

THE UNIVERSITY OF TEXAS SYSTEM

OPERATING BUDGET SUMMARIES

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

FISCAL YEAR 2016



AUGUST 2015

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 Rio Grande Valley ♦ The University of Texas at San Antonio ♦ The University of Texas at Tyler ♦ The University of Texas Southwestern Medical Center ♦ The University of Texas Medical Branch at Galveston ♦ The University of Texas Health Science Center at Houston ♦ The University of Texas Health Science Center at San Antonio ♦ The University of Texas M. D. Anderson Cancer Center ♦ The University of Texas Health Science Center at Tyler ♦ The University of Texas System Administration

**THE UNIVERSITY OF TEXAS SYSTEM
OPERATING BUDGET SUMMARIES AND RESERVE ALLOCATIONS FOR
LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION AND FACULTY STARS**

For Fiscal Year Ending August 31, 2016

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The University of Texas System Operating Budget Highlights

For the Year Ending August 31, 2016

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.

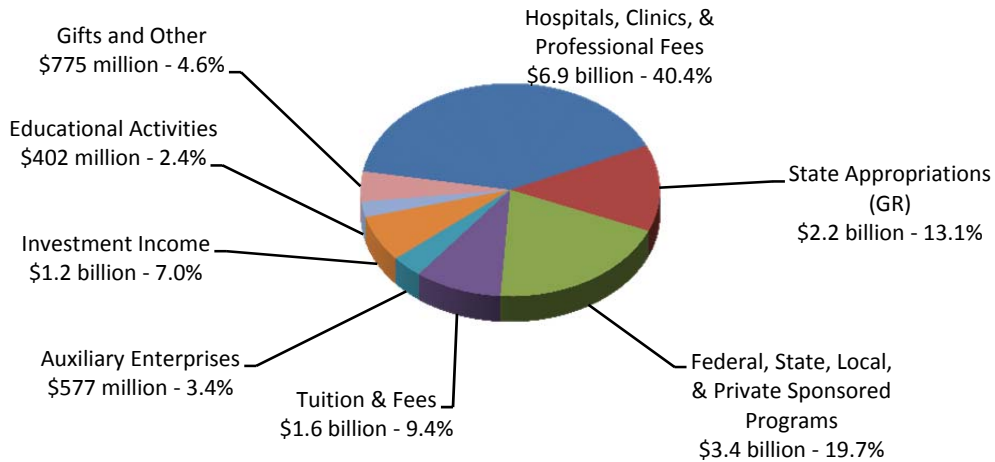
The effect of the System’s expenditures on the Texas economy is profound. The State Comptroller of Public Accounts has estimated that every \$1 spent generates as much as \$5 in additional economic activity.

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. Based on the activity of the 2012 fiscal year (FY), the U. T. System signs a commercialization deal nearly every other day, starts a new company almost weekly, and receives three U.S. patents 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 FY 2016, changes in the operating budget are largely driven by growth in health care activities including hospital charges, professional fees and contractual arrangements with affiliated hospitals and health care systems. In addition, U. T. System institutions benefitted from additional appropriations by the Texas Legislature.

REVENUES



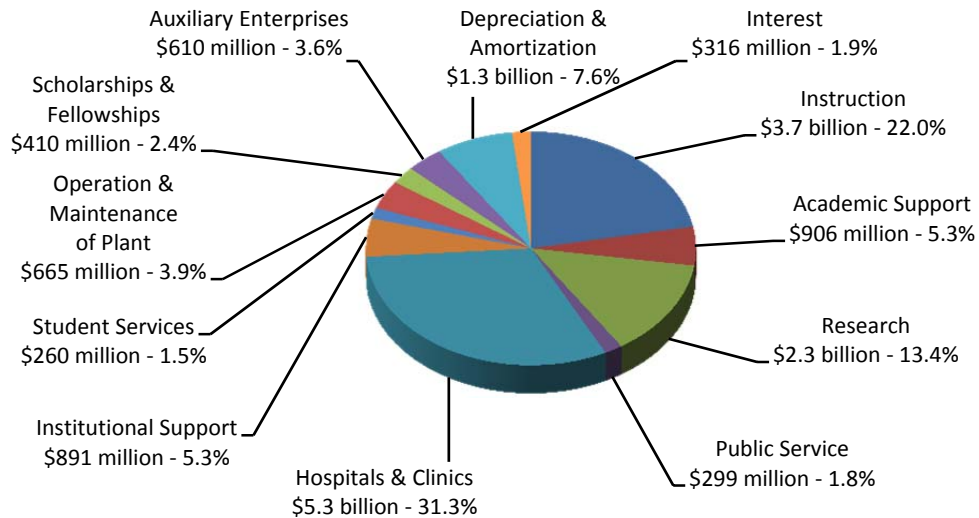
Revenues included in the operating budget summary include both operating and nonoperating revenues used to finance the operating budget. Combined revenues for FY 2016 are \$17.0 billion, up 7.1 percent or \$1.1 billion from FY 2015. Areas of growth include **Local and Private Sponsored Programs** (17.3 percent, \$188 million), **Net Sales and Services of Hospitals and Clinics** (3.6 percent, \$181 million), and **Net Professional Fees** (8.4 percent, \$126 million). Budgeted **State Appropriations** also increased robustly (7.7 percent, \$159 million) as compared to 2015 as a result of additional appropriations made by the 84th Texas Legislature. For FY 2016, general revenue will decline to 13.2 percent of the total expense budget, compared to 13.3 percent for 2015.

The increase in **Local and Private Sponsored Programs** largely results from increases in from sponsored research at U. T. Austin (\$44 million) and clinical contracts with hospital and health systems at U. T. Southwestern Medical Center (\$38 million) and U. T. Health Science Center - Houston (\$71 million).

Net Sales and Services of Hospital and Clinics primarily includes income generated from patient care at the System's hospitals and the major driver of budget increases for FY 2015. The largest increases are anticipated by U. T. Southwestern Medical Center (\$119 million) and U. T. Medical Branch - Galveston (\$141 million) offset by an anticipated decline at U. T. M. D. Anderson Cancer Center (\$86 million). Volume increases related the new William P. Clements, Jr. University Hospital (Clements Hospital) at U. T. Southwestern Medical Center and the addition of Angleton-Danbury and expanded correctional managed care revenue for U. T. Medical Branch – Galveston. U. T. M. D. Anderson Cancer Center is anticipating a temporary decline in patient volumes resulting from the implementation of a new electronic health record system.

Growth in **Net Professional Fees** principally results from growth in the health-related institutions medical practice plans. Contributing to this is the expansion of both practice specialties and clinic locations. The most significant increases are occurring at U. T. Southwestern Medical Center (\$63 million), U. T. Medical Branch - Galveston (\$21 million), and U. T. Health Science Center - Houston (\$53 million), offset by an anticipated decline at U. T. M. D. Anderson Cancer Center (\$28 million) again related to the electronic health record system implementation.

EXPENSES



Expenses reflected in the operating budget include all operational functions, limited nonoperating expenses, and transfers to U. T. System Administration made to fund debt service interest. Depreciation and Amortization expenses are also included in the budget. Conversely, capital outlay and transfers for debt service principal payments are excluded. Combined expenses for FY 2016 are \$16.9 billion, up 8.1 percent or \$1.3 billion from FY 2015. Significant functional areas of growth include **Instruction/Academic Support** (12.9 percent, \$530 million), **Hospital and Clinics** (8.4 percent, \$412 million), and **Research** (7.6 percent, \$161 million).

Instruction/Academic Support expenses increased due to support for new academic and medical faculty, and academic programs such as the medical school at U. T. Austin. Expansion of medical practice plans continues to require additional physician faculty. Several institutions also experienced enrollment growth. The most significant increases were at U. T. Austin (\$114 million), U. T. Southwestern Medical Center (\$132 million), U. T. Medical Branch – Galveston (\$58 million) and U. T. Health Science Center - Houston (\$80 million).

Hospital and Clinics expenses increased due largely to growth in patient care costs associated with increasing volume and related costs, the transition of U. T. Southwestern Medical Center to the new Clements Hospital, growth in the cost of correctional managed care at U. T. Medical Branch – Galveston. The most significant increases are at U. T. Southwestern Medical Center (\$100 million), U. T. Medical Branch – Galveston (\$133 million), U. T. Health Science Center - Houston (\$58 million), and U. T. M. D. Anderson Cancer Center (\$89 million).

Research has increased largely due to new special item and research appropriation funding from the 84th Legislature along with increases in sponsored program awards. The most significant increases are at U. T. Austin (\$29 million), U. T. Dallas (\$32 million), U. T. Southwestern Medical Center (\$43 million) and U. T. M. D. Anderson Cancer Center (\$28 million).

BACKGROUND

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

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

- The budget reflects tuition discounting and related scholarship/fellowship activities in a manner comparable to the GASB *Rules* for the annual financial report.
- Depreciation expense is incorporated into the budgeted expense totals.
- Capital outlay from operating funds is eliminated from budgeted expenditure totals.
- Debt service principal repayments are eliminated from budgeted expenditure totals.
- The portion of Higher Education Assistance Fund (HEAF) appropriations expended on items that are capitalized for accounting purposes is eliminated from the budgeted revenue totals. As of FY 2016, no U. T. System institutions receive HEAF appropriations.

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

PRESENTATION OF FY 2015 PROJECTED ACTUAL TOTALS

All U. T. institutions have prepared a projection of FY 2015 activity in a format comparable to that presented for the FY 2015 adjusted and FY 2016 proposed budgets. This projection was based on activity through May 2015.

RESTATEMENT AND RECLASSIFICATION OF FY 2015 BUDGET TOTALS

The FY 2015 budget has been restated to include two additional appropriations made to U. T. System Administration by the U. T. System Board of Regents concurrent with the approval of the original FY 2015 Operating Budget. These include \$31,436,105 to offset tuition increases at the academic institutions by absorbing certain functions and costs centrally. Also approved was an \$800,000 investment in the Center for Enhancing Philanthropy.

In certain situations, other reclassifications have been made between FY 2015 line items to enhance comparability with the FY 2016 presentation.

GLOSSARY OF TERMS

Operating Revenues:

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

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

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

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

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

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

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

Operating Expenses:

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

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

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

GLOSSARY OF TERMS (CONTINUED)

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

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

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

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

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

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

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

Nonoperating Revenues (Expenses):

STATE APPROPRIATIONS 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 was a source of state appropriated general revenue to U. T. Brownsville and U. T. Pan American in FY 2015. 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. Beginning with FY 2016, no U. T. System institutions will receive HEAF.

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

GLOSSARY OF TERMS (CONTINUED)

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

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

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

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

Transfers and Other:

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

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

Reconciliation to Change in Net Assets:

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

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

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

GLOSSARY OF TERMS (CONTINUED)

HEAF (CAPITALIZED) – The portion of the FY 2015 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. Beginning with FY 2016, no U. T. System institutions will receive HEAF appropriations.

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

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

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

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



THE UNIVERSITY OF TEXAS SYSTEM INSTITUTION BUDGET HIGHLIGHTS AND BUDGET SUMMARIES

The University of Texas System
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 1,581,393,039	1,514,783,822	1,597,665,701	82,881,879	5.5%
Federal Sponsored Programs	1,359,322,018	1,403,980,337	1,389,765,767	(14,214,570)	-1.0%
State Sponsored Programs	269,414,314	276,412,146	305,447,171	29,035,025	10.5%
Local and Private Sponsored Programs	1,177,724,769	1,088,794,675	1,277,155,367	188,360,692	17.3%
Net Sales and Services of Educational Activities	507,124,143	351,993,307	402,062,829	50,069,522	14.2%
Net Sales and Services of Hospital and Clinics	5,227,004,252	5,051,236,572	5,232,356,520	181,119,948	3.6%
Net Professional Fees	1,491,961,565	1,503,225,155	1,629,615,533	126,390,378	8.4%
Net Auxiliary Enterprises	537,864,478	529,699,201	576,706,264	47,007,063	8.9%
Other Operating Revenues	379,541,612	334,876,796	375,899,932	41,023,136	12.3%
Total Operating Revenues	12,531,350,190	12,055,002,011	12,786,675,084	731,673,073	6.1%
Operating Expenses:					
Instruction	3,300,473,184	3,346,963,594	3,729,901,352	382,937,758	11.4%
Academic Support	690,031,760	758,811,789	905,709,917	146,898,128	19.4%
Research	2,115,662,261	2,113,309,686	2,273,817,255	160,507,569	7.6%
Public Service	282,669,511	255,141,750	298,825,519	43,683,769	17.1%
Hospitals and Clinics	5,034,350,735	4,889,874,472	5,302,148,738	412,274,266	8.4%
Institutional Support	1,520,634,333	826,059,010	890,800,329	64,741,319	7.8%
Student Services	233,241,714	230,827,116	259,846,230	29,019,114	12.6%
Operations and Maintenance of Plant	690,822,652	698,222,124	664,970,223	(33,251,901)	-4.8%
Scholarships and Fellowships	399,583,586	411,863,012	410,455,541	(1,407,471)	-0.3%
Auxiliary Enterprises	548,900,118	569,612,236	609,573,382	39,961,146	7.0%
Depreciation and Amortization	1,180,376,502	1,264,556,572	1,279,853,024	15,296,452	1.2%
Total Operating Expenses	15,996,746,356	15,365,241,361	16,625,901,510	1,260,660,149	8.2%
Operating Surplus/Deficit	(3,465,396,166)	(3,310,239,350)	(3,839,226,426)	(528,987,076)	16.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	2,080,103,948	2,073,677,048	2,233,035,807	159,358,759	7.7%
Federal Sponsored Programs (Nonoperating)	328,732,569	299,857,760	303,748,948	3,891,188	1.3%
State/Local Sponsored Programs (Nonoperating)	2,745,070	3,367,124	79,792,066	76,424,942	2269.7%
Gifts in Support of Operations	457,955,593	332,791,604	399,510,580	66,718,976	20.0%
Net Investment Income	912,172,854	1,105,895,789	1,190,103,012	84,207,223	7.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	3,781,710,034	3,815,589,325	4,206,190,413	390,601,088	10.2%
Transfers and Other:					
AUF Transfers Received for Operations	383,367,770	346,076,946	359,987,789	13,910,843	4.0%
AUF Transfers (Made) for Operations	(383,367,770)	(346,076,946)	(359,987,789)	(13,910,843)	4.0%
Transfers for Debt Service - Interest	(273,192,018)	(301,221,828)	(315,557,291)	(14,335,463)	4.8%
Total Transfers and Other	(273,192,018)	(301,221,828)	(315,557,291)	(14,335,463)	4.8%
Budget Margin (Deficit)	43,121,850	204,128,147	51,406,696	(152,721,451)	-74.8%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	7,611,732	2,000,000	8,000,000	6,000,000	300.0%
Net Inc./ (Dec.) in Fair Value of Investments	(378,106,823)	-	-	-	-
Interest Expense on Capital Asset Financings	(309,236,654)	(302,471,828)	(316,707,291)	(14,235,463)	4.7%
Capital Approp., Gifts and Sponsored Programs	245,646,826	343,717,788	280,325,966	(63,391,822)	-18.4%
HEAF (Capitalized)	10,925,991	11,463,200	-	(11,463,200)	-100.0%
Additions to Permanent Endowments	137,467,269	89,316,318	112,501,474	23,185,156	26.0%
Transfers for Debt Service - Principal	(376,621,832)	(444,179,566)	(438,953,147)	5,226,419	-1.2%
Reverse Transfers for Debt Service (System Only)	649,813,850	729,206,394	754,510,438	25,304,044	3.5%
Transfers and Other	777,769,820	(105,597,714)	62,538,692	168,136,406	-159.2%
SRECA Change in Net Assets	\$ 808,392,029	527,582,739	513,622,828	(13,959,911)	-2.6%
Total Revenues and AUF Transfers	\$ 16,313,060,224	15,870,591,336	16,992,865,497	1,122,274,161	7.1%
Total Expenses (Including Transfers for Interest)	(16,269,938,374)	(15,666,463,189)	(16,941,458,801)	(1,274,995,612)	8.1%
Budget Margin (Deficit)	\$ 43,121,850	204,128,147	51,406,696	(152,721,451)	
Reconciliation to Use of Prior Year Balances					
Depreciation		1,264,556,572	1,279,853,024		
Capital Outlay		(803,393,380)	(786,436,236)		
HEAF (Capitalized)		11,463,200	-		
Transfers for Debt Service - Principal		(444,179,566)	(438,953,147)		
Budgeted Transfers		(17,366,301)	(37,560,796)		
Net Additions to (Uses of) Prior Year Balances		215,208,672	68,309,541		

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, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 1,443,318,322	1,381,900,972	1,450,153,174	68,252,202	4.9%
Federal Sponsored Programs	594,421,478	659,361,239	630,229,886	(29,131,353)	-4.4%
State Sponsored Programs	171,248,044	178,229,946	194,699,706	16,469,760	9.2%
Local and Private Sponsored Programs	160,284,921	132,579,634	183,847,737	51,268,103	38.7%
Net Sales and Services of Educational Activities	389,628,063	273,531,583	310,703,704	37,172,121	13.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	4,743,153	4,743,153	-
Net Auxiliary Enterprises	424,250,411	424,241,096	458,542,111	34,301,015	8.1%
Other Operating Revenues	23,894,183	15,352,804	29,325,981	13,973,177	91.0%
Total Operating Revenues	3,207,045,422	3,065,197,274	3,262,245,452	197,048,178	6.4%
Operating Expenses:					
Instruction	1,401,843,789	1,458,193,781	1,571,749,526	113,555,745	7.8%
Academic Support	410,006,372	489,471,491	603,218,994	113,747,503	23.2%
Research	743,287,872	728,234,029	815,014,984	86,780,955	11.9%
Public Service	170,690,316	148,645,421	172,338,080	23,692,659	15.9%
Hospitals and Clinics	-	-	12,371,298	12,371,298	-
Institutional Support	363,524,939	358,847,344	398,050,094	39,202,750	10.9%
Student Services	212,091,015	207,784,527	232,749,787	24,965,260	12.0%
Operations and Maintenance of Plant	342,878,536	310,882,903	318,137,422	7,254,519	2.3%
Scholarships and Fellowships	374,440,834	388,869,690	383,486,735	(5,382,955)	-1.4%
Auxiliary Enterprises	469,569,480	490,397,089	518,249,876	27,852,787	5.7%
Depreciation and Amortization	474,849,631	547,704,683	495,132,061	(52,572,622)	-9.6%
Total Operating Expenses	4,963,182,784	5,129,030,958	5,520,498,857	391,467,899	7.6%
Operating Surplus/Deficit	(1,756,137,362)	(2,063,833,684)	(2,258,253,405)	(194,419,721)	9.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	956,728,112	953,815,238	1,055,537,995	101,722,757	10.7%
Federal Sponsored Programs (Nonoperating)	307,905,272	297,237,760	300,418,948	3,181,188	1.1%
State/Local Sponsored Programs (Nonoperating)	2,745,070	3,367,124	79,792,066	76,424,942	2269.7%
Gifts in Support of Operations	187,575,994	157,413,835	174,736,278	17,322,443	11.0%
Net Investment Income	308,029,787	268,922,182	284,496,350	15,574,168	5.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,762,984,235	1,680,756,139	1,894,981,637	214,225,498	12.7%
Transfers and Other:					
AUF Transfers Received for Operations	268,348,800	264,250,000	268,905,000	4,655,000	1.8%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(119,126,554)	(118,153,445)	(121,665,370)	(3,511,925)	3.0%
Total Transfers and Other	149,222,246	146,096,555	147,239,630	1,143,075	0.8%
Budget Margin (Deficit)	156,069,119	(236,980,990)	(216,032,138)	20,948,852	-8.8%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	15,187,482	-	-	-	-
Interest Expense on Capital Asset Financings	1,215,868	(1,250,000)	(1,150,000)	100,000	-8.0%
Capital Approp., Gifts and Sponsored Programs	125,079,834	158,807,980	110,836,795	(47,971,185)	-30.2%
HEAF (Capitalized)	10,925,991	11,463,200	-	(11,463,200)	-100.0%
Additions to Permanent Endowments	102,794,164	60,572,316	71,604,173	11,031,857	18.2%
Transfers for Debt Service - Principal	(144,659,090)	(139,187,116)	(151,000,596)	(11,813,480)	8.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	87,449,900	123,300,890	219,524,868	96,223,978	78.0%
SRECNA Change in Net Assets	\$ 354,063,268	(23,273,720)	33,783,102	57,056,822	-245.2%
Total Revenues and AUF Transfers	\$ 5,238,378,457	5,010,203,413	5,426,132,089	415,928,676	8.3%
Total Expenses (Including Transfers for Interest)	(5,082,309,338)	(5,247,184,403)	(5,642,164,227)	(394,979,824)	7.5%
Budget Margin (Deficit)	\$ 156,069,119	(236,980,990)	(216,032,138)	20,948,852	
Reconciliation to Use of Prior Year Balances					
Depreciation		547,704,683	495,132,061		
Capital Outlay		(153,774,167)	(112,658,874)		
HEAF (Capitalized)		11,463,200	-		
Transfers for Debt Service - Principal		(139,187,116)	(151,000,596)		
Budgeted Transfers		(20,180,105)	(37,141,311)		
Net Additions to (Uses of) Prior Year Balances		9,045,505	(21,700,858)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas Health-Related Institutions
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 138,074,717	132,882,850	147,512,527	14,629,677	11.0%
Federal Sponsored Programs	755,301,571	735,359,098	750,275,881	14,916,783	2.0%
State Sponsored Programs	94,666,270	98,182,200	98,290,671	108,471	0.1%
Local and Private Sponsored Programs	1,017,437,784	956,215,041	1,093,307,630	137,092,589	14.3%
Net Sales and Services of Educational Activities	88,600,827	76,222,756	89,043,488	12,820,732	16.8%
Net Sales and Services of Hospital and Clinics	5,227,004,252	5,051,236,572	5,232,356,520	181,119,948	3.6%
Net Professional Fees	1,491,961,565	1,503,225,155	1,624,872,380	121,647,225	8.1%
Net Auxiliary Enterprises	113,614,067	105,458,105	118,164,153	12,706,048	12.0%
Other Operating Revenues	334,750,193	318,824,214	346,573,951	27,749,737	8.7%
Total Operating Revenues	9,261,411,246	8,977,605,991	9,500,397,201	522,791,210	5.8%
Operating Expenses:					
Instruction	1,898,629,395	1,888,769,813	2,158,151,826	269,382,013	14.3%
Academic Support	271,758,354	261,073,264	294,223,889	33,150,625	12.7%
Research	1,372,374,389	1,385,075,657	1,458,802,271	73,726,614	5.3%
Public Service	109,145,399	106,496,329	124,237,439	17,741,110	16.7%
Hospitals and Clinics	5,034,350,735	4,889,874,472	5,289,777,440	399,902,968	8.2%
Institutional Support	358,482,989	362,856,753	359,352,010	(3,504,743)	-1.0%
Student Services	21,150,699	23,042,589	27,096,443	4,053,854	17.6%
Operations and Maintenance of Plant	345,913,625	387,339,221	346,832,801	(40,506,420)	-10.5%
Scholarships and Fellowships	24,834,085	21,248,462	25,254,446	4,005,984	18.9%
Auxiliary Enterprises	79,330,638	79,215,147	91,323,506	12,108,359	15.3%
Depreciation and Amortization	689,239,525	703,715,392	771,453,275	67,737,883	9.6%
Total Operating Expenses	10,205,209,833	10,108,707,099	10,946,505,346	837,798,247	8.3%
Operating Surplus/Deficit	(943,798,587)	(1,131,101,108)	(1,446,108,145)	(315,007,037)	27.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	1,121,721,136	1,118,223,911	1,177,497,812	59,273,901	5.3%
Federal Sponsored Programs (Nonoperating)	2,600,000	2,620,000	3,330,000	710,000	27.1%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	226,801,864	174,424,669	223,619,202	49,194,533	28.2%
Net Investment Income	309,311,923	300,705,638	357,716,096	57,010,458	19.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,660,434,923	1,595,974,218	1,762,163,110	166,188,892	10.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(93,552,011)	(97,654,715)	(106,329,299)	(8,674,584)	8.9%
Total Transfers and Other	(93,552,011)	(97,654,715)	(106,329,299)	(8,674,584)	8.9%
Budget Margin (Deficit)	623,084,325	367,218,395	209,725,666	(157,492,729)	-42.9%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	7,611,732	2,000,000	8,000,000	6,000,000	300.0%
Net Inc./((Dec.) in Fair Value of Investments	(4,798,036)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	120,566,992	184,909,808	169,489,171	(15,420,637)	-8.3%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	34,673,105	28,744,002	40,897,301	12,153,299	42.3%
Transfers for Debt Service - Principal	(190,637,742)	(209,922,450)	(200,563,626)	9,358,824	-4.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	113,588,655	162,183,586	271,880,800	109,697,214	67.6%
SRECNA Change in Net Assets	\$ 704,089,031	535,133,341	499,429,312	(35,704,029)	-6.7%
Total Revenues and AUF Transfers	\$ 10,921,846,169	10,573,580,209	11,262,560,311	688,980,102	6.5%
Total Expenses (Including Transfers for Interest)	(10,298,761,844)	(10,206,361,814)	(11,052,834,645)	(846,472,831)	8.3%
Budget Margin (Deficit)	\$ 623,084,325	367,218,395	209,725,666	(157,492,729)	
Reconciliation to Use of Prior Year Balances					
Depreciation		703,715,392	771,453,275		
Capital Outlay		(645,120,488)	(667,777,362)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(209,922,450)	(200,563,626)		
Budgeted Transfers		3,944,421	756,000		
Net Additions to (Uses of) Prior Year Balances		219,835,270	113,593,953		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas System Administration
Operating Budget Highlights
For the Year Ending August 31, 2016

