

THE UNIVERSITY OF TEXAS SYSTEM

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

FISCAL YEAR 2010



AUGUST 2009

The University of Texas at Arlington ♦ The University of Texas at Austin ♦ The University of Texas at Brownsville ♦ The University of Texas at Dallas ♦ The University of Texas at El Paso ♦ The University of Texas - Pan American ♦ The University of Texas of the Permian Basin ♦ The University of Texas at San Antonio ♦ The University of Texas at Tyler ♦ The University of Texas Southwestern Medical Center at Dallas ♦ 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 (Including Reserve Allocations for
Library, Equipment, Repair and Rehabilitation and Faculty STARS)*

For Fiscal Year August 31, 2010

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The University of Texas System Operating Budget Highlights

For the Year Ending August 31, 2010

Introduction

The University of Texas System (the “System”) is one of the largest institutions of higher education in the country and one of the largest employers in Texas. Every year, the System’s nine academic campuses educate one-third of Texas’ college students and its six health-related campuses educate three-quarters of Texas’ health professional students.

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.

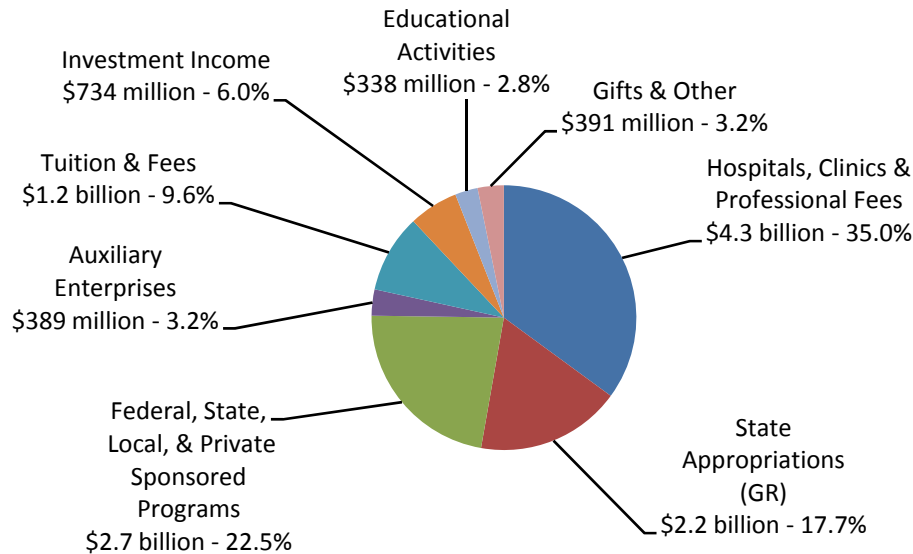
The operating budget provides a wide range of services for Texans. Beyond the primary mission of higher education and research, over \$1.3 billion in health care is provided for the uninsured and underinsured, several initiatives are supported to improve K-12 education in the public schools, and technologies generated that create new businesses.

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

For the 2010 fiscal year, changes in the operating budget are driven by several important factors: growth in state appropriations, enrollment growth and the attendant increased instructional costs and increased federally sponsored programs including research and financial aid.

Revenues

Where the Money Comes From (\$12.2 billion)



Revenues included in the operating budget summary include both operating and nonoperating revenues used to finance the operating budget. Combined revenues for FY 2010 are \$12.2 billion, up 3.7% or \$431 million from FY 2009. Significant areas of growth include **State Appropriations** (10.8%, \$211 million), **Federal Sponsored Programs** (6.3%, \$96 million), and **Tuition and Fees** (6.5%, \$71 million).

Budgeted **State Appropriations** increased by 10.8% or \$211 million as a result of appropriations made by the 81st Legislature. For FY 2010, General Revenue increased to 18.1% of the total expense budget as compared to 16.9% of the 2009 budget largely the result of new formula and exceptional item funding provided.

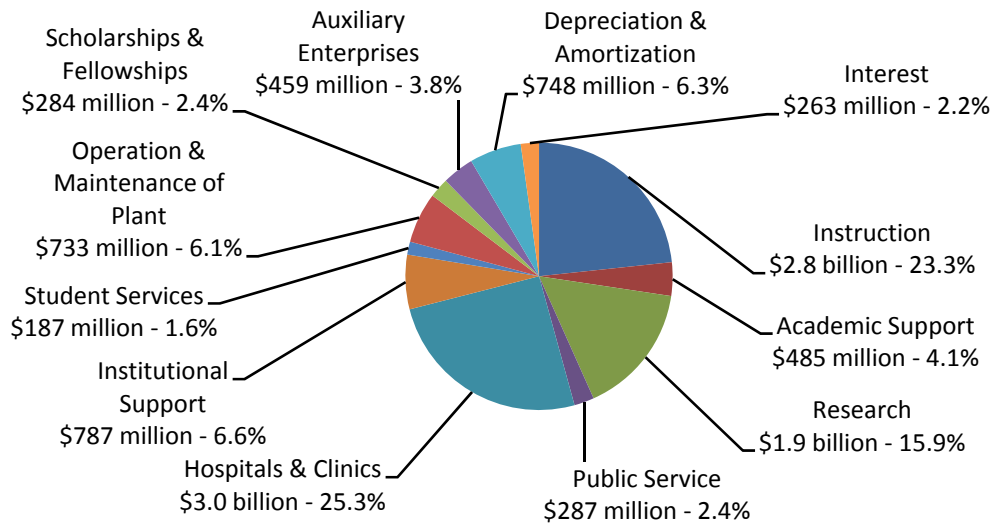
Growth in **Federal Sponsored Programs** principally results from increased research activities and related indirect cost overhead recoveries at several institutions along with growth in financial aid such as Pell Grants. The largest increases are at U. T. Dallas (\$19 million), U. T. El Paso (\$13 million), U. T. San Antonio (\$13 million) and U. T. Health Science Center - Houston (\$12 million).

Growth in **Tuition and Fees** largely occurs at U. T. academic institutions as a result of enrollment changes and increases in designated tuition and fees. The most significant increases are at U. T. Austin (\$13 million), U. T. Dallas (\$18 million), and U. T. El Paso (\$12 million).

Sales and Services of Hospital Activities and **Net Professional Fees** primarily include income generated from patient care at the System's hospitals and by the System's physicians, respectively and typically are major drivers of budget increases. While some growth in hospital income and professional fees has occurred predominately at U. T. Southwestern Medical Center - Dallas (\$96 million) and U. T. Health Science Center - San Antonio (\$19 million), respectively, the declines in both revenue categories at U. T. Medical Branch - Galveston resulting from the after-effects of Hurricane Ike have caused the System's totals to be relatively flat. Additionally, at U. T. M. D. Anderson Cancer Center, revenues are atypically flat as rising bad debt and indigent care costs have offset price and volume increases.

Expenses

Where the Money Goes (\$11.9 billion)



Expenses reflected in the operating budget include all operational functions, limited nonoperating expenses, and transfers made to fund debt service interest. Depreciation expense is also included in the budget. Conversely, capital outlay and transfers to U. T. System Administration for debt service principal payments are excluded. Combined expenditures for FY 2010 are \$11.9 billion, up 3.9% or \$446 million from FY 2009. Significant functional areas of growth include **Instruction** (5.8%, \$153 million), **Research** (6.5%, \$116 million), and **Depreciation and Amortization** (7.4%, \$51 million).

Overall growth in **Instruction** expenses is primarily associated with new faculty and staff positions required to sustain services for increases in enrollment and patient levels along with merit salary increases awarded at some U. T. institutions. Growth in budgeted expenses is largest at U. T. Austin (\$21 million), U. T. Dallas (\$19 million), U. T. Health Science Center - Houston (\$36 million), and U. T. Health Science Center at San Antonio (\$27 million).

Growth in **Research** expenses results from a continued commitment by U. T. institutions to developing research activities. The largest increases occurred at U. T. Austin (\$15 million), U. T. Health Science Center - Houston (\$20 million), U. T. Health Science Center at San Antonio (\$19 million), and U. T. M. D. Anderson Cancer Center (\$34 million).

Depreciation and Amortization increases result from assets (buildings, equipment, software, etc.) being placed into service across the System. The most significant increase occurred at U. T. Austin (\$30 million) where the budget has increased to reflect the actual increases needed for recently added and renovated facilities and the related equipment including the Biomedical Engineering Building, Research Office Complex, Duren Dormitory, the Lady Bird Johnson Wildflower Center, and the AT&T Conference Center.

Resources

Background

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

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

- The budget now reflects tuition discounting and related scholarship/fellowship activities in a manner comparable to the GASB rules for the annual financial report.
- Depreciation expense is incorporated into the budgeted expense totals.
- Capital outlay from operating funds is eliminated from budgeted expenditure totals.
- Debt service principal repayments are eliminated from budgeted expenditure totals.
- The portion of Higher Education Assistance Fund (HEAF) appropriations expended on items that are capitalized for accounting purposes is eliminated from the budgeted revenue totals.

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

Reclassification and Restatement of FY 2009 Budget Totals

In certain situations, reclassifications have been made between line items to enhance comparability with the FY 2010 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 that are related to the conduct of instruction, research, and public service and revenues from activities that exist to provide an instructional and laboratory experience for students that create goods and services that may be sold. Examples include revenues received from activities such as performing arts, continuing education, charter schools, the University Interscholastic League, trademarks programs, and sports camps.

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

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

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

OTHER OPERATING REVENUES – Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories.

Operating Expenses:

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

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

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

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

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

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

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

SCHOLARSHIPS & 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 Higher Education Assistance Funds (HEAF), which is a source of state appropriated general revenue to U. T. Brownsville and U. T. Pan American. HEAF is appropriated for construction, library, and equipment expenses for Texas public universities that do not benefit from Permanent University Fund (PUF) bond proceeds. HEAF appropriations expended on items that are capitalized for accounting purposes are excluded from this line item.

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 Permanent University Fund 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 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 System-wide, 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 Permanent University Fund (PUF) bond programs. Through the REVERSE TRANSFERS FOR DEBT SERVICE (SYSTEM ONLY) line item, these amounts are eliminated for purposes of calculating the System-wide SRECNA Change in Net Assets. This elimination leaves 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. System Administration reports most interest expense because almost all debt legally belongs to the Board of Regents.

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

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

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

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 Permanent University Fund (PUF) bond programs. Through the REVERSE TRANSFERS FOR DEBT SERVICE (SYSTEM ONLY) line item, these amounts are eliminated for purposes of calculating the System-wide SRECNA Change in Net Assets as retirement of principal is a balance sheet transaction and does not impact net assets.

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

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

**The University of Texas System
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 1,024,009,013	1,093,126,230	1,163,646,490	70,520,260	6.5%
Federal Sponsored Programs	1,509,259,969	1,539,496,609	1,636,023,593	96,526,984	6.3%
State Sponsored Programs	187,973,451	178,687,566	210,706,326	32,018,760	17.9%
Local and Private Sponsored Programs	711,533,347	825,613,790	890,731,996	65,118,206	7.9%
Net Sales and Services of Educational Activities	293,708,853	305,375,763	337,514,915	32,139,152	10.5%
Net Sales and Services of Hospital and Clinics	3,016,628,031	3,280,800,102	3,262,563,251	(18,236,851)	-0.6%
Net Professional Fees	982,677,996	994,414,848	1,007,291,487	12,876,639	1.3%
Net Auxiliary Enterprises	342,064,220	390,975,492	388,652,092	(2,323,400)	-0.6%
Other Operating Revenues	95,464,194	100,798,586	125,561,793	24,763,207	24.6%
Total Operating Revenues	8,163,319,074	8,709,288,986	9,022,691,943	313,402,957	3.6%
Operating Expenses:					
Instruction	2,430,472,651	2,630,749,947	2,783,747,757	152,997,810	5.8%
Academic Support	1,714,567,799	471,102,011	484,914,662	13,812,651	2.9%
Research	257,962,968	1,788,138,541	1,904,407,760	116,269,219	6.5%
Public Service	2,866,499,533	284,777,403	287,359,313	2,581,910	0.9%
Hospitals and Clinics	423,834,915	3,039,332,176	3,022,860,694	(16,471,482)	-0.5%
Institutional Support	177,553,196	740,507,833	787,323,438	46,815,605	6.3%
Student Services	1,103,317,057	173,988,153	187,075,330	13,087,177	7.5%
Operations and Maintenance of Plant	699,150,702	709,587,494	733,149,477	23,561,983	3.3%
Scholarships and Fellowships	260,578,342	262,422,723	283,716,293	21,293,570	8.1%
Auxiliary Enterprises	401,932,014	462,612,241	459,248,875	(3,363,366)	-0.7%
Depreciation and Amortization	679,831,346	696,289,580	747,701,205	51,411,625	7.4%
Total Operating Expenses	11,015,700,523	11,259,508,102	11,681,504,804	421,996,702	3.7%
Operating Surplus/Deficit	(2,852,381,449)	(2,550,219,116)	(2,658,812,861)	(108,593,745)	4.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	1,959,861,811	1,947,452,530	2,158,384,291	210,931,761	10.8%
Gifts in Support of Operations	368,785,870	319,798,844	259,122,734	(60,676,110)	-19.0%
Net Investment Income	952,859,645	767,160,954	734,197,838	(32,963,116)	-4.3%
Other Non-Operating Revenue	260,872	5,843,718	6,543,718	700,000	12.0%
Other Non-Operating (Expenses)	(3,772,648)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	3,277,995,550	3,040,256,046	3,158,248,581	117,992,535	3.9%
Transfers and Other:					
AUF Transfers Received for Operations	209,222,884	201,172,402	196,783,876	(4,388,526)	-2.2%
AUF Transfers (Made) for Operations	(209,222,884)	(201,172,402)	(196,783,876)	4,388,526	-2.2%
Transfers for Debt Service - Interest	(178,305,254)	(239,297,961)	(262,869,182)	(23,571,221)	9.9%
Total Transfers and Other	(178,305,254)	(239,297,961)	(262,869,182)	(23,571,221)	9.9%
Budget Margin (Deficit)	247,308,847	250,738,969	236,566,538	(14,172,431)	-5.7%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	1,000,000	2,000,000	1,000,000	100.0%
Net Inc./(Dec.) in Fair Value of Investments	(1,880,621,535)	-	-	-	-
Interest Expense on Capital Asset Financings	(161,687,052)	(151,500,000)	(235,757,367)	(84,257,367)	55.6%
Capital Approp., Gifts and Sponsored Programs	194,447,231	133,180,837	61,245,575	(71,935,262)	-54.0%
HEAF (Capitalized)	13,857,418	10,664,208	10,388,647	(275,561)	-2.6%
Additions to Permanent Endowments	143,565,575	113,430,190	102,191,940	(11,238,250)	-9.9%
Transfers for Debt Service - Principal	(323,832,940)	(332,318,609)	(331,764,255)	554,354	-0.2%
Reverse Transfers for Debt Service (System Only)	502,138,194	571,616,570	594,593,437	22,976,867	4.0%
Transfers and Other	532,814,711	(241,816,325)	(379,321,129)	(137,504,804)	56.9%
SRECNA Change in Net Assets	\$ (732,009,551)	354,995,840	60,143,386	(294,852,454)	-83.1%
Total Revenues and AUF Transfers	\$ 11,445,087,272	11,749,545,032	12,180,940,524	431,395,492	3.7%
Total Expenses (Including Transfers for Interest)	(11,197,778,425)	(11,498,806,063)	(11,944,373,986)	(445,567,923)	3.9%
Budget Margin (Deficit)	\$ 247,308,847	250,738,969	236,566,538	(14,172,431)	
Reconciliation to Use of Prior Year Balances					
Depreciation		696,289,580	747,701,205		
Capital Outlay		(534,520,951)	(501,702,300)		
HEAF (Capitalized)		10,664,208	10,388,647		
Transfers for Debt Service - Principal		(332,318,609)	(331,764,255)		
Budgeted Transfers		(28,398,444)	(31,312,725)		
Net Additions to (Uses of) Prior Year Balances		62,454,753	129,877,110		

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, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 941,155,015	1,013,548,501	1,076,718,377	63,169,876	6.2%
Federal Sponsored Programs	698,308,361	643,906,754	716,659,467	72,752,713	11.3%
State Sponsored Programs	116,438,083	111,747,462	131,257,495	19,510,033	17.5%
Local and Private Sponsored Programs	161,162,430	160,977,087	159,749,572	(1,227,515)	-0.8%
Net Sales and Services of Educational Activities	192,771,006	206,714,007	228,414,022	21,700,015	10.5%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	260,724,537	301,970,299	298,207,648	(3,762,651)	-1.2%
Other Operating Revenues	21,728,201	15,614,793	16,892,212	1,277,419	8.2%
Total Operating Revenues	2,392,287,633	2,454,478,903	2,627,898,793	173,419,890	7.1%
Operating Expenses:					
Instruction	1,071,751,104	1,191,015,202	1,269,903,403	78,888,201	6.6%
Academic Support	268,629,405	303,184,477	313,562,410	10,377,933	3.4%
Research	584,756,453	561,392,835	605,893,107	44,500,272	7.9%
Public Service	124,109,920	135,596,526	133,936,612	(1,659,914)	-1.2%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	233,082,090	268,969,418	296,909,242	27,939,824	10.4%
Student Services	160,374,475	158,051,083	169,903,097	11,852,014	7.5%
Operations and Maintenance of Plant	308,679,990	296,760,135	304,733,881	7,973,746	2.7%
Scholarships and Fellowships	243,739,919	247,489,010	267,530,565	20,041,555	8.1%
Auxiliary Enterprises	334,320,408	389,772,882	386,089,948	(3,682,934)	-0.9%
Depreciation and Amortization	257,923,930	232,157,635	277,306,476	45,148,841	19.4%
Total Operating Expenses	3,587,367,694	3,784,389,203	4,025,768,741	241,379,538	6.4%
Operating Surplus/Deficit	(1,195,080,061)	(1,329,910,300)	(1,397,869,948)	(67,959,648)	5.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	911,825,419	913,431,170	987,867,323	74,436,153	8.1%
Gifts in Support of Operations	143,780,666	120,114,723	123,162,037	3,047,314	2.5%
Net Investment Income	214,959,004	184,991,836	183,580,892	(1,410,944)	-0.8%
Other Non-Operating Revenue	243,521	-	-	-	-
Other Non-Operating (Expenses)	(2,135,026)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,268,673,584	1,218,537,729	1,294,610,252	76,072,523	6.2%
Transfers and Other:					
AUF Transfers Received for Operations	154,850,000	166,335,000	163,750,000	(2,585,000)	-1.6%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(60,743,159)	(79,672,757)	(91,179,498)	(11,506,741)	14.4%
Total Transfers and Other	94,106,841	86,662,243	72,570,502	(14,091,741)	-16.3%
Budget Margin (Deficit)	167,700,364	(24,710,328)	(30,689,194)	(5,978,866)	24.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(302,728,493)	-	-	-	-
Interest Expense on Capital Asset Financings	-	(1,500,000)	(1,500,000)	-	0.0%
Capital Approp., Gifts and Sponsored Programs	58,802,864	24,275,000	24,284,500	9,500	0.0%
HEAF (Capitalized)	13,857,418	10,664,208	10,388,647	(275,561)	-2.6%
Additions to Permanent Endowments	87,305,552	59,560,314	62,417,896	2,857,582	4.8%
Transfers for Debt Service - Principal	(134,999,036)	(122,173,760)	(125,568,634)	(3,394,874)	2.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	651,142,242	498,026,763	471,183,981	(26,842,782)	-5.4%
SRECNA Change in Net Assets	\$ 541,080,911	444,142,197	410,517,196	(33,625,001)	-7.6%
Total Revenues and AUF Transfers	\$ 3,817,946,243	3,839,351,632	4,086,259,045	246,907,413	6.4%
Total Expenses (Including Transfers for Interest)	(3,650,245,879)	(3,864,061,960)	(4,116,948,239)	(252,886,279)	6.5%
Budget Margin (Deficit)	\$ 167,700,364	(24,710,328)	(30,689,194)	(5,978,866)	
Reconciliation to Use of Prior Year Balances					
Depreciation		232,157,635	277,306,476		
Capital Outlay		(89,713,939)	(112,050,693)		
HEAF (Capitalized)		10,664,208	10,388,647		
Transfers for Debt Service - Principal		(122,173,760)	(125,568,634)		
Budgeted Transfers		(28,656,595)	(15,330,052)		
Net Additions to (Uses of) Prior Year Balances		(22,432,779)	4,056,550		

