

THE UNIVERSITY OF TEXAS SYSTEM

OPERATING BUDGET SUMMARIES

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

FISCAL YEAR 2021



AUGUST 2020

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 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, 2021

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THE UNIVERSITY OF TEXAS SYSTEM

Operating Budget Highlights

For the Year Ending August 31, 2021

INTRODUCTION

For more than 130 years, The University of Texas System (the “U. T. System”) has been committed to improving the lives of Texans and people all over the world through education, research and health care.

The U. T. System is one of the nation’s largest systems of higher education, with 14 institutions that educate nearly 240,000 students. Each year, U. T. System institutions award more than one-third of all undergraduate degrees in Texas and more than half of all health professional degrees. The U. T. System is one of the largest employers in the state with about 21,000 faculty – including Nobel laureates and members of the National Academies – and more than 85,000 health care professionals, researchers and support staff.

Life-changing research and invention of new technologies at U. T. System institutions places the U. T. System among the top 10 “World’s Most Innovative Universities,” according to Reuters. The U. T. System ranks fifth 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. 2 in the nation in federal research expenditures.

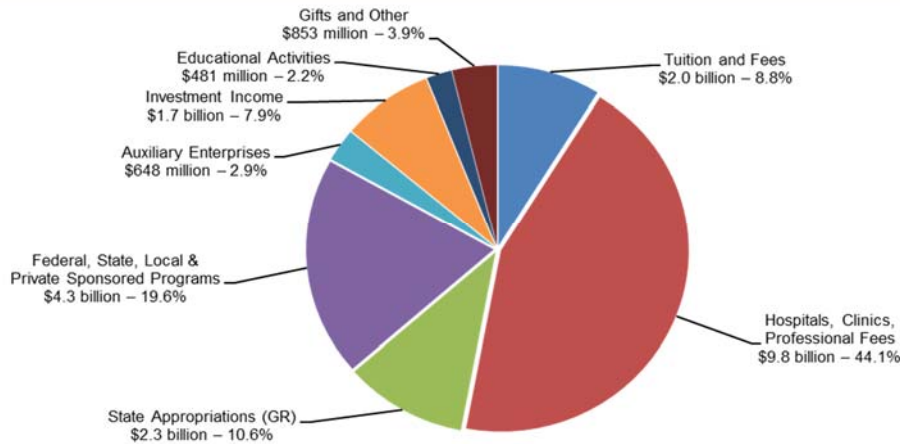
In addition, the U. T. System is home to three of the nation’s National Cancer Institute Designated Cancer Centers – U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center and U. T. Health Science Center at San Antonio – which must meet rigorous criteria for world-class programs in cancer research. Also, the U. T. System is the only system in the country to have four Clinical and Translational Science Awards from the National Institutes of Health.

Transformational initiatives implemented over the past several years have cemented U. T. as a national leader in higher education, including the expansion of educational opportunities in South Texas with the opening of U. T. Rio Grande Valley in 2015. The U. T. System was the only system of higher education in the nation that established not one, but two new medical schools in 2016, at U. T. Austin and U. T. Rio Grande Valley.

For FY 2021, changes in the operating budget are largely driven by growth in health care activities primarily related to hospital patient income and professional fees charged by U. T. faculty physicians and contractual arrangements with affiliated hospitals and health care systems. These gains are partially offset by a proposed reduction in general revenue state appropriations at U. T. academic institutions and the impact of the COVID-19 pandemic on all institutions’ auxiliary activities.

REVENUE

\$22.1 BILLION



The budget includes both operating and nonoperating revenue used to support the System’s activities. Combined revenue for FY 2021 is \$22.1 billion, up 1.8 percent or \$400 million from FY 2020. The most significant areas of growth relate to health care activities and include **Net Sales and Services of Hospitals and Clinics** (2.2 percent, \$163 million), **Local and Private Sponsored Programs** (11.4 percent, \$185 million) and **Federal Sponsored Programs - Nonoperating** (16.7 percent, \$61 million). Declines in **Net Auxiliary Enterprises** (<10.7> percent, \$<78> million) offset this gain along with declines in budgeted **State Appropriations** (<3.4> percent, \$<82> million) resulting from the directive of the Governor and legislative leadership for academic institutions to reduce most biennial general revenue by 5 percent. With the expected decrease in appropriations and growth in other revenue streams, general revenue for FY 2021 will comprise 10.8 percent of the total expense budget, down from 11.5 percent for 2020.

Net Sales and Services of Hospitals and Clinics revenue growth is projected most significantly at U. T. Southwestern Medical Center (\$146 million), which anticipates growth from the opening of the third tower at Clement University Hospital and at U. T. M. D. Anderson Cancer Center (\$62 million), which expects a recovery from the COVID-19 pandemic downturn. U. T. Medical Branch–Galveston (<\$61> million) projects a decline in volumes based on current experience with a recovery to pre-COVID volumes during the year.

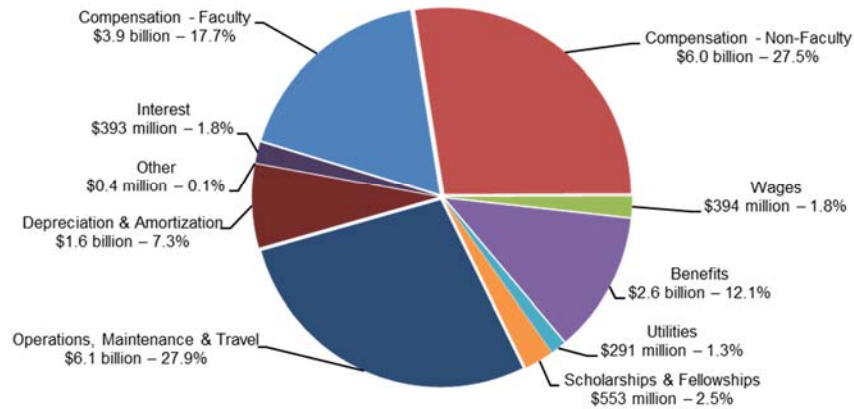
A significant part of the growth in **Local and Private Sponsored Programs** is from contractual health care relationships with the largest increases at U. T. Health Science Center-Houston (\$64 million), which anticipates growth in contracts with partner health organizations and at U. T. Southwestern Medical Center (\$69 million), which made a change in the way it accounts for certain clinical revenues.

Federal Sponsored Programs - Nonoperating at all institutions is largely comprised of Pell grants and other federal financial aid for students along with CARES Act support resulting from the COVID-19 pandemic, with a portion of funding awarded in FY 2020 anticipated to be held for use in FY 2021. The most significant increases are at U. T. Rio Grande Valley (\$29 million), U. T. Dallas (\$15 million) and U. T. San Antonio (\$10 million) and are the result of increases in Pell grants and CARES Act.

The COVID-19 pandemic has caused significant expected declines for **Net Auxiliary Enterprises** revenue at most institutions. These declines primarily relate to disruptions in housing, food service, parking and athletics along with reductions in hotel operations such as U. T. Austin’s AT&T Conference Center and U. T. M. D. Anderson’s Rotary House. The most significant decreases are anticipated at U. T. Austin (\$<38> million) and U. T. M. D. Anderson Cancer Center (\$<17> million).

EXPENSES BY NATURAL CLASSIFICATION

\$21.7 BILLION



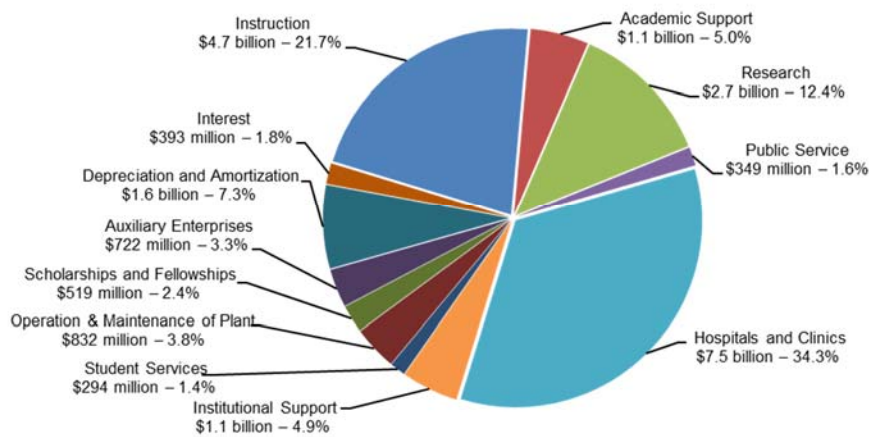
Expenses reflected in the budget include all operational activities, limited nonoperating expenses, and transfers to U. T. System Administration made to fund debt service interest. Depreciation and amortization expenses are also included in the budget. Conversely, capital outlay and transfers for debt service principal payments are excluded. Combined expenses for FY 2021 are \$21.7 billion, up 3.3 percent or \$689 million from FY 2020.

Personnel Costs including compensation for both faculty and non-faculty along with wages for temporary employees and students and associated benefits costs for all classes of employees are budgeted to increase by \$557 million (4.5 percent) over FY 2020. For the U. T. System, these costs represent 59.1 percent of Total Expenses. With very limited exceptions, there are generally no plans for merit salary increases at any institution. Increases are planned primarily for new faculty lines for both instructional purposes and in support of the medical practice and additional staff largely in support of the medical enterprise offset by some reductions in force due to COVID-19. The most significant increases are projected at U. T. Austin (\$97 million), U. T. Southwestern Medical Center (\$311 million), U. T. Health Science Center–Houston (\$116 million), and U. T. M. D. Anderson Cancer Center (\$97 million). U. T. Medical Branch–Galveston (<111> million) anticipates the largest decline due to alignment of staffing requirements with lower patient volumes and resulting reductions in benefits costs.

Among the non-personnel costs, the most significant change is a \$102 million (8.8 percent) increase in **Scholarships and Fellowships** (before adjustment for tuition discounts and allowances). Additional institutional funds invested in scholarships along with federal CARES Act funding and PELL grants contribute to the growth with U. T. Rio Grande Valley (\$34 million), U. T. Dallas (\$22 million) and U. T. San Antonio (\$20 million) being most significant. In response to revenue disruptions from COVID-19 and proposed general revenue reductions, most institutions made reductions to **Operations, Maintenance and Travel** (<109> million or <1.5> percent decline before adjustment for the capitalized portion). U. T. Health Science Center – Houston also transitioned certain contract employees into the organization resulting in these costs becoming compensation rather than contract payments. The most significant decreases are projected at U. T. Health Science Center – Houston (<48> million), U. T. M. D. Anderson Cancer Center (<21> million) and U. T. Austin (<17> million). These are offset by increases at U. T. Rio Grande Valley (\$17 million) resulting from grant-funded and patient care activities and at U. T. System Administration (\$27 million) which anticipates growth in the federal support related to Medicare Part D prescription drug coverage in the self-insured health plans and due to increased contract payments to U. T. Dallas resulting from the transition of personnel related to the UTShare enterprise resource planning system shared by most of the academic institutions.

EXPENSES BY NACUBO FUNCTION

\$21.7 BILLION



The most significant functional areas of growth include **Hospitals and Clinics** (4.4 percent, \$317 million), **Instruction/Academic Support** (3.3 percent, \$191 million), and **Research** (2.8 percent, \$72 million).

The most significant changes in **Hospitals and Clinics** are at U. T. Southwestern Medical Center (\$157 million) and U. T. M. D. Anderson Cancer Center (\$137 million). Expenses increase due largely to growth in patient care costs commensurate with increasing patient care revenue including at U. T. Southwestern Medical Center resulting from the opening of the third tower within Clements University Hospital and at U. T. M. D. Anderson Cancer Center which anticipates volume and supply cost increases and filling positions that have been on hold during FY 2020.

Instruction/Academic Support expenses will increase largely due to growth of the medical enterprise including new medical faculty and increases in volume-based faculty compensation. All academic institutions combined experienced minimal change (1.2 percent). Expansion of medical practice plans continues to require additional physician faculty. The most significant increases are projected to be at U. T. Southwestern Medical Center (\$132 million) and U. T. Health Science Center - Houston (\$24 million). In addition, U. T. Health Science Center – Tyler (\$19 million) has added two residency programs and is beginning to incur expenses related to the startup of a new medical school.

The most significant changes in anticipated **Research** expenses will occur at U. T. Austin (\$21 million), U. T. El Paso (\$24 million) and U. T. Health Science Center - San Antonio (\$15 million). U. T. Austin and U. T. Health Science Center – San Antonio anticipate growth in sponsored research. U. T. El Paso is changing the way faculty effort is budgeted 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 U. T. System’s Annual Financial Report.

Expenses are reported in the budget by natural classification meaning that expenses are accumulated based on the nature of each type of expense. This contrasts with functional classification which is a presentation method under which expenses are aggregated and reported by the activities for which they were incurred. Reporting of functional classifications is included as supplemental information.

PRESENTATION OF FY 2020 PROJECTED ACTUAL TOTALS

All U. T. institutions have prepared a projection of FY 2020 activity in a format comparable to that presented for the FY 2020 adjusted and FY 2021 proposed budgets. This projection was based on activity through May 2020.

RECLASSIFICATION OF FY 2020 BUDGET TOTALS

In certain situations, reclassifications have been made between FY 2020 line items to enhance comparability with the FY 2021 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 gross with an identified offset “Less Discounts and Allowances” to reflect the related scholarship/fellowship discount activities in a manner comparable to the GASB Rules for the annual financial report.

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. Contractual relationships with clinical partners such as hospitals are reported as Local and Private Sponsored Programs.

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, U. T. Austin 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:

NATURAL CLASSIFICATION - A natural expense classification is a method of grouping expenses according to the type of costs that are incurred. The classifications indicate what was purchased rather than why an expense was incurred. Categories included are Compensation-Faculty; Compensation-Non-Faculty; Wages; Benefits; Utilities; Scholarships and Fellowships; Operations, Maintenance, and Travel; and Depreciation and Amortization.

FUNCTIONAL CLASSIFICATION – A presentation method for expenses under which expenses are aggregated and reported by the activities for which they were incurred. The classifications indicate why an expense was incurred rather than what was purchased. Functional classification definitions are set by the National Association of College and University Business Officers (NACUBO).

GLOSSARY OF TERMS (CONTINUED)

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).

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.

GLOSSARY OF TERMS (CONTINUED)

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.

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 U. T. 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 U. T. System’s operating budget. At year end, these entities are incorporated into the U. T. System’s financial statements in accordance with generally accepted accounting principles.

GLOSSARY OF TERMS (CONTINUED)

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.

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

The University of Texas System
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 2,642,992,847	2,628,974,339	2,669,659,399	40,685,060	1.5%
Less Discounts and Allowances	(714,208,650)	(666,029,251)	(712,673,872)	(46,644,621)	7.0%
Federal Sponsored Programs	1,611,750,050	1,594,042,791	1,654,697,873	60,655,082	3.8%
State Sponsored Programs	377,566,265	417,740,605	406,993,201	(10,747,404)	-2.6%
Local and Private Sponsored Programs	1,788,922,046	1,627,970,791	1,812,886,437	184,915,646	11.4%
Net Sales and Services of Educational Activities	518,623,542	475,468,050	480,649,375	5,181,325	1.1%
Net Sales and Services of Hospital and Clinics	6,977,158,111	7,354,146,681	7,517,122,018	162,975,337	2.2%
Net Professional Fees	1,935,660,786	2,198,796,329	2,254,542,981	55,746,652	2.5%
Net Auxiliary Enterprises	576,794,796	726,089,192	648,223,736	(77,865,456)	-10.7%
Other Operating Revenues	590,123,182	462,250,510	450,855,244	(11,395,266)	-2.5%
Total Operating Revenues	16,305,382,975	16,819,450,037	17,182,956,392	363,506,355	2.2%
Operating Expenses:					
Compensation - Faculty	3,768,578,013	3,661,427,310	3,858,617,034	197,189,724	5.4%
Compensation - Non-Faculty	5,861,946,978	5,719,364,433	5,972,487,653	253,123,220	4.4%
Wages	368,484,131	356,063,372	394,102,463	38,039,091	10.7%
Benefits	2,267,482,288	2,563,898,581	2,632,819,018	68,920,437	2.7%
Personnel Costs	12,266,491,410	12,300,753,696	12,858,026,168	557,272,472	4.5%
Utilities	276,740,355	292,315,384	290,770,352	(1,545,032)	-0.5%
Scholarships and Fellowships	1,295,164,928	1,163,356,745	1,265,625,238	102,268,493	8.8%
Less Discounts and Allowances	(768,323,382)	(666,029,251)	(712,673,872)	(46,644,621)	7.0%
Operations, Maintenance and Travel	7,581,508,878	7,349,918,264	7,241,083,798	(108,834,466)	-1.5%
Less Capitalized Portion	(644,316,013)	(1,353,666,323)	(1,185,084,719)	168,581,604	-12.5%
Depreciation and Amortization	1,555,580,754	1,539,533,227	1,590,559,474	51,026,247	3.3%
Total Operating Expenses	21,562,846,930	20,626,181,742	21,348,306,439	722,124,697	3.5%
Operating Surplus/Deficit	(5,257,463,955)	(3,806,731,705)	(4,165,350,047)	(358,618,342)	9.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	2,436,603,676	2,426,525,311	2,344,126,483	(82,398,828)	-3.4%
Federal Sponsored Programs (Nonoperating)	546,439,285	364,950,669	425,988,290	61,037,621	16.7%
State/Local Sponsored Programs (Nonoperating)	38,896,681	38,896,681	39,941,006	1,044,325	2.7%
Gifts in Support of Operations	572,883,326	425,642,608	401,710,317	(23,932,291)	-5.6%
Net Investment Income	1,067,483,529	1,661,018,248	1,741,941,591	80,923,343	4.9%
Other Non-Operating Revenue	7,693,843	85,572	129,166	43,594	50.9%
Other Non-Operating (Expenses)	(2,283,305)	(7,500,000)	(391,165)	7,108,835	-94.8%
Net Non-Operating Revenue/(Expenses)	4,667,717,035	4,909,619,089	4,953,445,688	43,826,599	0.9%
Transfers and Other:					
AUF Transfers Received for Operations	560,071,965	516,027,000	509,087,000	(6,940,000)	-1.3%
AUF Transfers (Made) for Operations	(560,071,965)	(516,027,000)	(509,087,000)	6,940,000	-1.3%
Transfers for Debt Service - Interest	(403,438,905)	(419,470,132)	(392,971,119)	26,499,013	-6.3%
Total Transfers and Other	(403,438,905)	(419,470,132)	(392,971,119)	26,499,013	-6.3%
Budget Margin (Deficit)	(993,185,825)	683,417,252	395,124,522	(288,292,730)	-42.2%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	20,483	13,300,000	3,220,483	(10,079,517)	-75.8%
Net Inc./ (Dec.) in Fair Value of Investments	(1,801,646,831)	-	-	-	-
Interest Expense on Capital Asset Financings	(313,524,874)	(419,470,132)	(392,992,119)	26,478,013	-6.3%
Capital Approp., Gifts and Sponsored Programs	144,312,253	131,663,715	178,808,058	47,144,343	35.8%
Additions to Permanent Endowments	123,523,746	192,453,667	128,152,305	(64,301,362)	-33.4%
Transfers for Debt Service - Principal	(513,410,351)	(614,780,045)	(401,110,478)	213,669,567	-34.8%
Reverse Transfers for Debt Service (System Only)	916,849,256	1,034,250,177	794,081,597	(240,168,580)	-23.2%
Transfers and Other	986,326,191	32,362,932	(74,260,053)	(106,622,985)	-329.5%
SRECNP Change in Net Position	\$(1,450,735,952)	1,053,197,566	631,024,315	(422,173,251)	-40.1%
Total Revenues and AUF Transfers	\$ 20,975,383,315	21,736,569,126	22,136,793,245	400,224,119	1.8%
Total Expenses (Including Transfers for Interest)	(21,968,569,140)	(21,053,151,874)	(21,741,668,723)	(688,516,849)	3.3%
Budget Margin (Deficit)	\$(993,185,825)	683,417,252	395,124,522	(288,292,730)	
Reconciliation to Use of Prior Year Balances					
Depreciation		1,539,533,227	1,590,559,474		
Capital Outlay		(1,353,666,323)	(1,185,084,719)		
Transfers for Debt Service - Principal		(614,780,045)	(401,110,478)		
Budgeted Transfers		(87,377,733)	(45,186,912)		
Net Additions to (Uses of) Prior Year Balances		167,126,378	354,301,887		

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

The University of Texas System
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 4,390,230,783	4,646,043,328	4,719,802,363	73,759,035	1.6%
Academic Support	1,040,428,494	980,485,162	1,097,840,014	117,354,852	12.0%
Research	2,618,717,155	2,621,806,393	2,694,121,963	72,315,570	2.8%
Public Service	345,086,807	339,703,346	349,438,758	9,735,412	2.9%
Hospitals and Clinics	7,138,696,976	7,138,922,802	7,456,203,784	317,280,982	4.4%
Institutional Support	2,108,285,979	1,036,064,384	1,074,003,232	37,938,848	3.7%
Student Services	294,381,082	290,790,682	293,527,790	2,737,108	0.9%
Operations and Maintenance of Plant	884,311,170	822,295,272	831,552,136	9,256,864	1.1%
Scholarships and Fellowships	476,440,269	463,948,903	518,769,953	54,821,050	11.8%
Auxiliary Enterprises	688,157,926	746,588,242	722,486,972	(24,101,270)	-3.2%
Depreciation and Amortization	1,578,110,289	1,539,533,227	1,590,559,474	51,026,247	3.3%
Total Operating Expenses	\$ <u>21,562,846,930</u>	<u>20,626,181,742</u>	<u>21,348,306,439</u>	<u>722,124,697</u>	<u>3.5%</u>

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 7,598,639,226	7,601,914,613	3,275,387	0.0%
Designated	8,802,831,335	9,178,431,137	375,599,802	4.3%
Auxiliary	873,314,344	773,221,398	(100,092,946)	-11.5%
Available University Fund	698,163,191	682,256,914	(15,906,277)	-2.3%
Restricted	3,040,583,855	3,225,291,150	184,707,295	6.1%
Unexpended Plant	1,134,562,315	988,863,106	(145,699,209)	-12.8%
Subtotal - Expenditures (All Funds)	22,148,094,266	22,449,978,318	301,884,052	1.4%
Reconciling Adjustments:				
Tuition Discounting	(666,029,251)	(712,673,872)	(46,644,621)	7.0%
Depreciation	1,539,533,227	1,590,559,474	51,026,247	3.3%
Capital Outlay	(1,353,666,323)	(1,185,084,719)	168,581,604	-12.5%
Transfers for Debt Service - Principal	(614,780,045)	(401,110,478)	213,669,567	-34.8%
Total Expenses (Including Transfers for Interest)	\$ <u>21,053,151,874</u>	<u>21,741,668,723</u>	<u>688,516,849</u>	<u>3.3%</u>

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, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 2,447,062,564	2,437,513,771	2,471,224,261	33,710,490	1.4%
Less Discounts and Allowances	(703,710,364)	(658,488,638)	(704,105,391)	(45,616,753)	6.9%
Federal Sponsored Programs	735,978,068	757,183,200	761,509,465	4,326,265	0.6%
State Sponsored Programs	223,782,674	242,514,115	242,965,542	451,427	0.2%
Local and Private Sponsored Programs	231,068,691	206,746,979	238,809,098	32,062,119	15.5%
Net Sales and Services of Educational Activities	405,916,126	392,149,747	394,429,552	2,279,805	0.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	21,580,848	24,186,405	81,653,367	57,466,962	237.6%
Net Auxiliary Enterprises	466,062,680	596,889,079	534,416,313	(62,472,766)	-10.5%
Other Operating Revenues	46,942,042	30,463,382	36,601,435	6,138,053	20.1%
Total Operating Revenues	3,874,683,329	4,029,158,040	4,057,503,642	28,345,602	0.7%
Operating Expenses:					
Compensation - Faculty	1,164,524,528	1,083,094,232	1,111,054,237	27,960,005	2.6%
Compensation - Non-Faculty	1,577,507,142	1,555,763,993	1,620,515,317	64,751,324	4.2%
Wages	169,966,509	184,472,674	185,841,184	1,368,510	0.7%
Benefits	800,954,196	811,980,966	855,269,331	43,288,365	5.3%
Personnel Costs	3,712,952,375	3,635,311,865	3,772,680,069	137,368,204	3.8%
Utilities	134,248,211	145,257,068	144,773,508	(483,560)	-0.3%
Scholarships and Fellowships	1,253,329,743	1,128,471,008	1,225,314,006	96,842,998	8.6%
Less Discounts and Allowances	(757,825,096)	(658,488,638)	(704,105,391)	(45,616,753)	6.9%
Operations, Maintenance and Travel	1,590,285,859	1,872,748,337	1,845,708,724	(27,039,613)	-1.4%
Less Capitalized Portion	(274,548,341)	(169,319,626)	(154,074,037)	15,245,589	-9.0%
Depreciation and Amortization	649,966,981	627,971,754	655,622,055	27,650,301	4.4%
Total Operating Expenses	6,308,409,732	6,581,951,768	6,785,918,934	203,967,166	3.1%
Operating Surplus/Deficit	(2,433,726,403)	(2,552,793,728)	(2,728,415,292)	(175,621,564)	6.9%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	1,152,193,439	1,145,778,571	1,058,152,796	(87,625,775)	-7.6%
Federal Sponsored Programs (Nonoperating)	415,499,041	361,368,048	422,186,260	60,818,212	16.8%
State/Local Sponsored Programs (Nonoperating)	38,896,681	38,896,681	39,941,006	1,044,325	2.7%
Gifts in Support of Operations	359,175,205	206,106,960	214,516,603	8,409,643	4.1%
Net Investment Income	408,526,372	339,896,756	380,817,976	40,921,220	12.0%
Other Non-Operating Revenue	1,126,892	45,000	-	(45,000)	-100.0%
Other Non-Operating (Expenses)	(237,986)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	2,375,179,644	2,092,092,016	2,115,614,641	23,522,625	1.1%
Transfers and Other:					
AUF Transfers Received for Operations	463,071,965	424,027,000	417,087,000	(6,940,000)	-1.6%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(156,840,732)	(151,657,563)	(142,831,490)	8,826,073	-5.8%
Total Transfers and Other	306,231,233	272,369,437	274,255,510	1,886,073	0.7%
Budget Margin (Deficit)	247,684,474	(188,332,275)	(338,545,141)	(150,212,866)	79.8%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./.(Dec.) in Fair Value of Investments	(33,526,964)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	(21,000)	(21,000)	-
Capital Approp., Gifts and Sponsored Programs	72,154,864	65,751,000	110,090,000	44,339,000	67.4%
Additions to Permanent Endowments	73,501,930	127,419,667	74,258,000	(53,161,667)	-41.7%
Transfers for Debt Service - Principal	(202,310,350)	(195,592,795)	(93,846,478)	101,746,317	-52.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	886,820,914	216,707,350	151,788,255	(64,919,095)	-30.0%
SRECNP Change in Net Position	\$ 1,044,324,868	25,952,947	(96,276,364)	(122,229,311)	-471.0%
Total Revenues and AUF Transfers	\$ 6,713,172,924	6,545,277,056	6,590,205,283	44,928,227	0.7%
Total Expenses (Including Transfers for Interest)	(6,465,488,450)	(6,733,609,331)	(6,928,750,424)	(195,141,093)	2.9%
Budget Margin (Deficit)	\$ 247,684,474	(188,332,275)	(338,545,141)	(150,212,866)	
Reconciliation to Use of Prior Year Balances					
Depreciation		627,971,754	655,622,055		
Capital Outlay		(169,319,626)	(154,074,037)		
Transfers for Debt Service - Principal		(195,592,795)	(93,846,478)		
Budgeted Transfers		(83,277,041)	(41,533,867)		
Net Additions to (Uses of) Prior Year Balances		(8,549,983)	27,622,532		

