

## IV. Organizational Efficiency and Productivity

### **Values**

The U. T. System is committed to enhancing the efficiency and productivity of its nine universities and six health-related institutions to help them accomplish their educational, research, and service goals.

### **Goals**

- Demonstrate responsible stewardship of financial resources.
- Develop and improve educational, research, and clinical spaces and other resources to support institutional objectives and improve productivity.
- Recruit, retain, and develop human resources (faculty and staff) to enhance productivity and performance.

### **Priorities**

- Achieve greater operational efficiency and productivity, to focus resources on programmatic priorities.
- Develop resources to improve productivity and performance of faculty and staff.
- Establish and improve systems to support patient care and business processes.



## U. T. System Overview: Revenues and Expenses

Table IV-1

Key Revenues and Expenses - U. T. System						
Consolidated Totals						
(\$ in thousands)						
FY	2000	2001	2002	2003	2004	
<b>Revenues<sup>1</sup></b>						
Tuition & Fees	\$525,329	\$593,460	\$526,798	\$593,011	\$675,107	
State Appropriations	1,503,568	1,514,637	1,615,398	1,585,646	1,578,062	
Government Grants & Contracts	907,562	959,917	1,188,435	1,292,805	1,396,363	
Nongovernment Grants & Contracts <sup>2</sup>	511,828	478,013	454,553	485,305	520,438	
Gifts <sup>2</sup>	0	206,504	197,090	193,936	181,915	
Sales and Services of Hospitals	1,259,114	1,405,059	1,525,988	1,669,380	1,889,355	
Sales and Services - Other	384,761	412,347	393,181	415,484	468,920	
Physician Fees	452,997	507,396	587,510	655,725	701,117	
Other	397,952	383,620	74,670	447,593	1,708,466	
<b>Total System Revenues</b>	<b>\$5,943,111</b>	<b>\$6,460,953</b>	<b>\$6,563,623</b>	<b>\$7,338,885</b>	<b>\$9,119,743</b>	
<b>Expenses<sup>3</sup></b>						
Instruction	\$1,472,951	\$1,558,295	\$1,723,388	\$1,848,433	\$1,909,495	
Research	848,646	946,699	1,074,875	1,141,081	1,216,147	
Hospitals / Clinics	1,646,345	1,780,409	1,788,349	1,894,748	2,044,783	
Institutional Support & Physical Plant	703,751	795,730	889,729	936,984	971,879	
Public Service	167,142	173,080	185,570	199,278	209,085	
Academic Support	220,147	240,081	259,880	247,226	255,754	
Student Services	89,863	103,518	113,848	113,442	123,292	
Scholarships and Fellowships	230,457	273,246	156,300	184,003	200,034	
Auxiliary	249,079	260,863	268,220	289,147	289,906	
Depreciation	0	0	297,507	333,415	372,830	
Interest Expense	0	0	90,644	89,697	90,945	
<b>Total System Expenses</b>	<b>\$5,628,381</b>	<b>\$6,131,921</b>	<b>\$6,848,310</b>	<b>\$7,277,454</b>	<b>\$7,684,150</b>	

<sup>1</sup> These represent revenues reported on the U. T. System Annual Financial Report. Revenues do not include transfers between entities, such as transfers between System Administration and the component institutions, or transfers between component institutions and other state agencies. This prevents the double counting of the same funds as revenue initially by the entities sending the funds, and then subsequently by the entity receiving the funds.

<sup>2</sup> Due to the implementation of Governmental Accounting Standards Board (GASB) Statement 33 in 2001, gifts are now reported on a separate line. The line titled Private Gifts, Grants and Contracts has changed to Nongovernmental Grants and Contracts.

<sup>3</sup> Due to the implementation of GASB Statement 35 in 2002, expenses are now accrued and lack capital outlays. Depreciation expense on capital assets is now included. In addition, an entity-wide funds presentation is reflected in the financial statements, not just current funds as in the past.

Source: 2000 and 2001, Exhibit C of Annual Financial Report (AFR); 2002 through 2004, Exhibit B of AFR

- Revenue and expense trends by themselves are not measures of performance, but they establish an operational baseline that provides a context for assessing financial performance in future studies of U. T. System efficiency and quality.

## U. T. System Administration Expenses

**Table IV-2**  
**Total Expenses for U. T. System Administration Operations**  
(\$ in thousands)

	FY	2000	2001	2002	2003	2004
Total Expenses*		\$30,676	\$35,730	\$40,727	\$48,829	\$51,395
Percent Change		80.8%	16.5%	14.0%	19.9%	5.3%

\*Due to the implementation of GASB Statement 35 in 2002, expenses are now accrued and lack capital outlays. Depreciation expense on capital assets is now included. In addition, an entity-wide funds presentation is reflected in the financial statements, not just current funds as in the past.

*Source: 2000 and 2001, Exhibit C of Annual Financial Report (AFR), 2002 through 2004, Exhibit B of AFR*

- Between FY 2003 and FY 2004, U. T. System administration expenses increased, but by a significantly smaller amount than in previous years. While total expenses have increased, expenses from State funds decreased from \$30.1 million in 2003 (which included a one-time contribution of \$3.7 million for Employment Practices Liability Insurance) to \$26.1 million in 2004. Excluding this insurance expenditure, the net decrease was \$300,000.
- These figures provide a baseline against which future changes, under the new GASB methodology, can be assessed.

## U. T. System Administration Employee Demographic Trends

**Table IV-3**  
**U. T. System Administration Staff**  
**Demographic Composition**  
**FY 2003-FY2004**

	<u>2003</u>		<u>2004</u>	
Total System Administration Employees	559		594	
Proportion by Ethnic/Racial Group	% Composition Capital Area Workforce 2002		% System Employees % Composition Capital Area Workforce Projected 2005	
White	78.0%	66.8%	75.4%	60.0%
Black	6.4	6.8	7.5	7.5
Hispanic	12.3	22.6	15.0	23.4
Asian	2.2	OTHER:	1.7	OTHER:
Native American	0.4	3.8%	0.7	4.2

*Source: U. T. Office of Human Resources and Texas State Data Center Projections of the Population of Texas and Counties in Texas by Age, Sex and Race/Ethnicity for 2000-2004.*

- This measure addresses the U. T. System's commitment to supporting a diverse working environment.
- Comparison with the Capital Area workforce pattern projected for 2005 shows that the U. T. System Administration's total employee group includes approximately 15 percent more White workers than the region as a whole.
- The proportion of Black and Hispanic System Administration employees increased moderately from 2003 to 2004.

## Bond Rating

Table IV-4

**U. T. System Bond Rating 2003 and 2004**

Permanent University Fund	8/31/02 Ratings			8/31/03 Ratings		
	Moody's	Standard and Poor's	Fitch	Moody's	Standard and Poor's	Fitch
<b>Fixed Rate Bonds</b>						
Series 1996	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 1997	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2002A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2004A & B	-	-	-	Aaa	AAA	AAA
<b>Revenue Financing System</b>						
<b>Fixed Rate Bonds</b>						
Series 1995A	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 1996A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 1998A, B, C, D	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 1999A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2001A	Aaa/VMIG-1	AAA/A-1+	AAA-F-1+	Aaa/VMIG-1	AAA/A-1+	AAA-F-1+
Series 2001B & C	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2002A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2003A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2004A&B	-	-	-	Aaa	AAA	AAA

Source: U. T. System Office of Finance

- The Revenue Financing System (RFS) is the primary debt program for the U. T. System. The RFS is supported by a System-wide pledge of all legally available revenues and balances to secure payment of debt issued on behalf of all institutions of the System.
- The U. T. System is one of only two public institutions of higher education to receive the highest possible credit ratings from all three major rating agencies. RFS and PUF debt is currently rated Aaa/AAA/AAA by Moody's, Standard & Poor's, and Fitch, respectively, representing the highest possible credit ratings for long-term debt.
- The RFS bond rating was upgraded to Aaa by Moody's in 2000 and to AAA by both Standard & Poor's and Fitch in 1997, and has remained at those levels since.

### Implications for Future Planning

- Bond ratings are an indication of financial capacity and viability, and are not necessarily good indicators of performance.
- The U. T. System has a large and growing appetite for debt financing to support its capital investment needs. As a result, the System is steadily using up its RFS debt capacity at the AAA credit level. A reduction in the RFS bond rating from AAA to AA would add \$1 million to \$2 million per year in debt service, based on historical interest rate spreads and the projected amount of debt to be issued in the FY 2004 – FY 2009 Capital Improvement Program.
- One measure of financial performance is the Annual Operating Margin ratio. The Annual Operating Margin ratio measures the relative profitability of a university by dividing its operating surplus (profit) by total operating revenues. A second financial performance measure is the Actual Debt Service Coverage ratio that measures a university's ability to pay debt service with operating cash flow. These financial ratios, in particular, have declined at the U. T. System over the past 10 years and should be monitored as a signal of reduced financial flexibility.
- Due to significant changes in GAAP accounting that were implemented in FY 2002, these ratios can only be monitored from 2002 forward, although the historical trends are clear.

## IV. Organizational Efficiency and Productivity: U. T. Academic Institutions

### Fiscal Performance

**Table IV-5**  
**Key Revenues and Expenses - U. T. Academic Institutions**  
(\$ in thousands)

	FY	2000	2001	2002	2003	2004
<b>Revenues<sup>1</sup></b>						
Arlington		\$205,916	\$221,734	\$237,532	\$245,959	\$270,336
Austin		1,075,670	1,231,579	1,213,687	1,264,015	1,351,634
Brownsville/Texas Southmost		76,525	88,070	92,540	95,719	100,621
Dallas		128,751	152,371	157,791	168,177	203,146
El Paso		196,707	205,717	205,183	217,376	229,337
Pan American		125,438	132,077	141,202	158,923	163,438
Permian Basin		26,150	27,122	26,497	27,187	29,048
San Antonio		172,398	179,208	190,195	214,529	243,498
Tyler		37,456	43,060	41,257	43,708	49,912
<b>Total Academic Revenues</b>		<b>\$2,045,011</b>	<b>\$2,280,938</b>	<b>\$2,305,884</b>	<b>\$2,435,593</b>	<b>\$2,640,970</b>
<b>Expenses<sup>2</sup></b>						
Arlington		\$190,647	\$204,651	\$225,788	\$232,937	\$244,173
Austin		1,071,617	1,173,092	1,282,557	1,356,317	1,376,923
Brownsville/Texas Southmost		67,402	82,043	84,364	91,579	97,622
Dallas		119,735	134,757	156,063	174,666	182,410
El Paso		181,903	196,349	209,133	217,783	217,149
Pan American		108,650	120,568	138,577	155,276	157,557
Permian Basin		21,074	22,506	24,294	28,381	32,640
San Antonio		149,803	163,649	177,029	205,702	224,794
Tyler		32,495	36,161	38,781	43,980	48,984
<b>Total Academic Expenses</b>		<b>\$1,943,326</b>	<b>\$2,133,776</b>	<b>\$2,336,586</b>	<b>\$2,506,621</b>	<b>\$2,582,252</b>

<sup>1</sup> These represent revenues reported on the Annual Financial Report. Revenues do not include transfers between entities, such as transfers between System Administration and the component institutions, or transfers between component institutions and other state agencies. This prevents the double counting of the same funds as revenue initially by the entities sending the funds, and then subsequently by the entity receiving the funds.

