



Lawrence F. Alwin, CPA

Two Commodore Plaza
206 East Ninth Street, Suite 1900
Austin, Texas 78701

Phone: (512) 479-4700
Fax: (512) 479-4884

A Profile of Four Texas Public University Systems

January 27, 1999

Members of the Legislative Audit Committee:

The attached profile of four Texas public university systems is an interim product of our management control audit of these system offices. Although our audit is still in progress, we are releasing this information now because we think it will be useful during the legislative session.

How Universities are Organized in Texas

Forty-seven (85 percent) of the 55 Texas public universities, medical institutions, and research entities belong to one of four systems:

- The University of Texas System (UT System)
- Texas A&M University System (A&M System)
- Texas State University System (TSUS)
- University of Houston System (UH System)

Four of the entities operating outside the systems are administered by chancellors, but are not legislated as systems:

- Texas Tech University/Texas Tech University Health Sciences Center
- University of North Texas/University of North Texas Health Science Center at Fort Worth

The four independent public universities are Midwestern State University, Stephen F. Austin State University, Texas Southern University, and Texas Woman's University.

Unlike the final product—an audit report we expect to release in June 1999—this information does not contain audit findings, recommendations, or client responses. It does include information on each system's:

- Size and finances (page 1)
- Location of components (page 3)
- Board committees and key administrative positions (page 5)
- Services provided to its board of regents and components (page 7)
- Statutory requirements (page 10)
- Comparisons to systems in six other states (page 12)

The system offices have reviewed this information for accuracy. The advance release of this document is

available on the Internet at <http://204.65.216.3/univsystems/profiles.htm>. The public release will be available on January 29 at www.sao.state.tx.us. If you have any questions, please contact Carol Smith, Audit Manager, at (512) 479-4700.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

cbg/Attachment

cc: Chancellors and Board Chairs of Texas public university systems
Senate and House Committees on Higher Education

SAO Report No. 99-022

Size and Finances

Wide differences exist in the financial resources for which the four systems are responsible. Assets are 14 times greater and revenues are 10 times greater at the UT System than at the UH System or TSUS. The UT System's assets are more than four times greater than the A&M System's assets; revenues are three times greater.

Staffing at the system level also varies widely. Although TSUS has more students and a similar resource base as that of the UH System, the UH System administration employs more staff to provide a greater range of services to its components than does TSUS.

The number of component institutions, excluding system administration offices, range from a high of 19 components at the A&M System to a low of 4 components at the UH System. (See Table 1.)

Table 1

Size and Finances				
	UT System	A&M System	UH System	TSUS
Year Established	1881	1948	1977	1
Size				
Number of Components ²	15 ³	19 ⁴	4	9
Number of Students ⁵ (Fall 1998)	131,241	84,809	48,826	57,418
Number of Medical Students ⁵ (Fall 1998)	9,424	3,787	N/A	N/A
Number of Full-Time Equivalent Employees in Systems Offices (1999 Budgeted)	426	255	154 ⁶	10
Number of Board Members	9	9	9	9

Sources: Size - University system officials unless otherwise noted; Financial information - each system's annual financial report for fiscal year 1998 (unaudited).

Contents	
Size and Finances.....	1
Components of the Four Texas Public University Systems	3
Board Committees and Key Administrators	5
Services Provided	7
Statutory Responsibilities	10
Comparisons to Systems in Other States	12

¹ In 1911, the Legislature created the State Normal School Board to control and manage the four state normal schools. The system's name was changed to the Texas State University System in 1975.

² Excludes system administrative offices.

³ Includes six medical components.

⁴ Includes one medical component and eight agencies that conduct research and provide outreach and continuing education.

⁵ Data is from the Texas Higher Education Coordinating Board's 1998 Preliminary Fall Headcount as of January 19, 1999 (www.theccb.state.tx.us).

⁶ Eighty-one of these employees work for KUHT TV, the public television station.

⁷ Includes \$7.4 billion in Permanent University Fund (PUF) assets; the UT System maintains this fund for the benefit of The UT and A&M Systems, as stated in Acts 1931, 42 Legislature, Chapter 42, Section 1, page 64.

Table 1, concluded

Finances				
Assets (Fiscal Year 1998)	\$20.4 billion ⁷	\$4.6 billion	\$1.4 billion	\$1.4 billion
Liabilities (Fiscal Year 1998)	\$3.5 billion	\$1.4 billion	\$257 million	\$269 million
Revenues (Fiscal Year 1998)	\$5.1 billion	\$1.7 billion	\$501 million	\$498 million
Expenditures (Fiscal Year 1998)	\$4.8 billion	\$1.5 billion	\$457million	\$436 million

Sources: Size - University system officials unless otherwise noted; Financial information - each system's annual financial report for fiscal year 1998 (unaudited).

