

# THE UNIVERSITY OF TEXAS SYSTEM

## OPERATING BUDGET SUMMARIES

AND RESERVE ALLOCATIONS FOR  
LIBRARY, EQUIPMENT, REPAIR  
AND REHABILITATION  
AND FACULTY STARS

### FISCAL YEAR 2019



AUGUST 2018

The University of Texas at Arlington ♦ The University of Texas at Austin ♦ The University of Texas at Dallas ♦  
The University of Texas at El Paso ♦ The University of Texas of the Permian Basin ♦ The University of Texas  
Rio Grande Valley ♦ The University of Texas at San Antonio ♦ The University of Texas at Tyler ♦  
The University of Texas Southwestern Medical Center ♦ The University of Texas Medical Branch at Galveston  
♦ The University of Texas Health Science Center at Houston ♦ The University of Texas Health Science Center  
at San Antonio ♦ The University of Texas M. D. Anderson Cancer Center ♦ The University of Texas Health  
Science Center at Tyler ♦ The University of Texas System Administration



# THE UNIVERSITY OF TEXAS SYSTEM

## OPERATING BUDGET SUMMARIES AND RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION AND FACULTY STARS

For Fiscal Year Ending August 31, 2019

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# The University of Texas System Operating Budget Highlights

For the Year Ending August 31, 2019

## INTRODUCTION

The University of Texas System (the “System”) is one of the largest and most comprehensive institutions of higher education in the country, as well as one of the largest employers in Texas. The System’s eight general academic campuses educate one-third of Texas’ public university students and its six health-related campuses educate two-thirds of the health professional students attending Texas’ public health-related institutions of higher education.

The U. T. System educates more than 230,000 students. Each year, U. T. institutions award more than one-third of all undergraduate degrees in Texas and almost two-thirds of all health professional degrees. With about 20,000 faculty – including Nobel laureates – and more than 80,000 health care professionals, researchers, student advisors and support staff, the U. T. System is one of the largest employers in the state.

Life-changing research and invention of new technologies at U. T. institutions places the U. T. System among the top 10 “World’s Most Innovative Universities,” according to Reuters. The UT System ranks third in the nation in patent applications, and because of the high caliber of scientific research conducted at U. T. institutions, the U. T. System is ranked No. 1 in Texas and No. 3 in the nation in federal research expenditures.

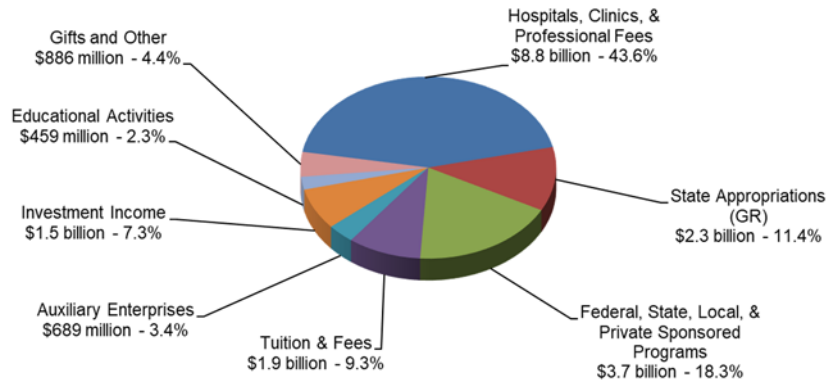
The operating budget provides a wide range of services for Texans. Beyond the primary mission of higher education and research, a significant amount of health care is provided for uninsured and underinsured Texans and several initiatives are supported to improve K-12 education in the public schools. The System’s extensive research and development advancements strengthen the Texas economy.

All of the System’s work revolves around people – the students served, the faculty recruited and retained, and the staff that makes the work of teachers, physicians, and researchers possible. As an educational institution, the System is part of a uniquely labor-intensive industry – one that requires nothing less than the best from all individuals involved.

For FY 2019, changes in the operating budget are largely driven by growth in health care activities primarily related hospital patient income and to professional fees charged by U. T. faculty physicians and contractual arrangements with affiliated hospitals and health care systems. In addition, most System institutions will benefit from a modest tuition increase for 2019.

## REVENUES

**\$20.1 BILLION**



Revenues included in the operating budget include both operating and nonoperating revenues used to finance the operating budget. Combined revenues for FY 2019 are \$20.1 billion, up 6.7 percent or \$1.3 billion from FY 2018. The most significant areas of growth relate to health care activities and include **Net Sales and Services of Hospitals and Clinics** (11.3 percent, \$683 million) and **Net Professional Fees** (8.4 percent, \$159 million). **Tuition and Fee** revenue also made a contribution to the increase (5.0 percent, \$88 million). Budgeted **State Appropriations** remained virtually unchanged (up 0.2 percent, \$4 million). For FY 2019, general revenue will decline to 11.7 percent of the total expense budget, compared to 12.5 percent for 2018.

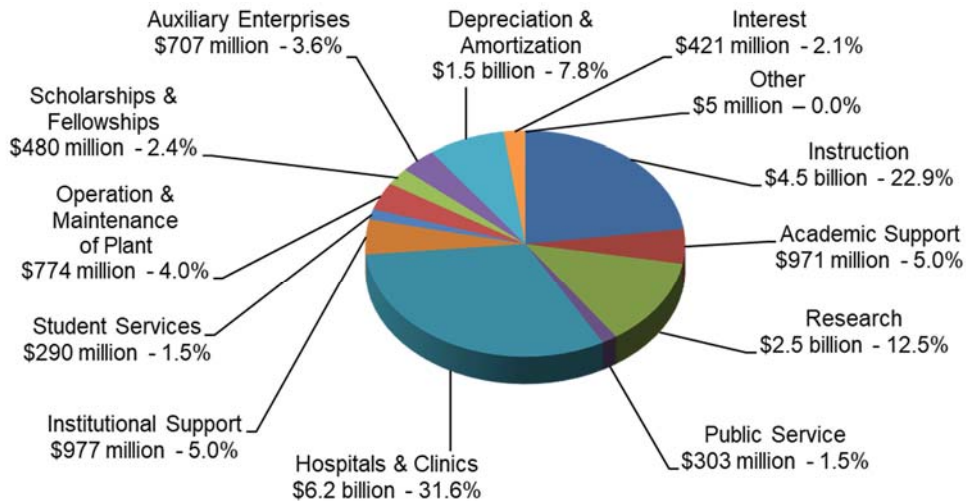
**Net Sales and Services of Hospitals and Clinics** revenue increases are almost entirely attributable to U. T. Southwestern Medical Center (\$165 million) and U. T. M. D. Anderson Cancer Center (\$526 million) FY 2018 actual revenue has significantly outpaced the budget for FY 2018 at both U. T. Southwestern Medical Center and at U. T. M. D. Anderson Cancer Center. The growth trend is expected to continue into FY 2019 with through a combination of volume, productivity, and price increases.

Growth in **Net Professional Fees** principally results from growth in the health-related institutions medical practice plans. The most significant increases are occurring at U. T. Southwestern Medical Center (\$80 million), U. T. Health Science Center–San Antonio (\$35 million) and U. T. Health Science Center–Houston (\$28 million). U. T. Southwestern Medical Center projects 2018 activity to be 8.4 percent above budget and expects 3.9 percent additional growth in FY 2019. U. T. Health Science Center–San Antonio attributes additional revenue to increasing patient volumes at existing facilities including the Medical Arts and Research Center and UT Health Hill Country. U. T. Health Science Center–Houston expects increased productivity, practice growth and revenue cycle optimization along with inclusion of uncompensated care revenue in the FY 2019 budget that was previously excluded due to uncertainty.

**Tuition and Fee** revenue growth results from both additional enrollment and a modest rate increase. The most significant changes occurred at U. T. Arlington (\$44 million), U. T. Austin (\$20 million). U. T. Arlington anticipates additional revenue related to the rate increase and 19 percent increase in accelerated online program revenue. U. T. Austin growth is primarily the result of the newly approved rate and a small enrollment increase.

## EXPENSES

**\$19.5 BILLION**



Expenses reflected in the operating budget include all operational functions, limited nonoperating expenses, and transfers to U. T. System Administration made to fund debt service interest. Depreciation and Amortization expenses are also included in the budget. Conversely, capital outlay and transfers for debt service principal payments are excluded. Combined expenses for FY 2019 are \$19.5 billion, up 6.6 percent or \$1.2 billion from FY 2018. The most significant functional areas of growth include **Hospital and Clinics** (8.9 percent, \$505 million), **Instruction/Academic Support** (5.4 percent, \$276 million), and **Research** (7.5 percent, \$170 million).

The most significant changes in **Hospital and Clinics** are at U. T. Southwestern Medical Center (\$171 million) and U. T. M. D. Anderson Cancer Center (\$317 million). Expenses increased due largely to growth in patient care costs commensurate with increasing revenue including the upward volume trend of U. T. Southwestern Medical Center and U. T. M. D. Anderson Cancer Center. In addition, the loss of 340(b) prescription drug pricing at U. T. Southwestern and budgeting for the target faculty incentive plan at U. T. M. D. Anderson contributed to the growth.

**Instruction/Academic Support** expenses increased due to support for new academic and medical faculty, and academic programs. Expansion of medical practice plans continues to require additional physician faculty. Most academic institutions also experienced enrollment growth. U. T. Austin dedicated the majority of its Available University Fund increase to instructional reserves to be allocated by executive leadership. The most significant increases were at U. T. Austin (\$65 million), U. T. Southwestern Medical Center (\$117 million), and U. T. Health Science Center – San Antonio (\$38 million).

The most significant changes in anticipated **Research** expenses occur at U. T. M. D. Anderson Cancer Center (\$111 million) and U. T. Rio Grande Valley (\$18 million). U. T. M. D. Anderson anticipates growth in state and local research expenditures along with growth in institutionally sponsored research, the merit program and budgeting for the target faculty incentive plan. U. T. Rio Grande Valley is attempting to capture the institutional contributions to research by separately budgeting for faculty departmental research activities that were previously part of the instruction budget.

## BACKGROUND

The System reports financial information based on Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – Management’s Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the entity as a whole. Previously, financial statements focused on the accountability of individual fund groups rather than on the entity as a whole.

The U. T. System Annual Operating Budget has historically presented sources and uses of funds in select fund groups rather than on operating results of the entity as a whole. As a result, several significant differences existed between the budget and the financial reporting presentations at year-end. Beginning in the FY 2007 budget, the underlying operating budget maintains the sources and uses information but allows the focus of the budget to conform more closely to the entity-wide financial performance measures of the annual financial report through a series of adjustments incorporated into the budget totals. The major differences that have been resolved included the following items:

- The budget reflects tuition discounting and related scholarship/fellowship activities in a manner comparable to the GASB *Rules* for the annual financial report.
- Depreciation expense is incorporated into the budgeted expense totals.
- Capital outlay from operating funds is eliminated from budgeted expenditure totals.
- Debt service principal repayments are eliminated from budgeted expenditure totals.

The information presented in this summary document nets budgeted revenues and expenses to arrive at a “Budget Margin (Deficit).” Beginning with this calculated margin, a reconciliation has been included to arrive at a forecasted Change in Net Assets that would be comparable to the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) included in the System’s Annual Financial Report.

## PRESENTATION OF FY 2018 PROJECTED ACTUAL TOTALS

All U. T. institutions have prepared a projection of FY 2018 activity in a format comparable to that presented for the FY 2018 adjusted and FY 2019 proposed budgets. This projection was based on activity through May 2018.

## RESTATEMENT AND RECLASSIFICATION OF FY 2018 BUDGET TOTALS

In certain situations, reclassifications have been made between FY 2018 line items to enhance comparability with the FY 2019 presentation.



## GLOSSARY OF TERMS

### **Operating Revenues:**

**TUITION AND FEES** – All student tuition and fee revenues earned at the U. T. institutions for educational purposes. Tuition is reported net of discounting.

**SPONSORED PROGRAMS** – Funding received from local, state, and federal governments or private agencies, organizations, or individuals. Includes amounts received for services performed on grants, contracts, and agreements from these entities for current operations. This also includes indirect cost recoveries and pass-through federal and state grants.

**NET SALES AND SERVICES OF EDUCATIONAL ACTIVITIES** – Revenues related to the conduct of instruction, research, and public service and revenues from activities that exist to provide an instructional and laboratory experience for students that create goods and services that may be sold. Examples include revenues received from activities such as performing arts, continuing education, charter schools, the University Interscholastic League, trademarks programs, and sports camps.

**NET SALES AND SERVICES OF HOSPITALS AND CLINICS** – Revenues (net of discounts, allowances, and bad debt expense) generated from U. T. health institutions' daily patient care, special or other services, as well as revenues from health clinics that are part of a hospital.

**NET PROFESSIONAL FEES** – Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at U. T. health institutions and U. T. Rio Grande Valley as part of the medical, dental, and other practice plans. Examples of such fees include doctor's fees for clinic visits, medical and dental procedures, professional opinions, and anatomical procedures, such as analysis of specimens after a surgical procedure, etc.

**NET AUXILIARY ENTERPRISES** – Revenues derived from a service to students, faculty, or staff in which a fee is charged that is directly related to, although not necessarily equal to the cost of the service (e.g., bookstores, dormitories, dining halls, snack bars, inter-collegiate athletic programs, etc.).

**OTHER OPERATING REVENUES** – Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories. Also included in this category are Delivery System Reform Incentive Payment funds (DSRIP) which are payments made to providers who agree to participate in Medicaid health care quality and delivery system reforms.

### **Operating Expenses:**

**INSTRUCTION AND ACADEMIC SUPPORT** – Expenditures for salaries, wages, and all other costs related to those engaged in the teaching function including operating costs of instructional departments. This would include the salaries of faculty, teaching assistants, lecturers, and teaching equipment. Library materials and related salaries are also included.

**RESEARCH** – Expenditures for salaries and wages and other costs associated with the support of research conducted by faculty members.

**PUBLIC SERVICE** – Expenditures for activities providing noninstructional services beneficial to individuals and groups external to the institution (e.g. conferences, institutes such as the Institute for Texan Cultures, general advisory services, reference bureaus, radio, and television).

## GLOSSARY OF TERMS (CONTINUED)

**HOSPITALS AND CLINICS** – Expenditures of U. T. health-related institutions with teaching hospital affiliations for costs associated with providing patient care and operating the entity (i.e., labs, pharmacies, personnel salaries, etc.).

**INSTITUTIONAL SUPPORT** – Expenditures for central executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming, and legal services; fiscal operations, including the investment office; administrative data processing; space management; employee personnel and records; logistical activities that provide procurement, storerooms, printing, and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fund raising.

**STUDENT SERVICES** – Expenditures for offices of admissions and of the registrar and activities with the primary purpose of contributing to students’ emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program.

**OPERATION AND MAINTENANCE OF PLANT** – Expenditures of current operating funds for the operation and maintenance of the physical plant. This includes all expenditures for operations established to provide services and maintenance related to grounds and facilities. Also included are utilities, fire protection, property insurance, and similar items. Specifically included are: salaries, wages, supplies materials, and other expenses necessary to keep each building in good repair and usable condition. Also includes expenses necessary to keep the buildings in a clean and sanitary condition, provide upkeep of all lands designated as campus proper (improved and unimproved) not occupied by actual buildings.

**SCHOLARSHIPS AND FELLOWSHIPS** – Expenditures for scholarships and fellowships in the form of grants to students resulting from selection by the institution or from an entitlement program. Amounts reported are net of the effects of tuition discounting.

**AUXILIARY ENTERPRISES** – Expenditures of essentially self-supporting institution enterprises (e.g. bookstores, dormitories, inter-collegiate athletic programs, etc.).

**DEPRECIATION AND AMORTIZATION** – A noncash expense that reduces the value of a capital asset as a result of wear and tear, age, or obsolescence. Also includes amortization expense, which is the gradual elimination of a liability in regular payments over a specified period of time.

### **Nonoperating Revenues (Expenses):**

**STATE APPROPRIATIONS** – Appropriations from the State of Texas General Revenue Fund, which supplement the U. T. institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support. Also includes estimated state-paid fringe benefits costs and funding for debt service on tuition revenue bonds.

**FEDERAL SPONSORED PROGRAMS - NONOPERATING** – Funding received from the federal government for which no exchange of goods or services is perceived to have occurred. This typically includes federal Pell Grants and other miscellaneous awards from the State of Texas.

**STATE AND LOCAL SPONSORED PROGRAMS - NONOPERATING** – Funding received from state or local governments for which no exchange of goods or services is perceived to have occurred. This typically includes Texas Research Incentive Program awards from the State of Texas and funding for the U. T. Austin Medical School provided by the local health care district.

## GLOSSARY OF TERMS (CONTINUED)

GIFTS IN SUPPORT OF OPERATIONS – Consist of public and private gifts used in current operations, excluding gifts for capital acquisition and endowment gifts.

NET INVESTMENT INCOME – Interest and dividend income, Long Term Fund and Permanent Health Fund distributions paid from current year income and patent and royalty income. Distributions from the PUF are also included for budget purposes.

OTHER NONOPERATING REVENUES (EXPENSES) – Revenues and expenses not directly associated with the primary missions of System institutions and not included in another category.

### **Transfers and Other:**

AUF TRANSFERS RECEIVED (MADE) – Transfers made from U. T. System Administration’s Available University Fund (AUF) primarily used to finance excellence at U. T. Austin and general administration at U. T. System Administration. AUF Transfers Received are included in budgeted “revenue” at U. T. Austin and U. T. System Administration in order to be incorporated into margin calculations. To allow revenue totals to balance Systemwide, AUF Transfers Made are reported as a contra-revenue at U. T. System Administration.

TRANSFERS FOR DEBT SERVICE - INTEREST – Reflects debt service activity at all U. T. institutions and includes only the interest portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and PUF bond programs. Through the REVERSE TRANSFERS FOR DEBT SERVICE (SYSTEM ONLY) line item, these amounts are eliminated for purposes of calculating the Systemwide SRECNP Change in Net Position. This elimination leaves virtually all interest expense for the entire System reflected at System Administration since most of the System’s debt is issued in the name of the U. T. System Board of Regents.

### **Reconciliation to Change in Net Assets:**

NET NON-PROFIT HEALTH CORP ACTIVITY – Reflects the net activity of the non-profit health corporations affiliated with U. T. health-related institutions. These organizations function as independent entities and their operations are not directly included in the System’s operating budget. At year end, these entities are incorporated into the System’s financial statements in accordance with generally accepted accounting principles.

NET INC./ (DEC.) IN FAIR VALUE OF INVESTMENTS – Unrealized gains or losses on investment assets of the System.

INTEREST EXPENSE ON CAPITAL ASSET FINANCINGS – Interest expense associated with bond and note borrowings utilized to finance capital improvement projects. U. T. System Administration reports most interest expense because almost all debt legally belongs to the U. T. System Board of Regents.

CAPITAL APPROPRIATIONS, GIFTS AND SPONSORED PROGRAMS – Includes appropriations from the State along with gifts and support for capital projects of the System that are not used for operations.

ADDITIONS TO PERMANENT ENDOWMENTS – Gifts and other additions to the corpus of permanent endowments. These funds are not available to be expended for operational purposes.

## GLOSSARY OF TERMS (CONTINUED)

TRANSFERS FOR DEBT SERVICE – PRINCIPAL – Reflects debt service activity at all U. T. institutions and includes only the principal portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and PUF bond programs. Through the REVERSE TRANSFERS FOR DEBT SERVICE (SYSTEM ONLY) line item, these amounts are eliminated for purposes of calculating the Systemwide SRECNP Change in Net Position as retirement of principal is a balance sheet transaction and do not impact net position.

REVERSE TRANSFERS FOR DEBT SERVICE (SYSTEM ONLY) – This line is used to eliminate the effects of transfers for debt service received by U. T. System Administration on the SRECNP Change in Net Position.

TRANSFERS AND OTHER – Includes all interfund transfers and other activity not categorized elsewhere. For U. T. System, this total also includes the income and distribution to Texas A&M University System for their annual one-third participation in the PUF endowment.



