

# **University of Houston Leadership Retreat**

**Financial Overview  
Revenue / Expense Projections  
Planning for Fundraising**

September 24, 2010

## University of Houston System Operating Budgets

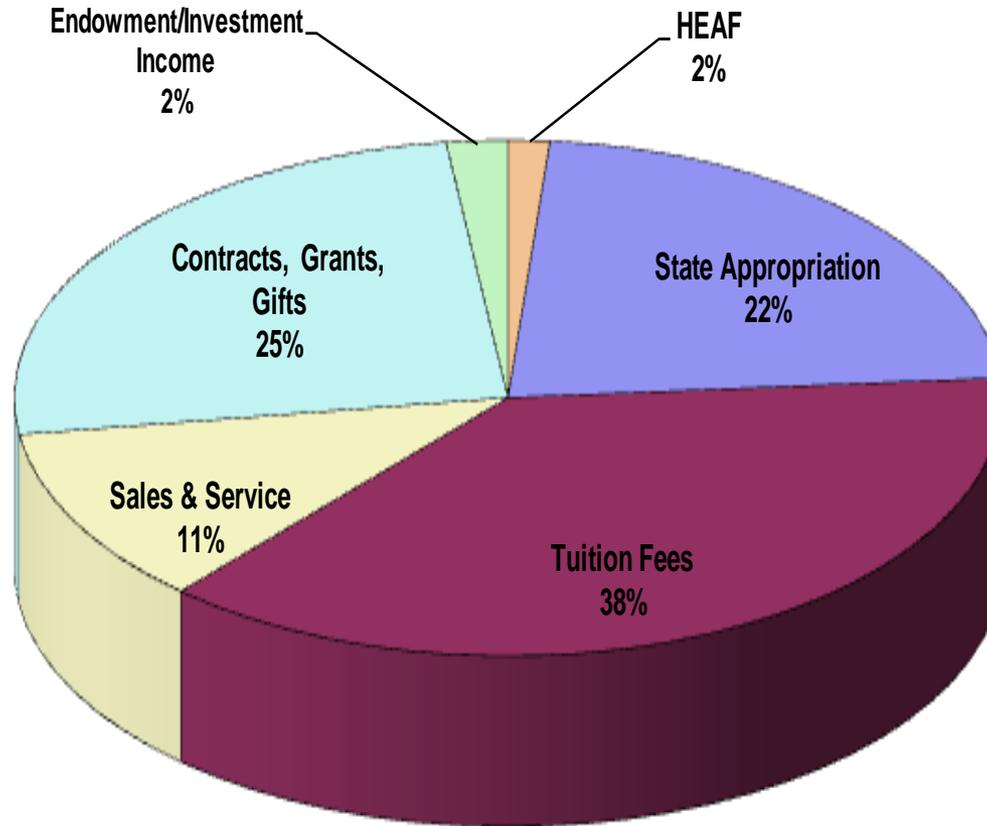
(\$ in Millions)

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>
University of Houston *	\$ 455.1	\$ 489.7	\$ 522.1	\$ 553.5	\$ 604.5	\$ 644.4	\$ 653.0	\$ 708.6	\$ 750.9	\$ 805.9	\$ 874.4
UH-Clear Lake	68.2	73.8	67.4	71.6	74.7	79.0	83.2	88.1	92.0	97.1	105.2
UH-Downtown	58.5	66.7	73.6	77.6	87.5	96.2	102.4	115.3	120.6	135.5	149.1
UH-Victoria	16.0	18.7	22.5	24.1	26.4	29.6	32.1	39.6	43.3	43.3	49.2
UH System Admin *	24.6	28.5	28.3	30.6	13.2	12.1	12.4	13.3	13.9	13.2	14.1
<b>Total</b>	<b>\$ 622.4</b>	<b>\$ 677.4</b>	<b>\$ 713.9</b>	<b>\$ 757.4</b>	<b>\$ 806.3</b>	<b>\$ 861.3</b>	<b>\$ 883.1</b>	<b>\$ 964.9</b>	<b>\$1,020.7</b>	<b>\$1,095.0</b>	<b>\$1,192.0</b>

\* Change from FY04 to FY05 includes the move of KUHT Public Television from System Administration to UH (\$8.7 million)

# Budgeted Sources of Current Funds-FY2011

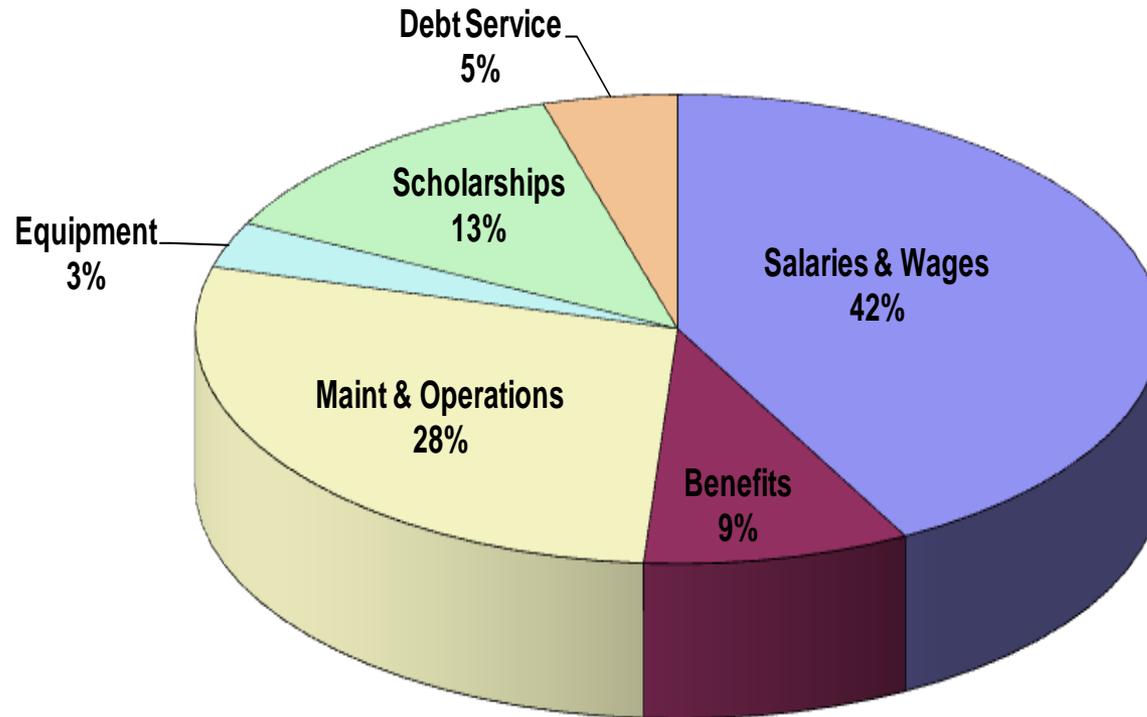
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Total \$874.4 million

