

Section I

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Financial Management

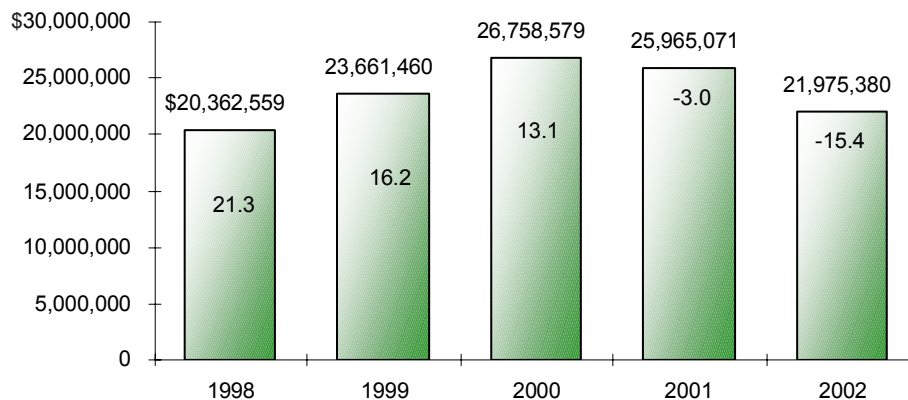
Table of Contents

I. Financial Management

1. Annual Operating Budget Report:	3
◆ Total Assets, Liabilities, and Net Assets Trend Analysis	3
◆ Method of Financing Summary - All Funds	4
◆ Institutional Method of Financing Summary	5
◆ Functional Summary of Budgeted and Actual Expenditures	6
◆ Institutional Summary of Budgeted and Actual Expenditures - All Funds	7
◆ Comparison of Budgeted and Actual Resources, Educational and General Funds	8
◆ Comparison of Budgeted and Actual Expenditures, Educational and General Funds	9
2. Key Revenues and Expenditures:	10
◆ Uses of Current Funds Net Revenue	10
◆ Key Current Funds Revenues and Expenditures	11
◆ Key Revenues and Expenses, 2002	12
3. Major Construction Projects, 2002	13
4. Hospital Report, Comparative Summary Service Levels	19
5. Hospital and Clinic Patient Net Revenue Summary	20
6. Summary of Operations: Medical Services, Research and Development Programs, Physician Referral Service	21
7. Auxiliary Enterprise Performance:	22
◆ Academic Institutions	22
◆ Health Institutions	23
◆ All Institutions	24
8. Overview of U. T. Debt Outstanding	25
9. University Lands - West Texas Operations:	26
◆ Sources of Income	26
▷ Income from Oil and Gas	
▷ Income from Surface Interests and Other Minerals	
◆ Annual Production	27
◆ Well Completions; Exploration, Development, and Injection Wells (Footage Drilled); and Active Units, Contracts, and Permits	28
◆ Surface Operations	
▷ Easements, Leases, and Permits Issued	29
▷ Total Active Easements and Leases	29

10. Donor Sources of Support:	
◆ All Institutions and System Administration	30
◆ Academic Institutions	31
◆ Health Institutions	32
11. Historically Underutilized Business Enterprises:	
◆ Expenditures with HUB Enterprises	33
◆ Expenditures with HUB Enterprises by Purchase Category - U. T. System	34
◆ Expenditures with HUB Enterprises by Purchase Category - Statewide	35
◆ HUB Purchases Trend Analysis	36
12. Unemployment Compensation Insurance:	
◆ Claims Paid	37
◆ Summary of Operations, Ending Fund Balance	38
13. Workers' Compensation Insurance:	
◆ Benefits Paid	39
◆ Summary of Operations, Income and Expenses	40
14. Professional Liability Insurance:	
◆ Legal and Liability Expenses Paid	41
◆ Summary of Operations	42

Total Assets, Liabilities, and Net Assets Trend Analysis (in thousands)



	Years Ending August 31				
	1998	1999	2000	2001 ¹	2002 ²
Cash and Investments	\$ 12,878,196	15,732,488	18,174,315	16,442,093	15,286,001
Capital Assets	6,419,977	6,820,350	7,447,066	7,991,843	4,960,264
Other	1,064,386	1,108,622	1,137,198	1,531,135	1,729,115
Total Assets	\$ 20,362,559¹	23,661,460	26,758,579	25,965,071	21,975,380
Bonds and Notes Payable	\$ 1,501,362	1,578,141	1,722,504	1,834,061	2,272,852
Other	1,974,663	2,303,571	2,639,006	2,734,005	2,582,942
Net Assets	16,886,534	19,779,748	22,397,069	21,397,005	17,119,586
Total Liabilities and Net Assets	\$ 20,362,559	23,661,460	26,758,579	25,965,071	21,975,380
Percent Change	21.3	16.2	13.1	- 3.0	-15.4

Notes:

¹The 3% decrease in assets in 2001 is primarily due to decreases in the Cash and Investments of Endowment and Similar funds (\$1.5 billion) off-set by increases in Capital Assets (\$545 million). The decrease in Endowment and Similar fund assets is attributable to unrealized losses of \$1.1 billion for the Permanent University Fund (PUF) and \$.4 billion of realized and unrealized losses for other endowments. Capital Assets increased due to construction and purchases of equipment and library books throughout the System.

²The 15.4% decrease in assets in 2002 reflects implementation of Governmental Accounting Standards Board Statement No. 35. Initial recognition of accumulated depreciation caused capital assets to decline \$3 billion and unfavorable financial markets caused both realized and unrealized losses to endowment investments. Debt levels continue to increase due to additional bonds and notes issued to fund construction and renovations to facilities as part of the System's six-year \$3.8 billion capital improvement program.

Source: U. T. System Office of the Controller.

Method of Financing Summary - All Funds

All Institutions, 2001 - 2003

(in thousands)

	Years Ending August 31				Budget 2002 - 2003		
	Adjusted		Adjusted		Original	Increase/(Decrease)	
	Budget 2001	Actual 2001	Budget 2002	Actual 2002	Budget 2003	Amount	Percent
General Revenue	\$ 1,376,847	1,365,191	1,507,590	1,467,977	1,546,929	39,339	2.6
Educational and General (E&G)							
Income:							
Net Tuition	188,552	195,115	202,078	178,845	226,867	24,789	12.3
Student Fees	1,482	1,342	1,318	1,326	1,298	(20)	(1.5)
Overhead on Sponsored							
Projects	151,791	170,104	172,282	192,160	198,238	25,956	15.1
Interest on Time Deposits	30,572	27,024	20,157	3,828	17,515	(2,642)	(13.1)
Organized Activities							
Related to Instruction	3,635	2,926	3,343	2,622	3,700	357	10.7
Other Income	6,605	9,956	7,978	6,363	10,619	2,641	33.1
Income from Patients	936,453	975,579	1,072,701	1,153,304	1,205,742	133,041	12.4
Subtotal E&G Income	1,319,090	1,382,046	1,479,857	1,538,448	1,663,979	184,122	12.4
Other Sources							
Avail. Univ. Fund – U. T. Aus.	103,560	103,603	109,704	109,595	119,310	9,606	8.8
Trans. from Other Fund Grps.	31,896	13,114	26,499	8,838	28,410	1,911	7.2
Harris County Psy. Center	24,317	24,867	24,820	25,573	25,322	502	2.0
State Grants and Contracts	46,311	24,958	73,263	88,364	77,970	4,707	6.4
Texas Southmost Col. Contract	20,068	19,822	20,497	21,703	21,342	845	4.1
Medicare Cost Settlement Reim.	11,350	2,337	5,000	6,892	3,000	(2,000)	(40.0)
Subtotal Other Sources	237,502	188,701	259,783	260,965	275,354	15,571	6.0
Funding from							
Prior Year Balances	18,384	18,384	16,795	16,795	13,914	(2,881)	(17.2)
Total – Operating Resources	2,951,823	2,954,322	3,264,025	3,284,185	3,500,176	236,151	7.2
E&G Capital Projects	50,556	50,556	0	0	51,125	51,125	----
Total – U. T. Institutions	3,002,379	3,004,878	3,264,025	3,284,185	3,551,301	287,276	8.8
System Offices – Gen. Rev.	844	9,267	876	8,389	996	120	13.7
System Offices –							
Available Univ. Fund	23,257	23,257	25,214	25,214	26,290	1,076	4.3
Total – U. T. System E&G	3,026,480	3,037,402	3,290,115	3,317,788	3,578,587	288,472	8.8
Auxiliary Enterprises	268,659	285,022	305,537	289,249	329,377	23,840	7.8
Designated Funds	1,521,880	1,837,393	1,674,259	1,826,433	1,848,556	174,297	10.4
Current Restricted Funds	1,073,963	1,321,647	1,182,413	1,382,747	1,332,831	150,418	12.7
Grand Total – U. T. System	5,890,982	6,481,464	6,452,324	6,816,217	7,089,351	637,027	9.9
NACUBO Reporting Requirements							
Staff Benefits Paid by State		140,179		146,185			
Tuition and Fees, Remissions and Exemptions		55,719		0			
Other and Consolidating Adjustments		(131,512)		(14,647)			
Subtotal		6,545,850		6,947,755			
Less: Non-Revenue Items		(84,897)		(160,441)			
Total Revenue – U. T. System		\$ 6,460,953		6,787,314			

Source: U. T. System Office of the Controller.

Institutional Method of Financing Summary

2001 - 2003

(in thousands)

	Years Ending August 31					Budget 2002 - 2003	
	Adjusted	Actual	Adjusted	Actual	Original	Increase/(Decrease)	
	Budget		Budget		Budget	Amount	Percent
	2001	2001	2002	2002	2003		
Academic Institutions							
Arlington	\$ 207,955	205,668	230,638	236,323	257,864	27,226	12
Austin	1,160,640	1,290,298	1,273,600	1,303,216	1,372,627	99,027	7.8
Brownsville	69,375	84,911	79,255	91,184	84,669	5,414	6.8
Dallas	133,219	146,932	163,857	154,375	184,144	20,287	12.4
El Paso	173,386	193,096	196,930	204,414	208,508	11,578	5.9
Pan American	122,530	127,536	146,289	139,948	153,823	7,534	5.2
Permian Basin	24,275	26,054	24,845	25,164	26,176	1,331	5.4
San Antonio	179,132	178,319	196,228	185,254	213,523	17,295	8.8
Tyler	35,797	43,224	39,727	39,114	43,878	4,151	10.4
Subtotal Academic	2,106,309	2,296,038	2,351,369	2,378,992	2,545,212	193,843	8.2
Health Institutions							
SWMC-Dallas	593,899	665,459	655,892	723,511	741,169	85,277	13
MB-Galveston	1,021,163	1,176,681	1,075,782	1,194,363	1,106,219	30,437	2.8
HSC-Houston	454,947	504,822	495,955	544,910	554,872	58,917	11.9
HSC-San Antonio	357,368	403,446	415,061	433,107	431,226	16,165	3.9
MD Anderson	1,230,201	1,293,951	1,319,152	1,379,817	1,559,691	240,539	18.2
HC-Tyler	97,919	99,772	107,071	115,855	118,123	11,052	10.3
Subtotal Health	3,755,497	4,144,131	4,068,913	4,391,563	4,511,300	442,387	10.9
Subtotal							
U. T. Institutions	5,861,806	6,440,169	6,420,282	6,770,555	7,056,512	636,230	9.9
System Administration	29,176	41,295	32,042	45,662	32,839	797	2.5
Subtotal System	5,890,982	6,481,464	6,452,324	6,816,217	7,089,351	637,027	9.9
NACUBO Reporting Requirements							
Staff Benefits Paid by the State		140,179		146,185			
Tuition and Fees, Remissions, Exemptions		55,719		0			
Other and Consolidating Adjustments		(131,512)		(14,647)			
Subtotal		6,545,850		6,947,755			
Less: Non-Revenue Items		(84,897)		(160,441)			
Grand Total – U. T. System		\$ 6,460,953		6,787,314			

Source: U. T. System Office of the Controller.

