




UNIVERSITY OF HOUSTON SYSTEM
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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: March 2, 2011
TO: University of Houston Deans
FROM: John Antel, Senior Vice President for Academic Affairs and Provost
RE: University of Houston FY 2012 Budget Reduction Planning Guidelines



Planning Assumptions

In advance of the legislative session, State Comptroller Susan Combs announced that state general revenue for the upcoming FY12-13 biennium would be \$14.8 billion less than what was available for the current biennium. This has translated into initial appropriations bills filed in the House of Representatives and Senate that reduce the biennial appropriation to UH by \$50.1 million (15.7%) and \$38.8 million (12.1%) respectively. This is on top of the 5% reduction we took for the current biennium.

Therefore, the development of budget reduction plans will be the major focus of the planning process this year. As was the case last year, it is our intent not to reduce your allocations across the board. Instead, we will consider the plans from the colleges and Academic Affairs administrative units as a whole and determine strategic cuts for the entire division. In doing so our goal is to preserve operations critical to the success of the academic/research enterprise, while reducing non-essential and duplicative costs.

Even in times of financial hardship, our annual planning process has always included a component for pursuing new initiatives. This year, however, we are going to defer this part of the process until later in the year. There are two reasons for this: (1) we will have a better sense of how to plan for new initiatives once we have a better understanding of what our state appropriation will be; and (2) we want to focus exclusively right now on how to negotiate the cuts. The UH colleges have already experienced significant budget reductions and reallocations over the past few years, to the point where further reductions will be much more difficult to negotiate. As a result, we are now facing difficult decisions that will likely impact not only administrative operations but the delivery of academic programs. This will require our full attention.

The impact of our budget reductions this year will be felt strongly by faculty, students and staff across campus. Therefore, in developing your reduction plans we ask that you take the steps necessary to ensure broad participation in your college. Your process should extend down to the departmental level to facilitate meaningful shared governance on behalf of faculty. You should also create opportunities for students and staff to participate. In addition, at the division level, I have appointed a faculty-led budget reduction advisory group to recommend principles for how budget reductions should be made that involve faculty and academic programs.

Components of Budget Reduction Plans

Craig Ness will forward to you shortly a target amount you will be asked to plan for, as well as a spreadsheet for you to complete. The target amounts will not be the same percentage of budget for all colleges, since we are not implementing across the board reductions. To lessen the burden of the cuts, central resources will be reduced off the top to lower the colleges' target amounts. We will also apply anticipated resources generated through forecast enrollment increases next year for the same purpose. In developing your plans, we encourage you to look at administrative expenses and inefficiencies as a first line of defense. However, given the extensive reductions and reallocations that have taken place over the past few years, it may be that reductions impacting faculty and academic programs will be necessary, as well. Since the deans retreat in January, we have examined the college budgets and identified several areas where there appear to be opportunities for reduction. They include:

- Consolidation of Support Services: Historically, there has been some duplication of administrative, IT and student support services across departments and programs in individual colleges. As was the case last year, we ask that you consider the extent to which these services can be further consolidated in order to protect academic budgets.
- Travel and Business Expense: Although we reduced travel and business expense across the board to meet last year's state reduction, expenditures since then have not abated in most instances. We realize that these activities can be very important to the colleges. Nevertheless, when faced with potential reductions to instruction, academic programs and faculty, we must seriously consider scaling back these expenditures.
- Additional Compensation: Faculty members (and some administrators) often receive an administrative stipend or overload when they accept additional administrative assignments within the college, teach an additional course, or participate in other non-instructional activities. The colleges should consider the extent to which they can afford additional compensation, especially as it relates to non-instructional, non-revenue-generating activities.
- More Efficient Class Scheduling: The University of Houston can reduce costs and/or increase revenue by improved class scheduling – for example, delivery of fewer low-demand, low-enrollment courses (particularly in the core); increasing class size when it is responsible to do so; following the minimum undergraduate class size requirement of 10; adhering to course delivery time bands; and aligning enrollment demand with appropriate classroom size.

In addition to completing the budget reduction plan spreadsheet, we ask that you write a 2-5 page narrative describing your cuts and their potential impact on your college. In addition to describing cuts you might take in other areas, this narrative should contain sections that address

each of the cost issues raised above (i.e., consolidation of support services, travel and business expense, additional compensation, class scheduling), identifying the extent to which reductions in these areas are possible or not possible as the case may be. Finally, in identifying reductions, budgets for graduate students should not be included, as they are critical to the tier one aspirations of the university. Cuts to instructional budgets must also be limited to administrative stipends and overloads.

Use of Fund Equity

Given the size and potential complexity of these cuts, we understand that some of your proposed reductions may be difficult to implement immediately. To address this issue we will create a central fund equity pool, resources from which will be distributed to the colleges on a case by case basis to serve as a stop-gap until base cuts can be implemented. This pool will be created through fund equity from both the central administration and the colleges (from E&G state support and general designated tuition). We are currently examining college financials to determine the extent to which you can reasonably contribute to the fund equity pool. Contributions will not be across the board. Along with your target budget reduction amount, Craig Ness will forward to you the amount of fund equity that will be needed from your college. At the present time, you are not being asked to plan for the use of fund equity. We will consider this option once we have reviewed and discussed your planned reductions with you.

Faculty Searches

Another strategy we will implement to reduce the impact of the budget reductions is to carefully monitor faculty searches and in some instances slow the hiring process. To that end, we request that active searches for replacement faculty who would begin work in fall 2011 be completed (that is, an offer made) by April 1. Moving forward on all other approved searches and open positions will be addressed on a case-by-case basis.

Submission and Review of Plans

Your budget reduction plans are due to Ed Hugetz on or before April 1. In the interim, Mr. Hugetz and Craig Ness will be available to answer any questions you might have or provide you with additional information. My staff and I will hold initial meetings with you to discuss your plans during the weeks of April 4 and April 11. I anticipate this will be an iterative process that will require additional discussions until we know our final appropriation and can make decisions about the actual reductions.