

Questions from the 10/18/2023 Faculty Assembly that were not addressed during the presentation:

1. Many courses charge students a "special fee" when they register, which is shown in PeopleSoft. (I've seen fees range from \$10 to \$50.)
 - a. Which ledger do these "special fees" go into?
 - b. Can monies from "special fees" be used to fund Teaching Assistants (TAs)?
 - c. How are "tuition waivers" funded at large institutions that have PhD programs (i.e., which ledger pays for tuition waivers)?

Anonymous Participant 11:57 AM

Answer: Course Fees are collected into fund 2063 – which is ledger 2: Designated Operations. Both Ledger 1 and Ledger 2 are intended to fund the Education and General needs of the University, and in this case, the “Primary Mission” of the University, which is the delivery of credit-bearing courses that lead toward a degree. Course Fees are authorized in Texas Education Code Section 54.0051 and are further outlined in Section 54.504: Incidental Fees.

Sec. 54.504. INCIDENTAL FEES. (a) The governing board of an institution of higher education may fix the rate of incidental fees to be paid to an institution under its governance by students and prospective students and may make rules for the collection of the fees and for the distribution of the funds, such funds to be accounted for as other designated funds. The rate of an incidental fee must reasonably reflect the actual cost to the university of the materials or services for which the fee is collected.

As long as the University clearly states the purpose for which incidental fees, in this case, course fees, are collected, and can demonstrate that they were used for that stated purpose, and it is a reasonable and allowable expenditure in support of the academic course, it is allowable. It is important to remember that essentially, Designated Tuition, Course Fees, and Designated Differential tuition are all just slightly different ways to get to the same issue – funding the direct and indirect support necessary to deliver credit-bearing courses to students at a rate they can afford to pay, either directly, through financial aid, or other means. Each “Designation” of our charges (between tuition and fees) must be accompanied by further detail on the use of those funds in the service of delivering our primary mission.

The final element of the question is how “tuition waivers” are funded. From the State’s perspective, with few exceptions, it does not matter what funding source is used to provide scholarships. However, as a State institution, all discounts on the stated tuition rate must be recorded as an expense, so there must be a funding source. This would be a designation of the University, so designated funds (Ledger 2) would be the most likely for UHCL, though donations/gifts/etc. expressly provided for that source could be used, in ledger 4.

2. Based on recent enrollment declines and the need to make budget cuts in addition to using reserves, are we doing a deep analysis into spending? It is hard to get years of zero or very small raises that do not keep up with inflation, but see large amounts being spent on renovating

spaces that were functional or expensive events that could be toned down during these times. Are we examining spending priorities to see where cuts could be made?

Nick Kelling 12:02 PM

Answer: While the recent enrollment declines do create a challenge, and managers at every level are actively examining their budget and spending to better achieve the University Strategic Goals and their explicit Program Outcomes. One point we have consistently stated at past presentations is that, when prioritizing spending, it is important any institution that seeks to be successful over time, must do two things: It must invest in the maintenance and preservation of its key assets, and it must seek optimization of those key assets.

To the goal of investing in our key assets, UHCL has two primary key assets by which we seek to be successful in achieving our mission: our buildings and our faculty and staff. When I arrived in Fiscal Year 2019, the University had experienced five years of zero pay increases and had substantially stopped investing in our campus except to do reactive emergency repairs. Both trends have reversed over the five years since new leadership has been in place, seeing a cumulative increase in compensation of 22.7% across the board. Simultaneously, there has been a substantial increase in investment in the maintenance and aesthetic of the campus buildings.

On the subject of investment in our buildings, several elements are at play and must be fully understood in order to make sense of how the University spends funds on our buildings. Here are the primary elements:

- The first is the need to invest in areas that facilitate improved efficiency, operation, and customer service.
 - Having teams that are decentralized creates miscommunication and inefficiency in the planning and execution of those plans and introduces additional hurdles to be overcome, and there is a substantial cost for those inefficiencies and miscommunications.
 - To that end, as the University has grown from a small, upper division, graduate-only campus, to a nationally ranked doctoral degree-granting institution, the planning and assessment of operations has increased substantially and the space to perform that work is critical.
- Funds have fences – as a Public University, we received funds from many sources. The State of Texas is very prescriptive in how those funds can and cannot be used. For example: funds received from the state for a particular capital project (building or renovating spaces), cannot be used for anything else. The restricted use of the fund does not mean other needs do not exist, but it most often means those funds could not have been used to satisfy those needs.
- We have invested significant funds to accomplish a transition from a reactive maintenance program, to one of a preventative maintenance program. Because we had operated in a reactive maintenance mindset, here are two examples that required an immediate substantial investment that could have been mitigated with a regular preventative maintenance program: over \$4Million on the Bayou Elevators (when I

arrived at UHCL, of the eight in Bayou, often most were inoperative at any given time) and \$2 Million on the glass Atrium roofs, where one would often see more trash cans catching leaks than anything else during storms on campus. Our students have numerous options today as to where they choose to get their education. Having an efficiently functioning and welcoming campus is a critical element of that decision. Both our Shared Governance process and our senior leadership have recognized and supported that.

