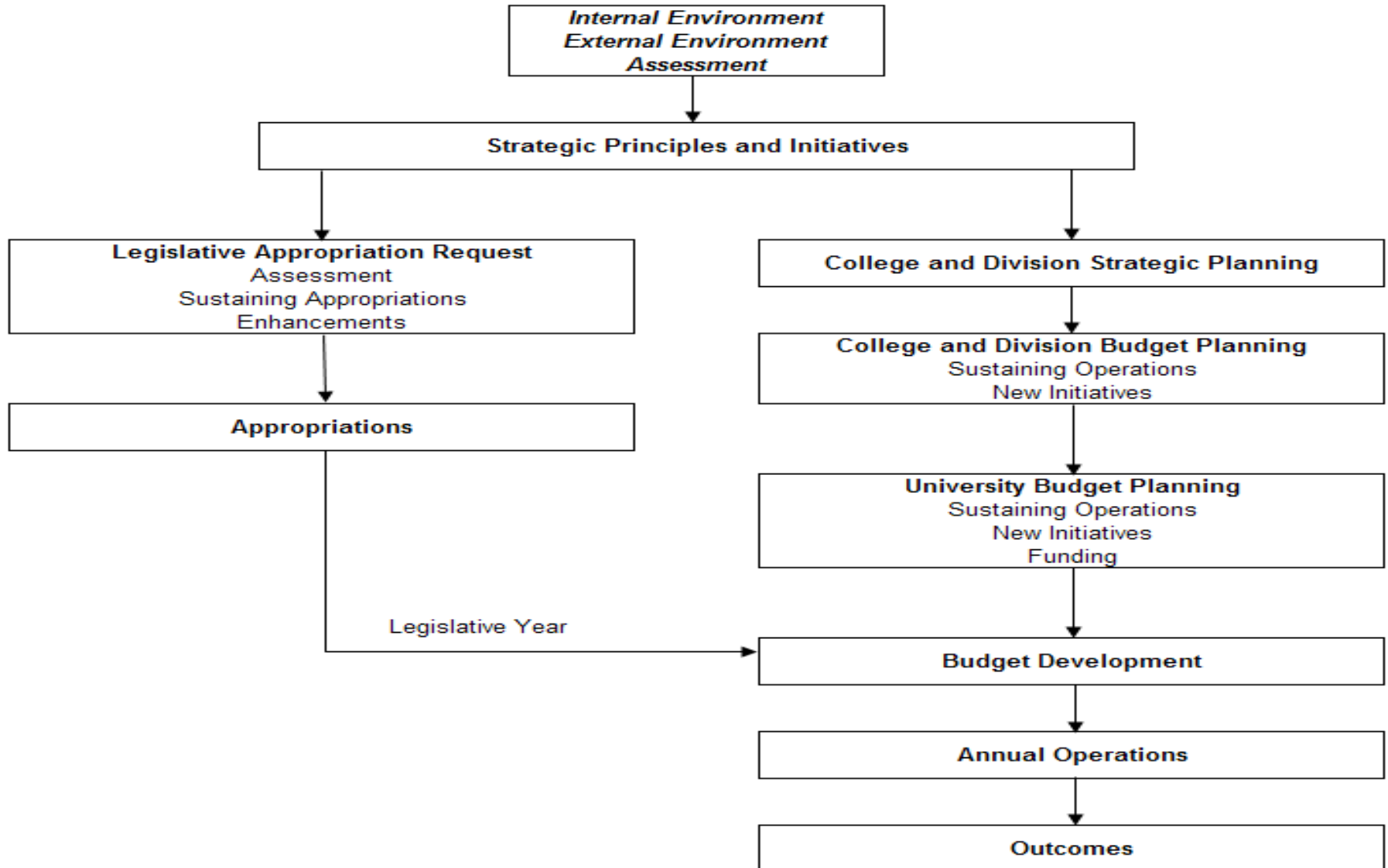


University of Houston
Student Leadership Forum

***Budget and Legislative
Processes***

June 13, 2012

Overview of the Planning and Budget Process



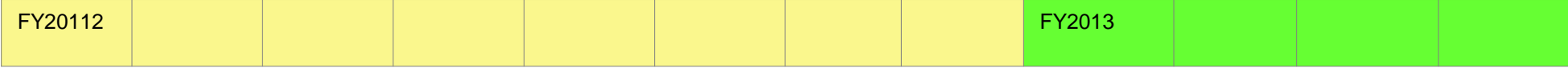
Multiple Cycles

January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012
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Appropriation Biennium – Operations



