

**UNIVERSITY of HOUSTON**

**Academic Affairs**

**Administration & Finance**

**UH Budget Targets BY  
2012-2013**

**Campus Briefing Presentation**

**April 28, 2011**

# Budget Background

- The 2010-2011 Experience
- Overview of State Budget Situation
- Campus impacts
- Budget reduction **targets** and **strategies**

# FY 2011 Budget

In the FY 2011 the budget presented to the BOR there were proposed reductions of \$19m. The resulting savings were used to satisfy the reduction in the State Appropriation, for UH this was \$8.6m, and to fund \$10m of high priority initiatives. The reallocation of resources was accomplished through a series of targeted reductions.

- Department budgets reductions by specific amounts but departments were allowed to make local implementation decisions.
  - Reduced travel and business expenditures
- Mandated savings
  - A one-day mandatory furlough for all faculty and staff was imposed
- GR savings and some non-GR revenue for UH.
  - Purchase all office supplies from Today's Business Solutions, which has the university master contract for office supply purchases
  - Increase Auxiliary administrative charge, which will increase from 3.7 percent to 6 percent beginning September 1, 2010.
- Efficient practices were adopted by departments.
  - Reduce consumption and purchasing of printer and copy paper.

# State Budget Forecast 2012

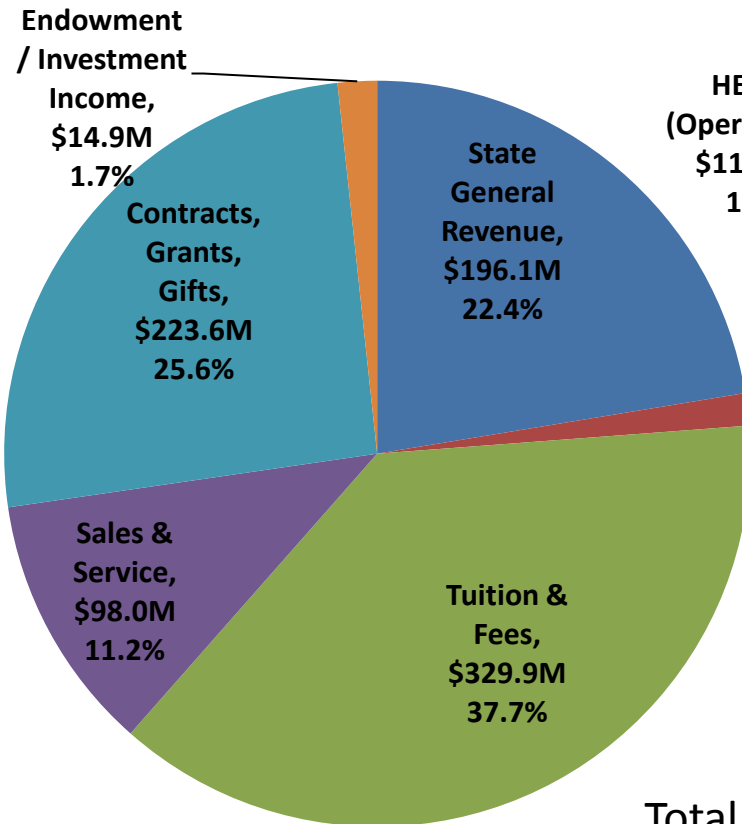
Current GR budget	\$87.0 billion
Less available in 2012-13	<u>\$76.4 billion</u>
Amount currently exceeds 2012-2013	\$10.6 billion
Plus 2010-2011 Shortfall	<u>\$4.3 billion</u>
Total GR Shortfall	\$14.9 billion

