

THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

MAY 2007



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

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**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.

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 974,637,937	\$ 869,695,765	\$ 104,942,172	12.1%
Sponsored Programs	1,693,249,234	1,602,594,249	90,654,985	5.7%
Net Sales and Services of Educational Activities	198,036,856	176,781,114	21,255,742	12.0%
Net Sales and Services of Hospitals	2,031,921,189	1,895,681,993	136,239,197	7.2%
Net Professional Fees	759,877,128	597,880,758	161,996,370	27.1%
Net Auxiliary Enterprises	272,404,900	244,437,085	27,967,815	11.4%
Other Operating Revenues	136,249,397	112,029,456	24,219,941	21.6%
Total Operating Revenues	<u>6,066,376,641</u>	<u>5,499,100,420</u>	<u>567,276,221</u>	<u>10.3%</u>
Operating Expenses				
Salaries and Wages	3,632,595,782	3,449,353,864	183,241,918	5.3%
Payroll Related Costs	890,567,197	836,426,962	54,140,235	6.5%
Professional Fees and Contracted Services	205,503,855	194,807,247	10,696,608	5.5%
Other Contracted Services	291,997,886	269,723,932	22,273,954	8.3%
Scholarships and Fellowships	452,105,617	401,318,239	50,787,378	12.7%
Travel	81,380,321	76,414,450	4,965,871	6.5%
Materials and Supplies	808,325,413	785,533,526	22,791,887	2.9%
Utilities	184,297,207	193,350,560	(9,053,353)	-4.7%
Telecommunications	48,710,706	49,107,888	(397,182)	-0.8%
Repairs and Maintenance	112,905,840	107,281,462	5,624,378	5.2%
Rentals and Leases	75,110,676	72,264,536	2,846,140	3.9%
Printing and Reproduction	19,639,319	20,127,067	(487,748)	-2.4%
Bad Debt Expense	939,379	937,594	1,785	0.2%
Claims and Losses	17,169,750	17,163,533	6,217	0.0%
Federal Sponsored Programs Pass-Throughs	20,727,795	19,384,368	1,343,427	6.9%
Depreciation and Amortization	447,704,809	415,306,242	32,398,567	7.8%
Other Operating Expenses	270,679,878	259,963,468	10,716,410	4.1%
Total Operating Expenses	<u>7,560,361,430</u>	<u>7,168,464,938</u>	<u>391,896,492</u>	<u>5.5%</u>
Operating Loss	<u>(1,493,984,789)</u>	<u>(1,669,364,518)</u>	<u>175,379,729</u>	<u>10.5%</u>
Other Nonoperating Adjustments				
State Appropriations	1,319,570,097	1,314,145,003	5,425,095	0.4%
Gift Contributions for Operations	217,136,238	200,177,015	16,959,223	8.5%
Net Investment Income	410,665,421	398,301,509	12,363,912	3.1%
Long Term Fund Distribution	143,566,726	134,633,545	8,933,181	6.6%
Interest Expense on Capital Asset Financings	(137,080,556)	(138,899,487)	1,818,931	1.3%
Net Other Nonoperating Adjustments	<u>1,953,857,926</u>	<u>1,908,357,585</u>	<u>45,500,341</u>	<u>2.4%</u>
Adjusted Income (Loss) including Depreciation	459,873,137	238,993,067	220,880,070	92.4%
Adjusted Margin (as a percentage) including Depreciation	5.6%	3.2%		
Investment Gains (Losses)	2,555,844,598	1,076,921,697	1,478,922,901	137.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	\$ 3,015,717,735	\$ 1,315,914,764	\$ 1,699,802,971	129.2%
Adj. Margin % with Investment Gains (Losses)	28.1%	15.3%		
Adjusted Income (Loss) with Investment Gains (Losses) excluding Depreciation	3,463,422,544	1,731,221,006	1,732,201,538	100.1%
Adjusted Margin (as a percentage) with Investment Gains (Losses) excluding Depreciation	32.3%	20.1%		

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The University of Texas System
Comparison of Adjusted Income (Loss)
For the Nine Months Ending May 31, 2007

	Including Depreciation and Amortization Expense			
	May	May	Variance	Fluctuation Percentage
	Year-to-Date FY 2007	Year-to-Date FY 2006		
UT System Administration	\$ 193,793,120	\$ 191,618,779	\$ 2,174,341	1.1%
UT Arlington	14,004,736	5,197,271	8,807,465 (1)	169.5%
UT Austin	81,719,367	73,474,732	8,244,635	11.2%
UT Brownsville	(1,430,035) (2)	(1,230,843)	(199,192)	-16.2%
UT Dallas	(5,433,431) (3)	(4,534,320)	(899,111)	-19.8%
UT El Paso	2,128,581	1,667,935	460,646	27.6%
UT Pan American	(3,183,353) (4)	(2,831,867)	(351,486)	-12.4%
UT Permian Basin	(215,159)	419,127	(634,286) (5)	-151.3%
UT San Antonio	26,628,544	20,295,900	6,332,644	31.2%
UT Tyler	1,974,793	(617,766)	2,592,559 (6)	419.7%
UT Southwestern Medical Center - Dallas	66,284,363	17,258,094	49,026,269 (7)	284.1%
UT Medical Branch - Galveston	5,972,409	(45,167,170)	51,139,579 (8)	113.2%
UT Health Science Center - Houston	27,976,183	31,027,110	(3,050,927)	-9.8%
UT Health Science Center - San Antonio	16,885,942	(6,571,261)	23,457,203 (9)	357.0%
UT M. D. Anderson Cancer Center	122,607,611	44,545,972	78,061,639 (10)	175.2%
UT Health Center - Tyler	5,829,466	(1,198,626)	7,028,092 (11)	586.3%
Elimination of AUF Transfer	(95,670,000)	(84,360,000)	(11,310,000)	-13.4%
Total Adjusted Income (Loss)	459,873,137	238,993,067	220,880,070	92.4%
Investment Gains (Losses)	2,555,844,598	1,076,921,697	1,478,922,901 (12)	137.3%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	\$ 3,015,717,735	\$ 1,315,914,764	\$ 1,699,802,971	129.2%

	Excluding Depreciation and Amortization Expense			
	May	May	Variance	Fluctuation Percentage
	Year-to-Date FY 2007	Year-to-Date FY 2006		
UT System Administration	\$ 198,381,127	\$ 195,606,413	\$ 2,774,714	1.4%
UT Arlington	29,275,639	20,263,740	9,011,899	44.5%
UT Austin	171,210,372	155,177,989	16,032,383	10.3%
UT Brownsville	2,636,300	2,615,720	20,580	0.8%
UT Dallas	9,027,842	6,347,531	2,680,311	42.2%
UT El Paso	12,269,410	10,577,952	1,691,458	16.0%
UT Pan American	8,643,269	7,908,591	734,678	9.3%
UT Permian Basin	2,371,944	2,929,928	(557,984)	-19.0%
UT San Antonio	44,386,176	35,746,332	8,639,844	24.2%
UT Tyler	6,696,797	3,957,979	2,738,818	69.2%
UT Southwestern Medical Center - Dallas	113,274,646	59,972,227	53,302,419	88.9%
UT Medical Branch - Galveston	45,735,778	(6,672,563)	52,408,341	785.4%
UT Health Science Center - Houston	51,762,529	51,632,165	130,364	0.3%
UT Health Science Center - San Antonio	35,635,942	10,765,342	24,870,600	231.0%
UT M. D. Anderson Cancer Center	261,374,010	178,696,482	82,677,528	46.3%
UT Health Center - Tyler	10,566,165	3,133,481	7,432,684	237.2%
Elimination of AUF Transfer	(95,670,000)	(84,360,000)	(11,310,000)	-13.4%
Total Adjusted Income (Loss)	907,577,946	654,299,309	253,278,637	38.7%
Investment Gains (Losses)	2,555,844,598	1,076,921,697	1,478,922,901	137.3%
Total Adjusted Income (Loss) with Investment Gains (Losses) Excluding Depreciation and Amortization	\$ 3,463,422,544	\$ 1,731,221,006	\$ 1,732,201,538	100.1%

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Nine Months Ending May 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 Arlington - The \$8.8 million (169.5%) increase in adjusted income over the same period last year was primarily due to an increase in tuition and fees as a result of the new utility fee and new flat rate tuition. Excluding depreciation expense, *UT Arlington's* adjusted income was \$29.3 million or 10.3%.