Operating Fiscal Year



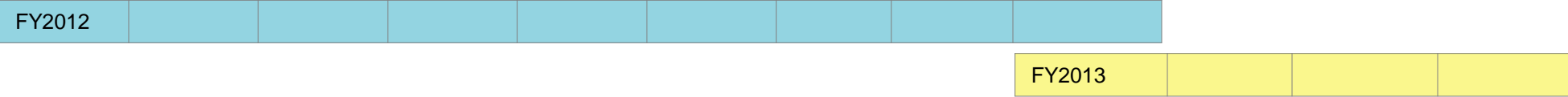
Project Year



Budget Planning Cycle



Fiscal Reporting Year



Appropriations Process for FY2014-FY2015 Biennium

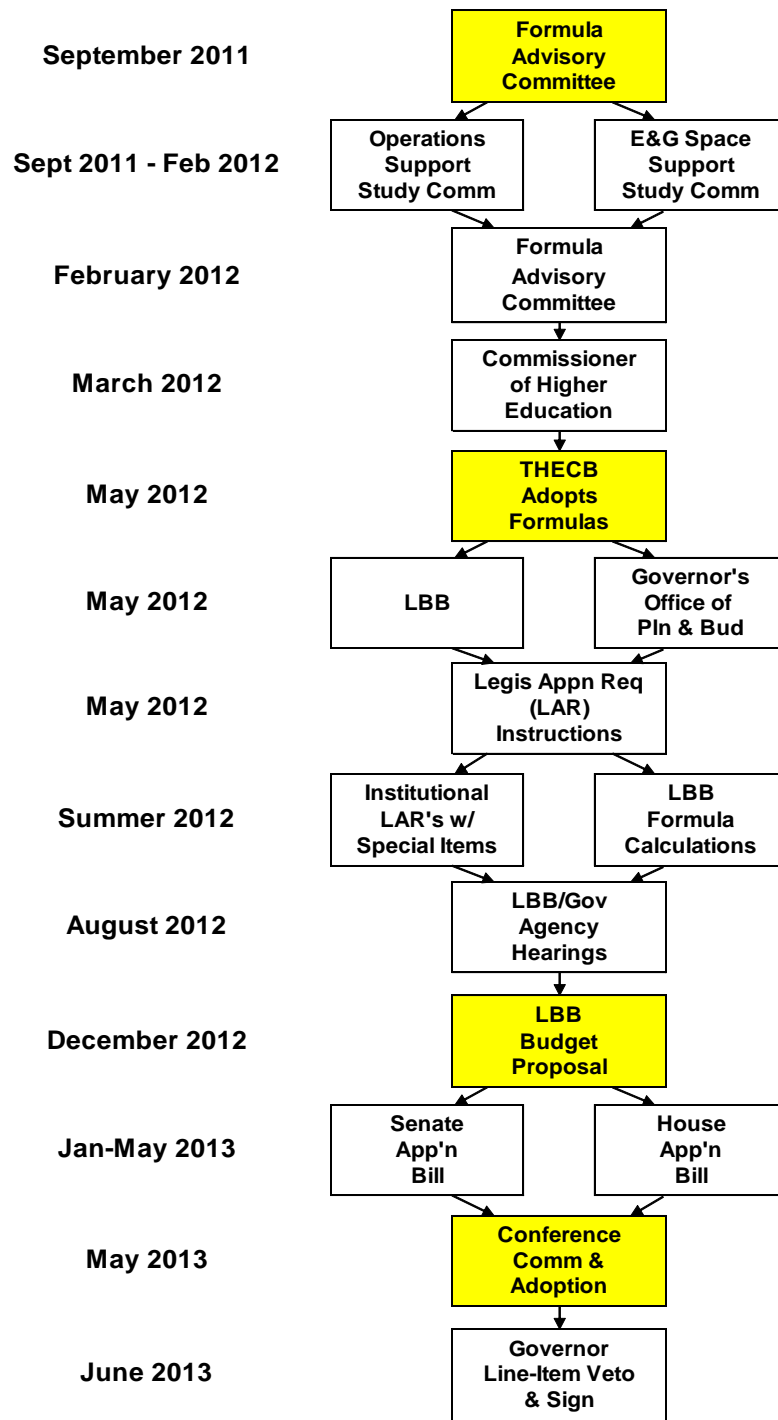


UH System FY2013 Planning, Tuition & Fees, Budgeting Calendar

Date	Item
10/31/2011	Nov 2011 BOR Deadline Info Item: Tuition & Fee Structure Change (UH Only)
11/15/2011	BOR Meetings (Nov 15 & 16)
2/2/2012	Feb 2012 BOR Deadline Approval Item: Tuition & Fee Structure Change (UH Only) Approval Item: Voluntary & Optional Fees (all campuses)
2/14/2012	BOR Meetings (Feb 14 & 15)
3/15/2012	March 2012 BOR Deadline Approval Item: FY2013 Tuition & Mandatory Fee Rates (all campuses)
3/27/2012	BOR Special Called Meeting (March 27)
4/30/2012	Campuses Materials due for Plan & Budget Hearings with Chancellor
5/3/2012	Campuses Plan & Budget Hearings with Chancellor
5/4/2012	Final Campus Plans & Budgets Due to UHS for Assembly
5/7/2012	May 2012 BOR Deadline Approval Item: UHS FY2013 Plan & Budget
5/15/2012	BOR Meetings (May 15 & 16)

Review, Modification, & Funding of Higher Education

Funding for FY2014 and FY2015



Base Periods for Formula Funding

Base Period for
FY2010 & 2011
Biennium

Base Period for
FY2012 & 2013
Biennium

Base Period for
FY2014 & 2015
Biennium

Jan	
Feb	
Mar	
Apr	
May	
Jun	2
Jul	0
Aug	0
Sep	8
Oct	
Nov	
Dec	
Jan	
Feb	
Mar	
Apr	
May	
Jun	2
Jul	0
Aug	0
Sep	9
Oct	
Nov	
Dec	
Jan	
Feb	
Mar	
Apr	
May	
Jun	2
Jul	0
Aug	1
Sep	0
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May	0
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Aug	
Sep	
Oct	
Nov	
Dec	
Jan	
Feb	
Mar	
Apr	2
May	0
Jun	1
Jul	3
Aug	
Sep	
Oct	
Nov	
Dec	

FY2010

FY2011

FY2012

FY2013

FY2010 & 2011
Biennium

FY2012 & 2013
Biennium

Today

University of Houston Mission and Goals

UH Mission

The mission of the University of Houston is to offer nationally competitive and internationally recognized opportunities for learning, discovery and engagement to a diverse population of students in a real-world setting. The University of Houston offers a full range of degree programs at the baccalaureate, master's, doctoral and professional levels and pursues a broad agenda of research and creative activities. As a knowledge resource to the public, the university builds partnerships with other educational institutions, community organizations, government agencies, and the private sector to serve the region and impact the world.

UH Goals

- *National Competitiveness*

UH will become a nationally competitive public research university as measured by the Top American Public Research University analysis and/or Carnegie Foundation for the Advancement of Teaching.

- *Student Success*

UH will have a student profile consistent with a nationally competitive public research university by creating an environment in which student success can be ensured.

- *Community Advancement*

UH will commit to fulfilling regional and state workforce needs while becoming the primary engine of social, economic, and intellectual development.

- *Athletic Competitiveness*

UH will provide a comprehensive educational experience to its students and, within this context, it will seek to build the strongest athletic program possible.

- *Local and National Recognition*

UH will be known for its accomplishments locally and nationally.

- *Competitive Resources*

UH will build a resource base that enables it to accomplish its mission and realize its vision.

Planning and Budgeting Guidelines

- Provost / CFO Memo to Cabinet
- Provost's Memo to Colleges
- Planning and Budgeting Guide

Vice Presidents Guideline Memo

- Assumptions/Financial Environment
- Components
 - Plan for Reductions
 - Use of Equity/Reserves

Environmental Considerations

Internal and/or External

- Enrollment and enrollment demand
- Facilities
- Resources
- Sustaining on-going operations
- Academic excellence
- Diversity
- Accountability
- Research expectations and support
- Partnerships
- Faculty and staff recruitment and retention

Foremost Consideration:

State of Texas Financial Condition

Assessment

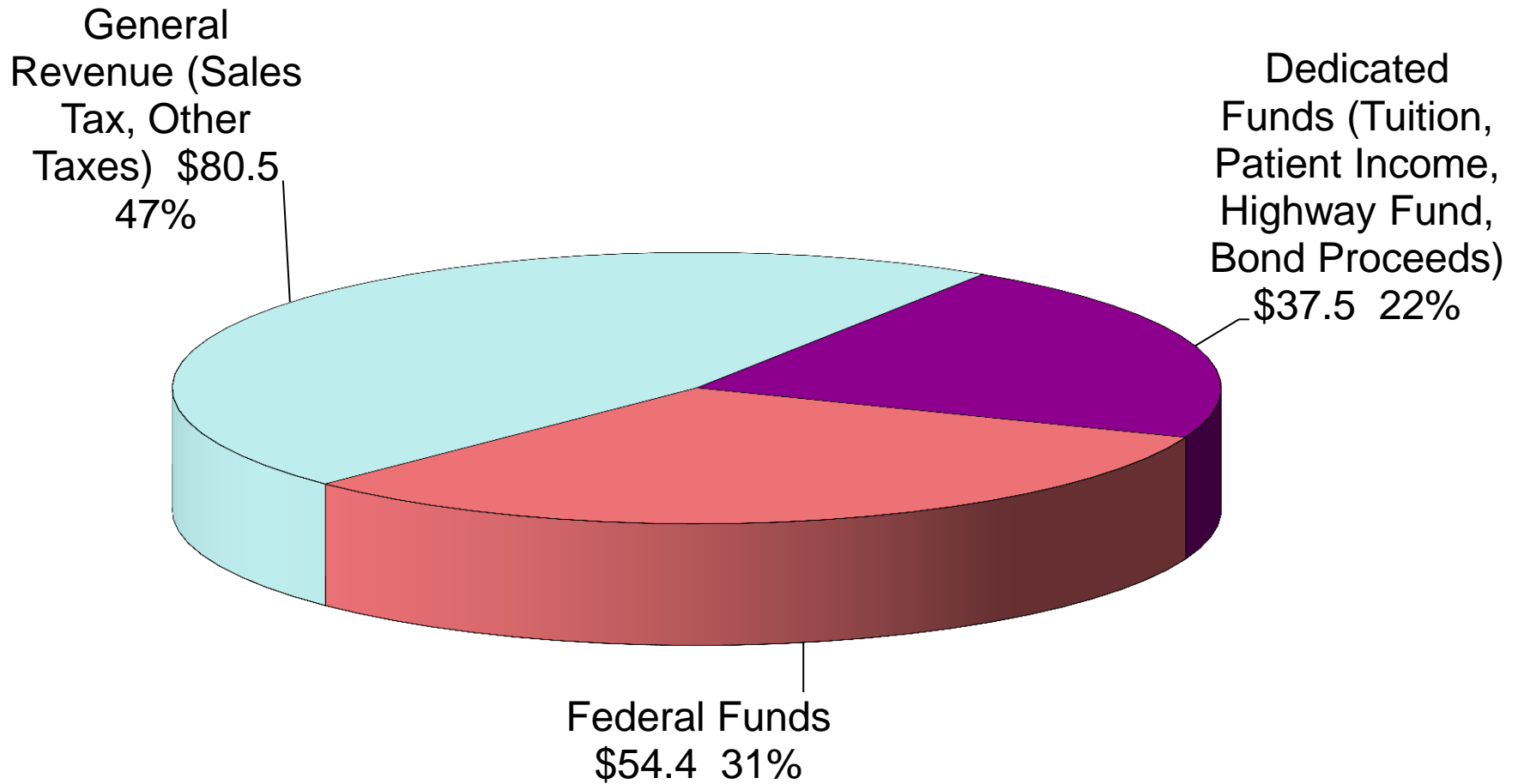
- State Performance Measures
 - Legislative
 - Coordinating Board
 - Web Posting Requirements
- Southern Association of Colleges and Schools (accreditation)
- Research rankings
- Rankings by publications

