

University of Houston Downtown
FY2025 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 achieve the strategic imperatives articulated in the 2022-2027 Strategic Plan “A New Paradigm”, funding continues to be earmarked in the FY2025 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 partnership 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 FY2025 Plan and Budget

UHD Progress Card: Student Success

UHD's highest priority is student success. Continuous commitment and recent implementation of multifaceted strategies to support student retention and timely completion has improved key performance indicators of student success as measured by the University's progress card.

Retention Rates

The First Time in College (FTIC) and the First Year Transfer Fall 2023 retention rates improved when compared to the prior fall semester. The FTIC retention rate increased by 2.33% from the prior year, and the Transfer retention rate increased 2.17% when compared to the prior year.

Graduation Rates

The six-year First Time in College (FTIC) graduation rate increased by 2.88% when compared to the prior year and 18.34% over the base year. The four-year transfer graduation rate decreased by 2.15% from the prior year, however still above the base year by 4.08%.

UHD: Student Success					
	Base Year (2007-2008)	2022-2023	2023-2024	Increase/Decrease	
				From Prior Year	From Base Year
FTIC Retention Rate (First Year)	56.00%	65.08%	67.41%	2.33%	11.41%
FTIC Graduation Rate (sixth Year)	15.42%	30.88%	33.76%	2.88%	18.34%
Transfer Retention Rate (First Year)	75.56%	80.26%	82.43%	2.17%	6.87%
Transfer Graduation Rate (Fourth Year)	64.10%	70.33%	68.18%	-2.15%	4.08%

FY2025 Funding Sources

Like most public regional universities in the US, UHD experienced post-pandemic enrollment challenges. The Fall 2022 and Spring 2023 student credit hours were down 6% from the previous academic year. Based on enrollment trends, the FY2024 budget was developed based on a 3% enrollment decline for the Fall 2023 and 2024 semesters.

Fortunately, UHD experienced enrollment growth in SCHs of 2% in Fall 2023 and 5% in Spring 2024 from the previous academic year. UHD will plan conservatively for FY2025 by projecting flat enrollment from the Summer 2023, Fall 2023 and Spring 2024 semesters. Doing so generates an additional \$3.4 million in gross tuition and fee revenues. A 5% increase to graduate tuition and fee rates was approved by the Board of Regents in February 2024, which results in an additional \$308K of designated tuition. Overall, UHD's tuition & fee revenue budgets will increase by \$3.7 million from FY2024.

Since FY2025 is the second year of the current biennium, state appropriation support will be nearly at the FY2024 funding level with a slight decrease of \$32K. Following the 88th regular Texas legislative session in 2023, UHD benefitted from increased state support stemming from the Higher Education Affordability Plan which supports the university's continued prioritization of student success and helps offset increased operating costs. Comprehensive Regional University (CRU) funds were fully funded and there were increases in state support through Formula Funding, Higher Education Group Insurance (HEGI) and Hazlewood Legacy military veterans' exemptions.

In FY2024 UHD benefitted from the redistribution of Stephen F. Austin University's HEF allocation as they shifted from an independent state institution to joining the UT System. UHD's HEF allocation increased from \$10.8 million to \$11.2 million in FY2024 and will remain \$11.2 million for FY2025.

UHD FY2025 Budget Development

In the almost four years since the onset of the COVID-19 pandemic in the US, the recovery from its impact still lingers. After experiencing years of steady enrollment declines, UHD reported enrollment increases for the Fall 2023 and Spring 2024 semesters for the first time since the beginning of the pandemic. While we are encouraged that the implementation of new student success initiatives has had a positive impact on the trajectory of our enrollment, we are still below pre-pandemic enrollment. During these challenging enrollment periods high levels of inflation has increased the costs to operate the university. The university has faced the delicate balance of keeping up with increased costs with less revenue while maintaining affordability for our students. Our commitment to affordability has kept UHD's tuition and fee rates unchanged since FY2022.

Developing the FY2025 budget under these circumstances of our new financial reality was challenging. The FY2025 operating budget was developed with the assumption that tuition revenues will increase slightly due to the five percent rate increase to the graduate designated tuition rate with a slight decrease in State funding. The graduate tuition rate increase is necessary to maintain high quality graduate programs and expand graduate student support services. When compared to Houston area graduate programs, UHD continues to be costs competitive with the new tuition rate. One of the critical goals of the 2022-2027 strategic plan "A New Paradigm" is to engage faculty and staff to become an employer of choice and this means offering competitive compensation to attract and retain talented faculty and staff. To this end, the new FY2025 budget initiatives focus on employee compensation, to include a 1.5% merit salary increase pool, stipend increases for department chairs and Associate Deans, faculty rank and tenure promotions and Senior Lecturer promotions.

