FINANCIAL STATE OF THE UNIVERSITY

Vice President Mark Denney
February 15, 2022
Objective to today’s presentation

• Financial outlook for UHCL
• Basis of that outlook
• Prioritization as we move forward
Financial Outlook for UHCL

- Informed by the Financial Pro Forma
- Overall: Strong Foundation
  - Projecting continued enrollment growth
  - Financial stability
  - Strong reserves
  - Still requires focus and commitment
Basis for that positive outlook
Financial Outlook

- Operational Trends
  - Enrollment History
  - Improved Budgeting
  - Forecasting forward

- Results:
  - Strong Fund Balance
  - Ability to Invest in our key assets
Financial Outlook

• Operational Trends
  - Enrollment History
  - Improved Budgeting
  - Forecasting forward

• Results:
  - Strong Fund Balance
  - Ability to Invest in our key assets
Enrollment History and Projection

SCH Enrollment by Student Population

- Res UG
- NR UG
- Int UG
- Res GR
- NR GR
- Int GR
Understanding the Growth

Total Semester Credit Hours Delivered

20.6% total growth over 8 years
UG: 45%  
GD: 28%

UGRD  GRAD
Financial Outlook

• Operational Trends
  ▪ Enrollment History
  ▪ Improved Budgeting
  ▪ Forecasting forward

• Results:
  ▪ Strong Fund Balance
  ▪ Ability to Invest in our key assets
If you don’t have the detail…… how can you understand it?

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<td>Expenditures Labor</td>
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<tr>
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<td>60,132,172</td>
<td>58,642,901</td>
<td>57,748,671</td>
<td>56,209,361</td>
<td>30,621,852</td>
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<td>Summer Instr</td>
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<td>76,486,761</td>
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Without detailed budgeting and tracking.
Financial Outlook

• Operational Trends
  ▪ Enrollment History
  ▪ Improved Budgeting
  ▪ Forecasting forward

• Results:
  ▪ Strong Fund Balance
  ▪ Ability to Invest in our key assets
# Financial Pro Forma

<table>
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<td>58,813,414</td>
<td>51,796,176</td>
<td>55,807,605</td>
<td>55,031,808</td>
<td>56,983,467</td>
<td>59,129,009</td>
<td>60,224,665</td>
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<tr>
<td>Total Tuition</td>
<td>58,813,414</td>
<td>51,796,176</td>
<td>55,807,605</td>
<td>55,031,808</td>
<td>56,983,467</td>
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<td>Fees</td>
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<td>Total Fees</td>
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<td>9,274,909</td>
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<td>Other Income</td>
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<td>5,317,287</td>
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<td>Total Revenue</td>
<td>108,850,846</td>
<td>107,502,326</td>
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<td>110,765,182</td>
<td>114,425,026</td>
<td>116,805,812</td>
<td>118,630,265</td>
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<table>
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<th>Labor</th>
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<td><strong>Staff</strong></td>
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<td>53,034</td>
<td>23,041,041</td>
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<td>21,597,957</td>
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<td><strong>Non-exempt</strong></td>
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<td>20,705,693</td>
<td>19,640,690</td>
<td>21,597,957</td>
<td>20,661,640</td>
<td>22,505,503</td>
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<td>Travel and Business Exp</td>
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<td>Capital Outlay</td>
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<td>3,079,759</td>
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<td>Debt Service</td>
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<td>Misc Other</td>
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<td>389,599</td>
<td>388,000</td>
<td>379,800</td>
<td>369,000</td>
<td>353,780</td>
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<td>Total MBO</td>
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<td>31,129,209</td>
<td>29,229,217</td>
<td>34,333,903</td>
<td>28,512,094</td>
<td>30,240,169</td>
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<td>Total Expenditures</td>
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<td>118,630,265</td>
</tr>
</tbody>
</table>

| Net of Operations | -1,186,767 | -9,305,504 | -14,006,858 | -624,434 | -2,055,227 | -1,604,274 | -1,005,274 |

| Other | -1,186,767 | -9,305,504 | -14,006,858 | -624,434 | -2,055,227 | -1,604,274 | -1,005,274 |
Financial Outlook

