

EXECUTIVE SUMMARY

Background & Context

- National and local concern over increases in college costs and related concerns about affordability have prompted an intensified interest in efficiency and productivity in higher education.
- There are conflicting theories by economists about why college costs have increased more than inflation
- Policy makers in Texas and nationally have been seeking more information about efficiency and productivity in light of the recent economic downturn and expected scarcity of state resources for higher education
- This research brief examines the evidence regarding productivity and efficiency for the UT System in light of recent reports/policy initiatives including:
 - The Delta Project
 - THECB's Advisory Committee on Higher Education Cost Efficiencies Report to the Governor
 - Center for College Affordability & Productivity's report "25 Ways to Reduce College Costs"
 - Bain Report (UC Berkeley) Achieving Operational Excellence
 - The Goldwater Institute's Policy Report "Administrative Bloat at American Universities: The Real Reason for High Costs in Higher Education"

Comprehensive Analysis

Efficiency in Degree Production

Based on the nationally recognized Delta Project methodology, UT academic institutions are doing more with less than their benchmark comparison groups:

- It costs less to produce a degree at UT academic institutions (37% less on average).

Responsible Administration

UT academic institutions are demonstrating responsible administration:

- Employees per 100 FTE students have increased but remain 67% of national average.
- Spending per student has increased, but average total spending is barely half the national average.
- Administrative costs have remained between 7% and 8% of total expenses over the past 10 years.

Impressive Efficiency Gains

UT System efficiency initiatives demonstrate a proactive response to national and local recommendations to cut costs and find efficiencies:

- Documented \$1.42 billion in savings, avoided costs, and increased investment earnings over the past 5 years (including \$565 million in 2010 alone) from System-level efficiency initiatives.

Conclusions

- The UT System is dedicated to becoming more productive and efficient and to methodically and thoughtfully measuring progress over time.
- The evidence on degree productivity, consistent with the nationally recognized Delta Project, shows that UT System academic universities are significantly more efficient at producing degrees than statistically selected national peers (37% more efficient on average).
- UT System's administrative costs trends show responsible use of resources.
- Even though productivity is very important, it is not the only objective of the UT System. Evaluating the efficiency and productivity of universities must be balanced with other important objectives such as increasing quality, access, graduation success, and research competitiveness.
- Recent efficiency initiatives of the UT System produced over \$1.42 billion in savings, earnings or generated value in the last 5 years. This is in addition to campus-level initiatives underway at all UT System institutions to help improve efficiency and productivity.

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