THE UNIVERSITY OF TEXAS SYSTEM

OPERATING BUDGET SUMMARIES

AND RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION

AND FACULTY STARS

FISCAL YEAR 2012

AUGUST 2011

The University of Texas at Arlington ◆ The University of Texas at Austin ◆ The University of Texas at Brownsville ◆ The University of Texas at Dallas ◆ The University of Texas at El Paso ◆ The University of Texas – Pan American ◆ The University of Texas of the Permian Basin ◆ 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, 2012

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The University of Texas System
Operating Budget Highlights

For the Year Ending August 31, 2012

Introduction

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

The effect of the System's expenditures on the Texas economy is profound. The State Comptroller of Public Accounts has estimated that every $1 spent generates as much as $5 in additional economic activity.

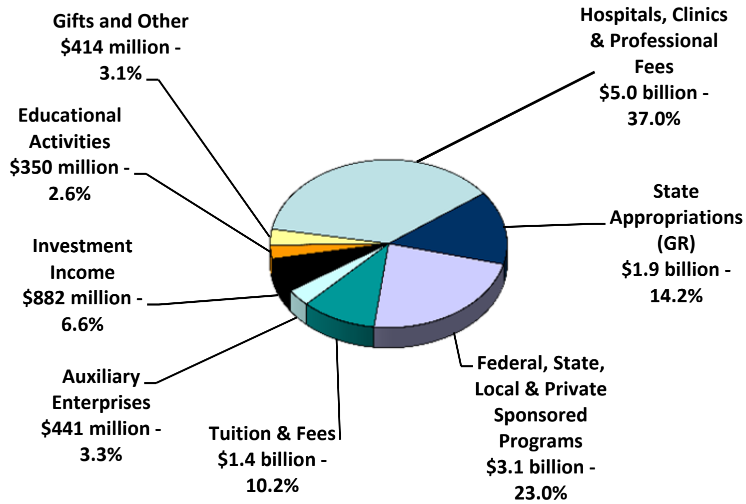
The operating budget provides a wide range of services for Texans. Beyond the primary mission of higher education and research, a significant amount of health care is provided for uninsured and underinsured Texans and several initiatives are supported to improve K-12 education in the public schools. The University's extensive research and development advancements strengthen the Texas economy; the U. T. System signs a commercialization deal every other day, starts a new company every other week, and receives two U.S. patents nearly every week!

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

For the 2012 fiscal year (FY), changes in the operating budget are driven by modest growth in health care activities including hospital charges and professional fees and by enrollment growth and the attendant increased instructional costs. The budgetary impact of reductions in state appropriations resulting from decisions made by the 82nd Legislature has partially offset the gains made in other areas.

During the last two fiscal years, U. T. institutions have been preparing for the impact of these reductions through a number of strategies. These cost reduction and cost-containment strategies are more fully discussed in the "Operating Budget Highlights" accompanying each institution's budget summary. The change in state appropriations for the U. T. System reflected on page 9 does not reflect the full impact of lost funding, since the 2011 totals include the impact of a proposed 5% general revenue reduction for the 2010-11 biennium enacted through House Bill 4, 82nd Legislature R.S.

Revenues



Revenues included in the operating budget summary include both operating and nonoperating revenues used to finance the operating budget. Combined revenues for FY 2012 are $13.4 billion, up 2.8% or $369 million from FY 2011. Areas of growth include ***Tuition and Fees*** (7.8%, $99 million), ***Net Sales and Services of Hospitals and Clinics*** (2.0%, $76 million), and ***Net Investment Income*** (14.1%, $109 million).

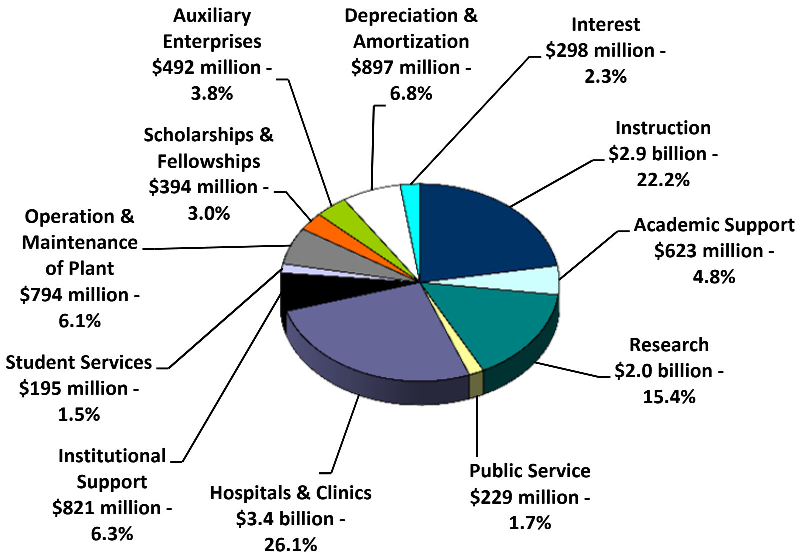
These growth areas were offset by the reduction in ***State Appropriations*** enacted by the 82nd Legislature for the 2012-13 biennium. Budgeted ***State Appropriations*** decreased by (3.4%) or $67 million. Year over year reductions in appropriations were actually more significant but much of the impact was absorbed in FY 2011 as a result of the 5% 2010-11 biennial reduction totaling $175 million for U. T. System institutions. For FY 2012, general revenue will amount to 14.5% of the total expense budget, compared to 15.4% for 2011.

Growth in ***Tuition and Fees*** largely occurs at U. T. academic institutions as a result of enrollment changes and increases in designated tuition and fees adopted by the U. T. System Board of Regents. The most significant increases are at U. T. Arlington ($15 million), U. T. Austin ($18 million) and U. T. Dallas ($34 million).

Net Sales and Services of Hospital and Clinics primarily includes income generated from patient care at the System's hospitals and typically is a major driver of budget increases. Especially significant growth of patient care income has occurred at U. T. Southwestern Medical Center ($111 million), offset by flat or slightly declining activity at other U. T. hospitals.

Growth in ***Net Investment Income*** principally results from the increased distribution to the Available University Fund reported at U. T. System Administration ($46 million) along with endowment distribution growth at U. T. Southwestern Medical Center ($22 million) and U. T. M. D. Anderson Cancer Center ($23 million).

Expenses



Expenses reflected in the operating budget include all operational functions, limited nonoperating expenses, and transfers made to fund debt service interest. Depreciation and Amortization expenses are also included in the budget. Conversely, capital outlay and transfers to U. T. System Administration for debt service principal payments are excluded. Combined expenses for FY 2012 are $13.1 billion, up 2.5% or $319 million from FY 2011. Significant functional areas of growth include ***Academic Support*** (13.4%, $72 million), ***Hospital and Clinics*** (2.0%, $68 million), and ***Depreciation and Amortization*** (10.5%, $85 million). Reductions offsetting these areas of growth were experienced in ***Public Service*** ($12 million decline) and ***Institutional Support*** ($12 million decline).

Growth in ***Academic Support*** expenses results principally from the additional appropriations of the Available University Fund made by the U. T. System Board of Regents to U. T. Austin for faculty development and excellence. These non-recurring funds have been budgeted in lump sums to be distributed to colleges and schools for priority academic development programs and initiatives based on the strategic planning initiatives of the provost and deans.

Hospital and Clinics expenses increased due largely to growth in patient care costs at U. T. Southwestern Medical Center ($93 million) and U. T. M. D. Anderson Cancer Center ($60 million). This growth is partially offset by a decline at U. T. Medical Branch - Galveston ($109 million decline) related to correctional managed care cost savings and reductions resulting from decreasing funding from the Texas Department of Criminal Justice contract.

Depreciation and Amortization has increased largely due to the completion of a number of major construction projects with the most significant increases at U. T. Austin ($32 million), U. T. Dallas ($9 million), and U. T. Southwestern Medical Center ($11 million).

Resources

Background

The System has adopted 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 System 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 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 portion of Higher Education Assistance Fund (HEAF) appropriations expended on items that are capitalized for accounting purposes is eliminated from the budgeted revenue 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 Assets (SRECNA) included in the System's Annual Financial Report.

Presentation of FY 2011 Projected Actual Totals

All U. T. institutions have prepared a projection of FY 2011 activity in a format comparable to that presented for the FY 2011 adjusted and FY 2012 proposed budgets. This projection was based on activity through May 2011.

Reclassification of FY 2011 Budget Totals

In certain situations, reclassifications have been made between line items to enhance comparability with the FY 2012 presentation. Original budget totals approved by the U. T. System Board of Regents for FY 2011 remain unchanged.

Glossary of Terms

Operating Revenues:

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

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

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

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

NET PROFESSIONAL FEES – Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at U. T. health institutions as part of the Medical 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.

Operating Expenses:

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

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

PUBLIC SERVICE – Expenditures for activities providing noninstructional services beneficial to individuals and groups external to the institution (e.g. conferences, institutes such as the Institute for Texan Cultures, museums like the Texas Memorial Museum, 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.).

Glossary of Terms (continued)

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, safety, security, printing, and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fund raising.

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

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

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

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

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

Nonoperating Revenues (Expenses):

STATE APPROPRIATIONS AND HEAF (NON-CAPITALIZED) – Appropriations from the State General Revenue Fund, which supplement the U. T. institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support. Also includes HEAF, which is a source of state appropriated general revenue to U. T. Brownsville and U. T. Pan American. HEAF is appropriated for construction, library, and equipment expenses for Texas public universities that do not benefit from Permanent University Fund (PUF) bond proceeds. HEAF appropriations expended on items that are capitalized for accounting purposes are excluded from this line item.

SPONSORED PROGRAMS - NONOPERATING – Funding received from state and federal governments for which no exchange of goods or services is perceived to have occurred. Includes amounts received through state-appropriated American Recovery and Reinvestment Act funding (2011 only) as well as federal Pell Grants and other miscellaneous awards from the State of Texas.

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

Glossary of Terms (continued)

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.

<u>Transfers and Other:</u>

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 SRECNA Change in Net Assets. This elimination leaves virtually all interest expense for the entire System reflected at System Administration since most of the System's debt is issued in the name of the Board of Regents.

<u>Reconciliation to Change in Net Assets:</u>

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

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

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

HEAF (CAPITALIZED) – The portion of the HEAF appropriation related to expenditures that are capitalized for accounting purposes. This portion of the HEAF appropriation is not expended for operating purposes and is separated non-capitalized HEAF activities and other state appropriations to more accurately present the budget margin.

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

Glossary of Terms (continued)

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

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 SRECNA Change in Net Assets.

TRANSFERS AND OTHER – Includes all interfund transfers and other activity not categorized elsewhere. For U. T. System, this total also includes the 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, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 1,294,430,207	1,267,410,104	1,366,786,790	99,376,686	7.8%
Federal Sponsored Programs	1,677,437,146	1,531,136,232	1,554,408,277	23,272,045	1.5%
State Sponsored Programs	233,119,551	178,768,686	206,214,860	27,446,174	15.4%
Local and Private Sponsored Programs	916,510,653	953,629,362	1,003,503,786	49,874,424	5.2%
Net Sales and Services of Educational Activities	409,932,326	342,123,292	350,280,690	8,157,398	2.4%
Net Sales and Services of Hospital and Clinics	3,571,295,840	3,699,862,323	3,775,693,426	75,831,103	2.0%
Net Professional Fees	1,198,463,632	1,154,282,855	1,179,398,356	25,115,501	2.2%
Net Auxiliary Enterprises	411,473,285	414,032,465	441,435,158	27,402,693	6.6%
Other Operating Revenues	174,905,366	137,653,415	129,521,857	(8,131,558)	-5.9%
Total Operating Revenues	9,887,568,007	9,678,898,734	10,007,243,200	328,344,466	3.4%
Operating Expenses:					
Instruction	2,814,968,988	2,890,116,559	2,911,862,182	21,745,623	0.8%
Academic Support	543,684,945	537,756,519	622,625,679	84,869,160	15.8%
Research	2,075,882,540	2,007,323,277	2,022,882,248	15,558,971	0.8%
Public Service	253,439,962	241,139,288	228,742,744	(12,396,544)	-5.1%
Hospitals and Clinics	3,297,676,171	3,345,782,249	3,413,961,466	68,179,217	2.0%
Institutional Support	1,234,921,073	832,236,698	820,687,668	(11,549,030)	-1.4%
Student Services	186,679,362	180,969,023	194,630,496	13,661,473	7.5%
Operations and Maintenance of Plant	799,176,529	780,977,805	793,887,501	12,909,696	1.7%
Scholarships and Fellowships	413,618,487	370,692,869	396,098,238	25,405,369	6.9%
Auxiliary Enterprises	460,269,736	478,892,703	491,882,533	12,989,830	2.7%
Depreciation and Amortization	847,799,436	811,457,982	896,781,776	85,323,794	10.5%
Total Operating Expenses	12,928,117,230	12,477,344,972	12,794,042,531	316,697,559	2.5%
Operating Surplus/Deficit	(3,040,549,223)	(2,798,446,238)	(2,786,799,331)	11,646,907	-0.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	1,924,985,452	1,963,998,845	1,897,267,494	(66,731,351)	-3.4%
Federal Sponsored Programs (Nonoperating)	390,348,013	304,701,991	312,144,612	7,442,621	2.4%
State Sponsored Programs (Nonoperating)	16,072,461	9,674,226	1,744,788	(7,929,438)	-82.0%
Gifts in Support of Operations	296,864,550	280,042,842	284,416,024	4,373,182	1.6%
Net Investment Income	731,012,764	773,104,308	882,153,355	109,049,047	14.1%
Other Non-Operating Revenue	832,658	-	-	-	-
Other Non-Operating (Expenses)	(65,304)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	3,360,050,594	3,331,522,212	3,377,726,273	46,204,061	1.4%
Transfers and Other:					
AUF Transfers Received for Operations	216,420,629	198,130,629	212,185,748	14,055,119	7.1%
AUF Transfers (Made) for Operations	(216,420,629)	(192,130,629)	(212,185,748)	(20,055,119)	10.4%
Transfers for Debt Service - Interest	(261,929,944)	(296,461,084)	(298,496,552)	(2,035,468)	0.7%
Total Transfers and Other	(261,929,944)	(290,461,084)	(298,496,552)	(8,035,468)	2.8%
Budget Margin (Deficit)	57,571,427	242,614,890	292,430,390	49,815,500	20.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	1,325,722	1,325,722	1,500,000	174,278	13.1%
Net Inc./(Dec.) in Fair Value of Investments	2,235,772,142	-	-	-	-
Interest Expense on Capital Asset Financings	(323,702,983)	(299,678,783)	(302,138,480)	(2,459,697)	0.8%
Capital Approp., Gifts and Sponsored Programs	149,691,472	226,776,792	178,775,883	(48,000,909)	-21.2%
HEAF (Capitalized)	12,291,989	9,218,649	8,798,268	(420,381)	-4.6%
Additions to Permanent Endowments	113,282,085	87,138,638	99,450,996	12,312,358	14.1%
Transfers for Debt Service - Principal	(296,598,361)	(355,299,813)	(315,333,409)	39,966,404	-11.2%
Reverse Transfers for Debt Service (System Only)	558,525,305	651,760,897	613,829,961	(37,930,936)	-5.8%
Transfers and Other	1,045,294,662	(203,819,040)	(215,688,586)	(11,869,546)	5.8%
SRECNA Change in Net Assets	$ 3,553,453,460	360,037,952	361,625,023	1,587,071	0.4%

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Amount	Percent
Total Revenues and AUF Transfers	$ 13,247,683,905	13,016,420,946	13,384,969,473	368,548,527	2.8%
Total Expenses (Including Transfers for Interest)	(13,190,112,478)	(12,773,806,056)	(13,092,539,083)	(318,733,027)	2.5%
Budget Margin (Deficit)	$ 57,571,427	242,614,890	292,430,390	49,815,500	
Reconciliation to Use of Prior Year Balances					
Depreciation		811,457,982	896,781,776		
Capital Outlay		(657,347,166)	(658,084,674)		
HEAF (Capitalized)		9,218,649	8,798,268		
Transfers for Debt Service - Principal		(355,299,813)	(315,333,409)		
Budgeted Transfers		(12,668,834)	(17,267,408)		
Net Additions to (Uses of) Prior Year Balances		37,975,708	207,324,943		

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, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 1,191,130,066	1,165,063,920	1,250,186,579	85,122,659	7.3%
Federal Sponsored Programs	680,805,048	583,409,386	577,004,461	(6,404,925)	-1.1%
State Sponsored Programs	168,429,248	134,503,925	142,630,673	8,126,748	6.0%
Local and Private Sponsored Programs	183,951,569	175,612,786	181,777,978	6,165,192	3.5%
Net Sales and Services of Educational Activities	240,183,278	227,491,722	246,065,210	18,573,488	8.2%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	326,860,626	318,569,622	347,097,963	28,528,341	9.0%
Other Operating Revenues	19,067,116	20,945,447	19,577,279	(1,368,168)	-6.5%
Total Operating Revenues	2,810,426,951	2,625,596,808	2,764,340,143	138,743,335	5.3%
Operating Expenses:					
Instruction	1,265,693,102	1,289,277,245	1,310,066,251	20,789,006	1.6%
Academic Support	343,815,523	356,566,602	415,361,771	58,795,169	16.5%
Research	710,470,982	661,347,335	649,624,982	(11,722,353)	-1.8%
Public Service	141,369,014	135,455,668	129,953,806	(5,501,862)	-4.1%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	293,325,612	299,739,191	308,062,801	8,323,610	2.8%
Student Services	166,802,436	162,558,915	176,740,512	14,181,597	8.7%
Operations and Maintenance of Plant	315,765,179	314,719,268	310,740,093	(3,979,175)	-1.3%
Scholarships and Fellowships	398,013,614	352,157,404	379,753,937	27,596,533	7.8%
Auxiliary Enterprises	395,449,207	408,103,085	425,070,401	16,967,316	4.2%
Depreciation and Amortization	337,754,183	297,461,565	354,686,199	57,224,634	19.2%
Total Operating Expenses	4,368,458,853	4,277,386,278	4,460,060,753	182,674,475	4.3%
Operating Surplus/Deficit	(1,558,031,902)	(1,651,789,470)	(1,695,720,610)	(43,931,140)	2.7%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	881,153,958	908,292,308	880,309,632	(27,982,676)	-3.1%
Federal Sponsored Programs (Nonoperating)	344,966,609	285,451,054	308,811,408	23,360,354	8.2%
State Sponsored Programs (Nonoperating)	15,768,461	9,301,566	1,715,388	(7,586,178)	-81.6%
Gifts in Support of Operations	129,590,575	135,114,253	148,638,409	13,524,156	10.0%
Net Investment Income	237,483,967	196,832,330	208,996,076	12,163,746	6.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	(65,304)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,608,898,266	1,534,991,511	1,548,470,913	13,479,402	0.9%
Transfers and Other:					
AUF Transfers Received for Operations	177,630,000	166,730,000	205,560,000	38,830,000	23.3%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(105,372,766)	(104,878,383)	(109,603,740)	(4,725,357)	4.5%
Total Transfers and Other	72,257,234	61,851,617	95,956,260	34,104,643	55.1%
Budget Margin (Deficit)	123,123,598	(54,946,342)	(51,293,437)	3,652,905	-6.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	122,822,303	-	-	-	-
Interest Expense on Capital Asset Financings	(1,500,000)	(1,500,000)	(1,500,000)	-	0.0%
Capital Approp., Gifts and Sponsored Programs	42,838,488	23,903,521	36,940,277	13,036,756	54.5%
HEAF (Capitalized)	12,291,989	9,218,649	8,798,268	(420,381)	-4.6%
Additions to Permanent Endowments	76,719,176	61,412,568	80,470,996	19,058,428	31.0%
Transfers for Debt Service - Principal	(120,966,110)	(121,300,437)	(110,819,542)	10,480,895	-8.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	366,603,451	503,186,185	416,552,792	(86,633,393)	-17.2%
SRECNA Change in Net Assets	$ 621,932,895	419,974,144	379,149,354	(40,824,790)	-9.7%

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Amount	Percent
Total Revenues and AUF Transfers	$ 4,597,020,521	4,327,318,319	4,518,371,056	191,052,737	4.4%
Total Expenses (Including Transfers for Interest)	(4,473,896,923)	(4,382,264,661)	(4,569,664,493)	(187,399,832)	4.3%
Budget Margin (Deficit)	$ 123,123,598	(54,946,342)	(51,293,437)	3,652,905	
Reconciliation to Use of Prior Year Balances					
Depreciation		297,461,565	354,686,199		
Capital Outlay		(112,776,426)	(118,566,964)		
HEAF (Capitalized)		9,218,649	8,798,268		
Transfers for Debt Service - Principal		(121,300,437)	(110,819,542)		
Budgeted Transfers		(12,319,828)	(19,825,605)		
Net Additions to (Uses of) Prior Year Balances		5,337,181	62,978,919		

