University of Houston System Administration
Administrator's Statement

As the global economy becomes increasingly driven by the creation of new knowledge and technological innovation, success for the Houston metropolitan area depends increasingly on the existence of a highly-skilled, professional workforce and cutting-edge research and development. As the region's largest provider of comprehensive (baccalaureate to doctorate) higher education services, the University of Houston System must play a primary role in meeting these needs. In short, we must expand access to our universities to all qualified students; we must ensure their success by the completion of a degree; we must deliver programs that correspond to workforce needs; we must conduct research that is relevant to industry and society; and we must do it all with limited resources and in a way that demonstrates accountability to our students and the people of Texas.

To fulfill these mandates, the UH System has four universities – the University of Houston, UH-Clear Lake, UH-Downtown, and UH-Victoria. The University of Houston is the system's comprehensive research university, offering programs from the baccalaureate through the doctorate. UH-Clear Lake is an upper-level/master's university located in Southeast Houston with close ties to NASA's Johnson Space Center and regional community colleges (from which the university draws most of its students). UH-Downtown – Houston's second largest university after UH – is a predominantly undergraduate institution with a limited but growing number of master's programs. UH-Victoria is an undergraduate and master's-level institution that, for the first time this fall, is enrolling freshmen and sophomores as it seeks to become a destination university in the Coastal Bend region of Texas. UHV also has a large presence in Southwest Houston and reaches many students in Houston and beyond through extensive online programs. The UH System Administration is responsible for coordinating the operations of the universities, as well as providing select centralized services (e.g., general counsel, board of regents, auditing).

In meeting the needs of the Houston metropolitan area, the UH System is making significant progress. During the current biennium, the system has achieved significant milestones in both enrollment and research. For the first time, enrollment has exceeded 60,000 students and research expenditures have surpassed $100 million. In addition, total degrees awarded reached a record high last year of 12,524. Among universities nationwide, the UH System remains a model of diversity and a reflection of the city it serves. Our student body is 16% African-American, 16% Asian, 24% Hispanic, and 36% white.

The UH System is also aggressively expanding access to its degree programs through off-campus centers. The pattern of population growth in Houston over the past 20 years has been away from the center of the city in favor of the surrounding suburbs, particularly in the region's "western hemisphere." Unfortunately, as a result of distance, traffic, work and family responsibilities, students who live in these areas often find it difficult if not impossible to pursue a college education at our universities' main campuses, which, in the case of UH and UH-Downtown, are centrally located. To meet the needs of these students we have developed the UH System at Sugar Land and Cinco Ranch, both of which enjoy permanent facilities and broad community support in the southwestern and western parts of the metropolitan area. UH-Clear Lake also delivers programs in Pearland, a high-growth community in the southern part of the region, and is opening this fall a brand new permanent facility in partnership with the City of Pearland. What remains underserved is Northwest Houston, an area with a population of 1.4 million people (larger than the city of San Antonio) and no permanent university in the region. To address the needs of this region, the UH System has formed a partnership with Lone Star College, through which UH and UH-Downtown have begun delivering upper level programs on one of LSC's campuses. Program offerings are limited at this time but will expand during the upcoming biennium.

Given the breadth of the UH System institutions and the significant amount of expansion we are undertaking, coordinated planning is essential if we are to fully serve our constituents. Over the past two years, Chancellor Renu Khator and the Board of Regents have led a comprehensive strategic planning process through which new mission statements, goals, principles and accountability measures have been developed for the system and its universities. In addition, the universities have developed enrollment and research projections for 2020 and are in the process of developing academic and facilities master plans. Upon completion, these plans will identify the programs, faculty, staff and infrastructure needed to achieve the 2020 enrollment and research projections, as well as the resources needed to get there. The UHS universities are also working collaboratively on four system-wide initiatives in health, global outreach, and student and faculty pathways that have been identified during this strategic planning process.

Central to all of these planning activities are the UH System's new goals – student access and success, national competitiveness, and community advancement – all of which further the state's goals for higher education identified in "Closing the Gaps," as well as the social and economic well-being of the Houston metropolitan area.

1. Student Access and Success

   The UH System will commit to providing access to the people of the Greater Houston Region and the state. Each university within the system will make student success its top priority and will hold itself publicly accountable for achieving this goal.

2. National Competitiveness

   The City of Houston (and the Greater Houston Region) will be known for having one of the best metropolitan systems of higher education in the nation.

3. Community Advancement

   The UH System will be the engine of social and economic advancement of the metropolitan region and the state. Each university within the system will engage with its community and will hold itself accountable for contributing toward community advancement.

As we look to the future, the needs of our constituents and the goals we have established for serving them necessitate greater resources than our universities currently possess. By 2015, demographic forecasts predict the Houston metropolitan area will add another 600,000 persons. Accommodating a corresponding level of enrollment growth at our universities will require tremendous investments in faculty, staff, facilities and other infrastructure. Therefore, we ask that the Legislature consider the items listed below as areas of critical concern to the University of Houston System. We do so, however, with full recognition of the unprecedented budget deficits the state is facing and the difficult decisions that lie ahead. We hope that in making budgetary decisions the Legislature will give strong consideration to the UH System's priorities, given the importance of higher education to the future of Texas.