¹ In 1911, the Legislature created the State Normal School Board to control and manage the four state normal schools. The system's name was changed to the Texas State University System in 1975.

² Excludes system administrative offices.

³ Includes six medical components.

⁴ Includes one medical component and eight agencies that conduct research and provide outreach and continuing education.

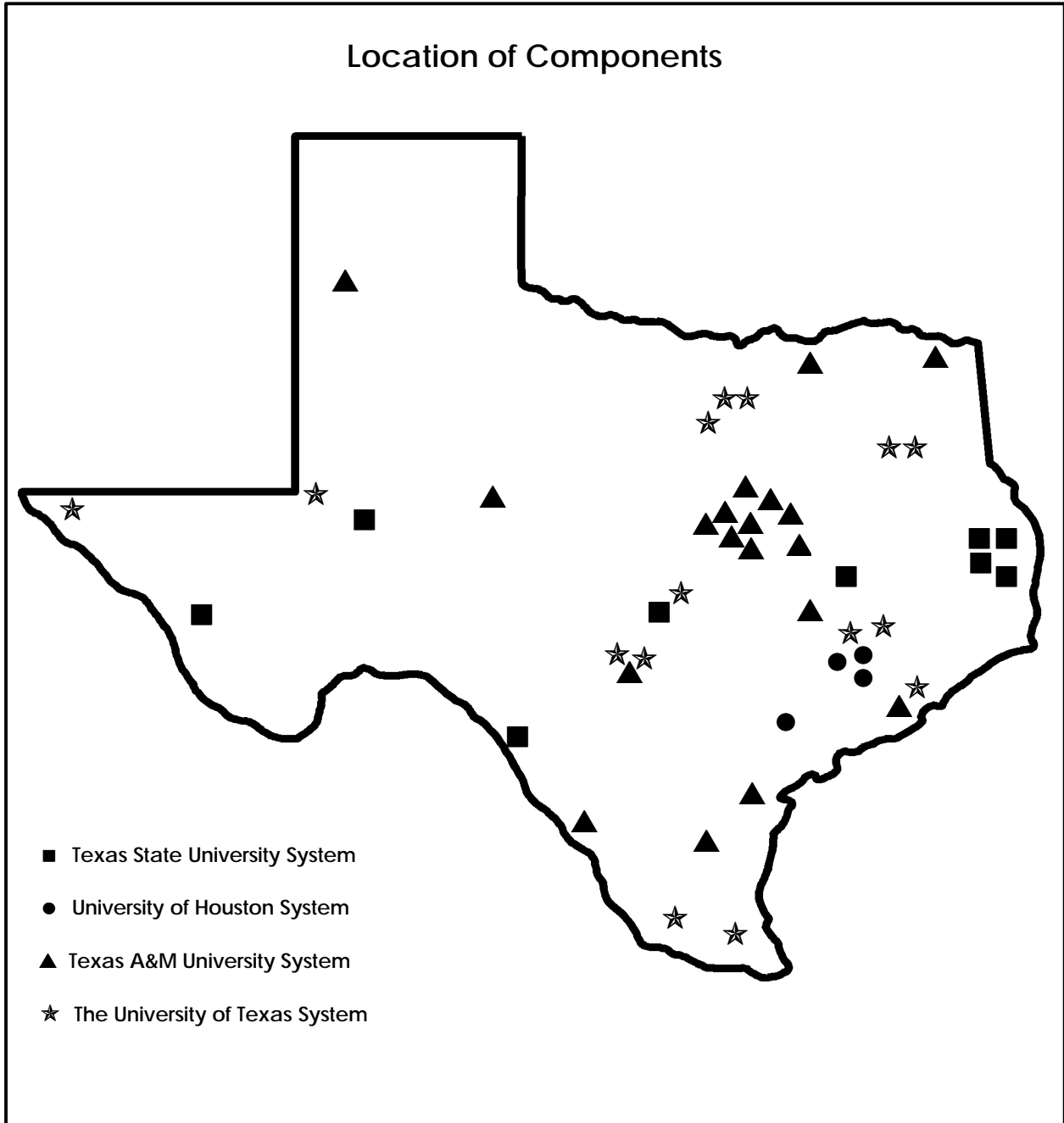
⁵ Data is from the Texas Higher Education Coordinating Board's 1998 Preliminary Fall Headcount as of January 19, 1999 (www.theccb.state.tx.us).