<sup>2</sup> Due to the implementation of GASB Statement 35 in 2002, expenses are now accrued and lack capital outlays. Depreciation expense on capital assets is now included. In addition, an entity-wide funds presentation is reflected in the financial statements, not just current funds as in the past.

Source: 2000 and 2001, Exhibit C of Annual Financial Report (AFR); 2002 through 2004, Exhibit B of AFR

- Because of changes in Government Accounting Standards Board reporting requirements, revenues and expenses before 2002 are not completely comparable to those posted earlier. These changes preclude the use of trend lines for the period before 2002.

**Table IV-6**

**Key Revenues and Expenses by Source and Purpose - U. T. Academic Institutions**

	(\$ in thousands)					
	FY	2000	2001	2002	2003	2004
<b>Revenues<sup>1</sup></b>						
Tuition & Fees		\$485,681	\$550,399	\$485,301	\$546,224	\$626,307
State Appropriations		677,798	679,919	725,893	719,033	723,237
Government Grants & Contracts		401,144	425,475	540,067	584,446	631,781
Nongovernment Grants & contracts <sup>2</sup>		99,574	92,995	98,878	97,489	110,550
Gifts <sup>2</sup>		0	123,703	97,107	93,560	78,814
Sales and Services - Other		248,469	263,661	266,487	310,306	325,417
Other		132,346	144,784	92,152	84,535	144,864
<b>Total Academic Revenues</b>		<b>\$2,045,011</b>	<b>\$2,280,938</b>	<b>\$2,305,884</b>	<b>\$2,435,593</b>	<b>\$2,640,970</b>
<b>Expenses<sup>3</sup></b>						
Instruction		\$617,187	\$660,572	\$726,039	\$817,586	\$829,035
Research		304,062	335,021	375,262	391,709	401,580
Institutional Support & Physical Plant		282,034	315,602	358,589	384,665	387,764
Public Service		79,071	86,882	87,041	85,938	91,812
Academic Support		163,430	180,181	189,809	172,991	181,126
Student Services		80,089	93,128	101,766	101,746	109,858
Scholarships and Fellowships		208,263	249,180	151,075	175,997	190,147
Auxiliary		209,189	213,209	223,796	243,010	247,483
Depreciation		0	0	123,209	132,979	143,447
<b>Total Academic Expenses</b>		<b>\$1,943,326</b>	<b>\$2,133,776</b>	<b>\$2,336,586</b>	<b>\$2,506,621</b>	<b>\$2,582,252</b>

<sup>1</sup> These represent revenues reported on the U. T. System Annual Financial Report. Revenues do not include transfers between entities, such as transfers between System Administration and the component institutions, or transfers between component institutions and other state agencies. This prevents the double counting of the same funds as revenue initially by the entities sending the funds, and then subsequently by the entity receiving the funds.

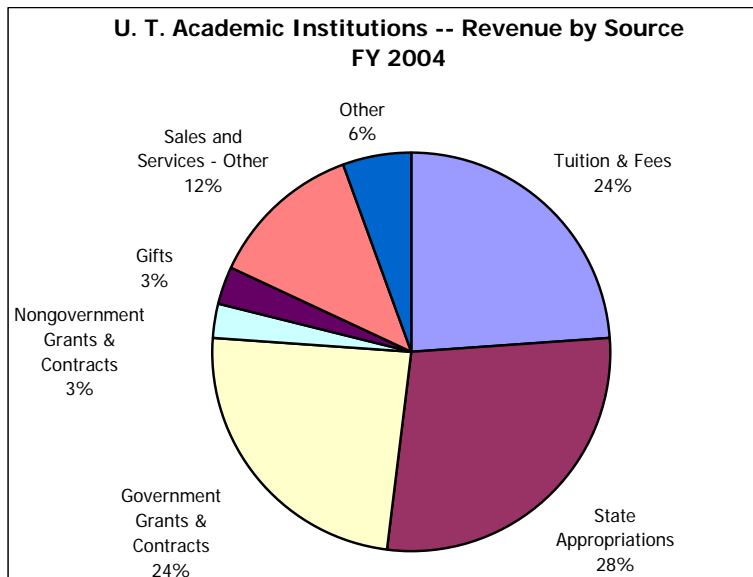
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Source: 2000 and 2001, Exhibit C of Annual Financial Report (AFR); 2002 through 2004, Exhibit B of AFR

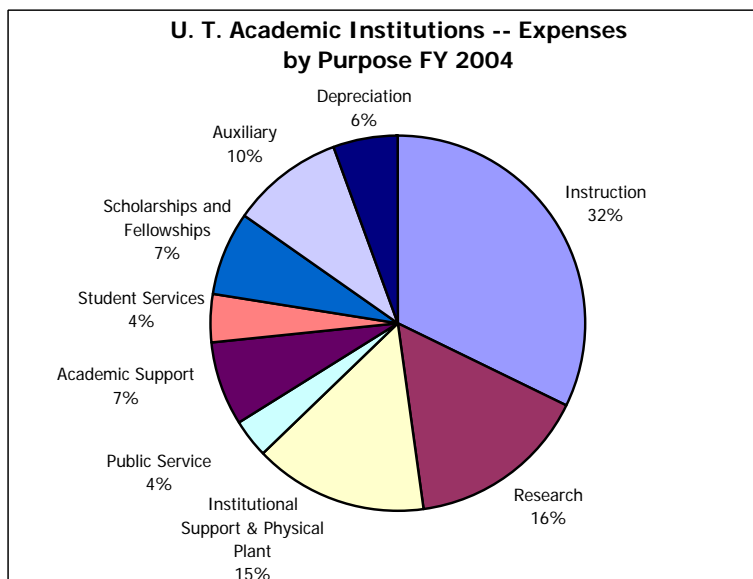
- Because of mandated changes in financial reporting requirements, revenue and expense categories from FY 2002 onward differ from those used earlier. Therefore, longitudinal comparisons before FY 2002 are not reliable.

**Figure IV-1**



- State appropriations provided 28 percent of revenue to academic institutions in FY 2004, down from 30 percent in FY 2003.
- Government grants and contracts provided 24 percent in FY 2003 and FY 2004
- Tuition provided 24 percent of revenue in FY 2004 up from 22 percent in 2003.

**Figure IV-2**



- One third of expenses were allocated to instruction.
- 18 percent of expenses went to student services, academic support, scholarships, and fellowships.
- 16 percent was spent on research.

## Revenue in Relation to Faculty and Students

**Table IV-7**

<b>Adjusted Revenue per FTE Student</b>						
<b>U. T. Academic Institutions</b>						
(\$ in thousands)						
FY	2000	2001	2002	2003	2004	
UTA	\$11	\$12	\$12	\$10	\$11	
UT Austin	12	13	12	12	13	
UTB/TSC	5	4	4	4	4	
UTD	14	15	13	13	13	
UTEP	11	11	9	9	9	
UTPA	9	10	8	8	8	
UTPB	14	14	13	11	10	
UTSA	10	10	9	9	9	
UTT	14	13	13	12	11	

Adjusted total revenue includes tuition, fees, and state appropriations.

*Source: U. T. Office of Business Affairs; FTE data from the THECB*

**Table IV-8**

<b>Adjusted Revenue per FTE Faculty</b>						
<b>U. T. Academic Institutions</b>						
(\$ in thousands)						
FY	2000	2001	2002	2003	2004	
UTA	\$215	\$232	\$235	\$227	\$233	
UT Austin	248	265	251	252	251	
UTB/TSC	85	77	71	79	78	
UTD	269	287	293	285	272	
UTEP	195	195	168	165	182	
UTPA	188	187	161	165	158	
UTPB	228	231	210	196	178	
UTSA	240	250	222	215	242	
UTT	154	152	156	156	173	

Adjusted total revenue includes tuition, fees, and state appropriations.

*Source: U. T. Office of Business Affairs; FTE data from the THECB*

- This measure illustrates the trends in state support and tuition in proportion to numbers of faculty and students at U. T. System institutions. It is one indication of resources available to serve students and to recruit and retain faculty.
- Over the past five years, revenue per full-time equivalent student has held steady or decreased at eight U. T. System academic institutions.
- Adjusted total revenue per full-time equivalent faculty has decreased at three institutions, and increased at six institutions.

