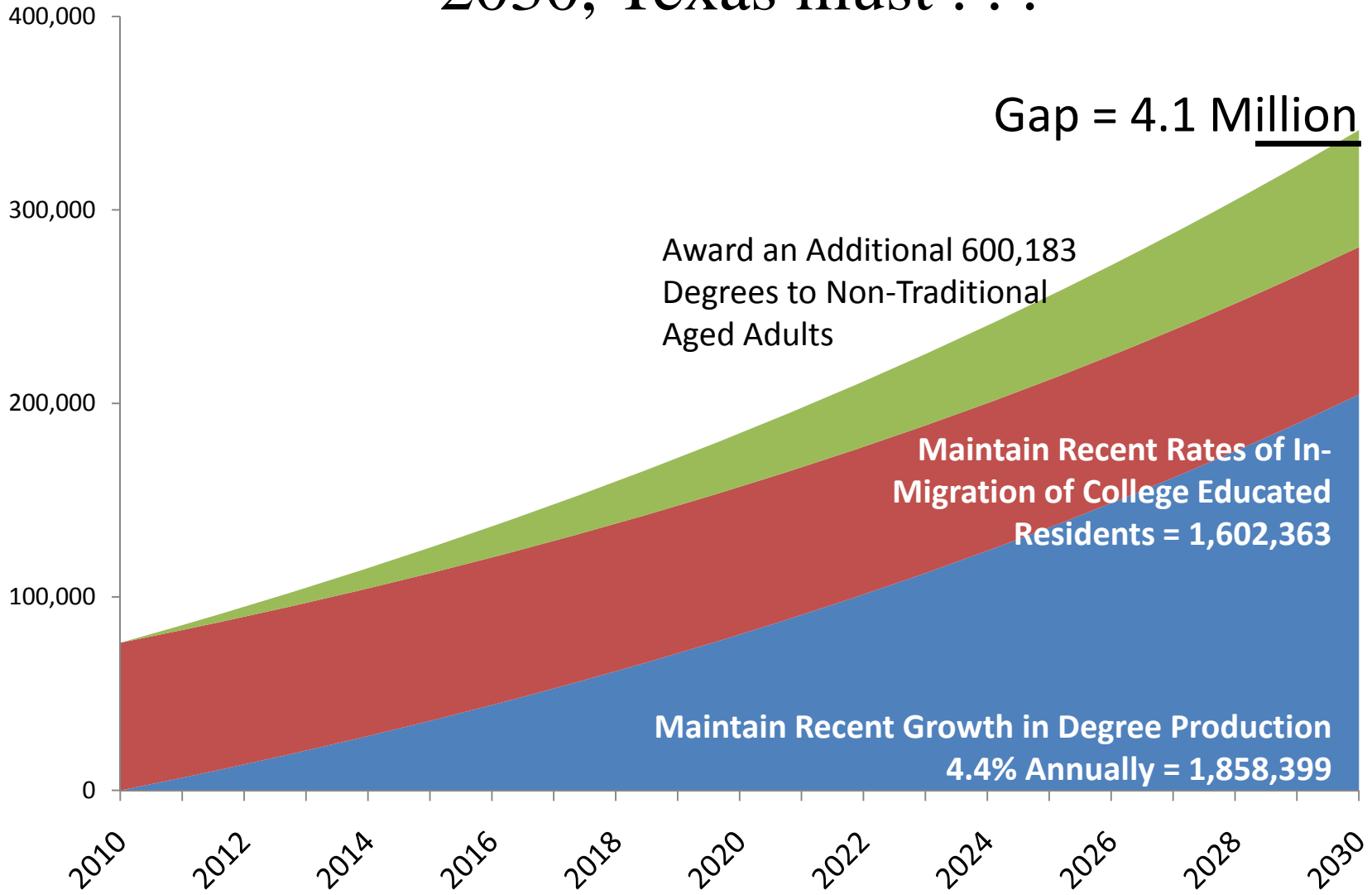
In addition to current levels of production:

Texas needs an additional
4.1 million associate and bachelor's
degrees to be globally competitive
by the year 2030.

