

University of Houston Downtown
FY2027 Annual Plan and Budget

University of Houston Downtown (UHD) Mission and Goals

UHD Mission:

The University of Houston Downtown is a community of diverse faculty, staff, students, and regional partners dedicated to nurturing talent, generating knowledge, and driving socioeconomic mobility for a just and sustainable future.

UHD Vision:

The University of Houston Downtown will be an inclusive university of choice for Houstonians seeking to contribute to the social, intellectual, and cultural lives of their communities.

UHD Strategic Plan 2022-2027 Goals:

UHD's strategic goals signal the university's most critical priorities for the next five years. With these goals, the institution can move closer to the 20-year vision. To achieve the strategic imperatives articulated in the 2022-2027 Strategic Plan "A New Paradigm", funding continues to be earmarked in the FY2027 budget to support the following goals:

Enhancing Student Success

Optimize lifelong student success and engagement through robust academic advising, targeted student services, sufficient financial aid and built-in career advising.

Strategic Partnerships

Cultivate a diverse portfolio of institutional partnerships to serve Houston and the region as an anchor institution.

Dynamic Academic Environment

Cultivate a dynamic academic environment in which we nurture students to their fullest potential that they may better impact their world.

Engaged Faculty and Staff

Be the employer of choice that values and supports a diverse and inclusive faculty and staff.

Sustainable Operations

Maximize our operational portfolio by means of a strong donor base; strategic enrollment; engaged alumni, faculty, and staff; robust grant activity; sustainability best practices; an access to legislative funds; regular maintenance of facilities; and a strong technology infrastructure.

Elevated Visibility and Recognition

Enhance the reputation and visibility of UHD with robust marketing, current social media techniques, and intentional student recruitment efforts.

Impactful Knowledge Creation

Promote knowledge creation and dissemination to and from faculty, staff, students, and the wider community.

Overview of UHD's FY2027 Budget Planning Process

FY2027 Budget Context

The FY2027 operating budget is guided by the UHD's strategic plan and priorities. Tuition and fees from our student body and state appropriation are the primary fund sources which support the academic mission of the university. For the past four fiscal years, the university has made significant strides in bolstering the institution's financial sustainability and continues this work to fund new and ongoing student success initiatives.

Major Factors:

State Appropriations:

The 89th Texas legislative session resulted in meaningful changes to the university's state funding. For the first time in the history of the university, an exceptional item request was approved. FY2026 was the first year of a \$1.3 million annual allocation towards the establishment and operation of the Center for Crime, Urban Research and Education (C-CURE) to foster innovative and collaborative solutions to complex urban crime and social issues. The legislature also allocated an increase into the base formula funding for universities across the State of Texas. The base formula funding increase resulted in a \$5.7 million increase in UHD's state appropriations for the FY2026/FY2027 biennium, or \$2.8 million per year. The additional funding will support the university's strategic priorities.

FY2026 was the start of a new ten-year Higher Education Fund (HEF) allocation cycle, which is required to be reviewed by the Texas Higher Education Coordinating Board and approved by the legislature during the regular session. While the university's annual HEF allocation increased by \$2.9 million from \$11.2 million to \$14.1 million (26% increase), there is concern about the efficacy of the allocation increase with costs continuing to rise from inflation. The additional HEF will allow the university to continue addressing deferred maintenance, renovations, and technology infrastructure.

Tuition and Fees:

FY2027 will mark the fifth consecutive fiscal year with no increases to resident undergraduate tuition and fee rates. This tuition and fee rate freeze complies with Governor Abbott's November 2024 letter to University System's Chairmen and Chancellors as an action to promote higher education accessibility and affordability for all Texans. UHD's FY2027 budget assumes flat student credit hour enrollment across Summer 2025, Fall 2025, and Spring 2026. Centrally allocated tuition and fee revenues are projected to increase by \$613,000, driven by a 3% rise in graduate credit hours, a shift to non-resident enrollment due to legislative changes, and a 5% increase in the non-resident tuition rate to \$478 per credit hour. While recent student success initiatives have improved enrollment trends, levels remain below pre-pandemic enrollment.