Figure IV-3

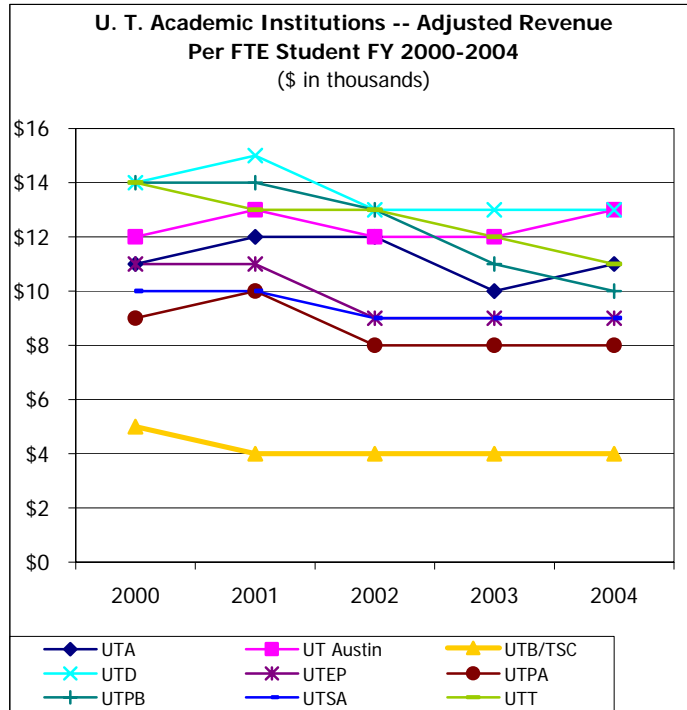
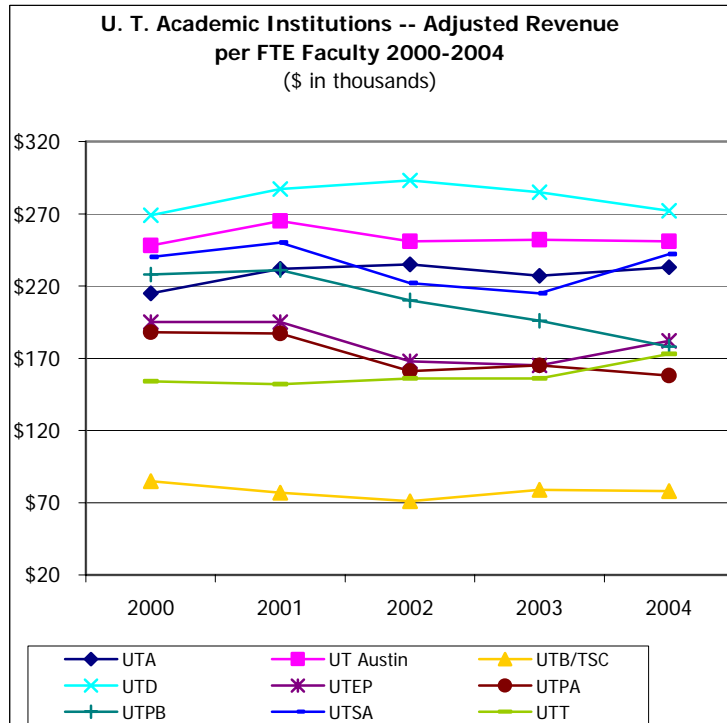


Figure IV-4



## Appropriated Funds per FTE Student and FTE Faculty

- Appropriated funds per FTE student have held steady or decreased at all U. T. System academic institutions.
- Appropriated funds have decreased per FTE faculty at seven institutions.

**Table IV-9**

<b>Appropriated Funds per FTE Student -- U. T. Academic Institutions</b>						
(\$ in thousands)						
FY	2000	2001	2002	2003	2004	
UTA	\$6	\$6	\$7	\$6	\$5	
UT Austin	7	7	7	6	6	
UTB/TSC	4	3	4	4	3	
UTD	8	7	7	7	7	
UTEP	6	6	6	6	5	
UTPA	6	6	6	6	5	
UTPB	11	10	10	9	7	
UTSA	6	5	6	5	4	
UTT	10	9	10	9	8	

*Source: Appropriated funds are from Exhibit C of Annual Financial Report (AFR) for 2000 and 2001, and Exhibit B of AFR for 2002 through 2004.*

**Table IV-10**

<b>Appropriated Funds per FTE Faculty -- U. T. Academic Institutions</b>						
(\$ in thousands)						
FY	2000	2001	2002	2003	2004	
UTA	\$121	\$124	\$133	\$123	\$116	
UT Austin	135	137	138	132	128	
UTB/TSC	71	60	60	68	62	
UTD	146	146	164	145	137	
UTEP	117	112	112	106	108	
UTPA	129	122	119	114	106	
UTPB	177	177	161	148	132	
UTSA	140	138	135	120	115	
UTT	115	109	127	117	120	

*Source: Appropriated funds are from Exhibit C of Annual Financial Report (AFR) for 2000 and 2001, and Exhibit B of AFR for 2002 through 2004.*

## Endowments — System Overview

- Taken together, the value of U. T. System endowments totaled \$4.5 billion as of August 31, 2004.
- This represents a 35 percent increase from 1999.

**Table IV-11**

**U. T. System Endowments**

	Value** 8/31/99	Value** 8/31/04	% change 99-04
Arlington	\$29,822,000	\$38,512,000	29%
Austin	1,451,337,000	2,038,938,000	40
Brownsville/TSC	441,000	4,829,000	995
Dallas	136,778,000	195,714,000	43
El Paso*	97,445,000	117,563,000	21
Pan American	30,072,000	50,749,000	69
Permian Basin	10,170,000	13,147,000	29
San Antonio	20,675,000	30,218,000	46
Tyler	39,490,000	45,152,000	14
<b>Total Academic</b>	<b>\$1,816,230,000</b>	<b>\$2,534,822,000</b>	<b>40%</b>
SWMC*	\$593,224,000	\$804,305,000	36%
UTMB*	302,115,000	352,268,000	17
HSC-H*	77,088,000	113,459,000	47
HSC-SA*	252,852,000	278,385,000	10
MDACC*	256,739,000	357,890,000	39
HC-T*	16,473,000	31,729,000	93
<b>Total Health-Related</b>	<b>\$1,498,491,000</b>	<b>\$1,938,036,000</b>	<b>29%</b>
<b>Institution Total</b>	<b>\$3,314,721,000</b>	<b>\$4,472,858,000</b>	<b>35%</b>
<b>System Administration</b>	<b>\$14,268,240</b>	<b>\$16,959,233</b>	<b>19%</b>
<b>U. T. System Total</b>	<b>\$3,328,989,240</b>	<b>\$4,489,817,233</b>	<b>35%</b>

\*Some of the increase in the total market value of endowments of these institutions is attributable to funds distributed through the Permanent Health Fund, as part of the tobacco settlement.

\*\*These totals include endowment funds managed by UTIMCO as well as those held in trust by other entities, as reported to the Council for Aid to Education each year. (Information offered on endowment funds not managed by UTIMCO is reported by each institution. Due to factors beyond control of the U. T. System Administration, amounts reported may represent estimates instead of actual figures.)

Source: U. T. System Office of External Relations and U. T. institution reports to the Council on Aid to Education.

## Endowments – U. T. Academic Institutions

- The dollar value and number of U. T. System academic institutions' endowments have grown substantially over the past five years at all U. T. System institutions.
- The ratio of these endowments to FTE students and FTE faculty illustrate the impact of these funds in the support of teaching, research, and other activities that serve students and faculty.

Figure IV-5

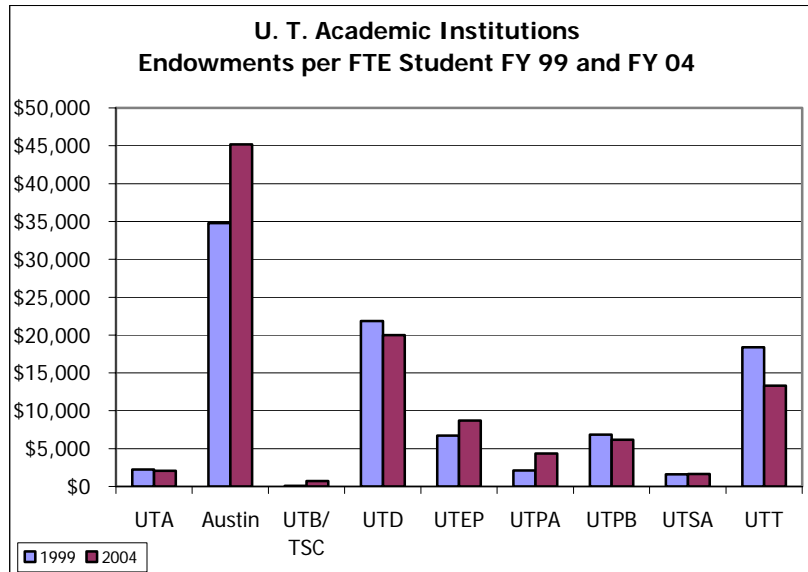
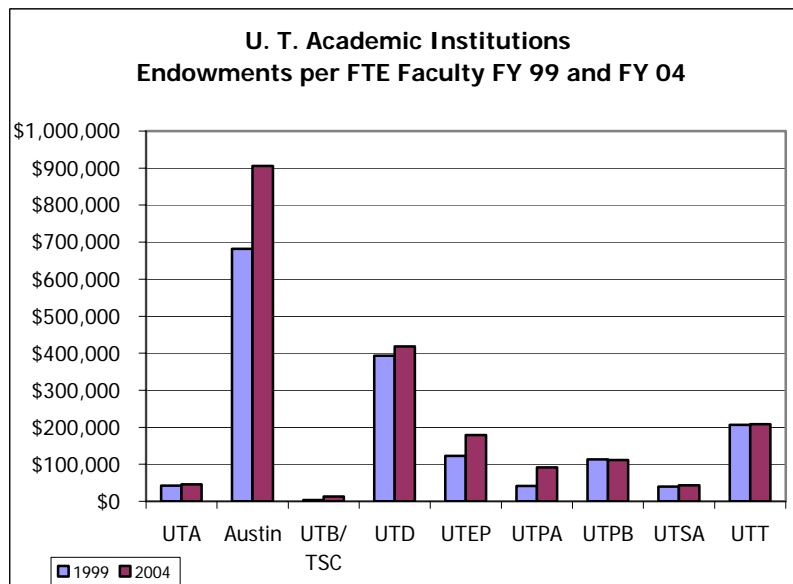