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

**The University of Texas Health-Related Institutions
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 82,853,998	79,577,729	86,928,113	7,350,384	9.2%
Federal Sponsored Programs	815,649,995	869,647,235	899,715,335	30,068,100	3.5%
State Sponsored Programs	64,988,396	66,940,104	67,870,441	930,337	1.4%
Local and Private Sponsored Programs	588,412,656	663,347,417	730,902,382	67,554,965	10.2%
Net Sales and Services of Educational Activities	83,020,149	96,887,487	107,385,893	10,498,406	10.8%
Net Sales and Services of Hospital and Clinics	3,016,628,031	3,280,800,102	3,262,563,251	(18,236,851)	-0.6%
Net Professional Fees	982,677,997	994,414,848	1,007,291,487	12,876,639	1.3%
Net Auxiliary Enterprises	81,339,682	89,005,193	90,444,444	1,439,251	1.6%
Other Operating Revenues	80,377,867	85,153,793	108,639,581	23,485,788	27.6%
Total Operating Revenues	5,795,948,771	6,225,773,908	6,361,740,927	135,967,019	2.2%
Operating Expenses:					
Instruction	1,349,325,872	1,421,564,416	1,499,058,380	77,493,964	5.5%
Academic Support	155,205,511	167,917,534	171,352,252	3,434,718	2.0%
Research	1,149,147,426	1,226,745,706	1,298,514,653	71,768,947	5.9%
Public Service	133,853,047	149,180,877	153,422,701	4,241,824	2.8%
Hospitals and Clinics	2,906,822,271	3,039,332,176	3,022,860,694	(16,471,482)	-0.5%
Institutional Support	386,812,774	413,893,058	436,470,980	22,577,922	5.5%
Student Services	17,178,722	15,937,070	17,172,233	1,235,163	7.8%
Operations and Maintenance of Plant	390,470,714	412,827,359	428,415,596	15,588,237	3.8%
Scholarships and Fellowships	16,838,424	14,933,713	16,185,728	1,252,015	8.4%
Auxiliary Enterprises	67,611,607	72,839,359	73,158,927	319,568	0.4%
Depreciation and Amortization	415,586,047	458,704,945	460,614,729	1,909,784	0.4%
Total Operating Expenses	6,988,852,415	7,393,876,213	7,577,226,873	183,350,660	2.5%
Operating Surplus/Deficit	(1,192,903,644)	(1,168,102,305)	(1,215,485,946)	(47,383,641)	4.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	1,047,079,770	1,033,099,332	1,168,366,968	135,267,636	13.1%
Gifts in Support of Operations	223,968,851	198,819,510	135,294,852	(63,524,658)	-32.0%
Net Investment Income	219,682,686	209,954,476	188,313,943	(21,640,533)	-10.3%
Other Non-Operating Revenue	(713,374)	5,843,718	6,543,718	700,000	12.0%
Other Non-Operating (Expenses)	(906,897)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,489,111,036	1,447,717,036	1,498,519,481	50,802,445	3.5%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(60,665,748)	(81,248,533)	(100,086,860)	(18,838,327)	23.2%
Total Transfers and Other	(60,665,748)	(81,248,533)	(100,086,860)	(18,838,327)	23.2%
Budget Margin (Deficit)	235,541,644	198,366,198	182,946,675	(15,419,523)	-7.8%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	1,000,000	2,000,000	1,000,000	100.0%
Net Inc./(Dec.) in Fair Value of Investments	(270,539,436)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	128,219,368	108,905,837	36,961,075	(71,944,762)	-66.1%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	55,990,449	53,869,876	39,774,044	(14,095,832)	-26.2%
Transfers for Debt Service - Principal	(145,153,904)	(159,455,049)	(158,300,621)	1,154,428	-0.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	580,845,484	373,983,002	518,713,338	144,730,336	38.7%
SRECNA Change in Net Assets	\$ 584,903,605	576,669,864	622,094,511	45,424,647	7.9%
Total Revenues and AUF Transfers	\$ 7,285,966,704	7,673,490,944	7,860,260,408	186,769,464	2.4%
Total Expenses (Including Transfers for Interest)	(7,050,425,060)	(7,475,124,746)	(7,677,313,733)	(202,188,987)	2.7%
Budget Margin (Deficit)	\$ 235,541,644	198,366,198	182,946,675	(15,419,523)	
Reconciliation to Use of Prior Year Balances					
Depreciation		458,704,945	460,614,729		
Capital Outlay		(444,207,012)	(386,551,607)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(159,455,049)	(158,300,621)		
Budgeted Transfers		1,158,771	(14,859,000)		
Net Additions to (Uses of) Prior Year Balances		54,567,853	83,850,176		

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

**The University of Texas System Administration
Operating Budget Highlights
For the Year Ending August 31, 2010**

Introduction - Major Goals Addressed by FY 2010 Budget

The FY 2010 operating budget allows U. T. System Administration (the "System") to continue to fulfill its mission to lead and serve the U. T. 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. institutions through the undertaking of certain central responsibilities that result in greater efficiency or higher quality than could be achieved by individual institutions.

Since December 2008, U. T. System Administration has operated under a flexible hiring freeze whereby no position may be filled or created without the express approval of the Chancellor. This freeze as well as a the scaling back of a significant federal grant and a reduction in force related to facilities planning and construction have resulted in a decrease budgeted full-time equivalent employees (FTEs) from 824.5 FTEs in FY 2009 to 760.1 FTEs proposed for FY 2010.

While mindful of the difficult economic climate, the System recognizes the need to maintain competitive compensation levels for staff through the implementation of a 1.5% merit pool. At the direction of the Chancellor, all Executive Vice Chancellors and Vice Chancellors have had their salaries frozen and were not eligible for merit.

In the General Appropriations Act, the 81st Legislature provided an additional \$1.2 million of general revenue support for System operations contingent upon an equivalent reduction in the amount of Available University Fund (AUF) support for operations. The FY 2010 budget meets this requirement with a net reduction in AUF support for operations of \$1.8 million.

Revenue

FY 2010 budgeted revenues are declining by 1% resulting from a the phase out of the Texas Reading First Initiative grant award and a decrease in the expected distribution to the AUF from the Permanent University Fund (PUF). This decrease is partially offset by the state funding passed through from the Texas Higher Education Coordinating Board for the Joint Admission Medical Program (JAMP). Slightly less than half of the JAMP funding will be expended in FY 2010 with the balance carried to FY 2011.

Expenses

For U. T. System Administration, total budgeted expenses including transfers associated with interest on debt service will decrease 6.0%. Instruction expenses are decreasing primarily as a result of the Texas Reading First Initiative grant phasing out in FY 2010. Institutional Support functions are declining due in part to cost savings resulting from the flexible hiring freeze and to a change in the estimated amount of capital outlay related to this function. The remaining decline is attributable to interest expenses related to PUF debt offset by increases in the estimate of depreciation expense.

The University of Texas System Administration
Operating Budget
Fiscal Year Ending August 31, 2010

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	14,637,694	25,942,620	19,648,791	(6,293,829)	-24.3%
State Sponsored Programs	6,546,971	-	11,578,390	11,578,390	-
Local and Private Sponsored Programs	2,281,000	1,289,286	80,042	(1,209,244)	-93.8%
Net Sales and Services of Educational Activities	17,917,696	1,774,269	1,715,000	(59,269)	-3.3%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	(1,652,259)	30,000	30,000	-	0.0%
Total Operating Revenues	39,731,102	29,036,175	33,052,223	4,016,048	13.8%
Operating Expenses:					
Instruction	9,395,674	18,170,329	14,785,974	(3,384,355)	-18.6%
Academic Support	-	-	-	-	-
Research	-	-	-	-	-
Public Service	-	-	-	-	-
Hospitals and Clinics	-	-	-	-	-
Institutional Support	488,411,806	57,645,357	53,943,216	(3,702,141)	-6.4%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	-	-	-	-	-
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	6,321,367	5,427,000	9,780,000	4,353,000	80.2%
Total Operating Expenses	504,128,847	81,242,686	78,509,190	(2,733,496)	-3.4%
Operating Surplus/Deficit	(464,397,745)	(52,206,511)	(45,456,967)	6,749,544	-12.9%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	7,437,221	922,028	2,150,000	1,227,972	133.2%
Gifts in Support of Operations	1,036,355	864,611	665,845	(198,766)	-23.0%
Net Investment Income	530,099,123	372,214,642	362,303,003	(9,911,639)	-2.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	538,572,699	374,001,281	365,118,848	(8,882,433)	-2.4%
Transfers and Other:					
AUF Transfers Received for Operations	54,372,884	34,837,402	33,033,876	(1,803,526)	-5.2%
AUF Transfers (Made) for Operations	(209,222,884)	(201,172,402)	(196,783,876)	4,388,526	-2.2%
Transfers for Debt Service - Interest	(56,896,347)	(78,376,671)	(71,602,824)	6,773,847	-8.6%
Total Transfers and Other	(211,746,347)	(244,711,671)	(235,352,824)	9,358,847	-3.8%
Budget Margin (Deficit)	(137,571,393)	77,083,099	84,309,057	7,225,958	9.4%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(1,698,231,187)	-	-	-	-
Interest Expense on Capital Asset Financings	(161,890,636)	(150,000,000)	(234,257,367)	(84,257,367)	56.2%
Capital Approp., Gifts and Sponsored Programs	7,425,000	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	142,009,779	191,000,000	116,000,000	(75,000,000)	-39.3%
Transfers for Debt Service - Principal	(43,680,000)	(50,689,800)	(47,895,000)	2,794,800	-5.5%
Reverse Transfers for Debt Service (System Only)	502,138,194	571,616,570	594,593,437	22,976,867	4.0%
Transfers and Other	289,990,634	(381,602,541)	(544,549,802)	(162,947,261)	42.7%
SRECNA Change in Net Assets	\$ (1,099,809,609)	257,407,328	(31,799,675)	(289,207,003)	-112.4%
Total Revenues and AUF Transfers	\$ 423,453,801	236,702,456	234,421,071	(2,281,385)	-1.0%
Total Expenses (Including Transfers for Interest)	(561,025,194)	(159,619,357)	(150,112,014)	9,507,343	-6.0%
Budget Margin (Deficit)	\$ (137,571,393)	77,083,099	84,309,057	7,225,958	
Reconciliation to Use of Prior Year Balances					
Depreciation		5,427,000	9,780,000		
Capital Outlay		(600,000)	(3,100,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(50,689,800)	(47,895,000)		
Budgeted Transfers		(900,620)	(1,123,673)		
Net Additions to (Uses of) Prior Year Balances		30,319,679	41,970,384		

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

**The University of Texas at Arlington
Operating Budget Highlights
For the Year Ending August 31, 2010**

Introduction - Major Goals Addressed by FY 2010 Budget

U. T. Arlington's FY 2010 Operating Budget addresses the University's major goals, initiatives, and strategies including: 1) funding of a 2% merit policy designed to retain the University's high quality faculty and staff as well as continuing the one-time cash excellence award program for productive faculty, 2) continued support of research faculty resulting in an increase in the amount of funded federal, state, local and private grants received by the University, 3) continued support for the expansion of graduate assistant salary increases, the graduate remission program, increased graduate and undergraduate merit, and need based scholarships, 4) provision for increased expenditures for the physical plant for the hiring of additional sustainability staff and Environmental Health and Safety staff, 5) continued funding for three new opportunity faculty hires and ten new faculty hires, 6) providing building and operating funds for the Engineering Labs, 7) providing funds for increased development staff and initiatives and increasing the Optional Retirement Program (ORP) employer matching rate to the full 8.5% for all eligible employees.

Revenue

Revenue growth of 4.3% over FY 2009 is reflected in the FY 2010 Operating Budget. The FY 2009 revenue growth is due to: 1) a tuition and fee estimated revenue increase of \$5.2 million, generated from an average 4.95% increase in tuition and fee flat rates while enrollment is expected to increase slightly over the FY 2009 levels, 2) state appropriations for FY 2010 are increasing by 5.0%, 3) federal, state, local and private sponsored programs are estimated to increase by \$11.2 million due to the addition of research faculty over the last five fiscal years and a one-time \$5 million nursing shortage reduction appropriation passed through from The Texas Higher Education Coordinating Board, 4) income from net sales and services of educational activities are estimated to decrease \$1.3 million due to the revenue decrease from the Executive MBA Program - Fort Worth, 6) net investment income from earnings on investments with UTIMCO and interest on designated funds balances are expected to decrease \$0.7 million, 7) Auxiliary Enterprise operation revenues are expected to decrease \$0.6 million, 8) other Operating Revenues are expected to decrease \$2.7 million due to the decline in natural gas prices.

Expenses

Expenses in the FY 2010 Operating Budget are expected to increase 6.1% over FY 2009. This increase encompasses 1) a 2% merit faculty and staff salary increase policy plus applicable payroll related costs totaling \$4.8 million, 2) new grant and contract research expenses of \$11.2 million, 3) provision for expansion of the graduate remission program, increased graduate and undergraduate merit and need based scholarships by \$2.0 million, 4) increased physical plant staff and support by \$213,000, 5) providing for graduate assistants stipend increases by \$750,000, 6) providing increased support for university infrastructure of \$843,000, 7) increased support for development office staff and operations by \$912,000 8) increased support for Intercollegiate Athletics by \$299,000, 9) providing for ten new faculty and three opportunity hires for an increase of \$1.2 million, and 10) an increase to the ORP matching rate for all eligible employees to the full 8.5% for an increase of \$300,000.

**The University of Texas at Arlington
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 134,043,534	153,337,079	158,499,186	5,162,107	3.4%
Federal Sponsored Programs	46,873,517	46,893,511	52,518,493	5,624,982	12.0%
State Sponsored Programs	7,650,535	7,291,408	14,940,385	7,648,977	104.9%
Local and Private Sponsored Programs	8,035,461	16,592,021	14,586,526	(2,005,495)	-12.1%
Net Sales and Services of Educational Activities	14,593,315	13,387,925	12,125,456	(1,262,469)	-9.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	24,517,119	24,048,172	23,478,235	(569,937)	-2.4%
Other Operating Revenues	7,857,870	9,002,203	6,319,679	(2,682,524)	-29.8%
Total Operating Revenues	243,571,351	270,552,319	282,467,960	11,915,641	4.4%
Operating Expenses:					
Instruction	105,180,814	131,116,827	141,547,567	10,430,740	8.0%
Academic Support	28,432,870	30,762,631	31,055,249	292,618	1.0%
Research	56,498,164	37,327,193	49,055,397	11,728,204	31.4%
Public Service	10,346,225	9,619,036	9,419,922	(199,114)	-2.1%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	25,496,103	32,199,926	36,306,318	4,106,392	12.8%
Student Services	23,396,075	24,192,153	25,002,356	810,203	3.3%
Operations and Maintenance of Plant	29,793,372	32,558,215	28,538,663	(4,019,552)	-12.3%
Scholarships and Fellowships	9,367,356	21,508,961	12,046,244	(9,462,717)	-44.0%
Auxiliary Enterprises	36,274,285	35,354,311	36,917,172	1,562,861	4.4%
Depreciation and Amortization	26,246,534	22,065,367	28,898,955	6,833,588	31.0%
Total Operating Expenses	351,031,798	376,704,620	398,787,843	22,083,223	5.9%
Operating Surplus/Deficit	(107,460,447)	(106,152,301)	(116,319,883)	(10,167,582)	9.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	111,469,411	111,524,588	117,095,612	5,571,024	5.0%
Gifts in Support of Operations	2,174,964	1,956,938	2,242,125	285,187	14.6%
Net Investment Income	9,049,528	11,941,933	11,265,947	(675,986)	-5.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	(2,135,026)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	120,558,877	125,423,459	130,603,684	5,180,225	4.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(5,953,153)	(8,894,713)	(10,189,986)	(1,295,273)	14.6%
Total Transfers and Other	(5,953,153)	(8,894,713)	(10,189,986)	(1,295,273)	14.6%
Budget Margin (Deficit)	7,145,277	10,376,445	4,093,815	(6,282,630)	-60.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	29,225,795	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	349,461	75,000	82,500	7,500	10.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	1,840,237	1,398,314	1,538,145	139,831	10.0%
Transfers for Debt Service - Principal	(17,363,194)	(17,246,171)	(16,982,159)	264,012	-1.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	53,848,897	33,318,000	12,179,500	(21,138,500)	-63.4%
SRECNA Change in Net Assets	\$ 75,046,473	27,921,588	911,801	(27,009,787)	-96.7%
Total Revenues and AUF Transfers	\$ 366,265,254	395,975,778	413,071,644	17,095,866	4.3%
Total Expenses (Including Transfers for Interest)	(359,119,977)	(385,599,333)	(408,977,829)	(23,378,496)	6.1%
Budget Margin (Deficit)	\$ 7,145,277	10,376,445	4,093,815	(6,282,630)	
Reconciliation to Use of Prior Year Balances					
Depreciation		22,065,367	28,898,955		
Capital Outlay		(6,277,457)	(7,109,395)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(17,246,171)	(16,982,159)		
Budgeted Transfers		429,771	1,412,106		
Net Additions to (Uses of) Prior Year Balances		9,347,955	10,313,322		

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

**The University of Texas Austin
Operating Budget Highlights
For the Year Ending August 31, 2010**

Introduction - Major Goals Addressed by FY 2010 Budget

The major goals of The University of Texas at Austin addressed by the FY 2010 budget are 1) continue the faculty expansion, 2) support a competitive compensation plan aimed at the recruitment and retention of top talent, and 3) support academic initiatives critical to the future.

Budget constraints have limited the ability to fully address all major goals. The University has been able to continue the faculty expansion to reduce the faculty/student ratio by providing funds for ten new faculty members in FY 2010.

In light of salary freezes, mandatory furloughs, and other austerity measures elsewhere in the country, there is an opportunity to take actions that will advance the University for years to come. We have analyzed the competitiveness of our compensation for faculty compared to peer institutions. This analysis suggests that issues with faculty competitiveness are most acute and must be addressed in order to advance. Although, unable to provide staff salary increases, funds have been reserved to provide targeted faculty salary increases to address equity, retention, and competitiveness issues.

In order to recruit and retain the brightest and most diverse graduate and undergraduate students, fellowship support for graduate students has increased by \$1 million and scholarships for undergraduate students have been increased by \$1 million, in addition to the required 20% tuition set-aside. Outreach admission offices have also expanded.

One of the major initiatives for the University is to develop a new undergraduate core curriculum to better prepare students for lives of accomplishment. Last year, the School of Undergraduate Studies was established. With the budget increases for FY 2010, more than half of the freshmen will take a First-Year Signature Course. This is a chance for freshmen to confront big ideas and important issues in their first year. A curriculum is being developed in which undergraduates will acquire important skills and experiences in writing, quantitative reasoning, global cultures, multicultural perspectives, ethics and leadership, and independent inquiry. By fall of 2009, there will be 650 courses that will meet the requirements for satisfying at least one of these skills.

Revenue

Based on recommendations from the University's Tuition Policy Advisory Committee and as approved by the Board of Regents, the FY 2010 average total full time resident undergraduate flat rate tuition will increase by 4.95% (from \$4,254 to \$4,465 per long session semester for 12 or more SCH).

As a result of appropriations for the 2010-2011 biennium, state general revenue is increasing by \$21.4 million. This includes over \$10 million of hold harmless and supplemental appropriations that may not continue in the next biennium. The Available University Fund distribution for U. T. Austin operations is decreasing by \$4.6 million.

Increases in Net Sales and Services of Educational Activities result principally from account reclassifications and changes in accounting methodology. Other revenue changes are modest.

Expenses

Expenses for FY 2010 are expected to increase by about 3% due to targeted faculty salary increases, benefit increases, and the enhancement of college academic programs. The scholarship program will continue to provide scholarships that cover a substantial amount of the tuition increase for all undergraduate resident students and graduate students with family incomes of \$80,000 or less.