Functional Summary of Budgeted and Actual Expenditures 2001 - 2003 (in thousands)

	Years Ending August 31				Budget 2002 - 2003		
	Adjusted		Adjusted		Original	<u>Increase/(Decrease)</u>	
	Budget	Actual	Budget	Actual	Budget	Amount	Percent
	2001	2001	2002	2002	2003		
Instruction							
Faculty Salaries	\$ 621,008	605,778	648,811	645,213	677,421	28,610	4.4
Dept. Operating Expense	238,636	226,429	249,930	243,377	258,310	8,380	3.4
Instructional Admin.	52,982	51,426	57,539	56,037	60,087	2,548	4.4
Library	46,856	44,164	47,109	45,027	47,921	812	1.7
Organized Activities	16,080	16,073	15,323	15,462	16,123	800	5.2
Special Items	43,054	47,273	53,639	55,974	52,446	(193)	(0.4)
Research							
Research Enhancement	82,490	82,040	98,000	99,816	120,489	22,489	22.9
Special Items	36,085	35,285	55,543	49,489	56,154	611	1.1
Public Service							
Public Service	4,139	4,551	3,357	2,878	3,495	138	4.1
Special Items	12,309	10,525	13,809	12,784	14,141	332	2.4
Health Care							
Patient Care Activities	780,761	826,140	860,775	904,843	931,382	70,607	8.2
Special Items	1,689	1,609	1,727	1,675	1,727	0	0.0
Institutional Support	249,675	233,727	268,921	285,912	292,004	23,083	8.6
Student Services	33,711	31,336	35,783	32,951	37,547	1,784	4.9
Staff Benefits	288,606	278,711	338,178	343,821	391,498	53,320	15.8
Operations & Maintenance of Plant							
Utilities	92,579	114,820	130,370	112,940	113,745	(16,625)	(12.8)
All Other	149,981	154,210	160,426	160,934	170,492	10,066	6.3
Special Items	75,008	68,964	78,290	65,310	100,441	22,151	28.3
Scholarships & Fellowships	30,101	33,860	56,521	74,964	61,757	5,236	9.3
Total – Operating Budget	2,855,750	2,866,921	3,173,051	3,209,407	3,407,180	234,129	7.4
E&G Capital Projects	146,629	26,244	90,974	28,143	144,121	53,147	58.4
Total – U. T. Institutions	3,002,379	2,893,165	3,264,025	3,237,550	3,551,301	287,276	8.8
System Administration	24,101	22,490	26,089	24,759	27,286	1,197	4.6
Total – U. T. System E&G Funds	3,026,480	2,915,655	3,290,114	3,262,309	3,578,587	288,473	8.8
Auxiliary Enterprises	269,983	266,304	309,479	282,340	330,988	21,509	7.0
Designated Funds	1,443,065	1,698,899	1,598,623	1,731,354	1,775,635	177,012	11.1
Current Restricted Funds	1,073,963	1,187,978	1,182,413	1,320,684	1,332,831	150,418	12.7
TOTAL – U. T. System	5,813,491	6,068,836	6,380,629	6,596,687	7,018,041	637,412	10.0
NACUBO Reporting Requirements							
Staff Benefits Paid by the State		140,179		146,185			
Tuition and Fees, Remissions and Exemptions		55,719		0			
Reclassified as Transfer to Debt Retirement		(128,161)		(139,676)			
Capital Purchases and Consolidation Adjustments		(4,652)		(185,110)			
Grand Total – U. T. System		\$ 6,131,921		6,418,086			

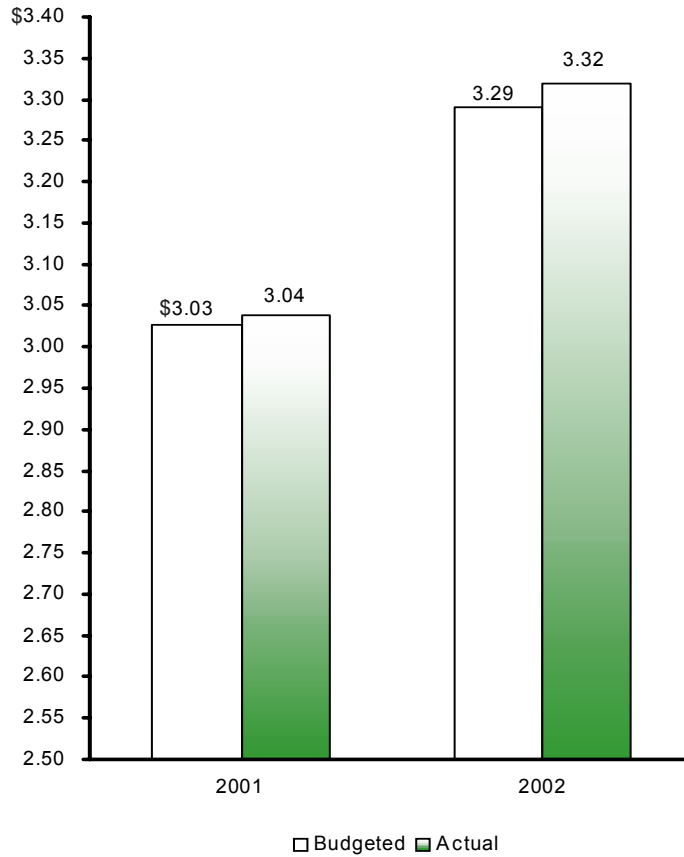
Source: U. T. System Office of the Controller.

Institutional Summary of Budgeted and Actual Expenditures - All Funds 2001 - 2003 (in thousands)

	Years Ending August 31				Budget 2002 - 2003		
	Adjusted	Actual	Adjusted	Actual	Original	Increase/(Decrease)	
	Budget 2001		Budget 2002		Budget 2003	Amount	Percent
Academic Institutions							
Arlington	\$ 201,833	199,281	220,979	220,834	247,072	26,093	11.8
Austin	1,136,182	1,159,746	1,250,196	1,258,517	1,348,002	97,806	7.8
Brownsville	69,375	81,036	79,255	82,036	84,670	5,415	6.8
Dallas	130,157	130,432	160,376	151,986	185,481	25,105	15.7
El Paso	167,758	187,319	189,168	203,669	198,721	9,553	5.1
Pan American	116,973	124,554	138,732	135,483	153,021	14,289	10.3
Permian Basin	24,018	23,962	24,675	23,438	26,023	1,348	5.5
San Antonio	163,803	165,511	183,606	174,878	198,232	14,626	8.0
Tyler	33,622	35,695	38,412	38,045	42,339	3,927	10.2
Subtotal Academic	2,043,721	2,107,536	2,285,399	2,288,886	2,483,561	198,162	8.7
Health Institutions							
SWMC-Dallas	594,866	617,022	659,867	699,189	743,543	83,676	12.7
MB-Galveston	1,029,477	1,177,154	1,082,164	1,174,025	1,120,457	38,293	3.5
HSC-Houston	451,248	494,641	502,915	543,222	553,743	50,828	10.1
HSC-San Antonio	350,711	393,389	407,557	413,738	422,095	14,538	3.6
MD Anderson	1,216,264	1,149,840	1,304,593	1,325,472	1,540,360	235,767	18.1
HC-Tyler	97,813	96,488	106,568	116,132	117,487	10,919	10.2
Subtotal Health	3,740,379	3,928,534	4,063,664	4,271,778	4,497,685	434,021	10.7
Subtotal							
U. T. Institutions	5,784,100	6,036,070	6,349,063	6,560,664	6,981,246	632,183	10.0
System Administration	29,391	32,766	31,566	36,023	36,795	5,229	16.6
Subtotal System	5,813,491	6,068,836	6,380,629	6,596,687	7,018,041	637,412	10.0
NACUBO Reporting Requirements							
Staff Benefits Paid by the State		140,179		146,185			
Tuition and Fees, Remissions and Exemptions		55,719		0			
Reclassified as Transfer to Debt Service		(128,161)		(139,676)			
Capital Purchases and Consolidation Adjustments		(4,652)		(185,110)			
Total Expenditures – U. T. System		\$ 6,131,921		6,418,086			

Source: U. T. System Office of the Controller.

Comparison of Budgeted and Actual Resources Educational and General Funds (in billions)



Actual 2001 resources are \$10.9 million over adjusted budget, primarily due to the following factors:

(Dollars In Millions)

2001 Line Item	Over/(Under) Budget
Overhead on Sponsored Projects	\$ 18.3
Income from Patients	39.1
State Grants and Contracts	(21.4)
Transfers from Other Fund Groups	(18.8)
Medicare/Medicaid Cost Settlements	(9.0)
Other	2.7
Total Actual Over Adjusted Budget	\$ 10.9

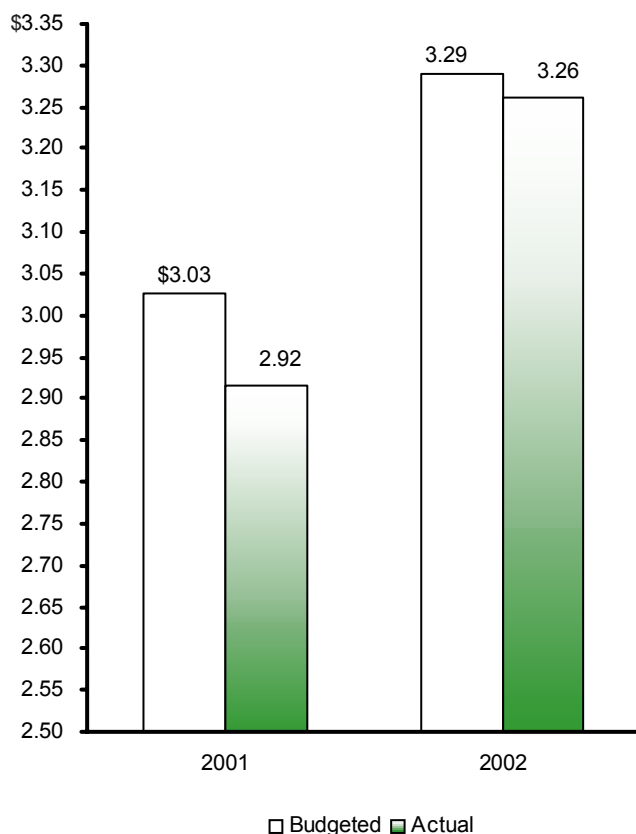
Actual 2002 resources are \$27.7 million over adjusted budget, primarily due to the following factors:

(Dollars In Millions)

2002 Line Item	Over/(Under) Budget
Overhead on Sponsored Projects	\$19.9
Income from Patients	80.6
State Grants and Contracts	15.1
Transfers from Other Fund Groups	(17.7)
Tuition (Discounts and Allowances)	(23.2)
General Revenue	(39.6)
Interest Income and Other	(7.4)
Total Actual Over Adjusted Budget	\$27.7

Source: U. T. System Office of the Controller.

Comparison of Budgeted and Actual Expenditures Educational and General Funds (in billions)



Actual 2001 expenditures are \$110.8 million under adjusted budget, primarily due to the following factors:

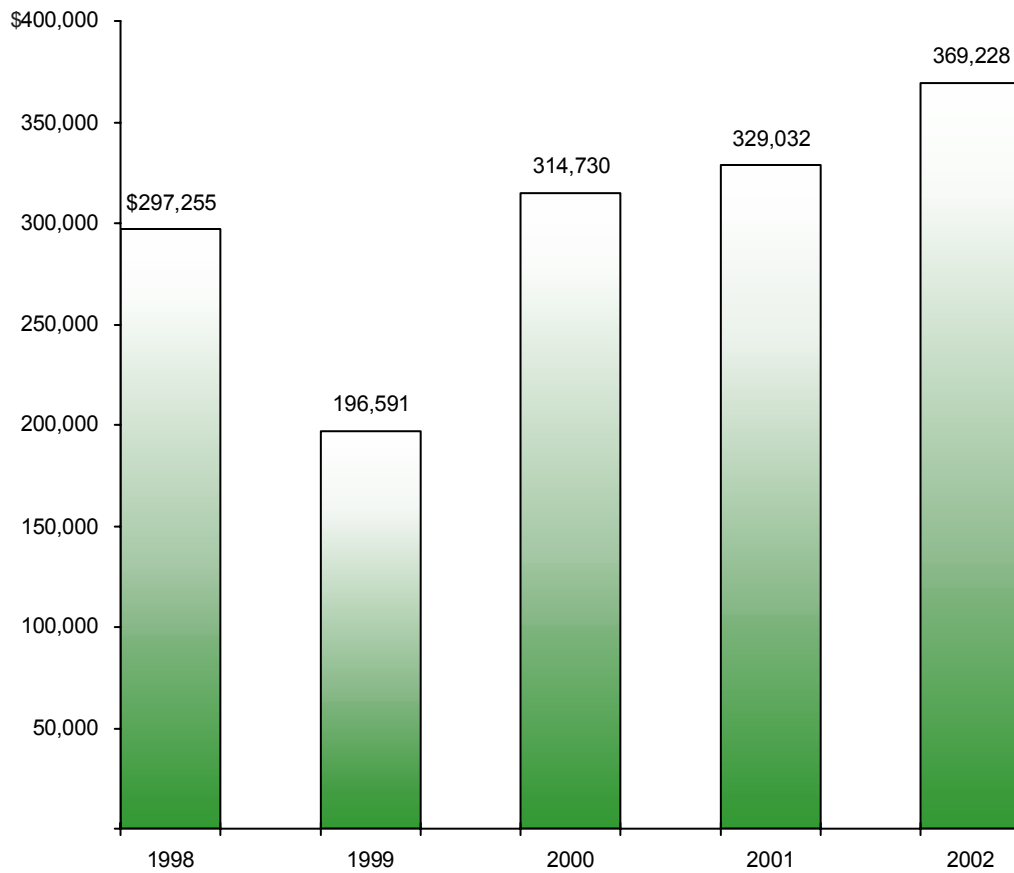
(Dollars In Millions)	
2001 Line Item	Over/(Under) Budget
Faculty Salaries	(\$15.2)
Capital Projects	(120.4)
Staff Benefits	(9.9)
Utilities	22.2
Dept. Operating Expense	(12.2)
Patient Care Activities	45.4
Institutional Support	(15.9)
Other	(4.8)
Total Actual Under Adjusted Budget	(\$110.8)

Actual 2002 expenditures are \$27.8 million under adjusted budget, primarily due to the following factors:

(Dollars In Millions)	
2002 Line Item	Over/(Under) Budget
O&M of Plant-Special Items	(\$13.0)
Capital Projects	(62.8)
Research-Special Items	(6.1)
Utilities	(17.4)
Dept. Operating Expense	(6.5)
Patient Care Activities	44.1
Institutional Support	17.0
Scholarships & Fellowships	18.4
Other	(1.5)
Total Actual Under Adjusted Budget	(\$27.8)

Source: U. T. System Office of the Controller.