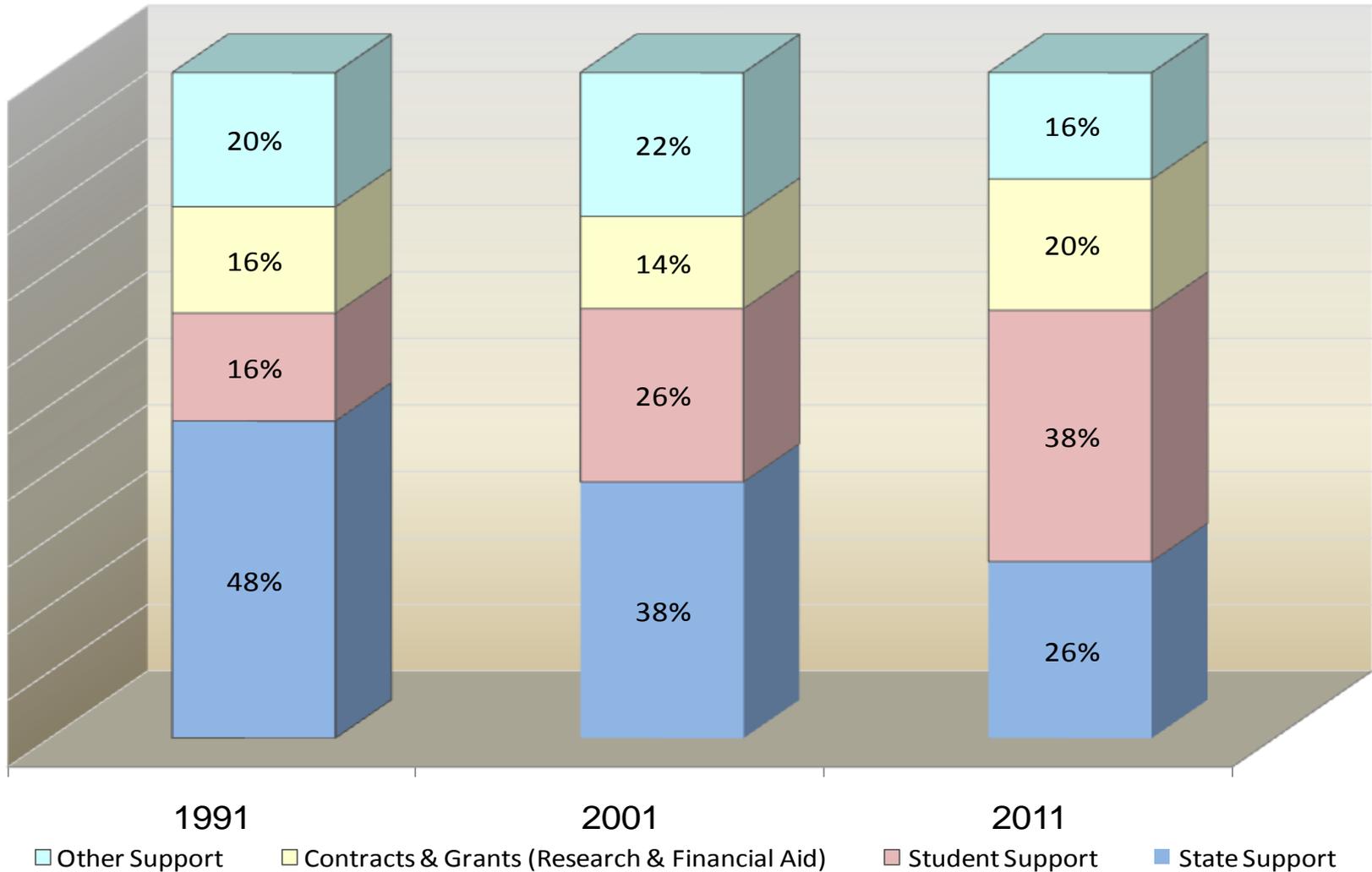
University of Houston  
**Budgeted Uses of Current Funds By  
Object-FY2011**

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Total \$874.4 million

# University of Houston Operating Budget



# University of Houston

## Revenue Summary Based on Historical Enrollment Increases

### FY2021 Revenue Increase

(vs FY2010 Revenue)

		Annual Increase in State-wide GR		
		Low (-2%)	Mid (0%)	High (2%)
		Annual Tuition & Fee Increases	Low (0%)	-\$2.2 -0.6%
Mid (3%)	\$128.1 35.6%		\$151.2 42.0%	\$179.4 49.9%
High (5%)	\$271.1 75.4%		\$294.2 81.8%	\$322.4 89.6%