**The University of Texas at Austin
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 380,767,465	392,800,000	406,000,000	13,200,000	3.4%
Federal Sponsored Programs	395,021,394	340,731,452	351,193,831	10,462,379	3.1%
State Sponsored Programs	51,091,838	56,286,900	52,984,833	(3,302,067)	-5.9%
Local and Private Sponsored Programs	81,434,901	73,752,030	73,260,688	(491,342)	-0.7%
Net Sales and Services of Educational Activities	151,391,874	169,013,695	193,588,304	24,574,609	14.5%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	179,285,476	211,531,661	208,627,222	(2,904,439)	-1.4%
Other Operating Revenues	3,726,416	1,454,815	4,291,172	2,836,357	195.0%
Total Operating Revenues	1,242,719,364	1,245,570,553	1,289,946,050	44,375,497	3.6%
Operating Expenses:					
Instruction	529,661,798	591,617,859	612,945,456	21,327,597	3.6%
Academic Support	131,258,059	155,907,847	161,736,547	5,828,700	3.7%
Research	396,372,388	389,932,956	404,664,460	14,731,504	3.8%
Public Service	65,292,848	79,470,385	70,846,766	(8,623,619)	-10.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	89,134,494	98,158,447	103,271,455	5,113,008	5.2%
Student Services	50,302,428	51,157,400	52,941,634	1,784,234	3.5%
Operations and Maintenance of Plant	158,758,251	143,195,879	146,982,391	3,786,512	2.6%
Scholarships and Fellowships	96,256,895	92,191,681	97,702,701	5,511,020	6.0%
Auxiliary Enterprises	201,775,361	237,851,818	232,005,901	(5,845,917)	-2.5%
Depreciation and Amortization	137,494,109	111,940,435	141,618,932	29,678,497	26.5%
Total Operating Expenses	1,856,306,631	1,951,424,707	2,024,716,243	73,291,536	3.8%
Operating Surplus/Deficit	(613,587,267)	(705,854,154)	(734,770,193)	(28,916,039)	4.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	324,155,688	322,605,332	344,024,324	21,418,992	6.6%
Gifts in Support of Operations	109,449,989	92,321,325	92,217,797	(103,528)	-0.1%
Net Investment Income	162,520,030	136,785,925	138,008,588	1,222,663	0.9%
Other Non-Operating Revenue	243,521	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	596,369,228	551,712,582	574,250,709	22,538,127	4.1%
Transfers and Other:					
AUF Transfers Received for Operations	154,850,000	166,335,000	163,750,000	(2,585,000)	-1.6%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(25,541,647)	(32,125,949)	(37,910,321)	(5,784,372)	18.0%
Total Transfers and Other	129,308,353	134,209,051	125,839,679	(8,369,372)	-6.2%
Budget Margin (Deficit)	112,090,314	(19,932,521)	(34,679,805)	(14,747,284)	74.0%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(263,074,370)	-	-	-	-
Interest Expense on Capital Asset Financings	-	(1,500,000)	(1,500,000)	-	0.0%
Capital Approp., Gifts and Sponsored Programs	48,660,474	20,000,000	20,000,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	67,518,747	50,000,000	50,000,000	-	0.0%
Transfers for Debt Service - Principal	(45,689,366)	(33,873,866)	(42,568,559)	(8,694,693)	25.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	296,660,145	289,500,000	289,500,000	-	0.0%
SRECNA Change in Net Assets	\$ 216,165,944	304,193,613	280,751,636	(23,441,977)	-7.7%
Total Revenues and AUF Transfers	\$ 1,993,938,592	1,963,618,135	2,027,946,759	64,328,624	3.3%
Total Expenses (Including Transfers for Interest)	(1,881,848,278)	(1,983,550,656)	(2,062,626,564)	(79,075,908)	4.0%
Budget Margin (Deficit)	\$ 112,090,314	(19,932,521)	(34,679,805)	(14,747,284)	
Reconciliation to Use of Prior Year Balances					
Depreciation		111,940,435	141,618,932		
Capital Outlay		(51,277,221)	(52,034,880)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(33,873,866)	(42,568,559)		
Budgeted Transfers		(27,528,105)	(14,131,605)		
Net Additions to (Uses of) Prior Year Balances		(20,671,278)	(1,795,917)		

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

**The University of Texas at Austin
Application of Available University Fund (AUF)
Recommended Budget 2009-10**

The mission of The University of Texas at Austin is excellence in teaching, research, and service and all sources of funds (appropriated, AUF, tuition, grants, and gifts) are expended to this end.

Specifically, the AUF provides the margin of excellence that permits UT Austin to achieve and maintain its place as one of the premier public institutions of higher education in the nation. This margin of excellence is demonstrated in the following ways:

Excellence in Mission:	\$	86,056,620
Instructional Excellence		
Enhanced Academic Programs	\$	9,313,193
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		2,344,050
These services include college computing services, instructional and technology enhanced teaching support, provision of Web-based student-faculty communication platforms, teaching effectiveness services, credit by examination, new and experienced faculty training, assessment methods, student course-instructor evaluations, the UT Elementary School, and coordination of University-wide K-12 activities.		
Instructional Initiatives and Programs		6,006,383
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 initiatives include providing students with visiting lecturers, and specialized centers for bilingual education, education technology, science education, clinical legal, pharmacy and nursing experiences, student education field experience, fine arts productions, and the master teacher institute.		
Academic Infrastructure (Libraries, Instructional Technology)		37,816,144

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

4,531,965

These services encompass new student orientation, welcoming and mentoring programs, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning, the University Honors Center, the International Office, and study abroad programs. Funds for classroom renovations will also enhance the classroom experience.

Research Excellence

Research Competitiveness

21,759,504

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

Outreach Excellence

Academic Program/Community Interface

4,285,381

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

Recruitment and Retention of Talent:

56,345,871

Faculty

6,457,285

The faculty development program and the recruitment and start-up package funds will enable UT Austin to add 300 new faculty positions over a ten year period to lower the student/faculty ratio. Lowering this ratio will improve undergraduate educational programs and will increase institutional adaptability, which are major institutional goals for this decade. Steady progress must be made annually to achieve these goals.

K-12 Outreach and Undergraduate Students

16,816,271

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, National merit scholarships, Multicultural Information Center, etc.) help insure the quality and diversity of students.

Graduate Students

33,072,315

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

19,576,030

Institutional accountability programs and offices are dedicated to providing support services for excellence in teaching, research, and public service. Development efforts expand private support by presenting evidence of the University's distinctive character, valuable service, and efficient management. Public Affairs has leadership responsibility for the institution's interaction with the media and with the public at large. The Office of Information Management and Analysis provides information and analytical support to university decision makers and submits numerous reports to the Texas Higher Education Coordinating Board and the Department of Education. 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.

UT System

1,771,479

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

UT Austin AUF Budget

\$ 163,750,000

Details

Excellence in Mission

Instructional Excellence

Enhanced Academic Programs		9,313,193
Colleges and Schools	6,757,861	
Academic Departments and Centers	2,555,332	

Instructional Program Services		2,344,050
Liberal Arts - IT Services	70,163	
Dean's Office Communication Group	239,602	
Fine Arts-Office of Computing Technologies	345,065	
Division of Instructional Innovation and Assessment	1,476,556	
Undergraduate Studies - Assessment	114,664	
UT Elementary School	98,000	

Instructional Initiatives and Programs		6,006,383
Visiting Lecturers and Academic development	303,109	
Bilingual education	71,169	
Education Learning Technology Center	499,114	
Science Education Center	87,981	
Education student field experience	60,667	
Fine Arts ensembles, projects & opera production	55,098	
Nursing Children's Wellness Center	70,896	
Clinical legal education	106,393	
E-outreach	167,378	
Master Teacher Institute	339,673	
Provost's Initiatives and Innovations	2,318,972	
Nursing learning center	13,688	
Undergraduate Programs	465,310	
Signature Courses	1,335,564	
Core Curriculum Development	111,371	

Academic Infrastructure		37,816,144
Instructional Technology:	15,437,648	
computing, network, internet, email, etc		
Libraries: general library, Benson, Law, HRC	22,378,496	

Student Programs and Services		4,531,965
University Honors Center	33,818	
Dean of Students	2,375,465	
Deaf interpreters	448,952	
Mathematics lab	198,303	
International Office	679,897	
Study abroad	673,098	
International Student And Scholar Support And Compliance	95,100	
International exchange program	27,332	

Research Excellence

Research Competitiveness		21,759,504
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Research grant infrastructure, compliance and support	
VP Research	1,112,760
Compliance	877,339
Research And Technology	496,934
Statistics & Scientific Computation Program	481,171
Research grants	55,100
Animal Resources Center	522,762
Texas Advanced Computing Center	3,363,299
	<u>6,909,365</u>

Research Initiatives	
UT Press	1,126,200
Undergraduate Research	7,550
Organized Research Units	2,398,481
Research Enhancement	135,085
Vice President And C F O - Research Enhancement	5,390,000
Center For Technology Commercialization	1,000,000
Center For Studies in Texas History	450,023
Research Instruments Laboratories	132,114
Institute for Computational Engineering and Science	103,738
Institute For Cellular And Molecular Biology	2,662,971
Institute for Geophysics	825,960
Marine Science Institute	618,017
	<u>14,850,139</u>

Outreach Excellence

4,285,381

Academic Program/Community Interface	
KUT	278,819
Performing Arts Center	1,959,323
Blanton Museum	795,526
Texas Memorial Museum	1,101,481
Winedale	150,232

Recruitment and Retention of Talent:

56,345,871

Initiatives to ensure quality and diversity	
Faculty	
Faculty Development Program	2,139,270
Faculty Recruitment	2,444,085
Regents' Outstanding Teacher Awards	1,000,000
Recruitment start-up package, special equipment	873,930
	<u>6,457,285</u>

Undergraduate Students

Admission	1,874,430
Registrar	1,916,730
Freshman Admissions Center	953,350
Outreach centers	1,000,149
Multicultural information center	144,559
National merit scholarships	1,692,599
Tuition and fees scholarship	69,129
Gateway	188,850
Student retention programs	303,843
Community college student recruitment	222,136
Student services programs	2,188,016
Recruitment and retention programs	215,887
Former student records	389,763
Alumni volunteer network	124,766
Admissions *NRSTAR Research	73,297
Satellite Admissions Office	1,648,435
Student financial services	3,157,815
Center for Strategic Advising	341,190
Longhorn Scholars	311,327
	<u>16,816,271</u>

Graduate Students

Dean of Graduate Studies	2,401,642
Tuition Benefits - Teaching Asst/Asst Instructor	21,459,967
Graduate fellowships	6,034,787
Special graduate fellowships	750,000
Graduate research fellowships	25,000
Graduate research fellowships	200,000
Graduate and international admissions	318,479
Law Admissions Outreach	293,011
Scholarships	1,214,429
LBJ scholarships	225,000
Center for African American Studies Graduate Student Support	150,000
	<u>33,072,315</u>

Institutional Accountability and**Enhanced Connections to the Public****19,576,030**

Office of Information Management and Analysis	1,899,342
Public Affairs and Special Events (commencement, etc)	1,799,338
VP for University Operations	832,579
Campus Security and Safety	194,536
Equal Employment Opportunity	446,366
Employee training	165,212
Employee Communications	242,792
IQ Project	1,222,856
Institutional Membership	407,800
Liberal Arts Public Affairs	207,313
General Faculty Office	225,587
C I E Operating Account	479,209
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	11,453,100

UT System**1,771,479**

Information Technology Network Bandwidth	160,000
Telecomm office and infrastructure - UT System Support	900,000
Telecomm office and infrastructure - UT Austin Support	273,618
Technology assessments	437,861

TOTAL

\$ 163,750,000

**The University of Texas Brownsville
Operating Budget Highlights
For the Year Ending August 31, 2010**

Introduction - Major Goals Addressed by FY 2010 Budget

The goals addressed by the FY 2010 budget include maintaining adequate faculty salaries, adding adequate faculty to address enrollment growth, funding new academic programs, funding adequate support personnel to support the growth and increasing student retention, and compressing time to graduation.

Revenue

In the Spring of FY 2008, new Satisfactory Academic Performance standards (SAP) were implemented for all students. The criteria impacted student enrollments by over 900 less tuition paying students in FY 2009 as compared to FY 2008. For FY 2010, tuition and fee revenues are projected based on the current enrollments of FY 2009 without any increased projections in enrollment due to the state of the economy locally and in the State of Texas.

Operating revenues are expected to grow by \$7.0 million for FY 2010. As approved by the Board of Regents, the 2009-2010 average total academic cost for a full time resident undergraduate student will increase by \$120 (from \$2,629 to \$2,749). Tuition and fees are projected to increase primarily due to a \$5 per semester credit hour increase in designated tuition, a \$2.0 increase to the athletic fee, and a \$1.0 increase to the library fee. Overall, semester credit hours (SCH) for FY 2010 are budgeted to increase by 11,496 for U. T. Brownsville students with a decrease 5,755 for Texas Southmost College (TSC) students resulting in an overall net increase of 5,741 SCH for FY 2010. The budgeted amount for Net Tuition and Fees is reflective of both the rate and SCH production increases for U. T. Brownsville students only. Tuition and Fees for TSC students are reflected as Local and Private Sponsored Program revenue since they pass through to U. T. Brownsville from TSC. Although TSC tuition and fee revenues are increasing as a result of rate increases, declines in enrollment will eliminate most of the increases. As a result, the budget for Local and Private Sponsored Programs is flat. Other revenues are designated for specific purposes and are not available for general operations.

Expenses

Enrollments for FY 2010 are budgeted at the current FY 2009 actual enrollments. The impact of SAP, the need to eliminate the prior year budgeting deficit of \$3.3 million, and the strain of the U.S. economy on state appropriations have necessitated conservative budgeting practices in which reductions of faculty positions, staffing positions, maintenance and operations expenditures, and travel expenditures have been incorporated for the upcoming fiscal year.

A primary goal of the FY 2010 budget is to provide an average 2% salary increases for faculty in the form of promotions, tenure and exceptional merit, totaling \$0.5 million. Funds have also been added to provide an average 2% increase to staff in the form of base merit, exceptional merit, and market adjustments totaling \$0.4 million.

Maintenance and Operations expenses as well as a few new positions were added to accommodate the new TSC buildings that have opened, or will open during FY 2010. The new buildings were all paid from local bond issuances and an additional \$1.3 million of institutional funding was added to cover the expenditures for the new Recreation Education and Kinesiology Center, New Classroom Building, New Library, New Center for Early Childhood Studies, and New Arts Center. An increase in designated tuition of \$1.2 million will contribute to increases in designated tuition set-asides along with TPEG set-asides for scholarships. With the increase in the athletic fee in place to cover athletic related costs, approximately \$0.5 million of new programs will be added to student services. Increased enrollment in the math and science academy will add an additional \$0.1 million funded by additional average daily attendance dollars for the students. Other activities such as Pell and restricted activities will see increases in expenditures totaling \$2.8 million, funded by revenue increases designated for these purposes.

In the FY 2010 budget, U. T. Brownsville has presented a balanced budget and has eliminated the \$3.3 million use of fund balance which existed in the FY 2009 budget. The University has a number of recruitment, retention, and marketing strategies underway which will pave the way to regain enrollment for the FY 2011 budget. The FY 2010 budget will allow the University to maintain the momentum it has achieved and will prepare U. T. Brownsville to continue to expand and grow the education opportunities for the community and students.

**The University of Texas at Brownsville
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 14,932,570	15,215,298	16,973,141	1,757,843	11.6%
Federal Sponsored Programs	34,308,126	30,775,781	33,315,574	2,539,793	8.3%
State Sponsored Programs	4,272,689	2,108,930	4,482,231	2,373,301	112.5%
Local and Private Sponsored Programs	52,249,002	49,427,679	49,449,936	22,257	0.0%
Net Sales and Services of Educational Activities	1,132,901	553,000	767,262	214,262	38.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	1,027,400	999,100	1,057,260	58,160	5.8%
Other Operating Revenues	167,752	10,700	10,700	-	0.0%
Total Operating Revenues	108,090,440	99,090,488	106,056,104	6,965,616	7.0%
Operating Expenses:					
Instruction	41,324,917	40,883,657	40,944,820	61,163	0.1%
Academic Support	12,523,045	16,802,986	14,829,369	(1,973,617)	-11.7%
Research	4,591,227	3,399,888	3,520,331	120,443	3.5%
Public Service	7,113,990	4,470,044	3,651,737	(818,307)	-18.3%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	10,905,078	11,448,195	13,351,642	1,903,447	16.6%
Student Services	9,447,109	8,434,479	11,242,973	2,808,494	33.3%
Operations and Maintenance of Plant	12,130,633	9,901,748	13,222,790	3,321,042	33.5%
Scholarships and Fellowships	34,069,047	27,280,285	29,312,220	2,031,935	7.4%
Auxiliary Enterprises	7,152,756	8,648,288	9,147,026	498,738	5.8%
Depreciation and Amortization	5,645,804	5,935,530	6,237,179	301,649	5.1%
Total Operating Expenses	144,903,606	137,205,100	145,460,087	8,254,987	6.0%
Operating Surplus/Deficit	(36,813,166)	(38,114,612)	(39,403,983)	(1,289,371)	3.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	36,680,888	35,352,483	39,802,514	4,450,031	12.6%
Gifts in Support of Operations	140,099	136,000	136,000	-	0.0%
Net Investment Income	1,200,465	917,801	716,324	(201,477)	-22.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	38,021,452	36,406,284	40,654,838	4,248,554	11.7%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,691,814)	(1,662,346)	(2,149,820)	(487,474)	29.3%
Total Transfers and Other	(1,691,814)	(1,662,346)	(2,149,820)	(487,474)	29.3%
Budget Margin (Deficit)	(483,528)	(3,370,674)	(898,965)	2,471,709	-73.3%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(411,604)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	11,865	-	-	-	-
HEAF (Capitalized)	2,857,311	3,209,508	3,339,547	130,039	4.1%
Additions to Permanent Endowments	777,393	-	367,251	367,251	-
Transfers for Debt Service - Principal	(6,075,760)	(5,854,541)	(5,338,214)	516,327	-8.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	14,679,204	6,093,000	15,152,927	9,059,927	148.7%
SRECNA Change in Net Assets	\$ 11,354,881	77,293	12,622,546	12,545,253	16230.8%
Total Revenues and AUF Transfers	\$ 146,111,892	135,496,772	146,710,942	11,214,170	8.3%
Total Expenses (Including Transfers for Interest)	(146,595,420)	(138,867,446)	(147,609,907)	(8,742,461)	6.3%
Budget Margin (Deficit)	\$ (483,528)	(3,370,674)	(898,965)	2,471,709	
Reconciliation to Use of Prior Year Balances					
Depreciation		5,935,530	6,237,179		
Capital Outlay		(3,209,510)	(3,339,547)		
HEAF (Capitalized)		3,209,508	3,339,547		
Transfers for Debt Service - Principal		(5,854,541)	(5,338,214)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		(3,289,687)	-		

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

The University of Texas at Dallas
Operating Budget Highlights
For the Year Ending August 31, 2010

Introduction - Major Goals Addressed by FY 2010 Budget

U. T. Dallas has a focused strategic plan that is the cornerstone of the budget formulation. The University must scale up its operations over the next few years to attain the goals identified in the plan. The FY 2010 budget addresses these aspirations with support targeted at instruction, research, and growth in enrollment and facilities.

The budget includes considerable increase in allocations for recruitment and retention of outstanding faculty. The University plans to add approximately 20 professors, toward its goal of competing more effectively with peer universities. The University has also implemented a faculty mentoring program and has focused increased attention on enhancing diversity through recruitment. In addition the University will implement four new programs; BS Geospatial Information Sciences, BS Actuarial Science, MA Latin American Studies and MS/Ph.D. Biomedical Engineering. These programs are critical to U. T. Dallas' aspirational goals.

Research and its expansion is another crucial goal. The University's pursuit of top quality faculty demands that it target individuals with strong research records and continuing potential for significant new research activity. U. T. Dallas anticipates continued growth in research expenditures throughout FY 2010, and continued effort to grow the number of faculty who contribute towards the research enterprise initiative in the areas of biology, medicine and nanotechnology areas that are expected to fuel research growth for many years. Current faculty hires that were supplemented with STARS funding have over \$20 million in existing research contracts.

Two major aspects of growth, students and space, are important components of the budget. Enrollment growth has been projected at 2% or approximately 300 new students for FY 2010. Enrollment increases are necessary to carry out plans for recruitment of faculty and the addition of new academic programs. This will create an additional demand for space. In the midst of multiple construction projects, the University is also taking a serious look at existing buildings available within a very close proximity to campus due to the decline in the local real estate market. This promises to be a cost-effective strategy for managing increasing space needs.

As the University expands, it is important to identify ways to improve operating efficiency. As we move into the implementation of the PeopleSoft ERP project, operating efficiency and cost reduction are imperative. The implementation offers opportunity for the University to revisit current business processes and to develop a streamlined operation capable of supporting U. T. Dallas in the future.

Revenue

Overall revenue growth of 18.8% is projected for FY 2010. State appropriations increased almost 18%, tuition and fees are estimated at approximately 14% due to approved rate increases and enrollment growth and sponsored programs are seeing fairly dramatic increases as well. These areas of growth are directly related to our targeted budget goals of instruction, research and enrollment growth.

Expenses

Primary factors contributing to the anticipated 14.2% growth in expenses are related to merit/equity increases, new faculty, Academic Affairs initiatives, scholarships and financial aid. The University is implementing a 2% merit program for faculty and staff with an additional \$700,000 set aside for equity and market adjustments. Academic Affairs is receiving \$5.5 million for new faculty, new programs and other initiatives. Financial Aid set asides and scholarships are being infused with \$3.8 million. Restricted and non-restricted research expenses will see an increase due to the emphasis placed on this activity and the addition of highly qualified faculty with existing research contracts. The University has also provided permanent funding for the Office of Development to replace funding originally established by the U. T. System program Strength In Numbers. This program was designed to spark the growth of development activities and the University has benefited significantly.

