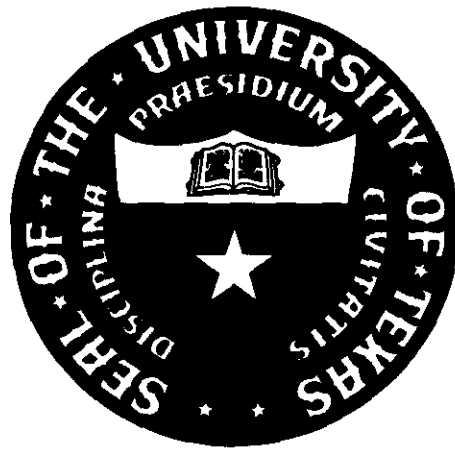


THE UNIVERSITY OF TEXAS SYSTEM

OPERATING BUDGET FISCAL YEAR 2002



PRESENTATION TO

**The University of Texas System
BOARD OF REGENTS**

August 2001

THE UNIVERSITY OF TEXAS SYSTEM

**PROPOSED FY 2002 BUDGET
(Millions Of Dollars)**

METHOD OF FINANCING

	<u>FY 2001</u>	<u>FY 2002</u>	<u>Dollar & Percent Increase/Decrease</u>	
GENERAL REVENUE	\$ 1,376.8	\$ 1,507.6	\$ 130.8	9.50%
EDUCATIONAL AND GENERAL INCOME	1,319.1	1,479.9	160.8	12.19%
OTHER SOURCES OF EDUCATIONAL AND GENERAL OPERATING FUNDS	237.5	259.5	22.0	9.26%
FUNDING FROM PRIOR YEAR BALANCES	18.4	16.8	(1.6)	-8.70%
E&G CAPITAL PROJECTS	50.6	0.0	(50.6)	-100.00%
SYSTEM OFFICES	24.1	26.1	2.0	8.30%
DESIGNATED FUNDS				
MSRDP/DSRDP/PRS/AHFSP	695.2	769.7	74.5	10.72%
OTHER DESIGNATED ACTIVITIES	826.6	904.5	77.9	9.42%
AUXILIARY ENTERPRISES	268.7	305.5	36.8	13.70%
CURRENT RESTRICTED				
SPONSORED RESEARCH & SERVICES	762.3	831.2	68.9	9.04%
PRIVATELY SPONSORED RESEARCH	121.7	131.2	9.5	7.81%
GIFTS AND GRANTS	190.0	220.0	30.0	15.79%
TOTAL BUDGET	<u><u>\$ 5,891.0</u></u>	<u><u>\$ 6,452.0</u></u>	<u><u>\$ 561.0</u></u>	<u><u>9.52%</u></u>

Note:

See Pages 2 and 3 for comments.

THE UNIVERSITY OF TEXAS SYSTEM
FY 2002 BUDGET
COMMENTS ON METHOD OF FINANCING

- Net **GENERAL REVENUE** increased \$130.8 Million as a result of increased in funding from the 77th Legislature. General Revenue remained relatively constant as a percent of the Total Expenditure Budget at 23.6% in Fiscal Year 2002.
- The net increase of \$160.8 Million in **EDUCATIONAL AND GENERAL INCOME** is the result of increased income from patients and overhead recovery. Overall Patient Income increased \$136.2 Million or 14.5% over FY 2001 largely due to increases at U. T. MB Galveston (\$23.6 Million) and U. T. MD Anderson (\$111.7 Million). Income from overhead recovery increased by 13.5% (\$20.5 Million).
- **OTHER SOURCES OF EDUCATIONAL AND GENERAL OPERATING FUNDS** increased \$22.0 Million. The increase primarily results from growth in the TEXAS Grant scholarship program.
- Decrease in **FUNDING FROM PRIOR YEAR BALANCES** is \$1.8 Million.
- Fund Balances for **EDUCATIONAL AND GENERAL CAPITAL PROJECTS** are not utilized in the FY 2002 budget.
- **SYSTEM OFFICES** - funding requirements show an increase of \$2.0 Million or 8.3% due to new initiatives, mandated salary increases and staff benefits.
- **DESIGNATED FUNDS** increased 10.0%. Estimates of Practice Plan revenues increased by \$74.5 Million or 10.7%. Other Designated Funds increased 9.4% or \$77.9 Million due in large part to increases in Designated Tuition and fees at academic institutions and miscellaneous other designated income.
- Increase of \$36.8 Million in **AUXILIARY ENTERPRISES** is due to increased fees and charges necessary to cover anticipated operating costs.

THE UNIVERSITY OF TEXAS SYSTEM
FY 2002 BUDGET
COMMENTS ON METHOD OF FINANCING

- ***SPONSORED RESEARCH AND SERVICES*** has increased 9.0% or \$68.9 Million as a result of increased research activities.
- ***PRIVATELY SPONSORED RESEARCH*** shows a net increase of \$9.5 Million or 7.8%. The largest increase was shown at U. T. Southwestern (\$5.2 Million.)
- ***GIFTS AND GRANTS*** has increased \$30.0 Million or 15.8% primarily resulting from increases at U. T. Austin (\$19.7 Million), and U. T. Dallas (\$4.5 Million.)

