



UNIVERSITY OF HOUSTON SYSTEM  
UNIVERSITY OF HOUSTON

Office of the Senior Vice Chancellor for Academic Affairs  
UH System

Office of the Senior Vice President for Academic Affairs and Provost  
University of Houston

MEMORANDUM

DATE: December 16, 2008

TO: UH Vice Presidents

FROM: Carl Carlucci, Executive Vice President for Administration and Finance  
Jerald Strickland, Interim Senior Vice President for Academic Affairs and Provost

RE: University of Houston FY 2010 Planning & Budgeting Guidelines

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**Planning Assumptions**

In President Khator's memo dated December 1 (attached), the President identified several potential scenarios for tuition and fees, state funding, and internal reallocation that the University of Houston might face next year; and while the internal reallocation of 5% has been established, UH tuition and fees and state funding for next year are yet to be determined, pending completion of the tuition and fee process and the legislative session.

With respect to tuition and fees, we know we have a ceiling on rate increases at the undergraduate level of 6%. The extent to which we can approach this ceiling will depend upon the deliberations of the tuition and fee committee and the Board of Regents. Given the impact the economic downturn is having on families, there will be significant pressure not to increase tuition and fees next year. However, we have some flexibility in that we anticipate increased tuition and fee revenues next year as a result of projected enrollment increases (even if there are no rate increases). If they materialize we will be able to invest these resources in a broad range of initiatives that move us closer to achieving the university's goals.

Similarly, with respect to new state funding, it would be unwise to predict anything more than a flat appropriation considering the state of the economy. However, it must be said that support for funding more tier-one universities in the state is increasing, which may translate into new resources for UH. Also, the university's enrollment growth during the fall may position us to garner a larger share of the formula funding pie – even if total state funding remains flat.

Therefore, as we look to FY 2010, we will have a pool of resources to invest in new initiatives. This will include at least the 5% reallocation, and potentially modest additional resources through tuition and fee rate increases, new state funding, and enrollment growth. In your FY10 plans you are invited to make requests for new funding from this pool of resources. Competition for these resources will be intense, however, and proposed initiatives will receive serious consideration only if they allow us to make significant progress on the university's new goals. In addition, you are asked to describe the new initiatives that you are planning for FY10 and funding through the redirection of existing division-based resources, including fee revenues, private support, fund

equity, HEAF, indirect cost recovery, etc. Because resources are so scarce, we encourage you to look for programs that you can “sunset,” and thereby direct resources to a more valuable purpose.

With respect to faculty and staff salary increases, decisions will be made separately from the planning process this year, once we have a clearer picture of the resources available to us in FY10. Be assured, however, that faculty and staff constitute the university’s most valuable asset, and ensuring competitive compensation is among our highest priorities.

With respect to endowment earnings, the Board of Regents is considering a reduction to the pay-out next year, since commitments have exceeded generated income due to recent declines in the stock market. In developing a strategy for managing a lower pay-out, it is our intention to protect student scholarships to the greatest extent possible. Nevertheless, you should be aware that this is taking place.

### **Division Progress Cards**

In addition to establishing new goals last summer, a progress card for the university (attached) was also created, through which we will hold ourselves accountable to the Board of Regents. As part of this planning process, we ask that you create a progress card for your division. Like the university’s progress card, yours should include quantifiable performance measures that relate directly to the university’s goals. We recognize that this will be a challenging process, so we have asked Ed Hugetz to assist you. Mr. Hugetz was instrumental in developing the university’s progress card and will be able to guide you through the process.

Once established, your progress card, along with the university’s goals, will serve as the basis on which you will identify new initiatives and request new resources in your annual plans and budgets for FY10 and beyond. They will also be the means through which your division will be evaluated – with respect to how successful your plans have been in accomplishing the goals of the institution.

### **Elements of Division Plans**

#### Plan Overview

This section of the plan should be brief (no longer than three pages), but it should establish the rationale for the new initiatives and funding requests that you are submitting for FY10. You should include the following elements:

- A narrative describing the 1-3 year strategic direction of your division as it relates to accomplishing the university’s goals.
- Recent accomplishments in your division, tied to performance measures where possible, that justify your planned new initiatives and requests for resources in FY10.
- Internal and external factors affecting your operations.
- An update of new initiatives funded this year through new designated tuition, fees, reallocation, or other funding sources.
- A description of the process through which your plan was developed.

#### Plan for Budget Reallocations

In this part of your plan, please describe briefly the current use of the funds you have identified for a 5% reallocation. If this involves a reduction in force, please identify the positions and number of FTE being eliminated. Tom Ehardt and the UH Budget Office will be working with you in the coming weeks to identify the amounts for the 5% reductions within your division.