Operating Costs:

In recent years, the operational costs at UHD have seen a significant uptick, driven by a combination of economic pressures, regulatory demands and labor market dynamics. Since the onset of the pandemic, inflation has emerged as a significant force reshaping the financial landscape of higher education. Personnel expenses are the largest portion of the university's budget and have risen due to the competitive labor markets and inflationary salary adjustments. To attract and retain highly qualified faculty and staff, competitive salaries are a requirement.

General inflation has significantly impacted costs across all operational categories, from utilities and maintenance to classroom supplies. Student support areas including counseling services, disability accommodations, and health services have become costlier to operate. As demand for these services has increased, inflation has made it more expensive to hire specialized staff and maintain program quality.

FY2027 Budget Development:

UHD's annual budget development process serves as both a strategic financial planning exercise and a reflection of the university's ongoing commitment to its shared mission. The FY2027 budget process emphasized fiscal responsibility, transparency, and strategic investment, ensuring that institutional resources are aligned with the priorities outlined in the Strategic Plan: supporting academic excellence, enhancing student experience, investing in faculty and staff, and maintaining long-term financial sustainability. The process begins several months prior to the start of the fiscal year and actively engages key stakeholders from across the university community.

The process begins with a comprehensive review of the university's strategic goals, the strategic priorities of the University of Houston System, enrollment projections, anticipated state appropriations, tuition and fee revenue, and other potential funding sources. Particular attention is given to the evolving federal and State of Texas policy and funding environment, as changes in legislative priorities, appropriations, financial aid programs, and regulatory requirements can directly influence the university's financial outlook. Based on this analysis, the President and the Vice President for Administration and Finance establish preliminary fiscal parameters, taking into consideration the overall funding outlook, legislative developments at both the state and federal levels, and broader economic conditions.

Early in the process, the University Budget Advisory Committee (UBAC), composed of representatives from faculty, staff, and administration, is convened and charged with developing a recommended budget plan for submission to the President. The committee's recommendations, together with the broader institutional fiscal context, help shape the final budget proposal that is presented to the Board of Regents for approval. At UHD, budget development is not simply a financial exercise; it is a critical component of institutional planning and informed decision-making.

Thoughtful financial planning remains essential as the university continues to navigate an evolving higher education landscape. Federal financial aid policies, research funding levels, and regulatory requirements, along with state appropriations, performance-based funding models, and legislative directives in Texas, all play an important role in shaping institutional budget planning. As a public university, UHD must continuously monitor these external factors to ensure compliance, maintain fiscal stability, and effectively support student access and success.

A key priority of the FY2027 budget process was to continue progress toward eliminating the university's structural deficit while also supporting a salary merit program that recognizes and rewards the contributions of faculty and staff. The operating budget was developed using conservative revenue assumptions, including flat student enrollment for the fall, spring and summer semesters, no increase in tuition and fee rates, and a minimal increase in state funding. These assumptions, combined with anticipated increases in unavoidable operational costs, guided the overall direction of the budget development process.

To support these priorities, all divisions were instructed to reduce their FY2027 operating budgets by 2%, resulting in a total reduction of approximately \$2.1 million. These reductions help offset increases in unavoidable operational costs, reduce the structural deficit by approximately 80%, and provide funding for a 1% merit salary pool.

In addition, a plan is in place to fund an additional 1% merit salary pool during FY2027, contingent upon the university achieving a 3.5% increase in student credit hours in Fall 2026 compared to Fall 2025.

Through disciplined financial stewardship and a shared institutional commitment to responsible planning, the FY2027 budget strengthens UHD's financial foundation while continuing to invest in the people and programs that advance the university's mission and support its long-term success.

Summary of Strategic Priorities

UHD's FY2027 budget addresses four priorities of the University of Houston System's goals of Student Success, National Competitiveness, Infrastructure & Administration, and Community Advancement – all of which underpin student success. The following section will provide context and budget initiatives that align with UHD's strategic priorities.