Every investment must be balanced against the other needs the funds could be used for. Those discussions occur both in the executive leadership and senior management discussions and always within the University Shared Governance Processes.

3. Putting on my HSH hat rather than PBC for a moment, could you provide some suggestions regarding allocation of funds between colleges. Based on the numbers I have, HSH ranks high between the colleges in SCH generated (even more so when compared to faculty costs), and grant funding. Two of the major mechanisms for revenue generation for the university. However, it seems that the HSH budget suffers from significant underfunding. We have the lowest amount of travel funds per faculty member, lowest M&O per faculty (we could not afford paper at one point recently), and less research funds, all while our equity comparison is the lowest (at least based on the last CUPA data provided which in fairness is quite old now). While I know that part of this answer is based history (i.e. not getting funds back from the 2016 cuts), how do we rectify this issue? It seems that since this is a base budget issue and rolled over, it would be unlikely to be addressed via the initiative process.

ShinHa (Guest) 12:07 PM

Answer: Numerous challenges resulted from the 2017-2019 across-the-board cuts. For a variety of reasons, the University did not take advantage of the opportunity to address already existing structural and functional challenges to the allocation of funds, and those across-the-board cuts created even greater funding allocation challenges that persist today. The primary reason the University did not address the financial challenges of 2017 in a more holistic and sustainable path was that it lacked multiple tools necessary to do that. Chief among those were that it lacked a sound financial structure that could provide insight into academic and academic support operations; it did not have the availability of and access to the data necessary to make sense of those operations; and it lacked defined processes necessary to fix those structural deficiencies.

However, UHCL is not the same campus it was in 2017. Significant work has been dedicated to the development of a data warehouse and critical data governance rules. Equal effort has been invested in the creation and correction of a financial and budgetary structure that is necessary to manage operations at the University level vs. the System level, and finally, training and development have been dedicated to the Budget and Budgetary Operations staff necessary to maintain both of these processes. Through collaboration between the Provost, College Deans, and key members of Administration and Finance, we are working together to utilize the

processes now in place and to fix these structural and functional challenges, for the long-term success of the University.

4. What is the criteria to determine the allocation percentage? Is there any general criteria? Who decide and Based on what?

Anonymous Participant 12:11 PM

Answer: This question could refer to a very wide variety of items. Since the question is now somewhat out of context with the presentation, I can answer what I think it is referring to: the split between Central and Local funds. That is part of the structural challenge of establishing the split between central and local funds by funding source, vs. by responsibilities. It is unclear as to the parameters of how decisions were made as to what each funding source was responsible for, resulting in a culture of “seek others funds to spend and preserve your local funds”, which is a clear path to funding imbalances. The overall outcome of this is that the university does not lack fund balance, it lacks fund balance in the right places.

5. What are the plans to retain faculty and help with poor faculty morale?

Anonymous Participant 12:14 PM

Answer: Unfortunately, UHCL is not unique in facing the challenge of faculty and staff morale across our campus. Those challenges may seem a bit more pronounced as UHCL experienced a very long period of minimal change leading up to the most recent history, at least relative to other public universities, but that pace of change will not slow and is something we can influence, but not control. Specific actions being taken are the things I have already addressed in previous responses to questions. Continuing to invest in our faculty and staff, training our managers and supervisors, addressing our processes so that we are not creating our own challenges more than already exist, and prioritizing pay and salary increases (but not exclusively) during our budget process. These are all things the University and the Leadership have and will continue to do.