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

The University of Texas Academic Institutions
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 1,623,922,767	1,923,781,551	1,905,471,755	(18,309,796)	-1.0%
Academic Support	638,273,036	639,029,343	689,527,508	50,498,165	7.9%
Research	943,857,000	940,266,325	995,628,936	55,362,611	5.9%
Public Service	194,864,180	195,444,933	195,548,100	103,167	0.1%
Hospitals and Clinics	69,814,517	77,195,202	131,349,864	54,154,662	70.2%
Institutional Support	435,668,142	461,211,904	464,476,822	3,264,918	0.7%
Student Services	267,716,019	264,838,389	265,585,418	747,029	0.3%
Operations and Maintenance of Plant	436,654,993	365,942,524	374,188,616	8,246,092	2.3%
Scholarships and Fellowships	443,078,536	438,217,520	481,785,904	43,568,384	9.9%
Auxiliary Enterprises	592,098,004	648,052,322	626,733,956	(21,318,366)	-3.3%
Depreciation and Amortization	662,462,538	627,971,754	655,622,055	27,650,301	4.4%
Total Operating Expenses	\$ <u>6,308,409,732</u>	<u>6,581,951,768</u>	<u>6,785,918,934</u>	<u>203,967,166</u>	<u>3.1%</u>

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 1,991,117,458	1,943,847,184	(47,270,274)	-2.4%
Designated	2,356,073,616	2,461,169,624	105,096,008	4.5%
Auxiliary	748,518,451	660,170,092	(88,348,359)	-11.8%
Available University Fund	424,027,000	417,087,000	(6,940,000)	-1.6%
Restricted	1,593,783,277	1,727,718,849	133,935,572	8.4%
Unexpended Plant	15,518,834	15,161,526	(357,308)	-2.3%
Subtotal - Expenditures (All Funds)	7,129,038,636	7,225,154,275	96,115,639	1.3%
Reconciling Adjustments:				
Tuition Discounting	(658,488,638)	(704,105,391)	(45,616,753)	6.9%
Depreciation	627,971,754	655,622,055	27,650,301	4.4%
Capital Outlay	(169,319,626)	(154,074,037)	15,245,589	-9.0%
Transfers for Debt Service - Principal	(195,592,795)	(93,846,478)	101,746,317	-52.0%
Total Expenses (Including Transfers for Interest)	\$ <u>6,733,609,331</u>	<u>6,928,750,424</u>	<u>195,141,093</u>	<u>2.9%</u>

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, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 195,930,283	191,460,568	198,435,138	6,974,570	3.6%
Less Discounts and Allowances	(10,498,286)	(7,540,613)	(8,568,481)	(1,027,868)	13.6%
Federal Sponsored Programs	845,235,914	813,359,591	856,238,408	42,878,817	5.3%
State Sponsored Programs	143,576,797	165,019,696	163,527,659	(1,492,037)	-0.9%
Local and Private Sponsored Programs	1,557,853,355	1,421,223,812	1,574,077,339	152,853,527	10.8%
Net Sales and Services of Educational Activities	96,107,417	80,488,249	83,773,523	3,285,274	4.1%
Net Sales and Services of Hospital and Clinics	6,977,158,111	7,354,146,681	7,517,122,018	162,975,337	2.2%
Net Professional Fees	1,914,079,938	2,174,609,924	2,172,889,614	(1,720,310)	-0.1%
Net Auxiliary Enterprises	110,732,116	129,200,113	113,807,423	(15,392,690)	-11.9%
Other Operating Revenues	507,041,036	428,122,835	409,567,032	(18,555,803)	-4.3%
Total Operating Revenues	12,337,216,681	12,750,090,856	13,080,869,673	330,778,817	2.6%
Operating Expenses:					
Compensation - Faculty	2,604,053,485	2,578,333,078	2,747,562,797	169,229,719	6.6%
Compensation - Non-Faculty	4,232,599,626	4,118,387,075	4,320,411,476	202,024,401	4.9%
Wages	197,317,622	171,028,982	207,532,593	36,503,611	21.3%
Benefits	1,772,734,614	1,740,139,281	1,768,898,934	28,759,653	1.7%
Personnel Costs	8,806,705,347	8,607,888,416	9,044,405,800	436,517,384	5.1%
Utilities	142,181,532	147,058,316	145,996,844	(1,061,472)	-0.7%
Scholarships and Fellowships	40,922,518	33,091,377	38,516,872	5,425,495	16.4%
Less Discounts and Allowances	(10,498,286)	(7,540,613)	(8,568,481)	(1,027,868)	13.6%
Operations, Maintenance and Travel	4,545,327,238	5,402,541,147	5,293,581,081	(108,960,066)	-2.0%
Less Capitalized Portion	(369,467,672)	(1,183,346,697)	(1,030,010,682)	153,336,015	-13.0%
Depreciation and Amortization	888,926,407	893,239,827	920,232,074	26,992,247	3.0%
Total Operating Expenses	14,044,097,084	13,892,931,773	14,404,153,508	511,221,735	3.7%
Operating Surplus/Deficit	(1,706,880,403)	(1,142,840,917)	(1,323,283,835)	(180,442,918)	15.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	1,280,828,317	1,278,496,740	1,283,948,687	5,451,947	0.4%
Federal Sponsored Programs (Nonoperating)	130,940,244	3,582,621	3,802,030	219,409	6.1%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	213,415,794	219,072,648	186,793,714	(32,278,934)	-14.7%
Net Investment Income	615,156,203	516,701,862	570,977,179	54,275,317	10.5%
Other Non-Operating Revenue	6,566,335	40,572	29,166	(11,406)	-28.1%
Other Non-Operating (Expenses)	(1,745,380)	(7,500,000)	(291,165)	7,208,835	-96.1%
Net Non-Operating Revenue/(Expenses)	2,245,161,513	2,010,394,443	2,045,259,611	34,865,168	1.7%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(137,482,144)	(145,614,378)	(140,134,715)	5,479,663	-3.8%
Total Transfers and Other	(137,482,144)	(145,614,378)	(140,134,715)	5,479,663	-3.8%
Budget Margin (Deficit)	400,798,966	721,939,148	581,841,061	(140,098,087)	-19.4%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	20,483	13,300,000	3,220,483	(10,079,517)	-75.8%
Net Inc./.(Dec.) in Fair Value of Investments	(45,792,377)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	46,553,742	61,712,715	49,117,058	(12,595,657)	-20.4%
Additions to Permanent Endowments	50,021,816	65,034,000	53,894,305	(11,139,695)	-17.1%
Transfers for Debt Service - Principal	(257,530,001)	(265,617,250)	(152,099,000)	113,518,250	-42.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	327,804,461	533,236,887	349,841,504	(183,395,383)	-34.4%
SRECNP Change in Net Position	\$ 521,877,090	1,129,605,500	885,815,411	(243,790,089)	-21.6%
Total Revenues and AUF Transfers	\$ 14,584,123,574	14,767,985,299	15,126,420,449	358,435,150	2.4%
Total Expenses (Including Transfers for Interest)	(14,183,324,608)	(14,046,046,151)	(14,544,579,388)	(498,533,237)	3.5%
Budget Margin (Deficit)	\$ 400,798,966	721,939,148	581,841,061	(140,098,087)	
Reconciliation to Use of Prior Year Balances					
Depreciation		893,239,827	920,232,074		
Capital Outlay		(1,183,346,697)	(1,030,010,682)		
Transfers for Debt Service - Principal		(265,617,250)	(152,099,000)		
Budgeted Transfers		(162,058)	(252,909)		
Net Additions to (Uses of) Prior Year Balances		166,052,970	319,710,544		

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

**The University of Texas Health-Related Institutions
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021**

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 2,766,308,016	2,722,261,777	2,814,330,608	92,068,831	3.4%
Academic Support	391,130,130	333,188,785	400,045,472	66,856,687	20.1%
Research	1,674,860,155	1,681,540,068	1,698,493,027	16,952,959	1.0%
Public Service	146,830,912	142,008,413	151,365,658	9,357,245	6.6%
Hospitals and Clinics	7,068,882,459	7,061,727,600	7,324,853,920	263,126,320	3.7%
Institutional Support	494,211,507	454,187,319	478,584,152	24,396,833	5.4%
Student Services	26,665,063	25,952,293	27,942,372	1,990,079	7.7%
Operations and Maintenance of Plant	447,121,469	456,352,748	457,363,520	1,010,772	0.2%
Scholarships and Fellowships	33,067,066	23,937,023	35,189,689	11,252,666	47.0%
Auxiliary Enterprises	96,059,922	98,535,920	95,753,016	(2,782,904)	-2.8%
Depreciation and Amortization	898,960,385	893,239,827	920,232,074	26,992,247	3.0%
Total Operating Expenses	\$ 14,044,097,084	13,892,931,773	14,404,153,508	511,221,735	3.7%

**Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021**

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 5,509,923,073	5,563,242,429	53,319,356	1.0%
Designated	6,433,644,822	6,705,910,615	272,265,793	4.2%
Auxiliary	124,795,893	113,051,306	(11,744,587)	-9.4%
Available University Fund	-	-	-	-
Restricted	1,421,903,615	1,459,119,547	37,215,932	2.6%
Unexpended Plant	1,119,043,481	973,701,580	(145,341,901)	-13.0%
Subtotal - Expenditures (All Funds)	14,609,310,884	14,815,025,477	205,714,593	1.4%
Reconciling Adjustments:				
Tuition Discounting	(7,540,613)	(8,568,481)	(1,027,868)	13.6%
Depreciation	893,239,827	920,232,074	26,992,247	3.0%
Capital Outlay	(1,183,346,697)	(1,030,010,682)	153,336,015	-13.0%
Transfers for Debt Service - Principal	(265,617,250)	(152,099,000)	113,518,250	-42.7%
Total Expenses (Including Transfers for Interest)	\$ 14,046,046,151	14,544,579,388	498,533,237	3.5%

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



**THE UNIVERSITY OF TEXAS
SYSTEM ADMINISTRATION**



The University of Texas System Administration
Operating Budget Highlights
For the Year Ending August 31, 2021

Introduction - Major Goals Addressed by FY 2021 Budget

For more than 130 years, The University of Texas System has been committed to improving the lives of Texans and people all over the world through education, research and health care. Under the direction of the U. T. System Board of Regents and the Chancellor, U. T. System Administration supports this commitment by fulfilling the statutory roles of oversight and coordination. The COVID-19 pandemic and the depressed oil market in the Permian Basin have significantly affected the economy of Texas and the operations of the U. T. System. In alignment with the adjustments that U. T. System institutions have made under the current economic conditions, U. T. System Administration has performed a careful review of administrative operations to further reduce costs and staffing levels.

The FY 2021 budget is built on a recurring Available University Fund (AUF) requirement of \$92.0 million, unchanged from FY 2020. This requires no use of balances to support ongoing U. T. System Administration activities, including direct campus support, and is down from the \$3.3 million in balances needed in FY 2020. The current budget reflects a decrease in proposed AUF usage of \$48 million (34 percent) since FY 2017. For FY 2021, the total proposed budgeted full-time equivalent employees (FTEs) reflect a 22 percent reduction from FY 2020. Budgeted FTEs have been declining over the past several years in response to the charge by the Board of Regents to reduce overall FTEs and dependence on the AUF. Proposed FY 2021 FTEs represent a reduction in excess of 50 percent as compared to the peak total of FTEs budgeted in FY 2017.

The core U. T. System Administration AUF-fund budget for FY 2021 is \$50.5 million, reflecting a 3.3 percent decrease from FY 2020. 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 \$41.5 million of AUF and is down 2.6 percent from FY 2020. Of the 113 Shared Information Services (SIS) FTEs previously included in this support, 109 were transitioned to U. T. Dallas in FY 2020. All associated costs are now part of an ongoing contract with U. T. Dallas and the overall impact of SIS to U. T. System Administration's AUF direct campus support budget remains unchanged.

Revenue

Budgeted revenue for U. T. System Administration is \$420.2 million, down \$3.1 million (0.7 percent). While relatively unchanged overall, individual elements experienced significant fluctuations. Federal Sponsored Programs reflect a \$13.5 million increase in anticipated Employee Group Waiver Plan (EGWP) payments related to Medicare Part D retiree prescription drug coverage administered as part of the health insurance program. State Sponsored Programs will experience a \$9.7 million reduction related to the Joint Admission Medical Program, which received its full biennial appropriation in FY 2020. Net Investment Income includes the U. T. System's share of the AUF. While the distribution from the Permanent University Fund (PUF) to the AUF is budgeted to increase, significant declines in AUF surface income and interest earnings on AUF balances held in the state treasury have contributed to an overall decline in AUF available to the U. T. System. This decrease also impacts the amount of AUF transferred to U. T. Austin and contributes to the AUF support provided to U. T. Austin being \$6.9 million less than FY 2020. Only the portions of the AUF distributed for PUF bond debt service, for U. T. System Administration operations and any surplus after distributions to U. T. Austin are reflected as revenue in U. T. System Administration's budget.

Expenses

Budgeted expenses (including transfers for interest) have decreased \$5.2 million (1.9 percent) to \$268.3 million. The reduction results primarily from decreased projected PUF bond interest, depreciation and AUF operating costs offset by growth in the expenses associated with the EGWP federal support. The presented operating expenses reflect a significant shift from Personnel Costs to Operations, Maintenance and Travel resulting from the new contractual relationship between U. T. System Administration and U. T. Dallas for the operation of SIS. As part of the review of administrative operations, travel, along with maintenance and operations costs, have been reduced to reflect expected needs under the current and anticipated future economic conditions. Like other U. T. System institutions, U. T. System Administration has chosen to forego a staff merit policy for the current fiscal year.

The University of Texas System Administration
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	-	-	-
Less Discounts and Allowances	-	-	-	-	-
Federal Sponsored Programs	30,536,068	23,500,000	36,950,000	13,450,000	57.2%
State Sponsored Programs	10,206,794	10,206,794	500,000	(9,706,794)	-95.1%
Local and Private Sponsored Programs	-	-	-	-	-
Net Sales and Services of Educational Activities	16,599,999	2,830,054	2,446,300	(383,754)	-13.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	36,140,104	3,664,293	4,686,777	1,022,484	27.9%
Total Operating Revenues	93,482,965	40,201,141	44,583,077	4,381,936	10.9%
Operating Expenses:					
Compensation - Faculty	-	-	-	-	-
Compensation - Non-Faculty	51,840,210	45,213,365	31,560,860	(13,652,505)	-30.2%
Wages	1,200,000	561,716	728,686	166,970	29.7%
Benefits	(306,206,522)	11,778,334	8,650,753	(3,127,581)	-26.6%
Personnel Costs	(253,166,312)	57,553,415	40,940,299	(16,613,116)	-28.9%
Utilities	310,612	-	-	-	-
Scholarships and Fellowships	912,667	1,794,360	1,794,360	-	0.0%
Less Discounts and Allowances	-	-	-	-	-
Operations, Maintenance and Travel	1,445,895,781	74,628,780	101,793,993	27,165,213	36.4%
Less Capitalized Portion	(300,000)	(1,000,000)	(1,000,000)	-	0.0%
Depreciation and Amortization	16,687,366	18,321,646	14,705,345	(3,616,301)	-19.7%
Total Operating Expenses	1,210,340,114	151,298,201	158,233,997	6,935,796	4.6%
Operating Surplus/Deficit	(1,116,857,149)	(111,097,060)	(113,650,920)	(2,553,860)	2.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	3,581,920	2,250,000	2,025,000	(225,000)	-10.0%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	292,327	463,000	400,000	(63,000)	-13.6%
Net Investment Income	43,800,954	804,419,630	790,146,436	(14,273,194)	-1.8%
Other Non-Operating Revenue	616	-	100,000	100,000	-
Other Non-Operating (Expenses)	(299,939)	-	(100,000)	(100,000)	-
Net Non-Operating Revenue/(Expenses)	47,375,878	807,132,630	792,571,436	(14,561,194)	-1.8%
Transfers and Other:					
AUF Transfers Received for Operations	97,000,000	92,000,000	92,000,000	-	0.0%
AUF Transfers (Made) for Operations	(560,071,965)	(516,027,000)	(509,087,000)	6,940,000	-1.3%
Transfers for Debt Service - Interest	(109,116,029)	(122,198,191)	(110,004,914)	12,193,277	-10.0%
Total Transfers and Other	(572,187,994)	(546,225,191)	(527,091,914)	19,133,277	-3.5%
Budget Margin (Deficit)	(1,641,669,265)	149,810,379	151,828,602	2,018,223	1.3%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./.(Dec.) in Fair Value of Investments	(1,722,327,490)	-	-	-	-
Interest Expense on Capital Asset Financings	(313,524,874)	(419,470,132)	(392,971,119)	26,499,013	-6.3%
Capital Approp., Gifts and Sponsored Programs	25,603,647	4,200,000	19,601,000	15,401,000	366.7%
Additions to Permanent Endowments	104,000,000	192,953,667	128,152,305	(64,801,362)	-33.6%
Transfers for Debt Service - Principal	(53,570,000)	(153,570,000)	(155,165,000)	(1,595,000)	1.0%
Reverse Transfers for Debt Service (System Only)	916,849,256	1,034,250,177	794,081,597	(240,168,580)	-23.2%
Transfers and Other	82,700,816	(75,011,684)	(58,199,445)	16,812,239	-22.4%
SRECNP Change in Net Position	\$(2,601,937,910)	733,162,407	487,327,940	(245,834,467)	-33.5%
Total Revenues and AUF Transfers	\$(321,913,183)	423,306,771	420,167,513	(3,139,258)	-0.7%
Total Expenses (Including Transfers for Interest)	(1,319,756,082)	(273,496,392)	(268,338,911)	5,157,481	-1.9%
Budget Margin (Deficit)	\$(1,641,669,265)	149,810,379	151,828,602	2,018,223	
Reconciliation to Use of Prior Year Balances					
Depreciation		18,321,646	14,705,345		
Capital Outlay		(1,000,000)	(1,000,000)		
Transfers for Debt Service - Principal		(153,570,000)	(155,165,000)		
Budgeted Transfers		(3,938,634)	(3,400,136)		
Net Additions to (Uses of) Prior Year Balances		9,623,391	6,968,811		

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

The University of Texas System Administration
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ -	-	-	-	-
Academic Support	11,025,328	8,267,034	8,267,034	-	0.0%
Research	-	-	-	-	-
Public Service	3,391,715	2,250,000	2,525,000	275,000	12.2%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	1,178,406,330	120,665,161	130,942,258	10,277,097	8.5%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	534,708	-	-	-	-
Scholarships and Fellowships	294,667	1,794,360	1,794,360	-	0.0%
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	16,687,366	18,321,646	14,705,345	(3,616,301)	-19.7%
Total Operating Expenses	\$ <u>1,210,340,114</u>	<u>151,298,201</u>	<u>158,233,997</u>	<u>6,935,796</u>	<u>4.6%</u>

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 97,598,695	94,825,000	(2,773,695)	-2.8%
Designated	13,112,897	11,350,898	(1,761,999)	-13.4%
Auxiliary	-	-	-	-
Available University Fund	274,136,191	265,169,914	(8,966,277)	-3.3%
Restricted	24,896,963	38,452,754	13,555,791	54.4%
Unexpended Plant	-	-	-	-
Subtotal - Expenditures (All Funds)	409,744,746	409,798,566	53,820	0.0%
Reconciling Adjustments:				
Tuition Discounting	-	-	-	-
Depreciation	18,321,646	14,705,345	(3,616,301)	-19.7%
Capital Outlay	(1,000,000)	(1,000,000)	-	0.0%
Transfers for Debt Service - Principal	(153,570,000)	(155,165,000)	(1,595,000)	1.0%
Total Expenses (Including Transfers for Interest)	\$ <u>273,496,392</u>	<u>268,338,911</u>	<u>(5,157,481)</u>	<u>-1.9%</u>

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



THE UNIVERSITY OF TEXAS
AT ARLINGTON



**The University of Texas at Arlington
Operating Budget Highlights
for the Year Ending August 31, 2021**

Introduction - Major Goals Addressed by FY 2021 Budget

The University of Texas at Arlington, classified by the Carnegie Classification of Institutions of Higher Education in its top list of 131 elite doctoral institutions as an R-1 “very high research activity” institution, is the second-largest campus and one of the most affordable in the U. T. System. The University has received a number of accolades in recent years, such as *U.S. News and World Report* ranking 20 of its graduate programs among the top in the nation, the National League for Nursing designating its College of Nursing and Health Innovation a Center of Excellence—making the University one of only three in Texas to receive that honor—*Military Times* naming it the top four-year institution for veterans in the nation, and *Washington Monthly* ranking it the top four-year university in North Texas for adult learners. U. T. Arlington is also the third largest transfer destination in the country and home to the sixth most diverse student population. By all metrics, including affordability and degree attainment, the University has a national reputation for excellence.

The University focuses on ensuring excellence and access at affordable rates to enable all students to get a top-notch education, with the goal of enhancing educational opportunities for students and ensuring that the state has a highly skilled workforce.

U. T. Arlington has developed the FY 2021 budget with a focus on balancing the mission and strategic priorities of the University with the challenging economic environment expected over the next year—namely, meeting the objectives of the strategic plan and continuing progress toward Texas 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. U. T. Arlington has taken steps to control costs and minimize risks of potential economic factors by forgoing merit raises next fiscal year; implementing a strategic hiring freeze; pausing reclassifications and salary increases, except in cases considered mission critical and in direct support of our strategic plan; adopting a more conservative approach to department and unit spending decisions; and limiting expenditures to essential items. With the support of U. T. System, medical insurance rates have been held flat and debt principal payments have been deferred, providing flexibility for the upcoming fiscal year.

Revenue

Total annual operating revenue is expected to increase by just under 4 percent in FY 2021. An increase in tuition and fees revenue is driven by the tuition rate increases approved by the U. T. System Board of Regents and a one percent increase in enrollment. While the overall enrollment trend remains positive, there has been a shift in student composition over the last three years and we have experienced a decline in non-resident paying students and graduate students. Net tuition and fee revenue is expected to increase 4.5 percent.

As the State economy has suffered during the current fiscal year, U. T. Arlington, and most other universities received a significant cut in state appropriations, resulting in a decline of state appropriations of approximately \$10 million.

Expenses

Budget increases are primarily focused on addressing student success initiatives, student support projects, and faculty and staff recruitment and retention. U. T. Arlington has taken steps to control costs and minimize risks of potential economic factors by: forgoing merit raises next fiscal year, implementing a strategic hiring freeze, pausing reclassifications and salary increases, except in cases considered mission critical and in direct support of our strategic plan, adopting a more conservative approach to department and unit spending decisions, and limiting expenditures to essential items. With the support of U. T. System, medical insurance rates have been held flat and debt principal payments have been deferred, providing flexibility for the upcoming fiscal year.

U. T. Arlington’s operating expenses are expected to increase by less than four percent in FY 2021 to a total of \$750 million. Expenditure increases are predominately related to student success initiatives and academic support related to increased faculty levels, faculty retention initiatives, advising, and increasing costs related to enrollment growth particularly in online learning. Student Support expenditure increases related to counseling, health services, and student success initiatives were part of the tuition increase proposal approved in 2018.

U. T. Arlington plans to utilize \$4.4 million from prior year reserves to defray the impact of the 5 percent state appropriation reduction.

