



OFFICE OF THE PRESIDENT

MEMORANDUM

TO: UHD Unit Manager
FROM: Juan S. Muñoz, President
DATE: October 27, 2017

RE: Plan/Budget Development - FY2019

With this memo we begin the plan/budget development process for the next fiscal year, FY2019. This will be my first opportunity to be a part of this process from start to finish here at UHD. My intention is to stay with the current unit-based planning model for FY2019, and to evaluate its effectiveness. If there are to be significant changes to the way we develop the annual plan/budget here at UHD, those will be implemented for FY2020. A message with specific budget development guidelines will follow in the coming days.

These are both exciting and challenging times for UH-Downtown. Our student performance measures are showing steady improvement, and we are producing record numbers of graduates. The physical campus continues to expand, with new land acquired and a \$68 million Science & Technology Building now under construction. The UHD brand is becoming more recognized in our region, and we are coming off a record year for fundraising.

While we are encouraged by these developments, recent enrollment trends are concerning. Over the past three years UHD has seen its undergraduate (UG) SCH production decrease by almost 10 percent. Fortunately, during this period the University experienced strong growth at the graduate (GR) level, with the additional GR revenue mostly offsetting the revenue lost at the UG level. However, those GR enrollments have now leveled off, and with that the revenue windfall that we'd come to rely on.

The drop in UG enrollments has been understandable to some degree. UHD implemented admission standards for FTICs in Fall 2013 and followed that up with increased standards for Transfers in Fall 2015. Under-prepared students that UHD previously would have admitted were redirected to our community college partners, and our student success measures – retention and graduation rates – began to improve. While this has been positive, we can't lose sight of the fact that UHD is, and will remain for the foreseeable future, an undergraduate-serving institution. We cannot continue to sustain enrollment decreases at the undergraduate level without consequences.

Our challenges heading into FY2019 are made greater by the fact that increased enrollment is likely our only path to increased resources. FY2019 will be the second year of the biennium, so we know what our general revenue appropriation will be – essentially the same as was received for FY2018.

In this environment it becomes especially critical to focus on efficiencies. I have directed all of the vice

presidents to develop plans for reducing their division operating budgets by 2 percent. More detail will be provided in the forthcoming budget development guidelines. The resources made available through this exercise will be used to base-fund initiatives that both support the goals in our strategic plan and enhance our ability to meet the performance targets reflected in the UHD Progress Card. Chief among those goals and targets is enrollment growth.

I speak of the challenges because they need to be addressed head-on, but at the same time I am full of optimism about the future of UHD. Looking big-picture, I believe the track we're on is the right track. I believe that with some adjustments we can - and will - get better in a number of areas critical to the continued success of UHD. I look forward to working with all of you in this important effort in the months ahead.

Thank you,



Juan S. Muñoz