

UNIVERSITY of **HOUSTON** SYSTEM

FY2021 Annual Budget

Presentation to the
Administration and Finance Committee

August 20, 2020



Budget Update – FY2020

- Revenue Reductions
 - State General Revenue Cut – 5%
 - Auxiliaries – Refunds / Spring Sport Revenues
 - Summer School Discount
- Funding Sources
 - Strong summer enrollment
 - Federal stimulus
 - Savings from hiring/procurement pause
 - Reserves
- Very few reductions in force prior to 8/31/2020



Budget – FY2021

- Operating Budget
 - Central Funding
 - State Funds – 5% cut ACTUAL
 - Tuition and fees – 5% down assumption
 - Auxiliary – sales, services / break-even
 - Restricted - Contracts / Grants / Endowments
- Capital Projects Budget
 - Bonds, Gifts - restricted
 - HEAF – Capital expenses



Budget – FY2021

- Central Budget State GR / Tuition & Fees
 - Reduction goal – minimize impact core missions
 - Reserves – fiscally sound use of reserves
 - Reallocations – fund highest priorities
- All enrollments above budget 1% to 7%
- Revenues in excess of budget will be held in reserve until resolution of the fiscal unknowns



Budget – FY2021

- Auxiliaries
 - Budgets based upon 75% less demand
 - Expenses reduced for decreased demand
 - Larger operations – major fixed costs
 - UH - Parking, Housing, Athletics
 - Multiple scenarios developed - best to worst
- Each campus has developed fiscal plans to fund auxiliaries without material effect on fiscal integrity and core mission.



University of Houston

FY2021 Annual Budget



UH FY2021 Budget Actions

State -5%, T&F – 5%

- UH 7.5% central funds reduction
 - \$35MM ATB cut – revenue reduction
 - \$12.6 recurring budget - success initiatives
 - \$5.1M Covid health/safety cost reserve
- Current - 5% - 6% over budget, 1% = \$5MM
- Revenues in excess of budget will be held in reserve until resolution of the fiscal unknowns



UH FY2021 Budget Actions

Auxiliary Operations

- Auxiliary Budget Approach
 - Develop fiscal plans for 3 scenarios:
 - Budget – less students on campus/50% sport seats
 - Fall – 100% on-line / no Fall sports
 - FY21 – 100% on-line / no Sports
 - Operating results / shortfalls – 3 scenarios
 - Funding Plans for each scenario
 - Each scenario can be funded w/out materially impacting the fiscal position or primary mission



UH FY2021 Budget Actions

Auxiliary Operations

- Housing and Parking-
 - Current:
 - Housing 45% vs 55% Budget
 - Parking revenues ahead of budget
- Other Auxiliaries minimal impact / covered by reserves



UH FY2021 Budget Actions Athletics

- Budget
 - All Sports (50% football capacity)
- 2 Additional fiscal plans
 - No Fall sports
 - No sports all year
- Status
 - Reduced ticket revenue, 25% capacity



University of Houston Operating Budget Revenues FY2017 - FY2021 \$ in Millions

	A 2017 Actual	B 2018 Actual	C 2019 Actual	D 2020 Budgeted	E 2021 Proposed
1 State Appropriations	\$ 193.1	\$ 192.8	\$ 196.1	\$ 212.7	\$ 204.5
2 HEAF/National Research University Fund	62.3	60.4	60.6	60.6	62.7
3 Tuition & Fees	478.7	496.4	512.8	529.9	503.3
4 Other Operating	171.9	198.9	245.7	247.8	232.8
5 Contracts & Grants *	199.7	195.1	228.6	200.6	214.3
6 Endowment Income / Gifts	83.3	88.7	91.2	62.5	63.3
7 Total	\$1,189.0	\$ 1,232.3	\$ 1,335.0	\$1,314.1	\$ 1,280.9



University of Houston-Clear Lake

FY2021 Annual Budget



UHCL FY2021 Planning Elements

- COVID-19 impact on FY21 budget
 - Anticipated impact: \$3.6M Entirety of enrollment decline attributable to Covid19
 - Auxiliaries projected revenue loss: \$1.9M
- UHCL Targeted Reductions 4%
- UHCL projected use of Fund Equity \$3.6 M
- Current Tuition/Fee Estimates – 8/14/2020
 - 3% - 4% above budget, 1% = \$725K