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, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 103,300,141	102,346,184	116,600,211	14,254,027	13.9%
Federal Sponsored Programs	980,775,163	941,406,846	969,203,816	27,796,970	3.0%
State Sponsored Programs	63,774,535	44,264,761	56,577,393	12,312,632	27.8%
Local and Private Sponsored Programs	732,635,954	778,016,576	821,725,808	43,709,232	5.6%
Net Sales and Services of Educational Activities	141,213,952	112,718,955	101,786,585	(10,932,370)	-9.7%
Net Sales and Services of Hospital and Clinics	3,571,295,840	3,699,862,323	3,775,693,426	75,831,103	2.0%
Net Professional Fees	1,198,463,632	1,154,282,855	1,179,398,356	25,115,501	2.2%
Net Auxiliary Enterprises	84,612,659	95,462,843	94,337,195	(1,125,648)	-1.2%
Other Operating Revenues	104,515,203	116,697,968	109,944,578	(6,753,390)	-5.8%
Total Operating Revenues	6,980,587,080	7,045,059,311	7,225,267,368	180,208,057	2.6%
Operating Expenses:					
Instruction	1,545,849,547	1,600,839,314	1,601,795,931	956,617	0.1%
Academic Support	199,869,422	181,189,917	207,263,908	26,073,991	14.4%
Research	1,365,411,558	1,345,975,942	1,373,257,266	27,281,324	2.0%
Public Service	112,070,948	105,683,620	98,788,938	(6,894,682)	-6.5%
Hospitals and Clinics	3,297,676,171	3,345,782,249	3,413,961,466	68,179,217	2.0%
Institutional Support	392,544,831	482,643,033	460,288,669	(22,354,364)	-4.6%
Student Services	19,876,926	18,410,108	17,889,984	(520,124)	-2.8%
Operations and Maintenance of Plant	483,411,350	466,258,537	483,147,408	16,888,871	3.6%
Scholarships and Fellowships	14,998,540	16,919,465	15,084,301	(1,835,164)	-10.8%
Auxiliary Enterprises	64,820,529	70,789,618	66,812,132	(3,977,486)	-5.6%
Depreciation and Amortization	497,616,644	501,993,921	530,125,308	28,131,387	5.6%
Total Operating Expenses	7,994,146,466	8,136,485,724	8,268,415,311	131,929,587	1.6%
Operating Surplus/Deficit	(1,013,559,386)	(1,091,426,413)	(1,043,147,943)	48,278,470	-4.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	1,042,001,612	1,053,756,537	1,015,382,862	(38,373,675)	-3.6%
Federal Sponsored Programs (Nonoperating)	22,450,293	19,250,937	3,333,204	(15,917,733)	-82.7%
State Sponsored Programs (Nonoperating)	304,000	372,660	29,400	(343,260)	-92.1%
Gifts in Support of Operations	166,178,912	144,260,589	135,109,615	(9,150,974)	-6.3%
Net Investment Income	231,997,709	220,418,488	270,901,947	50,483,459	22.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,462,932,526	1,438,059,211	1,424,757,028	(13,302,183)	-0.9%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(95,840,606)	(106,531,713)	(101,656,890)	4,874,823	-4.6%
Total Transfers and Other	(95,840,606)	(106,531,713)	(101,656,890)	4,874,823	-4.6%
Budget Margin (Deficit)	353,532,534	240,101,085	279,952,195	39,851,110	16.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	1,325,722	1,325,722	1,500,000	174,278	13.1%
Net Inc./(Dec.) in Fair Value of Investments	527,213,810	-	-	-	-
Interest Expense on Capital Asset Financings	(2,141,928)	(1,705,286)	(2,141,928)	(436,642)	25.6%
Capital Approp., Gifts and Sponsored Programs	106,852,984	202,873,271	141,835,606	(61,037,665)	-30.1%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	36,562,909	25,726,070	18,980,000	(6,746,070)	-26.2%
Transfers for Debt Service - Principal	(153,482,251)	(160,809,376)	(162,948,867)	(2,139,491)	1.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	639,672,443	554,254,413	316,286,123	(237,968,290)	-42.9%
SRECNA Change in Net Assets	$ 1,509,536,223	861,765,899	593,463,129	(268,302,770)	-31.1%

Total Revenues and AUF Transfers	$ 8,443,519,606	8,483,118,522	8,650,024,396	166,905,874	2.0%
Total Expenses (Including Transfers for Interest)	(8,089,987,072)	(8,243,017,437)	(8,370,072,201)	(127,054,764)	1.5%
Budget Margin (Deficit)	$ 353,532,534	240,101,085	279,952,195	39,851,110	
Reconciliation to Use of Prior Year Balances					
Depreciation		501,993,921	530,125,308		
Capital Outlay		(542,852,840)	(539,217,710)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(160,809,376)	(162,948,867)		
Budgeted Transfers		594,000	3,436,000		
Net Additions to (Uses of) Prior Year Balances		39,026,790	111,346,926		

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

The University of Texas System Administration
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The FY 2012 operating budget allows The University of Texas System Administration to continue to fulfill its mission to lead and serve the academic and health institutions to create and sustain excellence in educations opportunities, research, and health care. In fulfilling this role, value is added on behalf of the U. T. institutions through the undertaking of certain central responsibilities that result in greater efficiency or higher quality than could be achieved by individual institutions or that fulfill legal requirements. These responsibilities include facilitation of U. T. institutions' goals, serving as the agent of the U. T. System Board of Regents, exerting leadership on national and state higher education policies, and providing oversight of and assistance for U. T. institution operations.

At the May 2011 U. T. System Board of Regents meeting, the Chancellor delivered "A Framework for Advancing Excellence throughout The University of Texas System." The U. T. System Administration is committed to advancing the four areas of impact within the framework: opportunity, economic prosperity, quality of life, and stewardship.

Challenges

As institutions began preparing their FY 2010 budgets in the summer of 2009, the Chairman of the U. T. System Board of Regents and the Chancellor expressed concern over the prospects for future funding of higher education in the 82^{nd} Legislative Session. Additionally, the Chairman strongly urged cost containment for U. T. institutions along with reductions in administrative overhead. For the FY 2011 budget, the U. T. System Administration took proactive steps to strategically realign its core operations and allocate resources to mission-critical services while remaining mindful of the anticipated reductions in state general revenue (GR). As a result of these steps, the U. T. System Administration was able to manage the eventual reduction in GR thus allowing general administrative operations funded by GR and the Available University Fund (AUF) to remain fairly static for FY 2012.

As a result of the challenging economic times and a slowdown in Systemwide construction activities, the U. T. System Administration experienced a reduction in force of approximately 61 employees and the elimination of 15 vacant positions principally in the facilities planning and construction management area during the spring of 2011. These staffing reductions were not related to the state budget issues but rather were related to a revenue shortfall resulting from fewer fees being charged to U. T. System institutions.

Revenue

The FY 2012 budgeted revenues are increasing by 17.8% primarily driven by an increase in the expected distribution to the AUF from the Permanent University Fund (PUF) net of an increase in the transfer of AUF income to The University of Texas at Austin. Both increases result from the July 2011 U. T. System Board of Regents approved PUF distribution increase from 4.75% to 5.50% of the trailing 12-quarter average of the net asset value of the PUF. The increase was recommended due to a record year of PUF royalty income, strong investment performance by UTIMCO, and the constrained State budget situation for the next biennium.

Contributing to the overall revenue increase is the receipt of the biennial funding for the Joint Admission Medical Program (JAMP) that will be passed through from the Texas Higher Education Coordinating Board in FY 2012 and is reflected as State Sponsored Programs. Funding for JAMP is intended to fund both years of the biennium.

Expenses

For U. T. System Administration, total budgeted expenses including transfers associated with interest on debt service will grow 2.9% or $4.3 million. Approximately half of the increase in expenses is due to interest on PUF Bonds. While continuing to be mindful of the difficult economic climate, the U. T. System Administration recognizes the need to maintain competitive compensation levels for staff through the implementation of a merit policy to be effective January 1, 2012.

The University of Texas System Administration
Operating Budget
Fiscal Year Ending August 31, 2012

		FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	-	-	-	-	-
Federal Sponsored Programs		15,856,935	6,320,000	8,200,000	1,880,000	29.7%
State Sponsored Programs		915,768	-	7,006,794	7,006,794	-
Local and Private Sponsored Programs		(76,870)	-	-	-	-
Net Sales and Services of Educational Activities		28,535,096	1,912,615	2,428,895	516,280	27.0%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		-	-	-	-	-
Other Operating Revenues		51,323,047	10,000	-	(10,000)	-100.0%
Total Operating Revenues		96,553,976	8,242,615	17,635,689	9,393,074	114.0%
Operating Expenses:						
Instruction		3,426,339	-	-	-	-
Academic Support		-	-	-	-	-
Research		-	-	-	-	-
Public Service		-	-	-	-	-
Hospitals and Clinics		-	-	-	-	-
Institutional Support		549,050,630	49,854,474	52,336,198	2,481,724	5.0%
Student Services		-	-	-	-	-
Operations and Maintenance of Plant		-	-	-	-	-
Scholarships and Fellowships		606,333	1,616,000	1,260,000	(356,000)	-22.0%
Auxiliary Enterprises		-	-	-	-	-
Depreciation and Amortization		12,428,609	12,002,496	11,970,269	(32,227)	-0.3%
Total Operating Expenses		565,511,911	63,472,970	65,566,467	2,093,497	3.3%
Operating Surplus/Deficit		(468,957,935)	(55,230,355)	(47,930,778)	7,299,577	-13.2%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		1,829,882	1,950,000	1,575,000	(375,000)	-19.2%
Federal Sponsored Programs (Nonoperating)		22,931,111	-	-	-	-
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		1,095,063	668,000	668,000	-	0.0%
Net Investment Income		261,531,088	355,853,490	402,255,332	46,401,842	13.0%
Other Non-Operating Revenue		832,658	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		288,219,802	358,471,490	404,498,332	46,026,842	12.8%
Transfers and Other:						
AUF Transfers Received for Operations		38,790,629	31,400,629	32,625,748	1,225,119	3.9%
AUF Transfers (Made) for Operations		(216,420,629)	(192,130,629)	(212,185,748)	(20,055,119)	10.4%
Transfers for Debt Service - Interest		(60,716,572)	(85,050,988)	(87,235,922)	(2,184,934)	2.6%
Total Transfers and Other		(238,346,572)	(245,780,988)	(266,795,922)	(21,014,934)	8.6%
Budget Margin (Deficit)		(419,084,705)	57,460,147	89,771,632	32,311,485	56.2%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		1,585,736,029	-	-	-	-
Interest Expense on Capital Asset Financings		(320,061,055)	(296,473,497)	(298,496,552)	(2,023,055)	0.7%
Capital Approp., Gifts and Sponsored Programs		-	-	-	-	-
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		66,108,070	89,703,593	66,108,070	(23,595,523)	-26.3%
Transfers for Debt Service - Principal		(22,150,000)	(73,190,000)	(41,565,000)	31,625,000	-43.2%
Reverse Transfers for Debt Service (System Only)		558,525,305	651,760,897	613,829,961	(37,930,936)	-5.8%
Transfers and Other		374,489,181	(383,259,638)	(429,527,501)	(46,267,863)	12.1%
SRECNA Change in Net Assets	$	1,823,562,825	46,001,502	120,610	(45,880,892)	-99.7%

Total Revenues and AUF Transfers	$	207,143,778	205,984,105	242,574,021	36,589,916	17.8%
Total Expenses (Including Transfers for Interest)		(626,228,483)	(148,523,958)	(152,802,389)	(4,278,431)	2.9%
Budget Margin (Deficit)	$	(419,084,705)	57,460,147	89,771,632	32,311,485	
Reconciliation to Use of Prior Year Balances						
Depreciation			12,002,496	11,970,269		
Capital Outlay			(1,717,900)	(300,000)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(73,190,000)	(41,565,000)		
Budgeted Transfers			(943,006)	(877,803)		
Net Additions to (Uses of) Prior Year Balances			(6,388,263)	58,999,098		

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

The University of Texas at Arlington
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The University of Texas at Arlington continues to maintain its focus to provide an unparalleled education for its students and to pursue its goal of becoming a major national research institution. U. T. Arlington continues to invest its finite resources in initiatives that support the core mission, advance strategic priorities, and fuel the Tier 1 agenda.

Challenges

U. T. Arlington has experienced significant enrollment growth the past few years, which, with the accompanying formula and tuition and fee revenue, buffered the monetary impact of reductions in state appropriations for FY 2012. While the reductions for FY 2012 were not as drastic as proposed by the House and Senate early in the 82nd Legislative Session, the effect of sustained reductions in state revenue and appropriations during the past several years cannot be understated, particularly in light of the additional demands of a larger student body.

During FY 2010 and FY 2011, U. T. Arlington took a number of substantive steps to adjust to successive state revenue reductions, to curtail costs, and to achieve greater efficiencies across the institution. These included absorbing two state revenue reductions totaling $10.2 million, adopting a flexible hiring freeze, implementing two voluntary separation plans (one for faculty, one for staff), elimination of vacant positions, elimination of 10 academic degree programs, reorganization and consolidation of financial and human resources, and selective outsourcing.

U. T. Arlington continues to be entrepreneurial in developing new revenue streams and in enhancing existing ones. U. T. Arlington is actively planning its first comprehensive fundraising campaign to increase private philanthropy. With the rollout of the 20-acre College Park District during the next year, new revenues will be generated through retail, student housing, parking, ticket sales, and concessions. The Division for Enterprise Development continues to expand operations and generate additional revenue.

Revenue

Total annual revenues for U. T. Arlington are expected to increase in FY 2012 due to a modest increase in tuition (approved by the U. T. System Board of Regents in March 2010), a projected 2% increase in enrollment, an increase in funding for sponsored programs, and an increase in sales and services of educational activities.

Expenses

U. T. Arlington's budget for FY 2012 is aligned with the institution's strategic priorities. Resources have been dedicated to faculty recruitment and retention, fellowships and compensation for graduate students, recruitment of additional academic advisors, and campus technology and infrastructure.

The University of Texas at Arlington
Operating Budget
Fiscal Year Ending August 31, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 163,037,808	170,423,313	185,155,245	14,731,932	8.6%
Federal Sponsored Programs	46,817,827	51,235,933	53,015,966	1,780,033	3.5%
State Sponsored Programs	14,497,382	11,885,703	16,431,817	4,546,114	38.2%
Local and Private Sponsored Programs	10,875,676	14,999,491	14,760,614	(238,877)	-1.6%
Net Sales and Services of Educational Activities	16,681,614	13,838,397	14,547,311	708,914	5.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	26,923,455	23,426,023	22,039,733	(1,386,290)	-5.9%
Other Operating Revenues	4,797,737	7,567,896	6,845,406	(722,490)	-9.5%
Total Operating Revenues	283,631,499	293,376,756	312,796,092	19,419,336	6.6%
Operating Expenses:					
Instruction	145,576,084	137,513,798	143,330,326	5,816,528	4.2%
Academic Support	32,761,930	30,276,799	27,919,433	(2,357,366)	-7.8%
Research	50,663,618	62,873,601	66,258,037	3,384,436	5.4%
Public Service	9,784,929	12,017,367	7,831,566	(4,185,801)	-34.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	36,000,800	37,702,660	51,419,644	13,716,984	36.4%
Student Services	26,020,932	27,233,692	32,699,071	5,465,379	20.1%
Operations and Maintenance of Plant	33,206,738	36,369,014	35,909,664	(459,350)	-1.3%
Scholarships and Fellowships	28,989,868	31,139,123	28,559,699	(2,579,424)	-8.3%
Auxiliary Enterprises	35,417,580	34,471,871	31,821,016	(2,650,855)	-7.7%
Depreciation and Amortization	33,053,039	28,982,904	32,727,012	3,744,108	12.9%
Total Operating Expenses	431,475,518	438,580,829	458,475,468	19,894,639	4.5%
Operating Surplus/Deficit	(147,844,019)	(145,204,073)	(145,679,376)	(475,303)	0.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	103,923,653	108,861,192	113,519,881	4,658,689	4.3%
Federal Sponsored Programs (Nonoperating)	46,461,488	39,761,488	44,000,000	4,238,512	10.7%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	2,726,152	2,290,368	2,516,909	226,541	9.9%
Net Investment Income	12,707,612	11,444,322	9,050,131	(2,394,191)	-20.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	165,818,905	162,357,370	169,086,921	6,729,551	4.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(12,094,680)	(11,153,541)	(13,381,770)	(2,228,229)	20.0%
Total Transfers and Other	(12,094,680)	(11,153,541)	(13,381,770)	(2,228,229)	20.0%
Budget Margin (Deficit)	5,880,206	5,999,756	10,025,775	4,026,019	67.1%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	21,131,926	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	33,700	40,665	6,965	20.7%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	2,212,251	2,345,432	2,579,975	234,543	10.0%
Transfers for Debt Service - Principal	(14,775,808)	(14,775,808)	(13,057,571)	1,718,237	-11.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	(62,526,404)	105,458,000	(469,607)	(105,927,607)	-100.4%
SRECNA Change in Net Assets	$ (48,077,829)	99,061,080	(880,763)	(99,941,843)	-100.9%

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Amount	Percent
Total Revenues and AUF Transfers	$ 449,450,404	455,734,126	481,883,013	26,148,887	5.7%
Total Expenses (Including Transfers for Interest)	(443,570,198)	(449,734,370)	(471,857,238)	(22,122,868)	4.9%
Budget Margin (Deficit)	$ 5,880,206	5,999,756	10,025,775	4,026,019	
Reconciliation to Use of Prior Year Balances					
Depreciation		28,982,904	32,727,012		
Capital Outlay		(7,282,031)	(8,028,114)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(14,775,808)	(13,057,571)		
Budgeted Transfers		6,120,165	4,419,614		
Net Additions to (Uses of) Prior Year Balances		19,044,986	26,086,716		

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

The University of Texas Austin
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The University of Texas at Austin remains committed to pursuing the goal of becoming the leading public university in the nation. Budget constraints have limited the ability to address progress on the major goals of 1) faculty expansion, 2) a competitive compensation plan aimed at recruitment and retention of top talent, and 3) support of academic initiatives critical to the future.

Challenges

As a result of the 5% budget reduction for FY 2011, U. T. Austin eliminated approximately 200 positions. These reductions were primarily in the administrative and facilities areas, in order to preserve the instructional and research missions of the University. Due to the $92 million reduction in state general revenue funding for the 2012-2013 biennium, U. T. Austin will eliminate approximately 400 additional positions (for a total of about 600 positions, or 12% of state-supported positions).

Of these 600 positions for the 2010-2011 and 2012-2013 biennia, approximately 95 are teaching positions and may include tenured faculty positions. The University will make any tenured faculty position reductions through retirement or attrition. U. T. Austin had made steady progress over the last fifteen years in reducing the faculty/student ratio by adding 15 to 30 new faculty members in most years. But, we will be unable to meet the goal of faculty expansion for FY 2012. This loss will reverse that trend, resulting in larger class sizes and fewer course offerings.

Adjunct faculty, teaching assistant and assistant instructor positions will need to be eliminated. This will have the greatest impact on the largest colleges (Liberal Arts, Natural Sciences, and Engineering). Students will have less access to instructional support, fewer available office hours, and fewer class sections. These realities will be a detriment to timely graduation. Research-oriented courses will be scaled back, including the popular freshman research initiatives. Courses requiring individualized instruction will be limited reducing the number of students who can be admitted to these programs. In Nursing, there are strict accreditation mandates on class sizes. If there are fewer faculty to teach, then fewer nursing students can be taught, further compounding the current nursing shortage.

The remaining 505 positions have already, or will, come from administrative and student support functions. Most of these positions will be eliminated through layoffs, but some have been given retirement incentives and some will be through attrition. Library staff will be reduced, resulting in the closing of some libraries and reduced student access to library services. Resources to maintain campus buildings and facilities will be reduced, resulting in deterioration and exacerbating problems caused by de ferred maintenance. Campus safety and security will be diminished, as staffing in these areas is reduced. Student academic advisors will be less available for assisting students with course selection and graduation planning. Student life services, such as health and counseling services, will be reduced.

The University leadership has been planning for reductions for over eighteen months. Each dean and vice president has a five year plan for implementing reductions, while maintaining core priorities for the college/school or administrative unit. These plans include the need to attract and maintain talent by providing some merit salary increases over the five year period through internal reallocations. As the deans and vice presidents implement their plans, decisions may be made that could increase or decrease the estimated 600 position reductions. The president supports these on-going decisions of campus leadership to continue to make progress in improving the quality of the teaching and research missions of U. T. Austin.

Revenue

The state general revenue reflects the reduced level of state appropriations. Federal Sponsored program revenue is also reduced, since the American Recovery and Reinvestment Act funds have expired. Although the base recurring Available University Fund distribution is down, the Board of Regents recently authorized an increase in the payout for one year (FY 2012) and provided additional distributions to U. T. Austin for specified periods of time for excellence and faculty recruitment.

Expenses

U. T. Austin will implement a modest strategic merit-based salary increase policy to be competitive for talented faculty and staff in order to remain a leading university. Funding for this program was made possible through budget cuts by the deans and vice presidents, and this action is consistent with the policy of making sacrifices to fund the highest institutional priorities.

