

## Higher Education Policy: 81st Legislative Session in Review

by Elizabeth Young, Higher Education Policy Analyst

### State Funding

- Over the past several years, university spending has increased dramatically. In 1991, the statewide average operating cost per student was \$10,665. By 2007 this number had increased to \$17,505, meaning that in the past 16 years the operating cost per student has increased a startling 64.1 percent.
- Last biennium, higher education institutions were appropriated \$19 billion in All Funds. This biennium, their funding increased by 15 percent to \$21.9 billion.
- Lawmakers should implement free-market reforms that would inject competition into the higher education market, driving costs down and without sacrificing quality.

### Student-Centered Funding

- Student-centered funding places money into the hands of students rather than appropriating it directly to universities. Doing so increases competition in the higher education market because universities are forced to compete for students based on the education they provide, which results in higher quality teaching, efficient use of funds, and cohesion to the core purpose of educating students.
- This approach has been helpful in Colorado, and Texas is particularly well positioned to institute this reform because of existing higher education scholarship programs and policymakers' willingness to improve the level of access for Texans.
- Although the Foundation would have liked higher education appropriations to have been lower, the Legislature took a step in the right direction this session by increasing the amount appropriated to Texas Grants by 43 percent, which would put money in the hands of an additional 35,000 Texas students.

### Transparency

- Improving transparency was one of the Foundation's higher education priorities this session. Without transparency, universities in Texas lack much needed accountability that would ensure spending is under control and the quality of education provided to university customers is the priority.
- Prior to the session, there was significant discussion among policymakers about rapidly increasing tuition rates at Texas universities, and this reality initiated many higher education reform measures. Fortunately for taxpayers and university customers, tuition increases did have a positive side effect—there are now more resources available to track university spending and results.
- Two bills were passed that will improve higher education transparency. While much more transparency is needed, these bills represent an important step in the process.
  - HB 2504 requires institutions of higher education to place syllabi, curriculum vitae, and course budgets online. Doing so shines the light on university spending and gives students the ability to learn more about courses and professors before enrolling in a class, empowering them to make more informed decisions about their education investment.
  - SB 174 requires universities to post institutional resumes online, allowing students the ability to perform cost-benefit analyses when deciding which university would be best for their needs.

### Student Evaluations of Faculty

- Providing incentives to professors who excel in the classroom is a simple way to motivate them to shift their focus back to educating students in a field where research has become the main priority.

- One way to create incentives is to base certain bonuses off the quality of teaching provided by professors in the classroom, as identified in the results from student evaluations of faculty. Increasing the significance of student evaluations of faculty would create competition between professors and ultimately improve the quality of their teaching.
- This session an amendment was added to HB 2504 that requires all universities to conduct student evaluations of faculty and to come up with a plan to post those evaluations online.

### University Research

- Existing incentive structures at universities do more to encourage research than educating students.
- During the session, a major piece of higher education legislation passed (HB 51), which creates a fund that would provide more money for “emerging” research institutions to reach Tier-1 status, meaning they receive over \$100 million a year in research grants.
- It may be considered prestigious to be a “top-tier” university, but the mission of universities is to educate students. It is important to refocus on the student as the consumer.

### Top 10 Percent

- The Top 10 Percent rule has been in effect since 1997 and has put a strain on the admissions process for the past several years at Texas universities. After several sessions of failed attempts at reform that sought to scale back the rule, there were finally some slight modifications made this session.
- SB 175, in its final form, placed a cap on the percentage of incoming freshman the University of Texas at Austin is required to admit under the Top 10 Percent rule at 75 percent. The university accepts the top 1 percent, 2 percent, and so on until they reach the 75 percent cap, beginning with the Class of 2011.

### Reforms Still Needed

The 81st Legislative Session provided some successes in higher education reform, although there is still much to be done. The Foundation would still like to see free market reforms instituted—creating a more competitive higher education market that is sensitive to the needs of its customers.

- Lawmakers should provide incentives for universities to focus their spending on areas that enhance the quality of classroom instruction rather than towards more unproductive research activities.
- Legislators should shift funding to students rather than directly to universities.
- More transparency is needed so citizens and lawmakers have the ability to keep track of how universities spend their tax dollars, allowing them to see the results their dollars yield.
- Universities should put a system in place that rewards excellent teachers who score well on their student evaluations.
- More focus should be placed on creating top-notch teaching universities rather than Tier-1 research institutions.
- The Top 10 Percent rule should be scaled back even further or repealed. ★

