

**TEXAS SOUTHERN UNIVERSITY  
ADVISORY COMMITTEE**



**A REPORT TO THE GOVERNOR,  
LIEUTENANT GOVERNOR, SPEAKER OF THE HOUSE  
AND TEXAS SOUTHERN UNIVERSITY BOARD OF REGENTS**

**MARCH 2007**

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

## EXECUTIVE SUMMARY

The Texas Southern University Advisory Committee (“Committee”) was established by Governor Rick Perry following an internal review of Texas Southern University’s financial condition by its own administration. The review revealed improper financial practices and lack of adequate oversight of the institution’s financial management prior to the fall of 2006. The Committee was established by Executive Order RP63, dated January 30, 2007.

The purpose of the Committee was to review the financial oversight, governance and mission of Texas Southern University (herein after referred to as “TSU” or the “University”). The Committee was given 45 days to make recommendations to the Board of Regents, Governor, Lieutenant Governor and Speaker of the House of Representatives. The legislature currently sits in its 80<sup>th</sup> legislative session. On March 15, 2007 the governor granted the Committee a 10-day extension to make these recommendations, at the request of the Chairman.

The specific charge set forth by the Governor in RP63 was to seek, consider, and evaluate reports on the overall administration and budget to ensure a quality educational experience for Texas Southern University students. The Committee examined administrative governance, financial management, financial aid, technology, instruction, and strategic planning with the goal of achieving a culture of academic and professional excellence both internally and externally.

The Committee consists of the following members:

Glenn Lewis, Fort Worth, Chairman  
Gary L. Bledsoe, Austin  
The Honorable Zinetta A. Burney, Houston  
Larry R. Faulkner, Houston  
Anthony W. Hall, Jr., Houston  
Howard E. Jefferson, Houston  
Richard Knight, Dallas  
Albert Myres, Houston  
Raymund A. Paredes, Austin  
Richard Salwen, Austin  
Cynthia A. Spooner, Houston

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

The Committee held 5 meetings in Houston and by teleconference. The early meetings primarily allowed the Committee to obtain necessary background information on the history of TSU and other Historically Black Colleges and Universities (HBCUs) around the country, the current financial condition of TSU, mechanisms for management oversight, and the current governance and mission of the University. The Committee sought the perspective of as many constituencies of TSU as possible. On February 22, 2007, the Committee convened a town hall meeting on the TSU campus to determine the interests and opinions of the local community on the future of the University. The later meetings focused on findings and recommendations to present to the Board of Regents, the Governor, Lieutenant Governor and the Speaker of the House of Representatives.

The following individuals provided testimony at the invitation of the Committee during its open meetings:

Congresswoman Sheila Jackson Lee  
Senator Rodney Ellis, Texas Senate District 13  
The Honorable Garnet Coleman, State Representative District 147  
Dr. Eddie J. Davis, Interim President of Texas A&M University  
Dr. James M. Simmons, President of Lamar University  
Dr. George C. Wright, President of Prairie View A&M University  
Dr. Ann Stuart, Chancellor & President, Texas Woman's University  
Chancellor Charles Matthews, Texas State University System  
The Honorable Kenneth Hoyt, TSU Presidential Search Committee Member  
General J. Timothy Boddie, Interim President of TSU  
Ambassador Leonard H. O. Spearman, former President of TSU  
Ms. Verma Elliott, Audit Manager, Office of the Texas State Auditor  
Ms. Carin Barth, Interim Chief Financial Officer of TSU  
Mr. Jodie Jiles, RBC Capital Markets  
Dr. Sanders Anderson, Chair, Faculty Senate Assembly  
Ms. Clare Bailey, President, Student Government Association

The Committee determined that the broad charge of the Governor should be limited to five (5) findings with recommendations that would have an immediate impact on the University's short and long term viability.

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

The Committee makes the following recommendations to the Governor, Lieutenant Governor, Speaker of the House of Representatives and the TSU Board of Regents:

- **Texas Southern University should remain an independent institution, but held to the strictest financial oversight.**
- **To bring about a new direction and give a different character to the institution, the Governor should reconstitute the Board of Regents.**
- **Texas Southern University should be placed under strict financial oversight for the foreseeable future. This oversight should include continuous, ongoing, full-scope financial audits and performance audits with reports of current progress and findings to the Board of Regents, the Governor's Office and the Legislative Audit Committee at least quarterly. The audits should be performed by resident onsite auditors from the State Auditor's Office or an outside independent audit firm if the State Auditor's Office does not have sufficient resources to provide the intensive oversight that is required. The University should also undergo a detailed examination of financial and procurement controls.**
- **The Texas Southern University mission must be more clearly defined, both internally and externally, so the university can be held accountable for that mission. The reconstituted Board of Regents should take primary responsibility for improving the definition of institutional mission and should work with both the TSU administration and the Texas Higher Education Coordinating Board toward that end.**
- **The Texas Legislature should provide emergency funding to Texas Southern University in order to allow it to complete the fiscal year 2007.**

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

## OVERVIEW

In order for the Committee to make recommendations, it was necessary for it to understand the deep rooted and sometimes emotional history of TSU and its existence as one of the nation's largest HBCUs.

### *A History of TSU*

TSU was formally established by the 50th Texas Legislature on March 3, 1947. Founded as the Texas State University for Negroes and given its current name in 1951, the University's primary mission was to establish a creditable college for African American students. TSU was the first Historically Black College and University to house a law school in Texas, and was also the first state-supported institution in the city of Houston.

Prior to its celebrated inauguration, TSU was owned by the Houston Independent School District (HISD) and known as the Houston College for Negroes in 1935. In a racially segregated society, the college offered African-Americans in Texas an opportunity for higher education. In 1947 the Texas Legislature bought the campus from HISD for \$2 million and transplanted an established state-supported law school for blacks to the University.

The University's law school was originally located in Austin and moved to TSU following mail carrier Heman Marion Sweatt's court battle to be accepted into The University of Texas School of Law. The Law School awarded its first Doctor of Jurisprudence degree in 1950 and was later named the Thurgood Marshall School of Law in 1976.

In 1973, the Legislature designated Texas Southern University as a "special purpose institution for urban programming," after concluding that its educational programs and services particularly suited the needs of urban residents. TSU's academic programs focused on providing training to professionals in critical fields of urban studies: environmental, health, education, public works, law enforcement, justice, city planning, and business.