Introduction - Major Goals Addressed by FY 2016 Budget

Through the FY 2016 operating budget, The University of Texas System Administration fulfills its mission to lead and serve the academic and health institutions to create and sustain excellence in educational opportunities, research, and health care. In fulfilling this role, value is added on behalf of the U. T. System institutions through the undertaking of certain central responsibilities resulting 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. System 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. System institution operations.

To execute Board of Regents' initiatives, U. T. System Administration has made and continues to make strategic investments in staff throughout the organization. Key areas include the Competency Based Education Initiative, the Engineering Institute, as well as centralizing personnel and functions associated with the UTShare enterprise resource planning (ERP) system.

The Institute for Transformational Learning has embarked on an ambitious project to advance competency based instructional programs at U. T. System institutions increasing access, affordability, and student success by providing high fidelity program and instructional design and production using next generation technology. Funding for this project was made available in the FY 2015 Available University Fund (AUF) special allocation by the Board of Regents in support of advancing online and on-campus enrollment growth with excellence. The FY 2016 budget includes 44 new positions in support of this initiative

The FY 2015 budget for U. T. System Administration was restated to incorporate the \$31.4 million of funding provided by the Board of Regents in August 2014 to offset tuition at the academic campuses other than U. T. Austin. At the same meeting, the Board of Regents also approved \$800,000 for the Center for Enhancing Philanthropy (CEP). Funding for the CEP has also been incorporated into the presented FY 2015 totals.

As part of the tuition offset plan, the Board of Regents approved transferring audit functions at the UTShare institutions, including 47.9 full-time equivalent employees (FTEs) to U. T. System Administration and funding the cost of the shared services organization maintaining the UTShare ERP. Effective January 1, 2015, the personnel in the shared services organization were transferred from U. T. Arlington to U. T. System Administration. Including vacancies, this added 66 FTEs to U. T. System Administration.

Revenue

Budgeted revenues are increasing as a result of receiving the biennial Joint Admission Medical Program (JAMP) appropriation (\$10.2 million) and the initial inclusion of the Lone Star Stroke Initiative (\$2.3 million) in the budget. The remaining increase is attributable to growth in the AUF support. The distribution to the AUF from the Permanent University Fund is budgeted at 5.0 percent. As an outcome of the 84th Legislative Session, U. T. System Administration no longer receives state appropriated general revenue for operations.

Expenses

Total expenses are budgeted to increase 15.8 percent or \$33.5 million over adjusted FY 2015. The largest contributor to the growth in expenses is the Board approved Competency Based Education Initiative (\$23.7 million). The Lone Star Stroke Initiative (\$2.3 million) is budgeted as Public Service. Subject to Board of Regents approval, U. T. System Administration recognizes the need to maintain competitive compensation levels for staff through the implementation of a 2.5 percent merit policy.

The University of Texas System Administration
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	9,598,969	9,260,000	9,260,000	-	0.0%
State Sponsored Programs	3,500,000	-	12,456,794	12,456,794	-
Local and Private Sponsored Programs	2,064	-	-	-	-
Net Sales and Services of Educational Activities	28,895,253	2,238,968	2,315,637	76,669	3.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	20,897,236	699,778	-	(699,778)	-100.0%
Total Operating Revenues	62,893,522	12,198,746	24,032,431	11,833,685	97.0%
Operating Expenses:					
Instruction	-	-	-	-	-
Academic Support	8,267,034	8,267,034	8,267,034	-	0.0%
Research	-	-	-	-	-
Public Service	2,833,796	-	2,250,000	2,250,000	-
Hospitals and Clinics	-	-	-	-	-
Institutional Support	798,626,405	104,354,913	133,398,225	29,043,312	27.8%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	2,030,491	-	-	-	-
Scholarships and Fellowships	308,667	1,744,860	1,714,360	(30,500)	-1.7%
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	16,287,346	13,136,497	13,267,688	131,191	1.0%
Total Operating Expenses	828,353,739	127,503,304	158,897,307	31,394,003	24.6%
Operating Surplus/Deficit	(765,460,217)	(115,304,558)	(134,864,876)	(19,560,318)	17.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	1,654,700	1,637,899	-	(1,637,899)	-100.0%
Federal Sponsored Programs (Nonoperating)	18,227,297	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	43,577,735	953,100	1,155,100	202,000	21.2%
Net Investment Income	294,831,144	536,267,969	547,890,566	11,622,597	2.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	358,290,876	538,858,968	549,045,666	10,186,698	1.9%
Transfers and Other:					
AUF Transfers Received for Operations	115,018,970	81,826,946	91,082,789	9,255,843	11.3%
AUF Transfers (Made) for Operations	(383,367,770)	(346,076,946)	(359,987,789)	(13,910,843)	4.0%
Transfers for Debt Service - Interest	(60,513,453)	(85,413,668)	(87,562,622)	(2,148,954)	2.5%
Total Transfers and Other	(328,862,253)	(349,663,668)	(356,467,622)	(6,803,954)	1.9%
Budget Margin (Deficit)	(736,031,594)	73,890,742	57,713,168	(16,177,574)	-21.9%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	(388,496,269)	-	-	-	-
Interest Expense on Capital Asset Financings	(310,452,522)	(301,221,828)	(315,557,291)	(14,335,463)	4.8%
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	102,794,164	87,516,318	112,501,474	24,985,156	28.5%
Transfers for Debt Service - Principal	(41,325,000)	(95,070,000)	(87,388,925)	7,681,075	-8.1%
Reverse Transfers for Debt Service (System Only)	649,813,850	729,206,394	754,510,438	25,304,044	3.5%
Transfers and Other	1,018,731,265	(45,097,849)	(51,311,265)	(6,213,416)	13.8%
SRECNA Change in Net Assets	\$ 295,033,894	449,223,777	470,467,599	21,243,822	4.7%
Total Revenues and AUF Transfers	\$ 152,835,598	286,807,714	304,173,097	17,365,383	6.1%
Total Expenses (Including Transfers for Interest)	(888,867,192)	(212,916,972)	(246,459,929)	(33,542,957)	15.8%
Budget Margin (Deficit)	\$ (736,031,594)	73,890,742	57,713,168	(16,177,574)	
Reconciliation to Use of Prior Year Balances					
Depreciation		13,136,497	13,267,688		
Capital Outlay		(4,498,725)	(6,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(95,070,000)	(87,388,925)		
Budgeted Transfers		(1,130,617)	(1,175,485)		
Net Additions to (Uses of) Prior Year Balances		(13,672,103)	(23,583,554)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas at Arlington
Operating Budget Highlights
For the Year Ending August 31, 2016

Introduction - Major Goals Addressed by FY 2016 Budget

The University of Texas at Arlington is committed to being an internationally renowned institution of higher education and a preeminent place for intellectual pursuits. As the model 21st century urban research university, U. T. Arlington is focused on setting new standards for innovation in the delivery of knowledge while ensuring both excellence and access to the highest quality education for students. The University's budget policy committee consists of the president, provost, vice president for business affairs and controller, and vice president of administration and campus operations. Members work with the Strategic Plan 2020 committees to advance the institution and achieve the goals, objectives, and strategies tied to each of the Strategic Plan's Guiding Aspirations through the development and allocation of budget resources identified in the University's FY 2016 Annual Operating Budget.

U. T. Arlington's FY 2016 budget has two primary foci: student success and the overall Strategic Plan. Funding has been allocated to support new success initiatives as well as to strengthen existing ones. In addition, U. T. Arlington has changed its budgeting process to emphasize accountability based on success metrics and to reallocate existing funds based on performance. Key FY 2016 initiatives include the First-Year Experience Program for new students; a re-envisioned Career Development Center that will invigorate existing best practices, foster the delivery of cutting-edge services such as customized student learning portfolios, provide student-alumni mentoring, and pair internships and externships with students and employers. The budget also will provide merit-based scholarships that will enable U. T. Arlington to recruit and retain the highest quality students.

In addition, U. T. Arlington is focusing resources to expand and strengthen high-impact academics and research, especially in the areas of Health and the Human Condition, Sustainable Urban Communities, Global Environmental Impact, and Data-Driven Discovery. Key areas of focus in 2015-2016 will be strategic faculty cluster and leadership hires, new programs and offerings, continued restructuring of current programs, and continued expansion of online/distance education.

Revenue

U. T. Arlington continues to be entrepreneurial in developing new revenue streams and in enhancing existing ones as a means of augmenting traditional funding sources such as tuition and auxiliary services. Under the direction of new vice president for development and alumni relations, U. T. Arlington will continue to expand efforts to increase private philanthropy and strengthen the University's endowment.

Total annual operating revenue is expected to increase by 11 percent in FY 2016 due to increased enrollments in degree and extension programs leading to increased tuition income. High demand for campus housing and maximization of capacity has led to an increase in housing and dining services revenue.

Total non-operating revenue is expected to increase by 9 percent primarily as a result of additional general revenue and funds for research appropriated during the 84th Texas Legislative session.

Expenses

U. T. Arlington's operating expenses are expected to increase by 12 percent in FY 2016. This is in part due to a merit increase for qualifying faculty and staff effective September 1, 2015, subject to U. T. System Board of Regents approval. Research expenditures will increase in FY 2016 as a result of key faculty hires made in FY 2015. Increased spending in auxiliary is related to continued improvements to auxiliary space and services.

The University of Texas at Arlington
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 240,644,132	208,952,211	233,913,138	24,960,927	11.9%
Federal Sponsored Programs	39,632,956	52,789,925	56,769,540	3,979,615	7.5%
State Sponsored Programs	13,005,103	20,536,866	21,962,472	1,425,606	6.9%
Local and Private Sponsored Programs	9,288,461	12,345,758	13,199,681	853,923	6.9%
Net Sales and Services of Educational Activities	22,459,356	19,614,861	25,586,676	5,971,815	30.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	36,786,542	33,045,634	33,848,487	802,853	2.4%
Other Operating Revenues	9,204,319	5,192,197	6,737,850	1,545,653	29.8%
Total Operating Revenues	371,020,869	352,477,452	392,017,844	39,540,392	11.2%
Operating Expenses:					
Instruction	167,713,113	166,725,398	184,476,463	17,751,065	10.6%
Academic Support	42,919,799	42,619,799	49,295,145	6,675,346	15.7%
Research	64,336,902	64,236,902	65,944,273	1,707,371	2.7%
Public Service	7,920,561	7,920,561	8,398,225	477,664	6.0%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	50,557,248	49,557,248	58,538,839	8,981,591	18.1%
Student Services	55,195,791	54,709,535	67,528,039	12,818,504	23.4%
Operations and Maintenance of Plant	27,879,869	27,579,869	28,007,239	427,370	1.5%
Scholarships and Fellowships	24,218,556	24,218,556	29,484,505	5,265,949	21.7%
Auxiliary Enterprises	39,404,380	39,404,380	45,028,999	5,624,619	14.3%
Depreciation and Amortization	44,750,000	44,750,000	48,268,770	3,518,770	7.9%
Total Operating Expenses	524,896,219	521,722,248	584,970,497	63,248,249	12.1%
Operating Surplus/Deficit	(153,875,350)	(169,244,796)	(192,952,653)	(23,707,857)	14.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	119,626,285	119,626,285	131,482,991	11,856,706	9.9%
Federal Sponsored Programs (Nonoperating)	48,400,000	45,000,000	46,000,000	1,000,000	2.2%
State Sponsored Programs (Nonoperating)	-	325,000	7,159,022	6,834,022	2102.8%
Gifts in Support of Operations	7,992,043	7,115,308	6,993,585	(121,723)	-1.7%
Net Investment Income	14,251,130	13,821,797	10,586,329	(3,235,468)	-23.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	190,269,458	185,888,390	202,221,927	16,333,537	8.8%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(12,588,910)	(12,737,209)	(11,618,936)	1,118,273	-8.8%
Total Transfers and Other	(12,588,910)	(12,737,209)	(11,618,936)	1,118,273	-8.8%
Budget Margin (Deficit)	23,805,198	3,906,385	(2,349,662)	(6,256,047)	-160.1%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	8,500,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	5,936,166	5,936,166	6,064,981	128,815	2.2%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	4,150,000	4,150,000	5,042,510	892,510	21.5%
Transfers for Debt Service - Principal	(17,367,714)	(17,367,714)	(17,462,701)	(94,987)	0.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	27,639,500	9,190,556	7,524,484	(1,666,072)	-18.1%
SRECNA Change in Net Assets	\$ 52,663,150	5,815,393	(1,180,388)	(6,995,781)	-120.3%
Total Revenues and AUF Transfers	\$ 561,290,327	538,365,842	594,239,771	55,873,929	10.4%
Total Expenses (Including Transfers for Interest)	(537,485,129)	(534,459,457)	(596,589,433)	(62,129,976)	11.6%
Budget Margin (Deficit)	\$ 23,805,198	3,906,385	(2,349,662)	(6,256,047)	
Reconciliation to Use of Prior Year Balances					
Depreciation		44,750,000	48,268,770		
Capital Outlay		(15,152,586)	(24,608,789)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(17,367,714)	(17,462,701)		
Budgeted Transfers		8,122,811	(3,847,618)		
Net Additions to (Uses of) Prior Year Balances		24,258,896	-		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

**The University of Texas at Austin
Operating Budget Highlights
For the Year Ending August 31, 2016**

Introduction - Major Goals Addressed by FY 2016 Budget

The University of Texas at Austin remains committed to pursuing the goal of becoming one of the top public universities in the world. U. T. Austin will continue to be innovative in educating our undergraduate students to be tomorrow's leaders in a globally competitive and diverse environment while increasing opportunities to learn from its research mission. And U. T. Austin will transform lives by sharing its unique resources with the state, nation, and the world.

To maintain competitiveness for faculty, it is essential to pre-emptively adjust the salaries of the best faculty across all departments. The Faculty Investment Initiative was funded to provide recurring salary support for the upper decile of senior faculty as identified by deans of the colleges and schools. In addition, senior hiring in strategic areas for selected departments was budgeted at salaries in the upper decile. For the first time since FY 2009, U. T. Austin was able to fund an institutional merit pool of 2 percent for faculty, which was augmented by an additional 1 percent by each college or school. Deans will use this merit pool to address high-priority salary competitiveness for faculty not included in the Faculty Investment Initiative.

Undergraduate education and student success initiatives remain critical elements of this budget. Campus conversation will begin to develop a roadmap for undergraduate education at a top research university. U. T. Austin hopes to capitalize on the unique resources and expertise of the residential research campus to create a holistic, diverse, and transformative undergraduate educational experience for students as they learn to become tomorrow's innovators, problem solvers, inventors, and entrepreneurs.

The goal, as one of the largest doctoral-granting institutions in the nation, is to recruit and train the highest caliber pool of graduate students possible, creating the next generation of leading scholars and researchers. Funds were budgeted to offer more competitive graduate fellowships to recruit top talent to the University. Such graduate students create a more vibrant innovation ecosystem at the University and often stay in the region to advance discoveries, either through post-doctoral research or commercialization of innovations.

As the first new medical school in 50 years to be established at a member of the American Association of Universities, the Dell Medical School will create the health care system of the future with person-centered, valued-added healthcare that provides for healthier communities. To achieve this goal, the Dell Medical School will: 1) have a strong research base, including life sciences and technology research to dramatically improve diagnosis and treatment of disease at lower cost; 2) develop a new model for medical education that is highly engaged, combines basic science clinical experiences through experiential learning, and is team-based and multi-professional; and 3) create a vital, inclusive, and innovative health ecosystem for Travis County through clinical partnerships.

Crucial to the University's success in meeting its teaching and research mission, and in being counted among the world's best institutions of higher education, is addressing the challenges of providing a diverse campus. The University must continue to devote financial resources to this goal if it is to sustain progress in diversity.

Revenue

The state general revenue funding for FY 2016 increased by \$40.7 million. This includes a \$13.4 million increase in special items, a \$9.2 million increase for the DKR Alzheimer's Initiative that moved from U. T. System Administration to U. T. Austin, and a \$5.0 million increase in staff benefits. Central Health funding for Dell Medical School of \$35.0 million is being budgeted for the first time. Tuition revenue decreased slightly due to enrollment changes and no tuition increase. The overall Available University Fund (AUF) amount increased by \$4.7 million. Sponsored program and gift estimated revenue increased to align with historical actual revenue.

Expenses

Subject to approval by the Board of Regents, U. T. Austin plans to implement a modest strategic merit-based salary increase policy to remain a leading university that is competitive in attracting and retaining talented faculty and staff. Central Health funding for Dell Medical School of \$35.0 million is being budgeted for the first time. The state general revenue was budgeted for the special items, DKR Alzheimer's Initiative, faculty and staff salary increases, staff benefits, and other strategic priorities. The AUF increase will be used to fund academic initiatives. Scholarships decreased slightly due to the change in the B-On-Time Loan program that was previously budgeted at \$7.5 million.

