



52nd Chancellor's Council Annual Meeting & Symposium

Friday, April 26, 2019

State of the System

Chancellor James B. Milliken

Thank you's

Thank you, Regent Perez, for that kind introduction. Nolan was one of the first people I met in Texas, and he seems to be everywhere. The list of organizations Nolan had to resign from to serve on the Board of Regents would make up an impressive resume by itself. I couldn't be more pleased that he'll be bringing his intelligence and energy to the Board.

I'm certainly impressed by our other new Regents: Jody Jiles of Houston, who was just introduced, Christina Melton Crain of Dallas, and Kelcy Warren, also of Dallas. Three of the four are members of the Chancellor's Council, and all bring tremendous leadership, experience and commitment to UT institutions and Texas.

I want thank James Huffines, who after distinguished service to the UT System, including as Chairman of the Board of Regents, agreed to serve as Chair of the Chancellor's Council during my first year. James and I met when he was on the Chancellor Search Committee, and I consider myself lucky to have met him early and to have James and Patty as friends and advisors.

James will be succeeded by another friend, Bob Shepard. I met Bob and Anne through the Chancellor's Council, and their commitment to higher education, the UT System, and Texas is unsurpassed. I continue to be lucky.

Most of all, I want to thank all of you for taking the time to be here, for your commitment to the UT System, and for helping make Nana and me feel so welcome in Texas. Since I became Chancellor, we've traveled all over this great state, and everywhere I go I meet people who tell me "I'm on your Chancellor's Council." I like that!

Texas Ethos

For countless reasons, it feels great to be a Texan – although one of seven and a half months! It may say something about my lack of sense to say I got here as quickly as I could, so let's just say I spent 30 years getting the training sufficient to serve as Chancellor!

Many things attracted us to Texas. Of course, the most important thing was the opportunity to be part of this extraordinary university system. But it's more than that. It's Texas.

I have always sensed that there's an extraordinary level of ambition, confidence, and optimism that's part of this state's DNA, and that has been confirmed every day since I arrived.

And I share those qualities ... so I must be a Texan.

When you look around the country, you see lots of folks pessimistic about the future, questioning their ability to meet challenges, and even questioning the value of college.

Not so in Texas. The video we saw earlier captured some of the strengths of this incredible university system of 8 academic and 6 health institutions, with 240,000 students and an annual budget of over \$20B, which fills Texans with justifiable pride. The Nobel Laureates, Pulitzer Prize winners, members of the National Academies add to that luster and value for our state.

But it wasn't until I traveled across this immense state, visited all the UT institutions—most of them multiple times—met with the students, faculty, and university supporters that I began to grasp the magnitude of what's going on here in Texas.

The University of Texas System is our state's most important asset. It has been for a long time.

It's up to us to see that it always will be.

It's hard to imagine a university system better positioned today. We have unparalleled assets in 2 million acres of the best oil and gas producing land in the world. Thanks to the foresight of our forefathers and the prudent management of our resources, the UT System endowment has just surpassed Yale, and is second in size only to Harvard. And I like our chances in the future.

We enjoy a very strong relationship, thanks in large part to you and other critical university supporters, with Governor Abbott and the Texas Legislature. I don't want to jinx anything, but at this point, we are enjoying a good legislative session.

When I arrived, people warned me about the Legislature and the politics in Texas, and said it was unfortunate I didn't get a honeymoon before a session. I feel just the opposite. First, I like politics and politicians; I've always felt if you don't, you probably shouldn't be at a public university system. And if I am to have any kind of honeymoon, I don't want to waste it; I want to spend it at budget hearings and building relationships with legislators. So far, I've been impressed by the quality of our public officials and their understanding of and commitment to our institutions.

If I could ask all of you for one thing today it would be this: call, write, or best yet, talk to your representative and senator in person and let them know how much you appreciate their hard work and their commitment to the UT System institutions. I'm quite serious, so I'm going to repeat it. After you leave here, please make it a point to connect with your representative and senator and say two things: say thank you, and tell them how much their support of the UT System means to you...and to Texas.

Talent and Opportunity

I don't really remember why I left Wall Street 30 years ago and started down a path in higher education that led us to Texas.

But I do know exactly why I have kept doing it, in 4 states at very different, large university systems. It's pretty simple, really.

I believe that talent is universal – distributed evenly regardless of race, gender, ethnicity, national origin, zip code, or anything else. But opportunity is not. It remains stubbornly most highly correlated with wealth at birth.

It's higher education – and public higher education, which produces 70% of the nation's graduates – that allows our society to match the great talent – much still untapped – with opportunity.

It is the most powerful engine of social and economic mobility the world has ever known.

For individuals, it's likely the difference between being well-employed, under-employed, or unemployed.