Figure IV-6



## Administrative Costs in Relation to Total Expenses

Table IV-12

		Amount Expended for Administrative Costs as a Percent of Expenses -- U. T. Academic Institutions				
	FY	2000	2001	2002	2003	2004
Arlington	Administrative Costs	\$18,610,542	\$17,837,357	\$21,579,268	\$21,511,273	\$19,760,069
	Total expenses	170,542,797	184,283,140	203,533,024	208,510,480	215,692,279
	% Total expenses	10.9%	9.7%	10.6%	10.3%	9.2%
Austin	Administrative Costs	53,435,702	60,063,709	67,677,097	76,221,356	69,876,870
	Total expenses	931,233,422	1,032,620,206	1,138,486,509	1,205,183,325	1,226,185,936
	% Total expenses	5.7%	5.8%	5.9%	6.3%	5.7%
Brownsville/TSC	Administrative Costs	7,445,212	7,942,084	9,263,187	9,392,148	9,766,930
	Total expenses	65,414,370	79,743,151	81,778,670	88,405,902	94,151,928
	% Total expenses	11.4%	10.0%	11.3%	10.6%	10.4%
Dallas	Administrative Costs	10,648,481	12,153,366	14,658,832	14,461,491	13,851,220
	Total expenses	113,342,014	127,332,173	147,989,327	165,319,197	171,995,585
	% Total expenses	9.4%	9.5%	9.9%	8.7%	8.1%
El Paso	Administrative Costs	15,902,208	16,978,175	17,924,856	18,958,401	15,792,305
	Total expenses	152,326,250	167,094,714	180,960,988	184,577,195	184,916,787
	% Total expenses	10.4%	10.2%	9.9%	10.3%	8.5%
Pan American	Administrative Costs	12,138,740	11,319,804	12,382,010	12,557,050	12,880,257
	Total expenses	100,523,147	111,421,393	127,475,110	143,526,654	145,519,374
	% Total expenses	12.1%	10.2%	9.7%	8.7%	8.9%
Permian Basin	Administrative Costs	2,442,990	2,571,896	2,949,907	3,180,381	2,782,467
	Total expenses	19,093,462	20,814,390	22,939,693	26,640,735	30,348,776
	% Total expenses	12.8%	12.4%	12.9%	11.9%	9.2%
San Antonio	Administrative Costs	16,288,866	17,528,021	19,436,041	21,882,587	24,986,867
	Total expenses	143,057,869	155,681,582	169,362,224	196,341,610	214,453,142
	% Total expenses	11.4%	11.3%	11.5%	11.1%	11.7%
Tyler	Administrative Costs	5,669,423	4,443,152	5,319,266	6,584,941	7,735,271
	Total expenses	31,618,835	35,422,661	37,178,566	41,847,061	46,435,139
	% Total expenses	17.9%	12.5%	14.3%	15.7%	16.7%
<b>Overall Average</b>		<b>8.3%</b>	<b>7.9%</b>	<b>8.1%</b>	<b>8.2%</b>	<b>7.6%</b>

Source: Administrative Cost Measures reported to the Legislative Budget Board as an Annual Performance Measure by each institution. Total expenses defined by the LBB exclude expenses of auxiliary enterprises and service departments. Administrative costs also exclude expenses of service departments.

- For most U. T. academic institutions, administrative expenses comprise between 8 and 10 percent of total expenses. This relationship is largely a function of size, with larger institutions gaining economies of scale that cause administrative expenses to be a smaller portion of total expenses.
- The ratio of administrative expenses to total expenses has decreased at most U. T. System academic institutions since 2000 and has remained essentially level at U. T. Austin and U. T. San Antonio.
- For example, at U. T. Permian Basin, from 2003 to 2004, the budget grew by almost 14 percent as the result of tuition increases and a 14-percent increase in student credit hours. This new funding went into instruction (new faculty, classroom support, enrollment and student support services) while the campus made a concerted effort not to increase administrative expenses.

**Facilities**

- The following measures provide baselines for future reports. Data from the Coordinating Board are based on self-reports by each institution. Formulas for these calculations were changed in the past year, so results to previous years are not meaningful.

**Table IV-13**  
**Assignable Space per Student FY 2004 – U. T. Academic Institutions**

	Student Headcount	FTE Students	E&G Gross Square Feet	E&G Assignable Square Feet	Ratio E&G Gross Sq. Ft. to Headcount Students	Ratio E&G Assignable Sq. Ft. to FTE Student
Arlington	24,979	18,493	2,702,855	1,801,776	108	97
Austin	51,426	45,144	11,001,748	7,836,868	214	174
Brownsville/TSC*	10,592	6,832	834,057	749,575	79	110
Dallas	13,718	9,797	1,605,172	1,051,133	117	107
El Paso	18,542	13,497	2,506,389	1,772,469	135	131
Pan American	15,915	11,689	1,221,826	1,035,552	77	89
Permian Basin	3,028	2,129	328,410	233,128	108	110
San Antonio	24,665	18,203	1,407,935	1,196,488	57	66
Tyler	4,769	3,390	425,347	361,509	89	107

\*Includes Texas Southmost College students

E&G gross square feet is the sum of all square feet of floor areas within the exterior walls of buildings that can be used for programs including such major room use categories as: classrooms, laboratories, offices, study areas, health care, residential.

Educational and general (E&G) space is the net assignable space used to carry out institutional missions of instruction, research, and many types of public service.

*Source: THECB Campus Planning Website; U. T. System Office of Facilities Planning and Construction*

- This table compares total space (E&G gross square feet) available per student to the amount of assignable space (E&G assignable square feet) per student that is used to carry out an institution's missions of instruction, research, and many kinds of public service.

**Table IV-14**  
**Space Utilization of Classrooms FY 2004 -- U. T. Academic Institutions**

Campus	Number of Classrooms	Average Weekly Hours of Use	Number of Class Labs	Average Weekly Hours of Use
Arlington	189	29.1	58	24.5
Austin	440	37.5	159	29.7
Brownsville/TSC	74	35.4	49	19.5
Dallas	145	20.0	44	15.0
El Paso	108	36.7	45	24.1
Pan American	165	24.8	100	13.6
Permian Basin	29	34.1	17	13.9
San Antonio	155	33.9	76	22.8
Tyler	54	32.0	7	27.0

*Source: THECB Facilities Inventory and THECB Space Projection Model*

- In 2004, the Texas Higher Education Coordinating Board established a revised state standard, of 38 hours of weekly classroom space use. No U. T. System academic institution met this standard in 2004, although U. T. Austin, U. T. Brownsville/Texas Southmost College, and U. T. El Paso were close in 2004.
- The THECB also revised the standard for use of class laboratories, to 25 hours of weekly use. U. T. Austin and U. T. Tyler exceeded this standard; U. T. Arlington and U. T. El Paso were close.

### Research Expenditures and Use of Research Space

- The following measure is new for U. T. academic institutions. It will provide a baseline for future reports to track the productivity of investments in research space.

**Table IV-15**

**Research Space FY 2004 - U.T. Academic Institutions**

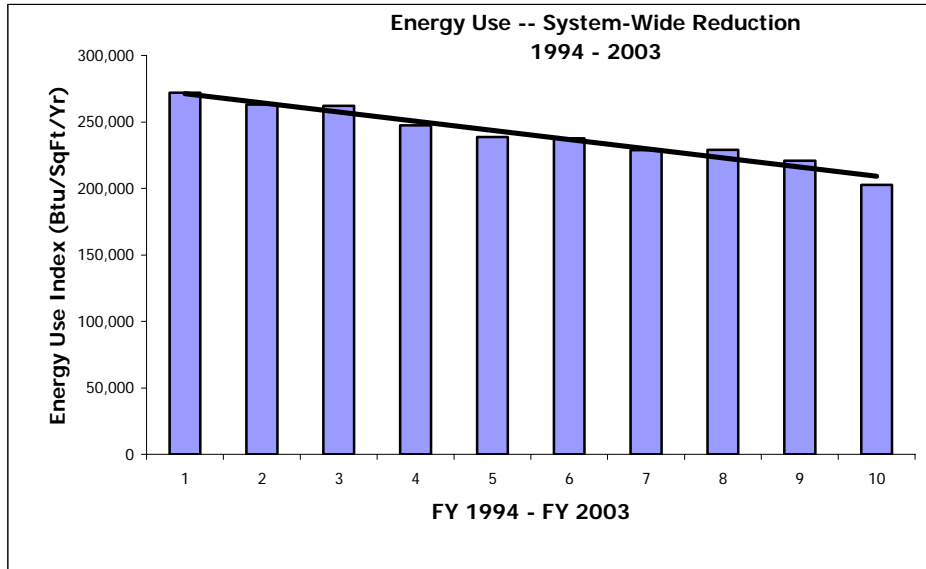
	Research Expenditures	Research E&G Sq. Ft.	Research Expenditures per Research E&G Sq. Ft.
Arlington	\$22,417,130	236,582	\$95
Austin	382,391,771	1,446,135	264
Brownsville	3,273,326	1,409	2,323
Dallas	31,274,590	145,267	215
El Paso	32,067,735	157,087	204
Pan American	4,309,262	32,683	132
Permian Basin	1,895,564	7,956	238
San Antonio	16,516,457	92,142	179
Tyler	894,034	3,211	278
<b>Total Academic</b>	<b>\$495,039,869</b>	<b>2,122,472</b>	<b>\$233</b>

*Source: THECB Space Projection Model based on institution self-reports*

### Energy Use

- A new measure, these data illustrate the increasing efficiency of operations of U. T. System academic institution physical plants.
- Utility funding comprises approximately 68 percent of the total operation and maintenance infrastructure support funds distributed by the infrastructure funding formula and appropriated by the legislature for U. T. System academic institutions; U. T. System health-related institutions allot approximately 50 percent of their formula funding to utilities.
- Reduction of energy use and costs significantly increases the efficiency of operations of U. T. System institutions.
- In 2001, the U. T. System set a goal to reduce energy consumption by 10 to 15 percent by 2011.
- From 1994 to 2003, U. T. System institutions have, on average, reduced energy use by 24 percent per gross square foot, during a period when total gross square footage increased by 44 percent.
- These savings have been achieved through the construction of more energy-efficient buildings, campus-based initiatives to monitor daily use, and programs to manage energy more efficiently.

Figure IV-7



Energy Use Reductions: U. T. Academic Institutions

**Table IV-16**  
**Reduction in Energy Use**  
**by U. T. System Academic Institutions**  
**1993-2003**

	2001-2003 Reduction (%)	1993-2003 Reduction (%)
Arlington	14	(1)
Austin	17	22
Brownsville/TSC	(19)	(34)
Dallas	15	4
El Paso	3	21
Pan American	(11)	(10)
Permian Basin	13	6
San Antonio	11	16
Tyler	29	52

- Each U. T. System academic institution has set a goal to reduce energy consumption by 15 percent by 2011.
- Most campuses are meeting or exceeding this goal.

