

University of Houston-Downtown
FY 2024 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

To accomplish the second year of strategic imperatives articulated in our *A New Paradigm* plan, funding has been earmarked in the FY24 budget for the following priorities:

- ***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 partnership to serve Houston and the region as an anchor institution.
- ***Dynamic Academic Environment***
Cultivate a dynamic academic environment in which we nature 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; a 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 FY2024 Plan and Budget

UHD Progress Card

In Fall 2022, UHD's student headcount declined by 5.8% from the Fall 2021 semester. Despite the enrollment decline, UHD continues to make progress with student success metrics.

Retention Rates

The First Time in College (FTIC) and One Year Transfer Fall 2021 retention rates improved when compared to the prior fall semester. FTIC retention rate increased .63% from the prior year, and the Transfer retention rate increased 2.6% from the prior year.

Graduation Rates

The six-year First Time in College (FTIC) graduation rate surpassed 30% at 30.88%, increasing by .63% when compared to the prior year and over 15% over the base year. The four-year transfer graduation rate increased by over 3% from the prior year and over 6% over the base year. In addition to progress made with these cohorts, the university awarded over three hundred more degrees than the previous year. The university has also made improvements in preparation of teachers for the greater Houston area, as shown by the rise in the pass rate on the teacher certification exam.

During the COVID-19 pandemic, the portion of coursework taught online increased to support students' ability to continue to safely pursue coursework. The

decrease in online hours taught shown in the Progress Card is deliberate as the university moved towards balanced offerings by increasing the number of on-campus face-to-face and hybrid classes as the campus is now fully open following the pandemic.

Six-Year Graduation Rate of First-Time-in-College (FTIC), Full-Time Students			
Cohort Start Year	Cohort Grad Year	# of Students in Cohort	Graduation Rate
Fall 2012	2018	1,157	20.40%
Fall 2013	2019	1,007	28.50%
Fall 2014	2020	914	29.87%
Fall 2015	2021	790	30.25%
Fall 2016	2022	829	30.88%

Four-Year Graduation Rate of Transfer, Full-Time, Degree-Seeking Transfer (60+hours)			
Cohort Start Year	Cohort Grad Year	# of Students in Cohort	Graduation Rate
Fall 2014	2018	728	65.14%
Fall 2015	2019	614	64.98%
Fall 2016	2020	602	68.27%
Fall 2017	2021	624	66.93%
Fall 2018	2022	664	70.33%

One Year Retention Rate of First-Time-in-College (FTIC), Full-Time Students		
Cohort Year	# of Students in Cohort	Retention Rate
Fall 2017	856	71.38%
Fall 2018	973	73.28%
Fall 2019	1,234	67.34%
Fall 2020	975	64.10%
Fall 2021	1,137	65.08%

**One Year Retention Rate of Transfer, Full-Time Degree-Seeking Transfer
(60+hours)**

Cohort Year	# of Students in Cohort	Retention Rate
Fall 2017	624	78.69%
Fall 2018	664	77.71%
Fall 2019	710	77.18%
Fall 2020	774	77.68%
Fall 2021	623	80.26%

Fundraising and External Grants at UHD

In FY2023, noteworthy progress made in fundraising and external grant activities has resulted in more than \$4.3 million in new commitments as of May 2023. This amount surpasses the FY2022 total of \$3.4 million with more than three months left in the fiscal year with a forecast of surpassing the FY2023 goal of \$5 million. More than forty new qualified funding prospects that include foundations, corporations, and individuals have been added to the fundraising prospect portfolio. These opportunities of engagement through councils, speaking events, and volunteerism keep our donors and prospects actively engaged and informed. FY2023 also saw the launch of a successful Inaugural Donor Scholarship Luncheon which served as a great stewardship touchpoint for donors and their scholars, and plans are underway for the Alumni and Friends Celebration Dinner in October of 2023. FY2023 proved to be a major transition year with seeds planted for the upcoming year as UHD celebrates 50 years of achievement providing strong opportunities for fundraising.