# State Budget Forecast 2012<sub>(continued)</sub>

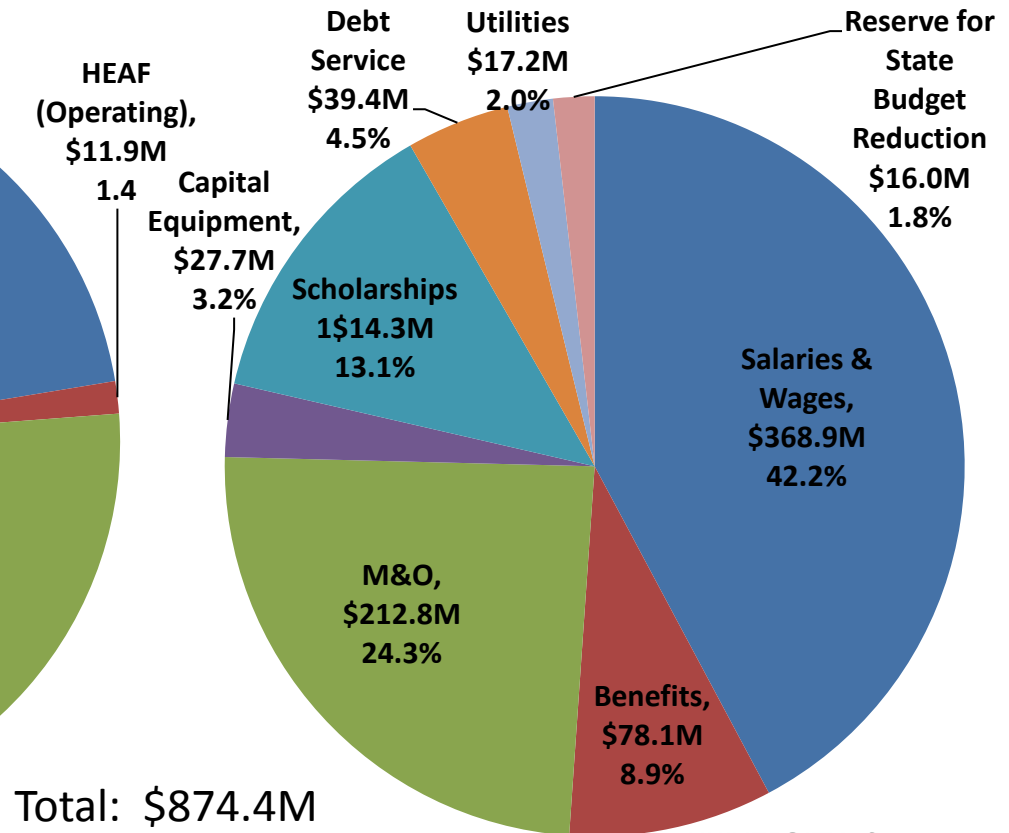
GR shortfall	\$14.9 billion
Structural deficit from property tax relief	\$10.5 billion
Other receipts reductions	<u>\$ 1.6 billion</u>
Total current services deficit:	\$27.0 billion