The University of Texas at Austin
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 485,000,000	484,287,227	482,920,878	(1,366,349)	-0.3%
Federal Sponsored Programs	389,102,908	444,215,721	401,442,162	(42,773,559)	-9.6%
State Sponsored Programs	62,175,249	51,326,352	62,175,249	10,848,897	21.1%
Local and Private Sponsored Programs	129,921,843	92,168,341	136,525,754	44,357,413	48.1%
Net Sales and Services of Educational Activities	317,900,000	223,232,195	243,837,012	20,604,817	9.2%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	263,000,000	280,389,695	288,649,284	8,259,589	2.9%
Other Operating Revenues	7,200,000	2,939,688	4,082,506	1,142,818	38.9%
Total Operating Revenues	1,654,300,000	1,578,559,219	1,619,632,845	41,073,626	2.6%
Operating Expenses:					
Instruction	639,200,000	697,537,645	750,162,713	52,625,068	7.5%
Academic Support	200,200,000	281,619,342	343,433,812	61,814,470	21.9%
Research	466,600,000	472,509,313	501,603,073	29,093,760	6.2%
Public Service	110,700,000	93,022,506	110,984,881	17,962,375	19.3%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	143,800,000	135,615,975	147,345,681	11,729,706	8.6%
Student Services	59,100,000	58,210,041	61,753,931	3,543,890	6.1%
Operations and Maintenance of Plant	165,900,000	149,757,141	147,230,048	(2,527,093)	-1.7%
Scholarships and Fellowships	125,000,000	162,865,967	162,031,681	(834,286)	-0.5%
Auxiliary Enterprises	279,500,000	284,538,810	288,419,353	3,880,543	1.4%
Depreciation and Amortization	240,000,000	312,000,000	242,186,000	(69,814,000)	-22.4%
Total Operating Expenses	2,430,000,000	2,647,676,740	2,755,151,173	107,474,433	4.1%
Operating Surplus/Deficit	(775,700,000)	(1,069,117,521)	(1,135,518,328)	(66,400,807)	6.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	316,900,000	316,926,757	357,589,814	40,663,057	12.8%
Federal Sponsored Programs (Nonoperating)	47,600,000	47,500,000	44,000,000	(3,500,000)	-7.4%
State/Local Sponsored Programs (Nonoperating)	-	-	35,000,000	35,000,000	-
Gifts in Support of Operations	135,700,000	114,395,302	127,489,642	13,094,340	11.4%
Net Investment Income	225,000,000	199,899,746	213,426,947	13,527,201	6.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	725,200,000	678,721,805	777,506,403	98,784,598	14.6%
Transfers and Other:					
AUF Transfers Received for Operations	268,348,800	264,250,000	268,905,000	4,655,000	1.8%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(50,600,000)	(45,485,112)	(44,456,530)	1,028,582	-2.3%
Total Transfers and Other	217,748,800	218,764,888	224,448,470	5,683,582	2.6%
Budget Margin (Deficit)	167,248,800	(171,630,828)	(133,563,455)	38,067,373	-22.2%
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	1,215,868	(1,250,000)	(1,150,000)	100,000	-8.0%
Capital Approp., Gifts and Sponsored Programs	110,088,853	150,000,000	100,000,000	(50,000,000)	-33.3%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	88,349,335	45,000,000	55,000,000	10,000,000	22.2%
Transfers for Debt Service - Principal	(51,759,000)	(46,122,926)	(48,614,000)	(2,491,074)	5.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	(7,826,269)	35,000,000	33,500,000	(1,500,000)	-4.3%
SRECNA Change in Net Assets	\$ 307,317,587	10,996,246	5,172,545	(5,823,701)	-53.0%
Total Revenues and AUF Transfers	\$ 2,647,848,800	2,521,531,024	2,666,044,248	144,513,224	5.7%
Total Expenses (Including Transfers for Interest)	(2,480,600,000)	(2,693,161,852)	(2,799,607,703)	(106,445,851)	4.0%
Budget Margin (Deficit)	\$ 167,248,800	(171,630,828)	(133,563,455)	38,067,373	
Reconciliation to Use of Prior Year Balances					
Depreciation		312,000,000	242,186,000		
Capital Outlay		(78,514,311)	(50,832,189)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(46,122,926)	(48,614,000)		
Budgeted Transfers		(25,243,969)	(29,721,127)		
Net Additions to (Uses of) Prior Year Balances		(9,512,034)	(20,544,771)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas at Austin

Application of Available University Fund (AUF) Recommended Budget 2015-16

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 Article 7, Section 18 of the Texas Constitution, one of the several permitted uses of the AUF is the support and maintenance of the University. Over the years, the AUF has provided the margin of excellence that permits U. T. Austin to achieve and maintain its place as one of the premier public institutions of higher education in the nation.

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

Excellence in Mission: **\$ 134,330,954**

Instructional Excellence

Enhanced Academic Programs

\$ 69,885,379

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.

Instructional Program Services

3,676,675

These services include student success initiatives, college computing services, instructional and technology enhanced teaching support, provision of Web-based student-faculty communication platforms, teaching effectiveness services, credit by examination, new and experienced faculty training, assessment methods, student course-instructor evaluations, the U. T. Elementary School, and coordination of University-wide K-12 activities.

Instructional Initiatives and Programs

8,571,580

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

Other instructional initiatives and programs include course transformation and innovation and visiting lecturers. Students have access to specialized centers for education technology; clinical legal, pharmacy and nursing experiences; fine arts productions; and the UTeach program.

Academic Infrastructure (Libraries, Instructional Technology) 30,519,478

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.

Student Programs and Services 3,793,787

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

Research Excellence

Research Competitiveness 15,111,261

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

Outreach Excellence

Academic Program/Community Interface 2,772,794

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

Recruitment and Retention of Talent: 56,144,942

Faculty 3,215,382

U. T. Austin is committed to continuing to advance as one of the world’s finest universities. Achieving this goal is directly connected to our ability to recruit and retain faculty of the highest caliber. U. T. Austin must compete for this top talent.

K-12 Outreach and Undergraduate Students 16,179,804

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, satellite admissions offices) help insure the quality and diversity of students.

Graduate Students 36,749,756

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

Institutional Accountability and Enhanced Connections to the Public 51,447,395

Institutional accountability programs and offices are dedicated to providing support services for excellence in teaching, research, and public service. Implementation of shared services and a new Enterprise Resource Planning system will allow for campus-wide administrative systems to clearly align resources and investments with the University's mission and goals by creating business driven systems and data management and modernizing the administrative IT infrastructure. Development efforts expand private support by presenting evidence of the University's distinctive character, valuable service, and efficient management. University Communications has leadership responsibility for the institution's interaction with the media and with the public at large. The Office of the Executive Vice President and Provost serves as the chief academic officer of the university overseeing the academic programs on campus. The Office of Institutional Reporting, Research, and Information Systems provides information and analytical support to university decision makers and submits numerous reports to the Texas Higher Education Coordinating Board and the Department of Education. University Operations is dedicated to enhancing the development and delivery of most supporting services for on-campus clients, including public and environmental safety and the integrity of the physical infrastructure of the campus. Project Information Quest (IQ) uses business intelligence tools to provide critical information to University decision makers.

Dell Medical School

24,974,765

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

UT System**2,006,944**

The U. T. System Office of Telecommunication Services and the Network Bandwidth were established by the U. T. System Board of Regents to provide other U. T. campuses with inter-institutional voice, video, and computer communications in support of their missions of instruction and research. These services are managed by U. T. Austin, and therefore, appear in U. T. Austin's budget.

Details**Excellence in Mission****Instructional Excellence**

Enhanced Academic Programs		69,885,379
Colleges and Schools	64,757,450	
Academic Departments and Centers	5,127,929	
Instructional Program Services		3,676,675
Texas Language Center	75,079	
Natural Sciences Dean's Office Communication Group	471,377	
Education Communication Group	598,300	
Fine Arts Office of Computing Technologies	208,222	
Liberal Arts Instructional Technology Services	110,297	
Center for Teaching & Learning	1,808,205	
Undergraduate Studies - Assessment	175,882	
U. T. Elementary School	127,309	
Student Success Initiatives	102,004	
Instructional Initiatives and Programs		8,571,580
Visiting Lecturers and Academic development	117,500	
Provost Initiatives and Innovations	6,087,526	
Bilingual Education	84,542	
Education Learning Technology Center	16,986	
Fine Arts Projects	224,679	
Nursing Children's Wellness Center	94,724	
Nursing Learning Center	10,000	
Clinical Legal Education	126,669	
UTeach E Outreach	186,993	
UTeach Master Teacher Institute	293,905	
Undergraduate Programs	90,233	
Signature Courses	1,231,131	
Core Curriculum Development	6,692	
Academic Infrastructure		30,519,478
Instructional Technology	6,647,365	
Libraries	23,872,113	
Student Programs and Services		3,793,787
Dean of Students	2,788,002	
Deaf Interpreter Services	786,367	
Mathematics Lab	115,762	
Study Abroad	103,656	

Research Excellence		15,111,261
Research Competitiveness		
Research grant infrastructure, compliance and support		
VP For Research - Research Support And Compliance Office	945,583	
Institutional Capital Projects	818,684	
Research Grants	55,100	
Animal Resources Center	596,699	
Texas Advanced Computing Center	3,411,788	
College of Liberal Arts - Research	358,983	
Statistics & Scientific Computation Program	428,372	
Research Initiatives		
Organized Research Units	6,314,399	
University Of Texas Press	1,037,548	
Undergraduate Research	6,237	
Center For Studies In Texas History	387,495	
Research Instruments Laboratory	139,256	
Integrative Biology - Biodiversity Collections	359,612	
Clements Center for National Security	251,505	
Outreach Excellence		2,772,794
Academic Program/Community Interface		
Texas Performing Arts	1,749,099	
Jack S. Blanton Museum of Art	895,795	
Winedale Historical Center	127,900	
Recruitment and Retention of Talent:		56,144,942
Initiatives to ensure quality and diversity		
Faculty	3,215,382	
Faculty Development Program	2,346,993	
Faculty Recruitment	868,389	
Undergraduate Students	16,179,804	
Admission	2,135,996	
Registrar	1,773,696	
Freshman Admissions Center	1,339,806	
University Outreach Centers	372,590	
Multicultural Engagement Center	89,524	
Tuition and Fees Scholarship	69,129	
Student Gateway Program	172,528	
Student Services	1,210,456	
Former Student Records	389,763	
Satellite Admissions Office	2,357,465	
Student Financial Services	3,144,513	
Hardship Waivers	3,113,159	
Longhorn Scholars	11,179	

Graduate Students	36,749,756
Dean of Graduate Studies	1,999,749
Tuition Benefits - Teaching Asst/Asst Instructor	22,760,327
Graduate Fellowships and Scholarships	9,189,575
Graduate Research Fellowships and Scholarships	200,000
Graduate and International Admissions	369,109
School Of Law Scholarships	1,214,429
Law Admissions Outreach	344,994
L B J School Of Public Affairs Fellowships and Scholarship	225,000
Natural Sciences Dean's Excellence Graduate Awards	180,000
Natural Sciences Graduate Education	266,573

Institutional Accountability and Enhanced Connections to the Public

51,447,395

Office of President - Staff Ombuds	87,395
Office of the Executive Vice President And Provost	8,411,625
Institutional Accreditation And Effectiveness	471,287
Enterprise Resource Planning Implementation	18,665,000
Institutional Reporting, Research, and Information Systems	2,030,389
Vice President for University Operations	1,252,866
Campus Security and Safety	138,044
University Communications	3,414,249
Equal Employment Opportunity	543,448
Division of Diversity and Community Engagement	642,927
VP University Operations Communications Department	514,879
IQ Project	1,237,194
ADA Accommodations	131,930
General Faculty Office	247,484
Institutional Memberships	332,800
Liberal Arts Public Affairs	382,605
Liberal Arts Business Affairs	1,151,364
Liberal Arts Centralized Business Office	663,187
Natural Sciences Business Services	36,000
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	11,092,722

Dell Medical School

24,974,765

U. T. System

2,006,944

Telecomm Services Office - U. T. System Support	1,280,470
Telecomm Infrastructure - Network Bandwidth	189,802
Information Technology Assessments - U. T. Austin Support	536,672

TOTAL

\$ 268,905,000

**The University of Texas Brownsville
Operating Budget Highlights
For the Year Ending August 31, 2016**

The transfer of assets, facilities, operations, programs, and liabilities of The University of Texas at Brownsville is subject to the need to maintain a minimal administrative structure for the sole purpose of facilitating the continued partnership with Texas Southmost College (TSC), until that institution achieves accreditation independent of U. T. Brownsville.

Background Information

Senate Bill 24 of the 83rd Texas Legislature created a new university in south Texas and granted to The University of Texas System Board of Regents the duty to provide for the organization, administration, location, and name of the University. In addition to creating the new University, which the Board of Regents named The University of Texas Rio Grande Valley, Senate Bill 24 gave to the Board all the powers and duties provided by law in relation to U. T. Brownsville and The University of Texas-Pan American and acknowledged that the assets, facilities, operations, programs, and liabilities will be transferred to U. T. Rio Grande Valley in anticipation of the abolition of those two universities. Consistent with the Board of Regents' general authority and with its specific authority in relation to U. T. Rio Grande Valley, Senate Bill 24 directs the Board to choose a date of abolition of the two existing universities that the Board determines is appropriate to achieve maximum operating efficiency of The University of Texas System.

Senate Bill 24 also requires that the partnership agreement between U. T. Brownsville and TSC be continued at least until September 1, 2015, to the extent necessary to ensure accreditation of the respective entities.

TSC has not achieved accreditation independent of U. T. Brownsville, and will not do so until 2016 at the earliest. Accordingly, even though the statutory obligation of the University to remain in partnership with the College District expires September 1, 2015, it is incumbent on the U. T. System to continue in partnership with TSC. For accreditation purposes, U. T. Brownsville and TSC are a single institution; as a result, for TSC students to have classes offered by an accredited institution and to receive federal financial aid, the College must continue to operate under the accreditation of The University of Texas at Brownsville/Texas Southmost College (as the institution is recognized by the accrediting agency). For this purpose, even as the assets, facilities, programs, liabilities, and other operations of U. T. Brownsville are transferred to U. T. Rio Grande Valley, the accrediting agency requires a facility and minimal administrative structure for U. T. Brownsville, including a full-time chief executive officer.

Because of the need to continue a minimal administrative structure for U. T. Brownsville, it is not yet appropriate for the Board of Regents to determine a date for the abolition of U. T. Brownsville. That date is entirely within the discretion of the Board, and nothing in the statute prevents the continued operation of U. T. Brownsville for this limited purpose even as U. T. Rio Grande Valley becomes operational.

The University of Texas at Brownsville
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 31,845,354	33,059,702	-	(33,059,702)	-100.0%
Federal Sponsored Programs	10,619,711	12,509,476	-	(12,509,476)	-100.0%
State Sponsored Programs	7,403,053	9,521,242	-	(9,521,242)	-100.0%
Local and Private Sponsored Programs	550,047	490,000	-	(490,000)	-100.0%
Net Sales and Services of Educational Activities	2,935,831	900,574	-	(900,574)	-100.0%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	1,833,376	1,925,234	-	(1,925,234)	-100.0%
Other Operating Revenues	290,040	46,771	-	(46,771)	-100.0%
Total Operating Revenues	55,477,412	58,452,999	-	(58,452,999)	-100.0%
Operating Expenses:					
Instruction	37,429,729	31,702,552	-	(31,702,552)	-100.0%
Academic Support	6,605,246	11,789,579	-	(11,789,579)	-100.0%
Research	6,032,776	5,958,407	-	(5,958,407)	-100.0%
Public Service	2,942,449	2,906,176	-	(2,906,176)	-100.0%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	12,268,101	12,116,865	-	(12,116,865)	-100.0%
Student Services	6,391,111	6,312,324	-	(6,312,324)	-100.0%
Operations and Maintenance of Plant	8,702,115	8,594,839	-	(8,594,839)	-100.0%
Scholarships and Fellowships	20,779,841	28,565,070	-	(28,565,070)	-100.0%
Auxiliary Enterprises	5,106,525	6,841,392	-	(6,841,392)	-100.0%
Depreciation and Amortization	8,410,883	8,471,795	591,425	(7,880,370)	-93.0%
Total Operating Expenses	114,668,776	123,258,999	591,425	(122,667,574)	-99.5%
Operating Surplus/Deficit	(59,191,364)	(64,806,000)	(591,425)	64,214,575	-99.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	39,233,415	37,255,406	-	(37,255,406)	-100.0%
Federal Sponsored Programs (Nonoperating)	10,297,235	22,304,276	-	(22,304,276)	-100.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	320,291	2,053,975	-	(2,053,975)	-100.0%
Net Investment Income	2,219,890	1,170,000	-	(1,170,000)	-100.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	52,070,831	62,783,657	-	(62,783,657)	-100.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(2,795,252)	(2,795,253)	-	2,795,253	-100.0%
Total Transfers and Other	(2,795,252)	(2,795,253)	-	2,795,253	-100.0%
Budget Margin (Deficit)	(9,915,785)	(4,817,596)	(591,425)	4,226,171	-87.7%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	2,219,890	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
HEAF (Capitalized)	1,200,000	3,500,000	-	(3,500,000)	-100.0%
Additions to Permanent Endowments	-	254,237	-	(254,237)	-100.0%
Transfers for Debt Service - Principal	(4,578,000)	(4,578,000)	-	4,578,000	-100.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	-	211,400	-	(211,400)	-100.0%
SRECNA Change in Net Assets	\$ (11,073,895)	(5,429,959)	(591,425)	4,838,534	-89.1%
Total Revenues and AUF Transfers	\$ 107,548,243	121,236,656	-	(121,236,656)	-100.0%
Total Expenses (Including Transfers for Interest)	(117,464,028)	(126,054,252)	(591,425)	125,462,827	-99.5%
Budget Margin (Deficit)	\$ (9,915,785)	(4,817,596)	(591,425)	4,226,171	
Reconciliation to Use of Prior Year Balances					
Depreciation		8,471,795	591,425		
Capital Outlay		(3,500,000)	-		
HEAF (Capitalized)		3,500,000	-		
Transfers for Debt Service - Principal		(4,578,000)	-		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		(923,801)	-		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas at Dallas
Operating Budget Highlights
For the Year Ending August 31, 2016

Introduction - Major Goals Addressed by FY 2016 Budget

The University of Texas at Dallas continues to refine budget transparency and align budget decisions closely with the University's focused strategic plan. Expansion of student enrollment, improvement in undergraduate student access and success, and continued expansion of research activities remain high priorities. The FY 2016 budget reflects investments in new faculty, student success programs, scholarships for undergraduates, and support for research. Key elements of U. T. Dallas's strategic plan are continued growth in student enrollment, faculty, and research activities. U. T. Dallas is anticipating another record year of enrollment. Last fall, enrollment stood at 23,095 (up 8.9 percent from the previous year), and this fall an enrollment of approximately 24,000 students, or a 3.9 percent increase, was budgeted. The budget provides additional funding for growth and expansion including new faculty, additional instructional support, increased debt payments for new or upgraded facilities, and matching for research-related gifts.

U. T. Dallas is committed to maintaining quality through managed growth and continuous improvement initiatives such as investments in faculty excellence, research emphasizing competitive faculty and awards, building capacity in PhD programs, ensuring high quality and focusing on improving time to graduation, as well as improvements in efficiency and productivity through participation in shared services and technology improvements. The primary challenges for U. T. Dallas in maintaining quality during this period of rapid growth are centered in a need for additional instructional space, especially for the Science, Technology, Engineering, and Mathematics programs, and lagging formula funding. On a positive note, U. T. Dallas completed its \$200 million campaign, having exceeded the goal with record philanthropic support totaling just over \$273 million.

Revenue

Total projected revenue for FY 2016 is approximately \$586.2 million, an increase of \$67.8 million over FY 2015. This increase in the overall revenue budget over the prior year reflects a significant infusion (\$32.0 million) in funding from the Texas Research Incentive Program (TRIP), as well as increases in Tuition and Fees and Auxiliary Enterprises. As there were no tuition or fee increases for FY 2016, all increased tuition and fee revenue is principally derived from enrollment growth (estimated at 4 percent). The increase to auxiliary revenues is derived from two sources – an increase to parking, dining and housing charges and a reclassification of increased pass-through revenue for student health insurance from tuition and fees to auxiliary revenue. An increase in State Appropriations of \$2.0 million was offset by an anticipated \$3.3 million reduction in state paid benefits. Gifts in Support of Operations and Net Investment Income are expected to increase by \$8.9 million based on FY 2014 actuals and current fiscal year projections.

Expenses

Projected expenses for FY 2016, including Transfers for Interest, total approximately \$611.0 million, an increase of \$65.4 million over FY 2015. The FY 2016 budget includes the increase in TRIP funding (\$32.0 million), increased funding for scholarships (\$6.0 million), new faculty hires (\$5.0 million), a merit program for faculty and staff (\$6.0 million), increased facilities operations (\$1.2 million), and increases related to growth in Auxiliary Enterprises (\$7.6 million). Transfers for Debt Service - Interest increased 22.2 percent related to debt for newly constructed buildings, including the new Bioengineering building that will come online in fall 2015. Net Uses of Prior Year Balances is projected at \$5.7 million. However, it is likely that this deficit will not be realized. Enrollment projections as of June 30 indicated an estimated growth rate trending over 8 percent, which is above the current budget projection. Experience also indicates that 100 percent of the planned expenditure budget likely will not be realized. In any event, any excess revenue realized will be set aside to reduce the deficit.