**The University of Texas at Dallas
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 102,651,313	124,804,578	142,663,252	17,858,674	14.3%
Federal Sponsored Programs	29,818,853	34,184,900	53,452,866	19,267,966	56.4%
State Sponsored Programs	4,411,338	2,674,577	4,105,625	1,431,048	53.5%
Local and Private Sponsored Programs	5,744,720	8,437,282	7,237,053	(1,200,229)	-14.2%
Net Sales and Services of Educational Activities	7,075,840	7,416,906	7,932,180	515,274	6.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	5,357,782	5,994,589	7,306,951	1,312,362	21.9%
Other Operating Revenues	3,442,458	3,582,400	4,323,456	741,056	20.7%
Total Operating Revenues	158,502,304	187,095,232	227,021,383	39,926,151	21.3%
Operating Expenses:					
Instruction	87,969,490	100,382,913	119,497,780	19,114,867	19.0%
Academic Support	23,483,874	23,406,112	28,970,094	5,563,982	23.8%
Research	49,415,695	54,335,200	59,455,605	5,120,405	9.4%
Public Service	7,269,383	6,622,036	10,514,717	3,892,681	58.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	23,843,186	28,442,845	31,650,325	3,207,480	11.3%
Student Services	11,758,293	11,319,716	11,933,266	613,550	5.4%
Operations and Maintenance of Plant	20,882,662	21,457,541	21,681,633	224,092	1.0%
Scholarships and Fellowships	5,735,430	15,087,216	17,777,286	2,690,070	17.8%
Auxiliary Enterprises	14,920,338	17,271,335	17,989,763	718,428	4.2%
Depreciation and Amortization	20,531,553	21,798,340	24,243,311	2,444,971	11.2%
Total Operating Expenses	265,809,904	300,123,254	343,713,780	43,590,526	14.5%
Operating Surplus/Deficit	(107,307,600)	(113,028,022)	(116,692,397)	(3,664,375)	3.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	90,105,119	89,579,440	105,406,851	15,827,411	17.7%
Gifts in Support of Operations	12,489,320	10,163,640	11,629,179	1,465,539	14.4%
Net Investment Income	13,830,137	12,626,634	11,786,732	(839,902)	-6.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	116,424,576	112,369,714	128,822,762	16,453,048	14.6%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(6,486,903)	(8,934,732)	(9,325,698)	(390,966)	4.4%
Total Transfers and Other	(6,486,903)	(8,934,732)	(9,325,698)	(390,966)	4.4%
Budget Margin (Deficit)	2,630,073	(9,593,040)	2,804,667	12,397,707	-129.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(27,197,143)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	5,306,653	3,000,000	3,000,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	3,607,799	3,002,000	3,000,000	(2,000)	-0.1%
Transfers for Debt Service - Principal	(8,542,356)	(9,327,299)	(10,343,412)	(1,016,113)	10.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	83,942,540	54,500,000	79,500,000	25,000,000	45.9%
SRECNA Change in Net Assets	\$ 59,747,566	41,581,661	77,961,255	36,379,594	87.5%
Total Revenues and AUF Transfers	\$ 274,926,880	299,464,946	355,844,145	56,379,199	18.8%
Total Expenses (Including Transfers for Interest)	(272,296,807)	(309,057,986)	(353,039,478)	(43,981,492)	14.2%
Budget Margin (Deficit)	\$ 2,630,073	(9,593,040)	2,804,667	12,397,707	
Reconciliation to Use of Prior Year Balances					
Depreciation		21,798,340	24,243,311		
Capital Outlay		(8,844,941)	(19,728,062)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(9,327,299)	(10,343,412)		
Budgeted Transfers		(247,000)	(245,000)		
Net Additions to (Uses of) Prior Year Balances		(6,213,940)	(3,268,496)		

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

The University of Texas at El Paso
Operating Budget Highlights
For the Year Ending August 31, 2010

Introduction - Major Goals Addressed by FY 2010 Budget

As the leading U.S. doctoral/research university serving a majority Mexican-American student population, The University of Texas at El Paso is committed to both access and excellence. The University's mission is to create a broad range of educational opportunities for residents of the U.S.-Mexico border region, prepare a competitive workforce for the region, state and nation, and contribute to the El Paso region's economic development and quality of life. Resource allocations in the FY 2010 Operating Budget reflect institutional priorities as presented in U. T. El Paso's Strategic Plan and Compact including: enhancing student success at all levels; developing degree programs, particularly at the graduate level, that address regional, state, and national priorities; and fostering externally funded research competitiveness, with a special focus on interdisciplinary and regionally relevant research activity.

U. T. El Paso continues to make significant strides in the area of student success. Total degrees awarded annually have increased by 65% between FY 2000 and FY 2008 (from 2,131 to 3,529). Factors contributing to this growth in degrees awarded include curricular reviews that have set total requirements for all but four undergraduate degrees at 120 credit hours; and continuation of the College Readiness Initiative, a partnership with the El Paso Community College and school districts in the region that involves curricular alignment teams, early placement testing in the junior year of high school, high school interventions, new student orientation, and first-semester curriculum and delivery innovations. As a result, the number of first-time undergraduates enrolled in developmental courses at U. T. El Paso declined by 57% in math and 55% in English between Fall 2005 and Fall 2008.

Total annual research expenditures at U. T. El Paso have increased more than 68% between FY 2000 and FY 2008; The University ranks fourth among all public universities in the state in annual federal research expenditures. Graduate program development continues to contribute to building research capacity at U. T. El Paso, and a number of new graduate program proposals await The Texas Higher Education Coordinating Board review for implementation during the next year, including: MS and Ph.D. degrees in Biomedical Engineering, Ph.D. in Manufacturing Engineering and Ph.D. in Ecology and Evolutionary Biology. Another vital component of fostering research growth at U. T. El Paso is the development and expansion of research centers, and to this end, Research Development Funds have been successfully leveraged to secure additional external funding. Two new centers were recently established with federal and State support at U. T. El Paso: the National Center for Border Security and Immigration and the Center for Inland Desalination Systems. Expansion of existing centers, including the Research Institute for Manufacturing and Engineering Systems and the Future Aerospace Science and Technology Center, has been made possible through strategic faculty recruitment, with support from the U. T. System STARs Program, and enhanced business practices for industry contracting work sponsored by such agencies as National Aeronautics and Space Administration and the Department of Defense. U. T. El Paso's rapidly growing biomedical research activity has helped enhance collaborations with U. T. M. D. Anderson Cancer Center and other U. T. System health institutions as well as the new Paul L. Foster School of Medicine in El Paso.

Revenue

The University's operating budget has grown dramatically from \$77.6 million in 1990 to \$160.5 million in 2000 and to \$329 million in FY 2010 (an increase of approximately 11.7% over FY 2009). This growth is largely attributed to increases in federal research and sponsored programs, state appropriations and tuition and fee revenues. Modest increases in designated tuition (\$101.70 to \$110.20/SCH), Technology Fee (\$.75/SCH increase), Library Fee (\$.50/SCH increase), and Student Service Fees (\$.25/SCH increase) coupled with 2% projected enrollment growth results in an estimated \$6 million increase in tuition and fee revenues, net of financial aid set-asides. State appropriations grew by 9%, including increases for state-paid benefits. Additionally, U. T. El Paso anticipates a \$1.9 million allocation of Higher Education Incentive Funds. The increase in Federal Sponsored Programs activity includes anticipated growth in research-related activities and a \$7.4 million increase in federal financial aid programs.

Expenses

Total budgeted expenses in FY 2010 are expected to increase to approximately \$329 million. A total of \$2.5 million (equivalent to 2.5% of budgeted salaries) has been set aside for faculty and staff merit increases. In addition, \$900,000 has been allocated to support new faculty positions and approximately \$700,000 to fund new on-campus employment opportunities for students, increase the competitiveness of graduate assistantships, and enhance student support services.

**The University of Texas at El Paso
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 77,201,409	83,777,245	95,403,512	11,626,267	13.9%
Federal Sponsored Programs	65,093,233	64,068,700	77,027,674	12,958,974	20.2%
State Sponsored Programs	13,190,931	13,097,022	14,857,593	1,760,571	13.4%
Local and Private Sponsored Programs	6,389,038	6,667,393	7,777,092	1,109,699	16.6%
Net Sales and Services of Educational Activities	3,840,078	3,473,924	3,163,830	(310,094)	-8.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	21,208,527	23,335,729	20,245,026	(3,090,703)	-13.2%
Other Operating Revenues	137,818	60,000	60,000	-	0.0%
Total Operating Revenues	187,061,034	194,480,013	218,534,727	24,054,714	12.4%
Operating Expenses:					
Instruction	83,621,718	86,895,657	99,063,716	12,168,059	14.0%
Academic Support	18,974,586	16,394,215	16,527,701	133,486	0.8%
Research	37,810,401	39,913,491	43,788,352	3,874,861	9.7%
Public Service	7,296,499	7,974,408	8,700,014	725,606	9.1%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	19,237,719	22,919,852	31,935,391	9,015,539	39.3%
Student Services	15,169,148	16,167,555	16,765,591	598,036	3.7%
Operations and Maintenance of Plant	22,498,065	22,536,005	23,743,042	1,207,037	5.4%
Scholarships and Fellowships	31,786,872	29,500,132	38,074,081	8,573,949	29.1%
Auxiliary Enterprises	32,043,015	32,578,939	33,369,003	790,064	2.4%
Depreciation and Amortization	15,146,036	15,200,000	17,183,784	1,983,784	13.1%
Total Operating Expenses	283,584,059	290,080,254	329,150,675	39,070,421	13.5%
Operating Surplus/Deficit	(96,523,025)	(95,600,241)	(110,615,948)	(15,015,707)	15.7%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	91,405,770	91,227,961	99,388,515	8,160,554	8.9%
Gifts in Support of Operations	8,634,108	6,880,250	8,899,913	2,019,663	29.4%
Net Investment Income	9,894,996	7,523,750	8,461,152	937,402	12.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	109,934,874	105,631,961	116,749,580	11,117,619	10.5%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(4,075,148)	(4,951,760)	(5,555,140)	(603,380)	12.2%
Total Transfers and Other	(4,075,148)	(4,951,760)	(5,555,140)	(603,380)	12.2%
Budget Margin (Deficit)	9,336,701	5,079,960	578,492	(4,501,468)	-88.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(14,664,506)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	2,122,060	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	3,583,633	2,010,000	2,512,500	502,500	25.0%
Transfers for Debt Service - Principal	(13,916,273)	(13,679,791)	(12,033,623)	1,646,168	-12.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	39,050,039	30,615,000	38,744,478	8,129,478	26.6%
SRECNA Change in Net Assets	\$ 25,511,654	24,025,169	29,801,847	5,776,678	24.0%
Total Revenues and AUF Transfers	\$ 296,995,908	300,111,974	335,284,307	35,172,333	11.7%
Total Expenses (Including Transfers for Interest)	(287,659,207)	(295,032,014)	(334,705,815)	(39,673,801)	13.4%
Budget Margin (Deficit)	\$ 9,336,701	5,079,960	578,492	(4,501,468)	
Reconciliation to Use of Prior Year Balances					
Depreciation		15,200,000	17,183,784		
Capital Outlay		(2,931,399)	(4,553,425)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(13,679,791)	(12,033,623)		
Budgeted Transfers		(988,147)	(1,214,704)		
Net Additions to (Uses of) Prior Year Balances		2,680,623	(39,476)		

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

**The University of Texas - Pan American
Operating Budget Highlights
For the Year Ending August 31, 2010**

Introduction - Major Goals Addressed by FY 2010 Budget

The University of Texas - Pan American is guided in budget development by its strategic goals. With one of the lowest total academic costs in the state (estimated at \$2,756 for fall 2009), U. T. Pan American is focused on the most essential needs: salary merit increases to retain personnel and making resources available to meet academic program demands, including investing in new programs in Civil Engineering, Environmental Sciences, and a Ph.D. in Rehabilitation Counseling.

U. T. Pan American enrolled 17,534 students in fall 2008 although, due to the transition from open admissions, increases have been modest in recent years. Early data for fall 2009, however, suggests enrollment will increase significantly enough to justify a one percent growth assumption in tuition and fee revenue projections for FY 2010. If growth exceeds expectations, the University will respond with measures to maintain a manageable student to faculty ratio, currently 26:1.

The University continues to increase outreach to students and the community. A new off-campus teaching site in south McAllen is being opened to expand and facilitate instructional services, especially in graduate curriculum. A veterans' service center is being established to accommodate students returning from military duty, and a recruitment center will assist students transferring from community colleges. Finally, a dramatic increase in online course activity is supported.

The University is committed to ongoing enhancements in its information systems to improve access and analysis of information critical for effective and efficient planning and management. This commitment is formalized with initiatives including efforts to standardize and improve the institution's web presence and to upgrade its online payment module.

Finally, and perhaps most importantly, the University was able to eliminate reliance on balances to fund the FY 2010 operating budget, excepting depreciation. This will significantly improve the University's ability to maintain financial health and flexibility to address opportunities during what many believe are tough financial times to come.

Revenue

Total revenue is projected to increase by 8.4% over FY 2009. Tuition and fees are estimated to generate an increase of \$2.1 million net of discounts, mostly due to the designated tuition rate change from \$87.70 to \$97.00/SCH for undergraduates and \$101.70/SCH for graduates. Despite these changes, designated tuition rates will continue to be among the lowest in the state and will remain capped at 14 hours to promote timely graduation.

Other increases include an additional \$9.0 million for Federal Pell Grants, an additional \$2.3 million for TEXAS Grants, and estimated Incentive Funding of \$2.1 million. State appropriations, including HEAF funds for non-capital expenditures and staff benefits reimbursements, are increasing by 5.7%. Significant declines in net investment income and gifts are expected due to the recent economic downturn. With the statutory tuition rate remaining unchanged and with U. T. Pan American's low academic cost, revenue will continue to be the principal financial management challenge.

Expenses

U. T. Pan American provided a 1.5% merit pool for faculty and staff with an additional \$102,000 for faculty promotions. Also, the minimum staff salary was increased from \$16,640 to \$18,720 (from \$8/hr to \$9/hr equivalent) and an additional pool of \$174,563 was made available for night differential pay for building custodians and other staff equity and reclassification adjustments. Finally, faculty compression and inversion salary adjustments totaling \$634,044 which occurred during FY 2009 are being continued.

An estimated \$4.2 million of designated tuition will be set aside for student financial assistance, an increase of \$801,233. Significant increases are budgeted for utility payments (\$649,816) and property insurance (\$174,000). Initiatives include investments in new academic programs (\$427,935), the McAllen Teaching Site (\$206,258), expansion of the scholarship office (\$152,744), the veterans service center (\$149,142), and the community college transfer center (\$30,000).

**The University of Texas - Pan American
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 49,280,585	53,992,811	56,043,917	2,051,106	3.8%
Federal Sponsored Programs	48,645,582	49,809,522	59,891,445	10,081,923	20.2%
State Sponsored Programs	21,694,552	18,538,473	23,533,931	4,995,458	26.9%
Local and Private Sponsored Programs	2,301,839	2,576,255	2,566,150	(10,105)	-0.4%
Net Sales and Services of Educational Activities	5,176,897	6,573,676	4,824,379	(1,749,297)	-26.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	5,388,234	6,234,111	6,179,946	(54,165)	-0.9%
Other Operating Revenues	2,386,653	34,200	752,588	718,388	2100.5%
Total Operating Revenues	134,874,342	137,759,048	153,792,356	16,033,308	11.6%
Operating Expenses:					
Instruction	77,470,717	84,580,412	88,615,467	4,035,055	4.8%
Academic Support	12,090,931	15,362,231	16,236,627	874,396	5.7%
Research	7,456,762	5,781,922	5,759,203	(22,719)	-0.4%
Public Service	7,589,012	8,201,365	7,908,687	(292,678)	-3.6%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	19,869,894	20,916,380	20,940,866	24,486	0.1%
Student Services	13,987,236	14,088,609	14,738,921	650,312	4.6%
Operations and Maintenance of Plant	15,776,696	19,536,312	20,043,115	506,803	2.6%
Scholarships and Fellowships	32,520,197	30,629,385	36,735,235	6,105,850	19.9%
Auxiliary Enterprises	13,215,610	15,584,547	15,085,229	(499,318)	-3.2%
Depreciation and Amortization	15,146,851	16,172,963	13,665,745	(2,507,218)	-15.5%
Total Operating Expenses	215,123,906	230,854,126	239,729,095	8,874,969	3.8%
Operating Surplus/Deficit	(80,249,564)	(93,095,078)	(85,936,739)	7,158,339	-7.7%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	75,134,271	80,286,777	84,886,583	4,599,806	5.7%
Gifts in Support of Operations	2,576,758	1,939,792	1,053,610	(886,182)	-45.7%
Net Investment Income	3,526,145	2,964,966	1,911,243	(1,053,723)	-35.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	81,237,174	85,191,535	87,851,436	2,659,901	3.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(4,973,360)	(4,356,252)	(4,079,631)	276,621	-6.3%
Total Transfers and Other	(4,973,360)	(4,356,252)	(4,079,631)	276,621	-6.3%
Budget Margin (Deficit)	(3,985,750)	(12,259,795)	(2,164,934)	10,094,861	-82.3%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(4,982,055)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	172,959	150,000	140,000	(10,000)	-6.7%
HEAF (Capitalized)	11,000,107	7,454,700	7,049,100	(405,600)	-5.4%
Additions to Permanent Endowments	297,663	400,000	200,000	(200,000)	-50.0%
Transfers for Debt Service - Principal	(7,034,111)	(8,195,955)	(8,356,704)	(160,749)	2.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	3,967,947	6,940,136	1,507,689	(5,432,447)	-78.3%
SRECNA Change in Net Assets	\$ (563,240)	(5,510,914)	(1,624,849)	3,886,065	-70.5%
Total Revenues and AUF Transfers	\$ 216,111,516	222,950,583	241,643,792	18,693,209	8.4%
Total Expenses (Including Transfers for Interest)	(220,097,266)	(235,210,378)	(243,808,726)	(8,598,348)	3.7%
Budget Margin (Deficit)	\$ (3,985,750)	(12,259,795)	(2,164,934)	10,094,861	
Reconciliation to Use of Prior Year Balances					
Depreciation		16,172,963	13,665,745		
Capital Outlay		(8,959,000)	(8,830,600)		
HEAF (Capitalized)		7,454,700	7,049,100		
Transfers for Debt Service - Principal		(8,195,955)	(8,356,704)		
Budgeted Transfers		(338,664)	(1,325,580)		
Net Additions to (Uses of) Prior Year Balances		(6,125,751)	37,027		

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

**The University of Texas of the Permian Basin
Operating Budget Highlights
For the Year Ending August 31, 2010**

Introduction - Major Goals Addressed by FY 2010 Budget

The major goals for The University of Texas of the Permian Basin are 1) enrollment growth, 2) increase in retention and graduation rates, 3) enhancing quality, 4) research growth and development, 5) maintaining and creating partnerships, and 6) strengthen public trust and accountability. The University has continued to build upon its transformational campus model striving to become a university serving all Texans, traditional and non-traditional, focusing on student success and research for West Texas, Texas, and the nation. U. T. Permian Basin will begin to offer a doctoral degree in Educational Leadership in collaboration with The University of Texas at San Antonio this academic year. The Texas Higher Education Coordinating Board has given U. T. Permian Basin planning authority to develop new engineering undergraduate programs which would include chemical, mechanical, and petroleum engineering. The Bachelor's degree in Mechanical Engineering enrolls its first students in Fall 2010. The Texas Higher Education Coordinating Board also has granted preliminary authority for a BSN (Nursing) degree and degrees in health care administration.

Revenue

Due to enrollment growth during the 81st Texas Legislature, U. T. Permian Basin's formula allocation increased by approximately \$1,000,000 over the biennium. U. T. Permian Basin has operating revenue growth of approximately 3.4% over FY 2009 due primarily to tuition and auxiliary revenue increases. Designated tuition increased by \$10 per Semester Credit Hour while other mandatory fees remained at their FY 2009 levels. Auxiliary housing revenue increased due to market based rent increases.

Expenses

U. T. Permian Basin has fully budgeted part-time faculty, summer school faculty salaries, and student wage budgets. Salary increases were established on the basis of merit. A staff and faculty salary increase pool of 1.5% of FY 2009 salary was created. A market salary pool for some staff and faculty positions was established to help U. T. Permian Basin remain competitive. Fringe benefits budgets reflect prior and current year's actual expenses.