Texas Achieving International Competitiveness in Education Attainment by 2030 (Associate & Higher)

Projected 25 – 64 Year Olds in 2030	15,806,940
60% with College Degrees (Associate & Higher)	9,484,164
<hr/>	
<div style="border: 1px solid black; padding: 5px; display: inline-block;">MINUS</div>	
25-44 Year Olds with College Degrees (who will still be in the cohort in 2030)	2,278,679
Degrees Produced at Current Annual Rate by 2030 (149,740)	3,144,540
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<div style="border: 1px solid black; padding: 5px; display: inline-block;">EQUALS</div>	
Gap: Additional Degrees Needed by 2030	4,060,945

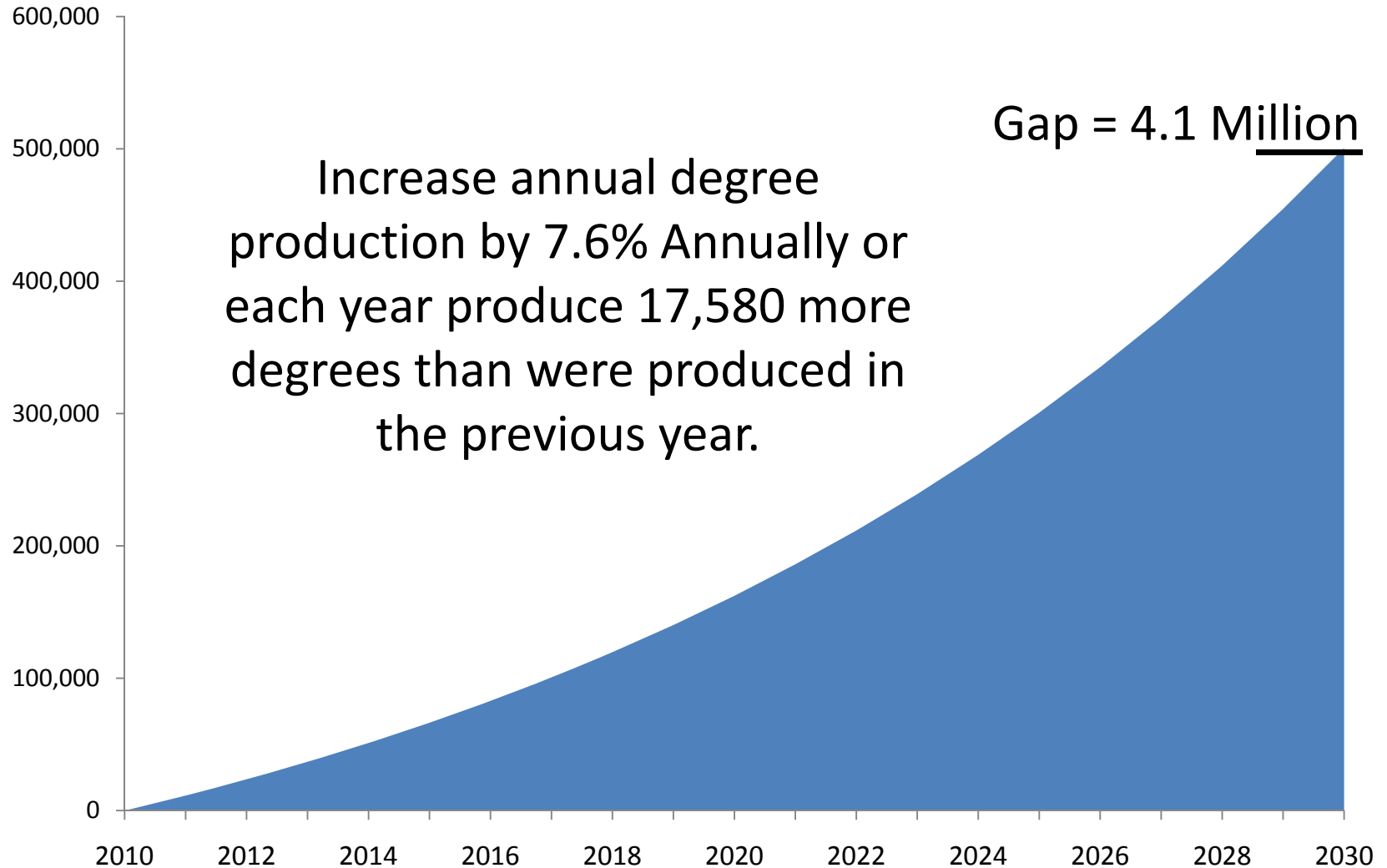
In order to close the degree gap by 2030, Texas must . . .