University of Houston
Student Leadership Forum

The State Appropriations Process

STATE OF TEXAS FY2012-FY2013 BIENNIAL APPROPRIATIONS - Sources

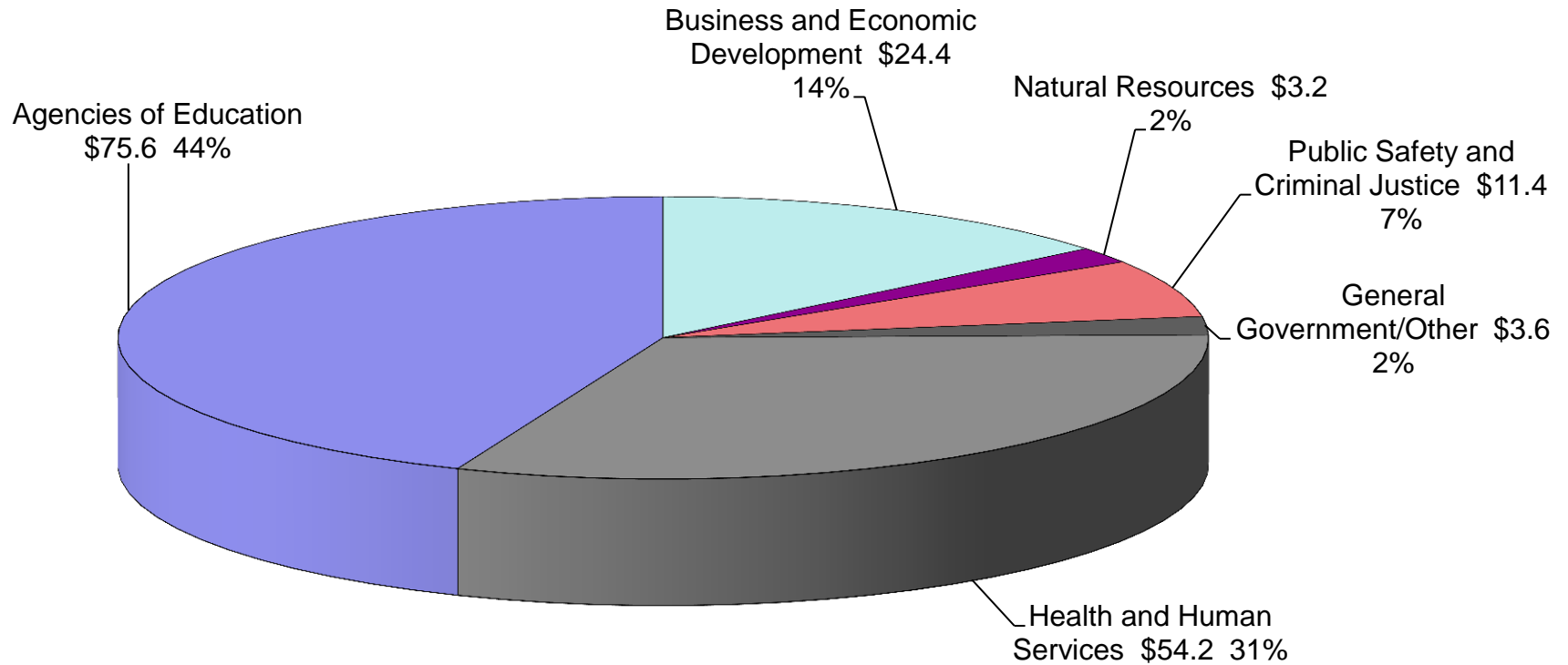
(ALL FUNDS, \$ in Billioins)



TOTAL = \$172.4 Billion

STATE OF TEXAS FY2012-FY2013 APPROPRIATIONS Biennial Expenditures

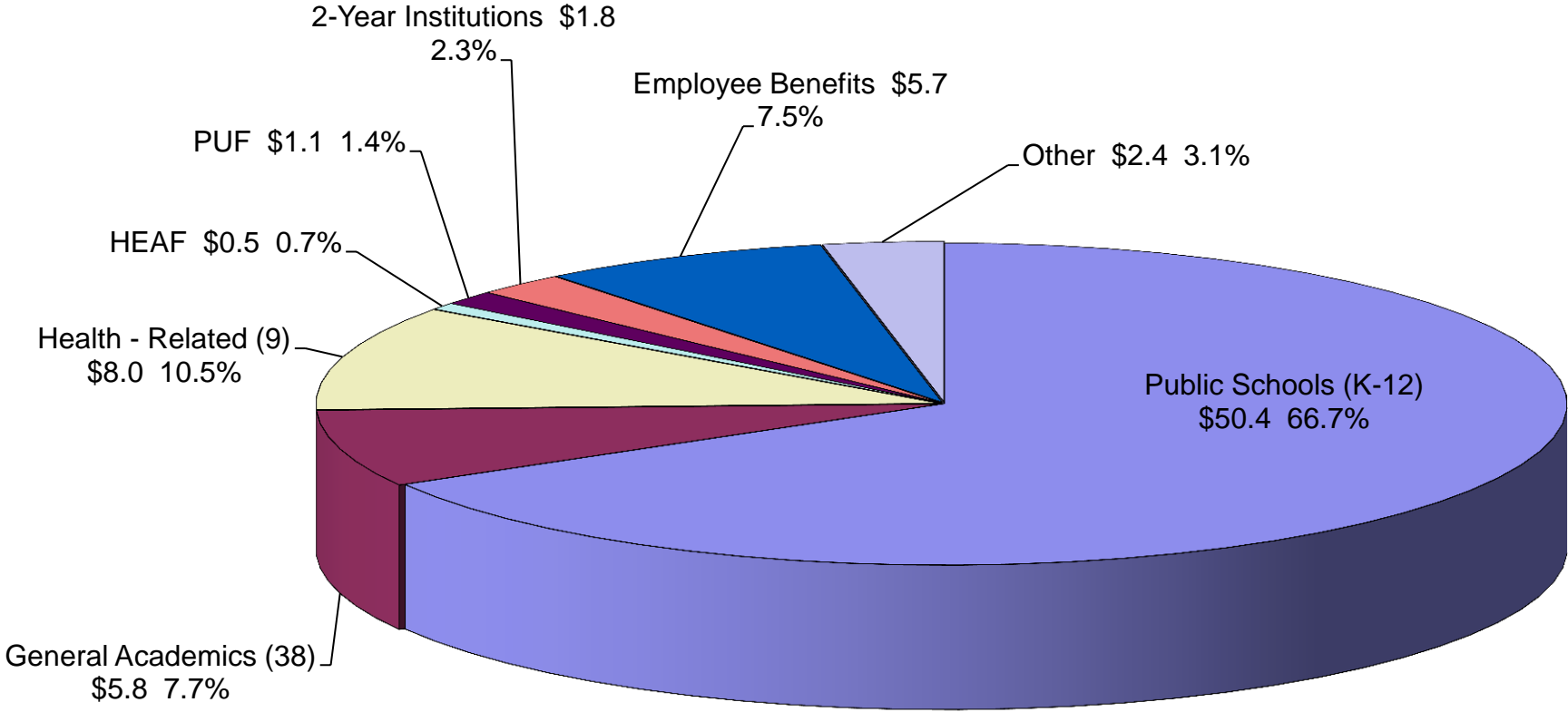
(ALL FUNDS, \$ in Billions)