Federal pandemic funds were exhausted in FY2023, resulting in a total decline of general funding in FY2024. Research grants remain a small portion of UHD's grant portfolio. However, an increase in submissions for external funding, has achieved a consistent influx of research funds from local, state, and federal sponsors to support student success and co-/extra-curricular programming. UHD currently has research funding from the National Institutes of Health, the National Science Foundation, the U.S. Department of Agriculture, Department of Commerce, Department of Justice, and the Department of Homeland Security. The number of research submissions in R01, R03 and R15 proposals, including consortium submissions with other universities, has increased. Research expenditures for FY2022 were approximately \$1.8 million, and FY2023 is currently \$1.3 million with expectations of increasing to close at a total of \$2 million by fiscal year end. UHD's Office of Research and

Sponsored Programs is working to provide education and exposure to additional federal funding, as well as to collaborate with other institutions on research projects.

FY2024 Funding Sources

Prior to the start of the 88th regular Texas legislative session, leaders from the five Texas university systems proposed a higher education Affordability Plan requesting \$1 billion in additional funding in exchange for keeping undergraduate tuition and fees flat for two academic years. Ultimately, the legislators allocated \$700 million towards the state's general revenue formula fund, benefitting all public universities. This investment fully funds the Comprehensive Regional University (CRU), assists universities in covering the costs of the Hazlewood Legacy military veterans' exemptions, and increases state support for the Higher Education Group Insurance (HEGI). The adopted affordability plan specifically provides UHD with an additional \$1.8 million in recurring State funding for fiscal year 2024.

- State Funding Formula and CRU increases by \$887 thousand.
- HEGI funding increases by \$522 thousand.
- Hazlewood Legacy Exemption costs reimbursement of \$345 thousand.

In addition to the Affordability Plan's increase in State general revenue funds, favorable market conditions are forecasting a \$1.3 million increase in interest income revenue.

Like most public regional universities in the US, UHD continues to experience post-pandemic enrollment challenges. The Fall 2022 and Spring 2023 student credit hours were down 6% from the previous academic year. Recently implemented student success initiatives, which include strategic recruitment and retention efforts designed to have a significant impact on our enrollment are in progress. However, evidence of their impact is not immediate, and we must plan in consideration of current enrollment trends. As such, the FY2024 budget is based on a 3% enrollment decline for the Fall 2023 and 2024 semesters, resulting in a total gross tuition and fees revenue decrease of \$6.5 million. The Affordability Plan and interest income revenue gains are offset by the forecasted loss in tuition and fees revenue. UHD will continue to make every effort to fund critical strategic student success initiatives. UHD will use one-time fund balances and funding source reallocation to balance the FY2024 budget with the understanding that work is underway to restore enrollment to pre-pandemic levels.

Also, in FY2024 UHD will benefit from the redistribution of Stephen F. Austin University's HEF allocation as they will shift from an independent state institution to joining the UT System. UHD's HEF allocation will increase from \$10.8M to \$11.2M

UHD FY2024 Budget Priorities

UHD's FY2024 plan/budget addresses four priorities – Student Success, National Competitiveness, Infrastructure & Administration, and Community Advancement – all of which underpin student success.

One of the goals outlined in UHD's 2022-2027 Strategic Plan is "***Engaged Faculty and Staff.***" To increase faculty and staff engagement, UHD seeks to develop and implement a plan to reduce employee turnover, increase retention, foster employee engagement, and establish funding mandates in the budget planning process to produce competitive salaries for faculty and staff. The Faculty and Staff Compensation Task Force, composed of UHD faculty and staff members, was created to develop an equitable compensation plan. The task force submitted a compensation plan leadership for consideration, which called for the establishment of a 1.5% faculty and staff merit pool for salary increases as a priority item each budget development cycle. UHD is committed to attracting and retaining talented faculty and staff; as such, the FY2024 budget will include funding for a 2% merit salary pool for faculty and staff. UHD budgeted \$201K to fund faculty rank and tenure promotion salary increases and \$174K to fund Lecturer promotions to Senior Lecturers.