Priority 1 - Student Success

Context

UHD remains committed to student success as its overarching goal and guiding principle. The university will continue to support student success initiatives from a combination of operating funds and HEF. Operating dollars will continue supporting programs and initiatives related to instruction, academic support, student services, and financial aid. Student financial aid will be awarded through tuition set-asides, federal grants, state grants, and institutional scholarships. \$8.6 million in HEF dollars will support library materials, technology for labs and classrooms, health and counseling software, and academic software.

FY2027 Budget Initiatives

- ***Financial Aid (-\$78,120 New Resources) App A-C1***
The institution's mandated designated tuition (MDT) set-aside budgets and the International Education Financial Aid Fund budget decreased by a total of \$85K because of lower enrollment. The total Texas Public Educational Grant (TPEG) set-aside budget increased by \$7K because of the increase in state tuition collected from non-resident enrollment due to legislative changes.
- ***Federal and State Financial Aid (-\$407,899 New Resources) App A-C2***
The decrease is attributed to the discontinuation of the Texas Transfer Grant (\$600K). This was a program funded by Texas Legislature which provided need-based grants to enable eligible students to transfer from two-year institutions to four-year institutions within Texas. There are budget increases to a couple state-funded programs that offer financial aid and part-time jobs to resident students that demonstrate financial need. The TEXAS Grant program increased by \$100K and the Texas College Work Study program increased by \$83K.
- ***Faculty Recruitment, Retention, and Expansion (-\$335,668 New Resources) App A-C3***
As a result of the 2% budget reductions, academic department and program budgets, including faculty salary budgets decreased by \$788K. However, to retain highly qualified faculty, UHD established a 1% pool. In addition, \$318K will be allocated to support faculty rank/tenure promotions and Senior Lecturer promotions.

- Gifts & Endowments (-\$267,627 New Resources) App A-C4***
 The FY2027 budget includes an expected decline of \$343K in scholarships and program support budgets funded by private gifts and a \$75K increase in endowment budgets. While there were private gift-funded budget increases associated with the Lone Star College Transfer Scholarship (\$150K) in the College of Sciences and Technology and the institution's Go Tejano Scholarship (\$50K), they were outweighed by the decreases. The FY2027 budget includes a \$290K decrease in general institutional gift support. Furthermore, the College of Public Service has budget reductions to the Grow-Your-Own (GYO) program (\$130K) which aims to create a strong and sustainable pipeline between local education agencies and UHD to address existing teacher staffing shortages, the Diversity, Access, Inclusion, Representation (DAIR) program (\$30K) and the Mallet Scholarship (\$25K). The Houston Prep program budget in the College of Sciences and Technology was reduced by \$40K.
- Student Recruitment, Retention and Success (-\$928,576 New Resources) App A-C5***
 Strategic budget reductions were made to maintenance & operations, student worker, and staff positions in the divisions of Academic Affairs, Enrollment Management and Student Success and Student Life. The decrease is also primarily due to the conclusion of grants such as the National Institute of Statistical Sciences (NISS) Acceleration (\$406K) and Nuclear Regulatory Commission Scholar for Minorities (\$104K).
- Enhanced Student Support Services (-\$1,809,739 New Resources) App A-C6***
 The decrease stems from \$276K in cuts from the 2% budget reductions in Information Technology, Library, Career Center, \$222K in cuts to staff benefit budget, and the conclusion of the Basic Needs (\$318K) grant. Additional budget decreases within Information Technology of \$426K and \$537 to encumbrance estimates contribute to the overall decrease.
- Debt Service – Academic Infrastructure (\$2,559,125 HEF) App B-1***
 \$2,559,125 will be spent on the debt service of the CRB for the Science & Technology (S&T) Building/Central Utility Plant project. In addition to providing a site for the S&T Building, the acquired property (and utility plant) is also the site of UHD's Wellness and Success Center.
- Instructional Support (\$5,204,125 HEF) App B-2***
 \$2.4 million will be allocated to the library. In response to student utilization trends, in the coming year, the library will spend over 95 percent of its HEF budget providing students access to digital databases and journal subscriptions. The remainder will cover the purchase of books, e-books, videos, and recordings. \$276K will be used to cover a portion of the university's annual UH System Service Charge. Another \$2.8 million will be utilized for department support, classroom and lab furniture and equipment upgrades, office workstations, classroom presentation systems, computer labs, electronic classrooms, and software for satellite labs to help students with their path to earning a degree.
- Student Services Support (\$863,899 HEF) App B-3***
 \$285K will be allocated towards Student Services IT software and maintenance. \$74K for software subscription for international admissions and international student services, medical software for health and counseling services, and furniture refresh for advising and student gathering spaces. \$505K has been set aside for possible student services support needs.