- Operational Trends
  - Enrollment History
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  - Forecasting forward
    - Assumptions of the Pro Forma

- Results:
  - Strong Fund Balance
  - Ability to Invest in our key assets
Assumptions of the Pro Forma

- Conservative Revenue
  - Enrollment driven
  - Too early to project growth in Fiscal Year 2023
  - But we do project to return to prior growth trends
Assumptions of the Pro Forma

• Expenditures
  ▪ Labor:
    o FY2023: 5% increase
    o FY2024 Forward: 3% increase
  ▪ Maintenance & Operations:
    o Varies by Type
    o Based on logical assumptions
    o Impacted by Pandemic and other Operational changes
Financial Outlook

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• Results:
  - **Strong Fund Balance**
  - Ability to Invest in our key assets
Fund Balances – reasons why they are critical

• Four primary reasons:
  • Restricted – you cannot use outside of why you have the funds
  • Avoid interruptions when relative minor events occur
  • Give Institutions time to adapt when major changes occur
  • Capacity to invest when opportunities arise
Some Examples of UHCL Reserves

• Committed - Avoid interruptions when relative minor events occur
  • Equipment/Vehicle Replacement pools
  • Extreme weather operations contingency
  • Asbestos/Mold abatement

• Give Institutions time to adapt when major changes occur
  • 10% Operational Reserves

• Capacity to invest when opportunities arise
  • CCAP Institutional Support
  • Energy Savings Performance Initiative
  • TMC Relocation
Financial Outlook

• Operational Trends
  □ Enrollment History
  □ Improved Budgeting
  □ Forecasting forward

• Results:
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  □ Ability to Invest in our key assets
Investment in key assets:

• Investment in our Campus
  - Commitment to our Shared Governance Processes
  - Classroom Upgrade program
  - Creating welcoming campus
  - Preventative maintenance vs. reactionary maintenance
  - Campus Construction Assistance Program - CCAP

• Investment in our Employees
  - Transparent Hiring Processes
  - Job Architecture and Improved CUPA data Initiatives
  - Annual pay increases
  - Market Based salary goals

• Driven by the Strategic Plan
Connection to the Strategic Plan

- **Strategic Plan Drives Budget Initiatives**
  - Tier I Objective Owners will review Division and College Budget Initiatives

- **Consistent with Shared Governance**
  - Objective Owners review will be provided to PBC
Additional Information Available on the Web

• Copy of today’s Presentation
  • [www.uhcl.edu/administration-and-finance-division/reports](http://www.uhcl.edu/administration-and-finance-division/reports)

• FY2021 Annual Financial Report (AFR)
  • [uh.edu/finance/StateReport/AFR/UHS_AFR_FY2021_Austin.pdf](http://uh.edu/finance/StateReport/AFR/UHS_AFR_FY2021_Austin.pdf)
  • Page 81

• FY2022 Approved UHCL Budget Documents

• Recast of UHCL Administrative Charge
  • [www.uhcl.edu/administration-and-finance-division/reports](http://www.uhcl.edu/administration-and-finance-division/reports)

• Detail of UHCL Education and General Financial Pro Forma
  • [www.uhcl.edu/administration-and-finance-division/reports](http://www.uhcl.edu/administration-and-finance-division/reports)
In Conclusion

• Strong Financial Position
• Positive forecast is not wishful thinking
• Despite forecast – we must maintain focus on the strategic plan and performance metrics
• Look for continued investment – with expected returns
Thank you for your participation!

Questions can be sent to: Denney@uhcl.edu
Subject: FY2022 Financial State of the University

A consolidated list of all submitted questions and the response will be distributed through Shared Governance and posted.