6. Can you give a breakdown of the HEAF money among various academic affair (AA) unit (including at the college level)?

Ivelina (Guest) 12:14 P

Answer: HEAF (Higher Education Assistance Funds, now changed to HEF, dropping “Assistance”) allocations within the Academic Affairs Division are allocated through strategic and operational planning by the Provost and senior leadership within that Division. Using the FY24 budget, their current allocation is as follows:

Office of the Provost:	\$ 300,000
Information Technology	\$3,188,754
<u>Neumann Library</u>	<u>\$1,530,283</u>
Total Academic Affairs:	\$3,488,754

7. What are some examples of incentives for local managers? Can you be more specific with examples.

Anonymous Participant 12:19 PM

Answer: An important context is that the term “revenue” refers to the funds, either allocated or collected, that are in a particular unit’s “budget.” Local managers normally retain the excess between the revenue generated from their local sources (allocations, fees) and the direct expenditures of the programs those local sources funds. This incentivizes them to either help drive increased revenues (increased allocations through enrollment growth, or rate increases), or to reduce and/or maximize the impact of expenditures. Either tactic, or a combination of these tactics, will generate excess revenue, which the manager can then use to further other strategic or operational objectives.

8. Given that the winter mini session begins after final exams in December and ends before the first day of spring classes, and is incredibly demanding in that very short time-frame, why was the pay for teaching winter mini courses slashed so severely? UHD pays the same for winter classes as summer classes. UNT, as an example, pays *more* for winter classes than summer.

Brian Stephens 12:25 PM

Answer: The pay assigned to teaching is set by the Division of Academic Affairs, and is designed to be proportional to the overall teaching load and established proportionality overall. However, it must also align with the System policy toward total compensation. I will defer to the Office of the Provost for a more detailed response.

9. Within the Colleges what is the role of department chairs in developing the operational budget for supporting the academic mission of the department?

Anonymous Participant 12:30 PM

Answer: The Department Chair has a similar role to any manager at the Department Level – to review and recommend revenue streams, in this case, Designated Differential Tuition and Course and other allocated Academic Fees, and to advise and collaborate with the Unit Manager, in this case, the Dean, on expenditure budgets.

10. Why are the faculty raises so low? The last one was around 2% while the inflation rate is much much more than that.

Anonymous Participant 5:01 PM

Answer: Faculty and staff, raises are always a top priority to the President, but must be within the limits of sound budget planning. While it is absolutely correct that the most recent inflation rates coming out of the Pandemic have had a significant impact on us all, however, the University has made a significant and consistent attempt to achieve and maintain market-driven pay, at times doing little else but ~~adjusting~~ dedicating dollars to annual pay increases. For example, prior to the recent high inflation rates, the University actually outpaced inflation with annual increases to total compensation. That was intentional, as those pay increases were mostly allocated in Merit, with the intentional goal of outpacing inflation for those receiving

higher merit rate increases. Unfortunately, the recent high inflation rates in 2021 and 2022, and so far for 2023 have outpaced those increases and fully addressing those increases at the same time as enrollment declines have created challenges that the University is working hard to address.

Calendar	UHCL Pay Increases	US Inflation Rate
2019	3.30%	1.81%
2020	0.00%	1.23%
2021	6.00% *	4.70%
2022	3.00%	8.00%
2023	3.00% (2.5% for merit, .5% for market not yet distributed)	Not yet calculated, but a raw unadjusted avg is 4.4%
5-year cumulative increase	16.2%	21.6%

* FY2020's merit increase, intended for mid-year of the FY, was held during the legislative session of 2021, and added to the FY2022 pay increases awarded on 1 Sept, 2021.

11. What does it take to get a margarita machine? Will faculty donations work?

Answer: Faculty Donations will work; however, it is not a question of legality as there are numerous paths that would all be legally allowable. It is a question of perception that is the greatest challenge.

Question submitted before the meeting began:

12. What is the process by which we decide to create or eliminate new positions. How is a faculty line created or cut? How is an administrative position created or cut? Will budget cuts fall equally on academic affairs and administrators?

Anonymous Participant

Answer: The creation or elimination of both faculty and staff line positions is the purview of the individual managers and their senior leadership and should be done within established criteria for operational needs and funding available. Operational metrics such as enrollment history and future projections play a significant role as does the history and future projection of staff responsibilities, duties, and requirements. To create a system where proportionality (that unit added X%, so every unit should add X%) is the primary driving factor in either the creation or elimination of positions would lead to one that went against strategic and operational priorities and efficiency, and would likely lead to a need for our tuition and other costs to our students, to be higher than otherwise needed. Lacking objective, data-based criteria for how all operations are funded will often result in decisions being made arbitrarily and subject to perception vs. objective data and qualitative decision making.

13. What are the minimum reserves we are required to keep?

Anonymous Participant

Answer: The direction from the University of Houston System is 10% uncommitted central funds