College graduates make over a million dollars more than high school graduates over the course of their career, and that gap continues to increase.

Higher levels of educational attainment create stronger families, better health, longer lifespans, and more civic engagement.

When a student graduates – particularly a first generation college-goer – it affects the lives of their family and community for generations.

Regions and states with the highest education attainment rates invariably have the most dynamic economies, the most successful businesses, the most groundbreaking research driving innovation, and the best health.

Higher education attainment increases just about everything good, and it decreases just about everything bad.

So, even if Texas were stagnant, I would be advocating for increased college-going and completion.

Growth in Texas

But Texas is anything but stagnant. We're growing so fast, our population may double by 2050. 30 years.

I am convinced that the defining challenge of our generation is how well we prepare for the education and health of a much larger Texas.

That's the defining challenge of the UT System too.

The state demographer says we're growing by about 1,000 people a day, split evenly between births outnumbering deaths and new Texans moving here. And the growth rate isn't linear! It's increasing rapidly.

I like to think of this in personal terms. Compared to you, Nana and I may still be newcomers ... but we've been Texans longer than almost a quarter million of our neighbors.

Growth is a good problem to have. Ask people in the Midwest and Northeast; it beats shrinking any day.

But we can't hope to serve a population twice as big with the same assets and investment we have today.

And it won't be business as usual. It's a pretty safe bet that the state will not double the number of colleges and universities and health science centers over the next 30 years. The UT System will not have 28 institutions.

We cannot meet our challenges, or to put it in a more Texan way, take advantage of our opportunities, by simply doing more of what we've done in the past.

It won't be just about being bigger; it will be about doing better. More innovation, more efficiency, more entrepreneurship, much more collaboration.

And it plays to our strengths; the pillars of strength of the UT System, education, research and health care.

Educational Attainment

I'll start with education.

One of the things I love about Texans is that they don't like to compare unfavorably to anybody, in anything – let alone something as important as education. They're ambitious and competitive. So am I.

So I know you're as bothered as I am that today, our state ranks 35th in educational attainment.

But given our growth, the reality is that without big improvements, our attainment rates will get worse, and we will fall farther behind.

I believe the diversity of Texas is a wonderful thing; a great advantage in a global, diverse, innovation-based economy.

But if we don't find a way to close the achievement gaps we saw in the video, our population will not be in a position to lead the state in the decades ahead.

It's up to us to achieve levels of educational attainment across the board that position Texas to lead.

Our students have changed and they will change even more.

They're more likely to come from low-income households ...

to have been born in another country ...

to be the first in their family to attend college ...

to hold down one or two jobs while in school ...

At the same time our students are changing, the world we're preparing them for is changing... dramatically. We are fast approaching a time when all new jobs will require education beyond high school. 100 percent! Not just baccalaureate degrees, but also associate degrees and certificates. And lifelong learning is essential to retool the workers who will change jobs and careers many times during their lives.

We need new and better strategies.

Strategies that neither begin, nor end, with college.

We need deeper and more effective partnerships in early childhood education, with K-12, and the private sector.

We need to double down on early college, dual credit and other high school programs that give degree seekers a running start. It costs less for students and families, and research demonstrates that with an early start, students have better retention and graduation rates.

And there is almost nothing more important than increasing graduation rates. It saves money, reduces debt loads and default rates, and provides economic benefits to far more people.

We need to take the friction out of transfer among sectors and institutions. We aren't competing with community colleges; we're essential partners and we need to do everything we can to make it simple for qualified community college students to transfer to institutions where they can pursue their goals.

Pretty simple principle here: students come first, not institutions.

We need to make better, smarter use of technology ... including advanced analytics and artificial intelligence tools that help students learn and stay on track to graduate. There are new tools that advance this work tremendously and we need to be taking full advantage.

And we need dramatically more high-quality online education, for students seeking traditional degrees, as well as for working adults who need to refresh their skill set throughout their careers. Again, the objective has to be what is best for lifelong learners. Of course we won't put our valuable name on or advocate for anything that isn't of the highest quality with demonstrated great outcomes, but I am convinced that those who say it can't be done are wrong.

As the state's largest and most influential provider of higher education, by far, the UT System must lead the way.

Health

Equally important, in positioning Texas for competitiveness and success in the years ahead, is improving the health of Texans.

UT health institutions were created to do just that--from educating more health professionals by far than any other system in the state, to doing by far the most advanced medical research, and providing the best clinical care.

We've been doing that since UT Medical Branch was founded in 1891.

Now, the UT System has 6 medical schools, 5 more than any other university system in the state, and six free-standing health related institutions. We award nearly two-thirds of the state's health professional degrees, and train 7 out of 10 medical residents.

