Texas Borderlands 2009

"Keeping Hope Alive"
Higher Education

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District 29
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Borderlands 2008: Higher Education

"Keeping Hope Alive"

Texas will succeed when we invest in our future—and our future is our children.

Today, we live in what economists call an "intangible economy." What drives success and prosperity is knowledge—understanding, initiative and innovation. Investment in creativity and ideas plays the part that raw materials, such as factory labor and capital, once played under industrial capitalism. Knowledge is money—and what we earn depends on what we learn.

If Texas is going to meet the challenge of a knowledge-based 21st Century economy, new policies and new leadership will have to take us there. In our recent past, Texas has made the wrong choices on education and today we are experiencing the results.

In 2003, Texas was faced with a $10 billion shortfall in the budget. Instead of protecting critical investments in public and higher education, state leaders passed tax breaks for millionaires—about $300 million a year for the wealthiest Texans—then hiked college costs through tuition de-regulation to make up the difference.

In a state where just 26 percent of Texans aged 25 to 65 have a college education or better, limiting access to education is a policy we can not afford.

To remain a competitive state, Texas' master plan for higher education—"Closing the Gaps"—says we must add 630,000 college students by 2015. When we consider that a person with a high school diploma earns $1.7 million over a lifetime, while a person with a bachelor's degree earns on average $3 million, the value of education is clear. Additionally, a 2007 study released by The Perryman Group shows that for each dollar spent on higher education today will result in an economic return on $24.15 in total spending, $9.60 in gross state product, and $6.01 in personal income by 2030.

Many of these new students will be Hispanic Texans. Between 2000 and 2005, Hispanic enrollment increased by 82,065 students, or 34.6 percent, the largest increase of any ethnic group. Yet, the higher education participation level for Hispanic students failed to meet Texas' 2005 target by 20,541 students. In 2006, Hispanic enrollment remained short of the 2005 target by 6,000 students.

In order to meet the 2010 participation target participation rate of 4.8 percent of the Texas Hispanic population, the state's institutions of higher education will have to increase enrollment by another 41.9 percent.

The good news is that if we achieve the "Closing the Gaps" goal, we will see higher levels of income, lower levels of unemployment and poverty, and higher levels of civic participation. Fortunately, programs such as TEXAS Grants can put Texas on track for success—but like too many investments in the future of our state, TEXAS Grants is on life support.

TEXAS Grants is a grant program that was created to make sure that well-prepared high school graduates with financial need could go to college. Since the program was created in 1999, it has been regarded as a huge success. In 2000, nearly 11,000 students had received a TEXAS Grant to pay for college; by 2006, a total of 161,000 students had received 327,000 TEXAS Grants to help achieve the dream of college.

Unfortunately, funding has failed to keep up with the demand. The Texas Higher Education Coordinating Board estimates that over 38,000 eligible students will not receive a TEXAS Grant in the 2007-08 academic year.

In a democracy, budgets are moral choices. In our government, budgets reflect what we value. Our vision should be broad-based and forward-looking toward our long-term prosperity. Though today's economic factors may be "intangible," the costs of not investing in the minds of our own children are all too tangible.

To close the gap in Texas, we must graduate more of our best and brightest. If we invest in our greatest resource, our children, Texas will be the state of the future.

Let's keep hope alive!

Eliot Shapleigh

Changing Populations in the Border Region

Texas Borderlands: The Fastest Growing Young Population in the State

The Texas Borderlands is quickly growing, thereby increasing the demand for higher education. In the 2006 American Community Survey, the U.S. Census estimated that El Paso is home to 13.6 percent more young people than the Texas average and over 25 percent more than the national average. As of 2006, over 43 percent of El Paso's population was under the age of 25, compared to 35 percent for the nation. In Cameron and Webb counties, more than half the population is under the age of 30, significantly lower than the median age for both Texas and the nation, 33.1 and 36.4 years, respectively. Further, more than a third of Cameron and Webb County residents are under the age of 18, compared to only 24.6 percent for the nation overall.[1]

While the Texas Borderlands population has grown rapidly, even greater increases are expected for the 18-24 age group. The projected state population increases from 2000 to 2015 are shown below in the table, *Projected Population Growth of the 18-24 Age Group in Texas*. By 2015, the population of the age group from 18-24 is expected to grow to 2.5 million, and by the year 2025 to 3.0 million, an increase of nearly 500,000 more people. High growth rates will further hinder access to higher education due to the lack of funding and enrollment capacity in the Borderlands.

Projected Population Growth of the 18 to 24 Age Group in Texas

POPULATION	JULY 1, 2008	JULY 1, 2015	JULY 1, 2025
Ages: 18-24	2,465,998	2,535,506	3,055,333

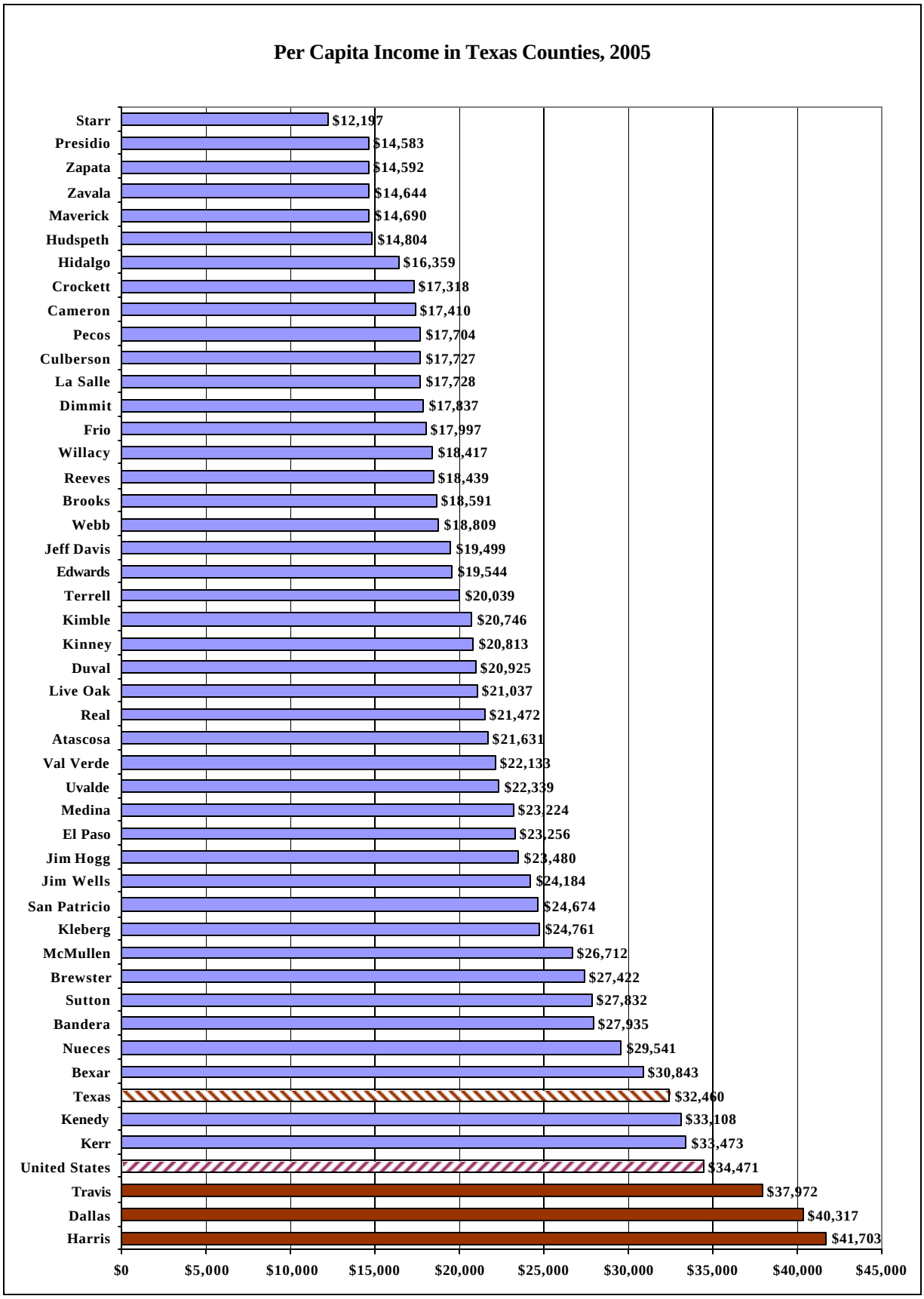
SOURCE: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005. Available online: http://www.census.gov/population/projections/SummaryTabB1.pdf.

