

THE UNIVERSITY OF TEXAS SYSTEM

OPERATING BUDGET SUMMARIES

AND RESERVE ALLOCATIONS FOR
LIBRARY, EQUIPMENT, REPAIR
AND REHABILITATION

FISCAL YEAR 2009



AUGUST 2008

The University of Texas at Arlington ♦ The University of Texas at Austin ♦ The University of Texas at Brownsville ♦ The University of Texas at Dallas ♦ The University of Texas at El Paso ♦ The University of Texas - Pan American ♦ The University of Texas of the Permian Basin ♦ The University of Texas at San Antonio ♦ The University of Texas at Tyler ♦ The University of Texas Southwestern Medical Center at Dallas ♦ The University of Texas Medical Branch at Galveston ♦ The University of Texas Health Science Center at Houston ♦ The University of Texas Health Science Center at San Antonio ♦ The University of Texas M. D. Anderson Cancer Center ♦ The University of Texas Health Science Center at Tyler ♦ The University of Texas System Administration

THE UNIVERSITY OF TEXAS SYSTEM
*Operating Budget Summaries (Including Reserve Allocations for
Library, Equipment, Repair and Rehabilitation and Faculty STARs)*

For Fiscal Year Ending August 31, 2009

TABLE OF CONTENTS

OPERATING BUDGET SUMMARIES

Operating Budget Highlights (including Background and Glossary of Terms)

The University of Texas System - Combined

The University of Texas System Academic Institutions - Combined

The University of Texas System Health Institutions - Combined

The University of Texas System Administration

The University of Texas at Arlington

The University of Texas at Austin

The University of Texas at Austin - Application of Available University Fund

The University of Texas at Brownsville

The University of Texas at Dallas

The University of Texas at El Paso

The University of Texas - Pan American

The University of Texas of the Permian Basin

The University of Texas at San Antonio

The University of Texas at Tyler

The University of Southwestern Medical Center at Dallas

The University of Texas Medical Branch at Galveston

The University of Texas Health Science Center at Houston

The University of Texas Health Science Center at San Antonio

The University of Texas M.D. Anderson Cancer Center

The University of Texas Health Center at Tyler

RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR)

LERR Allocations Summary and Detail

RESERVE ALLOCATIONS SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) PROGRAM

STARs Allocations Summary and Detail

BUDGET RULES AND PROCEDURES

Operating Budget Rules and Procedures

Medical, Dental and Allied Health Services, Research, and Development Plans Budget Rules

Minimum Faculty Academic Workload

Library, Equipment, Repair and Rehabilitation and STARs Budget Rules

Library, Equipment, Repair and Rehabilitation and STARs Expenditure Guidelines

The University of Texas System Operating Budget Highlights

For the Year Ending August 31, 2009

Introduction

The University of Texas System (the “System”) is one of the largest institutions of higher education in the country and one of the largest employers in Texas. Every year, the System’s nine academic campuses educate one-third of Texas’ college students and its six health-related campuses educate three-quarters of Texas’ health professional students.

The effect of the System’s expenditures on the Texas economy is profound. The State Comptroller of Public Accounts has estimated that every \$1 spent generates as much as \$5 in additional economic activity.

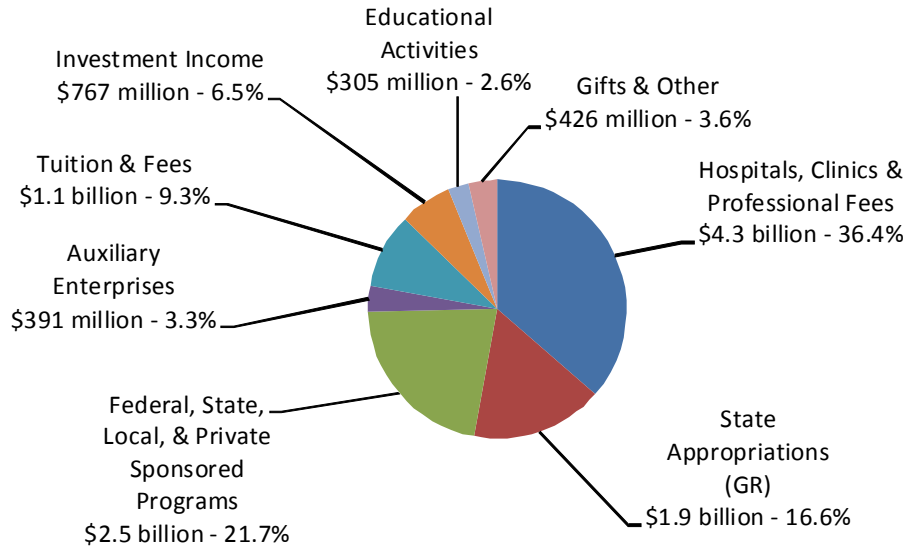
The operating budget provides a wide range of services for Texans. Beyond the primary mission of higher education and research, over \$1 billion in health care is provided for the uninsured and underinsured, several initiatives are supported to improve K-12 education in the public schools, and technologies generated that create new businesses.

All of the System’s work revolves around people – the students served, the faculty recruited and retained, and the staff that makes the work of teachers, physicians and researchers possible. As an educational institution, the System is part of a uniquely labor-intensive industry – one that requires nothing less than the best from all individuals involved.

For the 2009 fiscal year, changes in the operating budget are driven by several important factors: increased patient care, enrollment growth and the attendant increased instructional costs and increased federally sponsored programs including research and financial aid.

Revenues

Where the Money Comes From (\$11.7 billion)



Revenues included in the operating budget summary include both operating and nonoperating revenues used to finance the operating budget. Combined revenues for FY 2009 are \$11.7 billion, up 8.1% or \$881 million from FY 2008. Significant areas of growth include **Sales and Services of Hospital and Clinics** (10.5%, \$313 million), **Local and Private Sponsored Programs** (23.6%, \$156 million), and **Tuition and Fees** (8.7%, \$87 million).

Sales and Services of Hospital Activities primarily include income generated from patient care at the System's hospitals. Growth in patient care activities at U. T. M. D. Anderson Cancer Center (\$160 million), U. T. Medical Branch at Galveston (\$82 million), and U. T. Southwestern Medical Center at Dallas (\$50 million) is predominately responsible for this increase.

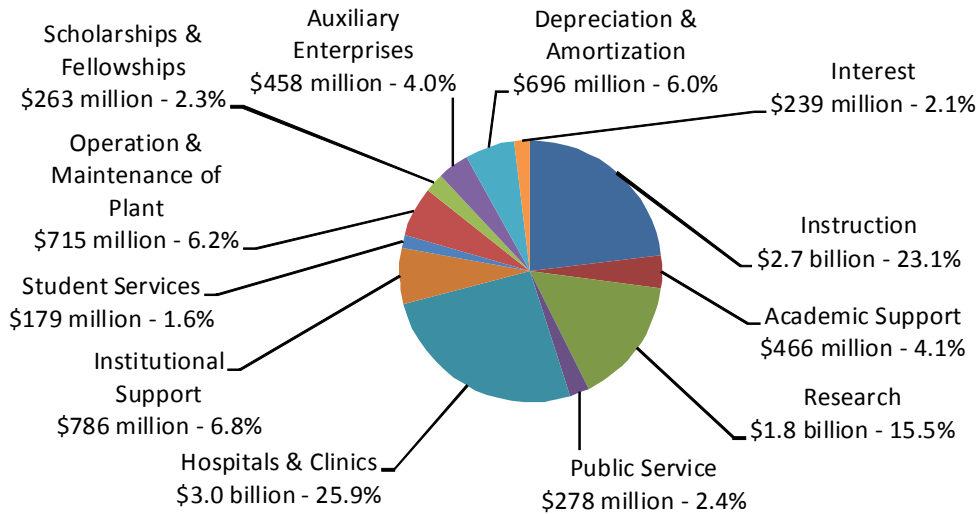
Growth in **Local and Private Sponsored Programs** principally results from activities at U. T. Southwestern Medical Center at Dallas (\$71 million), U. T. Medical Branch at Galveston (\$51 million) and U. T. M. D. Anderson Cancer Center (\$16 million). Contracts with local hospitals for medical services are responsible for the increases at U. T. Southwestern Medical Center at Dallas with increased contract and grant activities at the other institutions.

Growth in **Tuition and Fees** largely occurs at U. T. academic institutions as a result of enrollment changes and increases in designated tuition and fees. The most significant increases are at U. T. Arlington (\$12 million), U. T. Austin (\$24 million), U. T. Dallas (\$23 million), and U. T. El Paso (\$7 million).

Budgeted **State Appropriations** were relatively flat, increasing by \$9 million or 0.5% over 2008 levels. For FY 2009, General Revenue decreased to 16.9% of the total expense budget as compared to 18.2% of the 2008 budget largely the result of flat general revenue compared with growth in the budget financed by other revenue streams (e.g. patient care, sponsored programs).

Expenses

Where the Money Goes (\$11.5 billion)



Expenses reflected in the operating budget include all operational functions, limited nonoperating expenses, and transfers made to fund debt service interest. Depreciation expense is also included in the budget. Conversely, capital outlay and transfers to U. T. System Administration for debt service principal payments are excluded. Combined expenditures for FY 2009 are \$11.5 billion, up 7.9% or \$845 million from FY 2008. Significant functional areas of growth include **Instruction** (6.9%, \$171 million), **Research** (9.6%, \$156 million), and **Hospitals and Clinics** (9.8%, \$266 million).

Overall growth in **Instruction** expenses is primarily associated with new faculty and staff positions required to sustain services for increases in enrollment and patient levels along with merit salary increases awarded at most U. T. institutions. Growth in budgeted expenses is largest at U. T. Austin (\$50 million), U. T. Southwestern Medical Center at Dallas (\$27 million), and U. T. Medical Branch at Galveston (\$43 million).

Growth in **Research** expenses results from a continued commitment by U. T. institutions to developing research activities as well as the acquisition of the Cancer Therapy Research Center by U. T. Health Science Center at San Antonio and U. T. Medical Branch at Galveston placing the Galveston National Laboratory into service. The majority of the increase results from the System's health-related institutions. The largest increases occurred at U. T. Medical Branch at Galveston (\$27 million), U. T. Health Science Center at Houston (\$15 million), U. T. Health Science Center at San Antonio (\$73 million), and U. T. M. D. Anderson Cancer Center (\$42 million).

Hospital and Clinics expenses increased due largely to growth in patient care at U. T. Southwestern Medical Center at Dallas (\$40 million), U. T. Medical Branch at Galveston (\$58 million), U. T. Health Science Center at Houston (\$20 million), and U. T. M. D. Anderson Cancer Center (\$148 million).

Resources

Background

The University of Texas System (the System) has adopted Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – Management’s Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the entity as a whole. Previously, financial statements focused on the accountability of individual fund groups rather than on the entity as a whole.

The System Operating Budget has historically presented sources and uses of funds in select fund groups rather than on operating results of the entity as a whole. As a result, several significant differences existed between the budget and the financial reporting presentations at year-end. Beginning in the 2007 budget, the underlying operating budget maintains the sources and uses information but allows the focus of the budget to conform more closely to the entity-wide financial performance measures of the annual financial report through a series of adjustments that have been incorporated into the budget totals. The major differences that have been resolved included the following items:

- The budget now reflects tuition discounting and related scholarship/fellowship activities in a manner comparable to the GASB rules for the annual financial report.
- Depreciation expense is incorporated into the budgeted expense totals.
- Capital outlay from operating funds is eliminated from budgeted expenditure totals.
- Debt service principal repayments are eliminated from budgeted expenditure totals.
- The portion of Higher Education Assistance Fund (HEAF) appropriations expended on items that are capitalized for accounting purposes is eliminated from the budgeted revenue totals.

The information presented in this summary document nets budgeted revenues and expenses to arrive at a “Budget Margin (Deficit).” Beginning with this calculated margin, a reconciliation has been included to arrive at a forecasted Change in Net Assets that would be comparable to the Statement of Revenues, Expenses and Changes in Net Assets (SRECNA) included in the System’s Annual Financial Report.

Reclassification and Restatement of FY 2008 Budget Totals

In certain situations, reclassifications have been made between line items to enhance comparability with the FY 2009 presentation. In addition, the portion of HEAF appropriations expended on items that are capitalized for accounting purposes as this portion of the revenue stream is not expended for operating purposes. The total impact of this change is a decrease in 2008 revenue of \$8,591,154 including \$1,674,354 at U. T. Brownsville and \$6,916,800 at U. T. Pan American.

Glossary of Terms

Operating Revenues:

TUITION AND FEES – All student tuition and fee revenues earned at the U. T. institutions for educational purposes. Tuition is reported net of discounting.

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. Examples include revenues received from activities such as performing arts, continuing education, charter schools, the University Interscholastic League, trademarks programs, and sports camps.

NET SALES AND SERVICES OF HOSPITALS AND CLINICS – Revenues (net of discounts, allowances, and bad debt expense) generated from U. T. health institutions' 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 U. T. health institutions as part of the Medical Practice Plans. 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.

Operating Expenses:

INSTRUCTION AND ACADEMIC SUPPORT – Expenditures for salaries, wages, and all other costs related to those engaged in the teaching function including the operating costs of instructional departments. This would include the salaries of faculty, teaching assistants, lecturers and teaching equipment. Library materials and related salaries are also included.

RESEARCH – Expenditures for salaries and wages and other costs associated with the support of research conducted by faculty members.

PUBLIC SERVICE – Expenditures for activities providing noninstructional services beneficial to individuals and groups external to the institution (e.g. conferences, institutes such as the Institute for Texan Cultures, museums like the Texas Memorial Museum, general advisory services, reference bureaus, radio, and television).

HOSPITALS AND CLINICS – Expenditures of U. T. health-related institutions with teaching hospital affiliations for costs associated with providing patient care and operating the entity (i.e., labs, pharmacies, personnel salaries, etc.).

INSTITUTIONAL SUPPORT – Expenditures for central executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming, and legal services; fiscal operations, including the investment office; administrative data processing; space management; employee personnel and records; logistical activities that provide procurement, storerooms, safety, security, printing, and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fund raising.

STUDENT SERVICES – Expenditures for offices of admissions and of the registrar and activities with the primary purpose of contributing to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program.

OPERATION AND MAINTENANCE OF PLANT – Expenditures of current operating funds for the operation and maintenance of the physical plant. This includes all expenditures for operations established to provide services and maintenance related to grounds and facilities. Also included are utilities, fire protection, property insurance, and similar items. Specifically included are: salaries, wages, supplies materials and other expenses necessary to keep each building in good repair and usable condition. Also includes expenses necessary to keep the buildings in a clean and sanitary condition, provide upkeep of all lands designated as campus proper (improved and unimproved) not occupied by actual buildings.

SCHOLARSHIPS & FELLOWSHIPS – Expenditures for scholarships and fellowships in the form of grants to students resulting from selection by the institution or from an entitlement program. Amounts reported are net of the effects of tuition discounting.

AUXILIARY ENTERPRISES – Expenditures of essentially self-supporting institution enterprises (e.g. bookstores, dormitories, inter-collegiate athletic programs, etc.).

DEPRECIATION AND AMORTIZATION – A noncash expense that reduces the value of a capital asset as a result of wear and tear, age, or obsolescence. Also includes amortization expense, which is the gradual elimination of a liability in regular payments over a specified period of time.

Nonoperating Revenues (Expenses):

STATE APPROPRIATIONS AND HEAF (NON-CAPITALIZED) – Appropriations from the State General Revenue Fund, which supplement the U. T. institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support. Also includes Higher Education Assistance Funds (HEAF), which is a source of state appropriated general revenue to U. T. Brownsville and U. T. Pan American. HEAF is appropriated for construction, library, and equipment expenses for Texas public universities that do not benefit from Permanent University Fund (PUF) bond proceeds. HEAF appropriations expended on items that are capitalized for accounting purposes are excluded from this line item.

GIFTS IN SUPPORT OF OPERATIONS – Consist of public and private gifts used in current operations, excluding gifts for capital acquisition and endowment gifts.

NET INVESTMENT INCOME – Interest and dividend income, Long Term Fund and Permanent Health Fund distributions paid from current year income and patent and royalty income. Distributions from the Permanent University Fund are also included for budget purposes.

OTHER NONOPERATING REVENUES (EXPENSES) – Revenues and expenses not directly associated with the primary missions of System institutions and not included in another category.

Transfers and Other:

AUF TRANSFERS RECEIVED (MADE) – Transfers made from U. T. System Administration’s Available University Fund primarily used to finance excellence at U. T. Austin and general administration at U. T. System Administration. AUF Transfers Received are included in budgeted “revenue” at U. T. Austin and U. T. System Administration in order to be incorporated into margin calculations. To allow revenue totals to balance System-wide, AUF Transfers Made are reported as a contra-revenue at U. T. System Administration.

