Central Texas Regional Overview

Prepared for:

February 2011
Executive Summary – Central Texas

- Central Texas is home to the **wealthier than state average** and **predominantly white** State Capital region. It is also home to **three flagship institutions** that are magnets for the highest achieving students across Texas.

- The high education achievement of white students pushes the region’s attainment levels above the state average, which masks the **large gap between more affluent white students and a fast growing number of lower income Hispanic students**. This gap will only be exacerbated given that Hispanics will contribute almost 90% of the growth in student population over the next twenty years.

- Central Texas's vibrant economy benefits from the flagships’ high graduation rates, which are almost 30% higher than the Texas average. **The region’s ability to meet the talent demand of the fastest growing occupations will depend on its capacity to produce more students with a postsecondary degree or credential**.

- **Significant challenges, however, need to be addressed** to produce these graduates. Almost half the students in the region do not enroll in postsecondary immediately after high school, and only 1% of which ever get a degree or credential. Moreover, almost half of those who do enroll are not ready to take credit bearing courses and require developmental education.

- The high visibility of the State Capital area’s vibrant economy and the high-achieving flagship students have resulted in a more **limited sense of urgency to address upcoming demographic changes and weaker cross-sector coordination** than in other regions. **The region lacks four-year regional institutions that provide students with a four-year alternative to selective flagships**, which poses an additional challenge to student success, especially for underserved students.

- The region has numerous assets to leverage towards education reform: **growing collaborative efforts, a vibrant business community and the broad set of political and talent assets of the State Capital region**. A public-private partnership can play a critical role in helping the region better realize the full potential of these resources.
Central Texas Is Home to Austin, the State Capital, and Has a Predominantly White Population

Central Texas makes up 11% of the total Texas population, with the State Capital region containing 61% of the total region population.

Total Population = 2.7 M

The counties surrounding the state capital have a higher percentage of Hispanics (30%) than the rest of the Central Texas region (19%).

Regional Context

<table>
<thead>
<tr>
<th></th>
<th>Population by Ethnicity 2010 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State Capital Region</td>
</tr>
<tr>
<td></td>
<td>White</td>
</tr>
<tr>
<td>Texa</td>
<td></td>
</tr>
<tr>
<td>s</td>
<td>47%</td>
</tr>
<tr>
<td>Central</td>
<td>37%</td>
</tr>
<tr>
<td>Texas</td>
<td>61%</td>
</tr>
</tbody>
</table>

Notes: The State Capital Region refers to Bastrop, Blanco, Burnett, Caldwell, Fayette, Hays, Lee, Llano, Travis, Williamson Counties.
Source: Texas State Demographic Projections

© 2011 FSG
While the Student Population Is Primarily White, Hispanics Will Contribute 88% of Total Student Growth Over the Next 20 Years

Hispanic student representation in Capital region is higher than in Central Texas region overall

Hispanic students will account for 88% of growth in student-age population and will grow to represent 37% of the student population

Notes: The State Capital Region refers to Bastrop, Blanco, Burnett, Caldwell, Fayette, Hays, Lee, Llano, Travis, Williamson Counties
Source: Texas State Demographic Projections
The State Capital Region Has a Higher Income Than Regional and State Averages But Also Has the One of the Widest Ethnic Gaps

*Median Household Income, 2008 (thousands)*

- **Rest of Central Texas**: $44
- **State Capital Region**: $57
- **Texas**: $49

*Notes: (1) Median Household Income by Ethnicity calculated using the median household income per county and weighting by 2008 county population, (2) Federal poverty level for a 3 person household was $17,600 for 2008, State Capital region includes Bastrop, Blanco, Burnett, Caldwell, Fayette, Hays, Lee, Llano, Travis, Williamson Counties but for above income analysis Blanco, Lee and Llano counties were not used in calculating weighed average because data is not available for those counties Source: US Census, 2008 American Community Survey; FSG analysis*
Central Texas Has Benefited from Strong Economic Growth Due to Its Status as A Technology Industry Hub

Central Texas Region Industrial Employment Indices, 2003-2013

Note: Data after September 2009 are projected.
Sources: Economic Modeling Specialists Inc. and Texas Comptroller of Public Accounts.

