AGENDA

UNIVERSITY OF HOUSTON SYSTEM
FINANCE AND ADMINISTRATION
COMMITTEE MEETING

DATE: **Wednesday, November 16, 2011**

TIME: **10:15 a.m.**

PLACE: **Hilton University of Houston Hotel**
Waldorf Astoria Ballroom E, Second Floor
4800 Calhoun
Houston, Texas 77204

Chair:	**Jarvis V. Hollingsworth**
Vice Chair:	**Spencer D. Armour, III**
Members:	**Tilman J. Fertitta**
	Welcome W. Wilson, Jr.
	Nelda Luce Blair, Ex Officio

FINANCE AND ADMINISTRATION COMMITTEE

A. Call to Order

B. Approval of Committee Minutes
- August 17, 2011 Finance and Administration Committee Minutes

Action: Approval

C. Re-Approval of the budget and funding sources for the construction of the University of Houston-Clear Lake Student Services Building for a total budget of $39,694,103 – University of Houston-Clear Lake F&A-C1

Action: Approval

D. Request for Approval of the purchase of Microsoft Site Licenses - University of Houston F&A-D5

Action: Approval

E. Request for Approval of the Interagency Contract for Workers Compensation and Risk Management Services with the State Office of Risk Management – University of Houston F&A-E7

Action: Approval

F. Request for Approval of the annual purchase of programming from Public Broadcasting Services – University of Houston F&A-F9

Action: Approval

G. Overview of growth of licenses and costs under Oracle America contracts - University of Houston F&A-G11

Action: Information

H. Presentation of the Preliminary Fiscal Year 2011 University of Houston System Annual Financial Report Summary – University of Houston System F&A-H13

Action: Information

I. Student Success Initiative: University of Houston Simplification of Tuition and Fees – University of Houston F&A-I24

Action: Information

J. Presentation of University of Houston System Purchasing Process - University of Houston System F&A-J27

Action: Information

K. Adjourn

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Re-approval of the budget and funding sources for the construction of the University of Houston – Clear Lake Student Services Building for a total budget of $39,694,103.

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The University of Houston – Clear Lake Student Services Building was initially approved in 2001. Re-approval of this project is necessary as the original construction of the building was plagued with water infiltration and other deficiencies due to poor design and construction. This resulted in legal actions against the contractor and architect, and the lawsuit was settled in 2011. Repair construction started in spring of 2010, and was completed in fall of 2011, which increased the budget by $3,775,353.

SUPPORTING DOCUMENTATION: Project Information and Location Map

FISCAL NOTE: Budget increase of $3,775,353

RECOMMENDATION/ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston - Clear Lake

William a. Staples — 10/31/11
PRESIDENT William Staples **DATE**

10/31/2011
EXECUTIVE VICE CHANCELLOR Carl Carlucci **DATE**

Renu Khator — 11/1/11
CHANCELLOR Renu Khator **DATE**

University of Houston – Clear Lake

Student Services Building Project Re-approval

Project Information

The original construction of UHCL Student Services was plagued with water infiltration and other deficiencies due to poor construction. The University took necessary occupancy of that building, although the water leaks were immediately apparent throughout the building. The University persistently tried to engage the original Construction Manager-at-Risk Contractor (Lyda-Swinerton) and the Architect (HOK) to correct the deficiencies causing the water infiltration, but could not get sufficient cooperation. This led to legal actions against the contractor and architect that were finally resolved in the spring of 2011. In the meantime, the University proceeded with comprehensive design and repair work to mitigate the water leaks and other problems. This work involved systematic repairs to nearly the entire building envelope, as well as sub-grade waterproofing, and foundation repair at the emergency generator. Interior repair work was also necessary. This repair construction started in spring of 2010, and was completed in fall of 2011.

The scope of this project included the design and construction services to:

- Replace building envelope components to achieve a waterproof building.
- Remove and replace generator foundation and earthwork to achieve proper support foundation at the emergency generator.
- Repair subgrade waterproofing at the Student Services Building Lecture Hall to prevent water infiltration.

PROJECT BUDGET

	ORIGINAL BUDGET	REVISED BUDGET	BUDGET INCREASE
Building Cost (New Construction)	$25,055,000	$25,055,000.00	$0.00
Building Cost (Repair & Renovation)	$1,195,000	$4,244,250	$3,049,250.09
Furniture & Moveable Equipment	$2,500,000	$2,500,000	$0.00
Architectural/Design Services	$3,190,000	$3,638,750	$448,750.00
Project Management(System)	$1,046,180	$1,151,651	$105,471.00
Other Professional Fees	$232,570	$372,256.83	$139,686.83
Administrative Costs	$450,000	$482,195.42	$32,195.42
Contingency	$2,250,000	$2,250,000	$0.00
Total Project Costs	**$35,918,750**	**$39,694,103**	**$3,775,353**

Funding Sources (Original Project Budget)

Revenue Bonds	$30,918,750
Student Fees	$5,000,000
TOTAL BUDGET	**$35,918,750**

Funding Sources (for Budget Increase)

HEAF	$ 1,878,603.31
Other Local Funds (UHCL)	$ 1,566,832.43
Other Local Funds (UH System)	$ 329,917.26
TOTAL BUDGET	**$ 3,775,353.00**

UHCL CAMPUS MAP



UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Request for Approval of the purchase of Microsoft Site Licenses.

DATE PREVIOUSLY SUBMITTED:

SUMMARY: The University of Houston seeks approval of a purchase in the amount of $999,711 for a suite of Microsoft products for use by University of Houston faculty, staff and students. The purchase is made using Dell's State of Texas, Department of Information Resources contract SDD-1014 MSFT through HiEd, a Dell Value Added Reseller and HUB vendor. Acquitision of the licenses through HiEd, Inc. enables cost avoidance to the University of $250,000 over the cost of educational pricing for individual licenses. The agreement is effective from November 1, 2011 through October 31, 2012.

SUPPORTING DOCUMENTATION: See attached explanation of the Microsoft licenses.

FISCAL NOTE: Microsoft license cost is $999,711 for one year (November 1, 2011 - October 31, 2012).

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston

Renu Khator
PRESIDENT Renu Khator — **DATE** 11/1/11

EXECUTIVE VICE CHANCELLOR Carl Carlucci — **DATE** 10/28/2011

Renu Khator
CHANCELLOR Renu Khator — **DATE** 11/1/11

Explanation of Microsoft Licenses acquired through HiEd, Inc.

The dollar amount for the Microsoft licenses totals $999,711 which provides one year of licensing to students, faculty and staff for Microsoft products, versioning, and patches for the period November 1, 2011 through October 31, 2012.

For more than a decade, the University of Houston (UH) has provided Microsoft site licenses to UH students, faculty and staff. The agreement provides standard Microsoft Office products plus Project, Visio, OneNote, SharePoint and others for the desktop, as well as server products including Exchange and SQL.

UH colleges and divisions strongly support this acquisition, the benefits of which include:

- Ensures campus-wide license compliance for desktop and server products.
- Provides upgrades to the Windows desktop operating system.
- Enables use of the most current software versions.
- Allows departments to teach the use of Microsoft products, including operating systems and the SQL database, without acquiring licenses on their own (a savings to departments of approximately $50,000 for SQL).
- Reduces support costs and security risks university-wide.
- Achieves substantial savings over the cost of standard educational licenses purchased through State contract.

In FY2010, UH competitively bid the Microsoft licenses and awarded Dell the bid based on best value and lowest price. UH rebid in FY2011 and FY2012 to Value Added Resellers (VARs) to continue to ensure best pricing. This year, Dell was the only bidder. Negotiations between UH and Microsoft / Dell reduced their originally quoted pricing by $140,000.

The purchase is made using Dell's State of Texas, Department of Information Resources contract SDD-1014 MSFT through HiEd, a Dell Value Added Reseller and HUB vendor.