If Texas Can Maintain Its Current Rate of Immigration, the Gap is 2,458,582 Additional Degrees (Associate & Bachelor's) Needed by 2030 to Be Globally Competitive

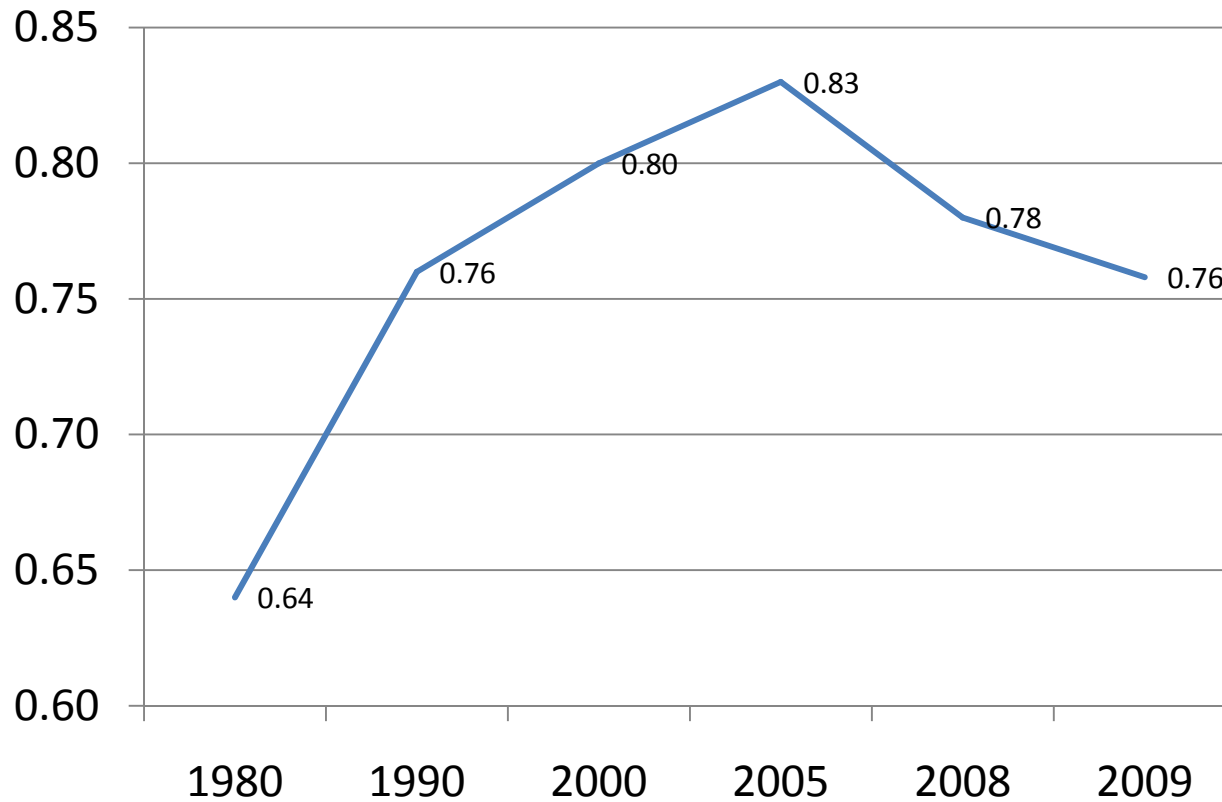
- Over Next 20 Years, Texas Will Need to Produce on Average Approximately **123,000 Additional Degrees Annually**
- Presenting a Realistic Path to Success, **Every Year Texas Will Need 10,643 More Degrees** than Were Produced in the Previous Year

Without Continued Economic Growth – the ability to Import College-Educated Residents, Texas Would Need to . . .



