

UNIVERSITY OF HOUSTON SYSTEM

UHS Budget Reduction Targets for FY 2012 Beginning Sept. 1, 2011

May 18, 2011

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Budget Timeline

Timeline for FY 2012 Budget Development (starting September 1, 2011)

- Fall Tuition Ranges Established (BOR) April
- Budget Reduction Targets (info to BOR) May
- Appropriations Determined (Legislature) May 30 or later
- Fall Tuition Rates Finalized (BOR) June
- Fall Student Billing (University) July
- Finalized Budget Approval (BOR) August



Appropriation Bills

As of 5-10-2011

Senate Proposed \$ Millions

House Proposed \$ Millions

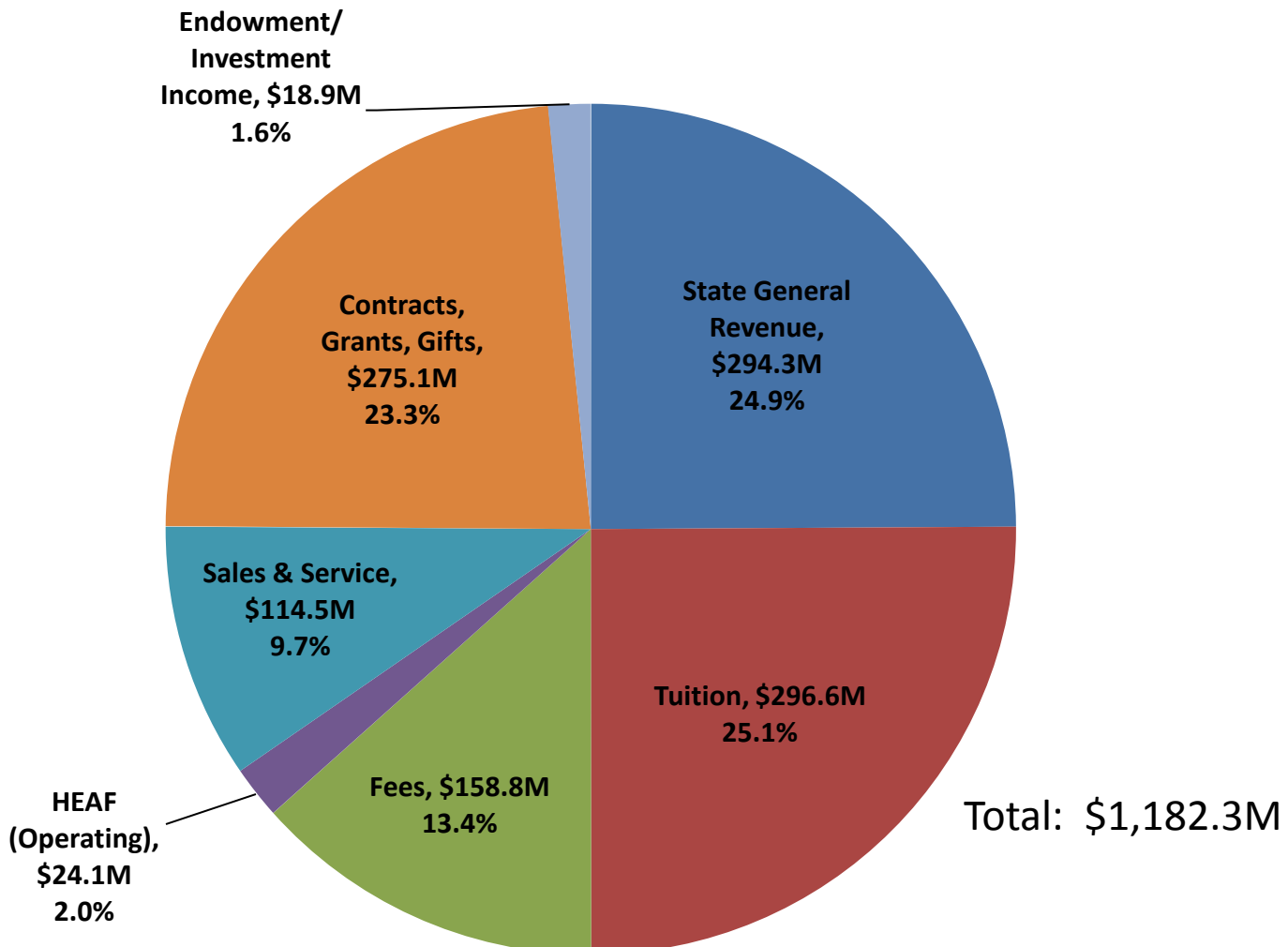
<u>General Revenue</u>	Current	Senate	---Change---		Current	House	---Change---	
	FY10-FY11 Biennium	FY12-FY13 Biennium	Dollars	Percent	FY10-FY11 Biennium	FY12-FY13 Biennium	Dollars	Percent
Univ of Houston	\$ 334.4	\$ 277.8	\$(56.6)	-17%	\$ 334.4	\$268.3	\$(66.1)	-20%
UH-Clear Lake	63.9	52.2	(11.7)	-18%	63.9	50.0	(13.8)	-22%
UH-Downtown	60.6	52.4	(8.2)	-14%	60.6	50.2	(10.4)	-17%
UH-Victoria	34.5	30.9	(3.6)	-11%	34.5	32.4	(2.1)	-6%
UH Sys Admin	<u>5.7</u>	<u>4.9</u>	<u>(0.7)</u>	<u>-13%</u>	<u>5.7</u>	<u>1.2</u>	<u>(4.5)</u>	<u>-79%</u>
Total UH System	<u>\$ 499.1</u>	<u>\$ 418.3</u>	<u>\$(80.9)</u>	<u>-16%</u>	<u>\$ 499.1</u>	<u>\$402.1</u>	<u>\$(97.0)</u>	<u>-19%</u>