#### Plan for New Initiatives

This section should include significant new initiatives you are planning for FY10, to be funded either through requests for new central resources or through redirection of division-based resources (e.g., student service fees, IDC, private support, fund equity, HEAF). In 1-2 paragraphs you are asked to describe each new initiative in priority order, including its dollar value, source of funds, and use of funds (e.g., faculty or staff FTE, equipment, etc). When requesting new resources, please remember that this is a competitive process, so you should justify your proposals as compellingly as possible, such as through the identification of past successes and anticipated returns on investment. Where appropriate, the division plans should be aligned so that new initiatives and resource requests are in concert with one another, such as in the case of new faculty lines and start-up. Also, please identify whether a specific request is for one-time or recurring resources. Finally, using the attached table (which will be provided to you electronically), you should summarize your initiatives for easy reference. Your FY10 division plan is an opportunity for you to share with us your endeavors for next year. These initiatives will then be used to develop the University of Houston FY10 Plan and Budget, which will be presented to the UH System Board of Regents in August 2009.

#### Major Construction and Renovation Projects

Attached you will find a UH Facilities Project Pre-Proposal – a template that asks you to provide basic information about proposed facilities initiatives in your division, including project description, need/justification, funding requirements, proposed sources of funding, etc. You should complete this template only for major construction and renovation projects and submit them with your FY10 annual plans. To the extent possible, your pre-proposals should be tied to related elements in your plan (e.g., requests for new faculty and staff positions, new academic or research initiatives). Your proposed projects will be discussed at your plan and budget hearings, which will enable us to address any immediate facilities needs for FY09, as well as establish our facilities priorities for FY10. Pre-proposals that are approved will thereafter be subject to a more detailed planning process in the spring. Projects that are valued at \$1 million or more must be approved by the Board of Regents.

#### **Submission and Review of Plans**

Your plans are due to Ed Hugetz on or before **February 2, 2009**. In the interim, Mr. Hugetz and Tom Ehardt will be available to guide you in the preparation of these materials. All materials submitted as part of the UH budgeting process should be submitted to Mr. Ehardt. We will hold hearings with each of the divisions during the week of February 9. Holding the hearings at this time will provide a forum to discuss your requests for new resources and weigh them against other institutional priorities before finalizing the university's tuition and fee plan and submitting it to the Board of Regents.

## University of Houston Progress Card

| 1. Nationally Competitive Research University     | Source   | Period            | Source        |        |        |
|---|----------|-------------------|---------------|--------|--------|
|   |          |                   | Jun-08        | Jun-09 | Jun-10 |
| 1.a. Total Research Expenditures                  | NSF      | Fiscal year       | \$ 73,542,000 |        |        |
| 1.b. Federal Research Expenditures                | NSF      | Fiscal year       | \$ 40,116,000 |        |        |
| 1.c. Number of Graduate Programs ranked in Top 50 | US News  | Edition published | 4 (2008)      |        |        |
| 1.d. Number of Citations                          | UJIR ISI | Rolling 5 year    | 20,828        |        |        |
| 1.e. Number of Doctorates Awarded                 | IPEDS    | Fiscal year       | 239           |        |        |
| 1.f. Number of Postdoctoral Appointees            | NSF      | Fall              | 158           |        |        |

| 2.A. UH System: Student Success               |       | Source        |            |  |
|---|-------|---------------|------------|--|
| 2.A.a. Total Enrollment                       | IPEDS | Fall          | 34,663     |  |
| 2.A.b. Transfer Retention Rate (First Year)   | UJIR  | Fall          | 77%        |  |
| 2.A.c. Transfer Graduation Rate (4 Year)      | LEBB  | Fall, 4 years | 58%        |  |
| 2.A.d. Total Degrees Awarded                  | IPEDS | Fiscal year   | 6,961      |  |
| 2.A.e. Student Satisfaction (Exiting Seniors) | NSSE  | Spring        | 77% (2001) |  |

| 2.B. UH: Student Success                            |       | Source        |       |  |
|---|-------|---------------|-------|--|
| 2.B.a. FTIC Retention Rate (First Year)             | IPEDS | Fall          | 77%   |  |
| 2.B.b. FTIC Graduation Rate (6 Year)                | IPEDS | Fall, 6 years | 43%   |  |
| 2.B.c. Percentage of Graduate/Professional Students | IPEDS | Fall          | 20%   |  |
| 2.B.d. Freshmen Acceptance Rate                     | IPEDS | Fall          | 77%   |  |
| 2.B.e. Freshman Average SAT                         | IPEDS | Fall          | 1055  |  |
| 2.B.f. Course Completion Rate                       | THECB | Fall          | 94.4% |  |
| 2.B.g. Student Satisfaction (All Students)          | UH SA |               |       |  |

| 3. Community Advancement   |             | Source      |     |  |
|--|-------------|-------------|-----|--|
| 3.a. Percent Baccalaureate Graduates Enrolled or Employed within One Year    | THECB       | Fiscal year | 83% |  |
| 3.b. Number of Courses with Community Engagement Activities Offered Annually | UJIR        | Fiscal year | 537 |  |
| 3.c. Research Awards with Community Emphasis                                 | UH Research | Fiscal year | 121 |  |

| 4. Athletics Competitiveness                             |              | Source      |                |  |
|--|--------------|-------------|----------------|--|
| 4.a. University Athletics Overall Academic Progress Rate | NCAA         | Fiscal year | 944            |  |
| 4.b. Total Team Sports Wins                              | NCAA         | Fiscal year | 185            |  |
| 4.c. C-USA Championships (Individual/Team)               | UH Athletics | Fiscal year | 10 / 4         |  |
| 4.d. NCAA Post Season Qualifiers (Individual/Team)       | UH Athletics | Fiscal year | 36 / 5         |  |
| 4.e. Attendance (Average) Football / Men's Basketball    | UH Athletics | Fiscal year | 19,627 / 4,342 |  |

