

THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

JANUARY 2007



201 Seventh Street, ASH 5th Floor
Austin, Texas 78701
512.499.4527
www.utsystem.edu/cont

(This page intentionally left blank)

THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE FIVE MONTHS ENDING
JANUARY 31, 2007

(This page intentionally left blank)

TABLE OF CONTENTS

FOREWORD	7
SYSTEM-WIDE COMPARISONS OF ACTUAL.....	9
YEAR-TO-DATE INCOME (LOSS) SUMMARY BY INSTITUTION (WITH EXPLANATIONS OF VARIANCES).....	11
GLOSSARY OF TERMS	14
SYSTEM ADMINISTRATION	16
ARLINGTON	17
AUSTIN.....	18
BROWNSVILLE.....	19
DALLAS.....	20
EL PASO.....	21
PAN AMERICAN.....	22
PERMIAN BASIN	23
SAN ANTONIO	24
TYLER.....	25
SOUTHWESTERN MEDICAL CENTER AT DALLAS.....	26
MEDICAL BRANCH AT GALVESTON	27
HEALTH SCIENCE CENTER AT HOUSTON	28
HEALTH SCIENCE CENTER AT SAN ANTONIO	29
M. D. ANDERSON CANCER CENTER	30
HEALTH CENTER AT TYLER.....	31

(This page intentionally left blank)

**The University of Texas System
Monthly Financial Report**

Foreword

The Monthly Financial Report (MFR) compares the results of operations between the current year-to-date cumulative amounts and the prior year-to-date cumulative amounts. Explanations are provided for institutions having the largest variances in Adjusted Income (Loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. In addition, although no significant variance may exist, institutions with losses may be discussed.

The data is reported in three sections: (1) Operating Revenues, (2) Operating Expenses and (3) Other Nonoperating Adjustments. Presentation of state appropriation revenues are required under GASB 35 to be reflected as nonoperating revenues, so all institutions will report an Operating Loss prior to this adjustment. The MFR provides an Adjusted Income (Loss), which takes into account the nonoperating adjustments associated with core operating activities. An Adjusted Margin (as a percentage of operating and nonoperating revenue adjustments) is calculated for each period and is intended to reflect relative operating contributions to financial health.

(This page intentionally left blank)

UNAUDITED
The University of Texas System
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	January Year-to-Date <u>FY 2007</u>	January Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 554,308,019	\$ 493,396,991	\$ 60,911,028	12.3%
Sponsored Programs	1,004,257,081	952,085,396	52,171,685	5.5%
Net Sales and Services of Educational Activities	112,613,571	96,374,761	16,238,810	16.8%
Net Sales and Services of Hospitals	1,104,434,500	1,028,059,284	76,375,216	7.4%
Net Professional Fees	335,960,075	322,676,941	13,283,134	4.1%
Net Auxiliary Enterprises	154,505,819	144,767,543	9,738,276	6.7%
Other Operating Revenues	78,792,083	61,478,620	17,313,463	28.2%
Total Operating Revenues	<u>3,344,871,148</u>	<u>3,098,839,536</u>	<u>246,031,612</u>	<u>7.9%</u>
Operating Expenses				
Salaries and Wages	2,008,253,749	1,909,913,455	98,340,294	5.1%
Payroll Related Costs	490,131,055	462,409,167	27,721,888	6.0%
Professional Fees and Contracted Services	110,310,183	98,553,274	11,756,909	11.9%
Other Contracted Services	154,091,943	149,628,048	4,463,895	3.0%
Scholarships and Fellowships	321,633,725	282,779,311	38,854,414	13.7%
Travel	40,447,314	37,958,441	2,488,873	6.6%
Materials and Supplies	440,543,102	427,605,233	12,937,869	3.0%
Utilities	98,583,786	112,086,591	(13,502,805)	-12.0%
Telecommunications	27,693,154	27,555,386	137,768	0.5%
Repairs and Maintenance	62,798,451	60,213,855	2,584,596	4.3%
Rentals and Leases	42,310,228	42,071,666	238,562	0.6%
Printing and Reproduction	10,742,803	10,868,668	(125,865)	-1.2%
Bad Debt Expense	419,643	520,092	(100,449)	-19.3%
Claims and Losses	14,213,015	2,007,998	12,205,017	607.8%
Federal Sponsored Programs Pass-Throughs	10,720,982	7,325,927	3,395,055	46.3%
Depreciation and Amortization	246,239,910	231,733,182	14,506,728	6.3%
Other Operating Expenses	153,552,539	144,745,062	8,807,477	6.1%
Total Operating Expenses	<u>4,232,685,582</u>	<u>4,007,975,356</u>	<u>224,710,226</u>	<u>5.6%</u>
Operating Loss	<u>(887,814,434)</u>	<u>(909,135,820)</u>	<u>21,321,386</u>	<u>2.3%</u>
Other Nonoperating Adjustments				
State Appropriations	738,371,905	730,288,169	8,083,736	1.1%
Gift Contributions for Operations	133,389,841	103,160,278	30,229,563	29.3%
Net Investment Income	181,691,762	210,667,455	(28,975,693)	-13.8%
Long Term Fund Distribution	80,190,010	75,244,906	4,945,104	6.6%
Interest Expense on Capital Asset Financings	(80,906,920)	(76,045,326)	(4,861,594)	-6.4%
Net Other Nonoperating Adjustments	<u>1,052,736,598</u>	<u>1,043,315,482</u>	<u>9,421,116</u>	<u>0.9%</u>
Adjusted Income (Loss) including Depreciation	164,922,164	134,179,662	30,742,502	22.9%
Adjusted Margin (as a percentage) including Depreciation	3.7%	3.2%		
Available University Fund Transfer	0	0	0	0.0%
Investment Gains (Losses)	1,171,890,681	811,934,718	359,955,963	44.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	\$ 1,336,812,845	\$ 946,114,380	\$ 390,698,465	41.3%
Adj. Margin % with Investment Gains (Losses)	23.7%	18.8%		
Adjusted Income (Loss) with Investment Gains (Losses) excluding Depreciation	1,583,052,755	1,177,847,562	405,205,193	34.4%
Adjusted Margin (as a percentage) with Investment Gains (Losses) excluding Depreciation	28.0%	23.4%		

(This page intentionally left blank)

**The University of Texas System
Comparison of Adjusted Income (Loss)
For the Five Months Ending January 31, 2007**

Including Depreciation and Amortization Expense

	January Year-to-Date FY 2007	January Year-to-Date FY 2006	Variance	Fluctuation Percentage
UT System Administration	\$ 71,716,657	\$ 110,977,683	\$ (39,261,026) (1)	-35.4%
UT Arlington	8,105,002	6,161,657	1,943,345	31.5%
UT Austin	82,846,102	56,442,803	26,403,299 (2)	46.8%
UT Brownsville	(491,610)	(164,432)	(327,178) (3)	-199.0%
UT Dallas	(6,013,380) (4)	(4,453,022)	(1,560,358)	-35.0%
UT El Paso	1,071,591	1,063,021	8,570	0.8%
UT Pan American	(730,891)	422,098	(1,152,989) (5)	-273.2%
UT Permian Basin	555,782	105,204	450,578 (6)	428.3%
UT San Antonio	12,064,203	8,275,525	3,788,678	45.8%
UT Tyler	2,575,568	1,262,291	1,313,277 (7)	104.0%
UT Southwestern Medical Center - Dallas	(2,518,080)	4,350,557	(6,868,637) (8)	-157.9%
UT Medical Branch - Galveston	(19,319,077)	(26,554,807)	7,235,730 (9)	27.2%
UT Health Science Center - Houston	4,114,952	12,928,246	(8,813,294) (10)	-68.2%
UT Health Science Center - San Antonio	5,775,790	(3,649,326)	9,425,116 (11)	258.3%
UT M. D. Anderson Cancer Center	59,205,223	14,833,681	44,371,542 (12)	299.1%
UT Health Center - Tyler	(885,668) (13)	(954,850)	69,182	7.2%
Elimination of AUF Transfer	(53,150,000)	(46,866,667)	(6,283,333)	-13.4%
Total Adjusted Income (Loss)	164,922,164	134,179,662	30,742,502	22.9%
Investment Gains (Losses)	1,171,890,681	811,934,718	359,955,963 (14)	44.3%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	\$ 1,336,812,845	\$ 946,114,380	\$ 390,698,465	41.3%

Excluding Depreciation and Amortization Expense

	January Year-to-Date FY 2007	January Year-to-Date FY 2006	Variance	Fluctuation Percentage
UT System Administration	\$ 74,431,276	\$ 113,193,035	\$ (38,761,759)	-34.2%
UT Arlington	16,589,541	14,531,917	2,057,624	14.2%
UT Austin	132,563,327	101,833,501	30,729,826	30.2%
UT Brownsville	1,763,178	1,972,547	(209,369)	-10.6%
UT Dallas	1,219,757	1,592,451	(372,694)	-23.4%
UT El Paso	6,576,130	6,013,031	563,099	9.4%
UT Pan American	5,729,482	6,389,019	(659,537)	-10.3%
UT Permian Basin	1,950,672	1,500,094	450,578	30.0%
UT San Antonio	20,739,110	16,859,098	3,880,012	23.0%
UT Tyler	5,261,522	3,804,371	1,457,151	38.3%
UT Southwestern Medical Center - Dallas	23,118,042	28,080,631	(4,962,589)	-17.7%
UT Medical Branch - Galveston	3,291,719	(5,278,295)	8,570,014	162.4%
UT Health Science Center - Houston	17,165,227	24,375,499	(7,210,272)	-29.6%
UT Health Science Center - San Antonio	16,192,457	5,982,120	10,210,337	170.7%
UT M. D. Anderson Cancer Center	134,973,188	89,361,742	45,611,446	51.0%
UT Health Center - Tyler	2,747,446	2,568,750	178,696	7.0%
Elimination of AUF Transfer	(53,150,000)	(46,866,667)	(6,283,333)	-13.4%
Total Adjusted Income (Loss)	411,162,074	365,912,844	45,249,230	12.4%
Investment Gains (Losses)	1,171,890,681	811,934,718	359,955,963	44.3%
Total Adjusted Income (Loss) with Investment Gains (Losses) Excluding Depreciation and Amortization	\$ 1,583,052,755	\$ 1,177,847,562	\$ 405,205,193	34.4%

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Five Months Ending January 31, 2007

Explanations are provided for institutions having the largest variances in adjusted income (loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. Explanations are also provided for institutions with a current year-to-date adjusted loss.