TRANSFERS FOR DEBT SERVICE - INTEREST – Reflects debt service activity at all U. T. institutions and includes only the interest portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and Permanent University Fund (PUF) bond programs. Through the REVERSE TRANSFERS FOR DEBT SERVICE (SYSTEM ONLY) line item, these amounts are eliminated for purposes of calculating the System-wide SRECNA Change in Net Assets. This elimination leaves interest expense for the entire System reflected at System Administration since most of the System’s debt is issued in the name of the Board of Regents.

Reconciliation to Change in Net Assets:

NET NON-PROFIT HEALTH CORP ACTIVITY – Reflects the net activity of the non-profit health corporations affiliated with U. T. health-related institutions. These organizations function as independent entities and their operations are not directly included in the System’s operating budget. At year end, these entities are incorporated into the System’s financial statements in accordance with generally accepted accounting principles.

NET INC./ (DEC.) IN FAIR VALUE OF INVESTMENTS – Unrealized gains or losses on investment assets of the System.

INTEREST EXPENSE ON CAPITAL ASSET FINANCINGS – Interest expense associated with bond and note borrowings utilized to finance capital improvement projects. System Administration reports most interest expense because almost all debt legally belongs to the Board of Regents.

CAPITAL APPROPRIATIONS, GIFTS AND SPONSORED PROGRAMS – Includes appropriations from the State along with gifts and support for capital projects of the System that are not used for operations.

HEAF (CAPITALIZED) – The portion of the HEAF appropriation related to expenditures that are capitalized for accounting purposes. This portion of the HEAF appropriation is not expended for operating purposes and is separated non-capitalized HEAF activities and other state appropriations to more accurately present the budget margin.

ADDITIONS TO PERMANENT ENDOWMENTS – Gifts and other additions to the corpus of permanent endowments. These funds are not available to be expended for operational purposes.

TRANSFERS FOR DEBT SERVICE – PRINCIPAL – Reflects debt service activity at all U. T. institutions and includes only the principal portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and Permanent University Fund (PUF) bond programs. Through the REVERSE TRANSFERS FOR DEBT SERVICE (SYSTEM ONLY) line item, these amounts are eliminated for purposes of calculating the System-wide SRECNA Change in Net Assets as retirement of principal is a balance sheet transaction and does not impact net assets.

REVERSE TRANSFERS FOR DEBT SERVICE (SYSTEM ONLY) – This line is used to eliminate the effects of transfers for debt service received by U. T. System Administration on the SRECNA Change in Net Assets.

TRANSFERS AND OTHER – Includes all interfund transfers and other activity not categorized elsewhere. For U. T. System, this total also includes the distribution to Texas A&M University System for their annual one-third participation in the Permanent University Fund endowment.

**The University of Texas System
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 968,296,162	1,005,990,030	1,093,126,230	87,136,200	8.7%
Federal Sponsored Programs	1,405,764,917	1,478,568,779	1,535,160,800	56,592,021	3.8%
State Sponsored Programs	181,970,616	177,620,334	189,119,572	11,499,238	6.5%
Local and Private Sponsored Programs	658,823,278	663,291,507	819,517,593	156,226,086	23.6%
Net Sales and Services of Educational Activities	308,473,395	281,076,693	305,375,763	24,299,070	8.6%
Net Sales and Services of Hospital and Clinics	2,763,559,452	2,968,002,331	3,280,800,102	312,797,771	10.5%
Net Professional Fees	1,012,411,281	939,935,456	994,414,848	54,479,392	5.8%
Net Auxiliary Enterprises	327,421,705	338,102,586	390,975,492	52,872,906	15.6%
Other Operating Revenues	147,186,519	106,351,757	100,798,586	(5,553,171)	-5.2%
Total Operating Revenues	7,773,907,325	7,958,939,473	8,709,288,986	750,349,513	9.4%
Operating Expenses:					
Instruction	2,384,322,684	2,483,043,695	2,653,929,171	170,885,476	6.9%
Academic Support	390,408,835	428,757,295	466,054,012	37,296,717	8.7%
Research	1,542,919,588	1,629,932,048	1,785,712,950	155,780,902	9.6%
Public Service	222,109,069	275,981,894	277,799,548	1,817,654	0.7%
Hospitals and Clinics	2,635,148,711	2,713,055,201	2,978,755,168	265,699,967	9.8%
Institutional Support	634,649,281	757,694,713	785,541,206	27,846,493	3.7%
Student Services	157,349,985	170,426,149	178,677,284	8,251,135	4.8%
Operations and Maintenance of Plant	554,597,692	672,605,167	715,261,696	42,656,529	6.3%
Scholarships and Fellowships	257,277,074	252,332,931	263,206,906	10,873,975	4.3%
Auxiliary Enterprises	373,633,751	403,487,872	458,280,581	54,792,709	13.6%
Depreciation and Amortization	626,913,140	631,958,348	696,289,580	64,331,232	10.2%
Total Operating Expenses	9,779,329,810	10,419,275,313	11,259,508,102	840,232,789	8.1%
Operating Surplus/Deficit	(2,005,422,485)	(2,460,335,840)	(2,550,219,116)	(89,883,276)	3.7%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	1,763,551,314	1,938,426,895	1,947,452,530	9,025,635	0.5%
Gifts in Support of Operations	284,498,251	272,571,224	319,798,844	47,227,620	17.3%
Net Investment Income	803,945,580	693,286,492	767,160,954	73,874,462	10.7%
Other Non-Operating Revenue	4,325,404	5,705,255	5,843,718	138,463	2.4%
Other Non-Operating (Expenses)	(124)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	2,856,320,425	2,909,989,866	3,040,256,046	130,266,180	4.5%
Transfers and Other:					
AUF Transfers Received for Operations	159,561,334	177,840,449	201,172,402	23,331,953	13.1%
AUF Transfers (Made) for Operations	(159,561,334)	(177,840,449)	(201,172,402)	(23,331,953)	13.1%
Transfers for Debt Service - Interest	(167,642,766)	(234,674,404)	(239,297,961)	(4,623,557)	2.0%
Total Transfers and Other	(167,642,766)	(234,674,404)	(239,297,961)	(4,623,557)	2.0%
Budget Margin (Deficit)	683,255,174	214,979,622	250,738,969	35,759,347	16.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	2,469,927	1,000,000	(1,469,927)	-59.5%
Net Inc./(Dec.) in Fair Value of Investments	1,628,788,483	-	-	-	-
Interest Expense on Capital Asset Financings	(157,987,169)	(156,948,832)	(151,500,000)	5,448,832	-3.5%
Capital Approp., Gifts and Sponsored Programs	178,289,409	116,865,066	132,930,837	16,065,771	13.7%
HEAF (Capitalized)	8,551,438	8,591,154	10,664,208	2,073,054	24.1%
Additions to Permanent Endowments	163,901,286	105,980,831	115,930,190	9,949,359	9.4%
Transfers for Debt Service - Principal	(233,884,212)	(293,717,510)	(332,318,609)	(38,601,099)	13.1%
Reverse Transfers for Debt Service (System Only)	401,526,978	528,391,914	571,616,570	43,224,656	8.2%
Transfers and Other	901,777,575	(151,746,896)	(187,610,825)	(35,863,929)	23.6%
SRECNA Change in Net Assets	\$ 3,574,218,962	374,865,276	411,451,340	36,586,064	9.8%
Total Revenues and AUF Transfers	\$ 10,630,227,874	10,868,929,339	11,749,545,032	880,615,693	8.1%
Total Expenses (Including Transfers for Interest)	(9,946,972,700)	(10,653,949,717)	(11,498,806,063)	(844,856,346)	7.9%
Budget Margin (Deficit)	\$ 683,255,174	214,979,622	250,738,969	35,759,347	
Reconciliation to Use of Prior Year Balances					
Depreciation		631,958,348	696,289,580		
Capital Outlay		(521,982,646)	(534,520,951)		
HEAF (Capitalized)		8,591,154	10,664,208		
Transfers for Debt Service - Principal		(293,717,510)	(332,318,609)		
Budgeted Transfers		(32,643,836)	(28,398,444)		
Use of Prior Year Balances		7,185,132	62,454,753		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas Academic Institutions
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 893,131,550	934,211,031	1,013,548,501	79,337,470	8.5%
Federal Sponsored Programs	639,243,682	619,753,030	639,570,945	19,817,915	3.2%
State Sponsored Programs	115,238,372	114,530,123	122,179,468	7,649,345	6.7%
Local and Private Sponsored Programs	142,826,096	142,366,504	154,880,890	12,514,386	8.8%
Net Sales and Services of Educational Activities	191,908,521	177,935,014	206,714,007	28,778,993	16.2%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	247,218,656	250,848,037	301,970,299	51,122,262	20.4%
Other Operating Revenues	23,437,606	10,390,706	15,614,793	5,224,087	50.3%
Total Operating Revenues	2,253,004,483	2,250,034,445	2,454,478,903	204,444,458	9.1%
Operating Expenses:					
Instruction	1,026,959,008	1,105,554,502	1,191,655,121	86,100,619	7.8%
Academic Support	252,177,510	273,396,543	303,646,751	30,250,208	11.1%
Research	513,998,121	555,475,959	559,942,935	4,466,976	0.8%
Public Service	113,746,896	125,373,271	135,416,126	10,042,855	8.0%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	226,482,234	256,278,954	269,677,925	13,398,971	5.2%
Student Services	143,538,206	155,273,105	162,428,243	7,155,138	4.6%
Operations and Maintenance of Plant	270,782,095	288,779,694	296,570,135	7,790,441	2.7%
Scholarships and Fellowships	245,247,048	238,375,281	247,453,110	9,077,829	3.8%
Auxiliary Enterprises	310,188,761	331,921,520	385,441,222	53,519,702	16.1%
Depreciation and Amortization	244,686,489	228,074,811	232,157,635	4,082,824	1.8%
Total Operating Expenses	3,347,806,368	3,558,503,640	3,784,389,203	225,885,563	6.3%
Operating Surplus/Deficit	(1,094,801,885)	(1,308,469,195)	(1,329,910,300)	(21,441,105)	1.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	803,011,500	912,410,477	913,431,170	1,020,693	0.1%
Gifts in Support of Operations	124,066,220	96,824,619	120,114,723	23,290,104	24.1%
Net Investment Income	191,771,105	164,845,728	184,991,836	20,146,108	12.2%
Other Non-Operating Revenue	80,004	-	-	-	-
Other Non-Operating (Expenses)	(167,513)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,118,761,316	1,174,080,824	1,218,537,729	44,456,905	3.8%
Transfers and Other:					
AUF Transfers Received for Operations	127,560,000	143,600,000	166,335,000	22,735,000	15.8%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(57,101,023)	(72,310,414)	(79,672,757)	(7,362,343)	10.2%
Total Transfers and Other	70,458,977	71,289,586	86,662,243	15,372,657	21.6%
Budget Margin (Deficit)	94,418,408	(63,098,785)	(24,710,328)	38,388,457	-60.8%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	453,666,977	-	-	-	-
Interest Expense on Capital Asset Financings	(1,517,935)	(1,548,832)	(1,500,000)	48,832	-3.2%
Capital Approp., Gifts and Sponsored Programs	65,911,343	18,853,000	24,025,000	5,172,000	27.4%
HEAF (Capitalized)	8,551,438	8,591,154	10,664,208	2,073,054	24.1%
Additions to Permanent Endowments	58,158,255	61,121,800	62,060,314	938,514	1.5%
Transfers for Debt Service - Principal	(63,994,078)	(110,356,112)	(122,173,760)	(11,817,648)	10.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	515,981,047	341,783,282	553,132,883	211,349,601	61.8%
SRECNA Change in Net Assets	\$ 1,131,175,455	255,345,507	501,498,317	246,152,810	96.4%
Total Revenues and AUF Transfers	\$ 3,499,493,312	3,567,715,269	3,839,351,632	271,636,363	7.6%
Total Expenses (Including Transfers for Interest)	(3,405,074,904)	(3,630,814,054)	(3,864,061,960)	(233,247,906)	6.4%
Budget Margin (Deficit)	\$ 94,418,408	(63,098,785)	(24,710,328)	38,388,457	
Reconciliation to Use of Prior Year Balances					
Depreciation		228,074,811	232,157,635		
Capital Outlay		(94,721,904)	(89,713,939)		
HEAF (Capitalized)		8,591,154	10,664,208		
Transfers for Debt Service - Principal		(110,356,112)	(122,173,760)		
Budgeted Transfers		(33,056,218)	(28,656,595)		
Use of Prior Year Balances		(64,567,054)	(22,432,779)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas Health-Related Institutions
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 75,164,612	71,778,999	79,577,729	7,798,730	10.9%
Federal Sponsored Programs	771,586,783	843,411,673	869,647,235	26,235,562	3.1%
State Sponsored Programs	66,564,559	57,473,856	66,940,104	9,466,248	16.5%
Local and Private Sponsored Programs	544,041,542	520,549,416	663,347,417	142,798,001	27.4%
Net Sales and Services of Educational Activities	88,430,610	99,743,206	96,887,487	(2,855,719)	-2.9%
Net Sales and Services of Hospital and Clinics	2,763,559,452	2,968,002,331	3,280,800,102	312,797,771	10.5%
Net Professional Fees	1,012,411,281	939,935,456	994,414,848	54,479,392	5.8%
Net Auxiliary Enterprises	80,203,049	87,254,549	89,005,193	1,750,644	2.0%
Other Operating Revenues	70,667,044	95,905,051	85,153,793	(10,751,258)	-11.2%
Total Operating Revenues	5,472,628,932	5,684,054,537	6,225,773,908	541,719,371	9.5%
Operating Expenses:					
Instruction	1,348,680,052	1,368,035,178	1,444,103,721	76,068,543	5.6%
Academic Support	138,231,325	155,360,752	162,407,261	7,046,509	4.5%
Research	1,046,457,448	1,074,456,089	1,225,770,015	151,313,926	14.1%
Public Service	108,362,173	150,608,623	142,383,422	(8,225,201)	-5.5%
Hospitals and Clinics	2,664,166,678	2,713,055,201	2,978,755,168	265,699,967	9.8%
Institutional Support	353,652,831	447,378,491	458,217,924	10,839,433	2.4%
Student Services	13,811,779	15,153,044	16,249,041	1,095,997	7.2%
Operations and Maintenance of Plant	283,815,597	383,825,473	418,691,561	34,866,088	9.1%
Scholarships and Fellowships	12,030,026	13,957,650	15,753,796	1,796,146	12.9%
Auxiliary Enterprises	63,444,990	71,566,352	72,839,359	1,273,007	1.8%
Depreciation and Amortization	376,871,575	397,523,537	458,704,945	61,181,408	15.4%
Total Operating Expenses	6,409,524,474	6,790,920,390	7,393,876,213	602,955,823	8.9%
Operating Surplus/Deficit	(936,895,542)	(1,106,865,853)	(1,168,102,305)	(61,236,452)	5.5%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	963,774,224	1,025,094,390	1,033,099,332	8,004,942	0.8%
Gifts in Support of Operations	159,356,896	174,899,130	198,819,510	23,920,380	13.7%
Net Investment Income	207,075,142	207,275,507	209,954,476	2,678,969	1.3%
Other Non-Operating Revenue	4,668,934	5,705,255	5,843,718	138,463	2.4%
Other Non-Operating (Expenses)	(256,144)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	1,334,619,052	1,412,974,282	1,447,717,036	34,742,754	2.5%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(59,368,843)	(80,411,481)	(81,248,533)	(837,052)	1.0%
Total Transfers and Other	(59,368,843)	(80,411,481)	(81,248,533)	(837,052)	1.0%
Budget Margin (Deficit)	338,354,667	225,696,948	198,366,198	(27,330,750)	-12.1%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	2,469,927	1,000,000	(1,469,927)	-59.5%
Net Inc./(Dec.) in Fair Value of Investments	390,173,653	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	112,378,066	98,012,066	108,905,837	10,893,771	11.1%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	105,476,461	44,859,031	53,869,876	9,010,845	20.1%
Transfers for Debt Service - Principal	(128,235,135)	(139,681,398)	(159,455,049)	(19,773,651)	14.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	281,368,319	187,814,655	373,983,002	186,168,347	99.1%
SRECNA Change in Net Assets	\$ 1,099,516,031	419,171,229	576,669,864	157,498,635	37.6%
Total Revenues and AUF Transfers	\$ 6,807,504,128	7,097,028,819	7,673,490,944	576,462,125	8.1%
Total Expenses (Including Transfers for Interest)	(6,469,149,461)	(6,871,331,871)	(7,475,124,746)	(603,792,875)	8.8%
Budget Margin (Deficit)	\$ 338,354,667	225,696,948	198,366,198	(27,330,750)	
Reconciliation to Use of Prior Year Balances					
Depreciation		397,523,537	458,704,945		
Capital Outlay		(426,240,742)	(444,207,012)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(139,681,398)	(159,455,049)		
Budgeted Transfers		1,168,382	1,158,771		
Use of Prior Year Balances		58,466,727	54,567,853		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas System Administration
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

The FY 2009 operating budget allows the U. T. System Administration to continue to fulfill its mission to lead and serve the U. T. academic and health institutions to create and sustain excellence in educational opportunities, research and health care. In fulfilling this role, value is added on behalf of the U. T. institutions through the undertaking of certain central responsibilities that result in greater efficiency or higher quality than could be achieved by individual institutions. The budget also strives to maintain competitive compensation levels for staff through a 3.85% merit pool.