For FY2024, UHD must continue providing funds for unavoidable increases to general operation costs, such as shared central services, non-health insurance coverage, critical software licenses, and physical plant maintenance.

Regarding capital outlays, UHD will allocate \$11.2 million of HEF for FY2024, with the majority to be used towards technology upgrades, the library, physical plant, and debt service.

The Planning and Budgeting Process

Guided by the University of Houston System goals, the Progress Card, and the Strategic Plan, UHD's budget and planning process begins at the department level, where staff and faculty in all units identify and prioritize new initiatives. Unit plans are consolidated and presented to the University's Planning and Budget

Development Committee (PBDC), which after careful consideration makes recommendations to the President.

Summary of Strategic Priorities

The strategic priorities to be addressed in FY2024 are:

- Priority 1: Student Success.
- Priority 2: National Competitiveness.
- Priority 3: University Infrastructure and Administration; and
- Priority 4: Community Advancement.

The following section will provide context and the 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. For FY2024, UHD will continue to support student success initiatives from a combination of operating funds and fund balance/reserves. Operating dollars will continue supporting student service operations, such as those in the advising, financial aid, and student counseling offices. \$5.8 million in HEF funds will support library materials, technology for labs and classrooms, and campus expansion/campus development.

FY 2024 Budget Initiatives

- ***Financial Aid (-\$778,199 Operating Funds) App A-C2***
The institution's mandated designated tuition (MDT) set-aside and Texas Public Educational Grant (TPEG) budgets show a decline with the FY2024 budget based on an enrollment decrease.
- ***Federal and State Financial Aid (-\$2,208,129 Operating Funds) App A-C3***
UHD's Texas Grant decreased by \$1.6M and Pell Grant allocation decreased by \$600K.

- ***Gifts & Endowments (\$162,976 Operating Funds) App A-C4***
 Overall restricted gift and endowment budgets are increasing. A main contribution to the endowment increase of \$77K is the Marilyn Davies Endowment. Private gifts have a steady increase of \$27K due to an increased amount of donations to various UHD gifts.
- ***Student Recruitment, Retention and Success (-\$1,251,626 Operating Funds) App A-C5***
 Budgets across the colleges supported by differential designated tuition and optional fees are experiencing a decrease for FY24 due to the projected enrollment declines.
- ***Enhanced Student Support Services (\$1,153,731 Operating Funds) App A-C6***
 The increase in operating funds is due to the increased revenue collection by the Applied Business & Technology Center, allowing for the program's operating budget to be increased by \$300K and the addition of FTEs in the Student Assistance Program.
- ***Debt Service – Academic Infrastructure (\$2,560,125 HEF) App B-1***
 In FY2024, \$2,560,125 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 new Student Wellness and Success Center.
- ***Instructional Support (\$3,396,382 HEF) App B-2***
 In response to student utilization trends, in the coming year, the library will spend over 90 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. An additional \$600K will be utilized for office workstations, classroom presentation systems, and software for degree planning and smart scheduling to help students with their path to earning a degree. \$120K will be used to add faculty offices in the College of Public Service.
- ***Student Services Support (\$321,500 HEF) App B-3***
 In FY2024, \$201K of HEF funds will be allocated for Year 2 of UHD's EAB software agreement. Approximately \$80K will be used for software related to counseling service, health records, and streamlining the scholarship process.