1. Base Formula Funding

   As demands on our universities grow, it is imperative to provide adequate resources for basic educational services through the formulas. Without sufficient base formula funding universities will not be able to accommodate enrollment demand through course delivery; we will not be able to enhance program quality by recruiting and retaining exceptional faculty members; and we will not be able to enhance student success through academic support services. In short, we will not be able to achieve the goals of "Closing the Gaps." The UH System encourages the Legislature to provide sufficient funding for the formula so that it covers at least current services (growth plus inflation) at the state's universities. The UH System also recommends that the state maintain its practice of providing lump sum funding for higher education. Doing so is essential to maintaining institutional flexibility in these difficult economic times.

2. Return of FY10-11 Five Percent State Reduction

   The resources returned to the state through the 5% budget reduction are essential to the UH System's ability to achieve its own goals, as well as those identified in "Closing the Gaps." Therefore, on behalf of its institutions, the UH System has submitted an exceptional item request for the re-appropriation of these resources, which represent $22 million in funding and approximately 144 faculty and staff positions. It is important to note that higher education's share of the reduction was disproportionate relative to other state agencies (some of which were exempted). The UH System believes that all state agencies should be treated equally in these matters.

3. Funding for Special Items and Exceptional Items

   Each year the Legislature funds numerous programs at the UH System universities that fall outside the scope of formula funding. These programs have a tremendous impact on our academic programs, research endeavors and the communities we serve. The UH System recommends continuation of special item funding and consideration of our requests for exceptional item funding.

4. Research Development Fund, Texas Competitive Knowledge Fund, and Texas Research Incentive Program

The Research Development Fund, Texas Competitive Knowledge Fund, and Texas Research Incentive Program are of critical importance to the continued growth of Texas' economy and advancement in significant areas of research and industry. They are also the primary resources through which the University of Houston funds its goal of becoming the state's third tier-one university. We therefore recommend increased appropriations to these funds.

5. Tuition Revenue Bonds

Maintaining quality in our classrooms, laboratories, libraries and equipment is critical to achieving the UH System's goals of academic and research excellence. And as the number of students and faculty at our institutions grow, so too does the need for expanded and better infrastructure. Tuition revenue bonds are vital for addressing these needs.

6. Financial Aid/TEXAS Grants

In addition to resources for university operations, state funding for student financial aid is essential if Texas is to expand access to higher education and facilitate student graduation. This is especially true at the UH System institutions, where the education of many of our students is not paid for by their families. Rather our students typically work to pay for college and rely heavily on financial aid. Therefore, the UH System encourages the Legislature to increase funding for TEXAS Grants.

Approach to 10 Percent Base Reduction

As requested, the UH System Administration has developed a scenario through which 10 percent of base resources has been reduced from designated groups of funds. For the UHSA this totaled $539,717, the loss of which would have a significant negative impact on our ability to support the UHS universities in achieving their goals, as well as those identified in "Closing the Gaps." Due to the small size of the UHSA appropriation, the most effective way to cut our appropriation was across the board, to prevent unsustainable harm to any of our system offices and programs.

Finally, while we believe that increased funding for higher education and the University of Houston System is important to the future of Texas, we also realize that universities must be good stewards of the dollars with which they are entrusted. The University of Houston System is committed to this principle. Accomplishing our goals, we believe, is predicated on effective management of resources, which our institutions strive to achieve.

Board Members	*Term Expires*	*Hometown*
Carroll Robertson Ray	August 31, 2011	Houston
Welcome W. Wilson	August 31, 2011	Houston
Jim P. Wise	August 31, 2011	Houston
Nelda Luce Blair	August 31, 2013	The Woodlands
Jacob Monty	August 31, 2013	Houston
Mica Mosbacher	August 31, 2013	Houston
Nandita V. Berry	August 31, 2015	Houston
Tilman J. Fertitta	August 31, 2015	Houston
Jarvis V. Hollingsworth	August 31, 2015	Sugar Land
Andrew Cobos, Student Regent	May 31, 2011	El Paso

University of Houston-System Administration

System Office Operation
(Existing Item)

Description and Justification
Established by Acts 1977, 65th Legislature, as codified in Section 111.20 of the Texas Education Code, the University of Houston System Administration provides leadership, coordination, support and some centralized services for the four universities in the UH System. The UH System's mission is to serve the full range of educational and research needs of Houston, the Gulf Coast Region and the State of Texas with programs of highest quality and efficiency.

Factors Impacting Strategy
The rapid demographic changes facing Houston and Texas present both social and economic challenges for the state and its public universities. The University of Houston System is the largest single source of professional and technical talent for the Gulf Coast Region, providing the intellectual as well as the research, technological and cultural base for the area. The UH System contributes greatly to the economic future of the state by preparing the workforce with academic programs serving all populations in the region and expanding the research and technology base.