The University of Texas at Arlington
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 462,646,363	442,843,430	462,707,488	19,864,058	4.5%
Less Discounts and Allowances	(125,926,442)	(106,282,423)	(111,074,133)	(4,791,710)	4.5%
Federal Sponsored Programs	57,120,988	59,356,580	60,182,827	826,247	1.4%
State Sponsored Programs	23,889,130	24,154,201	23,398,198	(756,003)	-3.1%
Local and Private Sponsored Programs	7,911,256	12,325,000	12,325,000	-	0.0%
Net Sales and Services of Educational Activities	33,228,016	25,549,162	24,945,284	(603,878)	-2.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	42,504,418	42,571,999	47,869,507	5,297,508	12.4%
Other Operating Revenues	5,949,688	6,949,949	5,032,600	(1,917,349)	-27.6%
Total Operating Revenues	507,323,417	507,467,898	525,386,771	17,918,873	3.5%
Operating Expenses:					
Compensation - Faculty	133,921,182	134,091,644	140,004,753	5,913,109	4.4%
Compensation - Non-Faculty	149,073,355	149,263,103	153,532,890	4,269,787	2.9%
Wages	37,740,418	37,788,456	41,752,206	3,963,750	10.5%
Benefits	81,952,954	88,161,833	95,220,354	7,058,521	8.0%
Personnel Costs	402,687,909	409,305,036	430,510,203	21,205,167	5.2%
Utilities	10,500,000	10,622,059	10,622,059	-	0.0%
Scholarships and Fellowships	169,253,521	152,991,788	155,865,108	2,873,320	1.9%
Less Discounts and Allowances	(125,926,442)	(106,282,423)	(111,074,133)	(4,791,710)	4.5%
Operations, Maintenance and Travel	221,421,822	232,385,731	239,193,983	6,808,252	2.9%
Less Capitalized Portion	(25,547,797)	(30,142,934)	(30,444,363)	(301,429)	1.0%
Depreciation and Amortization	57,949,239	53,265,118	54,330,420	1,065,302	2.0%
Total Operating Expenses	710,338,252	722,144,375	749,003,277	26,858,902	3.7%
Operating Surplus/Deficit	(203,014,835)	(214,676,477)	(223,616,506)	(8,940,029)	4.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	149,578,956	150,778,956	140,864,036	(9,914,920)	-6.6%
Federal Sponsored Programs (Nonoperating)	61,663,841	58,000,000	63,000,000	5,000,000	8.6%
State/Local Sponsored Programs (Nonoperating)	487,500	487,500	275,000	(212,500)	-43.6%
Gifts in Support of Operations	12,483,938	9,211,344	9,300,000	88,656	1.0%
Net Investment Income	21,174,357	10,455,225	16,254,893	5,799,668	55.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	245,388,592	228,933,025	229,693,929	760,904	0.3%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(14,300,330)	(14,300,330)	(13,482,394)	817,936	-5.7%
Total Transfers and Other	(14,300,330)	(14,300,330)	(13,482,394)	817,936	-5.7%
Budget Margin (Deficit)	28,073,427	(43,782)	(7,404,971)	(7,361,189)	16813.3%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./.(Dec.) in Fair Value of Investments	(18,325,746)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	3,300,000	500,000	3,800,000	3,300,000	660.0%
Additions to Permanent Endowments	4,300,000	3,000,000	3,000,000	-	0.0%
Transfers for Debt Service - Principal	(19,239,000)	(19,239,000)	(9,369,000)	9,870,000	-51.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	5,800,604	38,000,000	2,000,000	(36,000,000)	-94.7%
SRECNP Change in Net Position	\$ 3,909,285	22,217,218	(7,973,971)	(30,191,189)	-135.9%
Total Revenues and AUF Transfers	\$ 752,712,009	736,400,923	755,080,700	18,679,777	2.5%
Total Expenses (Including Transfers for Interest)	(724,638,582)	(736,444,705)	(762,485,671)	(26,040,966)	3.5%
Budget Margin (Deficit)	\$ 28,073,427	(43,782)	(7,404,971)	(7,361,189)	
Reconciliation to Use of Prior Year Balances					
Depreciation		53,265,118	54,330,420		
Capital Outlay		(30,142,934)	(30,444,363)		
Transfers for Debt Service - Principal		(19,239,000)	(9,369,000)		
Budgeted Transfers		(37,999,997)	-		
Net Additions to (Uses of) Prior Year Balances		(34,160,595)	7,112,086		

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

The University of Texas at Arlington
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 193,286,165	245,650,180	248,497,158	2,846,978	1.2%
Academic Support	52,521,108	56,137,251	57,708,317	1,571,066	2.8%
Research	100,056,527	75,766,278	80,376,725	4,610,447	6.1%
Public Service	14,995,466	14,403,788	14,831,227	427,439	3.0%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	52,931,175	71,032,786	76,678,673	5,645,887	7.9%
Student Services	96,945,432	92,948,701	92,184,148	(764,553)	-0.8%
Operations and Maintenance of Plant	37,439,973	25,864,955	27,853,701	1,988,746	7.7%
Scholarships and Fellowships	43,327,079	34,805,178	38,318,579	3,513,401	10.1%
Auxiliary Enterprises	60,886,088	52,270,139	58,224,329	5,954,190	11.4%
Depreciation and Amortization	57,949,239	53,265,118	54,330,420	1,065,302	2.0%
Total Operating Expenses	\$ <u>710,338,252</u>	<u>722,144,375</u>	<u>749,003,277</u>	<u>26,858,902</u>	<u>3.7%</u>

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 271,721,194	260,257,682	(11,463,512)	-4.2%
Designated	353,322,617	376,609,456	23,286,839	6.6%
Auxiliary	73,790,787	71,334,190	(2,456,597)	-3.3%
Available University Fund	-	-	-	-
Restricted	138,164,569	149,056,893	10,892,324	7.9%
Unexpended Plant	1,844,777	1,784,526	(60,251)	-3.3%
Subtotal - Expenditures (All Funds)	838,843,944	859,042,747	20,198,803	2.4%
Reconciling Adjustments:				
Tuition Discounting	(106,282,423)	(111,074,133)	(4,791,710)	4.5%
Depreciation	53,265,118	54,330,420	1,065,302	2.0%
Capital Outlay	(30,142,934)	(30,444,363)	(301,429)	1.0%
Transfers for Debt Service - Principal	(19,239,000)	(9,369,000)	9,870,000	-51.3%
Total Expenses (Including Transfers for Interest)	\$ <u>736,444,705</u>	<u>762,485,671</u>	<u>26,040,966</u>	<u>3.5%</u>

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



THE UNIVERSITY OF TEXAS
AT AUSTIN



**The University of Texas at Austin
Operating Budget Highlights
For the Year Ending August 31, 2021**

Introduction - Major Goals Addressed by FY 2021 Budget

The University of Texas at Austin's FY 2021 budget is a statement of resiliency in the face of the unprecedented challenges presented by the COVID-19 pandemic and its economic aftermath. The University's budget includes projected decreases in auxiliary enterprise revenue and a state funding clawback, reflecting operational uncertainties and a darkening economic picture for FY 2021. However, U. T. Austin's primary missions remain fully supported in this budget: contributions to the advancement of society through teaching, research, creative activity, scholarly inquiry, and the development and dissemination of new knowledge, including commercialization of University discoveries.

Improving the already substantial value of an undergraduate education at U. T. Austin by unlocking the potential of its students is a central priority for the institution. The University continues to improve access and affordability through expansion of the Texas Advance Commitment (TAC). Under TAC, tuition will continue to be covered for Texas resident students with financial need who have family adjusted gross incomes of up to \$65,000. However, beginning in fall 2020, new and continuing eligible Texas resident students who are working toward their first undergraduate degree, who have family adjusted gross incomes of up to \$125,000, and have financial need will be eligible for financial assistance to support educational success.

The University continues to pursue student success initiatives in this budget, which have helped achieve the latest four-year graduation rate of 69.9 percent. U. T. Austin's increase in graduation rates is one of the largest improvements over such a short period of time in American higher education.

Faculty are at the heart of the institution's education and research mission. In the FY 2021 budget, U. T. Austin continues its strategic investment in the Faculty Investment Initiative. In FY 2020, this investment included preemptive retention salary increases for faculty at greatest risk of being recruited away, enhanced replacement hiring, and 40 additional faculty lines for cluster and interdisciplinary hiring. While the recruitment environment in FY 2021 poses some uncertainties, the University remains committed to faculty investments to bolster our current research capacity, including the continuation of the Cluster and Interdisciplinary Hiring Initiative to recruit the highest quality faculty members in strategic areas for the University

Since its creation, the Dell Medical School continues to transform health education and patient care across Central Texas. This continues in the battle against COVID-19, with the medical school performing testing, contact tracing, and coronavirus-related research. The budget includes a significant operational expansion tied to new contracts and extension of existing contracts within the medical school's clinical practice. New contract revenues involve partnerships with the Seton Medical Center for child neurological and psychology programs, women's health, gastroenterology, and neurosurgery. Existing professional fee contracts have also expanded in the areas of surgery, cardio surgery, integral care, and ophthalmological clinical services.

Revenue

The entirety of the five percent reduction of 2020-21 biennial state funding is reflected in the FY 2021 budget, totaling \$28.0 million. Additionally, \$9.2 million of the state funding decrease from FY 2020 is due to state support for the Darrell K. Royal Texas Alzheimer's Initiative being entirely appropriated in the first year of the biennium. Tuition revenue decreases total \$10.9 million, due to projected COVID-related enrollment declines, particularly among nonresident and international students, partially offset by expected gains from the Board approved 2.6 percent tuition increase.

The significant increase in net professional fees reflect a projected \$41.4 million tied to new contracts and expansion of existing contracts within Dell Medical School's clinical practice. Net investment income is projected to increase by \$31.1 million, due in part to the movement of significant funds from the Intermediate Term Fund to the Long Term Fund, resulting in higher estimated investment income. Additionally, the growth in university endowments contributes to the increase, including \$7.6 million in endowment income budgeted for the expanded Texas Advance Commitment. Finally, auxiliary revenues are projected to decrease by \$38.1 million, led by budgeted declines at the AT&T Hotel and Conference Center, and Parking and Transportation Services.

Expenses

Due to the COVID-19 pandemic, in April 2020 the University canceled its plans for an institutionally-funded merit increases for tenured/tenure-track faculty, non-tenured faculty, administrative and professional and classified staff. An increase of 2 percent for teaching assistants and assistant instructors remains funded. Significant increases in hospital and clinic expenditures, including non-faculty compensation and benefits, relate to the additional revenues expected by Dell Medical School's new and expanded clinical and surgical programs.

The University of Texas at Austin
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 646,250,000	685,999,332	675,068,357	(10,930,975)	-1.6%
Less Discounts and Allowances	(129,250,000)	(136,400,000)	(135,000,000)	1,400,000	-1.0%
Federal Sponsored Programs	473,373,578	484,701,501	476,098,371	(8,603,130)	-1.8%
State Sponsored Programs	63,636,578	66,811,425	65,204,466	(1,606,959)	-2.4%
Local and Private Sponsored Programs	152,489,844	128,056,954	142,345,440	14,288,486	11.2%
Net Sales and Services of Educational Activities	300,000,000	291,663,169	300,818,858	9,155,689	3.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	7,900,000	11,788,738	65,972,727	54,183,989	459.6%
Net Auxiliary Enterprises	291,400,000	373,066,872	334,996,878	(38,069,994)	-10.2%
Other Operating Revenues	10,700,000	8,381,434	9,891,767	1,510,333	18.0%
Total Operating Revenues	1,816,500,000	1,914,069,425	1,935,396,864	21,327,439	1.1%
Operating Expenses:					
Compensation - Faculty	505,876,800	433,850,112	442,278,377	8,428,265	1.9%
Compensation - Non-Faculty	866,819,200	816,249,652	883,312,192	67,062,540	8.2%
Wages	20,904,000	43,706,228	45,665,183	1,958,955	4.5%
Benefits	389,000,000	384,055,242	403,272,162	19,216,920	5.0%
Personnel Costs	1,782,600,000	1,677,861,234	1,774,527,914	96,666,680	5.8%
Utilities	76,100,000	80,843,410	81,718,410	875,000	1.1%
Scholarships and Fellowships	333,364,732	336,837,958	352,318,399	15,480,441	4.6%
Less Discounts and Allowances	(183,364,732)	(136,400,000)	(135,000,000)	1,400,000	-1.0%
Operations, Maintenance and Travel	731,635,094	1,048,422,888	1,031,407,395	(17,015,493)	-1.6%
Less Capitalized Portion	(86,235,094)	(102,869,023)	(86,235,094)	16,633,929	-16.2%
Depreciation and Amortization	338,000,000	323,420,000	338,000,000	14,580,000	4.5%
Total Operating Expenses	2,992,100,000	3,228,116,467	3,356,737,024	128,620,557	4.0%
Operating Surplus/Deficit	(1,175,600,000)	(1,314,047,042)	(1,421,340,160)	(107,293,118)	8.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	374,320,087	374,320,087	336,774,007	(37,546,080)	-10.0%
Federal Sponsored Programs (Nonoperating)	45,000,000	45,000,000	45,000,000	-	0.0%
State/Local Sponsored Programs (Nonoperating)	35,000,000	35,000,000	35,000,000	-	0.0%
Gifts in Support of Operations	311,000,000	156,405,136	168,840,682	12,435,546	8.0%
Net Investment Income	294,600,000	251,047,893	282,139,107	31,091,214	12.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,059,920,087	861,773,116	867,753,796	5,980,680	0.7%
Transfers and Other:					
AUF Transfers Received for Operations	463,071,965	424,027,000	417,087,000	(6,940,000)	-1.6%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(72,081,338)	(65,935,094)	(63,017,000)	2,918,094	-4.4%
Total Transfers and Other	390,990,627	358,091,906	354,070,000	(4,021,906)	-1.1%
Budget Margin (Deficit)	275,310,714	(94,182,020)	(199,516,364)	(105,334,344)	111.8%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	(21,000)	(21,000)	-
Capital Approp., Gifts and Sponsored Programs	66,000,000	63,000,000	100,000,000	37,000,000	58.7%
Additions to Permanent Endowments	56,700,000	110,000,000	58,400,000	(51,600,000)	-46.9%
Transfers for Debt Service - Principal	(68,466,000)	(61,739,000)	(20,334,000)	41,405,000	-67.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	772,375,000	41,145,000	31,186,000	(9,959,000)	-24.2%
SRECNP Change in Net Position	\$ 1,101,919,714	58,223,980	(30,285,364)	(88,509,344)	-152.0%
Total Revenues and AUF Transfers	\$ 3,339,492,052	3,199,869,541	3,220,237,660	20,368,119	0.6%
Total Expenses (Including Transfers for Interest)	(3,064,181,338)	(3,294,051,561)	(3,419,754,024)	(125,702,463)	3.8%
Budget Margin (Deficit)	\$ 275,310,714	(94,182,020)	(199,516,364)	(105,334,344)	
Reconciliation to Use of Prior Year Balances					
Depreciation		323,420,000	338,000,000		
Capital Outlay		(102,869,023)	(86,235,094)		
Transfers for Debt Service - Principal		(61,739,000)	(20,334,000)		
Budgeted Transfers		(45,681,270)	(41,726,957)		
Net Additions to (Uses of) Prior Year Balances		18,948,687	(9,812,415)		

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

The University of Texas at Austin
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 684,998,972	940,462,735	914,565,151	(25,897,584)	-2.8%
Academic Support	355,931,821	335,290,625	372,756,289	37,465,664	11.2%
Research	522,582,180	522,591,285	543,767,725	21,176,440	4.1%
Public Service	127,663,992	121,532,604	130,008,016	8,475,412	7.0%
Hospitals and Clinics	34,027,511	42,719,777	85,990,953	43,271,176	101.3%
Institutional Support	186,228,235	166,010,721	180,738,863	14,728,142	8.9%
Student Services	52,974,912	54,905,011	55,649,894	744,883	1.4%
Operations and Maintenance of Plant	225,753,290	163,834,790	171,036,534	7,201,744	4.4%
Scholarships and Fellowships	124,090,420	182,622,192	190,488,591	7,866,399	4.3%
Auxiliary Enterprises	327,353,110	374,726,727	373,735,008	(991,719)	-0.3%
Depreciation and Amortization	350,495,557	323,420,000	338,000,000	14,580,000	4.5%
Total Operating Expenses	\$ 2,992,100,000	3,228,116,467	3,356,737,024	128,620,557	4.0%

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 578,107,602	574,935,002	(3,172,600)	-0.5%
Designated	992,913,491	1,042,388,058	49,474,567	5.0%
Auxiliary	379,230,683	347,236,363	(31,994,320)	-8.4%
Available University Fund	424,027,000	417,087,000	(6,940,000)	-1.6%
Restricted	890,860,808	935,176,695	44,315,887	5.0%
Unexpended Plant	6,500,000	6,500,000	-	0.0%
Subtotal - Expenditures (All Funds)	3,271,639,584	3,323,323,118	51,683,534	1.6%
Reconciling Adjustments:				
Tuition Discounting	(136,400,000)	(135,000,000)	1,400,000	-1.0%
Depreciation	323,420,000	338,000,000	14,580,000	4.5%
Capital Outlay	(102,869,023)	(86,235,094)	16,633,929	-16.2%
Transfers for Debt Service - Principal	(61,739,000)	(20,334,000)	41,405,000	-67.1%
Total Expenses (Including Transfers for Interest)	\$ 3,294,051,561	3,419,754,024	125,702,463	3.8%

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 Fiscal Year 2021**

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 for the support and maintenance of the University. Over the years, the AUF has provided the margin of excellence that permits U. T. 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: **\$ 274,191,512**

Instructional Excellence

Enhanced Academic Programs \$ 177,125,526

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 2021, it also includes reserves to be allocated by executive leadership.

Instructional Program Services 6,995,878

These services include educational innovation, student success initiatives, college computing and networking 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 U. T. Elementary School, and coordination of University-wide K-12 activities.

Instructional Initiatives and Programs 22,679,851

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. Instructional initiatives also include funds for the Provost's experiential learning initiative as well as support for Texas Student Media. FY 2021 also includes funding for the Distinguished Service Academy.

Academic Infrastructure (Libraries, Instructional Technology)

38,854,198

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

9,778,687

These services encompass new student orientation, career services, welcoming and mentoring programs, enrollment management, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning. Services include funding for the Center for Career Exploration and Development to help students achieve the skills, experiences, and co-curricular knowledge needed for life after graduation. FY 2021 also includes funds for the Graduation Help Desk as well as new AUF student support for the College of Natural Sciences.

Research Excellence

Research Competitiveness

15,233,122

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

3,524,250

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:

70,957,959

Faculty

2,775,299

U. T. 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. U. T. Austin must compete for this top talent.

K-12 Outreach and Undergraduate Students

26,863,691

Funds for various admission, scholarship and retention programs help ensure the quality and diversity of students and make a high quality education affordable and accessible to qualified 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

41,318,969

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 U. T. Austin to compete with its peer institutions for these excellent students. Funding includes support for the graduate student investment initiative providing fellowship funds to selective colleges/programs to improve quality of students and to enable grad student support/funding packages competitive with peer universities.

Institutional Accountability and Enhanced Connections to the Public**43,921,803**

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. Support also includes funding for Workday as well as the Senior Vice Provost for Global Engagement.

Dell Medical School

25,010,190

The Dell Medical School at The University of Texas at Austin improves 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.

U. T. System

3,005,536

The U. T. System Office of Telecommunication Services and the Network Bandwidth were established by the U. T. System Board of Regents to provide other U. T. campuses with inter-institutional voice, video, and computer communications in support of their missions of instruction and research. These services are managed by U. T. Austin, and therefore, appear in U. T. Austin's budget. FY 2021 also includes Cyberinfrastructure Support to provide additional computing power for research throughout the U. T. System. Additionally, the Board of Regents also established a \$500,000 equipment award for Nobel Laureate Goodenough, allocated at \$100,000 per year for five years beginning in FY 2020.

UT Austin AUF Budget

\$ 417,087,000

Details

Excellence in Mission

Instructional Excellence

Enhanced Academic Programs		177,125,526
Colleges and Schools	91,115,696	
Academic Departments and Centers	86,009,830	
Instructional Program Services		6,995,878
Texas Language Center	80,037	
Natural Sciences Dean's Office Communication Group	687,052	
Academic Information Systems	4,000,309	
Fine Arts Office of Computing Technologies	194,360	
Faculty Innovation Center	601,988	
Undergraduate Studies - Assessment	140,238	
UT Elementary School	111,657	
Information Security Office Network Centralization	1,121,781	
Student Success Initiatives	58,456	
Instructional Initiatives and Programs		22,679,851
Visiting Lecturers and Academic development	80,000	
Provost Initiatives and Innovations	20,160,959	
Experiential Learning Initiative	185,624	
Fine Arts Projects	157,093	
School for Design and Creative Technology	830,604	
Nursing Children's Wellness Center	93,042	
Nursing Learning Center	1,000	
Texas Student Media Support	33,449	
Undergraduate Programs	87,733	
Signature Courses	883,332	
Distinguished Service Academy	162,823	
Core Curriculum Development	4,192	
Academic Infrastructure		38,854,198
Instructional Technology	16,022,879	
Libraries	22,831,319	
Student Programs and Services		9,778,687
Dean of Students	2,395,181	
Deaf Interpreter Services	781,319	
Services For Students With Disabilities	693,228	
College to Career	3,331,665	
Enrollment Management - Communications	1,197,812	
Enrollment Management - Business Services	858,641	
Mathematics Lab	74,707	
Graduation Help Desk	312,619	
Natural Sciences Undergraduate Education	133,515	

Research Excellence		15,233,122
Research Competitiveness		
Research grant infrastructure, compliance and support		
VP For Research - Research Support And Compliance Office	890,028	
Institutional Capital Projects	818,684	
Research Grants	55,100	
Animal Resources Center	1,217,689	
Texas Advanced Computing Center	3,379,487	
College of Liberal Arts - Research	495,576	
Statistics & Scientific Computation Program	425,129	
Research Initiatives		
Organized Research Units	5,924,597	
University Of Texas Press	928,719	
Undergraduate Research	4,987	
Center For Studies In Texas History	367,447	
Research Instruments Laboratory	101,125	
Integrative Biology - Biodiversity Collections	352,276	
Clements Center for National Security	272,278	
Outreach Excellence		3,524,250
Academic Program/Community Interface		
Texas Performing Arts	1,053,614	
Jack S. Blanton Museum of Art	2,315,797	
Winedale Historical Center	154,839	
Recruitment and Retention of Talent:		70,957,959
Initiatives to ensure quality and diversity		
Faculty	2,775,299	
Faculty Development Program	2,141,598	
Faculty Recruitment	633,701	
Undergraduate Students	26,863,691	
Admission	5,185,539	
Enrollment Analytics	537,995	
Enrollment Management	732,186	
Texas Advance Commitment	12,500,000	
Registrar	721,211	
University Outreach Centers	345,382	
Tuition and Fees Scholarship	69,129	
Student Services	1,015,432	
Former Student Records	539,524	
Student Financial Services	2,069,134	
Hardship Waivers	3,113,159	
Institutional Tuition Rebates	35,000	
Graduate Students	41,318,969	
Vice Provost and Dean of Graduate Studies	2,421,280	
Tuition Benefits - Teaching Asst/Asst Instructor	22,760,327	
Graduate Fellowships and Scholarships	12,389,575	
Graduate Research Fellowships and Scholarships	200,000	
Graduate Student Investment Initiative	2,789,230	
Graduate and International Admissions	151,107	
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	202,450	

Institutional Accountability and Enhanced Connections to the Public		43,921,803
Office of the Executive Vice President And Provost	7,406,514	
Institutional Accreditation And Effectiveness	550,126	
Institutional Reporting, Research, and Information Systems	1,304,052	
Senior Vice President And CFO	72,000	
Senior Vice President And CFO Communications Department	664,042	
University Communications	3,446,406	
Global Engagement	1,382,768	
Equal Employment Opportunity	1,134,039	
Division of Diversity and Community Engagement	61,056	
IQ Project	2,515,061	
Workday Sustainment	10,882,593	
Workday Contingency	222,353	
ADA Accommodations	6,818	
General Faculty Office	266,805	
Institutional Memberships	532,800	
Liberal Arts Public Affairs	532,485	
Liberal Arts Business Affairs	903,079	
Liberal Arts Centralized Business Office	590,212	
Liberal Arts Human Resources	531,479	
Natural Sciences Business Services	20,000	
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	10,897,115	
 Dell Medical School		 25,010,190
 U. T. System		 3,005,536
Telecomm Services Office - U. T. System Support	1,147,765	
Telecomm Infrastructure - Network Bandwidth	208,232	
Telecomm Infrastructure - Wide Area Network Support	932,000	
Information Technology Assessments - U. T. Austin Support	517,241	
U. T. System Cyberinfrastructure	100,298	
Dr. John B. Goodenough Award	100,000	
TOTAL		<u>\$ 417,087,000</u>



THE UNIVERSITY OF TEXAS
AT DALLAS



The University of Texas at Dallas
Operating Budget Highlights
For the Year Ending August 31, 2021

Introduction - Major Goals Addressed by FY 2021 Budget

The University of Texas at Dallas is a young, high quality, rapidly expanding research University with national and global aspirations for excellence. At 50 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*.

U. T. Dallas proactively responded to the financial disruptions due to the COVID-19 pandemic by forming a revenue task force in March 2020. Based on the recommendations by the task force, U. T. Dallas immediately terminated employee merit and salary increases, repurposed funding from existing programs and implemented a staff hiring freeze, reviewed purchases over a threshold amount, and reduced academic and administrative unit operating budgets.

Fall 2019 enrollment stood at 29,543, up 2.7 percent and 20.3 percent from fall 2019 and fall 2015, respectively. Even though continuing student enrollment is expected to meet prior projections, U. T. Dallas is anticipating an enrollment decline for fall 2020 due to decreases in new resident undergraduate and international graduate student enrollment as a result of the COVID-19 pandemic. The FY 2021 budget was established based on a modest tuition rate increase, actions to realign operations with available resources, and stricter restrictions on expenses, 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 operating uncertainties and financial implications as a result of the COVID-19 pandemic.

Revenue

Total budgeted revenue for FY 2021 is approximately \$702.3 million, a decrease of \$25.3 million over FY 2020. The FY 2021 revenue budget is based on current projections that are exceeding the FY 2020 budgeted amounts due to unanticipated enrollment growth in summer 2020 semester, a projected enrollment decline for FY 2021, reclassification of revenue due to a change in accounting principles related to student insurance, and an increase in tuition adjustment calculations.

The decline in operating revenue is due mainly to net decrease in net tuition and fees (\$25.0 million), increase in sponsored research programs and other revenue (\$11.3 million) and accounting adjustments to remove student insurance collections from the budget (\$14.5 million). The decrease in state appropriations (\$10.9 million) is due to 5 percent state reductions for the biennium. The \$15 million increase in federal sponsored programs—nonoperating consists of the federal CARES Act student share (\$4.5 million), the CARES Act institutional share (\$9.6 million), and an increase in federal student aid (\$1.3 million).

Expenses

Budgeted expenses for FY 2021, including transfers for interest, total approximately \$734 million, a decrease of \$23.6 million over FY 2020. Expense budget changes consist of net operating budget reductions and realignments (\$37.6 million) and accounting adjustments to remove student insurance payments (\$14.5 million) offset by a change in the scholarship adjustment calculation (\$28.6 million).