THE UNIVERSITY OF TEXAS SYSTEM

PROPOSED FY 2002 BUDGET
(Millions Of Dollars)

EXPENDITURES

	<u>FY 2001</u>	<u>FY 2002</u>	<u>Dollar & Percent Increase/Decrease</u>	
INSTRUCTION	\$ 1,018.6	\$ 1,070.3	\$ 51.7	5.08%
RESEARCH	118.6	145.2	26.6	22.43%
PUBLIC SERVICE	16.4	26.5	10.1	61.59%
HEALTH CARE	782.5	865.5	83.0	10.61%
INSTITUTIONAL SUPPORT	249.7	269.1	19.4	7.77%
STUDENT SERVICES	33.7	35.6	1.9	5.64%
STAFF BENEFITS	288.6	335.1	46.5	16.11%
OPERATIONS & MAINTENANCE	317.6	369.1	51.5	16.22%
SCHOLARSHIPS & FELLOWSHIPS	30.1	56.4	26.3	87.38%
CAPITAL PROJECTS	146.6	91.0	(55.6)	-37.93%
SYSTEM OFFICES	24.1	26.1	2.0	8.30%
DESIGNATED				
MSRDP/DSRDP/PRS/AHFSP	695.1	769.2	74.1	10.66%
OTHER DESIGNATED ACTIVITIES	720.3	804.3	84.0	11.66%
DEBT SERVICE	27.7	25.1	(2.6)	-9.39%
AUXILIARY ENTERPRISES	246.6	282.4	35.8	14.52%
DEBT SERVICE	23.4	27.1	3.7	15.81%
CURRENT RESTRICTED FUNDS				
SPONSORED RESEARCH AND SERVICES	762.3	831.2	68.9	9.04%
PRIVATELY SPONSORED RESEARCH	121.7	131.2	9.5	7.81%
OTHER GIFTS AND GRANTS	190.0	220.0	30.0	15.79%
TOTAL BUDGET	<u>\$ 5,813.5</u>	<u>\$ 6,380.3</u>	<u>\$ 566.8</u>	<u>9.75%</u>

Note:

See Page 5 and 6 for comments.

THE UNIVERSITY OF TEXAS SYSTEM
FY 2002 BUDGET
COMMENTS ON EXPENDITURES

- ***INSTRUCTION & ACADEMIC SUPPORT*** increased \$51.7 Million or 5.1% primarily due to merit and state-mandated salary increases awarded to faculty and staff. Overall salary increases for faculty and staff ranged from .08% to 8.7%.
- ***RESEARCH*** increased \$26.6 Million or 22.4% due primarily to H. B. 1839 excellence funding at academic components and new research special item support from the 77th Legislature at health institutions.
- ***PUBLIC SERVICE*** increased by \$10.1 Million or 61.6% due to a new special item funded by the 77th Legislature for U. T. Southwestern, the Innovations in Medical Technology program.
- ***HEALTH CARE*** increased \$83.0 Million or 10.6% due increases in patient care expenditures at U. T. MB Galveston and U. T. MD Anderson.
- ***INSTITUTIONAL SUPPORT*** increased \$19.4 Million or 7.8%. Academic institutions increased \$8.5 Million and health institutions increased \$10.8 Million. Increases are due to merit and mandated salary increases, new initiatives, and new staff.
- ***STUDENT SERVICES*** increased \$1.9 Million or 5.6% due to merit and mandated salary increases.
- ***STAFF BENEFITS*** increased \$46.5 Million or 16.1% due to increased premium sharing costs and a modification to the longevity program made by the 77th Legislature.
- ***OPERATIONS & MAINTENANCE OF PLANT*** increased \$51.5 Million or 16.2% primarily due to rising utility costs along with merit and mandated salary increases.
- ***SCHOLARSHIPS & FELLOWSHIPS*** increased \$26.3 Million or 87.4% largely due to additional funding of the TEXAS Grant Program funding received from the Texas Higher Education Coordinating Board.