(1) UT System Administration - The \$39.3 million (35.4%) decrease in adjusted income over the same period last year was primarily due to decreased net investment income and increased claims and losses. Claims and losses increased as a result of the migration from the fully insured HMO plan to the UT Select self-insured plan due to the premium increases for the HMO plan. In addition, health care costs are currently increasing at approximately 8%. The Office of Employee Benefits has implemented cost saving measures to the UT Select plan design. Excluding depreciation expense, *UT System Administration's* adjusted income was \$74.4 million or 54.5%.

(2) UT Austin - The \$26.4 million (46.8%) increase in adjusted income over the same period last year was primarily due to an increase in net sales and services of educational activities, net auxiliary enterprises and an increase in the transfer from the AUF. Net sales and services of educational activities increased primarily as a result of growth in the Executive MBA programs. The increase in net auxiliary enterprises was due to increases in Intercollegiate Athletics and application fees and room payments for Housing and Food Services. Intercollegiate Athletics increased as a result of the stadium expansion completed in the summer of 2006 which increased capacity and therefore gate receipts. Housing and Food Services increased due to opening the new Almetrius Duren residence hall and to rate increases to compensate for increasing utilities. Excluding depreciation expense, *UT Austin's* adjusted income was \$132.6 million or 15.3%.

(3) UT Brownsville - The \$327,000 (199%) increase in adjusted loss over the same period last year was primarily due to increased faculty, staff, and part-time salaries and wages as a result of annual merit increases, higher group insurance premiums and additional faculty to support enrollment growth.

As a result, *UT Brownsville* had a \$492,000 year-to-date loss. Excluding depreciation expense, *UT Brownsville's* adjusted income was \$1.8 million or 2.5%. *UT Brownsville* anticipates ending the year with a \$2.3 million negative margin which represents -1.7% of projected revenues. This forecast includes \$5.4 million in non-cash depreciation expense.

(4) UT Dallas - The \$6 million year-to-date loss was the result of management's decision to utilize accumulated reserves in lieu of increasing student fees. The funds are being used to invest in new faculty and Development Office staff and to cover increased costs of facilities. Excluding depreciation expense, *UT Dallas'* adjusted income was \$1.2 million or 1%. *UT Dallas* anticipates ending the year

with a \$5.1 million negative margin which represents -1.9% of projected revenues. This forecast includes \$18.5 million in non-cash depreciation expense.

(5) UT Pan American - The \$1.2 million (273.2%) decrease in adjusted income over the same period last year was primarily due to increases in salaries and wages, payroll related costs and depreciation expense. Salaries and wages and payroll related costs increased due to new faculty to accommodate enrollment growth and faculty workload reduction, new staff positions primarily in the department of information technology as a result of the Oracle software conversion, merit increases, the filling of vacant positions and higher group insurance premiums. Depreciation expense increased due to placing the Education Complex in service in 2006 and the Oracle software conversion which was effective September 1, 2006.

As a result, *UT Pan American* had a \$731,000 year-to-date loss. Excluding depreciation expense, *UT Pan American's* adjusted income was \$5.7 million or 4.8%. *UT Pan American* anticipates ending the year with a \$5.4 million negative margin which represents -2.3% of projected revenues. This forecast includes \$16.6 million in non-cash depreciation expense.

(6) UT Permian Basin - The \$451,000 (428.3%) increase in adjusted income over the same period last year was primarily due to increased tuition and fees and decreased materials and supplies expense. Tuition and fees increased as a result of increased rates and higher enrollment of 2.9% from fall 2005 to fall 2006. The decrease in materials and supplies was a result of an institution-wide reduction in maintenance and operation expenses and Pro-card expense limits. At the beginning of 2007, management implemented these cost reductions, froze certain vacant positions and eliminated some special projects in an effort to improve the operating margin.

While *UT Permian Basin* reflects a positive margin of \$556,000, management projects a year-end loss of approximately \$3.1 million which represents -7.2% of projected revenues. This forecast includes \$3.3 million in non-cash depreciation expense. Excluding depreciation expense, *UT Permian Basin's* adjusted income was \$2 million or 10.6%.

In 2006, *UT Permian Basin* reported \$1.9 million of operating gifts for the pre-conceptual design of the High-Temperature Teaching and Test Reactor which have not yet been expended. It is anticipated that the majority of these funds will be expended in 2007.

(7) UT Tyler – The \$1.3 million (104%) increase in adjusted income over the same period last year was primarily due to higher tuition and fees as a result of increased rates, headcount and semester credit hours. Headcount increased by 193 students and semester credit hours increased by 4.9% for fall 2006. Excluding depreciation expense, *UT Tyler's* adjusted income was \$5.3 million or 15.8%.

(8) UT Southwestern Medical Center at Dallas – The \$6.9 million (157.9%) decrease in adjusted income over the same period last year was primarily due to a loss of \$3 million by the hospitals. The hospital loss includes \$1.5 million of non-capital furnishings for the new Outpatient Surgical building and an increase in bad debt expense of \$1.5 million due to an industry wide trend by insurance carriers to shift costs to patients.

As a result, *UT Southwestern* had a \$2.5 million year-to-date loss. Excluding depreciation expense, *UT Southwestern's* adjusted income was \$23.1 million or 4.4%. *UT Southwestern* anticipates ending the year with an \$18.9 million positive margin which represents 1.5% of projected revenues. This forecast includes \$65.2 million in non-cash depreciation expense.

(9) UT Medical Branch – Galveston – The \$7.2 million (27.2%) decrease in adjusted loss was primarily due to an increase in other operating revenues of \$5.4 million as a result of the Austin Initiative and a decrease in Correctional Managed Health Care (CMHC) Incurred but not Reported (IBNR) liability of \$2.3 million. The increase in the Austin Initiative is the result of contract agreements with Seton Healthcare Network, primarily in their Pediatrics Graduate Medical Education, Internal Medicine and OB-GYN departments. The decrease in the CMHC IBNR is the result of increasing skill sets and equipment at off-site clinics.

UTMB had a \$19.3 million year-to-date loss and projects a negative margin of \$25 million which represents -1.8% of projected revenues. This projection includes \$55.7 million in non-cash depreciation expense. Excluding depreciation expense, *UTMB's* adjusted income was \$3.3 million or 0.6%.

(10) UT Health Science Center – Houston – The \$8.8 million (68.2%) decrease in adjusted income over the same period as last year was primarily due to decreased net professional fees, increased utilities and increased repairs and maintenance. Net professional fees declined as a result of increased indigent care. In addition, several faculty in ENT, Orthopaedics and Liver Transplant left the university near the end of 2006, which resulted in a decline in charges and collections in those areas. Utility costs increased due to the completion of the Institute of Molecular Medicine building in June 2006. Repairs and maintenance increased due to non-capitalized software expenses and minor building repairs. Excluding

depreciation expense, *UTHSC – Houston's* adjusted income was \$17.2 million or 5.8%.

(11) UT Health Science Center – San Antonio – The \$9.4 million (258.3%) increase in adjusted income over the same period last year was primarily due to a \$12 million operating gift received from the Greehey Foundation to be used for research, educational and recruitment efforts. Excluding depreciation expense, *UTHSC – San Antonio's* adjusted income was \$16.2 million or 6.9%.

(12) UT M. D. Anderson Cancer Center – The \$44.4 million (299.1%) increase in adjusted income over the same period last year was primarily due to higher patient volumes related to the temporary closure of *M. D. Anderson* in the first quarter of 2006 due to Hurricane *Rita*. Excluding depreciation expense, *M. D. Anderson's* adjusted income was \$135 million or 13.3%.

(13) UT Health Center – Tyler – The \$886,000 year-to-date loss was primarily due to decreased net sales and services of hospitals as a result of decreases in admissions (8%), clinic visits (13%), Radiology (7%) and inpatient surgeries (24%), increased bad debt reserves of \$2 million and a loss in the Northeast Texas Consortium (NETnet) of \$952,000. Restructuring within the Coding and Business Office increased bad debt expense by \$2 million. The accounts have not been written-off; however, they have aged to greater than 120 days and must be reserved. A reversal of the reserves is expected as the amounts are collected.

NETnet is a network of K-12, community colleges, universities, and health institutions linked together allowing the sharing of classrooms, students, teachers, and professors throughout northeast Texas. The financial structure for NETnet rests within *UTHC – Tyler's* financial statements. The \$2 million per year in general appropriations for NETnet is being used for operations. NETnet will lose over \$2.3 million by the end of the current fiscal year due to depreciation expense.

UTHC–Tyler anticipates collecting \$2 million by May 2007 from cost reports related to providing an overabundance of inpatient indigent care. *UTHC–Tyler* anticipates ending the year with a \$2.2 million positive margin, which represents 1.7% of projected revenues. This projection includes \$8.8 million in non-cash depreciation expense. Excluding depreciation expense, *UTHC – Tyler's* adjusted income was \$2.7 million or 6%.

(14) Investment Gains (Losses) – The majority of the \$359.3 million (44.2%) increase in investment gains relates to the Permanent University Fund of \$121.8 million, the Long Term Fund of \$69.6 million and the Permanent Health Fund of \$12.5 million.

GLOSSARY OF TERMS

OPERATING REVENUES:

STUDENT TUITION AND FEES – All student tuition and fee revenues earned at the UT institution for educational purposes.

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

NET SALES AND SERVICES OF EDUCATIONAL ACTIVITIES – Revenues that are related to the conduct of instruction, research, and public service and revenues from activities that exist to provide an instructional and laboratory experience for students that create goods and services that may be sold.

NET SALES AND SERVICES OF HOSPITALS – Revenues (net of discounts, allowances, and bad debt expense) generated from UT health institution's daily patient care, special or other services, as well as revenues from health clinics that are part of a hospital.

