BUDGET PRESENTATION

Fall Faculty Assembly and Faculty Senate Meeting
November 15, 2023

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Senior Vice President for Administration and Finance, UH

Diane Chase
Senior Vice Chancellor for Academic Affairs, UHS
Senior Vice President for Academic Affairs and Provost, UH
Overview of Topics

• Common fund groups
• Sources of funding that make up the university’s budget
• FY 2024 state funding
• Mechanisms to increase the budget
University of Houston Fund Groups

- **Operating Funds**: General operations although many funds are restricted.

- **Endowment Funds**: Permanent funds established by donors with income distribution available for scholarships, etc. *Restricted*

- **Plant Funds**: Construction and Renovation. *Not available for current operations.*
University of Houston
Budgeted Sources of Revenue by Category – FY2024

($ in Millions)

- Tuition & Fees, $556.1, 38%
- Other Operating, $247.5, 17%
- Contracts & Grants, $237.9, 16%
- Endowment Income / Gifts, $79.1, 5%
- State Appropriations, $289.0, 20%
- HEAF/National Research University Fund, $62.2, 4%

Total $1,471.8 million from state
Legislative Funding: Instruction & Operations Formula
FY2008 to FY2024
Rate per Weighted Credit Hour

($ in Millions)
FY24 Central Budget Development Considerations

• Retaining and recruiting talent
• Enrollment trend
  • 24,956 sch decline in FY23 led to a $4.5M tuition revenue loss relative to budget
• Legislative session
  • Affordability plan
  • Texas University Fund
• No tuition increases
University of Houston
Budgeted Uses of Revenue by Object – FY24
($ in Millions)

- Scholarships, 227.7, 15%
- Salaries & Wages, 635.1, 43%
- Benefits, 140.1, 10%
- M&O, 312.7, 21%
- Major Capital/Construction/ Renov./Debt Srvcs., 156.2, 11%

Total $1,471.8 million
## Sources of FY24 Funds

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue</td>
<td>$32.3</td>
</tr>
<tr>
<td>Texas University Fund (TUF)</td>
<td>$30.5</td>
</tr>
<tr>
<td>Reallocations</td>
<td>$ 7.4</td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>$ 2.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$72.4</strong></td>
</tr>
</tbody>
</table>

(1) Net of $17.8M loss of NRUF and Core Research Support Funds
Allocation of FY24 New Funds

$15.4M Talent Retention
- Merit pool and P&T
- Faculty & staff market equity
- Minimum wage increases – staff and students

$5.4M Student Success
- Academic initiatives

$48.3M Faculty Hires Research
- PFF/Aspire Faculty hires; Start-up costs
- Core equipment; technical staff to support core equipment

Balance of $3.3M for compliance and infrastructure
Understanding State Funding

*ENROLLMENT DRIVES FUNDING

Enrollment

SCH

Operations Formula
SCH x Formula Weights x $ Funding Rate

Operating Dollars

HEF
(Higher Education Fund)

Space Projection Model
SCH → SqFt of Predicted Space Needs

CCAPs
(State Supported Bonds)

Space Usage Efficiency
% of Seats Filled x % of Time Used
### Biennial Weighted SCH Generated: Select Texas Universities

<table>
<thead>
<tr>
<th>University</th>
<th>2022-23</th>
<th>2024-25</th>
<th>Difference</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Houston</td>
<td>3,053,884</td>
<td>2,817,113</td>
<td>(236,771)</td>
<td>-7.8%</td>
</tr>
<tr>
<td>UT Arlington</td>
<td>2,372,046</td>
<td>2,278,978</td>
<td>(93,069)</td>
<td>-3.9%</td>
</tr>
<tr>
<td>UT Austin</td>
<td>4,019,686</td>
<td>3,976,869</td>
<td>(42,818)</td>
<td>-1.1%</td>
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<tr>
<td>UT Dallas</td>
<td>2,116,894</td>
<td>2,358,317</td>
<td>241,423</td>
<td>11.4%</td>
</tr>
<tr>
<td>UT El Paso</td>
<td>1,249,510</td>
<td>1,198,320</td>
<td>(51,190)</td>
<td>-4.1%</td>
</tr>
<tr>
<td>UT San Antonio</td>
<td>1,893,499</td>
<td>1,763,614</td>
<td>(129,885)</td>
<td>-6.9%</td>
</tr>
<tr>
<td>Texas A&amp;M University</td>
<td>5,445,467</td>
<td>5,353,583</td>
<td>(91,884)</td>
<td>-1.7%</td>
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<tr>
<td>University of North Texas</td>
<td>2,328,009</td>
<td>2,651,769</td>
<td>323,761</td>
<td>13.9%</td>
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<tr>
<td>Texas Tech University</td>
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<td>2,829,586</td>
<td>186,978</td>
<td>7.1%</td>
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<tr>
<td>Texas State University</td>
<td>1,714,013</td>
<td>1,658,374</td>
<td>(55,639)</td>
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<td>University</td>
<td>2022-23</td>
<td>2024-25</td>
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<td>7.7%</td>
<td>7.2%</td>
<td></td>
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</tr>
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<td>UT Arlington</td>
<td>6.0%</td>
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<td></td>
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<tr>
<td>UT Austin</td>
<td>10.2%</td>
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<td>4.8%</td>
<td>4.5%</td>
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Resulted in $8.5M reduction in state funding in FY24

Note: State formula funding is recalculated each biennium.
Leading into FY2025 Budget Cycle

• Undergraduate tuition and academic fees frozen
• No new general revenue from the state
• Any new revenue must come from:
  • SCH growth
  • Graduate tuition increase
• Currently known FY25 funding need: $15 million
  • Second half of faculty and staff market adjustments
  • Merit raises (if approved)
Strategic Enrollment Planning: Sources of Growth

- Retain continuing students
- Recover stop-outs
- Increase hours taken per semester
- Increase new students
Strategic Enrollment Planning: Potential Growth Strategies

| Recruiting and Admission | • Expand outreach and recruiting  
<table>
<thead>
<tr>
<th></th>
<th>• Increase yield of admitted students</th>
</tr>
</thead>
</table>
| Degree Programs          | • New program proposals  
|                         | • Flexible delivery and credits |
| Partnerships             | • High schools and community colleges  
|                         | • Local businesses |
| Student Progress and Performance | • Reduce high DWIF rates  
|                           | • Strategic scheduling |
| Student Engagement       | • Residential learning communities  
|                         | • Connections to college and campus |
Impact of Growth on Revenue

• 1% increase in SCH growth approximates $3.5M
  • Whether from new enrollment or retention

• Positive impact on state formula funding
  • Operating dollars
  • Maintenance dollars
Questions?