(2) UT Brownsville - The \$1.4 million year-to-date loss was the result of expenses outpacing revenues. *UT Brownsville* budgeted to utilize \$858,000 of reserves in 2007; however, included in the use of reserves was budgeted enrollment growth of 3% with a corresponding increase in expenses. Although total enrollment growth including dual enrollment high school students is projected to be 5%, enrollment growth for tuition paying students is actually 1%. While dual enrollment students at *UT Brownsville* do not pay tuition and fees, future benefits such as additional student enrollments and decreased time to graduation are anticipated. *UT Brownsville's* adjusted income excluding depreciation expense was \$2.6 million or 2.5%.

In an effort to improve operating margin, *UT Brownsville* has frozen available lapsed salaries and is examining other areas for reductions of expenses. *UT Brownsville* anticipates ending the year with a \$2.7 million negative margin which represents -2.0% of projected revenues. This forecast includes \$5.5 million of depreciation expense.

(3) UT Dallas - The \$5.4 million year-to-date loss was the result of management's decision to utilize accumulated reserves in lieu of increasing student fees. The reserves are being used to fund increases in academic programs and the related infrastructure. Excluding depreciation expense, *UT Dallas'* adjusted income was \$9 million or 4.3%. *UT Dallas* anticipates ending the year with a \$5.2 million negative margin which represents -2.0% of projected revenues. Also contributing to the deficit is the increase in depreciation expense which is projected to be \$19.9 million.

(4) UT Pan American - The \$3.2 million year-to-date loss was primarily due to increased salaries and wages and materials and supplies. 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, and the filling of vacant positions. Materials and supplies

increased due to improved and increased library periodical subscription services provided to faculty and staff, additional resources used to equip smart classrooms on campus with presentation systems, new desktop computers for the Academic Services laboratories, and the purchase of a tool used for simulation in teaching and research for the College of Science and Engineering.

Excluding depreciation expense, *UT Pan American's* adjusted income was \$8.6 million or 4.9%. *UT Pan American* anticipates ending the year with a \$7.2 million negative margin which represents -3.2% of projected revenues. This forecast includes \$15.8 million of depreciation expense.

(5) UT Permian Basin - The \$634,000 (151.3%) decrease in adjusted income over the same period last year was primarily due to decreased gift contributions. In May 2006, *UT Permian Basin* reported \$1.5 million of operating gifts for the pre-conceptual design of the High-Temperature Teaching and Test Reactor (HT³R). *UT Permian Basin* reported a total of \$3 million for HT³R in 2006, of which only \$1.1 million was expended. *UT Permian Basin* is on target to spend approximately \$600,000 of HT³R funds in 2007 without any corresponding revenues and the remaining \$600,000 of collected funds is expected to be expended in 2008. *UT Permian Basin* is currently determining whether \$700,000 that has not yet been received from Thorium Power is collectible. If it is determined that the amount is uncollectible, the revenue will be written off in 2007.

UT Permian Basin reflects a negative margin of \$215,000. Excluding depreciation expense, *UT Permian Basin's* adjusted income was \$2.4 million or 7.3%. Management projects a year-end loss of approximately \$1.6 million which represents -3.6% of projected revenues. The projected 2007 loss of \$1.6 million includes the \$600,000 of prior year HT³R revenue and the anticipated write-off of the \$700,000 receivable that has not yet been collected. This forecast includes \$3.4 million of depreciation expense.

(6) UT Tyler - The \$2.6 million (419.7%) 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. Headcount also increased by 291

students and semester credit hours increased by 7% for spring 2007. Excluding depreciation expense, *UT Tyler's* adjusted income was \$6.7 million or 11.6%.

(7) *UT Southwestern Medical Center at Dallas* – The \$49 million (284.1%) increase in adjusted income over the same period last year was primarily due to the receipt of the first three payments for the Texas Physician Upper Payment Limit (UPL) reimbursement of \$61.5 million. Excluding depreciation expense, *UT Southwestern's* adjusted income was \$113.3 million or 11.2%.

(8) *UT Medical Branch - Galveston* – The \$51.1 million (113.2%) increase in adjusted income was primarily due to increases in net professional fees and other operating revenues, and a decrease in operating expenses. Net professional fees increased largely due to the receipt of \$27.7 million for the first three UPL payments. The rise in other operating revenues resulted from increases in revenue related to the growth of the Austin Programs and from the Correctional Managed Health Care Value Option Pharmacy. The \$10.5 million decrease in operating expenses is the result of cost reductions associated with the financial improvement plan and the elimination of certain one-time costs in the prior year.

UTMB currently reflects a positive margin of \$6 million; however, a year-end loss of approximately \$2.4 million, which represents -0.2% of projected revenues, is being projected. This forecast includes \$54.5 million of depreciation expense. Excluding depreciation expense, *UTMB's* adjusted income was \$45.7 million or 4.3%. The current projected loss is the result of decreased volume and unfavorable changes in payor mix. This projection will be revised with the June monthly financial report (MFR) when *UTMB* begins drawing down \$13.1 million of additional appropriations for Hurricane *Rita* relief.

(9) *UT Health Science Center – San Antonio* – The \$23.5 million (357.0%) 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, and educational and recruitment efforts, and the receipt of \$11.9 million for the first three UPL payments. Excluding depreciation expense, *UTHSC-San Antonio's* adjusted income was \$35.6 million or 8.3%.

(10) *UT M. D. Anderson Cancer Center* – The \$78.1 million (175.2%) 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* and the first three UPL payments of \$12.3 million. Excluding depreciation expense, *M. D. Anderson's* adjusted income was \$261.4 million or 13.8%.

(11) *UT Health Center – Tyler* – The \$7 million (586.3%) increase in adjusted income over the same period last year was primarily due to decreased salaries and wages as a result of the elimination of over 200 full-time positions and receipt of the first three UPL payments of \$3.7 million. Excluding depreciation expense, *UTHC-Tyler's* adjusted income was \$10.6 million or 11.9%.

UTHC-Tyler's financial statements include the financial structure of NETnet, which 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. Since NETnet is a shared network not exclusively for *UTHC-Tyler's* use, the decision was made to exclude NETnet depreciation from the MFR to more accurately reflect the operations of *UTHC-Tyler*. This decision was made because when it is time to replace the NETnet infrastructure, it will not be *UTHC-Tyler's* responsibility. NETnet will lose over \$2.3 million by the end of the current fiscal year due to depreciation expense.

(12) *Investment Gains (Losses)* – The majority of the \$1.5 billion (137.3%) increase in investment gains relates to the Permanent University Fund of \$774.6 million, the Long Term Fund of \$374.5 million, and the Permanent Health Fund of \$75.2 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) – Total operating revenues less total operating expenses plus net other nonoperating adjustments.

ADJUSTED MARGIN (as a percentage) – Percentage of Adjusted Income (Loss) 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.

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Sponsored Programs	\$ 11,233,181	\$ 8,740,105	\$2,493,076	28.5%
Net Sales and Services of Educational Activities	10,458,697	10,623,048	(164,351)	-1.5%
Other Operating Revenues	14,558,500	9,348,285	5,210,215	55.7%
Total Operating Revenues	<u>36,250,378</u>	<u>28,711,438</u>	<u>7,538,940</u>	<u>26.3%</u>
Operating Expenses				
Salaries and Wages	19,607,306	20,647,661	(1,040,355)	-5.0%
Employee Benefits and Related Costs	4,362,116	4,685,622	(323,506)	-6.9%
Professional Fees and Contracted Services	3,335,496	1,036,929	2,298,567	221.7%
Other Contracted Services	5,703,674	4,648,785	1,054,889	22.7%
Scholarships and Fellowships	177,700	190,000	(12,300)	-6.5%
Travel	1,118,552	1,301,547	(182,995)	-14.1%
Materials and Supplies	2,211,656	1,904,938	306,718	16.1%
Utilities	529,775	18,626	511,149	2,744.3%
Telecommunications	752,726	778,144	(25,418)	-3.3%
Repairs and Maintenance	902,392	724,608	177,784	24.5%
Rentals and Leases	690,850	1,000,200	(309,350)	-30.9%
Printing and Reproduction	167,094	161,120	5,974	3.7%
Claims and Losses	17,169,750	17,163,533	6,217	0.0%
Depreciation and Amortization	4,588,007	3,987,634	600,373	15.1%
Other Operating Expenses	2,671,670	1,593,160	1,078,510	67.7%
Total Operating Expenses	<u>63,988,764</u>	<u>59,842,507</u>	<u>4,146,257</u>	<u>6.9%</u>
Operating Loss	<u>(27,738,386)</u>	<u>(31,131,069)</u>	<u>3,392,683</u>	<u>10.9%</u>
Other Nonoperating Adjustments				
State Appropriations	688,316	622,493	65,823	10.6%
Gift Contributions for Operations	577,665	434,132	143,533	33.1%
Net Investment Income	231,053,448	232,135,589	(1,082,141)	-0.5%
Long Term Fund Distribution	991,328	3,069,134	(2,077,806)	-67.7%
Interest Expense on Capital Asset Financings	(35,780,252)	(35,782,856)	2,604	0.0%
Net Other Nonoperating Adjustments	<u>197,530,505</u>	<u>200,478,492</u>	<u>(2,947,987)</u>	<u>-1.5%</u>
Adjusted Income (Loss) including Depreciation	169,792,119	169,347,423	444,696	0.3%
Adjusted Margin (as a percentage) including Depreciation	63.0%	63.9%		
Available University Fund Transfer	24,001,001	22,271,356	1,729,645	7.8%
Adjusted Income (Loss) with AUF Transfer	193,793,120	191,618,779	2,174,341	1.1%
Adjusted Margin % with AUF Transfer	66.0%	66.7%		
Investment Gains (Losses)	2,229,432,587	1,016,173,212	1,213,259,375	119.4%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$ 2,423,225,707	\$ 1,207,791,991	\$ 1,215,433,716	100.6%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	96.0%	92.7%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation	198,381,127	195,606,413	2,774,714	1.4%
Adjusted Margin (as a percentage) with AUF Transfer excluding Depreciation	67.6%	68.1%		