Revenue

Growth in budgeted revenues is largely driven by a \$50.5 million increase in U. T. System's share of the expected distribution to the Available University Fund (AUF) from the Permanent University Fund (PUF) offset by a \$22.7 million increase in the transfer of AUF income to U. T. Austin. The increase in both the System's distribution and the amount transferred to U. T. Austin is a result of the February 2008 Board approved amendment to the *Permanent University Fund Investment Policy Statement*. This amendment allows for an increase from a 4.75% to a 5.0% distribution to the AUF of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending February of each year when the annual rate of return exceeds the expected annual return by 25 basis points or more.

Federal Sponsored Programs have increased \$10.5 million over FY 2008 primarily due to the \$7.0 million Teacher Incentive Fund (TIF) grant. The purpose of this grant is to reward effective and high performing principals and teachers in schools which serve large populations of high poverty and minority students. There is also an increase of approximately \$2.5 million of expected federal Medicare Part D subsidies of the U. T. System's group health insurance plan.

State Sponsored Programs decreased by \$4.6 million as a result of the pattern of receipt of funds supporting the Joint Admission Medical Program (JAMP) for the 2008-09 biennium. The program received all of its funding in the first fiscal year of the current biennium (2008), to be expended by JAMP over the two year period.

Expenses

For the U. T. System Administration, total budgeted expenses including transfers associated with interest on debt service will grow 5.2% or \$7.9 million.

Instruction increased by 92.2% or \$8.7 million, primarily a result of the Teacher Incentive Fund grant as well as the use of other federal and local contract and grant awards.

Institutional Support functions have grown by 6.8% or \$3.7 million. Of this increase, \$2.5 million relates to the use of the federal Medicare Part D subsidies. The remaining \$1.2 million reflects the cost of the merit policy for staff, miscellaneous staffing adjustments, related benefits increases and targeted increases in maintenance, operations and equipment, and travel funds.

Interest expenses on PUF debt are anticipated to decline by \$3.6 million over the prior year.

**The University of Texas System Administration
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	12,470,433	15,404,076	25,942,620	10,538,544	68.4%
State Sponsored Programs	175,500	5,616,355	-	(5,616,355)	-100.0%
Local and Private Sponsored Programs	973,607	375,587	1,289,286	913,699	243.3%
Net Sales and Services of Educational Activities	28,134,264	3,398,473	1,774,269	(1,624,204)	-47.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	55,755,465	56,000	30,000	(26,000)	-46.4%
Total Operating Revenues	97,509,269	24,850,491	29,036,175	4,185,684	16.8%
Operating Expenses:					
Instruction	8,691,439	9,454,015	18,170,329	8,716,314	92.2%
Academic Support	-	-	-	-	-
Research	-	-	-	-	-
Public Service	-	-	-	-	-
Hospitals and Clinics	-	-	-	-	-
Institutional Support	57,187,812	54,037,268	57,645,357	3,608,089	6.7%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	-	-	-	-	-
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	5,355,076	6,360,000	5,427,000	(933,000)	-14.7%
Total Operating Expenses	71,234,327	69,851,283	81,242,686	11,391,403	16.3%
Operating Surplus/Deficit	26,274,942	(45,000,792)	(52,206,511)	(7,205,719)	16.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	816,190	922,028	922,028	-	0.0%
Gifts in Support of Operations	1,075,135	847,475	864,611	17,136	2.0%
Net Investment Income	413,458,929	321,165,257	372,214,642	51,049,385	15.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	415,350,254	322,934,760	374,001,281	51,066,521	15.8%
Transfers and Other:					
AUF Transfers Received for Operations	32,001,334	34,240,449	34,837,402	596,953	1.7%
AUF Transfers (Made) for Operations	(159,561,334)	(177,840,449)	(201,172,402)	(23,331,953)	13.1%
Transfers for Debt Service - Interest	(51,172,900)	(81,952,509)	(78,376,671)	3,575,838	-4.4%
Total Transfers and Other	(178,732,900)	(225,552,509)	(244,711,671)	(19,159,162)	8.5%
Budget Margin (Deficit)	262,892,296	52,381,459	77,083,099	24,701,640	47.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	1,401,978,584	-	-	-	-
Interest Expense on Capital Asset Financings	(163,809,031)	(155,400,000)	(150,000,000)	5,400,000	-3.5%
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	108,884,928	114,000,000	191,000,000	77,000,000	67.5%
Transfers for Debt Service - Principal	(41,655,000)	(43,680,000)	(50,689,800)	(7,009,800)	16.0%
Reverse Transfers for Debt Service (System Only)	401,526,978	528,391,914	571,616,570	43,224,656	8.2%
Transfers and Other	643,774,989	(382,483,587)	(382,503,161)	(19,574)	0.0%
SRECNA Change in Net Assets	\$ 2,613,593,744	113,209,786	256,506,708	143,296,922	126.6%
Total Revenues and AUF Transfers	\$ 385,299,523	204,185,251	236,702,456	32,517,205	15.9%
Total Expenses (Including Transfers for Interest)	(122,407,227)	(151,803,792)	(159,619,357)	(7,815,565)	5.1%
Budget Margin (Deficit)	\$ 262,892,296	52,381,459	77,083,099	24,701,640	
Reconciliation to Use of Prior Year Balances					
Depreciation		6,360,000	5,427,000		
Capital Outlay		(1,020,000)	(600,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(43,680,000)	(50,689,800)		
Budgeted Transfers		(756,000)	(900,620)		
Use of Prior Year Balances		13,285,459	30,319,679		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at Arlington
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

U. T. Arlington's FY 2009 Operating Budget addresses the University's major goals, initiatives, and strategies including: 1) funding of a merit and equity policy designed to retain the University's high quality faculty and staff as well as continuing the one-time cash excellence award program for productive faculty, 2) continued support of research faculty resulting in an increase in the amount of federal, state, local and private funded grants received by the University, 3) providing for expansion of the graduate remission program, increased graduate and undergraduate merit, and need based scholarships, 5) providing for increased expenditures for physical plant for hiring of additional staff, 4) providing for non-science, technology, engineering, and math (STEM) graduate assistants stipend increases, 6) providing building and operating funds for the Civil Engineering Lab Building and operating costs for the Arlington Business Accelerator and the U. T. Arlington Fort Worth Campus, and 7) providing funds for the increase of development staff and hiring of a new Vice President for Development.

Revenue

Revenue growth of 9.5% over FY 2008 is reflected in the FY 2009 Operating Budget. As approved by the Board of Regents, the 2008-2009 average total academic cost for a full time resident undergraduate student will increase by 4.95% (\$3,822 to \$4,011). FY 2009 revenue growth is due to: 1) tuition and fee estimated revenue increase of \$12.1 million, generated from the aforementioned increase in tuition and fee flat rates for 12 or more semester credit hour load while enrollment is expected to remain at its current FY 2008 levels, 2) state appropriations for FY 2009 are increased by 0.5%, 3) federal, state, local and private sponsored programs are estimated to increase by \$4.2 million due to the addition of research faculty over the last five fiscal years, 4) income from net sales and services of educational activities are estimated to increase \$2.9 million due to the revenue from the Center for Executive Development and Executive Master's of Business Administration Program - Fort Worth, U. T. Arlington's continuing education programs and the English Language Institute, 6) net investment income from earnings on investments with UTIMCO and interest on designated fund balances are expected to increase \$.65 million, 7) Auxiliary Enterprise operation revenues are expected to increase \$3.46 million, and 8) Other Operating Revenues have increased from estimated natural gas revenues of \$0.6 million, and from bank account analysis and credit card fee income of \$2.4 million.

Expenses

Expenses in the FY 2009 Operating Budget are expected to increase 5.3% over FY 2008. This increase encompasses 1) 3% merit and 1% equity faculty and staff salary increase policy plus applicable payroll related costs totaling \$4.6 million, 2) new grant and contract research expenses of about \$3.4 million, 3) providing for expansion of the graduate remission program, increased graduate and undergraduate merit and need based scholarships \$3 million, 4) increased physical plant staff for \$390,000, 5) providing for non-STEM graduate assistants stipend increases for \$400,000, providing increased support for university infrastructure of \$1.2 million, 6) increased support for development office staff of \$220,000, 7) increase in Auxiliary Enterprise operations of \$1.7 million, 8) increase in student services support and operations of \$2 million, and 9) an increase of \$2.8 million in debt service.

**The University of Texas at Arlington
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 127,453,845	141,257,069	153,337,079	12,080,010	8.6%
Federal Sponsored Programs	44,446,997	45,598,014	46,893,511	1,295,497	2.8%
State Sponsored Programs	5,871,314	6,947,320	7,291,408	344,088	5.0%
Local and Private Sponsored Programs	4,790,311	13,997,806	16,592,021	2,594,215	18.5%
Net Sales and Services of Educational Activities	14,525,943	10,499,002	13,387,925	2,888,923	27.5%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	23,914,909	20,594,438	24,048,172	3,453,734	16.8%
Other Operating Revenues	11,529,231	4,476,005	9,002,203	4,526,198	101.1%
Total Operating Revenues	232,532,550	243,369,654	270,552,319	27,182,665	11.2%
Operating Expenses:					
Instruction	114,388,265	121,220,518	131,116,827	9,896,309	8.2%
Academic Support	26,583,142	29,811,687	30,762,631	950,944	3.2%
Research	30,813,600	37,173,004	37,327,193	154,189	0.4%
Public Service	10,170,300	9,578,842	9,619,036	40,194	0.4%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	26,803,941	26,522,188	32,199,926	5,677,738	21.4%
Student Services	21,325,703	22,145,441	24,192,153	2,046,712	9.2%
Operations and Maintenance of Plant	30,500,314	35,483,162	32,558,215	(2,924,947)	-8.2%
Scholarships and Fellowships	10,309,252	19,981,725	21,508,961	1,527,236	7.6%
Auxiliary Enterprises	32,633,500	33,671,343	35,354,311	1,682,968	5.0%
Depreciation and Amortization	21,094,795	21,500,000	22,065,367	565,367	2.6%
Total Operating Expenses	324,622,812	357,087,910	376,704,620	19,616,710	5.5%
Operating Surplus/Deficit	(92,090,262)	(113,718,256)	(106,152,301)	7,565,955	-6.7%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	101,874,891	110,971,082	111,524,588	553,506	0.5%
Gifts in Support of Operations	1,887,387	2,401,449	1,956,938	(444,511)	-18.5%
Net Investment Income	8,799,804	4,794,145	11,941,933	7,147,788	149.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	112,562,082	118,166,676	125,423,459	7,256,783	6.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(6,230,333)	(8,944,363)	(8,894,713)	49,650	-0.6%
Total Transfers and Other	(6,230,333)	(8,944,363)	(8,894,713)	49,650	-0.6%
Budget Margin (Deficit)	14,241,487	(4,495,943)	10,376,445	14,872,388	-330.8%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	15,057,392	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	950,534	103,000	75,000	(28,000)	-27.2%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	959,621	1,465,800	1,398,314	(67,486)	-4.6%
Transfers for Debt Service - Principal	(9,567,710)	(14,398,808)	(17,246,171)	(2,847,363)	19.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	40,889,055	35,512,800	33,318,000	(2,194,800)	-6.2%
SRECNA Change in Net Assets	\$ 62,530,379	18,186,849	27,921,588	9,734,739	53.5%
Total Revenues and AUF Transfers	\$ 345,094,632	361,536,330	395,975,778	34,439,448	9.5%
Total Expenses (Including Transfers for Interest)	(330,853,145)	(366,032,273)	(385,599,333)	(19,567,060)	5.3%
Budget Margin (Deficit)	\$ 14,241,487	(4,495,943)	10,376,445	14,872,388	
Reconciliation to Use of Prior Year Balances					
Depreciation		21,500,000	22,065,367		
Capital Outlay		(16,195,776)	(6,277,457)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(14,398,808)	(17,246,171)		
Budgeted Transfers		(270,008)	429,771		
Use of Prior Year Balances		(13,860,535)	9,347,955		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at Austin
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

The major goals of The University of Texas at Austin addressed by the FY 2009 budget are 1) continue the faculty expansion, 2) support a competitive compensation plan aimed at the recruitment and retention of top talent, and 3) support academic initiatives critical to the future.

U. T. Austin has been able to continue the faculty expansion (300 new faculty positions over a ten year period) to reduce the faculty/student ratio by providing funds for thirty new faculty in FY 2008-2009. As in the past, central administration will fund a total 3% salary increase pool for faculty and staff. Colleges, schools, and departments were permitted to supplement these central funds to increase the average merit increase for faculty and administrative and professional staff to about 4.5%.

Faculty recruitment and retention in the sciences and engineering continues to be a major challenge. The replacement of the existing Experimental Sciences Building with a modern facility is a major factor in our ability to successfully compete with other institutions for talented faculty. Demolition and construction has begun on this building project. Investments to enhance the educational experience include funding for the School of Undergraduate Studies and classroom renovations.

We began making progress on one of our foremost goals of increasing our recurring funding for repair and renovation of facilities by adding \$2 million to this budget.

Revenue

Based on recommendations from the University's Tuition Policy Advisory Committee and as approved by the Board of Regents, the 2008-2009 average total full time resident undergraduate flat rate tuition will increase by 4.95% (\$4,065 to \$4,266 per long session semester for 12 or more SCH). The Energy Fee has been eliminated in FY 2008-2009, so will be reduced from \$50 to \$0.

As a result of appropriations for the second year of the biennium, state general revenue is increasing by \$200,000 including state paid group insurance and benefits. Additionally, the AUF distribution to U. T. Austin is increasing by \$22.7 million (15.8%). This includes about \$8 million due to the increase in the payout from the PUF allocation approved by the Board of Regents. This special AUF allocation is dedicated to expand the faculty and provide other services to students.

Rising gifts, distributions from endowments, and net investment income are expected to add \$23.6 million to revenue. Federal sponsored research support is expected to only have modest increases of less than \$1 million. But, state sponsored programs increased by about \$9 million, including \$1.8 million in the Advanced Research Program (ARP) and \$1.3 million in the Texas GRANT scholarship program. Net Sales and Services should increase about \$25 million with expected revenue increases for conferences, continuing education, and University Interscholastic League programs, as well as the reopening of the Performing Arts Center after the completion of renovations. Of the \$37 million in Auxiliary revenue increases, \$23.9 million is from the new AT&T Executive Education and Conference Center (EECC), which will open in fall of 2008.

Expenses

Operating expenses for FY 2009 are expected to increase by about 6.9% due to merit salary increases and related benefits, the addition of thirty new faculty members, and the enhancement of college academic programs, as recommended by the Tuition Policy Advisory Committee. Included in this increase is \$19.8 million in expenditures for the new EECC.

The scholarship program will continue to provide scholarships that cover a substantial amount of the tuition increase for all undergraduate resident students and graduate students with family incomes of \$80,000 or less.

Debt Service will rise approximately \$9.9 million due to new debt related to the EECC and the DKR-Texas Memorial Stadium expansion. Most of this new debt will be serviced by incremental auxiliary revenue.