The role of the UH System Administration has been reviewed by the Board of Regents to ensure the greatest responsiveness, effectiveness and efficiency of services to the community and the four universities. The Board has combined the top two positions in the System, the Chancellor and the President of the University of Houston, into a single Chief Executive to effect greater cooperation, coordination and efficiency. This new management model will continue to bring the universities together for shared services where economically beneficial; for system-wide initiatives, such as partnerships with community groups, public and private schools, corporate and industrial organizations; and for coordinating support from private individuals and corporations as well as federal, state and local governments.

	Appropriated*		Requested	
	FY10	FY11	FY12	FY13
Base Dollar Funding	$1,900,000	$1,900,000	$1,900,000	$1,900,000
Exceptional Funding				
Total	**$1,900,000**	**$1,900,000**	**$1,900,000**	**$1,900,000**

Note:* Appropriated amount reflect a 5% reduction to the original appropriations.

University of Houston-System Administration

Texas Aerospace Scholars/Technology Outreach NASA (Existing Item)

Description and Justification

Texas Aerospace Scholars (TAS) The TAS programs provide distance learning opportunities and onsite experiences at the NASA JSC for students and teachers from across the state of Texas. Since 1999, more than 9100 Texans have participated in the programs and have explored career opportunities in science, technology, engineering and math (STEM). High school juniors explore opportunities in STEM academic fields by completing on-line modules and travel to JSC for a one-week summer experience. Middle school educators learn innovative ways to integrate NASA instructional materials across various disciplines that align with state/national standards. The community college program challenges student teams to compete on an aerospace project for a simulated NASA contract. Participation includes web-based assignments and onsite activities where students interact with engineers, scientists and astronauts. The TAS Internship focuses on strengthening the STEM pipeline by offering semester-long internships to TAS student alumni.

Technology Outreach Program (TOP) TOP transfers NASA/Johnson Space Center scientific and engineering expertise to meet innovative Texas small business' technology requirements that foster economic expansion. Since 1999, TOP has helped over 600 small businesses solve technical challenges facing their business. TOP assistance has resulted in new products, job creation, increased sales, retention of jobs and new capital investment.

Factors Impacting Strategy

The Texas Aerospace Scholars (TAS) initiative harnesses the excitement of human space exploration to Texas students across the state to encourage these students to pursue careers and degrees in math, science, and engineering. TAS will:

- Increase the number of Texans with high-tech skills
- Promote economic development through the creation of an increased technical workforce
- Provide access to a unique educational and internship opportunities to students from rural communities, inner cities, and border regions
- Ensure Texas' future growth and prosperity and continued world leadership in technology
- Provide high-visibility to the Legislature's commitment to math, science, and engineering education

The Technology Outreach Program (TOP) applies technology and expertise developed through human space flight to assist Texas small business to expand and diversify. Economic impact includes:

- New and improved manufacturing processes for existing and new companies
- New technology development, existing product improvement, new patents, new physical plant improvements
- New peripheral and secondary economic impact on upstream vendors and suppliers
- Increased opportunities that are vital to a healthy, robust economic climate for economic growth in Texas economy
- Additional companies in the greater Houston region have the opportunity to access NASA/Johnson Space Center technology

	Appropriated*		Requested	
	FY10	FY11		FY13
Base Dollar Funding	$798,586	$798,586	$798,586	$798,586
Exceptional Funding				
Total	**$798,586**	**$798,586**	**$798,586**	**$798,586**

Note:* Appropriated amount reflect a 5% reduction to the original appropriations.

University of Houston

Tier-One Initiative – Complex Systems Research Cluster
(New item)

Description and Justification

On behalf of its institutions, the UH System Administration requests $22,008,856 to recover the 5% reduction for FY10 and FY11 required by the state. These resources are essential to the effective operations of our universities in terms of providing access to students, ensuring their completion of a degree, increasing research and scholarly productivity, and positively impacting the community. In implementing these reductions, the UHS institutions utilized several cost savings strategies (e.g., travel reductions, utilities savings), the funding for which, if recovered, would be reallocated to high priorities. At the same time, the majority of the reductions had to be taken from core operations (e.g., program funding, staff and faculty positions) and need to be recovered in order to fulfill the missions and goals of the universities.

Factors Impacting Strategy

The future success of Texas is dependent upon a well-educated populace, a highly-skilled workforce, and a research base that facilitates economic development. Recognizing this, the state's plan for higher education, "Closing the Gaps," has identified very ambitious goals for the state's universities that will require a significant investment of resources if they are to be achieved. The resources reduced through the 5% state reduction are essential to achieving these goals. Their return would place the UH System in the best possible position to move forward in fulfilling the state's needs for higher education.

	Appropriated		Requested		
	FY10	FY11	FY12	FY13	Priority
Base Dollar Funding					
Exceptional Funding			$22,008,856		1
Total			**$22,008,856**		