**THE UNIVERSITY OF TEXAS SYSTEM  
INSTITUTION BUDGET HIGHLIGHTS  
AND BUDGET SUMMARIES**

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**The University of Texas System**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,797,070,846	1,781,337,063	1,869,777,807	88,440,744	5.0%
Federal Sponsored Programs	1,509,979,034	1,421,479,122	1,451,614,057	30,134,935	2.1%
State Sponsored Programs	342,394,725	347,711,122	365,511,395	17,800,273	5.1%
Local and Private Sponsored Programs	1,419,611,090	1,458,080,551	1,463,034,341	4,953,790	0.3%
Net Sales and Services of Educational Activities	495,288,662	446,457,965	458,574,463	12,116,498	2.7%
Net Sales and Services of Hospital and Clinics	6,287,119,779	6,024,229,328	6,706,822,829	682,593,501	11.3%
Net Professional Fees	1,921,341,986	1,900,675,796	2,059,897,124	159,221,328	8.4%
Net Auxiliary Enterprises	628,403,011	640,824,709	689,163,578	48,338,869	7.5%
Other Operating Revenues	524,632,884	398,622,823	425,062,789	26,439,966	6.6%
<b>Total Operating Revenues</b>	<b>14,925,842,017</b>	<b>14,419,418,479</b>	<b>15,489,458,383</b>	<b>1,070,039,904</b>	<b>7.4%</b>
<b>Operating Expenses:</b>					
Instruction	4,094,791,884	4,250,982,003	4,463,625,742	212,643,739	5.0%
Academic Support	932,922,042	907,224,651	970,955,474	63,730,823	7.0%
Research	2,372,013,355	2,283,025,490	2,453,243,054	170,217,564	7.5%
Public Service	327,439,796	293,316,565	303,373,531	10,056,966	3.4%
Hospitals and Clinics	5,801,477,059	5,657,319,655	6,162,581,094	505,261,439	8.9%
Institutional Support	2,459,766,615	946,091,535	978,712,366	32,620,831	3.4%
Student Services	282,719,553	288,291,442	289,832,314	1,540,872	0.5%
Operations and Maintenance of Plant	833,104,353	745,971,263	773,949,512	27,978,249	3.8%
Scholarships and Fellowships	416,423,666	417,542,288	479,841,506	62,299,218	14.9%
Auxiliary Enterprises	658,468,689	641,269,914	706,704,919	65,435,005	10.2%
Depreciation and Amortization	1,437,682,865	1,473,164,029	1,518,659,846	45,495,817	3.1%
<b>Total Operating Expenses</b>	<b>19,616,809,877</b>	<b>17,904,198,835</b>	<b>19,101,479,358</b>	<b>1,197,280,523</b>	<b>6.7%</b>
<b>Operating Surplus/Deficit</b>	<b>(4,690,967,860)</b>	<b>(3,484,780,356)</b>	<b>(3,612,020,975)</b>	<b>(127,240,619)</b>	<b>3.7%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	2,299,902,053	2,288,712,701	2,292,333,701	3,621,000	0.2%
Federal Sponsored Programs (Nonoperating)	391,887,880	313,098,784	355,768,970	42,670,186	13.6%
State/Local Sponsored Programs (Nonoperating)	8,306,353	43,406,353	39,141,623	(4,264,730)	-9.8%
Gifts in Support of Operations	410,487,690	399,985,200	460,477,818	60,492,618	15.1%
Net Investment Income	1,256,996,862	1,381,678,002	1,478,583,844	96,905,842	7.0%
Other Non-Operating Revenue	25,199	13,982	19,492	5,510	39.4%
Other Non-Operating (Expenses)	(24,500)	-	(5,000,000)	(5,000,000)	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>4,367,581,537</b>	<b>4,426,895,022</b>	<b>4,621,325,448</b>	<b>194,430,426</b>	<b>4.4%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	474,963,073	436,267,000	468,987,000	32,720,000	7.5%
AUF Transfers (Made) for Operations	(474,963,073)	(436,267,000)	(468,987,000)	(32,720,000)	7.5%
Transfers for Debt Service - Interest	(376,349,083)	(411,123,550)	(421,396,203)	(10,272,653)	2.5%
<b>Total Transfers and Other</b>	<b>(376,349,083)</b>	<b>(411,123,550)</b>	<b>(421,396,203)</b>	<b>(10,272,653)</b>	<b>2.5%</b>
<b>Budget Margin (Deficit)</b>	<b>(699,735,406)</b>	<b>530,991,116</b>	<b>587,908,270</b>	<b>56,917,154</b>	<b>10.7%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	14,113,146	14,000,000	11,800,000	(2,200,000)	-15.7%
Net Inc./Dec. in Fair Value of Investments	550,192,444	-	-	-	-
Interest Expense on Capital Asset Financings	(324,278,008)	(412,623,550)	(421,396,203)	(8,772,653)	2.1%
Capital Approp., Gifts and Sponsored Programs	220,376,152	217,289,962	164,796,178	(52,493,784)	-24.2%
Additions to Permanent Endowments	149,127,584	108,822,124	129,570,775	20,748,651	19.1%
Transfers for Debt Service - Principal	(468,310,818)	(504,747,692)	(544,013,402)	(39,265,710)	7.8%
Reverse Transfers for Debt Service (System Only)	(468,310,818)	915,871,242	965,409,605	49,538,363	5.4%
Transfers and Other	1,576,075,342	218,725,058	107,383,099	(111,341,959)	-50.9%
<b>SRECNP Change in Net Position</b>	<b>\$ 549,249,618</b>	<b>1,088,328,260</b>	<b>1,001,458,322</b>	<b>(86,869,938)</b>	<b>-8.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 19,293,448,054</b>	<b>18,846,313,501</b>	<b>20,115,783,831</b>	<b>1,269,470,330</b>	<b>6.7%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(19,993,183,460)</b>	<b>(18,315,322,385)</b>	<b>(19,527,875,561)</b>	<b>(1,212,553,176)</b>	<b>6.6%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (699,735,406)</b>	<b>530,991,116</b>	<b>587,908,270</b>	<b>56,917,154</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		1,473,164,029	1,518,659,846		
Capital Outlay		(1,099,085,286)	(1,280,749,118)		
Transfers for Debt Service - Principal		(504,747,692)	(544,013,402)		
Budgeted Transfers		(47,518,297)	(53,116,725)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>352,803,870</b>	<b>228,688,871</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas Academic Institutions**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,630,572,464	1,621,602,552	1,699,156,743	77,554,191	4.8%
Federal Sponsored Programs	727,119,166	645,494,765	659,198,645	13,703,880	2.1%
State Sponsored Programs	194,102,076	205,768,585	227,745,482	21,976,897	10.7%
Local and Private Sponsored Programs	187,586,850	187,074,087	216,880,594	29,806,507	15.9%
Net Sales and Services of Educational Activities	357,958,335	357,709,934	367,487,598	9,777,664	2.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	5,297,232	8,421,396	15,275,583	6,854,187	81.4%
Net Auxiliary Enterprises	508,350,189	516,410,834	564,656,217	48,245,383	9.3%
Other Operating Revenues	44,682,283	17,434,669	30,911,987	13,477,318	77.3%
<b>Total Operating Revenues</b>	<b>3,655,668,595</b>	<b>3,559,916,822</b>	<b>3,781,312,849</b>	<b>221,396,027</b>	<b>6.2%</b>
<b>Operating Expenses:</b>					
Instruction	1,590,358,250	1,789,854,480	1,837,888,193	48,033,713	2.7%
Academic Support	572,317,980	553,665,856	597,186,844	43,520,988	7.9%
Research	825,413,794	750,714,339	804,538,297	53,823,958	7.2%
Public Service	212,998,911	172,918,193	179,750,601	6,832,408	4.0%
Hospitals and Clinics	25,141,453	27,312,267	40,768,232	13,455,965	49.3%
Institutional Support	405,301,678	398,776,296	429,339,857	30,563,561	7.7%
Student Services	259,096,943	261,473,977	265,251,281	3,777,304	1.4%
Operations and Maintenance of Plant	400,236,792	344,327,755	350,250,059	5,922,304	1.7%
Scholarships and Fellowships	389,155,226	393,091,218	449,228,410	56,137,192	14.3%
Auxiliary Enterprises	571,493,746	545,259,755	615,188,745	69,928,990	12.8%
Depreciation and Amortization	593,826,887	583,928,740	628,159,665	44,230,925	7.6%
<b>Total Operating Expenses</b>	<b>5,845,341,660</b>	<b>5,821,322,876</b>	<b>6,197,550,184</b>	<b>376,227,308</b>	<b>6.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(2,189,673,065)</b>	<b>(2,261,406,054)</b>	<b>(2,416,237,335)</b>	<b>(154,831,281)</b>	<b>6.8%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	1,085,287,774	1,075,723,084	1,073,771,522	(1,951,562)	-0.2%
Federal Sponsored Programs (Nonoperating)	388,090,525	309,898,784	352,529,485	42,630,701	13.8%
State/Local Sponsored Programs (Nonoperating)	8,306,353	43,406,353	39,141,623	(4,264,730)	-9.8%
Gifts in Support of Operations	210,876,341	205,458,588	201,781,055	(3,677,533)	-1.8%
Net Investment Income	355,989,820	308,896,415	320,045,801	11,149,386	3.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	(24,500)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>2,048,526,313</b>	<b>1,943,383,224</b>	<b>1,987,269,486</b>	<b>43,886,262</b>	<b>2.3%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	367,668,073	340,472,000	373,192,000	32,720,000	9.6%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(154,453,656)	(155,047,778)	(158,439,571)	(3,391,793)	2.2%
<b>Total Transfers and Other</b>	<b>213,214,417</b>	<b>185,424,222</b>	<b>214,752,429</b>	<b>29,328,207</b>	<b>15.8%</b>
<b>Budget Margin (Deficit)</b>	<b>72,067,665</b>	<b>(132,598,608)</b>	<b>(214,215,420)</b>	<b>(81,616,812)</b>	<b>61.6%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	29,822,763	-	-	-	-
Interest Expense on Capital Asset Financings	-	(1,500,000)	-	1,500,000	-100.0%
Capital Approp., Gifts and Sponsored Programs	73,370,257	73,118,000	48,795,000	(24,323,000)	-33.3%
Additions to Permanent Endowments	99,109,498	67,022,124	86,947,775	19,925,651	29.7%
Transfers for Debt Service - Principal	(203,649,818)	(197,222,000)	(204,010,001)	(6,788,001)	3.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	756,943,085	319,528,873	225,183,328	(94,345,545)	-29.5%
<b>SRECNP Change in Net Position</b>	<b>\$ 827,663,450</b>	<b>128,348,389</b>	<b>(57,299,318)</b>	<b>(185,647,707)</b>	<b>-144.6%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 6,071,887,481</b>	<b>5,843,772,046</b>	<b>6,141,774,335</b>	<b>298,002,289</b>	<b>5.1%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(5,999,819,816)</b>	<b>(5,976,370,654)</b>	<b>(6,355,989,755)</b>	<b>(379,619,101)</b>	<b>6.4%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 72,067,665</b>	<b>(132,598,608)</b>	<b>(214,215,420)</b>	<b>(81,616,812)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		583,928,740	628,159,665		
Capital Outlay		(158,590,874)	(151,211,056)		
Transfers for Debt Service - Principal		(197,222,000)	(204,010,001)		
Budgeted Transfers		(46,183,544)	(52,348,100)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>49,333,714</b>	<b>6,375,088</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.



**The University of Texas Health-Related Institutions**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 166,498,382	159,734,511	170,621,064	10,886,553	6.8%
Federal Sponsored Programs	765,544,457	755,984,357	778,155,412	22,171,055	2.9%
State Sponsored Programs	137,524,813	131,735,743	137,765,913	6,030,170	4.6%
Local and Private Sponsored Programs	1,232,024,240	1,271,006,464	1,246,153,747	(24,852,717)	-2.0%
Net Sales and Services of Educational Activities	95,117,174	86,045,331	87,984,665	1,939,334	2.3%
Net Sales and Services of Hospital and Clinics	6,287,119,779	6,024,229,328	6,706,822,829	682,593,501	11.3%
Net Professional Fees	1,916,044,754	1,892,254,400	2,044,621,541	152,367,141	8.1%
Net Auxiliary Enterprises	120,052,822	124,413,875	124,507,361	93,486	0.1%
Other Operating Revenues	409,581,834	380,056,828	392,295,538	12,238,710	3.2%
<b>Total Operating Revenues</b>	<b>11,129,508,255</b>	<b>10,825,460,837</b>	<b>11,688,928,070</b>	<b>863,467,233</b>	<b>8.0%</b>
<b>Operating Expenses:</b>					
Instruction	2,504,433,634	2,461,127,523	2,625,737,549	164,610,026	6.7%
Academic Support	341,258,137	333,642,097	365,501,596	31,859,499	9.5%
Research	1,546,599,561	1,532,311,151	1,648,704,757	116,393,606	7.6%
Public Service	111,284,326	118,752,982	121,977,540	3,224,558	2.7%
Hospitals and Clinics	5,776,335,606	5,630,007,388	6,121,812,862	491,805,474	8.7%
Institutional Support	420,224,367	409,130,257	428,782,778	19,652,521	4.8%
Student Services	23,622,610	26,817,465	24,581,033	(2,236,432)	-8.3%
Operations and Maintenance of Plant	431,895,972	401,643,508	423,699,453	22,055,945	5.5%
Scholarships and Fellowships	26,976,440	22,721,710	28,803,736	6,082,026	26.8%
Auxiliary Enterprises	86,974,943	96,010,159	91,516,174	(4,493,985)	-4.7%
Depreciation and Amortization	819,158,398	867,629,973	869,999,645	2,369,672	0.3%
<b>Total Operating Expenses</b>	<b>12,088,763,994</b>	<b>11,899,794,213</b>	<b>12,751,117,123</b>	<b>851,322,910</b>	<b>7.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(959,255,739)</b>	<b>(1,074,333,376)</b>	<b>(1,062,189,053)</b>	<b>12,144,323</b>	<b>-1.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	1,211,303,636	1,211,344,227	1,216,916,789	5,572,562	0.5%
Federal Sponsored Programs (Nonoperating)	3,797,355	3,200,000	3,239,485	39,485	1.2%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	198,679,055	193,406,982	257,627,133	64,220,151	33.2%
Net Investment Income	445,729,825	427,245,080	451,017,156	23,772,076	5.6%
Other Non-Operating Revenue	25,199	13,982	19,492	5,510	39.4%
Other Non-Operating (Expenses)	-	-	(5,000,000)	(5,000,000)	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>1,859,535,070</b>	<b>1,835,210,271</b>	<b>1,923,820,055</b>	<b>88,609,784</b>	<b>4.8%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(117,695,243)	(131,250,847)	(135,685,632)	(4,434,785)	3.4%
<b>Total Transfers and Other</b>	<b>(117,695,243)</b>	<b>(131,250,847)</b>	<b>(135,685,632)</b>	<b>(4,434,785)</b>	<b>3.4%</b>
<b>Budget Margin (Deficit)</b>	<b>782,584,088</b>	<b>629,626,048</b>	<b>725,945,370</b>	<b>96,319,322</b>	<b>15.3%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	14,113,146	14,000,000	11,800,000	(2,200,000)	-15.7%
Net Inc./Dec. in Fair Value of Investments	87,780,518	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	116,749,601	117,071,962	89,201,178	(27,870,784)	-23.8%
Additions to Permanent Endowments	50,018,086	41,800,000	42,623,000	823,000	2.0%
Transfers for Debt Service - Principal	(215,881,000)	(251,245,692)	(238,653,401)	12,592,291	-5.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	662,771,882	679,053,383	579,573,430	(99,479,953)	-14.6%
<b>SRECNP Change in Net Position</b>	<b>\$ 1,498,136,321</b>	<b>1,230,305,701</b>	<b>1,210,489,577</b>	<b>(19,816,124)</b>	<b>-1.6%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 12,989,043,325</b>	<b>12,660,671,108</b>	<b>13,617,748,125</b>	<b>957,077,017</b>	<b>7.6%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(12,206,459,237)</b>	<b>(12,031,045,060)</b>	<b>(12,891,802,755)</b>	<b>(860,757,695)</b>	<b>7.2%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 782,584,088</b>	<b>629,626,048</b>	<b>725,945,370</b>	<b>96,319,322</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		867,629,973	869,999,645		
Capital Outlay		(929,494,412)	(1,128,538,062)		
Transfers for Debt Service - Principal		(251,245,692)	(238,653,401)		
Budgeted Transfers		(83,440)	448,485		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>316,432,477</b>	<b>229,202,037</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas System Administration  
Operating Budget Highlights  
For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The Board of Regents approved both the FY 2017 and FY 2018 budgets for The University of Texas System Administration with the expectation that the total U. T. System Administration budget would be reduced both in numbers of full-time equivalent employees (FTEs) and in dependency upon the Available University Fund (AUF) to finance operations. To that end, total budgeted FTEs have been reduced from 924 FTEs in the FY 2017 budget to 696 FTEs in the proposed FY 2019 budget, a 25 percent reduction. AUF-funded FTEs have decreased from 538 FTEs in the FY 2017 budget to 382 FTEs in the proposed budget, a 29 percent reduction. In addition, the portion of the AUF distribution used for U. T. System Administration activities, including direct campus support resulting from the 2015 Regents' plan to offset tuition at academic campuses other than U. T. Austin, has been reduced from \$111.4 million in 2017 to \$95.8 million in the proposed FY 2019 budget, a 14 percent reduction.

In December 2017, the Chairman of the Board of Regents named a System Review and Structure Task Force to engage in a review and assessment of U. T. System Administration functions, activities, and staffing to determine effectiveness, impact, and return on investment. To that end, a consultant was engaged. As the report and recommendations have not been completed in time for inclusion in the presented FY 2019 budget, the proposed budget reflects status quo activities with a reserve for merit and other staff compensation adjustments. The budget is built on a recurring AUF requirement of \$95.8 million, unchanged from FY 2018, but temporarily requires use of \$3.2 million of balances to finance ongoing core activities and direct campus support through the end of FY 2019. It is requested that the FY 2019 budget be approved, with the understanding that adjustments will be made to bring the total budget in line with available recurring AUF support and that Task Force recommendations will be incorporated subsequent to budget approval, as directed by the Board.

As part of the 2015 plan to offset tuition at the academic campuses other than U. T. Austin, the Board of Regents approved \$31.4 million of AUF with the stated understanding that this commitment was expected to increase over time and that it would be incorporated into future U. T. System Administration budgets. This segment of the budget, providing direct campus support, is proposed to utilize approximately \$43.0 million of AUF, including balances, and to have 114 FTEs for FY 2019 with growth due largely to the campus support requirements of the UTShare enterprise resource planning system.

**Revenue**

Budgeted revenue for U. T. System Administration is \$356.3 million, up \$14.4 million (4.2 percent). net investment Income includes a large increase related to growth in the AUF distribution (\$62 million), however more than half of the increase is transferred to U. T. Austin and is not reflected as revenue for U. T. System Administration in the budget presentation. Only the portions of the AUF distribution for Permanent University Fund (PUF) bond debt service, for U. T. System Administration operations and any surplus after distributions to U. T. Austin are reflected as revenue. As an AUF distribution rate was not approved by the Board of Regents prior to preparation of the budget, the policy distribution rate of 5.0% based on a 12 quarter average market value has been included in the proposed budget.

The growth in net investment Income is offset by a \$5.7 million decline in anticipated federal support for Medicare Part D retiree prescription drug coverage administered as part of the UT SELECT health insurance program. State sponsored program revenue decreased from the prior year as a result of receiving the biennial funding for the Joint Admission Medical Program in FY 2018, the first year of the biennium.

**Expenses**

Budget expenses (including transfers for interest) have decreased \$27.8 million (<9.0> percent) to \$280.1 million. The decrease results from the cessation of activities related to the Institute for Transformational Learning (academic support), ongoing review of core operations, the expected reduction in the aforementioned Medicare Part D support and reductions in Quantum Leaps activities as compared to prior years (all institutional support). A nominal merit, promotion, equity and reclassification pool for staff has been established as part of the proposed budget.

**The University of Texas System Administration**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	17,315,411	20,000,000	14,260,000	(5,740,000)	-28.7%
State Sponsored Programs	10,767,836	10,206,794	-	(10,206,794)	-100.0%
Local and Private Sponsored Programs	-	-	-	-	-
Net Sales and Services of Educational Activities	42,213,153	2,702,700	3,102,200	399,500	14.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	70,368,767	1,131,326	1,855,264	723,938	64.0%
<b>Total Operating Revenues</b>	<b>140,665,167</b>	<b>34,040,820</b>	<b>19,217,464</b>	<b>(14,823,356)</b>	<b>-43.5%</b>
<b>Operating Expenses:</b>					
Instruction	-	-	-	-	-
Academic Support	19,345,925	19,916,698	8,267,034	(11,649,664)	-58.5%
Research	-	-	-	-	-
Public Service	3,156,559	1,645,390	1,645,390	-	0.0%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	1,634,240,570	138,184,982	120,589,731	(17,595,251)	-12.7%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	971,589	-	-	-	-
Scholarships and Fellowships	292,000	1,729,360	1,809,360	80,000	4.6%
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	24,697,580	21,605,316	20,500,536	(1,104,780)	-5.1%
<b>Total Operating Expenses</b>	<b>1,682,704,223</b>	<b>183,081,746</b>	<b>152,812,051</b>	<b>(30,269,695)</b>	<b>-16.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(1,542,039,056)</b>	<b>(149,040,926)</b>	<b>(133,594,587)</b>	<b>15,446,339</b>	<b>-10.4%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	3,310,643	1,645,390	1,645,390	-	0.0%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	932,294	1,119,630	1,069,630	(50,000)	-4.5%
Net Investment Income	455,277,217	645,536,507	707,520,887	61,984,380	9.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>459,520,154</b>	<b>648,301,527</b>	<b>710,235,907</b>	<b>61,934,380</b>	<b>9.6%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	107,295,000	95,795,000	95,795,000	-	0.0%
AUF Transfers (Made) for Operations	(474,963,073)	(436,267,000)	(468,987,000)	(32,720,000)	7.5%
Transfers for Debt Service - Interest	(104,200,184)	(124,824,925)	(127,271,000)	(2,446,075)	2.0%
<b>Total Transfers and Other</b>	<b>(471,868,257)</b>	<b>(465,296,925)</b>	<b>(500,463,000)</b>	<b>(35,166,075)</b>	<b>7.6%</b>
<b>Budget Margin (Deficit)</b>	<b>(1,554,387,159)</b>	<b>33,963,676</b>	<b>76,178,320</b>	<b>42,214,644</b>	<b>124.3%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	432,589,163	-	-	-	-
Interest Expense on Capital Asset Financings	(324,278,008)	(411,123,550)	(421,396,203)	(10,272,653)	2.5%
Capital Approp., Gifts and Sponsored Programs	30,256,294	27,100,000	26,800,000	(300,000)	-1.1%
Additions to Permanent Endowments	121,000,000	106,922,124	129,570,775	22,648,651	21.2%
Transfers for Debt Service - Principal	(48,780,000)	(56,280,000)	(101,350,000)	(45,070,000)	80.1%
Reverse Transfers for Debt Service (System Only)	(468,310,818)	915,871,242	965,409,605	49,538,363	5.4%
Transfers and Other	763,360,375	(86,177,089)	(75,999,603)	10,177,486	-11.8%
<b>SRECNP Change in Net Position</b>	<b>\$ (1,048,550,153)</b>	<b>530,276,403</b>	<b>599,212,894</b>	<b>68,936,491</b>	<b>13.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 232,517,248</b>	<b>341,870,347</b>	<b>356,261,371</b>	<b>14,391,024</b>	<b>4.2%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(1,786,904,407)</b>	<b>(307,906,671)</b>	<b>(280,083,051)</b>	<b>27,823,620</b>	<b>-9.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (1,554,387,159)</b>	<b>33,963,676</b>	<b>76,178,320</b>	<b>42,214,644</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		21,605,316	20,500,536		
Capital Outlay		(11,000,000)	(1,000,000)		
Transfers for Debt Service - Principal		(56,280,000)	(101,350,000)		
Budgeted Transfers		(1,251,313)	(1,217,110)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(12,962,321)</b>	<b>(6,888,254)</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at Arlington  
Operating Budget Highlights  
For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The University of Texas at Arlington's Strategic Plan "Bold Solutions|Global Impact" charts an ambitious agenda with the goal of ensuring that U. T. Arlington will be one of the "best of the best", a thought leader, and an institution that sets standards for others to follow. With a focus on enabling a sustainable megacity and developed around four themes of (1) Health and the Human Condition, (2) Sustainable Urban Communities, (3) Global Environmental Impact, and (4) Data-Driven Discovery, the plan fosters the collaborative and cross-disciplinary thinking that the future demands and will help U. T. Arlington address the epic challenges that face the community – an urgent calling as the Dallas-Fort Worth-Arlington Metropolitan Area with almost seven million people today rapidly approaches megacity status.

U. T. Arlington is a Carnegie R1 institution focused on bridging access and excellence at an affordable cost. As an urban serving institution, U. T. Arlington has over the past year received numerous national and international recognition including a No. 1 ranking by Military Times in the "Best for Vets" list for four-year institutions in the state of Texas; a ranking as the top four-year university in Texas for adult learners who are over the age of 25 by Washington Monthly; a *U.S. News & World Report* ranking as fifth among national universities for undergraduate ethnic diversity in 2018, and inclusion of more than 20 graduate programs at U. T. Arlington in a *U.S. News & World Report's* 2018 "Best Graduate Schools" ranking; all while continuing to increase U. T. Arlington's research profile as part of the charge towards Tier 1 status and providing a transformational educational experience to all students.

U. T. Arlington has developed the FY 2019 budget with a focus on continuing progress toward Tier 1 status while simultaneously meeting aggressive student success and student support goals. Budget increases are primarily focused on addressing student success initiatives, student support projects, and faculty and staff recruitment and retention.

**Revenue**

Total annual operating revenue is expected to increase by just under ten percent in FY 2019. The increase in tuition revenue is driven by the tuition rate increases approved by the U. T. System Board of Regents and increased enrollment. Tuition revenue is expected to increase by 3.9 percent due to increases in rates and due to 16 percent growth in online enrollment.

Restricted grants and contracts are expected to increase as a result of additional external funding. Increasing demand, in addition to incremental rate increases, for housing, parking, and dining services; along with completion of new residence hall, dining, and parking facilities has led to a projected 20 percent increase in auxiliary revenue.

Total non-operating revenue is expected to increase by three percent as a result of an increase in federal sponsored non-operating revenue, related to federal student financial aid awards.

**Expenses**

U. T. Arlington's operating expenses are expected to increase by seven percent in FY 2019 to a total of \$688.5 million. While managing increased costs related to enrollment growth, the University is making sizeable instruction and academic support investments related to increased faculty levels, faculty retention initiatives, advising, case management, student success initiatives.

An increase in public service related expenditures, funded from external grants and contracts, is anticipated as U. T. Arlington continues its ascent to Tier 1 status. With increasing enrollments, additional federal aid awards, an emphasis in student recruitment, and increased tuition rates, scholarship expenditures are anticipated to increase \$14 million, before the adjustment for tuition discounting. Student service expenditure increases related to counseling, health services, and student success initiatives were part of the tuition increase proposal and result in an increase of eight percent. U. T. Arlington has also allocated funding for a 2.5 percent merit increase for all faculty and staff.

**The University of Texas at Arlington**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 302,841,099	297,984,277	327,362,744	29,378,467	9.9%
Federal Sponsored Programs	47,427,650	55,327,683	55,152,618	(175,065)	-0.3%
State Sponsored Programs	20,679,652	20,502,615	23,148,439	2,645,824	12.9%
Local and Private Sponsored Programs	6,388,795	9,325,000	12,325,000	3,000,000	32.2%
Net Sales and Services of Educational Activities	24,218,370	24,563,829	24,688,127	124,298	0.5%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	44,987,629	38,509,433	46,122,740	7,613,307	19.8%
Other Operating Revenues	5,216,819	6,525,318	6,558,337	33,019	0.5%
<b>Total Operating Revenues</b>	<b>451,760,014</b>	<b>452,738,155</b>	<b>495,358,005</b>	<b>42,619,850</b>	<b>9.4%</b>
<b>Operating Expenses:</b>					
Instruction	178,936,930	222,135,614	230,085,609	7,949,995	3.6%
Academic Support	44,870,936	36,470,937	47,290,781	10,819,844	29.7%
Research	83,018,038	64,363,061	63,622,736	(740,325)	-1.2%
Public Service	15,299,415	13,328,819	17,631,898	4,303,079	32.3%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	46,431,114	64,241,531	64,650,970	409,439	0.6%
Student Services	85,946,472	89,410,451	96,683,638	7,273,187	8.1%
Operations and Maintenance of Plant	34,901,142	24,852,319	24,714,678	(137,641)	-0.6%
Scholarships and Fellowships	44,105,558	31,382,013	40,362,530	8,980,517	28.6%
Auxiliary Enterprises	53,043,087	42,667,773	50,339,592	7,671,819	18.0%
Depreciation and Amortization	44,576,179	53,042,108	53,153,496	111,388	0.2%
<b>Total Operating Expenses</b>	<b>631,128,871</b>	<b>641,894,626</b>	<b>688,535,928</b>	<b>46,641,302</b>	<b>7.3%</b>
<b>Operating Surplus/Deficit</b>	<b>(179,368,857)</b>	<b>(189,156,471)</b>	<b>(193,177,923)</b>	<b>(4,021,452)</b>	<b>2.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	131,551,914	131,551,914	132,707,102	1,155,188	0.9%
Federal Sponsored Programs (Nonoperating)	60,501,665	50,000,000	56,000,000	6,000,000	12.0%
State Sponsored Programs (Nonoperating)	3,030,758	3,030,758	3,025,000	(5,758)	-0.2%
Gifts in Support of Operations	3,719,983	5,221,133	4,183,274	(1,037,859)	-19.9%
Net Investment Income	20,224,356	13,173,227	13,238,705	65,478	0.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>219,028,676</b>	<b>202,977,032</b>	<b>209,154,081</b>	<b>6,177,049</b>	<b>3.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(12,812,550)	(14,300,526)	(15,367,482)	(1,066,956)	7.5%
<b>Total Transfers and Other</b>	<b>(12,812,550)</b>	<b>(14,300,526)</b>	<b>(15,367,482)</b>	<b>(1,066,956)</b>	<b>7.5%</b>
<b>Budget Margin (Deficit)</b>	<b>26,847,269</b>	<b>(479,965)</b>	<b>608,676</b>	<b>1,088,641</b>	<b>-226.8%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	12,387,732	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	600,000	1,000,000	500,000	(500,000)	-50.0%
Additions to Permanent Endowments	4,700,000	3,988,264	4,500,000	511,736	12.8%
Transfers for Debt Service - Principal	(18,610,000)	(18,610,000)	(19,747,000)	(1,137,000)	6.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	6,100,000	85,945,386	47,800,355	(38,145,031)	-44.4%
<b>SRECNP Change in Net Position</b>	<b>\$ 32,025,001</b>	<b>71,843,685</b>	<b>33,662,031</b>	<b>(38,181,654)</b>	<b>-53.1%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 670,788,690</b>	<b>655,715,187</b>	<b>704,512,086</b>	<b>48,796,899</b>	<b>7.4%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(643,941,421)</b>	<b>(656,195,152)</b>	<b>(703,903,410)</b>	<b>(47,708,258)</b>	<b>7.3%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 26,847,269</b>	<b>(479,965)</b>	<b>608,676</b>	<b>1,088,641</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		53,042,108	53,153,496		
Capital Outlay		(29,549,000)	(29,844,489)		
Transfers for Debt Service - Principal		(18,610,000)	(19,747,000)		
Budgeted Transfers		-	(14,996,013)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>4,403,143</b>	<b>(10,825,330)</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at Austin  
Operating Budget Highlights  
For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The University of Texas at Austin remains focused on advancing the University to become one of the top public universities in the nation. U. T. Austin continues to innovate in the education of undergraduate students to be tomorrow's leaders in a globally competitive diverse environment, expanding its research mission to have the greatest impact and value to the people of Texas, and transforming health care through the Dell Medical School. U. T. Austin shares its unique resources with the state, nation, and the world while being good stewards of taxpayer and tuition dollars to maximize the value from every dollar spent.