**The University of Texas at Austin
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 371,898,131	368,400,000	392,800,000	24,400,000	6.6%
Federal Sponsored Programs	348,542,834	339,805,674	340,731,452	925,778	0.3%
State Sponsored Programs	48,631,177	47,222,063	56,286,900	9,064,837	19.2%
Local and Private Sponsored Programs	68,979,608	72,317,672	73,752,030	1,434,358	2.0%
Net Sales and Services of Educational Activities	152,803,456	143,997,612	169,013,695	25,016,083	17.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	163,863,892	174,047,531	211,531,661	37,484,130	21.5%
Other Operating Revenues	3,403,127	1,430,654	1,454,815	24,161	1.7%
Total Operating Revenues	1,158,122,225	1,147,221,206	1,245,570,553	98,349,347	8.6%
Operating Expenses:					
Instruction	503,004,260	541,902,469	592,105,392	50,202,923	9.3%
Academic Support	125,026,395	136,741,991	157,054,713	20,312,722	14.9%
Research	374,925,375	393,633,445	387,944,950	(5,688,495)	-1.4%
Public Service	57,462,981	65,578,979	79,289,985	13,711,006	20.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	89,930,463	97,104,600	98,676,954	1,572,354	1.6%
Student Services	45,941,174	49,794,930	51,202,900	1,407,970	2.8%
Operations and Maintenance of Plant	134,091,698	136,799,568	143,195,879	6,396,311	4.7%
Scholarships and Fellowships	97,885,692	92,624,419	92,161,681	(462,738)	-0.5%
Auxiliary Enterprises	183,151,141	201,757,524	237,851,818	36,094,294	17.9%
Depreciation and Amortization	135,227,783	108,680,034	111,940,435	3,260,401	3.0%
Total Operating Expenses	1,746,646,962	1,824,617,959	1,951,424,707	126,806,748	6.9%
Operating Surplus/Deficit	(588,524,737)	(677,396,753)	(705,854,154)	(28,457,401)	4.2%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	301,768,872	322,408,844	322,605,332	196,488	0.1%
Gifts in Support of Operations	95,688,355	78,264,886	92,321,325	14,056,439	18.0%
Net Investment Income	141,329,264	127,146,940	136,785,925	9,638,985	7.6%
Other Non-Operating Revenue	80,004	-	-	-	-
Other Non-Operating (Expenses)	(81,155)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	538,785,340	527,820,670	551,712,582	23,891,912	4.5%
Transfers and Other:					
AUF Transfers Received for Operations	127,560,000	143,600,000	166,335,000	22,735,000	15.8%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(27,113,991)	(27,119,414)	(32,125,949)	(5,006,535)	18.5%
Total Transfers and Other	100,446,009	116,480,586	134,209,051	17,728,465	15.2%
Budget Margin (Deficit)	50,706,612	(33,095,497)	(19,932,521)	13,162,976	-39.8%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	363,516,012	-	-	-	-
Interest Expense on Capital Asset Financings	(1,517,935)	(1,548,832)	(1,500,000)	48,832	-3.2%
Capital Approp., Gifts and Sponsored Programs	44,991,783	10,000,000	20,000,000	10,000,000	100.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	44,556,746	50,000,000	50,000,000	-	0.0%
Transfers for Debt Service - Principal	(18,194,586)	(28,983,379)	(33,873,866)	(4,890,487)	16.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	311,764,962	222,810,500	289,500,000	66,689,500	29.9%
SRECNA Change in Net Assets	\$ 795,823,594	219,182,792	304,193,613	85,010,821	38.8%
Total Revenues and AUF Transfers	\$ 1,824,548,720	1,818,641,876	1,963,618,135	144,976,259	8.0%
Total Expenses (Including Transfers for Interest)	(1,773,842,108)	(1,851,737,373)	(1,983,550,656)	(131,813,283)	7.1%
Budget Margin (Deficit)	\$ 50,706,612	(33,095,497)	(19,932,521)	13,162,976	
Reconciliation to Use of Prior Year Balances					
Depreciation		108,680,034	111,940,435		
Capital Outlay		(44,092,421)	(51,277,221)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(28,983,379)	(33,873,866)		
Budgeted Transfers		(30,380,328)	(27,528,105)		
Use of Prior Year Balances		(27,871,591)	(20,671,278)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at Austin
Application of Available University Fund (AUF)
Recommended Budget 2008-09**

The mission of The University of Texas at Austin is excellence in teaching, research, and service and all sources of funds (appropriated, AUF, tuition, grants, and gifts) are expended to this end.

Specifically, the AUF provides the margin of excellence that permits UT Austin to achieve and maintain its place as one of the premier public institutions of higher education in the nation. This margin of excellence is demonstrated in the following ways:

Excellence in Mission:	\$ 94,037,693
Instructional Excellence	
Enhanced Academic Programs Academic initiatives at the college and departmental level enhanced by the AUF include curriculum innovation, development of new degree programs, interdisciplinary program planning and coordination, honors programs, internship programs, academic technology and facility support, K-12 and community outreach activities, and continuing education.	\$ 8,662,164
Instructional Program Services These services include college computing services, instructional and technology enhanced teaching support, provision of Web-based student-faculty communication platforms, teaching effectiveness services, credit by examination, new and experienced faculty training, assessment methods, student course-instructor evaluations, the UT Elementary School, and coordination of University-wide K-12 activities.	2,176,607
Instructional Initiatives and Programs The School of Undergraduate Studies was developed to enhance the education for all undergraduates through core curriculum, advising, learning communities, signature courses, interdisciplinary programs, and research.	8,368,174
Other initiatives include providing students with visiting lecturers, and specialized centers for bilingual education, education technology, science education, clinical legal, pharmacy and nursing experiences, student education field experience, fine arts productions, and the master teacher institute.	
Academic Infrastructure (Libraries, Instructional Technology) Instructional technology services include providing access to computing, voice and data networks, internet, and email. Library services include access to comprehensive print and digital resources supporting all disciplines, and access to specialized collections within the Humanities Research Center, the Benson Latin American Collection and the Law Library.	40,396,013

**The University of Texas at Austin
Application of Available University Fund (AUF)
Recommended Budget 2008-09**

<p>Student Programs and Services These services encompass new student orientation, welcoming and mentoring programs, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning, the University Honors Center, the International Office, and study abroad programs. Funds for classroom renovations will also enhance the classroom experience.</p>	7,365,621	
<p>Research Excellence Research Competitiveness Support is provided for the critical research infrastructure required for faculty to be competitive for federal, state, and private sector research grant funding, to meet the ever increasing regulatory and compliance requirements associated with this external funding, to provide specialized services for areas such as animal care and high performance computing, to support the UT Press, and to help support research centers and institutes targeting areas critical to the economic development of Texas and the nation.</p>	22,811,362	
<p>Outreach Excellence Academic Program/Community Interface These programs help define and characterize the role of a flagship institution within the larger community and include such units as: KUT Radio, Performing Arts Center, Blanton Museum, Texas Memorial Museum, and Winedale Historical Center.</p>	4,257,752	
Recruitment and Retention of Talent:		52,642,792
<p>Faculty The faculty development program and the recruitment and start-up package funds will enable UT Austin to add 300 new faculty positions over a ten year period to lower the student/faculty ratio. Lowering this ratio will improve undergraduate educational programs and will increase institutional adaptability, which are major institutional goals for this decade. Steady progress must be made annually to achieve these goals.</p>	7,757,200	
<p>K-12 Outreach and Undergraduate Students The University Outreach centers provide an intensive college preparatory program for under-represented students beginning in eighth grade and continuing through high school. The purpose is to increase the number of educationally disadvantaged students who graduate from Texas high schools prepared to matriculate and be successful in Texas colleges and universities. Funds for various admission, scholarship and retention programs (Gateway, National merit scholarships, Multicultural Information Center, etc.) help insure the quality and diversity of students.</p>	17,058,305	

**The University of Texas at Austin
Application of Available University Fund (AUF)
Recommended Budget 2008-09**

Graduate Students 27,827,287
The intellectual and research accomplishments of the University depend critically on our ability to recruit and retain the very best graduate students from across the nation. These funds provide the scholarships, fellowships and infrastructure support necessary for UT Austin to compete with its peer institutions for these excellent students.

Institutional Accountability and Enhanced Connections to the Public 17,870,846

Institutional accountability programs and offices are dedicated to providing support services for excellence in teaching, research, and public service. Development efforts expand private support by presenting evidence of the University's distinctive character, valuable service, and efficient management. Public Affairs has leadership responsibility for the institution's interaction with the media and with the public at large. The Office of Information Management and Analysis provides information and analytical support to university decision makers and submits numerous reports to the Texas Higher Education Coordinating Board and the Department of Education. Employee and Campus Services is dedicated to enhancing the development and delivery of most supporting services for on-campus clients, including public and environmental safety and the integrity of the physical infrastructure of the campus. Project Information Quest (IQ) uses business intelligence tools to provide critical information to University decision-makers.

UT System 1,783,669

The UT System Office of Telecommunication Services and the Network Bandwidth were established by the UT System Board of Regents to provide other UT campuses with inter-institutional voice, video, and computer communications in support of their missions of instruction and research. These services are managed by UT Austin, and therefore, appear in UT Austin's budget.

UT Austin AUF Budget \$ 166,335,000

**The University of Texas at Austin
Application of Available University Fund (AUF)
Recommended Budget 2008-09**

Details

Excellence in Mission

Instructional Excellence

Enhanced Academic Programs		\$ 8,662,164
Colleges and Schools	\$ 7,665,684	
Academic Departments and Centers	996,480	
 Instructional Program Services		 2,176,607
College computing services	288,378	
UT Elementary School	98,000	
Division of Instructional Innovation and Assessment	1,790,229	
 Instructional Initiatives and Programs		 8,368,174
Visiting Lecturers and Academic development	288,855	
Comm-Academic Excellence Fund	224,631	
Bilingual education	70,762	
Education Learning Technology Center	496,322	
Science Education Center	87,333	
Education student field experience	60,346	
Fine Arts ensembles, projects & opera production	55,098	
Nursing Children's Wellness Center	66,950	
Clinical legal education	112,168	
Center For Science And Practice Of Sustainability	321,646	
English Excellence	250,000	
E-outreach	178,091	
Provost's Initiatives and Innovations	2,318,972	
Master Teacher Institute	363,068	
Nursing learning center	13,688	
Undergraduate Programs	556,383	
Signature Courses	1,076,384	
Office of the Dean of the School of Undergraduate Studies	1,020,890	
Center for Strategic Advising	248,749	
Core Curriculum Development	102,400	
First-Year Interest Groups	455,438	
 Academic Infrastructure		 40,396,013
Instructional Technology:	15,458,783	
computing, network, internet, email, etc		
Libraries: general library, Benson, Law, HRC	24,937,230	
 Student Programs and Services		 7,365,621
Dean of Students	2,267,606	
Deaf interpreters	426,353	
Mathematics lab	201,947	
Study abroad	576,042	
International exchange program	27,252	
International Office	656,421	
Classroom Renovations Reserve	3,210,000	

**The University of Texas at Austin
Application of Available University Fund (AUF)
Recommended Budget 2008-09**

Research Excellence		22,811,362
Research Competitiveness		
Research grant infrastructure, compliance and support		
VP Research	1,368,148	
Compliance	660,130	
Research grants	55,100	
Animal Resources Center	520,704	
Texas Advanced Computing Center	3,375,047	
	<u>5,979,129</u>	
Research Initiatives		
UT Press	1,121,342	
Undergraduate Research	7,750	
Organized Research Units	5,828,498	
Institute for Computational Engineering and Science	98,000	
Institute for Cellular and Molecular Biology	2,795,657	
Research Enhancement	5,390,000	
Institute for Geophysics	826,786	
Marine Science Institute	764,200	
	<u>16,832,233</u>	
Outreach Excellence		4,257,752
Academic Program/Community Interface		
KUT	277,252	
Performing Arts Center	1,946,920	
Blanton Museum	790,672	
Texas Memorial Museum	1,093,425	
Winedale	149,483	
Recruitment and Retention of Talent:		52,642,792
Initiatives to ensure quality and diversity		
Faculty		
Faculty development program	2,835,954	
Recruitment start-up package, special equipment	4,921,246	
	<u>7,757,200</u>	
Undergraduate Students		
Admission	1,885,608	
Rio Grande Valley Admissions Center	367,527	
Registrar	1,752,235	
Freshman Admissions Center	786,196	
Outreach centers	1,234,113	
Multicultural information center	148,219	
National merit scholarships	1,692,599	
Tuition and fees scholarship	69,129	
Scholarships	1,214,429	
Gateway	369,679	
Student retention programs	301,542	
Community college student recruitment	219,825	
Student services programs	2,081,972	
Recruitment and retention programs	191,778	
Former student records	378,411	
Alumni volunteer network	124,118	
Admissions *NRSTAR Research	72,643	
Dallas Satellite Admissions Office	209,399	
Houston Satellite Office	234,328	
Student financial services	3,037,406	
University Honors Center	74,722	
Longhorn Scholars	320,960	
Law Admissions Outreach	291,467	
	<u>17,058,305</u>	

**The University of Texas at Austin
Application of Available University Fund (AUF)
Recommended Budget 2008-09**

Graduate Students		
Dean of Graduate Studies	2,158,720	
English Proficiency	94,740	
Graduate fellowships	4,947,059	
Tuition Benefits - Teaching Asst/Asst Instructor	18,859,967	
Special graduate fellowships	750,000	
Graduate research fellowships	200,000	
ICMB graduate student recruitment	105,000	
Graduate and international admissions	316,801	
LBJ scholarships	225,000	
Liberal Arts - History - Brands Graduate Fellows	20,000	
Center for African American Studies Graduate Student Support	150,000	
	<u>27,827,287</u>	
Institutional Accountability and		
Enhanced Connections to the Public		17,870,846
Office of Institutional Research	1,722,316	
Public Affairs and Special Events (commencement, etc)	1,927,808	
VP for Employee and Campus Services	814,393	
Campus Security and Safety	175,927	
Equal Employment Opportunity	292,137	
Employee training	164,340	
Employee Communications	241,869	
IQ Project	1,212,202	
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	11,095,735	
General faculty office	224,119	
UT System		1,783,669
Information Technology Network Bandwidth	160,000	
Telecomm office and infrastructure - UT System Support	900,000	
Telecomm office and infrastructure - UT Austin Support	280,283	
Technology assessments	443,386	
TOTAL		<u><u>\$ 166,335,000</u></u>

**The University of Texas Brownsville
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

The goals addressed by the FY 2009 Budget include maintaining adequate faculty salaries, adding adequate faculty to address enrollment growth, funding new academic programs, funding adequate personnel to support enrollment growth, increase student retention, and compress time to graduation.

Revenue

In the Spring of FY 2008, new Satisfactory Academic Performance standards (SAP) were implemented for all students. The new criteria is expected to impact enrollments by over 900 less tuition paying students in FY 2009 as compared to FY 2008.

Operating revenues are expected to grow by \$5.3 million for FY 2009. As approved by the Board of Regents, the 2008-2009 average total academic cost for a full time resident undergraduate student will increase by \$313 (\$2,423 to \$2,736). Tuition and fees are projected to increase primarily due to an \$11.50 per semester credit hour increase in designated tuition, a new \$5.00 athletic fee, a \$1.00 increase in the library fee, a \$1.00 increase in the computer use fee, a \$15.00/semester increase in the automation fee and a \$3.74/semester increase in the Student Union fee. Overall, semester credit hours (SCH) for FY 2009 are budgeted to increase by 7,632 for U. T. Brownsville students with a decrease 18,138 for Texas Southmost College students resulting in an overall net decrease of 10,506 SCH for FY 2009. The budgeted amount for Net Tuition and Fees is reflective of both the rate and SCH production increases for U. T. Brownsville students only. Tuition and Fees for Texas Southmost College students are reflected as Local and Private Sponsored Program revenue since they pass through to U. T. Brownsville from Texas Southmost College. Although Texas Southmost College tuition and fee revenues are increasing as a result of rate increases, declines in enrollment will eliminate most of the increases. The budget reflects a \$3.8 million increase in Local and Private Sponsored Programs but \$3.3 million of this relates to a revenue reclassification and to accounting changes. Other revenues are designated for specific purposes and are not available for general operations.

Expenses

A primary goal of the FY 2009 budget is to provide 4% salary increases for faculty in the form of promotions, tenure and exceptional merit, totaling \$1.1M. Funds have also been added to provide 4% increases to staff in the form of base merit, exceptional merit and market adjustments, totaling \$0.8 million.

New funding of \$0.5 million will foster student retention efforts to increase enrollment totals. An increase in designated tuition of \$0.6 million will contribute to increases in designated tuition set-asides along with TPEG set-asides for scholarships. With the new athletic fee in place to cover athletic related costs, approximately \$0.7 million of new programs will be added to student services. Increased enrollment in the math and science academy will add an additional \$0.2 million funded by additional average daily attendance dollars for the students. Other activities such as Pell and restricted activities will see increases in expenditures totaling \$2.8 million, funded by revenue increases designated for these purposes.

In the FY 2008 Budget, the Education and General Fund utilized \$725,000 of fund balance to hire new faculty to support new program growth. In the FY 2009 Budget, U. T. Brownsville is expecting to utilize a total of \$3.3 million in fund balance to support existing initiatives as well as new activities designed to assist students with SAP. The University has a number of recruitment, retention, and marketing strategies underway which will pave the way to regain enrollment for the FY 2010 budget. The FY 2009 Budget will allow the University to maintain the momentum it has achieved and will prepare U. T. Brownsville to continue to expand and grow the education opportunities for the community and students.