The University of Texas at Dallas
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 256,949,440	251,955,559	264,904,749	12,949,190	5.1%
Federal Sponsored Programs	36,337,862	38,514,427	39,127,589	613,162	1.6%
State Sponsored Programs	9,153,500	13,305,295	12,174,129	(1,131,166)	-8.5%
Local and Private Sponsored Programs	11,498,637	10,359,353	11,739,652	1,380,299	13.3%
Net Sales and Services of Educational Activities	17,050,726	11,439,521	13,684,332	2,244,811	19.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	27,640,027	21,766,955	34,923,795	13,156,840	60.4%
Other Operating Revenues	4,714,768	3,966,556	2,588,943	(1,377,613)	-34.7%
Total Operating Revenues	363,344,960	351,307,666	379,143,189	27,835,523	7.9%
Operating Expenses:					
Instruction	166,097,338	164,978,927	165,712,577	733,650	0.4%
Academic Support	48,300,129	46,866,981	65,137,588	18,270,607	39.0%
Research	86,893,742	80,845,410	113,213,058	32,367,648	40.0%
Public Service	9,559,367	7,748,626	8,410,530	661,904	8.5%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	48,214,825	45,597,433	51,514,859	5,917,426	13.0%
Student Services	17,346,546	18,598,215	16,917,200	(1,681,015)	-9.0%
Operations and Maintenance of Plant	36,277,612	29,617,871	30,391,215	773,344	2.6%
Scholarships and Fellowships	23,284,763	38,074,137	32,675,655	(5,398,482)	-14.2%
Auxiliary Enterprises	28,739,947	34,334,113	41,892,741	7,558,628	22.0%
Depreciation and Amortization	58,132,316	60,000,000	62,000,000	2,000,000	3.3%
Total Operating Expenses	522,846,585	526,661,713	587,865,423	61,203,710	11.6%
Operating Surplus/Deficit	(159,501,625)	(175,354,047)	(208,722,234)	(33,368,187)	19.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	113,454,112	113,454,112	112,166,733	(1,287,379)	-1.1%
Federal Sponsored Programs (Nonoperating)	21,691,369	20,207,300	23,158,610	2,951,310	14.6%
State Sponsored Programs (Nonoperating)	2,013,578	3,042,124	32,383,099	29,340,975	964.5%
Gifts in Support of Operations	15,624,131	10,212,942	16,093,627	5,880,685	57.6%
Net Investment Income	23,166,372	20,187,572	23,268,123	3,080,551	15.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	175,949,562	167,104,050	207,070,192	39,966,142	23.9%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(16,165,353)	(18,925,615)	(23,131,272)	(4,205,657)	22.2%
Total Transfers and Other	(16,165,353)	(18,925,615)	(23,131,272)	(4,205,657)	22.2%
Budget Margin (Deficit)	282,584	(27,175,612)	(24,783,314)	2,392,298	-8.8%
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	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	600,000	600,000	2,000,000	1,400,000	233.3%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	5,200,000	5,200,000	5,200,000	-	0.0%
Transfers for Debt Service - Principal	(22,175,571)	(22,175,571)	(26,613,902)	(4,438,331)	20.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	22,064,409	21,000,000	35,000,000	14,000,000	66.7%
SRECNA Change in Net Assets	\$ 5,971,422	(22,551,183)	(9,197,216)	13,353,967	-59.2%
Total Revenues and AUF Transfers	\$ 539,294,522	518,411,716	586,213,381	67,801,665	13.1%
Total Expenses (Including Transfers for Interest)	(539,011,938)	(545,587,328)	(610,996,695)	(65,409,367)	12.0%
Budget Margin (Deficit)	\$ 282,584	(27,175,612)	(24,783,314)	2,392,298	
Reconciliation to Use of Prior Year Balances					
Depreciation		60,000,000	62,000,000		
Capital Outlay		(19,220,574)	(16,337,500)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(22,175,571)	(26,613,902)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		(8,571,757)	(5,734,716)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

**The University of Texas at El Paso
Operating Budget Highlights
For the Year Ending August 31, 2016**

Introduction - Major Goals Addressed by FY 2016 Budget

In 2014 The University of Texas at El Paso celebrated 100 years of service to the people of the Paso del Norte region and the State of Texas. More than 23,000 students attend U. T. El Paso and are enrolled in over 165 undergraduate and graduate degree programs housed in six colleges and a School of Nursing. Strongly supported by the El Paso community and ranked by *Washington Monthly* magazine as 7th among all U.S. research universities, U. T. El Paso has received national acclaim for its “access and excellence” mission. This highly regarded mission is reflected in U. T. El Paso’s commitment to provide world-class higher education opportunities to the historically underserved population living in the El Paso area. For two consecutive years, *Washington Monthly* magazine also has ranked U. T. El Paso 1st for fostering student mobility. This means that U. T. El Paso is most successful at transforming students’ economic status and improving their lives.

U. T. El Paso’s success has been achieved through a pledge to provide students with access to excellent academic and research programs and a dedication to achieving efficiencies, cost containment and revenue enhancement in support of our student centered mission. Strategically managing resources and making data-driven decisions has made it possible for U. T. El Paso to implement a number of innovative student success programs that are rooted in the knowledge that in order to fulfill its obligation to the people of the state and region U. T. El Paso must continue to create affordable educational access for first-generation, low-income and mostly Latino students, while maintaining the highest standards of excellence in all academic and research endeavors. U. T. El Paso’s access and excellence mission must provide students with clear pathways to high quality collegiate experiences that reflect the full capacity, breadth, and innovation of a national research university.

U. T. El Paso has made great strides toward becoming the nation’s first national research university with a 21st century demographic. In 2014 the University secured major funding for campus research centers including the Border Biomedical Research Center which recently received a five-year, \$14.4 million competitive renewal grant from National Institutes of Health. U. T. El Paso’s research competitiveness helps attract additional outstanding faculty, supports doctoral program development and provides U. T. El Paso’s highly talented, working-class students with graduate and undergraduate assistantships and attractive on-campus employment opportunities; more than 2,300 students were employed on the U. T. El Paso campus last year.

Evidence of U. T. El Paso’s progress toward becoming a national research university is the dramatic increase in sponsored research expenditures, from \$3 million in 1988 to nearly \$80 million in FY 2014. U. T. El Paso received Tuition Revenue Bond support for construction of a new interdisciplinary Research facility that will create an additional 150,000 net assignable square feet which will integrate research, programming, and enhance academic support and instructional spaces. This new facility is an essential building block in U. T. El Paso’s strategic plan to expand the research infrastructure required to recruit and retain top-tier faculty and their research teams, attract competitive doctoral and undergraduate students, and increase capacity to generate additional research revenues.

Funding was appropriated to convert the current U. T. El Paso-U. T. Austin Cooperative Pharmacy Program into a full six-year program at U. T. El Paso and increasing student cohort size to 40 (from the current 12). The U. T. El Paso Pharmacy Program is prepared to more than triple its capacity to meet pressing regional needs for professional pharmacists.

Revenue

Total projected revenues for FY 2016 are \$417.5 million. Tuition and fee revenue is expected to increase to \$109 million as a result of a projected increase in enrollment of 1.5 percent. State appropriations increased by \$10.3 million as a result of the State’s investment in a local stand-alone Pharmacy program, increased formula funding for operations and anticipated increases in benefits paid by the state. Sponsored program revenues are also expected to increase by approximately \$5.3 million. Increased revenues also reflect the opening of a new student housing complex, Miner Canyon, in August 2015.

Expenses

Total operating expenses are expected to increase to \$422.8 million. Investments in online education, faculty retention, and for the stand-alone pharmacy program are major priorities in the FY 2016 budget. The FY 2016 budget includes allocations for a 2 percent merit pool for faculty and staff. Additional investments in student success initiatives are included in the budget. Depreciation expense will increase significantly this year as a result of the completion of the Campus Transformation Project and the Miner Canyon student housing complex.

The University of Texas at El Paso
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 107,138,454	105,788,996	109,012,635	3,223,639	3.0%
Federal Sponsored Programs	53,434,919	51,411,054	52,212,172	801,118	1.6%
State Sponsored Programs	20,339,725	23,055,301	25,520,377	2,465,076	10.7%
Local and Private Sponsored Programs	5,837,470	6,084,180	7,205,684	1,121,504	18.4%
Net Sales and Services of Educational Activities	6,514,262	3,782,580	4,292,264	509,684	13.5%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	36,295,125	30,021,531	35,470,719	5,449,188	18.2%
Other Operating Revenues	(5,567,712)	60,000	60,000	-	0.0%
Total Operating Revenues	223,992,243	220,203,642	233,773,851	13,570,209	6.2%
Operating Expenses:					
Instruction	105,560,198	107,934,826	113,690,922	5,756,096	5.3%
Academic Support	22,616,896	22,237,542	24,224,914	1,987,372	8.9%
Research	65,764,388	62,236,880	66,118,412	3,881,532	6.2%
Public Service	9,891,225	9,417,410	10,820,041	1,402,631	14.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	28,457,540	30,992,491	33,188,908	2,196,417	7.1%
Student Services	18,397,265	16,467,705	18,269,984	1,802,279	10.9%
Operations and Maintenance of Plant	27,940,720	26,175,196	27,732,929	1,557,733	6.0%
Scholarships and Fellowships	58,136,561	47,314,779	49,923,395	2,608,616	5.5%
Auxiliary Enterprises	42,266,006	41,197,486	45,128,871	3,931,385	9.5%
Depreciation and Amortization	30,263,213	30,045,830	33,728,573	3,682,743	12.3%
Total Operating Expenses	409,294,012	394,020,145	422,826,949	28,806,804	7.3%
Operating Surplus/Deficit	(185,301,769)	(173,816,503)	(189,053,098)	(15,236,595)	8.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	101,436,247	97,286,190	107,634,278	10,348,088	10.6%
Federal Sponsored Programs (Nonoperating)	56,002,434	52,000,000	53,000,000	1,000,000	1.9%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	7,814,326	11,312,976	9,689,326	(1,623,650)	-14.4%
Net Investment Income	12,766,647	12,637,500	13,387,500	750,000	5.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	178,019,654	173,236,666	183,711,104	10,474,438	6.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,820,908)	(8,057,912)	(9,368,307)	(1,310,395)	16.3%
Total Transfers and Other	(7,820,908)	(8,057,912)	(9,368,307)	(1,310,395)	16.3%
Budget Margin (Deficit)	(15,103,023)	(8,637,749)	(14,710,301)	(6,072,552)	70.3%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./Dec. in Fair Value of Investments	(3,633,547)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	321,815	321,814	321,814	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	2,344,829	1,718,079	2,131,663	413,584	24.1%
Transfers for Debt Service - Principal	(12,330,805)	(12,330,805)	(13,944,588)	(1,613,783)	13.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	25,673,382	39,494,172	20,517,440	(18,976,732)	-48.0%
SRECNA Change in Net Assets	\$(2,727,349)	20,565,511	(5,683,972)	(26,249,483)	-127.6%
Total Revenues and AUF Transfers	\$ 402,011,897	393,440,308	417,484,955	24,044,647	6.1%
Total Expenses (Including Transfers for Interest)	(417,114,920)	(402,078,057)	(432,195,256)	(30,117,199)	7.5%
Budget Margin (Deficit)	\$(15,103,023)	(8,637,749)	(14,710,301)	(6,072,552)	
Reconciliation to Use of Prior Year Balances					
Depreciation		30,045,830	33,728,573		
Capital Outlay		(6,094,914)	(3,980,396)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(12,330,805)	(13,944,588)		
Budgeted Transfers		(2,174,631)	470,727		
Net Additions to (Uses of) Prior Year Balances		807,731	1,564,015		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

**The University of Texas-Pan American
Operating Budget Highlights
For the Year Ending August 31, 2016**

Background Information

Senate Bill 24 of the 83rd Texas Legislature created a new university in south Texas and granted to The University of Texas System Board of Regents the duty to provide for the organization, administration, location, and name of the university. In addition to creating the new university, which the Board of Regents named The University of Texas Rio Grande Valley, Senate Bill 24 gave to the Board all the powers and duties provided by law in relation to The University of Texas at Brownsville and The University of Texas-Pan American and acknowledged that the assets, facilities, operations, programs, and liabilities will be transferred to U. T. Rio Grande Valley in anticipation of the abolition of those two universities.

Consistent with the Board of Regents' general authority and with its specific authority in relation to U. T. Rio Grande Valley, Senate Bill 24 directs the Board to choose a date of abolition of the two existing universities that the Board determines is appropriate to achieve maximum operating efficiency of the U. T. System. In addition, the law requires the Board to take all actions necessary for the orderly windup of the affairs of each abolished university.

U. T. Rio Grande Valley will begin academic classes as an accredited institution for the fall semester 2015. After the final transfer of assets, facilities, operations, programs, and liabilities to U. T. Rio Grande Valley, the Board of Regents determined that the abolition of U. T. Pan American is appropriate on the date of September 1, 2015. Abolition on that date does not affect the authority of the Board under Texas *Education Code* Section 79.02 to exercise powers and duties provided by the prior law in regard to U. T. Pan American as necessary to provide for the orderly windup of the affairs of that University, should any action remain necessary after September 1, 2015.

The University of Texas-Pan American
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 79,869,549	67,431,951	-	(67,431,951)	-100.0%
Federal Sponsored Programs	16,601,392	16,085,769	-	(16,085,769)	-100.0%
State Sponsored Programs	27,971,889	27,028,171	-	(27,028,171)	-100.0%
Local and Private Sponsored Programs	1,808,664	1,666,793	-	(1,666,793)	-100.0%
Net Sales and Services of Educational Activities	5,097,563	5,382,026	-	(5,382,026)	-100.0%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	7,423,319	7,229,878	-	(7,229,878)	-100.0%
Other Operating Revenues	2,686,243	1,319,588	-	(1,319,588)	-100.0%
Total Operating Revenues	141,458,619	126,144,176	-	(126,144,176)	-100.0%
Operating Expenses:					
Instruction	91,972,680	91,066,915	-	(91,066,915)	-100.0%
Academic Support	19,590,167	19,727,905	-	(19,727,905)	-100.0%
Research	9,094,165	7,250,500	-	(7,250,500)	-100.0%
Public Service	6,962,759	7,285,562	-	(7,285,562)	-100.0%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	25,934,179	22,818,095	-	(22,818,095)	-100.0%
Student Services	18,282,893	17,429,326	-	(17,429,326)	-100.0%
Operations and Maintenance of Plant	18,433,515	17,743,951	-	(17,743,951)	-100.0%
Scholarships and Fellowships	69,390,351	44,815,974	-	(44,815,974)	-100.0%
Auxiliary Enterprises	19,191,882	19,083,455	-	(19,083,455)	-100.0%
Depreciation and Amortization	19,111,470	19,933,384	-	(19,933,384)	-100.0%
Total Operating Expenses	297,964,061	267,155,067	-	(267,155,067)	-100.0%
Operating Surplus/Deficit	(156,505,442)	(141,010,891)	-	141,010,891	-100.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	78,142,622	78,717,826	-	(78,717,826)	-100.0%
Federal Sponsored Programs (Nonoperating)	63,042,548	51,985,000	-	(51,985,000)	-100.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	2,835,842	3,563,742	-	(3,563,742)	-100.0%
Net Investment Income	5,286,422	3,892,790	-	(3,892,790)	-100.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	149,307,434	138,159,358	-	(138,159,358)	-100.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(4,093,326)	(4,152,120)	-	4,152,120	-100.0%
Total Transfers and Other	(4,093,326)	(4,152,120)	-	4,152,120	-100.0%
Budget Margin (Deficit)	(11,291,334)	(7,003,653)	-	7,003,653	-100.0%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	2,643,037	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	6,833,000	150,000	-	(150,000)	-100.0%
HEAF (Capitalized)	9,725,991	7,963,200	-	(7,963,200)	-100.0%
Additions to Permanent Endowments	250,000	250,000	-	(250,000)	-100.0%
Transfers for Debt Service - Principal	(7,404,000)	(7,795,000)	-	7,795,000	-100.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	6,825,951	(495,238)	-	495,238	-100.0%
SRECNA Change in Net Assets	\$ 7,582,645	(6,930,691)	-	6,930,691	-100.0%
Total Revenues and AUF Transfers	\$ 290,766,053	264,303,534	-	(264,303,534)	-100.0%
Total Expenses (Including Transfers for Interest)	(302,057,387)	(271,307,187)	-	271,307,187	-100.0%
Budget Margin (Deficit)	\$ (11,291,334)	(7,003,653)	-	7,003,653	-100.0%
Reconciliation to Use of Prior Year Balances					
Depreciation		19,933,384	-		
Capital Outlay		(10,966,200)	-		
HEAF (Capitalized)		7,963,200	-		
Transfers for Debt Service - Principal		(7,795,000)	-		
Budgeted Transfers		(884,316)	-		
Net Additions to (Uses of) Prior Year Balances		1,247,415	-		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

**The University of Texas of the Permian Basin
Operating Budget Highlights
For the Year Ending August 31, 2016**

Introduction - Major Goals Addressed by FY 2016 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 is being provided through expanded online and technology assisted degree programs. Efforts to offer degrees of value are being enhanced by expanding degree program options in science, technology, engineering, nursing, and mathematics and other critical need areas. Petroleum and Mechanical Engineering program enrollments continue to grow at well above anticipated levels; and the University's Bachelor of Science Nursing Program graduated its first class in May. Near term goals to grow enrollment and enhance retention and graduation rates are being pursued through strategies aimed at increasing the visibility and profile of the University throughout Texas and by expanding on-line degree program offerings. U. T. Permian Basin's dual credit and remote Early College High School initiatives continue to build growing interest and participation across the state.

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

Continued construction of a new residence hall and dining facility and further investment in the expansion of various Student Success initiatives for retention in the Student Success Center are also keys to achieving goals retention and improving the sense of community for resident students.

Revenue

Resident undergraduate tuition and fee rates are unchanged from FY 2015. U. T. Permian Basin sought and was granted a decrease in nonresident tuition in an effort to attract students from outside the state and to align with other institutions of higher education operating within the catchment area. Total projected revenue for FY 2016 is approximately \$71.2 million, an increase of \$7.6 million over FY 2015. This increase in the overall revenue budget over the prior year reflects additional appropriations, as well as increases in Tuition and Fees and Auxiliary Enterprises. As there were no tuition or fee increases for FY 2016, all increased tuition and fee revenue is principally derived from continued enrollment growth in on-line programs. The increase to auxiliary revenues is derived from housing charges. Gifts in Support of Operations are expected to increase by \$830 thousand based on FY 2015 actuals and fiscal year projections.

Expenses

U. T. Permian Basin has fully budgeted part-time faculty, summer school faculty salaries, and student wage budgets. A staff and faculty salary merit increase pool of 3.0 percent based on FY 2015 salaries has been created, and budgeted increases will be implemented on September 1, 2015. Salary increases will be awarded only on the basis of merit and are subject to U. T. System Board of Regents approval. Merit increases are a critical component of plans designed to retain existing employees in the face of the boom economy that surrounds the University's operating culture. Fringe benefits budgets reflect prior and current year's actual expenses. Projected expenses for FY 2016, including Transfers for Interest, total approximately \$72.7 million, an increase of \$5.8 million over FY 2015. The FY 2016 budget includes the increase in new faculty hires (\$2.4 million), a merit program for faculty and staff (\$650,000), increased facilities operations (\$1.2 million), and increases related to growth in Auxiliary Enterprises (\$1.5 million). Transfers for Debt Service - Interest increased 10.5 percent related to debt for newly constructed buildings, including projected debt for the new Residence Hall and Dining Facility that will come online in Fall 2016.

The University of Texas of the Permian Basin
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 16,182,501	16,182,501	17,037,612	855,111	5.3%
Federal Sponsored Programs	3,370,746	1,965,000	1,695,809	(269,191)	-13.7%
State Sponsored Programs	2,737,447	1,880,529	1,383,383	(497,146)	-26.4%
Local and Private Sponsored Programs	511,081	2,020,764	52,220	(1,968,544)	-97.4%
Net Sales and Services of Educational Activities	2,709,569	215,500	2,409,681	2,194,181	1018.2%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	4,240,788	5,524,000	7,078,758	1,554,758	28.1%
Other Operating Revenues	545,378	7,154	200,000	192,846	2695.6%
Total Operating Revenues	30,297,510	27,795,448	29,857,463	2,062,015	7.4%
Operating Expenses:					
Instruction	21,064,487	17,936,670	20,187,064	2,250,394	12.5%
Academic Support	4,554,241	5,499,028	5,534,232	35,204	0.6%
Research	1,633,212	1,523,564	1,581,260	57,696	3.8%
Public Service	3,556,329	918,730	1,051,117	132,387	14.4%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	5,710,113	4,700,757	5,679,470	978,713	20.8%
Student Services	2,645,295	2,427,224	3,295,118	867,894	35.8%
Operations and Maintenance of Plant	7,267,004	5,443,743	6,718,144	1,274,401	23.4%
Scholarships and Fellowships	7,320,418	3,263,488	3,189,303	(74,185)	-2.3%
Auxiliary Enterprises	2,415,442	5,345,206	5,047,852	(297,354)	-5.6%
Depreciation and Amortization	13,530,597	13,965,000	13,965,000	-	0.0%
Total Operating Expenses	69,697,138	61,023,410	66,248,560	5,225,150	8.6%
Operating Surplus/Deficit	(39,399,628)	(33,227,962)	(36,391,097)	(3,163,135)	9.5%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	29,162,789	29,728,371	34,042,585	4,314,214	14.5%
Federal Sponsored Programs (Nonoperating)	5,013,784	3,307,676	3,760,338	452,662	13.7%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	5,200,294	669,090	1,500,000	830,910	124.2%
Net Investment Income	2,031,656	2,080,000	2,080,000	-	0.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	41,408,523	35,785,137	41,382,923	5,597,786	15.6%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(5,712,637)	(5,868,903)	(6,487,098)	(618,195)	10.5%
Total Transfers and Other	(5,712,637)	(5,868,903)	(6,487,098)	(618,195)	10.5%
Budget Margin (Deficit)	(3,703,742)	(3,311,728)	(1,495,272)	1,816,456	-54.8%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(41,898)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	800,000	800,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	-	1,000,000	1,000,000	-	0.0%
Transfers for Debt Service - Principal	(6,514,000)	(6,514,000)	(7,171,755)	(657,755)	10.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	-	10,000,000	28,000,000	18,000,000	180.0%
SRECNA Change in Net Assets	\$(10,259,640)	1,974,272	21,132,973	19,158,701	970.4%
Total Revenues and AUF Transfers	\$ 71,706,033	63,580,585	71,240,386	7,659,801	12.0%
Total Expenses (Including Transfers for Interest)	(75,409,775)	(66,892,313)	(72,735,658)	(5,843,345)	8.7%
Budget Margin (Deficit)	\$(3,703,742)	(3,311,728)	(1,495,272)	1,816,456	
Reconciliation to Use of Prior Year Balances					
Depreciation		13,965,000	13,965,000		
Capital Outlay		(617,000)	(600,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(6,514,000)	(7,171,755)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		3,522,272	4,697,973		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

**The University of Texas Rio Grande Valley
Operating Budget Highlights
For the Year Ending August 31, 2016**

Introduction - Major Goals Addressed by FY 2016 Budget

The newest public university in Texas, The University of Texas Rio Grande Valley, was guided in its budget development by four priorities: promoting student success, providing educational opportunity, establishing quality medical education, and pursuing research on the issues impacting the region. Total enrollment for U. T. Rio Grande Valley is projected at 28,000 students.