UH-Clear Lake Operating Budget Revenues FY2017 - FY2021 \$ in Millions

	A 2017 Actual	B 2018 Actual	C 2019 Actual	D 2020 Budgeted	E 2021 Proposed
1 State Appropriations	\$ 36.7	\$ 34.0	\$ 33.4	\$ 36.6	\$ 35.2
2 HEAF	8.0	8.0	8.0	8.0	7.7
3 Tuition & Fees	69.0	67.5	71.7	73.4	74.9
4 Other Operating	3.0	10.7	5.2	3.5	3.7
5 Contracts & Grants *	15.9	18.8	19.1	18.1	20.0
6 Endowment / Gifts	1.3	1.5	2.0	1.6	1.7
7 Total	\$ 133.9	\$ 140.5	\$ 139.4	\$ 141.2	\$ 143.2

* Includes Federal financial aid



University of Houston-Clear Lake
Appendix A - Allocation of New FY 2021 Resources

<u>Revenue Changes</u>		A
Appropriations Bill		
1	General Revenue	\$ (1,487,690)
2	Subtotal Appropriations	<u>(1,487,690)</u>
Tuition and Fees		
3	Consolidated Tuition and Fees	1,330,680
4	Consolidated Student Fees	108,555
5	Subtotal Tuition and Fees	<u>1,439,235</u>
Other		
6	Indirect Cost	19,674
7	Investment/Other	223,125
8	Auxiliary	41,973
9	Fund Balance - Department	80,332
10	Fund Balance - University	<u>3,567,163</u>
11	Subtotal Other	<u>3,932,267</u>
12	Total Net Revenue	<u>\$ 3,883,812</u>

<u>Reallocations/Reductions (p-4.8)</u>		B
1	Reallocations	\$ (1,295,600)
2	Reductions - Department	(70,000)
3	Reductions - University	<u>(353,677)</u>
4	Subtotal - Reallocations/Reductions	<u>\$ (1,719,277)</u>

<u>Priority/Initiative Allocations</u>		C
Priority 1. Student Success (p-4.9-4.10)		
5	New Faculty Positions	\$ 731,500
6	New Staff positions and Staff Merit Increases	285,000
7	University Advancement Student Employment	45,000
8	Scholarships	<u>1,900,000</u>
9	Subtotal - Student Success	<u>2,961,500</u>
Priority 2. National Competitiveness (p-4.12-4.13)		
10	Faculty Distinctions & Merit Increases	464,500
11	New University Advancement Staff	67,250
12	New A VP, PC Operations	<u>195,000</u>
13	Subtotal - National Competitiveness	<u>726,750</u>
Priority 3. University Infrastructure & Administration (p-4.14)		
14	Operations and Administration Support	265,000
15	Chief Strategic Planning Officer	185,000
16	Data Warehouse	150,000
17	Staff Merit Increases	142,500
18	Professional Development	49,663
19	Campus Facilities	<u>325,000</u>
20	Subtotal - University Infrastructure & Administration	<u>1,117,163</u>
Priority 4. Community Advancement (p-4.16)		
21	Center for Health & Human Performance	313,838
22	Institute for Human & Planetary Sustainability	<u>483,838</u>
23	Subtotal - Community Advancement	<u>797,676</u>
24	Total Priority/Initiative Allocations	<u>\$ 5,603,089</u>

25 **Total Net Reallocations and New Allocations** **\$ 3,883,812**



University of Houston-Downtown

FY2021 Annual Budget



UHD FY2021 Planning Elements

- General Revenue / Enrollment 5%
- New initiatives deferred, only 'essential mandates'
- Fund Balance applied to ride out unprecedented uncertainty
- As Fall 2020 enrollments are known, either:
 - Over budget - Replace fund balance with revenue
 - Under budget - Take action to reduce Base Budget
- Current Tuition/Fee Estimates – 8/14/2020
 - 6% - 7% above budget, 1% = \$1MM



UH - Downtown

Revenues FY2017 - FY2021

\$ in Millions

	A	B	C	D	E
	2017	2018	2019	2020	2021
	Actual	Actual	Actual	Budgeted	Proposed
1 State Appropriations	\$ 30.5	\$ 31.3	\$ 31.5	\$ 32.5	\$ 31.2
2 HEAF	11.8	11.8	11.8	11.8	10.8
3 Tuition & Fees	91.2	93.2	96.7	102.2	103.9
4 Other Operating	6.9	6.2	7.7	5.8	9.4
5 Contracts & Grants *	36.5	38.3	45.4	40.6	40.5
6 Endowment / Gifts	1.8	2.9	3.5	2.8	3.4
7 Total	<u>\$ 178.7</u>	<u>\$ 183.7</u>	<u>\$ 196.6</u>	<u>\$ 195.7</u>	<u>\$ 199.2</u>