A key priority is to continue to improve the already substantial value of undergraduate education. The student success initiatives remain critical elements of this budget, and these programs led to a record four-year graduation rate of 66 percent in FY 2017, with higher rates expected in FY 2018. Fundamental changes in the higher education landscape require all departments to assess the role of a modern research university in the provision of residential undergraduate education. Efforts are being expanded to include experiential learning in curricula to enhance the educational experience of U. T. Austin undergraduate students. The University launched the college-to-career initiative to support the successful transition into the workforce for both undergraduate and graduate students.

The faculty is at the heart of the education and research mission. To maintain competitiveness for faculty, it is essential to preemptively adjust the salaries of the top faculty across all departments. The next phase of the Faculty Investment Initiative, launched in FY 2016, is a selective expansion of recruiting efforts at all ranks to regenerate excellence of faculty. This investment of \$45 million is included in the budget to be allocated over four years. Despite these efforts, there is concern about a continued erosion of competitiveness of U. T. Austin faculty salaries, even with funds set aside for merit pools.

The Dell Medical School will welcome its third class this summer. With the support of Travis County taxpayers, the state legislature, and the Board of Regents, expansion of buildings and medical student enrollment will continue, creating the health care system of the future with person-centered, valued-added health care that provides for healthier communities. Recruitment of internationally-recognized clinician faculty has been successful and additional recruitments are underway. Dell Medical School's receipt of formula funding from the pool of funds dedicated to Health Related Institutions was critical to ensuring its long-term financial health. Cultivation of significant philanthropic and foundation gifts is underway. The University anticipates that the gifts will require matching funds from the campus and other donors.

Crucial to the University's success in meeting its teaching and research mission, and in being counted among the world's best institutions of higher education, is addressing the challenges of providing a diverse and inclusive campus. The University must continue to devote financial resources to this critical element of excellence. The University and the nation benefit when students are educated in an environment rich in the very diversity that has made this nation great.

**Revenue**

The state general revenue funding for FY 2019 was reduced by a net of \$4.4 million from FY 2018 funding, since the DKR Alzheimer's Initiative funding of \$6.4 million is reflected in the first year of the biennium only. This net reduction includes a \$2.6 million increase in state paid benefits. Tuition revenue increased approximately \$17.2 million as a result of the Board approved 2 percent increase, the addition of a new class of medical students, and additional tuition increases in some of the professional programs. The overall Available University Fund allocation increased by \$32.7 million. Gift estimated revenue decreased by approximately \$1 million based on historical trends.

**Expenses**

Subject to approval by the Board of Regents, U. T. Austin plans to implement an institutionally funded 3 percent average increase for tenured/tenure-track faculty and 2 percent for non-tenured faculty to remain competitive in attracting and retaining talented faculty. An average 2 percent strategic one-time or recurring merit-based salary increase policy is planned for staff – to be funded by the units. As planned, in preparation for the anticipated reduction in recurring state general revenue, the University's core operating budget was reduced by \$20 million for the FY 2019 budget.

**The University of Texas at Austin**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 485,000,000	516,399,146	533,625,612	17,226,466	3.3%
Federal Sponsored Programs	485,000,000	410,699,221	425,387,041	14,687,820	3.6%
State Sponsored Programs	57,500,000	62,850,080	65,997,220	3,147,140	5.0%
Local and Private Sponsored Programs	122,200,000	124,080,702	134,061,019	9,980,317	8.0%
Net Sales and Services of Educational Activities	267,800,000	271,462,269	275,780,213	4,317,944	1.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	1,600,000	-	5,169,908	5,169,908	-
Net Auxiliary Enterprises	321,200,000	315,574,604	342,021,829	26,447,225	8.4%
Other Operating Revenues	12,400,000	5,349,936	7,323,134	1,973,198	36.9%
<b>Total Operating Revenues</b>	<b>1,752,700,000</b>	<b>1,706,415,958</b>	<b>1,789,365,976</b>	<b>82,950,018</b>	<b>4.9%</b>
<b>Operating Expenses:</b>					
Instruction	718,700,000	863,033,288	905,605,048	42,571,760	4.9%
Academic Support	314,800,000	303,573,933	325,819,703	22,245,770	7.3%
Research	503,800,000	468,270,956	478,686,042	10,415,086	2.2%
Public Service	134,100,000	108,893,827	113,358,540	4,464,713	4.1%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	162,000,000	133,769,366	158,206,054	24,436,688	18.3%
Student Services	60,700,000	62,066,769	58,803,318	(3,263,451)	-5.3%
Operations and Maintenance of Plant	195,300,000	160,606,713	153,264,182	(7,342,531)	-4.6%
Scholarships and Fellowships	122,400,000	170,048,677	170,995,232	946,555	0.6%
Auxiliary Enterprises	309,200,000	304,328,384	343,517,693	39,189,309	12.9%
Depreciation and Amortization	314,000,000	288,000,000	324,000,000	36,000,000	12.5%
<b>Total Operating Expenses</b>	<b>2,835,000,000</b>	<b>2,862,591,913</b>	<b>3,032,255,812</b>	<b>169,663,899</b>	<b>5.9%</b>
<b>Operating Surplus/Deficit</b>	<b>(1,082,300,000)</b>	<b>(1,156,175,955)</b>	<b>(1,242,889,836)</b>	<b>(86,713,881)</b>	<b>7.5%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	360,600,000	360,607,443	356,208,589	(4,398,854)	-1.2%
Federal Sponsored Programs (Nonoperating)	78,000,000	43,000,000	44,000,000	1,000,000	2.3%
State/Local Sponsored Programs (Nonoperating)	-	35,000,000	35,000,000	-	0.0%
Gifts in Support of Operations	172,300,000	158,908,210	157,497,167	(1,411,043)	-0.9%
Net Investment Income	257,700,000	226,247,799	236,365,923	10,118,124	4.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>868,600,000</b>	<b>823,763,452</b>	<b>829,071,679</b>	<b>5,308,227</b>	<b>0.6%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	367,668,073	340,472,000	373,192,000	32,720,000	9.6%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(68,700,000)	(61,223,848)	(66,279,362)	(5,055,514)	8.3%
<b>Total Transfers and Other</b>	<b>298,968,073</b>	<b>279,248,152</b>	<b>306,912,638</b>	<b>27,664,486</b>	<b>9.9%</b>
<b>Budget Margin (Deficit)</b>	<b>85,268,073</b>	<b>(53,164,351)</b>	<b>(106,905,519)</b>	<b>(53,741,168)</b>	<b>101.1%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	(1,500,000)	-	1,500,000	-100.0%
Capital Approp., Gifts and Sponsored Programs	48,000,000	55,000,000	30,000,000	(25,000,000)	-45.5%
Additions to Permanent Endowments	80,000,000	50,000,000	65,000,000	15,000,000	30.0%
Transfers for Debt Service - Principal	(71,700,000)	(67,849,000)	(68,823,000)	(974,000)	1.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	474,440,000	58,340,000	55,560,000	(2,780,000)	-4.8%
<b>SRECNP Change in Net Position</b>	<b>\$ 616,008,073</b>	<b>40,826,649</b>	<b>(25,168,519)</b>	<b>(65,995,168)</b>	<b>-161.6%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 2,988,968,073</b>	<b>2,870,651,410</b>	<b>2,991,629,655</b>	<b>120,978,245</b>	<b>4.2%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(2,903,700,000)</b>	<b>(2,923,815,761)</b>	<b>(3,098,535,174)</b>	<b>(174,719,413)</b>	<b>6.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 85,268,073</b>	<b>(53,164,351)</b>	<b>(106,905,519)</b>	<b>(53,741,168)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		288,000,000	324,000,000		
Capital Outlay		(90,927,359)	(87,698,235)		
Transfers for Debt Service - Principal		(67,849,000)	(68,823,000)		
Budgeted Transfers		(44,320,868)	(39,441,349)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>31,738,422</b>	<b>21,131,897</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at Austin  
Application of Available University Fund (AUF)  
Recommended Budget 2018-19**

The mission of the University is to achieve excellence in the interrelated areas of undergraduate education, graduate education, research, and public service. And all sources of funds (appropriated, AUF, tuition, grants, and gifts) are expended to this end.

According to the Texas Constitution, one of the permitted uses of the AUF is the support and maintenance of the University. Over the years, the AUF has provided the margin of excellence that permits UT Austin to achieve and maintain its place as one of the premier public institutions of higher education in the nation.

The margin of excellence and operations support of the University are described below:

**Excellence in Mission:** **\$ 256,968,753**  
**Instructional Excellence**

**Enhanced Academic Programs** \$ 180,134,918  
 Academic initiatives at the college and departmental level enhanced by the AUF include curriculum innovation, development of new degree programs, interdisciplinary program planning and coordination, honors programs, internship programs, academic technology and facility support, K-12 and community outreach activities, and continuing education. For FY 18-19, it also includes reserves to be allocated by executive leadership.

**Instructional Program Services** 1,959,398  
 These services include educational innovation, student success initiatives, college computing services, instructional and technology enhanced teaching support, provision of Web-based student-faculty communication platforms, teaching effectiveness services, credit by examination, new and experienced faculty training, assessment methods, student course-instructor evaluations, the UT Elementary School, and coordination of University-wide K-12 activities.

**Instructional Initiatives and Programs** 26,263,184  
 The School of Undergraduate Studies was developed to enhance the education for all undergraduates through core curriculum, advising, learning communities, signature courses, interdisciplinary programs, and research.

Other instructional initiatives and programs include course transformation and innovation as well as visiting lecturers. Students have access to specialized centers for design and creative technology; pharmacy and nursing experiences; and fine arts productions.



**Academic Infrastructure (Libraries, Instructional Technology)**

27,782,651

Instructional technology services include providing access to computing, voice and data networks, internet, and email. Library services include access to comprehensive print and digital resources supporting all disciplines, and access to specialized collections within the Humanities Research Center, and the Benson Latin American Collection.

**Student Programs and Services**

3,697,472

These services encompass new student orientation, career services, welcoming and mentoring programs, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning.

**Research Excellence**

**Research Competitiveness**

14,117,800

Support is provided for the critical research infrastructure required for faculty to be competitive for federal, state, and private sector research grant funding, to meet the ever increasing regulatory and compliance requirements associated with this external funding, to provide specialized services for areas such as animal care and high performance computing, and to help support research centers and institutes targeting areas critical to the economic development of Texas and the nation.

**Outreach Excellence**

**Academic Program/Community Interface**

3,013,330

These programs help define and characterize the role of a flagship institution within the larger community and include such units as: Texas Performing Arts, Blanton Museum, and Winedale Historical Center.

**Recruitment and Retention of Talent:**

**59,179,798**

**Faculty**

2,786,219

UT Austin is committed to continuing to advance as one of the world’s finest universities. Achieving this goal is directly connected to our ability to recruit and retain faculty of the highest caliber. UT Austin must compete for this top talent.

**K-12 Outreach and Undergraduate Students**

21,159,850

Funds for various admission, scholarship and retention programs help insure the quality and diversity of students. The University Outreach Centers provide an intensive college preparatory program for under-represented students beginning in eighth grade and continuing through high school. The purpose is to increase the number of educationally disadvantaged students who graduate from Texas high schools prepared to matriculate and be successful in Texas colleges and universities.

**Graduate Students**

35,233,729

The intellectual and research accomplishments of the University depend critically on our ability to recruit and retain the very best graduate students from across the nation. These funds provide the scholarships, fellowships and infrastructure support necessary for UT Austin to compete with its peer institutions for these excellent students.

**Institutional Accountability and Enhanced Connections to the Public**

29,206,532

Institutional accountability programs and offices are dedicated to providing support services for excellence in teaching, research, and public service. Development efforts expand private support by presenting evidence of the University's distinctive character, valuable service, and efficient management. University Communications has leadership responsibility for the institution's interaction with the media and with the public at large. The Office of the Executive Vice President and Provost serves as the chief academic officer of the university overseeing the academic programs on campus. The Office of Institutional Reporting, Research, and Information Systems provides information and analytical support to university decision makers and submits numerous reports to the Texas Higher Education Coordinating Board and the Department of Education. Financial and Administrative Services is dedicated to enhancing the development and delivery of most supporting services for on-campus clients, including public and environmental safety and the integrity of the physical infrastructure of the campus. Project Information Quest (IQ) uses business intelligence tools to provide critical information to University decision makers.

**Dell Medical School**

25,010,190

The Dell Medical School at The University of Texas at Austin will improve health in Travis County and throughout the country by training new physicians, providing treatment in a new teaching hospital and conducting research to expand knowledge of medicine and medical technology.

**UT System****2,826,727**

The UT System Office of Telecommunication Services and the Network Bandwidth were established by the UT System Board of Regents to provide other UT campuses with inter-institutional voice, video, and computer communications in support of their missions of instruction and research. These services are managed by UT Austin, and therefore, appear in UT Austin's budget.

UT Austin AUF Budget

**\$ 373,192,000****Details****Excellence in Mission****Instructional Excellence**

Enhanced Academic Programs		<b>180,134,918</b>
Colleges and Schools	110,287,419	
Academic Departments and Centers	69,847,499	
Instructional Program Services		<b>1,959,398</b>
Texas Language Center	83,420	
Natural Sciences Dean's Office Communication Group	634,650	
Fine Arts Office of Computing Technologies	197,336	
Project 2021 - Educational Innovation	735,597	
Undergraduate Studies - Assessment	134,650	
UT Elementary School	116,904	
Student Success Initiatives	56,841	
Instructional Initiatives and Programs		<b>26,263,184</b>
Visiting Lecturers and Academic development	80,000	
Provost Initiatives and Innovations	24,885,933	
Fine Arts Projects	132,093	
School for Design & Creative Technology	116,962	
Nursing Children's Wellness Center	88,796	
Nursing Learning Center	152	
Undergraduate Programs	87,733	
Signature Courses	867,323	
Core Curriculum Development	4,192	
Academic Infrastructure		<b>27,782,651</b>
Instructional Technology	8,012,048	
Libraries	19,770,603	
Student Programs and Services		<b>3,697,472</b>
Dean of Students	2,350,708	
Deaf Interpreter Services	777,369	
Services For Students With Disabilities	495,726	
Mathematics Lab	73,669	

<b>Research Excellence</b>		<b>14,117,800</b>
Research Competitiveness		
Research grant infrastructure, compliance and support		
VP For Research - Research Support And Compliance Office	877,472	
Institutional Capital Projects	818,684	
Research Grants	55,100	
Animal Resources Center	755,944	
Texas Advanced Computing Center	3,342,456	
College of Liberal Arts - Research	300,553	
Statistics & Scientific Computation Program	415,188	
Research Initiatives		
Organized Research Units	5,556,542	
University Of Texas Press	911,132	
Undergraduate Research	4,987	
Center For Studies In Texas History	368,072	
Research Instruments Laboratory	100,635	
Integrative Biology - Biodiversity Collections	343,266	
Clements Center for National Security	267,769	
<b>Outreach Excellence</b>		<b>3,013,330</b>
Academic Program/Community Interface		
Texas Performing Arts	1,176,234	
Jack S. Blanton Museum of Art	1,716,049	
Winedale Historical Center	121,047	
<b>Recruitment and Retention of Talent:</b>		<b>59,179,798</b>
Initiatives to ensure quality and diversity		
Faculty	2,786,219	
Faculty Development Program	2,157,596	
Faculty Recruitment	628,623	
Undergraduate Students	21,159,850	
Admission	5,160,179	
Enrollment Analytics	607,423	
Enrollment Management	144,354	
Low Income Grants	5,000,000	
Registrar	2,263,149	
University Outreach Centers	295,061	
Tuition and Fees Scholarship	69,129	
Student Services	1,006,279	
Former Student Records	508,553	
Student Financial Services	2,957,564	
Hardship Waivers	3,113,159	
Institutional Tuition Rebates	35,000	

Graduate Students	35,233,729	
Vice Provost and Dean of Graduate Studies	2,419,606	
Tuition Benefits - Teaching Asst/Asst Instructor	22,760,327	
Graduate Fellowships and Scholarships	9,189,575	
Graduate Research Fellowships and Scholarships	200,000	
Graduate and International Admissions	152,236	
L B J School Of Public Affairs Fellowships and Scholarship	225,000	
Natural Sciences Dean's Excellence Graduate Awards	180,000	
Natural Sciences Graduate Education	106,985	
<b>Institutional Accountability and Enhanced Connections to the Public</b>		<b>29,206,532</b>
Office of the Executive Vice President And Provost	5,813,274	
Institutional Accreditation And Effectiveness	446,789	
Institutional Reporting, Research, and Information Systems	2,133,241	
Senior Vice President And CFO	279,785	
Senior Vice President And CFO Communications Department	505,395	
University Communications	3,528,040	
Equal Employment Opportunity	624,679	
Division of Diversity and Community Engagement	75,387	
IQ Project	2,419,634	
ADA Accommodations	6,818	
General Faculty Office	247,660	
Institutional Memberships	332,800	
Liberal Arts Public Affairs	388,725	
Liberal Arts Business Affairs	754,350	
Liberal Arts Centralized Business Office	539,328	
Liberal Arts Human Resources	296,266	
Natural Sciences Business Services	36,000	
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	10,778,361	
<b>Dell Medical School</b>		<b>25,010,190</b>
<b>UT System</b>		<b>2,826,727</b>
Telecomm Services Office - UT System Support	1,160,455	
Telecomm Infrastructure - Network Bandwidth	209,970	
Telecomm Infrastructure - Wide Area Network Support	932,000	
Information Technology Assessments - UT Austin Support	524,302	
<b>TOTAL</b>		<b>\$ 373,192,000</b>

**The University of Texas at Dallas**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The University of Texas at Dallas is a young, high quality, rapidly expanding research University with national and global aspirations for excellence. At 48 years of age, U. T. Dallas has already achieved the Highest Research Activity status by the Carnegie Foundation and qualified for the State of Texas National Research University Fund in FY 2018. In addition to research excellence, U. T. Dallas' commitment to providing high quality education at an affordable cost has been recognized nationally and internationally, including ranking Top 20 for the lowest student debt after graduation by *U.S. News & World Report*, and Best Value University by *Princeton Review* and *Money Magazine*.

Fall 2017 enrollment stood at 27,642, up 3.1 percent and 30.4 percent from fall 2016 and fall 2013, respectively. U. T. Dallas is anticipating a flat enrollment growth for fall 2018 with a continued decrease in graduate international student enrollment and increase in undergraduate student enrollment. The FY 2019 budget was established based on a modest tuition rate increase, actions to realign operations with available revenues, and stricter restrictions on operating cost increases, while preserving funding to further advance the goals in the U.T. Dallas strategic plan.

U. T. Dallas is committed to maintaining quality through enrichment of student experience and success, research innovation, faculty excellence, building capacity in Ph.D. programs, and focusing on improving time to graduation, as well as improvements in efficiency and productivity through automation and technology improvements. The primary challenges for U. T. Dallas in maintaining quality during this period are centered in a need for additional instructional space, especially for the Science, Technology, Engineering, and Mathematics programs, and lagging formula funding.

**Revenue**

Total projected revenue for FY 2019 is approximately \$655.7 million, an increase of \$20.3 million over FY 2018. Incremental operating revenue is due mainly to net increases in tuition and fees (\$3.0 million), consisting of rate increases (\$9.0 million), and decrease due to enrollment shift (\$6.0 million). As U. T. Dallas offers a guaranteed tuition program, only incoming students will experience the tuition increase. The changing enrollment patterns will result in moving some staff to non-appropriated sources leading to a decrease in benefits revenue from State Appropriations (\$2.6 million).

The increase to net auxiliary enterprises revenue (\$5.9 million) is derived from an increase to housing from a shift from outsourced property management in FY 2018 to in-house management in FY 2019. The increase in state sponsored programs (\$6.2 million) is due to the new funding from the Available National Research University Fund awarded in FY 2019. Additional federal sponsored programs-nonoperating revenue (\$4.3 million) results from growth in Pell Grants.

**Expenses**

Projected expenses for FY 2019, including transfers for interest, total approximately \$697.1 million, an increase of \$45.6 million over FY 2018. The FY 2019 budget includes funding for operating increases for a new building and infrastructure.

The increases in categories of scholarships and fellowships and auxiliary enterprises (\$18.5 million and \$8.3 million, respectively) are due to increases in Pell Grants, increases in institutionally funded scholarships, and increased auxiliary operations as a result of a shift in property management. The increase in depreciation and amortization (\$3.6 million) consists of new building depreciation.

**The University of Texas at Dallas**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 315,964,039	299,064,076	302,030,452	2,966,376	1.0%
Federal Sponsored Programs	34,518,178	36,562,636	36,435,250	(127,386)	-0.3%
State Sponsored Programs	17,850,687	12,656,693	18,842,080	6,185,387	48.9%
Local and Private Sponsored Programs	10,256,452	12,657,684	10,826,076	(1,831,608)	-14.5%
Net Sales and Services of Educational Activities	21,218,461	25,998,677	29,647,240	3,648,563	14.0%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	37,061,750	56,976,076	62,850,175	5,874,099	10.3%
Other Operating Revenues	5,541,927	2,369,849	6,519,628	4,149,779	175.1%
<b>Total Operating Revenues</b>	<b>442,411,494</b>	<b>446,285,691</b>	<b>467,150,901</b>	<b>20,865,210</b>	<b>4.7%</b>
<b>Operating Expenses:</b>					
Instruction	195,827,945	192,050,518	196,028,925	3,978,407	2.1%
Academic Support	63,105,309	62,027,204	63,030,908	1,003,704	1.6%
Research	78,970,357	78,168,955	78,329,507	160,552	0.2%
Public Service	9,613,729	9,761,605	9,290,275	(471,330)	-4.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	55,839,116	52,648,397	58,010,034	5,361,637	10.2%
Student Services	18,036,956	18,316,611	17,427,888	(888,723)	-4.9%
Operations and Maintenance of Plant	44,307,140	40,861,711	46,943,378	6,081,667	14.9%
Scholarships and Fellowships	39,450,454	34,337,240	52,799,978	18,462,738	53.8%
Auxiliary Enterprises	58,448,902	53,760,597	62,069,745	8,309,148	15.5%
Depreciation and Amortization	81,546,505	80,768,517	84,381,017	3,612,500	4.5%
<b>Total Operating Expenses</b>	<b>645,146,413</b>	<b>622,701,355</b>	<b>668,311,655</b>	<b>45,610,300</b>	<b>7.3%</b>
<b>Operating Surplus/Deficit</b>	<b>(202,734,919)</b>	<b>(176,415,664)</b>	<b>(201,160,754)</b>	<b>(24,745,090)</b>	<b>14.0%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	123,998,270	117,498,270	114,886,378	(2,611,892)	-2.2%
Federal Sponsored Programs (Nonoperating)	29,277,815	26,370,930	30,689,196	4,318,266	16.4%
State Sponsored Programs (Nonoperating)	-	150,000	-	(150,000)	-100.0%
Gifts in Support of Operations	13,683,107	14,845,467	13,859,482	(985,985)	-6.6%
Net Investment Income	30,408,604	30,202,478	29,094,519	(1,107,959)	-3.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>197,367,796</b>	<b>189,067,145</b>	<b>188,529,575</b>	<b>(537,570)</b>	<b>-0.3%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(27,334,485)	(28,720,253)	(28,758,921)	(38,668)	0.1%
<b>Total Transfers and Other</b>	<b>(27,334,485)</b>	<b>(28,720,253)</b>	<b>(28,758,921)</b>	<b>(38,668)</b>	<b>0.1%</b>
<b>Budget Margin (Deficit)</b>	<b>(32,701,608)</b>	<b>(16,068,772)</b>	<b>(41,390,100)</b>	<b>(25,321,328)</b>	<b>157.6%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	23,000,000	14,850,000	15,000,000	150,000	1.0%
Additions to Permanent Endowments	4,000,000	5,000,000	4,000,000	(1,000,000)	-20.0%
Transfers for Debt Service - Principal	(34,152,000)	(34,665,000)	(35,953,001)	(1,288,001)	3.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	20,036,679	19,000,000	15,000,000	(4,000,000)	-21.1%
<b>SRECNP Change in Net Position</b>	<b>\$ (19,816,929)</b>	<b>(11,883,772)</b>	<b>(43,343,101)</b>	<b>(31,459,329)</b>	<b>264.7%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 639,779,290</b>	<b>635,352,836</b>	<b>655,680,476</b>	<b>20,327,640</b>	<b>3.2%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(672,480,898)</b>	<b>(651,421,608)</b>	<b>(697,070,576)</b>	<b>(45,648,968)</b>	<b>7.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (32,701,608)</b>	<b>(16,068,772)</b>	<b>(41,390,100)</b>	<b>(25,321,328)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		80,768,517	84,381,017		
Capital Outlay		(19,429,252)	(12,578,983)		
Transfers for Debt Service - Principal		(34,665,000)	(35,953,001)		
Budgeted Transfers		-	(501,169)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>10,605,493</b>	<b>(6,042,236)</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at El Paso  
Operating Budget Highlights  
For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The University of Texas at El Paso's FY 2019 operating budget continues to build on the promise of balancing equal and intersecting commitments to both access and excellence. This is reflected in the exceptional educational opportunities, innovative research and scholarship activities provided to the students served. The University has gained national recognition as a public research university that has been extraordinarily successful at promoting student social mobility, while not defaulting on the core commitment of ensuring that all talented young people will have an authentic opportunity to achieve their aspirations regardless of their background or financial means.