#### Actual Base Period Growth over Eight Years

	Base Period FY2000-01	Base Period FY2008-09	Annual Growth
Undergrad	627,841	701,925	1.4%
Masters	81,576	85,139	0.5%
Doctoral	19,677	18,880	-0.5%
Professional	47,967	60,610	3.0%
<b>Total</b>	<b>777,061</b>	<b>866,554</b>	<b>1.4%</b>

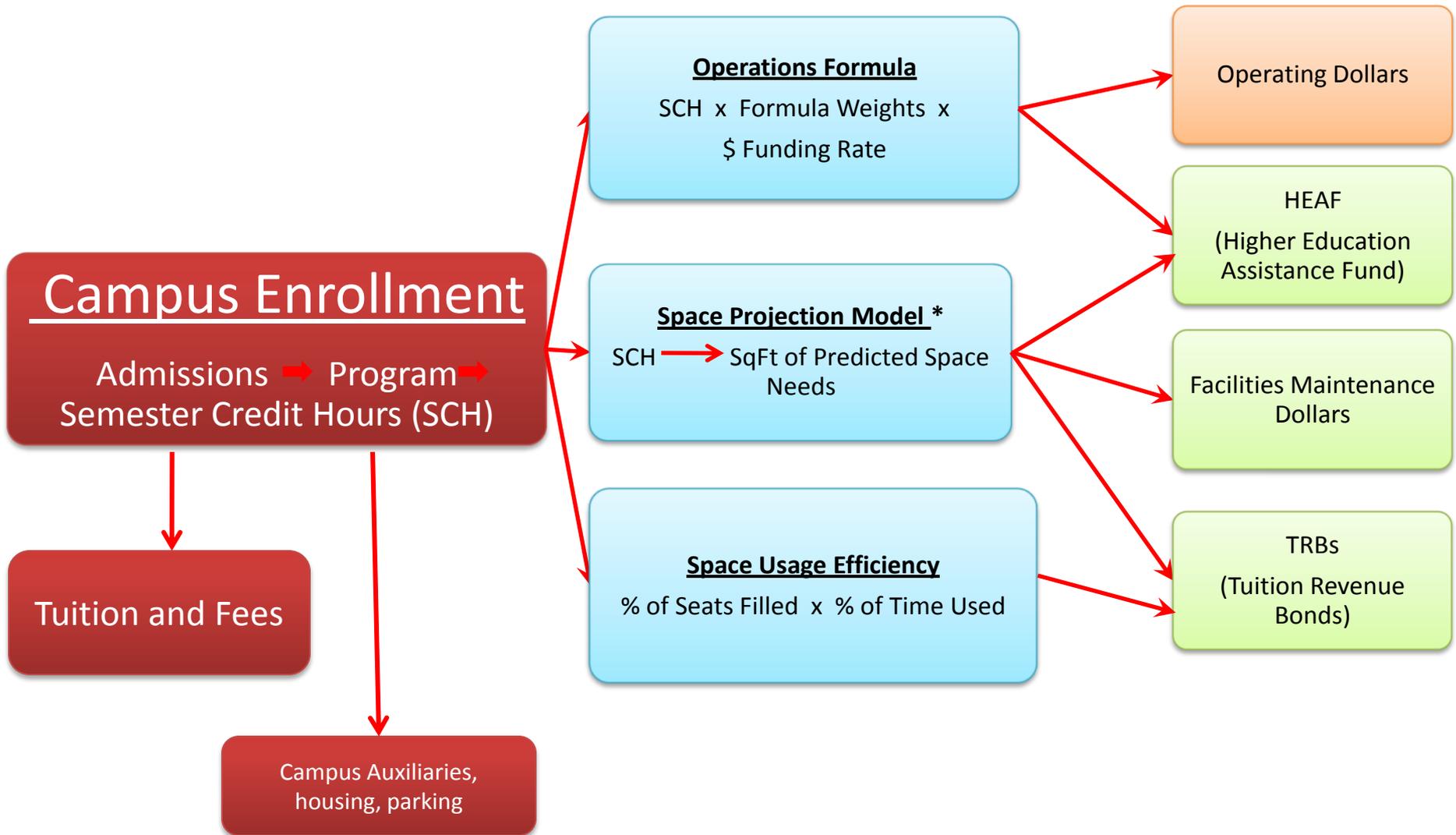
#### SCH in Model (Based on traditional growth)

	Fall FY2010	Fall FY2021	Annual Growth
Undergrad	345,494	402,761	1.4%
Masters	41,058	43,544	0.5%
Doctoral	9,071	8,570	-0.5%
Professional	26,014	35,885	3.0%
<b>Total</b>	<b>421,637</b>	<b>490,759</b>	<b>1.4%</b>

# Closing the Gap

- **Increased enrollment and tuition**
- Professional and differential tuition
- Cost shifting to contract and grants
- IDC income
- Patent and Licensing Revenue
- Philanthropy

# ENROLLMENT DRIVES FUNDING



\* Other input to Space Projection Model includes research expenditures, number of facility and staff, and library holdings