NET PROFESSIONAL FEES – Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at UT health institutions as part of the Medical Practice Plans. These revenues are also identified as Practice Plan income. Examples of such fees include doctor's fees for clinic visits, medical and dental procedures, professional opinions, and anatomical procedures, such as analysis of specimens after a surgical procedure, etc.

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

OTHER OPERATING REVENUES – Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories (e.g., certified non profit healthcare company revenues, donated drugs, interest on student loans, etc.)

OPERATING EXPENSES:

SALARIES AND WAGES – Expenses for all salaries and wages of individuals employed by the institution including full-time, part-time, longevity, hourly, seasonal, etc.

PAYROLL RELATED COSTS – Expenses for all employee benefits paid by the institution or paid by the state on behalf of the institution.

PROFESSIONAL FEES AND CONTRACTED SERVICES – Payments for services rendered on a fee, contract, or other basis by a person, firm, corporation, or company recognized as possessing a high degree of learning and responsibility. Includes such items as services of a consultant, legal counsel, financial or audit fees, medical contracted services, guest lecturers (not employees) and expert witnesses.

OTHER CONTRACTED SERVICES – Payments for services rendered on a contractual basis by a person, firm, corporation or company that possess a lesser degree of learning and responsibility than that required for Professional Fees and Contracted Services. Includes such items as temporary employment expenses, fully insured medical plans expenses, janitorial services, dry cleaning services, etc.

SCHOLARSHIPS AND FELLOWSHIPS – Payments made for scholarship grants to students authorized by law.

TRAVEL – Payments for travel costs incurred during travel by employees, board or commission members and elected/appointed officials on state business.

MATERIALS AND SUPPLIES – Payments for consumable items. Includes, but is not limited to: computer consumables, office supplies, paper products, soap, lights, plants, fuels and lubricants, chemicals and gasses, medical supplies and copier supplies. Also includes postal services, and subscriptions and other publications not for permanent retention.

UTILITIES – Payments for the purchase of electricity, natural gas, water, thermal energy and waste disposal.

TELECOMMUNICATIONS - Electronically transmitted communications services (telephone, internet, computation center services, etc.).

REPAIRS AND MAINTENANCE – Payments for the maintenance and repair of equipment, furnishings, motor vehicles, buildings and other plant facilities. Includes, but is not limited to repair and maintenance to copy machines, furnishings, equipment – including medical and laboratory equipment, office equipment and aircraft.

RENTALS AND LEASES – Payments for rentals or leases of furnishings and equipment, vehicles, land and office buildings (all rental of space).

PRINTING AND REPRODUCTION – Printing and reproduction costs associated with the printing/copying of the institution's documents and publications.

BAD DEBT EXPENSE – Expenses incurred by the university related to nonrevenue receivables such as non-payment of student loans.

CLAIMS AND LOSSES – Payments for claims from self-insurance programs. Other claims for settlements and judgments are considered nonoperating expenses.

FEDERAL SPONSORED PROGRAMS PASS-THROUGHS – Pass-throughs to other Texas state agencies, including other universities, of federal grants and contracts.

STATE SPONSORED PROGRAMS PASS-THROUGHS – Pass-throughs to other Texas state agencies, including Texas universities.

DEPRECIATION AND AMORTIZATION – Depreciation on capital assets and amortization expense on intangible assets.

OTHER OPERATING EXPENSES – Other operating expenses not identified in other line items above (e.g., certified non profit healthcare company expenses, property taxes, insurance premiums, credit card fees, hazardous waste disposal expenses, meetings and conferences, etc.).

OPERATING LOSS – Total operating revenues less total operating expenses before other nonoperating adjustments like state appropriations.

OTHER NONOPERATING ADJUSTMENTS:

STATE APPROPRIATIONS – Appropriations from the State General Revenue fund, which supplement the UT institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support.

GIFT CONTRIBUTIONS FOR OPERATIONS – Consist of gifts from donors received for use in current operations, excluding gifts for capital acquisition and endowment gifts. Gifts for capital acquisition which can only be used to build or buy capital assets are excluded because they can not be used to support current operations. Endowment gifts must be held in perpetuity and can not be spent. The distributed income from endowment gifts must be spent according to the donor's stipulations.

NET INVESTMENT INCOME (on institutions' sheets) – Interest and dividend income on treasury balances, bank accounts, The Short Term Fund, the Intermediate Term Fund. It also includes distributed earnings from the Permanent Health Fund and patent and royalty income.

NET INVESTMENT INCOME (on the consolidated sheet) – Interest and dividend earnings of the Permanent University Fund, Short Term Fund, Intermediate Term Fund, Long Term Fund and Permanent Health Fund less Long Term Fund transfers so as not to overstate investment income. This line item also includes the Available University Fund surface income, oil and gas royalties, and mineral lease bonus sales.

LONG TERM FUND DISTRIBUTION – At the institutional level, includes Long Term Fund fixed payouts approved by the Board of Regents. Investment income for System Administration and the consolidated sheet has been reduced for the amount of any Long Term Fund distribution so as not to overstate investment income system-wide.

INTEREST EXPENSE ON CAPITAL ASSET FINANCINGS – Interest expenses associated with bond and note borrowings utilized to finance capital improvement projects by an institution. This consists of the interest portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and Permanent University Fund (PUF) bond programs. PUF interest expense is reported on System Administration as the debt legally belongs to the Board of Regents.

ADJUSTED INCOME (LOSS) including Depreciation – Total operating revenues less total operating expenses including depreciation expense plus net other nonoperating adjustments.

ADJUSTED MARGIN (as a percentage) including Depreciation – Percentage of Adjusted Income (Loss) including depreciation expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

AVAILABLE UNIVERSITY FUND TRANSFER – Includes Available University Fund (AUF) transfer to System Administration for Educational and General operations and to UT Austin for Excellence Funding. These transfers are funded by investment earnings from the Permanent University Fund (PUF), which are required by law to be reported in the PUF at System Administration. On the MFR, investment income for System Administration has been reduced for the amount of the System Administration transfer so as not to overstate investment income for System Administration. The AUF transfers are eliminated at the consolidated level to avoid overstating System-wide revenues, as the amounts will be reflected as transfers at year-end.

INVESTMENT GAINS (LOSSES) – Realized and unrealized gains and losses on investments.

ADJUSTED INCOME (LOSS) excluding Depreciation – Total operating revenues less total operating expenses excluding depreciation expense plus net other nonoperating adjustments.

ADJUSTED MARGIN (as a percentage) excluding Depreciation – Percentage of Adjusted Income (Loss) excluding depreciation expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

UNAUDITED
The University of Texas System Administration
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	January Year-to-Date <u>FY 2007</u>	January Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Sponsored Programs	\$ 12,744,518	\$ 6,163,453	\$6,581,065	106.8%
Net Sales and Services of Educational Activities	7,946,656	9,921,243	(1,974,587)	-19.9%
Other Operating Revenues	11,988,617	4,963,800	7,024,817	141.5%
Total Operating Revenues	<u>32,679,791</u>	<u>21,048,496</u>	<u>11,631,295</u>	<u>55.3%</u>
Operating Expenses				
Salaries and Wages	13,428,277	11,803,226	1,625,051	13.8%
Employee Benefits and Related Costs	2,903,573	2,594,633	308,940	11.9%
Professional Fees and Contracted Services	2,263,369	334,347	1,929,022	577.0%
Other Contracted Services	3,527,402	2,324,874	1,202,528	51.7%
Scholarships and Fellowships	105,300	190,000	(84,700)	-44.6%
Travel	790,623	699,797	90,826	13.0%
Materials and Supplies	851,169	528,182	322,987	61.2%
Utilities	317,323	8,948	308,375	3,446.3%
Telecommunications	1,042,317	214,664	827,653	385.6%
Repairs and Maintenance	641,400	421,238	220,162	52.3%
Rentals and Leases	627,020	801,119	(174,099)	-21.7%
Printing and Reproduction	88,979	78,379	10,600	13.5%
Claims and Losses	14,213,015	2,007,998	12,205,017	607.8%
Depreciation and Amortization	2,714,619	2,215,352	499,267	22.5%
Other Operating Expenses	1,389,390	816,819	572,571	70.1%
Total Operating Expenses	<u>44,903,776</u>	<u>25,039,576</u>	<u>19,864,200</u>	<u>79.3%</u>
Operating Loss	<u>(12,223,985)</u>	<u>(3,991,080)</u>	<u>(8,232,905)</u>	<u>-206.3%</u>
Other Nonoperating Adjustments				
State Appropriations	382,398	345,829	36,569	10.6%
Gift Contributions for Operations	367,254	422,681	(55,427)	-13.1%
Net Investment Income	89,178,808	119,867,235	(30,688,427)	-25.6%
Long Term Fund Distribution	556,211	1,839,408	(1,283,197)	-69.8%
Interest Expense on Capital Asset Financings	(19,877,918)	(19,879,365)	1,447	0.0%
Net Other Nonoperating Adjustments	<u>70,606,753</u>	<u>102,595,788</u>	<u>(31,989,035)</u>	<u>-31.2%</u>
Adjusted Income (Loss) including Depreciation	58,382,768	98,604,708	(40,221,940)	-40.8%
Adjusted Margin (as a percentage) including Depreciation	47.4%	68.7%		
Available University Fund Transfer	13,333,889	12,372,975	960,914	7.8%
Adjusted Income (Loss) with AUF Transfer	71,716,657	110,977,683	(39,261,026)	-35.4%
Adjusted Margin % with AUF Transfer	52.5%	71.2%		
Investment Gains (Losses)	1,018,450,730	795,467,095	222,983,635	28.0%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$ 1,090,167,387	\$ 906,444,778	\$ 183,722,609	20.3%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	94.4%	95.3%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation	74,431,276	113,193,035	(38,761,759)	-34.2%
Adjusted Margin (as a percentage) with AUF Transfer excluding Depreciation	54.5%	72.6%		