**The University of Texas at Brownsville
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 12,537,136	13,657,786	15,215,298	1,557,512	11.4%
Federal Sponsored Programs	34,245,292	29,433,109	30,775,781	1,342,672	4.6%
State Sponsored Programs	3,744,933	3,351,248	2,108,930	(1,242,318)	-37.1%
Local and Private Sponsored Programs	50,670,732	45,598,985	49,427,679	3,828,694	8.4%
Net Sales and Services of Educational Activities	1,057,365	600,718	553,000	(47,718)	-7.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	812,632	1,187,171	999,100	(188,071)	-15.8%
Other Operating Revenues	137,510	7,520	10,700	3,180	42.3%
Total Operating Revenues	103,205,600	93,836,537	99,090,488	5,253,951	5.6%
Operating Expenses:					
Instruction	37,129,809	38,340,628	40,883,657	2,543,029	6.6%
Academic Support	11,916,722	14,031,605	16,802,986	2,771,381	19.8%
Research	4,182,007	2,486,569	3,399,888	913,319	36.7%
Public Service	6,094,196	5,143,673	4,470,044	(673,629)	-13.1%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	10,537,756	11,050,746	11,448,195	397,449	3.6%
Student Services	9,015,655	8,294,035	8,434,479	140,444	1.7%
Operations and Maintenance of Plant	11,465,066	10,531,289	9,901,748	(629,541)	-6.0%
Scholarships and Fellowships	32,134,993	26,829,823	27,280,285	450,462	1.7%
Auxiliary Enterprises	6,138,650	6,027,233	8,648,288	2,621,055	43.5%
Depreciation and Amortization	5,402,826	5,400,778	5,935,530	534,752	9.9%
Total Operating Expenses	134,017,680	128,136,379	137,205,100	9,068,721	7.1%
Operating Surplus/Deficit	(30,812,080)	(34,299,842)	(38,114,612)	(3,814,770)	11.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	29,535,340	36,904,249	35,352,483	(1,551,766)	-4.2%
Gifts in Support of Operations	269,836	90,673	136,000	45,327	50.0%
Net Investment Income	1,267,337	917,660	917,801	141	0.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	31,072,513	37,912,582	36,406,284	(1,506,298)	-4.0%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,677,227)	(1,834,156)	(1,662,346)	171,810	-9.4%
Total Transfers and Other	(1,677,227)	(1,834,156)	(1,662,346)	171,810	-9.4%
Budget Margin (Deficit)	(1,416,794)	1,778,584	(3,370,674)	(5,149,258)	-289.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	2,182,252	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	101,715	25,000	-	(25,000)	-100.0%
HEAF (Capitalized)	1,868,292	1,674,354	3,209,508	1,535,154	91.7%
Additions to Permanent Endowments	244,943	-	-	-	-
Transfers for Debt Service - Principal	(2,640,138)	(5,391,926)	(5,854,541)	(462,615)	8.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	3,447,084	951,000	6,093,000	5,142,000	540.7%
SRECNA Change in Net Assets	\$ 3,787,354	(962,988)	77,293	1,040,281	-108.0%
Total Revenues and AUF Transfers	\$ 134,278,113	131,749,119	135,496,772	3,747,653	2.8%
Total Expenses (Including Transfers for Interest)	(135,694,907)	(129,970,535)	(138,867,446)	(8,896,911)	6.8%
Budget Margin (Deficit)	\$ (1,416,794)	1,778,584	(3,370,674)	(5,149,258)	
Reconciliation to Use of Prior Year Balances					
Depreciation		5,400,778	5,935,530		
Capital Outlay		(4,186,790)	(3,209,510)		
HEAF (Capitalized)		1,674,354	3,209,508		
Transfers for Debt Service - Principal		(5,391,926)	(5,854,541)		
Budgeted Transfers		-	-		
Use of Prior Year Balances		(725,000)	(3,289,687)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at Dallas
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

- Focus on increasing overall enrollment
- Emphasis on recruiting students of exceptional merit
- Maintaining competitive adjustments in compensation to recruit and develop outstanding faculty with a particular emphasis on science, technology, engineering, and math (STEM) faculty
- Increase graduation rates through the Gateway to Excellence in Math and Science (GEMS) program
- Continuing progress on the Engineering and Science Research Enhancement Initiative (Project Emmitt)
- Expanded collaborations within U. T. System through the Texas Nanoelectronics Research and Texas Analog Research Superiority Initiatives
- Establishment of the Office of Technology Commercialization for managing, evaluating, and commercializing the University's intellectual property
- Development of final plans for new buildings including Math, Science and Technology Building, Student Living Learning Center/Dining Buildings, Student Services Building, and Arts and Technology Facility
- Managing issues of deferred maintenance and facilities infrastructure

Revenue

Revenue growth of 17.1% over FY 2008 budget due to the following:

- 4.14% projected enrollment growth for FY 2009
- Tuition and fee increases based on approved new rates. As approved by the Board of Regents, the 2008-2009 average total academic cost for a full time resident undergraduate student will increase by 4.95% (\$4,355 to \$4,571).
- \$11.4 million increase in restricted sponsored programs based on current and projected activity
- \$7.0 million increase in gifts to support operations based on current projections
- \$1.3 million in other operating income based on historical revenue streams

Expenses

Primary factors contributing to an anticipated 11.9% growth in expenses are as follows:

- Program of merit increases for faculty and staff based on 3% of the FY 2008 salary expenditures (\$2.9 million)
- Continued growth in research expenditures led by addition of new faculty members with established federal grants and by establishment of new collaborative research initiatives
- Increase in restricted fund expenses of \$14 million, including contracts, grants, and gifts
- New budget initiatives for Academic Affairs totaling \$5 million
- \$2 million for new faculty
- \$2 million for scholarships and financial aid
- Increase in Auxiliary Fund expenses, including new athletic fee (\$1.55 million) and transportation services (\$575,000)
- Increases for library acquisitions of \$770,000
- Debt service increase of \$2.3 million including increases for Student Living Learning Center/Dining Buildings, Student Services Building, and additional equipment financing

**The University of Texas at Dallas
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 94,620,156	102,032,243	124,804,578	22,772,335	22.3%
Federal Sponsored Programs	25,689,397	25,683,738	34,184,900	8,501,162	33.1%
State Sponsored Programs	15,794,880	2,859,568	2,674,577	(184,991)	-6.5%
Local and Private Sponsored Programs	5,850,959	5,387,351	8,437,282	3,049,931	56.6%
Net Sales and Services of Educational Activities	6,056,236	7,399,776	7,416,906	17,130	0.2%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	4,941,232	5,558,649	5,994,589	435,940	7.8%
Other Operating Revenues	3,597,392	2,300,305	3,582,400	1,282,095	55.7%
Total Operating Revenues	156,550,252	151,221,630	187,095,232	35,873,602	23.7%
Operating Expenses:					
Instruction	84,921,316	90,763,808	100,382,913	9,619,105	10.6%
Academic Support	23,262,094	23,659,114	23,406,112	(253,002)	-1.1%
Research	36,051,148	46,727,434	54,335,200	7,607,766	16.3%
Public Service	7,121,192	6,857,021	6,622,036	(234,985)	-3.4%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	19,789,875	25,158,576	28,442,845	3,284,269	13.1%
Student Services	8,655,999	10,136,220	11,319,716	1,183,496	11.7%
Operations and Maintenance of Plant	18,450,008	20,184,654	21,457,541	1,272,887	6.3%
Scholarships and Fellowships	12,386,046	9,219,996	15,087,216	5,867,220	63.6%
Auxiliary Enterprises	14,276,902	14,777,789	17,271,335	2,493,546	16.9%
Depreciation and Amortization	19,129,856	21,333,840	21,798,340	464,500	2.2%
Total Operating Expenses	244,044,436	268,818,452	300,123,254	31,304,802	11.6%
Operating Surplus/Deficit	(87,494,184)	(117,596,822)	(113,028,022)	4,568,800	-3.9%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	76,244,723	89,143,170	89,579,440	436,270	0.5%
Gifts in Support of Operations	8,953,820	3,128,006	10,163,640	7,035,634	224.9%
Net Investment Income	12,323,622	12,338,726	12,626,634	287,908	2.3%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	(86,358)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	97,435,807	104,609,902	112,369,714	7,759,812	7.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(6,202,693)	(7,437,529)	(8,934,732)	(1,497,203)	20.1%
Total Transfers and Other	(6,202,693)	(7,437,529)	(8,934,732)	(1,497,203)	20.1%
Budget Margin (Deficit)	3,738,930	(20,424,449)	(9,593,040)	10,831,409	-53.0%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	28,125,335	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	17,105,069	2,000,000	3,000,000	1,000,000	50.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	5,868,485	3,600,000	3,002,000	(598,000)	-16.6%
Transfers for Debt Service - Principal	(4,386,780)	(8,567,361)	(9,327,299)	(759,938)	8.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	7,598,998	23,139,000	12,000,000	(11,139,000)	-48.1%
SRECNA Change in Net Assets	\$ 58,050,037	(252,810)	(918,339)	(665,529)	263.3%
Total Revenues and AUF Transfers	\$ 254,072,417	255,831,532	299,464,946	43,633,414	17.1%
Total Expenses (Including Transfers for Interest)	(250,333,487)	(276,255,981)	(309,057,986)	(32,802,005)	11.9%
Budget Margin (Deficit)	\$ 3,738,930	(20,424,449)	(9,593,040)	10,831,409	
Reconciliation to Use of Prior Year Balances					
Depreciation		21,333,840	21,798,340		
Capital Outlay		(7,953,351)	(8,844,941)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(8,567,361)	(9,327,299)		
Budgeted Transfers		(231,000)	(247,000)		
Use of Prior Year Balances		(15,842,321)	(6,213,940)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at El Paso
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

The FY 2009 Operating Budget for U. T. El Paso focused on several important issues for the University. U. T. El Paso added approximately \$2.0 million to the faculty salary base for merit based increases, market adjustments, and recruitment of new faculty. The annual increases in faculty salaries have allowed the University to increase its average faculty salary by approximately 19% from \$60,749 in FY 2003 to \$72,542 in FY 2008. An additional \$1.4 million was added to provide for an average merit increase of 3% for staff members. The FY 2009 Operating Budget also includes initiatives to enhance undergraduate and graduate support. These increases include the addition of \$460,000 in the Library budget to maintain and enhance current academic and research materials, graduate program support in the amount of \$300,000, and increases in Graduate Assistant salaries and student advising totaling \$200,000. The University is continuing efforts to enhance technology throughout campus and has committed an additional \$350,000 in network and systems enhancements.

Revenue

Total Operating Revenues increased by approximately 7.7% over FY 2008. This growth is due to an increase in tuition and fee revenue of approximately \$7.1 million, a 9.3% increase. The increase in tuition and fee revenue results from anticipated enrollment growth of 2% and rate increases in designated tuition (\$8.00 per semester credit hour (SCH)), technology fee (\$0.50 per SCH), library fee (\$1.25 per SCH) and student service fees (\$0.25 per SCH). In addition, several colleges increased differential tuition rates for graduate programs. As approved by the Board of Regents, the 2008-2009 average total academic cost for a full time resident undergraduate student will increase by \$150 (\$2,884 to \$3,034).

State appropriations increased slightly by \$72,257, an increase of less than one percent. However, General Revenue appropriations available for operations decreased by \$127,743, which was offset by anticipated increase of \$200,000 in benefits paid by the State.

All sponsored programs are anticipated to increase by 4.9% to \$83.8 million. Federal sponsored programs are projected to increase to by 10% to \$59.7 million, including indirect cost recoveries and federal financial aid. Net investment income is projected to increase by approximately \$460,000, a 6.6% increase. Net auxiliary enterprises revenue is projected to increase by approximately \$2.6 million, largely due to a \$1.5 million capital contribution from Follet towards the construction of a new campus bookstore. Additional increases in auxiliary enterprises include a projected increase in athletics revenues of approximately \$850,000 and increases in rent income resulting from increases in student housing rates.

Expenses

Total budgeted operating expenses are expected to increase by 5.4% to approximately \$290 million. Approximately \$2.9 million has been set aside for faculty and staff merit increases. U. T. El Paso adopted the following salary policy for FY 2009: Faculty – pool equivalent to 3% of the faculty salary budget was allocated to provide merit-based salary increases; Classified and Administrative and Professional Staff – pool of funds equivalent to 3% of the staff salary budget was allocated to provide merit-based salary increases. An additional \$700,000 was set-aside for new faculty positions and graduate assistant salaries. Corresponding increases in staff benefits resulting from the merit increase and new positions total approximately \$480,000.

Other increases include a \$2.1 million projected increase in scholarship expenses resulting from increased set-asides and funding within restricted funds, \$317,000 for the minimum wage increase and \$150,000 in institutional maintenance and operation costs. Student Service Fee activity budgets will increase by approximately \$170,000. The University will continue to utilize appropriations from the Research Development Fund to recruit and retain key research faculty by expanding research capacity and providing additional salary support for graduate research assistants.

**The University of Texas at El Paso
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 71,423,762	76,663,511	83,777,245	7,113,734	9.3%
Federal Sponsored Programs	63,934,454	54,290,191	59,732,891	5,442,700	10.0%
State Sponsored Programs	11,622,379	25,090,661	23,529,028	(1,561,633)	-6.2%
Local and Private Sponsored Programs	6,207,109	512,322	571,196	58,874	11.5%
Net Sales and Services of Educational Activities	4,029,150	3,236,564	3,473,924	237,360	7.3%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	28,456,294	20,674,105	23,335,729	2,661,624	12.9%
Other Operating Revenues	162,000	60,000	60,000	-	0.0%
Total Operating Revenues	185,835,148	180,527,354	194,480,013	13,952,659	7.7%
Operating Expenses:					
Instruction	79,886,917	83,745,208	86,895,657	3,150,449	3.8%
Academic Support	16,537,047	14,531,564	16,394,215	1,862,651	12.8%
Research	33,965,655	36,454,567	39,913,491	3,458,924	9.5%
Public Service	7,869,230	9,907,638	7,974,408	(1,933,230)	-19.5%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	17,875,823	21,330,613	22,919,852	1,589,239	7.5%
Student Services	13,872,616	15,016,535	16,167,555	1,151,020	7.7%
Operations and Maintenance of Plant	22,175,212	21,777,757	22,536,005	758,248	3.5%
Scholarships and Fellowships	29,246,719	27,316,922	29,500,132	2,183,210	8.0%
Auxiliary Enterprises	38,672,647	30,759,826	32,578,939	1,819,113	5.9%
Depreciation and Amortization	13,733,474	14,438,131	15,200,000	761,869	5.3%
Total Operating Expenses	273,835,340	275,278,761	290,080,254	14,801,493	5.4%
Operating Surplus/Deficit	(88,000,192)	(94,751,407)	(95,600,241)	(848,834)	0.9%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	79,915,843	91,155,704	91,227,961	72,257	0.1%
Gifts in Support of Operations	8,503,553	6,590,584	6,880,250	289,666	4.4%
Net Investment Income	9,324,556	7,056,080	7,523,750	467,670	6.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	97,743,952	104,802,368	105,631,961	829,593	0.8%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(2,975,801)	(4,954,876)	(4,951,760)	3,116	-0.1%
Total Transfers and Other	(2,975,801)	(4,954,876)	(4,951,760)	3,116	-0.1%
Budget Margin (Deficit)	6,767,959	5,096,085	5,079,960	(16,125)	-0.3%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	18,033,597	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	2,407,343	5,900,000	-	(5,900,000)	-100.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	1,214,572	1,206,000	2,010,000	804,000	66.7%
Transfers for Debt Service - Principal	(7,393,734)	(13,559,104)	(13,679,791)	(120,687)	0.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	22,543,965	31,278,453	30,615,000	(663,453)	-2.1%
SRECNA Change in Net Assets	\$ 43,573,702	29,921,434	24,025,169	(5,896,265)	-19.7%
Total Revenues and AUF Transfers	\$ 283,579,100	285,329,722	300,111,974	14,782,252	5.2%
Total Expenses (Including Transfers for Interest)	(276,811,141)	(280,233,637)	(295,032,014)	(14,798,377)	5.3%
Budget Margin (Deficit)	\$ 6,767,959	5,096,085	5,079,960	(16,125)	
Reconciliation to Use of Prior Year Balances					
Depreciation		14,438,131	15,200,000		
Capital Outlay		(3,181,382)	(2,931,399)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(13,559,104)	(13,679,791)		
Budgeted Transfers		(769,266)	(988,147)		
Use of Prior Year Balances		2,024,464	2,680,623		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas – Pan American
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by the FY 2009 Budget

U. T. Pan American's vision is to be a premier learner-centered research institution whose operating budget aligns resources to its priorities identified in its 2009-2010 Compact with the U. T. System: (1) improve 4-, 5-, and 6-year graduation rates, (2) implement and refine U. T. Pan American's SACS Quality Enhancement Plan (QEP): "Engaging Learning for Mexican-American Students in Gatekeeper Mathematics Courses", (3) improve organizational processes and structure, (4) increase the value and number of research expenditures and doctoral programs, and (5) increase the number of science, technology, engineering, math, nursing and allied health graduates at all degree levels.

Revenue

Total revenue is projected to increase to \$222.9 million, an \$8.6 million (4%) increase over FY 2008. Tuition and fees, which comprise the largest component of this increase, are estimated to generate \$54.0 million net of discounts, an increase of \$2.6 million (5.0%) over the previous fiscal year. Most of this increase is due to a change in the designated tuition rate from \$79.15 to \$87.70 per semester credit hour (SCH). The designated tuition rate will continue to be among the lowest in the state and will continue to be capped at 14 hours to encourage timely graduation. As approved by the Board of Regents, the 2008-2009 average total academic cost for a full time resident undergraduate student will increase by \$150 (\$2,462 to \$2,612).

Other tuition and fee changes include increases in Graduate Differential Tuition (\$34 to \$50 per SCH), the Advisement Fee (\$19 to \$22 per student), the Information Technology Fee (\$7.75 to \$9.25 per SCH), the Medical Services Fee (\$19.45 to \$21.20 per student), and the Registration Fee (\$8 to \$10 per student). Given the ongoing transition away from open admissions, any enrollment increases would be modest. With this in mind, the tuition and fee projections used to build the budget were based on a zero-growth enrollment scenario.