**University of Houston  
Master Plan Enrollment Targets**

	Actual				Targets		
	Fall 2000	Fall 2005	Fall 2009	% Change Fall 00-09	Fall 2015	Fall 2020	% Change Fall 09-20
<b><u>Undergraduate</u></b>							
Semester Credit Hours	290,198	331,490	345,494	19%	368,513	375,075	9%
Full-Time Equivalent Students	24,183	27,624	28,791	19%	30,709	31,256	9%
Student Headcount	25,095	27,510	29,298	17%	30,206	30,006	2%
<b><u>Master's</u></b>							
Semester Credit Hours	37,089	30,307	41,058	11%	50,388	68,629	67%
Full-Time Equivalent Students	3,788	3,367	4,562	20%	5,599	7,625	67%
Student Headcount	4,062	3,607	4,287	6%	5,928	8,074	88%
<b><u>Doctoral</u></b>							
Semester Credit Hours	8,053	9,250	9,071	13%	10,752	15,084	66%
Full-Time Equivalent Students	895	1,028	1,008	13%	1,195	1,676	66%
Student Headcount	1,391	1,463	1,647	18%	1,792	2,514	53%
<b><u>Special Professional</u></b>							
Semester Credit Hours	20,790	27,059	26,014	25%	28,841	34,721	33%
Full-Time Equivalent Students	1,733	2,255	2,168	25%	2,403	2,893	33%
Student Headcount	1,575	2,002	1,768	12%	1,962	2,362	34%
<b><u>Total</u></b>							
Semester Credit Hours	356,130	398,106	421,637	18%	458,494	493,509	17%
Full-Time Equivalent Students	30,599	34,274	36,529	19%	39,906	43,450	19%
Student Headcount	32,123	34,582	37,000	15%	39,888	42,956	16%
<b><u>Percent Graduate &amp; Professional</u></b>							
	21.9%	20.4%	20.8%		24.3%	30.1%	

# University of Houston

## Expense Summary Based on Campus Master Plan Enrollments

### FY2021 Expense Increase

(vs FY2010 Expense)

		Increase Faculty Appointments		
		Low (0 FTE)	Mid (100 FTE)	High (325 FTE)
Salary Increases	Low (0%)	<b>\$0.0</b>	<b>\$42.2</b>	<b>\$137.1</b>
	Mid (1%)	<b>\$31.2</b>	<b>\$73.4</b>	<b>\$168.3</b>
	High (3%)	<b>\$93.6</b>	<b>\$135.7</b>	<b>\$230.7</b>

<b>Recurring Costs - Faculty</b>	<b>HIGH</b>	<b>MEDIUM</b>	<b>LOW</b>
Faculty Costs, Doctoral Growth	\$ 24,000,000	\$ 7,320,000	\$ -
Faculty Costs, Undergraduate	1,954,000	560,000	-
Faculty Costs, Masters & Professional	8,056,000	2,560,000	-
<b>TOTAL</b>	<b>\$ 34,010,000</b>	<b>\$ 10,440,000</b>	<b>\$ -</b>
<b>Recurring Costs - Other</b>			
Maintenance and Operations	\$ 60,702,800	\$ 18,677,785	\$ -
Non-instructional Staffing	9,240,000	2,843,077	-
Financial Aid	26,704,292	8,216,705	-
Construction Financing	6,469,000	1,990,462	-
<b>TOTAL</b>	<b>\$ 103,116,092</b>	<b>\$ 31,728,028</b>	<b>\$ -</b>
	<b>HIGH (3%)</b>	<b>MID (1%)</b>	<b>LOW (0%)</b>
<b>Faculty/Staff Salary Increases</b>	<b>\$ 93,550,000</b>	<b>\$ 31,183,333</b>	<b>\$ -</b>
<b>Total Recurring Costs</b>	<b>\$ 230,676,092</b>	<b>\$ 73,351,362</b>	<b>\$ -</b>

Note: Cost for Increase in Faculty Appointments reflects additional salary and benefits and proportional other expenses as needed for enrollment growth resulting from additional faculty.

# University of Houston

## Revenue Summary Based on Campus Master Plan Enrollments

### FY2021 Revenue Increase (vs FY2010 Revenue)

		Annual Increase in State-wide GR		
		Low (-2%)	Mid (0%)	High (2%)
Annual Tuition & Fee Increases	Low (0%)	\$20.6 5.7%	\$46.6 13.0%	\$78.4 21.8%
	Mid (3%)	\$151.6 42.2%	\$177.6 49.4%	\$209.4 58.2%
	High (5%)	\$295.4 89.1%	\$321.4 89.4%	\$353.2 98.2%

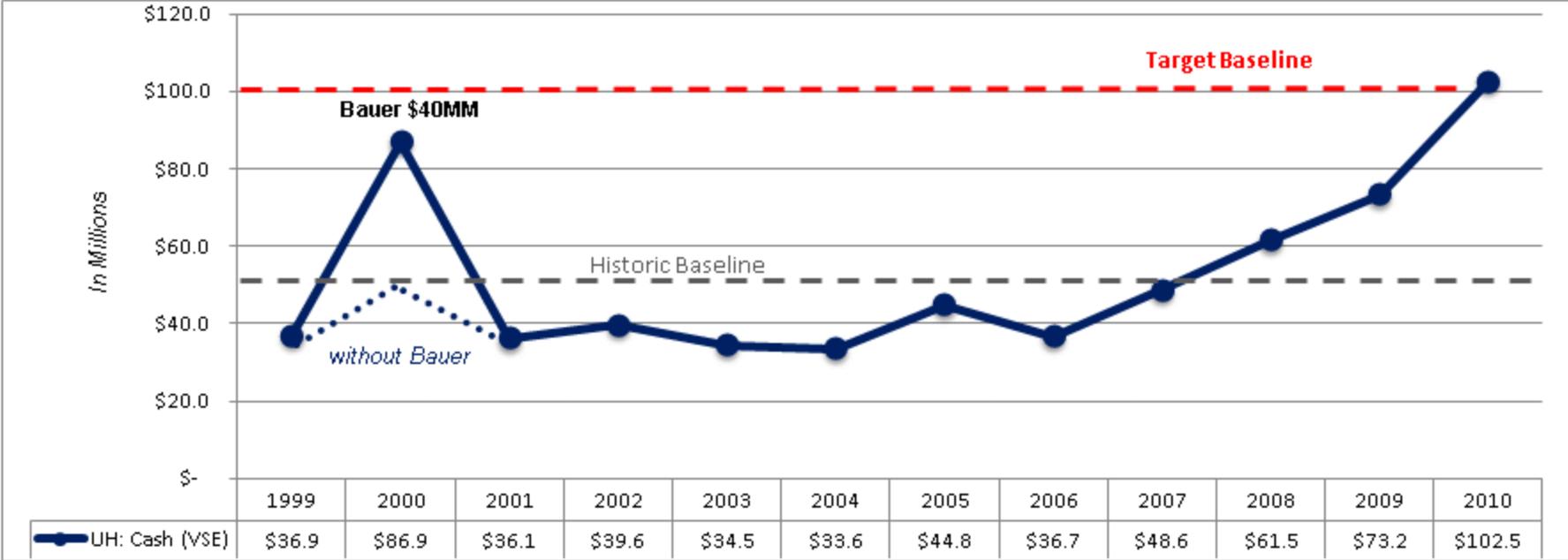
### SCH in Model (Based on Master Plan)