Investment of FY2027 Resources in Student Success Initiatives

	<u>New Resources</u>	<u>HEF</u>	<u>Total</u>
Financial Aid	(\$78,120)		(\$78,120)
Federal and State Financial Aid	(\$407,899)		(\$407,899)
Faculty Recruitment, Retention and Expansion	(\$335,668)		(\$335,668)
Gifts & Endowments	(\$267,627)		(\$267,627)
Student Recruitment, Retention and Success	(\$928,576)		(\$928,576)
Enhanced Student Support Services	(\$1,809,739)		(\$1,809,739)
Debt Service - Academic Infrastructure		\$2,559,125	\$2,559,125
Instructional Support		\$5,204,125	\$5,204,125
Student Services Support		\$863,899	\$863,899
Total	(\$3,827,629)	\$8,627,149	\$4,799,520

Priority 2 - National Competitiveness

Context

UHD's Office of Research and Sponsored Programs (ORSP) supports faculty, staff, and students in the creation and dissemination of new knowledge. Following a period of growth, the current fiscal year reflects a significant reduction in grant awards due to the conclusion of several major programs and a lower volume of new funding. The ORSP remains focused on optimizing available resources to facilitate innovation and scholarly achievement in alignment with the Mission and Vision of UHD.

Despite a significant overall reduction in new grant funding, the College of Sciences & Technology will continue to house grants like Experimentium: Inclusive by Design, a project that creates affordable, open-access chemistry lab resources to eliminate financial and language barriers for diverse students, as well as skill development in research and environmental protection. In the College of Public Service, the Pathways to Teaching in Critical Areas of Need (PTCAN) program aims to address the critical shortage of teachers, particularly in bilingual education, in the Houston area.

FY2027 Budget Initiatives

- *Faculty Recruitment, Retention & Expansion (-\$10,017 New Resources) App A-C8*
This budget decrease is due to reductions to a portion of centrally funded benefits.
- *University Research Support & Infrastructure Investments (-\$379 New Resources) App A-C9*
The HEF discretionary budget for the Office of Research and Sponsored Programs decreased by 39%, as the allocation dropped from \$275 to \$167 per headcount.

- **Research-Other than Federal & State (-\$876,377 New Resources) App A-C10**
The \$876K reduction is primarily driven by decreases in grant awards and indirect cost budgets. Notable reductions include the Patient Centered Outcomes grant (\$406K) in the College of Humanities and Social Sciences and the STEM Training Hub for Skill Development in Research, Cybersecurity, AI, and Robotics grant (\$349K) in the College of Sciences and Technology, both of which did not receive funding as anticipated last summer.
- **Federal & State Research Support (-\$1,588,286 New Resources) App A-C11**
The \$1.5M reduction reflects a combination of unrealized grant awards and the scheduled conclusion of several multi-year programs. Notable decreases in the College of Sciences and Technology include the Minority Science and Engineering Improvement Program (\$300K), UHD Boosting STEM Success (\$250K), Research Experiences in Computational Sciences and Engineering (-\$87K), Bowhead Whale Genetics 2024 (-\$80K), and Collaborative Research: Genetic Architecture of Exploration in Drosophila (-\$93K), all of which have concluded.

Additionally, the Computational Thinking K-12 grant (\$144K), the Scholarships in Science, Technology, Engineering, and Mathematics (\$292K) grant, the Undergraduate Research Program in Computational Data Science (-\$170K), and Early-Career Academic Pathways – Legacy Phosphorus (-\$123K) did not receive funding.
- **Facilities/Labs and Technology (\$683 HEF) App B-5**
HEF budget allocated to the Office of Research and Sponsored Programs department for office needs.