And while we do better than most states in some areas, like cancer care, we lag far behind most states in some other important health outcomes, like prevalence of diabetes, mortality from diseases caused by smoking and obesity, and even medical providers per capita.

We are doing many things well now, but in a much larger Texas we'll need to do much more. We need a vision that is as big as Texas. Here's one example of how we're expanding our vision to serve our entire state:

Like many of you, I'm sure, I've been surprised that so many people don't even realize that MD Anderson – the world's greatest cancer center – is part of the UT System.

Its well-earned international reputation is so great that in the eyes of many, it stands alone.

But it is the great good fortune of the people of Texas that MD Anderson does not stand alone.

The people and leadership of MD Anderson are hard at work doing the exact opposite – extending their reach, through partnerships and collaborations with institutions, whether with UTMB in League City, with UT Health Tyler and UT Health San Antonio – to provide its world-class cancer care to previously underserved communities.

It's a great Texas advantage, and compelling evidence that a great university system is, at its best, far more than a sum of its parts.

I'd like to briefly address three other priorities where Texas and the UT System have unique opportunities to participate in the prosperity and advancement of our state and nation, where we are better and stronger working together, bridging our institutions to better serve Texas and the world. The underlying principle here is that we exist to serve the people of Texas. Period.

Permian Basin

First, the Permian Basin.

I've been there several times already and I understand that, on its current growth trajectory, the Permian Basin would rank as the fourth largest oil and gas producing

country in the world by 2025, and is making the U.S. number one in the world in production.

Our University Lands are a big part of the area's success – and of ours. The 2.1 million acres of West Texas land that we own have been a great boon to UT, the UT System, and Texas A&M for generations. We have a huge – and direct – stake in the future of the Permian Basin.

The Midland-Odessa region must prepare for an estimated 150,000 new residents, and we're working closely with the Permian Strategic Partnership on five critical areas where it needs help – education, workforce, housing, infrastructure, and health care.

Certainly our campus in the Permian Basin, but also other campuses with relevant strengths will have roles to play, in engineering, water quality, health care and more. Another instance where the state will depend on the UT System to be more than the sum of its parts.

TMC3

The Texas Medical Center in Houston, a great success story, is the largest medical complex in the world. And our two local institutions, UT Health Houston and MD Anderson, make up over 60 percent of this tremendous Texas resource. But it has underperformed in moving innovation from the research bench to the bedside, where lives are improved and saved.

TMC3 is the translational research and innovation campus to be developed adjacent to the Medical Center. It's a collaboration of the Center's four leading academic health centers – UT Health, MD Anderson, Baylor College of Medicine, and Texas A&M.

These four institutions will be working together to develop and commercialize advances in life sciences. They will take advantage of the unmatched capacity and their proximity to compete globally. And we are all in on this. 100%

It's a big endeavor, and a big opportunity – and with two of the four institutions part of the System, we are key to its ultimate success.

Army Futures Command

Finally, Army Futures Command.

Just down the road, in the UT System Building, we are the home of the new, highly sought-after Army Futures Command – which represents the most significant reorganization of the U.S. Army in half a century.

Cities and states all over America vied for the opportunity to host it, and Texas and Austin won. The Army Futures Command will work closely with UT institutions and other universities and industries to accelerate the development of new technologies and systems to ensure that our country has the best defense capabilities in the world.

It is a tremendous opportunity to work alongside them.

We see our Army Futures Command partners every day, and the relationships, ideas, and innovation that will emerge from this proximity are exciting. We're helping to connect them to the schools, departments, and people – at UT Austin and throughout the System – who are the experts they're eager to collaborate and innovate with. General Murray and his team have been working with UT Austin, and that work is exciting. They've also visited and are exploring engagement with UT Southwestern, UT Arlington, UT Dallas and UT San Antonio. This is big stuff. It's the US Army and there's enough room for all of our talented faculty and students who want to be involved to do so.

We won the site competition, but that's just the step one. Army Futures Command recently announced a new partnership with Carnegie Mellon, and they're working with Stanford and other world-class competitors of ours.

Oh yeah, and a university in College Station.

So the pressure's on; we need to take advantage of our opportunity now, aggressively.

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I may be relatively new, but some things are clear to me.

First, the state of the UT System is very strong – stronger even than I realized when I got here.

Second, we're going to need every bit of that strength ...

bolstered by the confidence, ambition, and optimism embedded in our state's DNA ...

to meet the challenge of serving a much larger Texas.

It's a challenge worthy of a great System, and it's the defining challenge of our time.

And the support of Texans like you has much to do with how successful we'll be.

So thank you for your commitment, guidance, and friendship.

And if you see me on the street, please say "I'm part of your Chancellor's Council." It will make my day!

Thank you.