Texas Southern University's academic curriculum is currently organized into eight schools. These schools are:

Barbara Jordan-Mickey Leland School of Public Affairs  
College of Liberal Arts and Behavioral Sciences

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

College of Education  
College of Pharmacy and Health Sciences  
College of Science and Technology  
Jesse H. Jones School of Business  
Tavis Smiley School of Communication  
Thurgood Marshall College of Law

The University has awarded more than 38,000 degrees during its 60-year history.

## ***A History of Historically Black Colleges and Universities***

In order to understand the uniqueness of TSU, the Committee examined the role of Historically Black Colleges and Universities (HBCUs) in American academia. HBCUs are a source of accomplishment and great pride for the African American community as well as the entire nation. The Higher Education Act of 1965, as amended, defines an HBCU as: "...any historically black college or university that was established prior to 1964, whose principal mission was, and is, the education of black Americans, and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary [of Education] to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation." HBCUs offer all students, regardless of race, an opportunity to develop their skills and talents. These institutions train young people who go on to serve domestically and internationally in the professions as entrepreneurs and in the public and private sectors. (*White House Initiative on Historically Black Colleges and Universities*)

Like most HBCUs, TSU is located in a southern city and is a source of higher education for many of the state's underprivileged students from underperforming high schools. Most HBCUs were originally created to satisfy the need for minority teachers to train underprivileged children in segregated neighborhoods. Today, most HBCUs are small, close-knit institutions where faculty, staff, alumni and the community embrace their proud histories and traditions and often view proposed change with concern.

Until 1954 and the U.S. Supreme Court decision in *Brown vs. Board of Education*, which ended "separate but equal" school systems, HBCUs were the primary option for most blacks interested in attending college. TSU is now one of many options available to African American students in Texas.

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

Clearly, TSU has many supporters who are emotionally vested in the institution and its importance in having provided higher education opportunities to the African American community. Without question, TSU has played a profound role in developing post-secondary education for African Americans, including training approximately 40 percent of the teachers in the Houston Independent School District. However, TSU, like other HBCUs, faces questions from the higher education community and the general public on the need for TSU to focus on minority students, particularly African American students after discrimination has been outlawed. Criticism of TSU, without understanding the societal and fiscal challenges that have been prominent since its establishment, is not always objective. The historical role of TSU, in nurturing students of all ethnicities who are not academically prepared for college but of whom high achievement is nevertheless expected, is not often taken into account by critics, but had to be considered by the Committee.

When looking at the student achievement and institution costs of TSU, there is a tendency to compare it to the state's flagships, such as the University of Texas at Austin. These comparisons can be useful when considering formula funding or the differences that result from years of segregation, but they are often inappropriate otherwise. A more accurate analysis of TSU's overall condition can be determined by comparing TSU with institutions of similar size and with equivalent missions and resources. (See Exhibit A).

## ***Current Issues***

In fall 2006, TSU enrolled 17 percent of all African American students enrolled at Texas public universities. In fiscal year 2006, TSU awarded 12 percent of all master's degrees and first-professional degrees earned by African American students at Texas public universities and awarded 9 percent of all baccalaureate degrees earned by African American students at Texas public universities. (Texas Higher Education Coordinating Board, Accountability System 3/14/07)

In the fall of 2006, TSU's interim chief financial officer performed an internal review of the financial practices and oversight of the institution's financial management prior to the fall of 2006. The internal review indicated that TSU did not have adequate financial resources to complete the 2007 fiscal year without significant reductions in its operations. Several critical issues were brought to light.

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

There is, as at many institutions, a deferred maintenance shortfall like the one that exists currently at TSU. The engineering firm Carter and Burgess performed a condition assessment of TSU facilities during the period of March 2006 – June 2006. The project covered 38 buildings and associated site structures. The total estimated cost for correcting all current deficiencies and projected requirements for all systems over the next ten years is over \$54 million. Furthermore, there were \$4.5 million of facilities and construction maintenance projects for 2006-2007 that were underway or were life safety issues that are not within the university's budget. In particular, the deferred maintenance review indicated several deficiencies such as roof leaks, foundation problems, mechanical equipment and standing water in basements of four buildings that must be immediately addressed before they create larger problems for the university.

TSU has outstanding payables from previous years on its financial books. The issue arose due to TSU employees committing university funds outside their budgets and in many cases without purchase orders. There are over \$1.7 million of past payables without any purchase orders and \$900,000 of payables with purchase orders above the budget. The outstanding payables from previous years are being paid from 2006-2007 funds; as a result, financial resources are inadequate for current year spending.

Other financial challenges TSU faces include the Transportation System Project which includes a shuttle system, 2 parking garages and 19 campus surface lots. The shuttle system operated 6 shuttle buses at a cost of approximately \$600,000/year. The Transportation System Project has \$34 million of debt. Four main revenue sources were pledged to finance operations and pay principal and interest on the Bonds:

1. Shuttle Fees
2. Parking Permit Fees
3. Special Event Parking Fees
4. Retail Lease Revenues – 11,500 of retail space in the Westside Garage

TSU must maintain a shuttle fee in order for the shuttle service to be financially viable. Without this fee, the shortfall in funds to support the Transportation System Project will be over \$1.7 million this year, growing to \$4 million plus each year after 2006-2007. Retail space which is to be

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

used to supplement the program is not currently leased and has never been leased by the university, although it is listed with a firm.

The Athletic department is currently spending \$2 million over its budget. This amount is actually in line with what the program spent in the last year. The Athletic department has revenue of about \$2 million which is mostly generated by student fees (\$1.7 million). Additionally, no student aid was applied for last year through the Athletic department, outside of scholarships awarded by the university. Therefore, student athletes who were qualified for other aid did not apply and the entire cost of financial aid to athletes is being borne by the University. The University must decide at what level to fund athletics, and management oversight of the athletic department fiscal affairs must be addressed.

The Tierwester/Richfield Dorm Project is comprised of two dorms, Tierwester and Richfield. Tierwester is a new dorm while Richfield is a renovation of the Richfield Manor Apartment Complex. This project has \$24 million of debt. The main revenue source is the rental of these dorms by TSU students. The projections associated with this bonded project call for over a 90% occupancy rate. Due to the existence of asbestos and other hazardous material discovered in the remodeling of the units, the entire project has not been completed. The units in the Richfield project are approximately 50% occupied. Tierwester is approximately 85% occupied. Combined occupancy projections for this year are approximately 75%. The shortfall in funds to support the Tierwester/Richfield Dorm Project will be over \$1.2 million.