# University of Houston FY2011 Operating Budget

## Revenue by Source

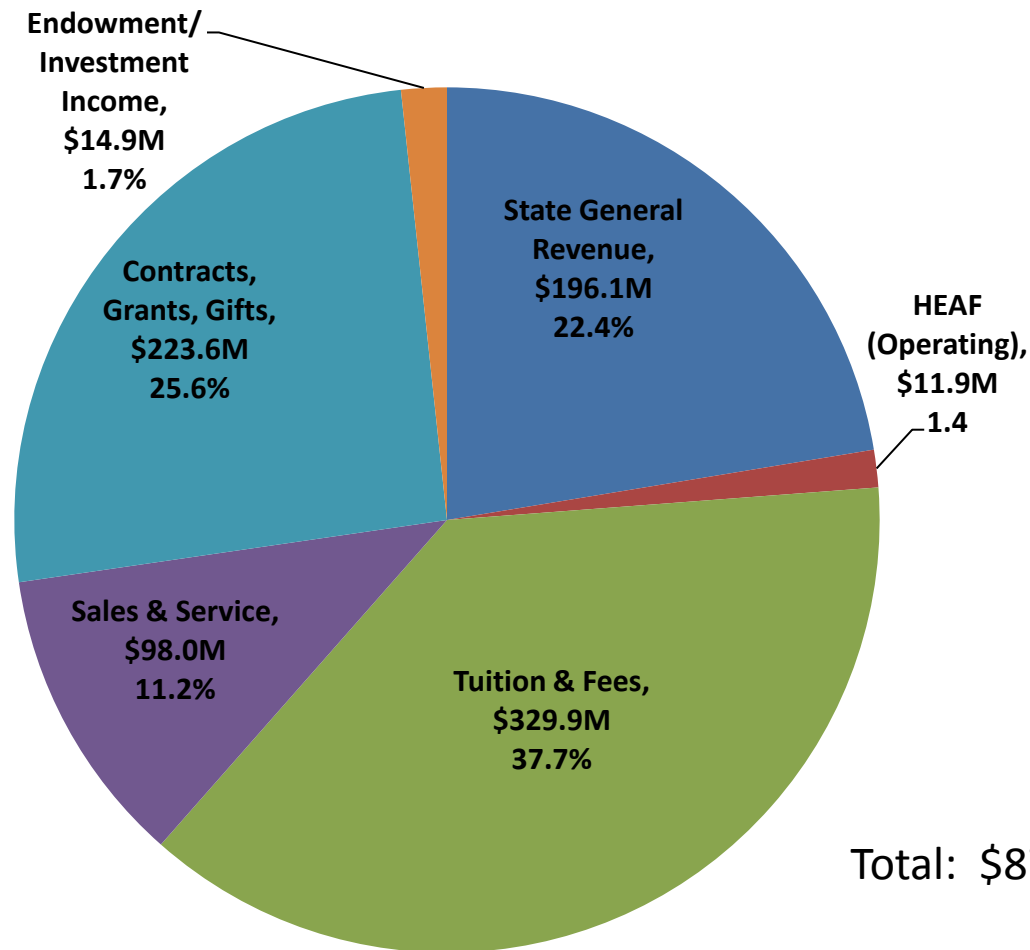


## Expenditures by Object

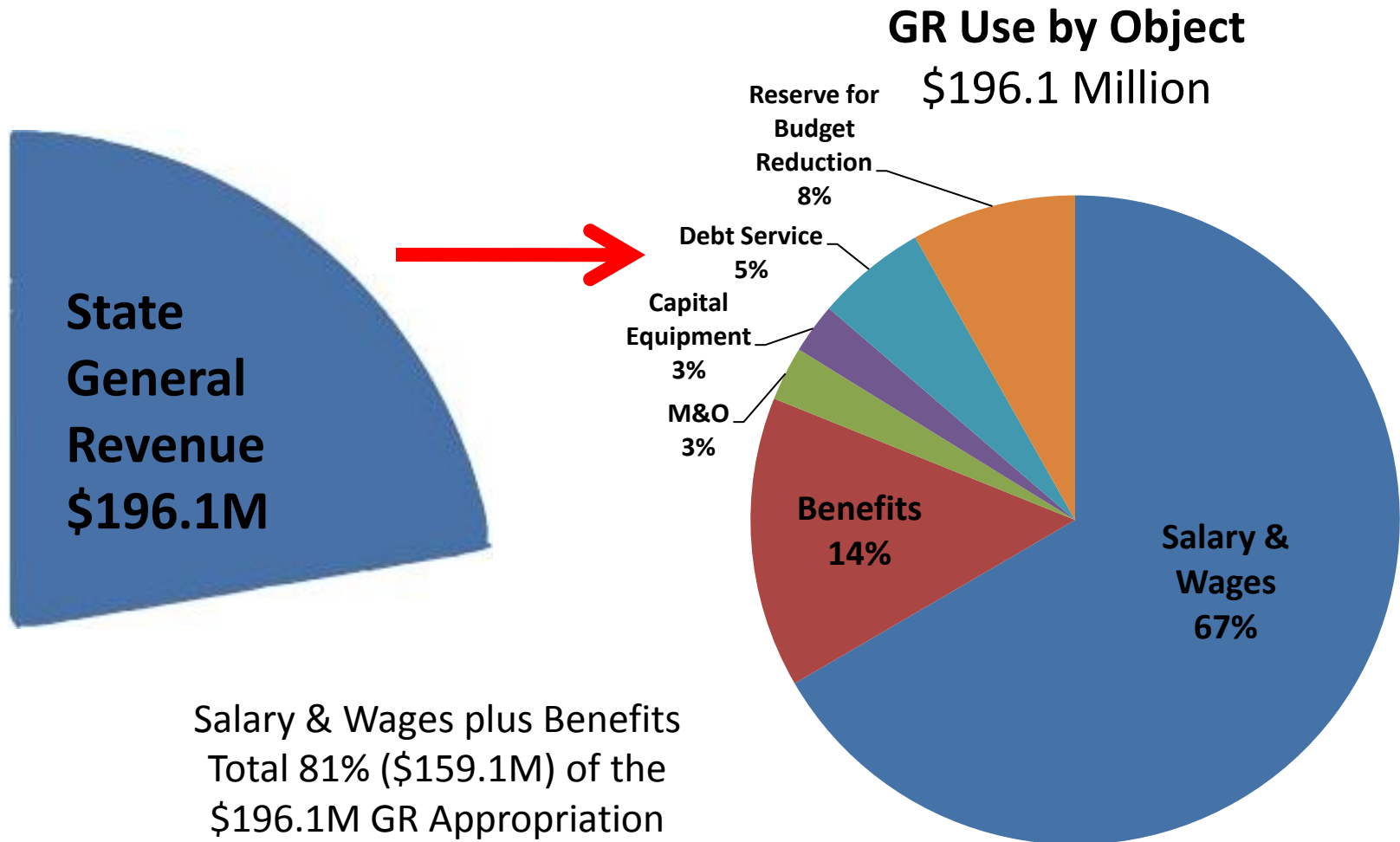


# Total Budget

## FY2011 Operating Budget



# State General Revenue





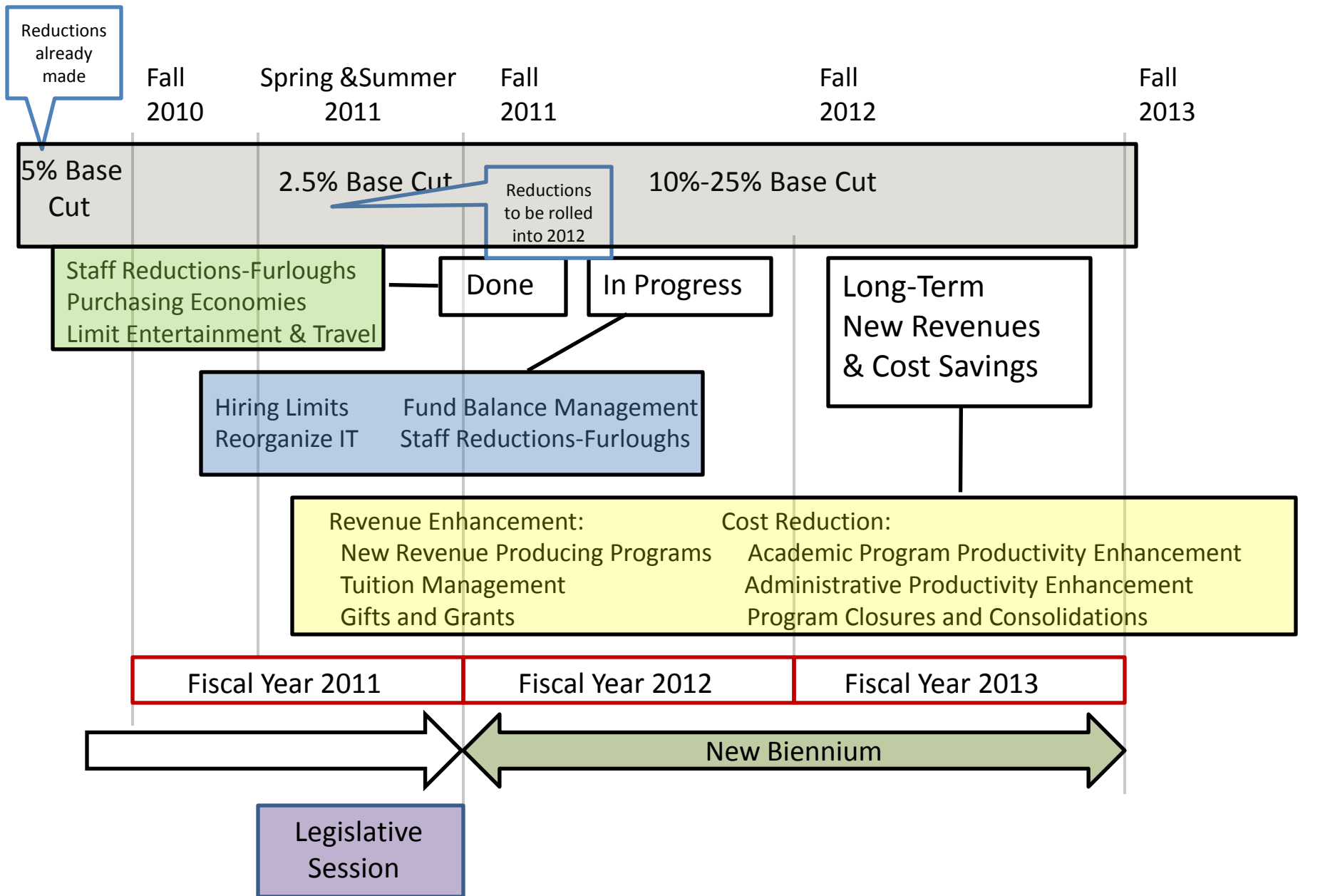
# Impacts

A State GR funding of 20% **if** applied across the board would have the greatest impact on instructional activities.

- Progress towards campus mission will be seriously delayed
- Failure to Meet Student Success Goal
  - Drastic reduction in student financial aid
  - Fewer course sections available
- Failure to Meet Enrollment Demand
  - Programmatic Offerings, i.e.
  - Regional service, i.e. NW
- Erosion of faculty
  - Less instructional time per student
  - Reduction in course offerings
  - Loss of quality faculty