**The University of Texas of the Permian Basin
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 10,211,068	11,212,579	11,664,889	452,310	4.0%
Federal Sponsored Programs	5,628,926	6,276,563	5,933,522	(343,041)	-5.5%
State Sponsored Programs	551,741	663,520	663,520	-	0.0%
Local and Private Sponsored Programs	390,859	75,000	75,000	-	0.0%
Net Sales and Services of Educational Activities	556,839	393,625	300,716	(92,909)	-23.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	2,655,419	2,963,605	3,677,971	714,366	24.1%
Other Operating Revenues	694,680	2,000	2,000	-	0.0%
Total Operating Revenues	20,689,532	21,586,892	22,317,618	730,726	3.4%
Operating Expenses:					
Instruction	12,123,343	13,409,883	14,472,133	1,062,250	7.9%
Academic Support	6,816,038	6,031,840	5,203,178	(828,662)	-13.7%
Research	2,880,175	2,093,035	1,711,383	(381,652)	-18.2%
Public Service	1,389,653	1,549,193	1,852,943	303,750	19.6%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	3,788,171	3,872,266	3,912,584	40,318	1.0%
Student Services	1,953,754	2,130,768	2,265,376	134,608	6.3%
Operations and Maintenance of Plant	4,666,999	4,868,412	5,773,419	905,007	18.6%
Scholarships and Fellowships	3,450,805	3,422,655	3,401,390	(21,265)	-0.6%
Auxiliary Enterprises	2,974,761	2,886,475	2,904,266	17,791	0.6%
Depreciation and Amortization	3,651,010	4,200,000	4,200,000	-	0.0%
Total Operating Expenses	43,694,709	44,464,527	45,696,672	1,232,145	2.8%
Operating Surplus/Deficit	(23,005,177)	(22,877,635)	(23,379,054)	(501,419)	2.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	31,872,953	31,716,370	32,069,325	352,955	1.1%
Gifts in Support of Operations	1,063,860	994,435	863,748	(130,687)	-13.1%
Net Investment Income	1,203,141	2,173,880	2,382,933	209,053	9.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	34,139,954	34,884,685	35,316,006	431,321	1.2%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(940,253)	(1,710,284)	(2,975,739)	(1,265,455)	74.0%
Total Transfers and Other	(940,253)	(1,710,284)	(2,975,739)	(1,265,455)	74.0%
Budget Margin (Deficit)	10,194,524	10,296,766	8,961,213	(1,335,553)	-13.0%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(1,939,094)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	100,000	100,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	215,184	200,000	250,000	50,000	25.0%
Transfers for Debt Service - Principal	(10,626,342)	(9,987,946)	(8,464,725)	1,523,221	-15.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	20,373,598	47,000,000	25,875,000	(21,125,000)	-44.9%
SRECNA Change in Net Assets	\$ 18,217,870	47,608,820	26,721,488	(20,887,332)	-43.9%
Total Revenues and AUF Transfers	\$ 54,829,486	56,471,577	57,633,624	1,162,047	2.1%
Total Expenses (Including Transfers for Interest)	(44,634,962)	(46,174,811)	(48,672,411)	(2,497,600)	5.4%
Budget Margin (Deficit)	\$ 10,194,524	10,296,766	8,961,213	(1,335,553)	
Reconciliation to Use of Prior Year Balances					
Depreciation		4,200,000	4,200,000		
Capital Outlay		(331,195)	(445,361)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(9,987,946)	(8,464,725)		
Budgeted Transfers		-	22,038		
Net Additions to (Uses of) Prior Year Balances		4,177,625	4,273,165		

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

**The University of Texas at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2010**

Introduction - Major Goals Addressed by FY 2010 Budget

U. T. San Antonio's budget follows strategic plan themes of: (1) preserving the quality of our workforce through the retention of faculty and staff committed to excellence; (2) promoting access and affordability; (3) building and protecting our infrastructure; (4) enriching educational experiences, research development and promoting our accomplishments and contributions while sharing our goals for the future as the next great Texas university to engage the support of our community and stakeholders.

U. T. San Antonio is committed to providing its 28,000+ students with a university experience that develops the whole person – academically, socially and personally. To achieve status as a premier public research university, continued commitment to student success both at the undergraduate and graduate level is critical. Towards improving the student faculty ratio of 24:1, \$1.7 million has been allocated for new tenure/tenure track faculty positions and \$0.9 million towards supporting non tenure-track faculty costs. Over 50 new faculty have been hired for FY 2010 with funds made available from prior years, including faculty replacements due to resignations and retirements. One new Ph.D. and two new master's degree programs will begin in Fall 2009.

The budget supports many initiatives and programs to strengthen undergraduate and graduate experiences and increase retention and graduation rates, as well as other measures of student learning. "Quantitative Scholarship: From Literacy to Mastery," has been selected for U. T. San Antonio's Quality Enhancement Plan (QEP), a critical element of the 2010 SACS Commission on Colleges reaccreditation process. This QEP is designed to develop quantitative literacy in all undergraduates from all academic departments and from all colleges. Every student who graduates from U. T. San Antonio must leave with the skills, knowledge and confidence to interpret, analyze, and act appropriately on the myriad of quantitative data they will encounter in their lives.

The University is committed to providing an environment conducive to collaborative scholarship, and promoting the importance and visibility of the institution's research activities. Five major areas of research excellence have been identified: Health, Security, Energy, Sustainability, and Human and Social Development that extend across all academic disciplines. Moreover, public and private research partnerships increase the scope and magnitude of these endeavors. Funds received for the San Antonio Life Sciences Institute will further our goal to build partnerships and bring research discoveries to the marketplace for the benefit of society. Research expenditures continue to increase with a solid growth of ten percent in restricted research funding projected in the FY 2010 budget.

The University Strategic Planning Council launched a cost containment website to facilitate suggestions from faculty, staff and students to review recommendations on how we can best use limited resources. As a strategy to both protect the university against revenue fluctuations and to allow the funding of base budget allocations in the second year of the biennium when state appropriations are flat, over \$3.6 million of the FY 2010 operating budget is unallocated. These reserve funds are made available for one time expenditures such as improving our network infrastructure and various computer security initiatives.

Revenue

U. T. San Antonio receives a \$4.7 million increase in state formula funding, up 4.1% over FY 2009. Higher Education Incentive Funding (HEIF) is estimated at \$2.5 million. Research Development Funding (RDF) increases 14%, or 0.4 million and special items add over \$4 million of new earmarked funding, of which \$2.25 million is from federal stimulus. State paid benefit costs are expected to increase by \$3.6 million. Facilities and Administrative indirect cost recovery from grants and contracts will increase 3%. Budgeted tuition and fee revenue is a 7.7% increase over FY 2009. Statutory tuition is flat due to fewer non-residents paying out-of-state tuition along with the NR rate decline. Designated tuition will increase due to rate (\$110 to \$120.85/SCH) generating \$7 million and semester credit hour production increases will net \$1.6 million. Three mandatory fees are approved for rate increases: University Center, Student Health and Athletics, with all other fee rates flat, although budgeted growth contributes to the revenue increase.

Expenses

Almost \$20 million in discretionary budget increments, which include \$2.5 million of internal reallocations, but are net of pass-throughs for special items, RDF and HEIF, will fund a 2.5% merit pool, \$0.7 million for tenure, promotion and salary equity and employee benefits at \$4.5 million over FY 2009. Financial aid set asides will increase by \$2 million. Utilities are expected to rise by almost \$1.8 million due to rate increases and new facilities. U. T. San Antonio has dedicated \$5.6 million for strategic initiatives including new faculty and staff positions to address workload.

**The University of Texas at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 148,092,185	153,259,589	162,559,355	9,299,766	6.1%
Federal Sponsored Programs	64,492,971	63,495,001	76,740,582	13,245,581	20.9%
State Sponsored Programs	11,539,467	9,917,001	13,614,467	3,697,466	37.3%
Local and Private Sponsored Programs	3,654,768	3,301,999	4,672,327	1,370,328	41.5%
Net Sales and Services of Educational Activities	7,692,313	4,999,479	5,018,750	19,271	0.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	17,944,079	22,804,312	23,567,625	763,313	3.3%
Other Operating Revenues	3,132,427	1,424,285	1,098,000	(326,285)	-22.9%
Total Operating Revenues	256,548,210	259,201,666	287,271,106	28,069,440	10.8%
Operating Expenses:					
Instruction	106,818,381	113,791,791	121,876,013	8,084,222	7.1%
Academic Support	28,745,950	31,876,793	30,768,278	(1,108,515)	-3.5%
Research	26,773,114	27,529,906	36,353,500	8,823,594	32.1%
Public Service	16,548,011	16,819,438	20,622,304	3,802,866	22.6%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	31,525,728	41,541,010	45,962,733	4,421,723	10.6%
Student Services	28,866,243	23,876,453	28,735,454	4,859,001	20.4%
Operations and Maintenance of Plant	37,791,591	37,157,350	38,531,060	1,373,710	3.7%
Scholarships and Fellowships	24,864,824	22,011,948	26,064,802	4,052,854	18.4%
Auxiliary Enterprises	20,519,122	33,905,723	33,081,186	(824,537)	-2.4%
Depreciation and Amortization	26,317,313	26,145,000	32,681,250	6,536,250	25.0%
Total Operating Expenses	348,770,277	374,655,412	414,676,580	40,021,168	10.7%
Operating Surplus/Deficit	(92,222,067)	(115,453,746)	(127,405,474)	(11,951,728)	10.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	114,684,926	114,983,534	127,276,736	12,293,202	10.7%
Gifts in Support of Operations	5,766,984	5,375,578	6,000,000	624,422	11.6%
Net Investment Income	9,416,646	6,295,500	4,925,300	(1,370,200)	-21.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	129,868,556	126,654,612	138,202,036	11,547,424	9.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(9,354,129)	(14,588,769)	(15,663,281)	(1,074,512)	7.4%
Total Transfers and Other	(9,354,129)	(14,588,769)	(15,663,281)	(1,074,512)	7.4%
Budget Margin (Deficit)	28,292,360	(3,387,903)	(4,866,719)	(1,478,816)	43.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(13,601,604)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	512,742	400,000	412,000	12,000	3.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	4,387,736	2,000,000	4,000,000	2,000,000	100.0%
Transfers for Debt Service - Principal	(18,924,747)	(17,632,804)	(16,241,465)	1,391,339	-7.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	108,741,737	4,059,060	7,486,887	3,427,827	84.4%
SRECNA Change in Net Assets	\$ 109,408,224	(14,561,647)	(9,209,297)	5,352,350	-36.8%
Total Revenues and AUF Transfers	\$ 386,416,766	385,856,278	425,473,142	39,616,864	10.3%
Total Expenses (Including Transfers for Interest)	(358,124,406)	(389,244,181)	(430,339,861)	(41,095,680)	10.6%
Budget Margin (Deficit)	\$ 28,292,360	(3,387,903)	(4,866,719)	(1,478,816)	
Reconciliation to Use of Prior Year Balances					
Depreciation		26,145,000	32,681,250		
Capital Outlay		(7,108,012)	(15,415,957)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(17,632,804)	(16,241,465)		
Budgeted Transfers		(384,450)	(539,726)		
Net Additions to (Uses of) Prior Year Balances		(2,368,169)	(4,382,617)		

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

The University of Texas at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2010

Introduction - Major Goals Addressed by FY 2010 Budget

Critical issues addressed in the FY 2010 budget center around continuing operations and working toward increasing enrollment. We are striving to provide a quality faculty and proper infrastructure. Specific goals addressed within this budget include (1) reducing cost structure, (2) enrollment growth, and (3) supporting existing employees.

The University will take measures to reduce cost structure through flexible hiring freeze, travel restrictions, energy savings initiatives, and reductions in custodial services and groundskeeping. These practices are in place and will continue during the next fiscal year. Staff travel is restricted to the State of Texas with few exceptions. Faculty travel is approved through the deans of each college. U. T. Tyler continues to regulate temperatures in the buildings to maximize utility savings. Color flower beds have been reduced to reduce grounds keeping costs.

Initiatives working toward enrollment growth in expanded markets and through partnership with Tyler Junior College have been put into place. The University has opened a new recruiting office at Tyler Junior College that will engage students early during their junior college experience where they have a clear path for their undergraduate degree. Recruitment in adjacent border states such as Oklahoma, Louisiana, and Arkansas has begun as well as recruiting international students at community colleges. The international recruitment ties to the Quality Enhancement Plan (QEP) of Global Awareness Through Education: Living and Learning Communities.

Support of existing employees is critical to the mission of the University. Faculty and staff will receive a 1% merit increase to offset cost of living increases including the increased premiums on benefits and co-pays. The University continues to work toward creating equitable salaries for faculty.

Revenue

U. T. Tyler's operating revenue increased approximately 3.4% over FY 2009. This increase is primarily due to small increases in tuition and fees. Enrollment projections are budgeted at minimal increase as growth rates are anticipated to decline because of capacity issues. Tuition and fee increases include \$10 per semester credit hour (SCH) for undergraduate Designated Tuition and \$38 per SCH for graduate Designated Tuition. There were no increases in fees charged for FY 2010. Additionally, \$650,000 was budgeted as a result of appropriations made by HB 4586 for Palestine Campus Expansion. The Incentive Funding will account for \$895,000 for the University during FY 2010.

Expenses

The University's total expenses will increase by 3.5% overall. U. T. Tyler awarded faculty and staff equity and merit raises of the greater of \$500 or 1% effective September 1, 2009, plus related increases in staff benefits. Further expenditure increases were allocated to Southern Association of Colleges and Schools, QEP, honors program, and participation in shared services projects. Focus continues on resources in the classroom while keeping staff areas lean through the use of a flexible hiring freeze. Utility expenses increased by 3.5% due to rising rates and campus expansion projects.

**The University of Texas at Tyler
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 23,974,886	25,149,322	26,911,125	1,761,803	7.0%
Federal Sponsored Programs	8,425,759	7,671,324	6,585,480	(1,085,844)	-14.2%
State Sponsored Programs	2,034,992	1,169,631	2,074,910	905,279	77.4%
Local and Private Sponsored Programs	961,842	147,428	124,800	(22,628)	-15.3%
Net Sales and Services of Educational Activities	1,310,949	901,777	693,145	(208,632)	-23.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	3,340,501	4,059,020	4,067,412	8,392	0.2%
Other Operating Revenues	182,127	44,190	34,617	(9,573)	-21.7%
Total Operating Revenues	40,231,056	39,142,692	40,491,489	1,348,797	3.4%
Operating Expenses:					
Instruction	27,579,926	28,336,203	30,940,451	2,604,248	9.2%
Academic Support	6,304,052	6,639,822	8,235,367	1,595,545	24.0%
Research	2,958,527	1,079,244	1,584,876	505,632	46.9%
Public Service	1,264,299	870,621	419,522	(451,099)	-51.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	9,281,717	9,470,497	9,577,928	107,431	1.1%
Student Services	5,494,189	6,683,950	6,277,526	(406,424)	-6.1%
Operations and Maintenance of Plant	6,381,721	5,548,673	6,217,768	669,095	12.1%
Scholarships and Fellowships	5,688,493	5,856,747	6,416,606	559,859	9.6%
Auxiliary Enterprises	5,445,160	5,691,446	5,590,402	(101,044)	-1.8%
Depreciation and Amortization	7,744,720	8,700,000	8,577,320	(122,680)	-1.4%
Total Operating Expenses	78,142,804	78,877,203	83,837,766	4,960,563	6.3%
Operating Surplus/Deficit	(37,911,748)	(39,734,511)	(43,346,277)	(3,611,766)	9.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	36,316,393	36,154,685	37,916,863	1,762,178	4.9%
Gifts in Support of Operations	1,484,584	346,765	119,665	(227,100)	-65.5%
Net Investment Income	4,317,916	3,761,447	4,122,673	361,226	9.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	42,118,893	40,262,897	42,159,201	1,896,304	4.7%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,726,752)	(2,447,952)	(3,329,882)	(881,930)	36.0%
Total Transfers and Other	(1,726,752)	(2,447,952)	(3,329,882)	(881,930)	36.0%
Budget Margin (Deficit)	2,480,393	(1,919,566)	(4,516,958)	(2,597,392)	135.3%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(6,083,912)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,666,650	550,000	550,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	5,077,160	550,000	550,000	-	0.0%
Transfers for Debt Service - Principal	(6,826,887)	(6,375,387)	(5,239,773)	1,135,614	-17.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	29,878,135	26,001,567	1,237,500	(24,764,067)	-95.2%
SRECNA Change in Net Assets	\$ 26,191,539	18,806,614	(7,419,231)	(26,225,845)	-139.5%
Total Revenues and AUF Transfers	\$ 82,349,949	79,405,589	82,650,690	3,245,101	4.1%
Total Expenses (Including Transfers for Interest)	(79,869,556)	(81,325,155)	(87,167,648)	(5,842,493)	7.2%
Budget Margin (Deficit)	\$ 2,480,393	(1,919,566)	(4,516,958)	(2,597,392)	
Reconciliation to Use of Prior Year Balances					
Depreciation		8,700,000	8,577,320		
Capital Outlay		(775,204)	(593,466)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(6,375,387)	(5,239,773)		
Budgeted Transfers		400,000	692,419		
Net Additions to (Uses of) Prior Year Balances		29,843	(1,080,458)		

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

The University of Texas Southwestern Medical Center at Dallas
Operating Budget Highlights
For the Year Ending August 31, 2010

Introduction - Major Goals Addressed by FY 2010 Budget

Fiscal Year 2010 budget supports the mission of the Institution as outlined in the Institution "Compact." As reflected in the FY 2010-11 Compact, the top five priorities for the next two fiscal years are: 1) develop an academic health care system that is at the vanguard of quality, safety, and innovation in patient care; 2) build upon the vitality of basic research through recruitment and advance the Institution's position as a leading biomedical research institution; 3) ensure curricula in all schools that best prepare students to be successful health-care professionals, investigators and educators; 4) develop robust programs in health care policy and health services research and develop programs focused on the health care issues of the underserved; 5) enhance diversity in faculty and across the medical center to optimize the use of resources, both financial and human capital.

Ongoing initiatives include the reassessment of planning for Phase I of the University Hospital-St. Paul master plan and future use of the Sprague and Aston Buildings and University Hospital-Zale Lipshy; the implementation of the multi-faceted plans of Clinical and Translational Sciences Awards to enhance and increase clinical trials; implementation of Phase 2 of processes necessary to achieve goals of the clinical transformation project to improve patient satisfaction; completion of the negotiation of the Children's Medical Center Pediatric Research Institute on Phase 5 of the North Campus expansion to increase funding for pediatric research; and continuation of Phase 2 of the Enterprise Resource Planning (ERP) system to improve institutional capabilities. Additionally, new strategic initiatives include completion of strategic planning analysis for campus priorities and completion of financial analysis for the new University Hospital.

This budget provides limited funding for strategic initiatives, modest increases in faculty promotions and competitive equity adjustments, and an across-the-board increase of \$250 for all classified employees to offset the out-of-pocket increase in health insurance premiums. Included in the budget are also funds to cover utility cost increases, new debt service for equipment financing, and implementation of new administrative and clinical systems such as the ERP system, Academic Information System, and EPIC Resolute billing system.

Revenue

FY 2010 operating revenues are projected to increase 8.8% over the FY 2009 budget. The majority of these increases are reflected in sales and services of hospital and clinic activities with a modest increase in sponsored research programs. Based on the past twelve months experience, a 2% volume growth is projected in the net sales and services of hospitals activities. Beginning with the current fiscal year, the Cancer Center program and Radiology Lab operations have been shifted from clinic to hospital based resulting in a substantial increase in the net sales and services of the hospital and clinic activities along with a corresponding decrease in net professional fees. Despite the shift of these programs to hospital base, the practice plan continues to grow at a steady pace. Additionally, a 1% Medicare rate increase is included in the University Hospitals revenue projections. Federal and State sponsored research programs reflect modest increases including projected awards from federal stimulus funding and the Cancer Prevention and Research Institute of Texas (CPRIT).

Expenses

FY 2010 budgeted expense are projected to increase 7.9% over the FY 2009 budget. This increase is primarily due to growth in hospital and clinic operations, research activities related to stimulus funding, the CPRIT program and the new state funded special item, Institute for Genetic and Molecular Disease. New faculty positions have been incorporated to support the expanding clinical programs and research programs. The increase in Debt Service reflects new equipment financing, ERP and Academic Information Systems and the Paul M. Bass and North Campus Phase 5 expansions. Budgeted increases in Operations and Maintenance of Plant provides for utilities and maintenance as well as operations cost associated with expanded facilities on our campus.