Uses of Current Funds Net Revenue (in thousands)



	Years Ending August 31				
	1998	1999	2000	2001	2002
Increase in Net Assets	\$ 186,695	66,925	66,964	150,205	66,253
Debt Service	84,933	101,975	124,296	133,058	143,024
Other	25,627	27,691	123,470	45,768	159,951
Total Uses of Net Revenue	\$ 297,255	196,591	314,730	329,032	369,228

Source: U. T. System Office of the Controller.

Key Current Funds Revenues and Expenditures¹ (in thousands)

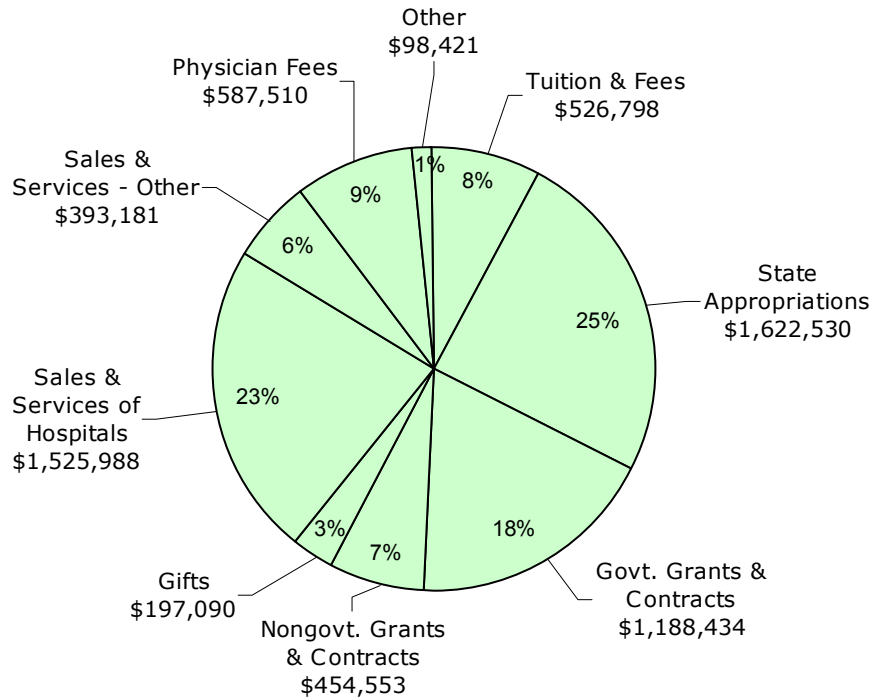
	Years Ending August 31				
	1998	1999	2000	2001	2002 ¹
Revenues					
Tuition & Fees	\$ 460,921	491,462	525,330	593,460	526,798
State Appropriations	1,369,265	1,385,531	1,503,568	1,514,637	1,622,530
Government Grants & Contracts	924,765	973,360	1,127,699	1,198,520	1,188,434
Nongovernmental Grants & Contracts ²	245,024	275,753	291,691	239,410	454,553
Gifts ²	-	-	-	206,504	197,090
Sales and Services of Hospitals	994,732	1,102,762	1,259,114	1,405,059	1,525,988
Sales and Services - Other	320,143	322,958	384,761	412,347	393,181
Physician Fees	411,330	418,119	452,997	507,396	587,510
Other	399,882	378,026	397,951	383,620	98,421
Total Revenues	\$ 5,126,062	5,347,971	5,943,111	6,460,953	6,594,505
Percent Change	6.73	4.33	11.13	8.71	2.07
Expenditures¹					
Instruction	\$ 1,348,590	1,414,524	1,472,951	1,558,295	1,723,388
Research	706,652	743,129	848,646	946,699	1,074,875
Hospitals / Clinics	1,333,269	1,456,734	1,646,345	1,780,409	1,788,349
Institutional Support & Physical Plant	619,514	678,706	703,750	795,730	889,729
Other	820,781	858,287	956,689	1,050,788	1,281,327
Total Expenditures	\$ 4,828,806	5,151,380	5,628,381	6,131,921	6,757,668
Percent Change	5.89	6.68	9.26	8.95	10.2

¹ Due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 35 in 2002, expenses are now accrued and lack capital outlays. Depreciation expense on capital asset use is now included. An entity-wide rather than current funds presentation is now reflective of the financial statements.

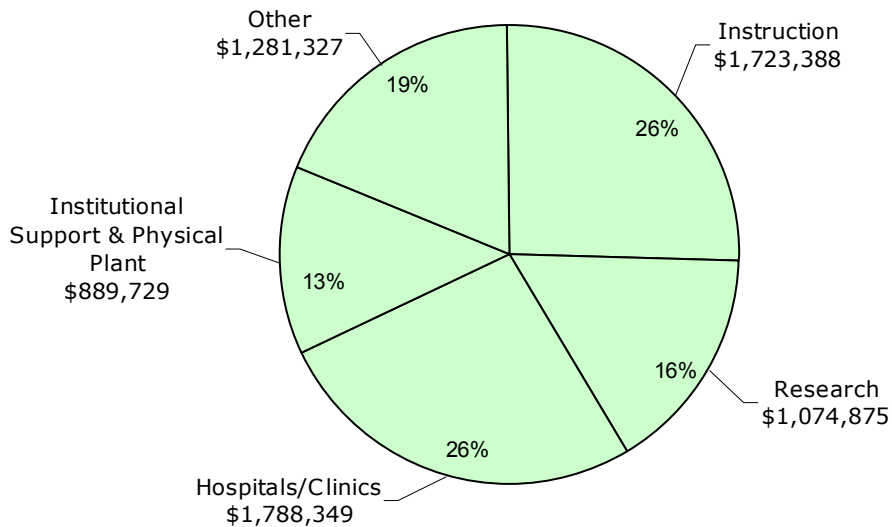
² Due to the implementation of GASB Statement #33 in 2001, gifts are now reported on a separate line. The line entitled Private Gifts, Grants, and Contracts has changed to Nongovernmental Grants and Contracts.

Key Revenues and Expenses 2002

**Revenues
(in thousands)**



**Expenditures
(in thousands)**



Source: U. T. System Office of the Controller.

Major Construction Projects - 2002 Activity Report

Institution	Authorized Project Cost		Actual Expenditures		Estimated Budget to Complete
	PUF	Other Sources	thru 2002	Total	
Arlington					
Brick Repairs - Pickard Hall and the College of Business Administration	\$ 8,894,153	568,800	9,462,953	7,884,019	1,578,934
Campus Asbestos Abatement	1,875,582	-	1,875,582	1,813,885	61,697
Cartlisle Hall - Stainwell Towers Addition	1,700,000	-	1,700,000	358,950	1,341,050
Chemistry and Physics Building	13,000,000	21,635,945	34,635,945	176,996	34,458,949
Continuing Education and Workforce Development Center	-	9,784,000	9,784,000	623,147	9,160,853
Fine Arts and Campus Support Annex	-	5,000,000	5,000,000	282,954	4,717,046
Fire and Life Safety and Security Projects	3,605,847	-	3,605,847	6,952	3,598,895
HVAC/IAQ Improvements - Life Science Animal Wing	-	2,620,000	2,620,000	2,320,831	299,169
Intramural and Recreation Complex - Phase I	-	3,300,000	3,300,000	-	3,300,000
Minor Construction/Minor Repair and Renovation Projects	-	4,300,000	4,300,000	-	4,300,000
Natural History Specimen Annex	-	980,000	980,000	47,844	932,156
New Residence Hall	-	14,275,000	14,275,000	-	14,275,000
University Center Addition	-	1,800,000	1,800,000	-	1,800,000
University Village West Apartments	-	26,508,000	26,508,000	14,345,689	12,162,311
Austin					
ADA Compliance Modifications and Improvements - Phase II	-	4,500,000	4,500,000	245,689	4,254,311
Applied Research Lab Expansion - Phase II	-	2,500,000	2,500,000	-	2,500,000
Benedict/Mezes/Batts Renovation - Phase I	-	30,000,000	30,000,000	4,229,040	25,770,960
Biological Science - Wet Lab Building	39,000,000	21,000,000	60,000,000	9,794,814	50,205,186
Campus Fire and Life Safety Improvements - Phase I	-	14,000,000	14,000,000	76,898	13,923,102
Campus Improvements to Streets, Landscaping, Gateways, and Signage	-	2,000,000	2,000,000	458,975	1,541,025
College of Communication Building-New	-	32,000,000	32,000,000	-	32,000,000
Erwin Center Renovations/Fire and Life Safety/Basketball Practice Facility (Stages 1-3)	-	52,500,000	52,500,000	17,277,181	35,222,819
Experimental Science Building Renovation Phase I	-	35,000,000	35,000,000	376,139	34,623,861
Gregory Gymnasium Aquatics	-	12,360,000	12,360,000	570,429	11,789,571
Hogg Auditorium Renovation	-	8,000,000	8,000,000	-	8,000,000
Hotel and Conference Center	-	80,000,000	80,000,000	-	80,000,000
Indoor Practice Facility	-	4,000,000	4,000,000	3,683,144	316,856
Institute for Geophysics and Bureau of Economic Geology/ Additions & Renovations	-	6,800,000	6,800,000	184,889	6,615,111
Jack S. Blanton Museum of Art - Phase I	-	58,500,000	58,500,000	5,810,502	52,689,498
John A & Katherine G. Jackson Geological Sciences Bldg. Library Storage Facility	500,000	16,500,000	16,500,000	13,716,933	2,783,067
Marine Science Institute Wetlands Education Center	-	4,300,000	4,800,000	297,884	4,502,116
McDonald Observatory Visitors' Center	-	5,000,000	5,000,000	-	5,000,000
New Residence Halls and Food Service - Phase II	-	5,750,000	5,750,000	5,629,522	120,478
Old Student Health Center Renovation - Phase I	-	70,000,000	70,000,000	-	70,000,000
Parking Garage 6 and North Office Building A	-	17,009,000	17,009,000	256,714	16,752,286
Parking Garage South	-	29,260,000	29,260,000	26,690,956	2,569,044
Performing Arts Center Infrastructure Upgrades - Phase I	-	22,500,000	22,500,000	22,300,874	199,126
	-	400,000	400,000	-	400,000

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

Major Construction Projects - 2002 Activity Report

Institution	Authorized Project Cost		Total	PUF	Actual Expenditures thru 2002		Total	Estimated Budget to Complete
	PUF	Other Sources			Other Sources	Total		
Austin (continued)								
Pharmacy Building Renovation - Phase I	-	250,000	250,000	-	117,439	117,439	132,562	
Ransom Center Renovation	443,200	14,112,000	14,555,200	-	9,671,460	9,671,460	4,883,740	
Sarah M. and Charles E. Seay Building	-	51,170,000	51,170,000	-	48,522,178	48,522,178	2,647,822	
Stadium Fire and Life Safety	-	10,000,000	10,000,000	-	-	-	10,000,000	
Texas Swim Center Renovation - Phase I and Phase II	-	5,300,000	5,300,000	-	-	-	5,300,000	
University of Texas Elementary Charter School	-	750,000	750,000	-	-	-	750,000	
Utility Infrastructure Expansion/Upgrade	-	45,700,000	45,700,000	-	2,786,068	2,786,068	42,913,932	
Brownsville								
Education and Business Complex	-	26,010,000	26,010,000	-	1,137,712	1,137,712	24,872,288	
Life & Health Science Building - Phase I	-	22,500,000	22,500,000	-	21,318,946	21,318,946	1,181,054	
Dallas								
Callier Center Satellite Facility	1,600,000	3,223,000	4,823,000	1,600,000	222,043	1,822,043	3,000,957	
Campus Housing Phase VIII	-	14,000,000	14,000,000	-	13,253,136	13,253,136	746,864	
Engineering and Computer Science Complex	30,000,000	-	30,000,000	26,804,829	-	26,804,829	3,195,171	
Founders/Founders Annex/Berkner Renovation	15,000,000	21,993,750	36,993,750	1,432,952	178,394	1,611,347	35,382,403	
McDermott Library Renovation - Phase II	1,000,000	2,000,000	3,000,000	1,000,000	1,207,370	2,207,370	792,630	
School of Management Building	30,000,000	8,000,000	38,000,000	15,332,783	-	15,332,783	22,667,217	
Student Life Annex	-	3,500,000	3,500,000	-	3,623,458	3,623,458	(123,458)	
El Paso								
Academic Services Building	10,000,000	-	10,000,000	443,893	-	443,893	9,556,107	
Biosciences Facility	6,500,000	18,500,000	25,000,000	824,665	-	824,665	24,175,335	
Centennial Museum Addition	-	2,500,000	2,500,000	-	-	-	2,500,000	
Engineering Building Expansion	6,000,000	1,000,000	7,000,000	348,768	-	348,768	6,651,232	
Larry K. Durham Sports Center	-	8,987,000	8,987,000	-	8,486,063	8,486,063	500,937	
Miner Village	-	15,000,000	15,000,000	-	14,683,828	14,683,828	316,172	
Rest Room Renovations	-	200,000	200,000	-	-	-	200,000	
Seamon Hall Renovations	-	2,500,000	2,500,000	-	76,000	76,000	2,424,000	
Sun Bowl Structural Repairs	-	2,850,000	2,850,000	-	-	-	2,850,000	
Swimming and Fitness Center-Phase II	-	5,000,000	5,000,000	-	400,000	400,000	4,600,000	
Pan American								
Academic Annex Renovation	-	2,800,000	2,800,000	-	-	-	2,800,000	
Administrative Offices Renovation	-	5,037,000	5,037,000	-	-	-	5,037,000	
Campus Entrance/Visitor's Center	-	3,325,000	3,325,000	-	-	-	3,325,000	
Campus Repair and Renovations	-	1,550,000	1,550,000	-	-	-	1,550,000	
Cooling Plant Upgrade - Thermal Storage	-	2,000,000	2,000,000	-	-	-	2,000,000	
Education Complex Addition and Renovation	-	22,000,000	22,000,000	-	653,762	653,762	21,346,238	
Math Building Renovation	-	2,880,000	2,880,000	-	571,692	571,692	2,308,308	