TSU underwent a reduction in force last spring to reduce its personnel expenses. Employees were assigned duties outside their areas of expertise in an effort to carry on necessary administrative functions at the university. However, lack of training and expertise has resulted in many administrative functions being performed by individuals not meeting the minimum job qualifications for their positions.

These and other identified management issues have created the need for the Committee to determine if there are a series of actions that can be undertaken to assist the TSU administration to place itself back on firm financial footing.

### RECOMMENDATIONS

The Committee makes the following recommendations to the Governor, Lieutenant Governor, Speaker of the House of Representatives and the TSU Board of Regents:

- **Texas Southern University should remain an independent institution, but held to the strictest financial oversight.**
- **To bring about a new direction and give a different character to the institution, the Governor should reconstitute the Board of Regents.**
- **Texas Southern University should be placed under strict financial oversight for the foreseeable future. This oversight should include continuous, ongoing, full-scope financial audits and performance audits with reports of current progress and findings to the Board of Regents, the Governor's Office, and the Legislative Audit Committee at least quarterly. These audits should be performed by resident onsite auditors from the State Auditor's office or an outside independent audit firm if the State Auditor's office does not have sufficient resources to provide the intensive oversight that is required. The University should also undergo a detailed examination of financial and procurement controls.**
- **The Texas Southern University mission must be more clearly defined both internally and externally and the university held accountable to that mission. The reconstituted Board of Regents should take primary responsibility for improving the definition of institutional mission and should work with both the TSU administration and the Texas Higher Education Coordinating Board toward that end.**
- **The Texas Legislature should provide emergency funding to Texas Southern University in order to allow it to complete the fiscal year 2007.**

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

## I. Governance

***“TSU represents hope, opportunity and change in Houston. . . it is a diamond in the rough.” Representative Garnet Coleman***

Committee Recommendation:

**Texas Southern University should remain an independent institution, but held to the strictest financial oversight.**

The Committee spent a great deal of its time examining the benefits and detriments of changing governance of the institution. It heard the testimony of the Interim President of Texas A&M University, the President of Prairie View A&M University, the President of Lamar University, the Chancellor of Texas Woman’s University and the Chancellor of the Texas State University System. In particular, the Committee sought to determine whether the university would benefit by placement into a university system or under a conservatorship pursuant to Section 2104 of the Texas Government Code.

It was clearly and quickly concluded by the Committee that placement in the University of Texas, Texas A&M or University of Houston systems was not supported by the TSU community. Extensive discussion was held by the Committee to determine the pros and cons of Prairie View A&M’s relationship to the Texas A&M system as an example of a HBCU within a university system. The Committee’s primary conclusion was that the governance of Prairie View under a system did not prevent the financial mismanagement it suffered in the 1980s.

The shared resources and management oversight of a university system, such as Lamar University’s oversight by the Texas State University system, did evidence aspects of system governance that would benefit Texas Southern. System governance could provide a level of management oversight needed at the university. In addition, the ability of a system to capture shared resources in the areas of facilities management, information technology, purchasing systems and most importantly, financial oversight is the primary benefit of placing TSU in a university system.

However, the inclusion of Texas Southern into a university system was seen by the local TSU community and many local politicians as a very tangible negative within the urban and African American community. As

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

an institution primarily administered by African Americans, TSU has great symbolic importance; its incorporation into a system would be seen by many as a failure of the African American community itself. This is a view the Committee heard expressed passionately by members of the African American community of Houston. Houston is the home of 59 percent of the students attending TSU; therefore deference must be paid to the area of its largest recruiting base for students. Again, the loss of independent status would be seen not only as a failure for TSU, but for the Houston African American community.

The African American community takes pride in TSU's contribution in increasing educational opportunities and achievement; its law school and pharmacy programs have been seen statewide as successful. (See Exhibit B) However, TSU has struggled to achieve widespread respect in the academic community because of real and perceived struggles academically and administratively. Nonetheless, the Committee found that TSU had a standing and economic worth as an institution to the community of which it is a part.

The possible benefits of conservatorship were also discussed by the Committee. The Committee concluded that placing the University under a conservatorship, pursuant to Government Code 2104, would severely stigmatize the institution and greatly damage its ability to carry out its educational mission.

Conservatorship under the statute requires a condition of gross fiscal mismanagement including failure to keep adequate fiscal records; failure to maintain proper control over assets; failure to discharge fiscal obligations in a timely manner; and misuse of state funds by a state agency. The Committee concluded that conservatorship would damage student recruitment and retention beyond their already tenuous condition. TSU would have difficulty withstanding a sudden drop in its enrollment that might immediately follow its placement into conservatorship. Parents and students would be reluctant to send their hard-earned tuition dollars to a university being run by a conservator appointed upon a finding of gross fiscal mismanagement.

Conservatorship was also seen by the Committee as only a temporary solution to a long term problem and merely a postponement of the decision on future governance. Conservatorship is sometimes unavoidable in the context of gross financial mismanagement, but none of the financial

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

problems at TSU appear unmanageable with effective campus and board leadership and a fundamental change in institutional culture.

It became clear to the Committee that faculty and students perceive negative press associated with its previous President and Chief Financial Officer as a majority of the populace trying to close down TSU because of an inability to properly manage resources. Changing the governance of the institution at this time, only because of financial mismanagement, is not in the best interests of the University.

The specifics on strict financial oversight are more fully set forth below in Section III.

### II. Board of Regents

***“Recent findings of questionable management practices have unfortunately hurt the reputation of a good university.”***

***Governor Rick Perry***

Committee Recommendation:

**To bring about a new direction and give a different character to the institution, the Governor should reconstitute the Board of Regents.**

The overwhelming lack of confidence in the current sitting Board of Regents by the community at large and sitting legislators was clearly heard by the Committee. The current Board of Regents must be reconstituted and strengthened to address problems facing TSU. Regent training should include a program that includes asset management, fundraising, government involvement, fiscal management, ethics, risk management, and the impact of higher education legislation. There should be retreats built into the year for board members to deal with particular issues that need to be addressed such as, status reports on divisions of the university, accreditation updates, alumni development and endowments. Regents should be encouraged to attend professional development seminars and conferences. The Committee felt it inappropriate to directly cast judgment on the sitting Board of Regents. However, it did conclude that the lack of confidence in the current sitting board will make it impossible for it to lead the university out of the current management dilemma.