TOTAL = \$172.4 Billion

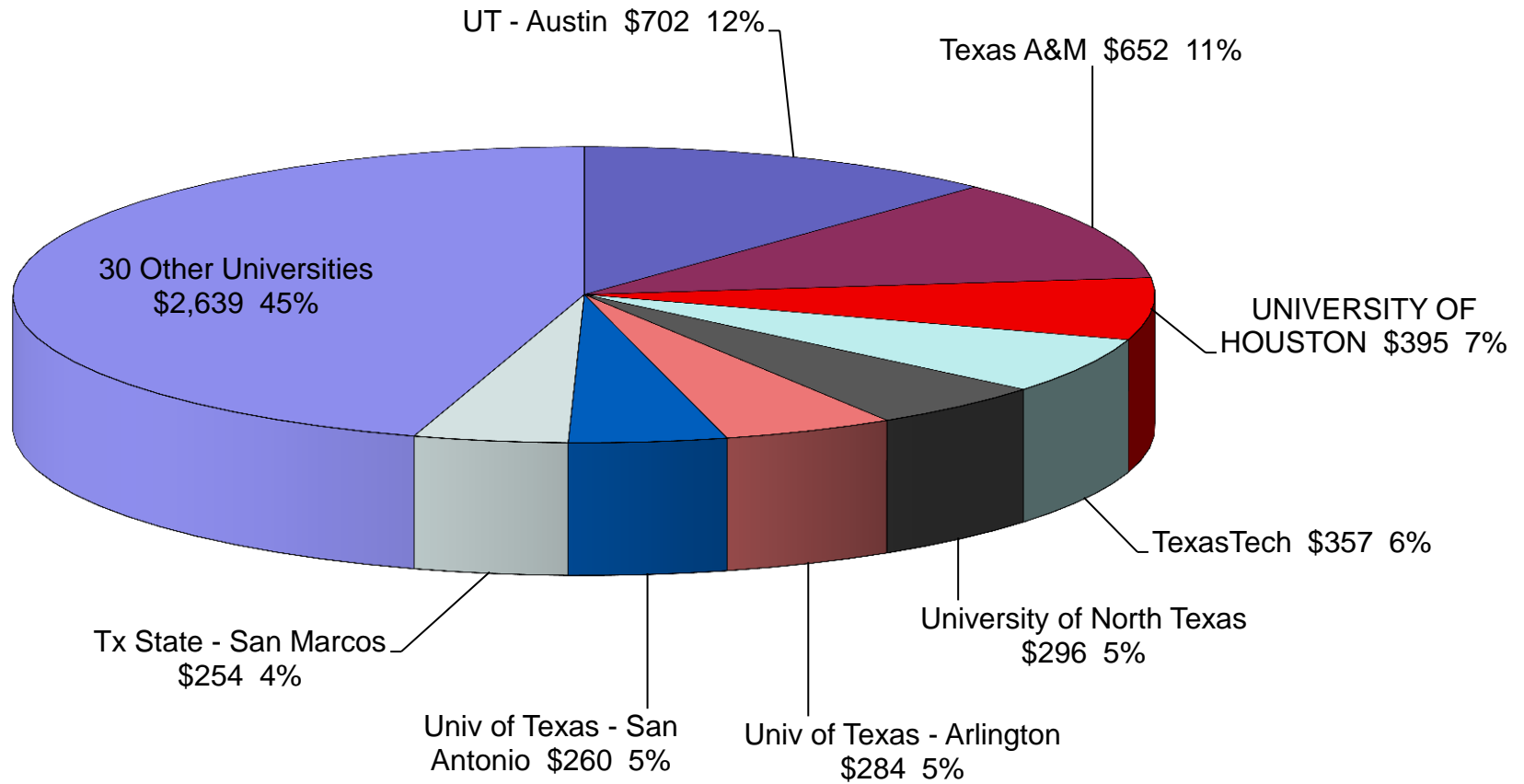
AGENCIES OF EDUCATION APPROPRIATED FY2012-FY2013

(ALL FUNDS, \$ in Billions)



TOTAL = \$75.6 Billion

GENERAL ACADEMICS - APPROPRIATED FY2010-FY2011 (ALL FUNDS, \$ in Millions)



TOTAL = \$5,839 Million

Texas Formula Funding - History and Facts

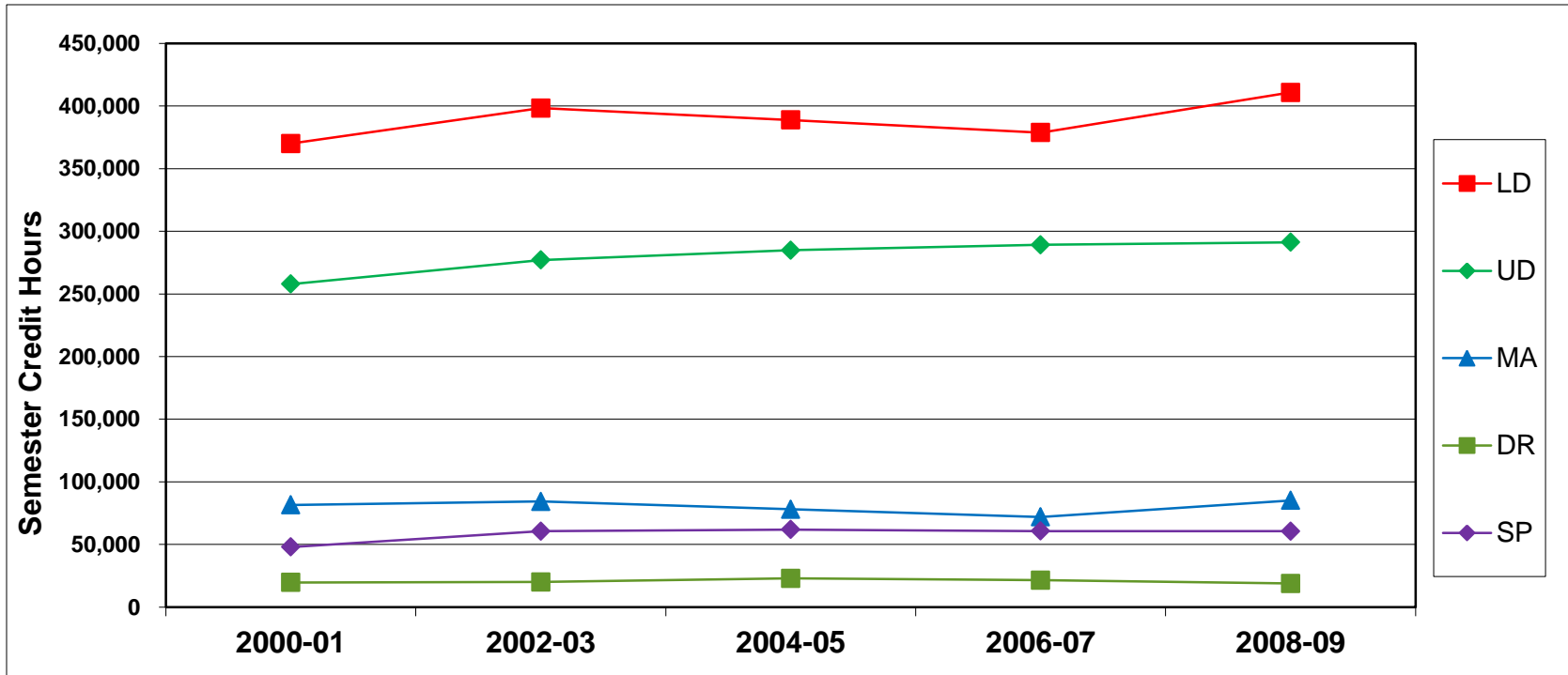
- Texas is a pioneer in the development of college and university formula funding
- Texas Commission on Higher Education created in 1955 with a mandate to establish formulas
- In 1959 the legislature first used formulas in the funding of FY1960 and FY1961
- In 1965 the Texas Higher Education Coordinating Board (THECB) created with expanded authority
- Number of Formulas in use

1960:	5
1968:	7
1979:	11
1982:	13
1995:	15
1997:	14
1998:	4
2002:	3
- Nearly 40 institutional representatives are involved in the formula development and review process
- 60% of funds appropriated to general academic institutions flow through the funding formulas
- In April 2010, THECB proposed formulas to the legislature for FY2012 and FY2013
- In making formula recommendations, THECB considers the following:
 - The formulas should indicate funding needed to provide a first-class higher education system
 - The formula should provide an equitable distribution of available funds among institutions
 - Per-student funding should increase to the national average then to the average of the ten most populous states
 - The formula system is not designed for use as an institution's internal operating budget