**Major Construction Projects - 2002
Activity Report**

Institution	Authorized Project Cost		Actual Expenditures thru 2001		Estimated Budget to Complete
	PUF	Total	Other Sources	Total	
Medical Branch at Galveston (continued)					
Student Housing	-	18,780,000	-	-	-
Student Learning Center	4,192,000	4,192,000	844,072	5,036,072	18,700,000
TDCJ Hospital Cladding Restoration	-	8,292,000	-	-	3,255,928
TDCJ Hospital Fire Sprinklers	-	6,560,000	-	-	6,560,000
University Plaza Development	-	6,300,000	628,931	628,931	5,671,069
Utilities Systems Upgrade	-	25,000,000	272,325	272,325	24,727,675
	2,000,000	10,700,000	5,559,892	7,559,892	5,140,108
Health Science Center at Houston					
Expansion of IMM Cardiovascular Research (9th floor DAC Building)	8,500,000	8,500,000	1,784,106	6,861,849	1,638,151
Expansion , School of Health Information Science, 2001-2002	-	3,000,000	-	-	3,000,000
Expansion of Student Housing	-	28,700,000	172,416	172,416	28,527,584
Freeman Building Replacement	-	80,000,000	-	-	80,000,000
Indoor Air Quality at the Medical School	13,304,541	12,895,459	-	1,609,036	24,590,964
Medical School Building - Perimeter Berms	-	10,000,000	-	-	10,000,000
Medical School Building - Rooftop Vivarium and Exterior Elevator	-	38,000,000	-	-	38,000,000
Mental Sciences Institute - Replacement Facility, Phase I	-	22,500,000	416,977	416,977	22,083,023
New Teaching and Clinical Research Facility Phase 1	-	19,550,000	-	-	19,550,000
Public Health Division	-	5,000,000	4,873,371	4,873,371	126,629
Recreation Center Reconstruction	-	3,000,000	-	-	3,000,000
Renovations of the Medical School Building	-	10,000,000	-	-	10,000,000
Renovations of the Operations Center Building	-	3,100,000	-	-	3,100,000
Repair of the Medical School Building, Phase I	-	50,000,000	-	-	50,000,000
Research Expansion Project	50,000,000	70,000,000	26,638	26,638	119,973,362
School of Nursing and Student Community Center	-	63,700,000	22,863,944	22,863,944	40,836,056
UTHSC-H Biotechnology Research Initiative Phase 1	-	32,800,000	-	-32,800,000	-
Health Science Center at San Antonio					
Cancer Research Building	6,000,000	18,000,000	-	-	18,000,000
Central Energy Plant & Conservation Retrofits	-	6,772,000	6,551,635	6,551,635	220,365
Childrens Cancer Research Center	-	49,500,000	24,497,322	24,497,322	25,002,678
D. D. Hachar Building (Laredo Campus Extension)	-	7,800,000	6,256,171	6,256,171	1,543,829
Emergency , Fire & Safety Initiative, Phase I	9,000,000	9,000,000	-	-	9,000,000
Interdisciplinary Teaching Space - Phase I Classroom	2,000,000	2,700,000	1,959,812	1,959,812	740,188
Medical Education Division	-	25,000,000	22,026,303	22,026,303	2,973,697
Medical Research Division	20,000,000	20,000,000	-	-	1,334,143
Research Cores	7,000,000	9,000,000	-	-	5,524,140
Sam & Ann Barshop Center for Longevity and Aging Studies	6,000,000	22,000,000	607,689	1,003,658	20,996,342

Major Construction Projects - 2002 Activity Report

Institution	Authorized Project Cost			Actual Expenditures thru 2001		Estimated Budget to Complete	
	PUF	Other Sources	Total	PUF	Other Sources		Total
Health Science Center at San Antonio (continued)							
Student Services/Academic Administration Building	5,000,000	12,900,000	17,900,000	587,727	-	587,727	
Teaching/Learning Lab - Laredo	-	12,700,000	12,700,000	-	61,777	61,777	
Teaching/Learning Lab, RAHC Harlingen	-	25,500,000	25,500,000	-	30,711	30,711	
M. D. Anderson Cancer Center							
Ambulatory Clinical Building	-	347,000,000	347,000,000	-	73,616,103	73,616,103	
American Disabilities Act Upgrades	-	6,000,000	6,000,000	-	788,115	788,115	
Basic Research Building Exhaust System (Phase I&II)	-	4,500,000	4,500,000	-	-	-	
Bone Marrow Transplantation Laboratory	-	6,800,000	6,800,000	-	1,268,439	1,268,439	
Campus Circulation Improvements	-	12,400,000	12,400,000	-	-	-	
Chimp Compound Expansion	-	7,330,000	7,330,000	-	1,143,015	1,143,015	
Combined Backfill - Phase I, Stage I & II	-	23,588,000	23,588,000	-	20,443,953	20,443,953	
Combined Backfill - Phase III	-	60,000,000	60,000,000	-	-	-	
Combined Backfill Renovation - Phase II	-	28,700,000	28,700,000	-	16,949,124	16,949,124	
Emergency Generator Plant	-	12,000,000	12,000,000	-	-	-	
Energy Management Projects	-	3,000,000	3,000,000	-	324,591	324,591	
George & Cynthia Mitchell Basic Sciences Research Bldg.	30,000,000	191,900,000	221,900,000	30,000,000	47,827,072	77,827,072	
HMB Parking Replacement Garage	-	21,600,000	21,600,000	-	6,435,722	6,435,722	
HMB Replacement Facility	-	110,400,000	110,400,000	-	5,106,645	5,106,645	
Library Expansion	-	11,000,000	11,000,000	-	-	-	
Life Safety/Fire Access/Pedestrian Traffic Improvements at Clark Entrance	-	7,000,000	7,000,000	-	335,794	335,794	
Lutheran Pavilion Patient Tower Refurbishment	-	9,700,000	9,700,000	-	877,603	877,603	
Physical Plant Shop and Storage Replacement	-	7,000,000	7,000,000	-	3,505,352	3,505,352	
PPB Redevelopment	-	8,800,000	8,800,000	-	254,555	254,555	
Research Lab Renovations	-	25,000,000	25,000,000	-	5,394,967	5,394,967	
Roof Replacement Gimbel, Bates Freeman, Anderson Center, New Clark	-	4,000,000	4,000,000	-	938,726	938,726	
Rotary House International Guest Services Buildout	-	3,000,000	3,000,000	-	-	-	
Science Park Res. Div. Infrastructure Upgrades/Griffin Bldg. Expansion	-	13,600,000	13,600,000	-	7,663,527	7,663,527	
Science Park Sewer Plant Expansion	-	3,100,000	3,100,000	-	-	-	
South Campus Clinical Research Facility	-	36,500,000	36,500,000	-	34,570,141	34,570,141	
Telehealth Center	-	3,800,000	3,800,000	-	2,581,296	2,581,296	

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

Major Construction Projects - 2002 Activity Report

Institution	Authorized Project Cost		Actual Expenditures thru 2001		Estimated Budget to Complete
	PUF	Other Sources	Other Sources	Total	
	Total	PUF	Total	Total	
Health Center at Tyler					
Ambulatory Care Center - Phase II	-	2,983,000	2,983,000	64,024	2,918,976
Biomedical Research Wing Addition	-	11,513,250	11,513,250	483,020	11,030,230
Completion Third Floor Shell Space in Ambulatory Care Center	1,100,000	2,527,000	3,627,000	1,453,563	2,173,437
Electrical Distribution System Upgrade Phase III	2,370,000	-	2,370,000	2,037,435	332,565
Roof Replacement - Buildings A, B, C, and D	1,220,000	-	1,220,000	1,086,938	133,062
System Administration					
Ashbel Smith/Colorado Building Fire Protection Systems	3,180,000	-	3,180,000	997,685	2,182,315
Total	\$560,037,477	3,361,531,504	3,921,568,981	696,580,515	3,056,579,506

Hospital Report Comparative Summary Service Levels

	Years Ending August 31				
	1998	1999	2000	2001	2002
Total Inpatient Admissions					
M. D. Anderson Cancer Center	15,920	16,499	17,497	18,604	18,781
Medical Branch at Galveston	37,333	33,073	32,505	32,927	35,080
Health Center at Tyler	3,601	3,504	3,714	3,554	3,805
Harris County Psychiatric Center	5,390	5,263	5,186	5,700	6,135
Total	62,244	58,339	58,902	60,785	63,801
Percent Change	2.16	-6.27	.97	3.2	4.96
Total Clinic Visits					
M. D. Anderson Cancer Center	368,605	409,443	448,690	469,068	471,728
Medical Branch at Galveston ¹	945,897	848,019	790,315	791,448	850,409
Health Center at Tyler	87,742	92,510	96,114	107,860	98,127
Total	1,402,244	1,349,972	1,335,119	1,368,376	1,420,264
Percent Change	16.35	-3.73	-1.10	2.49	3.79
Total Patient Bed Days					
M. D. Anderson Cancer Center	122,103	126,803	131,788	135,298	134,926
Medical Branch at Galveston	215,946	173,136	170,797	175,956	186,975
Health Center at Tyler	29,780	28,162	29,802	29,451	29,021
Harris County Psychiatric Center	50,631	53,206	54,647	60,614	69,044
Total	418,460	381,307	387,034	401,319	419,966
Percent Change	-1.59	-8.88	1.50	3.69	4.65

¹ Includes Emergency Room visits

Hospital and Clinic Patient Net Revenue Summary (in thousands)

Gross Patient Service	Years Ending August 31				
	1998	1999	2000	2001	2002
Revenue					
M. D. Anderson	\$ 666,657	788,599	933,066	1,157,241	1,349,710
Galveston	748,448	723,110	702,026	723,828	848,155
Tyler	64,272	70,493	91,128	105,519	129,320
Harris County Psychiatric Center	27,544	30,725	32,531	35,693	39,107
Total	1,506,921	1,612,927	1,758,751	2,022,281	2,366,292
Percent Change	12.22	7.03	9.04	14.98	17.01
Less:					
Indigent Care					
M. D. Anderson	79,450	83,311	92,469	92,119	113,592
Galveston	252,072	217,489	188,604	185,442	234,470
Tyler	10,434	11,771	16,399	20,265	19,280
Harris County Psychiatric Center	17,937	20,834	20,781	24,456	26,899
Total	359,893	333,405	318,253	322,282	394,221
Percent Change	17.20	-7.36	-4.54	1.27	22.32
Bad Debt					
M. D. Anderson	27,046	20,863	25,949	28,782	31,619
Galveston	43,572	48,859	57,271	35,875	38,736
Tyler	2,754	4,314	5,158	11,033	10,745
Harris County Psychiatric Center	538	2,156	1,888	2,452	2,230
Total	73,910	76,192	90,266	78,142	83,330
Percent Change	10.72	3.09	18.47	-13.43	6.64
Revenue Adjustments					
M. D. Anderson	149,855	186,579	229,726	345,289	398,430
Galveston	160,015	188,894	183,842	211,903	237,999
Tyler	13,320	15,810	32,209	33,926	47,969
Harris County Psychiatric Center	4,193	1,438	2,914	2,313	2,736
Total	327,383	392,721	448,691	593,431	687,134
Percent Change	26.24	19.96	14.25	32.26	15.79
Net Patient Service					
Revenue					
M. D. Anderson	410,306	497,846	584,922	691,051	806,069
Galveston	292,789	267,868	272,309	290,608	336,950
Tyler	37,763	38,598	37,362	40,296	51,346
Harris County Psychiatric Center	4,876	6,297	6,787	6,472	7,242
Total Net Revenue	\$ 745,734	810,609	901,380	1,028,427	1,201,607
Percent Change	5.07	8.70	11.20	14.09	16.84

Source: U. T. System Office of Health Affairs.