Investment of FY2027 Resources in National Competitiveness Initiatives

	<u>New Resources</u>	<u>HEF</u>	<u>Total</u>
Faculty Recruitment, Retention and Expansion	(\$10,017)		(\$10,017)
University Research Support & Infrastructure Investments	(\$379)		(\$379)
Research-Other than Federal & State	(\$876,377)		(\$876,377)
Federal and State Research Support	(\$1,588,286)		(\$1,588,286)
Facilities/Labs and Technology		\$683	\$683
Total	(\$2,475,059)	\$683	(\$2,474,376)

Priority 3 – University Infrastructure and Administration

Context

To support institutional effectiveness and student success, the University continues to make strategic investments in its infrastructure and administrative operations. Resource allocations continue to be reviewed amid rising operational costs and reallocated as needed, reinforcing UHD’s commitment to administrative efficiency and academic excellence. Strategic budget reductions were implemented across maintenance & operations and personnel budgets in Information Technology, Administration and Finance and Human Resources. To maintain an environment conducive to retaining highly qualified staff, a 1% merit pool is budgeted to support merit-based salary increases. As in the past, HEF dollars will be provided to address planned maintenance needs, renovations and maintain UHD’s technology environment.

FY2027 Budget Initiatives

- *Tuition Revenue Bond Debt Service (\$1,125 New Resources) App A-C13*
UHD's HEF Series Bond Debt Service increased for FY2027.
- *Insurance and Risk Mitigation (-\$22,416 New Resources) App A-C14*
UHD's non-health insurance premium budget decreased.
- *Recruit and Retain Highly Qualified Staff (-\$54,851 New Resources) App A-C15*
The 2% budget reduction affected administrative department budgets including full-time salaries and fringe benefit budgets. In addition, to ensure spending on state funds, salary budgets were shifted from local funds to state funds, resulting in a fringe benefit decrease of \$290K. Lastly, to maintain an environment conducive to retaining highly qualified staff, a 1% merit pool is budgeted to support merit-based salary increases.
- *Operations and Administration Support (-\$995,042) New Resources) App A-C16*
The 2% budget reduction affected administrative department budgets including full-time salaries, student worker, M&O, and fringe benefit budgets. In addition, \$920K of M&O budget within the Information Technology unit was determined to be HEF eligible and was swapped from designated funds to HEF.
- *Campus Security, IT, and Infrastructure (-\$171,687 New Resources) App A-C17; (\$2,809,287 HEF) App B-8*
The decrease in new resources is primarily attributed to the 2% budget reduction which affected departments in Information Technology and Facilities Management. The budget reductions include an M&O decrease of \$91K in Information Technology and an M&O decrease of \$90K in Facilities Management.

In FY2027, \$541K will be allocated towards HEF-eligible portion of the university's annual UH System Service Charge costs for institutional and academic database support. \$625K will support Institutional IT Software and maintenance needs. \$225K will support the purchase of equipment for the regularly scheduled staff PC replacements. \$200K is budgeted for the refresh of the university's data center servers and storage. \$155K will be used for various furniture, safety equipment, software refresh initiatives, and other HEF-eligible departmental expenses. \$1 million has been set aside for campus security, IT, and infrastructure needs.

- *Annual Deferred Maintenance & Life Safety (\$2,657,500 HEF) App B-7*
Approximately \$2.7 million is allocated towards addressing annual capital renewal/capital improvement (CR/CI) life cycle replacements for a chiller, fire alarm, elevators, building automation systems, and restrooms.

Investment of FY2027 Resources in University Infrastructure and Administration

	<u>New Resources</u>	<u>HEF</u>	<u>Total</u>
Tuition Revenue Bond Debt Service	\$1,125		\$1,125
Insurance and Risk Mitigation	(\$22,416)		(\$22,416)
Recruit/Retain Highly Qualified Staff	(\$54,851)		(\$54,851)
Operations and Administrative Support	(\$995,042)		(\$995,042)
Campus Security, IT, and Infrastructure	(\$171,687)	\$2,809,287	\$2,637,600
Annual Deferred Maintenance & Life Safety		\$2,657,500	\$2,657,500
Total	(\$1,242,871)	\$5,466,787	\$4,223,916

Priority 4 - Community Advancement

Context

UHD continues to build on its strength in Community Advancement. The university was recognized nationally in 2026 by receiving the Carnegie Community Engagement (CE) Classification awarded by the American Council on Education (ACE) and the Carnegie Foundation. This designation highlights an institution's commitment to community engagement. This is the third time the university has received this prestigious classification and is held by fewer than 10% of higher education institutions nationwide. Students participate in both curricular and co-curricular community engagement activities on and off campus.