	<u>Fall FY2010</u>	<u>Fall FY2021</u>	<u>Annual Growth</u>
Undergraduate	345,494	375,075	0.7%
Masters	41,058	68,629	4.8%
Doctoral	9,071	15,084	4.7%
Professional	26,014	34,721	2.7%
<b>Total</b>	<b>421,637</b>	<b>493,509</b>	<b>1.4%</b>

# Closing the Gap

- Increased enrollment and tuition
- Professional and differential tuition
- Cost shifting to contract and grants
- IDC income
- Patent and Licensing Revenue
- **Philanthropy**

# UH Annual Private Support Trend



# Annual Private Support Comparison to UH Peer Group

Cash-basis

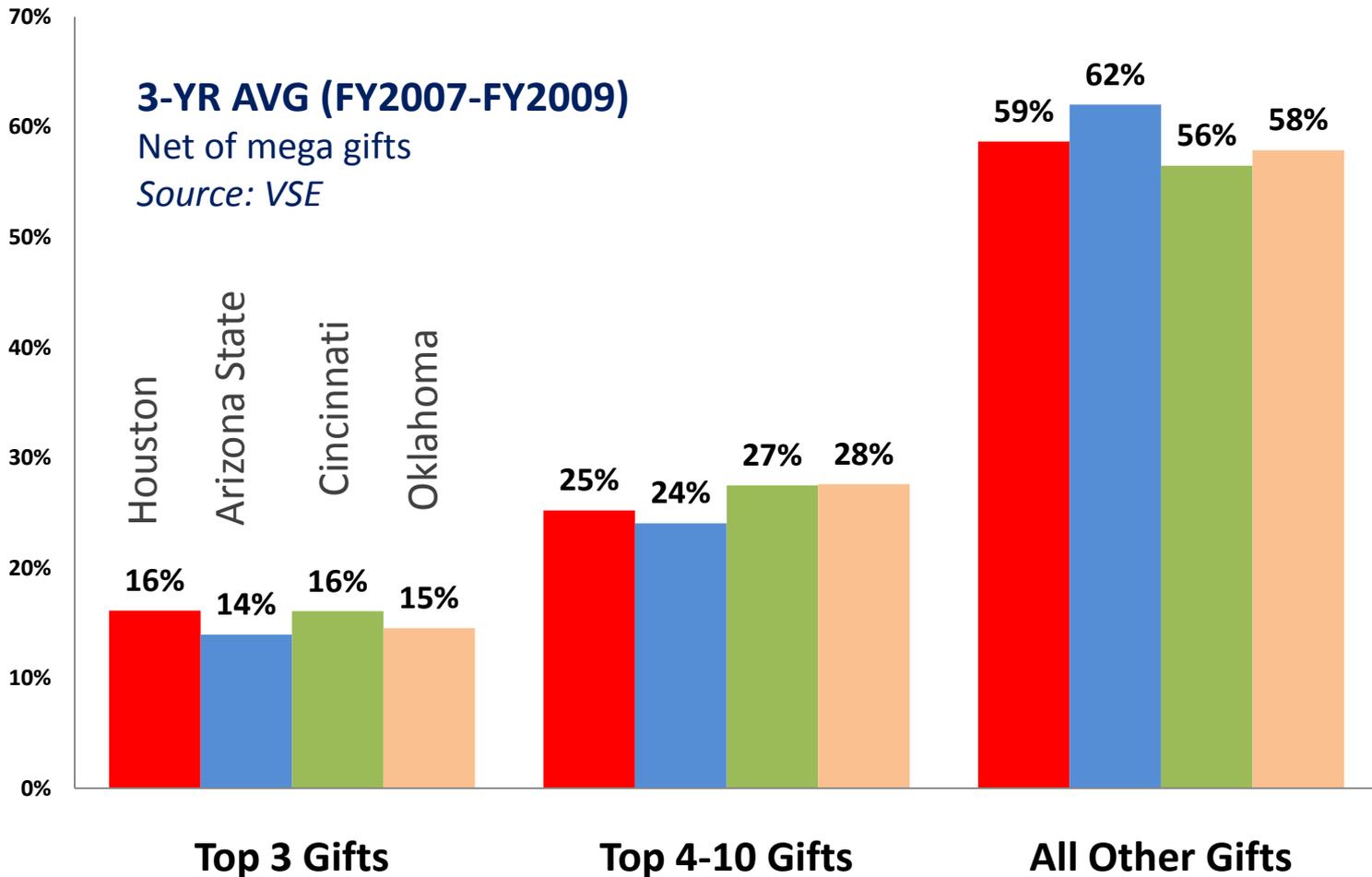
*reported in millions / Source: VSE*

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
