UH - Downtown Administrator's Statement

Overview

Promoting student access and success have been the core components of the university's mission since its founding in 1974. Through flexible scheduling of courses, innovative use of technology and distance learning opportunities, and comprehensive support services for the under-prepared, UHD provides educational opportunities for many who might not otherwise be able to pursue a college degree.

Evidence of the university's commitment to both access and success can be found in its steadily growing enrollments. A variety of factors can influence where an individual chooses to go to have his or her educational needs met, but chief among them are an institution's reputation for quality programs and its responsiveness to marketplace demands. Enrollment also is a measure of the university's success in expanding educational access to higher education by developing new markets among groups not currently being served by any institution.

UHD's total enrollment has increased by 46% over the past ten years and now stands at 12,742. Further, the 2,207 students who earned a degree from UHD in FY 2009 represented a 105% increase over the 1,074 who graduated ten years earlier. Under-served minority graduates have increased at an even greater rate - from 539 to 1,246 for the same time frame, an increase of 131%. UHD leads its institutional peers in the production of bachelor-level STEM graduates. As the university prepares for the new biennium, its highest priority will be to continue providing those programs and support services that enable students to achieve their academic objectives and become productive, contributing members of society. UHD's student body is 37% Hispanic, 29% African-American, 22% White, and 10% Asian and closely mirrors the population of Houston (43% Hispanic, 23% African-American, 27% White, and 5% Asian). UHD remains the most ethnically diverse university in the state. The average UHD student is 28 years old, works more than 30 hours per week, commutes to campus, and attends the university on a part-time basis.

As a university strongly committed to the state's Closing the Gaps goals, UH-Downtown has focused on expanding educational access and promoting student success. One element of accessibility is cost, and UHD has long been among the best values in Texas public higher education. In FY2009, a student at UHD taking a 15-hour undergraduate load paid $2,624 in tuition and mandatory fees, 10% below the state average of $2,914 for Master's-level universities. UHD's continuing ability to keep its costs well below the state average for its peer group is particularly impressive considering that its FY2009 appropriations-per-FTSE funding from the state was $4,612, which was 53% below the $9,954 average of its Master's-level peer group.

Significant Changes in Policy

UHD is in the process of developing automatic admissions standards designed to ensure that students who are admitted to the university have a reasonable chance to benefit from its programs. For many years the university has admitted any applicant with either a high school diploma or a GED. Legitimate questions have been raised regarding whether this policy of "open admissions" has benefitted all students as intended. In rethinking its admissions policies, the university is proud of and affirms its long-standing commitment to access and success. But, we recognize that community colleges provide a less expensive alternative and are better equipped than UHD to serve the educational needs of those students who require extensive remediation. The legislature and the Texas Higher Education Coordinating Board are increasingly emphasizing first-time-in-college (FTIC) six-year graduation rates to define institutional success. THECB rules have been adopted limiting the amount of time under-prepared students have to prepare themselves for college-level work. On the national level, the federal government has tied federal financial aid to

"ability to benefit," and recently established language that requires institutions to return funds awarded to students who failed to complete their courses. These changes have caused many open-admission universities, including historically Black and Hispanic-serving institutions, to reexamine their policies and has resulted in many of them adopting admission criteria based on the “ability to benefit” principle.

Significant Changes in Provision of Service

The basic mission of the university remains unchanged but a number of actions have been taken in the past two years to expand and improve the services that it provides, including the development of a revised and more concise mission statement. A new Bachelor of Business Administration degree program has been added in Insurance and Risk Management along with two new Bachelor of Applied Arts and Sciences (BAAS) programs in Applied Administration and Information Technology. These BAAS programs are specifically designed for students holding an Associate of Applied Sciences degree (AAS) from a community college to more easily apply that degree toward the completion of a baccalaureate degree.

UHD continues to work with area community colleges to facilitate the transfer process of their students who desire to earn a baccalaureate degree. Examples of this include articulation agreements and joint-admissions programs and the offering of selected degree programs on-site at community college facilities. The most significant expansion of service this past year has been the opening of UHD-Northwest. The northwest region of the Houston metropolitan area is among the largest under-served regions in the state in terms of access to baccalaureate and master's degrees offered by senior-level institutions. More than 1.5 million people live in the region with about 250,000 enrolled in regional school districts. The University of Houston System signed a five-year lease agreement with Lone Star College for instructional space at LSC’s new University Park location, located off State Highway 249. By the end of 2010-2011, UHD will be offering 16 baccalaureate and 2 master’s degrees at this site, with programs from each of its four degree-granting colleges.

