

# **Texas State of Higher Education Address**

## **BY COMMISSIONER HARRISON KELLER, PH.D.**

*DEC. 3, 2021*

Thank you, Donna, for that kind introduction. I want to say how much I appreciate you, Chairman Farias, and I'd like to acknowledge all of our members of the Coordinating Board who are here today. Thank you for your support and your dedicated work on behalf of Texas students and our colleges and universities.

Thanks to all of you for being here. I'm grateful you've taken time to come to Austin and participate in these conversations about the current state and future of Texas higher education.

I'm also grateful to our sponsors, including Google, the Meadows Foundation, Educate Texas, Greater Texas Foundation, the Texas Business Leadership Council, TLL Temple Foundation, and the Trellis Foundation. Because of your generosity, we're able to offer expanded programming this year.

I also want to acknowledge the dozens of regents, trustees, chancellors, and presidents who have made a point of being here for these conversations. Many of you were integral to higher education's response to the pandemic and all of you will play important roles in the exciting work ahead.

So much has changed since our last face-to-face leadership conference in 2019. When I became commissioner two years ago, none of us could have predicted a global pandemic would alter every aspect of our lives — how we work, how we engage, how we teach and learn. But I'm grateful for how we've been able to collaborate with higher education leaders, employers, and state policymakers to explore new ideas and develop a common vision of a talent strong Texas that is well-equipped to excel in a rapidly changing global economy.

Now, I'm eager to share my report on the state of Texas higher education, to reflect on the challenges we're still facing, and talk about the work that's already underway to build an even better talent strong Texas. We have a clear vision for what comes next — a vision for how Texas higher education will leverage the generational opportunities in front of us. A vision for how Texas will lead the nation.

Texas has set ambitious goals in the past, and as you'll hear, we are not backing away from them — instead, we're raising the bar.

It's hard to overstate the impact of what we've faced these past two years. For our state, the cost of the pandemic in Texans' lives and livelihoods has been staggering. More than 72,000 Texans who tested positive for COVID-19 have died. More than 4 million individuals have filed unemployment claims since March 2020, out of a workforce of about 14 million.

At the height of the pandemic, the Texas Workforce Commission was processing more unemployment claims each week than they had typically handled in a month, and more in a month than they'd handled in the previous year. For our colleges and universities, the COVID-19 pandemic was the largest disruption since the Second World War.

We saw large declines in enrollments, especially of students who are low income, as many students lost jobs and their family situations changed. Direct-to-college enrollments of high school graduates dropped more than 6%. Dual credit enrollments of high school students dropped about 8%. Transfer from community colleges to universities dropped about 8%. These rapid enrollment declines especially took a toll on our smaller colleges, which are more dependent on tuition and state formula funding. And all our institutions experienced an unprecedented confluence of increased costs and the simultaneous collapse of revenue streams from tuition, housing, food service, events, and athletics. Students and institutions have repeatedly had to adapt to these and other challenges — thanks to the leadership of many of you in this room.

This year, we're recognizing 10 colleges and universities as our 2021 Star Award winners. These institutions exemplified innovative and effective approaches to keep students, faculty, and staff safe and to support community public health responses. Their work is inspiring.

For example, when regional hospitals were in crucial need of ventilators, Texas A&M Commerce used 3D printing technologies to convert BiPap machines to ventilators for hospitalized patients. Lone Star College set up a virtual hospital setting to provide EMS training to firefighter cadets. And Houston Community College partnered with HEB to train grocery workers in their computer labs to keep critical supply chains running.

These honorees were chosen from a very impressive set of nominations. Again, I want to congratulate our Star Award winners and say thank you.

The pandemic also accelerated changes already underway in our economy — much faster than anyone anticipated. These disruptions have increased the returns to higher education.

Of those 4 million individuals who filed for unemployment, more than half had high school diplomas or less; only about 3% had bachelor's degrees.

Now, as our economy is recovering quickly, the unemployment rates for individuals who only have high school diplomas are still more than double those for bachelor's degree holders. And unemployment rates for individuals with less than a high school diploma are more than triple the unemployment rates for bachelor's degree holders.

The chairman of the Texas Workforce Commission recently testified that the gaps between the skills and credentials that most Texans have today and the skills required for most of the new jobs being created translates into a gap of 1.4 million jobs.

Education beyond high school is increasingly essential.