Income Inequality in Texas Borderlands

Per capita income is one measure of community success. Lower per capita income indicates that, on average, families are struggling to earn money and break the cycle of poverty. Unlike median income, which reflects the middle range of income—with 50 percent of households making more and 50 percent earning less—per capita income is the average earnings of the total population in that area. The Border's per capita income is astoundingly low. For example, of the area's 43 counties, 41 had per capita incomes lower than the State average.[2] Indeed, the Border area's per capita income is among the lowest in the nation, ranging from 358 percent of the U.S. per capita income in Starr County to a high of 97 percent in Kerr County.[3] As a state, Texas averages 94 percent of the U.S. per capita income.[4]

The entire state has suffered from an increase in income inequality. In Texas, the gap between the rich and the rest of us is unlike any other state in the nation. Texas had the greatest income inequality between the top fifth and the middle fifth in the early 2000s.[5] During the same time period, the gap between the richest 20 percent of families and the poorest 20 percent was second in the entire country, behind only New York.[6]

The chart on the following page, *Per Capita Income in Texas Counties, 2005*, shows the staggering differences in per capita income between the 43 border counties, Texas, the United States, and selected non-border Texas counties. As the chart indicates, only two border counties, Kenedy and Kerr, have per capita incomes above Texas' level, and no border county is higher than the U.S. level.


Per Capita Income in Texas Counties, 2005
Starr $12,197
Presidio $14,583
Zapata $14,592
Zavala $14,644
Maverick $14,690
Hudspeth $14,804
Hidalgo $16,359
Crockett $17,318
Cameron $17,410
Pecos $17,704
Culberson $17,727
La Salle $17,728
Dimmit $17,837
Frio $17,997
Willacy $18,417
Reeves $18,439
Brooks $18,591
Webb $18,809
Jeff Davis $19,499
Edwards $19,544
Terrell $20,039
Kimble $20,746
Kinney $20,813
Duval $20,925
Live Oak $21,037
Real $21,472
Atascosa $21,631
Val Verde $22,133
Uvalde $22,339
Medina $23,224
El Paso $23,256
Jim Hogg $23,480
Jim Wells $24,184
San Patricio $24,674
Kleberg $24,761
McMullen $26,712
Brewster $27,422
Sutton $27,832
Bandera $27,935
Nueces $29,541
Bexar $30,843
Texas $32,460
Kenedy $33,108
Kerr $33,473
United States $34,471
Travis $37,972
Dallas $40,317
Harris $41,703
$0
$5,000
$10,000
$15,000
$20,000
$25,000
$30,000
$35,000
$40,000
$45,000

Borderland Universities: Keeping Up With Demand

Four universities in the Borderlands region, the University of Texas-Brownsville, University of Texas-El Paso, University of Texas-Pan American, and University of Texas-San Antonio, have experienced enrollment increases, reflecting the population growth and the increased demand for higher education. As the table *UT System Projected Enrollment* shows, 63 percent of the UT System's increased enrollment between 2005 and 2015 will come from just these four Border universities.[7] While enrollment has increased over the last few years, more resources and a greater capacity is needed to keep pace with the demand for higher education in Texas. In September 2004, the UT System established the Capital Planning Task Force to assess the need for capital funding at the System's academic institutions due to enrollment growth. Just to physically accommodate new students expected to enroll by 2030 - and not accounting for additional costs such as faculty salaries, research expenditures, utilities, and other general operating expenses - the Task Force conservatively estimated a total capital need for the academic institutions of $7.0 billion.[8]

UT System Projected Enrollment

	BASE ENROLLMENT	**PROJECTED ENROLLMENT**				
	2005	**2007**	**2010**	**2005-2010 Percentage Increase**	**2015**	**2010-2015 Percentage Increase**
UT-Arlington	25,216	26,151	27,020	7.2%	28,201	4.4%
UT-Austin	49,233	50,039	51,150	3.9%	52,273	2.2%
UT-Brownsville*	4,759	5,064	5,419	13.9%	5,946	9.7%
UT-Dallas	14,399	14,796	15,421	7.1%	16,555	7.4%
UT-El Paso*	19,257	20,579	21,572	12.0%	22,444	4.0%
UT-San Antonio*	27,291	30,814	31,746	16.3%	32,687	3.0%
UT-Tyler	5,746	5,985	6,038	5.1%	5,987	-0.8%
UT-Pan American*	17,048	18,304	19,907	16.8%	22,044	10.7%
UT-Permian Basin	3,406	3,641	3,689	8.3%	3,680	-0.2%
UT System Total	**166,355**	**175,373**	**181,962**	**9.4%**	**189,817**	**4.3%**

SOURCE: Texas Higher Education Coordinating Board, *Participation Forecast, 2007-2020,* January 2007.
*Border universities.

The state must find a way to make higher education accessible to the Borderlands community. While the 18-24 age group continues to grow in the Borderlands, it also remains one of the most underserved populations in Texas higher education.

Economic Benefits of Education

The benefits of obtaining a college education are both economic and social, and have been found to greatly benefit society as a whole. Higher education is one of the most powerful tools for ensuring a healthy economy and the social well-being of Texas. Individuals with college degrees yield increased earnings, contribute greater amounts to the tax base, rely less on public assistance, and contribute more to local, state, and national economies than those without a college degree.[9] According to the Texas Comptroller, for every dollar invested in higher education, more than $5 is pumped into the state economy. In addition, higher education creates a more flexible workforce, with employees that adapt more easily to changes in technology. Social benefits of higher education include increased civic involvement and voter participation, decreased crime rates, and overall improved health conditions, benefiting both individuals and the community as a whole.[10] Texas faces many challenges, however, in providing access and equity in higher education, especially along the Texas Border region.

The table on the following page, *Educational Attainment Levels in the Borderlands for 2000,* was created by the Texas Comptroller based on data from the 2000 Census. The three different definitions of the Border that are used in the table include: (1) the 14 Texas counties with boundaries touching the U.S.-Mexico Border; (2) the 32 counties based on the federal definition of the Border from the La Paz Agreement with Mexico; and (3) the 43 counties that are commonly referred to as the Border region in state public policy. These three definitions of the Border are compared with the state average and the average of the 211 non-Border counties.

In the 43-County Texas Border Region, 33.6 percent of adults do not have a high school diploma, compared to 43.2 percent in the 14-County Actual Border Region. Comparatively, 24.3 percent of the state has a bachelor's degree while only 22.2 percent of the people in the 211-County non-Border region have a bachelor's degree. Only 9.3 percent of the 14-County Border population have a bachelor's degree and only 5 percent have a postgraduate degree, while the state average for adults with a bachelor's degree is 15.6 percent and postgraduate degree is 7.6 percent.

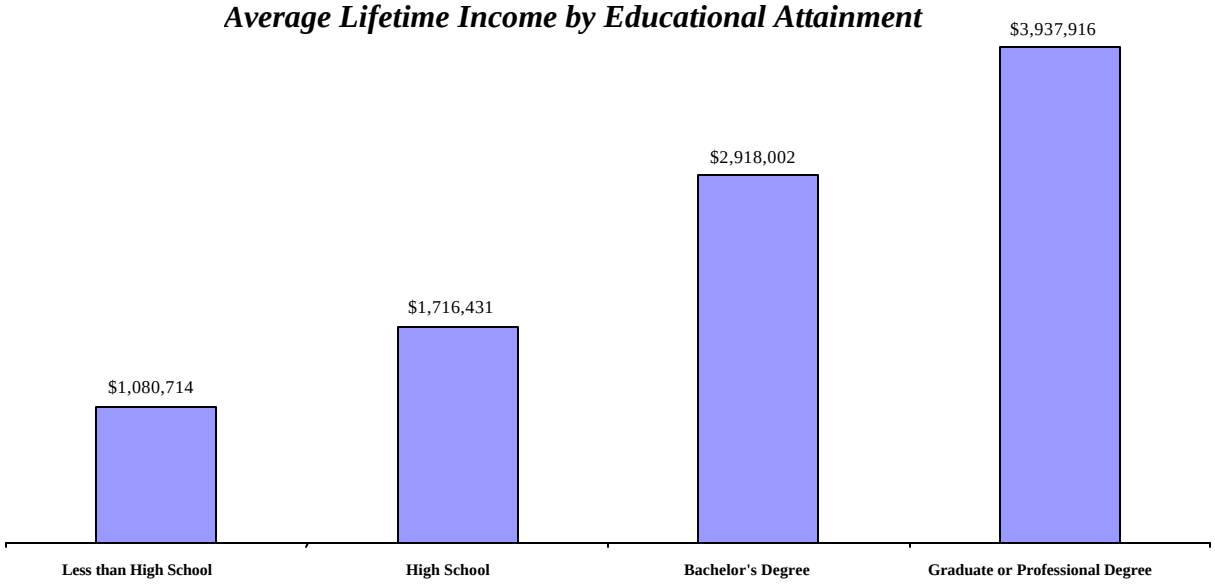
Educational Attainment Levels in the Borderlands for 2000

POPULATION (25 YRS. AND OLDER)	14-COUNTY IMMEDIATE BORDER REGION	32-COUNTY SUB-BORDER (LA PAZ) REGION	43-COUNTY TEXAS BORDER REGION	TEXAS	211-COUNTY NON-BORDER REGION
WITHOUT A HIGH SCHOOL DIPLOMA	43.2%	43.2%	33.6%	24.3%	22.2%
WITH SOME COLLEGE BUT NO DEGREE	17.6%	17.5%	20.7%	22.4%	22.7%
WITH AN ASSOCIATE'S DEGREE	4.1%	4.0%	4.9%	5.2%	5.3%
WITH A BACHELOR'S DEGREE	9.3%	9.1%	11.2%	15.6%	16.6%
WITH A POST GRADUATE DEGREE	5.0%	4.9%	6.3%	7.6%	7.9%

SOURCE: Texas Comptroller of Public Accounts, The Border: Snapshot, November 2003, using data from the 2000 U.S. Census.