U. T. Dallas implemented a staff hiring freeze and operating budget reductions shortly after the COVID-19 pandemic surge in FY 2020. Consequently, faculty and non-faculty compensation is projected to decrease \$9.2 million and operations, maintenance, and travel budgets are reduced by \$11.5 million on unrestricted funds. The FY 2021 budget includes funding for new faculty recruitment and start-up packages (\$8.6 million) and increases in leases and operations (\$1.0 million). The decrease in auxiliary enterprises include removal of student insurance payments (\$14.5 million) and budget reductions (\$2.5 million). The net decrease in scholarships and fellowship expense (\$5.6 million) consists of an \$18 million expenditure increase offset by \$23.6 million reclassification to tuition discounts (contra revenue).

The University of Texas at Dallas
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 451,684,211	443,950,274	447,527,594	3,577,320	0.8%
Less Discounts and Allowances	(138,548,014)	(121,223,007)	(149,844,460)	(28,621,453)	23.6%
Federal Sponsored Programs	55,499,169	56,568,195	61,235,583	4,667,388	8.3%
State Sponsored Programs	17,117,742	24,674,787	24,489,297	(185,490)	-0.8%
Local and Private Sponsored Programs	13,375,205	13,632,838	16,188,779	2,555,941	18.7%
Net Sales and Services of Educational Activities	35,223,227	35,893,902	36,771,830	877,928	2.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	44,690,336	63,231,955	47,916,946	(15,315,009)	-24.2%
Other Operating Revenues	6,768,109	4,747,765	8,187,814	3,440,049	72.5%
Total Operating Revenues	485,809,985	521,476,709	492,473,383	(29,003,326)	-5.6%
Operating Expenses:					
Compensation - Faculty	136,935,572	141,444,682	141,040,719	(403,963)	-0.3%
Compensation - Non-Faculty	145,182,902	151,596,770	152,766,476	1,169,706	0.8%
Wages	47,238,554	45,978,024	44,365,181	(1,612,843)	-3.5%
Benefits	81,743,288	88,561,082	89,379,415	818,333	0.9%
Personnel Costs	411,100,316	427,580,558	427,551,791	(28,767)	0.0%
Utilities	11,779,307	12,632,746	12,643,399	10,653	0.1%
Scholarships and Fellowships	205,773,873	178,841,560	200,704,034	21,862,474	12.2%
Less Discounts and Allowances	(138,548,014)	(121,223,007)	(149,844,460)	(28,621,453)	23.6%
Operations, Maintenance and Travel	127,412,958	160,979,529	144,689,314	(16,290,215)	-10.1%
Less Capitalized Portion	(10,260,320)	(13,768,902)	(13,113,598)	655,304	-4.8%
Depreciation and Amortization	84,448,950	86,146,119	86,399,336	253,217	0.3%
Total Operating Expenses	691,707,070	731,188,603	709,029,816	(22,158,787)	-3.0%
Operating Surplus/Deficit	(205,897,085)	(209,711,894)	(216,556,433)	(6,844,539)	3.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	132,839,387	124,241,185	113,358,736	(10,882,449)	-8.8%
Federal Sponsored Programs (Nonoperating)	43,440,096	33,805,495	48,856,094	15,050,599	44.5%
State/Local Sponsored Programs (Nonoperating)	2,184,181	2,184,181	3,885,819	1,701,638	77.9%
Gifts in Support of Operations	13,347,960	13,521,842	11,006,000	(2,515,842)	-18.6%
Net Investment Income	36,378,640	32,332,706	32,689,622	356,916	1.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	228,190,264	206,085,409	209,796,271	3,710,862	1.8%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(26,527,466)	(26,795,078)	(25,401,981)	1,393,097	-5.2%
Total Transfers and Other	(26,527,466)	(26,795,078)	(25,401,981)	1,393,097	-5.2%
Budget Margin (Deficit)	(4,234,287)	(30,421,563)	(32,162,143)	(1,740,580)	5.7%
Reconciliation to Change in Net Position:					
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	-	-	-	-	-
Additions to Permanent Endowments	4,500,000	4,500,000	4,000,000	(500,000)	-11.1%
Transfers for Debt Service - Principal	(31,462,000)	(34,752,001)	(11,586,478)	23,165,523	-66.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	(5,541,840)	9,482,394	5,571,079	(3,911,315)	-41.2%
SRECNP Change in Net Position	\$(36,738,127)	\$(51,191,170)	\$(34,177,542)	17,013,628	-33.2%
Total Revenues and AUF Transfers	\$ 714,000,249	727,562,118	702,269,654	(25,292,464)	-3.5%
Total Expenses (Including Transfers for Interest)	(718,234,536)	(757,983,681)	(734,431,797)	23,551,884	-3.1%
Budget Margin (Deficit)	\$(4,234,287)	(30,421,563)	(32,162,143)	(1,740,580)	
Reconciliation to Use of Prior Year Balances					
Depreciation		86,146,119	86,399,336		
Capital Outlay		(13,768,902)	(13,113,598)		
Transfers for Debt Service - Principal		(34,752,001)	(11,586,478)		
Budgeted Transfers		(510,719)	(514,722)		
Net Additions to (Uses of) Prior Year Balances		6,692,934	29,022,395		

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

The University of Texas at Dallas
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 200,745,600	212,168,200	215,694,158	3,525,958	1.7%
Academic Support	58,360,055	65,537,698	62,705,847	(2,831,851)	-4.3%
Research	106,838,665	112,544,524	114,794,426	2,249,902	2.0%
Public Service	10,195,216	12,519,013	10,954,405	(1,564,608)	-12.5%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	53,726,869	60,444,478	57,727,650	(2,716,828)	-4.5%
Student Services	21,281,399	20,271,253	22,866,122	2,594,869	12.8%
Operations and Maintenance of Plant	45,565,508	49,945,324	48,958,552	(986,772)	-2.0%
Scholarships and Fellowships	69,311,940	50,255,013	44,626,040	(5,628,973)	-11.2%
Auxiliary Enterprises	41,232,868	61,356,981	44,303,280	(17,053,701)	-27.8%
Depreciation and Amortization	84,448,950	86,146,119	86,399,336	253,217	0.3%
Total Operating Expenses	\$ <u>691,707,070</u>	<u>731,188,603</u>	<u>709,029,816</u>	<u>(22,158,787)</u>	<u>-3.0%</u>

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 216,496,516	196,936,407	(19,560,109)	-9.0%
Designated	411,051,827	421,590,225	10,538,398	2.6%
Auxiliary	89,899,110	63,151,642	(26,747,468)	-29.8%
Available University Fund	-	-	-	-
Restricted	124,134,019	140,898,723	16,764,704	13.5%
Unexpended Plant	-	-	-	-
Subtotal - Expenditures (All Funds)	841,581,472	822,576,997	(19,004,475)	-2.3%
Reconciling Adjustments:				
Tuition Discounting	(121,223,007)	(149,844,460)	(28,621,453)	23.6%
Depreciation	86,146,119	86,399,336	253,217	0.3%
Capital Outlay	(13,768,902)	(13,113,598)	655,304	-4.8%
Transfers for Debt Service - Principal	(34,752,001)	(11,586,478)	23,165,523	-66.7%
Total Expenses (Including Transfers for Interest)	\$ <u>757,983,681</u>	<u>734,431,797</u>	<u>(23,551,884)</u>	<u>-3.1%</u>

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



THE UNIVERSITY OF TEXAS
AT EL PASO



**The University of Texas at El Paso
Operating Budget Highlights
For the Year Ending August 31, 2021**

Introduction - Major Goals Addressed by FY 2021 Budget

The University of Texas at El Paso is a comprehensive public research university that is increasing access to excellent higher education. The University advances discovery of public value and positively impact the health, culture, education, and economy of the community they serve. U. T. El Paso is a national model for Hispanic-serving institutions. Having grown every year for the past 21 years and topped \$100 million in research in 2019, U. T. El Paso has over 25,000 students and is ranked in the top 5 percent of research universities in the country. The University has also been recognized as a Carnegie Community Engaged Institution.

U. T. El Paso is currently faced with a reduction of \$7.5 million in general revenue appropriations for FY 2021. While challenged with this reduction, the FY 2021 operating budget focuses on minimizing the impact of the reductions on teaching, research, and service, while still supporting cost-effective innovations.

To meet the \$7.5 million reduction target, the University has put in place a flexible hiring freeze and eliminated about 45 positions. While the reduction will have an impact, reductions in costs have been sought in ways that minimize the impact on the mission. The University has slowed other operating expenditures that will continue through FY 2021 as a result of the COVID-19 pandemic.

The FY 2021 operating budget maintains and enhances investments in faculty competitiveness, retention, and research. The University remains invested in developing new programs in order to contribute to the region's economy, increase student success, and expand research of public value that solidifies and builds upon the University's status as an R1 research university.

Revenue

Projected revenues for FY 2021 are \$471 million, which reflect the full 5 percent biennial state reduction of \$7.5 million. Gross tuition and fee revenue increased by \$3.4 million resulting from the 2.6 percent tuition rate increase approved by the Board of Regents. The increase in non-operating Federal Sponsored Programs is related to a \$1.6 million increase in federal financial aid programs. State sponsored programs are projected to decline by \$5 million, due primarily to the reduction in TEXAS Grants appropriations. Net auxiliary enterprise revenue is expected to decrease in the amount of \$4.6 million as a direct result of the COVID-19 pandemic. Gifts and investment income are expected to decrease by a combined \$1.8 million.

Expenses

The FY 2021 operating budget projects a reduction of expenses by 1.6 percent to \$484.9 million. Auxiliary enterprise expenses reflect a decrease of \$2.1 million, largely attributed to the reduction of parking permits, housing rentals, and meal plans. U. T. El Paso has set aside \$675,000 for new faculty positions, an increase of \$250,000 to cover the benefit costs for Student Health Insurance Premiums, as well as an increase in operating expenditures related to the opening of the new Interdisciplinary Research Building, to include debt service, utilities and maintenance, and repair. A total of \$233,000 has been set aside to start new Psychiatric and Neonatal Nurse Practitioner programs, as well as \$110,000 for additional coordinators to assist with teacher training partnerships. Restricted funds expenditures are expected to remain relatively flat, with an increase of approximately \$1.6 million in federal financial aid.

The University of Texas at El Paso
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 203,126,313	202,480,432	205,976,686	3,496,254	1.7%
Less Discounts and Allowances	(56,875,367)	(55,794,724)	(58,703,356)	(2,908,632)	5.2%
Federal Sponsored Programs	53,202,717	52,327,057	51,629,124	(697,933)	-1.3%
State Sponsored Programs	25,463,800	30,702,200	25,690,526	(5,011,674)	-16.3%
Local and Private Sponsored Programs	8,837,951	7,305,737	8,479,848	1,174,111	16.1%
Net Sales and Services of Educational Activities	5,487,568	6,026,125	6,384,561	358,436	5.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	33,556,819	44,404,738	37,744,461	(6,660,277)	-15.0%
Other Operating Revenues	140,000	60,000	20,000	(40,000)	-66.7%
Total Operating Revenues	272,939,801	287,511,565	277,221,850	(10,289,715)	-3.6%
Operating Expenses:					
Compensation - Faculty	96,723,263	96,579,738	95,234,037	(1,345,701)	-1.4%
Compensation - Non-Faculty	91,589,331	104,806,745	100,787,674	(4,019,071)	-3.8%
Wages	17,044,651	15,611,412	15,207,691	(403,721)	-2.6%
Benefits	57,976,362	58,082,044	59,244,069	1,162,025	2.0%
Personnel Costs	263,333,607	275,079,939	270,473,471	(4,606,468)	-1.7%
Utilities	7,971,630	10,353,955	9,573,691	(780,264)	-7.5%
Scholarships and Fellowships	135,278,177	113,711,150	112,730,212	(980,938)	-0.9%
Less Discounts and Allowances	(56,875,367)	(55,794,724)	(58,703,356)	(2,908,632)	5.2%
Operations, Maintenance and Travel	99,143,976	112,477,864	112,300,236	(177,628)	-0.2%
Less Capitalized Portion	(4,050,538)	(4,055,017)	(4,374,582)	(319,565)	7.9%
Depreciation and Amortization	32,215,812	32,699,511	33,467,537	768,026	2.3%
Total Operating Expenses	477,017,297	484,472,678	475,467,209	(9,005,469)	-1.9%
Operating Surplus/Deficit	(204,077,496)	(196,961,113)	(198,245,359)	(1,284,246)	0.7%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	115,170,223	114,645,552	107,058,242	(7,587,310)	-6.6%
Federal Sponsored Programs (Nonoperating)	69,252,000	64,853,301	66,480,915	1,627,614	2.5%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	4,734,307	8,555,000	6,916,425	(1,638,575)	-19.2%
Net Investment Income	16,409,721	13,527,500	13,400,500	(127,000)	-0.9%
Other Non-Operating Revenue	-	45,000	-	(45,000)	-100.0%
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	205,566,251	201,626,353	193,856,082	(7,770,271)	-3.9%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(10,058,051)	(10,191,879)	(9,442,880)	748,999	-7.3%
Total Transfers and Other	(10,058,051)	(10,191,879)	(9,442,880)	748,999	-7.3%
Budget Margin (Deficit)	(8,569,296)	(5,526,639)	(13,832,157)	(8,305,518)	150.3%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./.(Dec.) in Fair Value of Investments	(10,892,491)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
Additions to Permanent Endowments	1,446,000	3,017,000	1,518,000	(1,499,000)	-49.7%
Transfers for Debt Service - Principal	(18,045,000)	(18,045,000)	(9,065,000)	8,980,000	-49.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	30,407,850	30,363,850	25,983,799	(4,380,051)	-14.4%
SRECNP Change in Net Position	\$(5,652,937)	9,809,211	4,604,642	(5,204,569)	-53.1%
Total Revenues and AUF Transfers	\$ 478,506,052	489,137,918	471,077,932	(18,059,986)	-3.7%
Total Expenses (Including Transfers for Interest)	(487,075,348)	(494,664,557)	(484,910,089)	9,754,468	-2.0%
Budget Margin (Deficit)	\$(8,569,296)	(5,526,639)	(13,832,157)	(8,305,518)	
Reconciliation to Use of Prior Year Balances					
Depreciation		32,699,511	33,467,537		
Capital Outlay		(4,055,017)	(4,374,582)		
Transfers for Debt Service - Principal		(18,045,000)	(9,065,000)		
Budgeted Transfers		13,086	39,000		
Net Additions to (Uses of) Prior Year Balances		5,085,941	6,234,798		

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

The University of Texas at El Paso
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 119,429,198	140,195,523	115,290,120	(24,905,403)	-17.8%
Academic Support	25,931,927	28,493,221	28,654,642	161,421	0.6%
Research	91,495,665	73,535,116	97,122,823	23,587,707	32.1%
Public Service	5,826,899	7,416,770	5,644,901	(1,771,869)	-23.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	33,449,072	38,947,200	36,472,140	(2,475,060)	-6.4%
Student Services	19,348,865	21,338,728	20,270,990	(1,067,738)	-5.0%
Operations and Maintenance of Plant	30,424,422	31,698,370	32,133,828	435,458	1.4%
Scholarships and Fellowships	62,628,049	57,401,085	56,655,914	(745,171)	-1.3%
Auxiliary Enterprises	56,267,388	52,747,154	49,754,314	(2,992,840)	-5.7%
Depreciation and Amortization	32,215,812	32,699,511	33,467,537	768,026	2.3%
Total Operating Expenses	\$ 477,017,297	484,472,678	475,467,209	(9,005,469)	-1.9%

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 225,869,731	218,444,829	(7,424,902)	-3.3%
Designated	121,436,264	117,963,255	(3,473,009)	-2.9%
Auxiliary	58,969,925	51,691,555	(7,278,370)	-12.3%
Available University Fund	-	-	-	-
Restricted	131,583,867	133,485,851	1,901,984	1.4%
Unexpended Plant	2,000,000	2,000,000	-	0.0%
Subtotal - Expenditures (All Funds)	539,859,787	523,585,490	(16,274,297)	-3.0%
Reconciling Adjustments:				
Tuition Discounting	(55,794,724)	(58,703,356)	(2,908,632)	5.2%
Depreciation	32,699,511	33,467,537	768,026	2.3%
Capital Outlay	(4,055,017)	(4,374,582)	(319,565)	7.9%
Transfers for Debt Service - Principal	(18,045,000)	(9,065,000)	8,980,000	-49.8%
Total Expenses (Including Transfers for Interest)	\$ 494,664,557	484,910,089	(9,754,468)	-2.0%

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



THE UNIVERSITY OF TEXAS

PERMIAN BASIN



The University of Texas Permian Basin
Operating Budget Highlights
For the Year Ending August 31, 2021

Introduction - Major Goals Addressed by FY 2021 Budget

The University of Texas Permian Basin seeks: to provide greater access to higher education for Texans, particularly west Texans; to award degrees of value; to conduct meaningful research; to improve the overall quality of life of the west Texas region; and, to do so while being a good steward of resources entrusted to it. To advance efforts to achieve these goals, U. T. Permian Basin has four strategic pillars in the new strategic plan: 1) Student Success, 2) Serve the Region, 3) Advance creativity and knowledge, and 4) Responsible stewardship.

U. T. Permian Basin remains committed to the success of students. Initiatives planned or begun to help students achieve educational and career goals by addressing graduation, retention, and experiential learning efforts are continued in this budget. The University will seek to enhance the campus life and academic experiences for students, and to increase high impact practices that benefit students. It is also critical for the University to recruit and retain high quality faculty to maintain academic excellence. The dramatic effects of adjusting to COVID 19 and the slowdown of the oil industry in west Texas have created financial challenges for U. T. Permian Basin.

While not completely stopped, the present Permian Basin economy has significantly slowed down private contributions. The 5 percent general revenue reductions required by state leadership have resulted in a loss of almost \$2 million. In addition, uncertainty as to fall enrollment have prompted U. T. Permian Basin to conservatively reduce budgeted tuition and fee revenue for FY 2021 by an additional 5 percent. Meeting the needs of the region will require that the University significantly increase the number of graduates and the strategic plan calls for the number of degrees to double over the next 10 to 12 years. High demand degrees such as engineering, nursing, business, and education are facing the most severe shortages and therefore new faculty have been added in these areas. The FY 2021 budget provides funding for the operation of the new kinesiology facility.

Another major goal of the strategic plan is to promote responsible stewardship of resources. U. T. Permian Basin is working with U. T. System staff to develop and implement a five-year plan designed to provide a tool for strategic planning and to help strengthen the financial position of the University. U. T. Permian Basin has taken the necessary steps to produce savings which will help offset the effects of the reduced revenues. These steps include a flexible hiring freeze, a reduction in force which eliminated 19 positions from the FY 2021 budget, temporary pay cuts for all employees ranging from 0 to 2 percent, and travel and operating budget reductions. CARES Act funding will also be utilized strategically and as appropriate. The University has successfully recruited talented individuals in several high impact areas who will significantly impact operations.

Revenue

Total budgeted revenue for FY 2021 is approximately \$92.5 million, a decrease of \$4.5 million from the FY 2020 budget or 4.6 percent. This decrease in the overall revenue budget over the prior year is the net effect of increases in tuition and fees applied to a projected enrollment drop of 5 percent, estimated reduction in housing revenues, the reduction in state funding, and an increase in grant and gift funds. Resident undergraduate and graduate tuition rates were increased by 6.4 percent for FY 2021. Because of the uncertainty related to COVID 19, enrollment is conservatively projected at 95 percent of the levels experienced in FY 2020. Auxiliary revenue is projected lower than FY 2020 by 9.7 percent representing the net effect of potential enrollment and campus housing occupancy drops and increases in room and board rates.

Expenses

Until FY 2020, most faculty and staff at U.T. Permian Basin had not received a pay raise in a number of years. This is believed to be a factor in retaining quality faculty and staff. For FY 2020, the University was able to provide merit increases ranging from 2 to 4 percent. Unfortunately, a temporary pay cut for all employees ranging from 0 to 2 percent in FY 2021 has been budgeted. Budgeted expenses for FY 2021, including transfers for interest on bonds, total approximately \$100.2 million, a decrease of \$4.9 million from FY 2020. The FY 2021 budgeted depreciation is increased as a result of the kinesiology building coming on line this fall. Critical faculty and staff have been added to provide instruction needed in growing programs or to address needs in operational areas. Transfers for debt service interest decreased by \$554,000. Principal payments totaling \$2.8 million for FY 2021 have been deferred to future years.

The University of Texas Permian Basin
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 36,885,307	36,671,516	38,249,294	1,577,778	4.3%
Less Discounts and Allowances	(8,793,516)	(9,000,000)	(9,500,000)	(500,000)	5.6%
Federal Sponsored Programs	5,962,345	2,699,081	2,034,207	(664,874)	-24.6%
State Sponsored Programs	11,924,690	9,019,810	9,386,404	366,594	4.1%
Local and Private Sponsored Programs	1,987,448	1,314,640	285,009	(1,029,631)	-78.3%
Net Sales and Services of Educational Activities	1,775,397	1,435,000	-	(1,435,000)	-100.0%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	3,950,821	8,631,380	7,452,500	(1,178,880)	-13.7%
Other Operating Revenues	1,730,270	598,500	186,600	(411,900)	-68.8%
Total Operating Revenues	55,422,762	51,369,927	48,094,014	(3,275,913)	-6.4%
Operating Expenses:					
Compensation - Faculty	13,828,635	18,240,490	18,185,557	(54,933)	-0.3%
Compensation - Non-Faculty	19,014,373	21,451,031	20,924,720	(526,311)	-2.5%
Wages	1,728,579	1,747,135	1,507,018	(240,117)	-13.7%
Benefits	11,500,155	8,949,277	10,918,428	1,969,151	22.0%
Personnel Costs	46,071,742	50,387,933	51,535,723	1,147,790	2.3%
Utilities	2,029,524	1,482,671	1,321,780	(160,891)	-10.9%
Scholarships and Fellowships	15,257,832	14,471,123	15,004,603	533,480	3.7%
Less Discounts and Allowances	(8,793,516)	(9,000,000)	(9,500,000)	(500,000)	5.6%
Operations, Maintenance and Travel	60,684,393	20,169,198	16,537,021	(3,632,177)	-18.0%
Less Capitalized Portion	(34,897,651)	(840,000)	(875,000)	(35,000)	4.2%
Depreciation and Amortization	18,492,755	15,843,519	19,300,000	3,456,481	21.8%
Total Operating Expenses	98,845,079	92,514,444	93,324,127	809,683	0.9%
Operating Surplus/Deficit	(43,422,317)	(41,144,517)	(45,230,113)	(4,085,596)	9.9%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	32,410,268	36,444,599	34,257,527	(2,187,072)	-6.0%
Federal Sponsored Programs (Nonoperating)	12,856,281	5,588,500	5,783,367	194,867	3.5%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	3,555,147	1,050,000	1,050,000	-	0.0%
Net Investment Income	2,742,003	2,500,794	3,273,637	772,843	30.9%
Other Non-Operating Revenue	573,892	-	-	-	-
Other Non-Operating (Expenses)	(237,986)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	51,899,605	45,583,893	44,364,531	(1,219,362)	-2.7%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(6,994,056)	(7,244,123)	(6,689,783)	554,340	-7.7%
Total Transfers and Other	(6,994,056)	(7,244,123)	(6,689,783)	554,340	-7.7%
Budget Margin (Deficit)	1,483,232	(2,804,747)	(7,555,365)	(4,750,618)	169.4%
Reconciliation to Change in Net Position:					
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	-	0.0%
Additions to Permanent Endowments	-	1,000,000	1,000,000	-	0.0%
Transfers for Debt Service - Principal	(15,000,350)	(11,412,000)	(9,151,000)	2,261,000	-19.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	36,232,651	21,800,000	7,100,000	(14,700,000)	-67.4%
SRECNP Change in Net Position	\$ 22,715,533	9,583,253	(7,606,365)	(17,189,618)	-179.4%
Total Revenues and AUF Transfers	\$ 107,560,353	96,953,820	92,458,545	(4,495,275)	-4.6%
Total Expenses (Including Transfers for Interest)	(106,077,121)	(99,758,567)	(100,013,910)	(255,343)	0.3%
Budget Margin (Deficit)	\$ 1,483,232	(2,804,747)	(7,555,365)	(4,750,618)	
Reconciliation to Use of Prior Year Balances					
Depreciation		15,843,519	19,300,000		
Capital Outlay		(840,000)	(875,000)		
Transfers for Debt Service - Principal		(11,412,000)	(9,151,000)		
Budgeted Transfers		700,000	-		
Net Additions to (Uses of) Prior Year Balances		1,486,772	1,718,635		

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

The University of Texas Permian Basin
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 33,287,303	32,550,110	31,428,056	(1,122,054)	-3.4%
Academic Support	7,124,122	6,117,843	6,726,207	608,364	9.9%
Research	2,386,745	2,170,650	2,253,434	82,784	3.8%
Public Service	2,783,245	1,896,910	1,966,886	69,976	3.7%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	10,036,219	11,076,548	9,475,650	(1,600,898)	-14.5%
Student Services	3,110,986	3,223,006	2,937,223	(285,783)	-8.9%
Operations and Maintenance of Plant	7,760,152	6,441,309	6,382,566	(58,743)	-0.9%
Scholarships and Fellowships	6,788,055	6,510,457	6,173,807	(336,650)	-5.2%
Auxiliary Enterprises	7,075,497	6,684,092	6,680,298	(3,794)	-0.1%
Depreciation and Amortization	18,492,755	15,843,519	19,300,000	3,456,481	21.8%
Total Operating Expenses	\$ 98,845,079	92,514,444	93,324,127	809,683	0.9%

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 45,686,494	44,327,271	(1,359,223)	-3.0%
Designated	34,969,360	33,533,596	(1,435,764)	-4.1%
Auxiliary	12,954,157	11,060,031	(1,894,126)	-14.6%
Available University Fund	-	-	-	-
Restricted	11,507,037	11,269,012	(238,025)	-2.1%
Unexpended Plant	50,000	50,000	-	0.0%
Subtotal - Expenditures (All Funds)	105,167,048	100,239,910	(4,927,138)	-4.7%
Reconciling Adjustments:				
Tuition Discounting	(9,000,000)	(9,500,000)	(500,000)	5.6%
Depreciation	15,843,519	19,300,000	3,456,481	21.8%
Capital Outlay	(840,000)	(875,000)	(35,000)	4.2%
Transfers for Debt Service - Principal	(11,412,000)	(9,151,000)	2,261,000	-19.8%
Total Expenses (Including Transfers for Interest)	\$ 99,758,567	100,013,910	255,343	0.3%

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



THE UNIVERSITY OF TEXAS
RIO GRANDE VALLEY



The University of Texas Rio Grande Valley
Operating Budget Highlights
For the Year Ending August 31, 2021

Introduction - Major Goals Addressed by FY 2021 Budget

With the FY 2021 operating budget, The University of Texas Rio Grande Valley seeks to sustain enrollment growth and promote student retention while addressing the major challenges posed by the coronavirus pandemic and the State general revenue reduction. Planning began immediately in March 2020 to implement cost saving measures and to set aside funds to help navigate through the difficult times ahead. The savings set aside, along with other reserves, will be strategically deployed to help sustain operations during FY 2021. Notably, the Institution seeks to maintain full employment for faculty and staff. Only vacant positions have been eliminated.