<b>Arizona State</b>	\$ 76.4	\$ 99.4	\$ 148.8 <sup>+</sup>	\$ 104.0	\$ 120.5	\$ 158.2*
<b>Oklahoma</b>	98.3	115.3	121.5	138.9	199.5*	135.9
<b>Cincinnati</b>	51.2	65.9	70.7	69.5	159.8*	89.7
<b>Houston</b>	<b>33.6</b>	<b>44.8</b>	<b>36.7</b>	<b>48.6</b>	<b>61.5</b>	<b>73.2</b>
<b>Illinois-Chicago</b>	N/A	N/A	N/A	45.5	55.8	63.5
<b>Temple</b>	29.9	41.3	41.9	48.1	52.7	40.0
<b>Wayne State</b>	N/A	N/A	49.8	96.6*	54.3	39.4
<b>George Mason</b>	15.4	19.6	23.3	22.0	23.6	26.5
<b>Georgia State</b>	12.8	11.5	11.3	15.9	12.2	13.9
<b>Peers Average</b>	<b>47.3</b>	<b>58.8</b>	<b>66.8</b>	<b>67.6</b>	<b>84.8</b>	<b>70.9</b>

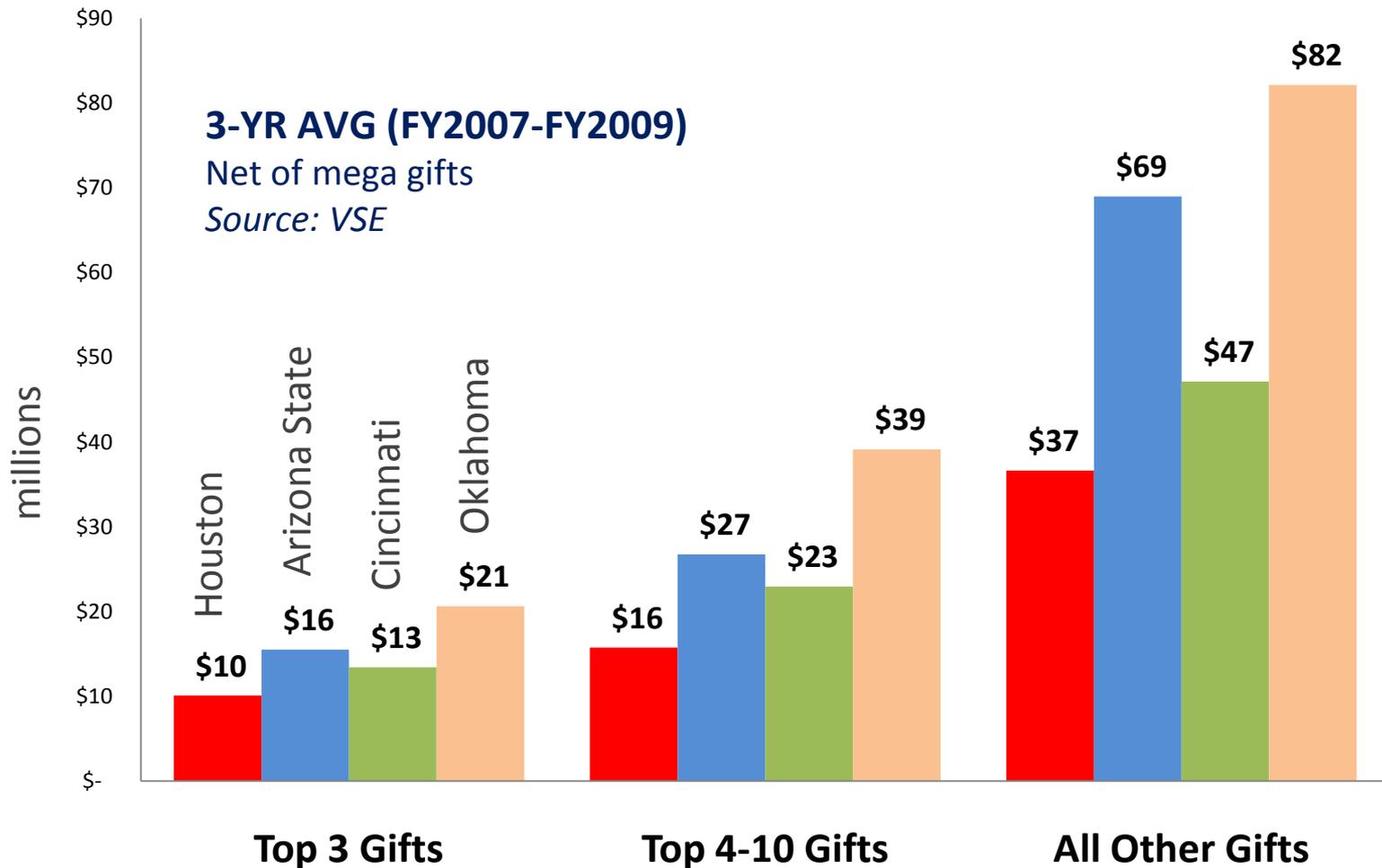
\* Includes mega gift of \$40 million or more—cash or company product