The chart *Average Lifetime Income by Educational Attainment* shows the great variation in income due to education level. For individuals with less than a high school diploma, the average lifetime income is $1,080,714, while the average lifetime earnings are $1,716,431 for high school graduates. On the other hand, a person with a bachelor's degree, on average, earns $2,918,002 over the course of their lifetime, compared to $3,937,916 for an individual with a graduate or professional degree. Clearly, the economic benefits of education greatly aid in the development of both the overall economy of Texas and the specific Borderland economies.

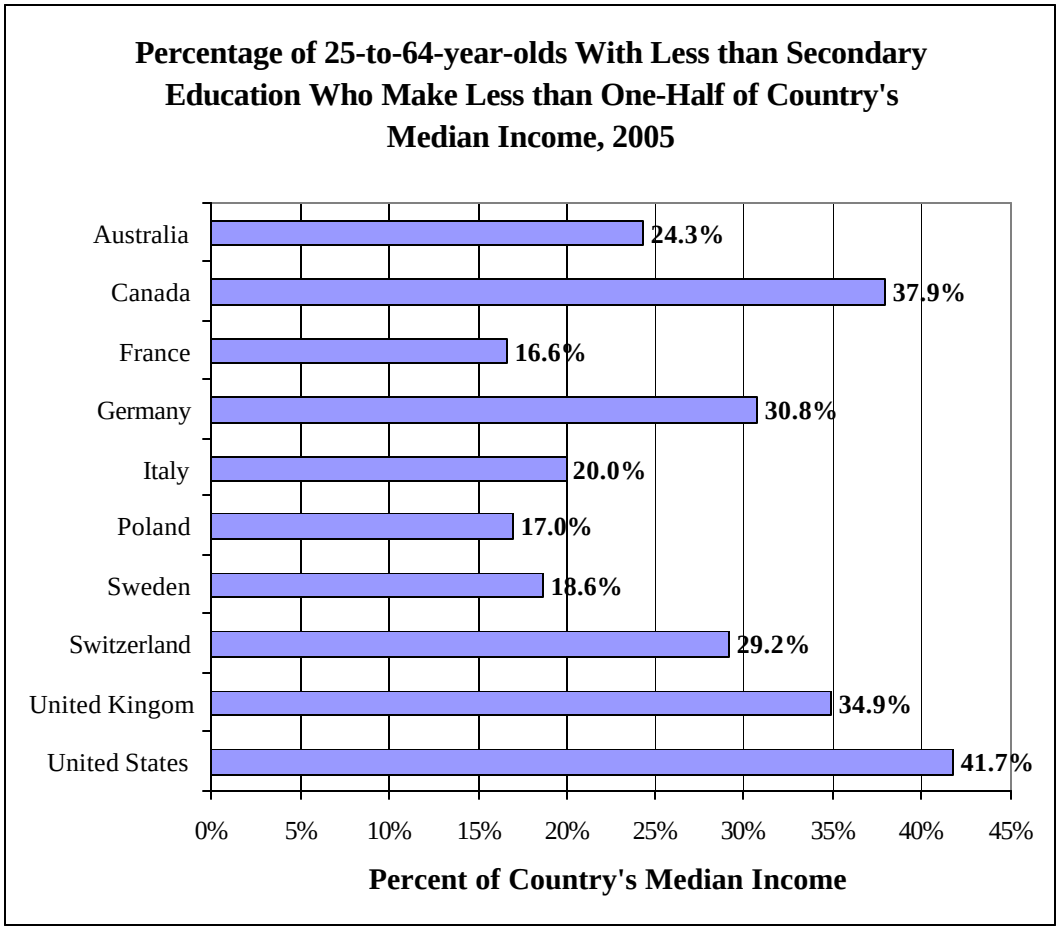
Average Lifetime Income by Educational Attainment



SOURCE: Steve Murdock, The Population of Texas: Historical Patterns and Future Trends Affecting Education, June 19, 2002, from U.S. Census Bureau popula tion figures.

A result of low levels of educational attainment is that per capita income along the Borderlands is among the lowest in the nation, ranging from 35.4 percent of the U.S. per capita income in Starr County to 67 percent in El Paso in 2005.[11] In addition, six of the 11 poorest counties in the country are located in the Texas Borderlands.[12] In April 2007, the U.S. Census Bureau announced McAllen-Edinburg-Mission was the nation's 11th fastest growing Metropolitan Statistical Area (MSA) between 2000 and 2005.[13] It also continued to be America's poorest MSA, with an average annual per capita income of $16,359 in 2005.[14] The El Paso MSA had a per capita income of $23,256, while the per capita income for Texas and the nation was $33,160 and $34,685, respectively.[15] This has only gotten worse as time has passed. In 1969, El Paso's per capita income was 73 percent of the national level. By 2005, however, it had dropped to only 67.5 percent of the national level.[16] In fact, the state of Texas fell from ranking 30th in median household income (MHI) in 1990 to 39th in 2005, increasing a mere $1,273 to $41,200.[17] In order to keep pace with inflation, the MHI needed to grow to $59,660.

When compared with other industrialized nations, people in the United States who fail to complete a secondary education are considerably worse off. As the chart *Percentage of 25-to-64-year-olds With Less than Secondary Education Who Make Less than One-Half of Country's Median Income, 2005* indicates, 41.7 percent of 25-to-64-year-olds in the United States fell into that category.[18] In Switzerland, however, only 29.2 percent fall in that category; in Germany, 30.8 percent.[19]



Closing the Gaps by 2015

The Texas state plan for higher education, *Closing the Gaps by 2015,* aims to close disparities in participation, success, excellence, and research. Of particular concern to the state is the declining proportion of Texans enrolled in higher education. When the Texas Higher Education Coordinating Board (THECB) first adopted its plan in October 2000, it set a goal of increasing higher education enrollment by 500,000 students by 2015 to maintain national parity. Due to an increase in population projection, this target was increased to 630,000 students in 2005. Of these students, approximately 70 percent are projected to be Hispanic.[20]

Most public institutions of higher education have been confronted with several challenges, including enrollment increases coupled with reductions in state appropriations. It is important to note that the majority of the state's Hispanics come from the 43 Border counties, which has serious implications in achieving THECB goals for ensuring student readiness, interest in, and successful completion of college. In the Texas Border area, 84 percent of the population is Hispanic.[21]

THECB's first goal in *Closing the Gaps* is to increase participation in higher education. Based on its original goal to increase participation by 500,000 students, THECB set short-term targets to reach its objective of increasing enrollment in institutions of higher education by 150,000 students by 2005. This number was later reduced to 149,121 students to reflect independent institutions' enrollments.[22] These targets included 23,537 additional black students, 102,606 Hispanic students, and 20,958 white students. Participation targets for all groups, except Hispanics, were met and exceeded before the 2005 deadline. This represented 134 percent of the black target, 80 percent of the Hispanic target, and 282 percent of the white target.[23]

Hispanic enrollment is of particular concern to the THECB. Between 2000 and 2005, Hispanic enrollment increased by 82,065 students, or 34.6 percent, the largest increase of any ethnic group. Regardless, the higher education participation level for Hispanic students failed to meet the 2005 target by 20,541 students.[24] In 2006, Hispanic enrollment remained short of the 2005 target by 6,000 students.[25] In order to meet the 2010 participation target participation rate of 4.8 percent of the Texas Hispanic population, the state's institutions of higher education will have to increase enrollment by another 41.9 percent. Moreover, this participation rate is well below the 2010 participation targets set for the state's African-American and white populations, 5.6 percent and 5.7 percent, respectively.[26]

Each institution also sets its own participation goals. According to the 2007 participation forecast released by THECB, the targets set by Texas higher education institutions fall short of the 2015 *Closing the Gaps* target by 308,000 students, or 49 percent of the 630,000 additional enrollment goal.[27] Institutional targets for Hispanic enrollment fall short of the 2015 goal by an alarming 196,633 students.[28] Not only are institutions allowed to set their own goals, which are typically low, but there is no accountability by the universities or by THECB when they are not achieved. The higher education system must work harder to meet the needs of Hispanic Texans.