The University of Texas Southwestern Medical Center at Dallas
Operating Budget
Fiscal Year Ending August 31, 2010

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 13,949,179	15,396,537	16,067,191	670,654	4.4%
Federal Sponsored Programs	207,349,009	215,659,831	224,773,088	9,113,257	4.2%
State Sponsored Programs	3,816,869	3,792,765	4,947,790	1,155,025	30.5%
Local and Private Sponsored Programs	175,302,939	264,234,595	264,279,726	45,131	0.0%
Net Sales and Services of Educational Activities	7,726,301	9,375,794	9,429,437	53,643	0.6%
Net Sales and Services of Hospital and Clinics	340,104,953	360,157,681	456,620,742	96,463,061	26.8%
Net Professional Fees	356,493,928	312,536,353	311,159,543	(1,376,810)	-0.4%
Net Auxiliary Enterprises	16,795,312	18,571,641	20,299,100	1,727,459	9.3%
Other Operating Revenues	13,585,103	27,904,390	27,927,820	23,430	0.1%
Total Operating Revenues	1,135,123,593	1,227,629,587	1,335,504,437	107,874,850	8.8%
Operating Expenses:					
Instruction	447,529,315	498,851,450	503,534,735	4,683,285	0.9%
Academic Support	23,354,806	30,516,488	30,621,680	105,192	0.3%
Research	296,582,734	287,805,772	301,871,292	14,065,520	4.9%
Public Service	67,278,415	79,765,886	79,857,090	91,204	0.1%
Hospitals and Clinics	328,509,818	344,181,379	426,542,986	82,361,607	23.9%
Institutional Support	49,409,360	50,073,833	50,115,051	41,218	0.1%
Student Services	3,825,587	3,346,038	3,837,925	491,887	14.7%
Operations and Maintenance of Plant	71,166,149	76,637,259	84,294,641	7,657,382	10.0%
Scholarships and Fellowships	512,341	623,664	648,576	24,912	4.0%
Auxiliary Enterprises	14,018,423	18,314,185	21,831,644	3,517,459	19.2%
Depreciation and Amortization	68,532,417	70,766,051	72,706,041	1,939,990	2.7%
Total Operating Expenses	1,370,719,365	1,460,882,005	1,575,861,661	114,979,656	7.9%
Operating Surplus/Deficit	(235,595,772)	(233,252,418)	(240,357,224)	(7,104,806)	3.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	187,427,174	174,816,574	186,720,262	11,903,688	6.8%
Gifts in Support of Operations	82,879,657	52,547,459	26,600,000	(25,947,459)	-49.4%
Net Investment Income	70,771,269	72,376,195	68,469,933	(3,906,262)	-5.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	341,078,100	299,740,228	281,790,195	(17,950,033)	-6.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(19,642,643)	(24,675,907)	(25,187,003)	(511,096)	2.1%
Total Transfers and Other	(19,642,643)	(24,675,907)	(25,187,003)	(511,096)	2.1%
Budget Margin (Deficit)	85,839,685	41,811,903	16,245,968	(25,565,935)	-61.1%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(86,388,207)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	8,603,735	7,559,528	9,923,271	2,363,743	31.3%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	6,751,826	8,975,826	8,726,070	(249,756)	-2.8%
Transfers for Debt Service - Principal	(39,378,984)	(44,779,477)	(49,811,051)	(5,031,574)	11.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	140,431,427	110,275,000	150,507,000	40,232,000	36.5%
SRECNA Change in Net Assets	\$ 115,859,482	123,842,780	135,591,258	11,748,478	9.5%
Total Revenues and AUF Transfers	\$ 1,476,201,693	1,527,369,815	1,617,294,632	89,924,817	5.9%
Total Expenses (Including Transfers for Interest)	(1,390,362,008)	(1,485,557,912)	(1,601,048,664)	(115,490,752)	7.8%
Budget Margin (Deficit)	\$ 85,839,685	41,811,903	16,245,968	(25,565,935)	
Reconciliation to Use of Prior Year Balances					
Depreciation		70,766,051	72,706,041		
Capital Outlay		(31,147,939)	(20,660,015)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(44,779,477)	(49,811,051)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		36,650,538	18,480,943		

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

**The University of Texas Medical Branch at Galveston
Operating Budget Highlights
For the Year Ending August 31, 2010**

Introduction - Major Goals Addressed by FY 2010 Budget

Despite devastating losses from Hurricane Ike, a widespread show of support and ongoing efforts of dedicated faculty, staff, and students promise an even stronger University of Texas Medical Branch – Galveston in the years ahead. U. T. Medical Branch – Galveston remains committed to providing innovative and effective educational experiences for scientists and clinicians and becoming known nationally and globally as a leader in health care delivery and biomedical sciences. The FY 2010 operating budget reflects strategic investments to leverage centers of excellence in research and patient care and ensure the availability of exceptional faculty and facilities to support the advancement of health care and health science.

U. T. Medical Branch – Galveston's major goals for FY 2010 include: 1) enhancing research capacity through targeted faculty recruitment and expansion of research space; 2) recruitment and retention of key faculty to advance the educational mission and support enrollment growth; 3) restoration and enhancement of critical clinical functions and investment in targeted clinical services to strengthen U. T. Medical Branch – Galveston's market position and improve its payer mix; 4) improving financial performance to generate resources to support growth and reinvestment and assure the financial health of the institution; and 5) completing the Federal Emergency Management Agency (FEMA) authorization and finalizing the schedules for the restoration and mitigation of the campus.

In addition to the major goals outlined above, other initiatives reflected in the FY 2010 operating budget include investments in curricula development and academic support services, growth of sponsored research programs including development of the Institute for Translational Sciences with funding support from the recently announced Clinical Translational Sciences Award (CTSA) from the National Institutes of Health, the opening of several outpatient clinic facilities including the Victory Lakes Specialty Care Center, continued development of strategic partnerships by the Faculty Group Practice, investments in clinical quality programs to establish the Institution as a top performer on national indicators for patient outcomes, and investments in information technology including continuing the implementation of the Electronic Medical Record and beginning the implementation of a new Student Information System to support the academic enterprise. The budget also provides funding to maintain competitive compensation programs which permit the institution to continue attracting highly skilled and productive faculty and staff.

Revenue

FY 2010 budgeted revenue is 6.6% lower than the FY 2009 budget, but 7.1% higher than the revenue forecast for FY 2009 - 15.9% higher if FEMA reimbursements for Hurricane Ike clean-up are excluded. U. T. Medical Branch - Galveston's capacity to generate revenue from Sales and Service of Hospitals and Professional Fees ("clinical revenue") was significantly compromised by Hurricane Ike, but clinical revenue is budgeted to increase 14.6% in FY 2010 as compared to the forecast for FY 2009 due to volume growth in targeted programs, restoration of inpatient capacity, the re-opening of the trauma center, and the continued growth of outpatient service activity including the opening of the Victory Lakes Specialty Care Center. Sponsored Program revenue was also adversely impacted by the hurricane and is budgeted to increase 17.8% in FY 2010 as compared to forecast FY 2009 revenue (excluding FEMA reimbursements). Restoration and expansion of research facilities, recruitment of faculty, the receipt of CTSA funding, the anticipated receipt of stimulus related research funding, and continued success in securing funding for major research programs are key factors impacting the growth of sponsored program revenue. State Appropriations are budgeted to increase 21.8% over the FY 2009 budget, primarily due to a substantial increase in funding for Hospital Care.

Expenses

The FY 2010 budgeted operating expenses are 7.7% lower than the FY2009 budget and 2.4% less than the expenses forecast for FY 2009, but reflect an increase of 6.2% over forecast FY 2009 expenses if Hurricane Ike related clean-up costs (FEMA reimbursable) are excluded. The budget anticipates the addition of staff as programs start, resume, or grow and supports U. T. Medical Branch – Galveston's commitment to providing competitive compensation with funding for both merit and incentive compensation programs. The pace of restoration and growth of clinical and research programs are key drivers of increased operating expenses. As such, it will be important for U. T. Medical Branch - Galveston to manage expenses preceding revenue growth as it restores operations. U. T. Medical Branch – Galveston will control expense growth through improvements in operational efficiency, particularly in clinical operations and institutional support. Debt Service is increasing due to new equipment financing and new Revenue Financing System debt associated with the Victory Lakes Specialty Care Center.

**The University of Texas Medical Branch at Galveston
Operating Budget
Fiscal Year Ending August 31, 2010**

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 17,352,759	19,323,533	22,496,165	3,172,632	16.4%
Federal Sponsored Programs	125,986,942	124,576,822	122,682,142	(1,894,680)	-1.5%
State Sponsored Programs	33,977,202	40,810,185	33,291,566	(7,518,619)	-18.4%
Local and Private Sponsored Programs	98,720,438	109,598,826	91,832,069	(17,766,757)	-16.2%
Net Sales and Services of Educational Activities	2,046,001	2,257,655	1,443,172	(814,483)	-36.1%
Net Sales and Services of Hospital and Clinics	711,851,328	774,715,627	662,763,771	(111,951,856)	-14.5%
Net Professional Fees	139,311,754	145,136,676	120,416,594	(24,720,082)	-17.0%
Net Auxiliary Enterprises	10,798,792	11,252,348	6,792,449	(4,459,899)	-39.6%
Other Operating Revenues	12,427,974	13,827,054	14,996,292	1,169,238	8.5%
Total Operating Revenues	1,152,473,190	1,241,498,726	1,076,714,220	(164,784,506)	-13.3%
Operating Expenses:					
Instruction	259,576,066	259,720,199	271,601,955	11,881,756	4.6%
Academic Support	25,993,503	20,297,389	19,904,061	(393,328)	-1.9%
Research	115,261,711	132,610,137	119,377,587	(13,232,550)	-10.0%
Public Service	5,628,179	6,833,237	7,445,946	612,709	9.0%
Hospitals and Clinics	939,720,882	935,538,548	815,511,230	(120,027,318)	-12.8%
Institutional Support	57,719,264	78,408,491	76,563,239	(1,845,252)	-2.4%
Student Services	5,699,052	5,052,816	5,030,280	(22,536)	-0.4%
Operations and Maintenance of Plant	56,149,265	75,048,067	75,931,556	883,489	1.2%
Scholarships and Fellowships	8,262,576	6,101,458	6,632,906	531,448	8.7%
Auxiliary Enterprises	11,186,385	8,376,486	5,053,380	(3,323,106)	-39.7%
Depreciation and Amortization	64,157,803	77,366,098	77,893,627	527,529	0.7%
Total Operating Expenses	1,549,354,686	1,605,352,926	1,480,945,767	(124,407,159)	-7.7%
Operating Surplus/Deficit	(396,881,496)	(363,854,200)	(404,231,547)	(40,377,347)	11.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	306,952,201	309,187,750	376,650,390	67,462,640	21.8%
Gifts in Support of Operations	9,603,672	11,099,010	10,389,484	(709,526)	-6.4%
Net Investment Income	34,717,468	36,813,790	29,072,552	(7,741,238)	-21.0%
Other Non-Operating Revenue	262,615	-	-	-	-
Other Non-Operating (Expenses)	(124,855)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	351,411,101	357,100,550	416,112,426	59,011,876	16.5%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(4,729,395)	(6,668,011)	(10,505,820)	(3,837,809)	57.6%
Total Transfers and Other	(4,729,395)	(6,668,011)	(10,505,820)	(3,837,809)	57.6%
Budget Margin (Deficit)	(50,199,790)	(13,421,661)	1,375,059	14,796,720	-110.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(49,805,430)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	37,900,072	47,196,309	10,287,804	(36,908,505)	-78.2%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	6,379,382	7,394,050	2,547,974	(4,846,076)	-65.5%
Transfers for Debt Service - Principal	(7,946,056)	(17,238,098)	(18,734,501)	(1,496,403)	8.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	63,057,983	2,558,002	65,050,000	62,491,998	2443.0%
SRECNA Change in Net Assets	\$ (613,839)	26,488,602	60,526,336	34,037,734	128.5%
Total Revenues and AUF Transfers	\$ 1,504,009,146	1,598,599,276	1,492,826,646	(105,772,630)	-6.6%
Total Expenses (Including Transfers for Interest)	(1,554,208,936)	(1,612,020,937)	(1,491,451,587)	120,569,350	-7.5%
Budget Margin (Deficit)	\$ (50,199,790)	(13,421,661)	1,375,059	14,796,720	
Reconciliation to Use of Prior Year Balances					
Depreciation		77,366,098	77,893,627		
Capital Outlay		(18,000,000)	(13,089,550)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(17,238,098)	(18,734,501)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		28,706,339	47,444,635		

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

The University of Texas Health Science Center at Houston
Operating Budget Highlights
For the Year Ending August 31, 2010

Introduction - Major Goals Addressed by FY 2010 Budget

The increase in formula funding for fiscal year 2010 provided by the Texas Legislature allowed The University of Texas Health Science Center at Houston to increase available funding for faculty operations, utility costs, and deferred maintenance needs. Increases include funding for the additional facility costs which will be incurred with the opening of the Behavioral and Biomedical Research facility and the 6th floor of the Center for Advanced Biomedical Imaging Research. The Institution is committed to provide funding necessary to recruit and retain outstanding scientists necessary to enhance research programs; to recruit "replacement" clinical faculty and departmental chairs and to provide institutional matching funding for the Center for Clinical and Translational Sciences National Institutes of Health research grant. Additional budgetary support was identified for the School of Health Informatics, Institute of Molecular Medicine recruitment and associated start up packages. Additional funding by the Legislature will enable the U. T. Health Science Center – Houston to open an additional 24-bed unit at the U. T. Harris County Psychiatric Center.

U. T. Health Science Center – Houston is dedicated to student enhancement and plans to increase bachelor's-trained nursing student class size by 50, commencing in the latter part of FY 2010; as well as increase support to the Graduate School of Biomedical Sciences to provide a full two years of stipend support to students.

Revenue

U. T. Health Science Center – Houston's FY 2010 revenues increased by 11%, or \$84 million, over those budgeted in FY 2009. We received a 7.4% increase in state support for the biennium in the three main formulas that fund instruction and operations, infrastructure, and research. Graduate Medical Education support also increased by \$940,000 over the previous year's funding. The State Legislature provided an additional \$4.75 million to expand the School of Public Health's health education, community service, and research capacity at our Houston and regional campuses; this was financed with funding from the American Recovery and Reinvestment Act. The Harris County Psychiatric Center received added funding of \$4.25 million which will provide an additional 24-bed unit in FY 2010. The supplemental appropriation bill contains \$6 million in one-time funding to meet the Medical School's post-Hurricane Ike trauma service funding needs for providing additional regional health services; \$3 million of the total appropriation is included in our FY 2010 budget. Designated and Restricted revenues also reflect positive trends in FY 2010. Designated revenues increase by approximately 16%; MSRDP net patient revenues are budgeted to escalate by \$10.5 million and contractual revenues, primarily resulting from Memorial Herman and Harris County Hospital District agreements, increase by \$36 million. Driven by increased emphasis on the research mission, FY 2010 Research expenses are budgeted to increase by approximately 12%. Reflecting the past year's economic changes, investment income and gifts in support of operations are budgeted at lower levels than those of FY 2009 but show modest increases from FY 2009 actual projections for these revenue categories.

Expenses

Total FY 2010 budgeted operating expenses reflect a 9.7%, or \$75 million, increase over comparable FY 2009 expenses. Salary increases comprise \$39 million of the total expense budget increase and are primarily related to increased faculty and classified employee positions funded by additional state appropriations and MSRDP patient and contractual income. The FY 2010 budget does contain salary increases for promotions and progression through rank; however, merit pools were not funded in this year's budget. The FY 2010 budget reflects careful management of expenses in this challenging economic climate. Operations and maintenance expenses increase by \$3.8, or 11%; increases include the facilities costs associated with the opening of the Biomedical Research facility and the 6th floor of the Center for Advanced Biomedical Imaging and Research. Additional funding is included in the budget for research program expansions in the School of Health Informatics, Institute of Molecular Medicine, Medical School, and School of Public Health. The Institution has committed approximately \$1 million to expand the Graduate School's student stipend support to two years and has allocated \$1 million to the Nursing School in support of an innovative program to increase bachelor level nursing graduates.

The University of Texas Health Science Center at Houston
Operating Budget
Fiscal Year Ending August 31, 2010

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 21,866,183	21,430,567	22,092,741	662,174	3.1%
Federal Sponsored Programs	142,326,166	149,506,057	161,719,187	12,213,130	8.2%
State Sponsored Programs	20,515,004	17,200,549	22,784,151	5,583,602	32.5%
Local and Private Sponsored Programs	127,071,366	128,544,544	166,977,810	38,433,266	29.9%
Net Sales and Services of Educational Activities	39,775,202	35,295,449	37,304,262	2,008,813	5.7%
Net Sales and Services of Hospital and Clinics	30,064,341	51,347,504	49,478,099	(1,869,405)	-3.6%
Net Professional Fees	117,064,607	114,588,208	125,345,054	10,756,846	9.4%
Net Auxiliary Enterprises	21,964,171	24,572,545	23,758,387	(814,158)	-3.3%
Other Operating Revenues	9,119,454	5,965,930	6,270,347	304,417	5.1%
Total Operating Revenues	529,766,494	548,451,353	615,730,038	67,278,685	12.3%
Operating Expenses:					
Instruction	291,923,145	309,696,242	345,580,486	35,884,244	11.6%
Academic Support	26,783,773	28,217,166	30,170,620	1,953,454	6.9%
Research	160,907,707	157,808,452	177,549,509	19,741,057	12.5%
Public Service	20,779,810	21,385,735	23,003,679	1,617,944	7.6%
Hospitals and Clinics	70,222,813	92,995,221	101,102,649	8,107,428	8.7%
Institutional Support	47,852,985	61,029,396	65,317,682	4,288,286	7.0%
Student Services	4,854,121	5,219,137	5,277,860	58,723	1.1%
Operations and Maintenance of Plant	32,853,433	32,607,873	36,468,106	3,860,233	11.8%
Scholarships and Fellowships	5,151,567	5,168,595	5,171,560	2,965	0.1%
Auxiliary Enterprises	16,986,570	21,238,024	18,291,757	(2,946,267)	-13.9%
Depreciation and Amortization	37,792,402	37,379,571	39,610,391	2,230,820	6.0%
Total Operating Expenses	716,108,326	772,745,412	847,544,299	74,798,887	9.7%
Operating Surplus/Deficit	(186,341,832)	(224,294,059)	(231,814,261)	(7,520,202)	3.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	173,810,671	170,068,798	190,017,156	19,948,358	11.7%
Gifts in Support of Operations	18,160,389	19,519,383	18,311,175	(1,208,208)	-6.2%
Net Investment Income	22,294,458	21,208,760	18,608,901	(2,599,859)	-12.3%
Other Non-Operating Revenue	(975,989)	5,843,718	6,543,718	700,000	12.0%
Other Non-Operating (Expenses)	(780,299)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	212,509,230	216,640,659	233,480,950	16,840,291	7.8%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(8,189,717)	(7,998,221)	(8,356,149)	(357,928)	4.5%
Total Transfers and Other	(8,189,717)	(7,998,221)	(8,356,149)	(357,928)	4.5%
Budget Margin (Deficit)	17,977,681	(15,651,621)	(6,689,460)	8,962,161	-57.3%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	1,000,000	2,000,000	1,000,000	100.0%
Net Inc./(Dec.) in Fair Value of Investments	(24,633,439)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	4,927,253	10,900,000	3,500,000	(7,400,000)	-67.9%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	5,335,321	12,500,000	6,500,000	(6,000,000)	-48.0%
Transfers for Debt Service - Principal	(14,099,990)	(11,474,504)	(12,824,073)	(1,349,569)	11.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	51,036,966	14,500,000	26,375,000	11,875,000	81.9%
SRECNA Change in Net Assets	\$ 40,543,792	11,773,875	18,861,467	7,087,592	60.2%
Total Revenues and AUF Transfers	\$ 743,056,023	765,092,012	849,210,988	84,118,976	11.0%
Total Expenses (Including Transfers for Interest)	(725,078,342)	(780,743,633)	(855,900,448)	(75,156,815)	9.6%
Budget Margin (Deficit)	\$ 17,977,681	(15,651,621)	(6,689,460)	8,962,161	
Reconciliation to Use of Prior Year Balances					
Depreciation		37,379,571	39,610,391		
Capital Outlay		(6,726,385)	(8,403,971)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(11,474,504)	(12,824,073)		
Budgeted Transfers		29,771	-		
Net Additions to (Uses of) Prior Year Balances		3,556,832	11,692,887		

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

The University of Texas Health Science Center at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2010

Introduction – Major Goals Addressed by FY 2010 Budget

Fiscal Year 2010 marks a period of expansion for the U. T. Health Science Center – San Antonio. The acquisition of the Cancer Therapy and Research Center (CTRC) continues to solidify the cancer research and clinical care mission in this region of the state whereby acquired facilities are providing critical research and clinical care for the San Antonio Cancer Institute (SACI) to grow. CTRC's research and clinical programs will continue to be integrated within the School of Medicine and the Medical Arts and Research Center (MARC), which is scheduled to open in the fall of 2009. The Institution has also embarked upon the initial phases of integrating the nonprofit healthcare corporation (NPHC), U. T. Medicine – San Antonio, into the School of Medicine. This integration will span multiple years with objectives of reducing overhead costs and improving billing and collection processes. Construction of the South Texas Research Facility is underway and efforts are focused on raising additional funds to defray significant increases in construction costs so as not to further compromise plans for this facility.

Increases in formula and special item general revenue (GR) for the upcoming biennium has enabled the Institution to invest necessary funds to growing academic programs, such as graduate medical education, the Regional Academic Health Center (RAHC), and the San Antonio Life Sciences Institute (SALSI), as well as to sustain the functionality of facilities and technology infrastructure critical to the success of institutional missions. The Institution is also committed to recruiting and retaining talented deans, chairs, and faculty in both the clinical and research areas in order to secure the institution as a top-tiered academic health center. With the appointment of Dr. William Henrich as the U. T. Health Science Center – San Antonio's new President, plans will be formulated to initiate a search for a permanent dean of the School of Medicine. The recruitment process for a new dean for the Graduate School of Biomedical Sciences is slated to be completed early in the fiscal year. The Institution will continue to proactively increase philanthropic efforts and increase sponsored research through strategic recruitments and collaborations.

Finally, the Institution considers it important to provide competitive compensation for both faculty and staff to keep pace with national medians, regional private sectors, other state government agencies and higher education entities. As such, a 2% merit salary increase in 2010 for all non-faculty staff and reserves in State funds within each school equivalent to 2% of total faculty salary costs to address academic and faculty enhancements have been authorized.

Revenue

Total revenue growth of \$91.6 million, or 13.8%, over 2009 is expected. Increases of approximately \$34.6 million are projected among sponsored program research initiatives related to National Institutes of Health grants, Clinical and Translational Science Award, CTRC, SALSI, SACI, the Barshop Institute, and clinical studies, as well as from incremental indirect cost recovery revenues as a result of a higher negotiated rate (from 46% to 48.5%). Practice plan increases are projected to yield \$31.8 million due to the expansion of clinical operations within the CTRC and MARC, while State Appropriations will yield \$20.2 million in incremental formula and special item GR primarily for instructional purposes. The Institution will also experience marginal increases in designated tuition and fees (\$2.7 million) and in Auxiliary Enterprises (\$2.3 million) from increased parking fees and the opening of the Spectrum Wellness Center.