The University of Texas at Austin
Operating Budget
Fiscal Year Ending August 31, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 455,000,000	435,440,000	453,200,000	17,760,000	4.1%
Federal Sponsored Programs	418,720,000	346,539,209	332,466,434	(14,072,775)	-4.1%
State Sponsored Programs	68,182,000	57,804,588	54,388,432	(3,416,156)	-5.9%
Local and Private Sponsored Programs	99,198,000	84,914,320	88,944,454	4,030,134	4.7%
Net Sales and Services of Educational Activities	186,600,000	187,927,699	201,464,424	13,536,725	7.2%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	224,000,000	219,880,374	240,623,245	20,742,871	9.4%
Other Operating Revenues	6,100,000	4,193,123	4,169,059	(24,064)	-0.6%
Total Operating Revenues	1,457,800,000	1,336,699,313	1,375,256,048	38,556,735	2.9%
Operating Expenses:					
Instruction	609,600,000	623,077,190	624,844,038	1,766,848	0.3%
Academic Support	160,800,000	183,595,784	238,870,667	55,274,883	30.1%
Research	466,505,000	413,152,106	390,158,951	(22,993,155)	-5.6%
Public Service	77,500,000	75,272,368	78,218,645	2,946,277	3.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	101,821,000	101,821,223	98,097,478	(3,723,745)	-3.7%
Student Services	51,132,000	51,131,971	55,635,959	4,503,988	8.8%
Operations and Maintenance of Plant	145,742,000	145,742,070	141,301,860	(4,440,210)	-3.0%
Scholarships and Fellowships	138,500,000	109,709,098	126,278,575	16,569,477	15.1%
Auxiliary Enterprises	235,000,000	243,014,017	254,847,333	11,833,316	4.9%
Depreciation and Amortization	178,100,000	145,867,500	178,100,000	32,232,500	22.1%
Total Operating Expenses	2,164,700,000	2,092,383,327	2,186,353,506	93,970,179	4.5%
Operating Surplus/Deficit	(706,900,000)	(755,684,014)	(811,097,458)	(55,413,444)	7.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	315,900,000	315,885,057	296,897,815	(18,987,242)	-6.0%
Federal Sponsored Programs (Nonoperating)	61,200,000	34,554,897	51,500,000	16,945,103	49.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	95,000,000	95,046,097	103,385,827	8,339,730	8.8%
Net Investment Income	179,900,000	147,770,985	155,529,237	7,758,252	5.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	652,000,000	593,257,036	607,312,879	14,055,843	2.4%
Transfers and Other:					
AUF Transfers Received for Operations	177,630,000	166,730,000	205,560,000	38,830,000	23.3%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(46,600,000)	(41,847,598)	(42,975,076)	(1,127,478)	2.7%
Total Transfers and Other	131,030,000	124,882,402	162,584,924	37,702,522	30.2%
Budget Margin (Deficit)	76,130,000	(37,544,576)	(41,199,655)	(3,655,079)	9.7%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	(1,500,000)	(1,500,000)	(1,500,000)	-	0.0%
Capital Approp., Gifts and Sponsored Programs	40,000,000	20,000,000	20,000,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	50,000,000	50,000,000	50,000,000	-	0.0%
Transfers for Debt Service - Principal	(45,012,594)	(45,012,594)	(37,879,000)	7,133,594	-15.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	294,500,000	289,500,000	289,500,000	-	0.0%
SRECNA Change in Net Assets	$ 414,117,406	275,442,830	278,921,345	3,478,515	1.3%

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Amount	Percent
Total Revenues and AUF Transfers	$ 2,287,430,000	2,096,686,349	2,188,128,927	91,442,578	4.4%
Total Expenses (Including Transfers for Interest)	(2,211,300,000)	(2,134,230,925)	(2,229,328,582)	(95,097,657)	4.5%
Budget Margin (Deficit)	$ 76,130,000	(37,544,576)	(41,199,655)	(3,655,079)	
Reconciliation to Use of Prior Year Balances					
Depreciation		145,867,500	178,100,000		
Capital Outlay		(60,245,671)	(59,557,682)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(45,012,594)	(37,879,000)		
Budgeted Transfers		(15,217,017)	(20,245,346)		
Net Additions to (Uses of) Prior Year Balances		(12,152,358)	19,218,317		

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 2011-12

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

As state appropriations are reduced, AUF is also being used as a more general source of basic support and maintenance.

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

Excellence in Mission:		**$ 120,735,867**
Instructional Excellence		
Enhanced Academic Programs 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.	$ 54,229,310	
Instructional Program Services These services include college computing services, instructional and technology enhanced teaching support, provision of Web-based student-faculty communication platforms, teaching effectiveness services, credit by examination, new and experienced faculty training, assessment methods, student course-instructor evaluations, the UT Elementary School, and coordination of University-wide K-12 activities.	2,388,004	
Instructional Initiatives and Programs 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 providing students with visiting lecturers, and specialized centers for bilingual education, education technology, science education, clinical legal, pharmacy and nursing experiences, student education field experience, fine arts productions, and the master teacher institute.	5,579,509	

Academic Infrastructure (Libraries, Instructional Technology) 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, the Benson Latin American Collection and the Law Library.	28,983,387	
Student Programs and Services These services encompass new student orientation, welcoming and mentoring programs, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning, the University Honors Center, the International Office, and study abroad programs.	4,598,975	
Research Excellence		
Research Competitiveness 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, to support the UT Press, and to help support research centers and institutes targeting areas critical to the economic development of Texas and the nation.	21,043,778	
Outreach Excellence		
Academic Program/Community Interface These programs help define and characterize the role of a flagship institution within the larger community and include such units as: Performing Arts Center, Blanton Museum, Texas Memorial Museum, and Winedale Historical Center.	3,912,904	
Recruitment and Retention of Talent:		**61,341,744**
Faculty The faculty development program and the recruitment and start-up package funds have enabled UT Austin to add new faculty positions each year to lower the student/faculty ratio. Lowering this ratio has improved undergraduate educational programs, which is a major institutional goal for this decade. Steady progress has been made annually. However, due to budget constraints in fiscal year 11-12, funds were not available to add new faculty positions.	11,872,967	

K-12 Outreach and Undergraduate 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. Funds for various admission, scholarship and retention programs (Gateway, Multicultural Engagement Center, etc.) help insure the quality and diversity of students.	14,627,135	
Graduate Students The intellectual and research accomplishments of the University depend critically on our ability to recruit and retain the very best graduate students from across the nation. These funds provide the scholarships, fellowships and infrastructure support necessary for UT Austin to compete with its peer institutions for these excellent students.	34,841,642	
Institutional Accountability and Enhanced Connections to the Public 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. Public Affairs has leadership responsibility for the institution's interaction with the media and with the pubic at large. The Office of Information Management and Analysis 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. Employee and Campus 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.		**21,645,295**
UT System The UT System Office of Telecommunication Services and the Network Bandwidth were established by the UT System Boarc of Regents to provide other UT campuses with inter-institutional voice, video, and computer communications in support of their missions of instruction and research. These services are managed by UT Austin, and therefore, appear in UT Austin's budget.		**1,837,094**
UT Austin AUF Budget		**$ 205,560,000**

Details

Excellence in Mission

Instructional Excellence

Enhanced Academic Programs		**54,229,310**
Colleges and Schools	7,479,245	
Academic Departments and Centers	3,805,065	
Academic Development	22,945,000	
Regents' Excellence Funding	13,000,000	
Faculty Enhancement & Excellence	7,000,000	
Instructional Program Services		**2,388,004**
Texas Language Center	75,362	
Dean's Office Communication Group	260,673	
Fine Arts-Office of Computing Technologies	242,352	
Division of Instructional Innovation and Assessment	1,597,876	
Undergraduate Studies - Assessment	113,741	
UT Elementary School	98,000	
Instructional Initiatives and Programs		**5,579,509**
Visiting Lecturers and Academic development	130,820	
Bilingual education	76,327	
Education Learning Technology Center	526,544	
Science Education Center	94,357	
Education student field experience	21,337	
Fine Arts ensembles, projects & opera production	24,679	
Fine Arts-Music-Student Opera Production	10,899	
Nursing Children's Wellness Center	65,637	
Clinical legal education	108,346	
E-outreach	178,007	
Master Teacher Institute	303,048	
Provost's Initiatives and Innovations	2,200,000	
Undergraduate Programs	450,033	
Signature Courses	1,183,045	
Core Curriculum Development	206,430	
Academic Infrastructure		**28,983,387**
Instructional Technology:	6,460,262	
computing, network, internet, email, etc		
Libraries: general library, Benson, Law, HRC	22,523,125	
Student Programs and Services		**4,598,975**
Dean of Students	2,380,877	
Deaf interpreters	409,146	
Mathematics lab	198,574	
International Office	795,610	
Study abroad	628,550	
International Student And Scholar Support And Compliance	100,757	
International exchange program	53,840	
University Honors Center	31,621	

Research Excellence		**21,043,778**
Research Competitiveness		
Research grant infrastructure, compliance and support		
VP Research	1,121,776	
Office of Research Support	891,830	
Research grants	55,100	
Animal Resources Center	565,370	
Texas Advanced Computing Center	3,215,021	
College of Liberal Arts - Research	164,685	
Statistics & Scientific Computation Program	437,970	
Center for Technology Commercialization	1,233,347	
	7,685,099	
Research Initiatives		
UT Press	1,087,599	
Undergraduate Research	6,237	
Organized Research Units	2,608,310	
Institute for Computational Engineering and Science	103,105	
Institute For Cellular And Molecular Biology	2,389,948	
Center for Studies in Texas	382,495	
Research Instruments Laboratory	118,194	
Research Enhancement	5,340,000	
Institute for Geophysics	704,774	
Marine Science Institute	618,017	
	13,358,679	
Outreach Excellence		**3,912,904**
Academic Program/Community Interface		
Performing Arts Center	1,938,505	
Blanton Museum	765,690	
Texas Memorial Museum	1,093,283	
Winedale	115,426	
Recruitment and Retention of Talent:		**61,341,744**
Initiatives to ensure quality and diversity		
Faculty		
Faculty Development Program	2,259,263	
Faculty Recruitment	3,785,585	
Regents' Faculty Recruitment Funding	5,000,000	
Recruitment start-up package, special equipment	828,119	
	11,872,967	
Undergraduate Students		
Admission	1,552,850	
Registrar	1,678,676	
Freshman Admissions Center	814,977	
Outreach centers	726,429	
Multicultural Engagement Center	5,236	
Pre-College Youth Development Student Diversity Initiatives	208,835	
Tuition and fees scholarship	69,129	
Gateway	54,912	
Student retention programs	147,761	
Community college student recruitment	238,200	
Student services programs	2,005,031	
Recruitment and retention programs	231,793	
Former student records	389,763	
Alumni volunteer network	151,968	
Admissions *NRSTAR Research	76,190	
Satellite Admissions Office	2,238,850	
Student financial services	3,149,744	
Center for Strategic Advising	500,949	
Longhorn Scholars	385,842	
	14,627,135	

Graduate Students		
Dean of Graduate Studies	2,410,891	
Fellowship commitments	200,000	
Tuition Benefits - Teaching Asst/Asst Instructor	22,760,327	
Graduate fellowships	6,414,575	
Special graduate fellowships	750,000	
Graduate fellowships	25,000	
Graduate research fellowships	200,000	
Graduate and international admissions	342,906	
Scholarships - School Of Law	1,214,429	
Law Admissions Outreach	298,514	
LBJ scholarships	225,000	
	34,841,642	
Institutional Accountability and Enhanced Connections to the Public		**21,645,295**
Office of President - Staff Ombuds	118,000	
Office of Institutional Research	4,892,121	
Office of Information Mangement and Analysis	2,187,475	
Public Affairs and Special Events (commencement, etc)	1,713,528	
Vice President for University Operations	1,111,011	
Campus Security and Safety	130,078	
Equal Employment Affirmative Action	488,088	
Employee Communications	344,066	
IQ Project	1,123,223	
Non-Student Interpreter Services	32,000	
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	9,505,705	
UT System		**1,837,094**
Telecomm Services Office - UT System Support	1,217,605	
Telecomm Infrastructure - Network Bandwidth	160,000	
Information Technology Assessments - UT Austin Support	459,489	
TOTAL		**$ 205,560,000**

The University of Texas at Brownsville
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The University of Texas at Brownsville's budget development focused on strategic goals for moving forward which include: 1) focusing on excellence in teaching and learning, 2) growing research, applying it to the region and involving students, 3) remaining accessible and affordable, 4) promoting regional economic and social development, and 5) accelerating student success to graduation.

Challenges

The severe deficit in the State of Texas has resulted in a U. T. Brownsville/Texas Southmost College partnership budget that will be reduced by over $16 million over the next two years or a total of 17% of U. T. Brownsville's state appropriations. This is occurring at the same time that enrollment has increased by over 8% during the last academic year.

Reductions totaling $6.8 million for FY 2012 have impacted the budget in three critical ways:

First, staff employment levels have been reduced by 57 positions that were kept vacant in the current fiscal year and that have been eliminated in FY 2012, thus saving $4.2 million. Some of the vacancies occurred through natural attrition and others resulted from a voluntary separation program offered in the fall of FY 2011 resulting in 39 vacancies. The decisions on vacancies were informed by a benchmarking study comparing staffing levels at the other campuses along with process organization and management. The study was evaluated during a Cost Containment and Resource Generation process last year. In addition, 34 filled staff positions were eliminated in the FY 2012 budget resulting in a reduction-in-force action on June 24, 2011. In total, U. T. Brownsville will operate with 91 fewer staff positions in FY 2012.

Second, faculty costs were reduced by gaining efficiencies in the classroom resulting in an increase in class size from eight for graduate programs and 10 for undergraduate programs to 10 and 15, respectively. Class sections that do not meet the criteria are evaluated for consolidation or elimination. These efforts resulted in $1 million of savings and eliminated the need to reduce any full-time faculty lines in the FY 2012 budget.

Third, departmental operating and travel budgets have been reduced by $1.6 million which means the University must be more efficient in the way business is conducted or seek alternative methods to train employees. All categories of expenditures have been reduced in FY 2011 and more efficient and economical ways of providing vital services to students have been identified with the idea that every dollar saved this year would make the FY 2012 reductions a bit easier.

Every division on campus has been affected by the budget cuts. However, great care was taken to ensure that students' instruction would not be interrupted. While this is the first time in the history of this partnership that the campus has been faced with this level of budget cuts, the commitment to raising the educational level in the region remains steadfast.

Revenue

Overall revenue growth is proposed to increase by 2.3% or $3.8 million over FY 2011. Tuition and fees are estimated to generate an increase of $4.2 million mostly due to enrollment increases and rate increases in both designated tuition ($91.47 to $100.65) and the medical service fee ($22.00 to $24.20). U. T. Brownsville will continue to have the second lowest academic cost in the U. T. System. Other revenue increases include an additional $1 million in Auxiliary Enterprises primarily as a result of the new housing facility and $0.4 million in Net Sales of Educational Activities. U. T. Brownsville's state appropriations for general revenue, insurance and benefits decreased by $2.8 million as well as Federal Sponsored Programs (Non-Operating), which decreased as a result of the loss of incentive funding.

Expenses

Total expenses are budgeted to increase by 2.2% or $3.7 million for FY 2012. The increase is largely driven by the increase in Depreciation and Amortization as a result of the Biomedical Research facility. Increases in faculty expenses have been added to the FY 2012 budget to address the experienced and projected enrollment growth. Other increases to expenditures will support academic restructuring and student support initiatives, minimal staff salary merit increases, faculty promotion, tenure and merit increases, group insurance increases, biomedical research facility costs, and increases to scholarships.

The University of Texas at Brownsville
Operating Budget
Fiscal Year Ending August 31, 2012

		FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	20,599,791	18,463,221	22,660,026	4,196,805	22.7%
Federal Sponsored Programs		24,474,651	10,741,471	11,075,348	333,877	3.1%
State Sponsored Programs		4,740,921	4,309,928	4,095,162	(214,766)	-5.0%
Local and Private Sponsored Programs		54,505,067	53,644,057	55,082,548	1,438,491	2.7%
Net Sales and Services of Educational Activities		2,093,133	812,129	1,174,679	362,550	44.6%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		1,051,128	1,197,022	2,188,138	991,116	82.8%
Other Operating Revenues		94,831	10,700	16,771	6,071	56.7%
Total Operating Revenues		107,559,522	89,178,528	96,292,672	7,114,144	8.0%
Operating Expenses:						
Instruction		49,098,308	45,063,226	45,060,611	(2,615)	0.0%
Academic Support		16,327,260	14,985,425	16,443,552	1,458,127	9.7%
Research		6,440,386	5,911,091	6,020,342	109,251	1.8%
Public Service		3,803,603	3,491,009	3,250,264	(240,745)	-6.9%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		16,426,468	15,076,479	15,543,291	466,812	3.1%
Student Services		11,857,723	10,883,211	9,195,581	(1,687,630)	-15.5%
Operations and Maintenance of Plant		14,793,849	13,578,035	12,382,055	(1,195,980)	-8.8%
Scholarships and Fellowships		43,324,132	39,763,593	42,513,634	2,750,041	6.9%
Auxiliary Enterprises		11,329,884	10,398,752	10,725,623	326,871	3.1%
Depreciation and Amortization		5,750,994	5,777,124	7,037,400	1,260,276	21.8%
Total Operating Expenses		179,152,607	164,927,945	168,172,353	3,244,408	2.0%
Operating Surplus/Deficit		(71,593,085)	(75,749,417)	(71,879,681)	3,869,736	-5.1%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		37,882,563	38,359,694	35,606,830	(2,752,864)	-7.2%
Federal Sponsored Programs (Nonoperating)		38,489,112	35,561,327	35,000,000	(561,327)	-1.6%
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		414,411	70,000	70,000	-	0.0%
Net Investment Income		1,315,883	691,000	700,000	9,000	1.3%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		78,101,969	74,682,021	71,376,830	(3,305,191)	-4.4%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(2,067,105)	(2,682,609)	(3,098,549)	(415,940)	15.5%
Total Transfers and Other		(2,067,105)	(2,682,609)	(3,098,549)	(415,940)	15.5%
Budget Margin (Deficit)		4,441,779	(3,750,005)	(3,601,400)	148,605	-4.0%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		3,742,435	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		63,488	-	-	-	-
HEAF (Capitalized)		2,166,667	2,257,249	2,166,668	(90,581)	-4.0%
Additions to Permanent Endowments		506,021	247,315	356,021	108,706	44.0%
Transfers for Debt Service - Principal		(5,409,917)	(4,014,650)	(3,436,000)	578,650	-14.4%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		(508,048)	641,178	714,177	72,999	11.4%
SRECNA Change in Net Assets	$	5,002,425	(4,618,913)	(3,800,534)	818,379	-17.7%

Total Revenues and AUF Transfers	$	185,661,491	163,860,549	167,669,502	3,808,953	2.3%
Total Expenses (Including Transfers for Interest)		(181,219,712)	(167,610,554)	(171,270,902)	(3,660,348)	2.2%
Budget Margin (Deficit)	$	4,441,779	(3,750,005)	(3,601,400)	148,605	
Reconciliation to Use of Prior Year Balances						
Depreciation			5,777,124	7,037,400		
Capital Outlay			(2,257,249)	(2,166,668)		
HEAF (Capitalized)			2,257,249	2,166,668		
Transfers for Debt Service - Principal			(4,014,650)	(3,436,000)		
Budgeted Transfers			-	-		
Net Additions to (Uses of) Prior Year Balances			(1,987,531)	-		

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

The University of Texas at Dallas
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The University of Texas at Dallas has a strategic plan that continues to be the cornerstone of its budget formulation. The University must scale up its operations over the next few years to attain the goals identified in the plan. The FY 2012 budget addresses these aspirations with support targeted at enrollment growth, instruction and research.

The goal of U. T. Dallas is to reach more than 25,000 students at full maturity, which will reflect the scale needed to become a major, nationally competitive research university. U. T. Dallas anticipates another record year of enrollment growth. Last fall, enrollment stood at 17,100 (up 8% from the previous year) and this fall, about 18,400 students are expected to enroll, or about a 9% increase. Quality of students is holding strong. A budgeted increase of about $14.0 million was made in scholarships and student support related to this significant expansion in enrollment. Growth in enrollment continues to create demand for additional student housing facilities. A $31.0 million, 400-bed student housing facility has been approved and is scheduled to be operational for fall 2012 occupancy.

Challenges

A major challenge facing U. T. Dallas is hiring faculty members to address rapidly growing enrollment during a time of state funding reductions. The budget includes $6.0 million of additional funds for new faculty hires. An additional $2.5 million of recurring dollars was budgeted for faculty start-ups, which will address a key budgetary obstacle. The University will plan for continued expansion of the faculty in subsequent years.

U. T. Dallas anticipates steady growth in research expenditures. The FY 2012 budget reflects the impact of the American Recovery and Reinvestment Act of 2009 funding not being continued and a much smaller allocation of Texas Research Incentive Program funding. These decreases will be compensated by the addition of programs in mechanical engineering and bio-engineering, as the University continues to recruit high-impact faculty who will enhance the institutional research enterprise. In addition, the overall growth of the faculty projected in the University’s strategic plan will drive continued research growth for the foreseeable future.

The University is experiencing challenges in staff salaries as the economic recovery in the Dallas-area business community reignites demand for human resources. Several talented employees in Communications, Business Affairs, and Information Resources were lost to those companies, which have offered higher salaries. In an effort to retain the best people, U. T. Dallas has budgeted $2.9 million for a modest merit-based salary program.