Despite the reductions in state resources, it has been the University's priority to remain committed to this model and continue to advocate for strategies to increase educational opportunities for talented young people of modest financial means. The University is committed to further advancement of initiatives such as enhanced financial aid, scholarships, work-study, dual credit, and early college high school to assist with this endeavor. The FY 2019 operating budget also maintains and enhances investments in faculty competitiveness, retention, and research as well as continued support of student success initiatives.

The University will continue to focus efforts on a new broader-based and more explicit understanding of student success to ensure that students are fully prepared with the robust competence and confidence to compete successfully with their peers and will continue to enhance its role as a national leader in 21st century public higher education. U. T. El Paso remains invested in developing new programs in order to contribute to the region's economic and civic engagement, as seen with the recently added pharmacy program which not only enhances the quality of healthcare for the region, but will also provide graduates with well-paying health related professions in the years to come.

**Revenue**

Projected revenues for FY 2019 are \$473 million, an increase of \$34 million over FY 2018. A significant contributor to this growth is tuition and fee revenue resulting from the 5.0 percent tuition rate increase approved by the Board of Regents and an increase in projected enrollment of 1.25 percent. This also includes an increase of \$6.8 million for anticipated athletic and auxiliary events. Operating sponsored program revenue related to grants is anticipated to increase by \$7.3 million, while nonoperating sponsored program revenue grows by \$8.1 million due to additional Pell Grant awards.

**Expenses**

Total operating expenses are projected at \$479 million, an increase of \$32 million over FY 2018. A portion of this increase is relates to a \$4.3 million investment in instructional budgets for faculty recruitment and retention. The increase of \$10.4 million in scholarships and fellowships results from Pell Grants, additional exemptions for Hazlewood, and growth in institutionally funded scholarships. Auxiliary enterprises are projected to increase by \$6.8 million. The University has also allocated funds of approximately \$3.5 million to support a 2.5% merit increase for all faculty and staff.



**The University of Texas at El Paso**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 129,612,106	125,053,225	136,376,427	11,323,202	9.1%
Federal Sponsored Programs	60,084,656	52,698,971	59,511,557	6,812,586	12.9%
State Sponsored Programs	22,761,884	26,946,386	27,588,161	641,775	2.4%
Local and Private Sponsored Programs	8,029,942	7,217,011	8,041,376	824,365	11.4%
Net Sales and Services of Educational Activities	7,262,156	7,483,449	5,756,882	(1,726,567)	-23.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	33,923,388	35,296,855	42,131,121	6,834,266	19.4%
Other Operating Revenues	60,000	60,000	60,000	-	0.0%
<b>Total Operating Revenues</b>	<b>261,734,132</b>	<b>254,755,897</b>	<b>279,465,524</b>	<b>24,709,627</b>	<b>9.7%</b>
<b>Operating Expenses:</b>					
Instruction	125,378,094	124,214,568	128,321,717	4,107,149	3.3%
Academic Support	24,234,155	22,714,363	26,013,825	3,299,462	14.5%
Research	76,993,930	67,684,262	79,424,592	11,740,330	17.3%
Public Service	9,045,735	7,250,995	8,220,161	969,166	13.4%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	28,946,352	34,837,295	29,610,721	(5,226,574)	-15.0%
Student Services	19,648,178	20,803,690	21,373,639	569,949	2.7%
Operations and Maintenance of Plant	30,587,206	28,836,579	30,338,042	1,501,463	5.2%
Scholarships and Fellowships	56,504,289	51,491,781	61,855,134	10,363,353	20.1%
Auxiliary Enterprises	49,393,920	44,779,187	51,561,504	6,782,317	15.1%
Depreciation and Amortization	31,702,419	33,385,780	31,655,974	(1,729,806)	-5.2%
<b>Total Operating Expenses</b>	<b>452,434,278</b>	<b>435,998,500</b>	<b>468,375,309</b>	<b>32,376,809</b>	<b>7.4%</b>
<b>Operating Surplus/Deficit</b>	<b>(190,700,146)</b>	<b>(181,242,603)</b>	<b>(188,909,785)</b>	<b>(7,667,182)</b>	<b>4.2%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	107,217,912	108,192,124	109,038,103	845,979	0.8%
Federal Sponsored Programs (Nonoperating)	61,900,412	53,900,412	62,005,006	8,104,594	15.0%
State Sponsored Programs (Nonoperating)	50,000	-	-	-	-
Gifts in Support of Operations	7,072,709	9,020,000	8,750,000	(270,000)	-3.0%
Net Investment Income	14,945,474	13,114,955	13,387,455	272,500	2.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>191,186,507</b>	<b>184,227,491</b>	<b>193,180,564</b>	<b>8,953,073</b>	<b>4.9%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(10,254,238)	(11,381,642)	(10,737,019)	644,623	-5.7%
<b>Total Transfers and Other</b>	<b>(10,254,238)</b>	<b>(11,381,642)</b>	<b>(10,737,019)</b>	<b>644,623</b>	<b>-5.7%</b>
<b>Budget Margin (Deficit)</b>	<b>(9,767,877)</b>	<b>(8,396,754)</b>	<b>(6,466,240)</b>	<b>1,930,514</b>	<b>-23.0%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	14,786,890	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	500,257	-	-	-	-
Additions to Permanent Endowments	5,571,595	-	5,850,175	5,850,175	-
Transfers for Debt Service - Principal	(17,189,000)	(17,189,000)	(17,347,000)	(158,000)	0.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	27,741,379	-	20,376,969	20,376,969	-
<b>SRECNP Change in Net Position</b>	<b>\$ 21,643,244</b>	<b>(25,585,754)</b>	<b>2,413,904</b>	<b>27,999,658</b>	<b>-109.4%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 452,920,639</b>	<b>438,983,388</b>	<b>472,646,088</b>	<b>33,662,700</b>	<b>7.7%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(462,688,516)</b>	<b>(447,380,142)</b>	<b>(479,112,328)</b>	<b>(31,732,186)</b>	<b>7.1%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (9,767,877)</b>	<b>(8,396,754)</b>	<b>(6,466,240)</b>	<b>1,930,514</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		33,385,780	31,655,974		
Capital Outlay		(5,088,348)	(5,127,041)		
Transfers for Debt Service - Principal		(17,189,000)	(17,347,000)		
Budgeted Transfers		2,563,816	39,001		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>5,275,494</b>	<b>2,754,694</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas of the Permian Basin  
Operating Budget Highlights  
For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The University of Texas of the Permian Basin seeks: to provide greater access to higher education for Texans, particularly west Texans; award degrees of value; conduct meaningful research; improve the overall quality of life of the west Texas region; and, to do so while being a good steward of entrusted resources. To advance efforts to obtain these goals, U. T. Permian Basin has six institutional initiatives: 1) grow enrollment, 2) increase student retention and graduation rates, 3) enhance the quality of its academic programs, 4) further develop its research initiatives, 5) maintain and create new community partnerships, and 6) strengthen public trust and accountability.

Greater access for all Texans is being provided through expanded online and technology assisted degree programs. Efforts to offer degrees of value are being enhanced by expanding degree program options in science, technology, engineering, nursing, and mathematics, and other critical need areas. U. T. Permian Basin has submitted requests to create chemical and electrical engineering programs to the Texas Higher Education Coordinating Board. In the 85<sup>th</sup> Legislative session U. T. Permian Basin received a new allocation of non-formula support funding of \$800,000 per year for the support of these two new degree programs. Petroleum and Mechanical Engineering Program enrollments continue to grow at well above anticipated levels; and the University's B. S. Nursing Program has added an on-line RN to BSN degree to the Academic Partnerships (AP) carousel. Short-term goals to grow enrollment and enhance retention and graduation rates are being pursued through strategies aimed at increasing the visibility and profile of the University throughout Texas and by expanding on-line degree program offerings. U. T. Permian Basin's dual credit and remote Early College High School initiatives continue to build growing interest and participation in higher education across the state.

U. T. Permian Basin's initiative with AP remains another key strategic element as the ten completely online degree programs (three masters and seven baccalaureate) introduced in FY 2013 are generating enrollment increases that continue to exceed expectations. The compressed format – six eight-week “terms” per year – and AP's program of continued contact with registered students have both proven to encourage continued academic progress.

The \$9 million bridge funding commitment from U. T. System paid over three years for student success initiatives is being invested in data analysis applications to help provide information that will allow for more data driven decisions, purchasing consulting help in the enrollment management area to focus enrollment strategies and the hiring of staff and faculty to improve the enrollment and business processes to further enrollment growth and retention. Continued investment in the expansion of various student success initiatives for retention like the Education Advisory Board in the Student Success Center are also keys to achieving goals for student retention and improving the sense of community for resident students.

**Revenue**

Total budgeted revenue for FY 2019 is approximately \$94.2 million, an increase of \$8.5 million over the FY 2018 budget. This increase in the overall revenue budget over the prior year reflects increased state sponsored programs and increased benefit appropriations, as well as increases in tuition and fees. Resident undergraduate and graduate tuition were increased 4.95 percent for FY 2019. Projected increased tuition and fee revenue is also derived from expected enrollment growth of 3 percent. Growth in auxiliary revenues is from projected housing revenues increasing due to local market conditions in rental units offered off campus and increased athletics revenues from sponsorships and ticket sales. As the ramp-up in the local oil-production based economy has progressed, local rental prices have increased significantly, which will force many students back into student housing due to the unavailability of rental units off campus. Gifts in support of operations are expected to increase based on new gifts, continued collections of football and other pledges along with endowment payouts.

**Expenses**

Due to the decline in State funding and modest increases in tuition, U. T. Permian Basin will not be budgeting a merit pool for the faculty and staff in FY 2019. Instead, U. T. Permian Basin will utilize new revenues to address positions that earn under \$40,000 annually with funding to increase salaries. Budgeted expenses for FY 2019, including Transfers for Interest, total approximately \$98.0 million, an increase of \$11.6 million over FY 2018. The FY 2019 budget includes increases in depreciation (\$1.0 million), increased public service costs associated with the growth with the addition of another grade level in the Science, Technology, Engineering, and Mathematics Charter Academy (\$656,149). The increased budget in instruction recognizes the cost of higher enrollments (\$5.3 million) and the added costs incurred to address growth. Budgeted growth in institutional support captures the additional costs associated with the student success bridge funding (\$4.2 million) and increased support costs. Additional scholarship activity results from use of restricted funds in support of the football initiative and increased donor gifts and endowments (\$1.1 million).

**The University of Texas of the Permian Basin**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 22,359,107	23,052,924	27,667,830	4,614,906	20.0%
Federal Sponsored Programs	6,062,015	1,654,140	2,054,226	400,086	24.2%
State Sponsored Programs	723,710	6,615,021	7,623,846	1,008,825	15.3%
Local and Private Sponsored Programs	299,518	47,334	340,040	292,706	618.4%
Net Sales and Services of Educational Activities	1,105,919	15,463	19,038	3,575	23.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	7,000,000	8,550,097	8,888,747	338,650	4.0%
Other Operating Revenues	4,250,206	255,000	473,493	218,493	85.7%
<b>Total Operating Revenues</b>	<b>41,800,475</b>	<b>40,189,979</b>	<b>47,067,220</b>	<b>6,877,241</b>	<b>17.1%</b>
<b>Operating Expenses:</b>					
Instruction	27,019,815	26,308,142	31,621,066	5,312,924	20.2%
Academic Support	5,403,961	5,414,796	5,663,015	248,219	4.6%
Research	900,661	1,355,496	1,493,169	137,673	10.2%
Public Service	2,701,982	1,790,484	2,057,254	266,770	14.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	6,832,552	6,011,010	10,267,585	4,256,575	70.8%
Student Services	2,701,982	3,140,582	3,340,859	200,277	6.4%
Operations and Maintenance of Plant	9,006,605	6,238,640	6,068,449	(170,191)	-2.7%
Scholarships and Fellowships	13,509,908	5,177,389	6,291,686	1,114,297	21.5%
Auxiliary Enterprises	8,105,945	7,666,785	7,313,542	(353,243)	-4.6%
Depreciation and Amortization	15,843,519	14,800,000	15,843,519	1,043,519	7.1%
<b>Total Operating Expenses</b>	<b>92,026,930</b>	<b>77,903,324</b>	<b>89,960,144</b>	<b>12,056,820</b>	<b>15.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(50,226,455)</b>	<b>(37,713,345)</b>	<b>(42,892,924)</b>	<b>(5,179,579)</b>	<b>13.7%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	36,652,538	36,652,538	36,729,749	77,211	0.2%
Federal Sponsored Programs (Nonoperating)	7,978,204	5,198,765	5,978,234	779,469	15.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	4,102,633	1,500,000	2,000,000	500,000	33.3%
Net Investment Income	2,326,939	2,251,643	2,474,741	223,098	9.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>51,060,314</b>	<b>45,602,946</b>	<b>47,182,724</b>	<b>1,579,778</b>	<b>3.5%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,612,523)	(8,483,654)	(8,042,141)	441,513	-5.2%
<b>Total Transfers and Other</b>	<b>(7,612,523)</b>	<b>(8,483,654)</b>	<b>(8,042,141)</b>	<b>441,513</b>	<b>-5.2%</b>
<b>Budget Margin (Deficit)</b>	<b>(6,778,664)</b>	<b>(594,053)</b>	<b>(3,752,341)</b>	<b>(3,158,288)</b>	<b>531.7%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,000,000	1,000,000	1,200,000	200,000	20.0%
Additions to Permanent Endowments	800,000	800,000	800,000	-	0.0%
Transfers for Debt Service - Principal	(10,365,000)	(10,365,000)	(12,229,000)	(1,864,000)	18.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	44,667,000	44,667,000	45,887,000	1,220,000	2.7%
<b>SRECNP Change in Net Position</b>	<b>\$ 29,323,336</b>	<b>35,507,947</b>	<b>31,905,659</b>	<b>(3,602,288)</b>	<b>-10.1%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 92,860,789</b>	<b>85,792,925</b>	<b>94,249,944</b>	<b>8,457,019</b>	<b>9.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(99,639,453)</b>	<b>(86,386,978)</b>	<b>(98,002,285)</b>	<b>(11,615,307)</b>	<b>13.4%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (6,778,664)</b>	<b>(594,053)</b>	<b>(3,752,341)</b>	<b>(3,158,288)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		14,800,000	15,843,519		
Capital Outlay		(840,000)	(840,000)		
Transfers for Debt Service - Principal		(10,365,000)	(12,229,000)		
Budgeted Transfers		-	3,000,000		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>3,000,947</b>	<b>2,022,178</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas Rio Grande Valley  
Operating Budget Highlights  
For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The FY 2019 budget supports essential activities of The University of Texas Rio Grande Valley. The University seeks to maintain affordability, expand research, provide quality instruction, expand the delivery of online programs, and increase the use of technology-based instruction to bridge the University's two major campuses.

With the Fall 2018 semester, U. T. Rio Grande Valley will begin the fourth year in operation. Total enrollment for the semester is projected at 28,220 students, an increase of 1.8 percent over Fall 2017. Included are 576 high school students enrolled in the University's math and science academy and dual enrollment programs. Also included are 150 medical students.

U. T. Rio Grande Valley continues a tradition of affordability; according to the latest available data, the average academic rate of \$3,540 for Fall 2016 was the third lowest among Texas public universities. In addition, the University maintains a tuition structure that is predictable with a four-year guaranteed fixed price tuition plan. The tuition structure also reduces time-to-degree via a 12-hour cap on tuition and mandatory fees that encourages larger class loads for students and provides a built-in rebate to students taking advantage of the cap. Finally, the high school dual enrollment program lets students earn college credit at no charge.

**Revenue**

State appropriations totaling \$148.5 million represent an increase of \$1.5 million over FY 2018.

Tuition and fee revenues, before the adjustment for discounting, are estimated to increase by \$2.0 million primarily due to anticipated undergraduate enrollment growth of 500 students and the transition of students in an expiring tuition plan to a higher rate. In addition, graduate enrollments are estimated to grow by 50 students. Finally, a 3.0% percent increase in the total academic cost will be in effect for newly enrolled students only. The anticipated 10% growth in summer enrollment due to the availability of year-round Pell Grants was continued from the FY 2018 base budget.

The University is also implementing differential tuition of \$20 per semester credit hour (maximum of \$240) to certain upper level undergraduate disciplines; courses in these areas will provide additional resources to benefit students in these programs.

Increases in federal sponsored programs totaling \$9.6 million (operating and non-operating) are attributed mostly to the increase in Pell Grants. Finally, increases in net professional fees and other operating revenues of \$1.7 million and \$7.2 million, respectively, are due to the continuing expansion of the clinical operations of the medical school.

**Expenses**

Total expenses are projected at \$536 million inclusive of noncash adjustments such as depreciation. Included are \$2.9 million for the conversion of one-year appointments to three-year lecturer positions, \$1.3 million for new academic programs, \$1.8 million in operating expenses, including utilities, associated with new facilities, and \$0.6 million for faculty promotions. The proposed budget incorporates the University's attempts to capture the total professional effort of faculty by budgeting faculty time devoted to approved specified research projects separately from time devoted to instruction. The consequent increase in research expenditures offset by a decrease in instructional expenditures more accurately reflects both the historical and current allocation of dollars to these two respective activities.

Scholarships, before discounts, are projected at \$164.4 million, including \$38.0 million in TEXAS Grants and \$85.0 million in Pell Grants. An additional \$0.8 million is provided for merit-based scholarships. Also included is \$7.4 million for exemptions, of which \$5.3 million is estimated for awards provided to Hazlewood recipients.

The ongoing development of the medical school includes a \$13.5 million increase in hospital and clinic expenses, including \$2.9 million for the Texas Higher Education Coordinating Board-sponsored Graduate Medical Education programs, and a lease for a new research facility.

The \$4.5 million (9.0 percent) increase in depreciation is attributed to new facilities being placed in service at the Brownsville and Edinburg campuses. Additional facilities to be leased in Harlingen and Weslaco will expand the University's presences in the region.

Finally, anticipated savings of \$1.6 million associated with shifting operations for the accelerated online programs from an outside vendor to the University were reallocated to internal efforts to further develop and expand the University's online offerings.

**The University of Texas Rio Grande Valley**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 113,497,027	119,727,437	115,250,834	(4,476,603)	-3.7%
Federal Sponsored Programs	47,239,506	36,329,128	35,274,604	(1,054,524)	-2.9%
State Sponsored Programs	43,194,088	40,796,742	43,893,994	3,097,252	7.6%
Local and Private Sponsored Programs	33,788,941	26,906,560	34,600,128	7,693,568	28.6%
Net Sales and Services of Educational Activities	7,737,661	6,030,090	6,620,834	590,744	9.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	3,697,232	8,421,396	10,105,675	1,684,279	20.0%
Net Auxiliary Enterprises	10,010,994	10,168,399	9,799,435	(368,964)	-3.6%
Other Operating Revenues	12,743,110	1,815,043	9,018,872	7,203,829	396.9%
<b>Total Operating Revenues</b>	<b>271,908,559</b>	<b>250,194,795</b>	<b>264,564,376</b>	<b>14,369,581</b>	<b>5.7%</b>
<b>Operating Expenses:</b>					
Instruction	148,832,221	149,223,968	136,920,949	(12,303,019)	-8.2%
Academic Support	42,427,763	45,613,244	46,839,240	1,225,996	2.7%
Research	21,870,875	21,029,991	38,940,686	17,910,695	85.2%
Public Service	19,930,233	13,687,534	12,874,370	(813,164)	-5.9%
Hospitals and Clinics	25,141,453	27,312,267	40,768,232	13,455,965	49.3%
Institutional Support	50,829,687	46,310,776	41,865,046	(4,445,730)	-9.6%
Student Services	31,917,726	29,976,841	27,827,972	(2,148,869)	-7.2%
Operations and Maintenance of Plant	33,003,267	31,839,282	35,108,225	3,268,943	10.3%
Scholarships and Fellowships	57,915,033	60,903,631	66,137,985	5,234,354	8.6%
Auxiliary Enterprises	24,440,553	26,726,541	27,426,334	699,793	2.6%
Depreciation and Amortization	41,554,630	49,400,554	53,855,869	4,455,315	9.0%
<b>Total Operating Expenses</b>	<b>497,863,441</b>	<b>502,024,629</b>	<b>528,564,908</b>	<b>26,540,279</b>	<b>5.3%</b>
<b>Operating Surplus/Deficit</b>	<b>(225,954,882)</b>	<b>(251,829,834)</b>	<b>(264,000,532)</b>	<b>(12,170,698)</b>	<b>4.8%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	146,771,398	146,983,702	148,548,273	1,564,571	1.1%
Federal Sponsored Programs (Nonoperating)	78,865,026	74,328,677	85,000,000	10,671,323	14.4%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	3,539,501	6,553,258	5,854,117	(699,141)	-10.7%
Net Investment Income	8,957,939	5,762,063	7,117,494	1,355,431	23.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	(24,500)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>238,109,364</b>	<b>233,627,700</b>	<b>246,519,884</b>	<b>12,892,184</b>	<b>5.5%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,276,064)	(8,353,544)	(7,510,131)	843,413	-10.1%
<b>Total Transfers and Other</b>	<b>(7,276,064)</b>	<b>(8,353,544)</b>	<b>(7,510,131)</b>	<b>843,413</b>	<b>-10.1%</b>
<b>Budget Margin (Deficit)</b>	<b>4,878,418</b>	<b>(26,555,678)</b>	<b>(24,990,779)</b>	<b>1,564,899</b>	<b>-5.9%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	2,648,141	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	170,000	168,000	170,000	2,000	1.2%
Additions to Permanent Endowments	1,058,451	2,583,860	897,600	(1,686,260)	-65.3%
Transfers for Debt Service - Principal	(17,170,000)	(17,170,000)	(18,022,000)	(852,000)	5.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	107,344,802	89,355,261	21,210,596	(68,144,665)	-76.3%
<b>SRECNP Change in Net Position</b>	<b>\$ 98,929,812</b>	<b>48,381,443</b>	<b>(20,734,583)</b>	<b>(69,116,026)</b>	<b>-142.9%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 510,042,423</b>	<b>483,822,495</b>	<b>511,084,260</b>	<b>27,261,765</b>	<b>5.6%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(505,164,005)</b>	<b>(510,378,173)</b>	<b>(536,075,039)</b>	<b>(25,696,866)</b>	<b>5.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 4,878,418</b>	<b>(26,555,678)</b>	<b>(24,990,779)</b>	<b>1,564,899</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		49,400,554	53,855,869		
Capital Outlay		(5,490,000)	(6,180,000)		
Transfers for Debt Service - Principal		(17,170,000)	(18,022,000)		
Budgeted Transfers		956,692	114,522		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>1,141,568</b>	<b>4,777,612</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at San Antonio**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

A new vision has been laid out for The University of Texas at San Antonio as San Antonio's university of the future producing graduates that tackle the grand challenges of today's world. The FY 2019 budget helps provide a framework for allocating resources towards that vision. The University's top strategic initiatives include student success, strategic enrollment, finance and budget modeling, Downtown Campus redesign, Carnegie R1 research classification, facilities planning under a campus master plan, and the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) reaffirmation of accreditation in 2020. For student success, the University has benefitted from a series of initiatives implemented since 2011 to improve retention and graduation rates. First year retention of students as well as four-year and six-year graduation rates have seen steady improvement. Going forward the institution has made this an institutional wide priority by creating a cross-campus task force with a charge to develop an integrated student success plan inclusive of goals, metrics, accountability, and self-assessment. Core to the charge is the adoption of a student-centric approach. Similarly, there is a strategic enrollment task force developing an integrated plan to adopt a creative, data analytics-driven strategy for both Main Campus and Downtown Campus offerings. Critical to this plan are assumptions around work force needs, weighted student credit hour production, differentiated tuition as well as capital, infrastructure, student services, and faculty needs. The 60/30 TX Higher Education Plan (Texas Higher Education Coordinating Board) as well as identifying an optimal mix of undergraduate and graduate students, in-state and out-of-state students, and international students are all considerations in the task force planning. In general, the initiatives need to be supported through a transparent, data-driven, budget model that aligns the resources for the strategic mission, vision, and themes. A budget task force is in the final stages of developing a new budget model that optimizes financial resources and expenditures by adopting best practices. The University's Downtown Campus is undergoing a transformation to broaden its reach and serve a larger number of students beginning in the Fall 2018 when a student can complete all their coursework at the Downtown Campus and have services for successful degree completion. This will allow the University to better engage with San Antonio's education and health care systems, business communities, cultural establishments, and governmental entities to solidify U. T. San Antonio's role as a driver of San Antonio's culture and economic ecosystem. The University will continue to strive to become a Carnegie R1 classified university. Priorities include attracting faculty who are leaders in their field through cluster hiring and to support putting faculty forward for the national academies and other awards. U. T. San Antonio is working to establish a National Security Collaboration Center (NSCC) that will advance research, education, and provide workforce development in the areas of cybersecurity, data analytics, and cloud computing. The NSCC will build a collaborative and impactful ecosystem engaging government, industry and academia to solve the nations' greatest issues surrounding cybersecurity. Finally, other critical aspects of the new vision include identifying best practices for the next master planning update, securing facilities that will be critical to the success of the strategic initiatives and successful reaffirmation of the SACSCOC accreditation for 2020.

