FY 2013 BUDGET GOALS, PRIORITIES REVIEW

I. BUDGET DEVELOPMENT
   a. How proposed budget aligns with the institution’s strategic plan.

   UT San Antonio continues to make excellent progress on accomplishing its strategic priorities. Strategies were recently updated to remove those completed and to add new tactics related to the Graduation Rate Improvement Plan (GRIP) consistent with the Chancellor’s “Framework For Advancing Excellence.”

   The University is relying on the approval of the Tuition and Fee Proposal to provide new revenues to fund several of the new initiatives, although some can be accomplished through a reprioritization of existing resources.

   b. Consequences of proposed budget on programs and staffing.

   Assuming no designated tuition rate increases, the budget provides limited new funding for adding faculty, staff and new student success programs related to the GRIP, the foundation of the proposal.

II. BUDGET PLANNING SUMMARY
   a. Salary Policy: merit, staffing levels

   Allocating the funding for a merit increase will be difficult given limited new revenue, and especially for employees paid from fees, as those areas have gone many years without rate increases. Faculty and staff have expressed considerable concern about salary lag and market competitiveness, and getting further behind, especially given average annual inflation rates that are consistently higher than the percentage merit awarded, will be problematic in many ways. Tentative plans are to establish a pool of 3%, with 2% of the amount to be awarded as a one-time payment and 1% as a permanent adjustment to base salaries.

   College deans are concerned about salary compression between new faculty and senior faculty that have been at UT San Antonio for several years. However, there is not sufficient funding to address this across the board, so equity increases will occur only as funding is reallocated internally within the colleges through attrition or other cost saving measures.
Twenty four tenured faculty will participate in the Voluntary Separation Incentive Program, which will allow the university to begin recruiting for 28 replacement faculty positions and a new business dean. The net salary savings realized during FY 2013 will support the cost of adjunct faculty to cover the workload of the retiring faculty during the recruiting period.

Other than the lost full time faculty positions due to the retirements discussed above, we expect staffing levels to be relatively flat during FY 2013.

b. Revenue Changes and Growth Assumptions

Due to the early schedule of this hearing, more details by fund are not available. Overall highlights for discretionary revenue are noted below.

General Revenue (GR)
The General Appropriations Act reflects an increase in GR of $38,528. Additionally, the Higher Education Employees Group Insurance Contribution for UT San Antonio is $545,289 higher in FY 2013.

Total $583,817

Tuition Revenue
In the current year, we are projecting (net, paid) semester credit hours to be 4% higher than the budget. For next year, given changes in admissions standards, a 10% increase in non-resident statutory tuition rates and an expectation that we will continue to see an increase in unfunded, Hazelwood exemptions, as military return from overseas duty, semester credit hours are expected to be budgeted at a 1 percent increase over the FY2012 budget.

Designated Tuition due to SCH Growth $ 856,501
Statutory Tuition due to SCH Growth 259,500
Statutory Tuition due to Non Resident Rate Increase 1,430,660

$2,546,660

Other Discretionary
Facilities & Administrative Overhead Recovery 300,000
Internal Reallocation 2,400,000

$2,700,000

Total Discretionary Revenue for Allocation $5,830,531
Mandatory & Incidental Fee Revenue
The same increase in SCH and commensurate student headcount is reflected in budgets established for fee funded areas. We are relying on the approval of the Athletic fee increase to meet operating expenses for the fiscal years 2013 and 2014. The rate increase was an integral part of the business plan previously approved by the Regents for the Roadrunner Athletic program. Included in the plan was the phased implementation of a Football Bowl Subdivision football program requiring the addition of $525,000 for 25 additional scholarships and $250,000 for summer school beginning with fiscal year 2013. Entry fees and dues into the Western Athletic Conference (also approved by the Board) will cost $600,000 and incur additional travel and recruiting expenditures of more than $250,000. Without the fee increase, the program will need to reduce approximately $1.3 million in ongoing costs, or 6% of its projected operating budget.