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Request for Approval of the Interagency Contract for Workers Compensation and Risk Management Services with the State Office of Risk Management

DATE PREVIOUSLY SUBMITTED:

SUMMARY: Approval is requested for an Interagency Contract for Workers Compensation and Risk Management Services. Texas Labor Code Chapter 412 requires state agencies to utilize the State Office of Risk Management to adminster the Workers Compensation program, procure some insurance policies, and provide loss reduction services. The cost of these services and expenses are allocated to the agencies through a formula based on workers compendation costs, number of workers compensation claims, number of Full Time Equivalents and total payroll in a proportional basis for all agencies in the program. The services are confirmed in a two-year interagency contract from September 1, 2011 until August 31, 2013. The University of Houston's costs for FY12 is $969,778. The cost for FY 13 is yet to be determined.

SUPPORTING DOCUMENTATION: Attached summary of the FY2012 assessment

FISCAL NOTE: Estimated expense for the two-year term not to exceed $2,200,000.

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston

Renu Khator **PRESIDENT**	Renu Khator	11/1/11 **DATE**
EXECUTIVE VICE CHANCELLOR	Carl Carlucci	10/28/2011 **DATE**
Renu Khator **CHANCELLOR**	Renu Khator	11/1/11 **DATE**

State Office of Risk Management
FY 2012 Assessment Amounts

Invoice #	Invoice Date	Invoice Amount
A730 - 479012	8/8/11	727,333.51

Total amount due for FY 2012 Workers' Compensation Coverage 969,778.02
Deferred collection of 25% of initial FY 2012 Assessment * (242,444.50) * To be invoiced no later than 05/01/12.
Initial Invoice amount due 09/01/11 727,333.51

Code	Agency Name	Payroll * 12.5%	FTEs 12.5%	# Claims 15%	Costs (Payouts) 60%	Total Assessment Percentage	Assessment Amount	% of Payroll	Final FY 2011 Assessment	difference	Final FY 2011 Percentage	difference
A730	University of Houston	4.445%	3.251%	1.211%	1.012%	1.751%	969,778.02	0.27%	975,760.63	(5,982.61)	1.795%	-0.044%
	Total amount due for FY 2012 Workers' Compensation Coverage						**969,778.02**	0.27%				
	All Others	95.555%	96.749%	98.789%	98.988%	98.249%	54,416,230.45	0.68%	53,395,605.10	1,020,625.35	98.205%	0.044%
		100.000%	100.000%	100.000%	100.000%	100.000%	55,386,008.47	0.69%	54,371,365.73	1,014,642.74	100.000%	0.000%
	Projected Current FY (2012) Claim Payments						47,271,161.00		46,500,000.00	771,161.00		
	Previous FY Collected Shortage (Overage)						(2,441,443.53)		(1,441,839.35)	(999,604.18)		
	Risk Management and Workers' Comp. Administration(incl.required funding for emp.benefits)						11,156,291.00		10,310,645.00	845,646.00		
	Previous FY Collected Shortage (Overage)						(600,000.00)		(997,439.92)	397,439.92		
							55,386,008.47		54,371,365.73	1,014,642.74		

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Request for Approval of the annual purchase of programming from Public Broadcasting Services.

DATE PREVIOUSLY SUBMITTED:

SUMMARY: Approval is requested to purchase Public Broadcasting Services programming in the amount of $2,085,315. KUHT will continue 100% participation in Public Broadcasting Service's National Program Service, Member Service, Plus Assessment, Copyright Assessment and Station Independence Programs for Fiscal Year 2012.

Funding for the programming purchase is from the Corporation for Public Broadcasting's Community Service Grant, estimated at $1,653,225 and the remainder will be funded from community support.

SUPPORTING DOCUMENTATION: Summary of programming

FISCAL NOTE: Funding sources: Estimated - $1,653,225 from CPB grant
Remainder - $432,090 from gifts

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston

PRESIDENT Renu Khator	Renu Khator	**DATE** 11/1/11
EXECUTIVE VICE CHANCELLOR	Carl Carlucci	**DATE** 10/28/2011
CHANCELLOR Renu Khator	Renu Khator	**DATE** 11/1/11

Public Broadcasting Services

The 2012 fee for KUHT's participation in the Public Broadcasting Service is $2,085,315.00. Payment of this fee allows channel 8 to continue to broadcast the following programs: Nature, NOVA, American Masters, Antique Roadshow, Great Performances, Masterpiece, Frontline, Newshour, Nightly Business Report, NOW, Washington Week and many others plus many children's programs as Arthur, Barney & Friends, Cyberchase, Mister Rogers', Sesame Street and many others.

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Overview of growth of licenses and costs under Oracle America contracts

DATE PREVIOUSLY SUBMITTED:

SUMMARY: The University of Houston will present and update regarding the growth in contracts with Oracle America which are expected to exceed $1,000,000 for PeopleSoft applications and database products, Hyperion Data Warehouse products, and Sun hardware operating systems and maintenance and support. Information is provided following vendor consolidation under Oracle America, and cost increase from enrollment increases and the acquisition of the PeopleSoft grants module in FY2011.

SUPPORTING DOCUMENTATION: See attached explanation of Oracle America.

FISCAL NOTE:

RECOMMENDATION/ ACTION REQUESTED: Information

COMPONENT: University of Houston

Renu Khator
PRESIDENT Renu Khator — **DATE** 11/1/11

EXECUTIVE VICE CHANCELLOR Carl Carlucci — **DATE** 10/28/2011

Renu Khator
CHANCELLOR Renu Khator — **DATE** 11/1/11

Explanation of UHS Oracle America Commitments

In the past five years, Oracle America has acquired the following products in service to the University of Houston System (UHS): PeopleSoft Applications, Hyperion Data Warehouse and Sun Hardware. UHS Fiscal Year 2011 actual and 2012 projected expenses are summarized in the table below.

The UHS originally entered into agreements with PeopleSoft Inc. in FY2000 for database and enterprise resource planning (ERP) applications, following a competitive bid process to select an ERP. UH standardized on Sun hardware following the selection of PeopleSoft as our ERP. Hyperion was selected about five years ago following a competitive bid process to identify a platform for the UH data warehouse.

As these agreements were entered into separately over a period of more than a decade, this overview is submitted as an informational item for Board of Regents review.

Application	Product	FY11 Actual Cost **	FY12 Projected Cost
PeopleSoft Database	Baseline and Real Application Cluster	$ 662,495	$ 644,000
PeopleSoft ERP	PS Applications*	$ 1,240,877	$ 1,003,000
Data Warehouse	Hyperion	$ 68,965	$ 75,000
Sun Hardware	Hardware Operating System, and Maintenance and Support	$ 182,825	$ 167,000

*PS Grants module acquired in Feb 2011 for $292,000

**Includes about $159,000 in UH Clear Lake and Downtown purchases

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Presentation of the Preliminary Fiscal Year 2011 University of Houston System Annual Financial Report Summary

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Presentation of the Preliminary Fiscal Year 2011 University of Houston System Annual Financial Report Summary.