Total System
METHOD OF FINANCING - ALL FUNDS

	Fiscal Year	Fiscal Year	Fiscal Year	Budget Increase (Decrease)	
	Actual 2000	Adjusted 2001 /1	Original 2002	Amount	Percent
1 GENERAL REVENUE	\$ 1,357,141,620	\$ 1,376,847,012	\$ 1,507,590,355	\$ 130,743,343	9.5 %
2 EDUCATIONAL AND GENERAL INCOME					
3 Net Tuition	181,664,627	188,551,817	202,078,007	13,526,190	7.2 %
4 Student Fees	1,381,327	1,482,138	1,318,269	(163,869)	(11.1%)
5 Overhead on Sponsored Projects	153,827,832	151,791,285	172,281,506	20,490,221	13.5 %
6 Interest on Time Deposits	35,535,379	30,572,371	20,156,847	(10,415,524)	(34.1%)
7 Organized Activities Relating to Instruction	2,970,399	3,634,545	3,342,984	(291,561)	(8.0%)
8 Other Income	6,187,396	6,604,858	7,978,074	1,373,216	20.8 %
9 Income from Patients	837,009,116	936,452,986	1,072,701,202	136,248,216	14.5 %
10 Subtotal - Educational and General Income	1,218,576,076	1,319,090,000	1,479,856,889	160,766,889	12.2 %
11 OTHER SOURCES					
12 Available University Fund (U.T. Austin)	89,823,618	103,560,000	109,703,791	6,143,791	5.9 %
13 Transfers from/to Other Funds	8,529,450	31,895,704	26,183,261	(5,712,443)	(17.9%)
14 T.S.C. Contract	19,901,111	20,067,987	20,496,541	428,554	2.1 %
15 H.C.P.C. Funding (U.T.H.S.C. - Houston)	24,205,095	24,317,288	24,820,485	503,197	2.1 %
16 State Grants and Contracts	66,878,418	46,311,295	73,263,531	26,952,236	58.2 %
17 Medicare Cost Settlement Reimbursement	16,740,904	11,350,000	5,000,000	(6,350,000)	(55.9%)
18 Subtotal - Other Sources	226,078,596	237,502,274	259,467,609	21,965,335	9.2 %
19 FUNDING FROM PRIOR YEAR BALANCES	17,815,447	18,384,297	16,794,529	(1,589,768)	(8.6%)
20 TOTAL OPERATING RESOURCES	2,819,611,739	2,951,823,583	3,263,709,382	311,885,799	10.6 %
21 E & G CAPITAL PROJECTS	55,338,564	50,555,508	0	(50,555,508)	(100.0%)
22 TOTAL - U.T. COMPONENTS	2,874,950,303	3,002,379,091	3,263,709,382	261,330,291	8.7 %
23 SYSTEM OFFICES					
24 System Offices - General Revenue	4,025,173	844,191	875,713	31,522	3.7 %
25 System Offices - AUF	13,944,048	23,256,550	25,213,623	1,957,073	8.4 %
26 Resources for Rev. Bearing Property - AUF	7,750,793	0	0	0	-
27 Subtotal SYSTEM OFFICES	25,720,014	24,100,741	26,089,336	1,988,595	8.3 %
28 TOTAL E & G FUNDS	2,900,670,317	3,026,479,832	3,289,798,718	263,318,886	8.7 %
29 DESIGNATED FUNDS					
30 MSRDP/PRS	672,564,850	689,942,419	762,666,211	72,723,792	10.5 %
31 DSRDP	5,236,317	3,656,000	5,470,000	1,814,000	49.6 %
32 Allied Health Faculty Services Plan	1,574,744	1,633,590	1,639,368	5,778	0.4 %
33 Designated Activities	1,049,356,124	826,647,933	904,484,131	77,836,198	9.4 %
34 AUXILIARY ENTERPRISES	263,795,990	268,659,199	305,537,245	36,878,046	13.7 %
35 CURRENT RESTRICTED FUNDS					
36 Sponsored Research and Services	766,942,568	762,257,898	831,204,073	68,946,175	9.0 %
37 Privately Sponsored Research	125,133,697	121,674,109	131,199,505	9,525,396	7.8 %
38 Other Gifts and Grants	180,652,209	190,031,516	220,009,048	29,977,532	15.8 %
41 TOTAL RESOURCES	\$ 5,965,926,816	\$ 5,890,982,496	\$ 6,452,008,299	\$ 561,025,803	9.5 %

Note: A Glossary of Terms is included on pages 13 - 16. Footnotes are included on page 17.

