

THE STATE OF HIGHER EDUCATION 2023

Texas Commissioner of Higher Education Harrison Keller, Ph.D.

INTRODUCTION

Thank you, Chair Farias, for that kind introduction and your visionary leadership of our board. I want to say thanks to all our board members who joined us for this year's conference, including Vice Chair Donna Williams, Stacy Hock, Emma Schwartz, Ashlie Thomas, and this year's student representative, Cage Sawyers. I continue to be grateful for your dedication to Texas students and our great colleges and universities.

I also want to acknowledge all the regents, trustees, chancellors, and presidents here today. Thank you for your service to your institutions, and I'm grateful for your partnership.

This year's conference has showcased important perspectives from leaders across higher education, philanthropy, industry, and government. Thank you especially to Governor Abbott and all our speakers for sharing your insights.

I'd also like to thank our sponsors. 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 program and production for this year's conference; it could not have happened without our dedicated team.

Can y'all help me thank our Coordinating Board team?

Again, thank you!

LOOKING BACK

I have been the Commissioner of Higher Education for more than four years, though it seems a lot longer than that – commissioner years are like dog years.

When I began this job in the fall of 2019, so many things were different. Texas was only the world's 10th-largest economy. And my pledge was to shift our agency from a traditional compliance-and-regulatory-focused posture to being an agency that would set a new standard as a resource, partner, and advocate for the students and institutions we serve.

Just a few months into my tenure, our whole world changed.

For our colleges and universities, the global pandemic was the greatest disruption to their operations since the Second World War. Enrollments plummeted, multiple revenue streams collapsed, and faculty had to convert almost all their classes to online delivery in just a few weeks.

Many of our students, faculty, staff, and their families suffered losses of jobs, physical health, and even their loved ones.

The impact of those years will always be with us.

But we came together. We adapted. We overcame.

Our state economy and higher education enrollments were faster to recover than most other states. And today, our Texas economy – now the world's eighth-largest economy – and Texas higher education are stronger than ever.

TALENT-STRONG TEXAS

One of the most important drivers of our rapid success in higher education has been a clear sense of our goals.

In my last job interview with Governor Abbott, we talked about the need to update the state's higher education goals.

When the pandemic hit, this work became even more urgent. Changes already underway in our economy were suddenly accelerated, faster than anyone expected.

So, even as we were working with public health experts, policymakers, and institutional leaders to navigate the pandemic, the Coordinating Board and our partners at the Texas Higher Education Foundation launched a project to develop a new higher education plan for Texas.

We consulted hundreds of employers, educators, and community leaders across the state. We polled the public. We distilled a new vision in [Building a Talent Strong Texas](#) to ensure the state's future competitiveness through higher education.

Our talent-strong Texas plan has three major components.

First, we expanded our target for educational attainment, for at least 60% of our entire working-age population to have a credential beyond a high school diploma by 2030.

Second, we put down a marker that we only want to count credentials of value toward our goal of 550,000 degrees, certificates, and other credentials awarded every year.

Texas is the first state to condition our goals for higher education on the value of credentials in the state economy.

We look into our data about graduates' earnings and costs, and we ask whether a typical student would be financially better off after earning a given credential. If not, we don't want to count that credential toward our goals.

Making sure that students can realize the value of their credentials also means we have to be vigilant about student debt.

So, we set a target of 95% of undergraduates finishing either with no federal or state debt – or if they have debt, it should be manageable given typical earnings for their credentials.

Third, we set new goals for increasing private and federally sponsored research by at least 1 billion dollars a year and increasing our production of research doctorates to at least 7,500 a year.

These are ambitious goals, designed to keep Texas competitive into the future.

Achieving our goals will require even closer collaborations among our colleges and universities, with K-12 schools, and with industry, so Texas can compete both in terms of our talent and in terms of our ability to work at the frontiers of knowledge, innovation, and technology.

2023 SUCCESSES

This year, we've made incredible progress, with new resources, state incentives, and expanded support for students. Already, this is translating into increased enrollments in every sector of higher education.

Most notably, [the 88th Texas Legislature made historic investments](#) of more than \$5 billion in our students and higher education institutions to advance our shared vision for building a talent-strong Texas.

One of the Legislature's most important strategic investments was establishing the Texas University Fund. This endowment will increase the number of Texas universities that can compete with leading national and global research universities, starting with a nearly \$4 billion investment that will grow over time.

The Legislature also increased state support for research, development, and innovation in other ways, including nearly \$2 billion dollars to make sure Texas can compete in semiconductors, aerospace, and space technologies.