The University senior leadership and the Planning and Budget Development Committee (PBDC) recognized the need to start addressing the university's structural deficit with permanent budget reductions. The proposed budget reductions recommendation process was led by a PBDC subcommittee. The 2022-2027 strategic plan "A New Paradigm" guided the priorities of the reduction process. In total the PBDC subcommittee achieved \$1.9 million in budget reductions recommendations with the elimination of noncritical vacant positions, targeted cuts to maintenance and operations, non-federal student worker and adjunct faculty budgets. These strategic FY2025 budget reductions, along with additional tuition & fee revenues from increased enrollment, reduced the university's structural deficit by \$3.7 million. UHD will continue work towards balancing our budget to secure the financial sustainability of the university.

Summary of Strategic Priorities

UHD's FY2025 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 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 FY2025, 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 in the Student Success and Student Life division and student aid through set-asides, federal and state grants. \$6.3 million in HEF funds will support library materials, technology for labs and classrooms, and campus expansion/campus development.

FY 2025 Budget Initiatives

- ***Financial Aid (\$98,014 Operating Funds) App A-C2***
The institution's mandated designated tuition (MDT) set-aside and Texas Public Educational Grant (TPEG) set-aside budgets reflect an increase with enrollment projecting to be higher than what was built into the FY2024 budget.
- ***Federal and State Financial Aid (\$7,232,428 Operating Funds) App A-C3***
UHD's TEXAS (Toward EXcellence, Access and Success) Grant allocation is expected to increase by \$1.2 million and the federally funded Pell Grant allocation is expected to be \$39 million, which is a \$6 million increase from the FY2024 budget reported last summer.
- ***Gifts & Endowments (\$106,978 Operating Funds) App A-C4***
Endowment income budgets have increased by \$98K. The Marilyn Davies Endowment in the Marilyn Davies College of Business is increasing by \$57K. Restricted gift-funded budgets are increasing by a net of \$8K from a combination of increased university-wide, in the College of Public Service and in the College of Sciences and Technology, and reductions in Retail Management and support from the 100 Club.
- ***Student Recruitment, Retention and Success (-\$737,959 Operating Funds) App A-C5***
There were strategic budget reductions to maintenance & operations and the elimination of vacant positions across the Enrollment Management, Student Success & Student Life and Academic Affairs divisions. Two full-time positions were eliminated in the Criminal Justice Training Center program budget.
- ***Enhanced Student Support Services (\$247,482 Operating Funds) App A-C6***
The net increase in operating funds is from a \$400K budget increase for the Applied Business & Technology Center and the elimination of vacant positions and student worker budgets in the Campus Solutions Services, Library, and Student Accounting departments.
- ***Debt Service – Academic Infrastructure (\$2,558,250 HEF) App B-1***
\$2,558,250 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 (\$3,437,043 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 \$650K will be utilized for office workstations, classroom presentation systems, computer labs, electronic classrooms, and software for satellite labs to help students with their path to earning a degree. \$270K will be used for lab space and equipment in the College of Sciences and Technology.
- **Student Services Support (\$268,120 HEF) App B-3**
\$200K of HEF funds will be allocated for Year 3 of UHD’s EAB software agreement. Approximately \$68K will be used for software for the study abroad program, curriculum approval, and assessment reports for accreditation.

Investment of FY2025 Resources in Student Success Initiatives

	<u>Operating</u>	<u>Reallocation</u>	<u>HEF</u>	<u>Total</u>
Financial Aid	\$98,014			\$98,014
Federal and State Financial Aid	\$7,232,428			\$7,232,428
Gifts & Endowments	\$106,978			\$106,978
Student Recruitment, Retention and Success	(\$737,959)			(\$737,959)
Enhanced Student Support Services	\$247,482			\$247,482
Debt Service - Academic Infrastructure			\$2,558,250	\$2,558,250
Instructional Support			\$3,437,043	\$3,437,043
Student Services Support			\$268,120	\$268,120
Total	\$6,946,943	\$0	\$6,263,413	\$13,210,356

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 operating funds allocated for FY2025 will support merit-based salary increases for faculty and staff.

FY2025 Budget Initiatives

- **Faculty Recruitment, Retention, and Expansion (-\$183,264 Operating Funds) App A-C8**
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. UHD has budgeted a 1.5 percent pool for faculty salary merit increases plus \$270K that will support faculty rank/tenure promotions, Senior Lecturer promotions and increases to department chair and Associate Dean stipends. Strategic budget reductions resulted in faculty positions being eliminated for a total of \$308K and reduced adjunct faculty pool budgets for a total of \$234K. Lastly, \$267K in college differential designated tuition (DDT) budgets saw decreases due to an anticipated drop in tuition collection.