The second goal of *Closing the Gaps* is to increase the number of degrees and certificates from high quality programs by 50 percent. In order to accomplish this goal, the THECB cited the importance of increasing the number of bachelor's degrees received by the Hispanic community relative to their representation in the state population.[29] The *2006 Closing the Gaps Progress Report* found that Texas surpassed its 2005 target of 31,000 in 2004, with 33,708 Hispanic students earning certificates and bachelor's and associate's degrees in 2005.[30] Still, the report cautioned that Hispanic and African-American students are underrepresented in the proportion of bachelor's degrees awarded and overrepresented in the proportion of associate's degrees and certificates awarded. The number of Hispanic students earning bachelor's degrees must increase by another 31 percent to meet the 2010 target.[31] The report also expressed that the 55.5 percent six-year graduation rate remains "relatively low" in comparison with other states and that Texas institutions will need to reduce the time that it takes students to earn degrees.[32] As will be discussed later in this chapter, increasing graduation rates at Border universities will play a significant role in achieving this statewide goal.

The third goal, Closing the Gaps in Excellence, aims to substantially increase the number of nationally recognized programs or services at public colleges and universities in Texas. All of Texas' public institutions of higher education have identified programs to develop for national recognition; however, in 2003 both research universities and public liberal arts universities have received "red-lights" for the lack of progress made towards this goal. Two years later, THECB found this goal difficult to measure.[33] As of 2007, no Texas higher education institution had ranked in the top 10 for research institutions, public research universities or health science centers or top 30 public liberal arts universities—all excellence targets set for 2010.[34]

In 2003, THECB released a cost/benefit analysis for *Closing the Gaps*. The report projected that the investment in human capital by both the state and the student would cost $20 billion by 2015.[35] That figure includes around $6.9 billion in new construction costs, $4.8 billion related to normal growth in enrollment, and $8.4 billion for *Closing the Gaps* growth.[36] The resulting net benefit, however, is estimated at an astounding $274 billion - a 13-fold return on investment.[37]

A 2007 study released The Perryman Group further highlights some of the benefits if Texas fully achieves the *Closing the Gaps* goals.[38] After considering all state, local, and private costs, the report states that "the annual economic return per $1 of expenditures by 2030 are estimated to be $24.15 in total spending, $9.60 in gross state product, and $6.01 in personal income."[39] The Texas Border will see vast economic benefits, too. When compared with baseline assumptions, achievement of the *Closing the Gaps* goals will reap over 29,000 permanent jobs and $2.76 billion in personal income for the El Paso Metropolitan Statistical Area (MSA). Additionally, the Brownsville-Harlingen MSA will gain over 13,000 jobs, and the McAllen-Edinburg-Pharr MSA will see in an increase in personal income of $1.6 billion.[40]

The University of California System currently has six schools ranked in the top 50. In 2008, *U.S. World & News Report* ranked the University of Texas-Arlington, University of Texas-El Paso, Texas A&M-Commerce, and Texas A&M-Kingsville in Tier 4, which is the lowest ranking classification for a university.[41] Though not specifically ranked, Tier 4 begins at 191 for universities nationwide. The University of Texas-Pan American and Texas A&M-

International did not even make the list of rankings. The table, *U.S. World & News Report Rankings for Texas Public Schools and the University of California System*, shows eight institutions in the University of California System that are ranked in the top 100 for 2008. The University of Texas-Austin and Texas A&M University-College Station are the only public Texas institutions of higher education on this list, with only one in the top 50.

U.S. World News & World Report Rankings for Texas Public Schools and the University of California System

RANKING	COLLEGE/UNIVERSITY
21	University of California-Berkeley
25	University of California-Los Angeles
38	University of California-San Diego
42	University of California-Davis
44	University of California-Irvine
44	University of California-Santa Barbara
44	University of Texas-Austin
62	Texas A&M University-College Station
79	University of California-Santa Cruz
96	University of California-Riverside

SOURCE: U.S. News & World Report (2008)

Financing Higher Education in the Borderlands

Higher Education 2008-09 appropriations in Texas account for about 14 percent of the state's total all funds appropriations, including federal funds, totaling $21.2 billion for the biennium. This is a 14 percent increase from the 2006-07 all funds appropriations.[42] In the 2008-09 biennium, nine Texas Borderland universities account for $1.05 billion, or 17.7 percent, of all funds appropriations to Texas universities, while all the remaining 26 account for nearly $4.89 billion, or 82.3 percent.[43] Thus, for every $100 a Borderland university receives, a non-Borderland university receives $42 more.

The University of Texas-El Paso experienced a 16.1 percent increase in funding from the 2006-2007 biennium, while the University of Texas-Pan American experienced a 9.2 percent increase, and the University of Texas-Brownsville experienced a 22.9 percent increase. The University of Texas-San Antonio showed an increase of 15.5 percent, while Texas A&M-Kingsville had an increase of 8.7 percent, and Texas A&M-International, whose budget was increased by 18.2 percent. Finally, Sul Ross State University only showed an increase of 2.9 percent, and Sul Ross University-Rio Grande College funding increased by 8.3 percent.[44] Despite the increased state funding to Texas Borderland universities in the 2008-2009 biennium, appropriations to Texas public universities continue to be distributed inequitably in relation to the number of students enrolled.

All Funds Appropriations for General Academics

UNIVERSITY	2006-2007 BIENNIUM (MILLIONS)	2008-2009 BIENNIUM (MILLIONS)	PERCENTAGE INCREASE
UT-AUSTIN	$711	$747	5.1
UT-EL PASO	$174	$202	16.1
UT-PAN AMERICAN	$152	$166	9.2
UT-BROWNSVILLE	$48	$59	22.9
UT-SAN ANTONIO	$232	$268	15.5
Texas A&M-COLLEGE STATION	$602	$658	9.3
Texas A&M-CORPUS CHRISTI	$109	$119	9.2
Texas A&M-KINGSVILLE	$92	$100	8.7
Texas A&M-INTERNATIONAL	$77	$91	18.2
SUL ROSS STATE UNIVERSITY	$34	$35	2.9
SUL ROSS STATE -RIO GRANDE	$12	$13	8.3

SOURCE: Legislative Budget Board, Text of Conference Committee Report on House Bill 1 (2007) and Text of Conference Committee Report, Senate Bill 1(2005).

The amount of annual state appropriations per four-year graduate amongst first-time, full-time, degree-seeking undergraduates for the 1999 cohort was $928,287 for UTEP. This compares to $380,871 for UT-Dallas and $118,848 for UT-Austin. Please see the chart below for an explanation of these figures.

	State Appropriation per Fiscal Year								
	FY00	**FY01**	**FY02**	**FY03**	**Total**	**1999 Cohort***	**4-year graduation rate***	**Graduates***	**State appropriation per year per 4-year graduate**
UTEP	$76,866,331	$76,279,134	$77,695,758	$77,350,131	$308,191,354	1,662	5%	83	$928,287
UT-Austin	$335,331,571	$339,657,210	$354,585,489	$353,339,131	$1,382,913,401	6,925	42%	2,909	$118,848
UT-Dallas	$63,091,773	$64,519,546	$74,270,404	$73,869,193	$275,750,916	603	30%	181	$380,871
UT-San Antonio	$82,680,663	$80,837,426	$88,130,548	$87,578,785	$339,227,422	1,665	6%	100	$848,069

*Note: Graduation rates are for first-time, full-time, degree-seeking undergraduates who begin in the summer/fall of the enrollment year and graduate at the same institution.
SOURCE: UT System

The *Accountability and Performance Report 2006-07* issued by the University of Texas Board of Regents uses adjusted revenue per full-time equivalent student and adjusted revenue per full-time equivalent faculty as indicators of the resources available for students and faculty. As illustrated by the following chart, *Adjusted Revenue per Full-Time Equivalent Student at University of Texas Campuses*, revenue per full-time equivalent student has increased in all but one of the University of Texas Borderland universities over the past five years.[45] In addition, the chart *Adjusted Revenue per Full-Time Equivalent Faculty at the University of Texas Academics Institutions*, also shows an increase in revenue per full time equivalent faculty member for all four Borderland universities in the U.T. System.