The budget provides several million dollars to fund growth and expansion (e.g., increased utility costs for new buildings), increased debt payments for new or upgraded facilities, and increased information resources costs related to an expanded enterprise. The increases in enrollment and number of students living on campus warrant additional investments in the University police force to ensure the safety and security of the campus. Selective reductions in administrative staff were made in FY 2011 to reallocate funds for higher priority functions.

Revenue

Overall revenue is anticipated to increase by 10.8% for FY 2012. Tuition and fee revenues are estimated at approximately 21.2% due to approved rate adjustments and the 9% enrollment growth projection. Other areas with increases over FY 2011 include gifts in support of operations, state and locally sponsored programs, auxiliary enterprises, and net investment income. Enrollment, instruction, and research continue to be specific targeted areas of future growth.

Expenses

Primary factors contributing to the anticipated 11.1% growth in expenditures are related to new faculty, Academic Affairs initiatives, academic support, scholarships, and financial aid. The University is implementing a 2.2% merit program for faculty and staff, including equity and market adjustments. Academic Affairs’ budget is increasing by $9.9 million for additional faculty, new programs and other initiatives. Scholarships and fellowships are increasing significantly, including a $13.6 million increase in the Academic Excellence Scholarship program.

The University of Texas at Dallas
Operating Budget
Fiscal Year Ending August 31, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 169,164,826	164,491,018	199,364,844	34,873,826	21.2%
Federal Sponsored Programs	43,966,437	50,475,642	48,709,207	(1,766,435)	-3.5%
State Sponsored Programs	7,468,985	3,694,421	5,561,657	1,867,236	50.5%
Local and Private Sponsored Programs	10,264,578	7,414,286	8,595,677	1,181,391	15.9%
Net Sales and Services of Educational Activities	11,487,364	8,507,465	10,155,462	1,647,997	19.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	10,151,162	9,086,311	11,163,565	2,077,254	22.9%
Other Operating Revenues	2,175,986	5,943,145	5,231,059	(712,086)	-12.0%
Total Operating Revenues	254,679,338	249,612,288	288,781,471	39,169,183	15.7%
Operating Expenses:					
Instruction	119,304,966	121,511,965	129,429,657	7,917,692	6.5%
Academic Support	40,148,437	34,594,411	36,813,966	2,219,555	6.4%
Research	73,052,374	78,447,293	74,817,228	(3,630,065)	-4.6%
Public Service	9,031,436	7,767,945	7,027,418	(740,527)	-9.5%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	31,740,977	33,826,734	31,069,699	(2,757,035)	-8.2%
Student Services	11,253,889	11,479,070	14,313,882	2,834,812	24.7%
Operations and Maintenance of Plant	23,599,002	22,832,927	25,270,519	2,437,592	10.7%
Scholarships and Fellowships	18,248,350	18,784,400	40,985,768	22,201,368	118.2%
Auxiliary Enterprises	19,575,533	20,799,568	22,492,688	1,693,120	8.1%
Depreciation and Amortization	31,756,566	30,017,355	39,463,647	9,446,292	31.5%
Total Operating Expenses	377,711,530	380,061,668	421,684,472	41,622,804	11.0%
Operating Surplus/Deficit	(123,032,192)	(130,449,380)	(132,903,001)	(2,453,621)	1.9%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	89,789,187	92,335,524	97,566,280	5,230,756	5.7%
Federal Sponsored Programs (Nonoperating)	20,653,066	16,013,548	12,500,000	(3,513,548)	-21.9%
State Sponsored Programs (Nonoperating)	7,839,093	7,727,500	1,715,388	(6,012,112)	-77.8%
Gifts in Support of Operations	11,416,317	12,246,349	17,887,219	5,640,870	46.1%
Net Investment Income	13,463,111	13,955,877	15,955,131	1,999,254	14.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	143,160,774	142,278,798	145,624,018	3,345,220	2.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(10,787,710)	(10,302,285)	(11,980,293)	(1,678,008)	16.3%
Total Transfers and Other	(10,787,710)	(10,302,285)	(11,980,293)	(1,678,008)	16.3%
Budget Margin (Deficit)	9,340,872	1,527,133	740,724	(786,409)	-51.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	34,400,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	2,500,000	2,500,000	-	(2,500,000)	-100.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	1,500,000	1,500,000	5,000,000	3,500,000	233.3%
Transfers for Debt Service - Principal	(12,275,248)	(12,277,062)	(15,172,804)	(2,895,742)	23.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	78,422,472	75,800,000	75,999,999	199,999	0.3%
SRECNA Change in Net Assets	$ 113,888,095	69,050,071	66,567,919	(2,482,152)	-3.6%

Total Revenues and AUF Transfers	$ 397,840,112	391,891,086	434,405,489	42,514,403	10.8%
Total Expenses (Including Transfers for Interest)	(388,499,240)	(390,363,953)	(433,664,765)	(43,300,812)	11.1%
Budget Margin (Deficit)	$ 9,340,872	1,527,133	740,724	(786,409)	
Reconciliation to Use of Prior Year Balances					
Depreciation		30,017,355	39,463,647		
Capital Outlay		(11,398,900)	(16,070,290)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(12,277,062)	(15,172,804)		
Budgeted Transfers		(278,000)	(322,000)		
Net Additions to (Uses of) Prior Year Balances		7,590,526	8,639,277		

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

The University of Texas at El Paso
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The University of Texas at El Paso remains strongly committed to its goals of offering both access and excellence to residents of the Paso del Norte region, and to U. T. El Paso's aspiration to become the first national research (Tier 1) university with a 21st century student demographic. Although the current fiscal climate is extremely challenging, U. T. El Paso has responded with a successful effort to identify efficiencies and repurpose available funds to enable strategic investments in enhancing its core missions of teaching, learning, research and service to the region. The FY 2012 operating budget includes commitments to new faculty positions in high-priority program areas; increases in part-time and summer faculty salary and graduate assistant budgets to expand course and program availability; and strategic investments in research to offset Research Development Fund appropriation reductions.

Challenges

U. T. El Paso is faced with a reduction of $3.9 million (4.3%) in general revenue for FY 2012, net of FY 2011 reductions. Total general revenue reductions are $14.5 million (15.5%) including FY 2011 reductions of $8 million and the elimination of the Higher Education Incentive Fund. This reduction is partially offset by an increase in overhead recovery for sponsored projects; previously authorized tuition and fee increases; and elimination of American Recovery and Reinvestment Act (ARRA) funded budgets which, anticipating this loss of funding, were purposely programmed during the current biennium for one-time investments. In addition, implementation of a 5% budget reduction across all U. T. El Paso divisions provided the funding source for strategic reinvestments, as mentioned above.

The University has enforced a flexible hiring freeze for all staff positions for the past three years. Approximately 99 positions remain vacant, generating more than $2.5 million in savings per year to help offset reductions in state appropriations. In addition, approximately 49 positions have been eliminated. Although required to address current fiscal constraints, these actions have seriously stressed the capacity of already leanly staffed support units. Units most heavily impacted are in enrollment services, business support, facilities services and the library. These staffing reductions may impact the quality and timeliness of services as well as hours of operation.

In addition, seven Strategic Financial and Operational Efficiency Study Groups were established in early fall 2010 to examine such cross-cutting areas as information technology and enrollment services, and to offer recommendations for achieving organizational efficiencies and leveraging institutional investments across the campus. In Academic Affairs, a comprehensive review of academic programs was conducted, resulting in recommendations to phase out five programs and consolidate twenty others, and procedures for monitoring and management of class sizes and scheduling were enhanced to ensure accessibility and increase efficiency in faculty/classroom/laboratory utilization.

Revenue

Total revenues reflect a modest increase of 6.7% over FY 2011. This increase is largely attributed to increasedI tuition and fee revenues and sponsored program activities, which are offset by a decrease in general revenue of 4.3%, net of FY 2011 reductions. Increased tuition and fee revenues are the result of a projected 2% growth in enrollment, tuition/fee rates approved by the Board of Regents last year, and a mid-year increase in the Recreation Fee of $50 per term as initiated and approved by student referendum. The 12.7% increase in sponsored activities reflects growth in externally funded research, as U. T. El Paso continues its progress toward Tier 1.

Expenses

Total expenses increase by 5.3% to $384 million, and reflect a 5% reduction in operating budgets along with strategic reinvestments in instruction and research. In addition to the 5% reduction, $4.6 million in one-time ARRA funding was eliminated in the FY 2012 operating budget. U. T. El Paso will not implement a formal faculty/staff salary increase policy in FY 2012, but $500,000 has been reserved to address specific equity and market salary issues. The faculty salary budget has been increased by an additional $2.3 million for new full-time faculty positions in high-priority areas ($500,000), part-time lecturers, summer faculty salaries, and graduate student support. Other increases include financial aid and staff benefits.

The University of Texas at El Paso
Operating Budget
Fiscal Year Ending August 31, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 100,504,751	100,013,143	109,479,411	9,466,268	9.5%
Federal Sponsored Programs	53,876,934	46,410,598	53,827,554	7,416,956	16.0%
State Sponsored Programs	16,412,146	16,257,667	19,713,745	3,456,078	21.3%
Local and Private Sponsored Programs	6,045,523	8,122,816	7,128,190	(994,626)	-12.2%
Net Sales and Services of Educational Activities	4,322,078	3,055,495	3,252,034	196,539	6.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	25,066,903	24,735,566	25,793,734	1,058,168	4.3%
Other Operating Revenues	13,839	60,000	60,000	-	0.0%
Total Operating Revenues	206,242,174	198,655,285	219,254,668	20,599,383	10.4%
Operating Expenses:					
Instruction	96,110,992	101,455,775	104,329,799	2,874,024	2.8%
Academic Support	22,149,168	17,047,786	19,626,470	2,578,684	15.1%
Research	57,471,643	53,451,630	61,449,362	7,997,732	15.0%
Public Service	8,673,824	9,277,736	8,551,429	(726,307)	-7.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	24,276,699	30,394,197	29,476,289	(917,908)	-3.0%
Student Services	17,524,135	17,305,637	17,904,720	599,083	3.5%
Operations and Maintenance of Plant	25,208,217	24,652,454	23,516,988	(1,135,466)	-4.6%
Scholarships and Fellowships	50,349,348	47,277,533	53,249,220	5,971,687	12.6%
Auxiliary Enterprises	36,639,366	35,880,172	37,160,296	1,280,124	3.6%
Depreciation and Amortization	18,752,556	18,615,000	19,886,308	1,271,308	6.8%
Total Operating Expenses	357,155,948	355,357,920	375,150,881	19,792,961	5.6%
Operating Surplus/Deficit	(150,913,774)	(156,702,635)	(155,896,213)	806,422	-0.5%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	90,418,907	92,486,607	88,555,920	(3,930,687)	-4.3%
Federal Sponsored Programs (Nonoperating)	55,636,224	47,544,412	52,858,000	5,313,588	11.2%
State Sponsored Programs (Nonoperating)	1,357,574	120,000	-	(120,000)	-100.0%
Gifts in Support of Operations	9,082,454	10,448,371	10,952,948	504,577	4.8%
Net Investment Income	10,739,765	8,656,652	10,436,319	1,779,667	20.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	167,234,924	159,256,042	162,803,187	3,547,145	2.2%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,071,488)	(9,425,655)	(8,791,387)	634,268	-6.7%
Total Transfers and Other	(7,071,488)	(9,425,655)	(8,791,387)	634,268	-6.7%
Budget Margin (Deficit)	9,249,662	(6,872,248)	(1,884,413)	4,987,835	-72.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	19,652,941	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	175,000	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	7,100,000	4,020,000	4,970,000	950,000	23.6%
Transfers for Debt Service - Principal	(10,733,256)	(10,729,005)	(9,782,571)	946,434	-8.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	29,294,537	37,396,383	38,053,730	657,347	1.8%
SRECNA Change in Net Assets	$ 54,738,884	23,815,130	31,356,746	7,541,616	31.7%

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Amount	Percent
Total Revenues and AUF Transfers	$ 373,477,098	357,911,327	382,057,855	24,146,528	6.7%
Total Expenses (Including Transfers for Interest)	(364,227,436)	(364,783,575)	(383,942,268)	(19,158,693)	5.3%
Budget Margin (Deficit)	$ 9,249,662	(6,872,248)	(1,884,413)	4,987,835	
Reconciliation to Use of Prior Year Balances					
Depreciation		18,615,000	19,886,308		
Capital Outlay		(5,280,500)	(5,532,958)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(10,729,005)	(9,782,571)		
Budgeted Transfers		(1,425,378)	(1,885,909)		
Net Additions to (Uses of) Prior Year Balances		(5,692,131)	800,457		

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

The University of Texas - Pan American
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

This budget strives to address the following goals: 1) provide students a quality education that they complete in a timely fashion; 2) identify and focus on targeted research relevant to South Texas, emphasizing collaborative partnerships and entrepreneurship; 3) enhance engagement with community constituents to meet challenges and maximize opportunities; 4) collaborate with primary, secondary, and post-secondary schools to increase access, participation and success in higher education; 5) leverage the University's border location as a gateway for the Americas to initiate projects infused with global perspectives; and, 6) optimize institutional effectiveness and efficiency, especially of processes that affect students, staff and facuty, consistent with high quality organizational standards.

Challenges

In addition to suffering the repercussions of the appropriation cuts, U. T. Pan American continues to be challenged with one of the lowest academic cost rates in the state. Despite the challenges, increases in effectiveness and efficiency are being achieved through the reallocation of resources and paring of expenses in accord with its strategic plan.

U. T. Pan American began preparations for the fiscal challenges in FY 2011 by instituting a hiring freeze, reducing or deferring expenses, and protecting high value activities by shifting expenses to local sources where possible. Marginal revenue above budgeted levels also assisted in weathering the FY 2011 general revenue reductions. To better serve the needs of its many minority first-generation students, plans are being finalized to consolidate advising activities under an undergraduate college. These activities are currently split between the academic and student affairs divisions.

Also critical to student success, supplemental instruction was funded an additional $100,000. U nlike remedial education, supplemental instruction seeks to raise achievement levels among the greater student population; the initiative targets historically difficult courses, not poorly skilled students. To accelerate time to graduation and transition high school students seamlessly, concurrent enrollment activities were protected. A win-win situation will be created with the provision of $200,000 to enhance student employment; the best and brightest students will be recruited, providing them with an income while mitigating the effects of eliminated staff positions. U. T. Pan American currently expends $5.5 million or 77% of its wage funds on student employment.

In the area of academics, a rigorous external academic program evaluation process is being permanently established; 7 to 10 programs will be reviewed each year. Importantly, certain programs are being eliminated: the BS in computer science, BAAS in liberal arts, BS in Rehabilitative Services Addiction Studies, and the MSN Nurse-Clinical Specialist program. Al so, the PhD in international business was merged with the PhD in business administration. Although there will be no new degree programs for FY 2012, $361,529 will be provided to continue development of new programs in the pipeline. In addition, $200,000 was added to the summer budget to provide students with the necessary classes to maintain their graduation trajectory.

Revenue

Total revenues are projected to decrease by 2.3% or $5.9 million over FY 2011. Gross tuition and fees are projected to increase by $10.7 million mostly due to a designated tuition rate increase from $106.09 to $115.39/SCH and to FY 2011 enrollment growth achieved over a zero growth budget assumption. However, tuition discounting resulted in a net tuition and fee increase of only $3.5 million. The state appropriations decrease of $4.1 million is mostly attributed to the $9.1 million decrease in general revenue offset by $5.6 million already captured in the FY 2011 budget. Importantly, a new special line for the McAllen Teaching Site will provide $0.4 million in additional funding. Appropriations for the Research Development Fund were reduced $0.2 million. Finally, non-operating federal sponsored programs decreased $6.7 million as a result of an anticipated $5 million reduction Pell grants and the discontinuance of state incentive funding ($1.6 million).

Expenses

Total expenses are projected to decrease by 3.7% or $9.8 million from FY 2011 levels. Sixty-four vacant positions totaling $1.7 million were eliminated. In addition, 43 employees have availed themselves of the Voluntary Separation Incentive Program that resulted in recurring salary savings of $0.5 million. Twenty-six jobs have been eliminated due to reorganizations aimed at increasing effectiveness and efficiency, generating $0.9 million million in savings. Travel budgets, already modest due to previous reductions, and maintenance and operation budgets are reduced by a combined $1.4 million. Although employee merit increases are not accommodated, $111,242 has been set aside to address compensation problems in five job groups, and $128,000 is used to finance faculty promotion commitments. Finally, employee benefit costs requires an additional $1.4 million, mostly due to increasing group insurance premiums.

The University of Texas - Pan American
Operating Budget
Fiscal Year Ending August 31, 2012

		FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	57,106,942	58,980,896	62,466,755	3,485,859	5.9%
Federal Sponsored Programs		26,471,775	22,201,076	23,350,321	1,149,245	5.2%
State Sponsored Programs		34,239,248	26,903,431	26,387,790	(515,641)	-1.9%
Local and Private Sponsored Programs		2,190,570	2,500,790	2,207,666	(293,124)	-11.7%
Net Sales and Services of Educational Activities		6,023,075	5,331,748	5,908,744	576,996	10.8%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		6,259,428	6,710,474	6,851,060	140,586	2.1%
Other Operating Revenues		2,459,919	1,573,616	1,357,772	(215,844)	-13.7%
Total Operating Revenues		134,750,957	124,202,031	128,530,108	4,328,077	3.5%
Operating Expenses:						
Instruction		83,937,935	88,776,994	89,093,574	316,580	0.4%
Academic Support		14,720,785	18,254,823	18,890,979	636,156	3.5%
Research		6,647,435	6,710,610	6,262,152	(448,458)	-6.7%
Public Service		8,347,113	7,592,017	6,931,716	(660,301)	-8.7%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		23,502,422	21,259,805	20,622,257	(637,548)	-3.0%
Student Services		16,609,141	14,429,171	15,867,149	1,437,978	10.0%
Operations and Maintenance of Plant		18,713,304	20,218,042	19,827,273	(390,769)	-1.9%
Scholarships and Fellowships		59,948,710	51,376,942	40,761,195	(10,615,747)	-20.7%
Auxiliary Enterprises		14,616,932	16,232,358	16,109,588	(122,770)	-0.8%
Depreciation and Amortization		14,832,908	15,001,682	15,871,832	870,150	5.8%
Total Operating Expenses		261,876,685	259,852,444	250,237,715	(9,614,729)	-3.7%
Operating Surplus/Deficit		(127,125,728)	(135,650,413)	(121,707,607)	13,942,806	-10.3%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		72,261,472	78,401,824	74,329,939	(4,071,885)	-5.2%
Federal Sponsored Programs (Nonoperating)		56,671,181	51,670,670	45,000,000	(6,670,670)	-12.9%
State Sponsored Programs (Nonoperating)		55,261	91,891	-	(91,891)	-100.0%
Gifts in Support of Operations		2,163,983	2,049,226	2,187,441	138,215	6.7%
Net Investment Income		3,677,025	2,957,844	3,413,898	456,054	15.4%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		(65,304)	-	-	-	-
Net Non-Operating Revenue/(Expenses)		134,763,618	135,171,455	124,931,278	(10,240,177)	-7.6%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(3,990,616)	(4,002,326)	(3,789,575)	212,751	-5.3%
Total Transfers and Other		(3,990,616)	(4,002,326)	(3,789,575)	212,751	-5.3%
Budget Margin (Deficit)		3,647,274	(4,481,284)	(565,904)	3,915,380	-87.4%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		11,915,441	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		100,000	250,000	125,000	(125,000)	-50.0%
HEAF (Capitalized)		10,125,322	6,961,400	6,631,600	(329,800)	-4.7%
Additions to Permanent Endowments		188,647	230,000	180,000	(50,000)	-21.7%
Transfers for Debt Service - Principal		(8,052,989)	(8,392,704)	(8,132,596)	260,108	-3.1%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		(1,175,913)	1,720,881	(1,438,963)	(3,159,844)	-183.6%
SRECNA Change in Net Assets	$	16,747,782	(3,711,707)	(3,200,863)	510,844	-13.8%

Total Revenues and AUF Transfers	$	269,579,879	259,373,486	253,461,386	(5,912,100)	-2.3%
Total Expenses (Including Transfers for Interest)		(265,932,605)	(263,854,770)	(254,027,290)	9,827,480	-3.7%
Budget Margin (Deficit)	$	3,647,274	(4,481,284)	(565,904)	3,915,380	
Reconciliation to Use of Prior Year Balances						
Depreciation			15,001,682	15,871,832		
Capital Outlay			(8,978,300)	(9,132,800)		
HEAF (Capitalized)			6,961,400	6,631,600		
Transfers for Debt Service - Principal			(8,392,704)	(8,132,596)		
Budgeted Transfers			(1,524,948)	(1,791,964)		
Net Additions to (Uses of) Prior Year Balances			(1,414,154)	2,880,168		

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

The University of Texas of the Permian Basin
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The University of Texas of the 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 obtain these goals, U. T. Permian Basin has six institutional initiatives: 1) to grow enrollment, 2) to increase student retention and graduation rates, 3) to enhance the quality of its academic programs, 4) to further develop its research initiatives, 5) to maintain and create new community partnerships, and 6) to strengthen public trust and accountability. Greater access for all Texans will be provided through expanded online and technology assisted degree programs. Efforts to offer degrees of value will be enhanced by expanding degree program options in Science, Technology, Engineering and Mathematics and other critical need areas. A B.S. program in Mechanical Engineering and an M.A. in Mathematics have been started in the last two years and continue to develop. U. T. Permian Basin is initiating a new petroleum engineering undergraduate program in Fall 2011 and a B.S.N. in Nursing in Fall 2012. Efforts to improve student success include continued development of the Advancement Via Individual Determination program and the restructuring of student academic support programs in the next year. Quality enhancement is being sought through new specialized accreditations and expansion of educational technologies. Increased faculty research and community partnerships will continue to keep U. T. Permian Basin programs connected to the latest in thought and application to current programs. Stewardship efforts will work to increase productivity and increase the number of degrees awarded.