The Committee arrived at the conclusion that the Board of Regents must focus on a new direction for the university. The direction in which TSU is currently headed does not allow it to weather the storms of improper decision-making by one or two administrators. TSU has developed a disingenuous culture; attempting to compete on the issues of cost, academic quality and accessibility but not creating an environment demanding vigilance in admission standards, institutional finances, retention, graduation and high quality administrative staffing. The Committee felt that the expectations that institutions of higher education in Texas conform to standards of transparency and accountability are not fully implemented by the Board of Regents; thus the proper level of management oversight has been lacking. The Board of Regents must bring a fresh and different character to TSU, and reconstitution of the Board is the best way to do so.

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

Once the Board is reconstituted, it must actively change the character of the institution, even if that means altering cherished practices, policies and traditions. The Board must be able to articulate the university's mission and values, as well as present new and clearer goals and vision. These must be shared with students, faculty, staff, the Governor, legislature and all constituencies of the university. While recognizing and appreciating the uniqueness of community at TSU and its relationship to the historic mission it serves, the Board of Regents must be able to attract strong senior level administrators with sound fiscal management backgrounds.

The Committee found the Board of Regents did not fully cultivate community leaders, state and federal resources and the business community to effectively compete for all funding sources available to it. The failure to fully engage in fundraising has led to a fiscal shortage of general revenue funds that cannot be overcome with outside resources, like those used by other universities to supplement state funding toward stronger, more competitive programs.

The Board of Regents should also be involved in the public image of the institution with the general public, government officials, and the community. The board should conform to board standards, constantly self-regulating by developing sound relations between the regents, remaining consistent in relation to institutional priorities.

### III. Financial Oversight

*“Whatever administrative failures must be addressed, do not harm the students and the overall mission of this university.”*  
*Senator Rodney Ellis*

Committee Recommendation:

**Texas Southern University should be placed under strict financial oversight for the foreseeable future. This oversight should include continuous, ongoing, full-scope financial audits and performance audits with reports of current progress and findings to the Board of Regents, the Governor’s Office, and the Legislative Audit Committee at least quarterly. These audits should be performed by resident onsite auditors from the State Auditor’s Office or an outside independent audit firm if the State Auditor’s Office does not have sufficient resources to provide the independent oversight that is required. The University should also undergo a detailed examination of financial and procurement controls.**

The Committee found that a commitment to prudent management of finances has been lost over the years. TSU’s must regain that focus for it to survive in these times of financial accountability. An audit performed in 2003 identified financial discrepancies at the university. Findings included: problems with journal vouchers and funds that were not being spent in accordance with State regulations and university policies; payments with no supporting documentation; payments being made without proper approval; and payments to employees without record of evidence related to university business. Other findings showed employee error, poor management practices, and failure of accounting management to ensure compliance with both state law and university policies relating to financial responsibility. Findings showed that the university holds no one accountable for each measurement, and there is no resolution or action taken to deal with the issue. These same issues were still present or resurfaced in 2006 during the TSU administration’s internal review of financial management practices.

The Committee closely considered the financial history of TSU. Between October 2002 and November 2006, the State Auditor’s Office (SAO) received 26 reports from the Internal Auditor at TSU. Six of the reports were annual reports and the majority of the reports had a narrowly defined

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

scope. In the past, the SAO has provided services to TSU including audit services, professional development, consulting services, as well as monitoring function. The most significant audits performed by the SAO affecting TSU were:

- 97-018 – A Management Letter on the Financial and Operational Review of Texas Southern University
- 97-068 – A Cash Review at Texas Southern University
- 99-003 – Report on Rider 5: Texas Southern University Accountability Systems
- 99-027 – A Follow-Up Report on Rider 5: Texas Southern University Accountability Systems
- 01-003 - A Follow-Up Report on Rider 5: Texas Southern University Accountability Systems
- 01-027 – A Follow-Up Report on Rider 5: Texas Southern University Accountability Systems
- 02-055 - A Follow-Up Report on Rider 5: Texas Southern University Accountability Systems
- 03-028 – Financial Review of Texas Southern University

Rider 5 in the fiscal year 1999-2000 appropriations bill states as follows:

*Reporting Requirements. The Board of Regents of Texas Southern shall implement and maintain management and financial procedures and comprehensive internal oversight systems and controls at Texas Southern University, including finance and accounting, human resources, management information systems, planning and communications, and student financial aid. The university shall comply with timelines, benchmarks, and outcomes in a plan, developed by the university in consultation with the State Auditor's Office, the Comptroller of Public Accounts' Office, and other appropriate agencies, for full implementing policies, procedures, and control systems for each of the areas listed above.*

*The university shall provide status reports on a quarterly basis, or more frequently if requested by the State Auditor's Office, to the Board of Regents, Governor, Legislative Budget Board, Legislative Audit Committee, and State Auditor's Office. The reports shall be furnished according to a schedule and prepared in a format prescribed by the State Auditor's Office and shall include specific information demonstrating the university's continued progress in implementing and maintaining effective systems and controls over finance and accounting, human resources, management information systems, planning and communications, an student financial aid. The State Auditor shall monitor the university's implementation and maintenance of systems and controls and shall*

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

*report the result of such monitoring to the Board of Regents, Legislative Budget Board, Governor, and Legislative Audit Committee no later than February 28 and August 31 of each year of the fiscal biennium or more frequently if considered necessary by the State Auditor. (76<sup>th</sup> Legislature, Regular Session, General Appropriations Act)*

The audits conducted by the SAO in fiscal years 1996 and 1997 had several central themes showing these problems had been occurring since 1993: an inability to meet financial obligations; ineffective management of expenditures; and problems with financial aid distribution. The audits conducted by the SAO in fiscal years 1999-2002 had several central themes showing an inability to produce accurate financial information and an inability to produce reliable information from its accounting systems. Improvements were noted, but during future audits additional issues would be identified.

The Committee found that the audit history showed that strict oversight of the fiscal management of the university led to drastic improvements in the past. A strict form of audit oversight for the foreseeable future could lead to an accounting and financial management culture at TSU that would eliminate future concerns of non-conformity to generally accepted accounting practices.

The University must retain a Chief Financial Officer (CFO) of the highest professional background and experience and empower this individual to hire/fire employees based on compliance issues. This administrator must order a reorganization of accounting staff with terminations and hiring as necessary to bring the accounting division back to a standard operating procedure.