# Strategic Responses in a Time of Uncertainty

- Protect instructional delivery, but slow hiring of replacement faculty.
- Reduce expenditures that do not directly produce credit hours
- Reduce GR subsidies, replace with revenue



# Long-Term New Revenues & Cost Savings

## Revenue Enhancement

### New Revenue Producing Programs

- Graduate and Undergraduate Mix
- Professional Masters & Doctorates
- Response to New Formula
- Enrollment Growth

### Tuition Management

- Differentiated Tuition
- Congestion Pricing and Discounts

### Gifts and Grants

- Comprehensive Campaign
  - Professorships & Chairs
  - Undergraduate Scholarships
  - Graduate Scholarships
  - Buildings and Facilities
  - Program Support

### External Research Support

- Grants Management & Incentives

Federal and State Legislative Agenda

## Cost Reduction

### Academic Program Productivity Enhancement

#### Instruction

- Delivery Mode -- Face to Face, Hybrid, Distance Education
- Class Size
- Class Scheduling
- Class Mix
- Instructional Space Management
- Teaching Load
- Student Support Service Enhancements
- Graduation and Retention Management

#### Research

- Post Award Management
- Research Space Management

### Administrative Productivity Enhancement

- Purchasing and Procurement
- College and Department Management
- IT Reorganization
- Evidence Based Management Systems

### Program Closures and Consolidations

# Development of FY 2012-2013 Plan

- We started looking at **best practice** recommendations in 2010. Ref: Bain study
- In 2010 Chancellor Khator asked the UH **community** for their suggestions and recommendations. Received: 122.
- Reviews of services produce **management recommendations**

PRELIMINARY ANALYSIS **House** -LBB 1-11-2011 (\$ millions)

General Revenue (State Funding)