Restricted Fund Changes
Current year gifts in support of operations are around $6.5 million and we will be budgeting $8 million in FY 2013. However, this is reflected as a reduction of $2 million, because the current year’s budget was overstated at $10 million.

Sponsored program revenue due to grants and contracts is budgeted at a status quo level. A slight increase in Texas Grants is projected due to recent information received from the Texas Higher Education Coordinating Board.

c. Discretionary Expenditure Increases

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Aid Set-Asides</td>
<td>$ 83,117</td>
</tr>
<tr>
<td>Texas Public Education Grant</td>
<td>23,220</td>
</tr>
<tr>
<td>Faculty Tenure &amp; Promotion</td>
<td>159,000</td>
</tr>
<tr>
<td>1% Permanent Merit (E&amp;G Employees)</td>
<td>1,400,000</td>
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<tr>
<td>Permanent Reserves</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Monterrey Building Lease Payment (lost revenue)</td>
<td>74,000</td>
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<tr>
<td>Tuition Revenue Bond (pass-through)</td>
<td>2,748</td>
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<tr>
<td>Benefits</td>
<td>562,289</td>
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<tr>
<td>F&amp;A Allocations per MOU</td>
<td>300,000</td>
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<tr>
<td>Increase to Bad Debt Reserve</td>
<td>15,157</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,619,531</strong></td>
</tr>
<tr>
<td><strong>Net Unallocated</strong></td>
<td><strong>$2,211,000</strong></td>
</tr>
</tbody>
</table>

The amount shown as net unallocated will be made available to meet strategic needs based on a request process that has yet to be completed.
d. Planned Use of Reserves

If approved, the 2% one-time merit award will be funded from designated tuition earned in excess of the FY 2012 budget, for a total estimated cost of $2,800,000.

e. Impact on Tuition Increases of 1.5%, 2.0%, 2.6%

Tuition Increase of 1.5%

Revenue generated for the rate increase to undergraduate students is estimated to be $2,688,933. By supplementing with statutory tuition revenue, UT San Antonio would be able to fully fund the GRIP during FY13, which includes the following expenditures:

Designated Tuition Set-Asides $528,700  
Jump Start Program 45,000  
Math Boot Camp 20,000  
Instructional Technology 162,000  
Faculty Positions 900,000  
Summer Course Offerings 875,000  
Early Alert System 43,000  
University College 138,000  
Stay on Track Grants 500,000  
Finish in Four Incentive Program 365,000  
Total $3,576,700

Tuition Increase of 2.0%

Revenue generated from the rate increase to undergraduate students is estimated to be $3,637,968. By supplementing with statutory tuition revenue, UT San Antonio would be able to fully fund the GRIP during FY13, which includes the following expenditures:

Designated Tuition Set-Asides $715,300  
Jump Start Program 45,000  
Math Boot Camp 20,000  
Instructional Technology 162,000  
Faculty Positions 900,000  
Summer Course Offerings 875,000  
Early Alert System 43,000  
University College 138,000  
Stay on Track Grants 500,000  
Finish in Four Incentive Program 365,000  
Total $3,763,300
Tuition Increase of 2.6%

Revenue generated from the rate increase to Undergraduate Students is estimated to be $4,745,175. Plans are to fully fund the GRIP based on the original tuition and fee proposal:

Designated Tuition Set-Asides $933,000  
Jump Start Program 45,000  
Math Boot Camp 20,000  
Instructional Technology 162,000  
Faculty Positions 900,000  
Summer Course Offerings 875,000  
Early Alert System 43,000  
University College 138,000  
Stay on Track Grants 500,000  
Finish in Four Incentive Program 365,000  
Total $3,981,000

The balance of $764,175 will partially cover the loss of revenue from discontinuation of the energy fee, which generated over $1.8 million per year. UT San Antonio has been successful in generating energy savings from several retrofit and solar projects and does not anticipate any issues with meeting its utility costs.

Revenue generated from a 3.6% rate increase to graduate students is estimated to be $1,043,693, with the following planned expenditures.