| 5. Local and National Recognition |  | Source |  |  |
|-----------------------------------|--|--------|--|--|
| Measures under development        |  |        |  |  |

| 6. Competitive Resources                        |         | Source      |                |  |
|---|---------|-------------|----------------|--|
| 6.a. Total State Appropriations per FTE Student | THECB   | Fiscal year | \$ 6,695       |  |
| 6.b. Total Expenditures per FTE Student         | THECB   | Fiscal year | \$ 19,413      |  |
| 6.c. Endowment                                  | UH A&E  | Fiscal year | \$ 402,000,000 |  |
| 6.d. Total Annual Giving                        | VSE     | Fiscal year | \$ 48,600,000  |  |
| 6.e. Alumni Giving Rate                         | US News | Fiscal year | 5.30%          |  |



UNIVERSITY OF HOUSTON SYSTEM  
UNIVERSITY OF HOUSTON

RENU KHATOR  
Chancellor and President

MEMORANDUM

DATE: December 01, 2008  
TO: UH Vice Presidents  
FROM: Renu Khator, President *RK*  
RE: University of Houston FY 2010 Planning & Budgeting Process

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This past summer six new goals for the University of Houston were approved by the Board of Regents: student success, national competitiveness (top-tier status), community advancement, athletic competitiveness, local and national recognition, and finally resource competitiveness. Making progress on all of these goals is essential if UH is to become one of the premier research universities in the nation – an institution that draws top faculty and students not only from the city and state, but from the nation and around the world. This fall I established a steering group of nine distinguished faculty, administrators, staff and students (Strategic Action Group) to design a process that will engage the campus community and identify strategies to ensure our progress toward these goals. You may learn more about the group and its work by going to <http://www.uhsa.uh.edu/uhstrategic/>.

As we begin the planning process for next year, we face significant challenges to funding initiatives in support of our new goals. The legislative session will begin in January, but the drumbeat of support for eliminating deregulated tuition has already started, including the filing of a bill that will freeze tuition for two years. Add to this the fragile state of the economy and the projections that the economic downturn will make its way to Texas in the early part of the new year. However, there are some positive developments, as well. The support for funding more tier one universities in Texas is stronger than ever in the halls of the state capitol. While the outcome of the session and our capacity to secure new resources remain uncertain, our resolve to move the university toward excellence must remain strong and sincere. The first step toward the pursuit of excellence must come from within.

It is within this context that I ask you to undertake this year's budget planning process. The first step is to generate a pool of sufficient funds for initiatives and priorities that will be identified both by you through this planning process and the Strategic Action Group to propel us toward our goals. While there are six sources of revenue to generate this pool (state appropriations, tuition and fees, sponsored research, private donations, auxiliaries and internal reallocation), only three are available to us -- state appropriations, tuition and fees, and internal reallocation. Sponsored

research funds are mandated to support research projects; private donations are restricted based on donor preferences; and auxiliary income is aimed at bringing self-sufficiency to auxiliary functions so they are not subsidized by state funds. With regard to the three available sources, we foresee several scenarios:

1. Tuition and Fee Increases – Three likely scenarios include:
  - a. 6% increase for undergraduates, the cap as agreed upon last year
  - b. 0% increase
  - c. 3% increase as a mid-course
2. New State Funding – Three scenarios include:
  - a. Increased formula funding
  - b. Increased funding for tier one (e.g., Research Development Fund, Competitive Knowledge Fund, Texas Research Incentive Program)
  - c. No new funding
3. Internal Reallocation – Two scenarios include:
  - a. 5% reallocation this year
  - b. 3% reallocation per year for the next 3 years

Our worst case scenario is to have no tuition and fee increases and no new state funding, while the best case scenario is to have a 6% increase in tuition and fees and significant increases in state funding. In either case, we need to include internal reallocation in our planning. Under the worst case scenario, the reallocated funds will be the only means of funding strategic initiatives, and under the best case scenario, they will bring internal efficiencies while increasing the size of the available pool.

Your working assumption for this year's planning process is a 5% internal budget reallocation (which will be used to create a pool of central resources for investment in new initiatives). You are asked to develop a plan that includes the following elements:

1. A plan for a 5% budget reallocation.
2. A narrative describing the 1-3 year strategic direction of your division as it relates to accomplishing the university's goals.
3. Funding requests for new initiatives with justifications for how they will help the university achieve its goals.
4. Recent accomplishments in your division, tied to performance measures where possible, that justify your planned new initiatives and requests for resources in FY10.
5. Identification of major renovation and construction needs within your division.

I have asked Provost Strickland and Executive Vice President Carlucci to take the lead in implementing this planning process. They will distribute a follow-up memo providing more specific guidelines for the process. I appreciate your commitment to making UH a stronger, better university.

cc: President's Cabinet