	A		B			C		D
	Original FY 2010	Original FY 2011	Biennial Total	FY 2012	FY 2013	Biennial Total	Reduction %	Reductions to date
<b>UH TOTAL</b>	\$ 167.1	<b>\$ 167.3</b>	\$ 334.4	<b>\$ 134.9</b>	\$ 134.1	\$ 269.0	<b>\$ 65.4 20%</b>	<b>\$ 15.3</b>
UHCL TOTAL	\$ 31.9	\$ 32.0	\$ 63.9	\$ 25.2	\$ 25.0	\$ 50.2	\$ 13.6 21%	\$ 2.8
UHD TOTAL	\$ 30.3	\$ 30.3	\$ 60.6	\$ 25.2	\$ 25.2	\$ 50.4	\$ 10.3 17%	\$ 2.4
UHV TOTAL	\$ 17.3	\$ 17.3	\$ 34.5	\$ 14.3	\$ 14.0	\$ 28.3	\$ 6.2 18%	\$ 0.7
UHSA TOTAL	\$ 2.8	\$ 2.8	\$ 5.7	\$ 0.6	\$ 0.6	\$ 1.2	\$ 4.5 79%	\$ 0.3
UHS TOTAL	\$ 249.4	\$ 249.7	\$ 499.1	\$ 200.2	\$ 198.9	\$ 399.1	\$ 100.0 20%	\$ 21.4

PRELIMINARY ANALYSIS **Senate** -LBB 1-17-2011 (\$ millions)

General Revenue (State Funding)

	A		B			C		D
	Original FY 2010	Original FY 2011	Biennial Total	FY 2012	FY 2013	Biennial Total	Reduction %	Reductions to date
<b>UH TOTAL</b>	\$ 167.1	<b>\$ 167.3</b>	\$ 334.4	<b>\$ 140.6</b>	\$ 139.8	\$ 280.4	<b>\$ 54.1 16%</b>	<b>\$ 15.3</b>
UHCL TOTAL	\$ 31.9	\$ 32.0	\$ 63.9	\$ 26.2	\$ 26.0	\$ 52.2	\$ 11.6 18%	\$ 2.8
UHD TOTAL	\$ 30.3	\$ 30.3	\$ 60.6	\$ 26.3	\$ 26.2	\$ 52.5	\$ 8.2 13%	\$ 2.4
UHV TOTAL	\$ 17.3	\$ 17.3	\$ 34.5	\$ 14.7	\$ 14.5	\$ 29.2	\$ 5.3 15%	\$ 0.7
UHSA TOTAL	\$ 2.8	\$ 2.8	\$ 5.7	\$ 2.0	\$ 2.0	\$ 4.0	\$ 1.6 29%	\$ 0.3
UHS TOTAL	\$ 249.4	\$ 249.7	\$ 499.1	\$ 209.8	\$ 208.5	\$ 418.3	\$ 80.8 16%	\$ 21.4

Other Items:

Reductions in TEXAS Grants and other financial aid  
HEGI reductions

Where we are.

Where we need to be.

Half of this for annual reduction

Half of this reduction is annual already made.

Details posted at <http://www.uh.edu/af/budgetbiennialFY12-FY13.htm>



## University of Houston / UHSA FY2012 Budget Development Targets

	A	B	C	D	E	F	G	H	I	J	K
	-----Revenue-----		-----Savings-----					FY2012 Base Total	One-time Sources to Phase-in Base Change		FY2012 Current Total
	<u>Loss</u>	<u>Gain</u>	-----Productivity----- <u>Efficiencies/ Reductions</u>	-----Workforce----- <u>Workloads</u>	<u>Slow Hiring</u>	<u>RIFs</u>	<u>Savings Subtotal</u>		<u>Furloughs,etc</u>	<u>Fund Equity</u>	
1 State General Revenue	(28,750,000)						-	(28,750,000)			-
2 Enrollment Growth	(5,500,000)	5,000,000		5,500,000			5,500,000	5,000,000			-
3 Colleges			1,975,000	1,000,000	3,000,000	675,000	6,650,000	6,650,000		4,000,000	4,000,000
4 Administrative Divisions	(1,100,000)	4,550,000	2,600,000		750,000	750,000	4,100,000	7,550,000		3,000,000	3,000,000
5 Special Items			2,600,000			1,500,000	4,100,000	4,100,000			-
6 TRB Debt Service (existing)			950,000				950,000	950,000			-
7 Endowment Subsidy			4,500,000				4,500,000	4,500,000			-
8 Total	(35,350,000)	9,550,000	12,625,000	6,500,000	3,750,000	2,925,000	25,800,000	-	-	7,000,000	7,000,000

# Questions?

- FYI, this will be presented to the BOR at the May meeting.
- This presentation and additional data will be posted on our budget information site.
- We will schedule additional briefings as necessary.