Most of the identified issues and problems begin with the mismanagement of fiscal affairs at TSU. There must be a dedication to strengthen the position of the CFO. TSU and the state of Texas must demand that there be no compromise in that position and the CFO's duties should be limited, as not to distract from the scope of what the job encompasses. TSU must do whatever is necessary to attract a seasoned higher education CFO for the future viability of the institution.

A detailed examination of the financial and procurement practices of TSU must be accomplished. TSU must have a well designed control environment that ensures accountability so that the institution does not fall back into the current financial condition in the future. This detailed

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

examination must be performed by an outside third-party to ensure best accounting and management practices and sound financial controls. An important part of an adequate system of controls is conscientious oversight by an able Board of Regents.

The Board of Regents is considering a contract with Deloitte & Touche to give an outside, professional consulting opinion on financial statements and the universities internal controls in relation to compliance with state law, regulations, contracts and grants. The price of this audit is \$750,000. The objectives of this audit are to express an opinion on the fairness of the presentation of the University's basic financial statements and the accompanying supplementary information; to disclaim an opinion on the required supplementary information; and to report on the University's internal control over financial reporting and its compliance with certain legal, regulatory, and contractual provisions for the 2005 and 2006 fiscal years.

In the alternative, the Committee has been notified by the State Auditor's Office that it has been asked to amend the 2007 audit plan and could develop an expanded 2008 audit plan that would include a full scope audit that would occur annually. This Committee is supportive of this option if the audit is made continuous and if the State Auditor is able to, and does, put adequate resources behind this request. Non-compliance with recommended management responses in the past did not result in termination, hiring and reorganization at TSU. This practice must change. Committee recommends that the SAO conduct Financial Statement Audits and Performance Audits on a continuing basis for the foreseeable future, with progress reports and finding forwarded to the Board of Regents of TSU, the Governor's office, and the Legislative Audit Committee at least quarterly.

If the State Auditor lacks the resources or the willingness to provide the intensive oversight recommended, the Committee recommends that an outside audit firm be engaged to conduct these tasks. Although this course of action would likely be expensive, it will return value far beyond its cost in improved reliability and trust.

The Government Auditing Standards define the primary purpose of a financial statement audit as providing reasonable assurance through an opinion (or disclaim an opinion) about whether an entity's financial statements are presented fairly in all material respects in conformity with

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

generally accepted accounting principles (GAAP). (GAO-07-162G Government Auditing Standards, Sec. 1.22 a.)

The Government Auditing Standards define a performance audit as “an evaluation that provides objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce cost, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.” (GAO-07-162G Government Auditing Standards, Sec. 1.25) Accountability measures are needed based on past Audits and the Committee recommends 100% compliance.

The Board of Regents Audit Committee must understand and implement risk management best practices. *The Board should adopt the principles of Sarbanes Oxley with respect to its oversight of the internal audit function of the university.* The Committee also believes frequent periodic reports directly to the Governor and the Legislative Audit Committee on both audit recommendations, to be part of a TSU rehabilitation plan very important to the future of the university.

TSU is in the business of education. More than 80 percent of the students attending TSU are recipients of financial aid. When an institution loses accreditation, it may not participate in certain federal programs, including the Student Financial Aid programs. TSU must manage its fiscal affairs successfully and it must appoint highly trained and experienced individuals to oversee its Student Financial aid programs in order to properly assist the students at TSU.

### IV. Mission

***“Texas Southern University must have a redefined or more clearly understood mission.”*** *Congresswoman Sheila Jackson Lee*

Committee Recommendation:

**The Texas Southern University mission must be more clearly defined both internally and externally and the university held accountable to that mission. The reconstituted Board of Regents should take primary responsibility for improving the definition of institutional mission and should work with both the TSU administration and the Texas Higher Education Coordinating Board toward that end.**

The current TSU mission states:

*The designation of Texas Southern University as “a special purpose institution of higher education for urban programming” provides a foundation for its programmatic goals. Ascribing to the global implications of its urban mission, the University focuses on high quality teaching, research and public service as a means of preparing students for leadership roles in the urban communities of our state, nation, and world. Texas Southern University offers a variety of academic programs to students of diverse backgrounds and various levels of scholastic achievement. These students matriculate in undergraduate and graduate programs leading to degrees in the Arts and Sciences, Public Affairs, Education, Business, Health Sciences, Law, Pharmacy and Technology.*

*A special challenge of the institutional mission is the open access philosophy which affords admission to broad categories of students --- from the academically under prepared to the intellectually gifted. In support of this concept, faculty develops special programs and creates an appropriate intellectual climate for individuals who are not included in traditional university missions. The expected educational outcomes of all academic programs are that students will possess an appreciation for humanistic values, acquire effective use of communicative skills, and develop an appreciation and competency in the use of technology in daily living. These educational outcomes are periodically assessed to ensure the quality of the educational experience. As the result of matriculating at Texas Southern University, students gain the personal confidence and capability to succeed in the global workplace.*

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

*In fulfilling its purpose, TSU must truly be committed to maintaining an innovative, productive, and receptive learning environment; implementing initiatives to ensure a suitable environment for research and other scholarly activities; and infusing new technological advances into its infrastructure and academic programs.*

One of the significant challenges that TSU faces is fulfilling its stated mission, the two primary components of which are, to a large extent, incompatible. On one hand, according to the "2010 Strategic Plan for Excellence," TSU maintains its commitment to an "open access philosophy" while simultaneously aspiring to status as a "nationally-recognized center of research." Evidence at the national level suggests that research universities are typically highly selective at both the undergraduate and graduate levels and that open-admissions institutions that are successful in moving respectable numbers of their students towards completion of their degrees typically focus tightly on this mission and generally offer only a modest array of graduate and professional degree programs. It is evident from the data that TSU is having enormous difficulty reconciling its two primary mission goals.

TSU has six-year graduation rates under 17% for its undergraduates and has had great difficulty in launching new graduate and professional programs and in improving the quality of existing ones. Under these circumstances, the leadership of TSU should consider modifying its mission to focus on improving undergraduate education and graduation rates and focusing on a targeted number of graduate programs, mostly at the professional level.

At the undergraduate level, the Committee concludes that the Board of Regents should examine the issues of entrance requirements and strong remedial programs. At the graduate level, the leadership of TSU should consider focusing on a handful of programs, mostly professional, such as law, education, pharmacy, business and public policy. Expansion into other graduate fields, especially at the doctoral level, should probably be curtailed until TSU builds a strong undergraduate foundation and strengthens the graduate programs noted above.