Total System
SUMMARY OF EXPENDITURES BY CATEGORY

	Fiscal Year	Fiscal Year	Fiscal Year	Budget Increase (Decrease)	
	Actual 2000	Adjusted 2001 /1	Original 2002	Amount from 2002 to 2001	Percent
1 INSTRUCTION					
2 Faculty Salaries	\$ 575,945,718	\$ 620,960,323	\$ 645,724,478	\$ 24,764,155	4.0 %
3 Departmental Operating Expense	217,462,054	238,482,960	249,750,464	11,267,504	4.7 %
4 Instructional Administration	48,122,160	52,981,904	57,566,758	4,584,854	8.7 %
5 Library	49,766,456	46,856,095	47,521,159	665,064	1.4 %
6 Organized Activities	15,498,967	16,079,780	15,323,000	(756,780)	(4.7%)
7 Special Items - Instructional Support	39,607,575	43,254,639	54,427,322	11,172,683	25.8 %
8 Subtotal - Instruction	946,402,930	1,018,615,701	1,070,313,181	51,697,480	5.1 %
9 RESEARCH					
10 Research Enhancement	71,694,228	82,490,092	98,452,715	15,962,623	19.4 %
11 Special Items - Research	37,437,258	36,084,534	46,750,813	10,666,279	29.6 %
12 Subtotal - Research	109,131,486	118,574,626	145,203,528	26,628,902	22.5 %
13 PUBLIC SERVICE					
14 Public Service	2,699,039	4,139,438	3,416,616	(722,822)	(17.5%)
15 Special Items - Public Service	10,140,417	12,308,709	23,046,387	10,737,678	87.2 %
16 Subtotal - Public Service	12,839,456	16,448,147	26,463,003	10,014,856	60.9 %
17 HEALTH CARE					
18 Patient Care Activities	743,325,781	780,761,197	863,810,768	83,049,571	10.6 %
19 Special Items - Health Care	1,628,871	1,689,079	1,726,579	37,500	2.2 %
20 Subtotal - Health Care	744,954,652	782,450,276	865,537,347	83,087,071	10.6 %
21 INSTITUTIONAL SUPPORT	222,337,247	244,722,328	260,797,422	16,075,094	6.6 %
22 Special Items - Institutional Support	1,900,140	4,952,694	8,270,621	3,317,927	67.0 %
23 Subtotal - Institutional Support	224,237,387	249,675,022	269,068,043	19,393,021	7.8 %
24 STUDENT SERVICES	29,690,290	33,363,637	34,963,568	1,599,931	4.8 %
25 Special Items - Student Services	104,150	347,073	614,178	267,105	77.0 %
26 Subtotal - Student Services	29,794,440	33,710,710	35,577,746	1,867,036	5.5 %
27 STAFF BENEFITS	258,527,855	288,606,123	335,095,748	46,489,625	16.1 %
28 OPERATIONS & MAINTENANCE OF PLANT					
29 Utilities	96,233,262	92,579,478	130,369,549	37,790,071	40.8 %
30 All Other	144,373,240	149,981,213	160,426,259	10,445,046	7.0 %
31 Special Items - O&M of Plant	64,159,854	75,007,992	78,289,750	3,281,758	4.4 %
32 Subtotal - O&M of Plant	304,766,356	317,568,683	369,085,558	51,516,875	16.2 %
33 SCHOLARSHIPS & FELLOWSHIPS	22,515,227	30,100,793	56,390,782	26,289,989	87.3 %
34 TOTAL OPERATING BUDGET	2,653,169,789	2,855,750,081	3,172,734,936	316,984,855	11.1 %
35 E & G CAPITAL/HEAF PROJECTS	31,839,559	146,629,010	90,974,446	(55,654,564)	(38.0%)
36 TOTAL - U.T. COMPONENTS	2,685,009,348	3,002,379,091	3,263,709,382	261,330,291	8.7 %
37 SYSTEM OFFICES					
38 U. T. System Administration	13,552,143	24,100,741	26,089,336	1,988,595	8.3 %
39 Expenses of Revenue Bearing Property	7,750,793	0	0	0	-
40 Subtotal - System Offices	21,302,936	24,100,741	26,089,336	1,988,595	8.3 %
41 TOTAL E & G FUNDS	2,706,312,284	3,026,479,832	3,289,798,718	263,318,886	8.7 %
42 DESIGNATED FUNDS					
43 MSRDP/PRS	646,185,354	690,201,700	763,959,569	73,757,869	10.7 %
44 DSRDP	3,686,471	3,394,000	3,700,000	306,000	9.0 %
45 Allied Health Faculty Services Plan	1,025,179	1,457,402	1,598,766	141,364	9.7 %
46 Designated Activities	848,815,173	720,298,164	804,273,710	83,975,546	11.7 %
47 Designated Debt Service	40,921,669	27,713,688	25,115,904	(2,597,784)	(9.4%)
48 AUXILIARY ENTERPRISES					
49 Auxiliary Activities	229,372,531	246,616,000	282,374,695	35,758,695	14.5 %
50 Auxiliary Debt Service	13,373,817	23,366,631	27,104,148	3,737,517	16.0 %
51 CURRENT RESTRICTED FUNDS					
52 Sponsored Research and Services	766,942,568	762,257,898	831,204,073	68,946,175	9.0 %
53 Privately Sponsored Research	125,133,697	121,674,109	131,199,505	9,525,396	7.8 %
54 Other Gifts and Grants	180,652,208	190,031,516	220,009,048	29,977,532	15.8 %
55 TOTAL EXPENDITURES	5,562,420,952	5,813,490,940	6,380,338,136	566,847,196	9.8 %

Note: A Glossary of Terms is included on pages 13 - 16. Footnotes are included on page 17.