Adjusted Revenue per Full-Time Equivalent Student at University of Texas Campuses

	FY 02	FY 03	FY 04	FY 05	FY 06
UT-Arlington	$12,000	$10,000	$11,000	$11,000	$12,000
UT-Austin	$12,000	$12,000	$13,000	$13,000	$14,000
UT-Brownsville	$4,000	$5,000	$4,000	$5,000	$5,000
UT-Dallas	$13,000	$13,000	$13,000	$13,000	$14,000
UT-El Paso	$9,000	$9,000	$9,000	$9,000	$10,000
UT-Pan American	$ 8,000	$8,000	$8,000	$7,000	$8,000
UT-Permian Basin	$13,000	$11,000	$10,000	$10,000	$11,000
UT-San Antonio	$9,000	$9,000	$9,000	$10,000	$11,000
UT-Tyler	$13,000	$12,000	$11,000	$10,000	$11,000

*Adjusted total revenue includes tuition, fees, and state appropriations.
SOURCE: University of Texas Office of Business Affairs; Full-Time Equivalent data from the Texas Higher Education Coordinating Board.

Adjusted Revenue per Full-Time Equivalent Faculty at University of Texas Campuses

	FY 02	FY 03	FY 04	FY 05	FY 06
UT-Arlington	$235,000	$227,000	$233,000	$237,000	$245,000
UT-Austin	$251,000	$252,000	$254,000	$258,000	$272,000
UT-Brownsville	$158,000	$183,000	$79,000	$89,000	$89,000
UT-Dallas	$293,000	$285,000	$272,000	$280,000	$298,000
UT-El Paso	$168,000	$165,000	$182,000	$180,000	$198,000
UT-Pan American	$174,000	$177,000	$158,000	$149,000	$163,000
UT-Permian Basin	$210,000	$196,000	$178,000	$180,000	$193,000
UT-San Antonio	$222,000	$215,000	$242,000	$253,000	$265,000
UT-Tyler	$156,000	$156,000	$173,000	$162,000	$182,000

SOURCE: University of Texas Office of Business Affairs; Full-Time Equivalent data from the Texas Higher Education Coordinating Board.

In their report, *Research Capability Expansion for the University of Texas System*, the Washington Advisory Group states that in order to become more competitive Tier I research institutions, the Borderland universities in the University of Texas system must be able to recruit and retain prestigious faculty and this can only be achieved with increased funding. For example, the Washington Advisory Group recommends that the University of Texas at El Paso add 300 new researchers and mount a $100 million centennial endowment campaign in order to reach a more competitive Tier 1 status.[46]

TEXAS Grant and State Aid for the Borderlands

The Toward Excellence, Access, & Success (TEXAS) Grant Program was created in 1999 by the Texas Legislature to provide aid to financially needy students, and is the largest state funded, need-based grant program in Texas, followed by the Tuition Equalization Grant for independent colleges and universities. In the 2006-07 biennium, $331.7 million in general revenue was appropriated to the TEXAS Grant Program, while $427.9 million was appropriated for the 2008-09 biennium.[47] In 2006-07, 52,572 students received awards in the program.[48]

While TEXAS Grant funding continues to increase, the number of students who receive aid is insufficient. Because priority is given to students who already receive the grant, new students unable to receive the award due to lack of funding must rely on Federal Pell Grants and federal loan programs such as the Stafford and Perkins loans. The Pell Grant Program had a maximum award of $4,050 in 2006, depending on expected family contribution and cost of attendance.[49]

In 2005-06, the average Pell Grant was $2,456 and the average TEXAS Grant was $2,446.[50] Pell Grants cannot replace entirely a TEXAS Grant because general assistance is usually during initial years of enrollment for the Pell Grant, whereas the TEXAS Grant can be maintained for up to six years.[51] Moreover, grants tend to have a stronger influence on college enrollment than loans or work-study, particularly for low income, African-American, and Hispanic students.[52] Failure to fund TEXAS Grants at higher levels adversely affects low-income and minority enrollments, which is necessary to meet THECB's goals for *Closing the Gaps*.

The TEXAS Grant is of particular importance to the Texas Borderland universities, as these institutions educate some of Texas' neediest students on the Texas-Mexico Border. The chart below shows the amount of TEXAS Grants awarded to the four Borderland universities. Across the state, THECB estimates that the TEXAS Grant program failed to serve 36,804 students in the 2006-07 academic year and will fail to serve an additional 38,106 the following year.[53]

TEXAS Grants Awarded at U.T. Academic Institutions

	FY03	**FY04**	**FY05**	**FY06**
UT-Brownsville	$2,942,484	$2,210,645	$2,381,213	$3,390,789
UT-El Paso	$6,235,178	$6,003,680	$6,996,910	$10,278,390
UT-Pan American	$13,516,077	$10,472,596	$15,268,692	$17,113,777
UT-San Antonio	$6,198,221	$5,724,220	$5,647,070	$8,121,505

SOURCE: UT System Office of Institutional Studies and Policy Analysis

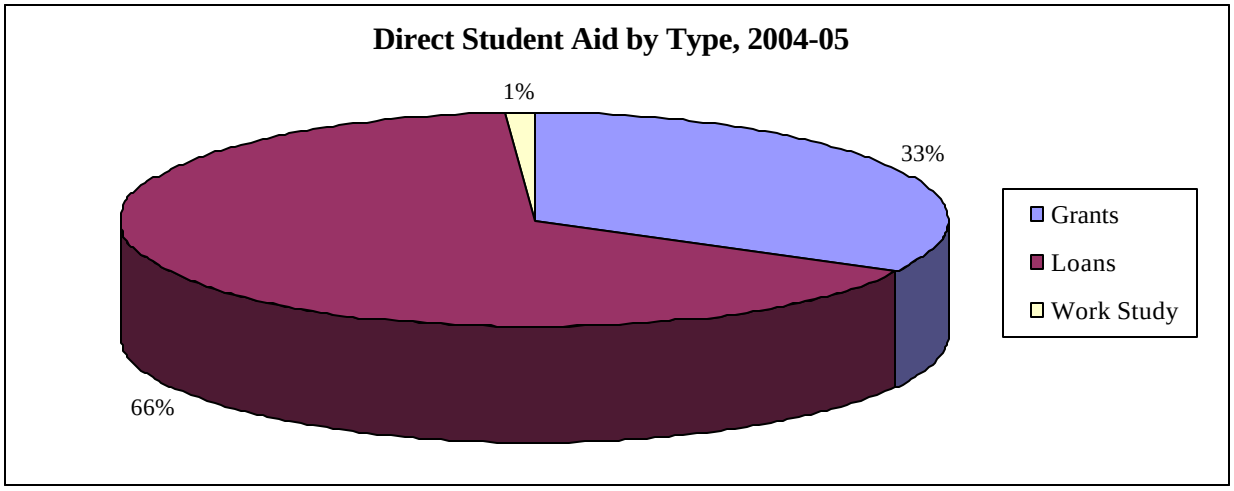
Low funding of grants and a tuition increase of 56 percent since Fall 2003 have placed an enormous strain on students attending the University of Texas-El Paso. As the chart *Undergraduate Financial Aid Awards and Recipients at the University of Texas-El Paso 2005-06* shows, less than 13 percent of undergraduates attending the University of Texas-El Paso received any form of state financial aid. Most of the financial aid awarded in the 2005-06 academic year was federal scholarships and loans.