SUPPORTING DOCUMENTATION: Annual Financial Report Summary

FISCAL NOTE: N/A

RECOMMENDATION/ ACTION REQUESTED: Information

COMPONENT: University of Houston System

EXECUTIVE VICE CHANCELLOR Carl Carlucci **DATE** 10/29/2011

CHANCELLOR Renu Khator **DATE** 11/1/11

University of Houston System

Overview of the Preliminary Annual Financial Report For FY 2011

November 16, 2011

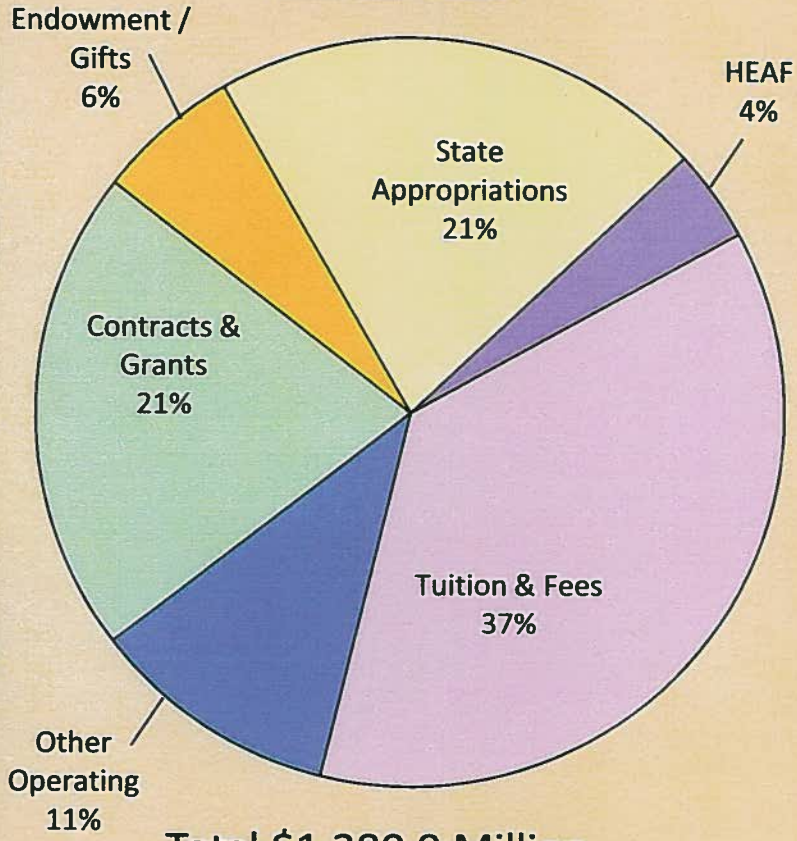
University of Houston System
FY 2011 Annual Financial Report Timeline

- **Aug 31** - Fiscal year end
- **Sep 22** - Departmental accounting activity completed
- **Oct 21** - Ledger closed and preliminary management review completed
- **Oct 28** - Final management review completed
- **Nov 16** - Financial results for all UHS presented to Board of Regents
- **Nov 20** - AFR submitted to State Comptroller & State Auditor
- **Feb 28** - Statewide comprehensive audit completed

11/15/2011
F&A – H-15

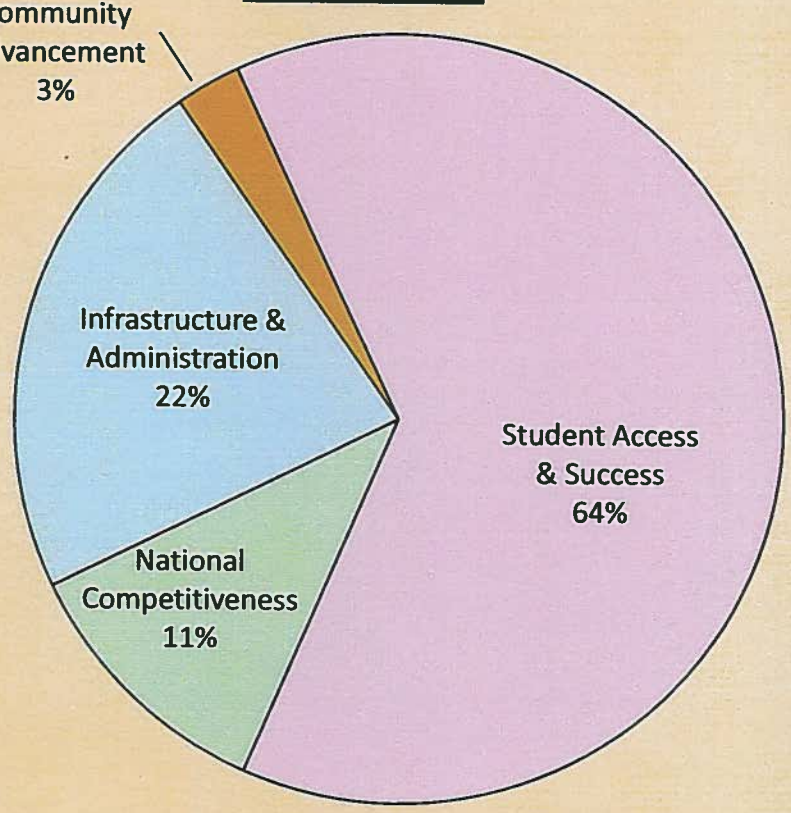
University of Houston System Combined FY 2011 Preliminary Results of Operations

Revenues



Total $1,280.9 Million

Expenses



Total $1,197.8 Million

Note: Expenses exclude construction spending from revenue bond proceeds.

11/15/2011
F&A – H-16

University of Houston System Combined Analysis of Revenues FY 2008 - 2011

($ Millions)

		A 2008 Actual	B 2009 Actual	C 2010 Actual	D 2011 Preliminary	E 2011 Budget *
1	State Appropriations	$ 283.0	$ 289.0	$ 284.4	$ 273.4	$ 295.0
2	HEAF	53.2	53.3	53.3	50.9	50.9
3	Tuition & Fees	365.3	399.0	436.5	471.9	455.4
4	Other Operating	99.0	97.3	102.1	137.4	149.1
5	Contracts & Grants	154.4	187.0	251.2	268.1	237.8
6	Endowment / Gifts	54.4	43.5	46.7	79.2	29.7
7	Total	$ 1,009.3	$ 1,069.1	$ 1,174.2	$ 1,280.9	$ 1,217.9

* FY2011 Budget as adopted on 5-18-2010

University of Houston System Combined Revenues by UHS Component FY 2011 (Preliminary)

($ Millions)

		A State Appropriations	B HEAF	C Tuition & Fees	D Other Operating	E Contracts & Grants	F Endowment / Gifts	G Preliminary 2011 Total
1	University of Houston	$ 181.4	$ 35.9	$ 344.1	$ 119.8	$ 202.1	$ 71.4	$ 954.7
2	UH - Clear Lake	35.2	5.2	47.8	8.7	14.9	1.1	$ 112.9
3	UH - Downtown	33.9	7.4	59.8	6.2	41.7	1.8	$ 150.8
4	UH - Victoria	18.9	2.4	20.2	1.8	7.8	0.8	$ 51.9
5	UH System Admin	4.0	-	-	0.9	1.6	4.1	$ 10.6
6	UH System Total	$ 273.4	$ 50.9	$ 471.9	$ 137.4	$ 268.1	$ 79.2	$ 1,280.9

University of Houston System Combined Analysis of Operating Expenses FY 2008 – 2011

($ Millions)

		A 2008 Actual	B 2009 Actual	C 2010 Actual	D 2011 Preliminary	E 2011 Budget *
1	Student Access and Success	$ 613.1	$ 670.5	$ 737.1	$ 760.5	$ 754.0
2	National Competitiveness	81.0	87.8	98.3	134.9	152.6
3	Infrastructure & Administration	173.0	206.1	200.1	269.4	276.8
4	Community Advancement	40.3	41.0	42.8	33.0	34.5
5	Total	$ 907.4	$ 1,005.4	$ 1,078.3	$ 1,197.8	$ 1,217.9

* FY2011 Budget as adopted on 5-18-2010

University of Houston System Combined Expenses by UHS Component FY 2011 (Preliminary)

($ Millions)

		A Student Access & Success	B National Competitiveness	C Infrastructure & Administration	D Community Advancement	E Preliminary 2011 Total
1	University of Houston	$ 538.1	$ 124.0	$ 188.0	$ 29.8	$ 879.9
2	UH - Clear Lake	70.5	3.4	29.6	-	$ 103.5
3	UH - Downtown	107.8	3.7	31.1	2.6	$ 145.2
4	UH - Victoria	39.1	1.2	12.2	0.5	$ 53.0
5	UH System Admin	5.0	2.6	8.5	0.1	$ 16.2
6	UH System Total	$ 760.5	$ 134.9	$ 269.4	$ 33.0	$ 1,197.8

University of Houston System Combined
Analysis of Asset Balances
FY 2008 – 2011

On August 31 ($ Millions)