UNAUDITED
The University of Texas at Arlington
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	January Year-to-Date <u>FY 2007</u>	January Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 68,951,465	\$ 59,085,843	\$ 9,865,622	16.7%
Sponsored Programs	23,726,027	21,000,648	2,725,379	13.0%
Net Sales and Services of Educational Activities	5,719,447	3,583,006	2,136,441	59.6%
Net Auxiliary Enterprises	10,016,475	10,975,511	(959,036)	-8.7%
Other Operating Revenues	2,867,640	3,692,700	(825,060)	-22.3%
Total Operating Revenues	<u>111,281,054</u>	<u>98,337,708</u>	<u>12,943,346</u>	<u>13.2%</u>
Operating Expenses				
Salaries and Wages	69,582,535	64,567,744	5,014,791	7.8%
Employee Benefits and Related Costs	15,125,819	14,530,880	594,939	4.1%
Professional Fees and Contracted Services	1,938,056	1,811,808	126,248	7.0%
Other Contracted Services	4,693,836	3,911,409	782,427	20.0%
Scholarships and Fellowships	22,538,019	20,197,241	2,340,778	11.6%
Travel	1,564,871	1,508,182	56,689	3.8%
Materials and Supplies	7,378,909	6,580,579	798,330	12.1%
Utilities	4,284,274	4,082,432	201,842	4.9%
Telecommunications	2,775,549	2,392,608	382,941	16.0%
Repairs and Maintenance	2,805,752	3,123,805	(318,053)	-10.2%
Rentals and Leases	940,368	1,136,858	(196,490)	-17.3%
Printing and Reproduction	953,868	845,031	108,837	12.9%
Depreciation and Amortization	8,484,539	8,370,260	114,279	1.4%
Other Operating Expenses	4,712,225	3,177,755	1,534,470	48.3%
Total Operating Expenses	<u>147,778,620</u>	<u>136,236,592</u>	<u>11,542,028</u>	<u>8.5%</u>
Operating Loss	<u>(36,497,566)</u>	<u>(37,898,884)</u>	<u>1,401,318</u>	<u>3.7%</u>
Other Nonoperating Adjustments				
State Appropriations	43,935,474	43,718,488	216,986	0.5%
Gift Contributions for Operations	932,308	1,047,014	(114,706)	-11.0%
Net Investment Income	2,301,842	1,795,238	506,604	28.2%
Long Term Fund Distribution	938,604	869,666	68,938	7.9%
Interest Expense on Capital Asset Financings	(3,505,660)	(3,369,865)	(135,795)	-4.0%
Net Other Nonoperating Adjustments	<u>44,602,568</u>	<u>44,060,541</u>	<u>542,027</u>	<u>1.2%</u>
Adjusted Income (Loss) including Depreciation	8,105,002	6,161,657	1,943,345	31.5%
Adjusted Margin (as a percentage) including Depreciation	5.1%	4.2%		
Investment Gains (Losses)	4,449,846	(150,528)	4,600,374	3,056.2%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 12,554,848	\$ 6,011,129	\$ 6,543,719	108.9%
Adjusted Margin % with Investment Gains (Losses)	7.7%	4.1%		
Adjusted Income (Loss) excluding Depreciation	16,589,541	14,531,917	2,057,624	14.2%
Adjusted Margin (as a percentage) excluding Depreciation	10.4%	10.0%		

UNAUDITED
The University of Texas at Austin
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	January Year-to-Date <u>FY 2007</u>	January Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 232,695,452	\$ 213,400,865	\$ 19,294,587	9.0%
Sponsored Programs	198,008,993	186,482,014	11,526,979	6.2%
Net Sales and Services of Educational Activities	60,527,375	43,644,485	16,882,890	38.7%
Net Auxiliary Enterprises	85,303,122	74,857,564	10,445,558	14.0%
Other Operating Revenues	7,691,245	3,159,510	4,531,735	143.4%
Total Operating Revenues	<u>584,226,187</u>	<u>521,544,438</u>	<u>62,681,749</u>	<u>12.0%</u>
Operating Expenses				
Salaries and Wages	373,009,851	353,584,114	19,425,737	5.5%
Employee Benefits and Related Costs	83,215,172	77,406,621	5,808,551	7.5%
Professional Fees and Contracted Services	8,895,894	8,077,257	818,637	10.1%
Other Contracted Services	29,658,459	25,520,087	4,138,372	16.2%
Scholarships and Fellowships	87,257,065	73,654,756	13,602,309	18.5%
Travel	13,378,580	12,647,980	730,600	5.8%
Materials and Supplies	43,302,937	43,187,697	115,240	0.3%
Utilities	24,783,981	35,394,665	(10,610,684)	-30.0%
Telecommunications	5,945,924	6,401,474	(455,550)	-7.1%
Repairs and Maintenance	10,016,044	11,145,767	(1,129,723)	-10.1%
Rentals and Leases	5,785,024	6,117,933	(332,909)	-5.4%
Printing and Reproduction	3,888,599	3,561,398	327,201	9.2%
Federal Sponsored Programs Pass-Thrus	2,367,129	962,189	1,404,940	146.0%
Depreciation and Amortization	49,717,225	45,390,698	4,326,527	9.5%
Other Operating Expenses	34,685,144	25,035,572	9,649,572	38.5%
Total Operating Expenses	<u>775,907,028</u>	<u>728,088,208</u>	<u>47,818,820</u>	<u>6.6%</u>
Operating Loss	<u>(191,680,841)</u>	<u>(206,543,770)</u>	<u>14,862,929</u>	<u>7.2%</u>
Other Nonoperating Adjustments				
State Appropriations	132,458,486	130,992,590	1,465,896	1.1%
Gift Contributions for Operations	43,682,479	41,512,750	2,169,729	5.2%
Net Investment Income	14,040,611	15,483,970	(1,443,359)	-9.3%
Long Term Fund Distribution	41,671,097	39,006,284	2,664,813	6.8%
Interest Expense on Capital Asset Financings	(10,475,730)	(10,875,688)	399,958	3.7%
Net Other Nonoperating Adjustments	<u>221,376,943</u>	<u>216,119,906</u>	<u>5,257,037</u>	<u>2.4%</u>
Adjusted Income (Loss) including Depreciation	29,696,102	9,576,136	20,119,966	210.1%
Adjusted Margin (as a percentage) including Depreciation	3.6%	1.3%		
Available University Fund Transfer	53,150,000	46,866,667	6,283,333	13.4%
Adjusted Income (Loss) with AUF Transfer	82,846,102	56,442,803	26,403,299	46.8%
Adjusted Margin % with AUF Transfer	9.5%	7.1%		
Investment Gains (Losses)	23,372,849	(65,500)	23,438,349	35,783.7%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$ 106,218,951	\$ 56,377,303	\$ 49,841,648	88.4%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	11.9%	7.1%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation	132,563,327	101,833,501	30,729,826	30.2%
Adjusted Margin (as a percentage) with AUF Transfer excluding Depreciation	15.3%	12.8%		

UNAUDITED
The University of Texas at Brownsville
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	January Year-to-Date FY 2007	January Year-to-Date FY 2006	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$ 5,297,351	\$ 4,679,083	\$ 618,268	13.2%
Sponsored Programs	51,972,056	43,769,901	8,202,155	18.7%
Net Sales and Services of Educational Activities	431,356	391,278	40,078	10.2%
Net Auxiliary Enterprises	711,226	616,484	94,742	15.4%
Other Operating Revenues	5,774	42,650	(36,876)	-86.5%
Total Operating Revenues	58,417,763	49,499,396	8,918,367	18.0%
Operating Expenses				
Salaries and Wages	22,675,347	19,723,759	2,951,588	15.0%
Employee Benefits and Related Costs	5,567,789	4,994,811	572,978	11.5%
Professional Fees and Contracted Services	927,017	680,264	246,753	36.3%
Scholarships and Fellowships	31,108,909	25,789,272	5,319,637	20.6%
Travel	402,750	372,091	30,659	8.2%
Materials and Supplies	1,835,644	1,728,715	106,929	6.2%
Utilities	1,536,502	1,533,732	2,770	0.2%
Telecommunications	568,491	670,752	(102,261)	-15.2%
Repairs and Maintenance	398,572	378,615	19,957	5.3%
Rentals and Leases	759,868	630,036	129,832	20.6%
Printing and Reproduction	156,642	147,849	8,793	5.9%
Bad Debt Expense	10,707	9,702	1,005	10.4%
Federal Sponsored Programs Pass-Thrus	5,977	8,938	(2,961)	-33.1%
Depreciation and Amortization	2,254,788	2,136,979	117,809	5.5%
Other Operating Expenses	2,577,148	2,348,083	229,065	9.8%
Total Operating Expenses	70,786,151	61,153,598	9,632,553	15.8%
Operating Loss	(12,368,388)	(11,654,202)	(714,186)	-6.1%
Other Nonoperating Adjustments				
State Appropriations	11,939,704	11,565,430	374,274	3.2%
Gift Contributions for Operations	144,495	179,679	(35,184)	-19.6%
Net Investment Income	462,492	471,741	(9,249)	-2.0%
Long Term Fund Distribution	121,692	110,712	10,980	9.9%
Interest Expense on Capital Asset Financings	(791,605)	(837,792)	46,187	5.5%
Net Other Nonoperating Adjustments	11,876,778	11,489,770	387,008	3.4%
Adjusted Income (Loss) including Depreciation	(491,610)	(164,432)	(327,178)	-199.0%
Adjusted Margin (as a percentage) including Depreciation	-0.7%	-0.3%		
Investment Gains (Losses)	989,963	(166,572)	1,156,535	694.3%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 498,353	\$ (331,004)	\$ 829,357	250.6%
Adjusted Margin % with Investment Gains (Losses)	0.7%	-0.5%		
Adjusted Income (Loss) excluding Depreciation	1,763,178	1,972,547	(209,369)	-10.6%
Adjusted Margin (as a percentage) excluding Depreciation	2.5%	3.2%		