# Texas Southern University Advisory Committee

MARCH 2007 REPORT

## V. Funding

*“We must ask, ‘How much does TSU contribute to the Houston community and the state of Texas? To what extent is it fulfilling the mission to deal with urban problems?’”*

*Ambassador Leonard H.O. Spearman*

Committee Recommendation:

**The Texas Legislature should provide emergency funding to Texas Southern University in order to allow it to complete the fiscal year 2007.**

The Committee recommends legislative approval of an emergency appropriation request which would not include auxiliary items, which are not allowable by law. The Committee also encourages the university to complete the implementation of programs that service the debt on the auxiliary items.

We recognize that there are some glaring deficiencies in the operation of the financial accountability system of the University. This has created some serious questions as to whether the ability exists currently, to provide sufficient financial oversight at TSU. These deficiencies must be addressed immediately and effectively if TSU is to continue serving its students and The State of Texas. Recommendations for more rigorous financial oversight are provided elsewhere in the Committee’s report. Required implementation of these recommendations could be made a condition of funding through inclusion as a rider in both the emergency funds appropriation and any appropriation for the University for the coming biennium.

To deny the emergency appropriation requested could seriously jeopardize the completion of the current semester. Such a result would work a substantial hardship on the students at TSU, the very people who, through no fault of their own, have already been negatively affected by the current financial crisis.

**EXHIBIT A**

**2006 University Accountability Measures for  
Texas Southern University and Selected Comprehensive (Peer) Universities**

2006 University Accountability Measures		TSU	TAMU-COMM	SAM HOUSTON STATE	TxStU	TAMUK	TWU	PVAMU	STATE-WIDE
<b>TOTAL HEADCOUNT ENROLLMENT</b>									
Headcount Enrollment - Total - Total		11,224	8,496	15,893	27,485	6,700	11,479	8,006	491,140
Headcount Enrollment - Total - White		272	5,606	11,372	19,055	1,660	6,732	333	257,469
Headcount Enrollment - Total - African-American		9,520	1,574	2,144	1,379	351	2,100	7,121	55,848
Headcount Enrollment - Total - Hispanic		538	670	1,874	5,671	4,012	1,470	257	113,774
Headcount Enrollment - Total - Asian		452	155	193	627	59	649	104	30,744
Headcount Enrollment - Total - Other		442	491	310	753	618	528	191	33,305
Headcount Enrollment - Total - Male		4,639	3,152	6,552	12,020	3,287	1,016	3,094	219,116
Headcount Enrollment - Total - Female		6,585	5,344	9,341	15,465	3,413	10,463	4,912	272,024
<b>TOTAL FTE ENROLLMENT</b>									
FTE Enrollment - Total - Total		9,725	6,000	13,299	22,222	5,039	8,315	6,715	390,878
FTE Enrollment - Total - White		276	3,902	9,475	15,540	1,268	4,757	220	207,850
FTE Enrollment - Total - African-American		8,089	1,131	1,868	1,089	269	1,555	6,038	44,614
FTE Enrollment - Total - Hispanic		524	484	1,545	4,531	3,002	1,110	219	85,772
FTE Enrollment - Total - Asian		434	116	165	498	48	488	74	25,586
FTE Enrollment - Total - Other		402	368	246	564	451	405	164	27,057
FTE Enrollment - Total - Male		4,026	2,290	5,562	9,752	2,563	708	2,747	177,123
FTE Enrollment - Total - Female		5,700	3,710	7,737	12,470	2,476	7,606	3,968	213,756
<b>TOTAL FTE ENROLLMENT BY LEVEL</b>									
FTE Enrollment - Total - Total		9,725	6,000	13,299	22,222	5,039	8,315	6,715	390,878
FTE Enrollment - Undergraduate - Total		7,630	4,354	12,150	19,822	4,099	5,116	5,366	320,834
FTE Enrollment - Master's - Total		506	1,439	981	2,276	809	2,735	1,248	47,615
FTE Enrollment - Doctoral - Total		121	207	168	125	131	464	101	14,746
FTE Enrollment - Post-Baccalaureate - Total		0	0	0	0	0	0	0	0
FTE Enrollment - Professional - Total		1,468	0	0	0	0	0	0	7,683
<b>PERCENT OF FTE BY LEVEL</b>									
FTE Enrollment - Undergraduate - Total		78.5%	72.6%	91.4%	89.2%	81.3%	61.5%	79.9%	82.1%
FTE Enrollment - Master's - Total		5.2%	24.0%	7.4%	10.2%	16.1%	32.9%	18.6%	12.2%
FTE Enrollment - Doctoral - Total		1.2%	3.5%	1.3%	0.6%	2.6%	5.6%	1.5%	3.8%
FTE Enrollment - Post-Baccalaureate - Total		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FTE Enrollment - Professional - Total		15.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%

**2006 University Accountability Measures for  
Texas Southern University and Selected Comprehensive (Peer) Universities**