A significant aspect of this plan is to fully support enrollment by strategically deploying the full amount of CARES Act funding toward direct student grants in addition to the customary financial aid packages offered. The additional assistance, up to \$1,500 for each full-time student attending in the Fall and Spring, can be used to provide the technology needed for online course delivery and to address other cost of attendance expenses. Similar investments to support and grow enrollment in the summer were very successful. Total enrollment for the Fall semester is projected to exceed 30,000 students, an increase of 4.0 percent over Fall 2019. U. T. Rio Grande Valley will also continue its tradition of maintaining access and affordability by increasing its Tuition Advantage income threshold to \$95,000. Students with family incomes below this level will face no out-of-pocket costs for tuition and fees. According to the latest available data, the average total academic cost at the institution was the second lowest among Texas public universities.

Finally, and as discussed below, the FY 2021 budget reflects the ongoing growth of the School of Medicine which fortunately was spared from the general revenue cuts.

Revenue

State appropriations of \$149.4 million represent a decrease of \$8.2 million from FY 2020 and includes the 5 percent general revenue reduction of \$7.9 million along with a \$263,683 reduction in estimated fringe benefits to be paid by the State. Gross tuition and fee revenues, before discounting, are estimated to increase by \$19.1 million primarily due to anticipated enrollment growth of 4.0 percent and the transition of students in expiring guaranteed tuition plans to higher rates. In addition, a 7.0 percent increase in the total academic cost, which is guaranteed for four years, will go into effect for newly enrolled students.

Of the increase in private sponsored programs, \$9.1 million is for the Transform Health Research in the Valley and Elsewhere project supported by the Valley Baptist Legacy Foundation. Of the increase in State sponsored programs, \$5.0 million is due to a medical school contract with the Texas Child Mental Health Care Consortium. The ongoing growth of the medical school practice plans is indicated by the \$3.3 million increase in net professional fees due to seven additional clinics and increased patient volume. The \$2.4 million increase in other operating revenues is primarily due to growth in clinical and lab revenues. The \$28.9 million increase in nonoperating federal sponsored programs is due to \$21.9 million in one-time CARES Act funding plus a \$7.0 million increase in Pell grants.

The adverse impacts of the pandemic are indicated by revenue losses of \$3.6 million in auxiliaries and \$0.7 million in net sales and services of educational activities. The situation with auxiliaries continues to be under review as the extent of physical student presence on the campuses, including occupancy of campus housing, is highly uncertain at present.

Expenses

Total expenses are projected at \$632.9 million inclusive of noncash adjustments such as depreciation. Included are \$4.3 million for 72 academic faculty FTEs, \$5.1 million for 19 medical school faculty FTEs, and \$2.2 million for 40 medical school resident FTEs. Other labor investments include \$657,000 for faculty promotions, \$1.0 million for 30 academic advisor FTEs, and \$1.4 million for peer mentoring efforts. Information technology and custodial staffing requirements to address the pandemic were funded by reallocation from vacant positions. Also, \$2.6 million in travel reductions are being implemented to help offset the cost of the pandemic response.

Scholarships, before discounts, are projected at \$207.4 million, including \$93.0 million in Pell Grants, \$39.6 million in TEXAS Grants (assuming no cuts will be made to this item), and \$21.9 million in direct student grants from CARES Act funding. An additional \$2.3 million is provided for merit-based scholarships, and an additional \$2.0 million in financial aid is funded by tuition set-asides. Also included is \$8.1 million for exemptions, of which \$5.8 million is estimated for Hazlewood recipients.

Facilities cost increases include \$5.7 million in depreciation related to additional medical school facilities and \$1.5 million in lease obligations. Finally, a slight savings in utilities is projected due to transition of classes to online delivery.

The University of Texas Rio Grande Valley
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 245,617,520	235,155,169	254,209,757	19,054,588	8.1%
Less Discounts and Allowances	(118,750,810)	(114,468,900)	(122,566,700)	(8,097,800)	7.1%
Federal Sponsored Programs	38,819,961	39,150,656	45,234,052	6,083,396	15.5%
State Sponsored Programs	46,264,616	46,291,036	53,384,961	7,093,925	15.3%
Local and Private Sponsored Programs	37,819,987	32,462,992	46,627,545	14,164,553	43.6%
Net Sales and Services of Educational Activities	5,847,727	6,319,088	5,606,139	(712,949)	-11.3%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	13,680,848	12,397,667	15,680,640	3,282,973	26.5%
Net Auxiliary Enterprises	7,124,526	10,809,161	7,172,302	(3,636,859)	-33.6%
Other Operating Revenues	17,993,656	8,931,440	11,358,360	2,426,920	27.2%
Total Operating Revenues	294,418,031	277,048,309	316,707,056	39,658,747	14.3%
Operating Expenses:					
Compensation - Faculty	123,018,588	115,576,476	126,968,905	11,392,429	9.9%
Compensation - Non-Faculty	122,032,164	128,978,310	140,834,384	11,856,074	9.2%
Wages	29,038,030	25,576,126	24,150,093	(1,426,033)	-5.6%
Benefits	80,259,740	82,769,143	89,800,552	7,031,409	8.5%
Personnel Costs	354,348,522	352,900,055	381,753,934	28,853,879	8.2%
Utilities	9,997,353	11,895,109	11,564,623	(330,486)	-2.8%
Scholarships and Fellowships	196,196,767	173,685,348	207,904,479	34,219,131	19.7%
Less Discounts and Allowances	(118,750,810)	(114,468,900)	(122,566,700)	(8,097,800)	7.1%
Operations, Maintenance and Travel	120,540,818	84,274,731	101,626,067	17,351,336	20.6%
Less Capitalized Portion	(35,657,416)	(8,190,000)	(8,710,000)	(520,000)	6.3%
Depreciation and Amortization	52,310,826	49,759,894	55,495,525	5,735,631	11.5%
Total Operating Expenses	578,986,060	549,856,237	627,067,928	77,211,691	14.0%
Operating Surplus/Deficit	(284,568,029)	(272,807,928)	(310,360,872)	(37,552,944)	13.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	158,318,763	157,572,706	149,392,783	(8,179,923)	-5.2%
Federal Sponsored Programs (Nonoperating)	104,044,229	86,000,000	114,945,132	28,945,132	33.7%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	3,567,086	6,076,623	4,653,496	(1,423,127)	-23.4%
Net Investment Income	8,502,509	7,661,140	8,835,694	1,174,554	15.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	274,432,587	257,310,469	277,827,105	20,516,636	8.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(6,594,374)	(6,596,631)	(5,787,658)	808,973	-12.3%
Total Transfers and Other	(6,594,374)	(6,596,631)	(5,787,658)	808,973	-12.3%
Budget Margin (Deficit)	(16,729,816)	(22,094,090)	(38,321,425)	(16,227,335)	73.4%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./.(Dec.) in Fair Value of Investments	(2,316,548)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	2,344,864	140,000	1,290,000	1,150,000	821.4%
Additions to Permanent Endowments	2,375,149	930,000	1,640,000	710,000	76.3%
Transfers for Debt Service - Principal	(17,441,000)	(17,859,000)	(14,438,000)	3,421,000	-19.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	34,877,559	59,309,942	59,131,110	(178,832)	-0.3%
SRECNP Change in Net Position	\$ 3,110,208	20,426,852	9,301,685	(11,125,167)	-54.5%
Total Revenues and AUF Transfers	\$ 568,850,618	534,358,778	594,534,161	60,175,383	11.3%
Total Expenses (Including Transfers for Interest)	(585,580,434)	(556,452,868)	(632,855,586)	(76,402,718)	13.7%
Budget Margin (Deficit)	\$ (16,729,816)	(22,094,090)	(38,321,425)	(16,227,335)	
Reconciliation to Use of Prior Year Balances					
Depreciation		49,759,894	55,495,525		
Capital Outlay		(8,190,000)	(8,710,000)		
Transfers for Debt Service - Principal		(17,859,000)	(14,438,000)		
Budgeted Transfers		107,278	96,838		
Net Additions to (Uses of) Prior Year Balances		1,724,082	(5,877,062)		

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

The University of Texas Rio Grande Valley
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 167,475,664	156,854,214	172,183,115	15,328,901	9.8%
Academic Support	56,697,501	56,295,330	61,460,059	5,164,729	9.2%
Research	42,745,259	43,419,480	52,505,496	9,086,016	20.9%
Public Service	14,273,273	17,453,361	17,669,959	216,598	1.2%
Hospitals and Clinics	35,787,006	34,475,425	45,358,911	10,883,486	31.6%
Institutional Support	41,888,809	42,369,019	40,604,390	(1,764,629)	-4.2%
Student Services	28,330,743	27,981,345	31,941,526	3,960,181	14.2%
Operations and Maintenance of Plant	36,037,609	34,119,832	35,662,329	1,542,497	4.5%
Scholarships and Fellowships	74,898,125	56,306,682	83,978,998	27,672,316	49.1%
Auxiliary Enterprises	28,541,245	30,821,655	30,207,620	(614,035)	-2.0%
Depreciation and Amortization	52,310,826	49,759,894	55,495,525	5,735,631	11.5%
Total Operating Expenses	\$ 578,986,060	549,856,237	627,067,928	77,211,691	14.0%

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 299,999,772	316,357,886	16,358,114	5.5%
Designated	176,595,238	196,368,093	19,772,855	11.2%
Auxiliary	35,040,340	31,919,696	(3,120,644)	-8.9%
Available University Fund	-	-	-	-
Restricted	135,063,274	178,179,086	43,115,812	31.9%
Unexpended Plant	512,250	250,000	(262,250)	-51.2%
Subtotal - Expenditures (All Funds)	647,210,874	723,074,761	75,863,887	11.7%
Reconciling Adjustments:				
Tuition Discounting	(114,468,900)	(122,566,700)	(8,097,800)	7.1%
Depreciation	49,759,894	55,495,525	5,735,631	11.5%
Capital Outlay	(8,190,000)	(8,710,000)	(520,000)	6.3%
Transfers for Debt Service - Principal	(17,859,000)	(14,438,000)	3,421,000	-19.2%
Total Expenses (Including Transfers for Interest)	\$ 556,452,868	632,855,586	76,402,718	13.7%

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



THE UNIVERSITY OF TEXAS
AT SAN ANTONIO



The University of Texas at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2021

Introduction - Major Goals Addressed by FY 2021 Budget

FY 2020 was the first year of the Incentivized Resource Management (IRM) budget model for The University of Texas at San Antonio. IRM provides an on-going activity-based framework to manage financial resources, particularly as colleges and divisions adjust and align expenses with anticipated revenues. While current events may influence the pace at which the University reaches the shared goals under this model, the creativity and entrepreneurial spirit is undaunted. The core principles allow for adapting budget planning as needed to focus on institutional priorities and core services. The transparency and growth of institutional knowledge on budget matters as part of the IRM implementation has proven invaluable when making decisions related to the COVID-19 pandemic. In the coming months and years, revenue growth and cost effectiveness will be key to success. These are incentivized in the IRM model. Colleges and divisions are encouraged to explore different paths to grow revenue or implement cost-effective efficiencies. To balance the budget for FY 2021 to the lower forecasted revenues and reduced appropriations, a budget reduction of 9 percent for academic colleges and 10 percent for all other division units was required. With the knowledge gained in developing and implementing the IRM model, divisions were able to reduce budgets from an “all-funds” approach, and thus all divisions were able to contribute to the financial health and position of the institution. The budget principles used for the FY 2021 budget process were new and unique due to the pandemic. First and foremost, the budget plan was created to ensure the University was able to advance the institution’s commitments to student success and critical research. Every decision was filtered through U. T. San Antonio’s mission, core values, identity, strategic plans, and destinations. The following principles shaped the overall budgetary planning and decisions: 1) Keeping the health and safety of faculty, staff, and students at the forefront; 2) Retaining jobs, maintaining current salaries/pay rates, and preserving employee benefits to the extent possible; 3) Advancing the continued, uninterrupted educational success of students; 4) Maintaining overall commitments to be a university focused on research excellence and graduate education; 5) Communicating the value and support of faculty and staff, and embracing a spirit of transparency; 6) Leading from a position of strength for the benefit of the city and students; and 7) Acknowledging that one size does not fit all. During the annual budget planning process, reviews were completed of available revenues, expenses, and projections for the coming year. This year, revenues were impacted by numerous uncertainties. It is unknown when students and the workforce will fully return to campus. Fall enrollment projections are widely varied, as are models for instruction, which range from fully on-campus to full online. The national economy has seen substantial disruption. Budget planning was influenced by the reality that the University experienced financial setbacks due to COVID-19 and more revenue losses are expected in the months to come. This is not unique to U. T. San Antonio or fellow institutions of higher education. As part of the University’s next steps, President Eighmy has planned for a new strategic planning exercise focused on the “new normal” that includes input from the various task forces created to see the University through the pandemic.

Revenue

The FY 2021 budget includes a revenue decrease of \$9.7 million in tuition that is offset by a \$4.7 million increase for fees as a result of fee increases approved prior to COVID-19. Discounts and allowances are increasing by \$1.6 million. Therefore, net tuition and fee decrease is estimated at \$6.6 million. This estimation is based on a projected 2.5 percent enrollment decline, a reduction of non-resident students, and an increase in student exemptions. State appropriations overall reflect an \$8.7 million decrease due to the 5 percent reduction by the State of Texas for FY 2020 and FY 2021. To avoid negative impacts to programs late in FY 2020, the University will take the majority of the reduction against FY 2021. Sponsored programs are projected to increase by \$4.9 million. State sponsored financial aid programs that include TEXAS grants and State work-study are increasing by \$400,000. The Federal Pell program is projected at a \$10 million increase. The Texas Research Incentive Program is declining by \$445,000. Gifts are projected down by \$2.3 million. Sales and services for both designated and auxiliary net a \$4.7 million decrease due to direct impacts from COVID-19 and the uncertainty of when students will return to campus.

Expenses

U. T. San Antonio determined that the pandemic’s financial impact necessitated budgeted expense reductions across all areas of the University, including some workforce reductions. Deans, vice-provosts, and vice presidents engaged in a deeply collaborative and transparent process to reduce expenditures by a target of almost \$35.8 million. Most of the reductions offset \$18.4 million in declines for tuition and fee revenue and state appropriations. The remaining reductions offset expenditure budget increases needed for FY 2021. These increases include keeping institutional financial aid hold harmless, as it typically declines as tuition revenues decline. Increases in utilities due to new buildings, annual rate/usage increases, and housekeeping cost increases required a \$1.3 million increase. The majority of budgeted expense reductions occurred in the workforce, which reduced approximately \$20 million from the unrestricted budget, affecting 243 filled staff positions and 137 vacant staff positions. In addition, 12 vacant tenure track faculty positions were eliminated and 69 non-tenure track faculty (equivalent to 34.5 full-time employees) will not be renewed for FY 2021. An increase in projected sponsored activity for compensation of \$19.4 million offset the unrestricted budget reductions. The University did not budget a merit increase for FY 2021. The result is a net overall increase in expenditures for the University of \$1.2 million.

The University of Texas at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 321,918,154	308,662,798	303,630,200	(5,032,598)	-1.6%
Less Discounts and Allowances	(103,013,809)	(91,962,584)	(93,518,100)	(1,555,516)	1.7%
Federal Sponsored Programs	47,528,156	59,658,973	62,374,144	2,715,171	4.6%
State Sponsored Programs	26,169,094	29,500,315	29,766,834	266,519	0.9%
Local and Private Sponsored Programs	7,316,236	10,824,570	11,733,229	908,659	8.4%
Net Sales and Services of Educational Activities	12,942,250	12,282,849	9,505,856	(2,776,993)	-22.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	33,685,760	43,538,720	41,833,700	(1,705,020)	-3.9%
Other Operating Revenues	3,377,746	757,500	1,887,500	1,130,000	149.2%
Total Operating Revenues	349,923,587	373,263,141	367,213,363	(6,049,778)	-1.6%
Operating Expenses:					
Compensation - Faculty	116,955,793	105,836,098	109,998,212	4,162,114	3.9%
Compensation - Non-Faculty	152,892,182	150,208,923	137,015,152	(13,193,771)	-8.8%
Wages	11,845,058	11,511,589	10,656,739	(854,850)	-7.4%
Benefits	77,124,839	77,931,647	85,930,261	7,998,614	10.3%
Personnel Costs	358,817,872	345,488,257	343,600,364	(1,887,893)	-0.5%
Utilities	13,451,000	13,861,749	14,432,547	570,798	4.1%
Scholarships and Fellowships	166,217,088	125,753,462	145,881,644	20,128,182	16.0%
Less Discounts and Allowances	(103,013,809)	(91,962,584)	(93,518,100)	(1,555,516)	1.7%
Operations, Maintenance and Travel	193,193,758	175,728,863	159,792,019	(15,936,844)	-9.1%
Less Capitalized Portion	(77,599,525)	(8,883,600)	(9,916,400)	(1,032,800)	11.6%
Depreciation and Amortization	49,450,276	49,438,534	51,530,114	2,091,580	4.2%
Total Operating Expenses	600,516,660	609,424,681	611,802,188	2,377,507	0.4%
Operating Surplus/Deficit	(250,593,073)	(236,161,540)	(244,588,825)	(8,427,285)	3.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	146,448,672	144,668,403	135,974,332	(8,694,071)	-6.0%
Federal Sponsored Programs (Nonoperating)	67,596,000	56,000,000	66,000,000	10,000,000	17.9%
State/Local Sponsored Programs (Nonoperating)	1,225,000	1,225,000	780,187	(444,813)	-36.3%
Gifts in Support of Operations	8,000,000	10,000,000	7,750,000	(2,250,000)	-22.5%
Net Investment Income	21,928,802	15,344,800	17,702,700	2,357,900	15.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	245,198,474	227,238,203	228,207,219	969,016	0.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(13,970,570)	(14,279,881)	(13,150,356)	1,129,525	-7.9%
Total Transfers and Other	(13,970,570)	(14,279,881)	(13,150,356)	1,129,525	-7.9%
Budget Margin (Deficit)	(19,365,169)	(23,203,218)	(29,531,962)	(6,328,744)	27.3%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./.(Dec.) in Fair Value of Investments	(2,242,179)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	500,000	1,101,000	500,000	(601,000)	-54.6%
Additions to Permanent Endowments	3,180,781	3,572,667	3,200,000	(372,667)	-10.4%
Transfers for Debt Service - Principal	(23,113,000)	(23,002,794)	(12,785,000)	10,217,794	-44.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	11,169,090	15,385,267	19,516,267	4,131,000	26.9%
SRECNP Change in Net Position	\$(29,870,477)	(26,147,078)	(19,100,695)	7,046,383	-26.9%
Total Revenues and AUF Transfers	\$ 595,122,061	600,501,344	595,420,582	(5,080,762)	-0.8%
Total Expenses (Including Transfers for Interest)	(614,487,230)	(623,704,562)	(624,952,544)	(1,247,982)	0.2%
Budget Margin (Deficit)	\$(19,365,169)	(23,203,218)	(29,531,962)	(6,328,744)	
Reconciliation to Use of Prior Year Balances					
Depreciation		49,438,534	51,530,114		
Capital Outlay		(8,883,600)	(9,916,400)		
Transfers for Debt Service - Principal		(23,002,794)	(12,785,000)		
Budgeted Transfers		257,317	703,248		
Net Additions to (Uses of) Prior Year Balances		(5,393,761)	-		

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

The University of Texas at San Antonio
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 166,043,035	134,322,184	145,191,380	10,869,196	8.1%
Academic Support	63,907,001	71,969,591	79,958,188	7,988,597	11.1%
Research	75,602,159	108,919,728	103,447,524	(5,472,204)	-5.0%
Public Service	18,507,005	19,569,829	13,756,684	(5,813,145)	-29.7%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	45,014,434	54,955,949	49,240,449	(5,715,500)	-10.4%
Student Services	31,530,185	31,101,013	27,753,098	(3,347,915)	-10.8%
Operations and Maintenance of Plant	40,990,441	42,949,214	42,193,372	(755,842)	-1.8%
Scholarships and Fellowships	52,538,558	41,030,204	50,066,382	9,036,178	22.0%
Auxiliary Enterprises	56,933,566	55,168,435	48,664,997	(6,503,438)	-11.8%
Depreciation and Amortization	49,450,276	49,438,534	51,530,114	2,091,580	4.2%
Total Operating Expenses	\$ 600,516,660	609,424,681	611,802,188	2,377,507	0.4%

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 294,736,082	276,437,475	(18,298,607)	-6.2%
Designated	176,908,321	186,892,257	9,983,936	5.6%
Auxiliary	79,886,103	66,169,622	(13,716,481)	-17.2%
Available University Fund	-	-	-	-
Restricted	142,007,500	155,565,576	13,558,076	9.5%
Unexpended Plant	4,577,000	4,577,000	-	0.0%
Subtotal - Expenditures (All Funds)	698,115,006	689,641,930	(8,473,076)	-1.2%
Reconciling Adjustments:				
Tuition Discounting	(91,962,584)	(93,518,100)	(1,555,516)	1.7%
Depreciation	49,438,534	51,530,114	2,091,580	4.2%
Capital Outlay	(8,883,600)	(9,916,400)	(1,032,800)	11.6%
Transfers for Debt Service - Principal	(23,002,794)	(12,785,000)	10,217,794	-44.4%
Total Expenses (Including Transfers for Interest)	\$ 623,704,562	624,952,544	1,247,982	0.2%

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



THE UNIVERSITY OF TEXAS
AT TYLER



The University of Texas at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2021

Introduction - Major Goals Addressed by FY 2021 Budget

The FY 2021 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. Despite the challenges of the COVID-19 pandemic and the resultant economic uncertainty, including a 5 percent General Revenue reduction, the FY 2021 budget continues to support an investment in the University's highest priority strategic initiatives.

U. T. Tyler's overall scorecard rating held steady at Aa3 for FY 2019. Operating Revenues for U. T. Tyler have been trending upward mainly due to increases in Investment, gift, and sponsored program income, along with a slight increase in tuition and fees. The Operating Margin decreased from FY 2018 to FY 2019 due to lower than anticipated enrollment and increases in student scholarship and fellowship support programs as well as an increase in depreciation related to the completion of the Soules College of Business. Spendable cash and investments to operating expenses has remained steady year over year, while spendable cash and investments to total debt has increased slightly.

Revenue

U. T. Tyler's FY 2021 revenue budget totals \$159.1 million and reflects a slight (\$1.4 million or less than 1.0 percent) total operating revenue decline over FY 2020. An approximately \$2.1 million (2.6 percent) increase in gross tuition (\$1.7 million) and selected mandatory fees (\$0.4 million) is the result of a modest increase in rates. Overall, FY 2021 enrollment is projected to be flat. However, the Fisch College of Pharmacy self-funded program is projecting a 12.8 percent decrease in enrollment, aligning with national trends.

The proposed operating budget reflects an overall \$2.6 million reduction in State-appropriated General Revenue in accordance with the State's 5 percent biennial budget reduction. A \$2.6 million decline in program revenue (19.9 percent) is attributed in part to a \$1.4 million (12.6 percent) decline in Pharmacy revenue. Additionally, two self-funded programs were eliminated in FY 2020. U. T. Tyler's involvement in Project Lead the Way, a secondary school training program, concluded in FY 2020 resulting a \$0.9 million reduction to the FY 2021 budget. Declining enrollments in the Executive Healthcare Administration program led to its elimination and a \$0.3 million budget reduction. Even with the anticipated revenue reduction to the Pharmacy program, the program continues to contribute to supporting campus overhead costs.

The \$1.2 million decrease in net auxiliary enterprises reflects an expected reduction in student housing revenue (\$1 million or 13.0 percent), meal plan commission (\$0.1 million or 17 percent), and parking permit sales (\$0.1 million or 11.8 percent) due to expected shortened Fall and Spring semester lengths. An increase of gifts in support of operations (\$3.7 million or 288 percent) reflects an aggressive plan initiated in FY 2020 to increase philanthropic support over the next five years.

Expenses

Total expenses, including transfers for interest, are budgeted at \$169.3 million, a slight net decrease (\$1.2 million or less than 1.0 percent) from the prior year. The budget reflects a reduction in expenditures related to the 5 percent General Revenue reduction (\$2.6 million) and the University's internal overall 4 percent budget reinvestment (\$2.5 million). These reductions are centered in a hiring freeze on targeted vacant positions (\$4.1 million) as well as reduced travel and other operating expenses (\$1 million).

The FY 2021 budget includes \$4.5 million in new investments centered in the University's highest strategic priorities: student engagement and student success. A total of \$2.4 million has been allocated in support of student scholarships: the third Presidential Fellows merit scholarship cohort (\$1.3 million), the second year of athletic scholarship awards (\$0.4 million) in accordance with National Collegiate Athletic Association Division II rules, and an addition of a new need-based gap scholarship (\$0.7 million). An additional \$1.4 million has been invested in new faculty lines in support of new and growing academic programs and \$0.8 million has been invested in student support roles. There will be no faculty/staff merit program in FY 2021, only a modest amount (\$0.2 million) has been set aside for the faculty tenure and promotion program. An additional \$0.5 million has been set aside to accommodate increased operating expenses related to the COVID-19 response, including off-campus space for student quarantine, increased classroom cleaning, and additional protective equipment. All efforts will be made to utilize fully any external funding sources available to offset COVID-19 expenditures.

