

Texas State of Higher Education Address

Commissioner Harrison Keller, Ph.D.

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Thank you, Chairman Farias, for that introduction. And thanks to all our board members who helped with this year's conference. I'm grateful for your support and your dedication to Texas students and our great colleges and universities.

I want to acknowledge all the regents, trustees, chancellors, and presidents here. I appreciate your service to your institutions and your participation in our discussions the past two days.

We've also had great representation from chambers of commerce, philanthropy, and other partners. Thank you to everyone for being here. Your shared commitment to expanding opportunity through higher education comes through loud and clear.

I'm grateful to our sponsors, including Google, our presenting sponsor, as well as Educate Texas, the Greater Texas Foundation, the Texas Business Leadership Council, TLL Temple Foundation, Trellis Foundation, Lumina Foundation, and the Bill & Melinda Gates Foundation. Your generosity allowed us to make this year's conference bigger and even more impactful.

Finally, I want to take a moment to thank our Coordinating Board team who made this year's event possible. We aimed to raise the bar for this year's conference, and it couldn't have happened without our dedicated team behind the scenes.

Again, thank you!

When I took on this role of commissioner a little over three years ago, I never could have imagined a trajectory like what we've experienced.

Within six months of my appointment, we were facing a global pandemic. We experienced disruptions in every facet of our personal and professional lives, in our local, national, and global economies, in our higher education institutions, and for our students and their families.

We faced historic unemployment, rapid enrollment declines in colleges and universities, and profound uncertainty about our futures. Many of our families experienced financial and health crises and lost loved ones. While these experiences will always be with us, we adapted, we came through, and today our future has never looked brighter.

The Texas economy has come roaring back. Texas continues to set records for jobs created and for individuals and companies moving here. A combination of steady policy leadership, strong business climate, abundant natural resources, and a young, dynamic population mean Texas is positioned to lead the way.

Texas higher education has unique responsibilities and roles to play in what comes next, to expand opportunities for all Texans and ensure our economic competitiveness on a global scale.

As I contemplate the current and future states of Texas higher education, it's clear that how fully we realize our potential to ensure a competitive and prosperous Texas through 2030, 2050, and beyond will depend on how well we navigate three key challenges.

- First, **educational attainment**. The pandemic accelerated changes in how we work, the kinds of jobs available, and the types of credentials, degrees, and certificates required to fill those jobs. In September, job openings in Texas reached an all-time high of more than 1 million. For many of these jobs, employers are having trouble finding the skilled workers they need, and the pace of change isn't slowing down.

Our best estimates are that by 2030, more than 60% of all the jobs across Texas will require education and training beyond high school diplomas. Today, only about 48% of our working-age population hold a postsecondary degree or certificate.

Even as our state continues to set records for growth and job creation, this gap between the educational attainment of our workforce and employers' needs presents a challenge today and for the long term.

Texas will continue to add jobs because of our favorable business climate. Yet, our long-term competitiveness will depend not only on our ability to create a large *quantity* of jobs, but also on our ability to attract, retain, and create high-*quality* jobs. High-quality jobs increasingly require education and training beyond high school. Next to inflation, educational attainment presents the most significant drag on our state's economy.

- Second, **workforce education**. During the pandemic, hundreds of thousands of Texans not only found themselves out of work but also needing additional training and credentials to get a new job, sometimes in the same industry. Our economy is changing faster than anyone anticipated, in directions that require more education beyond high school diplomas, from short-term workforce credentials to graduate degrees.

While the need to reskill and upskill our workforce is urgent and growing, we do not yet have the infrastructure we need to meet employers' needs into the future. For decades, state policy has focused more on traditional academic pathways and younger populations rather than workforce preparation and working-age adults.

For example, in the decade before the pandemic, enrollments of high school students in community colleges' academic dual credit programs increased by more than 90,000, while community college workforce education enrollments declined more than 78,000. This data illustrates the importance of aligning state policy incentives with our goals. For dual credit programs, aligned state finance policy fueled rapid growth. For community college workforce programs, we didn't align our funding system with our goals and lost ground.

To be clear, we have a lot of work to do together with public schools to improve the college readiness of high school graduates, shore up direct-to-college enrollment rates – especially for low-income students – and expand our teacher preparation pipeline. But, in workforce education, we have even more work to do – together with employers – so all Texas students can have opportunities to develop the knowledge and skills and earn the credentials of value that good jobs require.

- Third, **research and development**. Competitiveness in every industry, the strength of our state and national economies, and even our national security increasingly depend on how well we compete at the frontiers of knowledge and discovery.

Today, Texas is the ninth-largest economy in the world, **yet we still have only three public and private universities regularly counted among the top 200 in the world**. And too few Texas residents are earning credentials in high-demand fields, especially in science, technology, engineering, and mathematics.