⁶ Eighty-one of these employees work for KUHT TV, the public television station.

⁷ Includes \$7.4 billion in Permanent University Fund (PUF) assets; the UT System maintains this fund for the benefit of The UT and A&M Systems, as stated in Acts 1931, 42 Legislature, Chapter 42, Section 1, page 64.

Components of the Four Texas Public University Systems

Figure 1



A detailed list of the universities in each system is on the next page.

Figure 1, concluded

<p>■ Texas State University System</p>	<p>● University of Houston System</p>
<p>Angelo State University Lamar University - Beaumont Sam Houston State University Southwest Texas State University Sul Ross State University Sul Ross State University Rio Grande College Lamar University - Orange Lamar University - Port Arthur Lamar University - Institute of Technology</p>	<p>University of Houston University of Houston - Clear Lake University of Houston - Downtown University of Houston - Victoria</p>
<p>▲ Texas A&M University System</p>	<p>★ The University of Texas System</p>
<p>Texas A&M University System Health Science Center Prairie View A&M University Tarleton State University Texas A&M International University Texas A&M University - Corpus Christi Texas A&M University - Commerce Texas A&M University - Kingsville Texas A&M University - Texarkana West Texas A&M University Texas A&M University at Galveston Texas A&M University Texas Agricultural Experiment Station Texas Agricultural Extension Service Texas Wildlife Damage Management Service Texas Forest Service Texas Veterinary Medical Diagnostic Laboratory Texas Engineering Experiment Station Texas Engineering Extension Service Texas Transportation Institute</p>	<p>The University of Texas at Arlington The University of Texas at Austin The University of Texas at Brownsville The University of Texas at Dallas The University of Texas at El Paso The University of Texas - Pan American The University of Texas of the Permian Basin The University of Texas at San Antonio The University of Texas at Tyler The University of Texas Southwestern Medical Center at Dallas The University of Texas Medical Branch at Galveston The University of Texas Health Science Center at Houston The University of Texas Health Science Center at San Antonio The University of Texas M.D. Anderson Cancer Center The University of Texas Health Center at Tyler</p>

Section 3:

Board Committees and Key Administrators

Table 2

Board Committees			
UT System	A&M System	UH System	TSUS
<ul style="list-style-type: none"> Academic Affairs Committee Health Affairs Committee 	<ul style="list-style-type: none"> Academic and Student Affairs Committee 	<ul style="list-style-type: none"> Academic and Student Affairs Committee 	<ul style="list-style-type: none"> Curriculum Committee
<ul style="list-style-type: none"> Business Affairs and Audit Committee 	<ul style="list-style-type: none"> Audit Committee Finance Committee 	<ul style="list-style-type: none"> Administration and Finance Committee (includes oversight of Facilities Planning and Construction) 	<ul style="list-style-type: none"> Finance Committee (also serves as Audit Committee)
<ul style="list-style-type: none"> Facilities Planning and Construction Committee 	<ul style="list-style-type: none"> Buildings and Physical Plant Committee 		<ul style="list-style-type: none"> Planning and Construction Committee
<ul style="list-style-type: none"> Executive Committee 		<ul style="list-style-type: none"> Executive Committee (also serves as Audit Committee) 	<ul style="list-style-type: none"> Governmental Relations Committee
		<ul style="list-style-type: none"> Institutional Advancement and External Affairs Committee 	
			<ul style="list-style-type: none"> Local Committees
<ul style="list-style-type: none"> Minorities and Women 			<ul style="list-style-type: none"> Minority Enhancement Committee
<ul style="list-style-type: none"> Telecommunications 			

Source: University system officials and documents.