UNAUDITED
The University of Texas at Dallas
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	<u>January</u> <u>Year-to-Date</u> <u>FY 2007</u>	<u>January</u> <u>Year-to-Date</u> <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation</u> <u>Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 52,287,978	\$ 45,020,629	\$ 7,267,349	16.1%
Sponsored Programs	18,405,674	21,915,954	(3,510,280)	-16.0%
Net Sales and Services of Educational Activities	2,246,060	2,195,802	50,258	2.3%
Net Auxiliary Enterprises	2,438,722	2,746,755	(308,033)	-11.2%
Other Operating Revenues	2,217,595	2,309,076	(91,481)	-4.0%
Total Operating Revenues	<u>77,596,029</u>	<u>74,188,216</u>	<u>3,407,813</u>	<u>4.6%</u>
Operating Expenses				
Salaries and Wages	57,012,404	52,709,583	4,302,821	8.2%
Employee Benefits and Related Costs	11,497,717	10,288,933	1,208,784	11.7%
Professional Fees and Contracted Services	926,791	1,682,181	(755,390)	-44.9%
Other Contracted Services	3,366,692	3,864,076	(497,384)	-12.9%
Scholarships and Fellowships	25,702,246	21,514,520	4,187,726	19.5%
Travel	1,081,469	1,105,255	(23,786)	-2.2%
Materials and Supplies	5,751,691	6,940,054	(1,188,363)	-17.1%
Utilities	2,509,941	2,467,134	42,807	1.7%
Telecommunications	487,674	757,048	(269,374)	-35.6%
Repairs and Maintenance	1,307,626	2,274,428	(966,802)	-42.5%
Rentals and Leases	516,087	244,609	271,478	111.0%
Printing and Reproduction	590,189	498,700	91,489	18.3%
Federal Sponsored Programs Pass-Thrus	27,615	92,256	(64,641)	-70.1%
Depreciation and Amortization	7,233,137	6,045,473	1,187,664	19.6%
Other Operating Expenses	3,542,921	3,559,421	(16,500)	-0.5%
Total Operating Expenses	<u>121,554,200</u>	<u>114,043,671</u>	<u>7,510,529</u>	<u>6.6%</u>
Operating Loss	<u>(43,958,171)</u>	<u>(39,855,455)</u>	<u>(4,102,716)</u>	<u>-10.3%</u>
Other Nonoperating Adjustments				
State Appropriations	31,551,780	31,365,288	186,492	0.6%
Gift Contributions for Operations	4,809,010	2,075,419	2,733,591	131.7%
Net Investment Income	1,399,951	1,180,644	219,307	18.6%
Long Term Fund Distribution	3,175,945	3,013,319	162,626	5.4%
Interest Expense on Capital Asset Financings	(2,991,895)	(2,232,237)	(759,658)	-34.0%
Net Other Nonoperating Adjustments	<u>37,944,791</u>	<u>35,402,433</u>	<u>2,542,358</u>	<u>7.2%</u>
Adjusted Income (Loss) including Depreciation	(6,013,380)	(4,453,022)	(1,560,358)	-35.0%
Adjusted Margin (as a percentage) including Depreciation	-5.1%	-4.0%		
Investment Gains (Losses)	4,665,795	(985,935)	5,651,730	573.2%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ (1,347,585)	\$ (5,438,957)	\$ 4,091,372	75.2%
Adjusted Margin % with Investment Gains (Losses)	-1.1%	-4.9%		
Adjusted Income (Loss) excluding Depreciation	1,219,757	1,592,451	(372,694)	-23.4%
Adjusted Margin (as a percentage) excluding Depreciation	1.0%	1.4%		

UNAUDITED
The University of Texas at El Paso
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	<u>January Year-to-Date FY 2007</u>	<u>January Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 36,952,289	\$ 34,462,250	\$ 2,490,039	7.2%
Sponsored Programs	49,257,068	44,489,342	4,767,726	10.7%
Net Sales and Services of Educational Activities	1,806,725	1,611,691	195,034	12.1%
Net Auxiliary Enterprises	13,690,177	13,264,754	425,423	3.2%
Other Operating Revenues	21,248	15,203	6,045	39.8%
Total Operating Revenues	<u>101,727,507</u>	<u>93,843,240</u>	<u>7,884,267</u>	<u>8.4%</u>
Operating Expenses				
Salaries and Wages	51,431,962	49,367,253	2,064,709	4.2%
Employee Benefits and Related Costs	12,674,699	11,950,433	724,266	6.1%
Professional Fees and Contracted Services	3,868,727	2,142,962	1,725,765	80.5%
Other Contracted Services	5,858,826	4,833,706	1,025,120	21.2%
Scholarships and Fellowships	40,736,256	36,502,323	4,233,933	11.6%
Travel	2,002,764	2,004,925	(2,161)	-0.1%
Materials and Supplies	9,014,301	10,065,512	(1,051,211)	-10.4%
Utilities	2,862,808	2,911,010	(48,202)	-1.7%
Telecommunications	243,637	228,358	15,279	6.7%
Repairs and Maintenance	1,326,567	1,646,308	(319,741)	-19.4%
Rentals and Leases	1,465,143	1,149,557	315,586	27.5%
Printing and Reproduction	172,110	415,662	(243,552)	-58.6%
Federal Sponsored Programs Pass-Thrus	99,670	544,029	(444,359)	-81.7%
Depreciation and Amortization	5,504,539	4,950,010	554,529	11.2%
Other Operating Expenses	2,735,929	2,742,590	(6,661)	-0.2%
Total Operating Expenses	<u>139,997,938</u>	<u>131,454,638</u>	<u>8,543,300</u>	<u>6.5%</u>
Operating Loss	<u>(38,270,431)</u>	<u>(37,611,398)</u>	<u>(659,033)</u>	<u>-1.8%</u>
Other Nonoperating Adjustments				
State Appropriations	33,794,885	34,126,600	(331,715)	-1.0%
Gift Contributions for Operations	3,600,387	2,740,277	860,110	31.4%
Net Investment Income	1,971,230	1,671,554	299,676	17.9%
Long Term Fund Distribution	1,891,215	1,808,163	83,052	4.6%
Interest Expense on Capital Asset Financings	(1,915,695)	(1,672,175)	(243,520)	-14.6%
Net Other Nonoperating Adjustments	<u>39,342,022</u>	<u>38,674,419</u>	<u>667,603</u>	<u>1.7%</u>
Adjusted Income (Loss) including Depreciation	1,071,591	1,063,021	8,570	0.8%
Adjusted Margin (as a percentage) including Depreciation	0.7%	0.8%		
Investment Gains (Losses)	1,878,936	(211,360)	2,090,296	989.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 2,950,527	\$ 851,661	\$ 2,098,866	246.4%
Adjusted Margin % with Investment Gains (Losses)	2.0%	0.6%		
Adjusted Income (Loss) excluding Depreciation	6,576,130	6,013,031	563,099	9.4%
Adjusted Margin (as a percentage) excluding Depreciation	4.6%	4.5%		

UNAUDITED
The University of Texas-Pan American
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	<u>January</u> <u>January</u> <u>FY 2007</u>	<u>January</u> <u>Year-to-Date</u> <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation</u> <u>Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 28,519,635	\$ 24,668,915	\$ 3,850,720	15.6%
Sponsored Programs	53,603,618	47,497,406	6,106,212	12.9%
Net Sales and Services of Educational Activities	3,043,693	2,570,044	473,649	18.4%
Net Auxiliary Enterprises	1,642,694	1,563,350	79,344	5.1%
Other Operating Revenues	203,321	231,332	(28,011)	-12.1%
Total Operating Revenues	87,012,961	76,531,047	10,481,914	13.7%
Operating Expenses				
Salaries and Wages	36,015,807	33,844,065	2,171,742	6.4%
Employee Benefits and Related Costs	8,356,999	8,031,212	325,787	4.1%
Professional Fees and Contracted Services	627,743	350,706	277,037	79.0%
Other Contracted Services	2,575,403	1,411,834	1,163,569	82.4%
Scholarships and Fellowships	51,108,565	44,421,000	6,687,565	15.1%
Travel	1,249,402	941,125	308,277	32.8%
Materials and Supplies	4,658,504	4,892,745	(234,241)	-4.8%
Utilities	2,143,143	2,018,164	124,979	6.2%
Telecommunications	440,167	287,039	153,128	53.3%
Repairs and Maintenance	944,101	587,392	356,709	60.7%
Rentals and Leases	315,824	292,121	23,703	8.1%
Printing and Reproduction	56,718	263,259	(206,541)	-78.5%
Bad Debt Expense	408,936	510,390	(101,454)	-19.9%
Federal Sponsored Programs Pass-Thrus	72	36,551	(36,479)	-99.8%
Depreciation and Amortization	6,460,373	5,966,921	493,452	8.3%
Other Operating Expenses	1,673,126	2,311,184	(638,058)	-27.6%
Total Operating Expenses	117,034,883	106,165,708	10,869,175	10.2%
Operating Loss	(30,021,922)	(29,634,661)	(387,261)	-1.3%
Other Nonoperating Adjustments				
State Appropriations	28,823,845	29,032,222	(208,377)	-0.7%
Gift Contributions for Operations	1,061,414	850,364	211,050	24.8%
Net Investment Income	847,791	742,183	105,608	14.2%
Long Term Fund Distribution	444,131	422,287	21,844	5.2%
Interest Expense on Capital Asset Financings	(1,886,150)	(990,297)	(895,853)	-90.5%
Net Other Nonoperating Adjustments	29,291,031	30,056,759	(765,728)	-2.5%
Adjusted Income (Loss) including Depreciation	(730,891)	422,098	(1,152,989)	-273.2%
Adjusted Margin (as a percentage) including Depreciation	-0.6%	0.4%		
Investment Gains (Losses)	1,902,123	(381,280)	2,283,403	598.9%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 1,171,232	\$ 40,818	\$ 1,130,414	2769.4%
Adjusted Margin % with Investment Gains (Losses)	1.0%	0.0%		
Adjusted Income (Loss) excluding Depreciation	5,729,482	6,389,019	(659,537)	-10.3%
Adjusted Margin (as a percentage) excluding Depreciation	4.8%	5.9%		