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 119,237,636	\$ 106,056,139	\$ 13,181,497	12.4%
Sponsored Programs	39,950,383	38,002,398	1,947,985	5.1%
Net Sales and Services of Educational Activities	9,612,722	5,368,445	4,244,277	79.1%
Net Auxiliary Enterprises	23,862,984	17,534,764	6,328,220	36.1%
Other Operating Revenues	4,869,967	5,083,438	(213,471)	-4.2%
Total Operating Revenues	<u>197,533,692</u>	<u>172,045,184</u>	<u>25,488,508</u>	<u>14.8%</u>
Operating Expenses				
Salaries and Wages	127,083,443	117,499,337	9,584,106	8.2%
Employee Benefits and Related Costs	27,731,721	26,139,760	1,591,961	6.1%
Professional Fees and Contracted Services	4,137,782	4,254,679	(116,897)	-2.7%
Other Contracted Services	6,778,256	5,731,283	1,046,973	18.3%
Scholarships and Fellowships	36,346,089	32,935,135	3,410,954	10.4%
Travel	3,476,793	3,170,003	306,790	9.7%
Materials and Supplies	14,327,794	14,164,078	163,716	1.2%
Utilities	7,904,915	7,961,769	(56,854)	-0.7%
Telecommunications	4,134,672	3,954,889	179,783	4.5%
Repairs and Maintenance	4,542,775	5,104,384	(561,609)	-11.0%
Rentals and Leases	1,920,733	1,997,284	(76,551)	-3.8%
Printing and Reproduction	1,724,124	1,608,597	115,527	7.2%
Federal Sponsored Programs Pass-Thrus	1,715,531	1,292,266	423,265	32.8%
Depreciation and Amortization	15,270,903	15,066,469	204,434	1.4%
Other Operating Expenses	8,375,745	5,264,249	3,111,496	59.1%
Total Operating Expenses	<u>265,471,276</u>	<u>246,144,182</u>	<u>19,327,094</u>	<u>7.9%</u>
Operating Loss	<u>(67,937,584)</u>	<u>(74,098,998)</u>	<u>6,161,414</u>	<u>8.3%</u>
Other Nonoperating Adjustments				
State Appropriations	79,083,853	78,693,279	390,574	0.5%
Gift Contributions for Operations	1,366,852	1,616,169	(249,317)	-15.4%
Net Investment Income	4,973,990	3,490,736	1,483,254	42.5%
Long Term Fund Distribution	1,666,552	1,561,843	104,709	6.7%
Interest Expense on Capital Asset Financings	(5,148,927)	(6,065,758)	916,831	15.1%
Net Other Nonoperating Adjustments	<u>81,942,320</u>	<u>79,296,269</u>	<u>2,646,051</u>	<u>3.3%</u>
Adjusted Income (Loss) including Depreciation	14,004,736	5,197,271	8,807,465	169.5%
Adjusted Margin (as a percentage) including Depreciation	4.9%	2.0%		
Investment Gains (Losses)	9,671,222	505,444	9,165,778	1,813.4%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 23,675,958	\$ 5,702,715	\$ 17,973,243	315.2%
Adjusted Margin % with Investment Gains (Losses)	8.0%	2.2%		
Adjusted Income (Loss) excluding Depreciation	29,275,639	20,263,740	9,011,899	44.5%
Adjusted Margin (as a percentage) excluding Depreciation	10.3%	7.9%		

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

	May Year-to-Date FY 2007	May Year-to-Date FY 2006	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$ 407,360,401	\$ 368,727,421	\$ 38,632,980	10.5%
Sponsored Programs	329,117,120	309,585,689	19,531,431	6.3%
Net Sales and Services of Educational Activities	110,871,111	89,167,181	21,703,930	24.3%
Net Auxiliary Enterprises	145,085,973	128,203,352	16,882,621	13.2%
Other Operating Revenues	8,902,214	5,994,907	2,907,307	48.5%
Total Operating Revenues	1,001,336,819	901,678,550	99,658,269	11.1%
Operating Expenses				
Salaries and Wages	663,806,539	630,056,553	33,749,986	5.4%
Employee Benefits and Related Costs	152,742,454	142,284,435	10,458,019	7.4%
Professional Fees and Contracted Services	17,311,224	16,826,701	484,523	2.9%
Other Contracted Services	54,991,530	45,087,397	9,904,133	22.0%
Scholarships and Fellowships	164,140,530	140,797,030	23,343,500	16.6%
Travel	26,339,420	24,772,750	1,566,670	6.3%
Materials and Supplies	80,391,494	76,649,354	3,742,140	4.9%
Utilities	47,753,545	56,324,354	(8,570,809)	-15.2%
Telecommunications	10,575,210	10,323,363	251,847	2.4%
Repairs and Maintenance	17,881,008	17,348,266	532,742	3.1%
Rentals and Leases	11,017,222	9,265,047	1,752,175	18.9%
Printing and Reproduction	7,120,388	6,661,335	459,053	6.9%
Federal Sponsored Programs Pass-Thrus	3,835,731	1,960,894	1,874,837	95.6%
Depreciation and Amortization	89,491,005	81,703,257	7,787,748	9.5%
Other Operating Expenses	60,551,465	48,165,890	12,385,575	25.7%
Total Operating Expenses	1,407,948,765	1,308,226,626	99,722,139	7.6%
Operating Loss	(406,611,946)	(406,548,076)	(63,870)	0.0%
Other Nonoperating Adjustments				
State Appropriations	234,497,534	233,440,716	1,056,818	0.5%
Gift Contributions for Operations	76,510,277	82,990,917	(6,480,640)	-7.8%
Net Investment Income	29,893,025	28,939,506	953,519	3.3%
Long Term Fund Distribution	74,388,021	69,867,907	4,520,114	6.5%
Interest Expense on Capital Asset Financings	(22,627,544)	(19,576,238)	(3,051,306)	-15.6%
Net Other Nonoperating Adjustments	392,661,313	395,662,808	(3,001,495)	-0.8%
Adjusted Income (Loss) including Depreciation	(13,950,633)	(10,885,268)	(3,065,365)	-28.2%
Adjusted Margin (as a percentage) including Depreciation	-1.0%	-0.8%		
Available University Fund Transfer	95,670,000	84,360,000	11,310,000	13.4%
Adjusted Income (Loss) with AUF Transfer	81,719,367	73,474,732	8,244,635	11.2%
Adjusted Margin % with AUF Transfer	5.4%	5.2%		
Investment Gains (Losses)	55,468,838	(95,991)	55,564,829	57,885.5%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$ 137,188,205	\$ 73,378,741	\$ 63,809,464	87.0%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	8.8%	5.2%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation	171,210,372	155,177,989	16,032,383	10.3%
Adjusted Margin (as a percentage) with AUF Transfer excluding Depreciation	11.3%	11.1%		