Designated Tuition Set-Asides $149,092  
Facility Positions & Benefits 694,600  
Student Scholarly Activities 200,000  
Total $1,043,693

f. Research Expenditure Outlook

At the core of a university moving towards Tier 1 status is a research portfolio that crosses a wide spectrum, from basic to applied and commercialized programs, and continues to build momentum. Sponsored program activities are vital to sustaining UTSA’s research and graduate programs. Total expenditures in all sponsored programs have seen a progressive and marked increase in the past five years, reaching a record $79.5 million in FY 2011. This represents a 13.3% increase from the previous fiscal year and 64.9% increase since FY 2007. Due to this unprecedented growth in sponsored program expenditures, particularly research expenditures, our facilities and administrative (F&A) cost recovery has risen steadily in the past five years. UTSA’s F&A base revenue grew by $2.7 million dollars from $5.7 million in FY07 to $8.4
million in FY 2011 - an increase of 48%. Total revenue recovered over this five year period was $35.7 million.

Projected funding for the following two years is likely to slow due to overall cuts at the federal and state levels. However, the multi-faceted strategy outlined last year for increasing external funding has proven highly successful, and UTSA remains optimistic for its Tier 1 trajectory. Our areas of research excellence (Energy, Health, Security, Sustainability, and Human and Social Development) remain state and federal priorities.

Crucial to the growth of our funded research portfolio has been the development of successful partnerships with the UT Health Science Center in San Antonio, Southwest Research Institute, Texas Biomedical Research Institute, and various local entities and military installations. These partnerships have allowed UTSA to expand its existing collaborative research programs which are central to broadening and strengthening the opportunities for research and graduate education. Capitalizing on the senior-level faculty appointments we have created several multidisciplinary research institutes and centers to facilitate “center of excellence” funding from federal, state, and private sources.

The San Antonio Life Sciences Institute (SALSI) will continue to be successful in capturing the synergies from integrating the strengths of UTSA and the UT Health Science Center at San Antonio. One such SALSI collaboration is a new joint venture to establish the Center for Innovation in Drug Discovery (CIDD) to provide a diverse array of core facilities and expertise to facilitate the translation of basic scientific discoveries into tangible pre-clinical candidate drugs that can be further developed into clinical therapies for human disease. These capabilities will traverse across all therapeutic areas regardless on institutional origin and provide the necessary expertise to foster commercialization of research with local partners including SwRI and the Texas Biomedical Research Institute.

Commercialization of intellectual property and entrepreneurship are playing a significant role in UTSA’s research portfolio and are a major focus of the UT System and other Tier 1 universities throughout the nation. UTSA is seeing record numbers of invention disclosures, patents filed, patents awarded and licenses. Since FY 08 new invention disclosures have risen 422% from ten in FY 08 to almost 50 in FY 11. Patent filings have increased 800% and new technologies licensed have increased 500% during the same time period. UTSA has also opened the New Venture Incubator (NVI), which enables spin-off companies to be located on campus in the Biotechnology, Sciences and Engineering Building as they fund research in labs and work to commercialize UTSA technologies.
III. SPECIFIC ITEMS TO ADDRESS

a. Do you anticipate any state appropriation cuts for the next biennium? If so, where would those cuts be absorbed?

It is prudent to assume there will be cuts in state appropriations, hence, a resource strategy committee, composed of members from the institution’s Resource Planning Council, is being reconvened to develop recommendations for budget reductions and to look at the viability of previously recommended strategies that were not necessary to implement last biennium. These include taxing incidental college and course fees for overhead costs similar to what was done with auxiliary enterprises this year; reducing Official Occasions expenditures; shifting the cost of the first ninety days of benefits for new employees to salary savings accrued by delaying recruitments; and reducing professional development budgets.

b. A major element of the Chancellor’s framework is student success: four-year, six-year, and transfer student graduation rates, numbers of degrees awarded, etc. Do you foresee any budget-related obstacles in the coming year to achieve your student success goals?