		2008 Actual	2009 Actual	2010 Actual	2011 Preliminary
	Assets				
1	**Cash, Appropriations, & Investments**	**$ 1,146.0**	**$ 1,039.2**	**$ 1,150.9**	**$ 1,172.9**
	Consisting of:				
2	Unrestricted cash balances	(26.2)	(19.2)	(38.4)	(67.0)
3	Restricted cash balances	55.3	66.6	60.2	104.7
4	Investments (includes Endow ment)	1,023.2	842.9	970.8	1,025.3
5	Appropriation balances	93.7	148.9	158.3	109.9
6	**Capital Assets, net of depreciation**	**$ 626.4**	**$ 775.1**	**$ 859.8**	**$ 964.1**
	Consisting of:				
7	Land	86.3	100.8	100.9	101.4
8	Construction in progress	81.2	47.2	93.5	174.7
9	Buildings, facilities, infrastructure	361.6	528.1	529.2	514.0
10	Equipment, softw are, art, books	97.3	99.0	136.2	174.0
11	**Other Assets**	**$ 135.6**	**$ 155.1**	**$ 193.0**	**$ 217.8**
	Consisting of:				
12	Receivables	72.9	65.3	100.3	125.9
13	Loans receivable	21.0	31.4	40.3	22.6
14	Prepaid expenses	39.4	55.9	50.2	67.3
15	Inventories	2.3	2.5	2.2	2.0
16	**Total Assets**	$ 1,908.0	$ 1,969.4	$ 2,203.7	$ 2,354.8

University of Houston System Combined
Analysis of Liability Balances & Equity Balance
FY 2008 – 2011

On August 31 ($ Millions)

		A 2008 Actual	B 2009 Actual	C 2010 Actual	D 2011 Preliminary
	Liabilities				
1	**Payables & Accrued Liabilities**	**$ 55.0**	**$ 69.0**	**$ 71.7**	**$ 105.3**
	Consisting of:				
2	Accounts payable	20.0	34.2	34.7	67.1
3	Federal funds payable	1.7	1.0	0.1	0.1
4	Payroll payable	33.0	33.5	36.6	37.9
5	Claims payable (WCI / UCI)	0.3	0.3	0.3	0.2
6	**Revenue Bonds & Notes Payable**	**$ 453.0**	**$ 610.9**	**$ 683.3**	**$ 717.1**
7	**Other Liabilities**	**$ 215.6**	**$ 161.2**	**$ 225.8**	**$ 215.3**
	Consisting of:				
8	Deferred revenue	181.3	124.0	189.9	181.9
9	Compensable leave	21.8	23.1	23.1	23.9
10	Funds held in custody	12.5	14.1	12.8	9.5
11	**Total Liabilities**	$ 723.6	$ 841.1	$ 980.8	$ 1,037.7
12	**Total Equity Balance**	$ 1,184.4	$ 1,128.3	$ 1,222.9	$ 1,317.1

University of Houston System Combined
Asset, Liability & Equity Balances by UHS Component
Preliminary FY 2011
On August 31 ($ Millions)

		A University of Houston	B UH Clear Lake	C UH Downtown	D UH Victoria	E UH System Admin	F UH System 2011 Total
	Assets						
1	Cash, Appropriations, & Investments	$ 276.2	$ 31.3	$ 36.8	$ 11.2	$ 817.4	$ 1,172.9
2	Capital Assets, net of depreciation	707.8	72.2	95.9	23.2	65.0	964.1
3	Other Assets	151.6	13.8	22.0	28.6	1.8	217.8
4	**Total Assets**	$ 1,135.6	$ 117.3	$ 154.7	$ 63.0	$ 884.2	$ 2,354.8
	Liabilities						
5	Payables & Accrued Liabilities	$ 51.1	$ 12.5	$ 6.9	$ 3.2	$ 31.6	$ 105.3
6	Revenue Bonds & Notes Payable	543.5	32.4	56.1	43.0	42.1	717.1
7	Other Liabilities	155.8	24.7	23.4	10.6	0.8	215.3
8	**Total Liabilities**	$ 750.4	$ 69.6	$ 86.4	$ 56.8	$ 74.5	$ 1,037.7
9	**Total Equity Balance**	$ 385.2	$ 47.7	$ 68.3	$ 6.2	$ 809.7	$ 1,317.1

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Student Success Initiative: University of Houston Simplification of Tuition and Fees

DATE PREVIOUSLY SUBMITTED:

SUMMARY: The current University of Houston tuition and fee structure is based on billing for individual courses. This results in very long tuition and fee bills, and makes it difficult for students and their parents to determine the exact amount they will owe and plan accordingly. Over the past several months the University of Houston has developed a plan for consolidating and simplifying tuition and fees base on a student's major. An overview of the plan will be presented to the Board of Regents prior to a formal recommendation at the February 2012 meeting.

SUPPORTING DOCUMENTATION: Plan Overview

FISCAL NOTE:

RECOMMENDATION/ ACTION REQUESTED: Information

COMPONENT: University of Houston

PRESIDENT Renu Khator	**Renu Khator**	**DATE** 11/1/11
EXECUTIVE VICE CHANCELLOR	**Carl Carlucci**	**DATE** 10/28/2011
CHANCELLOR Renu Khator	**Renu Khator**	**DATE** 11/1/11

University of Houston

Proposed Consolidation of Undergraduate Tuition and Fees

Currently, the University of Houston's tuition and fee structure is organized around both specific courses and majors. As a result, it is very difficult for students and their parents to determine the exact amount they will owe for any given semester and plan accordingly. In addition, this structure results in very long tuition and fee bills that are difficult for students and their parents to understand. To address these issues, the University of Houston proposes to consolidate tuition and fees based solely on a student's major rather than courses taken. For example, a business student would pay a single rate per semester credit hour (SCH) for all courses in which he or she enrolls. By knowing this rate, the student will be able to determine more easily the amount owed. Increasing transparency and predictability in this way will make it easier for students to plan their academic careers and, in turn, will facilitate retention and graduation. A simplified, consolidated structure will also enable the university to operate more efficiently and effectively in terms of managing resources.

The plan for consolidation includes tuition and fees used for the general operation of the university and the delivery of instruction, including:

- Statutory tuition
- General designated tuition
- Differentiated designated tuition
- Consolidated university service fees (e.g., library, technology)
- College, department and course fees

A small number of fees used for very specific purposes will not be consolidated. These include lab fees, optional fees such as parking and health insurance, and fees authorized by students themselves, including the Student Services Fee, University Center Fee, and Campus Recreation and Wellness Center Fee.

At the undergraduate level, four consolidated rates will be charged. First-time in college (FTIC) freshmen will pay one rate regardless of major. Upperclassmen will pay one of three rates based on their majors. Preliminary rates are included in the table below:

Rates	Cost per SCH
FTIC Freshmen:	$282
Upperclassmen:	
Level 1	$282
Level 2	$298
Level 3	$326

The four rates to be charges are based on the average costs of program delivery. FTIC freshmen will pay the lowest rate since they are taking relatively inexpensive core courses. Upperclassmen will pay one of three rates based on the relative costs of their respective majors. For example, students pursuing degrees in the most expensive majors (e.g., engineering) will be charged the Level 3 rate, while students pursuing degrees in the least expensive majors (e.g., English) will be charged the Level 1 rate. The table

below shows the financial impact of the consolidated rates on undergraduate students based on the number of semester credit hours they pursue:

SCH	FTIC	Level 1	Level 2	Level 3
1	$282	$282	$298	$326
2	$564	$564	$596	$652
3	$846	$846	$894	$978
4	$1,128	$1,128	$1,192	$1,304
5	$1,410	$1,410	$1,490	$1,630
6	$1,692	$1,692	$1,788	$1,956
7	$1,974	$1,974	$2,086	$2,282
8	$2,256	$2,256	$2,384	$2,608
9	$2,538	$2,538	$2,682	$2,934
10	$2,820	$2,820	$2,980	$3,260
11	$3,102	$3,102	$3,278	$3,586
12	$3,384	$3,384	$3,576	$3,912
13	$3,666	$3,666	$3,874	$4,238
14	$3,948	$3,948	$4,172	$4,564
15	$4,230	$4,230	$4,470	$4,890
16	$4,512	$4,512	$4,768	$5,216

Finally, it is important to note that this proposed consolidation does not constitute a tuition and fee rate increase. The consolidation is revenue neutral to the university. However, students might experience marginal cost increases or decreases depending on the combination of courses taken once the new rates apply as compared to previous semesters. Also, graduate and professional students will pay rates based on the relative costs of their majors, as well. The graduate and professional rates will be higher than the undergraduate rates since the cost of instructional delivery is higher.