Undergraduate Financial Aid Awards and Recipients at the University of Texas-El Paso 2005-06

Source of Funding	Number of Awards	Amount Awarded	Percent of Total Amount of Awarded
Federal	9,572	$25,149,990	28.5%
State	3,082	$11,262,485	12.7%
Institutional	6,790	$9,141,667	10.3%
Private	1,741	$3,005,501	3.4%
Work-Study	573	$1,190,459	1.3%
Loans	11,227	$38,409,415	43.6%
Total	**32,985**	**$88,159,517**	**100%**

SOURCE: University of Texas System Office of Academic Affairs

Students in Texas already receive a smaller percentage of grant aid than students in the nation as a whole. For example, the *Direct Student Aid by Type, 2004-05* graph below shows that 33 percent of aid in Texas came from grants while 66 percent came from loans. Comparatively, the nationwide average is 43 percent grants, 56 percent loans, and one percent work study. In terms of state grant aid, in 2004-05, Texas spent a little more than a third of what California spent and less than a fourth of what New York spent, ranking it last among the largest states.[54]



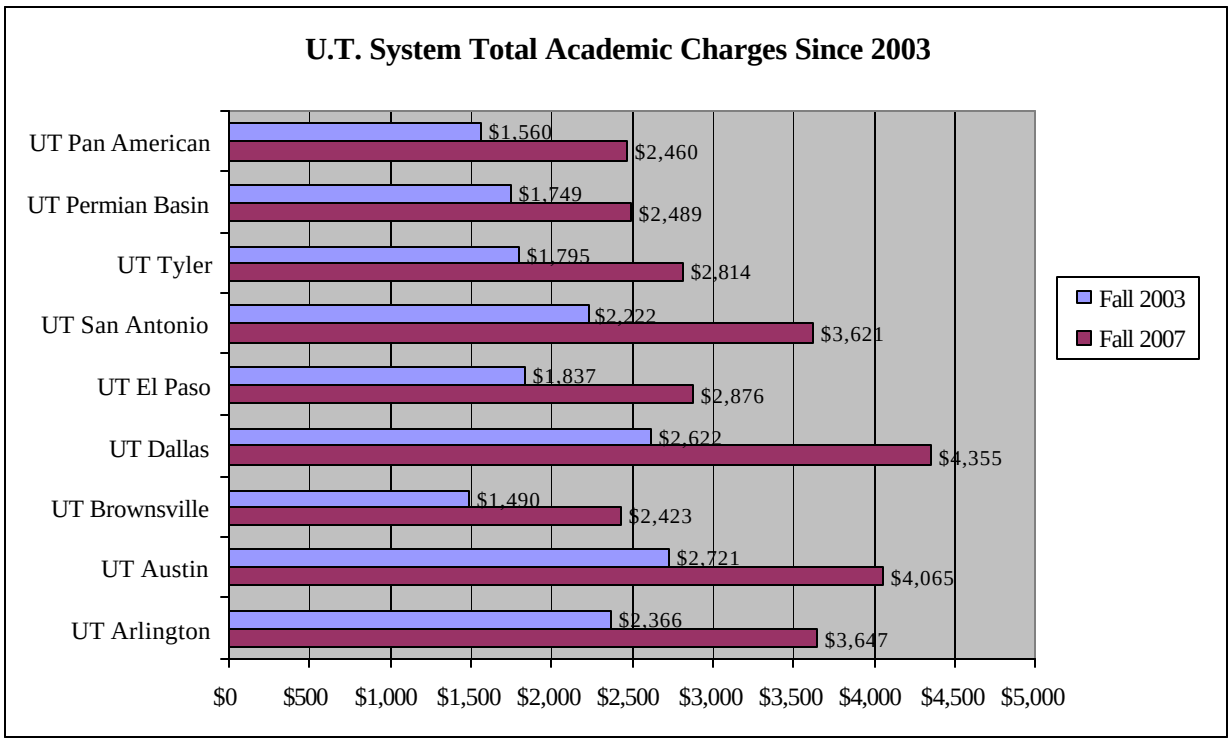
SOURCE: Texas Guaranteed Student Loan Corporation, *State of Student Aid and Higher Education in Texas, March 2007*. p. 57 Online. Available at: http://www.tgslc.org/pdf/SOSA.pdf. Last accessed: January 23, 2008.

The Effects of Tuition Deregulation on the Borderlands

In 2003, the 78th Texas State Legislature deregulated tuition at public universities. Prior to this, the Legislature determined tuition rates for public universities in the state. In response to decreasing state financial support, tuition deregulation allowed higher education institutions to

increase the amount charged as designated tuition for resident and non-resident students with little public oversight. Typically, public colleges and universities respond to declining state support by increasing tuition, when not restricted by the state legislature. The rising cost of higher education, however, places a larger burden on parents and students.

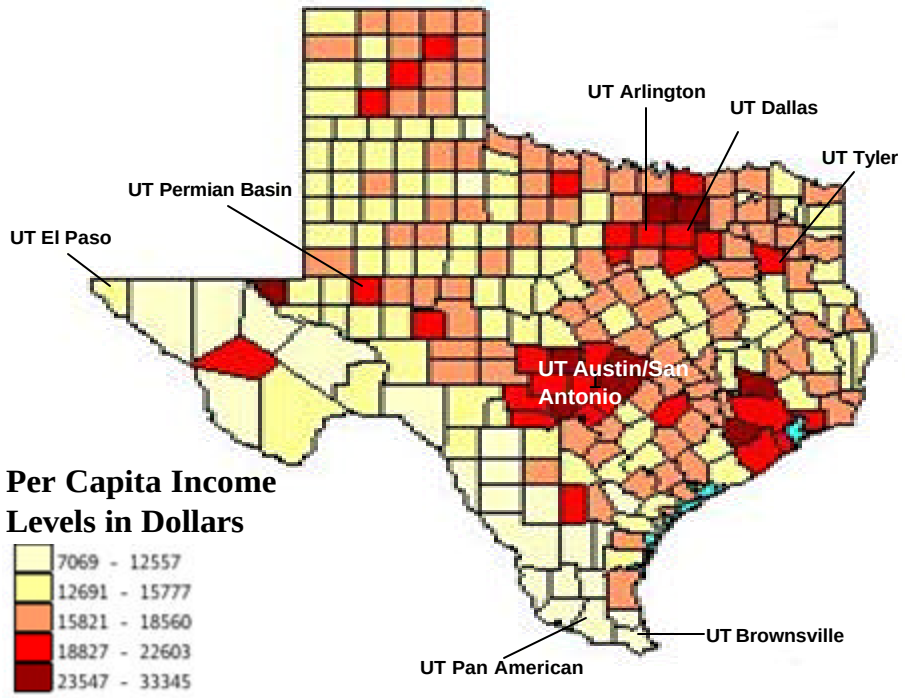
As detailed in the chart on the following page, *U.T. System Total Academic Charges Since 2003*, all schools, including the University of Texas-El Paso (UTEP), have had large increases in the total academic charges from Fall 2003 to Fall 2007. UTEP's total academic charges have increased over 56 percent from $1,837 in Fall 2003 to $2,876 in Fall 2007. The increase of tuition and fees disproportionately impacts middle and lower income students. Increased tuition also has a significant impact on enrollment of minority students, as they tend to be more affected by price increases. Tuition increases have been shown to have little financial effect on affluent families.[55]



SOURCE: Texas Higher Education Coordinating Board. The data represent total academic charges based on Texas undergraduates enrolled for 15 Semester Credit Hours.

Tuition increases disproportionately affect the Borderland universities in El Paso, Edinberg, and Brownsville due to the fact that these schools are heavily composed of lower income and Hispanic students, particularly when compared to universities such as the University of Texas-Austin and Texas A&M University-College Station. As shown on the following page in the chart *Texas Per Capita Income and UT System Universities, 1999*, the Texas Borderlands has some of the lowest levels of per capita income in the state. Clearly, families with extremely low incomes will have much more difficulty in accessing higher education.

Texas Per Capita Income and UT System Universities, 1999



SOURCE: U.S. Census Bureau, 1999

Another possible consequence of tuition deregulation is the economic choice by students to attend a university out-of-state. Between 1994 and 1999, the University of Texas-El Paso experienced a significant decline in enrollment from 17,188 students to 14,695. A portion of this decline can be attributed to New Mexico State University's (NMSU) decision in 1996 to offer in-state tuition to El Paso residents. NMSU is located only 20 miles from El Paso. While student enrollment at the University of Texas-El Paso has since rebounded, tuition increases made under tuition deregulation may negatively affect enrollment again, forcing El Paso's college-bound students to make the economic decision to attend NMSU. Even UTEP's own Center for Institutional Evaluation, Research and Planning has cited NMSU as a source of declining enrollment for the university.[56] The chart *University of Texas-El Paso vs. New Mexico State University* shows that for less money, generally, NMSU offers smaller class sizes and a better chance of graduation.

University of Texas-El Paso vs. New Mexico State University		
	University of Texas -El Paso	**New Mexico State University**
Tuition - Spring 2007	$2,708	$2,115
Number of bachelor degrees offered	81	90
Number of doctoral degrees offered	14	23
6-year Graduation rate	28%	45%
Percent of Classes under 20 students	29%	38%

SOURCE: UT System; New Mexico State University

Making this situation even more troublesome are recent revelations that private lenders across the country provided benefits to schools and school officials to help direct students toward the lender. This resulted in investigations across the country. For example, New York Attorney

General Andrew Cuomo sent thirty-nine collegiate athletic departments, including UTEP, Texas Christian University, and the University of Houston, either subpoenas or requests for all information regarding the institutions' relationships with a student lender.[57]

Student debt has gone up nationally at the same time that Texas' tuition costs have dramatically spiked over the past four years. Texas must act to prevent conflicts of interest and other ethical lapses by those in financial aid offices who may have power to steer students to a particular lender.