Notes:

- The Senate and House Bills have moved TRB debt service to UHSA. The debt service has been allocated back to the campuses for comparison to FY10-FY11
- Additional reduction may occur in Texas Grants - Senate funds at 90%, House phases program out by funding only continuing grant students

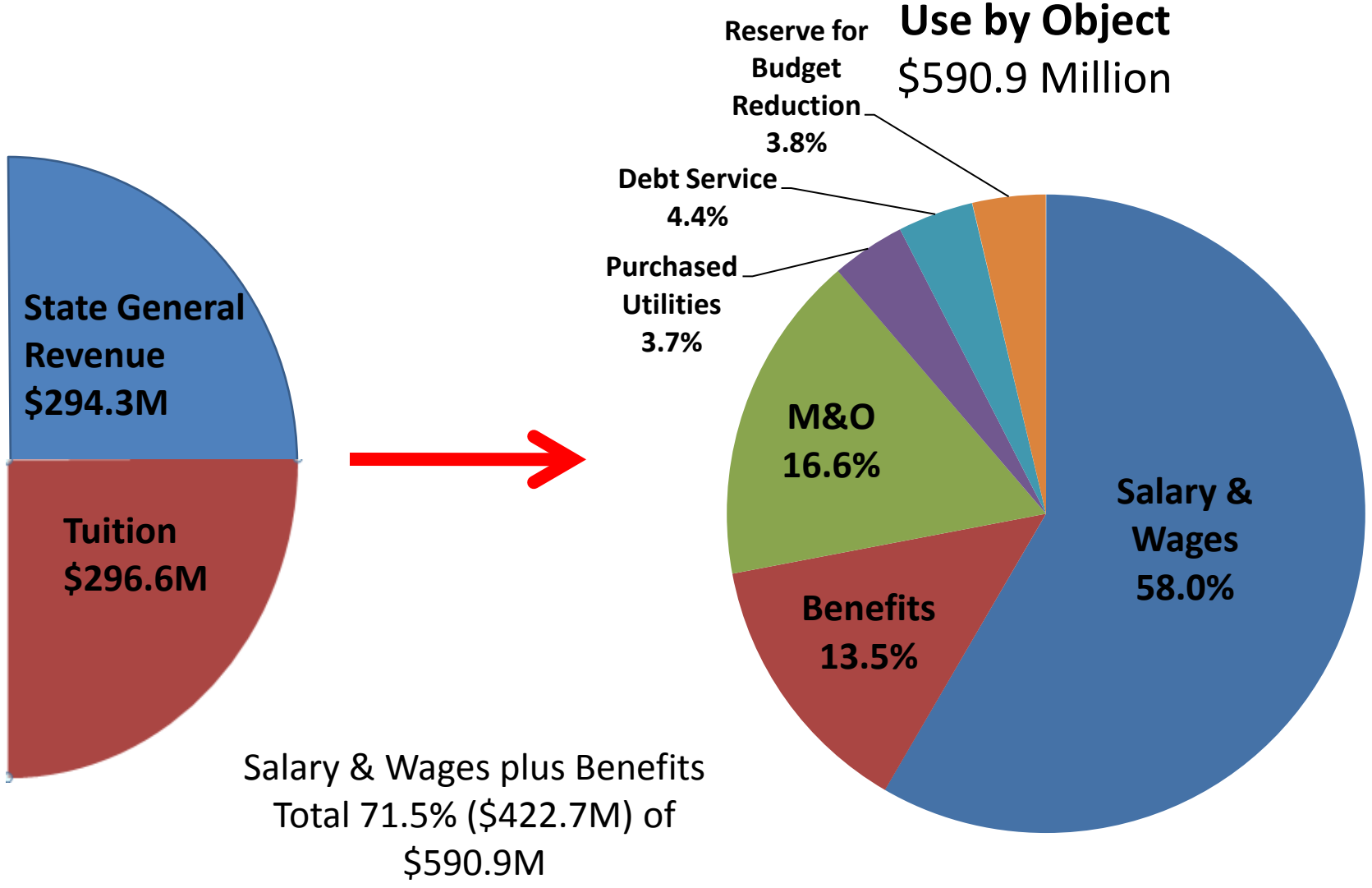


UH System FY2011 Operating Budget Annual Revenue





UH System FY2011 Operating Budget Annual State Funding and Tuition





UHS Budget History FY 2011

In the FY 2011 the budget presented to the BOR there were proposed reductions of \$26.9 m. 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.
 - Reductions in Force @ UH: 135 FTE, \$7m.
- Mandated savings
 - A one-day mandatory furlough @ UH for all faculty and staff was imposed: \$883k
- 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 (18% to 80% discount plus \$123k rebate plus \$14k in HP Purchasing Points)
 - Increase Auxiliary administrative charge, which will increase from 3.7 percent to 6 percent beginning September 1, 2010: \$1.2m
- Efficient practices were adopted by departments.
 - Reduce consumption and purchasing of printer and copy paper (plus \$9.7k awards for using recycled paper).



System-Wide Budget Targets

University of Houston System FY2012 Budget Development Targets

	A	B	C	D	E	F	G	
	Revenue Change Gain/(Loss)	-----Savings-----					Savings Subtotal	FY2012 Base Total
		-----Productivity----- Efficiencies/ Reductions	Workloads	Slow Hiring	RIFs	-----Workforce-----		
1 State General Revenue	\$ (46,774,961)	\$ -	\$ -	\$ -	\$ -	\$ -	\$(46,774,961)	
2 Colleges	-	4,032,050	9,306,583	3,715,661	3,946,061	21,000,355	21,000,355	