Expenses

Expenditures are expected to increase in total by \$85.3 million, or 12.7%, over 2009. The majority of this increase is attributable to expanded patient care activities among the practice plans and CTRC (\$32.5 million), and growth among sponsored program research initiatives (\$26 million). A 2% merit salary increase for staff and reserves for faculty enhancements were authorized at a total cost of \$6.8 million, while incremental GR in the amount of \$8.9 million was returned to the schools for academic and research enhancements (\$3.25 million–RAHC, \$2 million–SALSI, \$1.9 million–Medical School, \$700,000–Dental School, \$500,000–Nursing School, \$357,000–Graduate School, \$211,000–Health Professions). In addition, purchased utilities and depreciation increased by \$2.5 million due to increased operating square footage; Auxiliary Enterprises grew by \$1.9 million due to parking, shuttle and recreational facility enhancements; and, institutional support increased by \$9.0 million to address IT and infrastructure needs, as well as organizational changes and staff merit.

The University of Texas Health Science Center at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2010

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 29,086,058	22,312,625	25,017,477	2,704,852	12.1%
Federal Sponsored Programs	137,025,670	160,860,001	167,476,891	6,616,890	4.1%
State Sponsored Programs	5,070,101	3,296,405	4,884,734	1,588,329	48.2%
Local and Private Sponsored Programs	113,298,706	82,524,256	108,773,096	26,248,840	31.8%
Net Sales and Services of Educational Activities	30,462,989	44,197,400	53,500,000	9,302,600	21.0%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	93,243,595	112,640,479	131,571,846	18,931,367	16.8%
Net Auxiliary Enterprises	5,088,046	4,931,900	7,217,668	2,285,768	46.3%
Other Operating Revenues	8,746,537	7,011,936	10,531,735	3,519,799	50.2%
Total Operating Revenues	422,021,702	437,775,002	508,973,447	71,198,445	16.3%
Operating Expenses:					
Instruction	261,228,329	260,241,671	287,510,854	27,269,183	10.5%
Academic Support	25,990,998	33,203,350	36,787,570	3,584,220	10.8%
Research	149,939,552	187,846,167	206,358,643	18,512,476	9.9%
Public Service	28,549,962	27,080,990	31,534,540	4,453,550	16.4%
Hospitals and Clinics	66,109,904	54,135,321	68,348,460	14,213,139	26.3%
Institutional Support	39,666,896	33,326,295	42,307,804	8,981,509	27.0%
Student Services	2,796,672	2,069,079	3,026,168	957,089	46.3%
Operations and Maintenance of Plant	30,574,357	28,589,401	32,633,570	4,044,169	14.1%
Scholarships and Fellowships	2,236,466	2,239,996	2,886,414	646,418	28.9%
Auxiliary Enterprises	5,198,322	5,216,487	7,136,130	1,919,643	36.8%
Depreciation and Amortization	26,231,350	31,500,000	32,000,000	500,000	1.6%
Total Operating Expenses	638,522,808	665,448,757	750,530,153	85,081,396	12.8%
Operating Surplus/Deficit	(216,501,106)	(227,673,755)	(241,556,706)	(13,882,951)	6.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	171,882,166	170,021,045	190,262,339	20,241,294	11.9%
Gifts in Support of Operations	1,946,565	28,250,000	28,100,000	(150,000)	-0.5%
Net Investment Income	30,336,472	29,111,033	29,460,000	348,967	1.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	204,165,203	227,382,078	247,822,339	20,440,261	9.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(3,990,968)	(8,978,542)	(9,212,655)	(234,113)	2.6%
Total Transfers and Other	(3,990,968)	(8,978,542)	(9,212,655)	(234,113)	2.6%
Budget Margin (Deficit)	(16,326,871)	(9,270,219)	(2,947,022)	6,323,197	-68.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(40,263,107)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	69,123,426	8,000,000	6,000,000	(2,000,000)	-25.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	32,126,235	15,000,000	12,000,000	(3,000,000)	-20.0%
Transfers for Debt Service - Principal	(13,402,049)	(13,308,337)	(13,367,182)	(58,845)	0.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	63,129,184	20,000,000	25,000,000	5,000,000	25.0%
SRECNA Change in Net Assets	\$ 94,386,818	20,421,444	26,685,796	6,264,352	30.7%
Total Revenues and AUF Transfers	\$ 626,186,905	665,157,080	756,795,786	91,638,706	13.8%
Total Expenses (Including Transfers for Interest)	(642,513,776)	(674,427,299)	(759,742,808)	(85,315,509)	12.7%
Budget Margin (Deficit)	\$ (16,326,871)	(9,270,219)	(2,947,022)	6,323,197	
Reconciliation to Use of Prior Year Balances					
Depreciation		31,500,000	32,000,000		
Capital Outlay		(10,200,000)	(10,500,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(13,308,337)	(13,367,182)		
Budgeted Transfers		1,129,000	(14,859,000)		
Net Additions to (Uses of) Prior Year Balances		(149,556)	(9,673,204)		

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

The University of Texas M. D. Anderson Cancer Center
Operating Budget Highlights
For the Year Ending August 31, 2010

Introduction - Major Goals Addressed by FY 2010 Budget

The critical issues addressed in the FY 2010 budget continue to support the progress of the strategic initiatives outlined in the institution's "Compact." These issues include: 1) re-establishing of a 4-5% operating margin in support of the long term capital plan; 2) manage demand and capacity, both clinical and research; 3) continue to focus on efficiency and quality within clinical operations; 4) market U. T. M. D. Anderson Cancer Center care to selected targets; 5) enhanced focus on customer service to further advancement of core values of caring, integrity and discovery; 6) collect data for performance-based clinical reimbursement; 7) integrate Electronic Medical Records with clinical research data; 8) implement the research strategic plan developed during retreats to establish funding priorities and mechanisms; 9) recruit additional world-class basic scientists; 10) pursue new sources of funding; Pharma / Biotech, U. T. M. D. Anderson Cancer Center Global Oncology, Technology Transfer, Cancer Prevention Research Institute of Texas; 11) continue employer of choice activities.

Revenue

The FY 2010 budgeted revenue (operating and non-operating) is projected to increase by less than 1% over the FY 2009 budget. Hospital and Clinics and professional net patient revenue accounts for almost 80% of U. T. M. D. Anderson Cancer Center's total operating revenue. Increases in strategic pricing initiatives and clinical volumes will be offset by increases in deductions for bad debt and indigent care, resulting in the FY 2010 net patient revenue budget remaining flat compared to the FY 2009 budget. Federal Sponsored Programs and the associated indirect cost recovery are expected to increase due to support from the Recovery Act, new Challenge Grant opportunities and the addition of new research faculty. Within Local and Private Sponsored Programs, foundation and private industry programs are expected to increase their support in FY 2010. The FY 2010 State Appropriations budget has increased primarily due to the Institution's cancer center operation's formula funding. The growth in Other Operating Revenues is due to increased activities in the Center for Global Oncology and Proton Therapy Center. Due the uncertainty of the economy and the shift of philanthropic gifts from operating to pledges, estates, and blended gifts, FY 2010 was budgeted conservatively.

Expenses

The FY 2010 budgeted expenses are projected to increase 1.5% over the FY 2009 budget. The institution developed a plan to reduce expenses by roughly 10% during FY 2009 and FY 2010. While all programs and activities at U. T. M. D. Anderson Cancer Center add value, the institution reduced or eliminated some that were less critical to our mission. As personnel costs account for 60% of all U. T. M. D. Anderson Cancer Center expenses, a reduction in the number of filled positions was a necessary component to meet that goal.

Due to the expected increases in Federal, Local and Private Sponsored Programs, overall research expenditures will grow in FY 2010 by 7.7%.

FTE Growth and Salary Increases – While managing growing clinical, research and educational demands and initiatives, FY 2010 FTE growth is expected to remain flat compared to FY 2009 growth trends. The following overall salary increases for merits, market, equity, and promotions are planned for next year: Faculty 0%, Administrative 0%, and Classified 2%. The institution plans to budget a pool of market, merit, retention and competency-based funds (budgeted at the institutional level) to be used in the event of achievement of financial performance goals and/or for key retentions as necessary. U. T. System Administration approval may be required for some actions.

The University of Texas M. D. Anderson Cancer Center
Operating Budget
Fiscal Year Ending August 31, 2010

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 599,819	1,114,467	1,254,539	140,072	12.6%
Federal Sponsored Programs	193,841,961	207,244,524	211,264,027	4,019,503	1.9%
State Sponsored Programs	341,243	500,000	622,000	122,000	24.4%
Local and Private Sponsored Programs	70,310,435	74,795,196	95,389,681	20,594,485	27.5%
Net Sales and Services of Educational Activities	1,813,222	2,889,031	2,073,499	(815,532)	-28.2%
Net Sales and Services of Hospital and Clinics	1,892,422,688	2,051,250,000	2,049,351,227	(1,898,773)	-0.1%
Net Professional Fees	266,255,302	299,878,114	307,126,835	7,248,721	2.4%
Net Auxiliary Enterprises	26,514,386	29,449,567	32,212,040	2,762,473	9.4%
Other Operating Revenues	35,961,518	30,444,483	48,913,387	18,468,904	60.7%
Total Operating Revenues	2,488,060,574	2,697,565,382	2,748,207,235	50,641,853	1.9%
Operating Expenses:					
Instruction	81,598,870	89,003,112	85,809,268	(3,193,844)	-3.6%
Academic Support	52,726,496	55,147,138	53,481,427	(1,665,711)	-3.0%
Research	414,772,468	437,284,197	471,053,201	33,769,004	7.7%
Public Service	11,616,681	14,115,029	11,581,446	(2,533,583)	-17.9%
Hospitals and Clinics	1,435,254,577	1,553,477,442	1,546,472,121	(7,005,321)	-0.5%
Institutional Support	183,604,237	184,370,996	194,733,965	10,362,969	5.6%
Student Services	3,290	250,000	-	(250,000)	-100.0%
Operations and Maintenance of Plant	191,031,902	185,540,277	185,540,277	-	0.0%
Scholarships and Fellowships	675,474	800,000	846,272	46,272	5.8%
Auxiliary Enterprises	20,045,075	19,482,214	20,688,334	1,206,120	6.2%
Depreciation and Amortization	209,674,260	232,831,271	229,903,578	(2,927,693)	-1.3%
Total Operating Expenses	2,601,003,330	2,772,301,676	2,800,109,889	27,808,213	1.0%
Operating Surplus/Deficit	(112,942,756)	(74,736,294)	(51,902,654)	22,833,640	-30.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	167,894,635	168,131,384	181,201,462	13,070,078	7.8%
Gifts in Support of Operations	110,271,628	86,322,521	50,893,195	(35,429,326)	-41.0%
Net Investment Income	57,580,604	47,933,521	40,000,000	(7,933,521)	-16.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	(1,743)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	335,745,124	302,387,426	272,094,657	(30,292,769)	-10.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(22,587,035)	(31,982,057)	(46,028,461)	(14,046,404)	43.9%
Total Transfers and Other	(22,587,035)	(31,982,057)	(46,028,461)	(14,046,404)	43.9%
Budget Margin (Deficit)	200,215,333	195,669,075	174,163,542	(21,505,533)	-11.0%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(65,329,644)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	7,663,865	35,000,000	7,000,000	(28,000,000)	-80.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	4,477,428	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(67,627,898)	(68,940,595)	(59,625,476)	9,315,119	-13.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	256,182,382	224,400,000	249,350,000	24,950,000	11.1%
SRECNA Change in Net Assets	\$ 335,581,466	396,128,480	380,888,066	(15,240,414)	-3.8%
Total Revenues and AUF Transfers	\$ 2,823,807,441	2,999,952,808	3,020,301,892	20,349,084	0.7%
Total Expenses (Including Transfers for Interest)	(2,623,592,108)	(2,804,283,733)	(2,846,138,350)	(41,854,617)	1.5%
Budget Margin (Deficit)	\$ 200,215,333	195,669,075	174,163,542	(21,505,533)	
Reconciliation to Use of Prior Year Balances					
Depreciation		232,831,271	229,903,578		
Capital Outlay		(374,632,688)	(329,898,071)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(68,940,595)	(59,625,476)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		(15,072,937)	14,543,573		

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

**The University of Texas Health Science Center at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2010**

Introduction - Major Goals Addressed by FY 2009 Budget

The University of Texas Health Science Center at Tyler's FY 2010 operating budget reflects its leadership team's commitment to serve East Texas and beyond through excellent patient care and community health, comprehensive education, and innovative research.

The institution's patient care mission is supported in this budget by providing for the expansion of the Oncology program with planned recruitment of an additional oncologist in FY 2010 and offering new services with the planned recruitment of both a urologist and a gynecologist.

The educational mission is supported by the expansion of the medical residency programs, by adding an additional resident slot in both the Family Practice Medical Residency and the Occupational Medicine Residency Programs. Furthermore in the fall of 2009, U. T. Health Science Center – Tyler will break ground on the construction of its new state-of-the-art Academic Center. This project is expected to take approximately two and a half years to complete, and will change the face of the institution while marking a major milestone in the organization's transition to a full degree-granting academic health science center.

Research is supported in the budget with the planned recruitment of a research administrator to oversee the business functions of the Biomedical Research operation.

Revenue

U. T. Health Science Center - Tyler's FY 2010 Operating Revenue is budgeted 5.2% higher than that budgeted in FY 2009, and total revenue is budgeted up by 5.5%. This growth is primarily driven by patient-related income, both in the Hospital as well as the Physician Practice and is driven by the strategies previously mentioned.

Research is budgeted relatively flat compared to the FY 2009 budget, primarily because several major sponsored research projects are expected to end. Although not yet secured, some of these grants, coming to an end, are expected to be offset, at least in part, by federally-funded stimulus grant projects.

Non-operating revenue is budgeted 6.2% higher in FY 2010, primarily reflecting legislative action taken to re-align U. T. Health Science Center – Tyler's funding formula with its current mission in its Chest Disease Center Operations strategy. This marks the first significant increase in General Revenue in nearly a decade.

Expenses

U. T. Health Science Center - Tyler's Operating Expenses are budgeted to be up by 4.3% overall, compared to revenue budget increase of 5.2%. Most categories are down, however Hospital and Clinical operations are up, reflecting costs associated with growth in Oncology, Urology, Gynecology, Pharmaceuticals, Medical Residency programs, Electronic Health Records, and Cost Accounting/Decision Support Systems among others.

The Institution's Cost Accounting system, budgeted for implementation in FY 2010 will require an initial investment and ongoing maintenance, however it will provide information which will help management analyze the cost of product lines to ensure they are competitively priced to effectively recover costs and provide for growth and reinvestment capital.

U. T. Health Science Center – Tyler's FY 2010 budget also provides for \$1 million for staff merit pay, and \$4 million for capital equipment, infrastructure, and information technology system investments. Some projects included in the \$4 million investment will include implementing a Cost Accounting/Decision Support system, Electronic Health Records and building renovations to continue to make up for maintenance deferred in previous fiscal years. The renovations will take place primarily in patient care areas and common areas and will improve safety, convenience, and aesthetics for patients, visitors, and staff alike.

U. T. Health Science Center – Tyler's labor force is held stable in the FY 2010 budget. Approximately 833 FTEs are budgeted, about the same number at which the Institution expects to end FY 2009.

The University of Texas Health Science Center at Tyler
Operating Budget
Fiscal Year Ending August 31, 2010

	FY 2008 Actual	FY 2009 Adjusted Budget	FY 2010 Operating Budget	Budget Increases (Decreases) From 2009 to 2010	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	9,120,247	11,800,000	11,800,000	-	0.0%
State Sponsored Programs	1,267,977	1,340,200	1,340,200	-	0.0%
Local and Private Sponsored Programs	3,708,772	3,650,000	3,650,000	-	0.0%
Net Sales and Services of Educational Activities	1,196,434	2,872,158	3,635,523	763,365	26.6%
Net Sales and Services of Hospital and Clinics	42,184,721	43,329,290	44,349,412	1,020,122	2.4%
Net Professional Fees	10,308,811	9,635,018	11,671,615	2,036,597	21.1%
Net Auxiliary Enterprises	178,975	227,192	164,800	(62,392)	-27.5%
Other Operating Revenues	537,281	-	-	-	-
Total Operating Revenues	68,503,218	72,853,858	76,611,550	3,757,692	5.2%
Operating Expenses:					
Instruction	7,470,147	4,051,742	5,021,082	969,340	23.9%
Academic Support	355,935	536,003	386,894	(149,109)	-27.8%
Research	11,683,254	23,390,981	22,304,421	(1,086,560)	-4.6%
Public Service	-	-	-	-	-
Hospitals and Clinics	67,004,277	59,004,265	64,883,248	5,878,983	10.0%
Institutional Support	8,560,032	6,684,047	7,433,239	749,192	11.2%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	8,695,608	14,404,482	13,547,446	(857,036)	-5.9%
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	176,832	211,963	157,682	(54,281)	-25.6%
Depreciation and Amortization	9,197,815	8,861,954	8,501,092	(360,862)	-4.1%
Total Operating Expenses	113,143,900	117,145,437	122,235,104	5,089,667	4.3%
Operating Surplus/Deficit	(44,640,682)	(44,291,579)	(45,623,554)	(1,331,975)	3.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	39,112,923	40,873,781	43,515,359	2,641,578	6.5%
Gifts in Support of Operations	1,106,940	1,081,137	1,000,998	(80,139)	-7.4%
Net Investment Income	3,982,415	2,511,177	2,702,557	191,380	7.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	44,202,278	44,466,095	47,218,914	2,752,819	6.2%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,525,990)	(945,795)	(796,772)	149,023	-15.8%
Total Transfers and Other	(1,525,990)	(945,795)	(796,772)	149,023	-15.8%
Budget Margin (Deficit)	(1,964,394)	(771,279)	798,588	1,569,867	-203.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(4,119,609)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,017	250,000	250,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	920,257	-	-	-	-
Transfers for Debt Service - Principal	(2,698,927)	(3,714,038)	(3,938,338)	(224,300)	6.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	7,007,542	2,250,000	2,431,338	181,338	8.1%
SRECNA Change in Net Assets	\$(854,114)	(1,985,317)	(458,412)	1,526,905	-76.9%
Total Revenues and AUF Transfers	\$ 112,705,496	117,319,953	123,830,464	6,510,511	5.5%
Total Expenses (Including Transfers for Interest)	(114,669,890)	(118,091,232)	(123,031,876)	(4,940,644)	4.2%
Budget Margin (Deficit)	\$(1,964,394)	(771,279)	798,588	1,569,867	
Reconciliation to Use of Prior Year Balances					
Depreciation		8,861,954	8,501,092		
Capital Outlay		(3,500,000)	(4,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(3,714,038)	(3,938,338)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		876,637	1,361,342		

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

**The University of Texas System
Fiscal Year 2010
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

Summary

	PUF Allocation			
	Library & Equipment	Repair & Rehabilitation	Faculty STARs Program	Total
Academic Institutions				
University of Texas at Arlington	\$ -	1,250,000	-	1,250,000
University of Texas at Austin	2,080,000	1,295,000	-	3,375,000
University of Texas at Dallas	400,000	850,000	-	1,250,000
University of Texas at El Paso	750,000	500,000	-	1,250,000
University of Texas of the Permian Basin	235,000	283,000	-	518,000
University of Texas at San Antonio	-	1,250,000	-	1,250,000
University of Texas at Tyler	267,700	239,300	-	507,000
Subtotal Academic Institutions	<u>3,732,700</u>	<u>5,667,300</u>	<u>-</u>	<u>9,400,000</u>
Health Institutions				
University of Texas Southwestern Medical Center at Dallas	-	1,260,000	-	1,260,000
University of Texas Medical Branch at Galveston	1,300,000	-	-	1,300,000
University of Texas Health Science Center at Houston	-	1,260,000	-	1,260,000
University of Texas Health Science Center at San Antonio	1,000,000	260,000	-	1,260,000
University of Texas M. D. Anderson Cancer Center	700,000	560,000	-	1,260,000
University of Texas Health Science Center at Tyler	-	1,260,000	-	1,260,000
Subtotal Health Institutions	<u>3,000,000</u>	<u>4,600,000</u>	<u>-</u>	<u>7,600,000</u>
University of Texas System Administration				
Library Collection Enhancement Program	2,000,000	-	-	2,000,000
Faculty STARs Program	-	-	30,000,000	30,000,000
University of Texas Health Science Center - Houston School of Public Health, Austin Campus	-	1,000,000	-	1,000,000
Subtotal System Administration	<u>2,000,000</u>	<u>1,000,000</u>	<u>30,000,000</u>	<u>33,000,000</u>
Grand Total	\$ <u>8,732,700</u>	<u>11,267,300</u>	<u>30,000,000</u>	<u>50,000,000</u>