Most of the fastest growing occupations require a postsecondary education degree or credential

The Ability Of The Region to Meet the Demand for Labor Will Depend on the Education System’s Ability to Produce Qualified Graduates

Occupations Adding the Most New Jobs or Growing the Fastest, 2006-2016, Central Texas (in thousands)

Source: Texas Workforce Commission as reported in the THECB’s 2010 Regional Plan for Texas Higher Education
Being Home to Three Flagships, Central Texas Acts as a Magnet for the Highest Achieving Students Across the State

- 64% of Central Texas high school graduates remain in Central Texas when enrolling in postsecondary education
- Close to 64% of all postsecondary students in Central Texas come from outside the region with 59% coming from Gulfcoast, Metroplex and South Texas

As a result, Central Texas's percent of PSE students that come from outside the region (64%) is almost 2.5 times the Texas average (26%)

Source: THECB High School to College Linkage Data: High School Graduates by County and High School District; Google Maps; US Census 1990 Education Attainment for Persons Over 25 Years of Age
Central Texas Outperforms Texas in Educational Outcomes, Primarily Because of the High Attainment Rates of White Students

Central Texas as a whole slightly outperforms state averages

However, the high performance of White students masks a wide gap in attainment rates between White and minority students

The gap between the fastest growing student population (Hispanics) and whites is among the highest in the state, which points to future challenges

Note: n indicates the size of the 7th grade cohort for each ethnicity
Source: Texas Higher Education Data, Regional Data for Seventh Grade Cohort and High School to College
Central Texas Is Home to Three Four-Year Flagship Schools, All of Which Outperform the Texas Average Graduation Rate

<table>
<thead>
<tr>
<th>Four-year Institutions (6-year Graduation Rates)</th>
<th>% Hispanic</th>
<th>Fall '09 Total UG Enroll.</th>
</tr>
</thead>
<tbody>
<tr>
<td>UT Austin</td>
<td>84%</td>
<td>38,168</td>
</tr>
<tr>
<td>Texas A&amp;M University</td>
<td>84%</td>
<td>38,726</td>
</tr>
<tr>
<td>Regional Average</td>
<td>81%</td>
<td>104,411</td>
</tr>
<tr>
<td>Texas State University-San Marcos</td>
<td>65%</td>
<td>26,001</td>
</tr>
<tr>
<td>Texas Average</td>
<td>56%</td>
<td>1,516</td>
</tr>
<tr>
<td>Texas A&amp;M University - Central Texas</td>
<td>N/A</td>
<td>1,516</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Two-year Institutions (6-year Graduation Rates)</th>
<th>% Hispanic</th>
<th>Fall '09 Total UG Enroll.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blinn College</td>
<td>47%</td>
<td>16,855</td>
</tr>
<tr>
<td>Regional Average</td>
<td>39%</td>
<td>92,460</td>
</tr>
<tr>
<td>Temple College</td>
<td>36%</td>
<td>5,659</td>
</tr>
<tr>
<td>McLennan Community College</td>
<td>36%</td>
<td>9,117</td>
</tr>
<tr>
<td>Hill College</td>
<td>36%</td>
<td>4,290</td>
</tr>
<tr>
<td>Austin Community College</td>
<td>32%</td>
<td>37,850</td>
</tr>
<tr>
<td>Texas State T.C. Waco</td>
<td>31%</td>
<td>6,816</td>
</tr>
<tr>
<td>Texas Average</td>
<td>30%</td>
<td>34%</td>
</tr>
<tr>
<td>Central Texas College</td>
<td>23%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Notes: Data from THECB for Fall enrollment – credit students, Texas A&M University – Central Texas cohort graduation rate is not available as campus was opened in 2009. Source: THECB, FSG analysis
Central Texas Is the Only Region in Texas with a Higher Percentage of Students Enrolled in 4-Year Universities Than 2-Year Colleges