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Presentation of University of Houston System Purchasing Process

DATE PREVIOUSLY SUBMITTED:

SUMMARY: A presentation will be given to the Board of Regents providing the new uniform purchasing guidelines created by the UHS Purchasing Directors. All campuses will now use the same process and dollar thresholds for their procedures.

SUPPORTING DOCUMENTATION: Series of Charts on UH System Procurement Process. Flowchart on Non-Construction Procurement Process. UH System Purchasing Guidelines.

FISCAL NOTE:

RECOMMENDATION/ ACTION REQUESTED: Information

COMPONENT: University of Houston System

Carl Carlucci
EXECUTIVE VICE CHANCELLOR

10/29/2011
DATE

Renu Khator
CHANCELLOR

Renu Khator

11/1/11
DATE

UH SYSTEM PURCHASING GUIDELINES

Applicability

These guidelines apply to the procurement of non-construction goods and services for all University of Houston System (UHS) components.

Reason for Purchasing Guidelines

The Texas Education Code 51.9335 provides a general description of the requirements for the acquisition of goods and services by institutions of higher education and the UHS Purchasing Guidelines are intended to help UHS components comply with these and other state and federal regulations through more specific procurement procedures.

Purchasing Guidelines

1. GENERAL

1.1 All purchases made using funds paid through UHS cost centers, except for agency funds (fund 9xxx), must comply with these procedures. Agency funds do not belong to UHS and are not subject to these procedures. However, as the custodian of those funds, the responsible UHS department must ensure that expenditures on agency funds are reasonable, necessary, properly documented, and in accordance with the fund's purpose.

All purchases with UHS funds must be fully documented with all documents retained in accordance with the UHS records retention schedule. On purchases above departmental delegation, departments should contact the Purchasing Department to receive advice on procedures to follow when researching a purchase.

1.2 Purchasing Processes

In general, there are three types of purchasing processes:

a. Purchases up to and including $5,000, which are considered spot purchases;
b. Purchases processed directly through and by the Purchasing Department that are over $5,000 and up to and including $25,000, which require informal bids;
c. Purchases processed directly through and by the Purchasing Department that are over $25,000, which require formal bids and posting on the State of Texas Electronic State Business Daily (ESBD).

For purchases requiring a written contract, contact the Contract Administration Department for questions related to the contracting process.

1.3 Purchases Funded by a Restricted Gift, Contract, or Grant

Purchases made pursuant to a restricted gift, contract or grant may be further restricted by procurement requirements outlined in the sponsor or donor restrictions and regulations. It is the originating department's responsibility to follow the sponsor or donor's restrictions and regulations when initiating a purchase.

1.4 Best Value Requirement

All purchases, regardless of dollar amount, shall be based on a "best value" and shall consider:

- list purchase price;
- reputation of the vendor and of the vendor's goods or services;
- quality of the vendor's goods or services;
- extent to which the goods or services meet UHS' needs;
- the vendor's past performance with UHS;
- impact on the ability of UHS to comply with laws and rules relating to Historically Underutilized Businesses (HUBs) and to the procurement of goods and services from persons with disabilities;
- total long-term cost to UHS of acquiring vendor's goods and services;
- use of material in construction or repair to real property that is not proprietary to a single vendor unless UHS provides a written justification in the request for bids of the unique material specified;
- and any other relevant factor that a private business entity would consider in selecting a vendor.

Each solicitation is unique and will list the best value criteria for that purchase.

2. PURCHASE OF GOODS OR COMMODITIES

2.1 Purchases of $5,000 or Less - Spot purchases

a. Quotes:
   - Authority to make purchases without competitive bids for $5,000 or less (including freight) is delegated by each component's policies. For purchases of $5,000 or less that will be invoiced by the vendor, departments must obtain a quote from the vendor prior to the purchase to ensure the items and amount charged on the invoice match the quote.
   - This quote must be uploaded to the voucher (in addition to the invoice) or requisition as backup documentation.
   - Quotes are not required for direct purchases of $5,000 or less, such as over-the-counter purchases or purchases with a credit card. See component's policy on departmental delegation.
   - Departments are encouraged to obtain multiple quotes (if they have departmental delegation) for purchases of $5,000 or less, whenever possible, to help them determine which vendor provides the best value.

b. Splitting Orders: Purchases may not be separated into smaller dollar purchases in order to remain within the departmental authorized dollar limit.

c. Unauthorized Purchases: In the event a purchase or series of purchases (that appropriately should have been combined into a single purchase) are made exceeding the departmental delegated authority amount, the department shall submit a letter of justification along with the request for payment to Chief Financial Officer (CFO) or designee for approval.

d. Payment Methods: Purchases under each component's delegated amount may be done

using procurement card, payment directly to vendor by voucher or reimbursement to employee by voucher.

2.2 General Requirements for Purchases over $5,000

a. Competition: Unless specifically exempted (see Section 4.5), procurement methods for purchases over $5,000 must include: competitive bidding; competitive sealed proposals; group purchasing; and/or alternate methods relevant to the specific application of goods or services purchased.
b. Documentation for Requisition: Departments must submit a vendor's quote along with the purchase requisition to the Purchasing Department. The quote must include a detailed description of the type and quantity of items to be purchased. Purchasing will use this information as the basis for conducting a competitive bidding process and creating the purchase order.
c. Documentation for Purchase Order: For all purchases over $5,000, documentation must be attached to the purchase order that substantiates (a) basis for contractor selection; (b) justification for lack of competition when competitive bids or offers are not obtained; and (c) basis for award cost or price. This requirement applies to all university funds, including grants transferred from other institutions. It does not apply to agency funds, which do not belong to the university.
d. Payment Method: All payments for purchase orders must be made on a PO voucher with the appropriate invoice attached.

2.3. Purchases between $5,000 and $25,000 - Informal bids

a. All items in section 2.2 apply.
b. Most purchases between $5,000 and $25,000 will involve an informal bidding process. Purchasing will send a minimum of three (3) telephone, e-mail or fax bids to vendors. A minimum of two (2) State of Texas certified Historically Underutilized Businesses (HUBs) will be contacted if available for that purchase.

2.4 Purchases over $25,000 - Formal bids

a. All items in section 2.2 apply.
b. Purchasing will post bids on the State of Texas Electronic State Business Daily (ESBD). Purchasing will check the Excluded Parties List System (EPLS) website to make sure vendor is not on the excluded list and upload a screen print of the EPLS website to the purchase order.

2.5 Purchases over $100,000

a. All items in sections 2.2 and 2.4 apply.
b. A HUB Subcontracting Plan is required with bidding documents, if the Purchasing Department determines that subcontracting opportunities are likely.

2.6 Purchases over $1,000,000 per fiscal year

a. All items in sections 2.2, 2.4, and 2.5 apply.
b. All purchases over $1,000,000 within a fiscal year must be approved by the UHS Board of Regents, except for new construction or major building renovation or repair that is less than the amount requiring Texas Higher Coordinating Board action (currently $4,000,000). This requirement includes a series of purchases made by the same department to the same vendor for the same goods or services that if combined would require board approval.