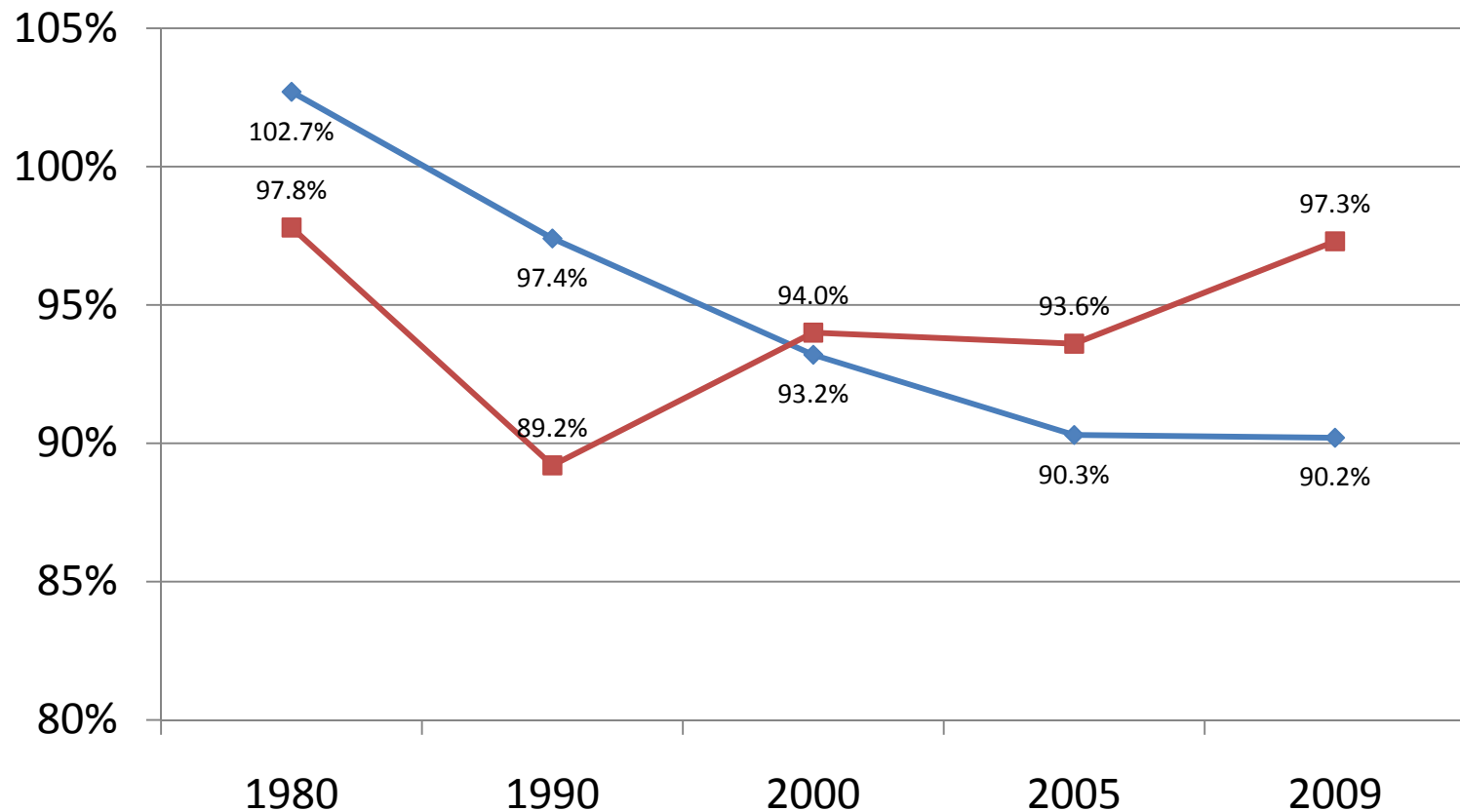
The Consequences of Inaction

Correlation Between Per Capita Income and Percentage of the Population Ages 25-64 with a Bachelor's Degree, U.S., 1980, 1990, 2000, 2005, and 2008