+ Includes single company product valued at \$23 million

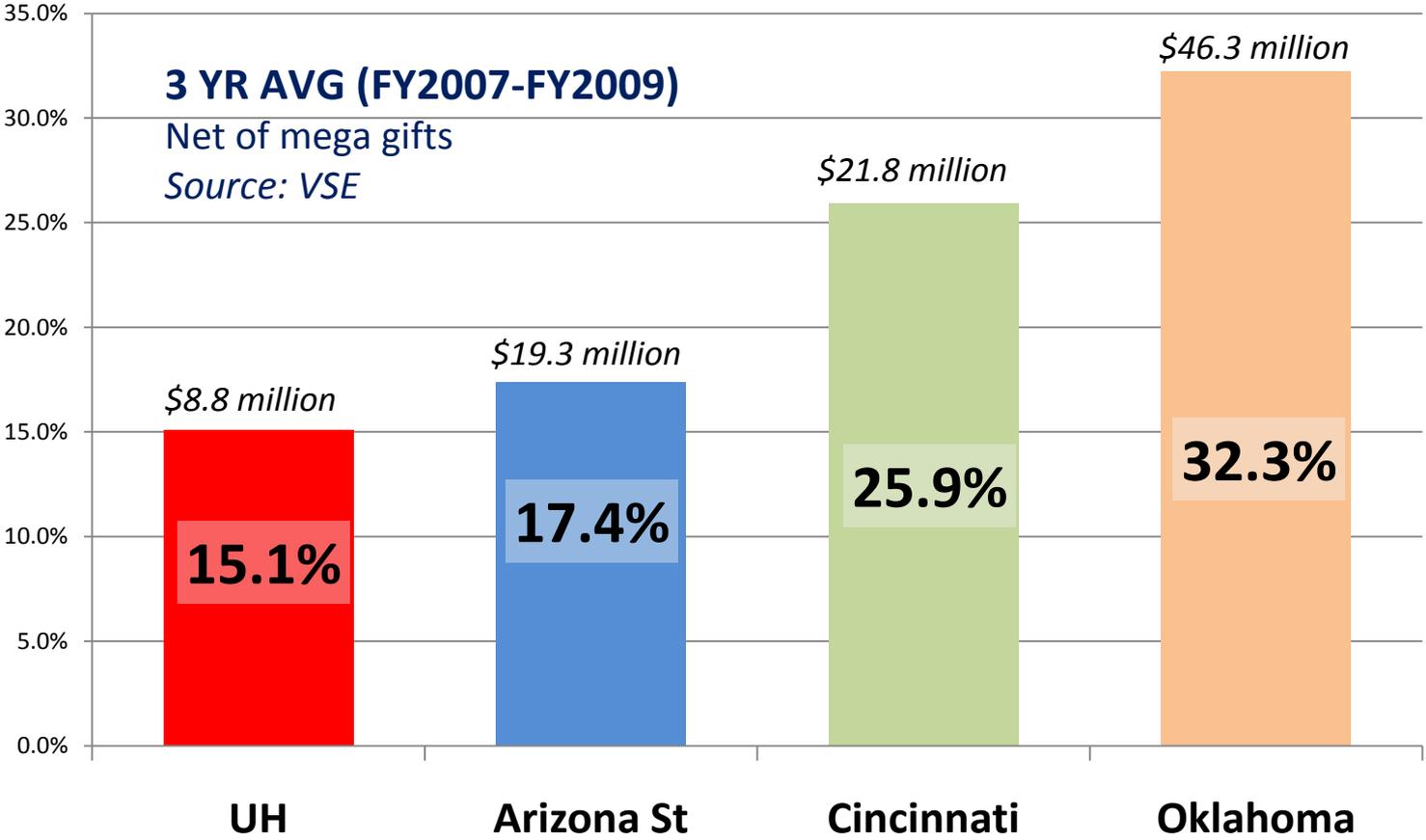
# Comparison of Top Pyramid Gifts As a Percentage of Total Support



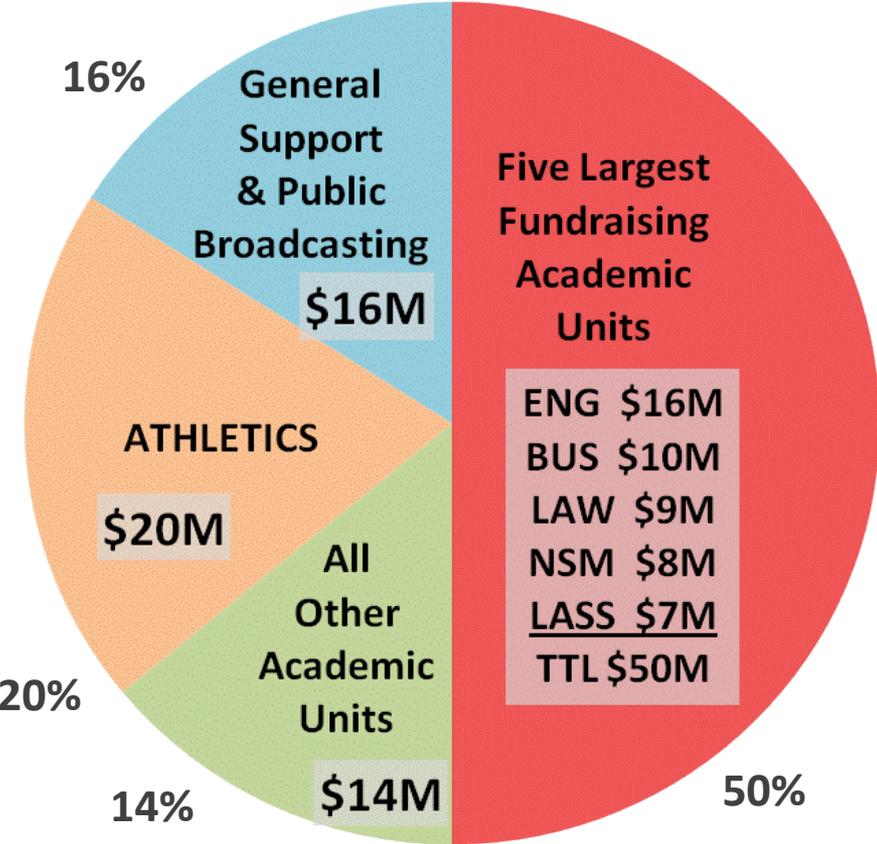
# Comparison of Top Pyramid Gifts Reported as Dollar Amounts