University of Houston Base Period Semester Credit Hour Trends

	-----Base Period-----					-----Change-----				
	<u>2000-01</u>	<u>2002-03</u>	<u>2004-05</u>	<u>2006-07</u>	<u>2008-09</u>	<u>00-01 to 02-03</u>	<u>02-03 to 04-05</u>	<u>04-05 to 06-07</u>	<u>06-07 to 08-09</u>	<u>00-01 to 08-09</u>
University of Houston Total										
Lower Division	370,011	398,242	390,347	378,939	410,699	8%	-2%	-3%	8%	11%
Upper Division	257,830	277,026	284,825	290,238	291,226	7%	3%	2%	0%	13%
Masters	81,576	84,365	78,095	72,011	85,139	3%	-7%	-8%	18%	4%
Doctoral	19,677	20,105	22,989	21,532	18,880	2%	14%	-6%	-12%	-4%
Special Profesn'l	47,967	60,619	61,895	60,773	60,610	26%	2%	-2%	0%	26%
Total SCH	777,061	840,357	838,151	823,493	866,554	8%	0%	-2%	5%	12%

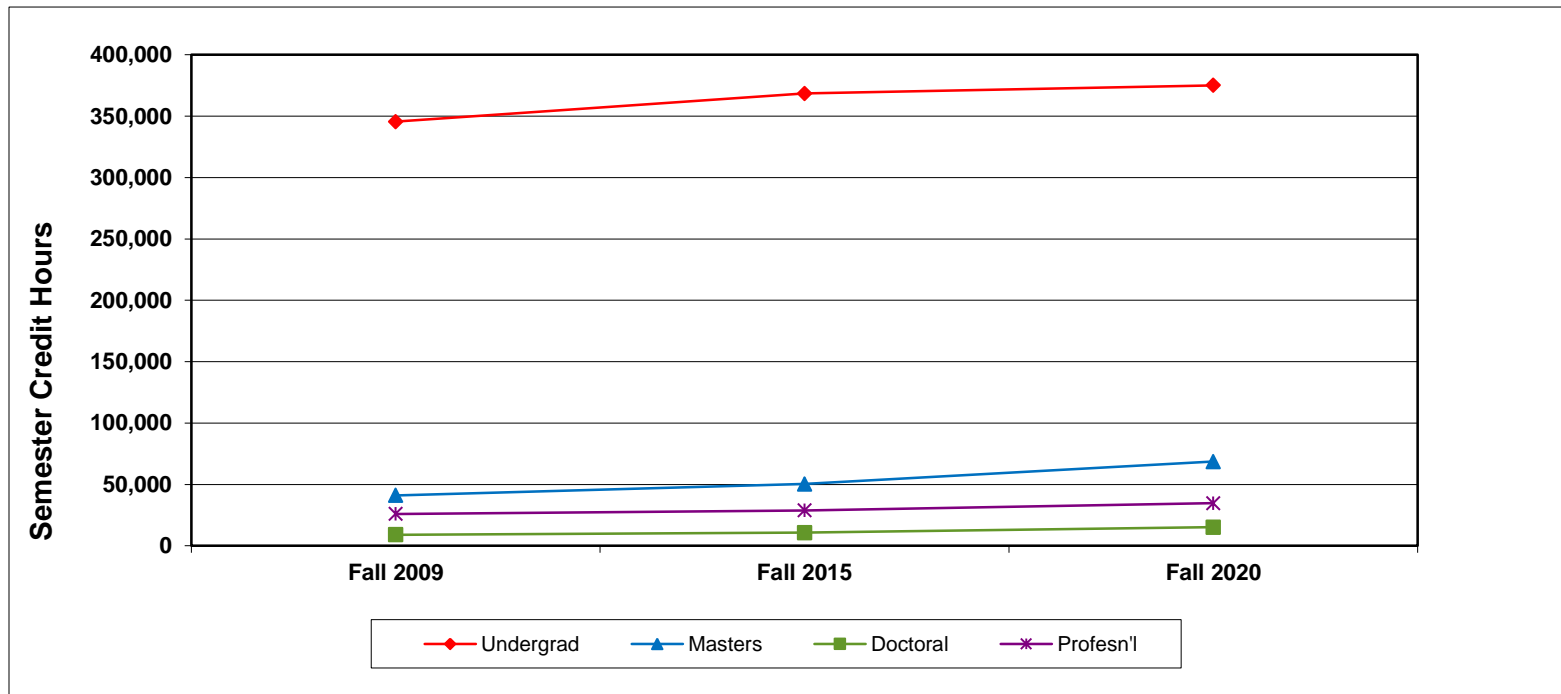
Trends from 2000-01 through 2008-09



University of Houston Campus Master Plan Semester Credit Hour Trends as of Fall 2010

	-----Semester-----			-----Change-----		
	<u>Fall 2009</u>	<u>Fall 2015</u>	<u>Fall 2020</u>	<u>Fall 2009 to Fall 2015</u>	<u>Fall 2015 to Fall 2020</u>	<u>Fall 2009 to Fall 2020</u>
University of Houston Total						
Undergraduate	345,494	368,513	375,075	7%	2%	9%
Masters	41,058	50,388	68,629	23%	36%	67%
Doctoral	9,071	10,752	15,084	19%	40%	66%
Special Profesn'l	26,014	28,841	34,721	11%	20%	33%
Total SCH	421,637	458,494	493,509	9%	8%	17%

Trends from Fall 2009 through Fall 2020



Elements of Formula Funding FY2012-13 Biennium

1. Instruction and Operations Formula (about 81% of total formula)

(Funding for Faculty Salaries, DOE, Instructional Administration, Library, Research Enhancement, Student Services, Institutional Support)

Funding equals semester credit hours times **53.71** (was 62.19 for FY2010-FY2011) times rate below:

	<u>Lower Division</u>	<u>Upper Division</u>	<u>Masters</u>	<u>Doctoral</u>	<u>Special Professional</u>
Liberal Arts	1.00	1.70	4.07	9.26	
Science	1.74	2.95	8.07	20.30	
Fine Arts	1.40	2.31	5.44	7.07	
Teacher Ed	1.41	1.73	2.34	7.58	
Agriculture	1.88	2.46	7.01	9.35	
Engineering	2.41	3.82	7.47	15.81	
Home Economics	1.04	1.68	2.88	6.97	
Law					3.92
Social Services	1.90	2.03	2.93	14.40	
Library Science	1.33	1.08	2.58	7.50	
Vocational Training	1.44	1.86			
Physical Training	1.35	1.20			
Health Services	1.23	1.89	3.23	9.14	2.42
Pharmacy	1.27	4.53	23.49	30.57	3.77
Business Admin.	1.09	1.70	3.26	24.41	18.99
Optometry			5.46	19.12	7.00
Teacher Ed Practice	1.43	1.74			
Technology	1.96	2.42	4.07	2.95	
Nursing	1.96	2.35	4.45	1.94	
Developmental Ed	1.00				
Veterinary Medicine					15.05

2. Teaching Experience Supplement (about 3 % of total formula)

Annual funding equals 10 percent of funds generated above from undergraduate hours taught by tenured or tenure track faculty.

3. E&G Space Support (about 16% of total formula)

(Funding for Physical Plant and Utilities)

Annual funding equals the Coordinating Board's space standard in E&G square feet times **\$5.25**/square foot
(was \$6.21/square foot for FY2010-FY2011)

University of Houston Appropriations

FY2012 vs FY2011

<u>Formula</u>	Appropriated	Appropriated	-----Change-----	
	<u>FY2011</u>	<u>FY2012</u>	<u>Dollars</u>	<u>Percent</u>
Operations Support	\$ 140,017,254	\$ 134,682,795	\$ (5,334,459)	-3.8%
Teaching Experience	2,730,905	2,642,533	(88,372)	-3.2%
E&G Space Support	31,523,918	24,995,042	(6,528,876)	-20.7%
SUBTOTAL	174,272,077	162,320,370	(11,951,707)	-6.9%
<u>Special Items</u>				
Restructured Special Items	10,703,876 -	7,626,509 -	(3,077,367) -	-28.8%
Small Business Development Center	3,070,697	3,070,697	-	0.0%
Institutional Enhancement	4,753,967	3,387,201	(1,366,766)	-28.8%
SUBTOTAL	18,528,540 -	14,084,407 -	(4,444,133)	-24.0%
<u>Other Items</u>				
Texas Competitive Knowledge Fund	4,535,210	3,061,979	(1,473,231)	-32.5%
Research Development Fund	6,380,651	5,352,736	(1,027,915)	-16.1%
Organized Activities	1,582,671	-	(1,582,671)	-100.0%
Texas Public Education Grant	6,361,042	6,995,555	634,513	10.0%
Worker's Compensation Insurance	491,131	349,930	(141,201)	-28.8%
Staff Group Insurance Premiums	6,174,218	4,996,924	(1,177,294)	-19.1%
SUBTOTAL	25,524,923	20,757,124	(4,767,799)	-18.7%
TOTAL	\$ 218,325,540	\$ 197,161,901	\$ (21,163,639)	-9.7%
<u>Method of Finance</u>				
Net General Revenue	\$ 155,699,453	\$ 129,132,679	\$ (26,566,774)	-17.1%
GR SUBTOTAL	155,699,453	129,132,679	(26,566,774)	-17.1%
Board Authorized Tuition Increases	13,501,189	13,684,074	182,885	1.4%
Estimated E&G Income	49,124,898	54,345,148	5,220,250	10.6%
GR DEDICATED SUBTOTAL	62,626,087	68,029,222	5,403,135	8.6%
TOTAL	\$ 218,325,540	\$ 197,161,901	\$ (21,163,639)	-9.7%