* Includes Federal financial aid



University of Houston-Downtown
Appendix A - Allocation of New FY 2021 Resources

<u>Revenue Changes</u>		A
Appropriations Bill		
1	General Revenue	\$ (20,696)
2	State Reduction	<u>(1,276,441)</u>
3	Subtotal General Revenue	<u>(1,297,137)</u>
Tuition and Fees		
4	Consolidated Tuition and Fees	<u>442,528</u>
5	Subtotal Tuition and Fees	<u>442,528</u>
Other		
6	Auxiliary Operations	(529,432)
7	Fund Balance	<u>3,441,370</u>
8	Subtotal Other	<u>2,911,938</u>
9	Total Net Revenue	<u>\$ 2,057,329</u>

<u>Reallocations</u>		B
1	Reallocations - ASA Division	\$ (469,274)
2	Subtotal - Reallocations	<u>\$ (469,274)</u>

<u>Priority/Initiative Allocations</u>		C
Priority 1. Student Success (p-5.8)		
3	Financial Aid	\$ 263,222
4	Retention & Graduation Rates	<u>519,310</u>
5	Subtotal - Student Success	<u>782,532</u>
Priority 2. National Competitiveness (p-5.10)		
6	Faculty Recruitment and Retention	<u>885,285</u>
7	Subtotal - National Competitiveness	<u>885,285</u>
Priority 3. University Infrastructure & Administration (p-5.11-12)		
8	Recruit/Retain Highly Qualified Staff	536,250
9	General Administration & Operations	<u>322,536</u>
10	Subtotal - University Infrastructure & Administration	<u>858,786</u>
11	Total Priority/Initiative Allocations	<u>\$ 2,526,603</u>

12	Total Net Reallocations and New Allocations	<u>\$ 2,057,329</u>
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University of Houston-Victoria

FY2021 Annual Budget



UHV FY2021 Planning Elements

- 5% General Revenue / Enrollment Decrease
 - \$1.8 budget cuts and reallocations
 - \$1.2 use of reserves
- Current Tuition/Fee Estimates – 8/14/2020
 - 6% - 7% above budget, 1% = \$187K



University of Houston-Victoria Operating Budget

Revenues FY2017- FY2021

\$ in Millions

	A 2017 Actual	B 2018 Actual	C 2019 Actual	D 2020 Budgeted	E 2021 Proposed
1 State Appropriations	\$ 19.8	\$ 18.0	\$ 18.0	\$ 18.6	\$ 17.9
2 HEAF	4.3	4.3	4.3	4.3	3.5
3 Tuition & Fees	25.6	27.4	29.6	31.4	31.1
4 Other Operating	4.5	3.4	6.5	6.3	6.6
5 Contracts & Grants *	7.7	14.9	12.1	9.9	10.3
6 Endowment / Gifts	1.6	1.3	2.0	0.5	0.4
7 Total	<u>\$ 63.5</u>	<u>\$ 69.3</u>	<u>\$ 72.5</u>	<u>\$ 71.0</u>	<u>\$ 69.8</u>

* Includes Federal financial aid



University of Houston-Victoria

Appendix A - Allocation of New FY 2021 Resources

<u>Revenue Changes</u>	A
Appropriations Bill	
1 General Revenue	\$ (43,811)
2 Special Item Funding	(688,615)
3 Subtotal Appropriations	<u>(732,426)</u>
Tuition and Fees	
4 Consolidated Tuition and Fees	(658,151)
5 Student Service Fee	(225,079)
6 Residential Housing & Meal Plan	(2,371,226)
7 Subtotal Tuition and Fees	<u>(3,254,456)</u>
Other	
8 Victoria College Service Agreement	203,216
9 Parking Fees	144,502
10 Fund Balance	1,214,531
11 Subtotal Other	<u>1,562,249</u>
12 Total Net Revenue	<u>\$ (2,424,633)</u>

<u>Reallocations/Reductions</u>	B
1 One-time Funded in FY20	\$ (581,800)
2 Departmental M&O Reductions & Vacant Positions	(1,267,470)
3 Subtotal-Reallocations/Reductions	<u>\$ (1,849,270)</u>