UT San Antonio’s Graduation Rate Improvement Plan (GRIP) identifies four categories of initiatives below that will impact student success. Although some funding for these will come from existing resources, new revenue is required, especially to hire additional faculty. Adding more teaching faculty is one of UTSA’s most critical needs. The University's student-faculty ratio of 25:1 is high compared with other public universities in Texas, and the average number of student credit hours taught by tenure/tenure-track faculty each semester (220) is 20% greater than the average of public universities in Texas. The limited number of faculty and correspondingly large instructional workloads correlate with lower four-year completion rates as such affect the availability of courses offered and limit the degree of direct student-faculty interaction that is critical to student success. If the designated tuition rate is not increased, it will be challenging at best, to add faculty positions.

<table>
<thead>
<tr>
<th>Category</th>
<th>Existing Resources</th>
<th>New Funding Required</th>
<th>Total Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Preparedness</td>
<td>$2,900,000</td>
<td>$100,000</td>
<td>$3,000,000</td>
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<tr>
<td>Curriculum Structure &amp; Delivery</td>
<td>2,400,000</td>
<td>4,900,000</td>
<td>$7,300,000</td>
</tr>
<tr>
<td>Advising &amp; Student Support</td>
<td>6,000,000</td>
<td>1,900,000</td>
<td>$7,900,000</td>
</tr>
<tr>
<td>Enrollment Policies &amp; Incentive</td>
<td>500,000</td>
<td>1,900,000</td>
<td>2,400,000</td>
</tr>
<tr>
<td>Total</td>
<td>$11,800,000</td>
<td>$8,800,000</td>
<td>$20,600,000</td>
</tr>
</tbody>
</table>
c. Is there any support for academic advising and student academic support included in the proposed budget?

There are several strategies identified in the GRIP to address academic advising and student academic support, including creation of an entity to oversee the students' transition from high school; earlier counseling about choice of major; online monitoring tools; improved advising programs; and monitoring of student progress with early intervention when problems arise. Almost $2 million in new funding is needed to fully implement these initiatives.

Several recommendations provided by the Advising Task Force in Fall 2010 are being implemented. Among these are initiatives to improve the accessibility of advisors through an online software system and a comprehensive advising web site with answers to frequently asked questions. The software system ideally would enable advisors to record the results of an advising session so that students can receive consistent course advisement from one session to the next and transmit summary notes to students as well as meeting reminders. The ultimate goal is to shift the advising paradigm so that advisors are used exclusively for in-depth intrusive academic advising concerning students' majors, overall plans of study, and goal setting. For the complete report of the Provost's Advising Task Force go to: http://utsa.edu/success/docs/provost_task_force_on_academic_advising-final_report_9-27-2010.pdf.

d. How is academic program growth or reduction in low producing programs reflected in the budget plan?

UTSA will be implementing three new graduate degree programs beginning Fall Semester, 2012:

1. Ph.D. in Psychology
2. Ph.D. in Translational Science
3. M.S. in Advanced Material Engineering

$300,000 has been set aside to support start up costs for the Ph.D. in Psychology and $25,000 has been allocated for the Ph.D. in Translational Science. The M.S. in Advanced Material Engineering will not incur any additional costs.

At the undergraduate level, two new degree programs will be implemented beginning Fall Semester 2012:

1. BS in Public Health
2. BS in Biochemistry (Under review at THECB)
The BS in Public Health will be offered with little additional cost to the university.

The BS in Biochemistry uses existing courses in the degree program for no additional cost. However, the proposal does call for the hiring of one new assistant professor (an enzymologist/analytical chemist), who will require a start-up package. Support for this hire will be allocated from existing resources.

Very few of UTSA’s academic programs were identified as low-producing. Those that were so identified were given an extension, replaced by combined degree programs, or replaced by programs with related curricula. As a result, there has been no budgetary consequence arising from the discontinuation of the few low-producing programs identified at UTSA.

e. Does the budget include funding for the development of additional on-line programs? What about blended learning classrooms?