Total Academic Components
METHOD OF FINANCING - ALL FUNDS

	Fiscal Year	Fiscal Year	Fiscal Year	Budget Increase (Decrease)	
	Actual 2000	Adjusted 2001 /1	Original 2002	Amount	Percent
1 GENERAL REVENUE	\$ 619,071,355	\$ 623,061,052	\$ 686,806,741	\$ 63,745,689	10.2 %
2 EDUCATIONAL AND GENERAL INCOME					
3 Net Tuition	155,161,891	162,087,640	175,244,534	13,156,894	8.1 %
4 Student Fees	1,232,385	1,317,715	1,166,704	(151,011)	(11.5%)
5 Overhead on Sponsored Projects	44,078,618	41,221,000	45,722,795	4,501,795	10.9 %
6 Interest on Time Deposits	8,277,833	7,646,270	8,525,000	878,730	11.5 %
7 Organized Activities Relating to Instruction	2,970,399	3,634,545	3,342,984	(291,561)	(8.0%)
8 Other Income	888,343	535,532	516,732	(18,800)	(3.5%)
10 Subtotal - Educational and General Income	212,609,469	216,442,702	234,518,749	18,076,047	8.4 %
11 OTHER SOURCES					
12 Available University Fund (U.T. Austin)	89,823,618	103,560,000	109,703,791	6,143,791	5.9 %
13 Transfers from/to Other Funds	8,353,911	29,768,809	30,434,919	666,110	2.2 %
14 T.S.C. Contract	19,901,111	20,067,987	20,496,541	428,554	2.1 %
16 State Grants and Contracts	23,684,973	17,304,026	43,939,501	26,635,475	153.9 %
18 Subtotal - Other Sources	141,763,613	170,700,822	204,574,752	33,873,930	19.8 %
19 FUNDING FROM PRIOR YEAR BALANCES	8,102,196	7,096,825	6,490,030	(606,795)	(8.6%)
20 TOTAL OPERATING RESOURCES	981,546,633	1,017,301,401	1,132,390,272	115,088,871	11.3 %
21 E & G CAPITAL PROJECTS	0	2,000,000	0	(2,000,000)	(100.0%)
22 TOTAL - U.T. COMPONENTS	981,546,633	1,019,301,401	1,132,390,272	113,088,871	11.1 %
28 TOTAL E & G FUNDS	981,546,633	1,019,301,401	1,132,390,272	113,088,871	11.1 %
29 DESIGNATED FUNDS					
33 Designated Activities	365,982,493	388,543,561	436,724,504	48,180,943	12.4 %
34 AUXILIARY ENTERPRISES	215,715,049	220,373,249	245,746,266	25,373,017	11.5 %
35 CURRENT RESTRICTED FUNDS					
36 Sponsored Research and Services	365,318,558	356,128,227	388,663,844	32,535,617	9.1 %
37 Privately Sponsored Research	11,627,763	6,231,297	6,170,555	(60,742)	(1.0%)
38 Other Gifts and Grants	104,087,262	115,732,264	141,357,713	25,625,449	22.1 %
41 TOTAL RESOURCES	\$ 2,044,277,758	\$ 2,106,309,999	\$ 2,351,053,154	\$ 244,743,155	11.6 %

Note: A Glossary of Terms is included on pages 13 - 16. Footnotes are included on page 17.