Note: Percentage decrease based on change in Energy Use Index = BTU/SqFt/Yr

Source: U. T. System Office of Facilities Planning and Construction

## Contextual Measures

Table IV-17

### Construction Projected for FY 2005 - FY 2010 – U. T. Academic Institutions

	Project Type	All Projects		Repair and Renovation		New Construction		New Square Footage
		# Projects	Total Project Cost	# Projects	Total Project Cost	# Projects	Total Project Cost	
Arlington	Ed/Admin	7	\$ 27,763,481	4	\$ 11,094,981	3	\$ 16,668,500	105,024
	Auxiliary	8	82,688,000	1	3,300,000	7	79,388,000	517,800
	Research	1	43,472,945	0	0	1	43,472,945	128,200
	<b>Total</b>	<b>16</b>	<b>\$153,924,426</b>	<b>5</b>	<b>\$14,394,981</b>	<b>11</b>	<b>\$139,529,445</b>	<b>751,024</b>
Austin	Ed/Admin	13	312,000,000	7	157,700,000	6	154,300,000	347,731
	Auxiliary	9	210,925,000	3	32,884,000	6	178,041,000	616,160
	Research	9	157,850,000	3	41,850,000	6	116,000,000	330,378
	<b>Total</b>	<b>31</b>	<b>\$680,775,000</b>	<b>13</b>	<b>\$232,434,000</b>	<b>18</b>	<b>\$448,341,000</b>	<b>1,294,269</b>
Brownsville/TSC	Ed/Admin	2	41,110,000	0	0	2	41,110,000	98,300
	Auxiliary	0	0	0	0	0	0	0
	Research	0	0	0	0	0	0	0
	<b>Total</b>	<b>2</b>	<b>\$41,110,000</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>\$41,110,000</b>	<b>98,300</b>
Dallas	Ed/Admin	0	0	0	0	0	0	0
	Auxiliary	3	15,400,000	0	0	3	15,400,000	91,750
	Research	4	120,243,750	2	30,243,750	2	90,000,000	300,100
	<b>Total</b>	<b>7</b>	<b>\$135,643,750</b>	<b>2</b>	<b>\$30,243,750</b>	<b>5</b>	<b>\$105,400,000</b>	<b>391,850</b>
El Paso	Ed/Admin	5	21,372,000	4	11,372,000	1	10,000,000	52,604
	Auxiliary	2	42,050,000	0	0	2	42,050,000	280,000
	Research	2	34,000,000	0	0	2	34,000,000	143,965
	<b>Total</b>	<b>9</b>	<b>\$97,422,000</b>	<b>4</b>	<b>\$11,372,000</b>	<b>5</b>	<b>\$86,050,000</b>	<b>476,569</b>
Pan American	Ed/Admin	6	64,587,000	2	6,587,000	4	58,000,000	195,465
	Auxiliary	1	1,594,000	0	0	1	1,594,000	11,000
	Research	0	0	0	0	0	0	0
	<b>Total</b>	<b>7</b>	<b>\$66,181,000</b>	<b>2</b>	<b>\$6,587,000</b>	<b>5</b>	<b>\$59,594,000</b>	<b>206,465</b>
Permian Basin	Ed/Admin	1	\$9,350,000	1	9,350,000	0	0	0
	Auxiliary	2	17,030,000	0	0	2	17,030,000	115,000
	Research	0	0	0	0	0	0	0
	<b>Total</b>	<b>3</b>	<b>\$26,380,000</b>	<b>1</b>	<b>\$9,350,000</b>	<b>2</b>	<b>\$17,030,000</b>	<b>115,000</b>
San Antonio	Ed/Admin	7	199,132,154	1	6,800,000	6	192,332,154	302,000
	Auxiliary	7	145,494,500	0	0	7	145,494,500	522,000
	Research	1	94,300,000	0	0	1	94,300,000	220,000
	<b>Total</b>	<b>15</b>	<b>\$438,926,654</b>	<b>1</b>	<b>\$6,800,000</b>	<b>14</b>	<b>\$432,126,654</b>	<b>1,044,000</b>
Tyler	Ed/Admin	1	34,850,000	0	0	1	34,850,000	148,885
	Auxiliary	4	30,984,000	0	0	4	30,984,000	134,800
	Research	0	0	0	0	0	0	0
	<b>Total</b>	<b>5</b>	<b>\$65,834,000</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>\$ 65,834,000</b>	<b>283,685</b>
<b>Academic Institution Total</b>		<b>95</b>	<b>\$1,706,196,830</b>	<b>28</b>	<b>\$ 311,181,731</b>	<b>67</b>	<b>\$1,395,015,099</b>	<b>11,910,431</b>

Number of projects and total project cost include both new construction and renovation projects; new square footage only includes gross square footage added.

Source: U. T. System Office of Facilities Planning and Construction

- The U. T. System's Capital Improvement Program (CIP), approved by the Board of Regents in August 2004, identifies high-priority capital building and renewal needs. The CIP currently manages \$4.973 billion in new construction, repairs, and renovations, including \$1.706 billion for academic institutions and \$3.267 billion for health-related institutions.
- Between August 2000 and August 2004, the CIP for academic institutions has increased by approximately 70 percent, from \$1.002 billion to \$1.706 billion.
- For the future, student enrollment gains may increase at a faster rate than the CIP. This will pose policy, resource, and student service challenges for U. T. institutions and the U. T. System.

**Table IV-18**

**Facilities Condition Index FY 2004 – U. T. Academic Institutions**

	Gross Square Feet	Campus Replacement Value	Capital Renewal Backlog	Facilities Condition Index
Arlington	4,660,142	\$ 953,709,000	\$ 18,867,000	0.02
Austin	17,681,179	3,667,707,000	375,986,000	0.10
*Brownsville	248,799	85,432,000	--	0.00
Dallas	2,030,663	394,641,000	26,311,000	0.07
El Paso	3,505,832	704,883,000	24,807,000	0.04
Pan American	1,985,274	399,068,000	--	0.00
Permian Basin	728,650	148,123,000	1,375,000	0.01
San Antonio	2,675,745	530,737,000	37,198,000	0.07
Tyler	807,828	\$149,656,000	\$ 7,855,000	0.05

*\*Excludes Texas Southmost College*

*Source: U. T. System Office of Facilities Planning and Construction*

- Nationally, a facilities condition index of 0.05 or less is considered to be a good rating, 0.10 is median, and a rating of 0.15 or more is substandard.
- The FCI of all academic institutions is “good” or “median.”

**Trends in Small Class Size**

- As the table, below, illustrates, the number of small classes is small in proportion to all classes offered at U. T. System academic institutions, and is decreasing on most campuses.
- In 2004, on average, only six percent of all classes were small – those courses with fewer than ten students at the undergraduate level or fewer than five students at the graduate level.

**Table IV-18a**

**Organized Courses at U. T. System Academic Institutions -- Number and Proportion of Small Classes, 2002-2004\***

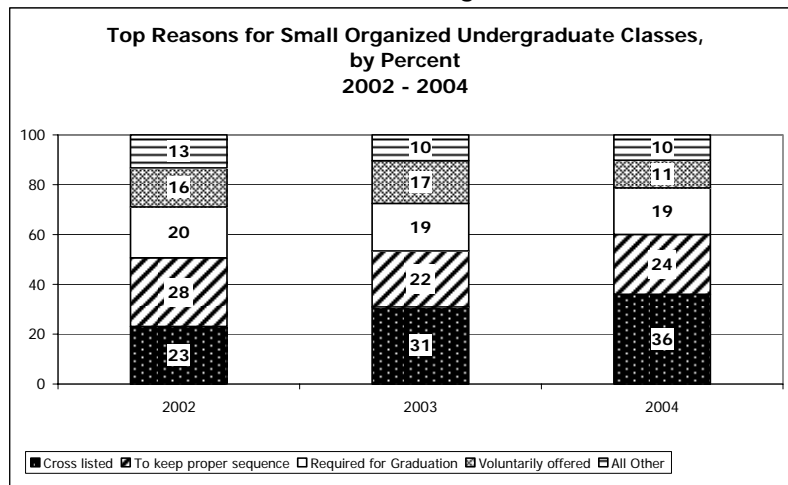
	FY 2002		FY 2003		FY 2004	
	#	% of total classes	#	% of total classes	#	% of total classes
Arlington	232	4.8	138	2.7	161	3.0
Austin	611	5.8	521	4.8	605	5.6
Brownsville/TSC	201	12.2	124	7.5	157	9.4
Dallas	181	7.6	314	12.1	250	9.4
El Paso	278	7.2	260	6.2	314	7.6
Pan American	361	10.1	401	10.7	213	5.2
Permian Basin	120	18.5	178	23.4	153	18.1
San Antonio	160	4.2	179	4.4	132	3.1
Tyler	174	12.0	177	11.2	159	9.9
<b>Total</b>	<b>2,318</b>	<b>7.1%</b>	<b>2,292</b>	<b>6.6%</b>	<b>2,144</b>	<b>6.1%</b>

*\*Includes fall and spring courses with cross-listed and multi-section courses counted only once*

*Source: THECB; U. T. System Office of Institutional Studies and Policy Analysis*

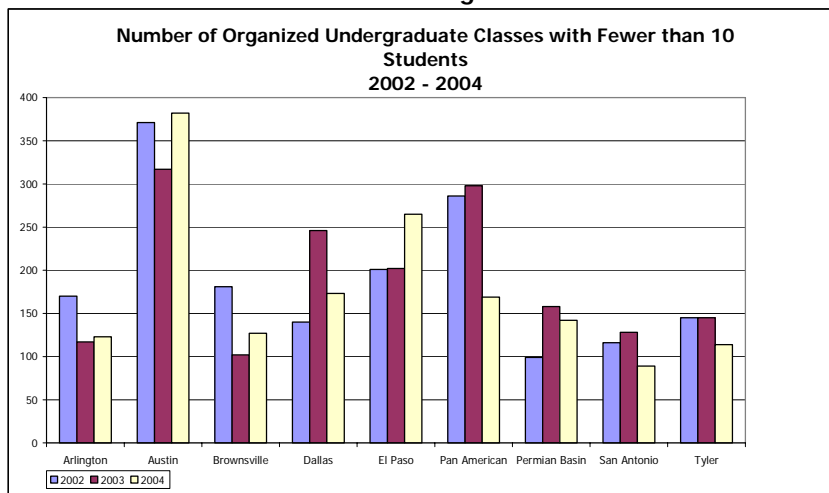
- The Texas Higher Education Coordinating Board permits small organized classes provided that the offerings are approved by the governing board of the university. They may be offered if they are:
  - required course for graduation (the course is not offered each semester or term, and, if canceled, may affect the date of graduation of those enrolled);
  - required course for majors in field and should be completed this semester (or term) to keep proper sequence in courses;
  - in a newly established degree program, concentration, or support area;
  - part of an interdepartmental (cross-listed) course taught as a single class by the same faculty, provided that the combined enrollments do not constitute a small class;
  - a first-time offering;
  - class size-limited by accreditation or state licensing standards;
  - class size-limited by availability of laboratory or clinical facilities; or
  - voluntarily offered by a faculty member in excess of the institutional teaching load requirement and for which the faculty member receives no additional compensation.
  