Today, enrollments at our colleges and universities are coming back. I'm happy to report that total fall 2021 enrollments are up over fall 2019 in almost every sector in higher education — except for our community colleges, where enrollments are down by about 11%, about 85,000 students. We have more work to do to understand what is driving that decline in community college enrollment; it may largely correspond to the availability of entry-level jobs.

Normally, we think of labor market participation as something positive. But many students have taken lower-skilled, entry-level jobs instead of enrolling in college or pursuing a skilled trade apprenticeship. Those short-term decisions can create a strategic vulnerability for students and the state. Both benefit when students trade short-term gains for paths that lead to better job prospects and greater economic mobility.

The impact of the pandemic on our students and our colleges and universities is profound, and our higher education leaders repeatedly have had to pivot to meet the needs of their students and the state. Thanks to your leadership, this disruption has also created a historic window of opportunity for Texas.

Last year, every college and university converted almost every course to online delivery in about two weeks. Several institutions shifted entire calendars and course schedules, breaking three-credit courses into multiple one-credit courses, experimenting with more intensive lab sections, and expanding flexible program offerings.

The creative energy of faculty, departments, and institutions across the state was suddenly channeled in new directions. That creativity — particularly the creativity of faculty innovators — will be essential to drive unprecedented innovations in teaching and learning, realize the historic window of opportunity that is now open for higher education, and expand access for generations of Texans to come.

As I said, the COVID-19 pandemic has been the largest disruption to our colleges and universities since the Second World War.

If we reflect back, the defining moment for American higher education in the post-World War II era was enactment of the GI Bill. Policymakers foresaw that the way forward from the pre-war economy to a new era of American prosperity, was through higher education. America invested in its talent on a grand scale — by giving its veterans, who had fought for so much already, the chance to build a more prosperous future.

This changed the trajectory of American history. Campuses across America opened their doors to a new generation of students, resulting in an economic boom, a golden age of American capitalism. And the fruits of this prosperity were available to more people than ever before.

Now, as we emerge from the global pandemic, we have arrived at another defining moment in history. In Texas, the window of opportunity is open for us to work together to advance an ambitious vision for higher education that will enrich the lives of generations to come.

Just as the history of our nation changed trajectories after enacting the GI Bill, we can rethink our assumptions about who our students are. We should think of our students well beyond those who are enrolled in traditional degree programs, including thousands more high school students, part-time online students, and working adults who will benefit from more flexible, short-term programs aligned with current and emerging jobs. By widening our lens on who we serve, we ensure all of Texas prospers.

In Texas, the hard work is already underway.

Governor Abbott and the legislative leadership recognized early in the pandemic that raising the bar in higher education would be central to the state's economic recovery and future competitiveness. Thanks to them, Texas was only one of a few states that prioritized discretionary federal stimulus funds through the Governor's Emergency Education Relief Fund for higher education, known as GEER.

So far, the governor and legislative leadership's commitments of more than a quarter billion dollars in GEER funds for higher education have enabled us to do the following:

- We were able to insulate our major need-based financial aid programs from budget cuts during the initial financial shocks of the pandemic. Working with our institutions, we were also able to deploy tens of millions of dollars in emergency financial aid, to help more than 60,000 students stay on track and avoid dropping out.
- We've awarded grants to dozens of public and private colleges and universities to accelerate digital learning. This work by teams of faculty innovators is rapidly expanding the state library of Open Educational Resources available at no cost to students. We're also supporting exciting new collaborations among our colleges and universities to share and enhance the digital content they use to support faculty.

- We've been working with the Governor's Tri-Agency Workforce Initiative, higher education institutions, and private philanthropy to modernize our state educational and workforce data infrastructure. This will enable us to streamline and automate the collection and reporting of higher education and workforce data to inform decisions and drive improvement.
- And we're providing seed funding to community colleges and universities to rapidly expand short-term credentials that align with regional and state workforce needs. This includes more than \$26 million in GEER funds to accelerate implementation of Senate Bill 1102, sponsored by Chairman Creighton. That law will expand community college workforce offerings through the Texas Reskilling and Upskilling through Education or TRUE program.

The 87th Texas Legislature has also made substantial investments in higher education, including recent appropriations of an additional \$15 million for the TRUE program at community colleges, \$20 million for comprehensive regional universities, \$50 million each to Texas Tech University and the University of Houston to accelerate their research capabilities, and most notably, the authorization of about \$3.3 billion in major capital projects at our public universities.