The University of Texas System
Fiscal Year 2010
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 ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED	PUF ALLOCATED
ACADEMIC INSTITUTIONS					
University of Texas at Arlington					
Ransom Hall Renovation- Phase I University College	-	-	2,000,000	1,000,000	-
High Priority Fire & Life Safety Corrections	-	-	1,100,000	250,000	-
TOTAL	\$ -	-	3,100,000	1,250,000	-
University of Texas at Austin					
Imaging Research Center	2,770,000	1,000,000	-	-	-
Harry Ransom Center Cold Storage Vault Project	500,000	500,000	-	-	-
Information Quest Data Warehousing/Business Intelligence Project	80,000	80,000	-	-	-
Digital Libraries	500,000	500,000	-	-	-
Ernest Cockrell Jr. Hall Fire & Life Safety	-	-	910,000	475,000	-
Burdine Hall Fire & Life Safety	-	-	275,000	275,000	-
Music Recital Hall Fire & Life Safety	-	-	545,000	545,000	-
TOTAL	\$ 3,850,000	2,080,000	1,730,000	1,295,000	-
University of Texas at Dallas					
Repair Steam & Chilled Water Lines to Hoblitzelle Hall & Conf. Ctr.	-	-	850,000	850,000	-
Engineering & Scientific Lab Equipment for Assistant Professors	500,000	400,000	-	-	-
TOTAL	\$ 500,000	400,000	850,000	850,000	-
University of Texas at El Paso					
Research & Technology Infrastructure for New Faculty	1,000,000	750,000	-	-	-
Theatre Arts Costume Shop & Equipment	-	-	316,900	300,000	-
Upgrade Library HVAC System, Phase II	-	-	325,000	200,000	-
TOTAL	\$ 1,000,000	750,000	641,900	500,000	-
University of Texas of the Permian Basin					
Library Collections	235,000	235,000	-	-	-
Swimming Pool Enclosure	-	-	1,275,000	283,000	-
TOTAL	\$ 235,000	235,000	1,275,000	283,000	-
University of Texas at San Antonio					
Fire & Life Safety	-	-	500,000	500,000	-
Science Building Laboratory & Office Renovation	-	-	850,000	750,000	-
TOTAL	\$ -	-	1,350,000	1,250,000	-
University of Texas at Tyler					
Collection Enhancement (Print & Digital Collections)	100,000	100,000	-	-	-
Library Repair & Rehabilitation	-	-	120,000	120,000	-
Waterproofing Three Buildings	-	-	100,000	100,000	-
Outdoor Warning System Upgrade	25,000	25,000	-	-	-
Alternative Power Patrol Vehicles	25,000	25,000	-	-	-
Video Surveillance Upgrade	50,000	50,000	-	-	-
Video Cameras for Patrol Vehicles	10,000	10,000	-	-	-
Video System DVR Repair	22,000	22,000	-	-	-
CCS Server Room Cooling	-	-	19,300	19,300	-
Emergency Generators Core Network, Data Center, & Telecom Svcs	70,000	35,700	-	-	-
TOTAL	\$ 302,000	267,700	239,300	239,300	-
SUBTOTAL - ACADEMICS		\$ 3,732,700		5,667,300	-

The University of Texas System
Fiscal Year 2010
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 ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED	PUF ALLOCATED
HEALTH INSTITUTIONS					
University of Texas Southwestern Medical Center at Dallas					
Renovation of Lab & Office Space	-	-	2,000,000	1,260,000	-
TOTAL	\$ -	-	2,000,000	1,260,000	-
University of Texas Medical Branch at Galveston					
Information & Education Resources Enhancement	2,369,572	1,300,000	-	-	-
TOTAL	\$ 2,369,572	1,300,000	-	-	-
University of Texas Health Science Center at Houston					
School of Public Health Flood Protection	-	-	2,000,000	1,260,000	-
TOTAL	\$ -	-	2,000,000	1,260,000	-
University of Texas Health Science Center at San Antonio					
PeopleSoft	1,338,000	1,000,000	-	-	-
Dental School Clinic Renovation	-	-	700,000	260,000	-
TOTAL	\$ 1,338,000	1,000,000	700,000	260,000	-
University of Texas M. D. Anderson Cancer Center					
Library Collection Enhancements	855,000	700,000	-	-	-
Renovate Potable Water Storage & Transfers	-	-	1,140,000	560,000	-
TOTAL	\$ 855,000	700,000	1,140,000	560,000	-
University of Texas Health Science Center at Tyler					
Campus Critical Areas Interior Renovation	-	-	1,995,000	1,260,000	-
TOTAL	\$ -	-	1,995,000	1,260,000	-
SUBTOTAL - HEALTHS		\$ 3,000,000		4,600,000	-
SYSTEM ADMINISTRATION					
University of Texas System Administration					
Library Collection Enhancement Program	2,800,000	2,000,000	-	-	-
Faculty STARs Program	-	-	-	-	30,000,000
University of Texas Health Science Center - Houston School of Public Health, Austin Campus	-	-	1,000,000	1,000,000	-
TOTAL	\$ 2,800,000	2,000,000	1,000,000	1,000,000	30,000,000
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ 2,000,000		1,000,000	30,000,000
TOTAL - U. T. SYSTEM		\$ 8,732,700		11,267,300	30,000,000

**The University of Texas System
Fiscal Year 2010
RESERVE ALLOCATIONS FOR
FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) PROGRAM**

University of Texas System Administration

Faculty STARs Program - Academic Institutions
Faculty STARs Program - Health Institutions

15,000,000
15,000,000

Total \$ 30,000,000

Faculty Science and Technology Acquisition and Retention (STARs) Program

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

STARs Allocation History

Academic Institutions

2005 Faculty STARs	\$	32,450,000
2006 Faculty STARs	\$	15,000,000
2007 Faculty STARs	\$	20,000,000
2008 Faculty STARs	\$	10,000,000
2009 Faculty STARs	\$	10,000,000
2010 Proposed Faculty STARs	\$	15,000,000

Health Institutions

2005 Faculty STARs	\$	26,550,000
2009 Faculty STARs	\$	10,000,000
2010 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, 2010

A. INITIAL BUDGET

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

B. BUDGET AMENDMENTS

1. ITEMS REQUIRING APPROVAL OF THE U. T. SYSTEM ADMINISTRATION AND SUBSEQUENT APPROVAL BY THE U. T. SYSTEM BOARD OF REGENTS THROUGH THE DOCKET
 - a. Transfers from Unappropriated Educational and General Fund Balance.
 - b. New appointments of tenured faculty.
 - c. Award of tenure to any faculty member.
 - d. New appointment as Dean Emeritus, Chair Emeritus, or Professor Emeritus.
 - e. Appointments, promotions, and salary increases involving the president.

- f Compensation changes, new contracts, or contract changes involving athletic directors or head coaches whose total annual compensation is \$250,000 or above.
- g Compensation changes for employees whose total annual compensation is \$1,000,000 or above.
- h Increases in budgeted amounts of \$500,000 or more from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.
- i Increases to Plant Funds of \$500,000 or more, which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.

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

- a. Reappropriation of prior year Educational and General Fund balances of \$100,000 or more.
- b. Increases in budgeted amounts of \$100,000-\$499,999 from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.
- c. Increases to Plant Funds of \$100,000-\$499,999 which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.
- d. Compensation changes for employees whose total annual compensation is \$500,000 or more but less than \$1,000,000.
- e. Salary increases involving tenured faculty of \$10,000 or more at academic institutions and \$25,000 or more at health-related institutions. This includes one-time merit payments.
- f. Appointments and promotions involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent.
- g. Salary increases of \$10,000 or more involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent. This includes one-time merit payments.
- h. All appointments and salary increases of \$10,000 or more involving employees, other than athletic directors and head coaches, serving under written employment contracts. This includes one-time merit payments.

3. ITEMS REQUIRING APPROVAL OF THE PRESIDENT ONLY

- a. All interdepartmental transfers.
- b. All budget transfers between line-item appropriations within a department.
- c. Increases of less than \$100,000 in budgeted amounts from income for Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.
- d. Reallocation of unallocated Faculty Salaries. All unfilled and uncommitted line-item faculty salary positions will lapse to the institutional "Unallocated Faculty Salaries" account.
- e. Reappropriation of Prior Year Educational and General Fund Balances less than \$100,000.
- f. Promotions involving tenured faculty.
- g. Transactions involving all other personnel except those specified in B.1b, B.1c, B.1d, B.1e, B.1f, B.1g, B.2d, B.2e, B.2f, B.2g and B.2h as defined above.
- h. Changes in sources of funds, changes in time assignments, and other changes in status for personnel categorized in Item B.1, provided no change in the individual's salary rate is involved. In the case of Medical Faculty, this provision applies to "Total Compensation."
- i. Summer Session Budgets.
- j. Clinical faculty appointments or changes, including medical or hospital staff, without salary.

4. EFFECTIVE DATE OF APPOINTMENTS AND SALARY INCREASES

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

C. OTHER CONSIDERATIONS

1. All appropriations not actually expended or encumbered by August 31 will automatically lapse to the Unappropriated Balance Account except for those reallocated pursuant to Item B.2a and Item B.3e.
2. Compensation indicated as "MSRDP Funds," "DSRDP Funds," "PRS Funds" or "Allied Health Faculty Services Plan" is contingent upon its being earned or available in accordance with the regulations applicable to the Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service Plan or Allied Health Faculty Services Plan.
3. Budgeted expenditures authorized from sources of funds other than Educational and General Funds are contingent upon receipt of such funds. Appointments from such fund sources will not become an obligation of the institution in the event the supplemental or grant funds are not realized.
4. In accordance with provisions contained in U. T. System Board of Regents' *Rules and Regulations* Series 30201, leaves of absence for a first year or portion thereof or a second consecutive year's leave may be granted by the president. Except in very unusual circumstances as outlined in Section 3.2 and 3.3, a third consecutive year leave of absence will not be granted. Requests for third year leave of absence must be reviewed and approved by the appropriate executive vice chancellor.

THE UNIVERSITY OF TEXAS SYSTEM

**MEDICAL, DENTAL, AND ALLIED HEALTH SERVICES, RESEARCH AND DEVELOPMENT PLANS
AND
PHYSICIANS REFERRAL SERVICE
BUDGET RULES AND PROCEDURES**

For Fiscal Year Ending August 31, 2010

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

THE UNIVERSITY OF TEXAS SYSTEM

MINIMUM FACULTY ACADEMIC WORKLOAD
REQUIREMENTS FOR ACADEMIC INSTITUTIONS

For Fiscal Year Ending August 31, 2010

Minimum Faculty Academic Workload Requirements for General Academic Institutions.

Each person paid full time from "Faculty Salaries" shall be assigned a minimum workload equivalent to eighteen semester credit hours of instruction in organized undergraduate classes each nine-month academic year, or fiscal year at an institution's option, in accordance with guidelines listed below.

When a faculty member is paid partially from a source of funds other than the "Faculty Salaries" line item, the minimum workload shall be proportioned to the percentage of salary paid from "Faculty Salaries."

Teaching assistants shall be used only when given proper guidance and supervision to ensure quality instruction. The minimum faculty workload established below does not apply to graduate teaching assistants or assistant instructors who are pursuing degrees. The president is responsible for assuring that all teaching assistants are carefully supervised.

This policy sets the minimum workload and equivalencies only; an institution may enact more intensive and/or more detailed minimum requirements for inclusion in the institutional Handbook of Operating Procedures, following appropriate approvals. For example, an institution may set individual minimum requirements, consistent with these minimum guidelines, for a specific school or college.

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.

State law requires the adoption of rules concerning faculty academic workloads. *Texas Education Code* Section 51.402(b) recognizes that important elements of workload include classroom teaching, basic and applied research, and professional development. Workload for U. T. System faculty members is expressed in terms of classroom teaching, teaching equivalencies and presidential credits for assigned activities.

Teaching Equivalencies.

1. Graduate Instruction. One semester credit hour of graduate instruction will be considered the equivalent of one and one-half semester credit hours of undergraduate instruction.
2. Specialized Instruction. One and one-half contact hours of instruction of regularly scheduled laboratory and clinical courses, physical activity courses, studio art, studio music instruction, and primary music performance organizations, such as ensembles and marching bands, for each week of a long term semester will be considered the equivalent of one semester credit hour of undergraduate instruction.
3. Supervision. Supervision of student teachers, clinical supervision, and intern supervision shall be credited such that 12 total student semester credit hours taught will be considered the equivalent of one semester credit hour.
4. Practicum and Individual Instruction. Supervision of student practicum and individual instruction courses, such as honors programs and individual research projects, shall provide equivalency at the rate of one-tenth semester credit hour for each student semester hour of undergraduate instruction and one-fifth semester hour for each student semester hour of graduate instruction per long-term semester. In no case will individual instruction in a single course generate more semester credit hour equivalence than if the course were taught as a regularly scheduled, organized course.
5. Thesis and Dissertation Supervision. Graduate thesis or dissertation supervision shall provide equivalent credit hours only to the chairperson of the thesis or dissertation committee at the rate of one semester credit hour for each six total student semester hours of thesis research credit and at the rate of one semester credit hour for each three total student semester hours of dissertation credit.
6. Multiple Sections. A faculty member who coordinates several sections of a single course shall be given one semester hour of workload credit for each six sections coordinated up to a maximum of three semester hours of credit per semester.
7. Large Classes. Workload credit may be proportionally increased for teaching a large class that requires extensive grading or evaluation of students' work by the faculty member according to the following weighing factors:

Class Size	Factor
59 or less	1.0
60 – 69	1.1
70 – 79	1.2
80 – 89	1.3
90 – 99	1.4
100 – 124	1.5
125 – 149	1.6
150 – 174	1.7
175 – 199	1.8
200 – 249	1.9
250 or more	2.0

8. Team Teaching. When more than one teacher participates in the instruction of a single course, the credit is proportioned according to the effort expended.
9. Insufficient Enrollment. A reduced workload may be granted temporarily if assigned classes do not materialize because of insufficient enrollment and when additional classes or other academic duties cannot be assigned to the faculty member. This exception may be granted for two consecutive long-term semesters only for any particular faculty member.

Other Equivalencies.

1. **Administrative Assignments.** Workload credit may be granted for a faculty member who is head of a department or head of a comparable administrative unit up to a maximum of six semester hours of workload credit per semester. When justified by the department/unit head and approved by the president, three hours of credit may be given to faculty members who provide non-teaching academic services to the department/unit head. In no case will the total for departmental administration, including the head, exceed nine workload credits per semester unless the institution's organizational structure includes academic units composed of more than one academic discipline.
2. **New Faculty.** At the recommendation of the head of the department or comparable unit and upon approval of the president, up to three semester hours of workload credit for each of two semesters may be given to a newly-appointed faculty member during the first year of employment for the purpose of developing instructional materials for the courses he or she will teach.
3. **New Course Development.** At the recommendation of the departmental chair and upon approval of the president, workload credit may be granted to a faculty member involved in the creation of a new course, new course format, or new course materials.
4. **Presidential Credits.** Academic workload credit granted by the president for all other purposes is limited to 1% of the total semester credit hours taught at the institution during the comparable (fall or spring) semester in the previous year. With the approval of the president, limited faculty workload credit (within the 1% limit above) may be granted for major academic advising responsibilities, for basic and applied research following a research work plan approved pursuant to institutional policy, for preparing major documents in the fulfillment of programmatic needs or accreditation requirements, or for duties performed in the best interest of the institution's instructional programs as determined by the president.
5. **Faculty with Technical Rank.** Instructional workload equivalents for faculty members holding technical rank may be determined on a clock-hour basis where full-time employment is equivalent to not less than 30 hours of instructionally related activities each week for contact hour courses taught on a quarterly basis.

Compliance with U. T. System Board of Regents' *Rules and Regulations* Rule 31006.

1. The president shall designate the officer of the institution who will monitor workloads, review workload reports, and submit the reports to the president for approval and comment, as appropriate, prior to submitting the reports to the U. T. System Board of Regents through U. T. System Administration following the standard reporting format and deadlines as provided by the Texas Higher Education Coordinating Board in accordance with *Texas Education Code*, Section 51.402 and any applicable riders in the current General Appropriations Act.
2. Every faculty member's compliance with these minimum academic workload requirements shall be assessed each academic year. If a faculty member is found to be out of compliance, the institution shall take appropriate steps to address the noncompliance and to prevent such noncompliance in the future.

THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2010

A. INITIAL BUDGET

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

B. BUDGET AMENDMENTS

1. ITEMS REQUIRING APPROVAL OF THE U. T. SYSTEM ADMINISTRATION AND SUBSEQUENT APPROVAL BY THE U. T. SYSTEM BOARD OF REGENTS THROUGH THE DOCKET
 - a. Substitute Library and Equipment purchases that are not on the approved list.
 - b. Funding for new Repair and Rehabilitation projects that are not on the approved list.
2. ITEMS REQUIRING APPROVAL OF U. T. SYSTEM ADMINISTRATION (NON-DOCKET)
 - a. Transfers of appropriated funds between approved Library and Equipment items.
 - b. Transfers of appropriated funds between Repair and Rehabilitation items.
 - c. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.
 - d. All transfers of funds are subject to the requirements of the *Capital Expenditure Policy* (UTS 168).

C. OTHER CONSIDERATIONS

1. All Library and Equipment or Repair and Rehabilitation appropriations not expended or obligated by contract/ purchase order within six months after the close of the fiscal year for which is was allocated is to lapse and be made available for future System-wide reallocation unless specific authorization to extend the obligation of funds is given by the Associate Vice Chancellor – Controller and Chief Budget Officer on recommendation of the institutional president and the appropriate executive vice chancellor. Such specific authorization will extend the obligation of funds for no more than 12 additional months from the time the extension is granted.
2. All Faculty STARs or similar program appropriations not expended or obligated by contract/ purchase order within eighteen months after the date of award by the appropriate executive vice chancellor are to be available for future System-wide reallocation unless specific authorization to continue obligating the funds is given by the Associate Vice Chancellor – Controller and Chief Budget Officer on recommendation of the institutional president and the appropriate executive vice chancellor. Such specific authorization will extend the obligation of funds for no more than 12 additional months from the time the extension is granted.

THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2010

A. AUTHORIZATION OF PUF BOND PROCEEDS FOR LERR OR STARS

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

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

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

B. ELIGIBILITY FOR PROGRAM FUNDS

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

C. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS

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

Repair and Rehabilitation of Buildings or Other Permanent Improvements

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

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

Acquisition of Capital Equipment

Capital equipment is generally regarded as nonexpendable, tangible personal property having a useful life of more than one year.

The acquisition cost for equipment includes the net invoice price, including any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. In addition, taxes, duty, in-transit insurance, freight, and installation charges are also included as part of the acquisition cost. Capital equipment, including software, that will be used system-wide, or between and among U. T. institutions and System Administration, is eligible for LERR or STARs program funds.

Warranties and Similar Service Features

The cost of warranties and similar service features related to a purchase of capital equipment (such as maintenance agreements and loaner programs) may be included in the acquisition cost only if the purchase of such warranty or similar feature is required in connection with the purchase of the related capital equipment and the cost of such warranty or similar feature is included in the net invoice price. The cost of warranties and similar service features that are purchased at the election of the purchasing entity or that are identified separately in a different invoice or on a different line-item of the equipment purchase invoice are considered operating expenses and therefore are not eligible for LERR or STARs program funds.

Software

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR or STARs. This principle applies whether the salaries are paid to employees of the institution or to outside parties. 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 and therefore eligible for LERR or STARs program funds.

Software maintenance costs are considered operating expenses and therefore are not eligible for LERR or STARs program funds unless the costs are part of the initial cost of the software.

Costs for software licenses that will be permanently owned are eligible for LERR or STARs funds. Leased or licensed software that requires the payment of an annual fee and that will not be owned when the license expires is not eligible for LERR or STARs.

Employee Training and Travel Costs

In some instances, non-recurring costs to train employees to operate new equipment (including software) may be capitalized. In order to determine whether travel and training costs may be capitalized and should be included in the acquisition cost for capital equipment, consideration should be given to whether:

- licensed personnel are required to operate the equipment;
- the equipment poses a danger to public safety;
- training will yield long term benefits to the institution;
- the equipment has been recently introduced and represents the first use of its kind by the institution; and
- the equipment is constructed specifically for the institution or is purchased off the shelf.

For capital equipment constructed specifically for the institution, initial training costs to operate the equipment may be capitalized. For capital equipment purchased off-the-shelf, employee-training costs may be capitalized if they are extraordinary, one-time costs and are expected to yield long-term benefits.

Routine training not attributable to equipment acquisition cannot be capitalized and therefore is not eligible for LERR or STARs.

Acquisition of Library Books and Library Materials

The acquisition of library books and library materials is eligible for LERR. A library book is generally defined as a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library materials are information sources other than books, including journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items that provide information essential to the learning process or enhance the quality of university library programs.

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

Prohibition for Student Housing, Athletics, and Auxiliary Enterprises

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

D. SPECIAL PROGRAM FUNDING

Faculty STARs Program

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

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

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

Additional information regarding the STARs program is available from the Office of Academic Affairs.