- Seventy-nine percent of undergraduate, and 77 of percent graduate small courses are offered because they are cross-listed, needed to maintain proper sequencing, or required for graduation.

**Figure IV-8**



Source: U. T. System Office of Academic Affairs

**Figure IV-9**

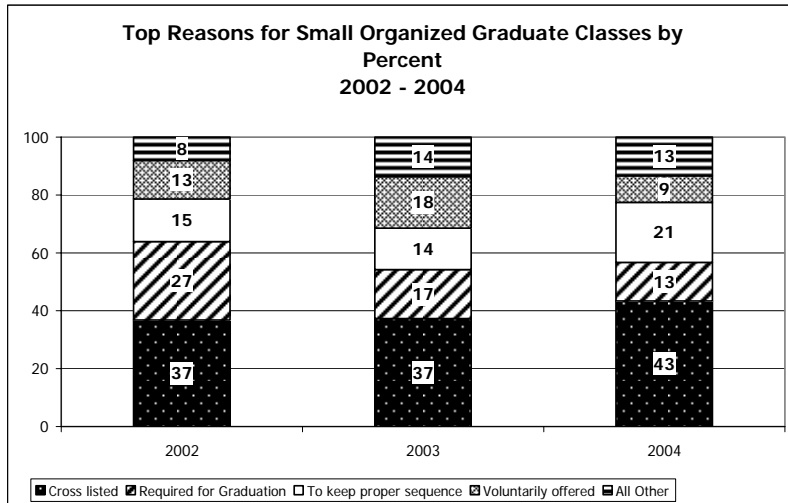


Source: U. T. System Office of Academic Affairs

The number of classes enrolling fewer than ten undergraduate students declined between 2002 and 2004 at U. T. Arlington, U. T. Brownsville/Texas Southmost College, U. T. Pan American, U. T. San Antonio, and U. T. Tyler.

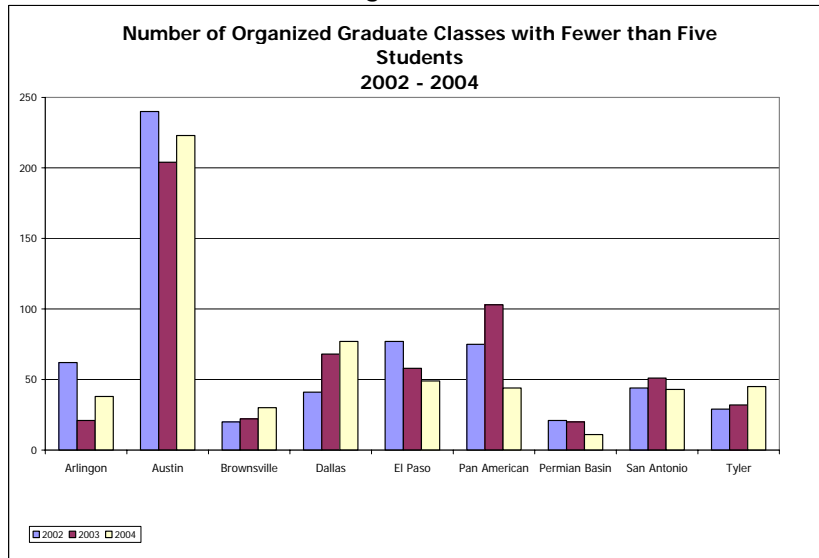
- The number of classes enrolling fewer than five graduate students also declined at most U. T. System academic institutions between 2002 and 2004.

**Figure IV-10**



Source: U. T. System Office of Academic Affairs

**Figure IV-11**



Source: U. T. System Office of Academic Affairs



## IV. Organizational Efficiency and Productivity: U. T. Health-Related Institutions

### Fiscal Performance

Table IV-19

Key Revenues and Expenses - U. T. Health-Related Institutions						
(\$ in thousands)						
	FY	2000	2001	2002	2003	2004
<b>Revenues*</b>						
SWMC		\$612,742	\$670,645	\$725,174	\$745,386	\$868,586
UTMB**		1,175,622	1,229,592	1,246,647	1,261,376	1,286,576
HSC-H		482,356	501,601	550,258	572,903	616,105
HSC-SA		363,254	411,845	442,606	457,011	456,334
MDACC**		1,099,424	1,252,894	1,408,941	1,570,962	1,826,034
HC-T**		96,770	99,916	118,184	121,960	124,531
<b>Total Health Revenues</b>		<b>\$3,830,168</b>	<b>\$4,166,493</b>	<b>\$4,491,810</b>	<b>\$4,729,598</b>	<b>\$5,178,166</b>
<b>Expenses*</b>						
SWMC		\$570,634	\$615,084	\$699,826	\$746,429	\$803,998
UTMB**		1,152,839	1,211,619	1,254,959	1,275,215	1,307,590
HSC-H		473,777	495,528	547,008	573,053	574,011
HSC-SA		361,749	400,445	429,164	448,826	458,584
MDACC**		1,008,015	1,145,894	1,367,659	1,511,377	1,742,330
HC-T**		93,804	98,496	110,183	117,559	122,306
<b>Total Health Expenses</b>		<b>\$3,660,818</b>	<b>\$3,967,066</b>	<b>\$4,408,799</b>	<b>\$4,672,459</b>	<b>\$5,008,819</b>

\*See next page for breakdown of sources of revenue and expense purposes.

\*\*Institution has a hospital

Source: 2000 and 2001, Exhibit C of Annual Financial Report (AFR); 2002 through 2004, Exhibit B of AFR

- Because of mandated changes in financial reporting requirements, revenue and expense categories from FY 2002 onward differ from those used earlier. Therefore, longitudinal comparisons before FY 2002 are not reliable.

Table IV-20

**Key Revenues and Expenses by Source and Purpose - U. T. Health-Related Institutions**  
(\$ in thousands)

	FY	2000	2001	2002	2003	2004
<b>Revenues<sup>1</sup></b>						
Tuition & Fees		\$39,647	\$43,060	\$41,499	\$46,789	\$48,801
State Appropriations		821,601	825,314	881,042	858,325	848,767
Government Grants & Contracts		512,858	539,094	653,793	718,465	768,920
Nongovernment Grants & Contracts <sup>2</sup>		411,884	385,018	355,675	386,004	408,736
Gifts <sup>2</sup>		0	82,408	99,537	99,216	101,960
Sales and Services of Hospitals		1,259,113	1,405,059	1,525,988	1,669,380	1,889,356
Sales and Services - Other		123,202	144,327	124,236	99,060	138,772
Physician Fees		452,997	507,396	587,509	655,726	701,119
Other		208,866	234,817	222,531	196,633	271,735
<b>Total System Revenues</b>		<b>\$3,830,168</b>	<b>\$4,166,493</b>	<b>\$4,491,810</b>	<b>\$4,729,598</b>	<b>\$5,178,166</b>
<b>Expenses<sup>3</sup></b>						
Instruction		\$856,907	\$898,700	\$997,351	\$1,026,853	\$1,073,255
Research		545,690	613,078	709,032	763,573	829,525
Hospitals / Clinics		1,646,364	1,780,409	1,788,350	1,894,749	2,044,782
Institutional Support & Physical Plant		394,495	445,779	511,028	535,033	575,971
Public Service		88,350	86,736	98,529	113,240	117,137
Academic Support		56,878	59,932	70,071	74,235	74,627
Student Services		10,033	10,701	12,081	11,697	13,436
Scholarships and Fellowships		22,211	24,076	5,226	8,006	9,889
Auxiliary		39,890	47,655	44,422	46,137	42,420
Depreciation		0	0	172,709	198,936	227,777
<b>Total System Expenses</b>		<b>\$3,660,818</b>	<b>\$3,967,066</b>	<b>\$4,408,799</b>	<b>\$4,672,459</b>	<b>\$5,008,819</b>

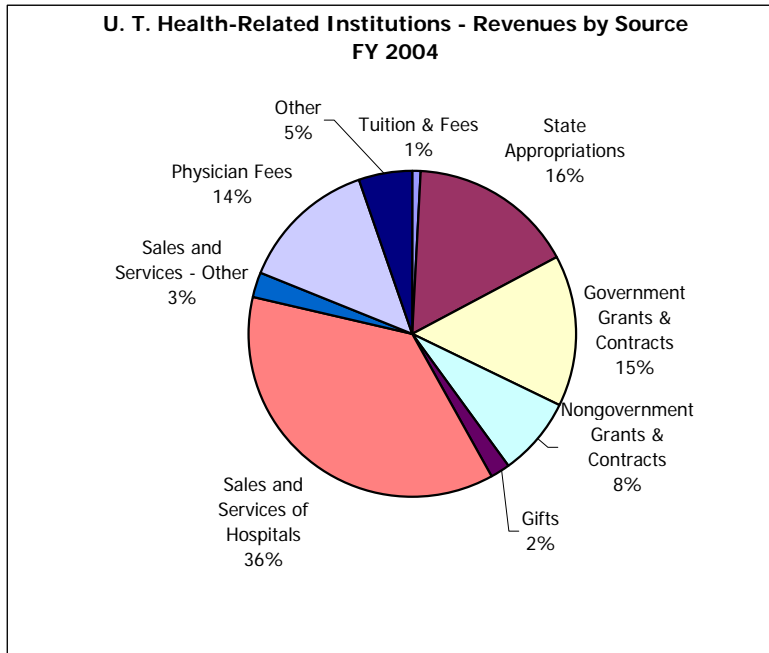
<sup>1</sup> These represent revenues reported on the U. T. System Annual Financial Report. Revenues do not include transfers between entities, such as transfers between System Administration and the component institutions, or transfers between component institutions and other state agencies. This prevents the double counting of the same funds as revenue initially by the entities sending the funds, and then subsequently by the entity receiving the funds.

<sup>2</sup> Due to the implementation of Governmental Accounting Standards Board (GASB) Statement 33 in 2001, gifts are now reported on a separate line. The line titled Private Gifts, Grants and Contracts has changed to Nongovernmental Grants and Contracts.