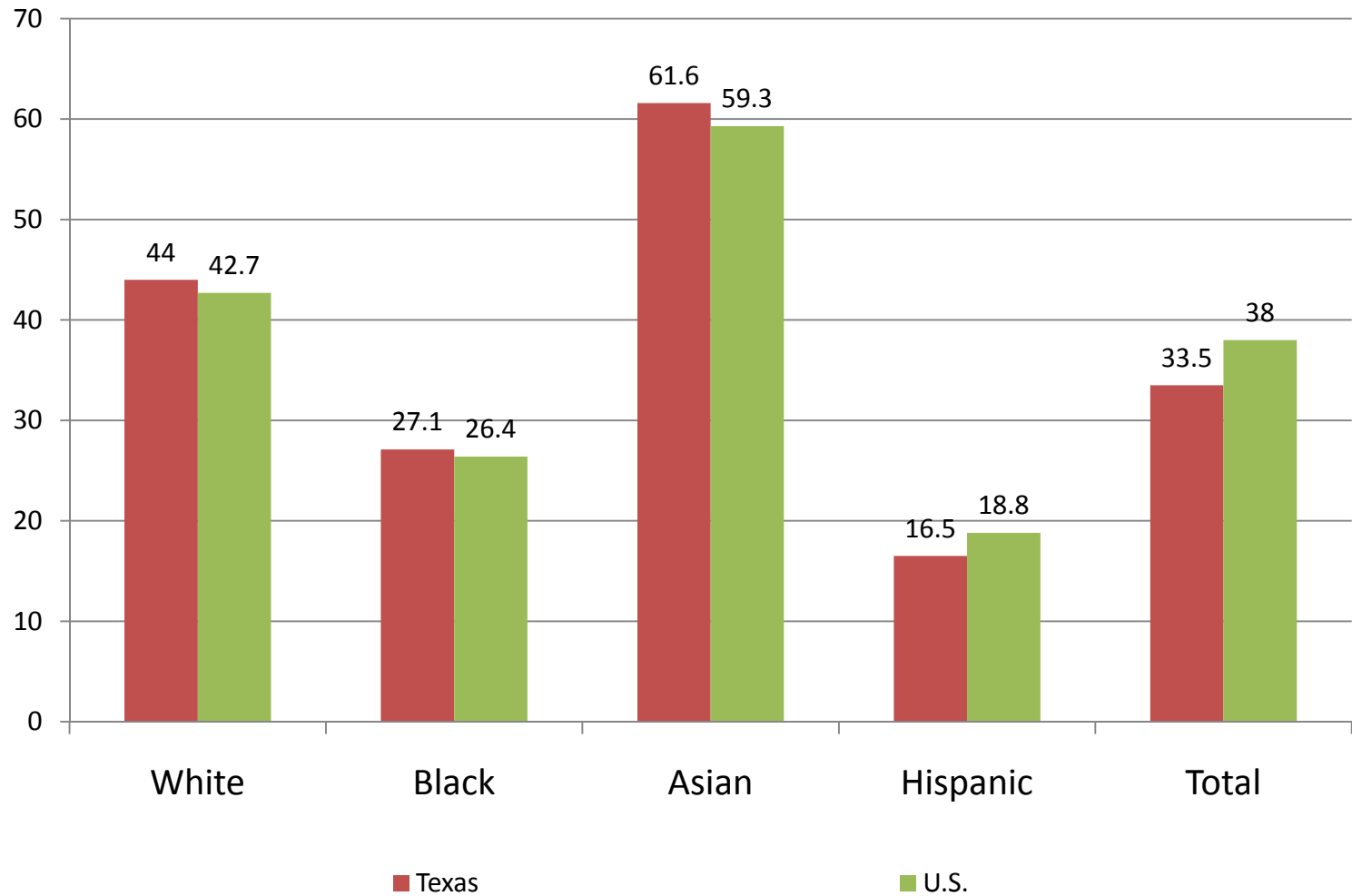


Texas Education Attainment and Personal Income Per Capita as Percent of U.S. Average, 1980 to 2009

