




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: January 11, 2012
TO: University of Houston Deans
FROM: John Antel, Senior Vice President for Academic Affairs and Provost
RE: University of Houston FY 2013 Planning & Budgeting Guidelines



Planning Assumptions

For FY 2012 and FY 2013, the University of Houston's general revenue appropriation was reduced by \$32.3 million per year, continuing the multi-year trend of universities receiving less support from the state to fund their operations. In addition, President Khator and the Board of Regents, concerned about affordability, do not support a tuition increase for undergraduate students at this time. Therefore, if we are to continue the university's progress as a Tier One institution, we must become more productive with the resources we currently possess, as well as develop new sources of revenue.

The planning and budgeting process for FY13 is shaped by these realities. The university will continue to fund new initiatives next year, but the way we identify and deploy resources to accomplish them will be different from the past:

1. New Resources Generated from Enrollment Growth

In recent years, strong enrollment growth has produced several million dollars annually for investment in new initiatives. To the extent these resources are generated from the portion of tuition and fees designated as college-specific in the consolidated tuition and fee charge, they will be available to the generating college for investment. Increases in university-wide tuition and fees will be used to address major institutional priorities (e.g., faculty and staff salary increases).

2. Use of Fund Equity

Within the colleges are significant pockets of fund equity in the form of both centrally-allocated resources and college-generated resources. In order for your college to maintain its centrally-allocated fund equity next year, you must propose a use for these resources that

further an important institutional priority. If a resource proposal does not meet this threshold, the associated fund equity will be returned to the central administration for reallocation. Additionally, it is our expectation that college-generated fund equity will be used as a primary funding source for the college initiatives described in your FY13 plan.

3. Reallocation

While no mandatory budget reduction driving reallocation is anticipated this year, the colleges should continue where possible to reallocate faculty lines, staff positions, and operating resources to areas of highest priority and need. It is important to note that vacant faculty lines will not be automatically approved for replacement. They must be justified as part of your FY13 plan. In addition, delays in faculty and staff hiring can be used to fund other priorities on a short-term basis.

4. Operating Efficiencies

In recent years, the colleges have made much progress reducing expenses in the areas of information technology, business services, travel, and faculty workload/instructional delivery. For FY13, we must continue examining whether these and other enterprises can be made more efficient through centralization, shared services, reductions, and other means of reducing costs while maintaining quality. Doing so will place the colleges in firmer control of their future.

5. Tuition and Fee Rate Increases for Graduate and Professional Students

Although no proposals to increase undergraduate tuition will be considered this year, we will consider proposals to increase student charges at the graduate and professional levels. Any proposed increase should be justified in terms of furthering a compelling goal or need within your college. We also expect you to consider other funding sources before, or in combination with, making requests to increase student charges. In particular, we will be reluctant to increase student charges for colleges maintaining significant amounts of fund equity – these resources should be used first.

6. Professional Master's Programs

Developing academic programs that yield new revenue streams is an important way in which we can enhance the university's financial position. The development of new professional master's programs, in particular, will be a major component of the planning and budgeting process this year.

Planning and budgeting for FY13 will be a much more in-depth process than it has been in previous years – one where we consider university and college resources in their totality as a means of moving the institution forward, rather than simply planning based on what might be available through new resources. To support this increased level of complexity, the Provost's Office will work closely with you in the coming weeks to map out a strategy that considers all of the funding possibilities described above in developing your plans for FY13.

We also want to achieve a higher degree of transparency in the planning and budgeting process this year. The impact of your plans will be felt strongly by faculty, students and staff. Therefore, we want to ensure that they have an opportunity to participate in the process and are aware of its outcomes. In developing your plans we ask that you take the steps necessary to ensure broad participation in your college. Your planning process should extend down to the departmental level to facilitate meaningful participation on behalf of faculty. You should also create opportunities for students and staff to participate. Doing so will ensure not only broad

participation in the planning process but widespread communication of your plans to stakeholders. Centrally, we have also created two new forms to be completed as part of the planning and budgeting process this year (described below in FY13 Planning and Budgeting Forms). These forms present an all-funds picture of your budgets, identifying the sources and uses of your resources (both current and proposed), which we believe is essential to transparency and informed decision-making.

Components of College Plans

The college plans for FY 2013 plan will include three components:

- Progress Card and Performance Evaluation
- Three-Year Strategic Direction
- Completed FY13 Planning Forms

Progress Card and Performance Evaluation

Last year we completed the development of progress cards for each of the UH colleges. This year we will fully incorporate the progress cards into the planning and budgeting process. The first section of your FY13 plan will be an evaluation of your college's performance in terms of your progress card measures and recent planning initiatives. In your performance evaluation (which shouldn't exceed two pages), you should discuss the resource investments your college has made over the past 2-3 years and how they are impacting specific progress card measures. We are particularly interested in the impact of new tenured/tenure-track faculty, so please include brief updates on the status of each new faculty line created in FY11 and FY12. Since assessment of past performance is critical to informed planning, your performance evaluation should provide context for the new initiatives proposed in your three-year strategic direction, the elements of which are described in the following section.