Table 3

Key Administrative Positions			
UT System	A&M System	UH System	TSUS
<ul style="list-style-type: none"> Chancellor 	<ul style="list-style-type: none"> Chancellor 	<ul style="list-style-type: none"> Chancellor¹ 	<ul style="list-style-type: none"> Chancellor²
<ul style="list-style-type: none"> Vice Chancellor for Academic Affairs Executive Vice Chancellor for Health Affairs 	<ul style="list-style-type: none"> Deputy Chancellor for Academic Institutions and Agencies Vice Chancellor for Health Affairs Vice Chancellor for Research, Planning and Continuing Education 	<ul style="list-style-type: none"> Senior Vice Chancellor for Academic Affairs¹ Vice Chancellor for Student Affairs 	
<ul style="list-style-type: none"> Vice Chancellor and General Counsel 	<ul style="list-style-type: none"> General Counsel 	<ul style="list-style-type: none"> General Counsel¹ 	<ul style="list-style-type: none"> Vice Chancellor and General Counsel
<ul style="list-style-type: none"> Executive Vice Chancellor for Business Affairs 	<ul style="list-style-type: none"> Vice Chancellor for Business Services 	<ul style="list-style-type: none"> Vice Chancellor for Administration and Finance¹ 	<ul style="list-style-type: none"> Director of Finance
<ul style="list-style-type: none"> Vice Chancellor for Governmental Relations Vice Chancellor for Federal Relations Vice Chancellor for Development and External Relations 	<ul style="list-style-type: none"> Vice Chancellor for State and Public Affairs Associate Vice Chancellor Community Development 	<ul style="list-style-type: none"> Vice Chancellor for Governmental Relations¹ 	<ul style="list-style-type: none"> Director of Governmental Relations Associate Vice Chancellor for Legal and Public Affairs
	<ul style="list-style-type: none"> Director of Policy Implementation and Compliance 	<ul style="list-style-type: none"> Vice Chancellor for Institutional Advancement¹ 	
<ul style="list-style-type: none"> Director of Audits 	<ul style="list-style-type: none"> Audit Director 	<ul style="list-style-type: none"> Audit Director 	<ul style="list-style-type: none"> Director of Audits & Analysis
<ul style="list-style-type: none"> Vice Chancellor for Telecommunication and Information Technology 		<ul style="list-style-type: none"> Vice Chancellor for Information Technology¹ 	
<ul style="list-style-type: none"> Vice Chancellor for Special Engineering Programs 		<ul style="list-style-type: none"> Vice Chancellor for Research and Intellectual Property Management 	

Source: University system officials

¹ These positions hold responsibilities for both the UH System administration and the University of Houston. For example, the UH System Chancellor is also the President of the University of Houston.

² The TSUS Chancellor performs all duties assigned to the Director of Planning and Construction (Regents Rules and Regulations, Chapter 2, Section 3.7).

Services Provided

All four system offices offer some similar services to their boards and components. The services fall within these general areas:

- Academic Affairs/Coordination offers, at a minimum, guidance on plans, budgets, reports, and policies related to programs, degrees, and other matters.
- General Counsel and Legal Services offers advice, representation, and legal compliance for legal matters involving the system and its components.
- Budgeting and Reporting provides budgetary oversight, reporting, and recommendations. For the A&M System and the UH System, this division also operates and supports centralized accounting systems.
- Fiscal Management includes treasury operations and debt management.
- Facilities Planning and Construction includes planning and oversight for improvements, renovations, and new projects.
- Governmental Relations provides, at a minimum, advice, assistance, and responses to requests for information submitted by interested parties within and outside the system.
- Audit Services evaluates the operations, policies, and controls for the system and its components.

The systems with larger staffs offer a greater range and variety of services. For instance, at the A&M System and the UT System, Real Estate Offices provide informational, administrative, and planning services to the board and component institutions in the acquisition, management, and disposition of the systems' real property assets. At the UH System, Information Technology Services provides technical support for business services and is also responsible for systemwide telecommunications and technology policies and standards. The UT and A&M Systems provide similar services. The A&M System offers a full range of Human Resources Services, including administration of its group insurance and retirement programs, employee training, policy development, compensation administration, employee communications services, and legislative analysis and tracking. The UT System offers a similar range of human resources services.

See Table 4 for a breakdown of services each system provides to its board and components. See Table 5 for the number of full-time equivalent employees each system uses to provide common services.