At the request of Governor Abbott, the Legislature also delivered meaningful support for college and career advising, especially for implementation of [My Texas Future](#).

If you haven't already, you should browse our new one-stop advising tool, which we developed with support from our Tri-Agency partners, the Texas Education Agency, and the Texas Workforce Commission.

Over the coming months, we will release new features to help students explore potential career opportunities, find related higher ed programs, develop plans, and get connected.

Next summer, we will launch the new ApplyTexas within My Texas Future, which will streamline the college application process so even more Texans can unlock their potential through higher education.

The Legislature also made historic investments in [Texas community colleges](#) through the passage of House Bill 8, which fully funds the recommendations of the commission on community college finance led by Woody Hunt.

This legislation includes a completely new funding model, where 95% of community colleges' formula funding is tied directly to student outcomes. It includes new funding to stabilize small and rural-serving colleges, and more than a 125% increase in financial aid for community college students.

I am grateful to the authors, Representative Van Deaver and Senator Creighton, for their hard work that resulted in unanimous final passage of House Bill 8.

Some of y'all have joined us from around the country and may not have been following this work. So, you might think implementing a total reform of community college finance would take at least another year of planning. That's not how we work in Texas.

Because of close partnerships with state policymakers, with Ray Martinez and his team at the Texas Association of Community Colleges, William Serrata of El Paso Community College, and leaders across the state, and because of the hard work and creativity of our Coordinating Board team, House Bill 8 is in effect today.

Our new outcomes-based community college finance system and the rules we've developed together are a model for the nation – not only as an example of policy *innovation* but also for policy *implementation* – through strong, trusted collaborations among policymakers, higher education leaders, and other stakeholders.

This session, the Legislature also invested in a core responsibility for our agency as a steward of the state's combined educational and workforce data.

For years, Texas has been recognized as a leader for the scope of the data we collect, but it has often been challenging to use this data to inform key policy and operational decisions.

This was one of the key opportunities for Texas that I highlighted in my first state of higher education address four years ago.

Since then, we've been working with the Texas Higher Education Foundation, state and national philanthropies, policymakers, and institutions across the state in a transformational initiative to make that data readily accessible and useful. Now, we've completed the migration of all our legacy data into a more secure and modern cloud-based infrastructure.

This allows us to power new dashboards and tools for institutional leaders, policymakers, and the public, and power new advising tools for students.

We've already released the first round of our [public data tools on our website](#) and secure dashboards for institutions that include detailed data about enrollments and graduations, transfer student profiles, and labor market outcomes.

This work has been years in the making, and it is a game-changer, especially for our smaller institutions. I'm so excited to see what we'll be able to do with these powerful new resources to support students in completing credentials of value more efficiently and affordably and to identify and monitor regional workforce needs much more closely.

While I could keep going, these are just a few highlights of our work right now right here in Texas. I want to thank Governor Abbott, Lieutenant Governor Patrick, Speaker Phelan, and the Texas Legislature for their strong support for higher education.

Texas higher education is leading the way on multiple fronts – state investments in research and development, community college finance, college and career advising, educational and workforce data, and more – and the nation is taking notice.

Today, whenever you go to a national higher education policy conference, you expect to see a Texas institution or a policymaker on the agenda.

I am so proud of what we've accomplished together in higher education policy, despite historic challenges, in only four years.

21st CENTURY TEXAS

These historic policy reforms and investments in higher education have come not a moment too soon.

The world, our economy, and the pace of innovation continue to accelerate in directions that require more education, more credentials, and more innovation than ever before. Texas higher education must keep pace to meet our students', employers', and communities' changing needs and ensure we stay competitive throughout the 21st century.

For context, today there are more than 30 million Texans. We add about 1,000 new Texans every day. Five of the 15 largest cities in America and six of the fastest-growing cities are in Texas.

We recently hit a new record of more than 14 million jobs. And just last week, the [Bureau of Economic Analysis](#) released new data showing Texas' economy expanding faster than the United States for the fourth quarter in a row.

In fact, we have seen 24 consecutive months of job growth, and we continue to create more jobs than any other state. But we aren't just talking about the number of jobs. It's about the skills these new jobs require, especially good jobs.

The Georgetown's Center on Education and the Workforce projects about 62% of all jobs in Texas will require education and training beyond a high school diploma by 2031.

The great news for our state – and a challenge for us in higher education – is these projections look like they might be too conservative. Today, we have about the same number of jobs open in Texas as people looking for work, but most of these job seekers don't have credentials and skills that align with what employers need.