The university is creatively implementing new ways of delivering its programs in response to changing population patterns in the Houston metropolitan area. Between 2000 and 2009 the City of Houston grew by approximately 9% while surrounding counties like Fort Bend and Montgomery were growing by more than 40%. To better serve the region's outward growing population, UHD has increased the number of courses available online and at various off-campus sites. The dramatic increase in the last five years in the number of UHD students taking courses online and off-campus demonstrates the importance of distance education in providing convenient access to higher education for both new and currently enrolled students. In spring 2010, 20% of UHD’s students were taking at least one course online, and 27% of its students were taking at least one course online or at one of UHD’s off-campus locations. Another action taken to reduce student travel time and expense includes the scheduling of more ‘hybrid’ courses, a blend of face-to-face and on-line which meet just once per week. The 107 hybrid sections that the university offered in the spring 2010 semester enrolled a total of 2,098 students.

UHD has a long tradition of working with inner city schools and community organizations and will continue to do so, but as it has added more programs and developed a reputation for quality education, it has attracted even larger numbers of students from the metropolitan area's outlying regions. A zip code analysis of its current students revealed that 50% of them lived outside the beltway, 35% lived inside the beltway but outside the 610 loop, and only 15% lived inside the loop. While UHD is clearly an institution serving the entire metropolitan region, the ‘Downtown’ part of its name suggests a much more limited service area. The university is currently reviewing alternative names for UHD reflective of the fact that we serve the entire city of Houston and surrounding areas. We expect to be able to go to the legislature in early 2011 with a name change proposal.

Significant Externalities

The contribution that the university is able to make to the state’s priority educational goals in the years ahead will be affected by a number of external factors.

The demand for higher education will increase as the population grows. Harris County continues to be the nation's third most populous county with an estimated 4.1 million residents (June 2009), and remains one of the fastest growing counties in the United States, with a population increase of 19% since 2000 and 46% since 1990. Educational forecasts suggest that 2010 will produce the greatest number of high school graduates in the nation's history, with sustained high numbers for several successive years as a result of the baby boom echo. While the traditional white, middle-class 18-22 year old group is declining in size, the number of minority students and older returning students will be increasing. The university anticipates continued enrollment growth, as those fast growing segments of the college-going population are groups that the university has served effectively in the past.

While UHD has been able to keep its costs significantly below the state average, many students would be unable to attend UHD without substantial financial aid. Changes in state and federal student aid programs have a significant impact on UHD's student body, over 80% of which is currently receiving some form of financial aid. Of particular concern are the recent recommendations of the Texas Higher Education Coordinating Board (THECB) that would raise the eligibility requirements for the Texas Grant program. At the federal level, the Department of Education's proposed 'Program Integrity' rules will tie federal financial aid more stringently to satisfactory academic progress, which would have an adverse impact on UHD students, many of whom are capable-but-underprepared first-generation college students. These new DOE rules will be effective July 1, 2011.

UHD has a similar concern over the recent recommendation by the THECB that the legislature fund only completed hours. UHD serves many students who attend on a part-time basis while holding full-time jobs and raising families. Changed work schedules or family crises often result in some students withdrawing from courses before the end of a semester, but the cost of offering these courses will remain the same whether students withdraw from them or not.

Another factor that will affect how UHD carries out its mission is the academic preparation of its incoming students. The performance of students on the Texas Assessment of Academic Skills (TAAS) exit-level test has shown some improvement in recent years. UHD has traditionally had a disproportionate number of students requiring some form of remediation but is now seeing some decrease in the number of students entering with academic deficiencies. Of the new freshmen admitted last fall, 80% required some remediation, a decline of 5% from what it had been five years earlier. The continuation of this trend would permit UHD to reduce the resources it must now commit to developmental education.