Table 4

Services Provided to Components and Boards of Regents			
UT System	A&M System	UH System	TSUS
Common Services			
<ul style="list-style-type: none"> • Academic Affairs • Health Affairs 	<ul style="list-style-type: none"> • Academic Affairs • Health Affairs 	<ul style="list-style-type: none"> • Academic and Student Affairs 	<ul style="list-style-type: none"> • Academic Coordination
<ul style="list-style-type: none"> • General Counsel 	<ul style="list-style-type: none"> • General Counsel 	<ul style="list-style-type: none"> • General Counsel¹ 	<ul style="list-style-type: none"> • Legal
<ul style="list-style-type: none"> • Finance 	<ul style="list-style-type: none"> • Treasury Services 	<ul style="list-style-type: none"> • Treasurer¹ 	<ul style="list-style-type: none"> • Finance
<ul style="list-style-type: none"> • Budget • Financial Reporting • Business and Administrative Services 	<ul style="list-style-type: none"> • Budget, Accounting, and Financial Reporting 	<ul style="list-style-type: none"> • Budget¹ • Controller – Financial Affairs, Financial Reporting, Payroll Office² • State Appropriations Accounting¹ 	<ul style="list-style-type: none"> • Administrative Services
<ul style="list-style-type: none"> • Facilities Planning and Construction 	<ul style="list-style-type: none"> • Facilities Planning and Construction 	<ul style="list-style-type: none"> • Facilities Planning and Construction² 	<ul style="list-style-type: none"> • Construction Oversight
<ul style="list-style-type: none"> • Governmental Relations • Development and External Relations 	<ul style="list-style-type: none"> • State and Public Affairs • Community Development • System Communications 	<ul style="list-style-type: none"> • Government Relations¹ • Public Affairs² • Constituent Relations² 	<ul style="list-style-type: none"> • Governmental Relations
<ul style="list-style-type: none"> • Internal Audit 	<ul style="list-style-type: none"> • System Internal Audit 	<ul style="list-style-type: none"> • Auditing¹ 	<ul style="list-style-type: none"> • Audit Oversight
<ul style="list-style-type: none"> • Executive Secretary to the Board of Regents 	<ul style="list-style-type: none"> • Executive Secretary to the Board of Regents 	<ul style="list-style-type: none"> • Executive Administrator to the Board of Regents 	<ul style="list-style-type: none"> • Board Activities
Other Services			
<ul style="list-style-type: none"> • Information Resources • Telecommunications and Information Technology 	<ul style="list-style-type: none"> • Information Resources • Budget/Payroll/Personnel System • FAMIS Services 	<ul style="list-style-type: none"> • Information Technology Services² 	
<ul style="list-style-type: none"> • Real Estate 	<ul style="list-style-type: none"> • System Real Estate Operations 		
<ul style="list-style-type: none"> • Human Resources • Employee Group Insurance Program 	<ul style="list-style-type: none"> • Human Resources Administration • Employee Group Insurance Program 		

Table 4, concluded

Services Provided to Components and Boards of Regents			
UT System	A&M System	UH System	TSUS
<ul style="list-style-type: none"> Safety Risk Management 	<ul style="list-style-type: none"> Risk Management and Safety Administration 	<ul style="list-style-type: none"> Risk Management 	
	<ul style="list-style-type: none"> Policy Implementation and Compliance 	<ul style="list-style-type: none"> Institutional Advancement² 	
<ul style="list-style-type: none"> Technology Licensing 	<ul style="list-style-type: none"> Technology Licensing 		
		<ul style="list-style-type: none"> KUHT TV Public television station 	
<ul style="list-style-type: none"> West Texas Operations 			
		<ul style="list-style-type: none"> UH System at Fort Bend³ 	
	<ul style="list-style-type: none"> System Aircraft 		

Source: University system officials

¹ The System administration provides these centralized services.

² The University of Houston provides these centralized services.

³ Fort Bend, Texas, has a multi-institutional teaching center.

Table 5

Number of Full-Time Equivalent Employees (FTEs) Providing Services Common to All Systems ¹				
	UT System	A&M System	UH System	TSUS
Academic Affairs/Coordination ²	25.0	19.0	14.2 ³	0.3
Facilities Planning and Construction	79.0	59.0	19.0 ⁴	1.0
General Counsel & Legal Services	60.0	25.0 ⁴	12.0 ⁴	2.0
Internal Audit	18.0	23.0 ⁵	11.2 ⁴	1.0
Governmental Relations	13.0	6.0	3.4 ⁴	1.4
Finance/Treasury	4.0	6.0	5.0 ⁴	0.5
Budget & Financial Reporting	11.0	22.0	5.0	0.5
Total FTEs Performing Common Services	210.0	160.0	69.8	6.7

Source: State Auditor's computations based on information provided by university system officials

¹ Systems offer other services as well. See Table 4.

² Includes Health Affairs at The UT and A&M Systems as well as Agency Affairs at the A&M System.

³ Includes employees that have dual roles as university and system employees; includes 6.25 FTEs for the University of Houston System, Fort Bend, Texas.

⁴ Services provided for all components.

⁵ Internal Audit at the system office covers system administration, all component agencies, and component universities except the main campus.