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 9,056,948	\$ 8,488,886	\$ 568,062	6.7%
Sponsored Programs	73,119,880	63,343,215	9,776,665	15.4%
Net Sales and Services of Educational Activities	740,486	706,478	34,008	4.8%
Net Auxiliary Enterprises	806,094	689,557	116,537	16.9%
Other Operating Revenues	14,685	25,044	(10,359)	-41.4%
Total Operating Revenues	<u>83,738,093</u>	<u>73,253,180</u>	<u>10,484,913</u>	<u>14.3%</u>
Operating Expenses				
Salaries and Wages	42,156,297	36,961,237	5,195,060	14.1%
Employee Benefits and Related Costs	10,225,921	9,130,342	1,095,579	12.0%
Professional Fees and Contracted Services	1,394,097	1,263,371	130,726	10.3%
Scholarships and Fellowships	33,965,673	28,470,918	5,494,755	19.3%
Travel	916,959	816,003	100,956	12.4%
Materials and Supplies	3,149,787	3,635,083	(485,296)	-13.4%
Utilities	2,626,218	3,019,027	(392,809)	-13.0%
Telecommunications	1,247,628	1,174,892	72,736	6.2%
Repairs and Maintenance	645,774	712,093	(66,319)	-9.3%
Rentals and Leases	1,415,045	1,369,337	45,708	3.3%
Printing and Reproduction	290,993	258,659	32,334	12.5%
Bad Debt Expense	19,273	17,463	1,810	10.4%
Federal Sponsored Programs Pass-Thrus	41,716	29,870	11,846	39.7%
Depreciation and Amortization	4,066,335	3,846,563	219,772	5.7%
Other Operating Expenses	4,619,476	4,722,373	(102,897)	-2.2%
Total Operating Expenses	<u>106,781,192</u>	<u>95,427,231</u>	<u>11,353,961</u>	<u>11.9%</u>
Operating Loss	<u>(23,043,099)</u>	<u>(22,174,051)</u>	<u>(869,048)</u>	<u>-3.9%</u>
Other Nonoperating Adjustments				
State Appropriations	21,505,815	21,218,165	287,650	1.4%
Gift Contributions for Operations	256,198	145,285	110,913	76.3%
Net Investment Income	848,349	890,770	(42,421)	-4.8%
Long Term Fund Distribution	216,559	197,013	19,546	9.9%
Interest Expense on Capital Asset Financings	(1,213,857)	(1,508,025)	294,168	19.5%
Net Other Nonoperating Adjustments	<u>21,613,064</u>	<u>20,943,208</u>	<u>669,856</u>	<u>3.2%</u>
Adjusted Income (Loss) including Depreciation	(1,430,035)	(1,230,843)	(199,192)	-16.2%
Adjusted Margin (as a percentage) including Depreciation	-1.3%	-1.3%		
Investment Gains (Losses)	1,682,785	(221,862)	1,904,647	858.5%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 252,750	\$ (1,452,705)	\$ 1,705,455	117.4%
Adjusted Margin % with Investment Gains (Losses)	0.2%	-1.5%		
Adjusted Income (Loss) excluding Depreciation	2,636,300	2,615,720	20,580	0.8%
Adjusted Margin (as a percentage) excluding Depreciation	2.5%	2.7%		

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 94,325,642	\$ 81,037,132	\$ 13,288,510	16.4%
Sponsored Programs	31,462,849	31,927,322	(464,473)	-1.5%
Net Sales and Services of Educational Activities	4,797,631	4,678,341	119,290	2.5%
Net Auxiliary Enterprises	4,299,224	4,575,788	(276,564)	-6.0%
Other Operating Revenues	4,070,361	4,252,156	(181,795)	-4.3%
Total Operating Revenues	<u>138,955,707</u>	<u>126,470,739</u>	<u>12,484,968</u>	<u>9.9%</u>
Operating Expenses				
Salaries and Wages	102,769,706	95,763,386	7,006,320	7.3%
Employee Benefits and Related Costs	21,101,354	19,244,865	1,856,489	9.6%
Professional Fees and Contracted Services	2,177,155	3,106,408	(929,253)	-29.9%
Other Contracted Services	5,661,770	6,252,104	(590,334)	-9.4%
Scholarships and Fellowships	35,142,091	30,013,126	5,128,965	17.1%
Travel	2,542,104	2,293,675	248,429	10.8%
Materials and Supplies	10,840,232	11,625,385	(785,153)	-6.8%
Utilities	5,565,455	4,584,434	981,021	21.4%
Telecommunications	966,101	1,244,828	(278,727)	-22.4%
Repairs and Maintenance	2,210,216	3,706,864	(1,496,648)	-40.4%
Rentals and Leases	1,000,307	445,180	555,127	124.7%
Printing and Reproduction	1,001,521	1,041,460	(39,939)	-3.8%
Federal Sponsored Programs Pass-Thrus	104,892	170,703	(65,811)	-38.6%
Depreciation and Amortization	14,461,273	10,881,851	3,579,422	32.9%
Other Operating Expenses	7,190,809	5,984,540	1,206,269	20.2%
Total Operating Expenses	<u>212,734,986</u>	<u>196,358,809</u>	<u>16,376,177</u>	<u>8.3%</u>
Operating Loss	<u>(73,779,279)</u>	<u>(69,888,070)</u>	<u>(3,891,209)</u>	<u>-5.6%</u>
Other Nonoperating Adjustments				
State Appropriations	56,793,240	57,335,148	(541,908)	-0.9%
Gift Contributions for Operations	7,289,383	3,674,672	3,614,711	98.4%
Net Investment Income	3,668,405	2,977,821	690,584	23.2%
Long Term Fund Distribution	5,707,207	5,384,136	323,071	6.0%
Interest Expense on Capital Asset Financings	(5,112,387)	(4,018,027)	(1,094,360)	-27.2%
Net Other Nonoperating Adjustments	<u>68,345,848</u>	<u>65,353,750</u>	<u>2,992,098</u>	<u>4.6%</u>
Adjusted Income (Loss) including Depreciation	(5,433,431)	(4,534,320)	(899,111)	-19.8%
Adjusted Margin (as a percentage) including Depreciation	-2.6%	-2.3%		
Investment Gains (Losses)	8,170,302	(306,485)	8,476,787	2,765.8%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 2,736,871	\$ (4,840,805)	\$ 7,577,676	156.5%
Adjusted Margin % with Investment Gains (Losses)	1.2%	-2.5%		
Adjusted Income (Loss) excluding Depreciation	9,027,842	6,347,531	2,680,311	42.2%
Adjusted Margin (as a percentage) excluding Depreciation	4.3%	3.2%		

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 67,085,847	\$ 61,132,644	\$ 5,953,203	9.7%
Sponsored Programs	65,538,508	61,199,829	4,338,679	7.1%
Net Sales and Services of Educational Activities	3,124,900	2,942,909	181,991	6.2%
Net Auxiliary Enterprises	21,328,098	18,911,253	2,416,845	12.8%
Other Operating Revenues	17,116	40,981	(23,865)	-58.2%
Total Operating Revenues	<u>157,094,469</u>	<u>144,227,616</u>	<u>12,866,853</u>	<u>8.9%</u>
Operating Expenses				
Salaries and Wages	94,156,424	90,713,196	3,443,228	3.8%
Employee Benefits and Related Costs	22,627,564	21,339,910	1,287,654	6.0%
Professional Fees and Contracted Services	5,845,683	3,101,481	2,744,202	88.5%
Other Contracted Services	9,966,788	8,783,375	1,183,413	13.5%
Scholarships and Fellowships	47,611,015	42,678,748	4,932,267	11.6%
Travel	4,091,342	3,891,232	200,110	5.1%
Materials and Supplies	15,588,206	16,271,398	(683,192)	-4.2%
Utilities	5,624,990	5,424,096	200,894	3.7%
Telecommunications	570,170	500,338	69,832	14.0%
Repairs and Maintenance	2,627,848	2,775,393	(147,545)	-5.3%
Rentals and Leases	2,224,496	1,813,676	410,820	22.7%
Printing and Reproduction	458,479	651,802	(193,323)	-29.7%
Federal Sponsored Programs Pass-Thrus	243,116	1,038,464	(795,348)	-76.6%
Depreciation and Amortization	10,140,829	8,910,017	1,230,812	13.8%
Other Operating Expenses	3,976,613	3,949,450	27,163	0.7%
Total Operating Expenses	<u>225,753,563</u>	<u>211,842,576</u>	<u>13,910,987</u>	<u>6.6%</u>
Operating Loss	<u>(68,659,094)</u>	<u>(67,614,960)</u>	<u>(1,044,134)</u>	<u>-1.5%</u>
Other Nonoperating Adjustments				
State Appropriations	61,039,753	61,427,880	(388,127)	-0.6%
Gift Contributions for Operations	5,660,370	4,408,915	1,251,455	28.4%
Net Investment Income	3,801,385	3,193,529	607,856	19.0%
Long Term Fund Distribution	3,414,207	3,262,485	151,722	4.7%
Interest Expense on Capital Asset Financings	(3,128,040)	(3,009,914)	(118,126)	-3.9%
Net Other Nonoperating Adjustments	<u>70,787,675</u>	<u>69,282,895</u>	<u>1,504,780</u>	<u>2.2%</u>
Adjusted Income (Loss) including Depreciation	2,128,581	1,667,935	460,646	27.6%
Adjusted Margin (as a percentage) including Depreciation	0.9%	0.8%		
Investment Gains (Losses)	4,248,293	526,849	3,721,444	706.4%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 6,376,874	\$ 2,194,784	\$ 4,182,090	190.5%
Adjusted Margin % with Investment Gains (Losses)	2.7%	1.0%		
Adjusted Income (Loss) excluding Depreciation	12,269,410	10,577,952	1,691,458	16.0%
Adjusted Margin (as a percentage) excluding Depreciation	5.3%	4.9%		