**Revenue**

The FY 2019 budget includes a revenue increase of \$21.8 million in tuition and fees over the FY 2018 budget level with an offsetting increase of \$8.8 million in tuition discount and allowances for a net increase of \$13 million. The majority of this increase was realized in FY 2018 enrollment growth which is expected to be continued along with a projected 2 percent increase for FY 2019. Hazelwood veterans' exemptions continue to create a significant loss in tuition and fee revenue for the university. Projections for FY 2019 are \$19 million which is an increase of \$2.6 million over the FY 2018 projections. Overall sponsored program activity is projected to increase approximately \$13.5 million due to increases in local and private sponsorships, a significant increase in Pell Federal sponsored program, a \$4.1 million decline in state sponsorship for Texas Research Incentive Program funding and an increase from state sponsored financial aid of \$1.9 million primarily from TEXAS Grant.

**Expenses**

U. T. San Antonio commitment to strategic priorities has led to organizational changes that encompass overall services provided to include student success, enrollment management, Title IX services, equal opportunity services, behavioral intervention, Dream Center, sustainability, students with disabilities, college recruiters, admissions advisors as well as several other support areas across the campus for a total of \$2.9 million. The budget includes adding \$2.5 million for new faculty salaries, benefits, PhD students, summer support, and faculty award programs. Non-tenure track funding for College of Business cyber security program and the College of Liberal and Fine Arts are included for a total of \$1.4 million. Both colleges have experienced significant growth where permanent funding is critical going forward. As part of the institutional commitment to student aid funding there is an increase of \$4 million from tuition revenues included. Projections are included for state supported aid that includes higher TEXAS Grants and Top 10 Percent Scholarships (\$1.9 million) and federal Pell Grants (\$9 million). For research and other sponsored programs net projections reflect an increase of \$6.7 million overall based on trends and grant proposals outstanding. Normal projected increases in utilities, benefits, software licenses and memberships all add another \$1.1 million in overall expenditures. Finally the budget includes the use of prior year balances for \$1.7 million for research start-up funds and \$3.3 million to provide institutional support to the athletics program.

**The University of Texas at San Antonio**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 209,659,324	189,180,859	202,156,731	12,975,872	6.9%
Federal Sponsored Programs	42,737,736	48,899,498	41,959,100	(6,940,398)	-14.2%
State Sponsored Programs	23,466,822	25,801,177	31,737,348	5,936,171	23.0%
Local and Private Sponsored Programs	5,952,998	6,699,796	16,352,800	9,653,004	144.1%
Net Sales and Services of Educational Activities	16,810,200	10,181,078	10,528,829	347,751	3.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	44,466,999	42,885,655	42,317,371	(568,284)	-1.3%
Other Operating Revenues	4,160,992	942,729	921,729	(21,000)	-2.2%
<b>Total Operating Revenues</b>	<b>347,255,071</b>	<b>324,590,792</b>	<b>345,973,908</b>	<b>21,383,116</b>	<b>6.6%</b>
<b>Operating Expenses:</b>					
Instruction	139,319,691	153,492,531	149,872,194	(3,620,337)	-2.4%
Academic Support	56,915,265	58,729,443	63,227,342	4,497,899	7.7%
Research	57,576,215	48,754,517	62,878,989	14,124,472	29.0%
Public Service	21,518,971	18,016,744	16,139,692	(1,877,052)	-10.4%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	39,544,743	45,537,399	49,607,528	4,070,129	8.9%
Student Services	28,574,824	26,221,939	27,538,118	1,316,179	5.0%
Operations and Maintenance of Plant	43,447,749	41,756,371	42,802,184	1,045,813	2.5%
Scholarships and Fellowships	49,286,233	33,753,764	42,260,211	8,506,447	25.2%
Auxiliary Enterprises	58,502,700	55,183,532	59,855,173	4,671,641	8.5%
Depreciation and Amortization	49,022,753	48,294,710	48,632,211	337,501	0.7%
<b>Total Operating Expenses</b>	<b>543,709,144</b>	<b>529,740,950</b>	<b>562,813,642</b>	<b>33,072,692</b>	<b>6.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(196,454,073)</b>	<b>(205,150,158)</b>	<b>(216,839,734)</b>	<b>(11,689,576)</b>	<b>5.7%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	134,533,071	130,274,422	131,466,633	1,192,211	0.9%
Federal Sponsored Programs (Nonoperating)	60,000,000	46,000,000	55,000,000	9,000,000	19.6%
State Sponsored Programs (Nonoperating)	5,225,595	5,225,595	1,116,623	(4,108,972)	-78.6%
Gifts in Support of Operations	5,500,000	8,000,000	8,300,000	300,000	3.8%
Net Investment Income	15,519,193	12,448,000	12,899,540	451,540	3.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>220,777,859</b>	<b>201,948,017</b>	<b>208,782,796</b>	<b>6,834,779</b>	<b>3.4%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(14,852,112)	(15,998,974)	(14,898,917)	1,100,057	-6.9%
<b>Total Transfers and Other</b>	<b>(14,852,112)</b>	<b>(15,998,974)</b>	<b>(14,898,917)</b>	<b>1,100,057</b>	<b>-6.9%</b>
<b>Budget Margin (Deficit)</b>	<b>9,471,674</b>	<b>(19,201,115)</b>	<b>(22,955,855)</b>	<b>(3,754,740)</b>	<b>19.6%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	1,000,000	1,800,000	800,000	80.0%
Additions to Permanent Endowments	2,329,452	4,000,000	4,700,000	700,000	17.5%
Transfers for Debt Service - Principal	(25,857,818)	(22,768,000)	(22,810,000)	(42,000)	0.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	73,391,999	19,000,000	16,216,267	(2,783,733)	-14.7%
<b>SRECNP Change in Net Position</b>	<b>\$ 59,335,307</b>	<b>(17,969,115)</b>	<b>(23,049,588)</b>	<b>(5,080,473)</b>	<b>28.3%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 568,032,930</b>	<b>526,538,809</b>	<b>554,756,704</b>	<b>28,217,895</b>	<b>5.4%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(558,561,256)</b>	<b>(545,739,924)</b>	<b>(577,712,559)</b>	<b>(31,972,635)</b>	<b>5.9%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 9,471,674</b>	<b>(19,201,115)</b>	<b>(22,955,855)</b>	<b>(3,754,740)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		48,294,710	48,632,211		
Capital Outlay		(6,100,000)	(7,966,000)		
Transfers for Debt Service - Principal		(22,768,000)	(22,810,000)		
Budgeted Transfers		(5,225,595)	99,644		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(5,000,000)</b>	<b>(5,000,000)</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at Tyler**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The FY 2019 budget reflects The University of Texas at Tyler's vision to be the primary educational and economic driver of East Texas. U. T. Tyler has a culture of excellence and innovation that also provides a nurturing environment to prepare students to be future problem solvers and leaders. U. T. Tyler remains one of the best values in higher education in Texas. With tuition and fees below the mean among the U. T. System, the State, and regional competitors, U. T. Tyler takes great pride in the tradition of offering quality academic programs, expert faculty, active student life programs, and well-rounded service opportunities.

The FY 2019 budget continues to honor the base budget and the financial commitments made by the previous administration. It also reflects a significant investment in initiatives supporting the four pillars of the University's Strategic Plan 2018-2023: student success, student engagement, research and scholarship, and community engagement.

U. T. Tyler has had a negative operating margin ratio in five of the last six years. The Moody's Overall Scorecard Rating was 3.7 (Aa3) in FY 2017, a decrease from the prior year's rating of 4.9 (A1). This decrease was due primarily to an increase in the debt service to operations ratio. However, the annual operating margin improved significantly in FY 2017 moving to a 0.70 percent negative margin from a 9.30 percent negative margin the prior year. The new administration continues to implement strategies to realign spending levels with annual revenue. Intentional budget reductions, including voluntary retirements and leaving non-essential positions unfilled when vacated, were implemented in FY 2018. These efforts along with the implementation of a new campus strategic plan will result in a more efficient university, improved campus financial performance, and an intentional investment of resources aligned with new strategic initiatives supporting U. T. Tyler student success.

**Revenue**

U. T. Tyler's FY 2019 revenue budget totals \$157.2 million and reflects approximately \$7.6 million in total operating revenue growth (9.0 percent) over FY 2018. Approximately \$3.5 million in revenue growth can be attributed to an increase in tuition and selected mandatory fees (\$2.0 million) and an anticipated 4 percent enrollment growth rate (\$1.5 million). The new Pharmacy Program is entering into its fourth year of existence and will add 96 students, which is expected to generate approximately \$2.5 million in additional revenue. This fourth year of the Pharmacy Program solidifies the turning point achieved in Year 3, a year in which the program transitioned from a deficit operation to a surplus operation. This surplus can contribute to campus overhead costs.

The \$2 million increase in Net Auxiliary Enterprises revenue is derived from an increase in housing revenues associated with a full years' revenue of two recently purchased student housing complexes, Eagles Landing and The Reserve. The \$2.7 million increase in nonoperating revenue is due to an increase in expected Pell Grants.

**Expenses**

Total expenses, including transfers for interest, are budgeted at \$165.6 million, an increase of \$10.5 million (6.8 percent) over the prior year. The FY 2019 budget includes investments in the University's infrastructure through increased institutional support and operation and maintenance of plant.

To increase the University's capacity for securing capital and operating gifts, establishing brand recognition, and expanding student support and community involvement, the FY 2019 budget includes an additional \$1.7 million in institutional support, an increase of 11.0 percent over the prior year. An additional \$1.7 million will support the operations and maintenance for new buildings, an increase of 17.9 percent.

The FY 2019 budget also includes an additional \$2.5 million (increase of 42.2 percent) dedicated to student success through the establishment of the new Presidential merit scholarship. With two new residential units coming online in late 2018, the FY 2019 auxiliary enterprise expense budget includes an additional \$2.9 million, a 29 percent increase over the prior year. Finally, through the realization of economies of scale, the College of Pharmacy expenses are budgeted to increase by just \$557,000 in support of a 26 percent increase in enrollment representing the fourth class being enrolled this fall. Depreciation and interest expense will increase a combined \$661,000 due to the addition of the new Soules College of Business building.



**The University of Texas at Tyler**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 51,639,762	51,140,608	54,686,113	3,545,505	6.9%
Federal Sponsored Programs	4,049,425	3,323,488	3,424,249	100,761	3.0%
State Sponsored Programs	7,925,233	9,599,871	8,914,394	(685,477)	-7.1%
Local and Private Sponsored Programs	670,204	140,000	334,155	194,155	138.7%
Net Sales and Services of Educational Activities	11,805,568	11,975,079	14,446,435	2,471,356	20.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	9,699,429	8,449,715	10,524,799	2,075,084	24.6%
Other Operating Revenues	309,229	116,794	36,794	(80,000)	-68.5%
<b>Total Operating Revenues</b>	<b>86,098,850</b>	<b>84,745,555</b>	<b>92,366,939</b>	<b>7,621,384</b>	<b>9.0%</b>
<b>Operating Expenses:</b>					
Instruction	56,343,554	59,395,851	59,432,685	36,834	0.1%
Academic Support	20,560,591	19,121,936	19,302,030	180,094	0.9%
Research	2,283,718	1,087,101	1,162,576	75,475	6.9%
Public Service	788,846	188,185	178,411	(9,774)	-5.2%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	14,878,114	15,420,522	17,121,919	1,701,397	11.0%
Student Services	11,570,805	11,537,094	12,255,849	718,755	6.2%
Operations and Maintenance of Plant	9,683,683	9,336,140	11,010,921	1,674,781	17.9%
Scholarships and Fellowships	5,983,751	5,996,723	8,525,654	2,528,931	42.2%
Auxiliary Enterprises	10,358,639	10,146,956	13,105,162	2,958,206	29.2%
Depreciation and Amortization	15,580,882	16,237,071	16,637,579	400,508	2.5%
<b>Total Operating Expenses</b>	<b>148,032,583</b>	<b>148,467,579</b>	<b>158,732,786</b>	<b>10,265,207</b>	<b>6.9%</b>
<b>Operating Surplus/Deficit</b>	<b>(61,933,733)</b>	<b>(63,722,024)</b>	<b>(66,365,847)</b>	<b>(2,643,823)</b>	<b>4.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	43,962,671	43,962,671	44,186,695	224,024	0.5%
Federal Sponsored Programs (Nonoperating)	11,567,403	11,100,000	13,857,049	2,757,049	24.8%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	958,408	1,410,520	1,337,015	(73,505)	-5.2%
Net Investment Income	5,907,315	5,696,250	5,467,424	(228,826)	-4.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>62,395,797</b>	<b>62,169,441</b>	<b>64,848,183</b>	<b>2,678,742</b>	<b>4.3%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(5,611,684)	(6,585,337)	(6,845,598)	(260,261)	4.0%
<b>Total Transfers and Other</b>	<b>(5,611,684)</b>	<b>(6,585,337)</b>	<b>(6,845,598)</b>	<b>(260,261)</b>	<b>4.0%</b>
<b>Budget Margin (Deficit)</b>	<b>(5,149,620)</b>	<b>(8,137,920)</b>	<b>(8,363,262)</b>	<b>(225,342)</b>	<b>2.8%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	100,000	100,000	125,000	25,000	25.0%
Additions to Permanent Endowments	650,000	650,000	1,200,000	550,000	84.6%
Transfers for Debt Service - Principal	(8,606,000)	(8,606,000)	(9,079,000)	(473,000)	5.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	3,221,226	3,221,226	3,132,141	(89,085)	-2.8%
<b>SRECNP Change in Net Position</b>	<b>\$ (9,784,394)</b>	<b>(12,772,694)</b>	<b>(12,985,121)</b>	<b>(212,427)</b>	<b>1.7%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 148,494,647</b>	<b>146,914,996</b>	<b>157,215,122</b>	<b>10,300,126</b>	<b>7.0%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(153,644,267)</b>	<b>(155,052,916)</b>	<b>(165,578,384)</b>	<b>(10,525,468)</b>	<b>6.8%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (5,149,620)</b>	<b>(8,137,920)</b>	<b>(8,363,262)</b>	<b>(225,342)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		16,237,071	16,637,579		
Capital Outlay		(1,166,915)	(976,308)		
Transfers for Debt Service - Principal		(8,606,000)	(9,079,000)		
Budgeted Transfers		(157,589)	(662,736)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(1,831,353)</b>	<b>(2,443,727)</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas Southwestern Medical Center  
Operating Budget Highlights  
For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The University of Texas Southwestern Medical Center, one of the premier academic medical centers in the nation, integrates pioneering biomedical research with exceptional clinical care and education. The mission of U. T. Southwestern Medical Center is to promote health and a healthy society that enables achievement of full human potential in the community, Texas, the nation, and the world. This is accomplished through innovation and education, training physicians, scientists, and caregivers optimally prepared to serve the needs of patients; discovery, conducting high-impact, internationally recognized research that solves for unmet needs by finding better treatments, cures, and prevention with a commitment to ensuring real world application; and healing, delivering the best patient care possible today, with continuous improvement for better care tomorrow. Its strategic positioning and programmatic investments are designed to sustain a trajectory of excellence and targeted growth in all these mission areas.

Among the highlights of these investments, focused on education, is the expansion of the West Campus. The first building of a multi-year reinvestment plan, which includes faculty offices, outpatient clinics, and a state-of-the-art Simulation Center for education and training, will open in August 2018. Much of this facility supports the Medical School's Foundation for Excellence Curriculum, which represents an integrated approach to the basic science and clinical components of medical education, emphasizes team-based learning, and provides closer contact with faculty for ongoing mentoring as well as in-depth scholarly experience.

U. T. Southwestern Medical Center is dedicated to groundbreaking medical advances and quickly translating science-driven research to new clinical treatments. A notable example is the Peter O'Donnell Jr. Brain Institute, which encompasses both research and clinical programs, including the state-supported Texas Institute for Brain Injury and Repair, which promotes awareness about concussions and other traumatic brain injuries, and the Center for Alzheimer's and Neurodegenerative Diseases, which is advancing the understanding of the causes of Alzheimer's disease. With investments from the state and local community and high-profile attention to brain health in sports, the military, and an aging patient population, U. T. Southwestern Medical Center is making significant strides toward enhancing public health. To support expanded research and co-locate the medical specialties, the Institution is preparing to request design approval for a new brain institute and cancer center facility from the Board of Regents and begin construction in FY 2019.

In addition to its outstanding education and research programs, the Institution is committed to leadership in patient care and continues to gain recognition through national and international clinical awards. Steady growth of patient volume continues to exceed projections. In May 2017, the University obtained Board of Regents approval to begin constructing a 292-bed third tower for Clements University Hospital that will provide additional capacity (144 incremental beds). This expansion follows the 2017 summer openings of both a new Radiation Oncology Building and the U. T. Southwestern Monty and Tex Moncrief Medical Center at Fort Worth, a multi-specialty outpatient facility. A driver of clinical growth is Southwestern Health Resources partnership with Texas Health Resources (THR) that includes a clinically integrated network of over 3,000 physicians, 27 hospitals, and 300 clinics across 16 counties. It leverages the complementary strengths of U. T. Southwestern Medical Center and THR, enhancing joint initiatives including significant growth of Accountable Care Organization program offerings with demonstrated improvement in patient outcomes and reduction in cost at U. T. Southwestern Medical Center. With approval granted by the Board of Regents in June 2017, U. T. Southwestern Medical Center and THR will leverage their new relationship to jointly develop a Hospital and Medical Office Building campus opening in 2019 in the rapidly expanding Frisco, Texas market.

University leadership remains focused on placing industry leaders in key executive, department chair, and center director positions. Following national searches, many positions have been filled with individuals who are prominent leaders in their fields. The most recent appointments include John Warner, M.D., M.B.A., as the new Executive Vice President for Health System Affairs who previously served as Chief Executive Officer of University Hospitals and Herbert Zeh, M.D., as the new Chair of the Department of Surgery.

**Revenue**

The FY 2019 revenue budget of \$3.22 billion represents a 3.7 percent increase over the FY 2018 projection, primarily driven by strong patient care volumes for university hospitals and clinics, and growth in professional fees from the faculty practice plan.

**Expenses**

U. T. Southwestern Medical Center continues to identify and implement University-wide cost savings opportunities. Savings achieved continue to be strategically redirected to priority initiatives that best support the Institution's blended mission. The expenditure budget for FY 2019 is \$3.15 billion. Budgeted expenses include a 3.0 percent merit pool for faculty and staff. Expense growth related to university hospitals, clinical operations, and instruction are proportional to revenue growth for the upcoming fiscal year. The budget includes sufficient funds to cover projected debt service to finance expansion activities and major information resources projects.

**The University of Texas Southwestern Medical Center**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 24,819,764	25,961,927	26,260,794	298,867	1.2%
Federal Sponsored Programs	217,108,976	192,718,335	209,092,938	16,374,603	8.5%
State Sponsored Programs	41,074,671	47,016,301	41,592,994	(5,423,307)	-11.5%
Local and Private Sponsored Programs	328,597,370	338,189,536	316,726,035	(21,463,501)	-6.3%
Net Sales and Services of Educational Activities	14,760,380	9,443,659	11,095,714	1,652,055	17.5%
Net Sales and Services of Hospital and Clinics	1,311,694,600	1,220,180,390	1,385,085,088	164,904,698	13.5%
Net Professional Fees	660,732,943	634,320,085	714,349,889	80,029,804	12.6%
Net Auxiliary Enterprises	26,342,878	25,276,815	25,784,377	507,562	2.0%
Other Operating Revenues	107,308,168	95,342,331	122,005,541	26,663,210	28.0%
<b>Total Operating Revenues</b>	<b>2,732,439,750</b>	<b>2,588,449,379</b>	<b>2,851,993,370</b>	<b>263,543,991</b>	<b>10.2%</b>
<b>Operating Expenses:</b>					
Instruction	978,238,247	947,258,049	1,053,618,548	106,360,499	11.2%
Academic Support	30,254,791	21,369,458	31,698,168	10,328,710	48.3%
Research	350,693,644	369,501,144	358,016,393	(11,484,751)	-3.1%
Public Service	31,010,593	33,191,110	31,948,588	(1,242,522)	-3.7%
Hospitals and Clinics	1,157,971,198	1,091,988,508	1,263,428,580	171,440,072	15.7%
Institutional Support	80,649,700	73,363,727	86,515,195	13,151,468	17.9%
Student Services	3,832,075	4,266,765	3,985,787	(280,978)	-6.6%
Operations and Maintenance of Plant	75,342,642	71,424,479	68,756,892	(2,667,587)	-3.7%
Scholarships and Fellowships	3,433,129	2,138,036	3,594,280	1,456,244	68.1%
Auxiliary Enterprises	24,315,652	29,901,022	25,708,902	(4,192,120)	-14.0%
Depreciation and Amortization	171,588,573	173,124,542	176,966,495	3,841,953	2.2%
<b>Total Operating Expenses</b>	<b>2,907,330,244</b>	<b>2,817,526,840</b>	<b>3,104,237,828</b>	<b>286,710,988</b>	<b>10.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(174,890,494)</b>	<b>(229,077,461)</b>	<b>(252,244,458)</b>	<b>(23,166,997)</b>	<b>10.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	193,308,326	193,308,326	193,945,493	637,167	0.3%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	45,000,000	45,000,000	55,000,000	10,000,000	22.2%
Net Investment Income	99,906,248	102,126,771	119,126,945	17,000,174	16.6%
Other Non-Operating Revenue	-	13,982	19,492	5,510	39.4%
Other Non-Operating (Expenses)	-	-	(5,000,000)	(5,000,000)	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>338,214,574</b>	<b>340,449,079</b>	<b>363,091,930</b>	<b>22,642,851</b>	<b>6.7%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(36,129,159)	(39,927,397)	(42,843,397)	(2,916,000)	7.3%
<b>Total Transfers and Other</b>	<b>(36,129,159)</b>	<b>(39,927,397)</b>	<b>(42,843,397)</b>	<b>(2,916,000)</b>	<b>7.3%</b>
<b>Budget Margin (Deficit)</b>	<b>127,194,921</b>	<b>71,444,221</b>	<b>68,004,075</b>	<b>(3,440,146)</b>	<b>-4.8%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	69,174,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	8,500,000	6,000,000	6,000,000	-	0.0%
Additions to Permanent Endowments	12,000,000	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(63,352,000)	(65,186,000)	(68,449,000)	(3,263,000)	5.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	139,000,000	174,347,754	253,756,490	79,408,736	45.5%
<b>SRECNP Change in Net Position</b>	<b>\$ 292,516,921</b>	<b>196,605,975</b>	<b>269,311,565</b>	<b>72,705,590</b>	<b>37.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 3,070,654,324</b>	<b>2,928,898,458</b>	<b>3,220,085,300</b>	<b>291,186,842</b>	<b>9.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(2,943,459,403)</b>	<b>(2,857,454,237)</b>	<b>(3,152,081,225)</b>	<b>(294,626,988)</b>	<b>10.3%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 127,194,921</b>	<b>71,444,221</b>	<b>68,004,075</b>	<b>(3,440,146)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		173,124,542	176,966,495		
Capital Outlay		(45,000,000)	(45,000,000)		
Transfers for Debt Service - Principal		(65,186,000)	(68,449,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>134,382,763</b>	<b>131,521,570</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas Medical Branch at Galveston  
Operating Budget Highlights  
For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The FY 2019 operating budget of The University of Texas Medical Branch at Galveston allocates resources to ensure continued support for the University's mission: to improve health for the people of Texas and around the world by offering innovative education and training, pursuing cutting edge research, and providing the highest quality patient care. The University's strategic plan, "The Road Ahead," outlines detailed plans and timelines for achieving its mission and identifies four essential strategic priorities: People, Value, Strategic Management and Growth, and Resources.