**Two-Year College Enrollment by Ethnicity**

- **2000**: 60K (White: 41K, Hispanic: 9K, Other: 4K, African American: 6K)

**Four-Year College Enrollment by Ethnicity**


**Note:** (1) Enrollment for Central Texas residents.

Source: THECB and Institutional Data

**Enrollment growth in Central Texas has been driven by community colleges; all ethnicities have contributed to this growth**
A Large Percentage of the Region’s Students Do Not Enroll in Postsecondary Immediately After Graduating From High School

**Status of Postsecondary Enrollment After Graduating High School¹**

<table>
<thead>
<tr>
<th>Did Not Enroll Immediately (n=34,465)</th>
<th>Enrolled Immediately (n=35,355)</th>
</tr>
</thead>
<tbody>
<tr>
<td>69,820</td>
<td>35,355</td>
</tr>
</tbody>
</table>

**Probability of Completing Postsecondary Education in 6 Years**

- Did Not Enroll Immediately: 1%
- Enrolled Immediately: 33%

---

*Students enrolling in postsecondary education immediately after graduating high school are 33 times more likely to complete a degree than those who did not*

Note: (1) ‘n’ refers to total number of students for that status of enrollment after graduating from high school

Source: THECB data on public high school graduates who earned a degree or certificate in a two-year or four-year institution within six years of high school graduation, for FY 2001, 2002, & 2003
Two-Year Colleges’ Developmental Education Rates Better Reflect the Challenges that the Region’s Local Students Face to Succeed in Postsecondary Education

Two-Year College
Percent of Students Who Take Dev Ed
Fall 2003 Cohort

| With Dev Ed | 46% | 27% |
| No Dev Ed   | 54% | 49% |

Four-Year College
Percent of Students Who Take Dev Ed
Fall 2003 Cohort

| With Dev Ed | 3%  | 51% |
| No Dev Ed   | 97% | 81% |

The appeal of the four-year flagship institutions for the top performing students across Texas in evidenced by their extremely low developmental education rates

Source: THECB and Institutional Data, FSG analysis
Unlike in Other Regions, Four-Year Institutions in Central Texas Have Few Incentives to Focus on Improving Attainment Rates of Students in the Region

### Flagship Presence in Central Texas

- **All three four-year institutions** in Central Texas are flagships
- The **flagships are highly selective** and their students are among the top performing in the state
  - 52% of flagship students are from the top 10% of their class (vs 24% Texas avg)
  - Only 3% of students at flagships **require developmental education** (vs 23% Texas avg)
  - Very high graduation rate: 81%
- 65% of students at the flagship universities **come from other regions** and start off as freshmen
- 42% of flagship students are **two-year transfers** (vs 45% Texas Average)
- The flagships’ **strong research mission demands a significant amount of leadership attention and resources**

### Implications

- Flagships have **limited incentives** to partner with their local ISDs and community colleges and **to invest time and resource on improving attainment rates of local students**
- Central Texas students **lack access to local four-year institutions that are not highly selective flagships**, therefore **limiting opportunities** for a large portion of the student body, especially underserved students

---

Note: The definition of transfer from 2-year in this situation refers to students transferring to a four-year university with more than 12 hours of credit

Source: FSG analysis, interviews, THECB Accountability Data
### Challenges

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insufficient coordination among reform activities</td>
<td>• E3, the Central Texas P16, has helped generate a <strong>blueprint of reform</strong> for the region but <strong>not all stakeholders are committed to strategy</strong></td>
</tr>
<tr>
<td></td>
<td>• <strong>Weak cross-sector coordination</strong></td>
</tr>
<tr>
<td>Limited sense of urgency to address upcoming demographics changes</td>
<td>• The historically <strong>underperforming Hispanic student population</strong> is set to grow 81% by 2030, but there is a <strong>lack of urgency from</strong> the capital region <strong>community</strong> as well as an <strong>absence of minority group leadership</strong></td>
</tr>
<tr>
<td></td>
<td>• As a high tech hub, Austin is a highly <strong>mobile community</strong> where people move in and out and <strong>do not see the growing problem</strong> as their concern or a place to invest time and effort</td>
</tr>
<tr>
<td>Central Texas lacks a regional four-year institution</td>
<td>• Central Texas is home to three flagship four-year research universities that bring many benefits to the region but do not generally play the linchpin role in local reform efforts that regional universities do in other areas of the state</td>
</tr>
<tr>
<td></td>
<td>• Central Texas students <strong>lack access to local four-year institutions that are not highly selective flagships</strong></td>
</tr>
</tbody>
</table>