In each of these three areas – educational attainment, workforce education, and research and development – it's important to be clear about the challenges we face. These challenges aren't arising because of a lack of committed higher education leaders, first-class workforce education programs, or groundbreaking research, development, and innovation efforts. In every case, we can point to dozens of inspiring examples at our Texas institutions.

The heart of the matter is that expectations for higher education have changed faster than anyone expected. Now, there is a significant disconnect between the scale of our needs in each of these areas versus what our higher education institutions and policies were designed to do.

The accelerating pace of change is the main reason that in the midst of the pandemic the Coordinating Board and the Texas Higher Education Foundation set out to update the state's strategic plan for higher education.

This new state plan, which our Board formally adopted earlier this year, is called *Building a Talent Strong Texas*. This plan was developed with input from hundreds of policymakers, employers, community leaders, educators, and thousands of individual Texans.

I see plenty of colleagues here today who were instrumental in shaping our plan. Together, we developed three broad goals for tackling our state's most critical challenges: to improve educational attainment, increase our production of credentials of value, and bolster research and development.

We adopted a goal for at least 60% of our entire working-age population to have a degree, certificate, or other credential of value by 2030. And we're not counting just any credentials. Texas is the first state to condition its goals for higher education completion on the value of those credentials to individuals and employers in our state economy.

We adopted a goal for 95% of undergraduates to complete their credentials with no debt or debt that should be manageable given the value of their credentials. We also set targets for drawing down an additional \$1 billion a year in federal and private sponsored research dollars and increasing our production of research doctorates by 2,000 students per year.

These are ambitious goals, designed to ensure Texas can maintain and advance our competitive position in the global economy, with clear guidance to policymakers, institutions, and agencies.

As you contemplate your system's or institution's role in *Building a Talent Strong Texas*, I'd like to call out two key points for your consideration.

- First, to realize the vision outlined in the plan - at the state level and across every system and institution - we must recommit ourselves to expanding equity of opportunity. Over the past decade, Texas added more residents than any state, **nearly 4 million people**, and 95% of that growth was in communities of color.

If we do not advance our goals equitably, we cannot achieve our goals.

- Second, consider the magnitude of what Texas needs from higher education through 2030. We're aiming to increase the number of Texans who earn credentials of value by more than 200,000 each year.

We can't get there by tinkering around the margins and doing just a little more of what we've already been doing.

The truth is, every individual Texas college and university could make progress every year, and together we could still fail to deliver what our communities, our employers, and our state need from higher education.

To realize the vision of *Building a Talent Strong Texas*, we have to engage many more students earlier in the pipeline - well before high school graduation. We have to enroll far more adults in high-quality programs designed and offered in partnership with employers. We have to ensure many more of our students succeed.

We have to achieve **impact at scale** - impact as big as Texas.

The good news, is we already have strong momentum.

In higher education, the silver lining in the disruptions we experienced these past two years was in how our colleges and universities accelerated the pace of innovation.

At the Coordinating Board, we've been honored to support these efforts, especially because of the commitment of stimulus funds by Governor Abbott and our legislative leadership. Texas was one of only a few states to prioritize higher education in the distribution of Governor's Emergency Education Relief, or GEER funds.

By the end of this fiscal year, we will have deployed about \$360 million for student financial aid, innovative programs, and new support structures for higher education.

Nearly \$200 million in GEER funds have been dedicated to student financial aid, including support for students in short-term workforce programs and for students transferring from community colleges to universities.

GEER funds have allowed us to provide nearly \$100 million to our institutions to support educational innovation. This includes support for dozens of public and independent colleges and universities that are working together to improve and expand evidence-based student success initiatives, innovate nursing education, and redesign teacher preparation programs.

We're also supporting dozens of faculty-led projects to redesign courses with new technologies. Right now, a coalition of Texas nursing schools is developing a competency-based digital curriculum to help transform nursing education across the state and around the world. We've also provided targeted funding to our community colleges, Texas State Technical Colleges, and state colleges so they can start up and expand high-demand workforce education programs.

Our Coordinating Board team has been working closely with stakeholders to launch new state infrastructure to better support our institutions, students, and the public. Over the next few months, we're rolling out a new state data infrastructure, with tools to expedite institutions' data submissions and real-time dashboards to support management decisions. These include new dashboards about the value of credentials in the Texas labor market and distributions of student debt.

This year, we're also releasing a one-stop advising portal called *My Texas Future*. With our partners in the Governor's Tri-Agency Workforce Initiative, we're curating and creating online tools so students can go to one place to explore opportunities, develop plans, and connect to institutions that can help them achieve their goals and advance their careers.

Through these kinds of efforts across college and university campuses, system offices, and state agencies - and thanks to strong partnerships with employers and philanthropy - Texas is leading the way.

Now, the stage is set for even deeper work that will define the next era of Texas higher education and take this exciting work to scale.