The University of Texas at Tyler
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 78,934,696	81,750,820	83,854,885	2,104,065	2.6%
Less Discounts and Allowances	(22,552,406)	(23,357,000)	(23,898,642)	(541,642)	2.3%
Federal Sponsored Programs	4,471,154	2,721,157	2,721,157	-	0.0%
State Sponsored Programs	9,317,024	11,360,341	11,644,856	284,515	2.5%
Local and Private Sponsored Programs	1,330,764	824,248	824,248	-	0.0%
Net Sales and Services of Educational Activities	11,411,941	12,980,452	10,397,024	(2,583,428)	-19.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	9,150,000	10,634,254	9,430,019	(1,204,235)	-11.3%
Other Operating Revenues	282,573	36,794	36,794	-	0.0%
Total Operating Revenues	92,345,746	96,951,066	95,010,341	(1,940,725)	-2.0%
Operating Expenses:					
Compensation - Faculty	37,264,695	37,474,992	37,343,677	(131,315)	-0.4%
Compensation - Non-Faculty	30,903,635	33,209,459	31,341,829	(1,867,630)	-5.6%
Wages	4,427,219	2,553,704	2,537,073	(16,631)	-0.7%
Benefits	21,396,858	23,470,698	21,504,090	(1,966,608)	-8.4%
Personnel Costs	93,992,407	96,708,853	92,726,669	(3,982,184)	-4.1%
Utilities	2,419,397	3,565,369	2,896,999	(668,370)	-18.7%
Scholarships and Fellowships	31,987,753	32,178,619	34,905,527	2,726,908	8.5%
Less Discounts and Allowances	(22,552,406)	(23,357,000)	(23,898,642)	(541,642)	2.3%
Operations, Maintenance and Travel	36,253,040	38,309,533	40,162,689	1,853,156	4.8%
Less Capitalized Portion	(300,000)	(570,150)	(405,000)	165,150	-29.0%
Depreciation and Amortization	17,099,123	17,399,059	17,099,123	(299,936)	-1.7%
Total Operating Expenses	158,899,314	164,234,283	163,487,365	(746,918)	-0.5%
Operating Surplus/Deficit	(66,553,568)	(67,283,217)	(68,477,024)	(1,193,807)	1.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	43,107,083	43,107,083	40,473,133	(2,633,950)	-6.1%
Federal Sponsored Programs (Nonoperating)	11,646,594	12,120,752	12,120,752	-	0.0%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	2,486,767	1,287,015	5,000,000	3,712,985	288.5%
Net Investment Income	6,790,340	7,026,698	6,521,823	(504,875)	-7.2%
Other Non-Operating Revenue	553,000	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	64,583,784	63,541,548	64,115,708	574,160	0.9%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(6,314,547)	(6,314,547)	(5,859,438)	455,109	-7.2%
Total Transfers and Other	(6,314,547)	(6,314,547)	(5,859,438)	455,109	-7.2%
Budget Margin (Deficit)	(8,284,331)	(10,056,216)	(10,220,754)	(164,538)	1.6%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./ (Dec.) in Fair Value of Investments	250,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	10,000	10,000	3,500,000	3,490,000	34900.0%
Additions to Permanent Endowments	1,000,000	1,400,000	1,500,000	100,000	7.1%
Transfers for Debt Service - Principal	(9,544,000)	(9,544,000)	(7,118,000)	2,426,000	-25.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	1,500,000	1,220,897	1,300,000	79,103	6.5%
SRECNP Change in Net Position	\$ (15,068,331)	(16,969,319)	(11,038,754)	5,930,565	-34.9%
Total Revenues and AUF Transfers	\$ 156,929,530	160,492,614	159,126,049	(1,366,565)	-0.9%
Total Expenses (Including Transfers for Interest)	(165,213,861)	(170,548,830)	(169,346,803)	1,202,027	-0.7%
Budget Margin (Deficit)	\$ (8,284,331)	(10,056,216)	(10,220,754)	(164,538)	
Reconciliation to Use of Prior Year Balances					
Depreciation		17,399,059	17,099,123		
Capital Outlay		(570,150)	(405,000)		
Transfers for Debt Service - Principal		(9,544,000)	(7,118,000)		
Budgeted Transfers		(162,736)	(131,274)		
Net Additions to (Uses of) Prior Year Balances		(2,934,043)	(775,905)		

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

The University of Texas at Tyler
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 58,656,830	61,578,405	62,622,617	1,044,212	1.7%
Academic Support	17,799,501	19,187,784	19,557,959	370,175	1.9%
Research	2,149,800	1,319,264	1,360,783	41,519	3.1%
Public Service	619,084	652,658	716,022	63,364	9.7%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	12,393,329	16,375,203	13,539,007	(2,836,196)	-17.3%
Student Services	14,193,497	13,069,332	11,982,417	(1,086,915)	-8.3%
Operations and Maintenance of Plant	12,683,598	11,088,730	9,967,734	(1,120,996)	-10.1%
Scholarships and Fellowships	9,496,310	9,286,709	11,477,593	2,190,884	23.6%
Auxiliary Enterprises	13,808,242	14,277,139	15,164,110	886,971	6.2%
Depreciation and Amortization	17,099,123	17,399,059	17,099,123	(299,936)	-1.7%
Total Operating Expenses	\$ 158,899,314	164,234,283	163,487,365	(746,918)	-0.5%

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 58,500,067	56,150,632	(2,349,435)	-4.0%
Designated	88,876,498	85,824,684	(3,051,814)	-3.4%
Auxiliary	18,747,346	17,606,993	(1,140,353)	-6.1%
Available University Fund	-	-	-	-
Restricted	20,462,203	24,087,013	3,624,810	17.7%
Unexpended Plant	34,807	-	(34,807)	-100.0%
Subtotal - Expenditures (All Funds)	186,620,921	183,669,322	(2,951,599)	-1.6%
Reconciling Adjustments:				
Tuition Discounting	(23,357,000)	(23,898,642)	(541,642)	2.3%
Depreciation	17,399,059	17,099,123	(299,936)	-1.7%
Capital Outlay	(570,150)	(405,000)	165,150	-29.0%
Transfers for Debt Service - Principal	(9,544,000)	(7,118,000)	2,426,000	-25.4%
Total Expenses (Including Transfers for Interest)	\$ 170,548,830	169,346,803	(1,202,027)	-0.7%

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



THE UNIVERSITY OF TEXAS
SOUTHWESTERN MEDICAL CENTER



The University of Texas Southwestern Medical Center
Operating Budget Highlights
For the Year Ending August 31, 2021

Introduction - Major Goals Addressed by FY 2021 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 individuals to achieve their full potential in the community, Texas and beyond. This is accomplished through innovation and education, training physicians, scientists and other providers 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. Strategic positioning and programmatic investments are designed to sustain a trajectory of excellence and targeted growth in all these mission areas.

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 of 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 began construction of a new brain institute and cancer center facility in FY 2019. This expansion also provides the Simmons Comprehensive Cancer Center with the ability to meet increasing patient demands while pursuing the mission of state-of-the-art cancer treatment.

In addition to 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 the fall of 2020, the University will open a 292-bed third tower expansion of Clements University Hospital that will provide additional inpatient capacity. The Institution received Board of Regents approval in FY 2019 to expand the Radiation Oncology facility that originally opened in April 2017. A key driver of clinical growth is Southwestern Health Resources, a 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 cost reductions. The Institution has further leveraged the relationship with THR to jointly develop a hospital and medical office building campus that opened in FY 2020 in the rapidly expanding Frisco, Texas market. Additionally, U. T. Southwestern Medical Center's clinical enterprise recently underwent a comprehensive strategic planning process to optimize the clinical network, further develop destination service lines, enhance value, quality, and patient experience, and leverage outstanding research capabilities in the clinical setting.

University leadership remains focused on placing industry leaders in key executive, department chair, and center director positions. Following national searches, several key positions have been filled with individuals who are prominent leaders in their fields. The most recent appointments include Thomas J. Wang, M.D., Chair of the Department of Internal Medicine and Elan D. Louis, M.D., M.S., Chair of the Department of Neurology and Neurotherapeutics.

Revenue

The FY 2021 revenue budget of \$3.69 billion represents a 7.5 percent increase over the FY 2020 projection, primarily driven by recovery from the COVID-19 pandemic coupled with continued strong patient care volumes for university hospitals and clinics, and growth in professional fees from the faculty practice plan.

Expenses

While the budget assumes a gradual return to full capacity in all missions from the reduced levels of activity dictated by the COVID-19 pandemic, U. T. Southwestern Medical Center continues to identify mitigating cost savings measures, including the difficult decision to forego an annual merit plan, to be able to adjust to an uncertain future. The expenditure budget for FY 2021 is \$3.66 billion. Expense growth related to university hospitals, clinical operations, and instruction are proportional to revenue growth for the upcoming fiscal year and include expenditures for the third tower of Clements University Hospital opening in late 2020. 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, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 27,975,564	28,791,715	28,658,133	(133,582)	-0.5%
Less Discounts and Allowances	(1,250,000)	(1,127,204)	(1,250,000)	(122,796)	10.9%
Federal Sponsored Programs	233,203,884	195,773,165	239,368,778	43,595,613	22.3%
State Sponsored Programs	47,259,248	44,962,124	43,714,999	(1,247,125)	-2.8%
Local and Private Sponsored Programs	398,763,347	326,745,716	395,297,070	68,551,354	21.0%
Net Sales and Services of Educational Activities	9,491,560	8,029,567	10,883,241	2,853,674	35.5%
Net Sales and Services of Hospital and Clinics	1,471,883,919	1,505,990,291	1,651,701,011	145,710,720	9.7%
Net Professional Fees	627,063,755	712,436,747	763,021,207	50,584,460	7.1%
Net Auxiliary Enterprises	27,132,931	29,276,581	29,498,454	221,873	0.8%
Other Operating Revenues	166,267,833	131,562,997	128,317,462	(3,245,535)	-2.5%
Total Operating Revenues	3,007,792,041	2,982,441,699	3,289,210,355	306,768,656	10.3%
Operating Expenses:					
Compensation - Faculty	719,002,628	667,568,663	762,642,924	95,074,261	14.2%
Compensation - Non-Faculty	1,033,994,219	956,185,437	1,123,239,801	167,054,364	17.5%
Wages	31,459,204	26,997,129	33,884,756	6,887,627	25.5%
Benefits	470,850,324	419,710,818	461,298,842	41,588,024	9.9%
Personnel Costs	2,255,306,375	2,070,462,047	2,381,066,323	310,604,276	15.0%
Utilities	23,249,407	24,209,033	25,409,637	1,200,604	5.0%
Scholarships and Fellowships	6,763,720	4,820,487	3,500,000	(1,320,487)	-27.4%
Less Discounts and Allowances	(1,250,000)	(1,127,204)	(1,250,000)	(122,796)	10.9%
Operations, Maintenance and Travel	1,106,576,262	1,080,634,523	1,067,270,180	(13,364,343)	-1.2%
Less Capitalized Portion	(73,373,672)	(90,882,249)	(60,993,947)	29,888,302	-32.9%
Depreciation and Amortization	183,646,950	184,966,495	195,000,000	10,033,505	5.4%
Total Operating Expenses	3,500,919,042	3,273,083,132	3,610,002,193	336,919,061	10.3%
Operating Surplus/Deficit	(493,127,001)	(290,641,433)	(320,791,838)	(30,150,405)	10.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	201,063,160	202,020,971	202,629,186	608,215	0.3%
Federal Sponsored Programs (Nonoperating)	34,607,967	-	-	-	-
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	55,933,440	60,000,000	63,000,000	3,000,000	5.0%
Net Investment Income	130,310,658	118,779,742	136,818,138	18,038,396	15.2%
Other Non-Operating Revenue	253,047	40,572	29,166	(11,406)	-28.1%
Other Non-Operating (Expenses)	(1,745,380)	(7,500,000)	(291,165)	7,208,835	-96.1%
Net Non-Operating Revenue/(Expenses)	420,422,892	373,341,285	402,185,325	28,844,040	7.7%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(43,573,848)	(48,070,404)	(48,490,832)	(420,428)	0.9%
Total Transfers and Other	(43,573,848)	(48,070,404)	(48,490,832)	(420,428)	0.9%
Budget Margin (Deficit)	(116,277,957)	34,629,448	32,902,655	(1,726,793)	-5.0%
Reconciliation to Change in Net Position:					
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	3,250,000	6,000,000	6,000,000	-	0.0%
Additions to Permanent Endowments	10,150,000	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(67,514,001)	(71,287,250)	(14,815,000)	56,472,250	-79.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	60,572,459	228,000,000	185,000,000	(43,000,000)	-18.9%
SRECNP Change in Net Position	\$(109,819,499)	207,342,198	219,087,655	11,745,457	5.7%
Total Revenues and AUF Transfers	\$ 3,429,960,313	3,363,282,984	3,691,686,845	328,403,861	9.8%
Total Expenses (Including Transfers for Interest)	(3,546,238,270)	(3,328,653,536)	(3,658,784,190)	(330,130,654)	9.9%
Budget Margin (Deficit)	\$(116,277,957)	34,629,448	32,902,655	(1,726,793)	
Reconciliation to Use of Prior Year Balances					
Depreciation		184,966,495	195,000,000		
Capital Outlay		(90,882,249)	(60,993,947)		
Transfers for Debt Service - Principal		(71,287,250)	(14,815,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		57,426,444	152,093,708		

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

The University of Texas Southwestern Medical Center
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 1,091,369,731	1,029,185,555	1,121,887,876	92,702,321	9.0%
Academic Support	69,142,800	24,464,307	63,790,179	39,325,872	160.7%
Research	393,147,583	372,184,525	379,601,756	7,417,231	2.0%
Public Service	29,816,933	33,102,723	33,439,479	336,756	1.0%
Hospitals and Clinics	1,519,271,226	1,437,345,890	1,593,884,523	156,538,633	10.9%
Institutional Support	85,082,303	75,089,155	91,871,083	16,781,928	22.3%
Student Services	5,814,011	4,038,341	6,241,274	2,202,933	54.6%
Operations and Maintenance of Plant	83,322,538	80,971,520	84,988,258	4,016,738	5.0%
Scholarships and Fellowships	9,161,134	3,750,009	5,150,221	1,400,212	37.3%
Auxiliary Enterprises	31,143,833	27,984,612	34,147,544	6,162,932	22.0%
Depreciation and Amortization	183,646,950	184,966,495	195,000,000	10,033,505	5.4%
Total Operating Expenses	\$ 3,500,919,042	3,273,083,132	3,610,002,193	336,919,061	10.3%

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 209,567,110	218,377,981	8,810,871	4.2%
Designated	2,664,380,550	2,892,751,842	228,371,292	8.6%
Auxiliary	37,974,411	37,623,297	(351,114)	-0.9%
Available University Fund	-	-	-	-
Restricted	324,023,596	362,090,017	38,066,421	11.7%
Unexpended Plant	71,038,077	30,000,000	(41,038,077)	-57.8%
Subtotal - Expenditures (All Funds)	3,306,983,744	3,540,843,137	233,859,393	7.1%
Reconciling Adjustments:				
Tuition Discounting	(1,127,204)	(1,250,000)	(122,796)	10.9%
Depreciation	184,966,495	195,000,000	10,033,505	5.4%
Capital Outlay	(90,882,249)	(60,993,947)	29,888,302	-32.9%
Transfers for Debt Service - Principal	(71,287,250)	(14,815,000)	56,472,250	-79.2%
Total Expenses (Including Transfers for Interest)	\$ 3,328,653,536	3,658,784,190	330,130,654	9.9%

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



THE UNIVERSITY OF TEXAS
MEDICAL BRANCH
AT GALVESTON



**The University of Texas Medical Branch at Galveston
Operating Budget Highlights
For the Year Ending August 31, 2021**

Introduction - Major Goals Addressed by FY 2021 Budget

The FY 2021 operating budget of The University of Texas Medical Branch at Galveston allocates resources to ensure continued support for the University's mission, which is 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. U. T. Medical Branch - Galveston's strategic plan serves as the blueprint for the University's annual scope of work, and includes detailed goals and actions, timelines, and leader assignments. In general, the strategic plan focuses on four broad areas of achievement related to people, value, strategic growth, and management and resources. The FY 2021 budget represents the University's proposed financial plan for the upcoming fiscal year; however, the short and long-term financial implications that the COVID-19 pandemic will have on the University's hospital and clinic operations remain largely unknown.

Addressing "people" as an area of focus, the FY 2021 operating budget attempts to consider the impact to faculty, staff, students, and patients due to potential revenue losses associated with COVID-19. It is clear that the University will need to streamline expenses to align with fluctuations in revenue, which will require close and careful management throughout the year.

Regarding strategies related to "value," U. T. Medical Branch - Galveston intends to streamline systems, improve outcomes, and deliver the best health care and patient support services in FY 2021. Nationally, clinical reimbursement from commercial and governmental payors is expected to remain essentially flat or even decline; therefore, the University will continue to identify and capitalize upon strategies to enhance revenues and reduce expenses so as to meet its budget and maintain an appropriate margin.

Advancing the work of U. T. Medical Branch - Galveston as a "High-Value Practicing Organization" through the Best Care initiative, the University will continue to promote evidence-based, high-value approaches to avoid unnecessary expenses. This work includes reducing variations in clinical care such as: antibiotic management, blood product usage, opioid stewardship, length of stay, and supply, device, lab, and imaging utilization.

The University's "growth" strategies in FY 2021 call for strengthening its competitive position in key markets such as League City, Clear Lake, the Bay Area, and the region of Southeast Texas. Clinical strategic priorities for those markets include: Primary Care, Orthopedics, Gastroenterology, Cardiology, Women's and Children's services, and Neurosciences as well as the expansion of digital health. Growth initiatives also include increasing utilization of University hospitals and clinics in League City, Clear Lake, and throughout the Bay Area. The University also plans to leverage those assets to advance its educational and research missions. The FY 2021 budget also considers growth opportunities within its established partnerships with The University of Texas M. D. Anderson Cancer Center, The University of Texas Health Science Center at Houston, and the Memorial Hermann Health System. U. T. Medical Branch - Galveston will continue to advance its research strategic plan to ensure maximum utilization of Biosafety level 4 (BSL4) and Galveston National Laboratory resources. The University will also continue to play a leadership role in developing therapeutics and vaccines to mitigate or eradicate the COVID-19 disease. To that end, U. T. Medical Branch - Galveston was among the first in the state to provide mass testing for the disease with prompt reporting capabilities; at this time, the University has provided testing to patients in approximately two-thirds of the counties across Texas.

Regarding strategies related to "resources," the FY 2021 operating budget requires significant efficiency gains across all areas. The University will optimize its existing forecasting, decision support, and financial management infrastructure, backed by measurable action plans, to achieve the planned financial results for FY 2021 and future years.

Revenue

Total budgeted operating revenue for FY 2021 reflects a decrease of \$71.0 million (3.5 percent) from the FY 2020 budget, primarily related to the fluid state of healthcare services in response to COVID-19.

Expenses

Total budgeted operating expenses for FY 2021 reflect a decrease of \$100.2 million (4.1 percent) from the prior year, primarily attributable to efficient management of variable expenses. Increases in depreciation expense are related to the League City Campus expansion and substantial completion of the John Sealy Hospital modernization.

The University of Texas Medical Branch at Galveston
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 49,497,895	47,037,063	52,706,468	5,669,405	12.1%
Less Discounts and Allowances	(3,882,018)	(1,532,906)	(4,133,660)	(2,600,754)	169.7%
Federal Sponsored Programs	125,637,583	125,692,546	123,054,542	(2,638,004)	-2.1%
State Sponsored Programs	11,759,476	11,764,620	11,630,025	(134,595)	-1.1%
Local and Private Sponsored Programs	64,574,639	64,602,888	63,863,789	(739,099)	-1.1%
Net Sales and Services of Educational Activities	14,403,387	14,409,688	14,244,832	(164,856)	-1.1%
Net Sales and Services of Hospital and Clinics	1,298,697,198	1,443,184,779	1,382,268,646	(60,916,133)	-4.2%
Net Professional Fees	203,661,962	231,120,297	219,350,010	(11,770,287)	-5.1%
Net Auxiliary Enterprises	15,951,720	13,709,881	16,821,330	3,111,449	22.7%
Other Operating Revenues	92,690,255	53,199,180	52,389,419	(809,761)	-1.5%
Total Operating Revenues	1,872,992,097	2,003,188,036	1,932,195,401	(70,992,635)	-3.5%
Operating Expenses:					
Compensation - Faculty	198,501,914	199,562,879	199,562,879	-	0.0%
Compensation - Non-Faculty	831,981,414	856,238,420	794,533,447	(61,704,973)	-7.2%
Wages	101,573,308	86,148,419	103,053,009	16,904,590	19.6%
Benefits	315,762,515	364,879,094	298,939,775	(65,939,319)	-18.1%
Personnel Costs	1,447,819,151	1,506,828,812	1,396,089,110	(110,739,702)	-7.3%
Utilities	35,552,809	32,019,482	34,540,236	2,520,754	7.9%
Scholarships and Fellowships	9,723,627	6,323,525	10,930,565	4,607,040	72.9%
Less Discounts and Allowances	(3,882,018)	(1,532,906)	(4,133,660)	(2,600,754)	169.7%
Operations, Maintenance and Travel	751,337,281	794,041,838	780,274,557	(13,767,281)	-1.7%
Less Capitalized Portion	(57,029,282)	(107,512,291)	(90,429,318)	17,082,973	-15.9%
Depreciation and Amortization	194,600,114	201,323,474	203,992,172	2,668,698	1.3%
Total Operating Expenses	2,378,121,682	2,431,491,934	2,331,263,662	(100,228,272)	-4.1%
Operating Surplus/Deficit	(505,129,585)	(428,303,898)	(399,068,261)	29,235,637	-6.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	384,298,285	380,513,162	383,862,638	3,349,476	0.9%
Federal Sponsored Programs (Nonoperating)	1,004,954	1,004,954	1,200,000	195,046	19.4%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	10,299,337	6,967,744	7,995,668	1,027,924	14.8%
Net Investment Income	63,090,446	63,910,461	58,420,677	(5,489,784)	-8.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	458,693,022	452,396,321	451,478,983	(917,338)	-0.2%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(32,124,249)	(33,799,922)	(33,704,722)	95,200	-0.3%
Total Transfers and Other	(32,124,249)	(33,799,922)	(33,704,722)	95,200	-0.3%
Budget Margin (Deficit)	(78,560,812)	(9,707,499)	18,706,000	28,413,499	-292.7%
Reconciliation to Change in Net Position:					
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	37,625,840	49,412,715	37,339,156	(12,073,559)	-24.4%
Additions to Permanent Endowments	4,863,412	2,934,000	3,967,000	1,033,000	35.2%
Transfers for Debt Service - Principal	(67,411,000)	(61,405,000)	(15,606,000)	45,799,000	-74.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	202,044,547	207,277,618	63,339,723	(143,937,895)	-69.4%
SRECNP Change in Net Position	\$ 98,561,987	188,511,834	107,745,879	(80,765,955)	-42.8%
Total Revenues and AUF Transfers	\$ 2,331,685,119	2,455,584,357	2,383,674,384	(71,909,973)	-2.9%
Total Expenses (Including Transfers for Interest)	(2,410,245,931)	(2,465,291,856)	(2,364,968,384)	100,323,472	-4.1%
Budget Margin (Deficit)	\$ (78,560,812)	(9,707,499)	18,706,000	28,413,499	
Reconciliation to Use of Prior Year Balances					
Depreciation		201,323,474	203,992,172		
Capital Outlay		(107,512,291)	(90,429,318)		
Transfers for Debt Service - Principal		(61,405,000)	(15,606,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		22,698,684	116,662,854		

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

The University of Texas Medical Branch at Galveston
Operating Budget - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 362,179,337	370,130,313	354,389,099	(15,741,214)	-4.3%
Academic Support	45,355,284	43,025,701	44,379,722	1,354,021	3.1%
Research	112,750,269	108,024,534	110,325,085	2,300,551	2.1%
Public Service	13,038,557	13,357,200	12,758,106	(599,094)	-4.5%
Hospitals and Clinics	1,489,450,853	1,529,899,417	1,457,413,752	(72,485,665)	-4.7%
Institutional Support	72,477,959	79,177,459	70,919,006	(8,258,453)	-10.4%
Student Services	6,646,079	7,372,489	6,503,126	(869,363)	-11.8%
Operations and Maintenance of Plant	44,977,240	60,461,082	44,009,809	(16,451,273)	-27.2%
Scholarships and Fellowships	10,997,274	5,657,842	10,760,732	5,102,890	90.2%
Auxiliary Enterprises	16,256,658	13,062,423	15,813,053	2,750,630	21.1%
Depreciation and Amortization	203,992,172	201,323,474	203,992,172	2,668,698	1.3%
Total Operating Expenses	\$ <u>2,378,121,682</u>	<u>2,431,491,934</u>	<u>2,331,263,662</u>	<u>(100,228,272)</u>	<u>-4.1%</u>

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 967,620,654	820,865,091	(146,755,563)	-15.2%
Designated	1,191,302,203	1,192,131,210	829,007	0.1%
Auxiliary	14,565,193	16,412,542	1,847,349	12.7%
Available University Fund	-	-	-	-
Restricted	161,706,311	159,034,767	(2,671,544)	-1.7%
Unexpended Plant	99,224,218	82,701,580	(16,522,638)	-16.7%
Subtotal - Expenditures (All Funds)	2,434,418,579	2,271,145,190	(163,273,389)	-6.7%
Reconciling Adjustments:				
Tuition Discounting	(1,532,906)	(4,133,660)	(2,600,754)	169.7%
Depreciation	201,323,474	203,992,172	2,668,698	1.3%
Capital Outlay	(107,512,291)	(90,429,318)	17,082,973	-15.9%
Transfers for Debt Service - Principal	(61,405,000)	(15,606,000)	45,799,000	-74.6%
Total Expenses (Including Transfers for Interest)	\$ <u>2,465,291,856</u>	<u>2,364,968,384</u>	<u>(100,323,472)</u>	<u>-4.1%</u>

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



**THE UNIVERSITY OF TEXAS
HEALTH SCIENCE CENTER
AT HOUSTON**



The University of Texas Health Science Center at Houston
Operating Budget Highlights
For the Year Ending August 31, 2021

Introduction - Major Goals Addressed by FY 2021 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, and the John P. and Kathrine G. McGovern Medical School. 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.