Total Academic Components
SUMMARY OF EXPENDITURES BY CATEGORY

	Fiscal Year	Fiscal Year	Fiscal Year	Budget Increase (Decrease)	
	Actual 2000	Adjusted 2001 /1	Original 2002	Amount	Percent
1 INSTRUCTION					
2 Faculty Salaries	\$ 347,014,084	\$ 374,285,897	\$ 389,721,137	\$ 15,435,240	4.1 %
3 Departmental Operating Expense	78,929,492	91,292,123	94,010,899	2,718,776	3.0 %
4 Instructional Administration	28,244,313	31,718,238	35,783,998	4,065,760	12.8 %
5 Library	36,257,597	32,313,807	33,567,287	1,253,480	3.9 %
6 Organized Activities	2,866,363	3,409,545	3,150,858	(258,687)	(7.6%)
7 Special Items - Instructional Support	28,941,504	25,116,156	32,862,132	7,745,976	30.8 %
8 Subtotal - Instruction	<u>522,253,353</u>	<u>558,135,766</u>	<u>589,096,311</u>	<u>30,960,545</u>	<u>5.5 %</u>
9 RESEARCH					
10 Research Enhancement	24,120,505	25,113,220	37,169,119	12,055,899	48.0 %
11 Special Items - Research	22,475,940	21,441,793	24,507,260	3,065,467	14.3 %
12 Subtotal - Research	<u>46,596,445</u>	<u>46,555,013</u>	<u>61,676,379</u>	<u>15,121,366</u>	<u>32.5 %</u>
13 PUBLIC SERVICE					
14 Public Service	973,327	1,038,050	1,145,050	107,000	10.3 %
15 Special Items - Public Service	8,774,366	10,900,657	12,663,916	1,763,259	16.2 %
16 Subtotal - Public Service	<u>9,747,693</u>	<u>11,938,707</u>	<u>13,808,966</u>	<u>1,870,259</u>	<u>15.7 %</u>
21 INSTITUTIONAL SUPPORT	75,133,668	82,114,962	90,727,011	8,612,049	10.5 %
22 Special Items - Institutional Support	1,416,190	3,828,662	3,766,332	(62,330)	(1.6%)
23 Subtotal - Institutional Support	<u>76,549,858</u>	<u>85,943,624</u>	<u>94,493,343</u>	<u>8,549,719</u>	<u>9.9 %</u>
24 STUDENT SERVICES	24,569,175	27,979,318	29,480,783	1,501,465	5.4 %
25 Special Items - Student Services	104,150	347,073	614,178	267,105	77.0 %
26 Subtotal - Student Services	<u>24,673,325</u>	<u>28,326,391</u>	<u>30,094,961</u>	<u>1,768,570</u>	<u>6.2 %</u>
27 STAFF BENEFITS	<u>102,324,627</u>	<u>116,064,582</u>	<u>135,285,276</u>	<u>19,220,694</u>	<u>16.6 %</u>
28 OPERATIONS & MAINTENANCE OF PLANT					
29 Utilities	37,583,375	33,866,426	47,806,504	13,940,078	41.2 %
30 All Other	57,087,581	61,938,785	63,254,993	1,316,208	2.1 %
31 Special Items - O&M of Plant	37,383,597	39,560,244	36,112,305	(3,447,939)	(8.7%)
32 Subtotal - O&M of Plant	<u>132,054,553</u>	<u>135,365,455</u>	<u>147,173,802</u>	<u>11,808,347</u>	<u>8.7 %</u>
33 SCHOLARSHIPS & FELLOWSHIPS	22,431,625	29,965,133	56,255,122	26,289,989	87.7 %
34 TOTAL OPERATING BUDGET	<u>936,631,479</u>	<u>1,012,294,671</u>	<u>1,127,884,160</u>	<u>115,589,489</u>	<u>11.4 %</u>
35 E & G CAPITAL/HEAF PROJECTS	<u>1,923,459</u>	<u>7,006,730</u>	<u>4,506,112</u>	<u>(2,500,618)</u>	<u>(35.7%)</u>
36 TOTAL - U.T. COMPONENTS	<u>938,554,938</u>	<u>1,019,301,401</u>	<u>1,132,390,272</u>	<u>113,088,871</u>	<u>11.1 %</u>
41 TOTAL E & G FUNDS	<u>938,554,938</u>	<u>1,019,301,401</u>	<u>1,132,390,272</u>	<u>113,088,871</u>	<u>11.1 %</u>
42 DESIGNATED FUNDS					
46 Designated Activities	261,454,096	303,939,679	355,595,924	51,656,245	17.0 %
47 Designated Debt Service	26,593,259	22,447,173	18,524,816	(3,922,357)	(17.5%)
48 AUXILIARY ENTERPRISES					
49 Auxiliary Activities	189,515,615	199,330,273	218,491,697	19,161,424	9.6 %
50 Auxiliary Debt Service	12,114,640	20,610,294	23,913,400	3,303,106	16.0 %
51 CURRENT RESTRICTED FUNDS					
52 Sponsored Research and Services	365,318,558	356,128,227	388,663,844	32,535,617	9.1 %
53 Privately Sponsored Research	11,627,763	6,231,297	6,170,555	(60,742)	(1.0%)
54 Other Gifts and Grants	104,087,262	115,732,264	141,357,713	25,625,449	22.1 %
55 TOTAL EXPENDITURES	<u>1,909,266,131</u>	<u>2,043,720,608</u>	<u>2,285,108,221</u>	<u>241,387,613</u>	<u>11.8 %</u>

Note: A Glossary of Terms is included on pages 13 - 16. Footnotes are included on page 17.