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 51,335,343	\$ 44,404,049	\$ 6,931,294	15.6%
Sponsored Programs	61,842,354	56,104,610	5,737,744	10.2%
Net Sales and Services of Educational Activities	4,298,812	4,626,077	(327,265)	-7.1%
Net Auxiliary Enterprises	2,354,361	2,814,030	(459,669)	-16.3%
Other Operating Revenues	612,581	397,475	215,106	54.1%
Total Operating Revenues	<u>120,443,451</u>	<u>108,346,241</u>	<u>12,097,210</u>	<u>11.2%</u>
Operating Expenses				
Salaries and Wages	67,098,073	62,524,299	4,573,774	7.3%
Employee Benefits and Related Costs	15,447,603	15,148,835	298,768	2.0%
Professional Fees and Contracted Services	1,430,253	619,891	810,362	130.7%
Other Contracted Services	3,150,148	3,972,921	(822,773)	-20.7%
Scholarships and Fellowships	53,710,103	49,389,399	4,320,704	8.7%
Travel	2,626,128	2,480,192	145,936	5.9%
Materials and Supplies	10,708,410	8,806,941	1,901,469	21.6%
Utilities	3,768,337	3,632,696	135,641	3.7%
Telecommunications	553,043	741,214	(188,171)	-25.4%
Repairs and Maintenance	1,591,505	844,330	747,175	88.5%
Rentals and Leases	565,746	593,062	(27,316)	-4.6%
Printing and Reproduction	253,745	474,921	(221,176)	-46.6%
Bad Debt Expense	920,106	918,702	1,404	0.2%
Federal Sponsored Programs Pass-Thrus	19,282	88,233	(68,951)	-78.1%
Depreciation and Amortization	11,826,622	10,740,458	1,086,164	10.1%
Other Operating Expenses	3,832,288	3,392,680	439,608	13.0%
Total Operating Expenses	<u>177,501,392</u>	<u>164,368,774</u>	<u>13,132,618</u>	<u>8.0%</u>
Operating Loss	<u>(57,057,941)</u>	<u>(56,022,533)</u>	<u>(1,035,408)</u>	<u>-1.8%</u>
Other Nonoperating Adjustments				
State Appropriations	52,601,722	51,495,257	1,106,465	2.1%
Gift Contributions for Operations	1,444,242	1,178,409	265,833	22.6%
Net Investment Income	1,813,951	1,550,001	263,950	17.0%
Long Term Fund Distribution	807,553	749,534	58,019	7.7%
Interest Expense on Capital Asset Financings	(2,792,880)	(1,782,535)	(1,010,345)	-56.7%
Net Other Nonoperating Adjustments	<u>53,874,588</u>	<u>53,190,666</u>	<u>683,922</u>	<u>1.3%</u>
Adjusted Income (Loss) including Depreciation	(3,183,353)	(2,831,867)	(351,486)	-12.4%
Adjusted Margin (as a percentage) including Depreciation	-1.8%	-1.7%		
Investment Gains (Losses)	3,346,615	(294,182)	3,640,797	1,237.6%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 163,262	\$ (3,126,049)	\$ 3,289,311	105.2%
Adjusted Margin % with Investment Gains (Losses)	0.1%	-1.9%		
Adjusted Income (Loss) excluding Depreciation	8,643,269	7,908,591	734,678	9.3%
Adjusted Margin (as a percentage) excluding Depreciation	4.9%	4.8%		

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 10,389,048	\$ 9,177,704	\$ 1,211,344	13.2%
Sponsored Programs	5,116,829	4,253,660	863,169	20.3%
Net Sales and Services of Educational Activities	168,312	162,193	6,119	3.8%
Net Auxiliary Enterprises	1,702,823	1,474,908	227,915	15.5%
Other Operating Revenues	115,600	190,089	(74,489)	-39.2%
Total Operating Revenues	<u>17,492,612</u>	<u>15,258,554</u>	<u>2,234,058</u>	<u>14.6%</u>
Operating Expenses				
Salaries and Wages	12,579,784	12,041,818	537,966	4.5%
Employee Benefits and Related Costs	2,968,956	2,865,582	103,374	3.6%
Professional Fees and Contracted Services	1,060,658	643,977	416,681	64.7%
Other Contracted Services	853,351	673,922	179,429	26.6%
Scholarships and Fellowships	5,720,145	5,526,710	193,435	3.5%
Travel	609,099	635,067	(25,968)	-4.1%
Materials and Supplies	1,496,960	1,742,496	(245,536)	-14.1%
Utilities	1,560,376	1,413,128	147,248	10.4%
Telecommunications	319,077	361,833	(42,756)	-11.8%
Repairs and Maintenance	551,215	420,032	131,183	31.2%
Rentals and Leases	214,029	209,681	4,348	2.1%
Printing and Reproduction	178,840	211,003	(32,163)	-15.2%
Depreciation and Amortization	2,587,103	2,510,801	76,302	3.0%
Other Operating Expenses	660,071	592,241	67,830	11.5%
Total Operating Expenses	<u>31,359,664</u>	<u>29,848,291</u>	<u>1,511,373</u>	<u>5.1%</u>
Operating Loss	<u>(13,867,052)</u>	<u>(14,589,737)</u>	<u>722,685</u>	<u>5.0%</u>
Other Nonoperating Adjustments				
State Appropriations	12,906,384	12,856,815	49,569	0.4%
Gift Contributions for Operations	1,109,616	2,799,465	(1,689,849)	-60.4%
Net Investment Income	322,534	188,348	134,186	71.2%
Long Term Fund Distribution	499,415	475,817	23,598	5.0%
Interest Expense on Capital Asset Financings	(1,186,056)	(1,311,581)	125,525	9.6%
Net Other Nonoperating Adjustments	<u>13,651,893</u>	<u>15,008,864</u>	<u>(1,356,971)</u>	<u>-9.0%</u>
Adjusted Income (Loss) including Depreciation	(215,159)	419,127	(634,286)	-151.3%
Adjusted Margin (as a percentage) including Depreciation	-0.7%	1.3%		
Investment Gains (Losses)	404,412	56,074	348,338	621.2%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 189,253	\$ 475,201	\$ (285,948)	-60.2%
Adjusted Margin % with Investment Gains (Losses)	0.6%	1.5%		
Adjusted Income (Loss) excluding Depreciation	2,371,944	2,929,928	(557,984)	-19.0%
Adjusted Margin (as a percentage) excluding Depreciation	7.3%	9.3%		