2006 University Accountability Measures	TSU	TAMU-COMM	SAM HOUSTON STATE	TxSU	TAMUK	TWU	PVAMU	STATE-WIDE
<b>FOUR-YEAR GRADUATION RATE</b>								
Four-Year Graduation Rate - Total <sup>1</sup>	3.00%	19.40%	20.00%	24.90%	9.70%	24.70%	13.40%	24.30%
Four-Year Graduation Rate - Total - Same institution <sup>2</sup>	2.70%	17.60%	17.80%	22.10%	8.90%	22.50%	13.20%	22.40%
Four-Year Graduation Rate - Total - Other institutions <sup>3</sup>	0.30%	1.80%	2.20%	2.80%	0.80%	2.20%	0.30%	1.90%
Four-Year Graduation Rate - White - Total	0.00%	19.20%	19.50%	25.90%	14.20%	27.10%	10.50%	29.8%
Four-Year Graduation Rate - White - Same institution	0.00%	17.20%	17.30%	23.00%	13.30%	24.10%	10.50%	27.4%
Four-Year Graduation Rate - White - Other institutions	0.00%	2.00%	2.20%	2.90%	0.80%	3.00%	0.00%	2.5%
Four-Year Graduation Rate - African-American - Total	3.00%	21.40%	20.90%	22.50%	0.00%	20.60%	13.30%	12.3%
Four-Year Graduation Rate - African-American - Same Institution	2.80%	21.40%	19.40%	20.00%	0.00%	18.90%	13.00%	11.6%
Four-Year Graduation Rate - African-American - Other institutions	0.20%	0.00%	1.50%	2.50%	0.00%	1.70%	0.30%	0.7%
Four-Year Graduation Rate - Hispanic - Total	3.70%	17.60%	22.30%	21.20%	8.00%	14.90%	23.10%	15.0%
Four-Year Graduation Rate - Hispanic - Same institution	3.70%	14.70%	19.60%	19.50%	7.20%	14.90%	23.10%	13.9%
Four-Year Graduation Rate - Hispanic - Other institutions	0.00%	2.90%	2.80%	1.70%	0.90%	0.00%	0.00%	1.1%
Four-Year Graduation Rate - Asian - Total	0.00%	0.00%	16.70%	16.30%	20.00%	40.00%	0.00%	32.5%
Four-Year Graduation Rate - Asian - Same Institution	0.00%	0.00%	8.30%	12.20%	20.00%	36.70%	0.00%	30.7%
Four-Year Graduation Rate - Asian - Other institutions	0.00%	0.00%	8.30%	4.10%	0.00%	3.30%	0.00%	1.7%
Four-Year Graduation Rate - Other - Total	2.70%	27.30%	16.70%	39.30%	25.00%	62.50%	25.00%	17.9%
Four-Year Graduation Rate - Other - Same institution	1.40%	18.20%	11.10%	25.00%	25.00%	62.50%	25.00%	16.4%
Four-Year Graduation Rate - Other - Other institutions	1.40%	9.10%	5.60%	14.30%	0.00%	0.00%	0.00%	1.4%
<b>SIX-YEAR GRADUATION RATE</b>								
Six-Year Graduation Rate - Total <sup>1</sup>	17.10%	42.80%	48.30%	61.40%	33.60%	47.60%	33.60%	56.70%
Six-Year Graduation Rate - Total - Same institution <sup>2</sup>	15.00%	34.30%	38.10%	51.10%	27.90%	35.40%	31.30%	49.30%
Six-Year Graduation Rate - Total - Other institutions <sup>3</sup>	2.10%	8.60%	10.20%	10.30%	5.60%	12.20%	2.30%	7.40%
Six-Year Graduation Rate - White - Total	60.00%	43.60%	50.00%	63.20%	38.60%	50.90%	20.00%	63.0%
Six-Year Graduation Rate - White - Same institution	40.00%	34.70%	38.60%	52.00%	29.00%	39.10%	0.00%	54.3%
Six-Year Graduation Rate - White - Other institutions	20.00%	8.90%	11.40%	11.20%	9.70%	11.80%	20.00%	8.7%
Six-Year Graduation Rate - African-American - Total	15.60%	37.10%	46.90%	62.30%	22.40%	43.90%	33.60%	38.6%
Six-Year Graduation Rate - African-American - Same Institution	14.00%	34.30%	39.50%	54.30%	15.50%	33.60%	31.30%	34.0%

<sup>1</sup>Student entered that university and graduated from the same university or another Texas public university.

<sup>2</sup>Student entered that university and graduated from the same university.

<sup>3</sup>Student entered that university and graduated from another Texas public university.

**2006 University Accountability Measures for  
Texas Southern University and Selected Comprehensive (Peer) Universities**

2006 University Accountability Measures		TSU	TAMU-COMM	SAM HOUSTON STATE	TxStU	TAMUK	TWU	PVAMU	STATE-WIDE
Six-Year Graduation Rate - African-American - Other institutions		1.70%	2.90%	7.40%	7.90%	6.90%	10.30%	2.20%	4.6%
Six-Year Graduation Rate - Hispanic - Total		38.50%	43.50%	38.80%	54.00%	33.10%	40.50%	40.00%	43.7%
Six-Year Graduation Rate - Hispanic - Same institution		38.50%	26.10%	30.60%	46.50%	29.00%	29.70%	40.00%	38.0%
Six-Year Graduation Rate - Hispanic - Other institutions		0.00%	17.40%	8.20%	7.50%	4.10%	10.80%	0.00%	5.7%
Six-Year Graduation Rate - Asian - Total		0.00%	50.00%	50.00%	61.80%	50.00%	57.10%	0.00%	70.8%
Six-Year Graduation Rate - Asian - Same Institution		0.00%	16.70%	41.70%	58.80%	50.00%	35.70%	0.00%	63.8%
Six-Year Graduation Rate - Asian - Other institutions		0.00%	33.30%	8.30%	2.90%	0.00%	21.40%	0.00%	7.0%
Six-Year Graduation Rate - Other - Total		34.60%	45.50%	40.00%	54.30%	20.00%	47.10%	35.70%	54.5%
Six-Year Graduation Rate - Other - Same institution		26.90%	45.50%	33.30%	42.90%	20.00%	23.50%	35.70%	49.7%
Six-Year Graduation Rate - Other - Other institutions		7.70%	0.00%	6.70%	11.40%	0.00%	23.50%	0.00%	4.8%
Percent Receiving Pell		64.00%	43.20%	27.60%	24.20%	53.70%	37.80%	54.40%	
<b>ONE-YEAR PERSISTENCE RATE</b>									
Persistence Rate (1 year) - Total		64.40%	78.70%	89.90%	91.80%	76.10%	85.40%	82.00%	87.10%
Persistence Rate (1 year) - Total - Other institutions		7.40%	17.50%	17.10%	15.80%	13.40%	18.00%	11.20%	74.60%
Persistence Rate (1 year) - Total - Same institution		57.00%	61.20%	72.80%	76.00%	62.60%	67.40%	70.80%	12.60%
Persistence Rate (1 year) - White - Total		61.50%	80.50%	89.20%	91.80%	79.50%	89.10%	63.20%	89.90%
Persistence Rate (1 year) - White - Other institutions		23.10%	19.10%	17.90%	16.00%	13.70%	21.20%	15.80%	76.90%
Persistence Rate (1 year) - White - Same institution		38.50%	61.40%	71.30%	75.90%	65.80%	67.90%	47.40%	13.00%
Persistence Rate (1 year) - African-American - Total		65.30%	77.70%	90.90%	94.20%	79.30%	81.80%	82.40%	79.50%
Persistence Rate (1 year) - African-American - Other institutions		7.10%	13.80%	12.60%	12.40%	10.30%	16.20%	11.10%	67.70%
Persistence Rate (1 year) - African-American - Same institution		58.20%	63.80%	78.30%	81.80%	69.00%	65.70%	71.30%	11.90%
Persistence Rate (1 year) - Hispanic - Total		64.50%	70.30%	92.20%	91.70%	74.50%	80.50%	84.80%	85.10%
Persistence Rate (1 year) - Hispanic - Other institutions		11.80%	13.50%	19.10%	16.70%	14.20%	12.80%	12.10%	71.10%
Persistence Rate (1 year) - Hispanic - Same institution		52.60%	56.80%	73.20%	75.00%	60.30%	67.70%	72.70%	14.00%
Persistence Rate (1 year) - Asian - Total		56.30%	70.00%	95.80%	91.80%	100.00%	90.50%	100.00%	94.00%
Persistence Rate (1 year) - Asian - Other institutions		18.80%	20.00%	25.00%	10.20%	0.00%	19.00%	50.00%	85.40%
Persistence Rate (1 year) - Asian - Same institution		37.50%	50.00%	70.80%	81.60%	100.00%	71.40%	50.00%	8.60%
Persistence Rate (1 year) - Other - Total		36.70%	71.40%	84.20%	82.80%	66.70%	90.90%	42.90%	75.60%
Persistence Rate (1 year) - Other - Other institutions		2.00%	14.30%	5.30%	6.90%	0.00%	27.30%	0.00%	70.00%
Persistence Rate (1 year) - Other - Same institution		34.70%	57.10%	78.90%	75.90%	66.70%	63.60%	42.90%	5.50%