Investment of FY 2024 Resources in Student Success Initiatives

		<u>Operating</u>	<u>Reallocation</u>		<u>HEF</u>		<u>Total</u>
Financial Aid Federal and State	\$	(778,199)					\$ (778,199)
Financial Aid	\$	(2,208,129)					\$ (2,208,129)
Gifts & Endowments	\$	162,976					\$ 162,976
Student Recruitment, Retention and Success Enhanced Student	\$	(1,251,626)					\$ (1,251,626)
Support Services	\$	1,153,731					\$ 1,153,731
Other Debt Service - Academic Infrastructure				\$	2,560,125	\$	2,560,125
Instructional Support				\$	3,396,382	\$	3,396,382
Student Services Support				\$	321,500	\$	321,500
Total	\$	(2,921,247)			\$ 6,278,007	\$	3,356,760

Priority 2 - National Competitiveness

Context

A highly qualified faculty is vital for UHD to achieve its goals of improving student success rates and equipping graduates with 21st century skills. Faculty are the backbone of the UHD community “*dedicated to integrating teaching, service, and scholarly research to develop students’ talents and prepare them for success in a dynamic global society.*” A significant portion of UHD’s new operating funds will be used in FY2024 to support merit-based salary increases for faculty.

FY 2024 Budget Initiatives

- *Faculty Recruitment, Retention, and Expansion (186,956 Operating Funds) App A-C8*

UHD funded various merit pool cost centers to support the faculty portion of a 2 percent pool for merit increases. UHD's continued efforts in providing competitive salaries to attract, retain and motivate qualified employees will enable the University to maintain a competitive position among peers whom we compete with for labor. Funds are also being provided to cover faculty salary increases attributable to promotion/tenure.

- *University Research Support & Infrastructure Investments (116,613 Operating Funds) App A-C9*

The overall budget for the Office of Research Programs increased by \$116K for FY24, specifically for Indirect Cost purposes.

- *Research-Other than Federal & State (\$172,774 Operating Funds) App A-C10*

The overall budget experienced an increase of \$70K in grants and an increase of \$103K in indirect cost support and from sources other than federal and state funds.

- *Federal & State Research Support (\$2,225,000 Operating Funds) App A-C11*

The overall budget for grants supported by federal and state funds increased by \$2.2M. The main contributions for this increase are new grants for UHD's Bilingual E-Library, Experimentium Inclusive by Design, and the Basic Needs initiative.

- *Facilities/Labs and Technology (\$850,000 HEF) App B-5*

HEF funds totaling \$650K will be used to purchase equipment for computer labs and classrooms for various departments at UHD. \$200K will be used to address the lack of sufficient and suitable lab space in CSET.

Investment of FY 2024 Resources in National Competitiveness Initiatives

	<u>Operating</u>	<u>Reallocation</u>	<u>HEF</u>	<u>Total</u>
Faculty Recruitment, Retention and Expansion	\$ 186,956			\$ 186,956
University Research Support & Infrastructure Investments	\$ 116,613			\$ 116,613
Research-Other than Federal & State	\$ 172,774			\$ 172,744
Federal and State Research Support	\$ 2,225,000			\$ 2,225,000
Facilities/Labs and Technology			\$850,000	\$ 850,000
Total	\$ 2,701,343		\$850,000	\$ 3,551,343

Priority 3 – University Infrastructure and Administration

Context

To maintain an environment conducive to student success, the University must invest in its infrastructure and be efficient in its administrative practices. These infrastructure and administrative investments are generally in the areas of personnel, automation, plant, technology, security, and general administration. As with any organization, UHD’s greatest asset is its people - faculty and staff. A significant portion of UHD’s funded initiatives for FY2024 will be used to fund merit-based salary increases for staff. As in the past, HEF funds will be provided to address planned maintenance needs and renovations as well as to maintain UHD’s technology environment.

FY 2024 Budget Initiatives

- *Tuition Revenue Bond Debt Service (\$3,100 Operating Funds) App A-C13*
Debt service cost is increasing by \$3,100 for FY2024 and is primarily associated with the Shea Building parking garage.