UNAUDITED
The University of Texas of the Permian Basin
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	<u>January</u> <u>Year-to-Date</u> <u>FY 2007</u>	<u>January</u> <u>Year-to-Date</u> <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation</u> <u>Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 5,771,693	\$ 5,098,725	\$ 672,968	13.2%
Sponsored Programs	2,842,683	2,363,145	479,538	20.3%
Net Sales and Services of Educational Activities	100,364	93,514	6,850	7.3%
Net Auxiliary Enterprises	1,261,370	1,167,467	93,903	8.0%
Other Operating Revenues	70,198	78,691	(8,493)	-10.8%
Total Operating Revenues	<u>10,046,308</u>	<u>8,801,542</u>	<u>1,244,766</u>	<u>14.1%</u>
Operating Expenses				
Salaries and Wages	6,918,012	6,589,413	328,599	5.0%
Employee Benefits and Related Costs	1,605,942	1,496,716	109,226	7.3%
Professional Fees and Contracted Services	842,223	347,997	494,226	142.0%
Other Contracted Services	399,539	339,913	59,626	17.5%
Scholarships and Fellowships	3,177,858	3,070,395	107,463	3.5%
Travel	295,586	294,028	1,558	0.5%
Materials and Supplies	747,812	946,534	(198,722)	-21.0%
Utilities	789,031	660,072	128,959	19.5%
Telecommunications	234,999	239,600	(4,601)	-1.9%
Repairs and Maintenance	231,154	222,623	8,531	3.8%
Rentals and Leases	152,590	111,560	41,030	36.8%
Printing and Reproduction	99,134	132,801	(33,667)	-25.4%
Depreciation and Amortization	1,394,890	1,394,890	-	0.0%
Other Operating Expenses	314,539	392,500	(77,961)	-19.9%
Total Operating Expenses	<u>17,203,309</u>	<u>16,239,042</u>	<u>964,267</u>	<u>5.9%</u>
Operating Loss	<u>(7,157,001)</u>	<u>(7,437,500)</u>	<u>280,499</u>	<u>3.8%</u>
Other Nonoperating Adjustments				
State Appropriations	7,170,215	7,142,675	27,540	0.4%
Gift Contributions for Operations	800,073	739,674	60,399	8.2%
Net Investment Income	168,817	121,965	46,852	38.4%
Long Term Fund Distribution	280,458	267,046	13,412	5.0%
Interest Expense on Capital Asset Financings	(706,780)	(728,656)	21,876	3.0%
Net Other Nonoperating Adjustments	<u>7,712,783</u>	<u>7,542,704</u>	<u>170,079</u>	<u>2.3%</u>
Adjusted Income (Loss) including Depreciation	555,782	105,204	450,578	428.3%
Adjusted Margin (as a percentage) including Depreciation	3.0%	0.6%		
Investment Gains (Losses)	223,085	14,347	208,738	1,454.9%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 778,867	\$ 119,551	\$ 659,316	551.5%
Adjusted Margin % with Investment Gains (Losses)	4.2%	0.7%		
Adjusted Income (Loss) excluding Depreciation	1,950,672	1,500,094	450,578	30.0%
Adjusted Margin (as a percentage) excluding Depreciation	10.6%	8.8%		

UNAUDITED
The University of Texas at San Antonio
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	<u>January Year-to-Date FY 2007</u>	<u>January Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 74,555,047	\$ 64,951,212	\$ 9,603,835	14.8%
Sponsored Programs	42,045,342	44,057,130	(2,011,788)	-4.6%
Net Sales and Services of Educational Activities	2,125,826	1,971,118	154,708	7.8%
Net Auxiliary Enterprises	6,263,340	7,006,530	(743,190)	-10.6%
Other Operating Revenues	776,365	639,656	136,709	21.4%
Total Operating Revenues	<u>125,765,920</u>	<u>118,625,646</u>	<u>7,140,274</u>	<u>6.0%</u>
Operating Expenses				
Salaries and Wages	63,843,390	58,959,919	4,883,471	8.3%
Employee Benefits and Related Costs	15,521,068	14,179,941	1,341,127	9.5%
Professional Fees and Contracted Services	1,037,118	1,341,806	(304,688)	-22.7%
Other Contracted Services	1,862,999	908,950	954,049	105.0%
Scholarships and Fellowships	43,611,576	42,427,636	1,183,940	2.8%
Travel	1,980,538	2,054,090	(73,552)	-3.6%
Materials and Supplies	6,573,090	9,612,293	(3,039,203)	-31.6%
Utilities	4,112,072	3,688,664	423,408	11.5%
Telecommunications	859,223	1,160,835	(301,612)	-26.0%
Repairs and Maintenance	2,342,587	2,663,442	(320,855)	-12.0%
Rentals and Leases	964,332	958,968	5,364	0.6%
Printing and Reproduction	409,979	374,171	35,808	9.6%
Federal Sponsored Programs Pass-Thrus	1,046,347	1,229,465	(183,118)	-14.9%
Depreciation and Amortization	8,674,907	8,583,573	91,334	1.1%
Other Operating Expenses	2,253,628	2,374,752	(121,124)	-5.1%
Total Operating Expenses	<u>155,092,854</u>	<u>150,518,505</u>	<u>4,574,349</u>	<u>3.0%</u>
Operating Loss	<u>(29,326,934)</u>	<u>(31,892,859)</u>	<u>2,565,925</u>	<u>8.0%</u>
Other Nonoperating Adjustments				
State Appropriations	41,045,983	40,385,202	660,781	1.6%
Gift Contributions for Operations	1,951,131	2,076,963	(125,832)	-6.1%
Net Investment Income	2,571,543	1,290,356	1,281,187	99.3%
Long Term Fund Distribution	790,910	658,308	132,602	20.1%
Interest Expense on Capital Asset Financings	(4,968,430)	(4,242,445)	(725,985)	-17.1%
Net Other Nonoperating Adjustments	<u>41,391,137</u>	<u>40,168,384</u>	<u>1,222,753</u>	<u>3.0%</u>
Adjusted Income (Loss) including Depreciation	12,064,203	8,275,525	3,788,678	45.8%
Adjusted Margin (as a percentage) including Depreciation	7.0%	5.1%		
Investment Gains (Losses)	7,323,553	242,355	7,081,198	2,921.8%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 19,387,756	\$ 8,517,880	\$ 10,869,876	127.6%
Adjusted Margin % with Investment Gains (Losses)	10.8%	5.2%		
Adjusted Income (Loss) excluding Depreciation	20,739,110	16,859,098	3,880,012	23.0%
Adjusted Margin (as a percentage) excluding Depreciation	12.0%	10.3%		

UNAUDITED
The University of Texas at Tyler
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	January Year-to-Date <u>FY 2007</u>	January Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 11,343,455	\$ 9,241,920	\$ 2,101,535	22.7%
Sponsored Programs	4,975,250	4,327,638	647,612	15.0%
Net Sales and Services of Educational Activities	421,981	402,423	19,558	4.9%
Net Auxiliary Enterprises	1,842,414	1,384,864	457,550	33.0%
Other Operating Revenues	34,395	86,558	(52,163)	-60.3%
Total Operating Revenues	<u>18,617,495</u>	<u>15,443,403</u>	<u>3,174,092</u>	<u>20.6%</u>
Operating Expenses				
Salaries and Wages	12,586,554	11,894,134	692,420	5.8%
Employee Benefits and Related Costs	3,186,299	2,878,469	307,830	10.7%
Professional Fees and Contracted Services	480,140	598,357	(118,217)	-19.8%
Other Contracted Services	1,212,508	952,005	260,503	27.4%
Scholarships and Fellowships	4,831,289	4,550,573	280,716	6.2%
Travel	418,906	362,028	56,878	15.7%
Materials and Supplies	2,168,879	1,401,626	767,253	54.7%
Utilities	497,319	618,841	(121,522)	-19.6%
Telecommunications	239,243	204,403	34,840	17.0%
Repairs and Maintenance	499,566	647,249	(147,683)	-22.8%
Rentals and Leases	153,551	103,695	49,856	48.1%
Printing and Reproduction	286,364	214,937	71,427	33.2%
Depreciation and Amortization	2,685,954	2,542,080	143,874	5.7%
Other Operating Expenses	522,250	473,590	48,660	10.3%
Total Operating Expenses	<u>29,768,822</u>	<u>27,441,987</u>	<u>2,326,835</u>	<u>8.5%</u>
Operating Loss	<u>(11,151,327)</u>	<u>(11,998,584)</u>	<u>847,257</u>	<u>7.1%</u>
Other Nonoperating Adjustments				
State Appropriations	12,586,679	12,437,217	149,462	1.2%
Gift Contributions for Operations	776,997	348,208	428,789	123.1%
Net Investment Income	370,599	448,109	(77,510)	-17.3%
Long Term Fund Distribution	1,033,915	980,573	53,342	5.4%
Interest Expense on Capital Asset Financings	(1,041,295)	(953,232)	(88,063)	-9.2%
Net Other Nonoperating Adjustments	<u>13,726,895</u>	<u>13,260,875</u>	<u>466,020</u>	<u>3.5%</u>
Adjusted Income (Loss) including Depreciation	2,575,568	1,262,291	1,313,277	104.0%
Adjusted Margin (as a percentage) including Depreciation	7.7%	4.3%		
Investment Gains (Losses)	1,059,354	(4,502)	1,063,856	23,630.7%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 3,634,922	\$ 1,257,789	\$ 2,377,133	189.0%
Adjusted Margin % with Investment Gains (Losses)	10.6%	4.2%		
Adjusted Income (Loss) excluding Depreciation	5,261,522	3,804,371	1,457,151	38.3%
Adjusted Margin (as a percentage) excluding Depreciation	15.8%	12.8%		