Graduation and Remediation Rates

The Texas Borderland universities have had limited success in increasing student graduation rates. Among the 1300 American colleges and universities, certain UT System institutions rate near the very bottom. Herein below is a chart showing graduation rates over time in UT System components.

Graduation Rates for UT System Components

	Actual Graduation Rates*			**Targets**		**National Average**
	1997 Cohort	1998 Cohort	1999 Cohort	2010	2015	1997 Cohort
Arlington						
Four-year Rate	20%	12%	15%	26%	30%	26%
Five-year Rate	34%	30%	32%	40%	44%	47%
Six-year Rate	37%	38%	40%	46%	50%	53%
Austin						
Four-year Rate	36%	39%	42%	55%	60%	26%
Five-year Rate	64%	67%	69%	73%	75%	47%
Six-year Rate	71%	74%	75%	80%	85%	53%
Brownsville/TSC						
Four-year Rate	n/a	n/a	n/a	10%	26%	26%
Five-year Rate	n/a	n/a	n/a	20%	47%	47%
Six-year Rate	n/a	n/a	n/a	25%	53%	53%
Dallas						
Four-year Rate	32%	38%	30%	38%	47%	26%
Five-year Rate	52%	51%	51%	57%	62%	47%
Six-year Rate	57%	56%	56%	65%	72%	53%
El Paso						
Four-year Rate	2%	4%	5%	10%	20%	26%
Five-year Rate	15%	16%	18%	23%	40%	47%
Six-year Rate	26%	27%	28%	34%	53%	53%
Pan American						
Four-year Rate	6%	n/a	8%	18%	26%	26%
Five-year Rate	18%	n/a	21%	30%	47%	47%
Six-year Rate	26%	27%	30%	35%	53%	53%
Permian Basin						
Four-year Rate	15%	17%	15%	18%	26%	26%
Five-year Rate	26%	27%	32%	35%	47%	47%
Six-year Rate	29%	31%	35%	40%	53%	53%

	Actual Graduation Rates*	Targets	National Average			
	1997 Cohort	1998 Cohort	1999 Cohort	2010	2015	1997 Cohort
San Antonio						
Four-year Rate	6%	7%	6%	11%	26%	26%
Five-year Rate	19%	21%	22%	27%	47%	47%
Six-year Rate	28%	29%	30%	37%	53%	53%
Tyler						
Four-year Rate		28%	38%	26%	28%	26%
Five-year Rate		39%	51%	47%	49%	47%
Six-year Rate		44%	55%	53%	55%	53%

*Note: Graduation rates are for first-time, full-time, degree-seeking undergraduates who begin in the summer/fall of the enrollment year and graduate at the same institution. Data obtained from U.T. System.
SOURCE: The University of Texas System, *Graduation Rates Initiative Progress Report*, April 2007. Available online at: http://www.utsystem.edu/aca/initiatives/gradrates/2007GradRatesProgressReport.pdf.

According to the College Board, any college experience produces a measurable benefit when compared with no postsecondary education, but the benefits of completing a bachelor's degree or higher are significantly greater.[58] Further, the gaps between individuals who participate and succeed in higher education and those who don't have a major impact on the next generation. The young children of college graduates display higher levels of school readiness indicators than children of non-college graduates.

Thus, it is in the best interest not only of the student, but of the state as a whole, to ensure that students are able to graduate from college relatively quickly. Increased tuition and fees will most likely lead to a further decline in graduation rates, due to the price sensitivity of low income students at Borderland universities. As discussed previously, total academic charges at all Texas universities have increased dramatically since Fall 2003.

The table below, *Remediation Rates at Texas Universities, Fall 2003 Cohort*, shows the percentage of first time in college students that needed remediation at Texas universities for the Fall 2003 cohort. Students who did not pass the Minimum Passing Standards of the Texas Success Initiative indicate a need for remediation must enroll and participate in remediation in the indicated area. Remedial classes in reading, writing, and mathematics are required to ensure students enrolled in all Texas public colleges and universities possess the academic skills necessary to perform effectively in college courses.

Remediation* Rates at Texas Universities, Fall 2003 Cohort

UNIVERSITY	PERCENT REQUIRING REMEDIATION		
	Math	Reading	Writing
Texas A&M International	20.5%	13.5%	11.9%
Texas A&M-Corpus Christi	13.5%	9.5%	5.1%
UT-El Paso	31.9%	27.6%	28.0%
UT-Pan American	30.3%	21.1%	18.7%
UT-Austin	0.5%	0.4%	0.3%
UT-Dallas	0.4%	0.4%	0.7%
Texas A&M-College Station	1.3%	1.0%	0.5%

SOURCE: Texas Higher Education Coordinating Board.
*First Time In College Students who did not pass the Minimum Passing Standards of the Texas Success Initiative.

High remediation rates cause concern because they increase the length of time in college. In order to meet the second goal of the state's *Closing the Gaps* plan - to increase the number of degrees and certificates - graduation rates at Borderland universities must increase and administrators must focus on decreasing remediation rates.

Graduate Professional Degrees

The state of Texas is in particular need of professional degrees to meet the demand for health and legal services. The Texas Borderland population is the least served by physicians, pharmacists, veterinary medicine, and legal professionals. According to THECB, a growing population increases the demand for services requiring professional degrees, and the growth in the aging population is one of the contributing factors in the increased demand for pharmacists.

Medical Education in Texas

There is a strong need for physicians in the state of Texas as a whole. As shown in the chart *Doctors per 100,000 Population, Ten Most Populous States, 2004*, Texas ranks low in the number of doctors per 100,000 people at 41st nationally. The national average was 221 doctors per 100,000 population. Further, Texas has fewer physicians than the ten most populous states, as the chart below indicates.

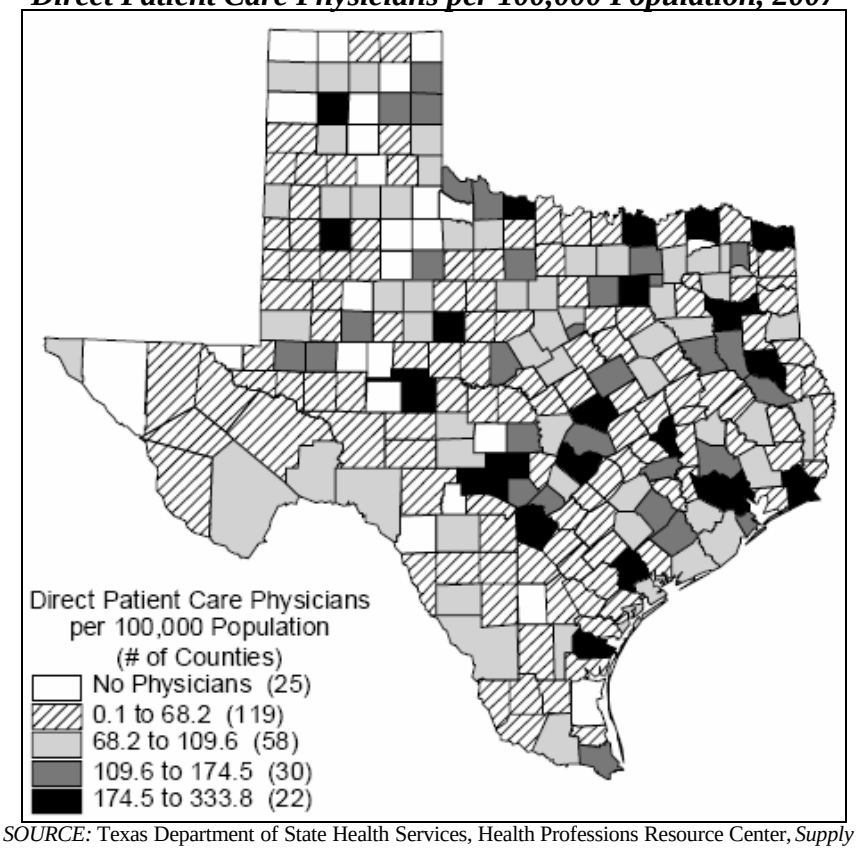
Doctors per 100,000 Population, Ten Most Populous States, 2004

State	Rate per 100,000	Rank
California	259	20
Texas	212	41
New York	389	3
Florida	245	25
Illinois	272	11
Pennsylvania	294	9
Ohio	261	18
Michigan	240	27
Georgia	220	37
North Carolina	253	23

SOURCE: U.S. Census Bureau, Doctors per 100,000 Resident Population, 2004. Online. Available at: http://www.census.gov/compendia/statab/ranks/rank18.htm. Last accessed: January 23, 2008.