3 Administrative Divisions	4,700,000	5,481,341	1,100,000	1,358,000	2,604,270	10,543,611	15,243,611	
4 Special Items	-	2,757,286	179,000	-	1,681,000	4,617,286	4,617,286	
5 Endowment Subsidy/ Debt Service Savings	-	5,913,709	-	-	-	5,913,709	5,913,709	
6 Total	\$ (42,074,961)	\$18,184,386	\$10,585,583	\$5,073,661	\$8,231,331	\$ 42,074,961	\$ -	



In preferred order:

- Operational efficiencies
- Enhance auxiliary revenue, reduce subsidies
- Consolidate units
- Increase productivity/workload
- Reshape workforce, delay hiring, eliminate positions



UH-Victoria Budget Targets

University of Houston-Victoria FY2012 Budget Development Targets

	A	B	C	D	E	F	G
	Revenue Change Gain/(Loss)	Savings					FY2012 Base Total
		Productivity Efficiencies/ Reductions	Workloads	Slow Hiring	RIFs	Savings Subtotal	
1 State General Revenue	\$ (3,007,000)					\$ -	\$ (3,007,000)
2 Academic Divisions		398,000	312,000	280,000	198,000	1,188,000	1,188,000
3 Administrative Divisions	250,000	722,000		148,000	198,000	1,068,000	1,318,000
4 Special Items			179,000		81,000	260,000	260,000
5 Endowment Subsidy/ Debt Service Savings		241,000				241,000	241,000
6 Total	\$ (2,757,000)	\$ 1,361,000	\$ 491,000	\$ 428,000	\$ 477,000	\$ 2,757,000	\$ -



UHV Budget Reductions FY2012

- Eliminate/reduce travel, memberships, sponsorships, hospitality = \$160,000
- Reduce departmental operating budgets = \$960,000
- Reduction in debt service = \$241,000
- Increase class sizes, reduce summer teaching loads and compensation, increase use of adjuncts = \$491,000
- Delay hiring 6 new faculty and 5 staff replacements = \$428,000
- Positions not filled, terminated, or only partially replaced = \$477,000