Other revenue increases are the expected growth in sponsored programs (\$2.3 million), including an additional \$616,000 for the TEXAS Grants program, investments and gifts (\$1.5 million), sales and services of educational activities (\$1.1 million) and auxiliary enterprises (\$0.7 million). Except for an increase in the budget for employee benefits reimbursement, state appropriations are essentially flat. With the statutory tuition rate remaining unchanged and with U. T. Pan American's position as the lowest academic cost U. T. institution, revenue will continue to be the principal financial management challenge.

Expenses

Expenses (including debt service) are increasing by \$6 million (2.6%) for FY 2009. Given the revenue constraint described above and the desire to decrease reliance on balances (to reverse the worsening operating margin ratio trend), expenditure increases were modest.

Merit adjustments equal to 3% of eligible faculty and staff salaries are included. Faculty salary expenses, including expenditures for merit, promotions and new positions, are increasing by \$1.3 million. Staff merit increases awarded totaled \$1.2 million. As it was not possible to provide separate funding for additional faculty and staff positions, new positions were created from reallocation of existing resources.

An estimated \$3.4 million of gross designated tuition, estimated at \$38.1 million, will be set aside for need-based student financial assistance, an increase of \$700,000 over FY 2008. Other significant increases are budgeted for software licensing and maintenance contracts (\$526,000), utilities payments (\$420,000), and property insurance (\$76,000).

New initiatives being funded include increased funding (\$560,000) for new academic programs (total \$1.5 million), an increase in the Optional Retirement Program contribution (\$78,000), the creation of a scholarship office (\$31,000), and improvements in the Human Resources Office (\$27,000). Also, initiatives added during FY 2008 for information security (\$167,000), graduate programs (\$110,000), and the development office (\$75,000) are being continued.

Debt service will increase by \$209,000, primarily due to an increase in scheduled debt service for the Wellness and Recreational Sports Center. Finally, as designated tuition revenues are increasingly consumed by operating expenses, an additional \$2 million of HEAF funds is earmarked for facilities renewal.

**The University of Texas - Pan American
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 41,577,880	51,427,516	53,992,811	2,565,295	5.0%
Federal Sponsored Programs	49,707,249	48,657,028	49,809,522	1,152,494	2.4%
State Sponsored Programs	17,930,827	17,866,883	18,538,473	671,590	3.8%
Local and Private Sponsored Programs	2,569,664	2,072,668	2,576,255	503,587	24.3%
Net Sales and Services of Educational Activities	5,248,329	5,512,521	6,573,676	1,061,155	19.2%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	4,966,284	5,550,507	6,234,111	683,604	12.3%
Other Operating Revenues	1,591,752	247,457	34,200	(213,257)	-86.2%
Total Operating Revenues	123,591,985	131,334,580	137,759,048	6,424,468	4.9%
Operating Expenses:					
Instruction	72,785,450	80,201,893	84,732,798	4,530,905	5.6%
Academic Support	11,448,261	13,497,731	14,677,639	1,179,908	8.7%
Research	5,956,510	6,370,594	6,320,028	(50,566)	-0.8%
Public Service	7,471,046	9,125,811	8,201,365	(924,446)	-10.1%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	19,548,531	20,603,601	21,106,380	502,779	2.4%
Student Services	13,884,547	13,502,639	14,088,609	585,970	4.3%
Operations and Maintenance of Plant	13,516,144	19,448,978	19,346,312	(102,666)	-0.5%
Scholarships and Fellowships	31,076,758	30,511,667	30,623,485	111,818	0.4%
Auxiliary Enterprises	10,987,569	14,561,235	15,584,547	1,023,312	7.0%
Depreciation and Amortization	15,994,340	16,981,716	16,172,963	(808,753)	-4.8%
Total Operating Expenses	202,669,156	224,805,865	230,854,126	6,048,261	2.7%
Operating Surplus/Deficit	(79,077,171)	(93,471,285)	(93,095,078)	376,207	-0.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	68,252,725	79,623,404	80,286,777	663,373	0.8%
Gifts in Support of Operations	2,839,530	1,619,992	1,939,792	319,800	19.7%
Net Investment Income	3,374,111	1,780,800	2,964,966	1,184,166	66.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	74,466,366	83,024,196	85,191,535	2,167,339	2.6%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(3,268,109)	(4,414,687)	(4,356,252)	58,435	-1.3%
Total Transfers and Other	(3,268,109)	(4,414,687)	(4,356,252)	58,435	-1.3%
Budget Margin (Deficit)	(7,878,914)	(14,861,776)	(12,259,795)	2,601,981	-17.5%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	5,613,875	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	213,449	150,000	150,000	-	0.0%
HEAF (Capitalized)	6,683,146	6,916,800	7,454,700	537,900	7.8%
Additions to Permanent Endowments	486,248	400,000	400,000	-	0.0%
Transfers for Debt Service - Principal	(4,759,810)	(7,920,717)	(8,195,955)	(275,238)	3.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	14,917,865	8,008,775	6,940,136	(1,068,639)	-13.3%
SRECNA Change in Net Assets	\$ 15,275,859	(7,306,918)	(5,510,914)	1,796,004	-24.6%
Total Revenues and AUF Transfers	\$ 198,058,351	214,358,776	222,950,583	8,591,807	4.0%
Total Expenses (Including Transfers for Interest)	(205,937,265)	(229,220,552)	(235,210,378)	(5,989,826)	2.6%
Budget Margin (Deficit)	\$ (7,878,914)	(14,861,776)	(12,259,795)	2,601,981	
Reconciliation to Use of Prior Year Balances					
Depreciation		16,981,716	16,172,963		
Capital Outlay		(8,897,200)	(8,959,000)		
HEAF (Capitalized)		6,916,800	7,454,700		
Transfers for Debt Service - Principal		(7,920,717)	(8,195,955)		
Budgeted Transfers		(792,055)	(338,664)		
Use of Prior Year Balances		(8,573,232)	(6,125,751)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas of the Permian Basin
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

The major goals for The University of Texas of the Permian Basin are 1) growth, 2) increase in graduation rates, 3) enhancing quality, 4) increase research, 5) maintaining and creating partnerships, and 6) strengthen public trust and accountability. The University has continued to build upon its transformational campus model striving to become a university serving all Texans, focusing on student success and research for west Texas, Texas, and the nation. U. T. Permian Basin is in the early planning stages for seeking professional accreditation in four disciplines.

Revenue

During the 80th Texas Legislature, due to enrollment growth U. T. Permian Basin's formula allocation increased by \$723,000 for FY 2008 and a similar amount for FY 2009. In addition, U. T. Permian Basin received \$4.5 million each year of the biennium as special item funding. Finally, the legislature also funded Tuition Revenue Bonds for the state, including \$54 million for the Science and Technology Complex on the Odessa campus and \$45 million for the Wagner Noël Performing Arts Center at the Center for Energy and Economic Diversification location.

U. T. Permian Basin has revenue growth of approximately 3.5% over FY 2008 due primarily to tuition and auxiliary fee revenue increases. Designated tuition increased by \$7 per semester credit hour (SCH), the Student Services fee increased by \$3 per SCH, and the Athletics Fee increased by \$5 per SCH. As approved by the Board of Regents, the 2008-2009 average total academic cost for a full time resident undergraduate student will increase by \$150 (\$2,489 to \$2,639). Auxiliary housing revenue has increased due to market based rent increases.

Expenses

U. T. Permian Basin has fully budgeted part-time faculty, summer school faculty salaries, and student wage budgets. Salary increases were established on the basis of merit, extraordinary merit, and equity. A staff and faculty salary increase pool of 3% of FY 2008 salary was created. A market salary pool for some staff and faculty positions was established to help U. T. Permian Basin remain competitive. Fringe benefits budgets reflect prior and current year's actual expenses.

**The University of Texas of the Permian Basin
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 8,010,485	10,527,152	11,212,579	685,427	6.5%
Federal Sponsored Programs	5,251,294	6,739,340	6,276,563	(462,777)	-6.9%
State Sponsored Programs	534,153	663,520	663,520	-	0.0%
Local and Private Sponsored Programs	10,708	75,000	75,000	-	0.0%
Net Sales and Services of Educational Activities	483,654	370,372	393,625	23,253	6.3%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	1,824,170	2,429,177	2,963,605	534,428	22.0%
Other Operating Revenues	377,208	2,000	2,000	-	0.0%
Total Operating Revenues	16,491,672	20,806,561	21,586,892	780,331	3.8%
Operating Expenses:					
Instruction	11,075,649	12,754,770	13,409,883	655,113	5.1%
Academic Support	5,458,801	5,523,556	6,031,840	508,284	9.2%
Research	1,610,558	3,091,089	2,093,035	(998,054)	-32.3%
Public Service	1,405,304	1,538,300	1,549,193	10,893	0.7%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	3,193,256	3,517,056	3,872,266	355,210	10.1%
Student Services	1,535,903	2,002,334	2,130,768	128,434	6.4%
Operations and Maintenance of Plant	3,786,494	4,557,059	4,868,412	311,353	6.8%
Scholarships and Fellowships	3,088,405	3,875,346	3,422,655	(452,691)	-11.7%
Auxiliary Enterprises	2,525,606	2,414,202	2,886,475	472,273	19.6%
Depreciation and Amortization	3,257,668	3,650,000	4,200,000	550,000	15.1%
Total Operating Expenses	36,937,644	42,923,712	44,464,527	1,540,815	3.6%
Operating Surplus/Deficit	(20,445,972)	(22,117,151)	(22,877,635)	(760,484)	3.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	16,943,816	31,605,947	31,716,370	110,423	0.3%
Gifts in Support of Operations	1,275,722	994,435	994,435	-	0.0%
Net Investment Income	2,992,744	1,455,392	2,173,880	718,488	49.4%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	21,212,282	34,055,774	34,884,685	828,911	2.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,624,465)	(1,898,169)	(1,710,284)	187,885	-9.9%
Total Transfers and Other	(1,624,465)	(1,898,169)	(1,710,284)	187,885	-9.9%
Budget Margin (Deficit)	(858,155)	10,040,454	10,296,766	256,312	2.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	577,755	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	100,000	100,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	188,551	400,000	200,000	(200,000)	-50.0%
Transfers for Debt Service - Principal	(1,333,493)	(9,976,671)	(9,987,946)	(11,275)	0.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	7,815,135	2,000,000	47,000,000	45,000,000	2250.0%
SRECNA Change in Net Assets	\$ 6,389,793	2,563,783	47,608,820	45,045,037	1757.0%
Total Revenues and AUF Transfers	\$ 37,703,954	54,862,335	56,471,577	1,609,242	2.9%
Total Expenses (Including Transfers for Interest)	(38,562,109)	(44,821,881)	(46,174,811)	(1,352,930)	3.0%
Budget Margin (Deficit)	\$ (858,155)	10,040,454	10,296,766	256,312	
Reconciliation to Use of Prior Year Balances					
Depreciation		3,650,000	4,200,000		
Capital Outlay		(201,195)	(331,195)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(9,976,671)	(9,987,946)		
Budgeted Transfers		-	-		
Use of Prior Year Balances		3,512,588	4,177,625		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

U. T. San Antonio's strategic goals provide the framework for budget priorities. However, with the only new source of revenue from tuition and fees, the budget plan focuses on the basics, such as funding salary merit increases and meeting workload demands created by success as a growing institution. U. T. San Antonio also continues to find opportunities to maximize usage of funds and will internally reallocate \$3 million to meet FY 2009 requirements.

Towards improving student faculty ratio of 22.3:1, the University has allocated \$2 million for new faculty positions. U. T. San Antonio is working towards increasing the proportion of tenure/tenure track faculty to non-tenured instructors. Resources have been realigned to strengthen undergraduate and graduate experiences and increase retention and graduation rates, as well as other measures of student learning. Along with continuing programs such as the Tomas Rivera Center for Student Success, the University is making improvements to academic support service delivery: advising, tutoring and supplemental instruction, and conducting a review of the advising structure and its impact on retention and graduation rates. All of these efforts will assist in obtaining reaccreditation in 2010.

Increasing faculty resources to meet the workload demands of enrollment growth and strengthening graduate programs and the research mission continue to be major objectives. Parallel to this, is the need to retain outstanding faculty and the budget reflects this commitment. U. T. San Antonio's goal to "improve student success by strengthening and enhancing undergraduate and graduate educational opportunities" is addressed through creation of a *Master Graduate Instructors* program, designed to benefit both graduate and undergraduate students.

Access to information is vital for assessment and reporting as well as an essential tool for planning, therefore the University is investing in Data Warehouse and Cognos Reporting software. Information provided from these resources will be invaluable as the University moves forward towards implementing the strategic plan: U. T. San Antonio 2016.

Research continues to grow after doubling over the past five years. Indirect cost recovery will also increase as U. T. San Antonio charges a renegotiated F&A rate of 44.5% (+3%) to new awards. U. T. San Antonio continues to strengthen research infrastructure by increased funding for compliance, grants management, technology transfer, and capital improvements. New and expanded partnerships in bioengineering with military medicine programs, the U. T. Health Science Center - San Antonio, the Southwest Research Institute and Southwest Foundation for Biomedical Research demonstrate robust growth. With U. T. System assistance, U. T. San Antonio is partnering with U. T. Health Science Center - San Antonio, U. T. Pan American and U. T. Brownsville under the *South Texas Technology Management* center to accelerate commercialization of inventions and potential revenue streams.

U. T. San Antonio Community Services' activities annually serve over 225,000 Texans, improving regional quality of life. A strategic allocation to organize U. T. San Antonio services information and accessibility via a new web interface has been made to strengthen engagement with the public, for improved customer service as well as to engender community support for the campus as the University plans for the launch of a capital campaign.

Revenue

Overall revenue will grow by 4% over FY08 budgets, with the largest growth in auxiliaries due to new student housing opening Fall 2008, coupled with University Center and Athletic Fee rate increases. Statutory tuition will be flat due to changes in student mix (graduate and non-resident students). Designated tuition revenue will increase due to rate increases (\$101 to \$110/SCH). As approved by the Board of Regents, the 2008-2009 average total academic cost for a full time resident undergraduate student will increase by 4.95% (\$3,621 to \$3,800). All other revenue will be flat due to frozen rates and nominal enrollment growth resulting from admission standard changes. State appropriations are flat with a slight adjustment in state paid benefits.

Expenses

The University will allocate a 3% merit pool for eligible faculty and staff to be paid as salary adjustments, with \$380,000 for tenure and promotion and salary equity. Financial aid set asides will increase by \$1.2 million. U. T. San Antonio has dedicated resources to hire new faculty and staff: \$2 million in new faculty positions and \$1.2 million in new staff positions and staff related costs. \$295,000 will fund a new Graduate Instructors' Program designed to improve teaching mentoring for the University's graduate students. \$500,000 is allocated to support facilities, additional lease space and debt service.