Our friends at the Texas Workforce Commission tell me that in contrast to the Georgetown projections, they're seeing more like 90% of net new jobs requiring credentials beyond high school diplomas.

This means Texas isn't just adding numbers of jobs, we're outperforming by attracting good jobs. However, today only 48% of working-age Texans have certificates or degrees beyond high school diplomas. Short-term workforce credentials might add another 6% to this estimate.

According to the Census, we still have nearly 4 million working-age Texans who have some college and no credential. We have about 2 million who don't have high school diplomas or equivalencies.

If employers can't keep pace with 21st century workforce demands by hiring Texans who have the knowledge and skills they need, they'll have to look elsewhere for talent.

When I talk with Texas business leaders, many share two concerns.

First, employers say they're generally happy with the technical capabilities of our graduates, but they're concerned about our long-term supply, especially in computer science, engineering, mathematics, data analytics, and other competitive fields.

As the vice president of one large Texas corporation told me, "We could hire every engineering graduate from Texas A&M every year and still not have enough."

That's our largest college of engineering and just one Texas employer.

In 2022, our public four-year universities awarded just over 16,000 bachelor's degrees in engineering, computer and information sciences, and mathematics.

But to put these numbers in perspective, the most recent labor market data shows more than 213,000 Texas job postings requiring a bachelor's degree in one of these fields.

The second concern I often hear from employers that even though they feel their new hires are highly intelligent and capable in terms of technical training, they're not confident the average college graduate is well prepared with other skills that help them succeed in the workplace – particularly what we sometimes call "employability" skills or "soft skills."

This feedback tracks in national surveys.

In general, employers strongly prefer graduates who have had internships and other work-based learning experiences, which is where many of us learn how to interact in a professional context. But [less than 40%](#) of American public college students have had internships. For first-generation college students, it's only 1 in 4.

Again, in Texas and across the country, our economy is racing forward in directions that require far greater skills, more education, and more credentials for a good job than ever before.

As we heard yesterday, one of the drivers has been advances in technology and AI that are changing the nature of entry-level jobs, as more routine tasks that don't require much experience can be automated.

PUBLIC OPINION

Given the growing importance of higher education and what we're hearing from employers, how do we make sense of what we are seeing in public opinion?

In the latest Gallup poll, only [36% of Americans](#) said they had quite a lot or a great deal of confidence in higher education – an all-time low.

Now, I think the general conclusion that Americans are losing faith in college has been exaggerated. Demand for our most competitive institutions and programs has never been greater. Most [current and potential college students](#) say they believe a college education is as important or more important than it was 20 years ago.

What worries me is what you see when you look more deeply into the public opinion polls.

For example, in the same [study](#) where 79% of Americans who are not currently enrolled in higher education say a degree is just as or more important than it was two decades ago, only 29% said they thought a quality, affordable education after high school was accessible to all or most people who want it.

The picture that emerges is not that employers or current or potential students don't value higher education. Most do of them do, although employers are raising important flags about the quantity and quality of graduates' preparation that we should take seriously.

The issue that I believe is even more crucial for the future of higher education is that even when current and potential students recognize the value of higher education, they aren't confident a quality higher education is accessible and affordable, and worth the cost and the risk.

I think those kinds of concerns could be behind a significant part of the decline in public confidence.

These concerns are also reasonable.

When we look into our data, we see that some degrees take seven years or more before the typical graduate will break even on their investment in college. The value of students' credentials can also be undermined by high student loan debt, lowering their returns on their investments.

In the worst cases, students don't graduate at all, and they leave with some college, no credential, debt, and worse off financially than when they first enrolled.

As a former Texas university president said, "Public confidence is the only real endowment of a state university."

Today, public confidence is shaken.

So, how will we boost employers' and students' confidence and renew public trust?

INNOVATING FOR THE FUTURE

A fundamental challenge is that our higher education institutions and systems were designed for different needs, in a time when education beyond a high school diploma wasn't essential for a good job – when the economy didn't demand as many college graduates, so it was acceptable that less than half our Texas high school graduates enrolled directly in college, and when higher education was primarily something students did to advance their standards of living in pursuit of the American dream, not just maintain.

Consider the general principle, "Every system is perfectly engineered to get the result that it does."

From this perspective, it's unlikely that just improving efficiency in our current systems will yield dramatically different results.

Now, to be clear, I'm not saying we can't be more efficient. Of course, we can.