Source: THECB and Institutional Data, FSG analysis and interviews
Central Texas Has Numerous Assets to Leverage To Address the Region’s Challenges, But Many of Them Remain Largely Untapped

**Key Regional Assets**

**Growing Collaborative Efforts**
- E3 Alliance, the Greater Austin Chamber of Commerce and the Central Texas Student Futures Project have all begun to mobilize the business community, as well as PSEs in the region, to begin to take necessary steps in addressing the challenge of a growing underperforming student population in Central Texas

**State Capital Resources**
- The state capital serves as a center of **policy change** and has a high level of **access to key leaders** that can be **influential in creating urgency** for improving educational outcomes
- Home to flagship schools that attract **high-tech businesses and highly educated labor force**. For every Central Texas adult without a high school diploma, there are 2.5 adults with Bachelor degrees
- The state capital region has a **highly developed nonprofit infrastructure**, with many organizations and leaders who are interested in education reform

**Vibrant Business Community**
- The state capital, is well equipped with a **strong, growing economy** which includes a **lower unemployment rate than the rest of the state** and thousands of **additional jobs** to be created in the next eight years of which two-thirds will require a bachelors degree
- Central Texas has several **industries** (IT, biotech) that not only **employ a sizeable portion of the workforce** but are a **source of skills and services to the rest of the country**. A vibrant business community can be leveraged to improve education through **partnership programs**, such as internships

Source: FSG analysis and interviews
Collaborative Efforts Are Beginning to Take Root in Central Texas But Would Benefit From Additional Coordination Among Them

<table>
<thead>
<tr>
<th>Organization</th>
<th>Who?</th>
<th>What?</th>
<th>Implications</th>
</tr>
</thead>
</table>
| E3 ALLIANCE  | • Founded in 2006 by **Austin Area Research Organization**  
  ○ UT Austin  
  ○ Austin Community College District | • Regional collaborative dedicated to developing comprehensive, data-driven view of Central Texas education landscape to align educational systems and practices | • These various organizations have begun to bring important **actors from different sectors** in education within Central Texas with a **common agenda** of improving the cradle to college system |
| Austin Chamber of Commerce | • Private, non-profit, membership-driven organization  
  • 2,500 **business** enterprises, civic organizations, education institutions and individuals | • Enhance capacity, in **K-16** and ensure workforce development and economic growth | • While these efforts are pulling together stakeholders and resources, there is limited collaboration between each other and building from each other’s work |
| CENTRAL TEXAS STUDENT FUTURES PROJECT | • Research **partnership** of the **Ray Marshall Center** and a growing number of Central Texas independent school districts | • Documents and analyzes progress of Central Texas high school students as they move onto colleges and careers | |

Source: E3 Alliance 2010 Central Texas Education Profile
The State Capital Has Many Resources Including a Vibrant Business Community Which Can Be Leveraged in Improving Educational Outcomes

State Capital Resources

- State Capital serves as the hub of state policy and legislation which can be leveraged to improve educational outcomes in the region
- Home to many strong institutions of postsecondary education which attract talent from rest of the state and country both to study and to work
- Considered to have a desirable “quality of life”
- The region tends to have a much more highly educated workforce than the rest of the state and much of the country

Vibrant Business Community

- Strong technology-based economy with 46,794 additional jobs to be created in the next 10 years, of which 2/3 will require a bachelors degree
- Several industries (IT, biotech, engineering) that not only employ a sizeable portion of the workforce but are a source of such skills and services to the rest of the country. This vibrant business community can be leveraged to improve education through partnership between companies and schools, such as internship and mentorship programs

Note: State Capital and Capital Region refers to the Austin-Round Rock Metropolitan Statistical Area (MSA) of Bastrop, Caldwell, Hays, Travis and Williamson counties. Additionally, the profile includes the Austin Community College Service Area outlying districts: Blanco, Fredericksburg, Gonzales, Harper, Johnson City, and Nixon-Smiley.