Physicians are not evenly distributed among the regions of Texas. Several regions of the state are well below the recommended range for the number of physicians per 100,000 population.

Direct Patient Care Physicians per 100,000 Population, 2007



SOURCE: Texas Department of State Health Services, Health Professions Resource Center, *Supply Trends Among Licensed Health Professions, Texas, 1980-2007*, December 2007. Online. Available at: http://www.dshs.state.tx.us/chs/hprc/07trends.pdf. Last accessed: January 18, 2007.

The Texas population has grown from 14.7 million in 1981 to over 23.8 million in the year 2007.[59] It is expected that the population in Texas will be over 26 million by 2015.[60] While the population has continued to increase, the number of Texas medical school graduates has remained relatively flat. In 2000, 44 percent of physicians in Texas graduated from a Texas medical school, with 35 percent coming from other states, and 21 percent coming from other countries.[61] Texas has eight medical schools, one of which is private, but a ninth is on its way.

The Texas Borderlands is receiving its first four-year medical school as a result of funding passed during the 80th Legislative Session. Since 1973, Texas Tech University Health Science Center-El Paso (TTUHSC) has trained third and fourth year medical students in affiliation with R. E. Thomason General Hospital—but El Paso never had a full four-year medical school. With the $48 million appropriated this session for first and second year faculty at the medical school, the first phase of development is completed and full accreditation is now possible. The first class is expected to enter in 2009. The facilities for El Paso's medical school at Texas Tech University are located adjacent to Thomason Hospital and the Texas Tech complex, and next door to the offices of the City-County Health and Environmental District. The site is also near the Silva Magnet High School in El Paso Independent School District.

A 2005 impact study for Texas Tech indicates that the El Paso medical school will trigger $1.5 billion in economic activity.[62] Much of the activity will be generated from equipment, supplies and spin-off industries involving medical research.[63]

The Border also has a great need for graduate and professional degrees in priority health fields. As indicated by the chart, *Graduate and Professional Degrees Conferred in Health Fields*, the overall trend for the Borderland universities in the UT System is either no change or a decline in the number of academic degrees awarded in high priority health fields like Nursing and Rehabilitation/Therapeutic Services. The growing shortage of health professionals available to serve the growing Borderland population exacerbates the access to health care crisis.

Graduate and Professional Degrees Conferred in Health Fields

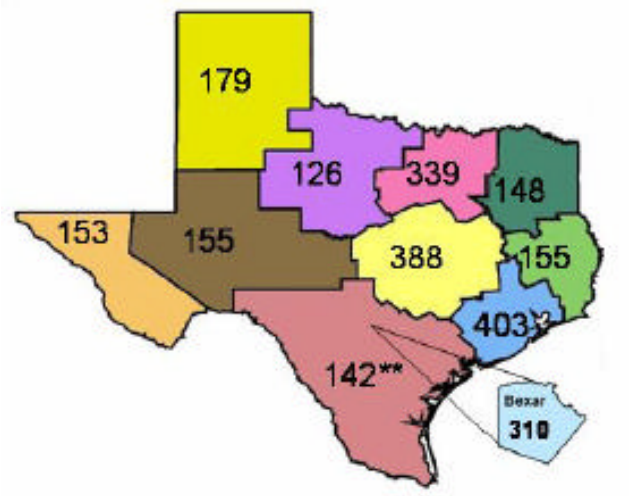
		2001	2002	2003	2004	2005
Communication Disorders Science and Services	El Paso	14	14	10	8	17
	Pan American	15	14	17	31	51
Nursing	Arlington	56	44	52	53	80
	Austin	64	55	47	51	59
	Brownsville	0	12	3	4	2
	El Paso	28	21	26	16	16
	Pan American	7	15	16	10	13
Rehabilitation/Therapeutic Services	El Paso	22	15	14	18	13
	Pan American	10	19	11	17	16

SOURCE: The University of Texas System, *Accountability and Performance Report, 2006-07*, p. I-73. Citing the Texas Higher Education Coordinating Board.

Legal Education in Texas

Not only is Texas in need of physicians, but it is also in need of lawyers. According to THECB, Texas averages 296 lawyers per 100,000 population, while the national average is 360 per 100,000, and the average number of lawyers in the 10 most populous states is 393 per 100,000 people, with only Ohio and Georgia having fewer lawyers.[64] The ratio of lawyers is much lower along the Texas-Mexico Border than the state average in Texas. Of the nine law schools in Texas, four public and five independent, none are located in the Texas Borderlands. As shown on the following page in the chart *Lawyers Per 100,000 Population, 2000*, the Borderlands has some of the lowest numbers of lawyers per 100,000 population in the state of Texas, particularly in the West Texas region surrounding El Paso and the southern portions of the Rio Grande Valley and Gulf Coast.

Lawyers Per 100,000 Population, 2000



In 2000

Statewide Average:
296 per 100,000

10 Most Popular States:
393 per 100,000

National Average:
360 per 100,000

SOURCE: Texas Higher Education Coordinating Board, *Regional Plan for Texas Higher Education*, October 2006. p. 94. Online. Available at: http://www.thecb.state.tx.us/reports/PDF/1266.PDF. Last accessed: January 23, 2008.

The chart below, *Attorney Population Density by Selected MSAs, 2005-06*, is further evidence of the shortage of attorneys in the Texas Borderlands.

Attorney Population Density by Selected MSAs, 2005-06

Metropolitan Statistical Area	Total Attorneys	Ratio of Attorneys to Population
El Paso	1,100	1 : 656
Laredo	298	1 : 754
McAllen-Edinburg-Mission	826	1 : 821
Brownsville-Harlingen	480	1 : 788
Austin-Round Rock	8,631	1 : 168
Houston-Sugar Land-Baytown	22,057	1 : 239
Dallas-Fort Worth-Arlington	20,970	1 : 278
San Antonio	5,323	1 : 355
Corpus Christi	1,042	1 : 397
Texas Total	**69.672**	**1 : 328**

SOURCE: State Bar of Texas, *Attorney Population Density by Metropolitan Statistical Area Report: 2005-06*, February 2007. Online. Available at: www.texasbar.com.

Doctoral and Professional Programs

Texas Borderland universities combined have little more than half as many Ph.D. and professional programs than the University of Texas-Austin alone. This negatively impacts the Border region because it can only retain their best and brightest students if its institutions offer a wide array of competitive academic programs in higher education. The table *Doctoral and Professional Programs, 2007* illustrates the stark contrast between the number of Ph.D. and professional programs offered at different universities in Texas. The Borderland Universities offer fewer Ph.D. programs than peer institutions of higher education, and also currently have no law or medical schools.

Doctoral and Professional Programs, 2007

PROGRAM	UT-BROWNS-VILLE	UT-PAN AMERICAN	UT-SAN ANTONIO	UT-EL PASO	TEXAS A&M-INTERNA-TIONAL	UT-AUSTIN
BUSINESS	0	1	5	1	1	5
EDUCATION	1	1	3	1	2	11
ENGINEERING	0	0	3	5	0	19
LIBERAL ARTS	0	0	3	3	1	24
HEALTH SCIENCES	0	0	0	2	0	2
SCIENCE	0	0	5	5	0	15
ARCHITECTURE	0	0	0	0	0	4
MEDICAL	0	0	0	0	0	0
LAW	0	0	0	0	0	1
TOTAL	**1**	**2**	**19**	**17**	**4**	**81**

SOURCE: Texas Higher Education Coordinating Board, *Program Inventory.* Online. Available at: http://www.thecb.state.tx.us/InteractiveTools/ProgramInventory/DegInv.cfm. Last accessed: January 23, 2008.

Conclusion

If Texas is going to meet the challenge of a knowledge-based 21st Century economy, new policies and new leadership will have to take us there.

Texas must provide access and resources for higher education for a fast-growing young population. We must find new ways to keep education affordable for students, while providing an array of quality undergraduate and graduate programs—particularly in light of tuition deregulation.

The state must appropriate more money to the development of Borderland universities and the state's most underserved region. Need-based grants, such as the TEXAS Grant Program, must fully meet the challenge of funding all students who qualify for these programs. Additionally, Borderland universities must find ways to increase graduation rates and ensure that more graduates invest their time and skills back into their communities.

In a democracy, budgets are moral choices. In our government, budgets reflect what we value. Our vision should be broad-based and forward-looking toward our long-term prosperity. To close the gap in Texas, we must graduate more of our best and brightest. If we invest in our greatest resource, our children, Texas will be the state of the future.

Let's keep hope alive.

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