Challenges

Through FY 2010 and FY 2011, U. T. Permian Basin has taken several steps to align the institution's budget with the lower authorized funding levels. For FY 2012, state general revenue appropriations, net of tuition revenue bond changes are 19.2% lower than the previous legislature's original appropriations for FY 2011.

The following specific actions have been taken: a multi-year hiring freeze was implemented; 50 vacant positions were eliminated for FY 2012, comprised of 24 faculty and 26 non-instructional positions; total institutional FTEs have been reduced by approximately 15%, over the most recent year. Despite enrollment growth and increased service demands to support retention and graduation initiatives, faculty and staff FTEs have had to be reduced to FY 2009 levels to stay within authorized funding levels.

Furthermore, three academic programs have been closed and another is under review for closure. Teaching in outlying communities has been reduced due to enrollments with less than optimum class sizes. Access to services such as computer labs, library, admissions, registration, and other offices has been cut. The number of days the campus is open has been reduced to enable energy conservation and cost savings. Response times to maintenance and repair requests have increased leading to some increases in deferred maintenance. Support for research and the Center for Energy and Economic Diversification has been reduced which may risk slowing growth in external funding. Community and public school outreach programs, including the John Ben Shepperd Public Leadership Institute programs and university funded P-16 outreach, have shrunk.

Revenue

Designated tuition has been increased by $9.25 per Semester Credit Hour (SCH) beginning in the Fall 2011, while other mandatory fees remain at their FY 2011 levels. The total SCH estimate increased by 1,000 credit hours over the estimated 2011 fiscal year.

Expenses

U. T. Permian Basin has fully budgeted part-time faculty, summer school faculty salaries, and student wage budgets. Salary increases have been established based on merit. A staff and faculty salary increase pool of 1.0% of FY 2011 salaries has been created; and, the increases will be implemented on January 1, 2012 --- *if certain enrollment targets are attained*. Fringe benefits budgets reflect prior and current year's actual expenses. Depreciation expense increases reflect the new buildings to be brought on line for their first full year in FY 2012.

The University of Texas of the Permian Basin
Operating Budget
Fiscal Year Ending August 31, 2012

		FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	15,219,872	13,520,691	14,176,842	656,151	4.9%
Federal Sponsored Programs		3,048,015	2,036,462	2,598,114	561,652	27.6%
State Sponsored Programs		800,000	1,213,520	1,055,506	(158,014)	-13.0%
Local and Private Sponsored Programs		250,000	600,000	212,364	(387,636)	-64.6%
Net Sales and Services of Educational Activities		439,268	344,876	993,569	648,693	188.1%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		3,156,472	3,224,581	3,400,246	175,665	5.4%
Other Operating Revenues		1,205,532	2,000	2,000	-	0.0%
Total Operating Revenues		24,119,159	20,942,130	22,438,641	1,496,511	7.1%
Operating Expenses:						
Instruction		14,210,350	15,949,782	17,043,186	1,093,404	6.9%
Academic Support		7,170,874	5,064,854	5,535,069	470,215	9.3%
Research		2,110,935	2,625,610	2,760,885	135,275	5.2%
Public Service		2,005,842	1,623,595	1,392,565	(231,030)	-14.2%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		4,201,380	3,617,168	3,340,357	(276,811)	-7.7%
Student Services		3,394,610	2,671,299	2,512,213	(159,086)	-6.0%
Operations and Maintenance of Plant		5,787,971	4,441,510	4,641,060	199,550	4.5%
Scholarships and Fellowships		7,737,086	3,886,188	3,141,510	(744,678)	-19.2%
Auxiliary Enterprises		3,237,788	3,300,775	3,396,192	95,417	2.9%
Depreciation and Amortization		5,606,313	4,200,000	11,600,000	7,400,000	176.2%
Total Operating Expenses		55,463,149	47,380,781	55,363,037	7,982,256	16.8%
Operating Surplus/Deficit		(31,343,990)	(26,438,651)	(32,924,396)	(6,485,745)	24.5%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		25,861,033	30,010,896	27,673,856	(2,337,040)	-7.8%
Federal Sponsored Programs (Nonoperating)		5,830,344	4,793,938	5,953,408	1,159,470	24.2%
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		1,587,258	1,959,611	1,476,535	(483,076)	-24.7%
Net Investment Income		2,236,294	1,437,854	1,975,558	537,704	37.4%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		35,514,929	38,202,299	37,079,357	(1,122,942)	-2.9%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(2,709,026)	(5,369,009)	(5,534,188)	(165,179)	3.1%
Total Transfers and Other		(2,709,026)	(5,369,009)	(5,534,188)	(165,179)	3.1%
Budget Margin (Deficit)		1,461,913	6,394,639	(1,379,227)	(7,773,866)	-121.6%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		4,764,366	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		-	100,000	16,000,000	15,900,000	15900.0%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		50,000	400,000	10,000,000	9,600,000	2400.0%
Transfers for Debt Service - Principal		(6,343,125)	(6,343,125)	(5,490,000)	853,125	-13.4%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		7,108,985	(9,125,000)	11,250,000	20,375,000	-223.3%
SRECNA Change in Net Assets	$	7,042,139	(8,573,486)	30,380,773	38,954,259	-454.4%

Total Revenues and AUF Transfers	$	59,634,088	59,144,429	59,517,998	373,569	0.6%
Total Expenses (Including Transfers for Interest)		(58,172,175)	(52,749,790)	(60,897,225)	(8,147,435)	15.4%
Budget Margin (Deficit)	$	1,461,913	6,394,639	(1,379,227)	(7,773,866)	
Reconciliation to Use of Prior Year Balances						
Depreciation			4,200,000	11,600,000		
Capital Outlay			(603,204)	(449,152)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(6,343,125)	(5,490,000)		
Budgeted Transfers			-	-		
Net Additions to (Uses of) Prior Year Balances			3,648,310	4,281,621		

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

The University of Texas at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The University of Texas at San Antonio is committed to providing access to academic excellence through an educational experience of the highest quality, taught by the best faculty the nation can offer, in an environment that allows students to succeed. U. T. San Antonio has embraced its role as a Hispanic and Minority-Serving institution with programs that provide access and opportunity for large numbers of historically underserved students. U. T. San Antonio is ranked number four in the nation in the number of undergraduate degrees awarded to Hispanic students and 11th nationally in the number of master's degrees awarded to Hispanics.

Challenges

The state budget reductions to funding for institutional, research, operations and mission critical areas total over $11 million. To preserve the positions and programs funded by these sources and the University's commitment to the instructional and research missions, the deficit will be covered by unallocated designated tuition. As a result, fewer new faculty will be hired as needed to address enrollment growth. Semester credit hour production has increased from the previous year by almost 5%. Graduation and retention rates, class sizes and the student-faculty ratio are impacted by the inability to add course sections. U. T. San Antonio's student-faculty ratio of 25 students to 1 faculty is one of the highest of all U. T. academic institutions. The goal of reducing the student-faculty ratio to 20.6 by 2016 will require 200 new faculty to be added over the next two biennia. The designated tuition that must replace state general revenue could have been used to hire over 100 new tenure/tenure-track faculty and additional staff as needed to enhance both undergraduate and graduate educational experiences.

Deep reductions in special item appropriations must be passed on to those specific programs during FY 2012. The impacts will include a reduction of eight budgeted positions at the Institute of Texan Cultures; the loss of 14 scholarships awarded by the Center for Water Research; a reduction in services for the Texas Pre-engineering Program that translates to fewer students served throughout the state. The Texas State Data Center will delete positions when vacated and temporarily mitigate other layoffs by moving expenses to an external funding source. The reduction in staff is likely to delay request response times.

Sponsored program activities are vital to sustaining U. T. San Antonio's research and graduate programs. To continue the strategic focus on energy, health, security, sustainability and human, and social development, U. T. San Antonio will cover the reduction in state appropriated research development funding with institutional revenue resulting from an overhead chargeback recovery billed to auxiliary enterprises as a share of the administrative overhead burden.

Revenue

State general revenue, including group insurance funding, of $99.3 million directly appropriated to U. T. San Antonio through the General Appropriations Act for FY 2012 is $13.3 million (11.8%) less than the original appropriation for FY 2011 and $4.5 million (4.3%) below the same state funding amount for FY 2009. A portion of the loss of appropriations was absorbed by the University in the FY 2011 budget in anticipation of the funding reductions of House Bill 4, 82nd Legislature, R.S. leaving the net reduction for the FY 2012 budget at $3.0 million (2.6%). Due to strong growth in enrollment and Board approved rate increases, tuition and fee revenue, net of financial aid set-asides, provides about $10 million in new revenue. Another $8.8 million was saved during the prior year which when combined with new revenues, provides sufficient resources to cover the state appropriation shortfall and new funding allocations. Restricted sponsored programs are expected to grow by 11% from last year, with half of the growth due to federal financial aid. Auxiliary enterprises are projected to generate 12% more revenue. The San Antonio Life Science Institute, a collaboration with U. T. Health Science Center – San Antonio, received a total budget allocation of $735,000 which is a reduction from the combined American Recovery and Reinvestment Act funded amount of $4 million.

Expenses

Total budgeted expenses are expected to increase by approximately $13.9 million. After covering the reduction in state funding, $1 million is available towards strategic initiatives including new faculty positions. Last year, merit increases were paid as one-time, lump sum awards. The strategic goal of retaining faculty and staff who diligently contribute to excellence will be addressed with a merit pool to provide base salary increases of 2.25% for faculty, classified, and administrative and professional staff. This will cost Educational and General budgets $3 million. Medical insurance premium increases of 5% will increase the cost of employer paid benefits. Salaries and other payroll related costs represent approximately 55% of the total FY 2012 budget.

The University of Texas at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 184,696,076	175,299,065	179,861,844	4,562,779	2.6%
Federal Sponsored Programs	57,150,267	52,427,585	50,937,619	(1,489,966)	-2.8%
State Sponsored Programs	18,110,549	10,731,774	13,910,774	3,179,000	29.6%
Local and Private Sponsored Programs	611,223	3,292,226	4,676,465	1,384,239	42.0%
Net Sales and Services of Educational Activities	10,248,795	7,202,954	7,103,668	(99,286)	-1.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	26,269,863	26,373,261	30,808,500	4,435,239	16.8%
Other Operating Revenues	2,113,659	1,352,500	1,895,212	542,712	40.1%
Total Operating Revenues	299,200,432	276,679,365	289,194,082	12,514,717	4.5%
Operating Expenses:					
Instruction	119,640,461	124,840,949	127,417,303	2,576,354	2.1%
Academic Support	42,968,662	44,837,499	43,664,754	(1,172,745)	-2.6%
Research	45,157,843	37,087,449	40,605,552	3,518,103	9.5%
Public Service	19,051,343	18,179,832	16,695,991	(1,483,841)	-8.2%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	45,772,495	46,141,029	48,563,386	2,422,357	5.2%
Student Services	23,639,400	21,530,716	22,925,349	1,394,633	6.5%
Operations and Maintenance of Plant	43,068,516	40,675,845	41,877,915	1,202,070	3.0%
Scholarships and Fellowships	44,216,120	42,350,246	42,708,328	358,082	0.8%
Auxiliary Enterprises	34,153,451	38,226,330	42,789,248	4,562,918	11.9%
Depreciation and Amortization	39,000,000	38,500,000	39,000,000	500,000	1.3%
Total Operating Expenses	456,668,291	452,369,895	466,247,826	13,877,931	3.1%
Operating Surplus/Deficit	(157,467,859)	(175,690,530)	(177,053,744)	(1,363,214)	0.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	113,305,940	116,396,860	113,367,809	(3,029,051)	-2.6%
Federal Sponsored Programs (Nonoperating)	51,616,402	48,158,658	55,000,000	6,841,342	14.2%
State Sponsored Programs (Nonoperating)	6,500,000	1,362,175	-	(1,362,175)	-100.0%
Gifts in Support of Operations	6,000,000	10,000,000	10,000,000	-	0.0%
Net Investment Income	8,873,812	6,418,296	7,572,019	1,153,723	18.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	186,296,154	182,335,989	185,939,828	3,603,839	2.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(15,982,564)	(16,002,930)	(16,029,146)	(26,216)	0.2%
Total Transfers and Other	(15,982,564)	(16,002,930)	(16,029,146)	(26,216)	0.2%
Budget Margin (Deficit)	12,845,731	(9,357,471)	(7,143,062)	2,214,409	-23.7%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	16,661,680	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	350,000	285,000	(65,000)	-18.6%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	14,080,465	2,000,000	7,000,000	5,000,000	250.0%
Transfers for Debt Service - Principal	(13,905,000)	(15,297,316)	(13,803,000)	1,494,316	-9.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	21,909,675	257,175	1,500,000	1,242,825	483.3%
SRECNA Change in Net Assets	$ 51,592,551	(22,047,612)	(12,161,062)	9,886,550	-44.8%

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Amount	Percent
Total Revenues and AUF Transfers	$ 485,496,586	459,015,354	475,133,910	16,118,556	3.5%
Total Expenses (Including Transfers for Interest)	(472,650,855)	(468,372,825)	(482,276,972)	(13,904,147)	3.0%
Budget Margin (Deficit)	$ 12,845,731	(9,357,471)	(7,143,062)	2,214,409	
Reconciliation to Use of Prior Year Balances					
Depreciation		38,500,000	39,000,000		
Capital Outlay		(16,186,755)	(17,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(15,297,316)	(13,803,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		(2,341,542)	1,053,938		

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

The University of Texas at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The University of Texas at Tyler's vision is to be nationally recognized for its high quality education in the professions and in the humanities, arts and sciences, and for its distinctive core curriculum. U. T. Tyler addressed the FY 2012 budget by assessing costs that can be reduced while doing no harm to the University's mission. With that goal in mind, the University continues to review cost savings from the past, implement further cost reductions that will do the least harm, and increase revenues through growth with the hopes of not having to implement a reduction-in-force. U. T. Tyler has the opportunity to grow out of financial challenges, since the University is still making the transition from an upper division, non-traditional student base to a more traditional, residential campus. Therefore, the University wants to ensure that cost cuts do not adversely affect its ability to continue to recruit and serve an increasing student body. Although this budget reflects flat enrollment growth, the University expects to see positive growth.

Challenges

A great deal has been done to save utility costs and reduce travel, maintenance, and operation costs. U. T. Tyler also began eliminating positions through attrition, and contained personnel costs with a flexible hiring freeze in FY 2010 and 2011. Many of these reduction strategies were the result of the work of two separate campus-wide committees charged with identifying cost-saving measures. During the upcoming year items mentioned above will continue with the flexible hiring freeze becoming more stringent.

Between 2009 and 2010, U. T. Tyler was able to add almost $9.5 million to its reserves, bringing the University's total reserves to approximately $34 million, or more than 1/3 of the $90 million annual budget. These reserves will be available to purposefully continue to steadily and strategically reduce the expenditure budget without endangering the mission or having a reduction-in-force program.

Revenue

Overall, revenue is down 9.1% or $7.6 million as compared to FY 2011. Approximately $6.6 million of this decline relates to an adjustment for tuition discounting resulting from a change in the way U. T. Tyler distributes financial aid to students.

U. T. Tyler's operating revenue reflects a $4.5 million decrease including the effects of the tuition discounting adjustment or a $2.1 million increase without it. The increase largely results from growth in tuition and fee revenue which included a rate change in Designated Tuition approved by the U. T. System Board of Regents in 2010. The rate increases from $114 per semester credit hour (SCH) to $123 per SCH for Undergraduates and results in a 3.97% increase in total academic cost for students.

U. T. Tyler's non-operating revenues decrease by 6.6%. The decrease reflects the reduction in state appropriations offset only by the increase in Net Investment Income. Losses in Federal Sponsored Program (Nonoperating) are reflective of American Recovery and Reinvestment Act appropriations for Higher Education Incentive Funding that were not renewed.

Expenses

Due to the economic conditions of the State and University, U. T. Tyler did not award faculty and staff equity and merit increases for FY 2011 and will not do so again in FY 2012. The University budget reflects a 9.0% or $8.2 million decrease in expenses for FY 2012 including the expense adjustment associated with tuition discounting of $6.6 million. Net of that adjustment, expenses have declined by $1.6 million as a result of aforementioned cost reduction initiatives.

During FY 2012 there will be a thorough review of faculty and staff retirements or vacancies before filling these positions. It is expected that several positions will remain unfilled, with a savings of $500,000. This will result in increased class sizes, fewer course sections offered, higher workloads, and more problems with audit and compliance issues.

The University of Texas at Tyler
Operating Budget
Fiscal Year Ending August 31, 2012

		FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	25,800,000	28,432,573	23,821,612	(4,610,961)	-16.2%
Federal Sponsored Programs		6,279,142	1,341,410	1,023,898	(317,512)	-23.7%
State Sponsored Programs		3,978,017	1,702,893	1,085,790	(617,103)	-36.2%
Local and Private Sponsored Programs		10,932	124,800	170,000	45,200	36.2%
Net Sales and Services of Educational Activities		2,287,951	470,959	1,465,319	994,360	211.1%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		3,982,215	3,936,010	4,229,742	293,732	7.5%
Other Operating Revenues		105,613	242,467	-	(242,467)	-100.0%
Total Operating Revenues		42,443,870	36,251,112	31,796,361	(4,454,751)	-12.3%
Operating Expenses:						
Instruction		28,214,006	31,087,566	29,517,757	(1,569,809)	-5.0%
Academic Support		6,768,407	7,909,221	7,596,881	(312,340)	-3.9%
Research		2,421,748	1,087,945	1,292,473	204,528	18.8%
Public Service		3,170,924	233,799	54,212	(179,587)	-76.8%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		9,583,371	9,899,896	9,930,400	30,504	0.3%
Student Services		5,370,606	5,894,148	5,686,588	(207,560)	-3.5%
Operations and Maintenance of Plant		5,645,582	6,209,371	6,012,759	(196,612)	-3.2%
Scholarships and Fellowships		6,700,000	7,870,281	1,556,008	(6,314,273)	-80.2%
Auxiliary Enterprises		5,478,673	5,779,242	5,728,417	(50,825)	-0.9%
Depreciation and Amortization		10,901,807	10,500,000	11,000,000	500,000	4.8%
Total Operating Expenses		84,255,124	86,471,469	78,375,495	(8,095,974)	-9.4%
Operating Surplus/Deficit		(41,811,254)	(50,220,357)	(46,579,134)	3,641,223	-7.3%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		31,811,203	35,554,654	32,791,302	(2,763,352)	-7.8%
Federal Sponsored Programs (Nonoperating)		8,408,792	7,392,116	7,000,000	(392,116)	-5.3%
State Sponsored Programs (Nonoperating)		16,533	-	-	-	-
Gifts in Support of Operations		1,200,000	1,004,231	161,530	(842,701)	-83.9%
Net Investment Income		4,570,465	3,499,500	4,363,783	864,283	24.7%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		46,006,993	47,450,501	44,316,615	(3,133,886)	-6.6%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(4,069,577)	(4,092,430)	(4,023,756)	68,674	-1.7%
Total Transfers and Other		(4,069,577)	(4,092,430)	(4,023,756)	68,674	-1.7%
Budget Margin (Deficit)		126,162	(6,862,286)	(6,286,275)	576,011	-8.4%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		10,553,514	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		-	669,821	489,612	(180,209)	-26.9%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		1,081,792	669,821	385,000	(284,821)	-42.5%
Transfers for Debt Service - Principal		(4,458,173)	(4,458,173)	(4,066,000)	392,173	-8.8%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		(421,853)	1,537,568	1,443,456	(94,112)	-6.1%
SRECNA Change in Net Assets	$	6,881,442	(8,443,249)	(8,034,207)	409,042	-4.8%

Total Revenues and AUF Transfers	$	88,450,863	83,701,613	76,112,976	(7,588,637)	-9.1%
Total Expenses (Including Transfers for Interest)		(88,324,701)	(90,563,899)	(82,399,251)	8,164,648	-9.0%
Budget Margin (Deficit)	$	126,162	(6,862,286)	(6,286,275)	576,011	
Reconciliation to Use of Prior Year Balances						
Depreciation			10,500,000	11,000,000		
Capital Outlay			(543,816)	(629,300)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(4,458,173)	(4,066,000)		
Budgeted Transfers			5,350	-		
Net Additions to (Uses of) Prior Year Balances			(1,358,925)	18,425		

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

The University of Texas Southwestern Medical Center
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The major goals addressed in the FY 2012 budget continue to support the mission of The University of Texas Southwestern Medical Center. Top priorities are: 1) to develop an academic health care system that is at the vanguard of quality, safety, and innovation in patient care; 2) build upon the vitality of basic research through recruitment and advance the University's position as a leading biomedical research institution; 3) ensure curricula in all schools that best prepare students to be successful health-care professionals, investigators, and educators; 4) develop robust programs in health care policy and health services research and develop programs focused on the health care issues of underserved; and 5) enhance diversity in our faculty and across the medical center and optimize the use of resources, both financial and human capital.