Source: E3 Alliance 2010 Central Texas Education Profile
A Public Private Partnership Could Help Central Texas Better Direct Its Existing Assets to Address Critical Gaps

**Preliminary Opportunities for the Region**

- **Increase urgency of the need for improved educational outcomes**
  - Create greater **awareness of the changing demographics** in the region through awareness campaigns
  - **Increase awareness** among targeted groups such as **minority leaders**
  - **Build on** the E3 Alliance efforts to **disseminate data** on educational system performance

- **Increase incentives for collaboration between the cross-sector players**
  - Organizations who have not been collaborating in the past might find it in their interest to **collaborate through a system of incentives**
    - Collaboration would need to be inclusive of **all counties in Central Texas**, including those outside of the capital region

- **Mobilize four-year university resources**
  - Resources from a public-private partnership might attract **increased involvement from UT Austin** and induce the university to **increase efforts in improving outcomes in Central Texas**
  - **Increase number and comprehensiveness** of articulation agreements between ACC and UT Austin

Source: FSG analysis and interviews
FSG Interviewed 14 Stakeholders in the Central Texas Region

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Organization</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim Gaertner</td>
<td>Interim Vice President for Academic Affairs</td>
<td>Texas State University System</td>
<td>4-year university system</td>
</tr>
<tr>
<td>Martha Ellis</td>
<td>Associate Vice Chancellor for Community College Partnerships</td>
<td>University of Texas System</td>
<td>4-year university system</td>
</tr>
<tr>
<td>Harrison Keller</td>
<td>Vice Provost of Higher Education Policy and Research</td>
<td>University of Texas at Austin</td>
<td>4-year institution</td>
</tr>
<tr>
<td>Byron McClenney</td>
<td>Project Director, Achieving the Dream</td>
<td>University of Texas at Austin</td>
<td>Expert</td>
</tr>
<tr>
<td>Kay McClenney</td>
<td>Director of the Community College Survey of Student Engagement</td>
<td>The University of Texas at Austin</td>
<td>Expert</td>
</tr>
<tr>
<td>Richard Moore</td>
<td>Executive Director</td>
<td>Texas Community College Teachers Association</td>
<td>Membership Association</td>
</tr>
<tr>
<td>Rey García</td>
<td>Executive Director</td>
<td>Texas Association of Community Colleges</td>
<td>Membership Association</td>
</tr>
<tr>
<td>Bill Hammond</td>
<td>President and CEO</td>
<td>Texas Association of Business</td>
<td>Business Community</td>
</tr>
<tr>
<td>Kenneth Jastrow</td>
<td>Chairman and CEO</td>
<td>Temple-Inland</td>
<td>Business Community</td>
</tr>
<tr>
<td>Jacob Fraire</td>
<td>Assistant Vice President, Education Alliances</td>
<td>TG</td>
<td>Expert/Funder</td>
</tr>
<tr>
<td>Mike Moses</td>
<td>Senior Educational Advisor</td>
<td>Raise Your Hand Texas</td>
<td>Expert/Business Community</td>
</tr>
<tr>
<td>Fred W. Heldenfels IV</td>
<td>Board Chair</td>
<td>THECB</td>
<td>State agency</td>
</tr>
<tr>
<td>Mark Kavanaugh and Ray Martinez</td>
<td>Policy Analyst and Chief of Staff</td>
<td>Office of Senator Judith Zaffirini</td>
<td>Legislator</td>
</tr>
</tbody>
</table>