I'm saying all our institutions might improve efficiency and productivity, increase their research expenditures, even rise in the rankings, and we could still find that 20th century policies and practices in admissions, financial aid, operations, instruction, finance, research, and innovation are inadequate to make progress at the speed of 21st century Texas.

To make more than incremental progress, we must be willing to ask deeper questions about the underlying designs of our programs, initiatives, and institutions – be willing to embrace the changes we need – and be willing to do the work.

So, what does that look like?

From my vantage point as commissioner, I have the privilege of leading the only entity charged to develop and advance a statewide view of higher education.

And still for all the dramatic changes we've made at the agency over these past four years, it is still the case that The Texas Higher Education Coordinating Board does not enroll a single student, employ a single faculty member, or award a single credential.

Our role – and commitment – is to serve as a resource, a partner, and an advocate, especially for Texas students and the institutions where the real work gets done.

Every day, I am inspired by the examples of higher education leaders who are implementing new approaches, creating new opportunities, and transforming lives. They recognize the need to innovate new models of higher education for 21st century Texas.

THE INSTITUTIONAL IMPERATIVE

Let me share a few examples.

Right now, multiple institutions are rapidly expanding workforce education programs, from semiconductor education programs at Grayson, Collin, Dallas, and Austin Community Colleges, to industry-led petrochemical and engineering programs at Del Mar and Lamar State Colleges, and of course, the continued growth of high-demand workforce programs through the Texas State Technical Colleges.

At the University of Houston Downtown, they've expanded support for student basic needs to help remove barriers related to food insecurity, housing, and transportation and keep their students on track.

At West Texas A&M, faculty are developing new associate degrees to be embedded within their bachelor's programs. This lets students earn credentials as they hit milestones on the way to bachelor's degrees. It also means the university can re-engage students who have stopped out with new credentials they've earned – and transform students from dropouts to graduates overnight.

The UT System has partnered with Coursera to launch the nation's largest microcredential initiative, to help their students enhance the value of traditional degrees with short-term certificate programs from Google, Salesforce, and other providers.

Texas Tech, The University of North Texas, the Texas State University System, and a growing number of other institutions have launched similar partnerships.

UNT will even award academic credit for these credentials, based on recommendations from the American Council on Education.

These are just some examples of what doing the work looks like across Texas higher education.

So, our major challenge isn't a lack of innovation. It is the scale and speed of the changes we're called to address for our communities, our economy, and our state. It's how to transcend the incremental pace of change we're used to in higher education and meet the urgency of this moment.

Every one of the innovators leading the work I mentioned understands this dilemma.

CLOSING

As trustees, chancellors, and presidents, I hope you'll take away from this conference a better sense of the scale of the opportunities and challenges we face, with awareness of some of the new tools, policy innovations, and resources at your disposal and inspiration from great examples of Texas higher education programs and leadership.

Now, the hard work lies ahead to get the results 21st century Texas already demands today, at the scale and speed Texas requires to stay competitive into the future.

By leaning into high-quality, short-term programs and credentials – not instead of but in addition to traditional certificate and degree programs – and by expanding opportunities for students to acquire practical, relevant work experience, we can boost our students' and employers' confidence, and bolster policymakers' and the public's trust.

- What if every one of your students had access to short-term credentials and opportunities for meaningful work-based learning experiences?

By leveraging your data, including the new tools we're providing, we can reduce students' time to credential, reduce their costs, reduce risks for our students, and restore public trust.

- What if every one of your students had a clear roadmap from enrollment to graduation, and no graduate completes with debt that's too high for their credential?

By embracing new collaborations across institutions, systems, and sectors – including postsecondary schools and industry partnerships – we can unlock the potential strength and scale of networks across our institutions and across regional economies, with unprecedented, 21st century impact.

- What if we could know, and every one of your students could know, they were ready to do the next thing in college or in work – not just because we say so but because we look?

Today, all these things are within our grasp. I am so proud of what we've already accomplished together and inspired by the examples of innovative, effective, and committed higher education leadership across the state, including the leaders here today.

Truly, there is no better place to do this work than 21st century Texas.

Thank you again for participating in these discussions the past two days, for your partnership, and for the work you continue to do for our great state.

On a personal note, I am so grateful for the opportunity to serve our students, our institutions, our agency, and our state as your commissioner.

There is so much work still to do to realize our vision of building a talent-strong Texas, but as I contemplate the work ahead, I remain not just optimistic but confident that working together, we will succeed.

Safe travels, and may God continue to bless the great state of Texas.