Several new rules and reporting requirements have significant compliance costs and have placed additional pressure on university resources. These include the provisions of HB 2504 that require universities to post and maintain faculty curriculum vitae and course syllabi on their web sites. The new categories for reporting student race and ethnicity have required extensive reprogramming and have created significant challenges for comparing data over time.

Approach Taken in Preparing for a 10 percent Baseline Budget Reduction and Assessment of the Reduction's Impact

The most significant action taken to absorb the 5 percent general revenue appropriation reduction in FY2010 was to cancel mid-year pay raises that had been scheduled to go into effect on March 1, 2010. UHD's FY2011 budget includes a $1.3M set-aside for meeting another 5 percent reduction in general revenue, should it occur. The funds for this reserve were provided in part through a series of cuts and reallocations identified during the budget development process, including disengagement from two distance education sites, the elimination of vacant staff positions, and the reduction of Maintenance and Operation budgets in selected areas.

Early in FY2010 the university established a broadly representative Budget Reduction and Efficiencies Task Force whose charge was to identify areas of opportunity for trimming the university budget. The report that the task force produced is serving as a resource for the university leadership as it works to develop a comprehensive plan for dealing with the cuts projected for FY2012/2013. The goal is to identify reductions and efficiencies that will save more than will be required to accommodate reduced general

revenue support. The additional savings will provide the resources necessary to fund new initiatives focused on student success, including initiatives that support UHD's recently adopted strategic priority of assuring that all students have a 'high impact educational experience' during their time at UHD. These 'high impact' experiences can range from internships to community service to hands-on undergraduate research.

Purpose of Any New Funding Being Requested

UHD urges that efforts continue to provide for Texas's economic future through investment at all levels of the state's educational system. Continued support for the state's formula funding system will be necessary if Texas universities are to compete effectively with institutions from other states and, increasingly, institutions from around the world. The formula system has provided state universities with a degree of funding stability and predictability that is necessary for effective planning. In the area of non-formula funding, it is important that state leaders continue to make clear their commitment to fund future debt service on all outstanding tuition revenue bonds.
The university urges that every effort be made to reverse the recent trend of shifting an increasing share of the cost of higher education to the individual student. The impact of this change has been greatest on lower-income Texans, but as the Closing the Gaps plan recognizes, the state as a whole will suffer if it fails to develop the educated workforce needed to remain competitive in today's information economy. An educated citizenry is a public good and should be recognized as such.

The university also strongly supports the Incentive Funds program that was approved during the 80th session of the Legislature and urges that this program be continued. Institutions that have had the greatest success in helping the state achieve its higher education goals should be provided additional support so that they can continue with and expand those efforts. The university requests that the legislature consider institutionalizing Incentive Funds in a manner similar to what is done with HEAF. The one drawback to the Incentive Fund program as currently constructed is that there is no assurance that it will carry forward from one biennium to the next. As a result, universities are reluctant to build this state support into their base budgets, which then limits the institutions in how the funds can be applied.

In addition to seeking greater overall support for higher education through the formula system, UHD is seeking special funding for the following institution-specific special item requests.

Tuition Revenue Bonds and Exceptional Items

UHD is submitting one TRB request and one Exceptional Item request to the 82nd Legislature for consideration. These are:

Science & Technology Building Tuition Revenue Bond Retirement

The university is requesting authority to issue tuition revenue bonds to fund the construction and equip a state-of-the-art 120,000 sq. ft. classroom/lab building to serve as the home of the College of Sciences and Technology, one of four degree-granting colleges at the university. The college is home to all STEM (Science, Technology, Engineering, and Mathematics) academic programs and provides opportunities for under-represented groups to work for and attain degree goals in STEM areas. The funding requested would provide for the projected debt service costs associated with the bond issue described.

As the university's STEM programs have grown in size and recognition, the deficiencies in existing science and technology classroom and lab space have become an increasing challenge. At present, science and technology labs are located in the original UHD structure, the One Main Building, which was never designed for this purpose.

In the fall of 2009, UHD operated with an overall space deficit of over 346,000 sq. ft. (assignable), with most of that coming in the areas of Teaching and Research. As the institution matures, it is requiring more 'special-use' as opposed to 'general use' space. A dedicated Science & Technology Building will be the first step in that direction.