Addressing the priority of People, the FY 2019 operating budget provides support for the "My Road Ahead" initiative, the professional development plan created for each employee. Enhancements of recruitment efforts will align with the University's growth and operational priorities across the organization as defined by the Strategic Plan. Also, implementation of employee education around patient centered care will align with the University's goal of improving patient satisfaction. Continued investment in training programs to promote leadership development will help in retaining talented people who will support the University's mission, both now and in the future. The University also avails market-based and incentive-based compensation programs for both faculty and staff to cultivate and reward outstanding performance. The University seeks to enhance its acquisition of talent, its investment in employees, and its reputation as a recognized best place to work.

The University's Value strategy aims to streamline systems, improve outcomes, and deliver the best service and care in FY 2019. Initiatives include: transition from the Patient-centered Resource Optimization Program into "High-Value Practicing Organization" as part of the Best Care initiative; focus on antibiotic, blood, lab, imaging, and opioid stewardship; improve length of stay and observation/extended recovery utilization; standardize usage of specific supplies, pharmaceuticals, and medical devices; encourage evidence-based approaches to avoid unnecessary expense. The University will strive to maintain its 5 Star rating in Vizient's Quality and Accountability Study, where it placed 5<sup>th</sup> among 96 peers in the second quarter of 2018. UTMB Discover (Enterprise Data Warehouse) will be expanded to further enhance the University's real-time data and decision-making capabilities and extend its population health management platform.

The University's Growth strategy calls for increasing its competitive position and maximizing revenue streams and resources in FY 2019. Growth initiatives include implementing the clinical strategic plan and increasing educational opportunities by expanding the University's geographical footprint and partnerships. The League City Campus will continue to expand, including the ongoing development of new oncology facilities and services in partnership with The University of Texas M. D. Anderson Cancer Center. The service line strategy will be expanded to include Women and Children and Oncology in addition to Neurosciences and Eye and Ear specialty services. The research strategic plan rollout will expand Alzheimer's research and Zika virus pathogenesis, detection, and vaccines through interdisciplinary activities in neurodysfunction, infection and immunity, and other clinical research programs.

Regarding the Resources strategy, the FY 2019 operating budget reflects growth in revenue and expenses driven by the initiatives noted above. It also contemplates a \$2.1 million margin, a \$39.4 million improvement over FY 2018 projected results. A planned \$6.4 million (3.6 percent) depreciation increase and a \$2.8 million (10.8 percent) increase in interest expense related to activating new facilities are offset by growth in net patient care revenue resulting from increased volume and revenue cycle optimization and tuition and fee and general revenue increases. Clinical volume growth is aggressive but achievable due to expanded facilities and locations; however, significant efficiency gains are required across all areas. The University will optimize existing financial management and forecasting infrastructure, as well as implement measurable action plans to achieve planned financial results for FY 2019 and future years.

**Revenue**

Total budgeted operating revenue for FY 2019 reflects a \$1.0 million (0.1 percent) increase from the FY 2018 budget, primarily related to additional tuition and fees and clinical volume offset by reductions in sponsored programs and Delivery System Reform Incentive Payment revenue. Volume increases include a 2.5 percent increase in inpatient discharges and a 4.5 percent increase in outpatient encounters over FY 2018 projections. While the impact in FY19 is minimal, payer mix is expected to trend more towards commercial business on the League City Campus, which will also help offset Medicare and Medicaid planned rate decreases.

**Expenses**

Total budgeted operating expenses for FY 2019 reflect a \$1.8 million (0.1 percent) increase from the FY 2018 budget, primarily attributable to strategic new hires, inflation, and planned merit increases for staff, offset by margin improvement planning. Depreciation increase is related to the Health Education Center, Building 17 expansion, and the Invasive Cardiology Services suite.

**The University of Texas Medical Branch at Galveston**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 40,466,881	39,443,385	42,223,617	2,780,232	7.0%
Federal Sponsored Programs	119,962,112	123,939,835	120,780,236	(3,159,599)	-2.5%
State Sponsored Programs	7,616,642	595,542	595,542	-	0.0%
Local and Private Sponsored Programs	62,837,297	65,013,564	61,332,270	(3,681,294)	-5.7%
Net Sales and Services of Educational Activities	13,447,776	24,822,432	24,822,432	-	0.0%
Net Sales and Services of Hospital and Clinics	1,171,572,348	1,221,361,467	1,222,658,953	1,297,486	0.1%
Net Professional Fees	200,656,558	209,122,346	216,010,402	6,888,056	3.3%
Net Auxiliary Enterprises	14,985,488	13,741,302	15,268,125	1,526,823	11.1%
Other Operating Revenues	61,517,287	59,345,353	54,661,819	(4,683,534)	-7.9%
<b>Total Operating Revenues</b>	<b>1,693,062,389</b>	<b>1,757,385,226</b>	<b>1,758,353,396</b>	<b>968,170</b>	<b>0.1%</b>
<b>Operating Expenses:</b>					
Instruction	335,170,244	338,247,113	347,350,933	9,103,820	2.7%
Academic Support	43,121,318	42,417,217	44,380,760	1,963,543	4.6%
Research	115,643,534	115,999,126	116,608,216	609,090	0.5%
Public Service	15,680,479	16,713,271	16,837,651	124,380	0.7%
Hospitals and Clinics	1,311,280,077	1,320,010,007	1,301,266,504	(18,743,503)	-1.4%
Institutional Support	64,681,977	64,409,361	62,560,928	(1,848,433)	-2.9%
Student Services	7,840,240	7,191,606	7,611,464	419,858	5.8%
Operations and Maintenance of Plant	47,041,438	46,849,194	49,086,397	2,237,203	4.8%
Scholarships and Fellowships	7,840,240	8,339,537	9,279,057	939,520	11.3%
Auxiliary Enterprises	11,760,359	12,535,443	13,013,572	478,129	3.8%
Depreciation and Amortization	155,719,571	178,596,507	185,095,371	6,498,864	3.6%
<b>Total Operating Expenses</b>	<b>2,115,779,477</b>	<b>2,151,308,382</b>	<b>2,153,090,853</b>	<b>1,782,471</b>	<b>0.1%</b>
<b>Operating Surplus/Deficit</b>	<b>(422,717,088)</b>	<b>(393,923,156)</b>	<b>(394,737,457)</b>	<b>(814,301)</b>	<b>0.2%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	370,949,331	370,966,201	374,285,080	3,318,879	0.9%
Federal Sponsored Programs (Nonoperating)	800,000	800,000	800,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	8,574,251	6,986,756	6,986,756	-	0.0%
Net Investment Income	59,101,441	42,398,518	43,219,913	821,395	1.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>439,425,023</b>	<b>421,151,475</b>	<b>425,291,749</b>	<b>4,140,274</b>	<b>1.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(24,025,106)	(25,669,122)	(28,454,214)	(2,785,092)	10.8%
<b>Total Transfers and Other</b>	<b>(24,025,106)</b>	<b>(25,669,122)</b>	<b>(28,454,214)</b>	<b>(2,785,092)</b>	<b>10.8%</b>
<b>Budget Margin (Deficit)</b>	<b>(7,317,171)</b>	<b>1,559,197</b>	<b>2,100,078</b>	<b>540,881</b>	<b>34.7%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	103,564,462	103,564,462	75,581,618	(27,982,844)	-27.0%
Additions to Permanent Endowments	4,200,000	4,200,000	2,223,000	(1,977,000)	-47.1%
Transfers for Debt Service - Principal	(55,316,000)	(60,037,692)	(58,987,401)	1,050,291	-1.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	305,702,912	305,702,912	216,719,381	(88,983,531)	-29.1%
<b>SRECNP Change in Net Position</b>	<b>\$ 350,834,203</b>	<b>354,988,879</b>	<b>237,636,676</b>	<b>(117,352,203)</b>	<b>-33.1%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 2,132,487,412</b>	<b>2,178,536,701</b>	<b>2,183,645,145</b>	<b>5,108,444</b>	<b>0.2%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(2,139,804,583)</b>	<b>(2,176,977,504)</b>	<b>(2,181,545,067)</b>	<b>(4,567,563)</b>	<b>0.2%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (7,317,171)</b>	<b>1,559,197</b>	<b>2,100,078</b>	<b>540,881</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		178,596,507	185,095,371		
Capital Outlay		(109,109,129)	(104,579,905)		
Transfers for Debt Service - Principal		(60,037,692)	(58,987,401)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>11,008,883</b>	<b>23,628,143</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas Health Science Center at Houston**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The University of Texas Health Science Center at Houston is Houston's Health University and Texas' resource for health care education, innovation, scientific discovery, and excellence in patient care. The most comprehensive academic health center in The University of Texas System and the United States Gulf Coast region, U. T. Health Science Center - Houston is home to schools of biomedical informatics, biomedical sciences, dentistry, public health, the Jane and Robert Cizik School of Nursing (CSON), and the John P. and Kathrine G. McGovern Medical School (MMS). It also includes The University of Texas Harris County Psychiatric Center (HCPC), as well as the growing clinical practices UT Physicians, UT Dentists, and UT Health Services.

Consistent with prior years, the FY 2019 budget continues to reflect institutional growth, primarily due to the clinical enterprise. Although this growth has historically been tied to the success of its hospital partners, Memorial Hermann Healthcare System (MHHS), and the Harris County Hospital District (Harris Health), clinical expansion as of late has been tied to the 1115 Waiver's Uncompensated Care and Delivery System Reform Incentive Payment (DSRIP) initiatives, as well as the Network Access Improvement Program (NAIP). These programs have recently been extended for an additional five years and play a key role in U.T. Health Science Center - Houston's efforts to provide quality care to the underserved throughout Greater Houston. The FY 2019 budget reflects the institution's continued focus on clinical excellence as a means to continue enriching its research and academic programs. The research enterprise, in particular, has benefited by this strategy for a number of years, and based upon its success in recruiting talented, funded faculty and the continued upward trend in external awards, it merits continuing.

U. T. Health Science Center - Houston will continue to enhance its facilities in FY 2019, as projects largely funded by the tuition revenue bonds (TRB) approved by the 84th Legislature move from the drawing boards to reality. With the exception of the University Center Tower (UCT) expansion necessary to accommodate the growth of the School of Biomedical Informatics, the TRB-funded deferred maintenance will extend the life of the McGovern Medical School Building, UCT, and the Reuel A. Stallones Building which are all at mid-life with significant infrastructure improvements necessary. In addition, U. T. Health Science Center - Houston will work with the Texas Department of Health and Human Services Commission (HHSC) to begin construction of a \$125.0 million psychiatric hospital that will be funded by the state, owned by HHSC, and operated by HCPC physicians and staff. The hospital will include short and long term care options, residential treatment, and supported housing. The total bed count is anticipated to be up to 304 beds.

**Revenue**

The FY 2019 \$1.6 billion budget includes a small increase (\$18.8 million, 1.4 percent) in total operating revenues over the FY 2018 budget. This is driven by net professional fees growth (\$28.3 million, 7.9 percent) associated with increased faculty productivity and revenue cycle optimization, as well as 1115 Waiver uncompensated care revenue unbudgeted in FY 2018. In addition, federal sponsored program revenues associated with research and public service activities are projected to continue their upward trend, while local and private sponsored program revenues, which includes the conservative budgeting of MHHS and Harris Health clinical contracts, reflect a slight decline.

Non-operating revenues provide an additional \$5.2 million increase in the FY 2019 budget. Although operating gifts are projected to be lower in FY 2019, it is largely due to a focus on endowment expansion including a \$75.0 million naming gift for MMS and a \$25.0 million naming gift for CSON, as well as a number of lesser gifts which have been matched through the institution's Game Changers initiative. These gifts (almost entirely for endowment purposes) have contributed to the increase (\$9.0 million) in investment income.

**Expenses**

The FY 2019 expense budget is also projecting a small overall 1.5 percent increase (\$24.0 million) in operating expenses. Consistent with recent years, this growth is largely associated with MMS clinical activities (\$13.0 million) with the FY 2019 increase in hospital and clinic expense largely attributed to a full year's operation of NAIP funded clinics that opened in FY 2018. It also includes the School of Public Health's DSRIP initiative in Brownsville (\$3.2 million, Public Service), and the School of Biomedical Informatics projected increase in Cancer Prevention and Research Institute of Texas funding (\$1.9 million, Research).

**The University of Texas Health Science Center at Houston**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 55,464,577	52,009,049	55,209,830	3,200,781	6.2%
Federal Sponsored Programs	154,517,955	164,804,912	167,436,360	2,631,448	1.6%
State Sponsored Programs	24,911,130	27,252,492	24,242,017	(3,010,475)	-11.0%
Local and Private Sponsored Programs	470,877,165	513,181,800	504,347,075	(8,834,725)	-1.7%
Net Sales and Services of Educational Activities	37,271,834	24,358,040	23,024,038	(1,334,002)	-5.5%
Net Sales and Services of Hospital and Clinics	71,594,317	76,194,468	76,448,011	253,543	0.3%
Net Professional Fees	375,765,385	357,815,677	386,120,434	28,304,757	7.9%
Net Auxiliary Enterprises	29,391,355	31,206,538	31,671,776	465,238	1.5%
Other Operating Revenues	76,378,566	61,551,029	58,722,506	(2,828,523)	-4.6%
<b>Total Operating Revenues</b>	<b>1,296,172,284</b>	<b>1,308,374,005</b>	<b>1,327,222,047</b>	<b>18,848,042</b>	<b>1.4%</b>
<b>Operating Expenses:</b>					
Instruction	726,115,415	715,582,802	720,911,064	5,328,262	0.7%
Academic Support	51,504,154	61,573,554	63,227,376	1,653,822	2.7%
Research	199,458,242	210,127,013	212,306,989	2,179,976	1.0%
Public Service	32,553,432	36,822,205	39,900,753	3,078,548	8.4%
Hospitals and Clinics	349,517,057	343,606,680	353,240,103	9,633,423	2.8%
Institutional Support	72,178,874	75,578,081	76,219,308	641,227	0.8%
Student Services	9,995,971	9,539,464	10,418,748	879,284	9.2%
Operations and Maintenance of Plant	35,371,969	36,957,160	37,909,229	952,069	2.6%
Scholarships and Fellowships	7,983,625	7,300,124	7,652,038	351,914	4.8%
Auxiliary Enterprises	18,163,604	18,210,718	17,940,009	(270,709)	-1.5%
Depreciation and Amortization	58,055,603	58,673,424	58,253,616	(419,808)	-0.7%
<b>Total Operating Expenses</b>	<b>1,560,897,946</b>	<b>1,573,971,225</b>	<b>1,597,979,233</b>	<b>24,008,008</b>	<b>1.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(264,725,662)</b>	<b>(265,597,220)</b>	<b>(270,757,186)</b>	<b>(5,159,966)</b>	<b>1.9%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	215,246,910	213,792,428	214,339,577	547,149	0.3%
Federal Sponsored Programs (Nonoperating)	1,219,950	600,000	689,485	89,485	14.9%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	22,175,583	28,045,000	23,550,000	(4,495,000)	-16.0%
Net Investment Income	43,531,193	37,744,149	46,754,671	9,010,522	23.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>282,173,636</b>	<b>280,181,577</b>	<b>285,333,733</b>	<b>5,152,156</b>	<b>1.8%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(11,658,117)	(13,183,207)	(12,603,637)	579,570	-4.4%
<b>Total Transfers and Other</b>	<b>(11,658,117)</b>	<b>(13,183,207)</b>	<b>(12,603,637)</b>	<b>579,570</b>	<b>-4.4%</b>
<b>Budget Margin (Deficit)</b>	<b>5,789,857</b>	<b>1,401,150</b>	<b>1,972,910</b>	<b>571,760</b>	<b>40.8%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	14,113,146	14,000,000	11,800,000	(2,200,000)	-15.7%
Net Inc./(Dec.) in Fair Value of Investments	14,727,518	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
Additions to Permanent Endowments	21,318,086	12,500,000	10,300,000	(2,200,000)	-17.6%
Transfers for Debt Service - Principal	(18,419,000)	(18,963,000)	(19,969,000)	(1,006,000)	5.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	15,200,031	5,000,000	15,000,000	10,000,000	200.0%
<b>SRECNP Change in Net Position</b>	<b>\$ 52,729,638</b>	<b>13,938,150</b>	<b>19,103,910</b>	<b>5,165,760</b>	<b>37.1%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 1,578,345,920</b>	<b>1,588,555,582</b>	<b>1,612,555,780</b>	<b>24,000,198</b>	<b>1.5%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(1,572,556,063)</b>	<b>(1,587,154,432)</b>	<b>(1,610,582,870)</b>	<b>(23,428,438)</b>	<b>1.5%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 5,789,857</b>	<b>1,401,150</b>	<b>1,972,910</b>	<b>571,760</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		58,673,424	58,253,616		
Capital Outlay		(23,294,661)	(21,773,552)		
Transfers for Debt Service - Principal		(18,963,000)	(19,969,000)		
Budgeted Transfers		619,000	628,000		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>18,435,913</b>	<b>19,111,974</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas Health Science Center at San Antonio**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The Fiscal Year 2019 Operating Budget for The University of Texas Health Science Center at San Antonio has been written to align resources in support of strategic planning efforts. With aspirations to reach the top echelon of academic medical centers in the United States, the Institution has planned significant investments in the expansion of its clinical enterprise, research strengths and infrastructures, and educational innovation. Over the next five years, the Institution has ambitions to grow clinical and research activities by a combined \$250 million. Tremendous progress has been made in acquiring the intellectual capital required to advance priority goals. In Fiscal Year 2019, the Institution will continue to make sizeable investments to effectively compete in value based health care models and position the research and education missions for long term success. Philanthropy is important in achieving strategic priorities and will continue to be enhanced to support key initiatives for growth across all missions. Finally, a comprehensive marketing campaign will be launched to bolster brand perception and awareness, differentiate the organization, and attract new patients, students, and employees of choice that will serve to strengthen financial performance.

The recruitment of a new dean in the Long School of Medicine, a new director of the Mays Cancer Center, and the inaugural director of the Biggs Institute for Alzheimer and Neurodegenerative Disease are pivotal. Recruitment of the next dean of the School of Dentistry will be finalized soon. With these newly recruited leaders and the superb leadership in all schools, the Institution will continue to transform clinical care, advance human health research, and educate students through innovative programs of the highest quality.

Transforming and expanding the clinical enterprise to compete in the future state of healthcare and being the provider of choice will be achieved by continuing to expand access to and improving the quality of primary and specialty care networks, implementing robust population health management strategies, and creating highly visible and distinctively integrated programs that address medical issues unique to San Antonio's diverse population. Elements of this strategy include plans for new multi-specialty sites, creating an Accountable Care Organization, expanding the primary care center, and enhancing cancer, heart disease, transplant, trauma, neurodegenerative diseases and diabetes programs. Clinical investments included in the FY 2019 budget total \$28.8 million.

Strengthening research will be achieved by continuing investments in key research assets and recruitments. Efforts will continue to focus on positioning the Mays Cancer Center to reach comprehensive status. In the Biggs Institute, recruitments in population and translational neurosciences will enhance a multi-disciplinary approach to research in neurodegenerative disorders. Recruitments are also planned in medicine, epidemiology, biochemistry, physiology, and cardiology. Infrastructure investments include renovating laboratory space and animal facilities and constructing a biobank core to support clinical trial growth. Plans have been finalized and executed to relocate the scientists, animals, and laboratories of the Barshop Institute for Longevity & Aging Studies from the Texas Research Park to the Greehey Academic and Research Campus. Research investments included in the budget total \$15.8 million.

The successful accreditation site review performed by the Southern Association of Colleges and Schools Commission on Colleges is an important reflection of the quality of our educational programs and the resources that support the educational mission. Modernization of space in the medical, dental and nursing buildings will be complete in 2019. Tuition and fee increases will be mobilized to attract and retain faculty of the highest caliber and to deploy technologies that support new teaching modalities. Plans have been executed to expand degree offerings in nursing, Physician Assistant Studies, Respiratory Care, Personalized Medicine, Occupational Therapy, Speech Language Pathology, and Health Sciences. Educational investments included in the FY 2019 budget total \$3.5 million.

Given these investments, a loss of \$10.1 million has been budgeted for FY 2019. Sufficient reserves exist to support these investments, and the Institution commits that these investments will both stimulate financial strength and preserve financial health.

**Revenue**

Total revenues for FY 2019 are projected to increase by a net of \$62.6 million (7.5 percent) with changes predominately occurring in the physicians practice plan as efforts continue to move the clinical transformation plan forward in existing and prospective sites (\$43 million). Sponsored research programs will grow by \$11.8 million with the targeted recruitment of funded researchers and new grant awards, and philanthropic efforts including new endowment income will bolster revenues by \$7.1 million.

**Expenses**

Total expenses for FY 2019 are projected to increase by a net of \$75.5 million (9.0 percent) from the prior budget with changes predominately occurring from clinical expansion, research investment, and new degree program offering efforts discussed above (\$48.1 million), in addition to a 2 percent salary adjustment increase for all non-faculty employees (\$4.4 million). Sponsored research activities will grow by \$11.8 million, benefits costs will increase by \$5.5 million, and facilities costs will increase by \$3.5 million.



**The University of Texas Health Science Center at San Antonio**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 43,837,881	40,337,881	44,886,695	4,548,814	11.3%
Federal Sponsored Programs	94,850,559	90,411,146	97,541,240	7,130,094	7.9%
State Sponsored Programs	9,131,445	4,824,927	9,390,482	4,565,555	94.6%
Local and Private Sponsored Programs	204,514,754	207,429,856	210,316,344	2,886,488	1.4%
Net Sales and Services of Educational Activities	23,674,037	23,030,654	23,593,258	562,604	2.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	211,642,995	208,009,932	242,815,234	34,805,302	16.7%
Net Auxiliary Enterprises	5,526,472	6,796,690	6,431,810	(364,880)	-5.4%
Other Operating Revenues	32,906,551	25,125,706	26,133,961	1,008,255	4.0%
<b>Total Operating Revenues</b>	<b>626,084,694</b>	<b>605,966,792</b>	<b>661,109,024</b>	<b>55,142,232</b>	<b>9.1%</b>
<b>Operating Expenses:</b>					
Instruction	374,786,962	371,730,269	409,271,963	37,541,694	10.1%
Academic Support	48,387,816	45,744,735	46,457,390	712,655	1.6%
Research	126,693,802	124,199,558	135,013,760	10,814,202	8.7%
Public Service	20,945,499	21,411,345	21,255,316	(156,029)	-0.7%
Hospitals and Clinics	121,376,663	110,341,493	135,528,943	25,187,450	22.8%
Institutional Support	42,915,339	41,132,114	40,125,725	(1,006,389)	-2.4%
Student Services	1,473,414	5,337,785	2,065,034	(3,272,751)	-61.3%
Operations and Maintenance of Plant	41,629,798	39,428,180	39,598,716	170,536	0.4%
Scholarships and Fellowships	5,628,251	3,087,203	5,997,857	2,910,654	94.3%
Auxiliary Enterprises	7,241,440	7,998,325	7,716,984	(281,341)	-3.5%
Depreciation and Amortization	55,500,000	53,500,000	57,000,000	3,500,000	6.5%
<b>Total Operating Expenses</b>	<b>846,578,984</b>	<b>823,911,007</b>	<b>900,031,688</b>	<b>76,120,681</b>	<b>9.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(220,494,290)</b>	<b>(217,944,215)</b>	<b>(238,922,664)</b>	<b>(20,978,449)</b>	<b>9.6%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	171,841,939	172,683,990	173,073,264	389,274	0.2%
Federal Sponsored Programs (Nonoperating)	1,250,000	1,250,000	1,250,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	17,097,817	17,625,226	23,666,565	6,041,339	34.3%
Net Investment Income	41,655,515	40,868,461	41,942,243	1,073,782	2.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>231,845,271</b>	<b>232,427,677</b>	<b>239,932,072</b>	<b>7,504,395</b>	<b>3.2%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(10,013,334)	(11,754,724)	(11,123,724)	631,000	-5.4%
<b>Total Transfers and Other</b>	<b>(10,013,334)</b>	<b>(11,754,724)</b>	<b>(11,123,724)</b>	<b>631,000</b>	<b>-5.4%</b>
<b>Budget Margin (Deficit)</b>	<b>1,337,647</b>	<b>2,728,738</b>	<b>(10,114,316)</b>	<b>(12,843,054)</b>	<b>-470.7%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	2,500,000	2,500,000	5,000,000	2,500,000	100.0%
Additions to Permanent Endowments	5,000,000	5,000,000	10,000,000	5,000,000	100.0%
Transfers for Debt Service - Principal	(20,158,000)	(20,158,000)	(20,861,000)	(703,000)	3.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	45,000,000	45,000,000	10,000,000	(35,000,000)	-77.8%
<b>SRECNP Change in Net Position</b>	<b>\$ 33,679,647</b>	<b>35,070,738</b>	<b>(5,975,316)</b>	<b>(41,046,054)</b>	<b>-117.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 857,929,965</b>	<b>838,394,469</b>	<b>901,041,096</b>	<b>62,646,627</b>	<b>7.5%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(856,592,318)</b>	<b>(835,665,731)</b>	<b>(911,155,412)</b>	<b>(75,489,681)</b>	<b>9.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 1,337,647</b>	<b>2,728,738</b>	<b>(10,114,316)</b>	<b>(12,843,054)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		53,500,000	57,000,000		
Capital Outlay		(5,998,463)	(7,309,584)		
Transfers for Debt Service - Principal		(20,158,000)	(20,861,000)		
Budgeted Transfers		(702,440)	(179,515)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>29,369,835</b>	<b>18,535,585</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas M. D. Anderson Cancer Center**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

Under the leadership of Dr. Peter Pisters, the fifth full-time president of The University of Texas M. D. Anderson Cancer Center appointed on Dec. 1, 2017, and with recent changes to its organizational structure, the institution has reaffirmed its commitment to its four mission areas of research, education, prevention, and patient care. In addition to ongoing attention to its mission areas, institutional leadership is focusing on the following near-term priorities: 1) Operational Excellence – this is the fuel that drives the institution forward. New areas to address include outcomes and cost; data governance and management; and enterprise risk management. 2) Patient Centricity – by focusing on access, survivorship, and end-of-life care, the institution will establish a new paradigm in the field of cancer treatment and will be better prepared to respond to external challenges at the local, state, and federal level. 3) Culture – one that reinforces the importance of Service Excellence, developing leaders, and having clear expectations of expected behaviors.