Total Health Components
SUMMARY OF EXPENDITURES BY CATEGORY

	Fiscal Year	Fiscal Year	Fiscal Year	Budget Increase (Decrease)	
	Actual 2000	Adjusted 2001 /1	Original 2002	Amount from 2002 to 2001	Percent
1 INSTRUCTION					
2 Faculty Salaries	\$ 228,931,634	\$ 246,674,426	\$ 256,003,341	\$ 9,328,915	3.8 %
3 Departmental Operating Expense	138,532,562	147,190,837	155,739,565	8,548,728	5.8 %
4 Instructional Administration	19,877,847	21,263,666	21,782,760	519,094	2.4 %
5 Library	13,508,859	14,542,288	13,953,872	(588,416)	(4.0%)
6 Organized Activities	12,632,604	12,670,235	12,172,142	(498,093)	(3.9%)
7 Special Items - Instructional Support	10,666,071	18,138,483	21,565,190	3,426,707	18.9 %
8 Subtotal - Instruction	<u>424,149,577</u>	<u>460,479,935</u>	<u>481,216,870</u>	<u>20,736,935</u>	<u>4.5 %</u>
9 RESEARCH					
10 Research Enhancement	47,573,723	57,376,872	61,283,596	3,906,724	6.8 %
11 Special Items - Research	14,961,318	14,642,741	22,243,553	7,600,812	51.9 %
12 Subtotal - Research	<u>62,535,041</u>	<u>72,019,613</u>	<u>83,527,149</u>	<u>11,507,536</u>	<u>16.0 %</u>
13 PUBLIC SERVICE					
14 Public Service	1,725,712	3,101,388	2,271,566	(829,822)	(26.8%)
15 Special Items - Public Service	1,366,051	1,408,052	10,382,471	8,974,419	637.4 %
16 Subtotal - Public Service	<u>3,091,763</u>	<u>4,509,440</u>	<u>12,654,037</u>	<u>8,144,597</u>	<u>180.6 %</u>
17 HEALTH CARE					
18 Patient Care Activities	743,325,781	780,761,197	863,810,768	83,049,571	10.6 %
19 Special Items - Health Care	1,628,871	1,689,079	1,726,579	37,500	2.2 %
20 Subtotal - Health Care	<u>744,954,652</u>	<u>782,450,276</u>	<u>865,537,347</u>	<u>83,087,071</u>	<u>10.6 %</u>
21 INSTITUTIONAL SUPPORT					
22 Special Items - Institutional Support	147,203,579	162,607,366	170,070,411	7,463,045	4.6 %
23 Subtotal - Institutional Support	<u>483,950</u>	<u>1,124,032</u>	<u>4,504,289</u>	<u>3,380,257</u>	<u>300.7 %</u>
24 STUDENT SERVICES					
26 Subtotal - Student Services	<u>5,121,115</u>	<u>5,384,319</u>	<u>5,482,785</u>	<u>98,466</u>	<u>1.8 %</u>
27 STAFF BENEFITS					
28 OPERATIONS & MAINTENANCE OF PLANT					
29 Utilities	58,649,887	58,713,052	82,563,045	23,849,993	40.6 %
30 All Other	87,285,659	88,042,428	97,171,266	9,128,838	10.4 %
31 Special Items - O&M of Plant	26,776,257	35,447,748	42,177,445	6,729,697	19.0 %
32 Subtotal - O&M of Plant	<u>172,711,803</u>	<u>182,203,228</u>	<u>221,911,756</u>	<u>39,708,528</u>	<u>21.8 %</u>
33 SCHOLARSHIPS & FELLOWSHIPS					
34 TOTAL OPERATING BUDGET	<u>83,602</u>	<u>135,660</u>	<u>135,660</u>	<u>0</u>	<u>0.0 %</u>
35 E & G CAPITAL/HEAF PROJECTS					
36 TOTAL - U.T. COMPONENTS	<u>1,716,538,310</u>	<u>1,843,455,410</u>	<u>2,044,850,776</u>	<u>201,395,366</u>	<u>10.9 %</u>
41 TOTAL E & G FUNDS	<u>29,916,100</u>	<u>139,622,280</u>	<u>86,468,334</u>	<u>(53,153,946)</u>	<u>(38.1%)</u>
42 DESIGNATED FUNDS					
43 MSRDP/PRS	1,746,454,410	1,983,077,690	2,131,319,110	148,241,420	7.5 %
44 DSRDP	646,185,354	690,201,700	763,959,569	73,757,869	10.7 %
45 Allied Health Faculty Services Plan	3,686,471	3,394,000	3,700,000	306,000	9.0 %
46 Designated Activities	1,025,179	1,457,402	1,598,766	141,364	9.7 %
47 Designated Debt Service	571,248,617	411,969,367	444,169,928	32,200,561	7.8 %
48 AUXILIARY ENTERPRISES					
49 Auxiliary Activities	11,348,605	5,210,515	6,539,088	1,328,573	25.5 %
50 Auxiliary Debt Service	39,856,916	47,285,727	63,882,998	16,597,271	35.1 %
51 CURRENT RESTRICTED FUNDS					
52 Sponsored Research and Services	1,259,177	2,756,337	3,190,748	434,411	15.8 %
53 Privately Sponsored Research	401,624,010	406,129,671	442,540,229	36,410,558	9.0 %
54 Other Gifts and Grants	113,505,934	115,442,812	125,028,950	9,586,138	8.3 %
55 TOTAL EXPENDITURES	<u>75,695,070</u>	<u>73,454,201</u>	<u>77,734,574</u>	<u>4,280,373</u>	<u>5.8 %</u>
	<u>3,611,889,743</u>	<u>3,740,379,422</u>	<u>4,063,663,960</u>	<u>323,284,538</u>	<u>8.6 %</u>

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GLOSSARY OF TERMS

-- METHOD OF FINANCING --

GENERAL REVENUE -- Appropriations from the State General Revenue fund, which supplement the U. T. component institutional revenue in meeting operating expenditures such as Faculty Salaries, Utilities, and Institutional Support. Also includes Higher Education Assistance Fund (HEAF) appropriations that are a source of state appropriated general revenue to U. T. Brownsville and U. T. Pan American. HEAF funds are appropriated for construction, library, and equipment expenditures for Texas public universities that do not benefit from the Permanent University Fund (PUF) bond proceeds.

EDUCATIONAL AND GENERAL INCOME -- Revenues earned at the U. T. component institution for services provided or investments made. The categories include Tuition, net of Texas Public Education Grant (TPEG) funds and Skiles Act Fees (tuition allowed to be set aside for debt service), Student Fees, Overhead on Sponsored Projects (Indirect Cost Recoveries), Interest on Time Deposits, Organized Activities Related to Instruction (U. T. Dallas Callier Center), Other Income, and Income from Patients.

OTHER SOURCES -- Transfers from other fund groups or agencies, or funds from federal and state sources (other than the General Revenue Fund). The categories are as follows:

Available University Fund (U. T. Austin) -- Annual transfer of funds from the Available University Fund (AUF) to U. T. Austin for current operations.