U. T. Rio Grande Valley continues the tradition of affordability established by the legacy institutions, U. T. Pan American and U. T. Brownsville, with a fall 2015 entering freshmen undergraduate academic cost of \$3,665; 23 public universities in Texas have higher rates (fall 2014).

U. T. Rio Grande Valley has implemented a mandated fixed price tuition structure that is predictable, will reduce time-to-degree and is affordable. The inclusion of a 12 hour cap, beyond which tuition and mandatory fees are not charged, provides an “instant” rebate for students enrolled in more than 12 hours. Importantly, through concurrent enrollment, high school students may get a head start in their post-secondary education by earning college credits at no charge.

It is important to note that U. T. Rio Grande Valley, as a new institution, is still under development. For example, the School of Medicine must be fully established (initial medical students will enroll in summer 2016).

Revenue

Appropriated general revenue of approximately \$150 million includes \$30.7 million for the School of Medicine, \$25.5 million for group insurance and other benefits, \$500,000 for the Math and Science Academy, and an estimated \$2.5 million to be transferred to U. T. Health Science Center - San Antonio for Regional Academic Health Center operations still in transition. Total revenues are projected at \$469 million while tuition and fees are estimated at \$189 million, or \$114 million net of discounts.

The School of Medicine will also receive an estimated \$12.4 million in Delivery System Reform Incentive Payment revenue, \$4.7 million in practice plan revenue, \$4.75 million in support from local city and county governments, and \$1.8 million in tobacco settlement endowment proceeds. Although not included in the operating budget, the School of Medicine will continue to benefit from the U. T. System Board of Regents’ ten-year commitment of assistance. To date, \$20 million of the total \$100 million commitment has been provided.

As the 84th legislature removed the requirement for set asides for the B-On-Time program, those funds (\$3.2 million) served to support the general budget. Also significant, U. T. Rio Grande Valley will not receive Higher Education Assistance Fund (HEAF) funding as did the legacy institutions (\$17.3 million).

Included in total revenues is \$9.9 million in revenue associated with auxiliary operations.

Expenses

Total expenses are projected at \$478 million including noncash adjustments such as depreciation. Significant investments are being made in instruction support, including technology that will serve the institution’s decentralized multi-campus model. Promotions for faculty transferring from the legacy institutions are included (\$470,000).

When compared to the legacy institutions, most of the additional expense (\$66.9 million) is related to the establishment of the School of Medicine. In addition, significant investments are being made in research infrastructure, including the South Texas Diabetes and Obesity Institute (\$8.2 million).

Scholarships (net of discounts) are projected at \$145.1 million with significant amounts in TEXAS Grants (\$40.9 million) and Pell (\$75 million). Included here is \$5.7 million in Hazlewood veterans exemptions with an estimated \$531,015 provided by the state as an offset to these exemptions. \$62.5 million is budgeted for employee benefits, including a 7.5% increase in group insurance premiums.

Finally, pools of funds for library, equipment, and renovation are included in the budget as a replacement for pools funded with HEAF at the legacy institutions.

The University of Texas Rio Grande Valley
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	113,796,318	113,796,318	-
Federal Sponsored Programs	-	-	31,726,961	31,726,961	-
State Sponsored Programs	-	-	44,338,605	44,338,605	-
Local and Private Sponsored Programs	-	-	9,338,715	9,338,715	-
Net Sales and Services of Educational Activities	-	-	6,204,277	6,204,277	-
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	4,743,153	4,743,153	-
Net Auxiliary Enterprises	-	-	9,896,496	9,896,496	-
Other Operating Revenues	-	-	14,251,395	14,251,395	-
Total Operating Revenues	-	-	234,295,920	234,295,920	-
Operating Expenses:					
Instruction	-	-	143,937,808	143,937,808	-
Academic Support	-	-	43,610,211	43,610,211	-
Research	-	-	24,756,595	24,756,595	-
Public Service	-	-	15,089,522	15,089,522	-
Hospitals and Clinics	-	-	12,371,298	12,371,298	-
Institutional Support	-	-	41,897,841	41,897,841	-
Student Services	-	-	29,356,914	29,356,914	-
Operations and Maintenance of Plant	-	-	29,694,028	29,694,028	-
Scholarships and Fellowships	-	-	69,824,150	69,824,150	-
Auxiliary Enterprises	-	-	26,817,390	26,817,390	-
Depreciation and Amortization	-	-	33,792,293	33,792,293	-
Total Operating Expenses	-	-	471,148,050	471,148,050	-
Operating Surplus/Deficit	-	-	(236,852,130)	(236,852,130)	-
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	-	-	149,991,312	149,991,312	-
Federal Sponsored Programs (Nonoperating)	-	-	75,000,000	75,000,000	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	-	-	3,478,431	3,478,431	-
Net Investment Income	-	-	5,898,624	5,898,624	-
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	-	-	234,368,367	234,368,367	-
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	-	-	(6,687,565)	(6,687,565)	-
Total Transfers and Other	-	-	(6,687,565)	(6,687,565)	-
Budget Margin (Deficit)	-	-	(9,171,328)	(9,171,328)	-
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	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	-	100,000	100,000	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	-	-	480,000	480,000	-
Transfers for Debt Service - Principal	-	-	(12,961,318)	(12,961,318)	-
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	-	-	86,482,944	86,482,944	-
SRECNA Change in Net Assets	\$ -	-	64,930,298	64,930,298	-
Total Revenues and AUF Transfers	\$ -	-	468,664,287	468,664,287	-
Total Expenses (Including Transfers for Interest)	-	-	(477,835,615)	(477,835,615)	-
Budget Margin (Deficit)	\$ -	-	(9,171,328)	(9,171,328)	-
Reconciliation to Use of Prior Year Balances					
Depreciation	-	-	33,792,293	-	-
Capital Outlay	-	-	(8,650,000)	-	-
HEAF (Capitalized)	-	-	-	-	-
Transfers for Debt Service - Principal	-	-	(12,961,318)	-	-
Budgeted Transfers	-	-	1,340,363	-	-
Net Additions to (Uses of) Prior Year Balances	-	-	4,350,010	-	-

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2016

Introduction - Major Goals Addressed by FY 2016 Budget

The proposed budget of The University of Texas at San Antonio addresses three main strategic initiatives: *GoldStar Initiative*, recruitment and retention plans for faculty and staff, and student enrollment growth. The *GoldStar Initiative* provides for the recruitment of top-tier researchers to enhance U. T. San Antonio's research capabilities and graduate programs. This will allow for a high caliber of research activities that will lead to innovation and development of new technology in areas such as cyber security, open cloud and big data. The expansion of research will attract additional graduate students and increase masters and doctoral degree programs. Last fall the university completed *Accelerate 2025*: U. T. San Antonio's framework for Top Tier Research. It identifies eight pathways necessary to grow the research enterprise, increase research expenditures, and become a Tier One research institution by 2025. It includes investing in faculty, capitalizing on strengths and development of strong graduate and undergraduate student researchers to name a few.

The recruitment and retention initiative includes a 3 percent merit pay for faculty and staff as well a targeted market compensation plan for a select group of staff positions to facilitate recruitment and retention in several critical areas. This initiative is important for U. T. San Antonio to remain competitive and reduce employee turnover rates, particularly since the university did not have a merit program in FY 2015.

U. T. San Antonio will continue its student enrollment growth initiative with funding for additional financial aid as well as increasing allocations towards competitive merit based scholarship programs. The proposed budget is based on projected growth in the undergraduate student population and on maintaining a high rate of retention of currently enrolled students. The above initiatives will also provide support for the previously implemented *Graduation Rate Improvement Plan (GRIP)*. For example, the *GoldStar Initiative* will potentially result in lowering the student-to-faculty ratios, and the compensation plan will address retention of the advising staff that assists students with degree plans. Reserves may also be used to provide additional support for these initiatives along with reallocation of existing resources.

Revenue

The FY 2016 budget includes a \$28 per semester credit hour (SCH) rate increase in undergraduate and graduate non-resident statutory tuition along with a 3.8 percent increase in paid SCHs compared to the FY 2015 budget. Hazlewood veterans' exemptions present significant lost tuition revenue and are expected to total approximately \$12.8 million in FY 2016. The budget includes an estimated \$1.8 million of related state allocations to partially offset the loss in tuition revenue. Federal sponsored program revenue reflects an upswing in grant and contract activity. Additional auxiliary revenue is anticipated from increases in meal plans, food service, vending, university housing, athletics, and parking and transportation. State appropriations reflect a decrease in base general revenue of \$2.9 million offset by \$0.8 million of additional funding for group insurance contributions and other benefits along with a \$1.3 million increase for the San Antonio Life Sciences Institute. U. T. San Antonio anticipates declines of \$3.0 million in TEXAS Grants and \$0.5 million in Pell Grants but will receive increased funding of \$5.2 million for the Texas Research Incentive Program. Approximately, \$1.0 million that was previously temporarily budgeted or held for FY 2016 will be utilized to offset general revenue decreases.

Expenses

U. T. San Antonio will allocate approximately \$2.8 million to the *GoldStar Initiative* to recruit top-tier researchers and administrative staff to support these researchers. In addition, Academic Affairs will continue to evaluate vacant faculty lines and reallocate them, based on strategic initiatives and teaching demands. The University is also investing resources to support early career faculty in building a strong research foundation, and encourage mid-career and senior faculty to enhance research efforts. An additional \$200,000 is allocated to enhance research technology. Subject to Board of Regents approval, \$4.4 million will be used for merit for faculty and staff and almost \$1.0 million will be used to support faculty tenure and promotions and provide equity to improve recruitment and retention of staff in critical areas. U. T. San Antonio allocated resources to support the *GRIP* which includes strategies designed to improve student retention, time to graduate, and degrees awarded. In anticipation of a large freshman class, U. T. San Antonio will allocate \$310,000 from one-time reserves to fund additional peer mentors, teaching assistants, and a full-time adjunct faculty position for the institution's *First Year Experience* program. U. T. San Antonio will allocate \$2.0 million towards a merit-based scholarship program to recruit high caliber students which will improve retention and graduation rates. In addition, the budget includes increases in financial aid set-asides of \$700,000. One-time funds of \$1.5 million will be used to fund financial aid programs that will help provide room and board grants to under-resourced students that will help mitigate financial issues. The institution will reallocate funds for targeted seed funding programs to promote innovative ideas and collaborative projects, and expand support for high quality graduate students in targeted areas.

The University of Texas at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 187,524,616	181,066,038	189,212,202	8,146,164	4.5%
Federal Sponsored Programs	38,746,219	36,453,113	41,160,653	4,707,540	12.9%
State Sponsored Programs	21,013,270	19,793,380	19,260,673	(532,707)	-2.7%
Local and Private Sponsored Programs	706,997	6,184,970	5,505,031	(679,939)	-11.0%
Net Sales and Services of Educational Activities	12,135,133	6,847,559	9,591,595	2,744,036	40.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	40,000,268	38,304,570	41,294,212	2,989,642	7.8%
Other Operating Revenues	4,629,065	1,820,850	1,405,287	(415,563)	-22.8%
Total Operating Revenues	304,755,568	290,470,480	307,429,653	16,959,173	5.8%
Operating Expenses:					
Instruction	126,627,903	132,885,743	141,953,759	9,068,016	6.8%
Academic Support	52,653,543	49,725,453	54,877,031	5,151,578	10.4%
Research	41,861,887	29,690,928	40,952,487	11,261,559	37.9%
Public Service	18,378,089	17,231,360	16,339,939	(891,421)	-5.2%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	37,654,431	43,182,770	43,172,824	(9,946)	0.0%
Student Services	25,136,041	24,501,292	25,109,005	607,713	2.5%
Operations and Maintenance of Plant	42,256,610	39,313,157	40,911,881	1,598,724	4.1%
Scholarships and Fellowships	39,730,558	37,866,202	32,818,380	(5,047,822)	-13.3%
Auxiliary Enterprises	44,282,943	52,038,817	56,371,510	4,332,693	8.3%
Depreciation and Amortization	48,610,917	46,700,000	48,100,000	1,400,000	3.0%
Total Operating Expenses	477,192,922	473,135,722	500,606,816	27,471,094	5.8%
Operating Surplus/Deficit	(172,437,354)	(182,665,242)	(193,177,163)	(10,511,921)	5.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	122,286,906	123,667,686	122,784,250	(883,436)	-0.7%
Federal Sponsored Programs (Nonoperating)	46,134,653	46,533,508	46,000,000	(533,508)	-1.1%
State Sponsored Programs (Nonoperating)	731,492	-	5,249,945	5,249,945	-
Gifts in Support of Operations	8,500,000	8,000,000	8,000,000	-	0.0%
Net Investment Income	17,951,002	10,217,916	10,633,043	415,127	4.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	195,604,053	188,419,110	192,667,238	4,248,128	2.3%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(15,132,190)	(15,913,375)	(14,932,068)	981,307	-6.2%
Total Transfers and Other	(15,132,190)	(15,913,375)	(14,932,068)	981,307	-6.2%
Budget Margin (Deficit)	8,034,509	(10,159,507)	(15,441,993)	(5,282,486)	52.0%
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	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	500,000	1,000,000	500,000	100.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	2,000,000	2,000,000	2,250,000	250,000	12.5%
Transfers for Debt Service - Principal	(17,807,000)	(17,600,100)	(18,597,913)	(997,813)	5.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	6,000,000	6,000,000	6,000,000	-	0.0%
SRECNA Change in Net Assets	\$ (1,772,491)	(19,259,607)	(24,789,906)	(5,530,299)	28.7%
Total Revenues and AUF Transfers	\$ 500,359,621	478,889,590	500,096,891	21,207,301	4.4%
Total Expenses (Including Transfers for Interest)	(492,325,112)	(489,049,097)	(515,538,884)	(26,489,787)	5.4%
Budget Margin (Deficit)	\$ 8,034,509	(10,159,507)	(15,441,993)	(5,282,486)	
Reconciliation to Use of Prior Year Balances					
Depreciation		46,700,000	48,100,000		
Capital Outlay		(16,550,000)	(6,500,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(17,600,100)	(18,597,913)		
Budgeted Transfers		-	(5,249,946)		
Net Additions to (Uses of) Prior Year Balances		2,390,393	2,310,148		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

**The University of Texas at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2016**

Introduction - Major Goals Addressed by FY 2016 Budget

The FY 2016 budget furthers The University of Texas at Tyler's vision to be nationally recognized as a destination university for high-ability, flagship-capable students, one that is focused on excellence in undergraduate and professional graduate education. U. T. Tyler has a culture of excellence and innovation and provides a nurturing environment to prepare students to be future problem solvers and leaders. U. T. Tyler remains one of the best values in higher education in Texas. With tuition and fees below the mean for U. T. System, the State, and regional competitors, U. T. Tyler takes great pride in the tradition of offering quality academic programs, expert faculty, fascinating student life, and well-rounded service opportunities.

With respect to student access and affordability, in-state tuition and fees will remain constant while responding to student requests to increase advising and summer learning opportunities. With respect to attracting and keeping top faculty, merit raises and market adjustments will be provided for the third year in a row as part of a three year plan to raise faculty salaries to appropriate levels.

Through legislation approved by the 83rd Legislature, U. T. Tyler received approval to implement a School of Pharmacy. Based on the enabling legislation, the school will not be eligible for State support through the funding formulas and will be supported by tuition, gifts, grants, and other institutional or U. T. System funds made available. The FY 2016 budget provides funds from institutional reserves for this purpose.

Revenue

U. T. Tyler's FY 2016 budget reflects revenue growth of 10.6 percent compared to FY 2015. The University achieved a 10 percent enrollment growth in the spring 2015 semester. The revenue projections assume the increase will be maintained going into FY 2016. No mandatory fees are being increased.

State Appropriations increased 7.2 percent for FY 2016 as a result of increased appropriations by the 84th Legislature. Overall sponsored program activities have declined as there have been a number of expiring grants. Elimination of the Nursing Shortage Reduction allocation and a reduction in the Top 10% Scholarship both passed through from the Texas Higher Coordinating Board was partially offset by an increase in TEXAS Grants.

U. T. Tyler is anticipating significant growth in Sales and Services of Educational Activities as the School of Pharmacy commences fall 2015. Net Auxiliary Enterprise revenues are growing due to the new Eagle's Landing student housing project. U. T. Tyler has budgeted to collect an additional \$1.1 million for Pell Grants. Finally, the University anticipates receipt of a significant gift for pharmacy in FY 2016 as well as having experienced an uptick in philanthropy.

Expenses

Expenses for FY 2016 increased 14.7 percent over FY 2015 budget. Subject to U. T. System Board of Regents approval, this includes permanent increases in salaries as part of the strategic plan to normalize salaries. Salary increases will be based on merit with market adjustments also being considered. U. T. Tyler anticipates an additional \$3.0 million cost associated its relationship with Academic Partnerships along with \$2.3 million associated with faculty additions. U. T. Tyler also will have increases in scholarship expenses and auxiliary enterprises due to the increase in Pell and the Eagle's Landing student housing, respectively.

U. T. Tyler included \$9 million in one-time funds from reserves to cover classroom technology upgrades; office technology upgrades; energy efficiency projects; deferred maintenance; pharmacy start-up expenses; and launching a new marketing campaign. These projects will allow the University to continue attracting and retaining more high-ability students, graduate more students in high-demand fields, and increase revenue.

The University of Texas at Tyler
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 38,164,276	33,176,787	39,355,642	6,178,855	18.6%
Federal Sponsored Programs	6,574,765	5,416,754	6,095,000	678,246	12.5%
State Sponsored Programs	7,448,808	11,782,810	7,884,818	(3,897,992)	-33.1%
Local and Private Sponsored Programs	161,721	1,259,475	281,000	(978,475)	-77.7%
Net Sales and Services of Educational Activities	2,825,623	2,116,767	5,097,867	2,981,100	140.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	7,030,966	6,033,599	7,380,360	1,346,761	22.3%
Other Operating Revenues	192,082	-	-	-	-
Total Operating Revenues	62,398,241	59,786,192	66,094,687	6,308,495	10.6%
Operating Expenses:					
Instruction	46,178,341	47,425,105	51,628,220	4,203,115	8.9%
Academic Support	12,566,351	9,385,862	17,106,061	7,720,199	82.3%
Research	1,070,800	3,982,125	845,826	(3,136,299)	-78.8%
Public Service	779,537	2,194,490	1,243,825	(950,665)	-43.3%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	10,928,502	14,265,710	16,711,672	2,445,962	17.1%
Student Services	9,596,073	9,128,865	10,519,596	1,390,731	15.2%
Operations and Maintenance of Plant	8,221,091	6,657,136	7,451,938	794,802	11.9%
Scholarships and Fellowships	6,579,786	1,885,517	3,539,666	1,654,149	87.7%
Auxiliary Enterprises	8,662,355	7,613,430	9,543,160	1,929,730	25.3%
Depreciation and Amortization	12,040,235	11,838,674	12,500,000	661,326	5.6%
Total Operating Expenses	116,623,071	114,376,914	131,089,964	16,713,050	14.6%
Operating Surplus/Deficit	(54,224,830)	(54,590,722)	(64,995,277)	(10,404,555)	19.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	36,485,736	37,152,605	39,846,032	2,693,427	7.2%
Federal Sponsored Programs (Nonoperating)	9,723,249	8,400,000	9,500,000	1,100,000	13.1%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	3,589,067	90,500	1,491,667	1,401,167	1548.3%
Net Investment Income	5,356,668	5,014,861	5,215,784	200,923	4.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	55,154,720	50,657,966	56,053,483	5,395,517	10.7%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(4,217,978)	(4,217,946)	(4,983,594)	(765,648)	18.2%
Total Transfers and Other	(4,217,978)	(4,217,946)	(4,983,594)	(765,648)	18.2%
Budget Margin (Deficit)	(3,288,088)	(8,150,702)	(13,925,388)	(5,774,686)	70.8%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	5,500,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,300,000	500,000	550,000	50,000	10.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	500,000	1,000,000	500,000	(500,000)	-50.0%
Transfers for Debt Service - Principal	(4,723,000)	(4,703,000)	(5,634,419)	(931,419)	19.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	7,072,927	2,900,000	2,500,000	(400,000)	-13.8%
SRECNA Change in Net Assets	\$ 6,361,839	(8,453,702)	(16,009,807)	(7,556,105)	89.4%
Total Revenues and AUF Transfers	\$ 117,552,961	110,444,158	122,148,170	11,704,012	10.6%
Total Expenses (Including Transfers for Interest)	(120,841,049)	(118,594,860)	(136,073,558)	(17,478,698)	14.7%
Budget Margin (Deficit)	\$ (3,288,088)	(8,150,702)	(13,925,388)	(5,774,686)	
Reconciliation to Use of Prior Year Balances					
Depreciation		11,838,674	12,500,000		
Capital Outlay		(3,158,582)	(1,150,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(4,703,000)	(5,634,419)		
Budgeted Transfers		-	(133,710)		
Net Additions to (Uses of) Prior Year Balances		(4,173,610)	(8,343,517)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas Southwestern Medical Center
Operating Budget Highlights
For the Year Ending August 31, 2016

Introduction - Major Goals Addressed by FY 2016 Budget

The University of Texas Southwestern Medical Center is among the leading biomedical research institutions in the country and continues to grow as one of the world's great academic medical centers. Its strategic positioning and programmatic investments will sustain this trajectory into the future. The FY 2016 operating budget continues to enhance the mission and vision of the University.