<sup>3</sup> Due to the implementation of GASB Statement 35 in 2002, expenses are now accrued and lack capital outlays. Depreciation expense on capital assets is now included. In addition, an entity-wide funds presentation is reflected in the financial statements, not just current funds as in the past.

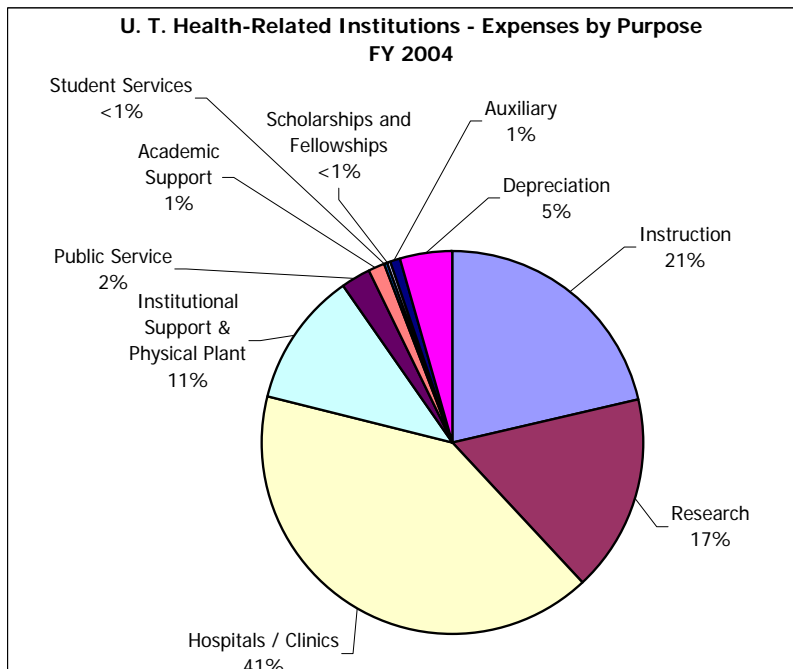
Source: 2000 and 2001, Exhibit C of Annual Financial Report (AFR); 2002 through 2004, Exhibit B of AFR

Figure IV-12



- Between FY 2003 and FY 2004, state appropriations decreased from 18 to 16 percent of total revenue for U. T. System health-related institutions.

Figure IV-13



- The proportion of expenses by purpose changed very little between FY 2003 and FY 2004.

## Patient Care: Total U. T. System Patient Care Revenue

Table IV-21

<b>Total U. T. System Patient Care Revenue – U. T. Health-Related Institutions</b>					
	(\$ in thousands)				
	FY 99	FY 00	FY 01	FY 02	FY 03
Total Net Hospital and Clinic Revenue	\$ 810,609	\$ 901,380	\$1,028,427	\$1,201,607	\$ 1,362,389
MSRDP (Practice Plan) Revenue*	638,245	699,925	775,727	806,927	880,185
<b>Total Patient Care Revenue</b>	<b>\$1,448,854</b>	<b>\$1,601,305</b>	<b>\$1,804,154</b>	<b>\$2,008,534</b>	<b>\$2,242,574</b>

\*Includes Medical Services, Research and Development Programs

Source: U. T. System Hospital Reports, MSRDP and institutional reports.

- The U. T. System health-related institutions provide a very significant portion of health services to Texans throughout the state.
- Since 1999, total patient care revenue has increased to over \$2.2 billion, reflecting the growing base of patients and scope of service by U. T. institutions.

## Hospital and Clinic Service in Relation to Hospital General Revenue

- These measures compare State support through general revenue to the productivity of clinic and hospital care.

Table IV-22

<b>General Revenue Per Hospital Admission</b>					
	FY 99	FY 00	FY 01	FY 02	FY 03
UTMB	\$3,121	\$3,357	\$3,280	\$3,155	\$3,068
MDACC	\$4,038	\$6,268	\$5,894	\$4,793	\$4,677
UTHC-T	\$4,264	\$4,492	\$4,691	\$4,981	\$4,845
HCPC (Harris County Psychiatric Center)	\$3,639	\$3,978	\$3,715	\$3,544	\$3,572
<b>Amount of General Revenue Per Patient Day</b>					
UTMB	\$596	\$639	\$614	\$592	\$586
MDACC	\$525	\$832	\$810	\$667	\$620
UTHC-T	\$531	\$560	\$601	\$653	\$677
HCPC	\$360	\$378	\$357	\$336	\$331
<b>Amount of General Revenue Per Hospital Outpatient and Clinic Visit</b>					
UTMB	\$122	\$139	\$136	\$130	\$134
MDACC	\$161	\$242	\$232	\$179	\$168
UTHC-T	\$117	\$125	\$114	\$140	\$134
<b>Hospital General Revenue as a Percent of Hospital Charity Care Provided</b>					
UTMB	47%	58%	58%	47%	37%
MDACC	80%	119%	119%	79%	63%
UTHC-T	127%	102%	82%	101%	126%
HCPC	92%	99%	86%	79%	87%

Source: The University of Texas System Annual Hospital Report and institutions reports, and institutions report of General Revenue for hospital operations.

## Endowments – U. T. Health-Related Institutions

Table IV-23

U. T. Health-Related Institutions -- Value of Endowments			
	Value 8/31/1999	Value 8/31/2004	% change 99-04
SWMC	\$593,224,000	\$804,305,000	36%
UTMB	302,115,000	352,268,000	17
HSC-H	77,088,000	113,459,000	47
HSC-SA	252,852,000	278,385,000	10
MDACC	256,739,000	357,890,000	39
HC-T	16,473,000	31,729,000	93
<b>Total Health-Related</b>	<b>\$1,498,491,000</b>	<b>\$1,938,036,000</b>	<b>29%</b>

Some of the increase in the total market value of endowments of these institutions is attributable to funds distributed through the Permanent Health Fund, as part of the tobacco settlement.

These totals include endowment funds managed by UTIMCO as well as those held in trust by other entities. (Information offered on endowment funds not managed by UTIMCO is reported by each institution. Due to factors beyond control of the U. T. System Administration, amounts reported may represent estimates instead of actual figures.)

*Source: U. T. System Office of External Relations and U. T. Institution reports to the Council for Aid to Education*

Figure IV-14

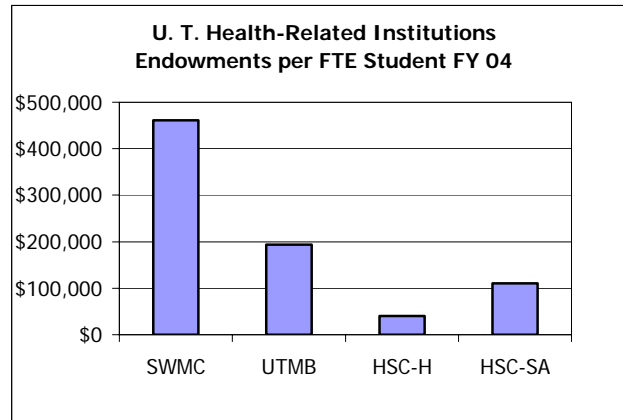
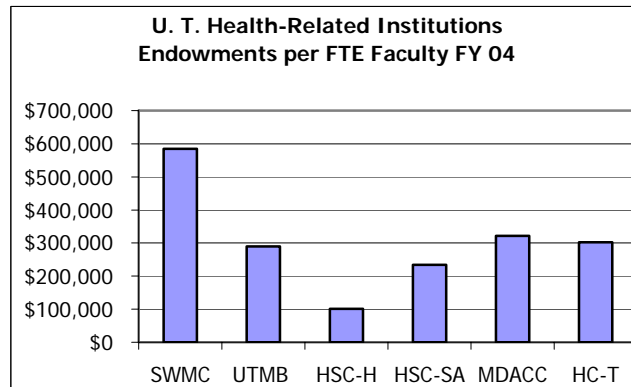


Figure IV-15



## Administrative Costs in Relation to Total Expenses

**Table IV-24**  
**Amount Expended for Administrative Costs as a Percent of Expenses**  
**U. T. Health-Related Institutions**

	FY	2000	2001	2002	2003	2004
SWMC	Administrative Costs	\$38,891,201	\$44,457,636	\$42,205,477	\$42,387,679	\$40,130,750
	Total Expenses	564,415,092	606,861,869	690,232,692	735,989,189	793,614,735
	% of Total Expenses	6.9%	7.3%	6.1%	5.8%	5.1%
UTMB	Administrative Costs	39,261,855	46,117,165	47,712,199	56,416,463	60,827,371
	Total Expenses	1,147,676,717	1,205,128,899	1,250,116,030	1,270,372,660	1,299,079,042
	% of Total Expenses	3.4%	3.8%	3.8%	4.4%	4.7%
HSC-H	Administrative Costs	39,582,482	38,128,782	42,586,601	53,784,642	52,038,601
	Total Expenses	465,007,914	481,106,061	529,561,107	556,851,437	559,110,020
	% of Total Expenses	8.5%	7.9%	8.0%	9.7%	9.3%
HSC-SA	Administrative Costs	22,302,931	26,088,462	29,389,937	21,900,153	24,368,830
	Total Expenses	352,939,690	393,704,929	426,495,884	445,497,569	452,422,247
	% of Total Expenses	6.3%	6.6%	6.9%	4.9%	5.4%
MDACC	Administrative Costs	84,091,384	83,818,920	115,533,058	132,292,905	143,898,025
	Total Expenses	988,128,382	1,116,711,352	1,337,644,384	1,492,951,108	1,724,249,855
	% of Total Expenses	8.5%	7.5%	8.6%	8.9%	8.3%
HC-T	Administrative Costs	5,872,444	5,569,048	5,421,006	8,083,042	8,520,041
	Total Expenses	93,370,352	97,935,722	107,798,331	115,092,220	119,374,181
	% of Total Expenses	6.3%	5.7%	5.0%	7.0%	7.1%
<b>Overall Average</b>		<b>6.4%</b>	<b>6.3%</b>	<b>6.5%</b>	<b>6.8%</b>	<b>6.7%</b>

*Source: Administrative Cost Measures reported to the Legislative Budget Board as an Annual Performance Measure by each institution. Total expenses defined by the LBB exclude expenses of auxiliary enterprises and service departments. Administrative costs also exclude expenses of service departments.*

- The average ratio of administrative costs to total expenses has remained at just over six percent for U. T. System health-related institutions over the past five years, reflecting efforts to operate more efficiently.
- Between 2000 and 2004, administrative expenses as a proportion of total expenses have decreased or remained level at Southwestern Medical Center, the Health Science Center-San Antonio, and the Health Center-Tyler.
- Over this period, the ratio has increased slightly at the Health Science Center Houston, and at the Medical Branch Galveston and M. D. Anderson Cancer Center, both of which own and operate large hospitals.