# Comparison of Endowment Gifts As a Percentage of Total Support

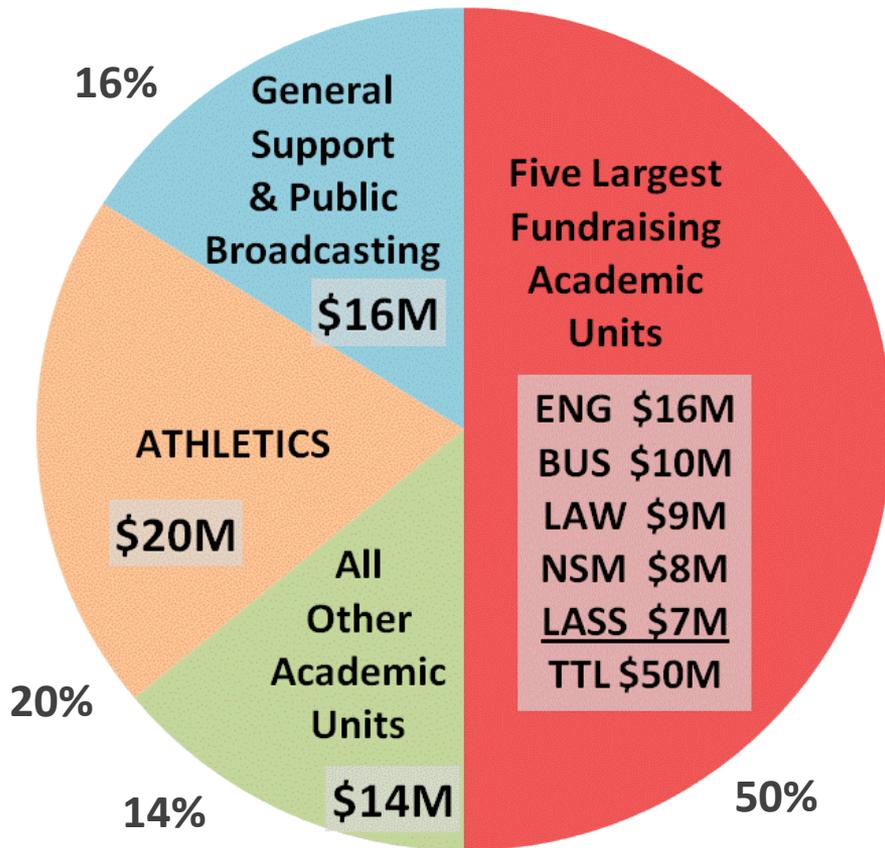


# Target Fundraising Goals by Unit to Sustain a \$100 million Per Year Level

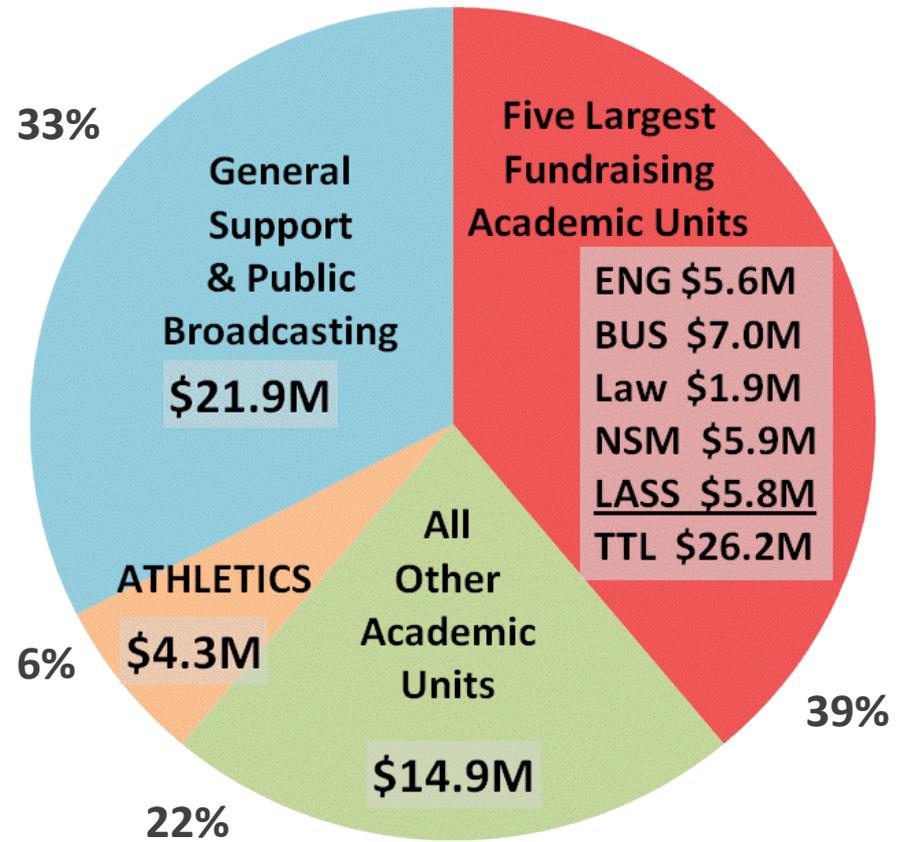


Target Allocation  
Source: Eduventures

# Target Fundraising Goals by Unit to Sustain a \$100 million Per Year Level



Target Allocation  
Source: Eduventures



Current Actual UH Allocation  
3-YR AVG FY2008-FY2010

# What Needs to be Done?

1. Develop clear priorities that compel philanthropy
2. Build relationships with our best donor prospects
3. Listen to donor prospects and match their passion to priorities
4. Focus resources on the first three points!