Summary of Operations
Medical Services, Research and Development
Programs, Physician Referral Service
Year Ending August 31, 2002
(in thousands)

	SWMC Dallas	Medical Branch Galveston	HSC Houston	HSC San Antonio	M. D. Anderson	Health Center Tyler	Total
Operating Revenues:							
Gross Charges	\$595,399	301,996	302,323	187,576	435,685	34,255	1,857,234
Less: Un-sponsored Charity Care	(260,511)	(85,983)	(103,280)	(70,149)	(35,310)	(5,406)	(560,639)
Contractual Adjustments	(136,572)	(101,067)	(84,128)	(36,005)	(216,550)	(12,667)	(586,989)
Other Unreimbursed Medical Costs	(12,379)	(8,053)	(17,294)	(6,815)	(6,128)	(1,324)	(51,993)
Bad Debt Expense	(15,216)	(14,906)	(8,742)	(4,198)	(17,133)	(3,774)	(63,969)
Net Patient Revenues	170,720	91,987	88,878	70,408	160,563	11,085	593,641
Contractual Revenues	81,730	32,453	44,952	23,582	0	939	183,656
Other Operating Revenues	3,232	4,541	5,216	14,758	645	1,237	29,629
Total Operating Revenues Included in Monthly Financial Report	255,682	128,981	139,046	108,748	161,209	13,261	806,927
Operating Expenses:							
Faculty Salaries	76,099	42,148	54,221	33,652	59,173	6,072	271,365
Staff Salaries	47,147	36,996	18,989	6,941	18,781	2,880	131,734
Resident Salaries	0	4,245	0	0	0	0	4,245
Fringe Benefits	46,745	23,093	22,200	11,788	53,113	4,101	161,040
Maintenance and Operations	43,216	18,574	45,552	50,504	23,909	1,369	183,124
Professional Liability Insurance	4,472	5,471	2,545	2,729	3,287	473	18,977
Travel	2,170	1,611	806	808	4,023	178	9,596
Official Functions	0	287	885	295	577	0	2,044
Other Operating Expenses	0	0	0	0	0	345	345
Total Operating Expenses Included in Monthly Financial Report	219,850	132,424	145,199	106,717	162,862	15,417	782,469
Operating Income (Loss)	35,832	(3,443)	(6,153)	(2,031)	(1,654)	(2,157)	24,456
Non-operating Revenues (Expenses):							
Investment Income	1,563	1,677	1,094	702	4,090	25	9,151
Net Increase (Decrease) of Fair Value of Investments	0	0	0	(192)	(415)	0	(607)
Other Non-Operating Revenues (Expenses)	0	0	(131)	(16)	(1)	0	(148)
Net Non-operating Revenues	1,563	1,677	963	494	3,673	25	8,395
Income Before Other Items	37,395	1,766	5,190	2,525	2,019	2,132	51,027
Transfers In	11,934	6,467	2,672	5,206	3,276	589	30,144
Transfers Out	(47,911)	(763)	0	(33)	(12,145)	(16)	(60,868)
Debt Service	(2,703)	0	(152)	(184)	0	0	(3,039)
Capital Outlay	(5,163)	(1,429)	(1,551)	(300)	(219)	0	(8,662)
Change in MSRDP/PRS Net Assets	(6,448)	2,508	(4,222)	7,215	7,069	1,559	(9,575)
Net Assets-September 1, 2001 (As Previously Reported)	151,295	43,425	52,128	30,534	99,829	365	377,576
Restatements	(3,037)	0	0	(1,814)	0	627	(4,224)
Net Assets-September 1, 2001 (As Restated)	148,258	43,425	52,128	28,720	99,829	992	373,352
Net Assets-August 31, 2002	\$141,811	45,933	47,906	35,934	92,760	(566)	363,778

Source: U. T. System Office of Health Affairs.

Auxiliary Enterprise Performance
Academic Institutions
Year Ending August 31, 2002
(in thousands)

	Arlington	Austin	Brownsville	Dallas	El Paso	Pan American	Permian Basin	San Antonio	Tyler	Total
Balance, September 1, 2001										
(Restated)	\$ 5,348	20,149	1,383	6,961	3,278	4,975	727	4661	266	47,748
Income										
Intercollegiate Athletics	3,092	33,827	492	59	6,329	1,723	277	731	369	46,899
Housing & Food Service	9,508	43,524	0	3,307	1,522	1,411	120	639	184	60,215
Bookstore	0	0	0	263	6,022	4,183	87	527	0	11,082
Parking Facilities	1,876	13,527	0	976	770	293	93	1,778	0	19,313
Student Health Center	2,234	11,574	265	735	0	0	0	66	0	14,874
Student Activities	1,729	35,761	174	2,711	2,037	(40)	249	36	0	42,657
All Other	5,847	8,901	1,541	3,689	7,556	3,349	288	4,599	707	36,477
Total Income	24,286	147,114	2,472	11,740	24,236	10,919	1,114	8,376	1,260	231,517
Expenses										
Intercollegiate Athletics	3,038	33,959	483	746	10,152	2,759	265	3,907	224	55,533
Housing & Food Service	6,790	30,906	0	285	740	984	143	494	228	40,570
Bookstore	0	0	0	89	5,524	3,785	41	20	0	9,459
Parking Facilities	1,448	9,049	0	996	721	133	103	526	0	12,976
Student Health Center	2,126	10,959	259	814	76	0	0	64	0	14,298
Student Activities	1,636	29,168	170	2,000	3,246	2,384	548	1,103	0	40,255
All Other	6,574	16,847	1,709	3,133	6,221	232	222	(398)	726	35,266
Total Expenses ¹	21,612	130,888	2,621	8,063	26,680	10,277	1,322	5,716	1,178	208,357
Transfers	(1,233)	(18,423)	480	(2,044)	2,519	282	149	(2,787)	238	(20,819)
Other Adjustments ²	(13)	464	0	0	0	(30)	0	(36)	0	385
Net Increase (Decrease)										
for the Year	1,428	(1,733)	331	1,633	75	894	(59)	(163)	320	2,726
Balance, August 31, 2002	\$ 6,776	18,416	1,714	8,594	3,353	5,869	668	4,498	586	50,474

¹ Total expenses exclude debt transfers. Debt transfers are reported in the Transfers category.

² Primarily comprised of the net changes in Allowance for Doubtful Accounts and Increase/(Decrease) in Fair Value of Investments for the year.

Auxiliary Enterprise Performance
Health Institutions
Year Ending August 31, 2002
(in thousands)

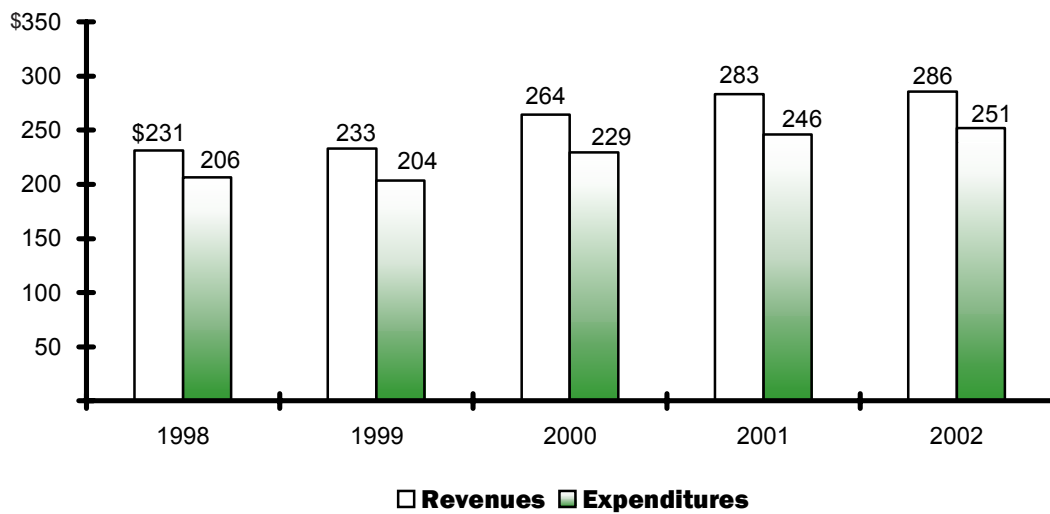
	SWMC Dallas	Medical Branch Galveston	HSC Houston	HSC San Antonio	MD Anderson	Health Center Tyler	Total
Balance, September 1, 2001							
(Restated)	\$ 5,182	4,930	9,313	4,805	6,004	354	30,573
Income							
Housing & Food Service	1,424	3,156	3,334	0	14,431	0	22,345
Bookstore	1,680	0	1,141	126	0	0	2,947
Parking Facilities	3,046	3,032	908	1,320	1,951	0	10,257
Student Health Center	0	0	406	846	0	0	1,252
Student Activities	257	0	613	0	0	0	870
All Other	2,082	1,182	7,686	400	4,328	870	16,548
Total Income	8,489	7,370	14,088	2,692	20,710	870	54,219
Expenses							
Housing & Food Service	754	3,066	974	0	11,357	0	16,151
Bookstore	1,494	0	947	68	0	0	2,509
Parking Facilities	3,176	1,485	418	704	2,499	0	8,282
Student Health Center	0	0	0	916	0	0	916
Student Activities	244	0	0	0	0	0	244
All Other	714	1,393	8,490	628	3,154	632	15,011
Total Expenses ¹	6,382	5,944	10,829	2,316	17,010	632	43,113
Transfers	(1,313)	(1,824)	(3,024)	(726)	(2,607)	0	(9,494)
Other Adjustments ²	(47)	0	838	(36)	(75)	0	680
Net Increase (Decrease) for the Year	747	(398)	1,073	(386)	1,018	238	2,292
Balance, August 31, 2001	\$ 5,959	4,532	10,386	4,419	7,022	592	32,865

¹ Total expenses exclude debt transfers. Debt transfers are reported in the Transfers category.

² Primarily comprised of the net changes in Allowance for Doubtful Accounts and Increase/(Decrease) in Fair Value of Investments for the year.

Auxiliary Enterprise Performance Year Ending August 31, 2002 (in millions)

All Institutions



Overview of U. T. Debt Outstanding

As of August 31, 2002

	Amount Outstanding	Ratings		
		Moody's	Standard and Poor's	Fitch
Permanent University Fund				
Flexible Rate Notes, Series A	\$ 175,000,000	Aaa/VMIG1	AAA/A-1+	AAA/F-1+
Fixed Rate Bonds:				
Series 1996	215,000,000	Aaa	AAA	AAA
Series 1997	113,285,000	Aaa	AAA	AAA
Series 2002A	105,290,000	Aaa	AAA	AAA
Series 2002B	188,215,000	Aaa	AAA	AAA
Total	796,790,000			
Revenue Financing System				
Commercial Paper Notes, Series A	323,007,000	P-1	A-1+	F-1+
Fixed Rate Bonds:				
Series 1995A	57,835,000	Aaa	AAA	AAA
Series 1996A	58,370,000	Aaa	AAA	AAA
Series 1996B	187,065,000	Aaa	AAA	AAA
Series 1998A	9,220,000	Aaa	AAA	AAA
Series 1998B	96,790,000	Aaa	AAA	AAA
Series 1998C	40,540,000	Aaa	AAA	AAA
Series 1998D	90,265,000	Aaa	AAA	AAA
Series 1999A	95,590,000	Aaa	AAA	AAA
Series 1999B	169,870,000	Aaa	AAA	AAA
Series 2001A	70,065,000	Aaa/VMIG1	AAA/A-1+	AAA/F-1+
Series 2001B	179,610,000	Aaa	AAA	AAA
Series 2001C	84,590,000	Aaa	AAA	AAA
Total	1,462,817,000			
Constitutional Appropriation Bonds				
Series 1995	8,995,000		AA	AA+
Total Debt Outstanding	\$ 2,268,602,000			

Source: U. T. System Office of Finance.