Expansion of the UHD Scholars Academy to all UHD Colleges

Over the past decade UHD has developed a true 'center of excellence' with its nationally recognized Scholars Academy. The UHD Scholars Academy, previous winner of the THECB's STAR Award, was cited in President Bush's 2007 budget request for NSF funding as a model program in science preparation at the collegiate level. The current UHD Scholars Academy is a multi-faceted program designed to prepare high school students and college freshmen for the rigors of college-level science curriculum. UHD proposes establishing the same successful programmatic and pedagogical strategies, mentoring, tutoring, and undergraduate research opportunities across all disciplines of the university. While external funding has provided much of the resources needed for the activities of the STEM-focused Scholars Academy, securing external funding sufficient to support a university-wide Scholars Academy is unlikely, as there are not as many grant opportunities for the non-STEM disciplines. This special line item will provide critical funding for the development of these "centers of excellence" university-wide.

Plans for Programs/Activities that had been Supported with ARRA Funding

In the FY2010/2011 biennium the university received ARRA funds in three forms, as (1) general revenue (GR) replacement, (2) as Incentive Funds, and (3) as pass-through Community Development funds. The loss of ARRA funds to support the community development programs will have no direct impact on the university. If Incentive Funds are eliminated as ARRA funding falls away, the university would be impacted, as it would have less funds to allocate to those programs that were successful in graduating at-risk students. However, because the University has never built Incentive Funds into its base budget, that loss could be managed without significant operational disruption. The greatest challenge to UHD would be in the area of GR replacement. The general revenue funds that were replaced by ARRA funds in this current biennium are critical operating dollars that support base operations. The likely loss of such funding, along with the strong possibility of deeper cuts due to reduced state revenue, drives our efforts to develop a comprehensive budget reduction plan for FY2012/2013.

Conclusion

The University of Houston-Downtown is an institution that is deeply committed for 36 years to the state's goal of providing "an affordable, accessible, and high quality system of higher education that prepares individuals for a changing economy and workforce." Demographic projections indicate that there will be 500,000 new students coming through the educational pipeline over the next decade. Many will be first-generation college students and a disproportionate number of them will be minorities. As the most ethnically diverse institution in the state, UHD will play a major role in providing access to this group. It has already made major contributions to meeting the "Closing the Gaps" goals and can make even greater contributions in the future.

While the current trends for UHD appear positive, it recognizes that the future is never certain. In the years ahead, UHD's contribution to the state's priority educational goals will be affected by a number of external factors, ranging from state funding levels to changing demographics to changes in the way students approach the post-secondary education experience. To assure its continued success, the university recognizes that it must be a responsive institution, not tied to past practices but ready to make the necessary changes to meet new challenges as they arrive. UHD is proud to be a public, urban university whose purpose is to serve the educational needs of the people of Texas.

University of Houston – Downtown

Community Development Project
(Existing Item)

Description and Justification
This strategy provides continued funding for community development activities on the near north side of Houston. These funds serve as seed money for community-based efforts to revitalize two separate economically depressed north side neighborhoods - the predominately African-American Acres Homes subdivision and the largely Hispanic area bound by downtown, I-45N, 610 Loop North and Highway 59N. In FY2010 the university was able to leverage the community development funds to provide service learning opportunities for several UHD students.

Factors Impacting Strategy
The individual projects include a variety of economic development and community enhancement programs. Each project must provide semi-annual progress reports to the university leadership.

	Appropriated		Requested	
	FY10	FY11	FY12	FY13
Base Dollar Funding	$382,500	$363,375	$363,375	$363,375
Exceptional Funding				
Total	**$382,500**	**$363,375**	**$363,375**	**$363,375**

University of Houston - Downtown

Tuition Revenue Bond – Debt Service
(Existing Item)

Description and Justification
Continuation of this special item provides funds for debt service on tuition revenue bonds issued for UHD's three classroom buildings – the 147,000 gsf Academic & Student Services Building (Fall 1998), the 90,000 gsf Commerce Street Building (Fall 2003), and the 132,000 gsf Shea Street Building (Fall 2007). This item also provides funds to service debt on bonds issued in 1999 for implementation of Phase II of the UHD Campus Development plan.

Exceptional Funding Request
Debt Service Request for the new Tuition Revenue Bond includes Science & Technology Building ($3,765,175).