Transfers from Other Fund Groups -- Earnings from other fund groups, such as Designated Funds, needed to maintain the operating level of expenditures in Educational and General Funds.

Texas Southmost College (TSC) Contract (U. T. Brownsville) -- A source of revenue unique to U.T. Brownsville, associated with the educational partnership between Texas Southmost College and U. T. Brownsville for TSC community college programs.

H.C.P.C. Funding -- Funding for the Harris County Psychiatric Center hospital operated by U. T. HSC Houston. The Texas Department of Mental Health & Mental Retardation (TDMHMR) and Harris County contract with U. T. HSC Houston to operate this facility.

State Grants and Contracts -- Funding received from the State of Texas or other states. Examples include TEXAS Grants and Advanced Technology and Advanced Research grants received from the Texas Higher Education Coordinating Board.

Medicare/Medicaid Cost Settlements -- Payments to hospitals, laboratories, or intermediaries resulting from Medicare/Medicaid tentative or final audit settlements due to determination of final reimbursement and/or audit adjustments.

FUNDING FROM PRIOR YEAR BALANCES -- Balances from prior fiscal year activity in Educational and General Funds needed to balance the current year's Operating Budget.

TOTAL OPERATING RESOURCES -- U. T. component institutional funding needed to meet current fiscal year operating expenditures--but not including those funds required to meet all capital project expenditures in Educational and General Funds.

EDUCATIONAL AND GENERAL CAPITAL PROJECTS -- Funds from prior fiscal year balances that are specifically earmarked for capital project expenditures.

TOTAL U. T. COMPONENT INSTITUTIONS -- Total sources of funds of U. T. component institutions for capital and operating expenditures in Educational and General Funds--not including fund sources for U. T. System Administration operations.

METHOD OF FINANCING (Continued) –

SYSTEM OFFICES -- Funds from General Revenue and the Available University Fund (AUF) to help fund U. T. System Administration offices.

TOTAL EDUCATIONAL AND GENERAL FUNDS -- Total of resources available for all of U. T. System in Educational and General Funds.

DESIGNATED FUNDS -- Revenues that "administration" has designated for specific purposes (not to be confused with "Restricted" Funds which are specified for a particular use by "outside donors"). The categories are as follows:

MSRDP/PRS, DSRDP -- Medical Services Research and Development Plan/Physicians' Referral Service/Dental Services Research and Development Plan. These plans are trust funds established by the U. T. Board of Regents that operate under approved bylaws, authorizing the specific types of expenditures that can be made. The revenue in these plans is derived from the physicians' or dentists' fees for services to patients.

Allied Health Faculty Services Plan -- This plan is similar to MSRDP/PRS and DSRDP plans as defined above with the exception that the revenue is derived from practitioner fees. Practitioners are defined as Physical Therapists, Prosthetists/Orthotists, Registered Dieticians, Medical Technologists and Rehabilitation Counselors.

Designated Activities -- Revenues related to various U. T. component institution programs (e.g., Texas Department of Criminal Justice (TDCJ) contract, continuing education programs, TPEG programs, etc.). Examples of revenues include TDCJ contract income at U.T.M.B. Galveston, and Designated Tuition charged to students upon registration and used for operational purposes. Distributions of income from the Tobacco settlement endowments established by the 76th Legislature are also included.

AUXILIARY ENTERPRISES -- Revenues derived from self-supporting U. T. component institution enterprises (e.g., bookstores, dormitories, inter-collegiate athletic programs, etc.), as well as Student Service Fees used to supplement the operations of enterprises which are not fully self-supporting.

CURRENT RESTRICTED FUNDS -- Federal, State, Local, and Private awards used for purposes specified by the "donors" in the agreements. The categories include Sponsored Research and Services, Privately Sponsored Research, and Other Gifts and Grants. Restricted gift income related to pledges should also be reported here.

-- SUMMARY OF EXPENDITURES --

INSTRUCTION & ACADEMIC SUPPORT—Expenditures for salaries, wages, and all other costs related to those engaged in the teaching function including the operating cost of instructional departments. This would include the salaries of faculty, teaching assistants, lecturers and teaching equipment. Library materials and related salaries are also included. Special Items include those items generally appropriated by the Legislature for Instruction & Academic Support activities that are particular to an institution.

RESEARCH -- Expenditures for salaries and wages and other cost associated with the support of research conducted by faculty members. Special Items are those items generally appropriated by the Legislature for Research purposes that are particular to an institution.

PUBLIC SERVICE -- Expenditures for activities providing noninstructional services beneficial to individuals and groups external to the institution. Special Items are those items generally appropriated by the Legislature for Public Service activities that are particular to an institution.

HEALTH CARE -- Expenditures of U. T. health-related institutions with teaching hospital affiliations for costs associated with operating the entity (i.e., labs, pharmacies, personnel salaries, etc.) Special Items are those items generally appropriated by the Legislature for Health Care activities that are particular to an institution.