The University of Texas at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2009

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 143,464,524	148,687,524	153,259,589	4,572,065	3.1%
Federal Sponsored Programs	60,071,536	62,832,893	63,495,001	662,108	1.1%
State Sponsored Programs	9,572,742	9,551,112	9,917,001	365,889	3.8%
Local and Private Sponsored Programs	3,108,709	2,269,590	3,301,999	1,032,409	45.5%
Net Sales and Services of Educational Activities	6,702,364	5,446,214	4,999,479	(446,735)	-8.2%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	15,145,902	16,880,811	22,804,312	5,923,501	35.1%
Other Operating Revenues	2,472,392	1,801,475	1,424,285	(377,190)	-20.9%
Total Operating Revenues	240,538,169	247,469,619	259,201,666	11,732,047	4.7%
Operating Expenses:					
Instruction	98,919,660	110,459,363	113,791,791	3,332,428	3.0%
Academic Support	25,717,525	29,353,123	31,876,793	2,523,670	8.6%
Research	25,194,470	29,218,431	27,529,906	(1,688,525)	-5.8%
Public Service	15,079,979	16,509,105	16,819,438	310,333	1.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	30,233,802	41,474,158	41,541,010	66,852	0.2%
Student Services	24,516,956	28,408,783	28,208,113	(200,670)	-0.7%
Operations and Maintenance of Plant	31,283,146	34,606,950	37,157,350	2,550,400	7.4%
Scholarships and Fellowships	23,529,392	23,241,888	22,011,948	(1,229,940)	-5.3%
Auxiliary Enterprises	17,063,210	22,579,373	29,574,063	6,994,690	31.0%
Depreciation and Amortization	24,038,596	28,640,312	26,145,000	(2,495,312)	-8.7%
Total Operating Expenses	315,576,736	364,491,486	374,655,412	10,163,926	2.8%
Operating Surplus/Deficit	(75,038,567)	(117,021,867)	(115,453,746)	1,568,121	-1.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	98,082,456	114,648,154	114,983,534	335,380	0.3%
Gifts in Support of Operations	3,803,390	3,387,134	5,375,578	1,988,444	58.7%
Net Investment Income	8,530,799	5,686,441	6,295,500	609,059	10.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	110,416,645	123,721,729	126,654,612	2,932,883	2.4%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(5,841,976)	(13,104,694)	(14,588,769)	(1,484,075)	11.3%
Total Transfers and Other	(5,841,976)	(13,104,694)	(14,588,769)	(1,484,075)	11.3%
Budget Margin (Deficit)	29,536,102	(6,404,832)	(3,387,903)	3,016,929	-47.1%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	12,471,640	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	66,356	75,000	150,000	75,000	100.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	3,986,629	3,500,000	4,500,000	1,000,000	28.6%
Transfers for Debt Service - Principal	(13,927,114)	(15,286,634)	(17,632,804)	(2,346,170)	15.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	94,016,573	8,100,000	101,665,180	93,565,180	1155.1%
SRECNA Change in Net Assets	\$ 126,150,186	(10,016,466)	85,294,473	95,310,939	-951.5%
Total Revenues and AUF Transfers	\$ 350,954,814	371,191,348	385,856,278	14,664,930	4.0%
Total Expenses (Including Transfers for Interest)	(321,418,712)	(377,596,180)	(389,244,181)	(11,648,001)	3.1%
Budget Margin (Deficit)	\$ 29,536,102	(6,404,832)	(3,387,903)	3,016,929	
Reconciliation to Use of Prior Year Balances					
Depreciation		28,640,312	26,145,000		
Capital Outlay		(9,300,000)	(7,108,012)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(15,286,634)	(17,632,804)		
Budgeted Transfers		(613,561)	(384,450)		
Use of Prior Year Balances		(2,964,715)	(2,368,169)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

Critical issues addressed in the FY 2009 budget continue to center around the phenomenal growth rate. U. T. Tyler is striving to provide a quality faculty and proper infrastructure to support this growth. Specific goals addressed within this budget include the following:

- Recruiting and retaining high ability students
- Adding new faculty positions to deal with phenomenal past growth
- Enhancing Freshman Advising Center
- Adding new doctoral program
- Increase faculty research
- Increasing Information Technology infrastructure support substantially
- Offering raises to provide competitive salary environment

Revenue

U. T. Tyler's operating revenue increased approximately 14% over FY 2008. This increase is primarily due to small increases in tuition and fees. The FY 2009 budget is based on a conservative enrollment growth of 4%, plus an adjustment for unbudgeted enrollment growth in FY 2008. Enrollment projections are budgeted at minimal increase as it is anticipated that the growth rate will decline because of capacity issues. Tuition and fee increases include \$10 per semester credit hour (SCH) for undergraduate Designated Tuition, \$32 per SCH for graduate Designated Tuition, and an increase of \$2 per SCH in Athletics Fee. U. T. Tyler's first doctoral program is to commence in Fall 2008 at a rate of \$200 per SCH. As approved by the Board of Regents, the 2008-2009 average total academic cost for a full time resident undergraduate student will increase by \$150 (\$2,814 to \$2,964). Sponsored programs revenues have increased significantly over FY 2008 due to emphasis on research and sponsored programs. Additionally, \$1.5 million was received from State Appropriations Article III, Section 54 special item appropriation for FY 2008 and FY 2009. Half of this special item appropriation was allocated to FY 2009.

Expenses

U. T. Tyler's operating expenses will increase by 9% overall. A significant contribution to this increase is the successful result of extensive recruiting efforts for high quality faculty resulting in 14 new faculty positions for approximately \$1 million. Additionally, 13 new support positions in enrollment management, graduate studies, information technology, student services, police, and auxiliaries were added. The increases in new positions (for both faculty and staff) are approximately \$1.6 million plus related staff benefits. U. T. Tyler also awarded faculty and staff equity and merit raises of 4% effective September 1, 2008, plus related increases in staff benefits. Further expenses increases were allocated to scholarship and financial aid programs for \$430,000, increased staff support and institutional initiatives such as sponsored research, information technology services, student services, new doctoral program, etc. An additional \$400,000 was designated for the shared services student information system conversion expenses. Expenses in auxiliary enterprises for student housing, athletics, medical services, and student union fee increased by approximately \$300,000. Finally, an overall 17% increase is estimated in utility expenses due to rising rates and campus expansion projects.

**The University of Texas at Tyler
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 22,145,631	21,558,230	25,149,322	3,591,092	16.7%
Federal Sponsored Programs	7,354,629	6,713,043	7,671,324	958,281	14.3%
State Sponsored Programs	1,535,967	977,748	1,169,631	191,883	19.6%
Local and Private Sponsored Programs	638,296	135,110	147,428	12,318	9.1%
Net Sales and Services of Educational Activities	1,002,024	872,235	901,777	29,542	3.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	3,293,341	3,925,648	4,059,020	133,372	3.4%
Other Operating Revenues	166,994	65,290	44,190	(21,100)	-32.3%
Total Operating Revenues	36,136,882	34,247,304	39,142,692	4,895,388	14.3%
Operating Expenses:					
Instruction	24,847,682	26,165,845	28,336,203	2,170,358	8.3%
Academic Support	6,227,523	6,246,172	6,639,822	393,650	6.3%
Research	1,298,798	320,826	1,079,244	758,418	236.4%
Public Service	1,072,668	1,133,902	870,621	(263,281)	-23.2%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	8,568,787	9,517,416	9,470,497	(46,919)	-0.5%
Student Services	4,789,653	5,972,188	6,683,950	711,762	11.9%
Operations and Maintenance of Plant	5,514,013	5,390,277	5,548,673	158,396	2.9%
Scholarships and Fellowships	5,589,791	4,773,495	5,856,747	1,083,252	22.7%
Auxiliary Enterprises	4,739,536	5,372,995	5,691,446	318,451	5.9%
Depreciation and Amortization	6,807,151	7,450,000	8,700,000	1,250,000	16.8%
Total Operating Expenses	69,455,602	72,343,116	78,877,203	6,534,087	9.0%
Operating Surplus/Deficit	(33,318,720)	(38,095,812)	(39,734,511)	(1,638,699)	4.3%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	30,392,834	35,949,923	36,154,685	204,762	0.6%
Gifts in Support of Operations	844,627	347,460	346,765	(695)	-0.2%
Net Investment Income	3,828,868	3,669,544	3,761,447	91,903	2.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	35,066,329	39,966,927	40,262,897	295,970	0.7%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(2,166,428)	(2,602,526)	(2,447,952)	154,574	-5.9%
Total Transfers and Other	(2,166,428)	(2,602,526)	(2,447,952)	154,574	-5.9%
Budget Margin (Deficit)	(418,819)	(731,411)	(1,919,566)	(1,188,155)	162.4%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	8,089,119	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	75,094	500,000	550,000	50,000	10.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	652,460	550,000	550,000	-	0.0%
Transfers for Debt Service - Principal	(1,790,713)	(6,271,512)	(6,375,387)	(103,875)	1.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	12,987,410	9,982,754	26,001,567	16,018,813	160.5%
SRECNA Change in Net Assets	\$ 19,594,551	4,029,831	18,806,614	14,776,783	366.7%
Total Revenues and AUF Transfers	\$ 71,203,211	74,214,231	79,405,589	5,191,358	7.0%
Total Expenses (Including Transfers for Interest)	(71,622,030)	(74,945,642)	(81,325,155)	(6,379,513)	8.5%
Budget Margin (Deficit)	\$ (418,819)	(731,411)	(1,919,566)	(1,188,155)	
Reconciliation to Use of Prior Year Balances					
Depreciation		7,450,000	8,700,000		
Capital Outlay		(713,789)	(775,204)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(6,271,512)	(6,375,387)		
Budgeted Transfers		-	400,000		
Use of Prior Year Balances		(266,712)	29,843		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

The University of Texas Southwestern Medical Center at Dallas
Operating Budget Highlights
For the Year Ending August 31, 2009

Introduction - Major Goals Addressed by FY 2009 Budget

The major goals addressed in the FY 2008 budget continue to support the progress of the short-term goals outlined in the University "Compact." These goals include: 1) providing necessary campus infrastructure to allow for continued, steady growth in the research and clinical missions consistent with past growth; 2) advance the University's position as a leading institution of biomedical research; 3) develop the clinical practice capabilities necessary to be recognized nationally as a top academic medical center; 4) add new infrastructure support in information technology with reliable, secure systems that meet the needs of students, faculty, staff and patients; and 5) develop the resources necessary to insure the long-term financial health of the university.

Completion of the planning process for Phase II of the St. Paul University Hospital master plan and future use of the Sprague Building, Aston Building and Zale Lipshy University Hospital is one of many ongoing initiatives as outlined in the FY 2008 "Compact." Another ongoing initiative is the completion of Electronic Medical Record in the University Hospitals to improve upon the electronic collection of patient data. Other initiatives are the implementation of the processes necessary to achieve goals of the clinical transformation project to improve patient satisfaction scores, completion of the Children's Medical Center Pediatric Research Institute on 2 floors of Phase 5 of the North Campus expansion in order to increase funding for pediatric research, and completion of Phase One of the new Enterprise Resource Planning (ERP) system to improve institutional capabilities.

New initiatives incorporated in the University "Compact" are the implementation of the multi-faceted plans of the Clinical and Translational Sciences Award to enhance and increase clinical trials, the implementation of University Hospitals Phase II construction, and the exploration and feasibility study of constructing a U. T. Southwestern Medical School in Austin.

In addition to the major goals detailed above, several other items that support the mission of the University have been incorporated into the FY 2009 budget. Included in the budget are funds to cover the increased cost of utilities for FY 2009 and debt service to finance the purchase of an ERP system, Lab and Research Support Building, and the Exchange Park Building. The budget also provides funding for maintaining competitive salaries for faculty, administrative and professional, and classified employees so that the University can continue to retain and attract preeminent staff in the areas of instruction, research and patient care. The University's ability to maintain competitive salaries continues to support satisfactory faculty/student ratios.

Revenue

The FY 2009 budgeted revenue is projected to increase 4.6% over the FY 2008 budget. Revenue increases reflects clinical practice and University Hospital operations due to volume increases and program expansions. The overall increase in revenue is primarily due to 1) a 12.0% increase in designated tuition fees and a modest increase in student enrollment, 2) an increase in local and private sponsored programs due to an increase in the Children's Medical Center and Parkland contract revenue, and 3) an increase in net sales and services of hospitals and clinics due to increased volume of patient care activities and expanded clinical initiatives such as transplant services, cancer center programs and an increase in the managed care rate.

Expenses

The FY 2009 budgeted expense is projected to increase 5.2% over the FY 2008 budget. This increase is primarily due to a rise in salaries and merit for faculty and non-faculty, expanded clinical practice and University Hospital operations, increases in instructional costs, student services and institutional support associated with various program expansion, utilities and plant maintenance, and debt services for financing new constructions. In addition, the expenses related to the practice plan and hospital operations have increased due to the increased volume of patient care activities and expanded clinical initiatives such as transplant services and cancer center programs. Debt Service is increasing due to new equipment financing, ERP system purchase, Laboratory and Research Building purchase, Exchange Park Building purchase and new RFS debt for the outpatient building. Funding this year continues to address competitive salary issues related to faculty. In addition, positions for new faculty have been incorporated into the budget to support new and expanding clinical programs and new research programs.

The University of Texas Southwestern Medical Center at Dallas
Operating Budget
Fiscal Year Ending August 31, 2009

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 13,371,831	13,747,363	15,396,537	1,649,174	12.0%
Federal Sponsored Programs	197,031,027	236,315,293	215,659,831	(20,655,462)	-8.7%
State Sponsored Programs	2,491,119	6,911,814	3,792,765	(3,119,049)	-45.1%
Local and Private Sponsored Programs	205,661,073	193,558,030	264,234,595	70,676,565	36.5%
Net Sales and Services of Educational Activities	3,079,355	8,312,656	9,375,794	1,063,138	12.8%
Net Sales and Services of Hospital and Clinics	301,765,953	309,706,563	360,157,681	50,451,118	16.3%
Net Professional Fees	353,044,955	315,248,350	312,536,353	(2,711,997)	-0.9%
Net Auxiliary Enterprises	17,446,513	20,011,708	18,571,641	(1,440,067)	-7.2%
Other Operating Revenues	13,743,460	29,819,564	27,904,390	(1,915,174)	-6.4%
Total Operating Revenues	1,107,635,286	1,133,631,341	1,227,629,587	93,998,246	8.3%
Operating Expenses:					
Instruction	431,872,613	472,267,609	498,851,450	26,583,841	5.6%
Academic Support	21,409,628	29,085,209	30,516,488	1,431,279	4.9%
Research	269,261,782	296,627,865	287,805,772	(8,822,093)	-3.0%
Public Service	49,813,872	77,878,477	79,765,886	1,887,409	2.4%
Hospitals and Clinics	293,705,078	303,596,928	344,181,379	40,584,451	13.4%
Institutional Support	54,448,444	47,030,140	50,073,833	3,043,693	6.5%
Student Services	3,835,388	2,939,874	3,346,038	406,164	13.8%
Operations and Maintenance of Plant	51,858,009	69,674,839	76,637,259	6,962,420	10.0%
Scholarships and Fellowships	524,925	621,257	623,664	2,407	0.4%
Auxiliary Enterprises	14,940,495	17,707,881	18,314,185	606,304	3.4%
Depreciation and Amortization	64,186,894	68,679,500	70,766,051	2,086,551	3.0%
Total Operating Expenses	1,255,857,128	1,386,109,579	1,460,882,005	74,772,426	5.4%
Operating Surplus/Deficit	(148,221,842)	(252,478,238)	(233,252,418)	19,225,820	-7.6%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	152,322,146	174,223,147	174,816,574	593,427	0.3%
Gifts in Support of Operations	47,982,405	74,100,597	52,547,459	(21,553,138)	-29.1%
Net Investment Income	66,125,228	78,282,319	72,376,195	(5,906,124)	-7.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	266,429,779	326,606,063	299,740,228	(26,865,835)	-8.2%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(20,460,714)	(25,755,031)	(24,675,907)	1,079,124	-4.2%
Total Transfers and Other	(20,460,714)	(25,755,031)	(24,675,907)	1,079,124	-4.2%
Budget Margin (Deficit)	97,747,223	48,372,794	41,811,903	(6,560,891)	-13.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	1,469,927	-	(1,469,927)	-100.0%
Net Inc./(Dec.) in Fair Value of Investments	134,032,583	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	13,606,550	7,559,528	7,559,528	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	10,450,556	8,975,826	8,975,826	-	0.0%
Transfers for Debt Service - Principal	(30,053,588)	(37,459,150)	(44,779,477)	(7,320,327)	19.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	40,346,536	25,143,626	110,275,000	85,131,374	338.6%
SRECNA Change in Net Assets	\$ 266,129,860	54,062,551	123,842,780	69,780,229	129.1%
Total Revenues and AUF Transfers	\$ 1,374,065,065	1,460,237,404	1,527,369,815	67,132,411	4.6%
Total Expenses (Including Transfers for Interest)	(1,276,317,842)	(1,411,864,610)	(1,485,557,912)	(73,693,302)	5.2%
Budget Margin (Deficit)	\$ 97,747,223	48,372,794	41,811,903	(6,560,891)	
Reconciliation to Use of Prior Year Balances					
Depreciation		68,679,500	70,766,051		
Capital Outlay		(31,889,200)	(31,147,939)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(37,459,150)	(44,779,477)		
Budgeted Transfers		-	-		
Use of Prior Year Balances		47,703,944	36,650,538		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas Medical Branch at Galveston
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

The University of Texas Medical Branch at Galveston FY 2009 budget reflects aggressive pursuit of growth opportunities in its core missions of scholarly teaching, innovative research, and state-of-the-art patient care. Key strategic initiatives addressed in the budget include:

- expansion and enhancement of U. T. Medical Branch - Galveston's educational facilities, faculty, and programs to improve recruitment and retention of faculty, staff and students,
- implementation of the Clinical Enterprise Strategic Plan, to ensure the financial viability of the clinical enterprise by maintaining adequate patient volumes to support the core missions of U. T. Medical Branch - Galveston, and
- placing into service the Galveston National Laboratory (GNL) and other research facilities.

The budget also addresses U. T. Medical Branch - Galveston's priorities as outlined in the Compact with U. T. System, which include:

- attracting and retaining a world-class workforce,
- positioning U. T. Medical Branch - Galveston as a leader in health care delivery and biomedical sciences,
- achieving national prominence for innovative and effective educational curricula,
- generating financial strength through strategic investments in programs and growth in philanthropic support, and
- achieving and sustaining top-tier performance in clinical outcomes, patient service, and employee satisfaction.