University Lands - West Texas Operations Sources of Income

Income from Oil and Gas Production, Leasing, and Related Transactions

	Years Ending August 31				
	1998	1999	2000	2001	2002
Permanent University Fund					
Oil Royalty	\$ 39,889,185	32,128,238	51,736,052	56,442,174	43,218,089
Gas Royalty	24,831,735	18,504,068	26,723,947	45,160,648	25,528,821
Oil and Gas Rentals	1,394,506	1,316,695	1,363,919	1,236,980	2,174,777
Bonuses:					
Amendments & Extensions	1,210	1,706	6,903	19,659	12,372
Oil and Gas Lease Sale	12,409,169	1,642,330	2,709,677	11,828,460	8,487,139
Unitization Payments	0	0	0	96,105	0
Subtotal PUF Income	78,525,805	53,593,037	82,540,498	114,784,026	79,421,198
Available University Fund					
Transfer & Relinquishment Fees	43,926	94,207	111,985	49,397	121,299
Interest and Penalty	308,677	3,859,026	409,921	659,516	639,878
Subtotal AUF Income	352,603	3,953,233	521,906	708,913	761,177
Total Income: Oil and Gas	\$ 78,878,408	57,546,270	83,062,404	115,492,939	80,182,375

Income from Surface Interests and Other Minerals Production, Leasing, and Related Transactions

	Years Ending August 31				
	1998	1999	2000	2001	2002
Permanent University Fund					
Water Royalty	\$ 882,048	657,793	510,316	730,911	862,015
Brine Royalty	88,787	37,364	53,354	83,869	85,980
Water and Brine Rentals	15,534	12,185	12,855	10,865	5,925
Sale of Sand, Gravel, etc.	22,097	12,024	25,856	30,855	67,175
Subtotal PUF Income	1,008,466	719,366	602,381	856,500	1,021,095
Available University Fund					
Surface Leases	2,589,674	2,205,227	2,255,262	4,576,224	3,797,569
Grazing Leases	2,504,494	2,267,205	2,310,800	2,818,357	2,454,883
Wine Sales & Rentals	776,105	516,023	517,064	530,000	526,254
Exploration Permits	9,500	5,000	3,000	4,000	2,000
Saltwater Disposal	361,247	436,959	411,718	518,886	513,844
Underground Storage	13,046	68,836	26,092	35,912	35,534
Subtotal AUF Income	6,254,066	5,499,250	5,523,936	8,483,379	7,330,084
Total Income: Surface Interests and Other Minerals	7,262,532	6,218,616	6,126,317	9,339,879	8,351,179
Total All PUF Income	79,534,271	54,312,403	83,142,879	115,640,526	80,442,293
Total All AUF Income	6,606,669	9,452,483	6,045,842	9,192,292	8,091,261
Total All Income	\$ 86,140,940	63,764,886	89,188,721	124,832,818	88,533,554

Source: U. T. System Office of University Lands - West Texas Operations.

University Lands - West Texas Operations

Oil and Gas Operations

Annual Production

Oil from Oil Wells; Condensate from Gas Wells

(in barrels)

	Years Ending August 31				
	1998	1999	2000	2001	2002
Oil	15,897,387	14,150,060	13,884,618	14,279,068	13,102,381
Condensate	215,378	185,716	152,958	154,407	253,292
Total Barrels	16,274,419	14,335,776	14,037,576	14,433,475	13,355,673

Annual Production

Gas from Gas Wells; Casinghead Gas from Oil Wells

(in thousands of cubic feet)

	Years Ending August 31				
	1998	1999	2000	2001	2002
Gas	30,693,739	24,212,567	20,748,098	20,530,064	22,510,975
Casinghead Gas	51,963,885	48,322,456	48,031,940	54,900,770	49,431,479
Total MCF	82,657,624	72,535,023	68,780,038	75,430,834	71,942,454

Oil and Gas Lease Acreage Status

	Years Ending August 31				
	1998	1999	2000	2001	2002
Acres Under Lease	1,335,864	1,273,368	1,244,727	1,223,235	1,171,057
Acres Producing	527,896	520,487	515,612	521,297	519,324
Number of Active Leases	3,546	3,370	3,299	3,260	3,151
Number of Producing Leases	2,072	2,048	2,041	2,069	2,061

Source: U. T. System Office of University Lands - West Texas Operations.

University Lands - West Texas Operations Oil, Gas, and Mineral Operations

Well Completions

	Years Ending August 31				
	1998	1999	2000	2001	2002
Oil	159	61	77	111	104
Gas	55	11	12	32	18
Dry	24	26	20	13	17
Total Completions	238	98	109	156	139

Exploration, Development, and Injection Wells Footage Drilled

	Years Ending August 31				
	1998	1999	2000	2001	2002
Footage Drilled	1,251,391	425,501	688,140	1,221,019	720,717

Active Units, Contracts, and Permits Oil, Gas, Water, Brine, and Related Activities

	Years Ending August 31				
	1998	1999	2000	2001	2002
Units					
Secondary Recovery	48	47	47	49	50
Oil & Gas Pooling	40	40	41	47	53
Drilling and Development	6	6	6	6	6
Total Units	94	93	94	102	109
Contracts					
Municipal Water	7	6	5	5	5
Industrial Water	28	28	28	27	27
Non-Potable Waterflood	16	16	17	17	17
Brine Production	12	12	12	11	10
Salt Water Disposal	73	74	68	68	67
Total Contracts	136	136	130	128	126
Permits					
Surface Commingling	318	327	325	326	318
Downhole Commingling	257	260	287	287	281
Off Lease Storage	28	28	27	28	25
LACT Units	127	127	125	125	119
Total Permits	730	742	764	766	743
Total Units, Contracts and Permits	960	971	988	996	978

Source: U. T. System Office of University Lands - West Texas Operations.

University Lands - West Texas Operations**Surface Operations****Easements, Leases, and Permits Issued**

	Years Ending August 31				
	1998	1999	2000	2001	2002
Easements	233	227	186	254	215
Grazing Leases	0	5	50	22	11
Material Source	1	1	2	2	7
Surface Leases	41	37	42	33	34
Geophysical Permits/ Linear Miles ¹	2/4	4/302	1/6	1/3	1/0
Geophysical Permits/ Acres ²	14/149,860	6/34,480	5/30,310	7/46,954	3/15,064

Total Active Easements and Leases

	Years Ending August 31				
	1998	1999	2000	2001	2002
Easements	2,126	2,154	2,212	2,246	2,271
Grazing Leases	117	119	120	119	117
Surface Leases	399	383	402	389	378

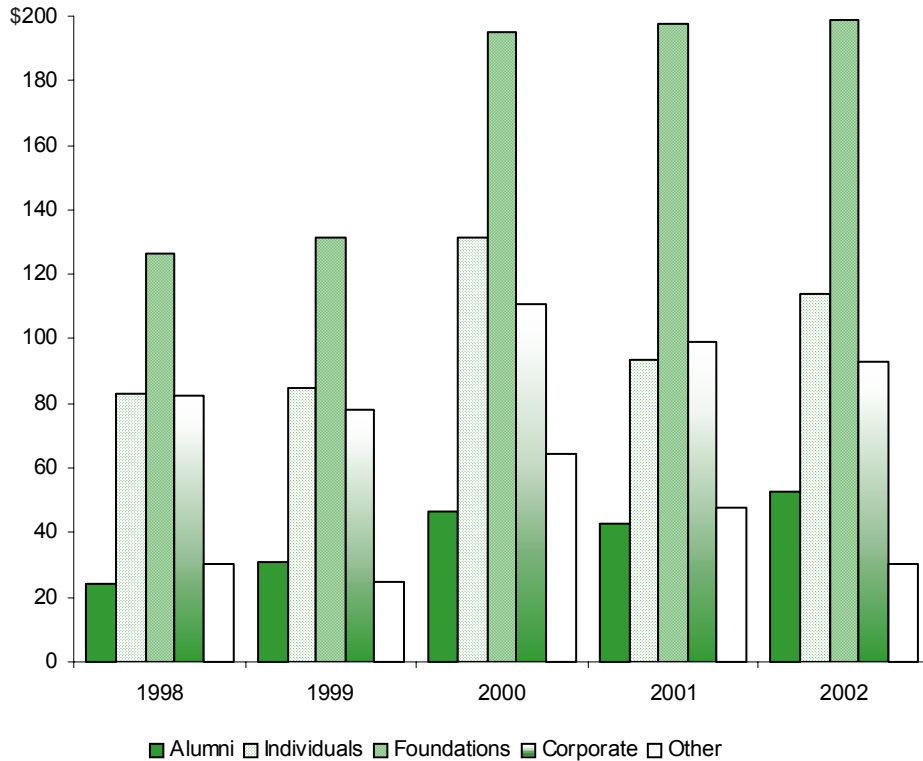
Notes:

¹ Two dimensional (2-D) geophysical surveys laid out in a linear pattern.² Three dimensional (3-D) geophysical surveys laid out in an areal pattern.

Source: U. T. System Office of University Lands - West Texas Operations.

Donor Sources of Support

All Institutions and System Administration (in millions)



Sources	1998	1999	2000 ^{1,2}	2001	2002
Alumni	\$ 23.91	30.66	46.21	42.55	52.64
Individuals	83.05 [*]	84.53	130.97	93.69 ³	113.96
Foundations	126.10 [*]	130.98	195.32	197.24	198.88
Corporate	82.32 [*]	78.16	110.61	99.17	92.81
Other	30.29	24.81	64.69	47.69	30.42
Total	\$ 345.67	349.14	547.80	480.34	488.71

Notes: "Other" includes associations and special support groups.

* Restated for adjustments made by M. D. Anderson.

¹ Beginning in 2000, gift totals include certain categories of deferred gifts based on official CAE gift reporting guidelines.

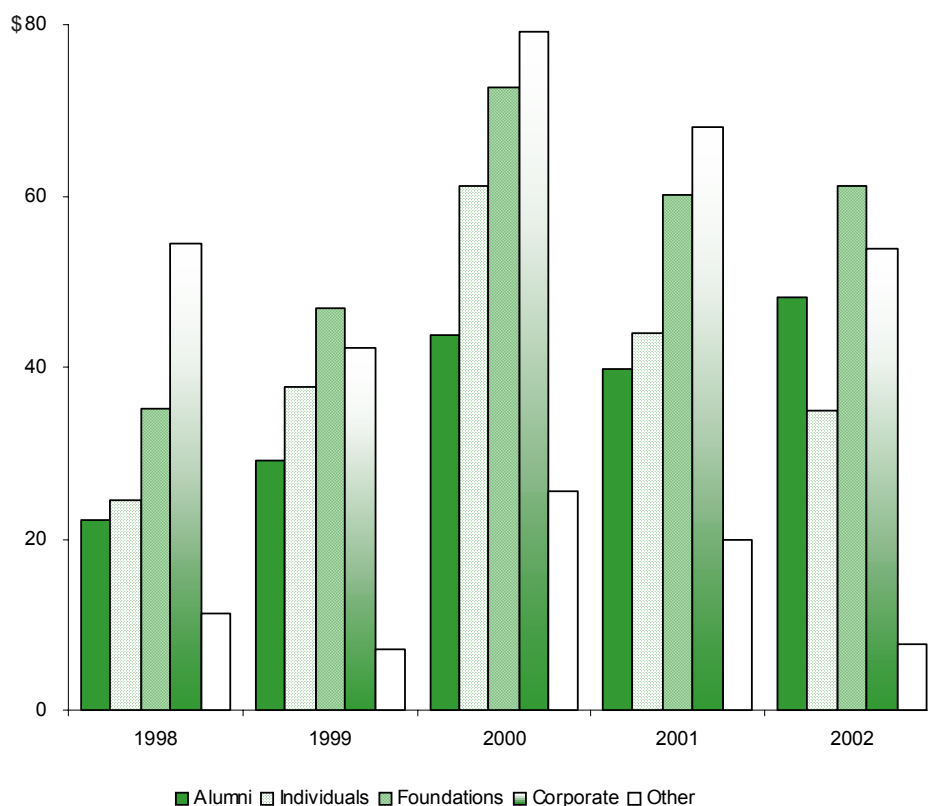
² Beginning in 2000, donor sources of support include contributions to U. T. System Administration.

³ Restated for adjustments made by System Administration.

Source: U. T. System Office of Development and External Relations.