The goals and objectives of U. T. Southwestern Medical Center are: to improve health care in our community, Texas, our nation, and the world through innovation and education; to educate the next generation of leaders in patient care, biomedical science, and disease prevention; to conduct high-impact, internationally recognized research; and to deliver patient care that brings U. T. Southwestern Medical Center's scientific advances to the delivery of clinical care – focusing on quality, safety, and service. U. T. Southwestern Medical Center is guided by the overarching principles of excellence and distinction in all it does in fulfilling its missions. The William P. Clements, Jr. University Hospital was completed and opened in December 2014. Other ongoing projects include expansion of laboratory research programs and progress in the transformation of clinical care programs, comprising the opening of several off-campus ambulatory sites and development of patient-centered medical homes, population health programs, new models of payment including bundling, and an Accountable Care Organization infrastructure.

Following U. T. System Board of Regents approval in May of 2013 and after amending the Capital Improvement Plan with the Texas Higher Education Coordinating Board, the University is planning a major, multi-year redevelopment of its West Campus site. The West Campus is the current site of the University's St. Paul Hospital, which is now being demolished after the opening of the William P. Clements, Jr. University Hospital. The redeveloped site will eventually include several new buildings, providing innovative, high-tech educational and academic space as well as expanded outpatient clinical facilities. Construction of a new conventional radiation therapy building will also begin in FY 2016 and is accompanied by a state appropriated special item to develop the first in the nation next generation of radiation therapy known as heavy ion, or carbon therapy.

Other initiatives include the Center for Regenerative Science and Medicine that seeks to understand the mechanisms of tissue aging, injury, and repair and to leverage this knowledge to improve human health. This is one of the most important and potentially transformative missions in human biology and medicine today, extending from molecular biology, to tissue engineering and organ fabrication as novel solutions to damage, irrespective of cause, affecting diverse organs including heart, liver, lung, kidney, and others. Degenerative diseases of the heart, brain and other tissues represent the largest cause of death and disability in the world, affecting virtually everyone over the age of 40 and accounting for the lion's share of health care costs in Texas and the nation.

The Texas Institute for Brain Injury and Repair, in partnership with The University of Texas at Dallas, is uniquely positioned to make dramatic progress in traumatic brain injury prevention, novel brain preservation strategies, and restoring brain function for thousands of affected veterans, accident victims, and athletes across Texas.

The FY 2016 budget reflects an overall growth in both revenue and expenses. This budget provides funding for strategic clinical initiatives noted above, as well as providing necessary funding for depreciation, debt service, and a modest increase in faculty and staff salaries.

Revenue

The revenue budget of \$2.577 billion for FY 2016 represents a 15 percent growth over the prior fiscal year. The budget for Sponsored Programs for Research reflects an increase, albeit modest, over the prior year, due to an increased number of grant applications and a higher success rate of awards. Growth in state, local and private grants and contracts, in addition to the increase in Practice Plan and University Hospital operations, have contributed to the overall growth in revenue.

Expenses

The expenditure budget for FY 2016 is \$2.539 billion subject to Board of Regents approval, budgeted expenses include a 3.0 percent merit pool for faculty, administrative and professional, and classified employees. The growth in expenses related to University Hospitals, Clinical Operations, and Instruction are in proportion to growth in revenue for the upcoming fiscal year. The budgeted expenses also include sufficient funds to cover projected debt service to finance the expansion of the West Campus and information resources systems for clinical trials, patient billing, and administrative systems.

The University of Texas Southwestern Medical Center
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 22,250,077	21,066,585	24,232,027	3,165,442	15.0%
Federal Sponsored Programs	196,837,336	182,082,236	204,692,798	22,610,562	12.4%
State Sponsored Programs	31,384,256	29,031,665	38,568,079	9,536,414	32.8%
Local and Private Sponsored Programs	304,748,235	281,904,039	320,279,153	38,375,114	13.6%
Net Sales and Services of Educational Activities	21,308,821	10,183,436	16,369,454	6,186,018	60.7%
Net Sales and Services of Hospital and Clinics	930,657,744	867,600,312	987,015,250	119,414,938	13.8%
Net Professional Fees	460,407,136	491,339,089	554,337,719	62,998,630	12.8%
Net Auxiliary Enterprises	25,488,793	22,523,937	25,955,236	3,431,299	15.2%
Other Operating Revenues	68,496,223	33,235,472	65,149,220	31,913,748	96.0%
Total Operating Revenues	2,061,578,621	1,938,966,771	2,236,598,936	297,632,165	15.4%
Operating Expenses:					
Instruction	652,377,243	673,515,196	797,558,356	124,043,160	18.4%
Academic Support	32,270,593	32,690,566	32,881,079	190,513	0.6%
Research	300,202,834	314,660,121	357,711,335	43,051,214	13.7%
Public Service	27,748,085	29,084,388	32,148,168	3,063,780	10.5%
Hospitals and Clinics	913,544,749	829,788,974	930,086,518	100,297,544	12.1%
Institutional Support	61,696,172	64,667,361	66,414,072	1,746,711	2.7%
Student Services	4,442,008	4,655,928	4,785,592	129,664	2.8%
Operations and Maintenance of Plant	95,447,852	96,401,828	98,817,530	2,415,702	2.5%
Scholarships and Fellowships	2,205,580	750,666	2,701,497	1,950,831	259.9%
Auxiliary Enterprises	24,741,885	22,702,079	27,724,560	5,022,481	22.1%
Depreciation and Amortization	153,905,480	140,790,821	156,000,000	15,209,179	10.8%
Total Operating Expenses	2,268,582,481	2,209,707,928	2,506,828,707	297,120,779	13.4%
Operating Surplus/Deficit	(207,003,860)	(270,741,157)	(270,229,771)	511,386	-0.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	170,083,915	169,363,068	185,749,800	16,386,732	9.7%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	90,407,276	40,000,000	50,000,000	10,000,000	25.0%
Net Investment Income	98,251,359	92,000,000	105,000,000	13,000,000	14.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	358,742,550	301,363,068	340,749,800	39,386,732	13.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(28,761,322)	(29,501,805)	(32,494,033)	(2,992,228)	10.1%
Total Transfers and Other	(28,761,322)	(29,501,805)	(32,494,033)	(2,992,228)	10.1%
Budget Margin (Deficit)	122,977,368	1,120,106	38,025,996	36,905,890	3294.9%
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	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	6,000,000	6,000,000	6,000,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	10,000,000	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(58,272,432)	(61,012,628)	(58,884,966)	2,127,662	-3.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	19,703,086	19,703,086	71,000,000	51,296,914	260.3%
SRECNA Change in Net Assets	\$ 100,408,022	(24,189,436)	66,141,030	90,330,466	-373.4%
Total Revenues and AUF Transfers	\$ 2,420,321,171	2,240,329,839	2,577,348,736	337,018,897	15.0%
Total Expenses (Including Transfers for Interest)	(2,297,343,803)	(2,239,209,733)	(2,539,322,740)	(300,113,007)	13.4%
Budget Margin (Deficit)	\$ 122,977,368	1,120,106	38,025,996	36,905,890	
Reconciliation to Use of Prior Year Balances					
Depreciation		140,790,821	156,000,000		
Capital Outlay		(45,000,000)	(45,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(61,012,628)	(58,884,966)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		35,898,299	90,141,030		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

**The University of Texas Medical Branch at Galveston
Operating Budget Highlights
For the Year Ending August 31, 2016**

Introduction - Major Goals Addressed by FY 2016 Budget

The FY 2016 operating budget of The University of Texas Medical Branch at Galveston ensures continued resource allocation to support improving health care delivery for the future of Texas, the nation, and the world—the heart of the University’s mission. The University’s institutional vision, “The Road Ahead”, provides a road map for achieving this important mission and identifies strategies to address four major goals: People, Value, Strategic Management and Growth, and Resources.

People are core to the success of the University. The FY 2016 operating plan continues to provide for market-based and incentive-based compensation programs for faculty and staff to promote and reward outstanding performance. Investments in training programs to promote professional and leadership development are also planned to retain talented people who will support the University’s mission, both now and in the future.

U. T. Medical Branch - Galveston defines “Value” as delivering outstanding service to our patients, students, staff, faculty, and communities in the most efficient, cost effective way possible. Major clinical initiatives underway to create value for our patients and address requirements of Health Care Reform include: developing care protocols for selected specialties, incorporating mid-level practitioners in care delivery, piloting a bundled pricing approach, achieving National Committee for Quality Assurance certification for all Primary Care clinics, and expanding business intelligence capabilities in managing overall patient populations.

Most recently, the University’s approach to growth has been to strategically expand its geographic footprint through major initiatives such as August, 2014 affiliation agreement for the Angleton Danbury Campus, and the League City Campus \$82.0 million project, initially bringing 21 beds online in the first quarter of FY 2016. The Jennie Sealy Hospital, a \$438.0 million project, will open in the third quarter of FY 2016 with 20 state-of-the-art operating rooms and 252 patient rooms. Other plans to strategically increase access to patient populations include targeted affiliations and joint ventures, Primary and Specialty Care strategic plans, Angleton Danbury Campus optimization, continued implementation of projects funded by the Medicaid 1115 Waiver program, and strengthening telehealth capabilities. The University was named as one of nine hospitals in the nation to become a special regional treatment center for patients with Ebola or other severe, highly infectious diseases. The University’s internationally recognized expertise in the research and treatment of infectious disease will also aid in maintaining and securing additional resources to fulfill the mission of improving health for the people of Texas and around the world.

Achieving the University’s goals requires the necessary resources to ensure continued financial success. U. T. Medical Branch Galveston’s FY 2016 operating budget reflects overall growth in revenue and expenses driven by the initiatives noted above and contemplates a \$12.7 million margin deficit. A planned \$33.8 million (29.8 percent) depreciation increase from bringing new facilities online, along with associated activation expenses, outpace related revenue streams in the short term. This, along with expected declines in clinical reimbursement rates and overall flat research funding, have resulted in the deficit margin for FY 2016. The investments made now, however, are essential for future financial success. The University will optimize existing financial management and forecasting infrastructure, along with the implementation of detailed, measurable action plans to achieve planned financial results for FY 2016 and future years.

Revenue

Budgeted revenue for FY 2016 reflects a \$199.3 million (11.5 percent) increase from the FY 2015 budget and is primarily related to additional clinical volume from the Angleton Danbury Campus, expansion of the League City Campus, and productivity gains from changes in faculty incentive compensation. A 13.1 percent and 13.3 percent growth in admissions and outpatient visits, respectively, have been incorporated into revenue estimates. Growth in tuition and fees of \$6.2 million is related to Board approved enrollment and rate increases. Other operating revenue increases are related to Delivery System Reform Incentive Payments/Medicaid 1115 Waiver funding (\$8.4 million). General revenue reflects a \$15.5 million (4.5 percent) increase in base and staff benefits appropriated by the 84th Legislature.

Expenses

Budgeted expenses for FY 2016 reflect a \$215.2 million (12.4 percent) increase from the FY 2015 budget. That growth is primarily related to clinical volume, ramp up costs for new facilities and associated depreciation, a 3.0 percent merit pool for non-Texas Department of Criminal Justice (TDCJ) classified staff and a 2.5 percent merit pool for faculty and administrative and professional staff. The 84th Legislature appropriated funding for 5.0 percent salary market adjustments for staff providing services for TDCJ’s prison population.

The University of Texas Medical Branch at Galveston
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 33,989,614	31,660,134	37,860,390	6,200,256	19.6%
Federal Sponsored Programs	133,720,944	126,035,900	114,063,398	(11,972,502)	-9.5%
State Sponsored Programs	11,111,601	10,473,009	4,904,883	(5,568,126)	-53.2%
Local and Private Sponsored Programs	59,220,690	55,817,232	61,344,344	5,527,112	9.9%
Net Sales and Services of Educational Activities	19,905,494	18,761,510	27,715,122	8,953,612	47.7%
Net Sales and Services of Hospital and Clinics	939,633,902	886,089,355	1,027,387,827	141,298,472	15.9%
Net Professional Fees	148,249,834	162,802,275	184,259,082	21,456,807	13.2%
Net Auxiliary Enterprises	8,563,785	7,076,563	11,460,423	4,383,860	61.9%
Other Operating Revenues	54,016,013	50,911,672	58,532,102	7,620,430	15.0%
Total Operating Revenues	1,408,411,877	1,349,627,650	1,527,527,571	177,899,921	13.2%
Operating Expenses:					
Instruction	271,738,046	260,319,305	318,518,760	58,199,455	22.4%
Academic Support	34,684,676	33,227,187	32,834,127	(393,060)	-1.2%
Research	106,711,239	102,227,112	102,865,563	638,451	0.6%
Public Service	11,779,861	11,284,858	12,156,861	872,003	7.7%
Hospitals and Clinics	1,081,765,693	1,036,308,671	1,168,888,908	132,580,237	12.8%
Institutional Support	75,368,845	72,201,761	66,317,755	(5,884,006)	-8.1%
Student Services	5,864,810	5,618,364	7,543,245	1,924,881	34.3%
Operations and Maintenance of Plant	80,167,271	76,798,551	55,773,693	(21,024,858)	-27.4%
Scholarships and Fellowships	8,067,145	7,728,154	9,439,215	1,711,061	22.1%
Auxiliary Enterprises	6,584,994	6,308,285	9,968,254	3,659,969	58.0%
Depreciation and Amortization	110,514,703	113,720,536	147,567,131	33,846,595	29.8%
Total Operating Expenses	1,793,247,283	1,725,742,784	1,931,873,512	206,130,728	11.9%
Operating Surplus/Deficit	(384,835,406)	(376,115,134)	(404,345,941)	(28,230,807)	7.5%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	347,096,080	343,945,958	359,444,042	15,498,084	4.5%
Federal Sponsored Programs (Nonoperating)	850,000	850,000	980,000	130,000	15.3%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	7,114,137	6,168,556	8,614,438	2,445,882	39.7%
Net Investment Income	40,564,061	35,939,471	39,268,244	3,328,773	9.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	395,624,278	386,903,985	408,306,724	21,402,739	5.5%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,592,800)	(7,592,800)	(16,653,440)	(9,060,640)	119.3%
Total Transfers and Other	(7,592,800)	(7,592,800)	(16,653,440)	(9,060,640)	119.3%
Budget Margin (Deficit)	3,196,072	3,196,051	(12,692,657)	(15,888,708)	-497.1%
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	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	102,061,192	164,309,808	150,389,171	(13,920,637)	-8.5%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	2,963,931	2,644,002	3,797,301	1,153,299	43.6%
Transfers for Debt Service - Principal	(44,213,000)	(48,761,052)	(46,096,814)	2,664,238	-5.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	20,000,000	20,000,000	40,000,000	20,000,000	100.0%
SRECNA Change in Net Assets	\$ 84,008,195	141,388,809	135,397,001	(5,991,808)	-4.2%
Total Revenues and AUF Transfers	\$ 1,804,036,155	1,736,531,635	1,935,834,295	199,302,660	11.5%
Total Expenses (Including Transfers for Interest)	(1,800,840,083)	(1,733,335,584)	(1,948,526,952)	(215,191,368)	12.4%
Budget Margin (Deficit)	\$ 3,196,072	3,196,051	(12,692,657)	(15,888,708)	
Reconciliation to Use of Prior Year Balances					
Depreciation		113,720,536	147,567,131		
Capital Outlay		(27,559,146)	(100,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(48,761,052)	(46,096,814)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		40,596,389	(11,222,340)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas Health Science Center at Houston
Operating Budget Highlights
For the Year Ending August 31, 2016

Introduction - Major Goals Addressed by FY 2016 Budget

The University of Texas Health Science Center at Houston has experienced significant growth, year over year, for the past decade. For the second year in a row, the FY 2016 budget reflects a double-digit increase over the previous year, despite only slight increases in state appropriations and tuition. However, in contrast to prior years, it is not exclusively the clinical enterprise that continues to grow. The recovery of research activities continues, and when added to clinical expansion, U. T. Health Science Center - Houston is projected to generate a 13.9 percent increase in revenue, versus FY 2015. The FY 2016 budget still includes a significant investment in research and education, strategically sacrificing financial margin in order to retain historically productive and promising junior faculty, as well as attracting well-established researchers from outside of Texas. The dividends from these investments are evidenced primarily in the Medical School where sponsored program awards received for the trailing twelve months ended April 30, 2015 are outpacing the preceding twelve months by 13.1 percent (\$154.3 million, up from \$136.4 million). Institution-wide, total awards increased by 5.3 percent (to \$216.3 million, up from \$205.4 million) in this same time period.

The double-digit growth projected for FY 2016 is almost entirely occurring within the Medical School and its clinics. The remaining schools (Biomedical Informatics, Biomedical Sciences, Dentistry, Nursing, and Public Health) are carefully balancing the need to maintain/increase enrollment in order to optimize resources. FY 2016 budget changes for these schools will be minimal and are tied chiefly to the modest changes in formula funding and tuition. The institution will have new deans in its Public Health and Medical schools in FY 2016, in addition to the Dean of Nursing who began midway through FY 2015. The budget has factored in projected costs of these transitions. Successive positive margins over the past 10+ years have allowed the U. T. Health Science Center - Houston to grow its available unrestricted fund balance (currently in excess of \$485.0 million) and its short and intermediate term cash balance (currently over \$550.0 million and projected to grow further by year end, FY 2015), while expanding many programs.

Revenue

U. T. Health Science Center - Houston will continue in FY 2016 to budget net margin on a fairly conservative basis. The 13.9 percent growth in total revenues will be driven primarily by \$128.9 million (22.0 percent) of additional clinical income generated by the Medical School's practice plan (MSRDP), recognized across three distinct revenue categories. The first is sponsored program income (up \$70.1 million), which is attributable primarily to the institution's contract with Memorial Hermann Health System which increases by approximately \$49.0 million (or 29.0 percent); Harris Health System (HHS) which increases by \$8.0 million (\$6.5 million of which is associated with HHS's Delivery System Reform Incentive Payment (DSRIP) projects); and \$13.0 million associated with increases in miscellaneous contracts and other administrative services. Second are professional fees that are budgeted to increase by approximately \$52.0 million. And third, other operating income, driven by a \$6.5 million increase in projected DSRIP income.

The remaining revenue category increases are relatively small. Tuition is projected to grow by approximately \$3.0 million (7.0 percent), as total student enrollment remains relatively flat due to mostly "at capacity" schools, with only minor increases in tuition rates in the new fiscal year. The \$5.2 million (or 8.3 percent) increase of net sales and services of hospitals and clinics is predominantly driven by the rebound of Gulf States Hemophilia pharmacy sales due to the recovery of its Blue Cross/Blue Shield of Texas contract. The FY 2016 state appropriation budget includes both an increase in direct appropriation as well as that associated with benefit reimbursement. Gifts for operations are projected to continue their upward trend as the investment in the institution's Development Office is providing significant returns. The FY 2016 budgeted amount of such gifts is 58.3 percent greater than FY 2015's budget, but only 9.6 percent greater than FY 2015's projected actual amount. Investment income also improves due to success in growing both cash balances and endowment funds.

Expenses

Corresponding with the clinical revenue growth, MSRDP-related expenses are projected to follow, with a \$121.1 million (21.0 percent) increase over the FY 2015 budget, spread between clinic/infrastructure expansion (\$37.1 million) and the maturing DSRIP projects (\$10.0 million) which fall in the hospital and clinics category, and department growth (\$74.0 million), which is reported in the instruction category. The School of Dentistry practice plan is also projecting a \$1.4 million increase as it continues its partnership with Texas Children's Hospital to provide community dental care. Given the upward-trending award data, the U. T. Health Science Center - Houston is also projecting a \$7.3 million increase in its sponsored program expense in FY 2016 in comparison to the prior year budget, but slightly above FY 2015 projections. Both research and public service expenses (gift, grant, and contract related) are budgeted to reflect \$8.3 million and \$11.5 million increases, respectively, over the prior year's budget. The institutional support increase (\$9.9 million) can be tied primarily to growth in Development, Information Technology, and an institution-wide marketing campaign.