FY2012

\$507.0 Million

FY2012

\$262.5 Million

PUF Institutions	HEAF Institutions
<p>The University of Texas at Arlington The University of Texas at Austin The University of Texas at Dallas The University of Texas at El Paso The University of Texas of the Permian Basin The University of Texas at San Antonio The University of Texas at Tyler The University of Texas SWMC at Dallas Texas A&M University Prairie View A&M University Texas A&M University Services Agencies Texas A&M University at Galveston Tarleton State University The University of Texas Medical Branch at Galveston The University of Texas HC at Tyler The University of Texas HSC at Houston The University of Texas MD Anderson Cancer Center The University of Texas HSC at San Antonio Texas A&M University System HSC The University of Texas System Administration Texas A&M University System Administration</p>	<p>Texas A&M University–Corpus Christi Texas A&M International University Texas A&M University–Kingsville Texas A&M University–Commerce Texas A&M University–Texarkana West Texas A&M University Lamar University Lamar Institute of Technology Lamar State College at Orange Lamar State College at Port Arthur Sul Ross State University Sul Ross State University–Rio Grande College Sam Houston State University University of Houston University of Houston–Clear Lake University of Houston–Downtown University of Houston–Victoria The University of Texas–Pan American The University of Texas at Brownsville Midwestern State University Stephen F. Austin State University Texas Southern University Texas Woman’s University Texas Tech University Texas Tech University HSC University of North Texas University of North Texas HSC Texas State University–San Marcos Texas State Technical College System Angelo State University</p>

Higher Education Assistance Fund (HEAF)

- The Higher Education Assistance Fund (HEAF) was created as a counterpart to the Permanent University Fund by an amendment to the Texas Constitution in 1984.
- The HEAF provides funds for most public universities that were outside The University of Texas and The Texas A&M University Systems in 1984 to acquire land; construct, equip, repair or rehabilitate buildings; acquire capital equipment; and library books and materials.
- Expenditures involving HEAF are restricted to E&G space.
- The first appropriation of HEAF, for 1985 to 1995, allocated \$100 million annually to the eligible institutions.
- When the HEAF was reallocated for the fiscal years 1996 to 2005, the appropriation was increased to \$175 million.
- The \$175 million appropriation was increased to \$262.5 million starting in FY2008.

THE MODEL AND ITS THREE ELEMENTS

The HEAF model is based on three elements: *space deficit*, *condition of facilities*, and *institutional complexity*.

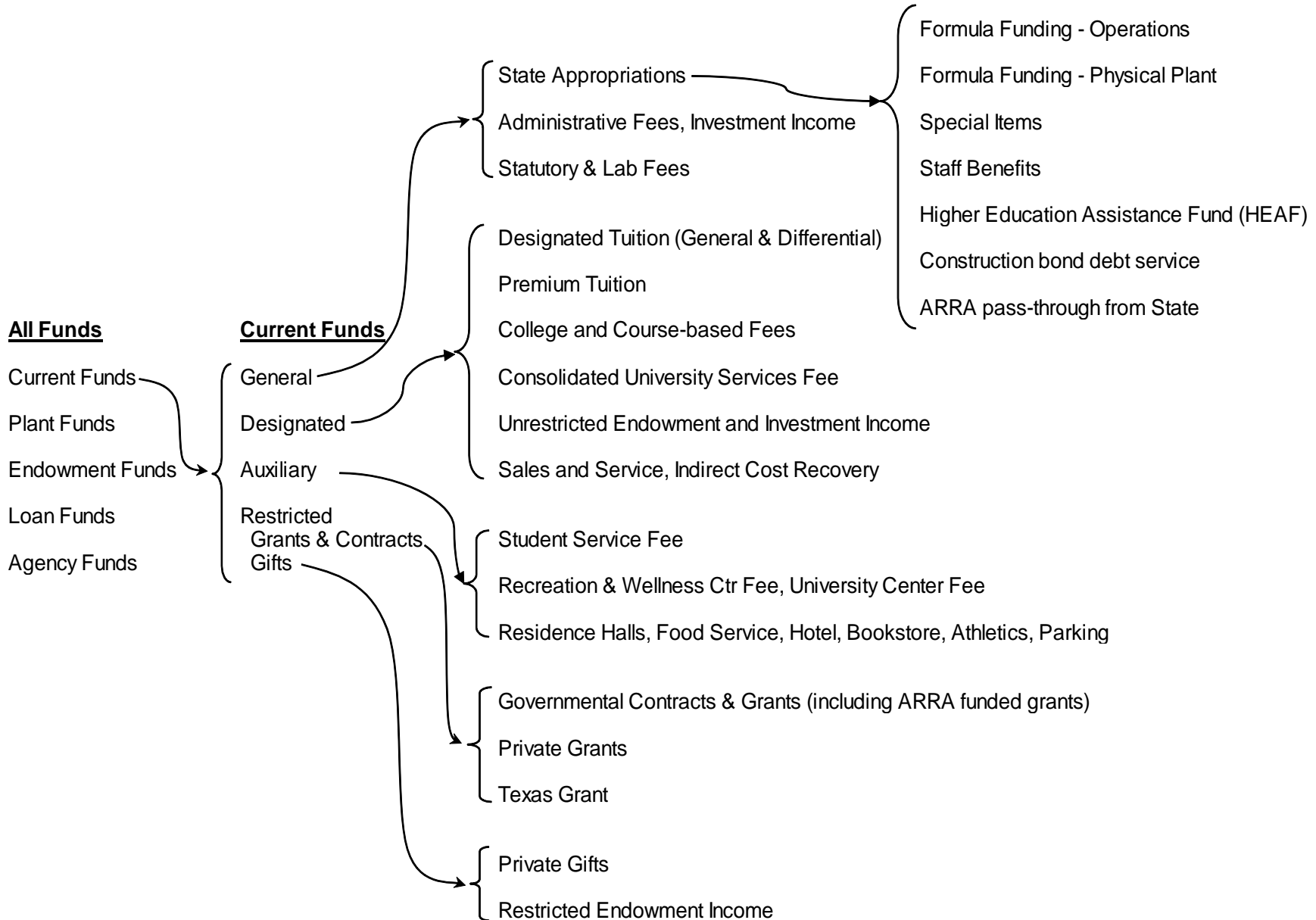
Space Deficit	+	Condition of Facilities	+	Institutional Complexity	=	Allocation
22.6%		27.4%		50%		100%

- University of Houston FY2012 HEAF Allocation is \$35.9 million.