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 134,584,705	\$ 116,912,182	\$ 17,672,523	15.1%
Sponsored Programs	58,558,401	58,726,644	(168,243)	-0.3%
Net Sales and Services of Educational Activities	3,751,052	3,936,935	(185,883)	-4.7%
Net Auxiliary Enterprises	11,355,261	10,880,828	474,433	4.4%
Other Operating Revenues	1,494,553	2,108,869	(614,316)	-29.1%
Total Operating Revenues	<u>209,743,972</u>	<u>192,565,458</u>	<u>17,178,514</u>	<u>8.9%</u>
Operating Expenses				
Salaries and Wages	117,189,409	108,679,873	8,509,536	7.8%
Employee Benefits and Related Costs	28,544,299	26,038,610	2,505,689	9.6%
Professional Fees and Contracted Services	2,153,358	2,479,924	(326,566)	-13.2%
Other Contracted Services	2,956,581	1,953,246	1,003,335	51.4%
Scholarships and Fellowships	51,053,947	48,858,060	2,195,887	4.5%
Travel	3,933,228	4,154,050	(220,822)	-5.3%
Materials and Supplies	12,721,808	16,535,682	(3,813,874)	-23.1%
Utilities	6,738,975	7,899,099	(1,160,124)	-14.7%
Telecommunications	2,028,900	1,963,239	65,661	3.3%
Repairs and Maintenance	4,508,376	4,021,917	486,459	12.1%
Rentals and Leases	1,732,469	1,740,591	(8,122)	-0.5%
Printing and Reproduction	794,330	784,248	10,082	1.3%
Federal Sponsored Programs Pass-Thrus	2,041,833	2,051,428	(9,595)	-0.5%
Depreciation and Amortization	17,757,632	15,450,432	2,307,200	14.9%
Other Operating Expenses	4,312,908	3,681,427	631,481	17.2%
Total Operating Expenses	<u>258,468,053</u>	<u>246,291,826</u>	<u>12,176,227</u>	<u>4.9%</u>
Operating Loss	<u>(48,724,081)</u>	<u>(53,726,368)</u>	<u>5,002,287</u>	<u>9.3%</u>
Other Nonoperating Adjustments				
State Appropriations	73,814,351	73,446,845	367,506	0.5%
Gift Contributions for Operations	2,877,682	2,791,712	85,970	3.1%
Net Investment Income	4,621,056	4,196,467	424,589	10.1%
Long Term Fund Distribution	1,412,804	1,223,646	189,158	15.5%
Interest Expense on Capital Asset Financings	(7,373,268)	(7,636,402)	263,134	3.4%
Net Other Nonoperating Adjustments	<u>75,352,625</u>	<u>74,022,268</u>	<u>1,330,357</u>	<u>1.8%</u>
Adjusted Income (Loss) including Depreciation	26,628,544	20,295,900	6,332,644	31.2%
Adjusted Margin (as a percentage) including Depreciation	9.1%	7.4%		
Investment Gains (Losses)	12,892,285	969,955	11,922,330	1,229.2%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 39,520,829	\$ 21,265,855	\$ 18,254,974	85.8%
Adjusted Margin % with Investment Gains (Losses)	12.9%	7.7%		
Adjusted Income (Loss) excluding Depreciation	44,386,176	35,746,332	8,639,844	24.2%
Adjusted Margin (as a percentage) excluding Depreciation	15.2%	13.0%		

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 20,102,994	\$ 16,896,420	\$ 3,206,574	19.0%
Sponsored Programs	7,419,262	6,503,319	915,943	14.1%
Net Sales and Services of Educational Activities	686,289	646,392	39,897	6.2%
Net Auxiliary Enterprises	3,122,574	2,484,604	637,970	25.7%
Other Operating Revenues	46,769	92,082	(45,313)	-49.2%
Total Operating Revenues	<u>31,377,888</u>	<u>26,622,817</u>	<u>4,755,071</u>	<u>17.9%</u>
Operating Expenses				
Salaries and Wages	23,279,803	21,915,175	1,364,628	6.2%
Employee Benefits and Related Costs	5,877,502	5,289,491	588,011	11.1%
Professional Fees and Contracted Services	793,144	789,505	3,639	0.5%
Other Contracted Services	2,204,089	1,903,293	300,796	15.8%
Scholarships and Fellowships	8,874,234	8,780,964	93,270	1.1%
Travel	944,017	836,467	107,550	12.9%
Materials and Supplies	3,417,046	2,997,565	419,481	14.0%
Utilities	1,123,621	1,120,931	2,690	0.2%
Telecommunications	405,465	355,170	50,295	14.2%
Repairs and Maintenance	729,556	1,094,479	(364,923)	-33.3%
Rentals and Leases	252,384	200,687	51,697	25.8%
Printing and Reproduction	469,297	432,518	36,779	8.5%
Depreciation and Amortization	4,722,004	4,575,745	146,259	3.2%
Other Operating Expenses	931,460	977,815	(46,355)	-4.7%
Total Operating Expenses	<u>54,023,622</u>	<u>51,269,805</u>	<u>2,753,817</u>	<u>5.4%</u>
Operating Loss	<u>(22,645,734)</u>	<u>(24,646,988)</u>	<u>2,001,254</u>	<u>8.1%</u>
Other Nonoperating Adjustments				
State Appropriations	22,802,181	22,504,205	297,976	1.3%
Gift Contributions for Operations	838,196	726,918	111,278	15.3%
Net Investment Income	848,045	763,872	84,173	11.0%
Long Term Fund Distribution	1,837,983	1,750,045	87,938	5.0%
Interest Expense on Capital Asset Financings	(1,705,878)	(1,715,818)	9,940	0.6%
Net Other Nonoperating Adjustments	<u>24,620,527</u>	<u>24,029,222</u>	<u>591,305</u>	<u>2.5%</u>
Adjusted Income (Loss) including Depreciation	1,974,793	(617,766)	2,592,559	419.7%
Adjusted Margin (as a percentage) including Depreciation	3.4%	-1.2%		
Investment Gains (Losses)	2,009,416	10,465	1,998,951	19,101.3%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 3,984,209	\$ (607,301)	\$ 4,591,510	756.1%
Adjusted Margin % with Investment Gains (Losses)	6.7%	-1.2%		
Adjusted Income (Loss) excluding Depreciation	6,696,797	3,957,979	2,738,818	69.2%
Adjusted Margin (as a percentage) excluding Depreciation	11.6%	7.6%		

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 15,106,351	\$ 14,145,186	\$ 961,165	6.8%
Sponsored Programs	297,100,437	289,394,917	7,705,520	2.7%
Net Sales and Services of Educational Activities	4,968,798	10,788,899	(5,820,101)	-53.9%
Net Sales and Services of Hospitals	220,386,995	211,142,078	9,244,917	4.4%
Net Professional Fees	265,809,024	184,938,051	80,870,973	43.7%
Net Auxiliary Enterprises	13,044,845	12,901,703	143,142	1.1%
Other Operating Revenues	4,379,011	4,560,314	(181,303)	-4.0%
Total Operating Revenues	<u>820,795,461</u>	<u>727,871,148</u>	<u>92,924,313</u>	<u>12.8%</u>
Operating Expenses				
Salaries and Wages	470,334,605	438,273,504	32,061,101	7.3%
Employee Benefits and Related Costs	128,148,155	117,986,928	10,161,227	8.6%
Professional Fees and Contracted Services	15,930,522	13,076,313	2,854,209	21.8%
Other Contracted Services	51,193,611	50,427,740	765,871	1.5%
Scholarships and Fellowships	5,804,108	5,643,852	160,256	2.8%
Travel	6,261,342	6,187,836	73,506	1.2%
Materials and Supplies	130,950,253	123,827,211	7,123,042	5.8%
Utilities	20,308,925	18,372,423	1,936,502	10.5%
Telecommunications	5,219,244	5,207,067	12,177	0.2%
Repairs and Maintenance	9,431,808	9,445,276	(13,468)	-0.1%
Rentals and Leases	8,595,475	8,860,172	(264,697)	-3.0%
Printing and Reproduction	1,635,030	1,893,658	(258,628)	-13.7%
Federal Sponsored Programs Pass-Thrus	948,970	1,070,033	(121,063)	-11.3%
Depreciation and Amortization	46,990,283	42,714,133	4,276,150	10.0%
Other Operating Expenses	32,097,712	34,155,323	(2,057,611)	-6.0%
Total Operating Expenses	<u>933,850,043</u>	<u>877,141,469</u>	<u>56,708,574</u>	<u>6.5%</u>
Operating Loss	<u>(113,054,582)</u>	<u>(149,270,321)</u>	<u>36,215,739</u>	<u>24.3%</u>
Other Nonoperating Adjustments				
State Appropriations	112,468,816	110,032,384	2,436,432	2.2%
Gift Contributions for Operations	32,477,519	24,314,004	8,163,515	33.6%
Net Investment Income	26,022,588	27,257,312	(1,234,724)	-4.5%
Long Term Fund Distribution	22,283,338	20,664,424	1,618,914	7.8%
Interest Expense on Capital Asset Financings	(13,913,316)	(15,739,709)	1,826,393	11.6%
Net Other Nonoperating Adjustments	<u>179,338,945</u>	<u>166,528,415</u>	<u>12,810,530</u>	<u>7.7%</u>
Adjusted Income (Loss) including Depreciation	66,284,363	17,258,094	49,026,269	284.1%
Adjusted Margin (as a percentage) including Depreciation	6.5%	1.9%		
Investment Gains (Losses)	41,495,266	(3,525,654)	45,020,920	1,277.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 107,779,629	\$ 13,732,440	\$ 94,047,189	684.9%
Adjusted Margin % with Investment Gains (Losses)	10.2%	1.5%		
Adjusted Income (Loss) excluding Depreciation	113,274,646	59,972,227	53,302,419	88.9%
Adjusted Margin (as a percentage) excluding Depreciation	11.2%	6.6%		