2.7 Requirements that apply regardless of dollar amount

a. Radioactive materials, x-ray machines, Class 3b and 4 lasers, biological safety cabinets and other hazardous materials must be purchased through the Purchasing Department and must be pre-approved by the campus Environmental Safety Officer.
b. Vehicles, including "golf carts" used on campus, must be purchased through the Purchasing Department and must be pre-approved by the campus Fleet Coordinator.
c. UHS shall provide equal opportunity and access to all vendors for the purchase of goods and commodities. The Purchasing Department will assist in identifying HUBs for any purchase. HUB information may be found at: http://www.window.state.tx.us/procurement//cmbl/cmblhub.html
d. Departments shall purchase goods, whenever possible, from persons with disabilities (Texas Industries for the Blind and Handicapped (TIBH)). The Purchasing Department can provide a list of TIBH contracts. TIBH contracts may be viewed at the following website: http://www.tibh.org/catalog/index.php
e. The State of Texas has awarded term contracts that are available for use by all state agencies and institutions of higher education. Information, regarding what items are available on state term contracts, may be found at: http://www.window.state.tx.us/procurement/contracts/all_term/. Departments are highly encouraged to review and utilize the state contracts whenever possible. When using a state term contract a requisition must be submitted to the Purchasing Department regardless of dollar amount.
f. There are several contracts available that UHS can use when purchasing items. When using these contracts it is not necessary to bid the purchase. However, Purchasing may bid items if it is considered in the university's best interest. Some examples of contracts are: UHS, E&I Cooperative Service Inc., Department of Information Resources (DIR), TXMAS, U.S. Communities and The Cooperative Purchasing Network (TCPN). Contact the Purchasing Department for more details.

3. EMERGENCY PURCHASES

3.1 An emergency purchase is defined as a purchase of goods or services that if not secured immediately, UHS will suffer financial or operational damage.

a. In the case of an isolated emergency that affects a particular department, the department must notify the Purchasing Department immediately. If the emergency happens after normal business hours, the department shall notify the Purchasing

Department on the next business day. A written justification is required (see Purchasing website for form) and must be attached to the requisition.

b. In the case of a campus-wide emergency, such as a natural disaster that causes extensive property damage, the Purchasing Department may implement campus emergency procurement procedures that may include offline purchase requests, if the online purchasing system is not available, suspension of competitive bidding rules to expedite emergency purchases, and increased delegated authority to departments to make some emergency purchases themselves. Purchasing may also require departments to maintain or upload additional documentation related to these purchases for insurance purposes.

4. PURCHASE OF SPECIFIC GOODS OR SERVICES

4.1 Lease and rental of machines and equipment that do not include an operator are considered goods and must be routed through the Purchasing Department on a purchase requisition regardless of dollar amount. Lease and rental of machines and equipment that include an operator provided by the supplier are considered services and must be routed through Contract Administration on a contract regardless of dollar amount.

4.2 Printing Services

a. State Funds: The purchase of printing services with state funds costing more than $1,000 must be routed through the Purchasing Department on a purchase requisition for competitive bidding, unless the department uses a UHS or UHS-contracted printing service. Printing services purchased with state funds that cost $1,000 or less may be purchased by the department on a voucher or P-Card without competitive bidding. Authority to make departmental purchases is delegated by each component's policies.

b. Local Funds: The purchase of printing services with local funds costing more than $5,000 must be routed through the Purchasing Department on a purchase requisition for competitive bidding, unless the department uses a UHS or UHS-contracted printing service. Printing services purchased with local funds that cost $5,000 or less may be purchased by the department on a voucher or P-Card without competitive bidding. Authority to make purchases for $5,000 or less (including freight) is delegated by each component's policies.

4.3 Lease of Space

All lease-of-space requests for UHS, regardless of the dollar amount, must be submitted to the UHS Contract Administration Department for contract compliance and the Chancellor's approval. This is not a delegated item to component university Presidents.

a. State Funds: The Texas Facilities Commission must be given the opportunity to obtain leased space if the lease will be paid from state funds. The UHS Facilities Planning and Construction (FP&C) Department and UHS Contract Administration Office will coordinate the required activities with Texas Facilities Commission after

obtaining approval of the Chancellor.

b. Local Funds: The UHS FP&C Department and the UHS Contract Administration Office will work together to ensure compliance with all legal and administrative requirements.

4.5 Exempt Purchases

The following goods and services are exempt from competitive bidding requirements and may be purchased by departments regardless of dollar amount:

a. Membership fees and dues. However, memberships paid with state funds must be on the UHS approved membership list: http://www.uh.edu/finance/Doc_Ref/General_Ref/ProfOrgMemb.htm
b. Newspaper and magazine subscriptions
c. Registration fees
d. Utilities. However, some utility services are contracted by UHS FP&C and all UHS departments must utilize the contracted vendor.
e. Library payments for materials and subscriptions that are utilized by library patrons.
f. Postage meter rental, postal permits
g. Court costs, criminal, civil and administrative hearings
h. Human cadavers, skin, blood, bones, tissue
i. Revenue bond expenses, including fees for credit rating agencies, paying agents, credit enhancement, state agency fees, and other associated costs of issuing these bonds
j. Training and tuition for employees (must be approved by Scholarships and Financial Aid)
k. Reimbursement of employee moving expenses. However, direct payments to moving companies require a contract or purchase order.
l. Other exceptions as determined by UHS components

4.6 Purchases that Require Additional Approval

a. Each UHS component may require additional approvals for certain types of purchases or dollar amounts. See the component purchasing policy for more information.

5. Types of Solicitations

5.1 Request for Information (RFI)
This solicitation is used to obtain general information. It is not binding and is informal, but may give an estimate for budgeting purposes.

5.2 Verbal Quote
When contacting a vendor for a verbal quote, request the quantity, description, delivery time and method, price, and information about any extra charges, such as shipping. This can be confirmed with a purchase order acknowledgment, fax or e-mail.

5.3 Request for Quote (RFQ)
Solicitation is used to receive vendor's written commitment for specific terms, price, quantity, delivery and services. This does not commit the university to purchase. The vendor will hold the requirements firm for a specific period of time. This is used when the requirements are clearly identifiable.

5.4 Invitation to Bid (ITB)
The ITB is used when the requirements are specific. It is used primarily for commodities and general services. This solicitation is binding on both the vendor and university. There is a specific bid opening date and lowest price is normally the basis for award, assuming all vendors can provide the requested commodity or service.

5.5 Sole Source (Proprietary)
A sole source (proprietary) purchase is justified only when an equivalent product or service is not available. When the specification limits consideration to one manufacturer, one product, or one service provider, a written justification must be provided. A sole source (proprietary) justification form (see Purchasing website) must be attached to the requisition.

5.6 Request for Qualification (RFQ)
This solicitation allows the qualification of vendors based on certain criteria to determine the most qualified vendor. The criteria include professional experience, service, capability, personnel, licenses and/or references.

The RFQ can be used to select a professional service provider (i.e., the most qualified respondent) or to develop a short list of qualified vendors from which to solicit a request for proposal.