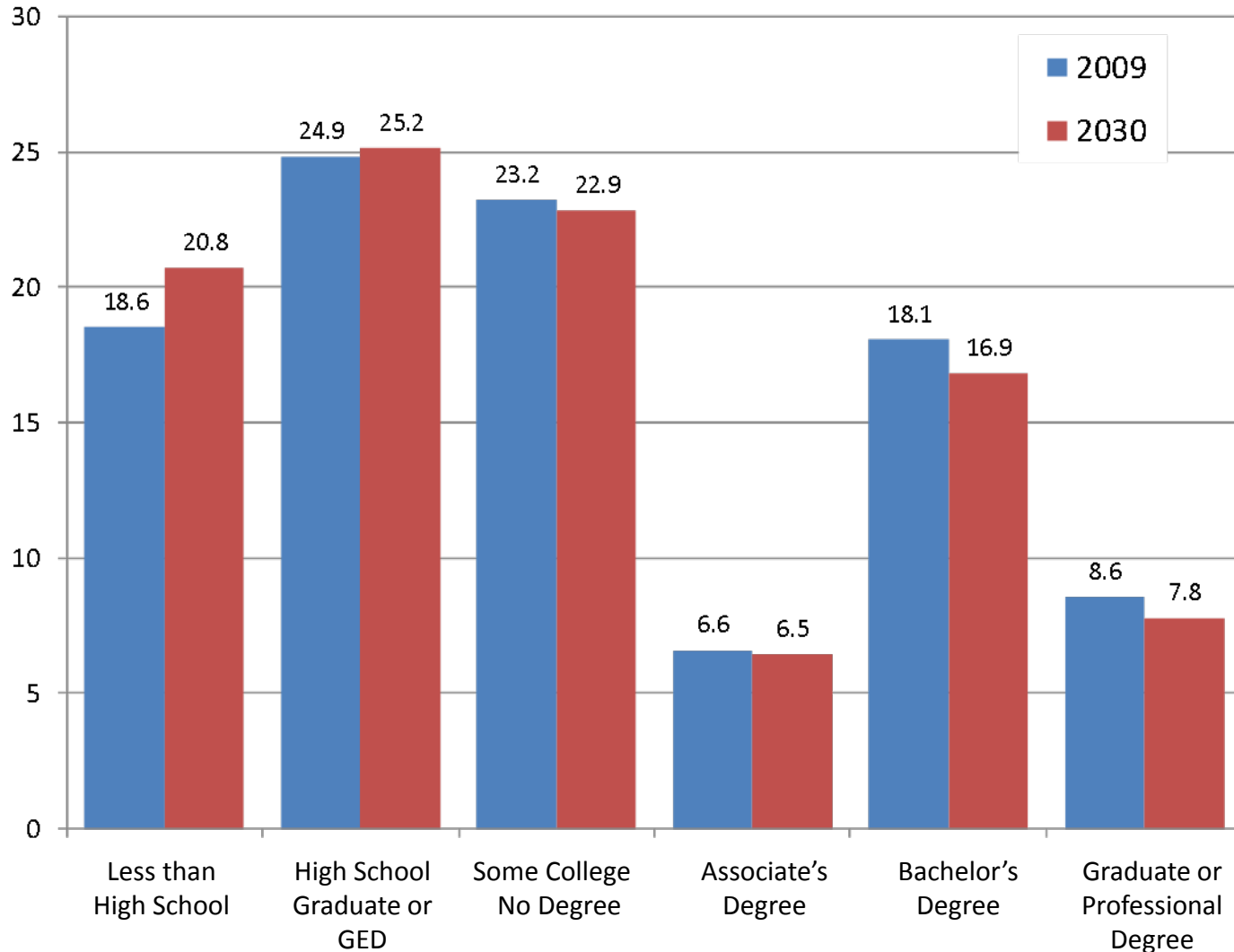
◆ Percent of population with bachelor's degree or higher as percent of U.S. average
■ Personal income per capita as percent of U.S. Average