UNAUDITED
The University of Texas Southwestern Medical Center at Dallas
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	January Year-to-Date <u>FY 2007</u>	January Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 9,782,839	\$ 9,160,846	\$ 621,993	6.8%
Sponsored Programs	165,362,139	156,555,429	8,806,710	5.6%
Net Sales and Services of Educational Activities	2,817,155	5,498,055	(2,680,900)	-48.8%
Net Sales and Services of Hospitals	118,254,305	116,426,960	1,827,345	1.6%
Net Professional Fees	109,587,197	101,846,332	7,740,865	7.6%
Net Auxiliary Enterprises	7,322,587	7,391,377	(68,790)	-0.9%
Other Operating Revenues	2,323,671	2,701,509	(377,838)	-14.0%
Total Operating Revenues	<u>415,449,893</u>	<u>399,580,508</u>	<u>15,869,385</u>	<u>4.0%</u>
Operating Expenses				
Salaries and Wages	259,696,920	242,592,830	17,104,090	7.1%
Employee Benefits and Related Costs	70,424,193	65,087,160	5,337,033	8.2%
Professional Fees and Contracted Services	6,433,387	5,198,706	1,234,681	23.7%
Other Contracted Services	29,325,196	29,462,730	(137,534)	-0.5%
Scholarships and Fellowships	5,340,069	5,262,299	77,770	1.5%
Travel	3,245,256	3,129,540	115,716	3.7%
Materials and Supplies	72,034,962	68,216,997	3,817,965	5.6%
Utilities	9,456,542	10,102,539	(645,997)	-6.4%
Telecommunications	2,623,406	2,524,380	99,026	3.9%
Repairs and Maintenance	4,840,500	4,601,960	238,540	5.2%
Rentals and Leases	4,571,654	4,878,507	(306,853)	-6.3%
Printing and Reproduction	1,036,755	1,127,415	(90,660)	-8.0%
Federal Sponsored Programs Pass-Thrus	162,797	203,198	(40,401)	-19.9%
Depreciation and Amortization	25,636,122	23,730,074	1,906,048	8.0%
Other Operating Expenses	19,095,127	20,095,986	(1,000,859)	-5.0%
Total Operating Expenses	<u>513,922,886</u>	<u>486,214,321</u>	<u>27,708,565</u>	<u>5.7%</u>
Operating Loss	<u>(98,472,993)</u>	<u>(86,633,813)</u>	<u>(11,839,180)</u>	<u>-13.7%</u>
Other Nonoperating Adjustments				
State Appropriations	64,154,700	60,302,953	3,851,747	6.4%
Gift Contributions for Operations	13,998,668	12,684,302	1,314,366	10.4%
Net Investment Income	14,870,066	15,234,793	(364,727)	-2.4%
Long Term Fund Distribution	12,397,400	11,506,605	890,795	7.7%
Interest Expense on Capital Asset Financings	(9,465,921)	(8,744,283)	(721,638)	-8.3%
Net Other Nonoperating Adjustments	<u>95,954,913</u>	<u>90,984,370</u>	<u>4,970,543</u>	<u>5.5%</u>
Adjusted Income (Loss) including Depreciation	(2,518,080)	4,350,557	(6,868,637)	-157.9%
Adjusted Margin (as a percentage) including Depreciation	-0.5%	0.9%		
Investment Gains (Losses)	23,287,805	(1,343,635)	24,631,440	1,833.2%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 20,769,725	\$ 3,006,922	\$ 17,762,803	590.7%
Adjusted Margin % with Investment Gains (Losses)	3.8%	0.6%		
Adjusted Income (Loss) excluding Depreciation	23,118,042	28,080,631	(4,962,589)	-17.7%
Adjusted Margin (as a percentage) excluding Depreciation	4.4%	5.6%		

UNAUDITED
The University of Texas Medical Branch at Galveston
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	January Year-to-Date <u>FY 2007</u>	January Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 7,069,248	\$ 5,590,959	\$ 1,478,289	26.4%
Sponsored Programs	86,195,186	87,297,186	(1,102,000)	-1.3%
Net Sales and Services of Hospitals	281,731,588	283,341,636	(1,610,048)	-0.6%
Net Professional Fees	46,052,597	45,586,523	466,074	1.0%
Net Auxiliary Enterprises	3,528,321	3,468,330	59,991	1.7%
Other Operating Revenues	14,600,644	9,169,328	5,431,316	59.2%
Total Operating Revenues	<u>439,177,584</u>	<u>434,453,962</u>	<u>4,723,622</u>	<u>1.1%</u>
Operating Expenses				
Salaries and Wages	313,393,727	312,373,697	1,020,030	0.3%
Employee Benefits and Related Costs	73,816,160	74,015,993	(199,833)	-0.3%
Professional Fees and Contracted Services	17,077,181	16,545,849	531,332	3.2%
Other Contracted Services	19,192,052	25,581,010	(6,388,958)	-25.0%
Scholarships and Fellowships	2,856,073	3,065,253	(209,180)	-6.8%
Travel	2,586,442	2,610,808	(24,366)	-0.9%
Materials and Supplies	71,717,159	70,260,511	1,456,648	2.1%
Utilities	11,548,422	13,160,335	(1,611,913)	-12.2%
Telecommunications	5,573,780	5,444,339	129,441	2.4%
Repairs and Maintenance	12,026,810	12,573,880	(547,070)	-4.4%
Rentals and Leases	6,246,340	5,308,975	937,365	17.7%
Printing and Reproduction	827,190	804,155	23,035	2.9%
Federal Sponsored Programs Pass-Thrus	4,414,031	1,486,295	2,927,736	197.0%
Depreciation and Amortization	22,610,796	21,276,512	1,334,284	6.3%
Other Operating Expenses	29,382,132	30,078,108	(695,976)	-2.3%
Total Operating Expenses	<u>593,268,295</u>	<u>594,585,720</u>	<u>(1,317,425)</u>	<u>-0.2%</u>
Operating Loss	<u>(154,090,711)</u>	<u>(160,131,758)</u>	<u>6,041,047</u>	<u>3.8%</u>
Other Nonoperating Adjustments				
State Appropriations	120,689,901	120,199,049	490,852	0.4%
Gift Contributions for Operations	3,581,754	2,838,107	743,647	26.2%
Net Investment Income	6,884,933	7,807,036	(922,103)	-11.8%
Long Term Fund Distribution	6,886,622	5,470,993	1,415,629	25.9%
Interest Expense on Capital Asset Financings	(3,271,576)	(2,738,234)	(533,342)	-19.5%
Net Other Nonoperating Adjustments	<u>134,771,634</u>	<u>133,576,951</u>	<u>1,194,683</u>	<u>0.9%</u>
Adjusted Income (Loss) including Depreciation	(19,319,077)	(26,554,807)	7,235,730	27.2%
Adjusted Margin (as a percentage) including Depreciation	-3.3%	-4.7%		
Investment Gains (Losses)	28,078,433	5,190,167	22,888,266	441.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 8,759,356	\$ (21,364,640)	\$ 30,123,996	141.0%
Adjusted Margin % with Investment Gains (Losses)	1.4%	-3.7%		
Adjusted Income (Loss) excluding Depreciation	3,291,719	(5,278,295)	8,570,014	162.4%
Adjusted Margin (as a percentage) excluding Depreciation	0.6%	-0.9%		

UNAUDITED
The University of Texas Health Science Center at Houston
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	January Year-to-Date <u>FY 2007</u>	January Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 11,204,780	\$ 8,506,085	\$ 2,698,695	31.7%
Sponsored Programs	118,216,274	110,045,105	8,171,169	7.4%
Net Sales and Services of Educational Activities	14,208,325	13,949,950	258,375	1.9%
Net Sales and Services of Hospitals	12,975,282	11,262,374	1,712,908	15.2%
Net Professional Fees	41,338,257	44,405,462	(3,067,205)	-6.9%
Net Auxiliary Enterprises	9,316,624	9,252,136	64,488	0.7%
Other Operating Revenues	11,908,932	13,175,319	(1,266,387)	-9.6%
Total Operating Revenues	<u>219,168,474</u>	<u>210,596,431</u>	<u>8,572,043</u>	<u>4.1%</u>
Operating Expenses				
Salaries and Wages	136,078,104	132,913,223	3,164,881	2.4%
Employee Benefits and Related Costs	30,550,871	29,514,736	1,036,135	3.5%
Professional Fees and Contracted Services	22,963,441	21,393,142	1,570,299	7.3%
Other Contracted Services	16,942,333	15,546,655	1,395,678	9.0%
Scholarships and Fellowships	1,690,919	1,445,559	245,360	17.0%
Travel	2,288,996	2,146,351	142,645	6.6%
Materials and Supplies	23,694,462	21,587,567	2,106,895	9.8%
Utilities	6,814,058	4,375,899	2,438,159	55.7%
Telecommunications	1,120,669	1,259,275	(138,606)	-11.0%
Repairs and Maintenance	2,973,811	1,764,688	1,209,123	68.5%
Rentals and Leases	6,008,686	6,776,214	(767,528)	-11.3%
Printing and Reproduction	1,553,950	1,560,213	(6,263)	-0.4%
Federal Sponsored Programs Pass-Thrus	2,195,268	2,152,223	43,045	2.0%
Depreciation and Amortization	13,050,275	11,447,253	1,603,022	14.0%
Other Operating Expenses	21,979,859	19,716,120	2,263,739	11.5%
Total Operating Expenses	<u>289,905,702</u>	<u>273,599,118</u>	<u>16,306,584</u>	<u>6.0%</u>
Operating Loss	<u>(70,737,228)</u>	<u>(63,002,687)</u>	<u>(7,734,541)</u>	<u>-12.3%</u>
Other Nonoperating Adjustments				
State Appropriations	64,080,690	63,316,848	763,842	1.2%
Gift Contributions for Operations	5,734,170	8,630,216	(2,896,046)	-33.6%
Net Investment Income	6,672,276	5,808,158	864,118	14.9%
Long Term Fund Distribution	2,050,324	1,861,759	188,565	10.1%
Interest Expense on Capital Asset Financings	(3,685,280)	(3,686,048)	768	0.0%
Net Other Nonoperating Adjustments	<u>74,852,180</u>	<u>75,930,933</u>	<u>(1,078,753)</u>	<u>-1.4%</u>
Adjusted Income (Loss) including Depreciation	4,114,952	12,928,246	(8,813,294)	-68.2%
Adjusted Margin (as a percentage) including Depreciation	1.4%	4.5%		
Investment Gains (Losses)	8,486,059	(1,390,514)	9,876,573	710.3%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 12,601,011	\$ 11,537,732	\$ 1,063,279	9.2%
Adjusted Margin % with Investment Gains (Losses)	4.1%	4.0%		
Adjusted Income (Loss) excluding Depreciation	17,165,227	24,375,499	(7,210,272)	-29.6%
Adjusted Margin (as a percentage) excluding Depreciation	5.8%	8.4%		