A high level of collaboration was integral in the establishment of the FY 2019 budget. The financial and operational focus in FY 2019 will include: implement new cost efficiency and productivity initiatives; accurately measure and report clinical, administrative, research and teaching efforts; implement new cost accounting analytics; reduce denials; minimizing the growth in deductions from gross patient revenue; achieve consensus on a five year economic forecast model and long term capital plan; rolling forecast and continuous financial planning; and optimizing and increasing local market share with improved access.

The national and local healthcare landscape continues to shift and evolve. The Institution is preparing to address the following challenges during the next five years: managed care payer renegotiations; increasing pharmaceutical costs; aging research and clinical facilities; and continued shifts from volume to value. In addition, a state budget provision requires the Employees Retirement System (ERS) to achieve health care savings with all health related institutions. The Institution intends to continue discussions with ERS and the Legislature to pursue value-based healthcare options as well as cancer prevention and early detection initiatives for the ERS population.

**Revenue**

The FY 2019 total budgeted operating revenue is projected to increase by 12.0 percent or \$529 million over the level budgeted for FY 2018. Both hospital and clinics and professional net patient revenues account for about 89 percent of U. T. M. D. Anderson Cancer Center's total operating revenue. Due to the uncertainty from government and non-government payers, as well as other healthcare reform outcomes, continued focus on clinical productivity and operational efficiencies is essential. The FY 2019 budget is based on current projections that are exceeding the FY 2018 original budget in addition to anticipated increases in clinical productivity and rates. It is expected that deductions from revenue will continue to increase one half percentage point over the FY 2018 budget, which equates to approximately \$50 million decrease in net patient revenue. Sponsored programs are anticipated to increase by 4.5 percent or \$16 million over FY 2018 budgeted levels led by state and local and private sponsored programs. The FY 2019 State Appropriation budget is expected to remain flat due to it being a non-legislative session fiscal year. Gifts in support of operations are projected to increase by 55 percent or \$52 million based on current projections and efforts anticipated with the arrival of a new president. Net investment income has been budgeted conservatively at 2.3 percent less than FY 2018 since it is subject to market and economic conditions not controlled by the Institution.

**Expenses**

The FY 2019 total budgeted operating expense is projected to increase by 10.8 percent or \$469 million over the level budgeted for FY 2018. Hospital and clinic expenses account for 61 percent of U. T. M. D. Anderson Cancer Center's total operating expense. The majority of the increase is driven by increases in patient volumes and increasing pharmaceutical costs, which account for \$317 million of the increase in operating expenses. Research expenditures are projected to increase by 16.1 percent or \$111 million driven by a \$69 million increase in restricted research expenditures and increases to internally supported research activities. The FY 2019 budget includes 5.1 percent increase for faculty and 3.9 percent for administrative and classified staff. It is important to note that personnel costs account for 56 percent of U. T. M. D. Anderson Cancer Center's operating expenses. Increases in personnel costs driven by merit increases, new positions as a result of increasing volumes, and budgeting for the target incentive compensation for faculty are driving increases across most of the expenditure categories. Depreciation will decrease in FY 2019 by \$13 million or 3 percent due to new capital acquisitions to be partially offset by several major existing assets reaching end of service life.

**The University of Texas M. D. Anderson Cancer Center**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,672,600	1,672,600	1,698,602	26,002	1.6%
Federal Sponsored Programs	169,243,238	175,156,666	173,304,638	(1,852,028)	-1.1%
State Sponsored Programs	42,260,238	36,255,354	48,129,878	11,874,524	32.8%
Local and Private Sponsored Programs	154,284,745	138,271,108	144,136,174	5,865,066	4.2%
Net Sales and Services of Educational Activities	2,363,767	1,865,100	2,073,073	207,973	11.2%
Net Sales and Services of Hospital and Clinics	3,665,693,037	3,434,152,600	3,960,528,799	526,376,199	15.3%
Net Professional Fees	448,651,435	460,686,300	462,910,765	2,224,465	0.5%
Net Auxiliary Enterprises	43,638,109	47,187,200	45,160,315	(2,026,885)	-4.3%
Other Operating Revenues	109,393,067	118,475,772	105,225,925	(13,249,847)	-11.2%
<b>Total Operating Revenues</b>	<b>4,637,200,236</b>	<b>4,413,722,700</b>	<b>4,943,168,169</b>	<b>529,445,469</b>	<b>12.0%</b>
<b>Operating Expenses:</b>					
Instruction	75,798,728	75,193,269	80,600,000	5,406,731	7.2%
Academic Support	166,775,076	161,372,866	178,207,237	16,834,371	10.4%
Research	740,131,093	691,450,507	802,901,576	111,451,069	16.1%
Public Service	11,094,323	10,615,051	12,035,232	1,420,181	13.4%
Hospitals and Clinics	2,705,828,491	2,626,516,103	2,943,467,450	316,951,347	12.1%
Institutional Support	141,103,286	141,939,076	149,815,819	7,876,743	5.5%
Student Services	480,910	481,845	500,000	18,155	3.8%
Operations and Maintenance of Plant	202,821,848	198,408,228	220,023,159	21,614,931	10.9%
Scholarships and Fellowships	2,029,245	1,787,755	2,201,345	413,590	23.1%
Auxiliary Enterprises	25,351,350	27,167,800	26,958,992	(208,808)	-0.8%
Depreciation and Amortization	364,421,844	390,435,500	377,680,000	(12,755,500)	-3.3%
<b>Total Operating Expenses</b>	<b>4,435,836,194</b>	<b>4,325,368,000</b>	<b>4,794,390,810</b>	<b>469,022,810</b>	<b>10.8%</b>
<b>Operating Surplus/Deficit</b>	<b>201,364,042</b>	<b>88,354,700</b>	<b>148,777,359</b>	<b>60,422,659</b>	<b>68.4%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	208,857,464	208,314,600	209,211,733	897,133	0.4%
Federal Sponsored Programs (Nonoperating)	527,405	550,000	500,000	(50,000)	-9.1%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	105,130,162	95,000,000	147,423,812	52,423,812	55.2%
Net Investment Income	197,835,123	200,074,000	195,767,190	(4,306,810)	-2.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>512,350,154</b>	<b>503,938,600</b>	<b>552,902,735</b>	<b>48,964,135</b>	<b>9.7%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(34,055,963)	(38,601,247)	(38,508,623)	92,624	-0.2%
<b>Total Transfers and Other</b>	<b>(34,055,963)</b>	<b>(38,601,247)</b>	<b>(38,508,623)</b>	<b>92,624</b>	<b>-0.2%</b>
<b>Budget Margin (Deficit)</b>	<b>679,658,233</b>	<b>553,692,053</b>	<b>663,171,471</b>	<b>109,479,418</b>	<b>19.8%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	2,000,000	5,000,000	2,000,000	(3,000,000)	-60.0%
Additions to Permanent Endowments	7,500,000	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(52,999,000)	(80,907,000)	(64,275,000)	16,632,000	-20.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	146,812,234	140,152,717	78,314,936	(61,837,781)	-44.1%
<b>SRECNP Change in Net Position</b>	<b>\$ 782,971,467</b>	<b>627,937,770</b>	<b>689,211,407</b>	<b>61,273,637</b>	<b>9.8%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 5,149,550,390</b>	<b>4,917,661,300</b>	<b>5,496,070,904</b>	<b>578,409,604</b>	<b>11.8%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(4,469,892,157)</b>	<b>(4,363,969,247)</b>	<b>(4,832,899,433)</b>	<b>(468,930,186)</b>	<b>10.7%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 679,658,233</b>	<b>553,692,053</b>	<b>663,171,471</b>	<b>109,479,418</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		390,435,500	377,680,000		
Capital Outlay		(745,000,000)	(948,875,021)		
Transfers for Debt Service - Principal		(80,907,000)	(64,275,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>118,220,553</b>	<b>27,701,450</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas Health Science Center at Tyler**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2019**

**Introduction - Major Goals Addressed by FY 2019 Budget**

The University of Texas Health Science Center at Tyler and Ardent Health Services (Ardent) have partnered to purchase East Texas Medical Center Regional Healthcare System, creating a new health system known as UT Health East Texas. Effective March 1, 2018, this public-private partnership has brought together the operational skill of Ardent in the formation of UT Health East Texas and the clinical, academic, and research expertise of U. T. Health Science Center - Tyler. Consequently, U. T. Health Science Center – Tyler co-owns a 10-hospital, 50 plus clinic health system with 54 ambulances and 4 helicopters. Ardent will manage day-to-day hospital and clinic operations, and governance will be shared equally between U. T. Health Science Center – Tyler and Ardent through a newly-formed board of directors. The President of U. T. Health Science Center – Tyler is the Chairman of the Board.

The Institution's leadership developed the FY 2019 operating budget with a continued focus on supporting the organization's mission of serving northeast Texas and beyond through excellent patient care and community health, comprehensive education, and innovative research. With the organizational changes mentioned above, it is important to note that the Mission, Vision, and Values of U. T. Health Science Center – Tyler have not changed but are enhanced through the new health system. The FY 2019 operating budget supports the Institution's mission through enhanced patient care through this new health system, the expansion of the educational and residency programs at UT Health East Texas, the increased behavioral health clinical capacity and workforce training, and the enhancement of the infrastructure at this campus (particularly with the new building for the School of Community and Rural Health). U. T. Health Science Center – Tyler has budgeted resources to accomplish several of the Institution's highest strategic priorities, including market response to an increasingly competitive healthcare landscape, while at the same time enhancing revenue and containing costs. Programs planned for FY 2019 at U. T. Health Science Center – Tyler include the continued growth of the School of Community and Rural Health, the extended expansion of the medical and behavioral health residency and workforce training programs, and the continuation of the partnership with The University of Texas M. D. Anderson Cancer Center to provide oncology care services for northeast Texas. This partnership is advancing cancer care in the northeast Texas region and is reducing cancer rates, improving outcomes, and making a measurable impact on the health and well-being of the region's population.

These strategies and others serve the Mission, Vision, and Values of the U. T. Health Science Center – Tyler, enabling the organization to provide access to high quality patient care and education, and to recruit and retain world-class faculty, students, staff, and administrators.

**Revenue**

U. T. Health Science Center – Tyler's budgeted total revenues and transfers for FY 2019 are approximately two percent lower than the FY 2018 operating budget. This decrease is driven primarily by the closure of inpatient services and various outpatient services as operations are consolidated and streamlined across the UT Health East Texas clinical operations. The loss of services is counteracted by volume growth in remaining outpatient care areas across the organization and growth of educational programs.

**Expenses**

U. T. Health Science Center – Tyler's budgeted total expenses and transfers for FY 2019 are approximately three percent lower than the FY 2018 budget. This decrease reflects the reduction in salaries, wages, and benefits as well as operating expenses as a result of closing the majority of inpatient units, inpatient services, and various outpatient services as operations are consolidated and streamlined across the UT Health East Texas clinical operations. The Institution continues to invest in the partnership with U. T. M. D. Anderson Cancer Center and the School of Community and Rural Health, as well as ongoing outlays to improve the quality of and access to healthcare, increase behavioral health clinical capacity and workforce training, expand educational and residency programs and opportunities, maintain and improve infrastructure, and invest in and develop the Institution's human capital.

**The University of Texas Health Science Center at Tyler**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2019**

	FY 2018 Projected	FY 2018 Adjusted Budget	FY 2019 Operating Budget	Budget Increases (Decreases) From 2018 to 2019	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 236,679	309,669	341,526	31,857	10.3%
Federal Sponsored Programs	9,861,617	8,953,463	10,000,000	1,046,537	11.7%
State Sponsored Programs	12,530,687	15,791,127	13,815,000	(1,976,127)	-12.5%
Local and Private Sponsored Programs	10,912,909	8,920,600	9,295,849	375,249	4.2%
Net Sales and Services of Educational Activities	3,599,380	2,525,446	3,376,150	850,704	33.7%
Net Sales and Services of Hospital and Clinics	66,565,477	72,340,403	62,101,978	(10,238,425)	-14.2%
Net Professional Fees	18,595,438	22,300,060	22,414,817	114,757	0.5%
Net Auxiliary Enterprises	168,520	205,330	190,958	(14,372)	-7.0%
Other Operating Revenues	22,078,195	20,216,637	25,545,786	5,329,149	26.4%
<b>Total Operating Revenues</b>	<b>144,548,902</b>	<b>151,562,735</b>	<b>147,082,064</b>	<b>(4,480,671)</b>	<b>-3.0%</b>
<b>Operating Expenses:</b>					
Instruction	14,324,038	13,116,021	13,985,041	869,020	6.6%
Academic Support	1,214,982	1,164,267	1,530,665	366,398	31.5%
Research	13,979,246	21,033,803	23,857,823	2,824,020	13.4%
Public Service	-	-	-	-	-
Hospitals and Clinics	130,362,120	137,544,597	124,881,282	(12,663,315)	-9.2%
Institutional Support	18,695,191	12,707,898	13,545,803	837,905	6.6%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	29,688,277	8,576,267	8,325,060	(251,207)	-2.9%
Scholarships and Fellowships	61,950	69,055	79,159	10,104	14.6%
Auxiliary Enterprises	142,538	196,851	177,715	(19,136)	-9.7%
Depreciation and Amortization	13,872,807	13,300,000	15,004,163	1,704,163	12.8%
<b>Total Operating Expenses</b>	<b>222,341,149</b>	<b>207,708,759</b>	<b>201,386,711</b>	<b>(6,322,048)</b>	<b>-3.0%</b>
<b>Operating Surplus/Deficit</b>	<b>(77,792,247)</b>	<b>(56,146,024)</b>	<b>(54,304,647)</b>	<b>1,841,377</b>	<b>-3.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	51,099,666	52,278,682	52,061,642	(217,040)	-0.4%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	701,242	750,000	1,000,000	250,000	33.3%
Net Investment Income	3,700,305	4,033,181	4,206,194	173,013	4.3%
Other Non-Operating Revenue	25,199	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>55,526,412</b>	<b>57,061,863</b>	<b>57,267,836</b>	<b>205,973</b>	<b>0.4%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,813,564)	(2,115,150)	(2,152,037)	(36,887)	1.7%
<b>Total Transfers and Other</b>	<b>(1,813,564)</b>	<b>(2,115,150)</b>	<b>(2,152,037)</b>	<b>(36,887)</b>	<b>1.7%</b>
<b>Budget Margin (Deficit)</b>	<b>(24,079,399)</b>	<b>(1,199,311)</b>	<b>811,152</b>	<b>2,010,463</b>	<b>-167.6%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	3,879,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	185,139	7,500	619,560	612,060	8160.8%
Additions to Permanent Endowments	-	100,000	100,000	-	0.0%
Transfers for Debt Service - Principal	(5,637,000)	(5,994,000)	(6,112,000)	(118,000)	2.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	11,056,705	8,850,000	5,782,623	(3,067,377)	-34.7%
<b>SRECNP Change in Net Position</b>	<b>\$ (14,595,555)</b>	<b>1,764,189</b>	<b>1,201,335</b>	<b>(562,854)</b>	<b>-31.9%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 200,075,314</b>	<b>208,624,598</b>	<b>204,349,900</b>	<b>(4,274,698)</b>	<b>-2.0%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(224,154,713)</b>	<b>(209,823,909)</b>	<b>(203,538,748)</b>	<b>6,285,161</b>	<b>-3.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (24,079,399)</b>	<b>(1,199,311)</b>	<b>811,152</b>	<b>2,010,463</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		13,300,000	15,004,163		
Capital Outlay		(1,092,159)	(1,000,000)		
Transfers for Debt Service - Principal		(5,994,000)	(6,112,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>5,014,530</b>	<b>8,703,315</b>		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.



## The University of Texas System

Fiscal Year 2019

### RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

#### Summary

	PUF Allocation			
	Library & Equipment	Repair & Rehabilitation	Faculty STARs Program	Total
<b>Academic Institutions</b>				
The University of Texas at Arlington	\$ 880,000	1,020,000	-	1,900,000
The University of Texas at Austin	800,000	2,940,000	-	3,740,000
The University of Texas at Dallas	1,000,000	1,300,000	-	2,300,000
The University of Texas at El Paso	1,250,000	775,000	-	2,025,000
The University of Texas of the Permian Basin	586,000	505,000	-	1,091,000
The University of Texas Rio Grande Valley	730,000	1,500,000	-	2,230,000
The University of Texas at San Antonio	667,000	1,853,000	-	2,520,000
The University of Texas at Tyler	115,000	854,000	-	969,000
Subtotal Academic Institutions	<u>6,028,000</u>	<u>10,747,000</u>	<u>-</u>	<u>16,775,000</u>
<b>Health Institutions</b>				
The University of Texas Southwestern Medical Center	-	2,200,000	-	2,200,000
The University of Texas Medical Branch at Galveston	1,200,000	1,150,000	-	2,350,000
The University of Texas Health Science Center at Houston	-	2,300,000	-	2,300,000
The University of Texas Health Science Center at San Antonio	2,345,000	-	-	2,345,000
The University of Texas M. D. Anderson Cancer Center	2,130,000	-	-	2,130,000
The University of Texas Health Science Center at Tyler	-	2,400,000	-	2,400,000
Subtotal Health Institutions	<u>5,675,000</u>	<u>8,050,000</u>	<u>-</u>	<u>13,725,000</u>
<b>The University of Texas System Administration</b>				
Academic Library Collection Enhancement Program	4,500,000	-	-	4,500,000
Faculty STARs Program - Academic Institutions	-	-	17,500,000	17,500,000
Faculty STARs Program - Health Institutions	-	-	17,500,000	17,500,000
Subtotal System Administration	<u>4,500,000</u>	<u>-</u>	<u>35,000,000</u>	<u>39,500,000</u>
<b>Grand Total</b>	<b>\$ <u>16,203,000</u></b>	<b><u>18,797,000</u></b>	<b><u>35,000,000</u></b>	<b><u>70,000,000</u></b>

The University of Texas System

Fiscal Year 2019

RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION  
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
<b>ACADEMIC INSTITUTIONS</b>					
<b>The University of Texas at Arlington</b>					
Elevator Equipment Safety Repairs and Modernizations			1,020,000	1,020,000	
Network Wireless Distribution Upgrade - Phase I	880,000	880,000			
TOTAL	\$ 880,000	880,000	1,020,000	1,020,000	-
<b>The University of Texas at Austin</b>					
Libraries Digital Infrastructure	800,000	800,000			
Battle Hall Building Fire Sprinkler and Fire Alarm System Upgrade			1,020,000	918,000	
West Mall Building Fire Alarm System Upgrade			450,000	405,000	
Accessibility Improvements - Ernest Cockrell Jr. Hall (ECJ)			1,308,500	1,177,650	
Accessibility Improvements - Engineering Teaching Center II (ETC) Building			194,100	174,690	
Accessibility Improvements - Chemical & Petroleum Engineering (CPE) Building			558,500	264,660	
TOTAL	\$ 800,000	800,000	3,531,100	2,940,000	-
<b>The University of Texas at Dallas</b>					
Academic Affairs Science and Engineering Laboratory Equipment	1,000,000	1,000,000			
Electrical Repairs Various Buildings Phase III			500,000	500,000	
Duct Insulation Repair Various Buildings			500,000	500,000	
Energy Management System Upgrade Phase III			300,000	300,000	
TOTAL	\$ 1,000,000	1,000,000	1,300,000	1,300,000	-
<b>The University of Texas at El Paso</b>					
Research and Technology Infrastructure for New Faculty	1,000,000	1,000,000			
Cotton Facility Remodeling			475,000	475,000	
Sewer Lift Station and Domestic Water Distribution System			300,000	300,000	
Liquid Chromatography-Mass Spectrometry for Pharmaceutical Sciences Research	250,000	250,000			
TOTAL	\$ 1,250,000	1,250,000	775,000	775,000	-
<b>The University of Texas of the Permian Basin</b>					
Workstation Refresh	300,000	300,000			
Classroom Control and Interactive Display Upgrades	50,000	50,000			
Computer Lab Collaboration Spaces and Remote Application Access	50,000	50,000			
Network Core Refresh	100,000	100,000			
Renovation Cost for S&T 2206 Lab			150,000	150,000	
Renovation of Existing Entryways to Key Card Access			355,000	355,000	
Police Communications Center Voice Recorder - Police Radio/Emergency Phone Lines	86,000	86,000			
TOTAL	\$ 586,000	586,000	505,000	505,000	-
<b>The University of Texas Rio Grande Valley</b>					
Library HVAC Replacement - Phase I - Edinburg Campus			1,500,000	1,500,000	
Interactive Teaching Venue and Classroom Upgrade Program	730,000	730,000			
TOTAL	\$ 730,000	730,000	1,500,000	1,500,000	-
<b>The University of Texas at San Antonio</b>					
ADA Improvements			488,000	488,000	
Student Collaboration Space-Flawn Building			240,000	240,000	
John Peace Library 4th Floor Restrooms			1,125,000	1,125,000	
Computer Equipment	667,000	667,000			
TOTAL	\$ 667,000	667,000	1,853,000	1,853,000	-
<b>The University of Texas at Tyler</b>					
Secure Data Storage Array Replacements			325,000	325,000	
Critical Server Replacements for Secure Systems and Operations			364,000	364,000	
Network Data Control Rooms Security			75,000	75,000	
Data Center Uninterruptible Power Supply Replacement			90,000	90,000	
Emergency Blue Light Telephones	50,000	50,000			
Inner-Campus Video Surveillance Project	65,000	65,000			
TOTAL	\$ 115,000	115,000	854,000	854,000	-
SUBTOTAL - ACADEMIC INSTITUTIONS		\$ 6,028,000		10,747,000	-



The University of Texas System

Fiscal Year 2019

RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION  
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
<b>HEALTH INSTITUTIONS</b>					
<b>The University of Texas Southwestern Medical Center</b>					
Renovation and Rehabilitation in Support of UT Southwestern Research Infrastructure			4,000,000	2,200,000	
TOTAL	\$ -	-	4,000,000	2,200,000	-
<b>The University of Texas Medical Branch at Galveston</b>					
Information and Educational Resources	2,590,476	1,200,000			
Infrastructure Security Program			1,000,000	750,000	
Infrastructure Upgrades to Support Academic and Computational Research in the Health Clinic Building			750,000	400,000	
TOTAL	\$ 2,590,476	1,200,000	1,750,000	1,150,000	-
<b>The University of Texas Health Science Center at Houston</b>					
Cizik School of Nursing Simulation Lab Renovation for Nursing Education			9,000,000	2,300,000	
TOTAL	\$ -	-	9,000,000	2,300,000	-
<b>The University of Texas Health Science Center at San Antonio</b>					
Digital Journals and Databases	700,000	700,000			
Technology Refresh and Expansion	1,250,000	1,250,000			
Integrated Data Analytics, Storage, and Reporting Tools	500,000	395,000			
TOTAL	\$ 2,450,000	2,345,000	-	-	-
<b>The University of Texas M. D. Anderson Cancer Center</b>					
Visitor Access Management Addressing Patient and Employee Safety	2,000,000	1,200,000			
Research Medical Library Refresh - Phase 2	1,200,000	720,000			
Central Utility Plant - Siemens Modular Equipment Controller Replacement	350,000	210,000			
TOTAL	\$ 3,550,000	2,130,000	-	-	-
<b>The University of Texas Health Science Center at Tyler</b>					
Academic and Research Improvements			2,500,000	2,400,000	
TOTAL	\$ -	-	2,500,000	2,400,000	-
SUBTOTAL - HEALTH INSTITUTIONS		\$ 5,675,000		8,050,000	-
<b>SYSTEM ADMINISTRATION</b>					
<b>The University of Texas System Administration</b>					
UT System Academic Library Collection Enhancement Program (ALCEP)	4,500,000	4,500,000			
Faculty STARs Program - Academic Institutions					17,500,000
Faculty STARs Program - Health Institutions					17,500,000
TOTAL	\$ 4,500,000	4,500,000	-	-	35,000,000
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ 4,500,000		-	35,000,000
TOTAL - U. T. SYSTEM		\$ 16,203,000		18,797,000	35,000,000



## Faculty Science and Technology Acquisition and Retention (STARs) Program

In August 2004, the U. T. System Board of Regents approved an allocation of funds to be awarded to institutions to help attract and retain the best-qualified faculty. Funded through Permanent University Fund (PUF) bond proceeds, this awards program, named Faculty STARs, provided funding to help purchase state-of-the-art research equipment and make necessary laboratory renovations to encourage faculty members to perform their research at U. T. institutions. The Board has allocated STARs funds as follows.