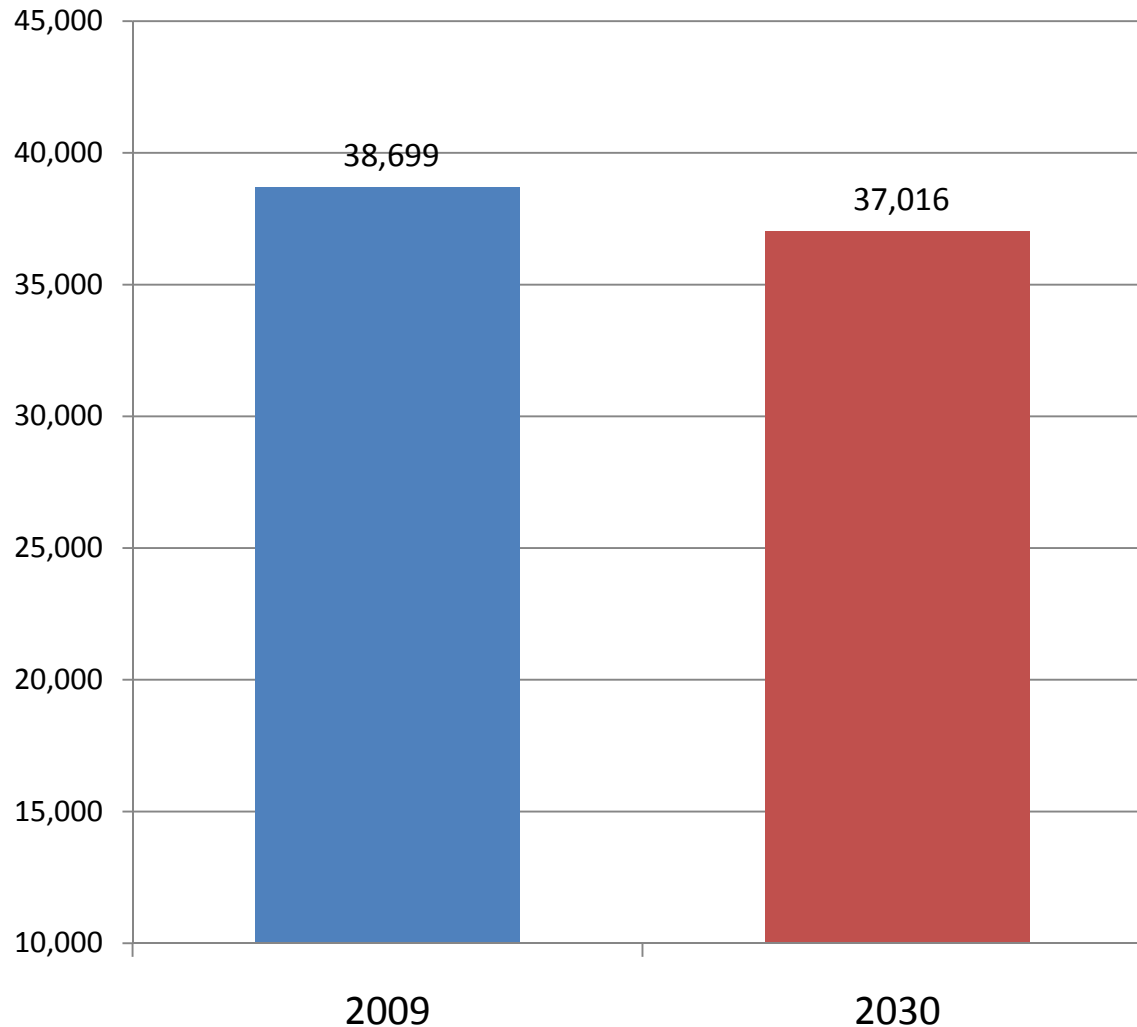
Texas Educational Attainment by Race (25-64 years) – Associates Degree and Higher (%)