The Online Learning team was reorganized in 2011 to expand service to faculty members through the creation of three College-specific instructional design and development teams (previously, only a single designer served all faculty members). In addition, each summer, UTSA hosts a two-week Hybrid Academy for 40 faculty members who are selected from the pool of applicants. Each participant receives a stipend of $2,500 and is required to offer their course in a hybrid format the following year. The Hybrid Academy provides a community of practice for faculty members to redesign their classroom courses into ones in which 50% to 80% of the instruction is delivered online. The selected faculty members learn about the pedagogy, management, and technology of hybrid courses. The Academy itself is delivered in a hybrid format. The Teaching and Learning Center participates in the Hybrid Academy, just as the Online Learning team participates in the Provost’s Workshop in order to bring faculty members expertise from across the campus, regardless of organizational affiliation. A current IRB-approved Design-Based Research study informs the annual revision of the Academy content and structure.

The Faculty Innovation with Technology Lab (FIT Lab) has recently been completed and the formal opening is scheduled for April 25th. The FIT Lab is a flexible space which offers multiple configuration options to support faculty collaboration with the Online Learning team:

• drop-in assistance with specific online and hybrid implementation issues;
• scheduled project and brainstorming sessions with the instructional design teams;
• small group workshops on incorporating new technologies (such as virtual reality) into online and classroom delivered instruction;
• classroom-style professional development seminars;
• conferences for project;
• a classroom practice environment outfitted with the same technology found in the distance learning classrooms.

All of the staff members who work in instructional design, instructional development, graphics, and online system administration roles are co-located in the office suite next to the FIT Lab to provide immediate support.

All UTSA classrooms are outfitted with a standard suite of presentation technology. Technology has evolved to the current High-Definition standard and in 2012 we began updating our classrooms to these standards. With over 200 classrooms and given current budget constraints, it will require 3 – 4 years to move from analog to nearly 100% digital/HD technology, thus providing a much higher quality student experience during classroom instruction and in streaming video or recorded capture of instructional presentations. New video streaming services and infrastructure have been put into place during 2012 to support increased online content.

f. Does this budget include funding dedicated to hiring new tenure-track faculty? If so, please explain.

Without an increase to the designated tuition rate, there is approximately $2 million available discretionary funding to meet strategic needs, including new faculty positions to be recruited during the next fiscal year. Specific decisions will be made in the upcoming weeks.

g. Any portion of the budget dedicated to address IT infrastructure challenges? If so, please explain.

$600,000 will be allocated from the IT budget for infrastructure by holding several vacant staff positions unfilled. We expect to spend $300K on data center server replacements, storage and backup infrastructure, with another $180K for maintenance of classroom and video facilities (projector bulbs, screens, smartboards, etc.) and $120K to replace switches, routers, and wireless access points, within the network infrastructure.
IV. CAPITAL FUNDING PRIORITIES

a. Discuss LERR Funding Priorities

The process of identifying the institution’s prioritized LERR request for System and Board consideration has recently commenced, but is in its early stages. Although the FY13 LERR initiative guidelines have not yet been received, it is assumed they will be consistent with prior years.

Since the Chancellor requested an action plan from each institution on addressing fire and life safety needs two years ago, UT San Antonio has been fortunate to dedicate almost $2 million in LERR funds towards that plan. Almost $2.5 million in previously awarded LERR funds have been allocated to fire and life safety initiatives over the last three years. Fire and life safety initiatives remain a high funding priority, even as UTSA has made significant progress in addressing these projects. The university’s 5-year fire and life safety initiatives plan has approximately $2,930,000 in unfunded needs through FY2015.

We appreciate the assistance of the System and Board of Regents in providing this consistent source of funding and the opportunities to provide collaborative initiatives with the health institutions. While there are extraordinary needs throughout the System, we would appreciate special consideration for energy, space, and fire and life safety initiatives.

b. Real Estate Acquisitions

None.