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COMMENTARY

Barchas: Texas universities should capitalize on California's budget shortfall

Isaac Barchas, Local contributor

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The emergency budget deal that Gov. Arnold Schwarzenegger signed two weeks ago for California might bring to an end that state's 50-year run as the home of the nation's strongest public universities.

The deal cut \$2.8 billion from California's higher education budget. That's more — a lot more — than the entire budget of the University of Texas at Austin. Combined with other economic factors, the result is an \$813 million (or 20 percent) budget shortfall for the flagship University of California System.

This is a tragedy for California. Especially if Texas seizes the remarkable opportunity it presents.

Why? Because this crisis will hollow out the University of California's most important asset: its world-class talent.

California now can't compete in the global market for the best faculty. The University of California at Berkeley — perhaps the greatest public university in the world — usually hires 100 faculty members each year. This year, it hopes to hire 10. The University of California at San Diego — a bioscience powerhouse — will hire no new faculty. The University of California at San Francisco — a top-five medical school — will reduce its faculty by almost 15 percent.

Moreover, cost-reduction measures aimed at faculty and staff (such as pay cuts and furloughs) are expected to generate \$184 million in savings. But, according to the chancellor at Berkeley, this hurts their competitiveness by about \$15,000 per faculty member. This environment — dwindling academic staffing and therefore capability and reputation, resource constraints, pay cuts — will encourage the best faculty, especially the best young faculty, to leave the state.

None of this would be fatal if it were just a response to a cyclical downturn. Universities, including the University of Texas, go through tough patches on a regular basis. They tighten their belts and then recover as the cycle improves. But California's financial crisis isn't cyclical. It's structural — the connection between California's politics and California's economy is broken.

So where's the opportunity for Texas?

At the same time that California politicians are unable and unwilling to support higher education, Texas has increased its investment. The recent legislative session boosted state support for all higher education by \$1.3

billion, or 11 percent. The University of Texas System alone will receive \$107 million, or 7.2 percent more dollars, for its academic institutions such as UT-Austin and \$225 million, or 13.2 percent, more for its health-related institutions. Our state and its universities have dominant income statements and balance sheets.

This means that we can compete for talent when California can't. Even if we do nothing but let the normal hiring markets work, Texas' already strong universities will probably gain more talent than they would otherwise. We will move up the ranking tables.

But this economic crisis might present Texas with a once-in-a-century opportunity to become the undisputed home to the best public universities — and university systems — in the world.

So shouldn't we double down? The payoff would be enormous.

Silicon Valley has been fueled by the University of California. UC student and faculty start-ups have contributed more than \$250 billion in what venture capitalists call "distributed value" to the U.S. economy. The biotech cluster around San Diego is largely a product of UC-SD. UCLA anchors the health care and medtech industries in Los Angeles. UC faculty or graduates founded an amazing one out of every six biotech firms in America.

Adding impact like this to the already impressive contributions of Texas' excellent universities could transform our economy.

It won't be hard to find leaders who like the idea of catapulting ourselves over the University of California System. But it might be hard to find the first and most important ingredient for success: the political will to invest the kind of money it will take. And it will take a lot of money — even more (much more) than we have already committed.

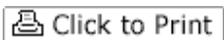
So the question before our elected and appointed leaders isn't whether they'd like to be home to the greatest public universities on the planet. We can do that now, within a decade. It's whether, at this historic moment, they're willing to make it happen.

Barchas is director of Austin Technology Incubator and associate director of the IC2 Institute at the University of Texas.

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