Ongoing initiatives include: 1) the construction of the University Hospital St. Paul and the assessment of the future use of the Sprague and Aston Buildings and University Hospital, Zale Lipshy; 2) the implementation of multi-faceted plans of the Clinical and Translational Sciences Award to enhance and increase clinical trials; 3) the implementation of Phase 2 of the processes necessary to achieve goals of the clinical transformation project to improve patient satisfaction scores; and 4) completion of Phase 2 of the Enterprise Resource Planning system to improve institutional capabilities.

The FY 2012 budget presented here supports the overall mission of the institution and reflects an overall growth in revenue and associated expenses resulting in a budgeted margin of approximately $29.4 million. This budget provides funding for strategic initiatives, growth in instructional and research programs, and a modest increase in faculty and staff salaries. This budget also provides necessary funding for depreciation and debt service for equipment financing and academic, clinical and administrative system financing.

Challenges

U. T. Southwestern Medical Center faces a reduction in State support of nearly 22% which amounts to approximately $31 million per year for the next biennium. The loss of $31 million in state funding, which is used to support our academic mission, creates a significant challenge for the entire campus. The key elements of the strategic framework for development of the FY 2012 budget included distributing the reduction across the entire campus, including the Health System, which is not supported by the State funds. In other words, to sustain the overall strength of academic programs, areas that are primarily supported by the State appropriation were not disproportionately affected by the reduction in State funding. To sustain U. T. Southwestern Medical Center's excellence and commitment to goals, program areas that reflect the highest priorities have been targeted for growth and investment while applying cuts in some places. Since salary expenses constitute the largest portion of the total budget, the $31 million reduction could not be accomplished without some reductions in current positions and in the end, approximately 350 positions were eliminated of which 250 were vacant positions were eliminated. The FY 2012 budget also includes a merit program to allow for modest salary increases, however, the salaries for campus leaders at the level of Associate Vice President or Associate Dean and above have been frozen.

Revenue

As stated above, U. T. Southwestern Medical Center experienced a general revenue reduction of approximately $31 million for FY 2012 versus 2010-11 appropriations and before the legislatively mandated reductions budgeted in FY 2011 with an additional $2.5 million in state paid employee benefits. A modest increase in sponsored programs is projected primarily due to new awards from the Cancer Prevention and Research Institute of Texas. The contract with the Children's Medical Center for the new Pediatric Research Institute also added to the increase in sponsored programs. The University Hospital and Clinical patient service revenue continues to grow and provided for a healthy growth resulting in an overall revenue increase of 7.6% for the next fiscal year.

Expenses

The expense budget for FY 2012 amounts to approximately $1.8 billion, which represents a 5.9% increase over the current fiscal year. The expense budget for FY 2012 reflects the elimination of 350 positions totaling about $19 million while providing a modest 1.5% merit increases for Faculty, Administrative and Professional, and Classified employees. The growth in expenses related to University Hospital, clinical operations, research, and instruction are in proportion to the growth in revenue for the upcoming fiscal year. The budgeted expenses also include sufficient funds to cover projected debt service to finance the construction of the North Campus Expansion as well as clinical, academic, and administrative systems such as Academic Information System, EPIC Resolute billing system, and the PeopleSoft administrative system.

The University of Texas Southwestern Medical Center
Operating Budget
Fiscal Year Ending August 31, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 15,230,096	17,143,180	18,281,903	1,138,723	6.6%
Federal Sponsored Programs	220,975,974	231,958,943	218,451,198	(13,507,745)	-5.8%
State Sponsored Programs	14,883,922	8,384,707	17,710,462	9,325,755	111.2%
Local and Private Sponsored Programs	241,227,512	247,278,113	263,122,752	15,844,639	6.4%
Net Sales and Services of Educational Activities	22,654,708	11,928,495	8,860,278	(3,068,217)	-25.7%
Net Sales and Services of Hospital and Clinics	516,693,744	493,270,639	604,977,246	111,706,607	22.6%
Net Professional Fees	429,913,386	380,986,131	376,671,045	(4,315,086)	-1.1%
Net Auxiliary Enterprises	16,239,504	21,580,100	21,733,208	153,108	0.7%
Other Operating Revenues	12,439,959	28,534,386	21,443,040	(7,091,346)	-24.9%
Total Operating Revenues	1,490,258,805	1,441,064,694	1,551,251,132	110,186,438	7.6%
Operating Expenses:					
Instruction	569,762,629	575,085,358	565,864,499	(9,220,859)	-1.6%
Academic Support	23,062,078	31,773,631	31,849,038	75,407	0.2%
Research	333,081,504	317,372,940	323,970,498	6,597,558	2.1%
Public Service	26,156,186	33,292,544	28,562,768	(4,729,776)	-14.2%
Hospitals and Clinics	457,450,882	459,326,267	552,802,420	93,476,153	20.4%
Institutional Support	52,361,904	51,536,554	52,954,266	1,417,712	2.8%
Student Services	3,486,073	4,018,533	4,238,414	219,881	5.5%
Operations and Maintenance of Plant	82,847,249	89,496,209	93,571,130	4,074,921	4.6%
Scholarships and Fellowships	825,101	657,971	723,214	65,243	9.9%
Auxiliary Enterprises	19,199,326	20,799,776	18,327,090	(2,472,686)	-11.9%
Depreciation and Amortization	88,244,973	78,891,270	89,453,255	10,561,985	13.4%
Total Operating Expenses	1,656,477,906	1,662,251,053	1,762,316,592	100,065,539	6.0%
Operating Surplus/Deficit	(166,219,101)	(221,186,359)	(211,065,460)	10,120,899	-4.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	171,445,918	167,584,677	150,991,282	(16,593,395)	-9.9%
Federal Sponsored Programs (Nonoperating)	4,067,023	4,000,000	-	(4,000,000)	-100.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	40,664,008	26,993,789	27,160,438	166,649	0.6%
Net Investment Income	75,585,714	66,828,550	88,429,835	21,601,285	32.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	291,762,663	265,407,016	266,581,555	1,174,539	0.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(30,348,627)	(26,800,425)	(26,142,060)	658,365	-2.5%
Total Transfers and Other	(30,348,627)	(26,800,425)	(26,142,060)	658,365	-2.5%
Budget Margin (Deficit)	95,194,935	17,420,232	29,374,035	11,953,803	68.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	85,000,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	9,923,271	9,923,271	3,000,000	(6,923,271)	-69.8%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	8,726,070	8,726,070	6,000,000	(2,726,070)	-31.2%
Transfers for Debt Service - Principal	(49,425,404)	(54,597,675)	(59,120,867)	(4,523,192)	8.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	543,172,171	150,507,000	221,100,000	70,593,000	46.9%
SRECNA Change in Net Assets	$ 692,591,043	131,978,898	200,353,168	68,374,270	51.8%

Total Revenues and AUF Transfers	$ 1,782,021,468	1,706,471,710	1,817,832,687	111,360,977	6.5%
Total Expenses (Including Transfers for Interest)	(1,686,826,533)	(1,689,051,478)	(1,788,458,652)	(99,407,174)	5.9%
Budget Margin (Deficit)	$ 95,194,935	17,420,232	29,374,035	11,953,803	
Reconciliation to Use of Prior Year Balances					
Depreciation		78,891,270	89,453,255		
Capital Outlay		(20,969,916)	(21,284,463)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(54,597,675)	(59,120,867)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		20,743,911	38,421,960		

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

The University of Texas Medical Branch at Galveston
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The FY 2012 operating budget of The University of Texas Medical Branch at Galveston supports strategic goals that will ensure the continuation of a time-honored mission to improve health for the people of Texas and the world through education, research and patient care. While addressing reductions in state funding and implementing the largest reconstruction project in the history of the U. T. System, U. T. Medical Branch – Galveston has looked to the future and developed a strategic plan to maintain future financial health through targeted faculty recruitment and clinical revenue growth. The FY 2012 operating budget includes investments in faculty and clinics to address a shortage of primary care and specialty care physicians and take advantage of unprecedented access to off-Island patient population growth with commercial insurance and Medicare coverage.

Challenges

The FY 2009 operating budget was finalized just prior to Hurricane Ike coming ashore in September 2008. Despite the resulting negative financial results in FY 2009 stemming from hospital and clinic closures and Ike recovery expenses, U. T. Medical Branch – Galveston exceeded expectations in FY 2010 and is on track to do the same in FY 2011, even after adjusting operations to offset a $38.2 million general revenue reduction. FY 2012 budgeted hospital admissions and out-patient encounters exceed FY 2009 levels, and the same holds true for student enrollment. While extremely challenging in light of the reductions already taken after Hurricane Ike, the general revenue reductions in FY 2011 were accomplished via attrition, strict management of agency and overtime costs, minimizing discretionary spending, adjusting the level and frequency of support services, and aggressive management of energy consumption. In addition, expanding the U. T. Medical Branch - Galveston clinical enterprise off-island in a deliberate and coordinated way has increased efficiency through consolidation of clinic locations, doubled admissions from the mainland clinics, and increased the number of new patients from this targeted market. Similar management actions will be continued to address the general revenue reductions in the FY 2012 budget; however, an approximate 120 FTE reduction-in-force may be necessary to achieve a balanced budget, not including a 152 FTE reduction that has taken place and is associated with reduced Texas Department of Criminal Justice (TDCJ) contract funding. The FY 2012 budget assumes that expenses associated with the TDCJ contract will be limited to funding provided in the contract.

Revenue

FY 2012 budgeted total revenue is down 1.2% with operating revenue holding steady as compared to the FY 2011 budget. Increases in enrollment in the Schools of Nursing and Health Professions have resulted in corresponding increases in designated tuition. National Institutes of Health awards are assumed to be steady, with a 3% increase assumed for other federal and institutionally-controlled awards. These increases are partially offset by steady net patient care revenue. A 5.2% percent increase in hospital admissions and ambulatory volume growth are offset by a 21.5% decrease in TDCJ Hospital admissions associated with reduced TDCJ contract expenses. TDCJ contract revenue is budgeted at appropriated and contracted amounts and represents a 12% decrease from FY 2011 amounts. Practice plan revenue is budgeted to grow 5% which includes anticipated 3% decreases in inpatient and outpatient Medicaid rates and reduced TDCJ activity. Nonoperating revenue decreased primarily due to a $26.9 million reduction in total general revenue from FY 2011.

Expenses

FY 2012 total budgeted expenses are 6.5% less than FY 2011 largely driven by reductions required to ensure services associated with the TDCJ contract are limited to appropriated funding levels. In FY 2010, management implemented a financial improvement plan within Correctional Managed Care (CMC) with estimated savings related to the TDCJ contract totaling $29.0 million, including a reduction in force of 292 employees in July 2010. The anticipated savings have been realized in FY 2011, but an additional 10% expense reduction is required in FY 2012 due to further decreases in CMC funding. Another reduction-in-force at CMC of 152 FTEs has taken place in order to achieve the budgeted expense reductions. In addition to the TDCJ contract related expense reductions, an additional $40.0 million in expense reductions in the U. T. Medical Branch – Galveston's budgets were necessary in FY 2012 to achieve a balanced budget. Depreciation expense is expected to increase 3.9% as Ike re-build projects are completed and new equipment is placed in service. Reductions to operating expenses are partially offset by a $1.0 million (12.1%) increase in interest expense associated with higher levels of equipment financing to support replacement of clinical equipment that has been in service long past its useful life.

The University of Texas Medical Branch at Galveston
Operating Budget
Fiscal Year Ending August 31, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 26,703,522	24,377,967	29,666,380	5,288,413	21.7%
Federal Sponsored Programs	163,125,734	138,399,038	158,375,600	19,976,562	14.4%
State Sponsored Programs	16,341,072	11,438,295	15,855,063	4,416,768	38.6%
Local and Private Sponsored Programs	75,250,983	80,666,757	72,874,446	(7,792,311)	-9.7%
Net Sales and Services of Educational Activities	17,086,440	30,244,799	16,589,198	(13,655,601)	-45.2%
Net Sales and Services of Hospital and Clinics	721,587,223	717,957,881	711,376,299	(6,581,582)	-0.9%
Net Professional Fees	135,490,706	130,968,841	137,035,000	6,066,159	4.6%
Net Auxiliary Enterprises	5,555,524	7,349,248	7,206,420	(142,828)	-1.9%
Other Operating Revenues	14,970,101	16,018,431	12,173,446	(3,844,985)	-24.0%
Total Operating Revenues	1,176,111,306	1,157,421,257	1,161,151,852	3,730,595	0.3%
Operating Expenses:					
Instruction	273,253,095	254,303,744	244,556,145	(9,747,599)	-3.8%
Academic Support	27,381,250	26,510,637	38,939,501	12,428,864	46.9%
Research	125,694,059	123,690,221	119,716,322	(3,973,899)	-3.2%
Public Service	14,859,573	11,525,938	14,526,651	3,000,713	26.0%
Hospitals and Clinics	915,152,082	914,488,505	805,411,683	(109,076,822)	-11.9%
Institutional Support	56,338,040	97,740,822	87,958,398	(9,782,424)	-10.0%
Student Services	5,921,118	5,474,622	5,357,018	(117,604)	-2.1%
Operations and Maintenance of Plant	67,972,428	85,527,440	97,842,580	12,315,140	14.4%
Scholarships and Fellowships	2,300,659	7,137,455	4,233,274	(2,904,181)	-40.7%
Auxiliary Enterprises	4,060,728	5,166,686	3,868,909	(1,297,777)	-25.1%
Depreciation and Amortization	78,193,139	80,789,063	83,905,000	3,115,937	3.9%
Total Operating Expenses	1,571,126,172	1,612,355,133	1,506,315,481	(106,039,652)	-6.6%
Operating Surplus/Deficit	(395,014,866)	(454,933,876)	(345,163,629)	109,770,247	-24.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	330,945,406	340,308,047	313,377,736	(26,930,311)	-7.9%
Federal Sponsored Programs (Nonoperating)	796,000	850,000	750,000	(100,000)	-11.8%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	9,782,561	9,711,688	10,213,519	501,831	5.2%
Net Investment Income	30,647,474	29,123,119	32,820,901	3,697,782	12.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	372,171,441	379,992,854	357,162,156	(22,830,698)	-6.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(8,215,002)	(8,456,199)	(9,477,000)	(1,020,801)	12.1%
Total Transfers and Other	(8,215,002)	(8,456,199)	(9,477,000)	(1,020,801)	12.1%
Budget Margin (Deficit)	(31,058,427)	(83,397,221)	2,521,527	85,918,748	-103.0%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	70,998,986	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	72,226,975	180,200,000	128,285,606	(51,914,394)	-28.8%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	2,076,839	2,500,000	980,000	(1,520,000)	-60.8%
Transfers for Debt Service - Principal	(18,085,000)	(18,436,102)	(27,895,000)	(9,458,898)	51.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	39,629,994	47,840,000	45,800,000	(2,040,000)	-4.3%
SRECNA Change in Net Assets	$ 135,789,367	128,706,677	149,692,133	20,985,456	16.3%

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Amount	Percent
Total Revenues and AUF Transfers	$ 1,548,282,747	1,537,414,111	1,518,314,008	(19,100,103)	-1.2%
Total Expenses (Including Transfers for Interest)	(1,579,341,174)	(1,620,811,332)	(1,515,792,481)	105,018,851	-6.5%
Budget Margin (Deficit)	$ (31,058,427)	(83,397,221)	2,521,527	85,918,748	
Reconciliation to Use of Prior Year Balances					
Depreciation		80,789,063	83,905,000		
Capital Outlay		(50,000,000)	(96,992,293)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(18,436,102)	(27,895,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		(71,044,260)	(38,460,766)		

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

The University of Texas Health Science Center at Houston
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

With the current funding from House Bill 1 and House Bill 4 supplemental appropriations, The University of Texas Health Science Center at Houston will continue being responsive to the health-related educational needs of the State of Texas, conducting research and providing patient care. Even with significantly reduced state support through formula funding, the institution is allocating institutional resources to maintain the program growth experienced in The University of Texas School of Public Health - Houston and The University of Texas School of Nursing – Houston this past year. Tuition increases, practice plan professional fee income growth, and expansion of sponsored program revenues will help recruit and retain top notch, diversified faculty, students and staff.

Challenges

In anticipation of reductions to general revenue funding, U. T. Health Science Center - Houston took stringent steps in FY 2010 and FY 2011 to reduce costs. Although there were no across-the-board reductions-in-force, salary costs were reduced by implementing a flexible hiring freeze, which ultimately allowed for the elimination of positions through attrition. In addition, U. T. Health Science Center - Houston focused its reductions on administration and institutionally-funded research. Specifically, central administration continued its consolidation and efficiency effort to achieve its 10% reduction target. In an effort to minimize the impact on the educational mission, the schools also streamlined administration to eliminate process redundancy and other non-value added activities. Cuts to special item funding required reductions to research programs in the Biomedical Informatics, the Clinical and Translational Science Award, and the Institute of Molecular Medicine; plus the Graduate School of Biomedical Sciences reduced its incoming class size by 16%.

Revenue

U. T. Health Science Center – Houston's FY 2012 total revenue budget will increase by $61.5 million (6.8%) with operating revenue growing by $58.7 million (8.7%) in all funds. The 16.7% increase in tuition revenue (approximately $5 million) is due to rate increases, as well as growth in enrollment. The $43 million growth in sponsored program revenue (11%) is in part due to increases in clinical support from Memorial Hermann Hospital ($15.2 million) and Harris County Hospital District ($3.8 million). The balance is associated with a significant increase in research contracts awarded in FY 2011 which will carry into FY 2012, including U. T. Medical School - Houston's Dr. John Holcomb's $10 million Prospective Randomized Optimal Platelet and Plasma Ratios award for trauma research, and a carry-forward of American Recovery and Reinvestment Act funding, specifically U. T. School of Biomedical Informatics' large Strategic Healthcare Advanced Research Project and Regional Extension Center grants and U. T. Public Health School - Houston's Dr. Eric Boerwinkle grant from the National Institute of Health ($10 million).

In addition to the increase in hospital contracts noted above, U. T. Medical School - Houston's practice plan is projecting net patient revenues to grow 8.2% ($11.8 million), largely attributed to a continued focus on physician productivity and expanded capacity (including significant Memorial Hermann Hospital-supported clinician recruitments). U. T. Health Science Center - Houston continues to grow its clinical presence both within the Texas Medical Center as well as in "perimeter of the city" sites such as in Bellaire, Sienna, and Katy.

Expenses

The expense budget increase of $61.5 million or 6.8%, is largely consistent with the revenue increases noted above, however $7.4 million is attributed to a projected increase in depreciation. This is primarily due to the ongoing South Campus expansion which includes the Behavioral and Biomedical Sciences Building, the 6th floor of the South Campus Research Building #3, and a partial year of the new School of Dentistry building.

Other significant funding commitments of U. T. Health Science Center – Houston include ongoing recruitment packages related to eleven recent U. T. Medical School - Houston chair recruits, as well as two recently hired Deans for the U. T. Public Health School - Houston and the U. T. School of Dentistry - Houston.

U. T. Medical School - Houston's practice plan operating expenses increased $30.6 million, 80% of which is related to faculty salaries and benefits, due to recruitment and expanded clinic costs. The growth is primarily attributed to the departments of Internal Medicine, Neurology, Obstetrics and Gynecology, Orthopedic Surgery, and Pediatrics.