University of Houston
Student Leadership Forum

The UH Budget

University of Houston Funds Managed by the University

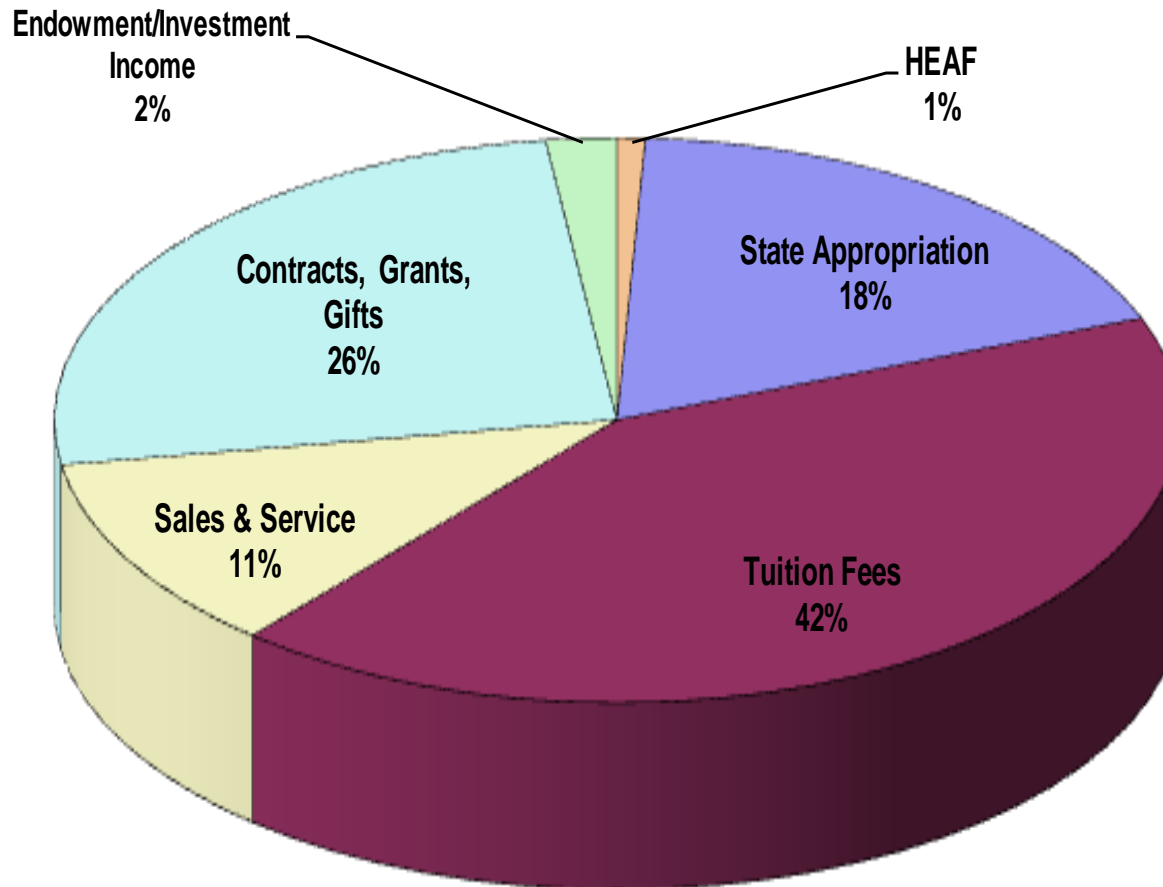


Current Funds

(Funds that are Budgeted Annually)

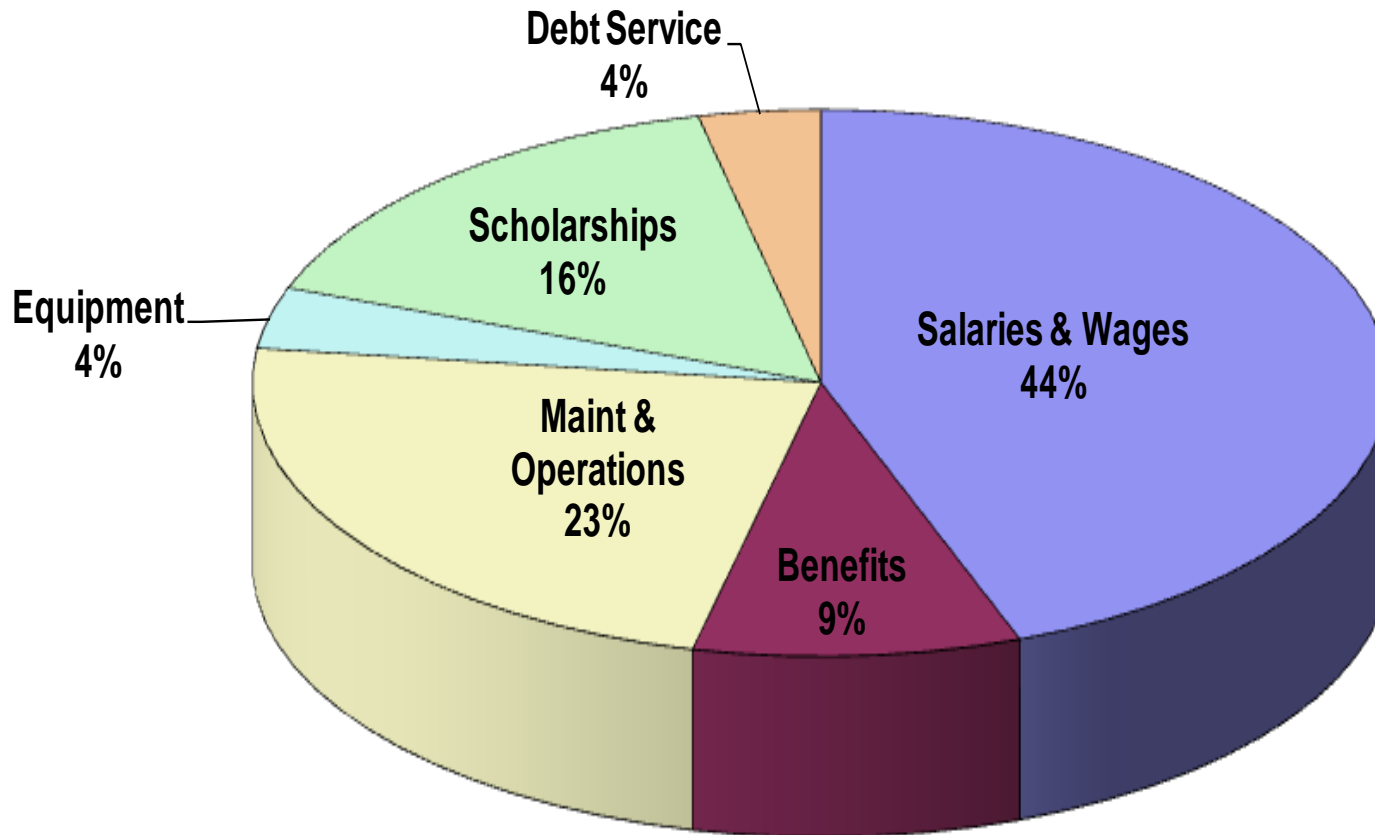
	-----Restricted Funds-----				
	General Fund Group 1	Designated Fund Group 2	Auxiliary Fund Group 3	Endowment Income/ Gifts Fund Group 4	Grants & Contracts Fund Group 5
SOURCES					
State Appropriations	✓				✓
Student Tuition & Fees	✓	✓	✓		
Endowment/Investment Income		✓		✓	
Departmental Operations	✓	✓	✓		
Food Services, Bookstore Sales, Parking			✓		
Residential Halls, University Center & Hotel			✓		
Gifts				✓	
Federal, State, Private Contracts & Grants					✓
USES					
Salaries & Wages	✓	✓	✓	✓	✓
Staff Benefits	✓	✓	✓	✓	✓
Maintenance & Operations	✓	✓	✓	✓	✓
Scholarships	✓	✓		✓	✓
Debt Service	✓	✓	✓		
Specific Purpose of Grant, Contract or Donor				✓	✓