Note: UT Southwestern Medical Center at Dallas received \$61.5 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 12,825,548	\$ 10,102,457	\$ 2,723,091	27.0%
Sponsored Programs	156,956,668	153,481,761	3,474,907	2.3%
Net Sales and Services of Hospitals	507,206,784	512,303,295	(5,096,511)	-1.0%
Net Professional Fees	113,411,597	88,052,435	25,359,162	28.8%
Net Auxiliary Enterprises	6,788,619	6,716,087	72,532	1.1%
Other Operating Revenues	28,483,328	20,288,166	8,195,162	40.4%
Total Operating Revenues	<u>825,672,544</u>	<u>790,944,201</u>	<u>34,728,343</u>	<u>4.4%</u>
Operating Expenses				
Salaries and Wages	558,391,720	564,170,055	(5,778,335)	-1.0%
Employee Benefits and Related Costs	131,484,006	130,288,296	1,195,710	0.9%
Professional Fees and Contracted Services	26,076,323	35,133,591	(9,057,268)	-25.8%
Other Contracted Services	43,567,341	44,479,806	(912,465)	-2.1%
Scholarships and Fellowships	5,386,882	5,095,121	291,761	5.7%
Travel	5,110,889	5,138,737	(27,848)	-0.5%
Materials and Supplies	132,795,595	125,200,380	7,595,215	6.1%
Utilities	20,596,556	22,646,676	(2,050,120)	-9.1%
Telecommunications	10,266,718	10,273,224	(6,506)	-0.1%
Repairs and Maintenance	22,521,610	23,970,332	(1,448,722)	-6.0%
Rentals and Leases	10,616,583	9,625,272	991,311	10.3%
Printing and Reproduction	1,629,784	1,521,939	107,845	7.1%
Federal Sponsored Programs Pass-Thrus	6,685,293	5,968,643	716,650	12.0%
Depreciation and Amortization	39,763,369	38,494,607	1,268,762	3.3%
Other Operating Expenses	50,057,878	53,400,965	(3,343,087)	-6.3%
Total Operating Expenses	<u>1,064,950,547</u>	<u>1,075,407,644</u>	<u>(10,457,097)</u>	<u>-1.0%</u>
Operating Loss	<u>(239,278,003)</u>	<u>(284,463,443)</u>	<u>45,185,440</u>	<u>15.9%</u>
Other Nonoperating Adjustments				
State Appropriations	217,740,007	215,857,590	1,882,417	0.9%
Gift Contributions for Operations	5,611,753	4,283,991	1,327,762	31.0%
Net Investment Income	12,974,198	14,047,160	(1,072,962)	-7.6%
Long Term Fund Distribution	12,358,069	9,783,380	2,574,689	26.3%
Interest Expense on Capital Asset Financings	(3,433,615)	(4,675,848)	1,242,233	26.6%
Net Other Nonoperating Adjustments	<u>245,250,412</u>	<u>239,296,273</u>	<u>5,954,139</u>	<u>2.5%</u>
Adjusted Income (Loss) including Depreciation	5,972,409	(45,167,170)	51,139,579	113.2%
Adjusted Margin (as a percentage) including Depreciation	0.6%	-4.4%		
Investment Gains (Losses)	65,374,333	21,840,993	43,533,340	199.3%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 71,346,742	\$ (23,326,177)	\$ 94,672,919	405.9%
Adjusted Margin % with Investment Gains (Losses)	6.3%	-2.2%		
Adjusted Income (Loss) excluding Depreciation	45,735,778	(6,672,563)	52,408,341	785.4%
Adjusted Margin (as a percentage) excluding Depreciation	4.3%	-0.6%		

Note: UT Medical Branch at Galveston received \$27.7 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 16,920,997	\$ 15,310,952	\$ 1,610,045	10.5%
Sponsored Programs	219,323,341	206,188,306	13,135,035	6.4%
Net Sales and Services of Educational Activities	24,837,337	24,525,644	311,693	1.3%
Net Sales and Services of Hospitals	20,138,484	20,272,274	(133,790)	-0.7%
Net Professional Fees	92,921,236	81,404,589	11,516,647	14.1%
Net Auxiliary Enterprises	17,268,547	16,826,759	441,788	2.6%
Other Operating Revenues	22,875,783	23,197,639	(321,856)	-1.4%
Total Operating Revenues	<u>414,285,725</u>	<u>387,726,163</u>	<u>26,559,562</u>	<u>6.9%</u>
Operating Expenses				
Salaries and Wages	247,083,661	240,870,740	6,212,921	2.6%
Employee Benefits and Related Costs	55,442,898	53,149,959	2,292,939	4.3%
Professional Fees and Contracted Services	42,449,831	42,924,953	(475,122)	-1.1%
Other Contracted Services	31,852,598	29,130,676	2,721,922	9.3%
Scholarships and Fellowships	2,057,225	1,699,905	357,320	21.0%
Travel	4,426,670	4,203,856	222,814	5.3%
Materials and Supplies	40,990,205	39,242,786	1,747,419	4.5%
Utilities	11,532,558	8,063,441	3,469,117	43.0%
Telecommunications	2,051,415	2,094,048	(42,633)	-2.0%
Repairs and Maintenance	4,214,161	3,279,136	935,025	28.5%
Rentals and Leases	9,649,861	9,717,719	(67,858)	-0.7%
Printing and Reproduction	2,664,841	2,915,701	(250,860)	-8.6%
Bad Debt Expense	-	1,429	(1,429)	-100.0%
Federal Sponsored Programs Pass-Thrus	3,951,482	3,874,002	77,480	2.0%
Depreciation and Amortization	23,786,346	20,605,055	3,181,291	15.4%
Other Operating Expenses	38,915,677	36,694,303	2,221,374	6.1%
Total Operating Expenses	<u>521,069,429</u>	<u>498,467,709</u>	<u>22,601,720</u>	<u>4.5%</u>
Operating Loss	<u>(106,783,704)</u>	<u>(110,741,546)</u>	<u>3,957,842</u>	<u>3.6%</u>
Other Nonoperating Adjustments				
State Appropriations	113,986,161	113,970,326	15,836	0.0%
Gift Contributions for Operations	8,661,050	22,865,758	(14,204,708)	-62.1%
Net Investment Income	14,015,618	10,467,532	3,548,086	33.9%
Long Term Fund Distribution	3,710,619	3,370,800	339,819	10.1%
Interest Expense on Capital Asset Financings	(5,613,561)	(8,905,760)	3,292,199	37.0%
Net Other Nonoperating Adjustments	<u>134,759,887</u>	<u>141,768,656</u>	<u>(7,008,769)</u>	<u>-4.9%</u>
Adjusted Income (Loss) including Depreciation	27,976,183	31,027,110	(3,050,927)	-9.8%
Adjusted Margin (as a percentage) including Depreciation	5.0%	5.8%		
Investment Gains (Losses)	15,168,552	(1,963,377)	17,131,929	872.6%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 43,144,735	\$ 29,063,733	\$ 14,081,002	48.4%
Adjusted Margin % with Investment Gains (Losses)	7.6%	5.4%		
Adjusted Income (Loss) excluding Depreciation	51,762,529	51,632,165	130,364	0.3%
Adjusted Margin (as a percentage) excluding Depreciation	9.3%	9.6%		

Note: UT Health Science Center at Houston received \$20.1 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 15,900,000	\$ 16,994,468	\$ (1,094,468)	-6.4%
Sponsored Programs	149,877,279	140,298,445	9,578,834	6.8%
Net Sales and Services of Educational Activities	17,227,032	16,403,893	823,139	5.0%
Net Professional Fees	70,888,689	60,250,157	10,638,532	17.7%
Net Auxiliary Enterprises	2,320,554	2,819,090	(498,536)	-17.7%
Other Operating Revenues	23,791,600	21,279,074	2,512,526	11.8%
Total Operating Revenues	<u>280,005,154</u>	<u>258,045,127</u>	<u>21,960,027</u>	<u>8.5%</u>
Operating Expenses				
Salaries and Wages	215,880,935	207,009,308	8,871,627	4.3%
Employee Benefits and Related Costs	53,501,075	50,815,025	2,686,050	5.3%
Professional Fees and Contracted Services	8,309,523	7,918,922	390,601	4.9%
Other Contracted Services	15,859,543	11,825,176	4,034,367	34.1%
Scholarships and Fellowships	2,115,875	1,239,271	876,604	70.7%
Travel	3,505,349	3,567,469	(62,120)	-1.7%
Materials and Supplies	23,397,399	25,298,537	(1,901,138)	-7.5%
Utilities	9,750,000	8,929,286	820,714	9.2%
Telecommunications	4,398,765	4,016,037	382,728	9.5%
Repairs and Maintenance	2,237,630	1,795,436	442,194	24.6%
Rentals and Leases	1,572,216	1,939,859	(367,643)	-19.0%
Printing and Reproduction	1,232,827	1,373,402	(140,575)	-10.2%
Federal Sponsored Programs Pass-Thrus	468,750	394,158	74,592	18.9%
Depreciation and Amortization	18,750,000	17,336,603	1,413,397	8.2%
Other Operating Expenses	48,012,223	52,741,431	(4,729,208)	-9.0%
Total Operating Expenses	<u>408,992,110</u>	<u>396,199,920</u>	<u>12,792,190</u>	<u>3.2%</u>
Operating Loss	<u>(128,986,956)</u>	<u>(138,154,793)</u>	<u>9,167,837</u>	<u>6.6%</u>
Other Nonoperating Adjustments				
State Appropriations	111,737,243	113,507,282	(1,770,039)	-1.6%
Gift Contributions for Operations	15,935,906	2,105,384	13,830,522	656.9%
Net Investment Income	18,326,547	17,378,733	947,814	5.5%
Long Term Fund Distribution	3,503,361	3,087,700	415,661	13.5%
Interest Expense on Capital Asset Financings	(3,630,159)	(4,495,567)	865,408	19.3%
Net Other Nonoperating Adjustments	<u>145,872,898</u>	<u>131,583,532</u>	<u>14,289,366</u>	<u>10.9%</u>
Adjusted Income (Loss) including Depreciation	16,885,942	(6,571,261)	23,457,203	357.0%
Adjusted Margin (as a percentage) including Depreciation	3.9%	-1.7%		
Investment Gains (Losses)	12,994,833	(1,275,865)	14,270,698	1,118.5%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 29,880,775	\$ (7,847,126)	\$ 37,727,901	480.8%
Adjusted Margin % with Investment Gains (Losses)	6.8%	-2.0%		
Adjusted Income (Loss) excluding Depreciation	35,635,942	10,765,342	24,870,600	231.0%
Adjusted Margin (as a percentage) excluding Depreciation	8.3%	2.7%		