<u>Priority/Initiative Allocations</u>	C
Priority 1. Student Success (p-6.11-6.12)	
4 Student Recruitment, Retention and Success	\$ 547,444
5 Faculty and Staff in Critical Areas	267,801
6 Increase Face-to-Face Classes and Program Offerings	91,354
7 Continued Expansion of Residential Campus in Victoria	(2,424,633)
8 Subtotal - Student Success	<u>(1,518,034)</u>
Priority 2. National Competitiveness (p-6.14)	
9 Equitable and Competitive Salaries for Faculty	126,556
10 Subtotal - National Competitiveness	<u>126,556</u>
Priority 3. University Infrastructure & Administration (p-6.15-6.16)	
11 Technology	(129,535)
12 Operational Support	870,968
13 Equitable and Competitive Salaries for Staff	35,841
14 Facilities	216,289
15 Subtotal - University Infrastructure & Administration	<u>993,563</u>
Priority 4. Community Advancement (p-6.18-6.19)	
16 Center for Regional Collaboration	49,073
17 Athletics	(226,521)
18 Subtotal - Community Advancement	<u>(177,448)</u>
19 Total Priority/Initiative Allocations	<u>\$ (575,363)</u>

20 Total Net Reductions and New Allocations **\$ (2,424,633)**



University of Houston System Administration

FY2021 Annual Budget



University of Houston System Administration Operating Budget Revenues FY2017 - FY2021 \$ in Millions

	A 2017 Actual	B 2018 Actual	C 2019 Actual	D 2020 Budgeted	E 2021 Proposed
1 State Appropriations *	\$ 25.7	\$ 47.9	\$ 47.8	\$ 42.0	\$ 42.0
2 Other Operating	5.4	6.9	7.8	9.7	9.6
3 Contracts & Grants	1.5	1.4	1.3	0.0	0.0
4 Endowment Income / Gifts	4.8	4.7	4.6	2.1	2.1
5 Total	<u>\$ 37.4</u>	<u>\$ 60.9</u>	<u>\$ 61.5</u>	<u>\$ 53.8</u>	<u>\$ 53.7</u>

* Includes TRB debt service



University of Houston System Administration
Appendix A - Allocation of New FY 2021 Resources

<u>Revenue Changes</u>		A
Appropriations Bill		
<u>General Revenue</u>		
1	Tuition Revenue Bonds	\$ 36,305
2	General Revenue	(76,713)
3	State Matching Benefits	17,753
4	Subtotal General Revenue	<u>(22,655)</u>
Other		
5	Endow/Inv Interest Income	<u>273,445</u>
6	Subtotal Other	<u>273,445</u>
7	Total Net Revenue	<u>\$ 250,790</u>

<u>Priority/Initiative Allocations</u>		B
Priority 3. University Infrastructure & Administration		
1	Tuition Revenue Bond Debt Service	\$ 36,305
2	Administrative Operations	<u>214,485</u>
3	Subtotal - University Infrastructure & Administration	<u>250,790</u>
4	Total Priority/Initiative Allocations	<u>\$ 250,790</u>

UNIVERSITY of **HOUSTON** SYSTEM

FY2021 Annual Budget

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Administration and Finance Committee

August 20, 2020



University of Houston System FY2021 Proposed Operating Budget

(\$ in Millions)

	FY2020	-----Change-----		Proposed FY2021
		Dollars	Percent	
University of Houston	1,314.1	(33.2)	-2.5%	1,280.9
UH - Clear Lake	141.2	2.0	1.4%	143.2
UH - Downtown	195.7	3.5	1.8%	199.2
UH - Victoria	71.0	(1.2)	-1.7%	69.8
UH - System Admin	53.8	(0.1)	-0.1%	53.7
Total	1,775.8	(29.0)	-1.6%	1,746.9



University of Houston System FY2021 Proposed Capital Budget

(\$ in Millions)

	FY2020	-----Change-----		Proposed FY2021
		Dollars	Percent	
University of Houston	201.4	12.2	6.1%	213.6
UH - Clear Lake	3.2			3.2
UH - Downtown	4.3	9.0	210.8%	13.3
UH - Victoria	58.0	7.1	12.3%	65.1
Total	266.8	28.3	10.6%	295.1

Note: The year-over-year change in budgeted capital expenditures is due to various TRB projects (approved during the 2017 legislative session) coming to completion in FY2020.



University of Houston System

FY2021 Proposed Operating and Capital Budget

(\$ in Millions)

	FY2020	-----Change-----		Proposed FY2021
		Dollars	Percent	
University of Houston	1,515.5	(21.0)	-1.4%	1,494.5
UH - Clear Lake	144.4	2.0	1.4%	146.4
UH - Downtown	200.0	12.5	6.3%	212.5
UH - Victoria	129.0	5.9	4.6%	134.9
UH - System Admin	53.8	(0.1)	-0.2%	53.7
Total	2,042.6	(0.7)	0.0%	2,042.0

Note: The combined year-over-year change includes budgeted capital expenditures for various TRB projects (approved during the 2017 legislative session) which are coming to completion in FY2020.



University of Houston FY2021 Proposed Budget

Questions?