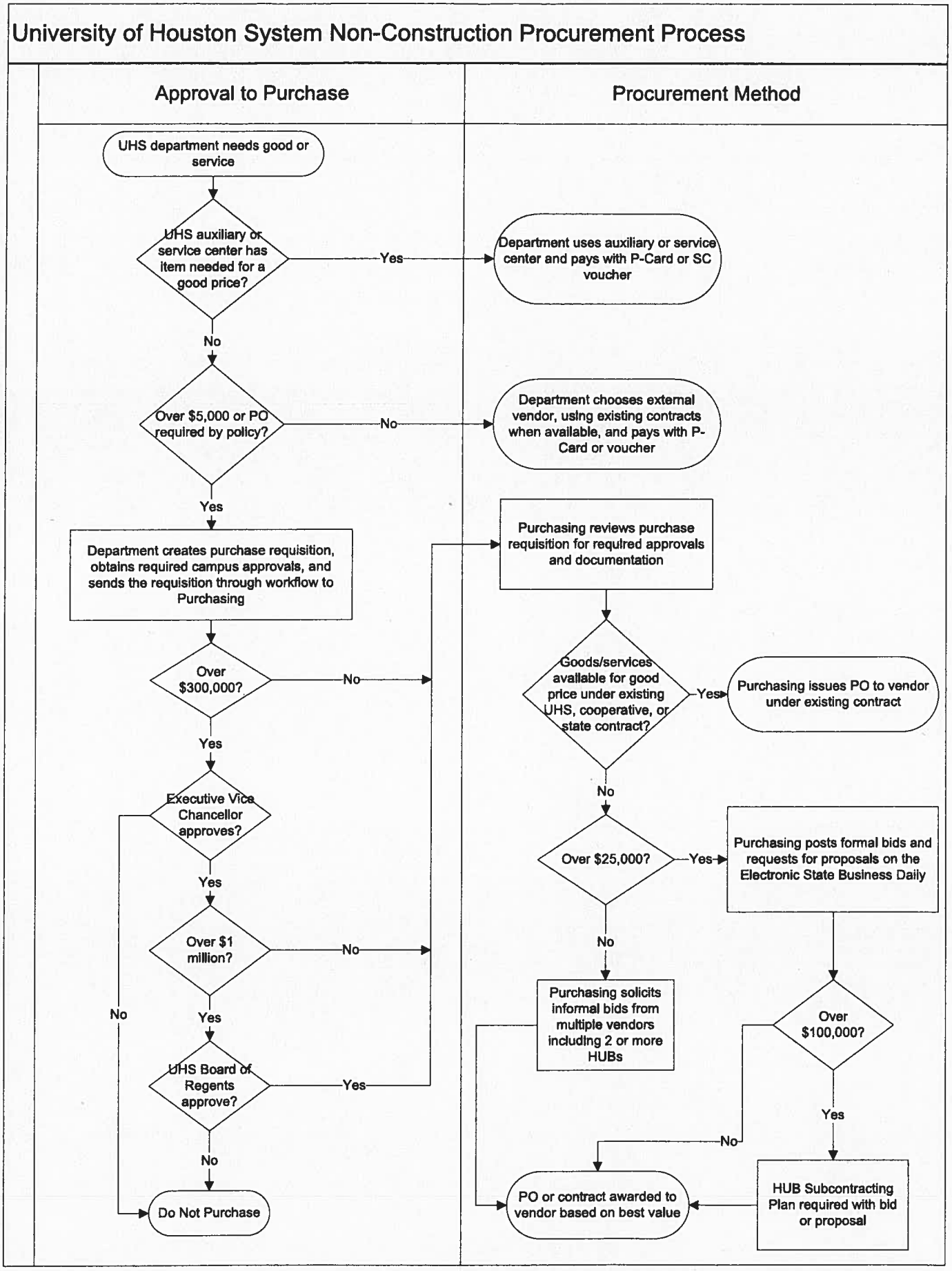
5.7 Request for Proposal (RFP)
Used when requirements are not clearly defined. Included in the solicitation is a statement of work instead of specifications. A RFP is used to locate solutions and sources. In the solicitation there are clear evaluation criteria with weights and the award is not exclusively price based.

5.8 Request for Offer (RFO)
This is the primary purchasing method for procuring Information Technology (IT) commodities and services. All other solicitation procedures as listed in Section 5.4 ITB are followed. Negotiations are allowed as well as encouraged in this solicitation.

Related System Policies and Statutes

- UH System Board of Regents Policy 55.01, 55.02, 55.04
- UH System Administrative Memorandum 03.A.05, 03.B.01, 03.B.02
- Texas Government Code 2254, Subchapters A and B
- Texas Education Code 51.9335

University of Houston System Non-Construction Procurement Process



UH System Purchasing Process

11/15/2011
F&A – J-36

Uniform Process

- UHS Purchasing Directors created uniform purchasing guidelines
- Same process and dollar thresholds
  - **Spot Purchase**: use existing contracts when possible
  - **Informal Bids**: contact at least 3 vendors, including 2 HUBs, when available
  - **Formal Bids**: post on Comptroller's Electronic State Business Daily (ESBD)
- Purchasing Directors have regular meetings to discuss process improvements and collaborate on HUB events

Uniform Bidding Thresholds

FY11 Bidding Thresholds

Campus	Spot Purchase	Informal Bids	Formal Bids
UH/UHSA	$1 to $5,000	$5,001 to $25,000	$25,001 and up
UHCL	$1 to $10,000	$10,001 to $25,000	$25,001 and up
UHD	$1 to $5,000	$5,001 to $25,000	$25,001 and up
UHV	$1 to $15,000	$15,001 to $25,000	$25,001 and up

FY12 Bidding Thresholds

Campus	Spot Purchase	Informal Bids	Formal Bids
UH/UHSA	$1 to $5,000	$5,001 to $25,000	$25,001 and up
UHCL	$1 to $5,000	$5,001 to $25,000	$25,001 and up
UHD	$1 to $5,000	$5,001 to $25,000	$25,001 and up
UHV	$1 to $5,000	$5,001 to $25,000	$25,001 and up

UH System Funds Only

- Purchasing Guidelines only apply to UHS funds
  - Not Agency Funds

    Example: UH professor is chair of a national conference one year and uses an agency fund for depositing registration fees and paying conference expenses
  - Not Foundation Funds
- Restricted Gift, Contract, or Grant Funds
  - Follows Purchasing Guidelines, but additional restrictions may be required by donor or sponsor

Best Value Considerations

Texas Education Code 51.9335

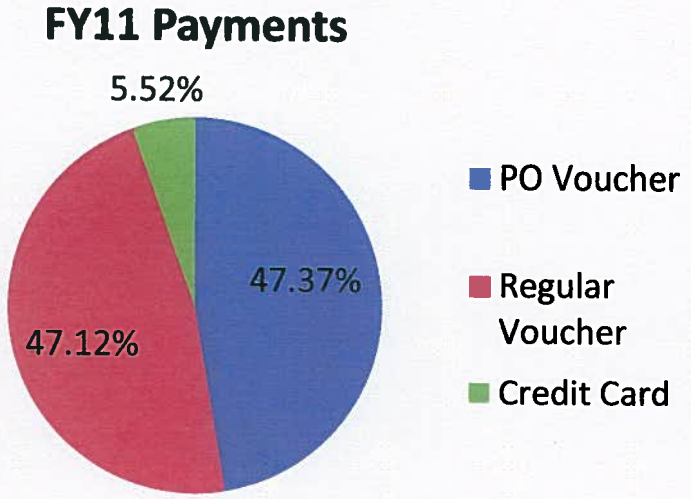
- Price
- Vendor's reputation
- Quality of goods or services
- Extent to which goods/services meet UHS needs
- Past performance with UHS
- Compliance with state rules related to HUBs and persons with disabilities
- Long-term cost to UHS

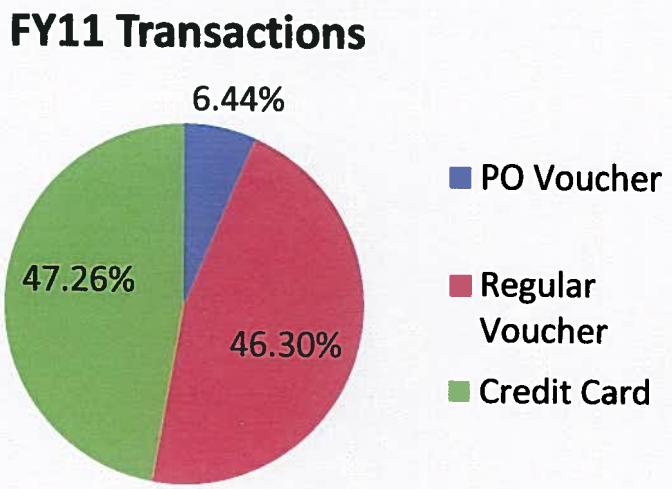
FY11 Purchase Orders and Payments

Campus	FY11 PO Count	FY11 Payment Transaction Count			
		PO Voucher	Regular Voucher	Credit Card	Total
UH/UHSA	3,512	10,472	75,271	76,836	162,579
UHCL	3,112	8,447	4,532	1,168	14,147
UHD	884	3,279	7,023	9,067	19,369
UHV	338	667	4,862	5,887	11,416
Total	7,846	22,865	91,688	92,958	207,511

Campus	FY11 PO Amount	FY11 Payment Amount			
		PO Voucher	Regular Voucher	Credit Card	Total
UH/UHSA	212,219,227	181,513,304	180,567,561	21,138,028	383,218,893
UHCL	23,447,700	22,950,878	8,495,933	305,673	31,752,484
UHD	15,710,960	15,800,331	14,828,563	2,475,929	33,104,823
UHV	3,108,600	3,416,773	14,811,323	1,191,958	19,420,054
Total	254,486,487	223,681,286	218,703,380	25,111,588	467,496,254