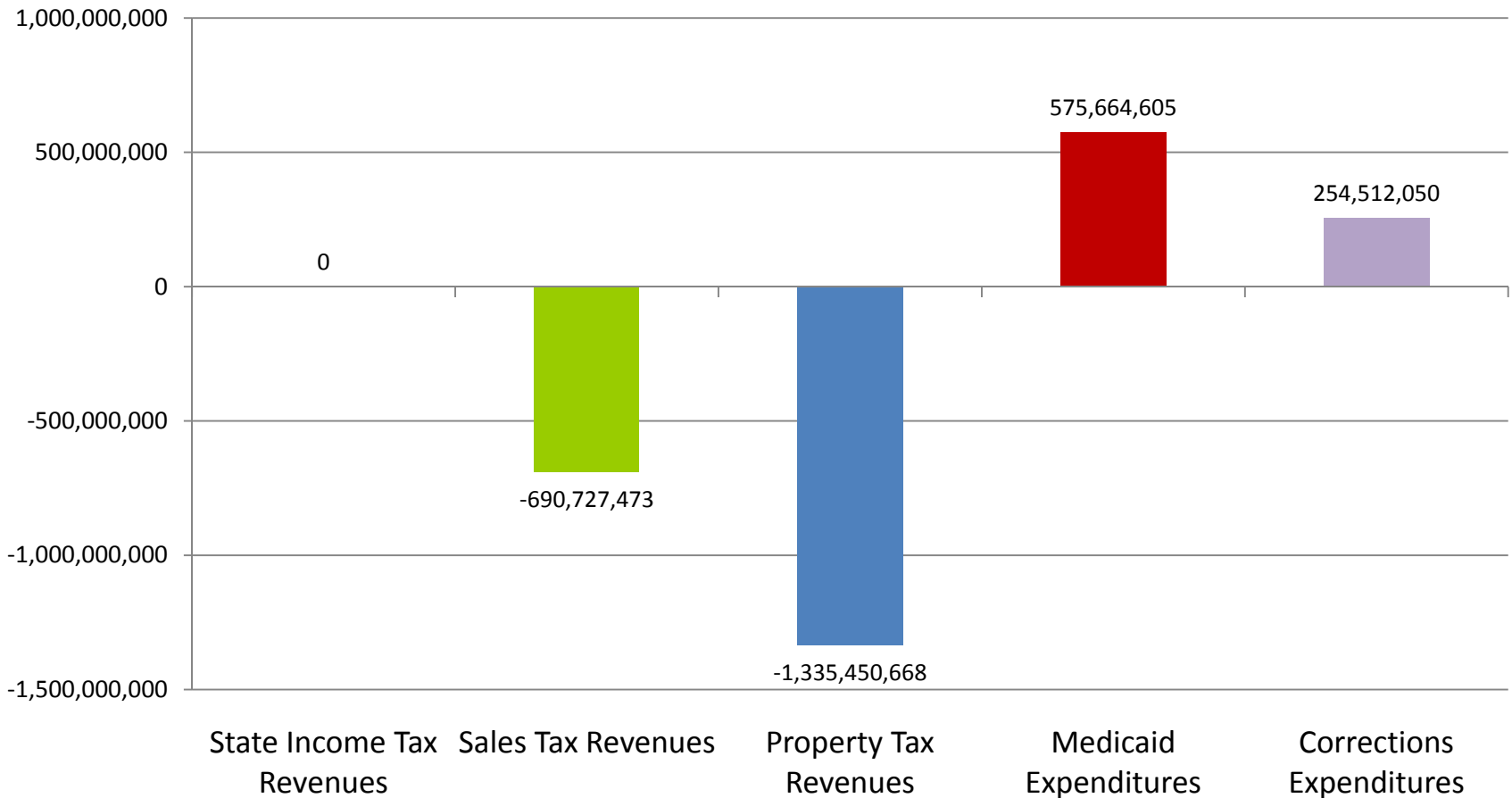
Projected Change in Educational Attainment of 25 to 64 Year Olds (with Same Attainment Rates by Race/Ethnicity)



Projected Change in Personal Income per Capita per 25 to 64 Year Old Resident (with Same Attainment Rates by Race/Ethnicity)



Change in State Revenues and State Expenditures (\$) as a Result of Not Improving Educational Attainment Among Black and Hispanics (Year 2030 Estimates)



What Do We Have to Do?

1. Set education attainment goals at a level intended to keep Texas globally competitive
 - In 2000, “Closing the Gaps” was a groundbreaking statement
 - Now, its targets must be recognized as being far too modest
 - The bar must be raised
2. Be strategic about expansion of capacity
 - Four-year teaching institutions
 - New kinds of providers

What Do We Have to Do?

3. Develop a strategic financing plan
 - What combination of policies regarding appropriations to institutions, tuition, and student aid yields a solution that adequately supports expanded capacity and maintains affordability to both students and the state
4. Align resource allocation model with desired results
 - Outcomes-based funding



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