### STARs Allocation History

Academic Institutions			
<b>2005 Faculty STARs</b>	\$ 32,450,000	<b>2013 Faculty STARs</b>	\$ 10,000,000
<b>2006 Faculty STARs</b>	\$ 15,000,000	<b>2014 Faculty STARs</b>	\$ 10,000,000
<b>2007 Faculty STARs</b>	\$ 20,000,000	<b>2015 Faculty STARs</b>	\$ 10,000,000
<b>2008 Faculty STARs</b>	\$ 10,000,000	<b>*2016 Faculty STARs</b>	\$ 20,000,000
<b>2009 Faculty STARs</b>	\$ 10,000,000	<b>2017 Faculty STARs</b>	\$ 15,000,000
<b>2010 Faculty STARs</b>	\$ 15,000,000	<b>2018 Faculty STARs</b>	\$ 10,000,000
<b>2011 Faculty STARs</b>	\$ 10,000,000	<b>2019 Faculty STARs</b>	\$ 17,500,000
<b>2012 Faculty STARs</b>	\$ 10,000,000		
Health Institutions			
<b>2005 Faculty STARs</b>	\$ 26,550,000	<b>2014 Faculty STARs</b>	\$ 10,000,000
<b>2009 Faculty STARs</b>	\$ 10,000,000	<b>2015 Faculty STARs</b>	\$ 10,000,000
<b>2010 Faculty STARs</b>	\$ 15,000,000	<b>*2016 Faculty STARs</b>	\$ 20,000,000
<b>2011 Faculty STARs</b>	\$ 10,000,000	<b>2017 Faculty STARs</b>	\$ 15,000,000
<b>2011 Faculty STARs (2 years only)</b>	\$ 15,000,000	<b>2018 Faculty STARs</b>	\$ 10,000,000
<b>2012 Faculty STARs</b>	\$ 10,000,000	<b>2019 Faculty STARs</b>	\$ 17,500,000
<b>2013 Faculty STARs</b>	\$ 10,000,000		

\*8/2015 \$15,000,000 was approved and additional \$5,000,000 approved in 2/2016 for Academic and Health STARs.

With the exception of a portion of funding distributed non-competitively to academic institutions in fiscal year 2005, recipients of the STARs awards are selected through a competitive process. The program is centrally administered by U. T. System to provide start-up or retention packages for tenured faculty of proven quality that are recommended from the institutions by a faculty group at the nominating university. A peer review committee chaired by the appropriate Executive Vice Chancellor examines the STARs award nominees at the U. T. System Administration level and makes final recommendations. The funds are available only for laboratory renovation and equipment purchases. Consistent with other PUF bond funded programs, the STARs awards may not be spent on operations.

The program is making a significant contribution toward accomplishing the goal of developing and further strengthening the research capacity of the institutions within U. T. System. The competitive program has helped U. T. institutions recruit and retain some of the best researchers in the nation, recognized nationally and internationally for their scholarly achievements. Since the program's inception, these individuals have made a significant impact to U. T. System institutions through research grants, collaborations made with outside entities, and pending and issued patents as well as by encouraging future research and excellence.



# THE UNIVERSITY OF TEXAS SYSTEM

## BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2019

### A. INITIAL BUDGET

1. Any transfers subsequent to the approval of the initial budget shall be made only after careful consideration of the allocations, transfer limitations, and general provisions of the current general appropriations act. (See B: Budget Amendments)
2. All appointments are subject to the provisions of the U. T. System Board of Regents' *Rules and Regulations* ("Regents' Rules") for the governance of The University of Texas System.
3. The established merit policy will be observed in determining salary rates.
4. All academic salary rates in the instructional departments of the academic institutions are nine-month rates (September 1 - May 31) unless otherwise specified. In the health-related institutions, all salary rates are twelve-month rates unless otherwise specified.
5. All appointments of classified personnel are based on twelve-month rates and are made within appropriate salary ranges as defined by the classified personnel Pay Plan approved by the president or Chancellor. All appointments of administrative and professional personnel are based on twelve-month rates.
6. Compensation for continuing personnel services (for a period longer than one month), though paid for on an hourly basis, is not to be paid out of maintenance and equipment, or like appropriations, except upon specific approval of the president of the institution or the Chancellor.
7. All maintenance and operation, equipment, and travel appropriations are for twelve months (September 1 - August 31) and should be budgeted and expended accordingly.

## B. BUDGET AMENDMENTS

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
  - a. New appointments of tenured faculty (Regents' Rule 31007).
  - b. Award of tenure to any faculty member (Regents' Rule 31007).
  - c. New appointments as Regental Professor, Dean Emeritus, Chair Emeritus, or Professor Emeritus (Regents' Rule 31001). Titles set forth in Regents' Rule 20301 including Chancellor Emeritus, President Emeritus and similar honorary designations are conferred by the U. T. System Board of Regents through the full agenda.
  - d. Appointments, promotions, and salary increases involving the president (Regents' Rules 20201, 20202, 20203).
  - e. New contracts or contract changes involving athletic directors or head coaches whose total annual compensation, or total contractual compensation, equals or exceeds the amounts specified by Regents' Rule 10501 Section 2.2.12.
  - f. Compensation changes for employees whose total annual compensation is \$1,000,000 or above (Regents' Rule 20204).
  - g. Compensation changes for Key Executives as defined by Regents' Rule 20203.
  - h. Increases in budgeted amounts from income or unappropriated balances for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds, subject to the thresholds established in B.5 below.
  - i. Increases to Plant Funds which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
  - a. Reappropriation of prior year Educational and General Fund balances, subject to the thresholds established in B.5 below.
  - b. Increases in budgeted amounts from income or unappropriated balances for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds, subject to the thresholds established in B.5 below.

- c. Increases to Plant Funds which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
  - d. Compensation changes for employees whose total annual compensation is \$500,000 or more but less than \$1,000,000 (Regents' Rule 20204).
  - e. Compensation increases involving tenured faculty of \$10,000 or more at academic institutions and \$25,000 or more at health-related institutions. This includes one-time merit payments. Incentive payments and other compensation that are part of a tenured health faculty member's approved compensation plan (i.e. the XYZ Plan) do not require approval from U. T. System so long as the payments are within the approved plan maximum totals and the total of all compensation does not equal or exceed \$500,000.
  - f. Appointments and promotions involving administrative and professional personnel reporting directly to the president.
  - g. Compensation increases of \$10,000 or more involving administrative and professional personnel reporting directly to the president. This includes one-time merit payments.
3. Items requiring approval of the president only (Chancellor for U. T. System Administration)
- a. All interdepartmental transfers.
  - b. All budget transfers between line-item appropriations within a department.
  - c. Increases in budgeted amounts from income or unappropriated balances for Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
  - d. Reallocation of unallocated Faculty Salaries. All unfilled and uncommitted line-item faculty salary positions will lapse to the institutional "Unallocated Faculty Salaries" account.
  - e. Reappropriation of Prior Year Educational and General Fund Balances, subject to the thresholds established in B.5 below.
  - f. Promotions involving tenured faculty.
  - g. Transactions involving all other personnel except those specified in B.1b, B.1c, B.1d, B.1e, B.1f, B.1g, B.1h, B.2d, B.2e, B.2f, and B.2g as defined above.
  - h. Changes in sources of funds, changes in time assignments, and other changes in status for personnel categorized in Item B.1, provided no change in the individual's salary rate is involved. In the case of Medical Faculty, this provision applies to "Total Compensation."
  - i. Summer Session Budgets.
  - j. Clinical faculty appointments or changes, including medical or hospital staff, without salary.

#### 4. Effective date of appointments and compensation increases

- a. Any increase in approved compensation for the current fiscal year without a change in classification or position is not to be effective prior to the first day of the month in which the required final approval of the rate change is obtained.
- b. A compensation increase resulting from an appointment to another classification or to a position involving new and different duties may be made effective to the time of the first performance of duties under the new appointment.
- c. The effective date of an appointment is the date on which the individual is first to perform service for the institution under that appointment.
- d. The original appointment during a fiscal year of a person not in a budget for that year or not under an existing appointment for that year may relate back to the first performance of duties during the fiscal year although such person may have been employed in a previous fiscal year and although increased compensation for the same classification or position is involved.

#### 5. Budget amendment criteria

- a. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, of \$1 billion or more will have a threshold of:
  - i. For B.1h and B.1i – Equal to or greater than \$5,000,000 (budget increase approval on Consent Agenda)
  - ii. For B.2a – Equal to or greater than \$2,000,000 (reappropriation of E&G balances approval by U. T. System Administration)
  - iii. For B.2b and B.2c – Equal to or greater than \$2,000,000 and less than \$5,000,000 (budget increase approval by U. T. System Administration)
  - iv. For B.3c and B.3e – Less than \$2,000,000 (approval by president)
- b. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, between \$250 million and \$1 billion will have a threshold of:
  - i. For B.1h and B.1i – Equal to or greater than \$2,500,000 (budget increase approval on Consent Agenda)
  - ii. For B.2a – Equal to or greater than \$1,000,000 (reappropriation of E&G balances approval by U. T. System Administration)
  - iii. For B.2b and B.2c – Equal to or greater than \$1,000,000 and less than \$2,500,000 (budget increase approval by U. T. System Administration)
  - iv. For B.3c and B.3e – Less than \$1,000,000 (approval by president)



- c. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, less than \$250 million will have a threshold of:
  - i. For B.1h and B.1i – Equal to or greater than \$1,000,000 (budget increase approval on Consent Agenda)
  - ii. For B.2a – Equal to or greater than \$250,000 (reappropriation of E&G balances approval by U. T. System Administration)
  - iii. For B.2b and B.2c – Equal to or greater than \$250,000 and less than \$1,000,000 (budget increase approval by U. T. System Administration)
  - iv. For B.3c and B.3e – Less than \$250,000 (approval by president)
  
- d. U. T. System Administration will have a threshold of:
  - i. For B.1h and B.1i – Equal to or greater than \$1,000,000 (budget increase approval on Consent Agenda)
  - ii. For B.2a and B.3e – All amounts may be approved by the Chancellor (reappropriation of E&G balances)
  - iii. For B.2b, B.2c, and B.3c – All amounts less than \$1,000,000 may be approved by the Chancellor (budget increase approval)
  - iv. Notwithstanding i., ii., and iii and after consultation with the Chairman of the U. T. System Board of Regents, the Chancellor may authorize any budget amendment not to exceed \$10,000,000 for U. T. System Administration without additional approvals from the U. T. System Board of Regents. This provision does not apply to Available University Fund balances not previously appropriated.
  - v. Notwithstanding i., ii., and iii., the Chancellor may authorize any budget amendment in the U. T. System revolving insurance funds without limitation.

## C. OTHER CONSIDERATIONS

1. All appropriations not actually expended or encumbered by August 31 will automatically lapse to the Unappropriated Balance Account except for those reallocated pursuant to Item B.2a and Item B.3e.
2. Compensation indicated as "MSRDP Funds," "DSRDP Funds," "PRS Funds," "FSRDP Funds," "Allied Health Faculty Services Plan" or "Nursing Clinical Enterprise Health Services, Research and Development Plan" is contingent upon its being earned or available in accordance with the regulations applicable to the appropriate Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service Plan, Faculty Services Research and Development Plan, Allied Health Faculty Services Plan, or Nursing Clinical Enterprise Health Services Research and Development Plan.
3. Budgeted expenditures authorized from sources of funds other than Educational and General Funds are contingent upon receipt of such funds. Appointments from such fund sources will not become an obligation of the institution in the event the supplemental or grant funds are not realized.
4. Leaves of Absence may be granted only in accordance with provisions contained in Regents' *Rule* 30201.
5. In these Rules, Compensation means total annual compensation as defined by Regents' *Rule* 20204 or total compensation under a multiyear contract.
6. Appropriations of the Available University Fund are subject to the appropriation limitations and notice requirements found in the General Appropriations Act.

# THE UNIVERSITY OF TEXAS SYSTEM

## ACADEMIC WORKLOAD REQUIREMENTS FOR ACADEMIC INSTITUTIONS

For Fiscal Year Ending August 31, 2019

### Academic Workload Requirements for General Academic Institutions

Academic workload requirements for U. T. System general academic institutions are set forth in Regents' *Rules* 31006.

No two institutions in the U. T. System (and, indeed, no two teaching units within a particular institution) are alike in the workload required of individual faculty to meet student needs within the funds appropriated by the Legislature. It is the responsibility of each institutional head to require teaching in excess of the minimum where such teaching is necessary to meet the institution's obligations to its students. Each institution will establish additional standards as necessary in accordance with its role and scope, so long as it satisfies the minimum given herein, to meet the instructional obligations of the institution to the students and to operate effectively within the faculty salary resources available. Faculty members not actively involved in a program of research and publication or in equivalent academic service should typically carry a teaching load greater than the minimum.

# THE UNIVERSITY OF TEXAS SYSTEM

## MEDICAL, DENTAL, NURSING, FACULTY SERVICES RESEARCH AND DEVELOPMENT PLANS, ALLIED HEALTH FACULTY SERVICES PLAN AND PHYSICIANS REFERRAL SERVICE

For Fiscal Year Ending August 31, 2019

### Rules and Procedures

1. These Rules and Procedures are to be used for the Medical, Dental, Nursing, and Faculty Services Research and Development Plans, the Allied Health Faculty Services Plan and Physicians Referral Service (“the Plans”) Budgets in conjunction with the Rules and Procedures for the General Operating Budget.
2. Budgeted expenditures authorized from the Plans are contingent upon receipt of such funds. Appointments and other budget transactions from such fund sources shall not become an obligation of any institution in the event the funds are not realized.
3. All income for professional services earned by members of the plans, except royalties, payments for editing scientific publications, and consultation fees as a regional or national consultant to any branch of the U.S. Government as approved by the U. T. System Board of Regents shall be deposited in the appropriate institution’s institutional Trust Fund Account.
4. Administration, operation, and disbursement of funds shall be in accordance with each institutional plan approved by U. T. System Administration and the U. T. System Board of Regents.
5. At U. T. M. D. Anderson Cancer Center, associate members’ earnings will be contingent upon the earned income of the member in accordance with the services rendered to the patient assigned to the member’s specialty by the chief of the major service. All payments will be approved by the Executive Council of the Physicians Referral Service.
6. Budgeted funds can be used for staff retirement and insurance benefits, for actual travel or supplemental travel expenses for attending meetings for the benefit of any institution, for memberships and dues in medical organizations, for official entertainment, and for such other disbursements as may be authorized by the president consistent with the policies approved by the U. T. System Board of Regents and the U. T. System Administration. These expenditures must be in the best interests of the research, educational and patient care activities of any institution and in the best interest of maintaining a distinguished scientific staff for such purposes and activities.

# THE UNIVERSITY OF TEXAS SYSTEM

## PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS) AND SIMILAR FUNDED PROGRAMS BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2019

### A. INITIAL BUDGET

1. U. T. System institutions are authorized to purchase approved Library and Equipment items and to contract for Repair and Rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits as outlined in *UTS 168 Capital Expenditure Policy*. This includes expenditures for Faculty STARS or similar funded programs.
2. Transfers by the U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements.
3. Final approval of specific Repair and Rehabilitation projects will be in accordance with U. T. System Board of Regents established procedures for construction projects.
4. All expenditures are subject to the provisions of the *Constitution* of the State of Texas and the U. T. System Board of Regents' *Rules and Regulations* for the governance of The University of Texas System.

### B. BUDGET AMENDMENTS

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
  - a. Substitute Library and Equipment purchases in excess of \$1 million that are not on the approved list.
  - b. Funding for new Repair and Rehabilitation projects in excess of \$1 million that are not on the approved list.

2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
  - a. Substitute Library and Equipment purchases of \$1 million or less that are not on the approved list.
  - b. Funding for new Repair and Rehabilitation projects of \$1 million or less that are not on the approved list.
  - c. Transfers of appropriated funds between approved Library and Equipment items.
  - d. Transfers of appropriated funds between Repair and Rehabilitation items.
  - e. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.
  - f. All transfers of funds are subject to the requirements of the *UTS 168 Capital Expenditure Policy*.

## C. OTHER CONSIDERATIONS

1. All Library and Equipment or Repair and Rehabilitation appropriations must be expended within 36 months from the date of the award or the appropriation will lapse and be made available for future Systemwide reallocation.
2. All Faculty STARS or similar program appropriations must be expended within 36 months from the time the faculty member arrives on campus or the appropriation will lapse and be made available for future Systemwide reallocation.
3. Notwithstanding the limitations adopted at the time LERR, Faculty STARS, or other similar funding was authorized, these *Budget Rules and Procedures* apply to all previously authorized LERR, Faculty STARS and similar funding.

# THE UNIVERSITY OF TEXAS SYSTEM

## PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) AND SIMILAR FUNDED PROGRAMS EXPENDITURE GUIDELINES

For Fiscal Year Ending August 31, 2019

### A. AUTHORIZATION OF PUF BOND PROCEEDS FOR LERR, STARs, OR SIMILAR FUNDED PROGRAMS

Article VII, Section 18 (b) of the Texas *Constitution* authorizes the U. T. System Board of Regents to issue bonds and notes secured by the U. T. System's interest in the Permanent University Fund for the purpose of:

- acquiring land, with or without permanent improvements;
- constructing and equipping buildings or other permanent improvements;
- major repair and rehabilitation of buildings and other permanent improvements;
- acquiring capital equipment; and
- acquiring library books and library materials.

It is for the last three purposes noted above that the U. T. System Board of Regents has established the LERR, Faculty STARs, and similar funded programs.

### B. RETENTION OF RECORDS

The Internal Revenue Service requires that invoice documentation supporting capital expenditures, including LERR, Faculty STARs and similar programs funded with proceeds of tax-exempt bonds, be maintained for a period ending three (3) years after the complete extinguishment of the bonds. Pursuant to the Texas *Constitution*, PUF bonds may be structured with a maximum maturity of 30 years. In order to comply with the IRS requirement and *UTS 181 Policy for Post Bond Issuance Federal Tax Compliance*, U. T. institutions shall maintain invoice documentation for 35 years for any capital expenditures funded with tax-exempt proceeds.

### C. ELIGIBILITY FOR PROGRAM FUNDS

Eligibility for LERR, STARs, or other similar funded programs is the same as eligibility for PUF bond proceeds as set forth in the *Constitution*.

## **D. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS**

In addition to meeting the constitutional requirements outlined above, the general guideline to determine whether an item is eligible for LERR, Faculty STARS, or similar funded programs, is that it must have a useful life of at least one year. The following sections are provided to assist with that determination. These guidelines are not intended to be exhaustive and any questions regarding LERR, Faculty STARS, or similar funded program eligibility should be directed to the U. T. System Administration Office of the Controller.

### ***Repair and Rehabilitation of Buildings or Other Permanent Improvements***

Major repairs or rehabilitation of buildings or other permanent improvements include, but are not limited to, repairs, renovations, replacements, or betterments that are normally expected to extend the useful life, improve operating efficiency, eliminate health and safety hazards, correct structural or mechanical defects, upgrade the quality of existing facilities, or convert these assets to more useful functions, but that are not considered routine maintenance.

The cost of major repairs or rehabilitation of buildings or other improvements can include the contract price or cost of construction and other costs that would be applicable to make the building or improvement suitable for its intended use.

### ***Acquisition of Capital Equipment***

Capital equipment is generally regarded as nonexpendable, tangible personal property having a useful life of more than one year. The acquisition cost for equipment includes the net invoice price, including any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. In addition, taxes, duty, in-transit insurance, freight, and installation charges are also included as part of the acquisition cost. Capital equipment, including software, that will be used Systemwide, or between and among U. T. institutions and System Administration, is eligible for LERR, Faculty STARS, or similar program funds.

### ***Warranties and Similar Service Features***

The cost of warranties and similar service features related to a purchase of capital equipment (such as maintenance agreements and loaner programs) are not eligible for LERR, Faculty STARS, or similar program funds as these are considered operating expenses. This ineligibility also applies to warranty and similar service feature costs separately identified during original purchase. For example, a warranty agreement charge that is separately identified on a Laptop purchase is not allowed.



## **Software**

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR, Faculty STARS, or similar funded programs if they are incurred in the Application Development Stage. This principle applies whether the salaries are paid to employees of the institution or to outside parties. See *UTS 142.13 Accounting and Financial Reporting for Intangible Assets* at <https://www.utsystem.edu/sites/policy-library/policies/uts-14213-accounting-and-financial-reporting-intangible-assets>. Training costs related to software usage are discussed below.

The purchase of bundled software included as part of the initial acquisition of computer hardware is capitalizable regardless of threshold and therefore eligible for LERR, Faculty STARS, or similar program funds.

Software maintenance costs are considered operating expenses and therefore are not eligible for LERR, Faculty STARS, or similar program funds as these are considered operating expense.

Costs for software licenses with a useful life extending beyond one year that will be owned are eligible for LERR, Faculty STARS, or similar program funds. Leased or licensed software that requires the payment of an annual fee (i.e., does not have a useful life extending beyond one year) and that will not be owned when the license expires is not eligible for LERR, Faculty STARS, or similar program funds.

## **Employee Training and Travel Costs**

Employee training and travel costs are not eligible for LERR or STARS program funds as these are considered operating expenses.

## **Operating Expenses**

Consumables, which generally include those items that have an expected useful life of less than one year, are not eligible for LERR or STARS program funds as these are considered operating expenses. Some examples include, but are not limited to: chemicals, gases, paper, staplers and other office supplies, toner cartridges, medical supplies, disposal services, and laboratory supplies.

Examples of other operating expenses that are not eligible for LERR or STARS program funds include, but are not limited to: monthly telephone services, animals, software maintenance cost, and routine maintenance.

### ***Acquisition of Library Books and Library Materials***

The acquisition of library books and library materials is eligible for LERR. A library book is generally defined as a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library materials are information sources other than books, including journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items that provide information essential to the learning process or enhance the quality of university library programs. A purchase of a license for library materials is allowable if the license period is in excess of one year. Annual license subscriptions and payments are not eligible for LERR.

The acquisition cost of library books and library materials can include the invoice price, freight-in, handling and insurance, binding, electronic access charges, reproduction and other like costs required to put these assets in place, with the exception of library salaries.

### ***Prohibition for Student Housing, Athletics, and Auxiliary Enterprises***

Article VII, Section 18 (d) of the *Constitution* prohibits the use of PUF bond proceeds, and therefore the use of LERR, Faculty STARS, and similar program funds, for student housing, intercollegiate athletics, or auxiliary enterprises.

## **E. SPECIAL PROGRAM FUNDING**

### **Faculty STARS Program**

The Faculty STARS program funded by PUF bond proceeds supports the recruitment and retention of the best-qualified faculty at both academic and health institutions by providing additional resources to build and enhance research infrastructure. Because the STARS program is funded in the same manner as LERR, the same guidelines apply and each item must have a useful life of more than one year. STARS funds are available for laboratory renovation and equipment purchases; however, faculty and other staff salaries cannot be paid from STARS funds.

There are three related program goals that form the basis of the STARS program:

- recruit senior faculty with national prominence; and
- improve the quality of new faculty and research capacity of the institutions by augmenting the start-up packages for tenure and tenure-track faculty; and
- retain high quality faculty who have had offers from another research institution or have the potential to leave because of limited access to quality equipment or laboratories.