UNAUDITED
The University of Texas Health Science Center at San Antonio
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	<u>January Year-to-Date FY 2007</u>	<u>January Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 9,666,667	\$ 9,441,371	\$ 225,296	2.4%
Sponsored Programs	77,762,789	77,943,580	(180,791)	-0.2%
Net Sales and Services of Educational Activities	9,440,682	9,113,274	327,408	3.6%
Net Professional Fees	33,275,752	33,472,309	(196,557)	-0.6%
Net Auxiliary Enterprises	1,158,272	1,566,161	(407,889)	-26.0%
Other Operating Revenues	11,487,496	11,821,708	(334,212)	-2.8%
Total Operating Revenues	<u>142,791,658</u>	<u>143,358,403</u>	<u>(566,745)</u>	<u>-0.4%</u>
Operating Expenses				
Salaries and Wages	119,447,587	115,005,171	4,442,416	3.9%
Employee Benefits and Related Costs	30,043,856	28,230,570	1,813,286	6.4%
Professional Fees and Contracted Services	4,308,240	4,399,401	(91,161)	-2.1%
Other Contracted Services	6,531,451	6,569,542	(38,091)	-0.6%
Scholarships and Fellowships	1,569,581	688,484	881,097	128.0%
Travel	1,537,332	1,981,927	(444,595)	-22.4%
Materials and Supplies	14,381,265	14,054,743	326,522	2.3%
Utilities	5,416,667	4,960,715	455,952	9.2%
Telecommunications	2,714,910	2,231,132	483,778	21.7%
Repairs and Maintenance	1,477,404	997,465	479,939	48.1%
Rentals and Leases	884,305	1,077,700	(193,395)	-17.9%
Printing and Reproduction	612,197	763,001	(150,804)	-19.8%
Federal Sponsored Programs Pass-Thrus	260,417	218,977	41,440	18.9%
Depreciation and Amortization	10,416,667	9,631,446	785,221	8.2%
Other Operating Expenses	26,546,693	29,300,795	(2,754,102)	-9.4%
Total Operating Expenses	<u>226,148,572</u>	<u>220,111,069</u>	<u>6,037,503</u>	<u>2.7%</u>
Operating Loss	<u>(83,356,914)</u>	<u>(76,752,666)</u>	<u>(6,604,248)</u>	<u>-8.6%</u>
Other Nonoperating Adjustments				
State Appropriations	63,326,246	63,059,601	266,645	0.4%
Gift Contributions for Operations	17,321,389	1,169,658	16,151,731	1,380.9%
Net Investment Income	9,182,266	9,654,852	(472,586)	-4.9%
Long Term Fund Distribution	1,888,338	1,716,766	171,572	10.0%
Interest Expense on Capital Asset Financings	(2,585,535)	(2,497,537)	(87,998)	-3.5%
Net Other Nonoperating Adjustments	<u>89,132,704</u>	<u>73,103,340</u>	<u>16,029,364</u>	<u>21.9%</u>
Adjusted Income (Loss) including Depreciation	5,775,790	(3,649,326)	9,425,116	258.3%
Adjusted Margin (as a percentage) including Depreciation	2.5%	-1.7%		
Investment Gains (Losses)	7,063,719	(708,814)	7,772,533	1,096.6%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 12,839,509	\$ (4,358,140)	\$ 17,197,649	394.6%
Adjusted Margin % with Investment Gains (Losses)	5.3%	-2.0%		
Adjusted Income (Loss) excluding Depreciation	16,192,457	5,982,120	10,210,337	170.7%
Adjusted Margin (as a percentage) excluding Depreciation	6.9%	2.7%		

UNAUDITED
The University of Texas M. D. Anderson Cancer Center
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	January Year-to-Date FY 2007	January Year-to-Date FY 2006	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$ 210,120	\$ 88,288	\$ 121,832	138.0%
Sponsored Programs	93,225,561	92,473,845	751,716	0.8%
Net Sales and Services of Educational Activities	1,352,529	920,770	431,759	46.9%
Net Sales and Services of Hospitals	674,320,209	597,293,383	77,026,826	12.9%
Net Professional Fees	101,438,852	92,223,435	9,215,417	10.0%
Net Auxiliary Enterprises	9,927,320	9,400,239	527,081	5.6%
Other Operating Revenues	11,940,859	8,216,359	3,724,500	45.3%
Total Operating Revenues	892,415,450	800,616,319	91,799,131	11.5%
Operating Expenses				
Salaries and Wages	451,352,763	419,414,254	31,938,509	7.6%
Employee Benefits and Related Costs	119,925,573	110,727,363	9,198,210	8.3%
Professional Fees and Contracted Services	35,637,992	31,626,645	4,011,347	12.7%
Other Contracted Services	25,913,499	25,289,136	624,363	2.5%
Travel	7,439,619	5,882,430	1,557,189	26.5%
Materials and Supplies	171,108,161	160,865,819	10,242,342	6.4%
Utilities	20,174,998	24,852,321	(4,677,323)	-18.8%
Telecommunications	2,539,575	3,257,225	(717,650)	-22.0%
Repairs and Maintenance	19,560,733	16,265,671	3,295,062	20.3%
Rentals and Leases	12,375,231	11,832,438	542,793	4.6%
Federal Sponsored Programs Pass-Thrus	(20,012)	157,386	(177,398)	-112.7%
Depreciation and Amortization	75,767,965	74,528,061	1,239,904	1.7%
Other Operating Expenses	984,772	1,106,028	(121,256)	-11.0%
Total Operating Expenses	942,760,869	885,804,777	56,956,092	6.4%
Operating Loss	(50,345,419)	(85,188,458)	34,843,039	40.9%
Other Nonoperating Adjustments				
State Appropriations	66,838,881	65,930,409	908,472	1.4%
Gift Contributions for Operations	34,230,685	25,394,036	8,836,649	34.8%
Net Investment Income	15,941,159	15,368,903	572,256	3.7%
Long Term Fund Distribution	5,899,467	5,562,296	337,171	6.1%
Interest Expense on Capital Asset Financings	(13,359,550)	(12,233,505)	(1,126,045)	-9.2%
Net Other Nonoperating Adjustments	109,550,642	100,022,139	9,528,503	9.5%
Adjusted Income (Loss) including Depreciation	59,205,223	14,833,681	44,371,542	299.1%
Adjusted Margin (as a percentage) including Depreciation	5.8%	1.6%		
Investment Gains (Losses)	40,658,431	16,491,425	24,167,006	146.5%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 99,863,654	\$ 31,325,106	\$ 68,538,548	218.8%
Adjusted Margin % with Investment Gains (Losses)	9.5%	3.4%		
Adjusted Income (Loss) excluding Depreciation	134,973,188	89,361,742	45,611,446	51.0%
Adjusted Margin (as a percentage) excluding Depreciation	13.3%	9.8%		

UNAUDITED
The University of Texas Health Center at Tyler
Comparison of Operating Results and Margin
For the Five Months Ending January 31, 2007

	<u>January Year-to-Date FY 2007</u>	<u>January Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Sponsored Programs	\$ 5,913,903	\$ 5,703,620	\$ 210,283	3.7%
Net Sales and Services of Educational Activities	425,397	508,108	(82,711)	-16.3%
Net Sales and Services of Hospitals	17,153,116	19,734,931	(2,581,815)	-13.1%
Net Professional Fees	4,267,420	5,142,880	(875,460)	-17.0%
Net Auxiliary Enterprises	83,155	106,021	(22,866)	-21.6%
Other Operating Revenues	654,083	1,175,221	(521,138)	-44.3%
Total Operating Revenues	<u>28,497,074</u>	<u>32,370,781</u>	<u>(3,873,707)</u>	<u>-12.0%</u>
Operating Expenses				
Salaries and Wages	21,780,509	24,571,070	(2,790,561)	-11.4%
Employee Benefits and Related Costs	5,715,325	6,480,696	(765,371)	-11.8%
Professional Fees and Contracted Services	2,082,864	2,021,846	61,018	3.0%
Other Contracted Services	3,031,748	3,112,121	(80,373)	-2.6%
Travel	184,180	217,884	(33,704)	-15.5%
Materials and Supplies	5,324,157	6,735,659	(1,411,502)	-21.0%
Utilities	1,336,705	1,251,120	85,585	6.8%
Telecommunications	283,590	282,254	1,336	0.5%
Repairs and Maintenance	1,405,824	899,324	506,500	56.3%
Rentals and Leases	544,205	651,376	(107,171)	-16.5%
Printing and Reproduction	10,129	81,697	(71,568)	-87.6%
Federal Sponsored Programs Pass-Thrus	161,671	234,420	(72,749)	-31.0%
Depreciation and Amortization	3,633,114	3,523,600	109,514	3.1%
Other Operating Expenses	1,157,656	1,215,759	(58,103)	-4.8%
Total Operating Expenses	<u>46,651,677</u>	<u>51,278,826</u>	<u>(4,627,149)</u>	<u>-9.0%</u>
Operating Loss	<u>(18,154,603)</u>	<u>(18,908,045)</u>	<u>753,442</u>	<u>4.0%</u>
Other Nonoperating Adjustments				
State Appropriations	15,592,038	16,367,768	(775,730)	-4.7%
Gift Contributions for Operations	397,627	450,930	(53,303)	-11.8%
Net Investment Income	1,493,489	1,347,743	145,746	10.8%
Long Term Fund Distribution	163,681	150,721	12,960	8.6%
Interest Expense on Capital Asset Financings	(377,900)	(363,967)	(13,933)	-3.8%
Net Other Nonoperating Adjustments	<u>17,268,935</u>	<u>17,953,195</u>	<u>(684,260)</u>	<u>-3.8%</u>
Adjusted Income (Loss) including Depreciation	(885,668)	(954,850)	69,182	7.2%
Adjusted Margin (as a percentage) including Depreciation	-1.9%	-1.9%		
Investment Gains (Losses)	-	(62,031)	62,031	100.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ (885,668)	\$ (1,016,881)	\$ 131,213	12.9%
Adjusted Margin % with Investment Gains (Losses)	-1.9%	-2.0%		
Adjusted Income (Loss) excluding Depreciation	2,747,446	2,568,750	178,696	7.0%
Adjusted Margin (as a percentage) excluding Depreciation	6.0%	5.1%		