Statutory Responsibilities

When the services provided by all four systems (see Common Services in Table 4) are compared to the statutory responsibilities of public university systems in Texas (see Table 6), it is evident that all four systems fulfill their responsibilities. Board responsibilities are established in the Texas Education Code, Section 51.352; system administration responsibilities, in Section 51.353.

Table 6

Statutory Responsibilities and Actual Services Offered	
Governing Board Responsibilities	System Administration Responsibilities
Component Relations	
Preserve the independence of each component institution and defend its right to manage its own affairs through its chosen administrators and employees.	Coordinate the activities of components within the system.
Examples of services offered: All four systems have established system offices.	
Planning	
<ul style="list-style-type: none"> • Provide policy direction. • Insist on clarity of focus and mission of each institution under its governance. • Establish goals consistent with the roles and mission of each institution. • Set campus admission standards consistent with the role and mission of the institution. • Nurture each institution under its governance to the end that each institution achieves its full potential within its role and mission. • Appoint a President for each institution and evaluate and assist each President in the achievement of performance goals. • Appoint the system chancellor. 	<ul style="list-style-type: none"> • Initiate, monitor, approve, and coordinate long-range planning for the system. • Approve short-range institutional plans for operations and expenditures. • Evaluate each component institution and assist the institution in the achievement of performance goals.
Examples of services offered: All four systems offer academic coordination and planning. The UT and A&M Systems also offer health coordination and planning; The A&M System also offers agency coordination and planning	
Technical Assistance	
Emphasize each board member's legal responsibility to act as a fiduciary in the management of funds under the control of institutions subject to the board's control and management.	Provide technical assistance to component institutions in such areas as legal and financial services.
Examples of services offered: All four systems have legal services, audit services, financial services, facilities planning and construction.	

Table 6, concluded

Statutory Responsibilities and Actual Services Offered	
Governing Board Responsibilities	System Administration Responsibilities
Public Relations	
<ul style="list-style-type: none"> • Enhance the public image of each institution under its governance. • Interpret the community to the campus and interpret the campus to the community. • Ensure that system's position on issues affecting member institutions is clear to the Coordinating Board at the time the Coordinating Board is considering such issues. 	<p>Perform other duties as delegated by the governing board.</p>
<p>Examples of services offered: All four system offices have Governmental Relations.</p>	

Sources: Texas Education Code, Sections 51.352 and 51.353, and university system officials.

Comparisons to Systems in Other States

Out-of-State University Systems Compared to Texas

- California State University System
- University of California System
- University System of Georgia
- The State University System of Minnesota
- University of North Carolina System
- University of South Carolina System
- Utah System of Higher Education

Structure

Texas' university systems are structured similarly to the university systems in the states reviewed (see text box). Through a governing board usually appointed by the Governor, the states delegate system operational responsibilities to an executive administrator, who is usually, but not always, identified as the chancellor.

Also, Texas and most systems in other states offer at least these four basic services to their boards and components:

- Finance and Budget
- Facilities Planning and Construction
- Educational Policies and Planning
- Audit/Evaluation

In some ways, the four systems in Texas differ from other states' systems. For example, all the out-of-state governing boards are larger than Texas boards of regents which, by law, must have nine representatives. The size of out-of-state boards range from 15 to 32 members, with a strong emphasis placed on geographical representation. Several states include students on their governing boards. The other states also have more components in their systems. Some systems combine junior colleges, technical schools, and universities into one system. The largest system has 36 components; the largest Texas system has 19 components (excluding the system office).

When compared to one another, the systems in Texas have some structural differences. However, when compared to the out-of-state systems, none of these differences are unique. The UH System differs from the other Texas systems in that the Chancellor and Vice Chancellors for the system also hold top-level positions at the main campus. The University of South Carolina System is similar. System executives perform both central campus duties and duties related to systemwide activities.

TSUS also differs somewhat from its Texas counterparts because of its use of local planning committees at its component institutions. The Utah System of Higher Education takes the same initiative a step further. Individual boards of trustees at each campus assist the Board of Regents. For example, the Utah Board of Regents consults with a component institution's Board of Trustees before selecting the president of that institution.

Rising Expectations

According to higher education leaders, university systems within and outside Texas face common issues that continue to become more complex. Embedded in these issues are expectations that higher education:

- Be relevant to the needs of society.
- Have a global focus to prepare students for a multi-cultural, international society.
- Help prepare students for college by proactively working with local K-12 schools.
- Support established local industry and new business initiatives by collaborating with local businesses.
- Become more accessible for under-represented populations through diversity incentives and initiatives.
- Provide on-line instruction through advances in technology.