## Clinical Revenue Related to Faculty Activity

Table IV-25

<b>U. T. System Health-Related Institutions</b>				
<b>Gross Patient Charges per FTE Clinical Faculty*</b>				
	FY 00	FY 01	FY 02	FY 03
SWMC	\$1,877,040	\$2,075,879	\$1,875,744	\$1,887,877
UTMB	1,012,159	1,165,321	1,173,391	1,267,112
HSC-H	<i>data pending</i>	<i>data pending</i>	<i>data pending</i>	<i>data pending</i>
HSC-SA*	--	861,381	794,409	767,370
MDACC	680,110	830,782	981,073	1,150,130
HC-T	713,317	469,517	503,005	481,916
*Include gross charges (FSS and capitated plans)				
<b>Net Collections per Clinical Faculty</b>				
SWMC	\$539,599	\$596,028	\$537,835	\$524,252
UTMB	509,944	554,103	501,152	510,574
HSC-H	<i>data pending</i>	<i>data pending</i>	<i>data pending</i>	<i>data pending</i>
HSC-SA	--	341,747	298,188	269,250
MDACC	304,857	321,335	386,586	441,903
HC-T	296,015	149,618	162,769	162,839
*Based on operating budget figures; actual FTEs may change over the course of a year. Source: <i>MSRDP Report and Faculty Salary Report</i>				

- Gross patient charges illustrate the volume of care that faculty provide.
- Net collections differ due to varying contractual allowances, the provision of indigent care, and billing and collection practices, among other issues.
- In most cases, the net collections per FTE clinical faculty have increased over the past four years.
- U. T. Health Center-Tyler does not have full-time medical staff consistent with certain surgical subspecialties; these specific subspecialties are provided by community physicians in private practice.

## Facilities

- Between 2003 and 2004, research expenditures per square foot of research space increased at U. T. Medical Branch, U. T. Health Science Center-San Antonio, and U. T. Health Center-Tyler.
- This measure provides a baseline for the analysis in future reports of the productivity of investments in research space.

**Table IV-26**

**Research Space FY 2004 – U. T. Health-Related Institutions**

	<u>FY 2004</u> Research Expenditures*	<u>FY 2004</u> Research E&G Sq. Ft.**	<u>FY 2004</u> Research Expenditures per Research E&G Sq. Ft.	<u>FY 2003</u> Research Expenditures per Research E&G Sq. Ft.
SWMC	\$208,490,067	623,651	\$334.3	\$342.4
UTMB	103,786,981	445,878	232.8	206.1
HSC-H	121,012,560	333,776	362.6	288.3
HSC-SA	126,742,350	432,978	292.7	222.8
MDACC	225,949,084	564,511	400.3	445.7
HC-T	8,760,834	39,612	221.2	207.8

\*Includes funding for clinical trials

\*\*Excludes research space used for clinical trials.

*Source: THECB Space Projection Model based on institution self-reported data.*

## Energy Use

**Table IV-27**

**Reduction in Energy Use  
by U. T. System Health-Related  
Institutions  
1993-2003**

	2001-2003 Reduction (%)	1993-2003 Reduction (%)
SWMC	24	34
UTMB	(11)	48
HSC-H	10	56
HSC-SA	20	33
MDACC	6	3
HC-T	1	4

Note: Percentage decrease based on change in Energy Use Index = BTU/SqFt/Yr)

*Source: U. T. System Office of Facilities  
Planning and Construction*

- A new measure, these data illustrate the increasing efficiency of operations of U. T. System health-related institutions.
- Each institution has set a goal to reduce energy consumption by 15 percent by 2011.
- Most campuses are meeting or exceeding this goal.

## Contextual Measures

**Table IV-28**

**Facilities Condition Index FY 2003 – U. T. Health-Related Institutions**

	Gross Sq. Feet	Campus Replacement Value	Capital Renewal Backlog	Facilities Condition Index
SWMC	7,051,326	\$1,722,236,000	--	0.00
UTMB	6,211,630	1,834,802,000	93,420,000	0.05
HSC-H	3,159,878	841,481,000	61,683,000	0.07
HSC-SA	2,681,500	791,164,000	61,442,000	0.08
MDACC	5,948,841	1,641,036,000	38,955,000	0.02
HC-T	656,026	221,153,000	8,018,000	0.04

*Source: U. T. System Office of Facilities Planning and Construction*

- Nationally, a facilities condition index of 0.05 or less is considered to be a good rating, 0.10 is median, and 0.15 or more is considered substandard.
- The FCI of all health-related institutions is “good” or “median.”

- Between August 2000 and August 2004, the CIP for health-related institutions nearly doubled, from \$1.764 billion to \$3.267 billion.

Table IV-29

**Construction Projected for FY 2005-FY 2010 – U. T. Health-Related Institutions**

	Project Type	All Projects		Repair and Renovation		New Construction		
		# Projects	Total Project Cost	# Projects	Total Project Cost	# Projects	Total Project Cost	New Square Footage
SWMC	Ed/Admin	1	\$ 4,500,000	0	\$ 0	1	\$ 4,500,000	15,000
	Auxiliary	2	20,500,000	0	0	2	20,500,000	117,658
	Research	4	346,200,000	1	25,000,000	3	321,200,000	1,146,958
	Clinical	2	74,400,000	1	12,000,000	1	62,400,000	250,000
	<b>Total</b>	<b>9</b>	<b>\$445,600,000</b>	<b>2</b>	<b>\$37,000,000</b>	<b>7</b>	<b>\$408,600,000</b>	<b>1,529,616</b>
UTMB	Ed/Admin	2	10,900,000	2	10,900,000	0	0	0
	Auxiliary	3	47,240,254	0	0	3	47,240,254	339,318
	Research	5	279,810,000	2	80,180,000	3	199,630,000	213,206
	Clinical	3	23,380,000	3	23,380,000	0	0	0
	<b>Total</b>	<b>13</b>	<b>\$361,330,254</b>	<b>7</b>	<b>\$114,460,000</b>	<b>6</b>	<b>\$246,870,254</b>	<b>552,524</b>
HSC-H	Ed/Admin	8	206,400,000	4	93,800,000	4	112,600,000	971,000
	Auxiliary	3	33,000,000	0	0	3	33,000,000	370,000
	Research	2	159,980,000	0	0	2	159,980,000	341,000
	Clinical	2	42,050,000	0	0	2	42,050,000	187,000
	<b>Total</b>	<b>15</b>	<b>\$441,430,000</b>	<b>4</b>	<b>\$93,800,000</b>	<b>1</b>	<b>\$347,630,000</b>	<b>1,869,000</b>
HSC-SA	Ed/Admin	4	66,700,000	1	9,000,000	3	57,700,000	157,079
	Auxiliary	0	0	0	0	0	0	0
	Research	3	58,000,000	0	0	3	58,000,000	131,200
	Clinical	0	0	0	0	0	0	0
	<b>Total</b>	<b>7</b>	<b>\$124,700,000</b>	<b>1</b>	<b>\$9,000,000</b>	<b>6</b>	<b>\$115,700,000</b>	<b>288,279</b>
MDACC	Ed/Admin	6	113,000,000	2	9,000,000	4	104,000,000	504,000
	Auxiliary	7	187,600,000	1	3,000,000	6	184,600,000	250,000
	Research	22	872,930,000	13	293,700,000	9	579,230,000	1,210,050
	Clinical	5	702,500,000	2	24,300,000	3	678,200,000	2,557,700
	<b>Total</b>	<b>40</b>	<b>\$1,876,030,000</b>	<b>18</b>	<b>\$330,000,000</b>	<b>2</b>	<b>\$1,546,030,000</b>	<b>4,521,750</b>
HC-T	Ed/Admin	0	0	0	0	0	0	0
	Auxiliary	0	0	0	0	0	0	0
	Research	1	11,513,250	0	0	1	11,513,250	30,000
	Clinical	2	6,000,000	1	2,500,000	1	3,500,000	10,000,000
	<b>Total</b>	<b>3</b>	<b>\$17,513,250</b>	<b>1</b>	<b>\$2,500,000</b>	<b>2</b>	<b>\$15,013,250</b>	<b>10,030,000</b>
<b>Health-Related</b>								
<b>Institutions Total</b>		<b>87</b>	<b>\$3,266,603,504</b>	<b>33</b>	<b>\$586,760,000</b>	<b>5</b>	<b>\$2,679,843,504</b>	<b>18,791,169</b>

Number of projects and total project cost include both new construction and renovation projects; new square footage only includes gross square footage added

Source: U. S. System Office of Facilities Planning and Construction

## **Organizational Efficiency and Productivity: Implications for Future Planning and Measures for Future Development**

### **Implications for Future Planning**

- Financial resources. The U. T. System will continue to depend on a combination of tuition, tuition revenue bonds, appropriations, private donations, and patient care revenues to obtain resources necessary to achieve its goals in teaching, research, health care, and service. Using these funds most efficiently will present an increasingly important challenge as demands to serve students and patients continue to grow. This report summarizes much more detailed information that will help assess the impact of shifts in this complex resource base.
- Private giving and endowments. Private sources of support will become increasingly important; this report should, in future years, illustrate the impact of these investments on U. T. institutions.
- Productivity and efficiency studies. The U. T. System anticipates refining the measures and comparative benchmarks it will use in the future to assess the productivity and efficiency of its operations, based on forthcoming recommendations, expected in 2005, from the U. T. System's task force on efficiency and productivity studies.
- Human resource data and trends. The U. T. System currently lacks a consistent, centralized process for analyzing staff trends including trends in salaries, FTEs, and professional development for employees in various classes. These issues are being addressed by the U. T. System, as part of a statewide agency adjustment to reporting on staffing trends, and deserve additional attention for the future.
- Human resource development. Investment of resources in recruiting, retaining, and developing faculty and staff is and will be a critical success factor for U. T. institutions. This report provides a framework for the future assessment of the effectiveness of these investments.

### **Measures for Future Development**

- Define measures of productivity, based on task force recommendations.
- Refine the methodology for collecting and analyzing all faculty and staff (human resources) data.