The University of Texas Health Science Center at Houston
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 44,477,614	42,764,489	45,743,744	2,979,255	7.0%
Federal Sponsored Programs	159,585,082	164,583,576	168,414,801	3,831,225	2.3%
State Sponsored Programs	18,597,014	17,150,991	16,665,832	(485,159)	-2.8%
Local and Private Sponsored Programs	357,877,872	327,558,388	398,541,336	70,982,948	21.7%
Net Sales and Services of Educational Activities	25,869,948	20,021,880	22,646,662	2,624,782	13.1%
Net Sales and Services of Hospital and Clinics	65,530,345	62,415,807	67,590,500	5,174,693	8.3%
Net Professional Fees	279,411,057	255,252,200	307,920,670	52,668,470	20.6%
Net Auxiliary Enterprises	27,149,129	28,002,352	27,384,503	(617,849)	-2.2%
Other Operating Revenues	42,434,880	47,352,307	59,112,236	11,759,929	24.8%
Total Operating Revenues	1,020,932,941	965,101,990	1,114,020,284	148,918,294	15.4%
Operating Expenses:					
Instruction	539,557,038	541,702,712	617,285,821	75,583,109	14.0%
Academic Support	47,660,329	48,782,394	53,538,904	4,756,510	9.8%
Research	179,948,655	183,016,450	185,885,793	2,869,343	1.6%
Public Service	30,375,742	22,250,933	34,664,403	12,413,470	55.8%
Hospitals and Clinics	265,688,412	233,083,053	291,519,736	58,436,683	25.1%
Institutional Support	59,148,513	51,258,563	61,095,518	9,836,955	19.2%
Student Services	9,204,269	8,336,599	9,149,178	812,579	9.7%
Operations and Maintenance of Plant	33,181,354	35,179,217	37,102,054	1,922,837	5.5%
Scholarships and Fellowships	8,406,667	6,664,326	7,096,430	432,104	6.5%
Auxiliary Enterprises	14,680,796	16,644,164	16,221,638	(422,526)	-2.5%
Depreciation and Amortization	56,555,938	55,058,535	55,042,032	(16,503)	0.0%
Total Operating Expenses	1,244,407,713	1,201,976,946	1,368,601,507	166,624,561	13.9%
Operating Surplus/Deficit	(223,474,772)	(236,874,956)	(254,581,223)	(17,706,267)	7.5%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	199,614,118	199,152,497	206,765,123	7,612,626	3.8%
Federal Sponsored Programs (Nonoperating)	-	520,000	600,000	80,000	15.4%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	26,887,242	18,500,000	29,284,312	10,784,312	58.3%
Net Investment Income	32,456,243	30,600,479	32,071,032	1,470,553	4.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	258,957,603	248,772,976	268,720,467	19,947,491	8.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(11,629,438)	(11,731,399)	(10,895,906)	835,493	-7.1%
Total Transfers and Other	(11,629,438)	(11,731,399)	(10,895,906)	835,493	-7.1%
Budget Margin (Deficit)	23,853,393	166,621	3,243,338	3,076,717	1846.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	7,605,732	2,000,000	8,000,000	6,000,000	300.0%
Net Inc./((Dec.) in Fair Value of Investments	(4,198,036)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	2,000,000	-	(2,000,000)	-100.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	6,709,174	6,000,000	10,000,000	4,000,000	66.7%
Transfers for Debt Service - Principal	(17,147,760)	(16,330,484)	(17,571,631)	(1,241,147)	7.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	5,474,061	9,725,000	22,000,000	12,275,000	126.2%
SRECNA Change in Net Assets	\$ 22,296,564	3,561,137	25,671,707	22,110,570	620.9%
Total Revenues and AUF Transfers	\$ 1,279,890,544	1,213,874,966	1,382,740,751	168,865,785	13.9%
Total Expenses (Including Transfers for Interest)	(1,256,037,151)	(1,213,708,345)	(1,379,497,413)	(165,789,068)	13.7%
Budget Margin (Deficit)	\$ 23,853,393	166,621	3,243,338	3,076,717	
Reconciliation to Use of Prior Year Balances					
Depreciation		55,058,535	55,042,032		
Capital Outlay		(22,515,165)	(23,077,362)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(16,330,484)	(17,571,631)		
Budgeted Transfers		3,322,000	606,000		
Net Additions to (Uses of) Prior Year Balances		19,701,507	18,242,377		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas Health Science Center at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2016

Introduction - Major Goals Addressed by FY 2016 Budget

The FY 2016 Operating Budget for The University of Texas Health Science Center at San Antonio has been written with the overarching goal of aligning resources to support strategic planning efforts. The institution's Strategic Plan places major emphasis on the quality of professional education, excellence of faculty, productivity and efficiency, research collaborations, clinical care expansion, and philanthropic success. The institution remains focused on implementing revenue-side solutions to ensure its financial health.

The Institutional Sustainability Task Force (ISTF) remains active in identifying opportunities to enhance revenues and reduce costs across all missions. The changing healthcare environment will demand new levels of performance in terms of reduced costs and improved services. The *Patient First* initiative in the physician practice begun by the ISTF to improve clinical throughput, will be fully implemented in FY 2016. Other initiatives that expand patient access and integrate care will be executed, such as converting the 7th and 8th floors of the Medical Arts and Research Center from office to clinical space and adding radiologic capabilities, and constructing a new outpatient facility located in northwest San Antonio anchored by six primary care providers with full imaging capabilities. A key priority continues to be strengthening relationships with hospital partners to codify mutually beneficial affiliation agreements. The institution provides a compelling and valuable offering to its students, trainees and underserved patients, yet there is need to broaden clinical growth in the rapidly consolidating healthcare market to develop acute care partnerships targeted at improving service line distinction, increasing patient access, and diversifying ambulatory networks. Participation in the Uncompensated Care Pool and Delivery System Reform Incentive Payment (DSRIP) Program associated with the Medicaid reimbursement waiver under Section 1115 of the Social Security Act of 2011 continues to be an area of significant budget support.

Several projects are underway that will further enhance the educational, clinical and research missions. The Center for Oral Healthcare and Research became operational in July 2015 and will offer premium dental patient care through optimal workflow design and the use of the latest dental curriculum and patient care technologies. The Academic Learning and Teaching Center will open in January 2016 and provide state of the art learning facilities for students with the most modern teaching technology. The operations and funding associated with the Regional Academic Health Center (RAHC) campuses in Harlingen and Edinburg will be transitioned to The University of Texas Rio Grande Valley's School of Medicine by the fall of 2016. The flattening of research awards and expenditures are projected to continue into FY 2016. With assistance from The University of Texas System, renovation investments have been made to research labs to improve the ability to successfully compete for funded faculty recruits that will focus on collaborations that leverage the institution's strengths in military health, aging, neurosciences, and cancer.

The institution has prepared a budget for FY 2016 that recognizes a positive margin of \$7.0 million resulting largely from clinical activities, of which \$4.5 million is derived from DSRIP projects. Achieving clinical revenue targets will be critically important in order to retain productive faculty, to continue to subsidize the institution's graduate medical educational and research missions, and to fund infrastructure needs associated with healthcare reform. The budget includes a 2 percent merit salary increase for non-faculty staff and estimates depreciation at \$53 million. Efforts will continue to focus on improving revenue among clinical operations, administering the faculty incentive compensation plan based on productivity measures, and becoming more cost effective.

Revenue

The revenue budget for FY 2016 reflects a \$14.1 million (1.8 percent) increase from the prior budget that is primarily attributable to practice plan activities. Clinical operations are projected to experience a \$16.9 million increase among patient fees and contractual revenues. Investment income is expected to increase by \$2.5 million based on current favorable economic conditions, and gross tuition and fee increases were approved at \$2.2 million. Appropriations for San Antonio increased by \$6.4 million, but are net of \$11.4 million in prior year appropriations for the RAHC has permanently transferred to the U. T. Rio Grande Valley in support of its School of Medicine. Gifts in support of operations will decrease by \$2.5 million as philanthropic giving trends are directed towards endowments and capital projects, while externally sponsored research activities are projected to remain relatively flat.

Expenses

The expense budget for FY 2016 reflects a \$12.9 million (1.6 percent) increase from the prior budget. Clinical activities will experience increases of \$11.9 million consistent with the revenue growth discussed above. Non-faculty salary expenses will increase by \$3.9 million due to the authorization of a 2 percent merit pool, benefits costs will increase by \$4.7 million due to the Affordable Care Act and the offering of immediate healthcare coverage to newly hired employees, and utilities and the operation of new facilities (including depreciation) will increase by \$3.8 million. Offsetting these increases are corresponding instructional expense reductions of \$11.4 million associated with the transition of the RAHC to the U. T. Rio Grande Valley.

The University of Texas Health Science Center at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 35,804,467	35,604,467	37,766,777	2,162,310	6.1%
Federal Sponsored Programs	107,863,581	106,572,171	107,744,884	1,172,713	1.1%
State Sponsored Programs	7,995,399	6,340,345	7,481,877	1,141,532	18.0%
Local and Private Sponsored Programs	181,367,752	188,138,638	199,702,797	11,564,159	6.1%
Net Sales and Services of Educational Activities	18,151,643	22,615,478	18,597,250	(4,018,228)	-17.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	174,257,318	159,680,775	170,282,865	10,602,090	6.6%
Net Auxiliary Enterprises	5,953,187	6,432,515	6,861,804	429,289	6.7%
Other Operating Revenues	33,788,477	28,814,984	27,468,604	(1,346,380)	-4.7%
Total Operating Revenues	565,181,824	554,199,373	575,906,858	21,707,485	3.9%
Operating Expenses:					
Instruction	350,789,466	335,246,690	337,458,071	2,211,381	0.7%
Academic Support	30,819,340	37,703,711	38,892,968	1,189,257	3.2%
Research	119,829,460	115,576,200	115,583,747	7,547	0.0%
Public Service	26,737,314	34,784,591	30,418,007	(4,366,584)	-12.6%
Hospitals and Clinics	107,297,309	97,972,514	107,200,112	9,227,598	9.4%
Institutional Support	46,900,132	39,928,956	40,611,126	682,170	1.7%
Student Services	939,612	4,431,698	4,813,986	382,288	8.6%
Operations and Maintenance of Plant	35,899,518	43,395,416	46,040,006	2,644,590	6.1%
Scholarships and Fellowships	3,804,846	4,229,086	3,493,746	(735,340)	-17.4%
Auxiliary Enterprises	5,575,540	7,162,867	8,448,749	1,285,882	18.0%
Depreciation and Amortization	52,500,000	52,500,000	53,000,000	500,000	1.0%
Total Operating Expenses	781,092,537	772,931,729	785,960,518	13,028,789	1.7%
Operating Surplus/Deficit	(215,910,713)	(218,732,356)	(210,053,660)	8,678,696	-4.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	176,235,047	176,235,047	168,619,138	(7,615,909)	-4.3%
Federal Sponsored Programs (Nonoperating)	1,250,000	1,250,000	1,250,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	17,142,106	20,354,269	17,854,550	(2,499,719)	-12.3%
Net Investment Income	36,276,476	35,683,485	38,176,820	2,493,335	7.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	230,903,629	233,522,801	225,900,508	(7,622,293)	-3.3%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(8,801,649)	(8,973,103)	(8,799,753)	173,350	-1.9%
Total Transfers and Other	(8,801,649)	(8,973,103)	(8,799,753)	173,350	-1.9%
Budget Margin (Deficit)	6,191,267	5,817,342	7,047,095	1,229,753	21.1%
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	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	2,500,000	2,500,000	3,000,000	500,000	20.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	5,000,000	5,000,000	7,000,000	2,000,000	40.0%
Transfers for Debt Service - Principal	(12,672,000)	(12,672,000)	(13,091,947)	(419,947)	3.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	40,000,000	40,000,000	66,000,000	26,000,000	65.0%
SRECNA Change in Net Assets	\$ 41,019,267	40,645,342	69,955,148	29,309,806	72.1%
Total Revenues and AUF Transfers	\$ 796,085,453	787,722,174	801,807,366	14,085,192	1.8%
Total Expenses (Including Transfers for Interest)	(789,894,186)	(781,904,832)	(794,760,271)	(12,855,439)	1.6%
Budget Margin (Deficit)	\$ 6,191,267	5,817,342	7,047,095	1,229,753	
Reconciliation to Use of Prior Year Balances					
Depreciation		52,500,000	53,000,000		
Capital Outlay		(9,000,000)	(10,200,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(12,672,000)	(13,091,947)		
Budgeted Transfers		622,421	150,000		
Net Additions to (Uses of) Prior Year Balances		37,267,763	36,905,148		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas M. D. Anderson Cancer Center
Operating Budget Highlights
For the Year Ending August 31, 2016

Introduction - Major Goals Addressed by FY 2016 Budget

The mission of The University of Texas M. D. Anderson Cancer Center 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. The institution's Strategic Plan focuses on five focus areas: People We Serve, People Who Serve, Science that Enables, Systems that Support, and Sustainability. The updated FY 2016 plan includes 46 teams engaged in specific projects in each of the focus area. The institutional plan is guided by our vision, mission, input from our faculty and staff, and to some extent, by external factors. Woven throughout the strategic focus areas are our culture, values, people, educational responsibilities, expansion efforts and multidisciplinary approach to patient care.

U. T. M. D. Anderson has a number of critical ongoing capital projects that are aligned to the strategic plan including: Pavilion (\$198 million), Zayed (\$333 million) and its Phase 2 and 3 expansion (\$70 million), build-out of three inpatient floors (\$54 million), MRI Suite renovation (\$13.5 million), and Rotary House International room refresh (\$18.2 million). In addition, U. T. M. D. Anderson will continue to diversify and strengthen its revenue stream through Regional Care Center expansion (lease, buy or construct), as well as aggressive pursuit of strategic industry ventures. Potential real estate purchases primarily in the mid-campus and east campus areas will be evaluated and completed as they become available. The International Classification of Diseases transition from the 9th edition to the 10th edition will occur as regulated in October of 2015 and the new Electronic Health Record (EHR) will be implemented in March of FY 2016. The EHR project team has successfully completed decision dates on key deliverables, continues to develop plans to optimize operational processes for the best possible patient experience and to ease the transition to Electronic Privacy Information Center (EPIC) for providers, and is building all systems in a manner that allows for data integration and compatibility with the latest analytics. As has been the case in other documented major hospital and medical center conversions to date, the expectation still remains that in FY 2016 there will be a material impact to productivity and activity in operating revenue and operating expense as a result of the EHR/EPIC implementation.

Revenue

The FY 2016 budgeted operating revenue is projected to reflect the decrease in productivity due to the EHR implementation, as revenues decrease by 3.0 percent over the FY 2015 budget. Combined Hospital and Clinics and professional net patient revenues account for about 89 percent of U. T. M. D. Anderson's total operating revenue, and these categories reflect the majority of the decline. Post implementation strategy will continue to focus on clinical productivity and operational efficiencies to ensure a return to normalized operations before fiscal year end. Federal Sponsored Programs and the associated indirect cost recovery is expected to remain at prior year levels. The decrease in State Sponsored Programs is primarily due to fewer Cancer Prevention Research Institute of Texas project awards and funding. With the decline in federal funding, Local and Private Sponsored Programs will be a focus and is anticipated to increase over the FY 2015 budget. The FY 2016 State Appropriations budget will increase approximately 8.3 percent over FY 2015 as a result of the legislative session just concluded.

Expenses

The FY 2016 budgeted operating expense is projected to increase 3.4 percent over the FY 2015 budget. Hospital and Clinic expenses accounts for about 64 percent of U. T. M. D. Anderson's total operating expenses, and reflects a 3.4 percent increase over FY 2015 budget. A portion of this increase is generated by appropriately staffing clinical care teams for the transition to EPIC/EHR and a portion for new staffing related to new patient care facilities (the new Pavilion will be substantially complete in Fall of 2015 and will see first patients in early Spring of 2016). Additionally, compensation increases for Faculty, Administrative, and Classified staff have been included in the FY 2016 budget at an estimated 3.0 percent in order that U. T. M. D. Anderson remain competitive with market, and to link compensation to performance and results. It is important to note that these personnel costs continue to account for over 60 percent of all U. T. M. D. Anderson expenses. The significant percent changes in Instruction, Academic Support, Public Service, and Scholarships and Fellowships are primarily due to functional expense reclassifications. Overall Research expenditures will grow in FY 2016 by 4.3 percent.

The University of Texas M. D. Anderson Cancer Center
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 1,425,000	1,787,175	1,909,589	122,414	6.8%
Federal Sponsored Programs	151,580,000	145,555,145	145,860,000	304,855	0.2%
State Sponsored Programs	25,180,000	33,150,000	28,600,000	(4,550,000)	-13.7%
Local and Private Sponsored Programs	104,250,000	100,402,538	111,540,000	11,137,462	11.1%
Net Sales and Services of Educational Activities	1,700,000	3,250,000	2,315,000	(935,000)	-28.8%
Net Sales and Services of Hospital and Clinics	3,234,000,000	3,176,331,158	3,090,500,000	(85,831,158)	-2.7%
Net Professional Fees	414,900,000	419,260,984	391,697,851	(27,563,133)	-6.6%
Net Auxiliary Enterprises	46,250,000	41,258,500	46,310,187	5,051,687	12.2%
Other Operating Revenues	100,000,000	120,750,000	103,056,541	(17,693,459)	-14.7%
Total Operating Revenues	4,079,285,000	4,041,745,500	3,921,789,168	(119,956,332)	-3.0%
Operating Expenses:					
Instruction	73,000,000	66,350,716	75,089,250	8,738,534	13.2%
Academic Support	125,000,000	107,874,095	134,961,749	27,087,654	25.1%
Research	654,900,000	652,711,187	681,096,000	28,384,813	4.3%
Public Service	12,500,000	9,091,559	14,850,000	5,758,441	63.3%
Hospitals and Clinics	2,550,690,336	2,592,685,701	2,681,524,402	88,838,701	3.4%
Institutional Support	104,860,000	126,948,187	110,822,656	(16,125,531)	-12.7%
Student Services	700,000	-	804,442	804,442	-
Operations and Maintenance of Plant	89,720,000	119,996,325	93,435,408	(26,560,917)	-22.1%
Scholarships and Fellowships	2,250,000	1,876,230	2,523,558	647,328	34.5%
Auxiliary Enterprises	27,600,000	26,250,000	28,794,480	2,544,480	9.7%
Depreciation and Amortization	304,450,000	331,500,000	347,894,112	16,394,112	4.9%
Total Operating Expenses	3,945,670,336	4,035,284,000	4,171,796,057	136,512,057	3.4%
Operating Surplus/Deficit	133,614,664	6,461,500	(250,006,889)	(256,468,389)	-3969.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	185,400,000	185,400,000	200,869,362	15,469,362	8.3%
Federal Sponsored Programs (Nonoperating)	500,000	-	500,000	500,000	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	84,000,000	88,000,000	116,365,902	28,365,902	32.2%
Net Investment Income	98,000,000	103,000,000	139,400,000	36,400,000	35.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	367,900,000	376,400,000	457,135,264	80,735,264	21.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(35,325,358)	(38,362,281)	(35,909,524)	2,452,757	-6.4%
Total Transfers and Other	(35,325,358)	(38,362,281)	(35,909,524)	2,452,757	-6.4%
Budget Margin (Deficit)	466,189,306	344,499,219	171,218,851	(173,280,368)	-50.3%
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	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	10,000,000	10,000,000	10,000,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	10,000,000	5,000,000	10,000,000	5,000,000	100.0%
Transfers for Debt Service - Principal	(54,140,000)	(65,865,000)	(60,449,181)	5,415,819	-8.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	25,000,000	69,900,000	70,000,000	100,000	0.1%
SRECNA Change in Net Assets	\$ 457,049,306	363,534,219	200,769,670	(162,764,549)	-44.8%
Total Revenues and AUF Transfers	\$ 4,447,185,000	4,418,145,500	4,378,924,432	(39,221,068)	-0.9%
Total Expenses (Including Transfers for Interest)	(3,980,995,694)	(4,073,646,281)	(4,207,705,581)	(134,059,300)	3.3%
Budget Margin (Deficit)	\$ 466,189,306	344,499,219	171,218,851	(173,280,368)	
Reconciliation to Use of Prior Year Balances					
Depreciation		331,500,000	347,894,112		
Capital Outlay		(537,946,177)	(481,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(65,865,000)	(60,449,181)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		72,188,042	(22,336,218)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas Health Science Center at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2016

Introduction - Major Goals Addressed by FY 2016 Budget

The FY 2016 Operating Budget for The University of Texas Health Science Center at Tyler supports the mission, vision and values of the organization while fulfilling its role within the University of Texas system.

U. T. Health Science Center – Tyler continues to invest in technology by migrating to cloud-based solutions when possible, and completing its payroll-timekeeping and productivity management software upgrades in early FY 2016. Additionally, U. T. Health Science Center – Tyler is planning a major upgrade of its PeopleSoft application for general ledger accounting. These information technology investments are designed to increase quality, efficiency, effectiveness, productivity, and stakeholder access to information resources.

A major remodel and expansion of U. T. Health Science Center – Tyler’s vivarium facility is currently underway. Several research laboratories are being upgraded in order to maintain state-of-the-art research facilities. These facilities support research and academic programs by attracting and retaining the highest quality researchers and students.