Donor Sources of Support

Academic Institutions (in millions)



Sources	1998	1999	2000 ¹	2001	2002
Alumni	\$ 22.24	29.06	43.69	39.74	48.18
Individuals	24.43	37.60	61.10	44.00	35.06
Foundations	35.15	46.87	72.68	60.18	61.08
Corporate	54.36	42.31	79.17	68.05	53.89
Other	11.21	7.07	25.64	19.94	7.67
Total	\$ 147.39	162.91	282.28	231.91	205.88

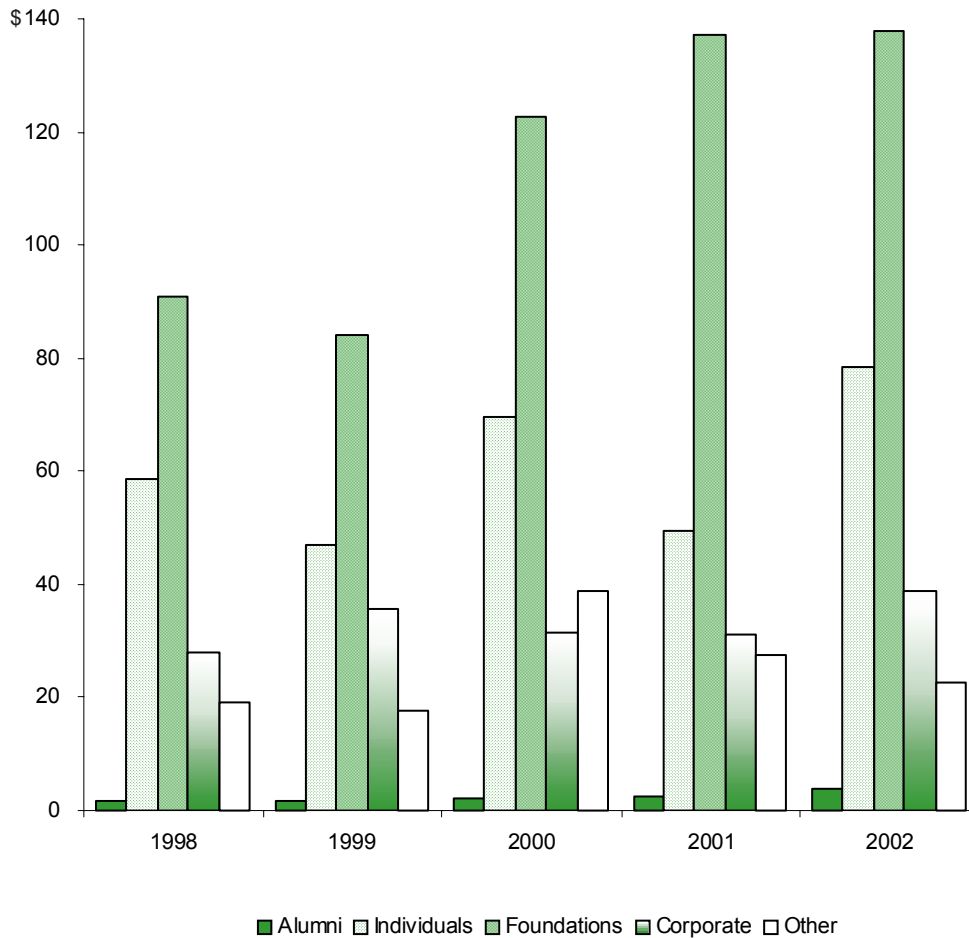
Notes: "Other" includes associations and special support groups.

¹ Beginning in 2000, gift totals include certain categories of deferred gifts based on official CAE gift reporting guidelines.

Source: U. T. System Office of Development and External Relations.

Donor Sources of Support

Health Institutions (in millions)



Sources	1998	1999	2000 ¹	2001	2002
Alumni	\$ 1.67	1.60	2.19	2.45	4.04
Individuals	58.62*	46.93	69.80	49.59	78.50
Foundations	90.95*	84.11	122.60	137.02	137.73
Corporate	27.96*	35.85	31.38	31.07	38.86
Other	19.08	17.74	39.05	27.74	22.75
Total	\$ 198.28	186.23	265.02	247.87	281.88

Notes: "Other" includes associations and special support groups.

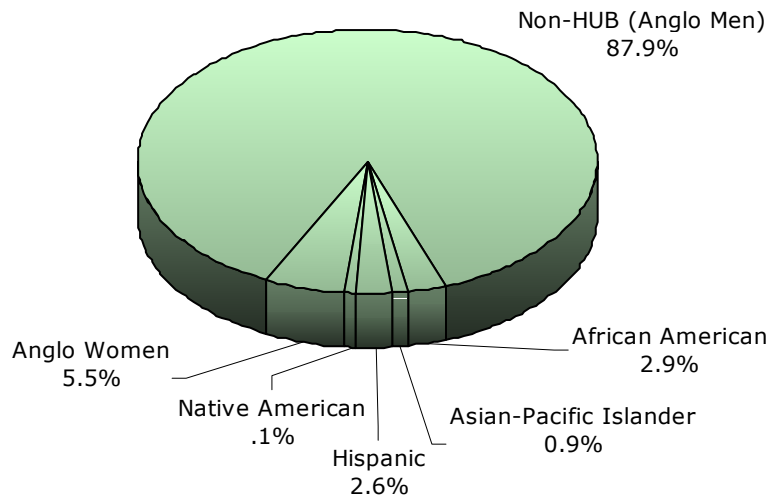
*Restated for adjustments made by M. D. Anderson.

¹Beginning in 2000, gift totals include certain categories of deferred gifts based on official CAE gift reporting guidelines.

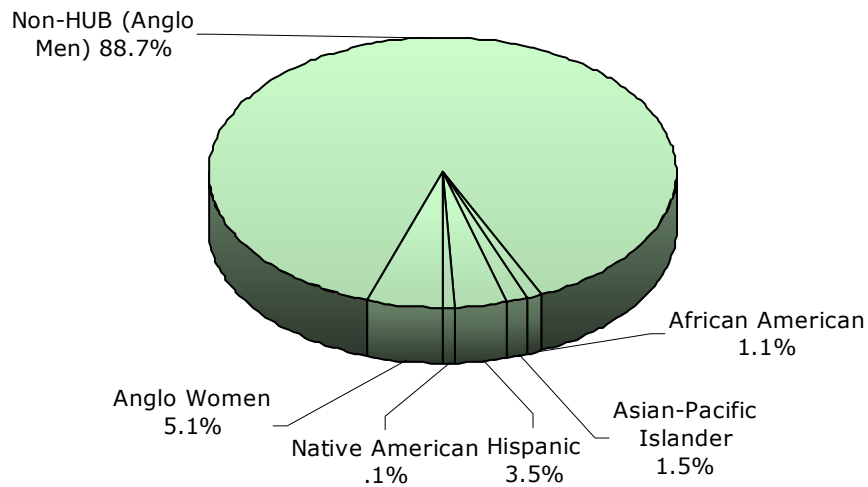
Source: U. T. System Office of Development and External Relations.

Historically Underutilized Business Enterprises Expenditures with HUB Enterprises 2002

U. T. System \$1.5 Billion



State of Texas \$8.7 Billion



Source: U. T. System Office of Business Affairs.

Historically Underutilized Business Enterprises Expenditures with HUB Enterprises by Purchase Category

U. T. System

(Expenditure data in dollars; goal data in percent)

Procurement Category	Unadjusted HUB Goal (%)	Total Expenditures	Total Non-HUB Expenditures (%)	Total Underutilized HUB		Underutilized HUB Goal	Total Other HUB		Other HUB Goal
				Expenditures (%)	Expenditures (%)		Expenditures (%)	Expenditures (%)	
2002									
Heavy Construction	11.9	\$ 831,480	668,405 (80.4)	7,858 (0.9)	6.6	155,217 (18.7)	5.3		
Building Construction	26.1	314,736,965	282,200,071 (89.7)	30,971,286 (9.8)	25.1	1,565,608 (0.5)	1.0		
S. T. Construction	57.2	80,650,324	61,641,042 (76.4)	9,202,119 (11.4)	47.0	9,807,163 (12.2)	10.2		
Professional Services	20.0	52,215,149	44,551,093 (85.3)	5,076,980 (9.7)	18.1	2,587,076 (5.0)	1.9		
Other Services	33.0	310,030,907	279,334,131 (90.1)	30,696,776 (9.9)	33.0	—	—		
Commodities	12.6	709,998,235	622,664,498 (87.7)	80,465,278 (11.3)	11.5	6,868,459 (1.0)	1.1		
Total		\$1,468,463,060	\$1,291,059,240 (87.9)	156,420,297 (10.7)	—	20,983,523 (1.4)	—		
2001									
Heavy Construction	11.9	\$ 240,617	238,020 (98.9)	0 (0.0)	6.6	2,597 (1.1)	5.3		
Building Construction	26.1	184,525,277	168,530,189 (91.3)	15,741,119 (8.5)	25.1	253,968 (0.2)	1.0		
S. T. Construction	57.2	85,858,313	71,370,573 (83.1)	7,235,952 (8.4)	47.0	7,251,784 (8.5)	10.2		
Professional Services	20.0	94,256,914	85,460,654 (90.7)	6,168,375 (6.5)	18.1	2,627,880 (2.8)	1.9		
Other Services	33.0	301,194,890	268,787,136 (89.2)	32,407,748 (10.8)	33.0	—	—		
Commodities	12.6	681,117,051	602,227,416 (88.4)	72,675,261 (10.7)	11.5	6,214,361 (0.9)	1.1		
Total		\$ 1,347,193,062	1,196,613,988 (88.8)	134,228,455 (10.0)	—	16,350,590 (1.2)	—		

Historically Underutilized Business Enterprises Expenditures with HUB Enterprises by Purchase Category Statewide

(Expenditure data in dollars; goal data in percent)

Procurement Category	Unadjusted HUB Goal (%)	Total Expenditures	Total Non-HUB Expenditures (%)	Total Underutilized HUB		Underutilized		Total Other HUB		Other HUB Goal
				Expenditures	Expenditures (%)	HUB Goal	HUB Goal	Expenditures (%)	Expenditures (%)	
2002										
Heavy Construction	11.9	\$ 3,250,141,560	2,917,640,144 (89.8)	199,485,942 (6.1)	6.6	133,015,474 (4.1)	5.3			
Building Construction	26.1	662,119,570	596,371,759 (90.1)	59,913,436 (9.0)	25.1	5,834,375 (0.9)	1.0			
S. T. Construction	57.2	300,206,307	256,024,983 (85.3)	22,047,855 (7.3)	47.0	22,133,468 (7.4)	10.2			
Professional Services	20.0	395,848,481	338,244,162 (85.4)	39,179,606 (9.9)	18.1	18,424,713 (4.7)	1.9			
Other Services	33.0	1,783,067,106	1,562,822,366 (87.6)	220,244,740 (12.4)	33.0	—	—			
Commodities	12.6	2,288,631,463	2,026,605,406 (88.6)	204,353,662 (8.9)	12.0	57,672,394 (2.5)	1.1			
Total		\$8,680,014,487	7,697,708,820 (0)	745,225,241 (8.6)	—	237,080,424 (2.7)	—			
2001										
Heavy Construction	11.9	\$ 2,976,462,951	2,630,070,027 (88.4)	177,868,980 (6.0)	6.6	168,523,944 (5.7)	5.3			
Building Construction	26.1	498,780,436	447,056,375 (89.6)	48,893,748 (9.8)	25.1	2,830,313 (0.6)	1.0			
S. T. Construction	57.2	271,799,736	228,367,008 (84.0)	18,753,205 (6.9)	47.0	24,679,523 (9.1)	10.2			
Professional Services	20.0	393,161,576	328,468,590 (83.5)	42,069,920 (10.7)	18.1	22,623,066 (5.8)	1.9			
Other Services	33.0	1,993,453,449	1,760,059,669 (88.3)	233,393,780 (11.7)	33.0	—	—			
Commodities	12.6	2,208,046,872	1,931,343,349 (87.5)	207,946,713 (9.4)	11.5	68,756,810 (3.1)	1.1			
Total		\$ 8,341,705,020	7,325,365,018 (87.8)	728,926,346 (8.7)	—	287,413,656 (3.4)	—			

Source: U. T. System Office of Business Affairs.

Historically Underutilized Business Enterprises HUB Purchases Trend Analysis

Institution	1998	1999	2000	2001	2002	Change (%)		% Change 1998 - 2002
						2001 - 2002	1998 - 2002	
Arlington	\$ 3,074,675	3,556,424	4,674,360	5,123,850	6,783,159	1,659,309	(32.4)	120.6
Austin	16,641,555	23,123,416	25,065,791	22,231,278	20,131,000	-2,100,278	(9.4)	21.0
Brownsville	1,197,472	873,226	1,834,043	1,382,229	1,390,397	8,168	(0.6)	16.1
Dallas	2,758,017	2,752,460	3,104,705	3,921,016	8,085,788	4,164,772	(106.2)	193.2
El Paso	2,105,187	2,723,175	3,707,594	2,752,686	2,439,759	-312,927	(11.4)	15.9
Pan American	2,586,246	2,479,704	2,812,847	2,589,607	3,100,396	510,789	(19.7)	19.9
Permian Basin	187,807	434,127	620,176	359,781	406,412	46,631	(13.0)	116.4
San Antonio	3,950,745	4,635,947	8,065,543	7,039,416	8,325,701	1,286,285	(18.3)	110.7
Tyler	650,659	745,884	838,592	720,658	743,501	22,843	(3.2)	14.3
Subtotal Academic	33,152,363	41,324,363	50,723,651	46,120,521	51,406,113	5,285,592	(11.5)	55.1
SWMC-Dallas	13,266,534	13,280,515	16,422,766	18,212,498	16,768,448	-1,444,050	(7.9)	26.4
MB-Galveston	25,060,763	21,481,469	20,940,597	19,988,514	26,039,998	6,051,484	(30.3)	3.9
HSC-Houston	4,073,187	7,740,023	10,058,235	11,674,444	10,797,463	-876,981	(7.5)	165.1
HSC-San Antonio	4,204,368	4,994,730	5,875,305	6,224,006	6,308,423	84,417	(1.4)	50.0
MD Anderson	16,243,812	23,642,552	31,519,985	22,227,347	27,544,538	5,317,191	(23.9)	69.6
HC-Tyler	1,607,956	2,071,636	1,481,244	1,260,111	2,218,557	958,446	(76.1)	38.0
Subtotal Health	64,456,620	73,210,925	86,298,132	79,586,920	89,677,427	10,090,507	(12.7)	39.1
System Administration	22,302,888	25,371,166	33,949,107	24,871,604	36,320,318	11,448,714	(46.0)	62.9
Total U. T. System	119,911,871	139,906,454	170,970,890	150,579,045	177,403,858	26,824,813	(17.8)	47.9
State of Texas	\$ 832,440,867	900,434,429	1,042,388,589	1,016,340,002	982,305,671	26,048,587	(3.3)	18.0

. Source: U. T. System Office of Business Affairs.