Factors Impacting Strategy
In the recent past, during a period of budgetary challenges for the state, the decision was made to provide less than full funding for these fixed obligations. Full funding was later restored but as the state and national economies begin to slow down, the possibility of the legislature providing something less than full funding for these bonds again becomes a concern. From the university's perspective, it is imperative that the state continue to provide the funding needed to fully meet the commitments that have already been made.

	Appropriated		Requested		
	FY10	FY11	FY12	FY13	Priority
Base Dollar Funding	$6,238,320	$6,195,968	$6,194,460	$6,192,117	
Exceptional Funding				3,765,175	1
Total	**$6,238,320**	**$6,195,968**	**$6,194,460**	**$9,957,292**	

University of Houston - Downtown

Expansion of the UHD Scholars Academy to all UHD Colleges (New Item)

Description and Justification

The current UHD Scholars Academy is a multi-faceted program designed to prepare high school students and college freshmen for the rigors of college-level science curriculum. While to this point in its history the Scholars Academy has had a STEM focus, there is no reason to believe that the same programmatic and pedagogical strategies - mentoring, tutoring, and undergraduate research opportunities – can't be applied across all disciplines. While external funding has provided much of the resources needed for the activities of the STEM-focused Scholars Academy, securing external funding sufficient to support a university-wide Scholars Academy is unlikely, as there are not as many grant opportunities for the non-STEM disciplines. This special line item will provide critical funding while UHD seeks new external funding and private foundational support. Ultimately the university's goal is to institutionalize the funding for the Scholars Academy using hard dollars. This request focuses on three key components for student success beginning in high school:

(1) Preparation of high school students entering college-level programs: START Summer Program, START Teacher Institute ($200,000/yr);
(2) Mentoring of college freshmen via a faculty and peer mentoring system: Freshman Workshop, College Success Program, Tutoring & Mentoring ($200,000/yr); and
(3) Early and frequent independent research opportunities: Summer Undergraduate Research Program, Academic-Year Research Program, Student Research Conference ($400,000/yr)

Factors Impacting Strategy

Over the past decade UHD has developed a true 'center of excellence' with its nationally recognized Scholars Academy. The UHD Scholars Academy, previous winner of the THECB's STAR Award, was cited in President Bush's 2007 budget request for NSF funding as a model program in science preparation at the collegiate level. By taking the lessons learned through its STEM-focused Scholars Academy and applying them across the university, UHD believes that similar 'centers of excellence' can be developed in the arts, business, and public service.

	Appropriated		Requested		
	FY10	FY11	FY12	FY13	Priority
Base Dollar Funding					
Exceptional Funding			$800,000	$800,000	2
Total			**$800,000**	**$800,000**	

University of Houston - Downtown

TRB Project Request
Science & Technology Building
(New Item)

Description and Justification
The University of Houston-Downtown (UHD) requests special line item authority to issue up to $41,429,000 in tuition revenue bonds to fund the construction and equip a state-of-the-art 120,000 sq. ft. Science & Technology building. An attached multi-level parking facility, projected at $10,000,000 and to be funded through issuance of auxiliary revenue bonds, will be a part of this overall project. The new building will serve as the home of the College of Sciences and Technology, one of four academic units at the university. The college is home to all STEM (Science, Technology, Engineering, and Mathematics) academic programs and provides opportunities for underrepresented groups to work for and attain degree goals in STEM areas. The funding requested would provide for the projected debt service costs associated with the bonds issued for funding construction.

Factors Impacting Strategy
As the university's STEM programs have grown in size and recognition, the deficiencies in existing science and technology classroom and lab space have become an increasing challenge. At present, science and technology labs are located in the original UHD structure, the One Main Building, which was never designed for this purpose. Beyond the design and functionality of the space, there are safety issues when laboratory facilities are located in a building that increasingly serves primarily as academic, administrative, and student support space.

In Fall 2009 UHD operated with an overall space deficit of over 346,000 sq. ft. (assignable), with most of that coming in the areas of Teaching and Research. As the institution matures, it will increasingly need more 'special-use' as opposed to 'general use' space. A dedicated Science & Technology Building will be the first step in that direction.

	Requested	Priority
TRB Bonding Authority Request	$41,429,000	1
Total	**$41,429,000**	