- ***Insurance and Risk Mitigation (\$54,203 Operating Funds) App A-C14***
 UHD's non-health insurance premium costs increased.
- ***Recruit and Retain Highly Qualified Staff (\$916,248 Operating Funds) App A-C15***
 The increase is due to the planned 2% pool for merit increases, an investment to retain top quality staff.
- ***Operations and Administration Support (3,139,987 Operating Funds) App A-C16***
 The increase in operating funds consists of adjustments totaling \$193K to UHD's unallocated pools, \$1.5M in restructuring of business administrator positions to the Administration and Finance department, and \$620K shifting of unallocated FTEs to the Centralized Positions Pool. Also contributing to the increase is the \$414K to cover the increase of UHS Service Charge and \$88K for increases related to HEGI.
- ***Annual Deferred Maintenance & Life Safety (\$1,600,000 HEF) App B-7***
 In FY2024 major expenditures will include capital renewal/capital improvement (CR/CI) life cycle replacements (\$1,600,000).
- ***Campus Security, IT and Infrastructure (Operating \$1,410,876) App A-C17; (\$2,427,027 HEF) App B-8***
 There are several contributing factors to the increase of \$1M in operating funds. As part of the plan to balance UHD's base budget, the existing plant maintenance budget will be increased by \$310K. A \$370K budget increase is related to the cost increases of HEGI. To continue supporting the upgrades/or replacement of technology on which the University depends for its instructional and administrative operations, UHD's budget was increased by \$250K along with \$110K for projected expenditures. The restructuring of positions to the Administration & Finance department netted out to the \$214K increase. To support general operations, \$158K of HEF will be allocated among the administrative units at UHD, the companion piece to a similar allocation provided to the academic units. These funds are allocated based on a model that looks at departmental FTE and budget, providing administrative units with modest amounts to address minor capital needs. In FY2024, UHD will also allocate \$1.4 million in HEAF to upgrade servers and network infrastructure and to expand storage capacity. \$166K will be allocated to the Police Departments for a new vehicle and safety equipment. \$240K will be

used to support space programming and project management software, and video and photography equipment.

Investment of FY 2024 Resources in University Infrastructure and Administration

	<u>Operating</u>	<u>Reallocation</u>	<u>HEF</u>	<u>Total</u>
Tuition Revenue Bond Debt Service	\$ 3,100			\$ 3,100
Insurance and Risk Mitigation	\$ 54,203			\$ 54,203
Recruit/Retain Highly Qualified Staff	\$ 916,248			\$ 916,248
Operations and Administrative Support	\$ 3,139,987			\$ 3,139,987
Campus Security, IT and Infrastructure	\$ 1,410,876		\$ 2,427,027	\$ 3,837,903
Annual Deferred Maintenance & Life Safety			\$ 1,600,000	\$ 1,600,000
Total	\$ 5,524,414	\$	\$ 4,027,027	\$ 9,551,441

Priority 4 - Community Advancement

Context

UHD continues to build on its strength in Community Advancement, which has been recognized nationally with the Carnegie Foundation’s Community Engagement Classification. 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 the past 35 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.

FY2024 Budget Initiatives

- *Communication & Educational Public Service (\$277,377 Operating Funds) App A-C19*
 The approximate \$277K increase in operating funds is associated with the Talent Search program grant budget.

Investment of FY 2024 Resources in Community Advancement

	<u>Operating</u>	<u>Reallocation</u>	<u>HEF</u>	<u>Total</u>
Communication & Educational Public Service	\$ 277,377		\$ 277,377	
Total	\$ 277,377	\$ -	\$ -	\$ 277,377

Summary

Overall, UHD is allocating a total of \$4 million in the FY2024 budget to support the success of the campus’s critical priorities. \$3.4 million of the initiatives will be dedicated to National Competitiveness. The annual \$11.1M HEF allocation is also utilized to help ensure the success of the campus’s critical priorities by dedicating \$6.3M to Student Success, \$850K to National Competitiveness, and \$4M to Infrastructure and Administration. The subsequent appendices provide details of the support for each of the priorities as well as a one-page summary of reallocations for the campus.