**2006 University Accountability Measures for  
Texas Southern University and Selected Comprehensive (Peer) Universities**

2006 University Accountability Measures	TSU	TAMU-COMM	SAM HOUSTON STATE	TxStU	TAMUK	TWU	PVAMU	STATE-WIDE
<b>TWO-YEAR PERSISTENCE RATE</b>								
Persistence Rate (2 years) - Total	46.90%	73.00%	79.30%	86.30%	69.20%	80.60%	66.10%	80.20%
Persistence Rate (2 years) - Total - Other institutions	10.50%	24.20%	19.40%	18.70%	21.20%	17.70%	14.30%	62.90%
Persistence Rate (2 years) - Total - Same institution	36.40%	48.80%	59.90%	67.60%	48.00%	62.90%	51.80%	17.30%
Persistence Rate (2 years) - White - Total	70.00%	76.70%	78.50%	86.80%	74.00%	79.70%	64.70%	84.70%
Persistence Rate (2 years) - White - Other institutions	20.00%	25.20%	19.60%	19.20%	31.80%	20.30%	47.10%	66.90%
Persistence Rate (2 years) - White - Same institution	50.00%	51.50%	59.00%	67.50%	42.20%	59.50%	17.60%	17.80%
Persistence Rate (2 years) - African-American - Total	46.70%	63.40%	83.10%	79.50%	49.00%	76.90%	66.20%	66.90%
Persistence Rate (2 years) - African-American - Other institutions	10.50%	22.10%	16.40%	13.10%	22.40%	18.30%	13.70%	51.50%
Persistence Rate (2 years) - African-American - Same institution	36.10%	41.20%	66.70%	66.40%	26.50%	58.60%	52.40%	15.40%
Persistence Rate (2 years) - Hispanic - Total	50.00%	79.30%	78.10%	86.40%	69.90%	82.80%	61.40%	76.80%
Persistence Rate (2 years) - Hispanic - Other institutions	11.80%	24.10%	23.60%	17.70%	17.90%	10.90%	22.70%	57.70%
Persistence Rate (2 years) - Hispanic - Same institution	38.20%	55.20%	54.50%	68.60%	52.00%	71.90%	38.60%	19.10%
Persistence Rate (2 years) - Asian - Total	81.30%	83.30%	81.00%	92.50%	50.00%	93.50%	66.70%	90.50%
Persistence Rate (2 years) - Asian - Other institutions	12.50%	16.70%	4.80%	25.00%	25.00%	21.70%	33.30%	75.80%
Persistence Rate (2 years) - Asian - Same institution	68.80%	66.70%	76.20%	67.50%	25.00%	71.70%	33.30%	14.60%
Persistence Rate (2 years) - Other - Total	36.40%	50.00%	80.80%	78.10%	66.70%	80.00%	72.70%	67.00%
Persistence Rate (2 years) - Other - Other institutions	5.50%	25.00%	19.20%	18.80%	11.10%	0.00%	0.00%	58.10%
Persistence Rate (2 years) - Other - Same institution	30.90%	25.00%	61.50%	59.40%	55.60%	80.00%	72.70%	8.90%
<b>INSTITUTIONAL EFFECTIVENESS AND EFFICIENCY MEASURES</b>								
Administrative Costs	11.50%	10.40%	7.00%	10.20%	14.00%	10.70%	12.50%	n/a
Appropriations per FTSE	\$6,755	\$5,640	\$3,966	\$4,225	\$8,581	\$7,198	\$9,521	\$ 6,259
Appropriations per FTFE	\$71,830	\$58,361	\$49,119	\$62,548	\$75,608	\$63,221	\$87,093	\$ 64,678
Operating Expense per FTSE	\$17,374	\$10,025	\$9,610	\$10,712	\$14,784	\$12,368	\$16,278	\$ 15,702
Total Revenue per FTSE	\$15,192	\$10,985	\$9,856	\$10,853	\$16,288	\$14,759	\$18,821	\$ 16,628
Total Revenue per FTFE	\$161,539	\$113,660	\$122,060	\$160,647	\$143,514	\$129,636	\$172,167	\$ 171,929

**EXHIBIT B**

**Law and Pharmacy Licensure Exam Pass Rates  
FY 2005-2006**

Institution	Fiscal Year	Law Exam	Pharm. Exam
TEXAS SOUTHERN UNIVERSITY	FY 2006	63.5%	88.5%
TEXAS TECH UNIVERSITY	FY 2006	89.1%	n/a*
UNIVERSITY OF HOUSTON	FY 2006	84.2%	99.0%
UT AUSTIN	FY 2006	89.6%	96.3%

Institution	Fiscal Year	Law Exam	Pharm. Exam
TEXAS SOUTHERN UNIVERSITY	FY 2005	79.1%	92.4%
TEXAS TECH UNIVERSITY	FY 2005	85.0%	n/a*
UNIVERSITY OF HOUSTON	FY 2005	84.8%	99.0%
UT AUSTIN	FY 2005	91.6%	94.6%

Source: Texas Higher Education Coordinating Board

\*Pharmacy School is located at the Texas Tech Health Science Center