- *University Research Support & Infrastructure Investments (\$41,415 Operating Funds) App A-C9*
The Office of Research & Sponsored Programs maintenance & operations budget from indirect costs increased by \$41K after adjustments to other overhead and utilities budgets.
- *Research-Other than Federal & State (-\$84,567 Operating Funds) App A-C10*
The UHD Greater Foundation Program grant decreased by \$80K.
- *Federal & State Research Support (\$234,220 Operating Funds) App A-C11*
The Cancer Prevention and Research Institute of Texas Grant (CPRIT) in the College of Humanities and Social Sciences increased by \$233K.
- *Facilities/Labs and Technology (\$540,000 HEF) App B-5*
\$400K in HEF will be used to purchase equipment for computer labs and classrooms for various departments. \$40K will be used for rank and tenure software. \$100K will be used to address the lack of sufficient and suitable faculty office space in the College of Public Service.

Investment of FY2025 Resources in National Competitiveness Initiatives

	<u>Operating</u>	<u>Reallocation</u>	<u>HEF</u>	<u>Total</u>
Faculty Recruitment, Retention and Expansion	(\$183,264)			(\$183,264)
University Research Support & Infrastructure Investments	\$41,415			\$41,415
Research-Other than Federal & State	(\$84,567)			(\$84,567)
Federal and State Research Support	\$234,220			\$234,220
Facilities/Labs and Technology			\$540,000	\$540,000
Total	\$7,804	\$0	\$540,000	\$547,804

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 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 operating funds allocated for FY2025 will support merit-based salary increases for faculty and 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.

FY2025 Budget Initiatives

- *Tuition Revenue Bond Debt Service (-\$1,600 Operating Funds) App A-C13*
Debt service cost is changing slightly.
- *Insurance and Risk Mitigation (\$39,788 Operating Funds) App A-C14*
UHD's non-health insurance premium cost increased.
- *Recruit and Retain Highly Qualified Staff (\$775,754 Operating Funds) App A-C15*
The increase is due to the planned 1.5% pool for merit increases, an investment to retain top quality staff.
- *Operations and Administration Support (-\$164,670 Operating Funds) App A-C16*
The decrease in operating funds is primarily due to strategic budget reductions in the Administration & Finance division and the President's Office.
- *Annual Deferred Maintenance & Life Safety (\$1,600,000 HEF) App B-7*
Annual capital renewal/capital improvement (CR/CI) life cycle replacements for items such as elevators, restrooms, and roof replacements for FY2025.
- *Campus Security, IT, and Infrastructure (\$76,243 Operating Funds) App A-C17; (\$2,751,621 HEF) App B-8*
There are a few contributing factors to the net increase of \$76K in operating expenses. Much of the decrease is due to the strategic budget reductions in the Information Technology unit. The FY25 budget reductions include \$145K in full-time salary & benefits, \$135K in M&O, and \$7K in non-college work-study. In FY2025, UHD will allocate \$1.4 million in HEF to upgrade servers and network infrastructure and to expand storage capacity. \$200K will support the purchase of equipment for computer labs and classrooms. \$100K will be allocated to the Police Department for data center and safety equipment. \$120K will be used to address furniture needs and upgrading web team equipment. Starting with the FY2025 budget, HEF will be used to cover a portion of the UHS Service Charge for institutional and academic database support - \$897K.

Investment of FY2025 Resources in University Infrastructure and Administration

	<u>Operating</u>	<u>Reallocation</u>	<u>HEF</u>	<u>Total</u>
Tuition Revenue Bond Debt Service	(\$1,600)			(\$1,600)
Insurance and Risk Mitigation	\$39,788			\$39,788
Recruit/Retain Highly Qualified Staff	\$775,754			\$775,754
Operations and Administrative Support	(\$164,670)			(\$164,670)
Campus Security, IT and Infrastructure	\$76,243		\$2,751,621	\$2,827,864
Annual Deferred Maintenance & Life Safety			\$1,600,000	\$1,600,000
Total	\$725,515	\$0	\$4,351,621	\$5,077,136

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.

FY2025 Budget Initiatives

- *Communication & Educational Public Service (-\$15,302 Operating Funds) App A-C19*
The decrease stems from a non-college student worker budget reduction in the College of Public Service.

Investment of FY 2025 Resources in Community Advancement

	<u>Operating</u>	<u>Reallocation</u>	<u>HEF</u>	<u>Total</u>
Communication & Educational Public Service	(\$15,302)			(\$15,302)
Total	(\$15,302)	\$0	\$0	(\$15,302)

Summary

UHD allocated \$1.9 million in high priority initiatives and unavoidable cost increases on operating funds in the FY2025 budget. Simultaneously, UHD reduced operating expenditure budgets by \$1.9 million to address the university’s structural deficit. The \$7.7 million budget increase from FY2024 primarily derives from expected increases of \$6 million from the federally funded Pell Grant Program and \$1.2 million from the TEXAS Grant Program. The annual \$11.2 million HEF allocation is utilized to help ensure the success of the campus’s critical priorities by dedicating \$6.3 million to Student Success, \$540K to National Competitiveness, and \$4.4 million to Infrastructure and Administration. The subsequent appendices provide details of the support for each of the priorities.