The Institution continues the strategy of clinical expansion through key recruitments and acquisitions as a means to support the academic and research mission in FY 2021. Much of the limited budget growth is funded by the additional support of primary hospital partners, Memorial Hermann Healthcare System (MHHS), and the Harris County Hospital District (Harris Health), as well as physician-generated revenue. The FY 2021 budget continues to include the 1115 Waiver's Uncompensated Care and Delivery System Reform Incentive Payment initiatives and the Network Access Improvement Program, which remain critical funding sources of the Institution's programs designed to provide quality clinical care to the underserved throughout Greater Houston.

The FY 2021 budget takes into consideration an ever-evolving education, research, and clinical landscape due to the COVID-19 pandemic and criteria set at the local, state, and federal levels designed to address this crisis. The U. T. Health Science Center - Houston plans to continue offering online instruction, staffing research labs in a manner to allow appropriate social distancing, and expanding telehealth opportunities in FY 2021. In addition, given the successful shift to remote staffing of many administrative activities, the Institution will be reviewing space requirements with a goal of reducing lease space and maximizing the effectiveness of owned facilities. The financial challenge presented by the pandemic in the current year is also driving clinic consolidation, creating expense savings through economies of scale.

U. T. Health Science Center - Houston will continue to enhance information technology infrastructure and facilities in FY 2021. The Institution is currently implementing Epic with a May 2021 targeted go live. This major software project will replace the Institution's current electronic health record and revenue cycle systems and will enhance the patient experience, all while bringing consistency to clinic operations and providing additional opportunities for improvement in revenue cycle management. Administratively, the Institution will be implementing Coupa, the market leader in procure-to-pay software, intended to drive supply chain savings through increased electronic catalogue procurement.

The Institution, along with the Texas Department of Health and Human Services Commission (HHSC), broke ground in late FY 2019 on construction of a \$125.0 million Continuum of Care Campus that will be funded by the state, owned by HHSC, and operated by HCPC physicians and staff. It will include short- and long-term care options, residential treatment, and add 240 beds to HCPC's existing 274 beds to create the largest academic psychiatric hospital in the country. The facility is scheduled to open in late FY 2021.

Revenue

The FY 2021 \$1.9 billion revenue budget includes an increase of \$72.7 million, or 4.0 percent, in total operating and non-operating revenues over the FY 2020 budget. This is driven by MHHS and Harris Health contract increases of approximately \$56.6 million, and an additional \$15.2 million in physician practice plan increased net professional fees associated with acquisitions and recruitment efforts, increased faculty productivity, and revenue cycle optimization.

Expenses

The FY 2021 operating expense budget is projecting a total increase of \$74.3 million or 4.1 percent. Compensation for both faculty and non-faculty positions, and the associated benefits, tied to enhanced clinical activities and the transition of Insperity staff positions onto the U. T. Health Science Center - Houston payroll are the main drivers of the increase. It should also be noted that depreciation expense is on the rise and will continue to increase as facilities are improved, information technology infrastructure is implemented, and new buildings come online.

The University of Texas Health Science Center at Houston
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 62,925,822	61,326,338	62,012,920	686,582	1.1%
Less Discounts and Allowances	(1,614,809)	(1,264,972)	(1,450,000)	(185,028)	14.6%
Federal Sponsored Programs	161,269,862	173,648,338	173,152,964	(495,374)	-0.3%
State Sponsored Programs	24,309,371	33,675,116	33,191,582	(483,534)	-1.4%
Local and Private Sponsored Programs	649,485,520	613,912,182	677,866,326	63,954,144	10.4%
Net Sales and Services of Educational Activities	38,678,384	23,783,726	23,003,028	(780,698)	-3.3%
Net Sales and Services of Hospital and Clinics	82,004,577	82,101,855	83,305,790	1,203,935	1.5%
Net Professional Fees	409,190,875	426,407,181	439,415,543	13,008,362	3.1%
Net Auxiliary Enterprises	29,234,607	32,886,634	31,367,430	(1,519,204)	-4.6%
Other Operating Revenues	48,146,544	58,644,954	55,714,526	(2,930,428)	-5.0%
Total Operating Revenues	1,503,630,753	1,505,121,352	1,577,580,109	72,458,757	4.8%
Operating Expenses:					
Compensation - Faculty	534,088,055	531,045,087	555,257,509	24,212,422	4.6%
Compensation - Non-Faculty	560,169,209	521,548,155	585,396,309	63,848,154	12.2%
Wages	16,242,263	20,819,589	20,925,824	106,235	0.5%
Benefits	253,482,043	234,661,827	262,128,009	27,466,182	11.7%
Personnel Costs	1,363,981,570	1,308,074,658	1,423,707,651	115,632,993	8.8%
Utilities	14,981,038	16,874,714	15,993,435	(881,279)	-5.2%
Scholarships and Fellowships	8,900,158	9,469,070	10,018,293	549,223	5.8%
Less Discounts and Allowances	(1,614,809)	(1,264,972)	(1,450,000)	(185,028)	14.6%
Operations, Maintenance and Travel	377,570,070	415,505,733	367,284,362	(48,221,371)	-11.6%
Less Capitalized Portion	(17,838,497)	(18,613,684)	(11,709,811)	6,903,873	-37.1%
Depreciation and Amortization	63,882,312	63,958,891	64,439,902	481,011	0.8%
Total Operating Expenses	1,809,861,842	1,794,004,410	1,868,283,832	74,279,422	4.1%
Operating Surplus/Deficit	(306,231,089)	(288,883,058)	(290,703,723)	(1,820,665)	0.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	235,358,103	234,376,206	235,475,906	1,099,700	0.5%
Federal Sponsored Programs (Nonoperating)	7,027,643	727,667	752,030	24,363	3.3%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	17,635,253	15,010,000	9,180,000	(5,830,000)	-38.8%
Net Investment Income	60,142,692	52,844,967	57,809,426	4,964,459	9.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	320,163,691	302,958,840	303,217,362	258,522	0.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(11,873,744)	(12,548,549)	(10,805,744)	1,742,805	-13.9%
Total Transfers and Other	(11,873,744)	(12,548,549)	(10,805,744)	1,742,805	-13.9%
Budget Margin (Deficit)	2,058,858	1,527,233	1,707,895	180,662	11.8%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	-	13,300,000	3,200,000	(10,100,000)	-75.9%
Net Inc./Dec. in Fair Value of Investments	(43,235,621)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
Additions to Permanent Endowments	14,066,584	30,000,000	15,000,000	(15,000,000)	-50.0%
Transfers for Debt Service - Principal	(20,933,000)	(22,878,000)	(16,333,000)	6,545,000	-28.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	14,282,533	15,000,000	9,863,100	(5,136,900)	-34.2%
SRECNP Change in Net Position	\$(33,760,646)	36,949,233	13,437,995	(23,511,238)	-63.6%
Total Revenues and AUF Transfers	\$ 1,823,794,444	1,808,080,192	1,880,797,471	72,717,279	4.0%
Total Expenses (Including Transfers for Interest)	(1,821,735,586)	(1,806,552,959)	(1,879,089,576)	(72,536,617)	4.0%
Budget Margin (Deficit)	\$ 2,058,858	1,527,233	1,707,895	180,662	
Reconciliation to Use of Prior Year Balances					
Depreciation		63,958,891	64,439,902		
Capital Outlay		(18,613,684)	(11,709,811)		
Transfers for Debt Service - Principal		(22,878,000)	(16,333,000)		
Budgeted Transfers		641,000	655,000		
Net Additions to (Uses of) Prior Year Balances		24,635,440	38,759,986		

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 - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 798,940,703	791,940,639	814,504,981	22,564,342	2.8%
Academic Support	66,927,477	66,341,080	67,811,703	1,470,623	2.2%
Research	219,302,122	217,380,667	214,934,440	(2,446,227)	-1.1%
Public Service	40,287,016	39,934,034	39,545,910	(388,124)	-1.0%
Hospitals and Clinics	457,077,002	453,072,239	509,056,463	55,984,224	12.4%
Institutional Support	84,010,945	83,274,868	83,467,133	192,265	0.2%
Student Services	11,543,641	11,442,499	11,741,840	299,341	2.6%
Operations and Maintenance of Plant	39,508,193	39,162,035	37,147,762	(2,014,273)	-5.1%
Scholarships and Fellowships	8,276,615	8,204,098	8,568,293	364,195	4.4%
Auxiliary Enterprises	19,463,896	19,293,360	17,065,405	(2,227,955)	-11.5%
Depreciation and Amortization	64,524,232	63,958,891	64,439,902	481,011	0.8%
Total Operating Expenses	\$ 1,809,861,842	1,794,004,410	1,868,283,832	74,279,422	4.1%

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 322,320,695	323,790,609	1,469,914	0.5%
Designated	1,158,097,609	1,224,141,882	66,044,273	5.7%
Auxiliary	24,692,052	20,231,838	(4,460,214)	-18.1%
Available University Fund	-	-	-	-
Restricted	280,240,368	275,978,156	(4,262,212)	-1.5%
Unexpended Plant	-	-	-	-
Subtotal - Expenditures (All Funds)	1,785,350,724	1,844,142,485	58,791,761	3.3%
Reconciling Adjustments:				
Tuition Discounting	(1,264,972)	(1,450,000)	(185,028)	14.6%
Depreciation	63,958,891	64,439,902	481,011	0.8%
Capital Outlay	(18,613,684)	(11,709,811)	6,903,873	-37.1%
Transfers for Debt Service - Principal	(22,878,000)	(16,333,000)	6,545,000	-28.6%
Total Expenses (Including Transfers for Interest)	\$ 1,806,552,959	1,879,089,576	72,536,617	4.0%

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



**THE UNIVERSITY OF TEXAS
HEALTH SCIENCE CENTER
AT SAN ANTONIO**



The University of Texas Health Science Center at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2021

Introduction - Major Goals Addressed by FY 2021 Budget

The FY 2021 Operating Budget for The University of Texas Health Science Center at San Antonio reflects the sustainment of strategic investments supporting research growth and clinical transformation, efforts to execute an organizational redesign of administrative support functions, continued hospital planning, and incorporates telehealth alternatives and cost containment measures designed to mitigate the adverse financial impacts of the COVID-19 pandemic.

The budget sustains strategic investments of \$31.6 million in research and for clinical transformation. These leveraged investments continue to fortify the research enterprise and provide the foundation supporting a multi-specialty hospital. Areas of research focus include cancer, Alzheimer's, DNA, and translational basic sciences. Research activities have been minimally impacted by COVID-19 and significant efforts will continue to focus on infectious diseases discovery and testing. Clinical investments have been made in primary care, a new schedule management tool, electronic medical records storage and integration features, office refurbishment, and aggressive marketing targeting the institution as the provider of choice.

The Enterprise Design for Growth and Effectiveness initiative looks deep into operational models throughout the organization to effectively realign functions and infrastructures in order to improve services and achieve growth targets. The implementation of operational efficiencies in finance, human resources, information technology, marketing, and research administration will be targeted in FY 2021 in response to COVID-19 and in preparation for a new hospital.

In early FY 2020, the institution selected EYP Architects (Houston) and Alamo Architects (San Antonio) as lead architects and engineers as well as Vaughn Construction as the construction manager-at-risk for the inpatient facility project. Programming of the new inpatient hospital was completed in late April and the institution will begin schematic design upon Capital Improvement Program approval by The University of Texas System Board of Regents during the August meeting.

Institutional leadership issued cost containment directives for financial continuity in FY 2020 that it extended into FY 2021 to mitigate anticipated revenues losses associated with the COVID-19 pandemic. Such measures include a flexible hiring freeze, suspending incentives, merits and other compensation increases for faculty and staff, restricting travel, and delaying non-essential capital equipment purchases, renovations, and other non-prioritized investments.

Considering sustained and planned investments along with lingering pandemic implications, an operating loss of \$17.2 million has been budgeted for FY 2021, which represents 1.7 percent of total budgeted revenues. Unrestricted net assets and unrestricted cash balances, however, remain healthy and are projected to approach \$450 million at the end of FY 2021.

Revenue

Despite pandemic challenges, total revenues for FY 2021 are expected to increase slightly by a net of \$2.9 million (0.3 percent). Revenue increases are projected in sponsored research programs as a result of targeted faculty recruitments and increased research proposal submissions (\$12.5 million), and in net tuition and fees as authorized by the Board of Regents in accordance with institution's five-year plan and adjusted for a change in tuition discounting (\$2.2 million). Offsetting these increases are anticipated declines in patient revenues due to the continued impact of the COVID-19 pandemic (\$8.2 million) as well as declines in sales and services of educational activities due to reductions in continuing education course offerings and national conferences organized by the institution (\$3 million).

Expenses

Total expenses are expected to increase by \$9.3 million (0.9 percent). Targeted growth is expected in personnel costs due to key recruitments in the clinical and research enterprises (\$13.6 million), more scholarships awards will be made (\$3 million), and depreciation is expected to increase by \$6.5 million with the recent completion of the new Barshop Institute facility and the completion of large renovation projects funded by Tuition Revenue Bonds appropriated during the 84th Texas Legislature. Offsetting these increases are non-personnel cost savings of \$8.3 million due to travel restrictions, lower clinical volumes in the first part of the year, and other cost cutting measures, as well as anticipated benefits savings from the hiring freeze and a leave mandate (\$5.3 million).

The University of Texas Health Science Center at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 53,094,351	51,964,417	52,307,773	343,356	0.7%
Less Discounts and Allowances	(3,600,000)	(3,600,000)	(1,724,821)	1,875,179	-52.1%
Federal Sponsored Programs	118,391,613	122,696,493	126,800,495	4,104,002	3.3%
State Sponsored Programs	12,689,054	13,150,446	25,472,691	12,322,245	93.7%
Local and Private Sponsored Programs	216,111,129	223,969,221	220,073,296	(3,895,925)	-1.7%
Net Sales and Services of Educational Activities	26,650,383	26,711,741	23,674,344	(3,037,397)	-11.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	236,805,443	270,966,288	262,790,400	(8,175,888)	-3.0%
Net Auxiliary Enterprises	4,127,519	6,154,544	6,095,181	(59,363)	-1.0%
Other Operating Revenues	28,572,865	28,615,261	27,714,643	(900,618)	-3.1%
Total Operating Revenues	692,842,357	740,628,411	743,204,002	2,575,591	0.3%
Operating Expenses:					
Compensation - Faculty	290,383,033	297,324,472	305,337,328	8,012,856	2.7%
Compensation - Non-Faculty	221,363,321	227,720,344	234,535,072	6,814,728	3.0%
Wages	4,445,002	9,037,451	7,778,172	(1,259,279)	-13.9%
Benefits	139,411,210	141,658,416	136,387,058	(5,271,358)	-3.7%
Personnel Costs	655,602,566	675,740,683	684,037,630	8,296,947	1.2%
Utilities	18,544,223	18,907,603	18,649,146	(258,457)	-1.4%
Scholarships and Fellowships	12,047,315	9,544,633	10,677,322	1,132,689	11.9%
Less Discounts and Allowances	(3,600,000)	(3,600,000)	(1,724,821)	1,875,179	-52.1%
Operations, Maintenance and Travel	217,229,986	232,404,901	220,918,542	(11,486,359)	-4.9%
Less Capitalized Portion	(8,537,116)	(11,557,287)	(8,077,606)	3,479,681	-30.1%
Depreciation and Amortization	61,000,000	61,000,000	67,500,000	6,500,000	10.7%
Total Operating Expenses	952,286,974	982,440,533	991,980,213	9,539,680	1.0%
Operating Surplus/Deficit	(259,444,617)	(241,812,122)	(248,776,211)	(6,964,089)	2.9%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	185,206,539	185,206,539	185,482,546	276,007	0.1%
Federal Sponsored Programs (Nonoperating)	1,250,000	1,250,000	1,250,000	-	0.0%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	7,762,803	10,898,791	10,882,577	(16,214)	-0.1%
Net Investment Income	41,575,606	43,997,879	44,065,543	67,664	0.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	235,794,948	241,353,209	241,680,666	327,457	0.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(10,036,413)	(10,386,451)	(10,109,067)	277,384	-2.7%
Total Transfers and Other	(10,036,413)	(10,386,451)	(10,109,067)	277,384	-2.7%
Budget Margin (Deficit)	(33,686,082)	(10,845,364)	(17,204,612)	(6,359,248)	58.6%
Reconciliation to Change in Net Position:					
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	5,000,000	5,000,000	5,000,000	-	0.0%
Additions to Permanent Endowments	10,000,000	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(21,222,000)	(21,222,000)	(13,165,000)	8,057,000	-38.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	10,000,000	10,000,000	10,000,000	-	0.0%
SRECNP Change in Net Position	\$(29,908,082)	\$(7,067,364)	\$(5,369,612)	1,697,752	-24.0%
Total Revenues and AUF Transfers	\$ 928,637,305	981,981,620	984,884,668	2,903,048	0.3%
Total Expenses (Including Transfers for Interest)	(962,323,387)	(992,826,984)	(1,002,089,280)	(9,262,296)	0.9%
Budget Margin (Deficit)	\$(33,686,082)	(10,845,364)	(17,204,612)	(6,359,248)	
Reconciliation to Use of Prior Year Balances					
Depreciation		61,000,000	67,500,000		
Capital Outlay		(11,557,287)	(8,077,606)		
Transfers for Debt Service - Principal		(21,222,000)	(13,165,000)		
Budgeted Transfers		(803,058)	(907,909)		
Net Additions to (Uses of) Prior Year Balances		16,572,291	28,144,873		

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 - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 412,920,786	435,349,092	422,177,799	(13,171,293)	-3.0%
Academic Support	42,574,571	45,652,514	43,080,403	(2,572,111)	-5.6%
Research	139,342,781	143,081,490	158,381,214	15,299,724	10.7%
Public Service	42,899,193	36,995,698	45,582,950	8,587,252	23.2%
Hospitals and Clinics	161,584,244	166,544,203	154,637,585	(11,906,618)	-7.1%
Institutional Support	50,034,683	40,664,740	39,086,208	(1,578,532)	-3.9%
Student Services	1,956,273	2,150,099	2,507,267	357,168	16.6%
Operations and Maintenance of Plant	33,411,524	39,797,282	44,143,551	4,346,269	10.9%
Scholarships and Fellowships	1,273,958	3,420,574	7,319,751	3,899,177	114.0%
Auxiliary Enterprises	5,288,961	7,784,841	7,563,485	(221,356)	-2.8%
Depreciation and Amortization	61,000,000	61,000,000	67,500,000	6,500,000	10.7%
Total Operating Expenses	\$ <u>952,286,974</u>	<u>982,440,533</u>	<u>991,980,213</u>	<u>9,539,680</u>	<u>1.0%</u>

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 225,883,102	233,455,988	7,572,886	3.4%
Designated	570,283,218	541,146,899	(29,136,319)	-5.1%
Auxiliary	8,657,984	7,800,976	(857,008)	-9.9%
Available University Fund	-	-	-	-
Restricted	160,381,967	172,152,844	11,770,877	7.3%
Unexpended Plant	3,000,000	3,000,000	-	0.0%
Subtotal - Expenditures (All Funds)	968,206,271	957,556,707	(10,649,564)	-1.1%
Reconciling Adjustments:				
Tuition Discounting	(3,600,000)	(1,724,821)	1,875,179	-52.1%
Depreciation	61,000,000	67,500,000	6,500,000	10.7%
Capital Outlay	(11,557,287)	(8,077,606)	3,479,681	-30.1%
Transfers for Debt Service - Principal	(21,222,000)	(13,165,000)	8,057,000	-38.0%
Total Expenses (Including Transfers for Interest)	\$ <u>992,826,984</u>	<u>1,002,089,280</u>	<u>9,262,296</u>	<u>0.9%</u>

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



THE UNIVERSITY OF TEXAS
M. D. ANDERSON
CANCER CENTER



The University of Texas M. D. Anderson Cancer Center
Operating Budget Highlights
For the Year Ending August 31, 2021

Introduction - Major Goals Addressed by FY 2021 Budget

Under the leadership of Dr. Peter Pisters and the Executive Leadership Team, The University of Texas M. D. Anderson Cancer Center restored the deemed status with the Centers for Medicare and Medicaid Services, completed a successful accreditation from The Joint Commission, and took unprecedented steps to protect patients, workforce, and community due to the COVID-19 pandemic.

The overarching goals during the pandemic have been to: 1) Protect patients by implementing enhanced infection prevention protocols and procedures, creating a protective barrier around clinical areas, further expansion of virtual care platforms and asymptomatic testing, continued screening vigilance at entries, and limitation of on-campus traffic to a subset of employees absolutely needed for patient care. 2) Ensure the health of the workforce by continuing remote work, wherever possible, supporting the physical, mental, emotional, and economic well-being of employees, encouraging them to stay safe by following universal precautions (including handwashing, masking, self-monitoring, and social distancing) and offering testing for all employees upon request. 3) Reduce the impact of COVID-19 on the community by maintaining bed capacity and staff preparedness for an unexpected surge, providing access to rapid testing results for Harris Health System and Texas Division of Emergency Management, offering expert insight to local and state leaders on public health issues, and working with city, county and state officials to advise on response and recovery efforts.

The Institution began a phased, data driven approach to safely resume patient care volumes in early May. This initially included the strategic reopening of Lymphoma/Myeloma and Surgery, the flexible recovery of Radiation Oncology, and the targeted reopening of Pediatrics. It subsequently included guidance to all other service lines and to downstream services on the process, timing, and goals of reopening. The goal of the recovery plan is to achieve 100 percent pre-COVID-19 levels by November 1, 2020, by addressing backlogs of deferred patient activity; providing outstanding care for all patients via prevention, treatments, trials; and by optimizing patient and provider experience with virtual tools and other technologies.

U. T. M. D. Anderson made the very difficult decision to suspend all laboratory research activities and most clinical trials, except those deemed as essential by department chairs and the chief scientific officer by close of business March 24, 2020. This involved clinical research staff all working remotely, patients continuing on a small number of trials if they were deriving benefit, and limited trials open to new patient enrollment. As the Institution adapts to the endemic COVID-19, the research team is implementing a data-driven approach to gradually resume clinical trials to pre-COVID-19 levels and reopen laboratory research.

The patient care and research recovery efforts are proceeding with the understanding that it will closely monitor the number of COVID-19 positive cases in the community and within patient and employee populations that the Institution is committed to protect and that a throttle down or scale-back activity will occur if and when needed, based on certain macro-level metrics that have been identified.

For the incoming fall semester, the School of Health Professions will maintain didactic courses via hybrid on-line delivery. The Institution is moving forward to reopen student teaching and both research and student labs, which will be ready by the fall semester.

FY 2021 will see the completion of U. T. M. D. Anderson's strategic plan, with execution commencing in the first quarter. Strategic areas include expanding access or reach of U. T. M. D. Anderson services with particular focus on Houston and the State of Texas, continuing to invest in patient care, education, research, and prevention breakthroughs and preparing for payment disruption by continuing to focus on value, cost efficiency, productivity, and transparency. Capabilities include a focus on workforce and culture, data driven intelligence and partnerships with U. T. System institutions, with initial emphasis on partnership with The University of Texas at Austin.

Revenue

FY 2021 operating revenue is projected to stay relatively flat over levels budgeted for FY 2020. It includes increases in hospital, practice plan and sponsored program revenues offset with decreases in other operating revenue and Auxiliary Enterprises due to impacts to Dining Services, Parking and Rotary House. State Appropriations were budgeted at FY 2020 levels, made possible by the State's recent decision to exclude HRIs from the 5 percent reduction in the current biennium, for which the Institution is immensely grateful.

Expenses

The FY 2021 total budgeted operating expenses are projected to increase by 3.3 percent or \$168 million over the level budgeted for FY 2020. It includes increases in medical and drug supplies and filling some positions that have been on hold in FY 2020 to support the increased clinical, research, and educational activities of the Institution. It does not include merit increases for staff and faculty.