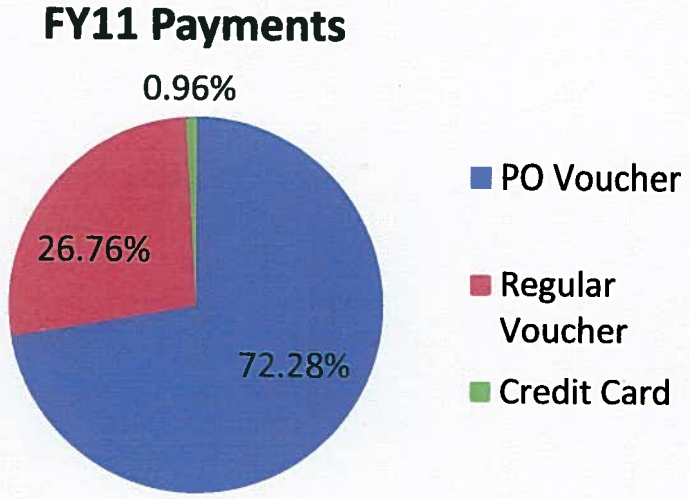
University of Houston/UH System Administration

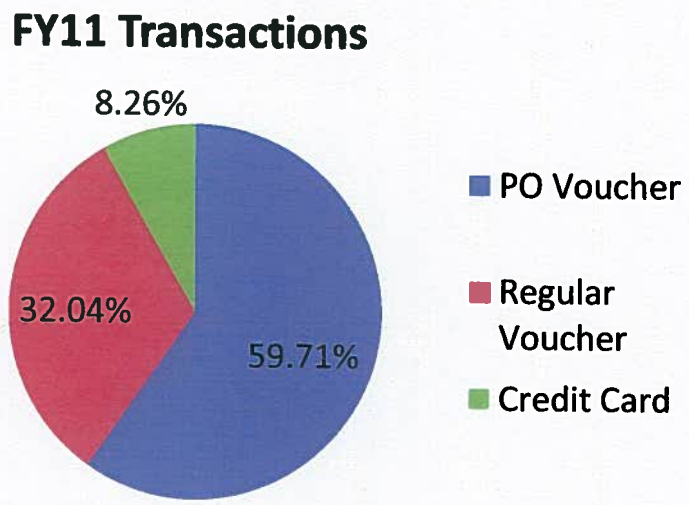




UH/UHSA	PO Voucher	Regular Voucher	Credit Card	Total
FY11 Payments	$181,513,304	$180,567,561	$21,138,028	$383,218,893
FY11 Transactions	10,472	75,271	76,836	162,579

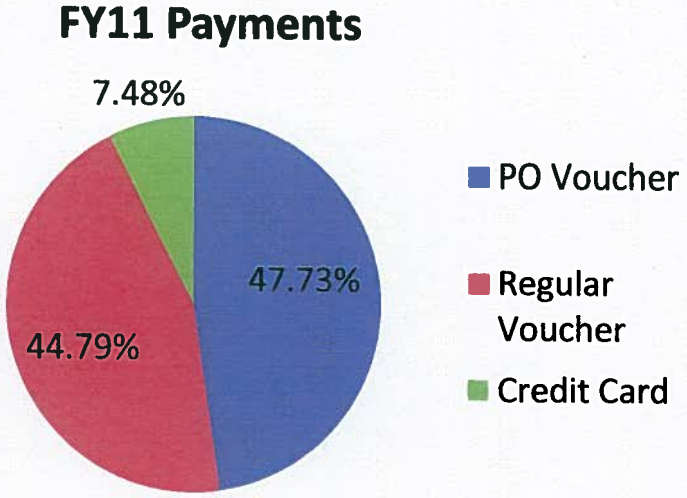
UH Clear Lake

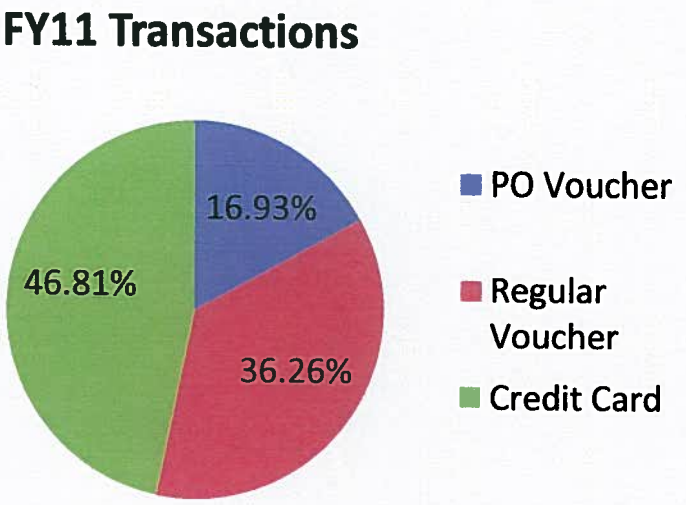




UHCL	PO Voucher	Regular Voucher	Credit Card	Total
FY11 Payments	$22,950,878	$8,495,933	$305,673	$31,752,484
FY11 Transactions	8,447	4,532	1,168	14,147

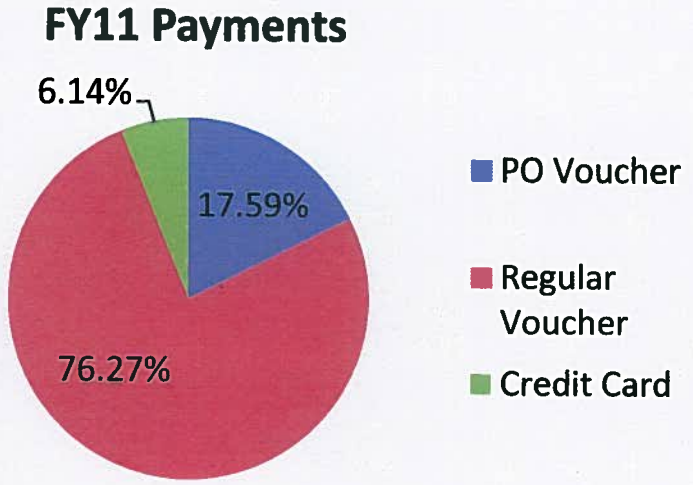
UH Downtown

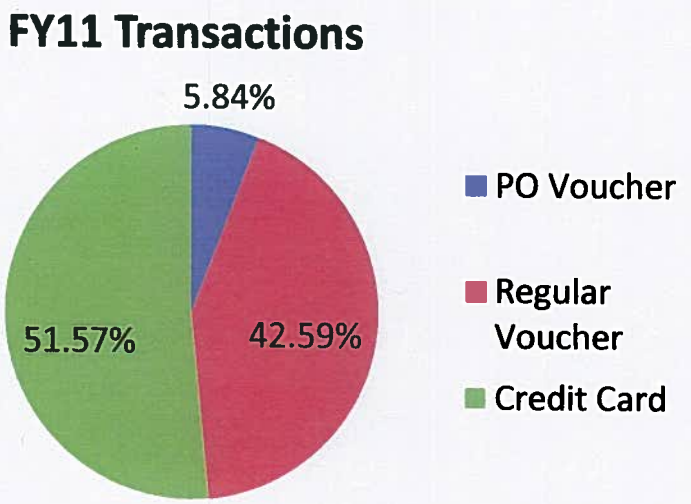




UHD	PO Voucher	Regular Voucher	Credit Card	Total
FY11 Payments	$15,800,331	$14,828,563	$2,475,929	$33,104,823
FY11 Transactions	3,279	7,023	9,067	19,369

UH Victoria





UHV	PO Voucher	Regular Voucher	Credit Card	Total
FY11 Payments	$3,416,773	$14,811,323	$1,191,958	$19,420,054
FY11 Transactions	667	4,862	5,887	11,416

Campus Procurement Officers

- Christopher Burton
  - University of Houston/UH System Administration
- Jeanne Cumpian
  - UH Clear Lake
- Mersades Richard
  - UH Downtown
- Brenda Svetlik
  - UH Victoria