Note: UT Health Science Center San Antonio received \$11.9 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 406,477	\$ 310,125	\$ 96,352	31.1%
Sponsored Programs	176,161,179	164,080,870	12,080,309	7.4%
Net Sales and Services of Educational Activities	1,866,285	1,475,279	391,006	26.5%
Net Sales and Services of Hospitals	1,251,486,613	1,117,438,835	134,047,778	12.0%
Net Professional Fees	204,909,653	174,365,864	30,543,789	17.5%
Net Auxiliary Enterprises	18,922,474	17,407,058	1,515,416	8.7%
Other Operating Revenues	20,663,219	13,155,223	7,507,996	57.1%
Total Operating Revenues	<u>1,674,415,900</u>	<u>1,488,233,254</u>	<u>186,182,646</u>	<u>12.5%</u>
Operating Expenses				
Salaries and Wages	832,419,526	757,623,190	74,796,336	9.9%
Employee Benefits and Related Costs	219,751,636	200,885,767	18,865,869	9.4%
Professional Fees and Contracted Services	68,840,447	58,084,867	10,755,580	18.5%
Other Contracted Services	51,875,277	49,270,073	2,605,204	5.3%
Travel	15,085,740	12,582,037	2,503,703	19.9%
Materials and Supplies	315,702,574	306,188,871	9,513,703	3.1%
Utilities	36,470,046	41,815,615	(5,345,569)	-12.8%
Telecommunications	4,736,127	5,677,946	(941,819)	-16.6%
Repairs and Maintenance	35,913,985	29,781,965	6,132,020	20.6%
Rentals and Leases	22,787,049	22,484,881	302,168	1.3%
Federal Sponsored Programs Pass-Thrus	324,594	933,450	(608,856)	-65.2%
Depreciation and Amortization	138,766,399	134,150,510	4,615,889	3.4%
Other Operating Expenses	2,344,914	2,223,418	121,496	5.5%
Total Operating Expenses	<u>1,745,018,314</u>	<u>1,621,702,590</u>	<u>123,315,724</u>	<u>7.6%</u>
Operating Loss	<u>(70,602,414)</u>	<u>(133,469,336)</u>	<u>62,866,922</u>	<u>47.1%</u>
Other Nonoperating Adjustments				
State Appropriations	119,819,911	118,666,590	1,153,321	1.0%
Gift Contributions for Operations	56,047,095	45,368,000	10,679,095	23.5%
Net Investment Income	30,815,285	26,089,531	4,725,754	18.1%
Long Term Fund Distribution	10,478,552	9,911,495	567,057	5.7%
Interest Expense on Capital Asset Financings	(23,950,818)	(22,020,308)	(1,930,510)	-8.8%
Net Other Nonoperating Adjustments	<u>193,210,025</u>	<u>178,015,308</u>	<u>15,194,717</u>	<u>8.5%</u>
Adjusted Income (Loss) including Depreciation	122,607,611	44,545,972	78,061,639	175.2%
Adjusted Margin (as a percentage) including Depreciation	6.5%	2.6%		
Investment Gains (Losses)	93,484,859	44,497,464	48,987,395	110.1%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 216,092,470	\$ 89,043,436	\$ 127,049,034	142.7%
Adjusted Margin % with Investment Gains (Losses)	10.9%	5.1%		
Adjusted Income (Loss) excluding Depreciation	261,374,010	178,696,482	82,677,528	46.3%
Adjusted Margin (as a percentage) excluding Depreciation	13.8%	10.6%		

Note: UT M. D. Anderson Cancer Center received \$12.3 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.

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

	May Year-to-Date <u>FY 2007</u>	May Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Sponsored Programs	\$ 10,471,563	\$ 10,763,159	\$ (291,596)	-2.7%
Net Sales and Services of Educational Activities	627,392	729,400	(102,008)	-14.0%
Net Sales and Services of Hospitals	32,702,313	34,525,511	(1,823,198)	-5.3%
Net Professional Fees	11,936,929	8,869,662	3,067,267	34.6%
Net Auxiliary Enterprises	142,469	197,304	(54,835)	-27.8%
Other Operating Revenues	1,354,110	2,015,714	(661,604)	-32.8%
Total Operating Revenues	<u>57,234,776</u>	<u>57,100,750</u>	<u>134,026</u>	<u>0.2%</u>
Operating Expenses				
Salaries and Wages	38,758,551	44,604,532	(5,845,981)	-13.1%
Employee Benefits and Related Costs	10,609,937	11,133,535	(523,598)	-4.7%
Professional Fees and Contracted Services	4,258,359	3,545,735	712,624	20.1%
Other Contracted Services	5,383,329	5,584,135	(200,806)	-3.6%
Travel	392,689	383,529	9,160	2.4%
Materials and Supplies	9,635,994	11,442,821	(1,806,827)	-15.8%
Utilities	2,442,915	2,124,959	317,956	15.0%
Telecommunications	485,445	441,656	43,789	9.9%
Repairs and Maintenance	2,395,981	2,256,951	139,030	6.2%
Rentals and Leases	856,211	1,001,888	(145,677)	-14.5%
Printing and Reproduction	18,026	136,704	(118,678)	-86.8%
Federal Sponsored Programs Pass-Thrus	346,605	512,224	(165,619)	-32.3%
Depreciation and Amortization	4,736,699	4,332,107	404,592	9.3%
Other Operating Expenses	2,128,969	2,424,203	(295,234)	-12.2%
Total Operating Expenses	<u>82,449,710</u>	<u>89,924,979</u>	<u>(7,475,269)</u>	<u>-8.3%</u>
Operating Loss	<u>(25,214,934)</u>	<u>(32,824,229)</u>	<u>7,609,295</u>	<u>23.2%</u>
Other Nonoperating Adjustments				
State Appropriations	28,084,810	29,070,028	(985,218)	-3.4%
Gift Contributions for Operations	472,434	473,284	(850)	-0.2%
Net Investment Income	2,665,996	2,463,246	202,750	8.2%
Long Term Fund Distribution	291,158	274,186	16,972	6.2%
Interest Expense on Capital Asset Financings	(469,998)	(655,141)	185,143	28.3%
Net Other Nonoperating Adjustments	<u>31,044,400</u>	<u>31,625,603</u>	<u>(581,203)</u>	<u>-1.8%</u>
Adjusted Income (Loss) including Depreciation	5,829,466	(1,198,626)	7,028,092	586.3%
Adjusted Margin (as a percentage) including Depreciation	6.6%	-1.3%		
Investment Gains (Losses)	-	24,657	(24,657)	-100.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 5,829,466	\$ (1,173,969)	\$ 7,003,435	596.6%
Adjusted Margin % with Investment Gains (Losses)	6.6%	-1.3%		
Adjusted Income (Loss) excluding Depreciation	10,566,165	3,133,481	7,432,684	237.2%
Adjusted Margin (as a percentage) excluding Depreciation	11.9%	3.5%		

Note: UT Health Center at Tyler received \$3.7 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.