Currently, we are compiling the most recent data for your progress cards. Once completed, we will forward them to you for review and so that you can provide the remaining data for any college-selected measures for which we don't have data centrally. Your final progress cards should be submitted along with your other planning materials.

Three-Year Strategic Direction

The three-year strategic direction is a narrative whose purpose is to provide an overarching rationale for your proposed FY13 investments by placing them within the context of your near-term efforts to move your college forward in accomplishing the goals of the university. Your strategic direction should not exceed ten single spaced pages. In it you should include the following sections:

- Plan for National Competitiveness
In this plan, you should describe your college's initiatives to build academic and research programs of national prominence. To that end, you should identify the tenured/tenure-track faculty positions, start-up, research facilities and other infrastructure needed to develop these

programs, as well as your strategy for funding them through resources from enrollment growth, fund equity, reallocation, operating efficiencies and, if necessary, increased graduate student charges. Your proposed investments should be justified in terms of how they will enable your college to improve its performance with respect to the national competitiveness measures on your progress card (e.g., research funding, citations and papers, national program rankings, etc.).

- Plan for Student Success

This plan should include initiatives designed to increase the number and quality of students at both the undergraduate and graduate levels, as well as enhance student persistence and graduation. Examples include tenure-track and instructional faculty in programs with high enrollment demand, as well as student advising, undergraduate scholarships, retention programs, and graduate stipends. As in your plan for national competitiveness, you should discuss your strategy for funding these initiatives (i.e., through enrollment growth, fund equity, reallocation, operating efficiencies, new graduate student charges) and justify them in terms of improving your progress card measures relating to student success (e.g., enrollment, retention and graduation rates, degrees awarded, etc.). Note: We are particularly interested in the development of professional master's programs. You should describe in this section any plans you have for these degrees, including target student populations, method of/ location for program delivery, and anticipated revenues.

- Plan for Administrative Support and Infrastructure

Adequate administrative support and infrastructure are essential to the achievement of your academic and research goals, as well as the effective operation of your college, especially since we are looking to increase the number of students and faculty on campus. Therefore, you should include in your plans your needs for M&O, support staff, IT resources, general facilities, etc., as well as your strategy for funding them. To the extent possible, you should describe how your proposed investments in operations and infrastructure will improve performance on your progress card measures.

FY 2013 Planning and Budgeting Forms

Craig Ness will make available to you a workbook for completion as part of the FY13 planning and budgeting process. The workbook will include the forms described below. You will also be provided with a ten-year history of revenue, expenses and other financial information that may be helpful in your planning efforts. To facilitate the planning and budgeting process, all related materials will be made available, completed and submitted via the Provost's Office new SharePoint site, to which you and your college administrator will be provided access.

- Fiscal Year 2013 Faculty Hire & Initiatives Request

This form is to be completed for each faculty hire and other new initiative that you are proposing for FY13. These initiatives should constitute the first-year investments for the activities described in your three-year strategic direction (specifically your plans for national competitiveness, student success, and administrative support and infrastructure). Note: A form should be completed for each new and vacant faculty position you are proposing to search for in FY13. We also ask you to identify your start-up needs for each position, since salary is only part of the funding requirement (and sometimes not the largest part).

- Three-Year Faculty Hiring Plan

On this form you should include proposed faculty hires in FY13, FY14 and FY15. Your requested positions for FY13 in this plan should match those for which you completed an FY13 Faculty Hire & Initiatives Request form mentioned above. Your proposed FY14 and FY15 hires should be reflected in your three-year strategic direction.

- Summary of Fiscal Year 2013 Initiatives and Requests

On this form you should include all initiatives for which you completed an FY13 Faculty Hire & Initiatives Request. The initiatives should be organized according to which plan they belong (national competitiveness, student success, administrative support and infrastructure).

- Fiscal Year 2013 Proposed Budget by Fund

While the university and the colleges carefully allocate resources to support institutional goals, the current structure of our budgets does not provide an optimal level of transparency to communicate these allocations. This form is designed to provide greater clarity. On it you are asked to identify by fund (e.g., designated tuition, state general revenue, etc.) how your college's total resources will be allocated in FY13 according to several expense categories (e.g., faculty and staff salaries, M&O, equipment, etc.). All changes from FY12 to FY13 should align with your FY13 Faculty Hire & Initiatives requests and be reflected in your three-year strategic direction.

- Three-Year All Funds College Budgets

On this form, your college's budgets and actuals for FY11 and FY12 have been provided according to source and expense categories. You are asked to provide comparable budget information for FY13, which should tie to your FY13 Proposed Budget by Fund (described above).

Submission and Review of Plans

Your plans are due to Ed Hugetz on or before February 20. In the interim, Mr. Hugetz and Mr. Ness will be available to guide you in the preparation of these materials. Plan and budget hearings will be scheduled for the weeks of February 20 and February 27. Holding the hearings at this time will provide a forum to discuss your plans before finalizing the university's FY13 Plan and Budget and submitting it to the Board of Regents in May.