The University of Texas Health Science Center at Houston
Operating Budget
Fiscal Year Ending August 31, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 30,582,285	29,894,432	34,888,727	4,994,295	16.7%
Federal Sponsored Programs	225,925,696	187,934,450	206,113,310	18,178,860	9.7%
State Sponsored Programs	28,059,166	19,979,168	19,712,633	(266,535)	-1.3%
Local and Private Sponsored Programs	155,441,764	182,247,133	207,394,334	25,147,201	13.8%
Net Sales and Services of Educational Activities	68,884,370	40,929,706	43,524,430	2,594,724	6.3%
Net Sales and Services of Hospital and Clinics	38,216,131	40,087,959	37,198,680	(2,889,279)	-7.2%
Net Professional Fees	146,950,988	144,439,903	156,293,336	11,853,433	8.2%
Net Auxiliary Enterprises	23,475,915	24,871,544	23,857,448	(1,014,096)	-4.1%
Other Operating Revenues	8,501,432	6,875,151	7,028,092	152,941	2.2%
Total Operating Revenues	726,037,747	677,259,446	736,010,990	58,751,544	8.7%
Operating Expenses:					
Instruction	356,957,963	380,695,896	403,733,175	23,037,279	6.1%
Academic Support	33,098,507	30,649,988	41,408,370	10,758,382	35.1%
Research	241,198,847	198,892,859	222,547,841	23,654,982	11.9%
Public Service	24,299,033	18,782,863	19,008,518	225,655	1.2%
Hospitals and Clinics	96,346,848	100,530,821	109,515,412	8,984,591	8.9%
Institutional Support	62,591,366	56,037,708	41,362,599	(14,675,109)	-26.2%
Student Services	7,447,305	5,860,912	6,427,496	566,584	9.7%
Operations and Maintenance of Plant	34,247,413	38,154,185	37,349,465	(804,720)	-2.1%
Scholarships and Fellowships	6,235,369	5,112,940	5,577,277	464,337	9.1%
Auxiliary Enterprises	15,364,128	15,545,094	15,530,808	(14,286)	-0.1%
Depreciation and Amortization	46,778,157	43,018,116	50,370,331	7,352,215	17.1%
Total Operating Expenses	924,564,936	893,281,382	952,831,292	59,549,910	6.7%
Operating Surplus/Deficit	(198,527,189)	(216,021,936)	(216,820,302)	(798,366)	0.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	161,162,761	169,022,750	178,521,810	9,499,060	5.6%
Federal Sponsored Programs (Nonoperating)	10,137,270	7,750,937	1,083,204	(6,667,733)	-86.0%
State Sponsored Programs (Nonoperating)	304,000	372,660	29,400	(343,260)	-92.1%
Gifts in Support of Operations	14,934,571	16,964,304	16,735,658	(228,646)	-1.3%
Net Investment Income	26,666,935	26,133,363	26,591,043	457,680	1.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	213,205,537	220,244,014	222,961,115	2,717,101	1.2%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(13,347,172)	(9,944,666)	(11,863,562)	(1,918,896)	19.3%
Total Transfers and Other	(13,347,172)	(9,944,666)	(11,863,562)	(1,918,896)	19.3%
Budget Margin (Deficit)	1,331,176	(5,722,588)	(5,722,749)	(161)	0.0%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	1,325,722	1,325,722	1,500,000	174,278	13.1%
Net Inc./(Dec.) in Fair Value of Investments	64,654,640	-	-	-	-
Interest Expense on Capital Asset Financings	(2,141,928)	(1,705,286)	(2,141,928)	(436,642)	25.6%
Capital Approp., Gifts and Sponsored Programs	2,750,000	5,000,000	2,750,000	(2,250,000)	-45.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	2,250,000	2,000,000	2,000,000	-	0.0%
Transfers for Debt Service - Principal	(14,330,773)	(10,530,773)	(9,676,000)	854,773	-8.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	17,751,454	43,525,000	16,835,000	(26,690,000)	-61.3%
SRECNA Change in Net Assets	$ 73,590,291	33,892,075	5,544,323	(28,347,752)	-83.6%

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Amount	Percent
Total Revenues and AUF Transfers	$ 939,243,284	897,503,460	958,972,105	61,468,645	6.8%
Total Expenses (Including Transfers for Interest)	(937,912,108)	(903,226,048)	(964,694,854)	(61,468,806)	6.8%
Budget Margin (Deficit)	$ 1,331,176	(5,722,588)	(5,722,749)	(161)	
Reconciliation to Use of Prior Year Balances					
Depreciation		43,018,116	50,370,331		
Capital Outlay		(13,167,304)	(14,840,954)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(10,530,773)	(9,676,000)		
Budgeted Transfers		-	2,725,000		
Net Additions to (Uses of) Prior Year Balances		13,597,451	22,855,628		

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

The University of Texas Health Science Center at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The FY 2012 Operating Budget for The University of Texas Health Science Center at San Antonio has been written with the overarching goal of becoming an elite academic health center. With the Medical Arts and Research Center (MARC), Cancer Therapy and Research Center, South Texas Research Facility (STRF) and the proposed Center for Oral Health Care at the MARC, U. T. Health Science Center – San Antonio has superb venues to perform its missions. Led by new deans and faculty in the School of Medicine and the Graduate School of Biomedical Sciences, clinical and research programs will grow. Despite reduced legislative appropriations, U. T. Health Science Center – San Antonio is optimistic about the future. This budget reflects dedication to academic missions, to faculty and staff vital to success, and to a commitment to grow the research enterprise. The budget absorbs a $49.5 million General Revenue (GR) reduction for the 2012-2013 biennium, yet allows the schools to invest in new faculty, programs and space. Providing competitive compensation for both faculty and staff in order to keep pace with competition from national medians, regional private sectors, and other state government and higher education entities remains a priority for U. T. Health Science Center – San Antonio; thus, the institution will continue to evaluate appropriate compensation, incentive, and merit plans in FY 2012.

Challenges

For the past 18 months, the executive leadership team has prepared for State budget cuts to higher education. Faculty, staff, and students have worked together with executive leadership to implement very difficult measures necessary to achieve the required $20.3 million in budget reductions during the 2010-2011 biennium while preserving faculty and mission-critical programs. Significant efforts have been made in FY 2011 to generate revenue (predominately in the physicians practice plan), reduce costs, and preserve nets assets in anticipation of a bleak State budget. U. T. Health Science Center – San Antonio has further reduced operational costs, streamlined and consolidated academic programs (reorganizations occurred in the dental, nursing and health professions schools), and realized efficiencies in information technology, human resources, facilities, and business processes. The cuts experienced in the 2010-2011 biennium resulted in the loss of 140 positions (30 employee separations and the elimination of 110 vacant positions). With operational efficiencies and improved clinical activities associated with the practice plan at the MARC, U. T. Health Science Center – San Antonio has been able to absorb reductions in State appropriations and realize operational gains.

In order to achieve the annual GR reduction imposed for FY 2012, U. T. Health Science Center – San Antonio sustained $7.9 million in reductions from FY 2010 and FY 2011, imposed across-the-board reductions of $12.7 million, and reduced South Texas programs by $6.5 million. These actions resulted in a loss of an additional 160 positions (50 employee separations and elimination of 110 vacant positions), bringing U. T. Health Science Center – San Antonio's total faculty and staff losses in FY 2010 through FY 2012 to approximately 300 positions. Had U. T. Health Science Center – San Antonio not endured aggressive reduction efforts in FY 2010 and FY 2011, the impact of budget cuts and reductions in force would have been far greater in FY 2012. The severity of the GR reduction surpassed gains in clinical revenue and reductions to administrative overhead, and is the primary cause for the budgeted $3.8 million loss for FY 2012. However, with the anticipated operational gains from the actions described above, it is expected that balances available at the end of FY 2011 will be sufficient to cover the deficit budget projections for FY 2012, while maintaining reserves that will cover 4.2 months of FY 2012 operating expenses.

Revenue

Revenues for FY 2012 only reflect a $4.5 million (0.6%) decline from FY 2011. Clinical practice plan revenues are projected to increase by $16.2 million due to enhanced contract affiliations with area hospitals, increased productivity at the MARC, and the implementation of a new fee structure associated with post-doctoral dental students. Increases in clinical trials and other grants and contracts are projected at $10.8 million above FY 2011 levels, and incremental increases in designated tuition and fees will generate $2.6 million. Offsetting these increases are the significant reductions in General Revenue discussed above and a loss of nearly $20 million in Federal stimulus grants. While the slow recovery of the economy is expected to yield an increase of nearly $2 million in investment income, gift giving for general operations has decreased by $4.7 million as efforts are focused to secure capital gifts to support construction costs of the STRF.

Expenses

Similar to revenue, total expenses for FY 2012 only reflect a $4 million (0.5%) decline from FY 2011. Clinical operations are projected to increase by $ 11.5 million due to faculty compensation adjustments tied to productivity levels, programmatic investments associated with the MARC, enhanced affiliations with area hospitals, and to address space renovations and equipment needs in the dental clinics. With the opening of the STRF in October 2011, facility, utility and depreciation expenses are projected to increase by a cumulative $11.3 million. U. T. Health Science Center – San Antonio has also reserved approximately $3 million to provide a one-time, mid-year merit salary increase for faculty and staff. Offsetting these increases are expense reductions tied to the loss of GR, Federal stimulus grants, and gift giving income for general operations.

The University of Texas Health Science Center at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 29,534,238	29,534,238	32,145,508	2,611,270	8.8%
Federal Sponsored Programs	130,020,710	146,518,035	132,590,140	(13,927,895)	-9.5%
State Sponsored Programs	2,921,526	2,599,891	1,977,598	(622,293)	-23.9%
Local and Private Sponsored Programs	153,916,934	153,486,020	164,637,347	11,151,327	7.3%
Net Sales and Services of Educational Activities	29,692,408	24,500,000	28,500,000	4,000,000	16.3%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	140,860,177	138,988,420	144,810,119	5,821,699	4.2%
Net Auxiliary Enterprises	5,615,076	5,232,025	5,745,164	513,139	9.8%
Other Operating Revenues	10,583,516	10,670,000	10,800,000	130,000	1.2%
Total Operating Revenues	503,144,585	511,528,629	521,205,876	9,677,247	1.9%
Operating Expenses:					
Instruction	299,335,621	290,566,876	287,145,054	(3,421,822)	-1.2%
Academic Support	29,043,103	33,240,944	31,906,738	(1,334,206)	-4.0%
Research	144,594,483	182,827,682	166,485,320	(16,342,362)	-8.9%
Public Service	37,148,635	30,081,541	26,191,001	(3,890,540)	-12.9%
Hospitals and Clinics	74,498,159	76,114,147	87,389,954	11,275,807	14.8%
Institutional Support	38,958,783	41,521,965	43,561,637	2,039,672	4.9%
Student Services	3,022,430	3,056,041	1,867,056	(1,188,985)	-38.9%
Operations and Maintenance of Plant	30,289,963	31,263,711	34,086,386	2,822,675	9.0%
Scholarships and Fellowships	3,152,025	3,161,103	2,970,536	(190,567)	-6.0%
Auxiliary Enterprises	5,632,423	7,299,196	7,071,837	(227,359)	-3.1%
Depreciation and Amortization	36,300,000	33,000,000	40,500,000	7,500,000	22.7%
Total Operating Expenses	701,975,625	732,133,206	729,175,519	(2,957,687)	-0.4%
Operating Surplus/Deficit	(198,831,040)	(220,604,577)	(207,969,643)	12,634,934	-5.7%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	165,596,544	172,494,037	166,311,992	(6,182,045)	-3.6%
Federal Sponsored Programs (Nonoperating)	6,250,000	6,650,000	1,500,000	(5,150,000)	-77.4%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	13,533,875	19,650,000	15,000,000	(4,650,000)	-23.7%
Net Investment Income	29,990,961	29,950,000	31,750,000	1,800,000	6.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	215,371,380	228,744,037	214,561,992	(14,182,045)	-6.2%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(11,445,954)	(11,445,954)	(10,401,986)	1,043,968	-9.1%
Total Transfers and Other	(11,445,954)	(11,445,954)	(10,401,986)	1,043,968	-9.1%
Budget Margin (Deficit)	5,094,386	(3,306,494)	(3,809,637)	(503,143)	15.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	70,000,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	5,000,000	5,000,000	5,000,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	7,500,000	7,500,000	5,000,000	(2,500,000)	-33.3%
Transfers for Debt Service - Principal	(11,970,074)	(11,970,074)	(10,582,000)	1,388,074	-11.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	21,454,000	20,704,000	11,000,000	(9,704,000)	-46.9%
SRECNA Change in Net Assets	$ 97,078,312	17,927,432	6,608,363	(11,319,069)	-63.1%
Total Revenues and AUF Transfers	$ 718,515,965	740,272,666	735,767,868	(4,504,798)	-0.6%
Total Expenses (Including Transfers for Interest)	(713,421,579)	(743,579,160)	(739,577,505)	4,001,655	-0.5%
Budget Margin (Deficit)	$ 5,094,386	(3,306,494)	(3,809,637)	(503,143)	
Reconciliation to Use of Prior Year Balances					
Depreciation		33,000,000	40,500,000		
Capital Outlay		(15,000,000)	(18,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(11,970,074)	(10,582,000)		
Budgeted Transfers		594,000	711,000		
Net Additions to (Uses of) Prior Year Balances		3,317,432	8,819,363		

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

The University of Texas M. D. Anderson Cancer Center
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The University of Texas M. D. Anderson Cancer Center must confront complexities and inefficiencies in the way it operates to improve the ability of each individual to contribute more effectively to the shared mission, which is to eliminate cancer in Texas, the nation, and the world through outstanding programs that integrate patient care, research and prevention, and through education for undergraduate and graduate students, trainees, professionals, employees and the public. This budget addresses those issues with this goal foremost in mind.

Challenges

Beginning in FY 2008, U. T. M. D. Anderson Cancer Center implemented a comprehensive action plan to address the financial downturn. An aggressive education and awareness campaign was employed to initiate and implement these through cost containment and revenue enhancement plans. The following strategies resulted in a 10% improvement in operational efficiency: flexible/temporary hiring freeze; thorough review and reduction of capital spending; reduced travel; elimination of medical acceptance criteria for new patients; realignment of 557 employees; freeze in merit raises for faculty and administrative staff; and specific focus on clinical productivity and cash collection. In the 2011 state-of-the-institution address, the president challenged the institution to increase operating efficiency by 20% over five years, by reducing costs and increasing revenues. The physician-in-chief subsequently launched a series of faculty-led subcommittees to identify opportunities in the areas of revenue enhancement, research, education, clinical operations, administration and information technology. Their charge was to critically analyze operations and recommend potential savings from various expense categories, as well as to explore opportunities for potential investments and/or operational adjustments that could provide additional revenue. They were asked to take into account how each activity contributes to the mission and to address the need for prioritizing resources. The various subcommittees' guiding principles were: faculty led effort; inclusiveness of stakeholders across the spectrum of the institution; openness and transparency to observers; and cross pollination of ideas by bringing together diverse groups with differing perspectives.

Revenue

The FY 2012 budgeted revenue (operating and non-operating) is projected to increase by only 0.4% over the FY 2011 budget. Hospital and Clinics and professional net patient revenue accounts for almost 86% of U. T. M. D. Anderson Cancer Center's total operating revenue. A strategic technical price increase of approximately 4.75% for select services will be implemented in September 2011. Due to expected decreases in reimbursement from government and non-government payers, and the uncertainty of other healthcare reform outcomes, continued focus on clinical productivity and operational efficiencies is essential. Federal Sponsored Programs and the associated indirect cost recovery is expected to increase due to support from the American Recovery and Reinvestment Act, increasing salary on grants from 30% to 40%, and the addition of new research faculty. Within Local and Private Sponsored Programs, foundation and private industry programs are expected to decrease due to the projected FY 2012 activity. The FY 2012 state appropriations budget has decreased slightly due to the 82nd Legislative session reductions. The growth in Other Operating Revenues is due to increased activities in the Center for Global Oncology, Proton Therapy Center, and Banner operations. Due to the uncertainty of the economy and the shift of philanthropic gifts from operating to pledges, estates, and blended gifts, FY 2012 was budgeted conservatively.

Expenses

The FY 2012 total budgeted expenses are projected to increase 2.2% over the FY 2011 budget. Hospital and Clinics expenses account for almost 56% of U. T. M. D. Anderson Cancer Center's total operating expenses (excludes debt service). In response to the increase in deductions to gross patient revenue, Hospital and Clinics expenses are expected to increase only 3.5% over the FY 2011 budget. It is important to note that personnel costs continue to account for about 60% of all U. T. M. D. Anderson Cancer Center expenses. Due to the expected increases in Federal, Local and Private Sponsored Programs, overall research expenditures will grow in FY 2012 by 3.7%. Debt service is decreasing by 13.9% due to the refinancing initiative and the decrease in existing equipment debt. The following overall salary increases for merits, market and equity are planned for next year: Faculty 4.85%, Administrative 4.35%, and Classified 4.00%.

The University of Texas M. D. Anderson Cancer Center
Operating Budget
Fiscal Year Ending August 31, 2012

		FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	1,250,000	1,396,367	1,617,693	221,326	15.9%
Federal Sponsored Programs		230,000,000	225,616,380	242,500,241	16,883,861	7.5%
State Sponsored Programs		300,000	500,000	-	(500,000)	-100.0%
Local and Private Sponsored Programs		104,000,000	111,588,553	110,781,731	(806,822)	-0.7%
Net Sales and Services of Educational Activities		1,650,000	2,199,878	1,800,000	(399,878)	-18.2%
Net Sales and Services of Hospital and Clinics		2,245,000,000	2,399,924,842	2,373,000,000	(26,924,842)	-1.1%
Net Professional Fees		334,200,000	348,390,306	352,866,202	4,475,896	1.3%
Net Auxiliary Enterprises		33,500,000	36,202,216	35,568,316	(633,900)	-1.8%
Other Operating Revenues		57,500,000	54,600,000	58,500,000	3,900,000	7.1%
Total Operating Revenues		3,007,400,000	3,180,418,542	3,176,634,183	(3,784,359)	-0.1%
Operating Expenses:						
Instruction		42,412,565	95,602,684	96,031,844	429,160	0.4%
Academic Support		86,674,133	58,500,715	62,500,000	3,999,285	6.8%
Research		503,042,924	502,787,043	521,281,972	18,494,929	3.7%
Public Service		9,607,520	12,000,734	10,500,000	(1,500,734)	-12.5%
Hospitals and Clinics		1,689,094,174	1,729,752,129	1,790,000,000	60,247,871	3.5%
Institutional Support		175,406,273	228,010,560	227,000,000	(1,010,560)	-0.4%
Student Services		-	-	-	-	-
Operations and Maintenance of Plant		253,512,865	208,000,385	205,000,000	(3,000,385)	-1.4%
Scholarships and Fellowships		2,485,386	849,996	1,580,000	730,004	85.9%
Auxiliary Enterprises		20,402,218	21,799,333	21,838,558	39,225	0.2%
Depreciation and Amortization		241,761,942	259,095,472	257,254,340	(1,841,132)	-0.7%
Total Operating Expenses		3,024,400,000	3,116,399,051	3,192,986,714	76,587,663	2.5%
Operating Surplus/Deficit		(17,000,000)	64,019,491	(16,352,531)	(80,372,022)	-125.5%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		176,100,000	164,046,735	163,800,000	(246,735)	-0.2%
Federal Sponsored Programs (Nonoperating)		1,200,000	-	-	-	-
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		87,000,000	69,997,978	65,000,000	(4,997,978)	-7.1%
Net Investment Income		65,000,000	65,000,000	88,014,131	23,014,131	35.4%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		329,300,000	299,044,713	316,814,131	17,769,418	5.9%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(31,400,000)	(48,343,121)	(42,056,000)	6,287,121	-13.0%
Total Transfers and Other		(31,400,000)	(48,343,121)	(42,056,000)	6,287,121	-13.0%
Budget Margin (Deficit)		280,900,000	314,721,083	258,405,600	(56,315,483)	-17.9%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		226,241,622	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		16,727,738	2,500,000	2,500,000	-	0.0%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		16,000,000	5,000,000	5,000,000	-	0.0%
Transfers for Debt Service - Principal		(58,600,000)	(62,313,115)	(53,219,000)	9,094,115	-14.6%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		14,129,119	289,325,000	19,900,000	(269,425,000)	-93.1%
SRECNA Change in Net Assets	$	495,398,479	549,232,968	232,586,600	(316,646,368)	-57.7%

Total Revenues and AUF Transfers	$	3,336,700,000	3,479,463,255	3,493,448,314	13,985,059	0.4%
Total Expenses (Including Transfers for Interest)		(3,055,800,000)	(3,164,742,172)	(3,235,042,714)	(70,300,542)	2.2%
Budget Margin (Deficit)	$	280,900,000	314,721,083	258,405,600	(56,315,483)	
Reconciliation to Use of Prior Year Balances						
Depreciation			259,095,472	257,254,340		
Capital Outlay			(440,715,620)	(385,000,000)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(62,313,115)	(53,219,000)		
Budgeted Transfers			-	-		
Net Additions to (Uses of) Prior Year Balances			70,787,820	77,440,940		

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

The University of Texas Health Science Center at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2012

Introduction - Major Goals Addressed by FY 2012 Budget

The FY 2012 operating budget for The University of Texas Health Science Center at Tyler reflects the continued commitment of the University's leadership team to serve east Texas and beyond through excellent patient care and community health, comprehensive education, and innovative research. This commitment is evidenced in the University's budgeted plans to add an additional medical oncologist and a radiation oncologist to its new Cancer Treatment and Research Program housed in the new Academic Center. The new Academic Center is an 85,000 square foot building housing the aforementioned Cancer Treatment and Research Program which will provide both medical and radiation oncology, new classroom space for Family Medicine Residency Program, new space for the Watson Wise Medical Library, a new auditorium, and additional specialty care clinic space.

The Academic Center project consists of two phases. Phase I will: 1) complete the first floor Cancer Center with two radiation oncology vaults, 2) add a pavilion connecting the Academic Center building to the main hospital building, 3) build the shell space for the second and third floors, and 4) add parking and landscaped space outside of the building. Phase II of the project will finish out the shell space on the second and third floors. Phase I of the project is scheduled for completion in September 2011.

U. T. Health Science Center – Tyler is in the beginning stages of its new educational initiative which will result in granting degrees to students in the near future. Initial steps toward Southern Association of Colleges and Schools accreditation have begun.

U. T. Health Science Center – Tyler's new Internal Medicine Residency Program will begin to accept its first residents during FY 2012. Initial plans are for 18 residents in the first class, with an ultimate goal of 54 Internal Medicine residents after three years. This new program was accredited by the Accreditation Council for Graduate Medical Education in the summer of 2011.