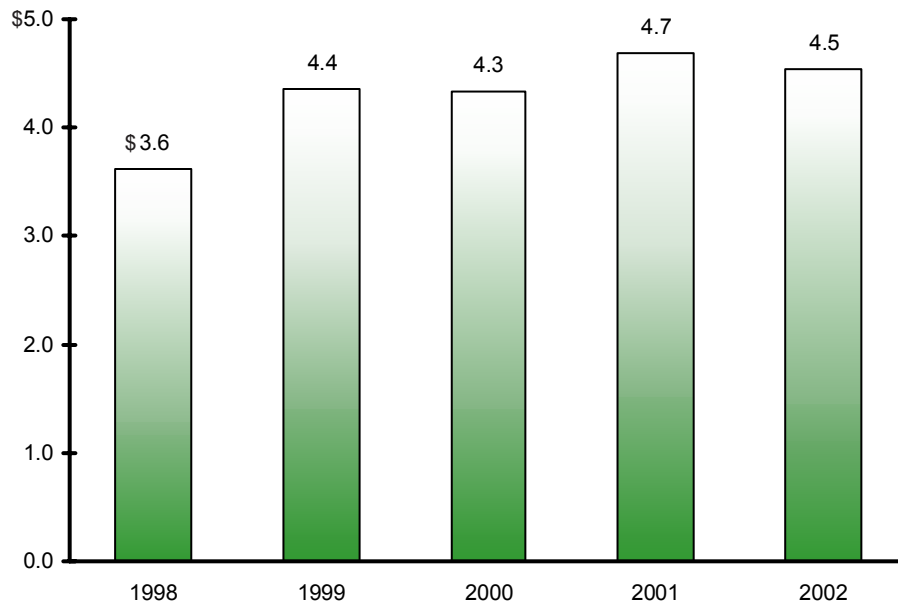
Unemployment Compensation Insurance Claims Paid 1998-2002 (in millions)

Institution	Years Ending August 31				
	1998	1999	2000	2001	2002
Academic					
Arlington	\$18,934	9,810	40,431	22,893	51,415
Austin	279,620	267,355	231,267	205,905	554,951
Brownsville	31,431	48,944	69,379	43,611	28,415
Dallas	11,653	14,212	11,593	6,626	39,817
El Paso	45,121	22,867	41,652	44,789	61,402
Pan American	33,229	35,140	42,590	29,315	28,075
Permian Basin	1,476	1,113	189	3,264	2,320
San Antonio	11,592	22,502	18,214	20,354	43,513
Tyler	1,227	6,435	940	4,981	339
Subtotal Academic	434,284	428,379	456,255	381,737	810,247
Health					
SWMC-Dallas	123,705	131,652	165,130	163,366	227,090
MB-Galveston	224,148	376,585	506,151	349,061	395,009
HSC-Houston	245,241	217,570	196,835	216,314	224,395
HSC-San Antonio	69,408	65,613	77,699	96,023	108,487
MD Anderson	111,015	125,851	159,751	194,739	283,135
HC-Tyler	18,887	37,429	52,756	40,728	25,275
Subtotal Health	792,404	954,700	1,158,323	1,060,231	1,263,391
System Administration	1,829	29,340	6,555	9,446	19,280
Total U. T. System	\$1,228,517	1,412,419	1,621,132	1,451,414	2,092,918

Note: The amounts shown are for claims paid to former employees who were paid from funds other than State General Revenue; the State Treasury pays 50 percent of the claims of former employees who were paid from State General Revenue.

Source: U. T. System Office of Human Resources.

Unemployment Compensation Insurance Summary of Operations Ending Fund Balance 1998-2002 (in millions)



	Years Ending August 31				
	1998	1999	2000	2001	2002
Balance, September 1	\$2,797,238	3,623,511	4,362,257	4,342,943	4,692,531
Receipts	2,333,120	2,355,964	1,909,932	1,996,750	2,358,887
Total Funds Available	5,130,358	5,979,475	6,272,189	6,339,693	7,051,418
Expenditures	(1,378,520)	(1,569,968)	(1,876,261)	(1,690,851)	(2,343,858)
Adjustments	(128,327)	(47,250)	(52,985)	43,688	(177,502)
Balance, August 31	\$3,623,511	4,362,257	4,342,943	4,692,531	4,530,058
Assessment Per 100 in Wages	\$0.68	0.68	0.48	0.48	0.48
UCI Administration Costs					
Per Claim Dollar Paid	\$ 0.12	0.11	0.16	0.16	0.12

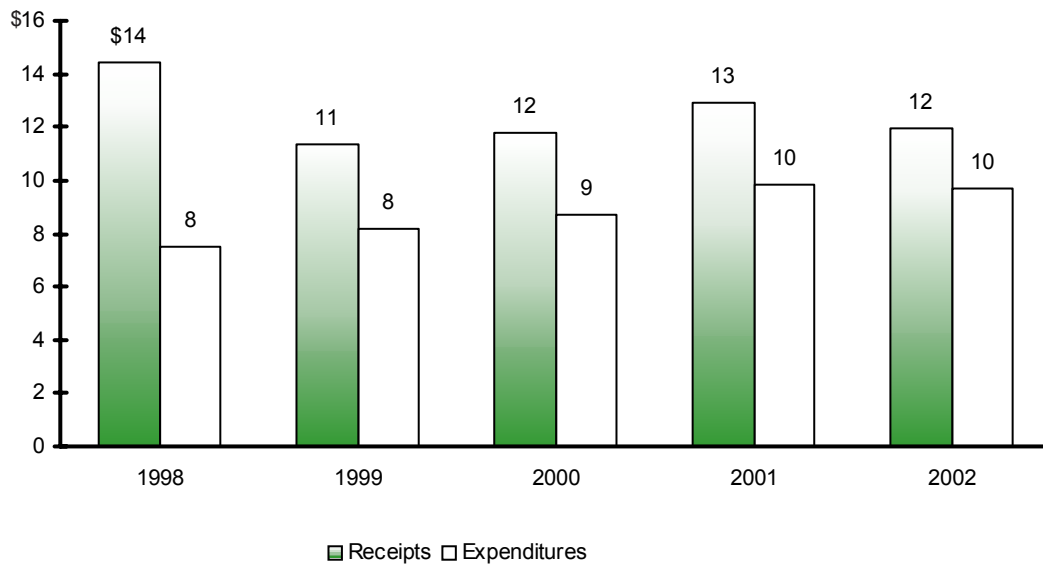
Source: U. T. System Office of Human Resources.

**Workers' Compensation Insurance
Benefits Paid
1998-2002
(in millions)**

Institution	Years Ending August 31				
	1998	1999	2000	2001	2002
Academic					
Arlington	\$ 174,099	256,478	322,943	244,215	326,899
Austin	699,407	882,574	965,959	1,151,877	1,258,769
Brownsville	33,137	32,935	10,899	42,534	58,775
Dallas	193,377	117,713	156,456	159,934	105,643
El Paso	272,413	290,518	437,492	609,008	361,942
Pan American	145,056	119,882	126,913	181,871	161,058
Permian Basin	4,019	1,200	29,372	28,410	42,127
San Antonio	170,170	155,042	149,987	206,989	108,584
Tyler	35,929	70,570	52,187	72,312	41,799
Subtotal Academic	1,727,607	1,926,911	2,252,208	2,697,152	2,465,596
Health					
SWMC-Dallas	\$ 597,608	615,927	414,078	505,205	785,239
MB-Galveston	1,914,417	2,007,356	2,221,319	2,714,483	2,707,093
HSC-Houston	276,941	552,439	546,649	374,910	254,251
HSC-San Antonio	186,989	212,125	206,068	235,224	300,568
MD Anderson	541,533	522,778	536,781	647,052	597,664
HC-Tyler	383,545	360,803	360,597	212,647	150,714
Subtotal Health	3,901,034	4,271,429	4,285,492	4,689,522	4,795,528
System Administration	4,834	2,461	6,254	17,279	11,661
Total U. T. System	\$ 5,633,475	6,200,801	6,543,953	7,403,953	7,272,786

Source: U. T. System Office of Business and Administrative Services.

Workers' Compensation Insurance Summary of Operations Income and Expenses 1998-2002 (in millions)



	Years Ending August 31				
	1998	1999	2000	2001	2002
Balance, September 1	\$ 38,499,902	43,614,954	43,465,396	46,502,930	47,256,744
Receipts	14,434,141	11,371,232	11,783,772	12,929,010	11,942,119
Total Funds Available	52,934,043	54,986,186	55,249,168	59,431,940	59,198,863
Expenditures	(7,519,089)	(8,215,922)	(8,741,967)	(9,871,437)	(9,691,016)
Transfers	(1,800,000)	(3,304,868)	(4,271)	(2,303,759)	(3,378,341)
Balance, August 31	\$ 43,614,954	43,465,396	46,502,930	47,256,744	46,129,506
Assessment Per \$100 in Wages	0.4324	0.3654	0.3150	0.3057	0.3058
WCI Administration Costs					
Per Claim Dollar Paid	0.30	0.28	0.28	0.27	0.26

Source: U. T. System Office of Business and Administrative Services.

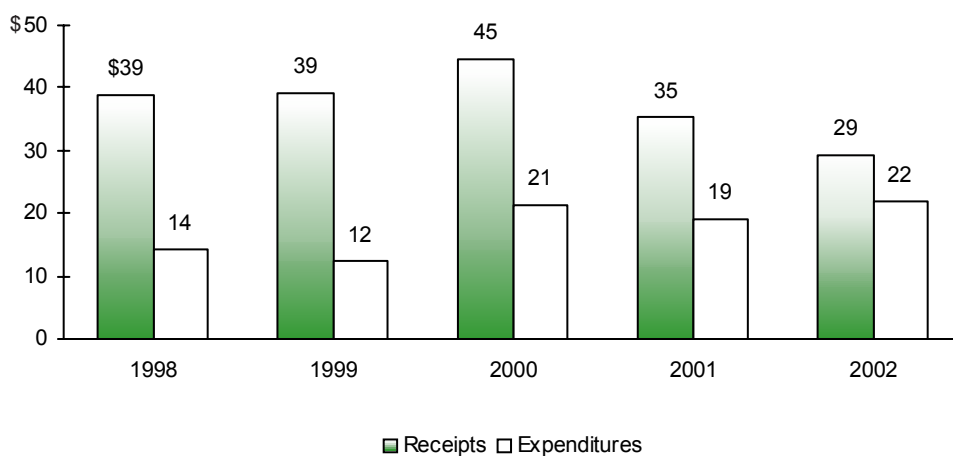
Professional Liability Insurance Legal and Liability Expenses Paid 1998-2002

Institution	Years Ending August 31				
	1998	1999	2000	2001	2002
Austin	\$ 0	0	11,123	19,606	5,320
SWMC-Dallas	3,001,119	2,733,772	4,079,318	4,037,120	3,467,131
MB-Galveston	2,661,007	2,850,045	6,607,965	3,497,907	7,756,910
HSC-Houston	3,455,945	4,887,083	4,581,218	6,859,511	6,267,810
HSC-San Antonio	3,542,982	874,120	4,401,177	1,983,365	3,242,501
M. D. Anderson	658,547	57,184	81,579	1,034,207	726,504
HCTyler	78,049	126,308	448,943	451,264	137,187
Total U. T. System	\$ 13,397,649	11,528,511	20,211,323	17,882,980	21,603,363

Source: U. T. System Office of Business and Administrative Services.

Professional Liability Insurance Income and Expenses

Summary of Operations 1998-2002 (in millions)



	Years Ending August 31				
	1998	1999	2000	2001	2002
Balance, September 1	\$ 228,405,577	223,060,088	246,811,135	265,281,087	231,553,544
Income	38,860,319	39,318,430	44,607,015	35,401,205	29,240,201
Total Funds Available	267,265,896	262,378,518	291,418,150	300,682,291	260,793,745
Expenditures	(14,366,676)	(12,497,126)	(21,209,434)	(19,157,403)	(22,126,467)
Adjustments*	(29,839,132)	(3,070,257)	(4,927,629)	(49,971,344)	(43,522,401)
Balance, August 31	\$ 223,060,088	246,811,135	265,281,087	231,553,544	195,144,877

*The majority of these adjustments are for premium rebate, unrealized gain or loss and distribution from investments.

Source: U. T. System Office of Business and Administrative Services.