University of Houston FY2012 Operating Budget Source of Funds



Total \$860.3 million

University of Houston FY2012 Operating Budget Use of Funds



Total \$860.3 million

University of Houston

FY2010 through FY2012 Budgets

\$ Millions

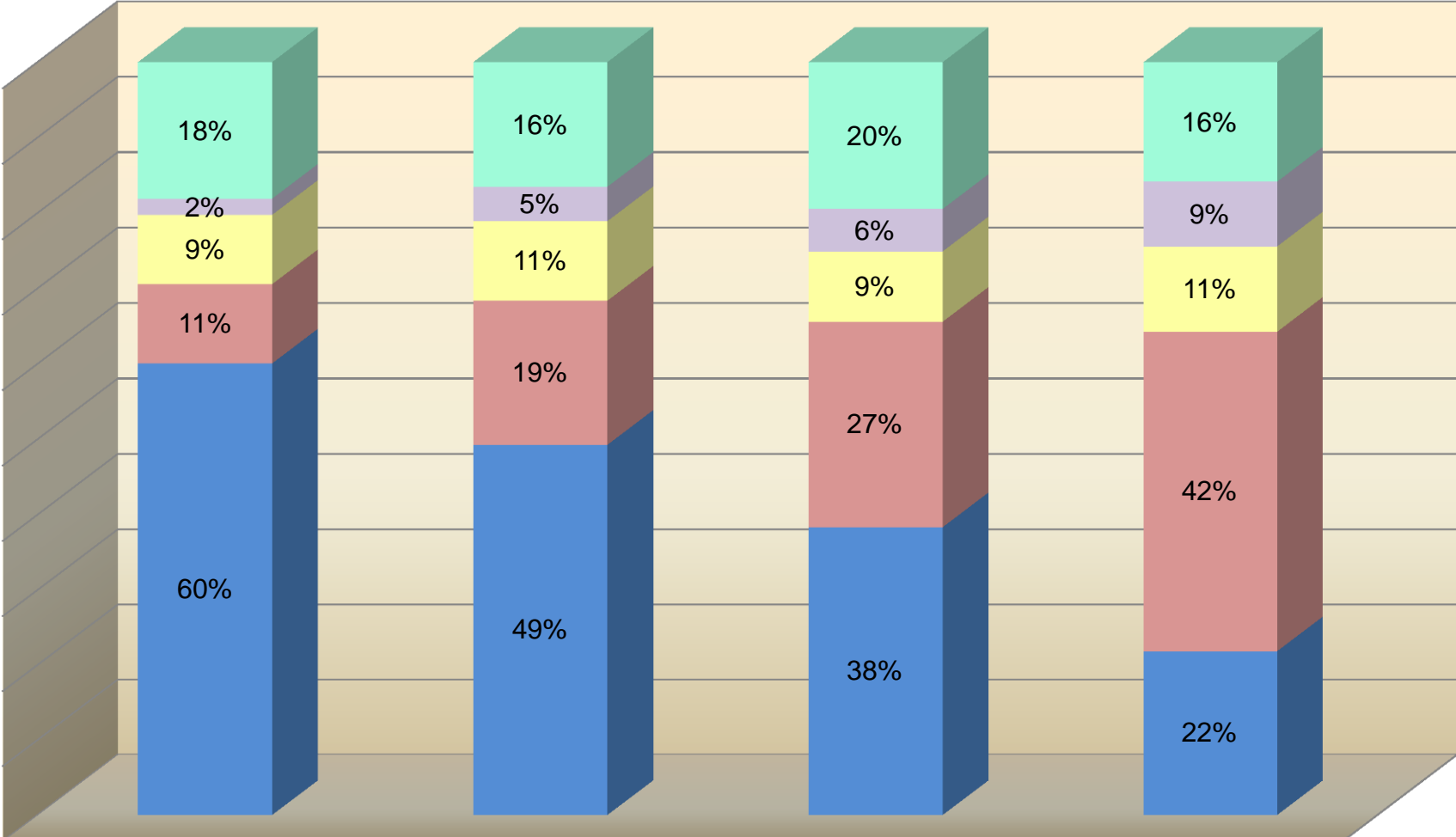
Operating Budget

	FY2010			FY2011			FY2012		
	Budget	-----Change-----		Budget	-----Change-----		Budget		
		Dollars	Percent		Dollars	Percent		Dollars	Percent
Source of Funds									
1 State Appropriations	\$ 187.2	\$ (2.9)	-1.5%	\$ 184.3	\$ (32.4)	-17.6%	\$ 151.9		
2 HEAF	13.7	(1.8)	-13.1%	11.9	(4.9)	-41.1%	7.0		
3 Tuition & Fees	303.2	26.7	8.8%	329.9	35.0	10.6%	364.8		
4 Other Operating (Auxiliaries)	101.3	19.2	18.9%	120.5	0.5	0.4%	121.0		
5 Contracts & Grants (Restricted)	163.9	27.8	17.0%	191.7	(1.8)	-0.9%	189.9		
6 Endowments/Gifts (Restricted)	25.0	(0.4)	-1.8%	24.5	1.1	4.7%	25.7		
7 Total Sources	\$ 794.3	\$ 68.5	8.6%	\$ 862.8	\$ (2.5)	-0.3%	\$ 860.3		
Use of Funds by Object									
8 Salaries and Wages - Faculty	\$ 162.8	\$ 1.1	0.7%	\$ 163.8	\$ 7.4	4.5%	\$ 171.2		
9 Salaries and Wages - Staff	205.0	0.0	0.0%	205.1	5.0	2.4%	210.0		
10 Benefits	76.5	1.6	2.1%	78.1	1.9	2.4%	80.0		
11 M&O	197.9	13.3	6.7%	211.2	(27.7)	-13.1%	183.5		
12 Capital Equipment	23.0	4.7	20.3%	27.7	3.5	12.6%	31.2		
13 Scholarships	91.0	32.4	35.6%	123.4	13.3	10.8%	136.7		
14 Debt Service	20.9	6.9	32.9%	27.7	2.1	7.7%	29.9		
15 Utilities	17.2	-	0.0%	17.2	0.5	2.9%	17.7		
16 Reserve for State Budget Reduction	-	8.5		8.5	(8.5)	-100.0%	-		
17 Total Uses	\$ 794.3	\$ 68.5	8.6%	\$ 862.8	\$ (2.5)	-0.3%	\$ 860.3		

University of Houston Operating Budget

	<u>FY1982</u>		<u>FY1992</u>		<u>FY2002</u>		<u>FY2012</u>	
	<u>Dollars</u>	<u>Pct</u>	<u>Dollars</u>	<u>Pct</u>	<u>Dollars</u>	<u>Pct</u>	<u>Dollars</u>	<u>Pct</u>
State Support								
State General Revenue Appropriation	\$ 77,979,046		\$ 111,741,136		\$ 132,377,076		\$ 124,842,679	
Higher Education Assistance Fund (HEAF)			5,268,250		25,769,929		35,885,768	
State Staff Benefits Appropriation	12,139,915		23,758,616		22,335,000		27,067,911	
Interest Income on State Treasury Balances	450,000		1,409,364		1,340,000		106,407	
Subtotal State Support	<u>90,568,961</u>	60%	<u>142,177,366</u>	49%	<u>181,822,005</u>	38%	<u>187,902,765</u>	22%
Student Fees								
Tuition	3,714,828		34,077,106		48,491,247		59,857,091	
Designated Tuition / General Use Fee	7,021,701		6,072,565		39,252,571		190,568,849	
Other Student Fees	5,107,694		14,990,701		41,414,080		114,418,893	
Subtotal Tuition and Fees	<u>15,844,223</u>	11%	<u>55,140,372</u>	19%	<u>129,157,898</u>	27%	<u>364,844,833</u>	42%
Contracts - Research	13,865,522	9%	30,440,496	11%	44,214,630	9%	97,350,000	11%
Grants - Financial Aid	3,227,401	2%	13,161,004	5%	26,666,189	6%	73,830,242	9%
All Other Support	27,317,523	18%	47,703,664	17%	92,299,881	19%	136,352,159	16%
Total Operating Budget	<u>\$ 150,823,630</u>	100%	<u>\$ 288,622,902</u>	100%	<u>\$ 474,160,603</u>	100%	<u>\$ 860,279,999</u>	100%

University of Houston Operating Budget



■ State Support
 ■ Student Support
 ■ Contracts - Research
 ■ Grants - Financial Aid
 ■ Other Support

Link to Appropriation and Budget Related Documents

<http://www.uh.edu/af/budget/index.htm>

BUDGET INFORMATION

FY2010 Annual Budget

FY2011 Annual Budget

FY2012 Annual Budget

FY2013 Annual Budget

FY2010-FY2011 Biennial State Budget

FY2012-FY2013 Biennial State Budget

FY2014-FY2015 Biennial State Budget

Budget Development Process

Budget 101: A Guide to the Budget Process in Texas

UC Berkeley Study

Governmental Relations - Updates from Austin

Texas Comprehensive Annual Financial Report (CAFR)