Challenges

The FY 2012 budget also addresses the 3.75% biennial reduction in General Revenue (GR) appropriations authorized by the 82nd Texas Legislature. This is a reduction of $2.6 million, over the biennium, for U. T. Health Science Center – Tyler. Due to the FY 2010 – 2011 GR reductions, U. T. Health Science Center – Tyler was required to reduce research faculty and their associated staff. In addition, there was a reduction-in-force within the Health Information Management department. The GR reductions were also combated by the cancellation of outside services which were brought in-house in order to achieve savings. An example of this was the General Plant contract that was cancelled with an outside management firm. By absorbing these services, U. T. Health Science Center – Tyler saved approximately $500,000 per year.

Revenue

The total FY 2012 budgeted revenue for U. T. Health Science Center – Tyler represents an increase of approximately 3.0%, which is primarily attributable to the aforementioned new Cancer Treatment and Research facility.

Expenses

Total expenses are budgeted to increase by approximately 4.0%, which is primarily attributable to the start-up and operating expenses and depreciation of the aforementioned Cancer Treatment and Research Program.

The University of Texas Health Science Center at Tyler
Operating Budget
Fiscal Year Ending August 31, 2012

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Budget Increases (Decreases) From 2011 to 2012 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ -	-	-	-	-
Federal Sponsored Programs	10,727,049	10,980,000	11,173,327	193,327	1.8%
State Sponsored Programs	1,268,849	1,362,700	1,321,637	(41,063)	-3.0%
Local and Private Sponsored Programs	2,798,761	2,750,000	2,915,198	165,198	6.0%
Net Sales and Services of Educational Activities	1,246,026	2,916,077	2,512,679	(403,398)	-13.8%
Net Sales and Services of Hospital and Clinics	49,798,742	48,621,002	49,141,201	520,199	1.1%
Net Professional Fees	11,048,375	10,509,254	11,722,654	1,213,400	11.5%
Net Auxiliary Enterprises	226,640	227,710	226,639	(1,071)	-0.5%
Other Operating Revenues	520,195	-	-	-	-
Total Operating Revenues	77,634,637	77,366,743	79,013,335	1,646,592	2.1%
Operating Expenses:					
Instruction	4,127,674	4,584,756	4,465,214	(119,542)	-2.6%
Academic Support	610,350	514,002	660,261	146,259	28.5%
Research	17,799,741	20,405,197	19,255,313	(1,149,884)	-5.6%
Public Service	-	-	-	-	-
Hospitals and Clinics	65,134,026	65,570,380	68,841,997	3,271,617	5.0%
Institutional Support	6,888,465	7,795,424	7,451,769	(343,655)	-4.4%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	14,541,432	13,816,607	15,297,847	1,481,240	10.7%
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	161,706	179,533	174,930	(4,603)	-2.6%
Depreciation and Amortization	6,338,433	7,200,000	8,642,382	1,442,382	20.0%
Total Operating Expenses	115,601,827	120,065,899	124,789,713	4,723,814	3.9%
Operating Surplus/Deficit	(37,967,190)	(42,699,156)	(45,776,378)	(3,077,222)	7.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	36,750,983	40,300,291	42,380,042	2,079,751	5.2%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	263,897	942,830	1,000,000	57,170	6.1%
Net Investment Income	4,106,625	3,383,456	3,296,037	(87,419)	-2.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	41,121,505	44,626,577	46,676,079	2,049,502	4.6%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,083,851)	(1,541,348)	(1,716,282)	(174,934)	11.3%
Total Transfers and Other	(1,083,851)	(1,541,348)	(1,716,282)	(174,934)	11.3%
Budget Margin (Deficit)	2,070,464	386,073	(816,581)	(1,202,654)	-311.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	10,318,562	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	225,000	250,000	300,000	50,000	20.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	10,000	-	-	-	-
Transfers for Debt Service - Principal	(1,071,000)	(2,961,637)	(2,456,000)	505,637	-17.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	3,535,705	2,353,413	1,651,123	(702,290)	-29.8%
SRECNA Change in Net Assets	$ 15,088,731	27,849	(1,321,458)	(1,349,307)	-4845.1%

	FY 2011 Projected	FY 2011 Adjusted Budget	FY 2012 Operating Budget	Amount	Percent
Total Revenues and AUF Transfers	$ 118,756,142	121,993,320	125,689,414	3,696,094	3.0%
Total Expenses (Including Transfers for Interest)	(116,685,678)	(121,607,247)	(126,505,995)	(4,898,748)	4.0%
Budget Margin (Deficit)	$ 2,070,464	386,073	(816,581)	(1,202,654)	
Reconciliation to Use of Prior Year Balances					
Depreciation		7,200,000	8,642,382		
Capital Outlay		(3,000,000)	(3,100,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(2,961,637)	(2,456,000)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		1,624,436	2,269,801		

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

The University of Texas System
Fiscal Year 2012
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

Summary

		PUF Allocation			
		Library & Equipment	**Repair & Rehabilitation**	**Faculty STARs Program**	**Total**
Academic Institutions					
The University of Texas at Arlington	$	-	1,748,000	-	1,748,000
The University of Texas at Austin		1,225,500	2,430,000	-	3,655,500
The University of Texas at Dallas		900,000	800,000	-	1,700,000
The University of Texas at El Paso		1,000,000	925,000	-	1,925,000
The University of Texas of the Permian Basin		285,000	400,000	-	685,000
The University of Texas at San Antonio		-	1,766,540	-	1,766,540
The University of Texas at Tyler		369,940	415,020	-	784,960
Subtotal Academic Institutions		3,780,440	8,484,560	-	12,265,000
Health Institutions					
The University of Texas Southwestern Medical Center		-	1,649,400	-	1,649,400
The University of Texas Medical Branch at Galveston		1,280,600	430,000	-	1,710,600
The University of Texas Health Science Center at Houston		-	1,700,000	-	1,700,000
The University of Texas Health Science Center at San Antonio		675,000	1,000,000	-	1,675,000
The University of Texas M. D. Anderson Cancer Center		-	1,650,000	-	1,650,000
The University of Texas Health Science Center at Tyler		-	1,650,000	-	1,650,000
Subtotal Health Institutions		1,955,600	8,079,400	-	10,035,000
The University of Texas System Administration					
Academic Library Collection Enhancement Program		2,700,000	-	-	2,700,000
Faculty STARs Program - Academic Institutions		-	-	10,000,000	10,000,000
Faculty STARs Program - Health Institutions		-	-	10,000,000	10,000,000
Subtotal System Administration		2,700,000	-	20,000,000	22,700,000
Collaborative Projects					
UT El Paso/UT Health Science Center - Houston		599,000	-	-	599,000
UT Health Science Center - Tyler/UT Tyler		-	1,500,000	-	1,500,000
UT San Antonio/UT Health Science Center - San Antonio		1,401,000	-	-	1,401,000
UT Southwestern Medical Center/UT Dallas		1,500,000	-	-	1,500,000
Subtotal Collaborative Projects		3,500,000	1,500,000	-	5,000,000
Grand Total	**$**	**11,936,040**	**18,063,960**	**20,000,000**	**50,000,000**

The University of Texas System
Fiscal Year 2012
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT TOTAL PROJECT COST	LIBRARY AND EQUIPMENT PUF ALLOCATED	REPAIR AND REHABILITATION TOTAL PROJECT COST	REPAIR AND REHABILITATION PUF ALLOCATED	FACULTY STARS PUF ALLOCATED
ACADEMIC INSTITUTIONS					
The University of Texas at Arlington					
High Priority Fire & Life Safety Corrections			1,300,000	1,300,000	
ADA/TAS Compliance: Fine Arts, Library, Woolf Hall and GeoScience Building			448,000	448,000	
TOTAL	$ -	-	1,748,000	1,748,000	-
The University of Texas at Austin					
Harry Ransom Center - John M. Coetzee Archive	1,500,000	400,000			
Briscoe Center for American History - Infrastructure and Digitization of Texas and American History Special Collections	575,500	325,500			
Libraries Digital Infrastructure	500,000	500,000			
Perry-Castaneda Library Fire and Life Safety			1,200,000	1,080,000	
Townes Hall Fire and Life Safety			1,000,000	900,000	
Homer Rainey Hall Fire and Life Safety			250,000	225,000	
Parlin Hall Fire and Life Safety			250,000	225,000	
TOTAL	$ 2,575,500	1,225,500	2,700,000	2,430,000	-
The University of Texas at Dallas					
Roof Repairs Founders North and North Office Buildings			600,000	600,000	
Academic Affairs Scientific and Engineering Equipment for Labs 12-1	500,000	500,000			
IT Fiber Network Upgrade - Engineering Building	400,000	400,000			
Energy Management System Upgrade and Building Submetering Phase I			200,000	200,000	
TOTAL	$ 900,000	900,000	800,000	800,000	-
The University of Texas at El Paso					
Research and Technology Infrastructure for New Faculty	1,000,000	1,000,000			
Paso Del Norte Research and Business Development Complex - Phase III			2,150,000	650,000	
Photovoltaic Array - Facilities Services Complex			1,047,446	175,000	
Jack C. Vowell Building Roof Replacement			100,000	100,000	
TOTAL	$ 1,000,000	1,000,000	3,297,446	925,000	-
The University of Texas of the Permian Basin					
J. Conrad Dunagan Library Collection	235,000	235,000			
Intrusion Detection/Response Appliance Update/Replacement	50,000	50,000			
Critical Space Remediation - Campus Demarc Room			250,000	250,000	
Maintenance, Repair and Replacement of HVAC Components			150,000	150,000	
TOTAL	$ 285,000	285,000	400,000	400,000	-
The University of Texas at San Antonio					
Science Building HVAC Rehabilitation			1,200,000	1,200,000	
John Peace Library - Restrooms Renovation and Expansion			650,000	566,540	
TOTAL	$ -	-	1,850,000	1,766,540	-
The University of Texas at Tyler					
Library Collections Enhancement	100,000	100,000			
Correction of State Fire Marshal Inspection Findings			112,500	112,500	
Voice Over IP Conversion to Replace PBX	151,700	151,700			
Information Security	33,240	33,240			
Student Business Service Check Printer	10,000	10,000			
Video Surveillance IP Conversion Phase II	75,000	75,000			
Safety and Erosion Repairs of Lower Lake Dam			307,635	302,520	
TOTAL	$ 369,940	369,940	420,135	415,020	-
SUBTOTAL - ACADEMICS		$ 3,780,440		8,484,560	-

The University of Texas System
Fiscal Year 2012
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARS
INSTITUTION/NAME OF PROJECT	**TOTAL PROJECT COST**	**PUF ALLOCATED**	**TOTAL PROJECT COST**	**PUF ALLOCATED**	**PUF ALLOCATED**
HEALTH INSTITUTIONS					
The University of Texas Southwestern Medical Center					
Renovation of Lab and Office Space - Hoblitzelle			2,148,800	1,074,400	
Renovation of Lab and Office Space - Moss			1,851,200	575,000	
TOTAL	$ -	-	4,000,000	1,649,400	-
The University of Texas Medical Branch at Galveston					
Information and Education Resources Enhancement-Library Acquisitions	1,366,360	836,360			
Information and Education Resources Enhancement-Classroom Equipment	1,306,804	444,240			
McCullough Sprinkler System			1,000,000	430,000	
TOTAL	$ 2,673,164	1,280,600	1,000,000	430,000	-
The University of Texas Health Science Center at Houston					
Fire and Life Safety Compliance Mitigation Plan			2,970,000	1,700,000	
TOTAL	$ -	-	2,970,000	1,700,000	-
The University of Texas Health Science Center at San Antonio					
Facilities Infrastructure - SOM Air Handler			1,000,000	1,000,000	
Technology Infrastructure	1,000,000	675,000			
TOTAL	$ 1,000,000	675,000	1,000,000	1,000,000	-
The University of Texas M. D. Anderson Cancer Center					
Smithville Research Lab 2 Code Compliance and Infrastructure Upgrades			1,800,000	1,650,000	
TOTAL	$ -	-	1,800,000	1,650,000	-
The University of Texas Health Science Center at Tyler					
Replacement of Air Handler Units			2,200,000	1,650,000	
TOTAL	$ -	-	2,200,000	1,650,000	-
SUBTOTAL - HEALTHS		$ 1,955,600		8,079,400	-
SYSTEM ADMINISTRATION					
The University of Texas System Administration					
Academic Library Collection Enhancement Program	2,700,000	2,700,000			
Faculty STARs Program - Academic Institutions					10,000,000
Faculty STARs Program - Health Institutions					10,000,000
TOTAL	$ 2,700,000	2,700,000	-	-	20,000,000
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		$ 2,700,000		-	20,000,000
COLLABORATIVE PROJECTS					
UT El Paso with UT Health Science Center - Houston					
High Content Drug Screening Instrumentation to Support Efforts	599,000	599,000			
UT Health Science Center - Tyler with UT Tyler					
University Health Clinic Renovation			1,500,000	1,500,000	
UT San Antonio with UT Heath Science Center - San Antonio					
Core Facility Instrumentation for San Antonio Center for Drug Discovery and Innovation	3,426,313	1,401,000			
UT Southwestern Medical Center with UT Dallas					
Advanced Imaging Research Center - 3T Magnet and Cyclotron	3,761,262	1,500,000			
TOTAL	$ 7,786,575	3,500,000	1,500,000	1,500,000	-
SUBTOTAL - COLLABORATIVE PROJECTS		$ 3,500,000		1,500,000	-
TOTAL - U. T. SYSTEM		$ 11,936,040		18,063,960	20,000,000

The University of Texas System
Fiscal Year 2012
RESERVE ALLOCATIONS FOR
FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) PROGRAM

University of Texas System Administration		
Faculty STARs Program - Academic Institutions		10,000,000
Faculty STARs Program - Health Institutions		10,000,000
	Total	**$ 20,000,000**

Faculty Science and Technology Acquisition and Retention (STARs) Program

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

STARs Allocation History

Academic Institutions		
2005 Faculty STARS	$	32,450,000
2006 Faculty STARS	$	15,000,000
2007 Faculty STARS	$	20,000,000
2008 Faculty STARS	$	10,000,000
2009 Faculty STARS	$	10,000,000
2010 Faculty STARS	$	15,000,000
2011 Faculty STARS	$	10,000,000
2012 Proposed Faculty STARS	$	10,000,000
Health Institutions		
2005 Faculty STARS	$	26,550,000
2009 Faculty STARS	$	10,000,000
2010 Faculty STARS	$	15,000,000
2011 Faculty STARS	$	10,000,000
2011 Faculty STARS (2 years only)	$	15,000,000
2012 Proposed Faculty STARS	$	10,000,000

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
BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2012

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* for the governance of The University of Texas System.

3. The established merit principle 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 DOCKET

    a. Transfers from Unappropriated Educational and General Fund Balance.

    b. New appointments of tenured faculty.

    c. Award of tenure to any faculty member.

    d. New appointment as Dean Emeritus, Chair Emeritus, or Professor Emeritus.

    e. Appointments, promotions, and salary increases involving the president.

f. Compensation changes, new contracts, or contract changes involving athletic directors or head coaches whose total annual compensation is $250,000 or above.

g. Compensation changes for employees whose total annual compensation is $1,000,000 or above.

h. Increases in budgeted amounts of $500,000 or more from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.

i. Increases to Plant Funds of $500,000 or more, which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.

2. ITEMS REQUIRING APPROVAL OF U. T. SYSTEM ADMINISTRATION (NON-DOCKET)

a. Reappropriation of prior year Educational and General Fund balances of $100,000 or more.

b. Increases in budgeted amounts of $100,000-$499,999 from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.

c. Increases to Plant Funds of $100,000-$499,999 which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.

d. Compensation changes for employees whose total annual compensation is $500,000 or more but less than $1,000,000.

e. Salary increases involving tenured faculty of $10,000 or more at academic institutions and $25,000 or more at health-related institutions. This includes one-time merit payments.

f. Appointments and promotions involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent.

g. Salary increases of $10,000 or more involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent. This includes one-time merit payments.

h. All appointments and salary increases of $10,000 or more involving employees, other than athletic directors and head coaches, serving under written employment contracts. This includes one-time merit payments.

3. ITEMS REQUIRING APPROVAL OF THE PRESIDENT ONLY

a. All interdepartmental transfers.

b. All budget transfers between line-item appropriations within a department.

c. Increases of less than $100,000 in budgeted amounts from income for Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.

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 less than $100,000.

f. Promotions involving tenured faculty.

g. Transactions involving all other personnel except those specified in B.1b, B.1c, B.1d, B.1e, B.1f, B.1g, B.2d, B.2e, B.2f, B.2g and B.2h as defined above.

h. Changes in sources of funds, changes in time assignments, and other changes in status for personnel categorized in Item B.1, provided no change in the individual's salary rate is involved. In the case of Medical Faculty, this provision applies to "Total Compensation."

i. Summer Session Budgets.

j. Clinical faculty appointments or changes, including medical or hospital staff, without salary.

4. EFFECTIVE DATE OF APPOINTMENTS AND SALARY INCREASES

a. Any increase in an approved salary rate 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 salary rate 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 an increased salary rate for the same classification or position is involved.

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" or “Allied Health Faculty Services Plan” is contingent upon its being earned or available in accordance with the regulations applicable to the Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service Plan or Allied Health Faculty Services 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. In accordance with provisions contained in U. T. System Board of Regents' *Rules and Regulations* Rule 30201, leaves of absence for a first year or portion thereof or a second consecutive year's leave may be granted by the president. Except in very unusual circumstances as outlined in Section 3.2 and 3.3, a third consecutive year leave of absence will not be granted. Requests for third year leave of absence must be reviewed and approved by the appropriate executive vice chancellor.

The University of Texas System

Medical, Dental, Nursing, and Allied Health Services, Research and Development Plans and Physicians Referral Service Budget Rules and Procedures

For Fiscal Year Ending August 31, 2012

1. These Rules and Procedures are to be used for the Medical, Dental, Nursing, and Allied Health Services, Research and Development Plans and Physicians Referral Service Budgets in conjunction with the Rules and Procedures for the General Operating Budget.

2. Budgeted expenditures authorized from Medical, Dental, Nursing, and Allied Health Services Research, and Development Plans and Physicians Referral Service 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 the 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

ACADEMIC WORKLOAD
REQUIREMENTS FOR ACADEMIC INSTITUTIONS

For Fiscal Year Ending August 31, 2012

Academic Workload Requirements for General Academic Institutions

Academic workload requirements for U. T. System general academic institutions are set forth in U. T. System Board of Regents' *Rules and Regulations,* Rule 31006.

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

THE UNIVERSITY OF TEXAS SYSTEM

LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS)
BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2012

A. INITIAL BUDGET

1. U. T. System institutions are authorized to purchase approved Library and Equipment items and to contract for Repair and Rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits as outlined in *UTS 168 Capital Expenditure Policy*. This includes expenditures for Faculty STARs or similar special 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 DOCKET

   a. Substitute Library and Equipment purchases that are not on the approved list.

   b. Funding for new Repair and Rehabilitation projects that are not on the approved list.

2. ITEMS REQUIRING APPROVAL OF U. T. SYSTEM ADMINISTRATION (NON-DOCKET)

   a. Transfers of appropriated funds between approved Library and Equipment items.

   b. Transfers of appropriated funds between Repair and Rehabilitation items.

   c. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.

   d. All transfers of funds are subject to the requirements of the *Capital Expenditure Policy* (UTS 168).

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 System-wide 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 System-wide reallocation.

3. Notwithstanding the limitations adopted at the time Library and Equipment, Repair and Rehabilitation, STARs, or other similar funding was authorized, these *Budget Rules and Procedures* apply to all previously authorized Library and Equipment, Repair and Rehabilitation, STARs and similar funding.

THE UNIVERSITY OF TEXAS SYSTEM

EXPENDITURE GUIDELINES – PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS)

For Fiscal Year Ending August 31, 2012

A. AUTHORIZATION OF PUF BOND PROCEEDS FOR LERR OR STARS

Article VII, Section 18 (b) of the Texas *Constitution* authorizes the 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 and Faculty STARs Programs.

B. ELIGIBILITY FOR PROGRAM FUNDS

Eligibility for LERR or STARs program funds is the same as eligibility for PUF bond proceeds as set forth in the *Constitution*. Eligible entities include U. T. System Administration, all U. T. academic institutions except for U. T. Pan American and U. T. Brownsville, and all U. T. health institutions.

C. 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 or STARs 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 or STARs eligibility should be directed to the U. T. System Administration Office of the Controller.

Repair and Rehabilitation of Buildings or Other Permanent Improvements

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

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

Acquisition of Capital Equipment

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

Software

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR or STARs 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 UTS142.13 *Accounting and Financial Reporting for Intangible Assets* at http://www.utsystem.edu/bor/procedures/policy/policies/uts142_13.html. 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 or STARs program funds.

Software maintenance costs are considered operating expenses and therefore are not eligible for LERR or STARs 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 or STARs 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 or STARs.

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.

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.

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

Prohibition for Student Housing, Athletics, and Auxiliary Enterprises

The *Constitution* prohibits the use of PUF bond proceeds, and therefore the use of LERR or STARs program funds, for student housing, intercollegiate athletics, or auxiliary enterprises.

D. 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 salaries cannot be paid from STARs funds.

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

- to recruit senior faculty with national prominence; and
- to 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
- to 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.

Additional information regarding the STARs program is available from the Offices of Academic and Health Affairs.