Community Development Project funds serve to assist the community-based efforts to revitalize two separate economically depressed north side neighborhoods – the predominately African American Acres Homes subdivision and the largely Hispanic area known as the Near Northside. The bulk of the funds directly support youth leadership and development programs, summer educational enrichment programs for at-risk children, supplemental nutrition, women's empowerment, and other vital community needs. The Wonderworks program provides academic summer programs for high school students in the areas of architecture, filmmaking, and literature.

The Talent Search program is committed to advancing the number of youths from disadvantaged backgrounds who complete high school, enroll in college, persist, and attain a postsecondary degree or certificate. UHD has partnered with Aldine ISD for over 30 years and has had tremendous support from the administration and superintendents. Educational Talent Search Advisors meet with students twice a month to discuss career development, academic support, scholarships, and personal development. Thanks to the Talent Search program, over 50% of participating students attain a degree or workforce certificate within the standard number of years.

UHD is in the early stages of establishing a Center for Crime, Urban Research, and Education (C-CURE) that addresses the pressing challenges of crime and public safety. Funding the C-CURE is a strategic investment in the safety, well-being, and prosperity of our city and state, capitalizing on UHD's existing strengths in the criminal justice field and positioning the University as a national leader in criminal justice research, policy, and education.

FY2027 Budget Initiatives

- *Communication & Educational Public Service (\$319,676 New Resources) App A-C19*

The net budget increase reflects the conclusion of the Talent Search FY22–FY26 grant (\$485K), offset by anticipated private gift support, including \$334K for the Entry Into STEM program and \$161K for the Empowering STEM Students program within the College of Sciences & Technology. Both programs will provide hands-on research experiences, promote STEM pathways, and support student engagement through learning resources, faculty involvement, and outreach in Machine Learning.

Additionally, \$250K in new funding from the Houston Endowment will support the Civic Engagement program within the College of Public Service. The Civic Engagement program is designed to foster a culture of voting and enhance political awareness among students at the University of Houston–Downtown, as well as within the broader community.

Investment of FY2027 Resources in Community Advancement

	<u>New Resources</u>	<u>HEF</u>	<u>Total</u>
Communication & Educational Public Service	\$319,676		\$319,676
Total	\$319,676	\$0	\$319,676

Summary

In UHD’s FY2027 budget, resources decreased by approximately \$7.2 million.

\$2.1 million in expenditure budgets were eliminated stemming from a university-wide 2% budget reduction. \$920K in IT budget supporting institutional software and maintenance was identified as HEF eligible and swapped from designated funds to HEF. While there were decreases in designated tuition and mandatory fee revenue budgets, the university did have increases to state tuition and state appropriation revenue budgets along with the university-wide 2% budget reductions allowed UHD to shift salaries onto state funds, which reduced fringe benefit budgets on local institutional funds. These factors allowed the university to reduce its budgeted structural deficit by approximately \$2.7 million. Moreover, there were reductions to encumbrance estimate budgets, department fund balance budgets, and an increase in funds allocated to capital projects.

\$3.5 million in federal, state, and local grant budgets were eliminated. Notable grant program reductions include the Texas Transfer Grant FY26 (\$600K), Basic Needs (\$318K), Talent Search FY22–FY26 (\$485K), Minority Science and Engineering Improvement Program (MSEIP) (\$300K), and the National Institute of Statistical Sciences (NISS) Acceleration (\$406K). The reduction in grant budgets caused indirect cost budgets to drop by \$293K.

The university’s FY2027 HEF allocation of \$14.1 million continues to support key priorities with \$8.6 million allocated towards Student Success initiatives and \$5.5 million allocated to Infrastructure and Administration initiatives.

Additional details are provided in the appendices.