U. T. Health Science Center – Tyler’s behavioral health programs continue to grow vigorously. This growth results in increased access to care for this underserved population in the region as well as adding growth and diversity to the revenue stream of the organization.

Workforce excellence is a key focus at U. T. Health Science Center – Tyler as the organization seeks to recruit and retain world-class faculty, administrators, and staff.

Revenue

Revenues for FY 2016 are up approximately 5 percent over the FY 2015 operating budget. This increase includes additional general revenue, which is substantially offset by a budgeted decrease of nearly \$8 million of Delivery System Reform Incentive Payments (DSRIP)/Medicaid 1115 Waiver related revenue. The decrease related to DSRIP is natural to the life cycle of the program, and has been anticipated since its inception. Additional budgeted revenue growth is driven by both hospital based healthcare and net professional fees.

Expenses

Increased expenses are a direct function of growth in services and programs provided by U. T. Health Science Center – Tyler. The FY 2016 budget directs \$4 million toward new mental health training programs designed to substantially increase the pool of qualified behavioral health professionals in the region and throughout the state. Additional resources are required to provide for information technology upgrades, growth in oncology, primary care, education, and other existing, as well as the addition of new services and programs.

The University of Texas Health Science Center at Tyler
Operating Budget
Fiscal Year Ending August 31, 2016

	FY 2015 Projected	FY 2015 Adjusted Budget	FY 2016 Operating Budget	Budget Increases (Decreases) From 2015 to 2016	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 127,945	-	-	-	-
Federal Sponsored Programs	5,714,628	10,530,070	9,500,000	(1,030,070)	-9.8%
State Sponsored Programs	398,000	2,036,190	2,070,000	33,810	1.7%
Local and Private Sponsored Programs	9,973,235	2,394,206	1,900,000	(494,206)	-20.6%
Net Sales and Services of Educational Activities	1,664,921	1,390,452	1,400,000	9,548	0.7%
Net Sales and Services of Hospital and Clinics	57,182,261	58,799,940	59,862,943	1,063,003	1.8%
Net Professional Fees	14,736,220	14,889,832	16,374,193	1,484,361	10.0%
Net Auxiliary Enterprises	209,173	164,238	192,000	27,762	16.9%
Other Operating Revenues	36,014,600	37,759,779	33,255,248	(4,504,531)	-11.9%
Total Operating Revenues	126,020,983	127,964,707	124,554,384	(3,410,323)	-2.7%
Operating Expenses:					
Instruction	11,167,602	11,635,194	12,241,568	606,374	5.2%
Academic Support	1,323,416	795,311	1,115,062	319,751	40.2%
Research	10,782,201	16,884,587	15,659,833	(1,224,754)	-7.3%
Public Service	4,397	-	-	-	-
Hospitals and Clinics	115,364,236	100,035,559	110,557,764	10,522,205	10.5%
Institutional Support	10,509,327	7,851,925	14,090,883	6,238,958	79.5%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	11,497,630	15,567,884	15,664,110	96,226	0.6%
Scholarships and Fellowships	99,847	-	-	-	-
Auxiliary Enterprises	147,423	147,752	165,825	18,073	12.2%
Depreciation and Amortization	11,313,404	10,145,500	11,950,000	1,804,500	17.8%
Total Operating Expenses	172,209,483	163,063,712	181,445,045	18,381,333	11.3%
Operating Surplus/Deficit	(46,188,500)	(35,099,005)	(56,890,661)	(21,791,656)	62.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	43,291,976	44,127,341	56,050,347	11,923,006	27.0%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,251,103	1,401,844	1,500,000	98,156	7.0%
Net Investment Income	3,763,784	3,482,203	3,800,000	317,797	9.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	48,306,863	49,011,388	61,350,347	12,338,959	25.2%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,441,444)	(1,493,327)	(1,576,643)	(83,316)	5.6%
Total Transfers and Other	(1,441,444)	(1,493,327)	(1,576,643)	(83,316)	5.6%
Budget Margin (Deficit)	676,919	12,419,056	2,883,043	(9,536,013)	-76.8%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	6,000	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(600,000)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	5,800	100,000	100,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	-	100,000	100,000	-	0.0%
Transfers for Debt Service - Principal	(4,192,550)	(5,281,286)	(4,469,087)	812,199	-15.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	3,411,508	2,855,500	2,880,800	25,300	0.9%
SRECNA Change in Net Assets	\$ (692,323)	10,193,270	1,494,756	(8,698,514)	-85.3%
Total Revenues and AUF Transfers	\$ 174,327,846	176,976,095	185,904,731	8,928,636	5.0%
Total Expenses (Including Transfers for Interest)	(173,650,927)	(164,557,039)	(183,021,688)	(18,464,649)	11.2%
Budget Margin (Deficit)	\$ 676,919	12,419,056	2,883,043	(9,536,013)	
Reconciliation to Use of Prior Year Balances					
Depreciation		10,145,500	11,950,000		
Capital Outlay		(3,100,000)	(8,500,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(5,281,286)	(4,469,087)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		14,183,270	1,863,956		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.
U. T. System Office of the Controller

The University of Texas System
Fiscal Year 2016
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

Summary

	PUF Allocation			Total
	Library & Equipment	Repair & Rehabilitation	Faculty STARs Program	
Academic Institutions				
The University of Texas at Arlington	\$ -	2,073,500	-	2,073,500
The University of Texas at Austin	1,300,000	2,528,000	-	3,828,000
The University of Texas at Dallas	530,500	1,543,000	-	2,073,500
The University of Texas at El Paso	1,300,000	773,500	-	2,073,500
The University of Texas of the Permian Basin	-	955,000	-	955,000
The University of Texas Rio Grande Valley	-	1,917,791	-	1,917,791
The University of Texas at San Antonio	1,573,500	500,000	-	2,073,500
The University of Texas at Tyler	555,209	400,000	-	955,209
Subtotal Academic Institutions	<u>5,259,209</u>	<u>10,690,791</u>	<u>-</u>	<u>15,950,000</u>
Health Institutions				
The University of Texas Southwestern Medical Center	-	2,200,000	-	2,200,000
The University of Texas Medical Branch at Galveston	1,200,000	1,000,000	-	2,200,000
The University of Texas Health Science Center at Houston	-	2,200,000	-	2,200,000
The University of Texas Health Science Center at San Antonio	1,023,000	1,000,000	-	2,023,000
The University of Texas M. D. Anderson Cancer Center	-	2,100,000	-	2,100,000
The University of Texas Health Science Center at Tyler	-	2,327,000	-	2,327,000
Subtotal Health Institutions	<u>2,223,000</u>	<u>10,827,000</u>	<u>-</u>	<u>13,050,000</u>
The University of Texas System Administration				
Academic Library Collection Enhancement Program	4,000,000	-	-	4,000,000
Faculty STARs Program - Academic Institutions	-	-	15,000,000	15,000,000
Faculty STARs Program - Health Institutions	-	-	15,000,000	15,000,000
Subtotal System Administration	<u>4,000,000</u>	<u>-</u>	<u>30,000,000</u>	<u>34,000,000</u>
Collaborative Projects				
UT Health Science Center-Tyler with UT Tyler	-	2,000,000	-	2,000,000
Subtotal Collaborative Projects	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Grand Total	\$ <u>11,482,209</u>	<u>23,517,791</u>	<u>30,000,000</u>	<u>65,000,000</u>

The University of Texas System
Fiscal Year 2016
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
ACADEMIC INSTITUTIONS					
The University of Texas at Arlington					
Life Science Building: Fire/Life Safety/Infrastructure Improvements			2,800,000	2,073,500	
TOTAL	\$ -	-	2,800,000	2,073,500	-
The University of Texas at Austin					
U. T. Austin Digital Libraries Infrastructure	900,000	900,000			
Campus Fire Alarm Upgrade in Support of Emergency Communications Systems (ECS)-Phase VI			2,141,000	1,926,900	
Information Quest (IQ)-Data Warehousing/Business Intelligence Project	450,000	400,000			
Building Access Control System Facility Security Project-Phase I			500,000	450,000	
Texas State Fire Marshall Compliance Project-Pickle Research Campus Focus			500,000	151,100	
TOTAL	\$ 1,350,000	1,300,000	3,141,000	2,528,000	-
The University of Texas at Dallas					
Science and Engineering Laboratory Equipment	1,000,000	530,500			
Electrical Repairs Various Buildings Phase II			700,000	700,000	
Repair/Renovation of Academic Buildings (Common Spaces) Phase II			300,000	300,000	
Building Envelope Repairs Phase III			400,000	400,000	
Reroof Callier Phase I			500,000	143,000	
TOTAL	\$ 1,000,000	530,500	1,900,000	1,543,000	-
The University of Texas at El Paso					
Research and Technology Infrastructure for New Faculty	1,000,000	1,000,000			
Technology Enhanced Learning Spaces: Phase I	300,000	300,000			
Expansion of Animal Vivarium for Neuroscience Research			700,000	523,500	
Fire Code Compliance: Fire Code Stairwell Improvements in Several Classroom Buildings			250,000	250,000	
TOTAL	\$ 1,300,000	1,300,000	950,000	773,500	-
The University of Texas of the Permian Basin					
Fire Suppression in the Mesa Building Demarc			550,000	550,000	
Critical Security Cameras and Access Control			250,000	250,000	
Critical Fire, Life, and Safety Repairs			190,000	155,000	
TOTAL	\$ -	-	990,000	955,000	-
The University of Texas Rio Grande Valley					
Health Science and Human Services West Brick Replacement			2,979,720	1,917,791	
TOTAL	\$ -	-	2,979,720	1,917,791	-
The University of Texas at San Antonio					
North Thermal Energy Plant Motor Control Center Upgrades	1,000,000	1,000,000			
Classroom Technology Refresh and Teaching Space Renovation	1,370,000	573,500			
Multiple Buildings - Fire and Life Safety, Fire Alarm and Fire Sprinkler System Replacement			800,000	500,000	
TOTAL	\$ 2,370,000	1,573,500	800,000	500,000	-
The University of Texas at Tyler					
Fire and Life Safety	12,000	12,000			
Fire Suppression System Installation			400,000	400,000	
Load Balancing System for Critical Servers	98,000	98,000			
McAfee IPS	225,209	225,209			
Data Center Emergency Power UPS	125,000	125,000			
Security and Surveillance Equipment for Network Data Closets	95,000	95,000			
TOTAL	\$ 555,209	555,209	400,000	400,000	-
SUBTOTAL - ACADEMIC INSTITUTIONS		\$ 5,259,209		10,690,791	-

The University of Texas System
Fiscal Year 2016
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL PROJECT COST	PUF ALLOCATION	TOTAL PROJECT COST	PUF ALLOCATION	PUF ALLOCATION
HEALTH INSTITUTIONS					
The University of Texas Southwestern Medical Center					
Renovation and Construction of Academic Space			4,000,000	2,200,000	
TOTAL	\$ -	-	4,000,000	2,200,000	-
The University of Texas Medical Branch at Galveston					
Information and Educational Resources	2,150,000	1,200,000			
Schools of Nursing and Health Professions Classroom and Restroom Improvements			625,000	525,000	
Laboratory Security Upgrade			475,000	475,000	
TOTAL	\$ 2,150,000	1,200,000	1,100,000	1,000,000	-
The University of Texas Health Science Center at Houston					
Electrical Equipment Arc Flash Study and Repairs			700,000	700,000	
Generator Load Bank Installations			500,000	500,000	
Medical School Building Generator Replacement			1,200,000	1,000,000	
TOTAL	\$ -	-	2,400,000	2,200,000	-
The University of Texas Health Science Center at San Antonio					
Fire and Life Safety Initiative			1,000,000	1,000,000	
Library Journals and Databases	620,000	620,000			
Technology Refresh and Expansion	403,000	403,000			
TOTAL	\$ 1,023,000	1,023,000	1,000,000	1,000,000	-
The University of Texas M. D. Anderson Cancer Center					
Research Medical Library Refresh			1,177,200	1,100,000	
UTPD Physical Plant Building 2 File Room Consolidation			974,200	900,000	
Smithville Campus Fire Alarm System Upgrade			150,000	100,000	
TOTAL	\$ -	-	2,301,400	2,100,000	-
The University of Texas Health Science Center at Tyler					
Patient Tower improvements and Campus Strategic Organization Project			3,600,000	2,327,000	
TOTAL	\$ -	-	3,600,000	2,327,000	-
SUBTOTAL - HEALTH INSTITUTIONS		\$ 2,223,000		10,827,000	-
SYSTEM ADMINISTRATION					
The University of Texas System Administration					
UT System Academic Library Collection Enhancement Program	4,000,000	4,000,000			
Faculty STARs Program - Academic Institutions					15,000,000
Faculty STARs Program - Health Institutions					15,000,000
TOTAL	\$ 4,000,000	4,000,000	-	-	30,000,000
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ 4,000,000		-	30,000,000
COLLABORATIVE PROJECT					
UT Health Science Center-Tyler with UT Tyler					
Vivarium Alterations and Additions Phase 2			2,000,000	2,000,000	
TOTAL	\$ -	-	2,000,000	2,000,000	-
SUBTOTAL - COLLABORATIVE PROJECT		\$ -		2,000,000	-
TOTAL - U. T. SYSTEM		\$ 11,482,209		23,517,791	30,000,000

The University of Texas System

Fiscal Year 2016

RESERVE ALLOCATIONS FOR FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) PROGRAM

The University of Texas System Administration

Faculty STARs Program - Academic Institutions	15,000,000
Faculty STARs Program - Health Institutions	15,000,000
Total \$	<u>30,000,000</u>

Faculty Science and Technology Acquisition and Retention (STARs) Program

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

STARs Allocation History

Academic Institutions			
2005 Faculty STARs	\$ 32,450,000	2011 Faculty STARs	\$ 32,450,000
2006 Faculty STARs	\$ 15,000,000	2012 Faculty STARs	\$ 15,000,000
2007 Faculty STARs	\$ 20,000,000	2013 Faculty STARs	\$ 20,000,000
2008 Faculty STARs	\$ 10,000,000	2014 Faculty STARs	\$ 10,000,000
2009 Faculty STARs	\$ 10,000,000	2015 Faculty STARs	\$ 10,000,000
2010 Faculty STARs	\$ 15,000,000	2016 Proposed Faculty STARs	\$ 15,000,000
Health Institutions			
2005 Faculty STARs	\$ 26,550,000	2012 Faculty STARs	\$ 10,000,000
2009 Faculty STARs	\$ 10,000,000	2013 Faculty STARs	\$ 10,000,000
2010 Faculty STARs	\$ 15,000,000	2014 Faculty STARs	\$ 10,000,000
2011 Faculty STARs	\$ 10,000,000	2015 Faculty STARs	\$ 10,000,000
2011 Faculty STARs (2 years only)	\$ 15,000,000	2016 Proposed Faculty STARs	\$ 15,000,000

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, 2016

A. INITIAL BUDGET

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

B. BUDGET AMENDMENTS

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
 - a. Transfers from unappropriated Educational and General Fund Balance.
 - b. New appointments of tenured faculty (Regents' *Rule* 31007).
 - c. Award of tenure to any faculty member (Regents' *Rule* 31007).
 - d. New appointments as Regental Professor, Dean Emeritus, Chair Emeritus, or Professor Emeritus (Regents' *Rule* 31001). Titles set forth in Regents' *Rule* 20301 including Chancellor Emeritus, President Emeritus and similar honorary designations are conferred by the U. T. System Board of Regents through the full agenda.

- e. Appointments, promotions, and salary increases involving the president (*Regents' Rules* 20201, 20202, 20203).
 - f. New contracts or contract changes involving athletic directors or head coaches whose total annual compensation equals or exceeds the amount specified by *Regents' Rule* 10501 Section 2.2.12.
 - g. Compensation changes for employees whose total annual compensation is \$1,000,000 or above (*Regents' Rule* 20204).
 - h. Compensation changes for Key Executives as defined by *Regents' Rule* 20203.
 - i. Increases in budgeted amounts from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds, subject to the thresholds established in B.5 below.
 - j. Increases to Plant Funds which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
- a. Reappropriation of prior year Educational and General Fund balances, subject to the thresholds established in B.5 below.
 - b. Increases in budgeted amounts from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds, subject to the thresholds established in B.5 below.
 - c. Increases to Plant Funds which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
 - d. Compensation changes for employees whose total annual compensation is \$500,000 or more but less than \$1,000,000 (*Regents' Rule* 20204).
 - e. Compensation increases involving tenured faculty of \$10,000 or more at academic institutions and \$25,000 or more at health-related institutions. This includes one-time merit payments.
 - f. Appointments and promotions involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent.
 - g. Compensation 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 compensation increases of \$10,000 or more involving employees 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 in budgeted amounts from income for Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
 - d. Reallocation of unallocated Faculty Salaries. All unfilled and uncommitted line-item faculty salary positions will lapse to the institutional "Unallocated Faculty Salaries" account.
 - e. Reappropriation of Prior Year Educational and General Fund Balances, subject to the thresholds established in B.5 below.
 - f. Promotions involving tenured faculty.
 - g. Transactions involving all other personnel except those specified in B.1b, B.1c, B.1d, B.1e, B.1f, B.1g, B.1h, B.2d, B.2e, B.2f, 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 compensation increases
 - a. Any increase in approved compensation for the current fiscal year without a change in classification or position is not to be effective prior to the first day of the month in which the required final approval of the rate change is obtained.
 - b. A compensation increase resulting from an appointment to another classification or to a position involving new and different duties may be made effective to the time of the first performance of duties under the new appointment.
 - c. The effective date of an appointment is the date on which the individual is first to perform service for the institution under that appointment.
 - d. The original appointment during a fiscal year of a person not in a budget for that year or not under an existing appointment for that year may relate back to the first performance of duties during the fiscal year although such person may have been employed in a previous fiscal year and although increased compensation for the same classification or position is involved.

5. Budget amendment criteria

- a. Institutions with budgeted revenue, including transfers from the Available University Fund, of \$1 billion or more will have a threshold of:
 - i. For B.1i and B.1j - Equal to or greater than \$2,000,000
 - ii. For B.2a – Equal to or greater than \$1,000,000
 - iii. For B.2b and B.2c – Equal to or greater than \$1,000,000 and less than \$2,000,000
 - iv. For B.3c and B.3e – Less than \$1,000,000

- b. Institutions with budgeted revenue, including transfers from the Available University Fund, between \$250 million and \$1 billion will have a threshold of:
 - i. For B.1i and B.1j – Equal to or greater than \$1,000,000
 - ii. For B.2a – Equal to or greater than \$500,000
 - iii. For B.2b and B.2c – Equal to or greater than \$500,000 and less than \$1,000,000
 - iv. For B.3c and B.3e – Less than \$500,000

- c. Institutions with budgeted revenue, including transfers from the Available University Fund, less than \$250 million will have a threshold of:
 - i. For B.1i and B.1j – Equal to or greater than \$500,000
 - ii. For B.2a – Equal to or greater than \$100,000
 - iii. For B.2b and B.2c – Equal to or greater than \$100,000 and less than \$500,000
 - iv. For B.3c and B.3e – Less than \$100,000

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", "Allied Health Faculty Services Plan" or "Nursing Clinical Enterprise Health Services, Research and Development Plan" is contingent upon its being earned or available in accordance with the regulations applicable to the Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service Plan, Allied Health Faculty Services Plan or Nursing Clinical Enterprise Health Services, Research and Development Plan.
3. Budgeted expenditures authorized from sources of funds other than Educational and General Funds are contingent upon receipt of such funds. Appointments from such fund sources will not become an obligation of the institution in the event the supplemental or grant funds are not realized.
4. Leaves of Absence may be granted only in accordance with provisions contained in Regents' *Rule* 30201.
5. In these Rules, Compensation means total annual compensation as defined by Regents' *Rule* 20204.

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, 2016

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 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, 2016

Academic Workload Requirements for General Academic Institutions

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

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

THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2016

A. INITIAL BUDGET

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

B. BUDGET AMENDMENTS

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
 - a. Substitute Library and Equipment purchases 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 (no Consent Agenda approval required)
 - 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 Systemwide reallocation.
2. All Faculty STARS or similar program appropriations must be expended within 36 months from the time the faculty member arrives on campus or the appropriation will lapse and be made available for future Systemwide reallocation.
3. Notwithstanding the limitations adopted at the time LERR, Faculty STARS, or other similar funding was authorized, these *Budget Rules and Procedures* apply to all previously authorized LERR, Faculty STARS and similar funding.

THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2016

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

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

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

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

B. RETENTION OF RECORDS

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

C. ELIGIBILITY FOR PROGRAM FUNDS

Eligibility for LERR, STARS, or other similar funded programs is the same as eligibility for PUF bond proceeds as set forth in the *Constitution*. Eligible entities include U. T. System Administration, all U. T. academic institutions except for U. T. Brownsville, and all U. T. health institutions.

D. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS

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

Repair and Rehabilitation of Buildings or Other Permanent Improvements

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

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

Acquisition of Capital Equipment

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

Warranties and Similar Service Features

The cost of warranties and similar service features related to a purchase of capital equipment (such as maintenance agreements and loaner programs) are not eligible for LERR, Faculty STARS, or similar program funds as these are considered operating expenses.

Software

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR, Faculty STARS, or similar funded programs if they are incurred in the Application Development Stage. This principle applies whether the salaries are paid to employees of the institution or to outside parties. See *UTS 142.13 Accounting and Financial Reporting for Intangible Assets* at 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, Faculty STARS, or similar program funds.

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

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

Employee Training and Travel Costs

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

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

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

E. SPECIAL PROGRAM FUNDING

Faculty STARs Program

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

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

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