UH-Downtown Budget Targets

University of Houston-Downtown FY2012 Budget Development Targets

	A	B	C	D	E	F	G
	Revenue Change Gain/(Loss)	Savings					FY2012 Base Total
		Productivity Efficiencies/ Reductions	Workloads	Slow-Hiring	RIFs	Savings Subtotal	
1 State General Revenue	\$ (6,177,371)					\$ -	\$ (6,177,371)
2 Academic Divisions		398,500	1,450,000	611,546	898,301	3,358,347	3,358,347
3 Administrative Divisions		1,088,929		250,000	1,326,270	2,665,199	2,665,199
4 Special Items		109,969				109,969	109,969
5 Endowment Subsidy/ Debt Service Savings		43,856				43,856	43,856
6 Total	\$ (6,177,371)	\$ 1,641,254	\$ 1,450,000	\$ 861,546	\$ 2,224,571	\$ 6,177,371	\$ -



Budget Reductions (\$6.2m)

- FY2011 growth funds carried forward - **\$900k**
- Elimination of positions - 32 filled/vacant - **\$2.25m**
- Reductions to non-salary budgets - **\$750k**
- Slow Hiring - **\$850k**
 - Faculty (\$600k) - Hold 8-10 F/T lines vacant, replace with adjuncts
 - Staff (\$250k) - Delay replacement hires, overall decrease in service level
- Workload - **\$1.45m**
 - Faculty (\$650k) - Reduced summer compensation, revised 'reassigned time' model, larger class sizes
 - Staff (\$800k) - Furlough program w/number of days TBD



UH-Clear Lake Budget Targets

University of Houston-Clear Lake FY2012 Budget Development Targets

	A	B C D E				F	G
	Revenue Change Gain/(Loss)	-----Savings-----				Savings Subtotal	FY2012 Base Total
		-----Productivity----- Efficiencies/ Reductions	Workloads	-----Workforce----- Slow Hiring	RIFs		
1 State General Revenue	\$ (7,220,590)					\$ -	\$ (7,220,590)
2 Academic Divisions		560,550	2,559,583	1,069,115	1,339,760	5,529,008	5,529,008
3 Administrative Divisions		925,412		210,000	330,000	1,465,412	1,465,412
4 Special Items		47,317				47,317	47,317
5 Endowment Subsidy/ Debt Service Savings		178,853				178,853	178,853
6 Total	\$ (7,220,590)	\$ 1,712,132	\$ 2,559,583	\$ 1,279,115	\$ 1,669,760	\$ 7,220,590	\$ -



UHCL Budget Reduction Impact

Efficiencies/Reductions - \$1.7m

- Reduced access to library, e-resources, scholarships.

Workload – \$2.5m

- Reduction in the number of sections offered in fall and spring by 8% (200 sections, 33.0 faculty FTE reduction).
- Off-campus programs will be reduced/eliminated.

Slow Hiring - \$1.3m

- A 25% cut in hours of operation in Student Support.
- Delays in hiring, faculty and staff, reducing on-going programs.

RIFS - \$1.7m

- Expected reduction of 5% of work force.
- Elimination of vacant positions in administrative support departments.



University of Houston Budget Targets

University of Houston / UHSA FY2012 Budget Development Targets

	A	B	C	D	E	F	G
	Revenue Change Gain/(Loss)	-----Savings----- -----Productivity----- -----Workforce----- Efficiencies/ <u>Reductions</u> <u>Workloads</u> <u>Slow Hiring</u> <u>RIFs</u>				Savings Subtotal	FY2012 Base Total
1 State General Revenue	\$ (30,370,000)					\$ -	\$(30,370,000)
2 Colleges		2,675,000	4,985,000	1,755,000	1,510,000	10,925,000	10,925,000
3 Administrative Divisions	4,450,000	2,745,000	1,100,000	750,000	750,000	5,345,000	9,795,000
4 Special Items		2,600,000			1,600,000	4,200,000	4,200,000
5 Endowment Subsidy/ Debt Service Savings		5,450,000				5,450,000	5,450,000
6 Total	\$ (25,920,000)	\$13,470,000	\$ 6,085,000	\$ 2,505,000	\$ 3,860,000	\$ 25,920,000	\$ -



UH Budget Reductions FY2012

UH Reductions (proposed):

11 low producing degree programs eliminated

39 low producing degree programs consolidate

3 privatized business services (30 FTE)

- Reduced business operation and department expenditures , including IT consolidations, eliminate telephone switch: \$5.4m
- Reduce Endowment Subsidy & Debt Service \$5.5m
- Absorption of Enrollment Increase \$5.5m
- Reductions to special item support: \$2.6m
- Slow Hiring of Staff, 18 FTE \$ 0.8m
- Slow Hiring of Faculty, 20 FTE \$1.7m
- Reductions in Force, 102 FTE: \$4.4m



UHS Budget Reductions

In FY 2012 UHS campuses will:

- Share courses for UHS students
- Share contracts for purchasing and transportation services
- Consolidate software licenses
- Convert all vendor payments from paper to electronic payments.
- Share master planning services