I'm thrilled to be able to share with you all this morning that later today, Governor Abbott will be announcing an additional investment in GEER funding for Texas higher education to support the critical work underway across the state in areas including nursing, college and career advising, student success, and direct aid to students. Thank you to our lawmakers for their continued investments in higher education and for recognizing the window of opportunity that is open for us.

A few weeks ago, I was at a meeting in Washington with my counterparts from other states. And I can report that this deep commitment to strengthening higher education isn't something you see in many other states. In Texas, it reflects the commitment of the governor and legislative leadership, who understand the strategic importance of higher education for short-term economic recovery and long-term competitiveness for Texas.

The stage is set for us to consider not only what Texas needs today from higher education but also how Texas can continue to raise the bar for generations to come.

I recall a conversation I had last year when one of our policymakers asked what higher education's major accomplishments should be when we look back in 50 years. To me, we must address three key dilemmas to unleash the potential of Texas talent and ensure our competitiveness into the future.

First, preparing for the workforce. During the pandemic, hundreds of thousands of Texans not only found themselves out of work but needing additional skills to get back into the workforce. Employers' needs are changing faster than anyone expected, from hospitals and tech firms to the new Tesla plant over on Highway 130. Texas employers are hiring, and they're vigorously searching for employees with the right skills and credentials that provide value in these jobs.

So, the question is: How we can increase the number and diversity of Texans with the skills and credentials that enable individuals and employers to be competitive in a rapidly changing global economy?

The second dilemma is student success. Far too many students stop out or drop out of colleges and universities with some college credit but no credential, especially students who are low income, and Black and Hispanic students. The U.S. Census estimates that nearly 4 million Texans have some college but no degree. If those former students have taken out debt, they can end up far worse than when they enrolled.

So, the question here is: How do we effectively and equitably improve our talent pipeline, from initial enrollment to graduation?

The third dilemma we must address is research and development. Texas has a gross domestic product of \$2 trillion. We have the ninth-largest economy in the world. And so far, we're home to 50 of the Fortune 500 corporations, including companies working at the frontiers of energy, technology, finance, and aerospace. Yet, we still have only three universities counted among the world's top 200.

Our economy is moving in directions that depend on knowledge and information faster than anyone ever anticipated. Like other great economies, Texas relies on the talent and discoveries produced by great universities, as engines of medical advances, technology innovations, and economic development. We saw that last year. The innovations that powered at least four of the COVID-19 vaccines were driven by discoveries made right here at a UT Austin lab, by Professor Jason McLellan and his team.

So, my final question is: How can we bolster our higher education research and development infrastructure to transcend the limits of knowledge, discovery, and innovation, especially to benefit local communities, regional economies, and the state?

Of course, these dilemmas are formidable — much larger than any single college, university, or system can solve on its own. To continue our progress, we need to make sure we have the right goals.

When I became commissioner in 2019, it was already clear the Texas economy was changing. More and more employers were looking for workers with certificates, degrees, and other postsecondary credentials. This was true in energy, in health care, in IT. It was true with companies that were native to Texas and those moving here from California and other states — startup companies and legacy employers.

So, we started a discussion with the governor's office about what it might take to update our state's 60x30TX higher education strategic plan, to better reflect the state's needs — to raise the bar. In February 2020, those discussions led to a formal charge from the governor to the Governor's Tri-Agency Workforce Initiative. Then COVID-19 hit and put these changes on the fast track.

Over the past year, we have been working with a steering committee of Coordinating Board members and members of the Texas Higher Education Foundation Board, with our Tri-Agency partners, and in consultation with employers, higher education leaders, and policymakers across the state to update our higher education goals. I'm excited to share this work with you.

In October, the Coordinating Board adopted the architecture for the updated plan, which we're calling Building a Talent Strong Texas. Next month, the board will adopt specific targets to measure progress. I'll talk briefly about the major considerations this new plan will address.

First, our current plan focuses primarily on our young working population, ages 25-34. We don't want to lose focus on our younger, more traditional age population, but we also understand our economy is changing faster than anyone expected. That's why we're raising the bar to include an attainment goal for 35-64-year-olds who need to reskill or upskill to compete in today's economy.

This goal underscores the importance of shifting our focus to think more broadly about who we serve — to acknowledge and embrace all Texans who want to pursue higher education, even when they don't fit the traditional student profile.