The University of Texas M. D. Anderson Cancer Center
Operating Budget
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 1,929,388	1,851,747	1,929,388	77,641	4.2%
Less Discounts and Allowances	(10,000)	(15,531)	(10,000)	5,531	-35.6%
Federal Sponsored Programs	197,376,714	184,382,893	183,560,344	(822,549)	-0.4%
State Sponsored Programs	43,963,236	49,456,203	44,687,648	(4,768,555)	-9.6%
Local and Private Sponsored Programs	207,282,467	161,958,134	178,481,396	16,523,262	10.2%
Net Sales and Services of Educational Activities	2,500,000	2,239,249	2,300,000	60,751	2.7%
Net Sales and Services of Hospital and Clinics	4,008,183,354	4,216,411,789	4,278,462,376	62,050,587	1.5%
Net Professional Fees	409,479,584	503,148,355	458,237,637	(44,910,718)	-8.9%
Net Auxiliary Enterprises	34,120,900	47,011,054	29,857,300	(17,153,754)	-36.5%
Other Operating Revenues	133,675,160	120,893,390	110,241,793	(10,651,597)	-8.8%
Total Operating Revenues	5,038,500,803	5,287,337,283	5,287,747,882	410,599	0.0%
Operating Expenses:					
Compensation - Faculty	810,202,818	822,809,992	853,739,691	30,929,699	3.8%
Compensation - Non-Faculty	1,519,360,661	1,490,715,249	1,510,505,264	19,790,015	1.3%
Wages	42,778,941	26,996,709	40,867,140	13,870,431	51.4%
Benefits	560,295,054	539,808,461	572,577,627	32,769,166	6.1%
Personnel Costs	2,932,637,474	2,880,330,411	2,977,689,722	97,359,311	3.4%
Utilities	47,505,403	52,450,140	48,829,665	(3,620,475)	-6.9%
Scholarships and Fellowships	3,283,692	2,830,031	3,310,692	480,661	17.0%
Less Discounts and Allowances	(10,000)	(15,531)	(10,000)	5,531	-35.6%
Operations, Maintenance and Travel	1,981,363,445	2,764,711,302	2,743,927,803	(20,783,499)	-0.8%
Less Capitalized Portion	(211,900,000)	(945,781,186)	(858,000,000)	87,781,186	-9.3%
Depreciation and Amortization	368,688,828	365,290,967	372,000,000	6,709,033	1.8%
Total Operating Expenses	5,121,568,842	5,119,816,134	5,287,747,882	167,931,748	3.3%
Operating Surplus/Deficit	(83,068,039)	167,521,149	-	(167,521,149)	-100.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	217,542,264	218,310,545	218,310,545	-	0.0%
Federal Sponsored Programs (Nonoperating)	84,563,049	600,000	600,000	-	0.0%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	108,572,255	125,000,000	90,500,000	(34,500,000)	-27.6%
Net Investment Income	316,405,439	233,063,000	269,579,877	36,516,877	15.7%
Other Non-Operating Revenue	6,313,288	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	733,396,295	576,973,545	578,990,422	2,016,877	0.3%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(38,048,140)	(38,734,209)	(35,374,812)	3,359,397	-8.7%
Total Transfers and Other	(38,048,140)	(38,734,209)	(35,374,812)	3,359,397	-8.7%
Budget Margin (Deficit)	612,280,116	705,760,485	543,615,610	(162,144,875)	-23.0%
Reconciliation to Change in Net Position:					
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	400,000	1,000,000	500,000	(500,000)	-50.0%
Additions to Permanent Endowments	10,000,000	12,000,000	10,000,000	(2,000,000)	-16.7%
Transfers for Debt Service - Principal	(73,212,000)	(82,295,000)	(89,362,000)	(7,067,000)	8.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	28,611,861	66,695,532	70,041,646	3,346,114	5.0%
SRECNP Change in Net Position	\$ 578,079,977	703,161,017	534,795,256	(168,365,761)	-23.9%
Total Revenues and AUF Transfers	\$ 5,771,897,098	5,864,310,828	5,866,738,304	2,427,476	0.0%
Total Expenses (Including Transfers for Interest)	(5,159,616,982)	(5,158,550,343)	(5,323,122,694)	(164,572,351)	3.2%
Budget Margin (Deficit)	\$ 612,280,116	705,760,485	543,615,610	(162,144,875)	
Reconciliation to Use of Prior Year Balances					
Depreciation		365,290,967	372,000,000		
Capital Outlay		(945,781,186)	(858,000,000)		
Transfers for Debt Service - Principal		(82,295,000)	(89,362,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		42,975,266	(31,746,390)		

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 - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 80,941,316	83,187,339	83,684,840	497,501	0.6%
Academic Support	165,115,651	151,615,339	165,115,651	13,500,312	8.9%
Research	792,846,791	814,888,301	807,846,791	(7,041,510)	-0.9%
Public Service	20,789,213	18,618,758	20,039,213	1,420,455	7.6%
Hospitals and Clinics	3,242,002,586	3,261,434,131	3,398,037,607	136,603,476	4.2%
Institutional Support	188,050,408	164,261,641	179,050,408	14,788,767	9.0%
Student Services	705,059	948,865	948,865	-	0.0%
Operations and Maintenance of Plant	235,521,384	226,502,380	236,731,812	10,229,432	4.5%
Scholarships and Fellowships	3,283,692	2,814,500	3,310,692	496,192	17.6%
Auxiliary Enterprises	23,623,914	30,253,913	20,982,003	(9,271,910)	-30.6%
Depreciation and Amortization	368,688,828	365,290,967	372,000,000	6,709,033	1.8%
Total Operating Expenses	\$ <u>5,121,568,842</u>	<u>5,119,816,134</u>	<u>5,287,747,882</u>	<u>167,931,748</u>	<u>3.3%</u>

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 3,576,781,153	3,762,770,458	185,989,305	5.2%
Designated	782,599,717	780,360,276	(2,239,441)	-0.3%
Auxiliary	38,749,482	30,801,127	(7,948,355)	-20.5%
Available University Fund	-	-	-	-
Restricted	477,439,555	466,562,833	(10,876,722)	-2.3%
Unexpended Plant	945,781,186	858,000,000	(87,781,186)	-9.3%
Subtotal - Expenditures (All Funds)	5,821,351,093	5,898,494,694	77,143,601	1.3%
Reconciling Adjustments:				
Tuition Discounting	(15,531)	(10,000)	5,531	-35.6%
Depreciation	365,290,967	372,000,000	6,709,033	1.8%
Capital Outlay	(945,781,186)	(858,000,000)	87,781,186	-9.3%
Transfers for Debt Service - Principal	(82,295,000)	(89,362,000)	(7,067,000)	8.6%
Total Expenses (Including Transfers for Interest)	\$ <u>5,158,550,343</u>	<u>5,323,122,694</u>	<u>164,572,351</u>	<u>3.2%</u>

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



**THE UNIVERSITY OF TEXAS
HEALTH SCIENCE CENTER
AT TYLER**



The University of Texas Health Science Center at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2021

Introduction - Major Goals Addressed by FY 2021 Budget

The University of Texas Health Science Center at Tyler is in the midst of an ambitious five-year strategic plan that prioritizes growth that will result in greater capacity to meet the health and educational needs of the East Texas region. This plan includes five priorities toward accomplishing the Institution's mission: 1) integrate the academic and administrative structure of U. T. Health Science Center - Tyler and The University of Texas at Tyler; 2) launch a new medical school; 3) continue to grow Graduate Medical Education (GME) programs throughout the UT Health East Texas System; 4) build a critical mass of faculty physicians, particularly in specialty areas; and 5) continue to grow philanthropic giving necessary to support the mission.

The groundbreaking public-private partnership between U. T. Health Science Center - Tyler and Ardent Health Services to form UT Health East Texas continues to strengthen, and the Institution continues to benefit from the joint venture. U. T. Health Science Center - Tyler has experienced a 95.6 percent improvement in the year-to-date financial performance through June 2020 in comparison to the same period a year ago. As a result of the UT Health East Texas joint venture, U. T. Health Science Center - Tyler has increased the scope of services and footprint from a standalone organization with annual revenues in the \$190 million - \$200 million range, to a 30 percent partner of close to a \$1 billion enterprise, a greater than 500 percent increase in size and scope. This partnership has allowed the Institution to expand the mission and geographic reach and to refocus efforts in the research and education space, especially in the critical area of graduate medical education.

Faculty and staff from U. T. Health Science Center - Tyler and U. T. Tyler have made great strides toward implementing Board of Regents' direction to integrate the two campuses under one administrative structure. This realignment entered the critical accreditation process following notice given to the Southern Association of Colleges and Schools Commission on Colleges and is proceeding on schedule with a targeted implementation date of January 1, 2021. Achieving successful accreditation and implementation of this realignment will be directly supported by the FY 2021 operating budget of each institution.

The FY 2021 operating budget will also support the Board of Regents' approved proposal to establish a medical school in Tyler. While U. T. Health Science Center - Tyler has marshalled unprecedented amounts of philanthropy toward this endeavor, support of the FY 2021 operating budget will still be crucial toward successful completion. This need is especially significant in light of the state's projected fiscal condition in the wake of COVID-19. In response, U. T. Health Science Center - Tyler will not seek start-up funding support from the 87th Legislature. East Texas is the only region of the state without a medical school and one of the most medically underserved regions of Texas. Thus, the impact of the work supported toward this goal under the FY 2021 operating budget will be felt for generations to come.

These and other strategies serve the mission, vision, and values of U. T. Health Science Center - Tyler, thereby allowing the Institution to continue to provide high quality patient care, education, and research and to retain world-class faculty, students, staff, and administrators.

Revenue

U. T. Health Science Center – Tyler's budgeted total revenues and transfers for FY 2021 are approximately 8.1 percent higher than the FY 2020 operating budget. This increase is driven primarily by four initiatives – continued clinical growth, expansion of the residency programs and GME programs, growth of the Physician Master Services Agreement to establish U. T. Health Science Center – Tyler as the predominant employer of UT Health East Texas's physicians, and increased operating gifts related to the medical school and for critical care and nursing support initiatives.

Expenses

The Institution's budgeted total expenses and transfers for FY 2021 are approximately 7.6 percent higher than the FY 2020 operating budget. This increase reflects the investment in five initiatives - growth of the residency programs and GME programs, ongoing expansion of the Physician MSA to establish U. T. Health Science Center - Tyler as the predominant employer of UT Health East Texas's physicians, implementation of EPIC as the patient information system, establishing a medical school, and integrating U. T. Health Science Center - Tyler and U. T. Tyler into one administrative structure. The Institution continues to invest in 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, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 507,263	489,288	820,456	331,168	67.7%
Less Discounts and Allowances	(141,459)	-	-	-	-
Federal Sponsored Programs	9,356,258	11,166,156	10,301,285	(864,871)	-7.7%
State Sponsored Programs	3,596,412	12,011,187	4,830,714	(7,180,473)	-59.8%
Local and Private Sponsored Programs	21,636,253	30,035,671	38,495,462	8,459,791	28.2%
Net Sales and Services of Educational Activities	4,383,703	5,314,278	9,668,078	4,353,800	81.9%
Net Sales and Services of Hospital and Clinics	116,389,063	106,457,967	121,384,195	14,926,228	14.0%
Net Professional Fees	27,878,319	30,531,056	30,074,817	(456,239)	-1.5%
Net Auxiliary Enterprises	164,439	161,419	167,728	6,309	3.9%
Other Operating Revenues	37,688,379	35,207,053	35,189,189	(17,864)	-0.1%
Total Operating Revenues	221,458,630	231,374,075	250,931,924	19,557,849	8.5%
Operating Expenses:					
Compensation - Faculty	51,875,037	60,021,985	71,022,466	11,000,481	18.3%
Compensation - Non-Faculty	65,730,802	65,979,470	72,201,583	6,222,113	9.4%
Wages	818,904	1,029,685	1,023,692	(5,993)	-0.6%
Benefits	32,933,468	39,420,665	37,567,623	(1,853,042)	-4.7%
Personnel Costs	151,358,211	166,451,805	181,815,364	15,363,559	9.2%
Utilities	2,348,652	2,597,344	2,574,725	(22,619)	-0.9%
Scholarships and Fellowships	204,006	103,631	80,000	(23,631)	-22.8%
Less Discounts and Allowances	(141,459)	-	-	-	-
Operations, Maintenance and Travel	111,250,194	115,242,850	113,905,637	(1,337,213)	-1.2%
Less Capitalized Portion	(789,105)	(9,000,000)	(800,000)	8,200,000	-91.1%
Depreciation and Amortization	17,108,203	16,700,000	17,300,000	600,000	3.6%
Total Operating Expenses	281,338,702	292,095,630	314,875,726	22,780,096	7.8%
Operating Surplus/Deficit	(59,880,072)	(60,721,555)	(63,943,802)	(3,222,247)	5.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations	57,359,966	58,069,317	58,187,866	118,549	0.2%
Federal Sponsored Programs (Nonoperating)	2,486,631	-	-	-	-
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	13,212,706	1,196,113	5,235,469	4,039,356	337.7%
Net Investment Income	3,631,362	4,105,813	4,283,518	177,705	4.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	76,690,665	63,371,243	67,706,853	4,335,610	6.8%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,825,750)	(2,074,843)	(1,649,538)	425,305	-20.5%
Total Transfers and Other	(1,825,750)	(2,074,843)	(1,649,538)	425,305	-20.5%
Budget Margin (Deficit)	14,984,843	574,845	2,113,513	1,538,668	267.7%
Reconciliation to Change in Net Position:					
Net Non-Profit Health Corp Activity	20,483	-	20,483	20,483	-
Net Inc./.(Dec.) in Fair Value of Investments	(2,556,756)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	277,902	300,000	277,902	(22,098)	-7.4%
Additions to Permanent Endowments	941,820	100,000	4,927,305	4,827,305	4827.3%
Transfers for Debt Service - Principal	(7,238,000)	(6,530,000)	(2,818,000)	3,712,000	-56.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	12,293,061	6,263,737	11,597,035	5,333,298	85.1%
SRECNP Change in Net Position	\$ 18,723,353	708,582	16,118,238	15,409,656	2174.7%
Total Revenues and AUF Transfers	\$ 298,149,295	294,745,318	318,638,777	23,893,459	8.1%
Total Expenses (Including Transfers for Interest)	(283,164,452)	(294,170,473)	(316,525,264)	(22,354,791)	7.6%
Budget Margin (Deficit)	\$ 14,984,843	574,845	2,113,513	1,538,668	
Reconciliation to Use of Prior Year Balances					
Depreciation		16,700,000	17,300,000		
Capital Outlay		(9,000,000)	(800,000)		
Transfers for Debt Service - Principal		(6,530,000)	(2,818,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		1,744,845	15,795,513		

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 - Operating Expenses by Function
Fiscal Year Ending August 31, 2021

	FY 2020 Projected	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
				Amount	Percent
Operating Expenses:					
Instruction	\$ 19,956,143	12,468,839	17,686,013	5,217,174	41.8%
Academic Support	2,014,347	2,089,844	15,867,814	13,777,970	659.3%
Research	17,470,609	25,980,551	27,403,741	1,423,190	5.5%
Public Service	-	-	-	-	-
Hospitals and Clinics	199,496,548	213,431,720	211,823,990	(1,607,730)	-0.8%
Institutional Support	14,555,209	11,719,456	14,190,314	2,470,858	21.1%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	10,380,590	9,458,449	10,342,328	883,879	9.3%
Scholarships and Fellowships	74,393	90,000	80,000	(10,000)	-11.1%
Auxiliary Enterprises	282,660	156,771	181,526	24,755	15.8%
Depreciation and Amortization	17,108,203	16,700,000	17,300,000	600,000	3.6%
Total Operating Expenses	<u>\$ 281,338,702</u>	<u>292,095,630</u>	<u>314,875,726</u>	<u>22,780,096</u>	<u>7.8%</u>

Operating Budget - Expenditures by Fund
Fiscal Year Ending August 31, 2021

	FY 2020 Adjusted Budget	FY 2021 Operating Budget	Budget Increases (Decreases) From 2020 to 2021	
			Amount	Percent
Educational and General	\$ 207,750,359	203,982,302	(3,768,057)	-1.8%
Designated	66,981,525	75,378,506	8,396,981	12.5%
Auxiliary	156,771	181,526	24,755	15.8%
Available University Fund	-	-	-	-
Restricted	18,111,818	23,300,930	5,189,112	28.7%
Unexpended Plant	-	-	-	-
Subtotal - Expenditures (All Funds)	<u>293,000,473</u>	<u>302,843,264</u>	<u>9,842,791</u>	<u>3.4%</u>
Reconciling Adjustments:				
Tuition Discounting	-	-	-	-
Depreciation	16,700,000	17,300,000	600,000	3.6%
Capital Outlay	(9,000,000)	(800,000)	8,200,000	-91.1%
Transfers for Debt Service - Principal	(6,530,000)	(2,818,000)	3,712,000	-56.8%
Total Expenses (Including Transfers for Interest)	<u>\$ 294,170,473</u>	<u>316,525,264</u>	<u>22,354,791</u>	<u>7.6%</u>

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

The University of Texas System

Fiscal Year 2021

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

Summary

	PUF Allocation			Total
	Library & Equipment	Repair & Rehabilitation	Faculty STARs Program	
Academic Institutions				
The University of Texas at Arlington	\$ 750,000	1,450,000	-	2,200,000
The University of Texas at Austin	2,300,000	-	-	2,300,000
The University of Texas at Dallas	800,000	1,500,000	-	2,300,000
The University of Texas at El Paso	1,300,000	600,000	-	1,900,000
The University of Texas Permian Basin	986,156	-	-	986,156
The University of Texas Rio Grande Valley	-	2,840,000	-	2,840,000
The University of Texas at San Antonio	-	2,500,000	-	2,500,000
The University of Texas at Tyler	-	1,748,844	-	1,748,844
Subtotal Academic Institutions	6,136,156	10,638,844	-	16,775,000
Health Institutions				
The University of Texas Southwestern Medical Center	-	2,300,000	-	2,300,000
The University of Texas Medical Branch at Galveston	1,200,000	1,100,000	-	2,300,000
The University of Texas Health Science Center at Houston	750,000	1,500,000	-	2,250,000
The University of Texas Health Science Center at San Antonio	1,700,000	600,000	-	2,300,000
The University of Texas M. D. Anderson Cancer Center	-	2,275,000	-	2,275,000
The University of Texas Health Science Center at Tyler	-	2,300,000	-	2,300,000
Subtotal Health Institutions	3,650,000	10,075,000	-	13,725,000
The University of Texas System Administration				
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	4,500,000	-	35,000,000	39,500,000
Grand Total	\$ 14,286,156	20,713,844	35,000,000	70,000,000

The University of Texas System

Fiscal Year 2021

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	PUF	TOTAL	PUF	PUF
	PROJECT COST	ALLOCATION	PROJECT COST	ALLOCATION	ALLOCATION
ACADEMIC INSTITUTIONS					
The University of Texas at Arlington					
Campus Network Improvements Supporting Telephone System Survivability	750,000	750,000			
Electrical Switch Upgrade Woolf Hall			700,000	700,000	
Energy Management Heating Ventilation and Air Conditioning Control System Upgrade Phase II			750,000	750,000	
TOTAL	\$ 750,000	750,000	1,450,000	1,450,000	-
The University of Texas at Austin					
Libraries Digital Infrastructure	800,000	800,000			
Replace Facilities Planning and Management Capital Equipment Beyond Useful Life Phase I	1,500,000	1,500,000			
TOTAL	\$ 2,300,000	2,300,000	-	-	-
The University of Texas at Dallas					
Academic Affairs Science and Engineering Laboratory Equipment	800,000	800,000			
Academic Building Renovations Phase IV			700,000	700,000	
Heating, Ventilation, and Air Conditioning System Repair and Upgrades at Various Locations			800,000	800,000	
TOTAL	\$ 800,000	800,000	1,500,000	1,500,000	-
The University of Texas at El Paso					
Research and Technology Infrastructure for New Faculty	1,000,000	1,000,000			
Engineering Building Mechanical and Heating Ventilation and Air Conditioning Repair and Rehabilitation			600,000	600,000	
Acquisition of High-Resolution Visualization Instrumentation	1,000,000	300,000			
TOTAL	\$ 2,000,000	1,300,000	600,000	600,000	-
The University of Texas Permian Basin					
Replace Fire Alarm System Servers	67,000	67,000			
Upgrade Audio Video Equipment in Classrooms	400,000	400,000			
Library Books, Furnishings, and Equipment	250,000	250,000			
Desktop Computer Replacement	200,000	200,000			
Storage Area Network Expansion	120,000	35,956			
Replace Forklift in Central Receiving	33,200	33,200			
TOTAL	\$ 1,070,200	986,156	-	-	-
The University of Texas Rio Grande Valley					
Roof Repairs and Replacements			1,900,000	1,900,000	
Elevator Repairs and Upgrades			940,000	940,000	
TOTAL	\$ -	-	2,840,000	2,840,000	-
The University of Texas at San Antonio					
Renovation of Various Academic Spaces			800,000	800,000	
John Peace Library Data Center and Wi-Fi Upgrades			1,700,000	1,700,000	
TOTAL	\$ -	-	2,500,000	2,500,000	-
The University of Texas at Tyler					
Renovate Library Restrooms to meet Americans with Disabilities Act Requirements			648,000	648,000	
Replace Elevator, Air Handlers, Variable Air Volume Boxes, Hydronic Pumps, and Control Components in the College of Arts and Sciences Building			1,100,844	1,100,844	
TOTAL	\$ -	-	1,748,844	1,748,844	-
SUBTOTAL - ACADEMIC INSTITUTIONS		\$ 6,136,156		10,638,844	-

The University of Texas System

Fiscal Year 2021

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	PUF	TOTAL	PUF	PUF
	PROJECT COST	ALLOCATION	PROJECT COST	ALLOCATION	ALLOCATION
HEALTH INSTITUTIONS					
The University of Texas Southwestern Medical Center					
Renovations and Rehabilitation in Support of the U. T. Southwestern Imaging Center			3,400,000	2,300,000	
TOTAL	\$ -	-	<u>3,400,000</u>	<u>2,300,000</u>	-
The University of Texas Medical Branch at Galveston					
Information and Educational Resources	2,973,800	1,200,000			
Heating Ventilation and Air Conditioning Upgrades for Research Space			1,000,000	750,000	
Faculty Lounge Meeting Room and Collaboration Space			500,000	350,000	
TOTAL	\$ <u>2,973,800</u>	<u>1,200,000</u>	<u>1,500,000</u>	<u>1,100,000</u>	-
The University of Texas Health Science Center at Houston					
Replacement of McGovern Medical School Tunnel Washer	500,000	350,000			
Data Center Emergency Power Upgrade			2,000,000	1,500,000	
Replacement Load Balancers	280,000	200,000			
Enhanced Collaboration for Remote Work and Instruction	800,000	200,000			
TOTAL	\$ <u>1,580,000</u>	<u>750,000</u>	<u>2,000,000</u>	<u>1,500,000</u>	-
The University of Texas Health Science Center at San Antonio					
Perpetual Digital Journals and Databases	700,000	700,000			
Technology Refresh and Expansion	1,000,000	1,000,000			
Lab Animal Research Facility Renovation Phase II			1,200,000	600,000	
TOTAL	\$ <u>1,700,000</u>	<u>1,700,000</u>	<u>1,200,000</u>	<u>600,000</u>	-
The University of Texas M. D. Anderson Cancer Center					
Install Campus Wide Communications System for Bastrop Campus			500,000	400,000	
Clinical Research Building Cold Room Modifications			1,492,000	1,193,600	
Bastrop Fuel Storage Containment Area Modifications			600,000	480,000	
Main Campus Fuel Farm Master Controller Flood Protection			680,000	201,400	
TOTAL	\$ -	-	<u>3,272,000</u>	<u>2,275,000</u>	-
The University of Texas Health Science Center at Tyler					
Information Technology and Campus Infrastructure Improvements			5,450,000	2,300,000	
TOTAL	\$ -	-	<u>5,450,000</u>	<u>2,300,000</u>	-
SUBTOTAL - HEALTH INSTITUTIONS		\$ <u>3,650,000</u>		<u>10,075,000</u>	-
SYSTEM ADMINISTRATION					
The University of Texas System Administration					
U. T. System Academic Library Collection Enhancement Program	4,500,000	4,500,000			
Faculty STARs Program - Academic Institutions					17,500,000
Faculty STARs Program - Health Institutions					17,500,000
TOTAL	\$ <u>4,500,000</u>	<u>4,500,000</u>	-	-	<u>35,000,000</u>
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ <u>4,500,000</u>		-	<u>35,000,000</u>
TOTAL - U. T. SYSTEM		\$ <u>14,286,156</u>		<u>20,713,844</u>	<u>35,000,000</u>

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. In support of exceptional younger tenure-track faculty, the Rising STARS program was established in 2016. The Board has allocated STARS funds as follows.

STARS Allocations			
	FY 2004 – FY 2019	FY 2020	Proposed FY 2021
Academic Institutions	\$226,950,000	\$ 17,500,000	\$ 17,500,000
Health Institutions	\$179,050,000	\$ 17,500,000	\$ 17,500,000
TOTAL	\$406,000,000	\$ 35,000,000	\$ 35,000,000

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

OPERATING BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2021

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 (*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.
 - 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 Key Executives as defined by *Regents' Rule 20203*.
 - g. Compensation for personnel whose total annual compensation for the first time is, or may exceed, \$1,000,000 during the year (Highly Compensated Personnel) and who are not subject to B.1.e or B.2.f (*Regents' Rule 20204*).
 - h. Compensation changes for Highly Compensated Personnel greater than five percent (*Regents' Rule 20204*).
 - i. 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.
 - j. 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 Highly Compensated Personnel whose change in total annual compensation is five percent or less and whose initial compensation was previously approved by the U. T. System Board of Regents (Regents' Rule 20204).
 - e. Appointments and promotions involving administrative and professional personnel reporting directly to the president.
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. New honorary title appointments as Dean Emeritus, Chair Emeritus, Professor Emeritus, and similar honorary designations (Regents' Rule 31001).
 - h. Transactions involving all other personnel except those specified in B.1.a, B.1b, B.1c, B.1d, B.1e, B.1f, B.1g, B.1h, B.2d, and B.2e as defined above.
 - i. 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."
 - j. Summer Session Budgets.
 - k. Clinical faculty appointments or changes, including medical or hospital staff, without salary provided the clinical faculty member is not considered to be Highly Compensated Personnel.

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., 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

FACULTY WORKLOAD REQUIREMENTS FOR ACADEMIC INSTITUTIONS

For Fiscal Year Ending August 31, 2021

FACULTY WORKLOAD REQUIREMENTS FOR ACADEMIC INSTITUTIONS

The general workload policy for faculty employed at U. T. System academic institutions is set forth in Regents' *Rule 31006*. Through established shared governance processes, each academic institution has been authorized by the U. T. System Board of Regents to establish a faculty workload policy that adheres to the provisions and reporting requirements of *Rule 31006*. As required by *Texas Education Code Section 51.402* and *Rule 31006*, each academic institution has included their faculty workload policy in this operating budget.

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, 2021

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, 2021

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. 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*.
- g. Transfer of STARs funding between the Faculty STARs program and the Rising STARs program.

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.
4. In accordance with the *UTS 168 Capital Expenditure Policy*, LERR and Faculty STARs funding that is incorporated into a Major Project will be defined as PUF and will be subject to rules applicable to all Major Projects. Major Projects are defined by Regents' *Rule 80301*.

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, 2021

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 Budget and Planning.

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, except for 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.

Rising STARs Program

The Rising STARs program makes up to \$250,000 available for recruitment of promising faculty members who are recruited in a tenure track position at any academic level, i.e. assistant, associate or full professor. Rising STARs funding is limited to the same equipment and renovation expenditure restrictions as Faculty STARs.