The 88th Legislature will have unprecedented resources at its disposal. First on the legislative agenda for higher education will be improving **affordability and access** for all Texas students, from high school students in dual credit courses, to current college students, to adult learners needing to reskill and upskill.

All our institutional and system leaders agree that affordability in higher education should be a shared responsibility. Direct state support for institutions enables them to operate and keep tuition affordable. State and institutional investments in financial aid keep higher education accessible for students and families.

We also need state support to accelerate the groundbreaking work already underway across our institutions to support student success, including stronger academic advising and mental health services. The most important way we ensure return on investment for students, families, and taxpayers is to make sure students stay on track and earn credentials of value.

This legislative session will also offer a historic opportunity to reform **community college finance**.

Community colleges will have increasingly vital roles to play as we realize our vision for *Building a Talent Strong Texas* through 2030 and beyond. We need to rapidly expand short-term programs aligned with workforce needs, improve access and quality in dual credit offerings for high school students, and dramatically increase the numbers and diversity of students successfully transferring to universities or completing credentials of value.

Today, our community college finance system isn't aligned with these goals. The majority of state formula funding is based on historical course enrollments. Community colleges can increase enrollments, improve outcomes, and lose state funding. There's no recognition for the higher costs of educating students who need more support or the higher costs of operating small and rural colleges.

Last year, the Texas Commission on Community College Finance, which was composed of legislators, community college leaders, and public members, embarked on the most extensive effort any state has undertaken to align community college finance with state goals.

Chairman Woody Hunt said it best in his letter in the commission's final report, when he said:

To solve these challenges, being incremental is not enough. We need to be bold. We need a funding model for our 50 community college districts that is strategic, that is deliberately aligned with our emerging workforce needs, and that fosters a strong partnership between local community colleges and the state.

The commission's recommendations include driving the majority of state funding through a dynamic outcomes-based formula, substantial new investments in student financial aid, and targeted funding to expand high-demand workforce programs.

These recommendations have unanimous support of college leaders across the state and strong support from the business community. Already, this work is receiving national attention.

By enacting these groundbreaking reforms, the Legislature can fundamentally change the game for community colleges, students, and employers across the state.

The upcoming session also offers a once-in-a-generation opportunity to bolster our state's **research and development** infrastructure, especially by putting more of our universities and regional economies on track to compete in the global economy.

In every sector, research, development, and the ability to translate insights into impact increasingly determine the ability to compete. As the pace of change in our economy continues to accelerate, the strength of our higher education research and development infrastructure will be a key driver of innovation, entrepreneurship, and the state's long-term competitiveness.

Already, we've made significant progress.

Last session, the legislature expanded support for recruiting top talent to Texas universities through the Governor's University Research Initiative and committed more than \$3 billion in one-time funds to improve university facilities.

Now, the Legislature has a historic opportunity to accelerate this work, so Texas can secure the top talent, external research funding, and venture capital our state needs to stay competitive into the future. As you heard yesterday from Chairman Bonnen, our legislative leadership expect to have a serious discussion about how to lift multiple universities into national and international prominence. This work is vitally important for institutions, communities, and regional and state economies.

Throughout the legislative session, in all the upcoming discussions about improving educational attainment, bolstering workforce education, and strengthening our research and development infrastructure, my Coordinating Board colleagues and I look forward to serving as a resource, partner, and constant advocate for Texas higher education.

In the history of American higher education, there are two other eras where technology and workforce needs rapidly changed and there was a misalignment with what higher education institutions were designed to do.

You see this in the Industrial Revolution immediately after the Civil War and in the post-WWII era. These were times of rapid experimentation and innovation in higher education. Policy decisions and investments in each of these eras drove incredible American prosperity and productivity.

Now, we find ourselves in another pivotal moment.

This moment presents once-in-a-generation opportunities to take the lessons of the past and build on the progress we've already made. To make much more than marginal improvements and incremental investments in what we've always done.

Again, things are changing faster than anyone expected. The ways colleges and universities are organized, the vast majority of our programs, and the structure of our state higher education policies and finance systems are not well aligned with the pace of change, the direction our economy is heading, or what employers need.

How our policymakers and higher education leaders respond now to strengthen Texas higher education may be the most important driver of Texas prosperity and competitiveness for the decades ahead.

- **Now is the time** to provide far greater opportunities for all Texans to unlock their potential through Texas higher education. To educate many more people to higher standards than we've ever achieved before.
- **Now is the time** to embrace the essential role Texas higher education plays in transforming insights into impact for a better future - to clear regulatory brush, get behind the innovators, and invest strategically, so Texas institutions and Texas industry can compete at the frontiers of knowledge, discovery, and innovation.
- **Now is the time** to seize the vast, Texas-sized opportunities before us, to achieve **impact at scale**, and dedicate ourselves to *Building a Talent Strong Texas*.

Thank you all for your partnership. I look forward to working with you in the New Year.

I hope you have a wonderful holiday.

God bless and safe travels.