Second, we need to push ourselves so that we're not just aiming generically at educational attainment but are leading the nation in producing credentials of value. This includes a broader range of credentials than just our traditional degrees and certificates. It also includes short-term credentials and workforce credentials we haven't historically been tracking. Texas will be the first state to tie our completion goals directly to the wage premiums associated with postsecondary credentials. The first state.

The third important element has to do with student debt. Our current 60x30TX plan includes a goal aimed at students having debt at or below 60% of their first-year wages. That isn't very intuitive for students and families. So, we will continue to include a goal on student debt, but we will focus on students either having no debt at all (because more than half our students currently graduate with no debt) or students having low, manageable debt given the typical earnings for the credential they complete.

Fourth, it's striking that our current plan is completely silent on the vital research and development missions of our institutions. A lot of this work will focus on bolstering our research universities and accelerating the progress our emerging research universities are making.

At the same time, we shouldn't ignore the increasingly important roles regional universities and community colleges play through incubators, maker spaces, software development labs, and strategic partnerships. For example, last year,

the Army Futures Command and Austin Community College District partnered to open what they call the Software Factory. It provides a training pipeline for soldiers in areas like data science and AI while also connecting them with industry partners. When the Software Collaboration launched at the height of COVID, it was the first research collaboration of its kind in Texas between a community college and an outside partner. But it won't be the last. That's one reason we will aim to expand private and federally sponsored research across all our institutions.

And, throughout our work to advance our goals, we must be even more intentionally committed to advancing equity. In raw numbers, Texas grew more than any other state over the past decade and is one of the youngest and most diverse states in the nation. More than 95% of our growth over the past decade was in communities of color. That means if we're not advancing our goals equitably, we cannot meet those goals.

At the Coordinating Board, our updated state goals will guide all of our priorities, partnerships, projects, and policy work over the next year and beyond.

We will double down on our work with community and technical colleges, universities, health related institutions, systems — and in partnership with Texas employers — to expand short-term credential offerings that align with workforce needs. Short-term, flexible credentials will be essential for expanding access and opportunity for more Texans and realizing our goals.

We will deepen our partnerships with TEA and the Workforce Commission, and continue to work with institutions, employers, chambers of commerce, and other partners to strengthen college and career advising across the state, from middle school students to adult learners.

We will deploy new online tools for students and families, institutional leaders, and the public to help inform their decisions. An important part of this work will include interactive advising resources for students and their families. We will also release public data dashboards for our new goals that present data by program, disaggregated by race, sex, and income.

And we look forward to supporting our policymakers as they work to align our state higher education finance systems with our state higher education goals, starting with the work that's already underway in the Community College Finance Commission. Our current higher education finance system was designed for another era, not the dynamic and rapidly changing 21st century economy.

Yes, the challenges we've faced these past two years were formidable, and there is much more work to be done. Your students, your institutions, and your communities have real and urgent needs.

At the same time, it's important to acknowledge the progress you've already made. It's also important to acknowledge the historic window of opportunity that's open now because of the hard work and innovation of our Texas higher education leaders, faculty, and staff, and because of strategic investments by our state leadership.

I look forward to continuing our work with you and your institutions so we can take full advantage of this moment — a moment like we haven't seen since the GI Bill changed higher education three-quarters of a century ago. The Coordinating Board, my team, and I are committed to serving as a resource, partner, and advocate for you and your colleagues in Texas higher education. And over the next year, we're ready to accelerate our work together.

We all know the disruptions and setbacks we've experienced during the COVID-19 pandemic. But we're not backing off our ambitious goals. Instead, we're raising the bar.

We are raising the bar to serve more Texans than we've ever served before, including Texas students who stopped out before completing postsecondary credentials and hundreds of thousands of adults who need to reskill or upskill.

We are raising the bar to ensure all students can earn credentials of value in the Texas labor market, with a clear line of sight to good jobs and fulfilling careers, all while leveraging the data we collect to guide our investments and drive improvements.

We are raising the bar to bolster our capabilities to work at the frontiers of human knowledge and discovery and to accelerate the pace of innovation and commercialization.

Most of all, we must raise the bar to make sure all Texans can participate in, benefit from, and contribute to the unique opportunities of our great state.

That is how we'll ensure Texas competitiveness for the long term, by working together, leading the nation, and doubling down on our commitment to Building a Talent Strong Texas.

I appreciate your contributions over the past day and a half. For those of you who traveled across the state to join us, please travel safely as you make your way back home. I look forward to continuing our conversations and partnership, and I hope to see you again soon.

Thank you, and God Bless the great state of Texas.