Revenue

The FY 2009 budget includes revenue growth of 10.0% (\$145.7 million) over FY 2008. Tuition and fees increase \$4.2 million due to both rate increases and increased enrollment. State Appropriations increase \$5.9 million (2.0%). Sponsored program revenue increases \$51.7 million (23.1%), with Federal sponsored program revenue decreasing \$5.7 million (-4.4%), State Sponsored Program revenue increasing \$5.9 million, and local and private sponsored program revenue increasing \$51.5 million, largely due to reclassification of revenue related to U. T. Medical Branch - Galveston's Austin initiatives from Other Operating to Private Sponsored in order to make it more consistent with reporting practices of other U. T. institutions. Hospital and Clinics revenue has increased \$81.8 million (11.8%), reflecting implementation of the Clinical Strategic Plan and Correctional Managed Care revenue growth of \$17.6 million, including a \$12.3 million anticipated supplemental appropriations request. Net Professional Fees increase \$11.4 million (8.5%), reflecting the impact of the Clinical Strategic Plan and the programs in Austin. Auxiliary Enterprise revenues increase by 16.6% (\$1.6 million) due to across-the-board rate increases. Other Operating Revenues decrease by 57.8% (\$18.9 million) primarily due to the shift of Austin Other Income to Net Professional Fees and Private Sponsored Programs. Gifts increase \$4.0 million (58.3%) due to increased efforts to garner philanthropic support for U. T. Medical Branch - Galveston.

Expenses

Expenses are budgeted to increase 11.0% (\$159.6 million) as compared to FY 2008. U. T. Medical Branch - Galveston faces significant cost pressure related to nursing salaries, drugs, utilities, and facilities maintenance and operation. The FY 2009 budget includes merit based salary administration at 4.0% as well as 1.0% for targeted market adjustments, to maintain competitive salaries and support recruitment and retention efforts. Instruction expenses increase \$42.7 million (17.8%) due to faculty recruitment activities, investments in educational programs, and planned increases in enrollment. The U. T. Medical Branch - Galveston Office of the Provost is aggressively pursuing recruitment of highly qualified research practitioners and educators. Research expenses increase \$27.4 million (26.3%) largely due to the opening of the GNL. Public Service increases \$1.0 million (18.1%). Expenses for the Operations and Maintenance of Plant increase \$9.3 million (12.8%) in large part due to higher utility costs and a substantial increase in Police/Security related to the GNL. Auxiliary Enterprises expenses decreased \$1.6 million (-16.2%) due primarily to an overstated budget for FY 2008. Depreciation and Amortization expenditures increase \$21.1 million (37.5%) due largely to the placement into service of both the GNL and other Research facilities.

**The University of Texas Medical Branch at Galveston
Operating Budget
Fiscal Year Ending August 31, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 14,870,600	15,140,329	19,323,533	4,183,204	27.6%
Federal Sponsored Programs	120,454,458	130,268,616	124,576,822	(5,691,794)	-4.4%
State Sponsored Programs	34,164,292	34,942,840	40,810,185	5,867,345	16.8%
Local and Private Sponsored Programs	73,411,721	58,111,593	109,598,826	51,487,233	88.6%
Net Sales and Services of Educational Activities	2,814,768	1,431,299	2,257,655	826,356	57.7%
Net Sales and Services of Hospital and Clinics	674,704,605	692,860,959	774,715,627	81,854,668	11.8%
Net Professional Fees	151,032,785	133,709,477	145,136,676	11,427,199	8.5%
Net Auxiliary Enterprises	9,157,222	9,650,000	11,252,348	1,602,348	16.6%
Other Operating Revenues	12,837,347	32,731,432	13,827,054	(18,904,378)	-57.8%
Total Operating Revenues	1,093,447,798	1,108,846,545	1,241,498,726	132,652,181	12.0%
Operating Expenses:					
Instruction	316,960,007	239,579,357	282,259,504	42,680,147	17.8%
Academic Support	15,315,201	17,760,523	17,727,116	(33,407)	-0.2%
Research	120,891,633	104,239,184	131,634,446	27,395,262	26.3%
Public Service	3,073,026	5,533,388	6,535,782	1,002,394	18.1%
Hospitals and Clinics	868,561,344	815,775,288	873,561,540	57,786,252	7.1%
Institutional Support	23,621,702	111,545,558	112,733,357	1,187,799	1.1%
Student Services	2,483,980	4,931,987	5,364,787	432,800	8.8%
Operations and Maintenance of Plant	9,412,194	72,608,419	81,912,269	9,303,850	12.8%
Scholarships and Fellowships	5,254,145	7,538,736	7,881,541	342,805	4.5%
Auxiliary Enterprises	10,280,463	10,000,143	8,376,486	(1,623,657)	-16.2%
Depreciation and Amortization	57,123,628	56,258,272	77,366,098	21,107,826	37.5%
Total Operating Expenses	1,432,977,323	1,445,770,855	1,605,352,926	159,582,071	11.0%
Operating Surplus/Deficit	(339,529,525)	(336,924,310)	(363,854,200)	(26,929,890)	8.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	306,205,851	303,253,218	309,187,750	5,934,532	2.0%
Gifts in Support of Operations	6,336,397	7,010,565	11,099,010	4,088,445	58.3%
Net Investment Income	35,081,173	33,756,336	36,813,790	3,057,454	9.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	(23,585)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	347,599,836	344,020,119	357,100,550	13,080,431	3.8%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(4,668,910)	(6,779,109)	(6,668,011)	111,098	-1.6%
Total Transfers and Other	(4,668,910)	(6,779,109)	(6,668,011)	111,098	-1.6%
Budget Margin (Deficit)	3,401,401	316,700	(13,421,661)	(13,738,361)	-4338.0%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	61,580,382	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	72,170,979	26,391,000	47,196,309	20,805,309	78.8%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	13,124,648	9,083,205	7,394,050	(1,689,155)	-18.6%
Transfers for Debt Service - Principal	(21,900,548)	(16,960,648)	(17,238,098)	(277,450)	1.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	15,396,778	31,616,489	2,558,002	(29,058,487)	-91.9%
SRECNA Change in Net Assets	\$ 143,773,640	50,446,746	26,488,602	(23,958,144)	-47.5%
Total Revenues and AUF Transfers	\$ 1,441,071,219	1,452,866,664	1,598,599,276	145,732,612	10.0%
Total Expenses (Including Transfers for Interest)	(1,437,669,818)	(1,452,549,964)	(1,612,020,937)	(159,470,973)	11.0%
Budget Margin (Deficit)	\$ 3,401,401	316,700	(13,421,661)	(13,738,361)	
Reconciliation to Use of Prior Year Balances					
Depreciation		56,258,272	77,366,098		
Capital Outlay		(15,000,000)	(18,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(16,960,648)	(17,238,098)		
Budgeted Transfers		-	-		
Use of Prior Year Balances		24,614,324	28,706,339		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas Health Science Center at Houston
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

- Provide salary merit increases to aid in the retention of our current faculty and staff
- Increase available funding for deferred maintenance needs and the continuing rise in energy related costs
- Recruit and retain outstanding scientists
- Provide funding to recruit "replacement" clinical faculty and departmental chairs
- Provide institutional matching funding for the Center for Clinical and Translational Sciences NIH research grant
- Expand the Harris County Psychiatric Center's (HCPC) clinical presence by increasing contractual activities with Harris County agencies and other private organizations

Revenue

U. T. Health Science Center - Houston's FY 2009 budgeted revenues increased by 5.2% over those budgeted in FY 2008. State appropriations remain relatively unchanged in the second year of this biennium; however, state local income is expected to increase by approximately \$13.5 million as HCPC will be contracting with Harris County and other private agencies to provide additional mental health services. Tuition and Fee revenues are projected to increase by 4%, or \$817,000, over those budgeted in FY 2008. The increase results from additional differential tuition assessments in our Nursing and Dental Schools. Federal sponsored program growth will slow in FY 2009; however, we anticipate our federally sponsored research, instruction and public service programs will continue to grow at a 3.5% rate. Gifts in support of operations are projected to increase by approximately \$7.7 million in FY 2009. The MSRDP revenue budget increases by 9.3%, or \$19.1 million, in FY 2009; this positive variance primarily results from a projected 6.7% increase in net professional fee income and a 12.9% escalation in Memorial Hermann and Harris County Hospital District contracts.

Expenses

Total FY 2009 budgeted expenses reflect a 5.3% increase over comparable FY 2009 expenses. Salary increases both in our faculty and classified employee categories are the primary driver of our total expense budget variance. Average salary increases, over those budgeted in FY 2008, total approximately 4%. Fifty nine additional practice plan (MSRDP) funded faculty positions are also included in the FY 2009 budget. The FY 2009 utility budget was increased by \$1.5 million to absorb both increasing energy costs, and the increased utility consumption which will result from a full year of operations at the new Medical School Expansion building. Key searches are currently underway for the following positions; Dean of the School of Public Health and Departmental Chairs for Anesthesiology, Psychiatry, Ophthalmology, Pediatrics and Physical Medicine and Rehabilitation. Budgeted institutional matching funds for the NIH Center for Clinical and Translational Sciences research grant total \$2 million. MSRDP's FY 2009 expense budget increased by 9.1%. Additional budgeted expenses are related to anticipated increases in patient revenues and in teaching contracts with Memorial Hermann and the Harris County Hospital District. HCPC's expense budget increased by \$13.5 million; this escalation reflects the additional staffing resources needed for patient services funded by new Harris county and private contracts.

The University of Texas Health Science Center at Houston
Operating Budget
Fiscal Year Ending August 31, 2009

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 21,659,223	20,613,309	21,430,567	817,258	4.0%
Federal Sponsored Programs	144,686,931	148,837,664	149,506,057	668,393	0.4%
State Sponsored Programs	21,407,561	10,498,805	17,200,549	6,701,744	63.8%
Local and Private Sponsored Programs	113,082,399	132,037,719	128,544,544	(3,493,175)	-2.6%
Net Sales and Services of Educational Activities	39,278,997	40,041,100	35,295,449	(4,745,651)	-11.9%
Net Sales and Services of Hospital and Clinics	25,479,159	31,869,150	51,347,504	19,478,354	61.1%
Net Professional Fees	126,654,129	107,427,873	114,588,208	7,160,335	6.7%
Net Auxiliary Enterprises	23,970,896	25,858,156	24,572,545	(1,285,611)	-5.0%
Other Operating Revenues	9,749,092	5,744,672	5,965,930	221,258	3.9%
Total Operating Revenues	525,968,387	522,928,448	548,451,353	25,522,905	4.9%
Operating Expenses:					
Instruction	268,016,189	305,772,517	309,696,242	3,923,725	1.3%
Academic Support	24,221,001	25,416,076	25,277,166	(138,910)	-0.5%
Research	152,505,771	142,764,980	157,808,452	15,043,472	10.5%
Public Service	17,190,116	24,090,972	14,885,735	(9,205,237)	-38.2%
Hospitals and Clinics	65,326,670	74,538,699	94,395,221	19,856,522	26.6%
Institutional Support	66,113,052	69,636,111	71,029,396	1,393,285	2.0%
Student Services	5,167,493	5,205,107	5,219,137	14,030	0.3%
Operations and Maintenance of Plant	27,846,765	26,249,350	31,607,873	5,358,523	20.4%
Scholarships and Fellowships	3,814,256	3,404,232	4,208,595	804,363	23.6%
Auxiliary Enterprises	16,945,264	21,273,044	21,238,024	(35,020)	-0.2%
Depreciation and Amortization	32,965,817	34,655,665	37,379,571	2,723,906	7.9%
Total Operating Expenses	680,112,394	733,006,753	772,745,412	39,738,659	5.4%
Operating Surplus/Deficit	(154,144,007)	(210,078,305)	(224,294,059)	(14,215,754)	6.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	153,568,133	169,289,401	170,068,798	779,397	0.5%
Gifts in Support of Operations	10,700,795	11,780,100	19,519,383	7,739,283	65.7%
Net Investment Income	19,420,089	17,378,944	21,208,760	3,829,816	22.0%
Other Non-Operating Revenue	4,353,932	5,705,255	5,843,718	138,463	2.4%
Other Non-Operating (Expenses)	(232,559)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	187,810,390	204,153,700	216,640,659	12,486,959	6.1%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(6,906,277)	(8,274,927)	(7,998,221)	276,706	-3.3%
Total Transfers and Other	(6,906,277)	(8,274,927)	(7,998,221)	276,706	-3.3%
Budget Margin (Deficit)	26,760,106	(14,199,532)	(15,651,621)	(1,452,089)	10.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	1,000,000	1,000,000	-	0.0%
Net Inc./(Dec.) in Fair Value of Investments	32,608,991	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	8,880,113	10,430,000	10,900,000	470,000	4.5%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	8,383,952	9,800,000	12,500,000	2,700,000	27.6%
Transfers for Debt Service - Principal	(10,760,795)	(10,678,579)	(11,474,504)	(795,925)	7.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	49,579,568	2,960,000	14,500,000	11,540,000	389.9%
SRECNA Change in Net Assets	\$ 115,451,935	(688,111)	11,773,875	12,461,986	-1811.0%
Total Revenues and AUF Transfers	\$ 714,011,336	727,082,148	765,092,012	38,009,864	5.2%
Total Expenses (Including Transfers for Interest)	(687,251,230)	(741,281,680)	(780,743,633)	(39,461,953)	5.3%
Budget Margin (Deficit)	\$ 26,760,106	(14,199,532)	(15,651,621)	(1,452,089)	
Reconciliation to Use of Prior Year Balances					
Depreciation		34,655,665	37,379,571		
Capital Outlay		(6,851,355)	(6,726,385)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(10,678,579)	(11,474,504)		
Budgeted Transfers		62,382	29,771		
Use of Prior Year Balances		2,988,581	3,556,832		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

The University of Texas Health Science Center at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2009

Introduction – Major Goals Addressed by FY 2009 Budget

FY 2009 marks a period of investment for the U. T. Health Science Center - San Antonio. The acquisition of the Cancer Therapy and Research Center (CTRC) solidifies the U. T. Health Science Center - San Antonio's cancer research and clinical care mission in this region of the state whereby the acquired facilities provide research and clinical care space that is critical to the success of the San Antonio Cancer Institute (SACI). CTRC's research and clinical programs will continue to be integrated within the School of Medicine and Medical Arts and Research Center (MARC) operations plan. The University will continue to position itself for the opening of the MARC in April 2009 by finalizing clinical operating models, completing our electronic medical records (EMR) initiative, and strategically investing in clinical faculty. Breaking ground on the South Texas Research Facility (STRF) will also continue to be a goal the U. T. Health Science Center - San Antonio strives to achieve in the upcoming year.

Stagnation in formula General Revenue (GR) has prohibited the level of investment necessary to sustain the functionality of facilities and technology infrastructure that is critical to the success of institutional missions. The infrastructure backlog estimate is \$16 million. It is imperative to acquire funding through GR, tuition revenue bonds, PUF and LERR to bring facilities and IT infrastructure environments back to a steady state as a foundation for future strategic plan initiatives.

The U. T. Health Science Center - San Antonio considers it important to provide competitive compensation for both faculty and staff to keep pace with national medians, regional private sectors, and other state government agencies and higher education entities. Due to aggressive compensation enhancements provided in 2008 (a 2% cost of living salary adjustment for all non-faculty staff and a 9% average market salary increases for 33% or 1,252 non-faculty staff), the U. T. Health Science Center - San Antonio authorized a minimal 1.5% merit salary increase in 2009 for all non-faculty staff (\$2.2 million total cost) and established reserves in State funds within each school equivalent to 1.5% of total faculty salary costs (\$1.5 million) to address academic and faculty enhancements.

The U. T. Health Science Center - San Antonio is also committed to recruiting and retaining talented deans, chairs and faculty in both the clinical and research areas in order to secure the institution as a top-tiered academic health center. The University will continue to proactively address the challenges of rising utilities costs, to increase philanthropic efforts, and to increase sponsored research through strategic recruitments and collaborations.

Revenue

The U. T. Health Science Center - San Antonio should experience revenue growth of \$95.4 million, or 16.7%, over FY 2008. The majority of this increase (\$59.5 million) is attributable to CTRC operations (\$30 million in Sponsored Programs, \$19.5 million in cancer patient services, and \$10 million in gifts). Increases of approximately \$18 million will occur among the U. T. Health Science Center - San Antonio's existing sponsored research initiatives (NIH, Barshop, clinical studies), philanthropic efforts due to branding initiatives are expected to grow by \$10 million, practice plan increases are projected to yield \$4.3 million, and incremental Indirect Cost Recovery revenues as a result of increased research activity and a higher negotiated F&A rate (from 46% to 48.5%) are projected to generate \$2 million. The remainder of the growth is due to marginal increases in tuition and fees and investment income.

Expenses

Expenses are expected to increase \$98.2 million, or 17.0%, over FY 2008. The majority of this increase (\$65.1 million) is attributable to research and patient care activities among CTRC (\$30 million supported by grants and contracts, \$19.5 million supported by professional fees, \$10 million supported by gifts, \$5 million related to depreciation, and \$600,000 of debt service interest). Among U. T. Health Science Center - San Antonio operations, sponsored instructional and research initiatives increased by \$18 million, practice plan operations increased \$4.4 million, a 1.5% merit salary increase for staff and a 1.5% reserve for faculty and academic enhancements was authorized at a cost of \$3.7 million, debt service interest related to the MARC increased by \$3.5 million, purchased utilities increased by \$1.5 million, and Auxiliary Enterprises grew \$932,000 due to parking, shuttle and student services enhancements. The remainder of the growth reflects academic and support enhancements (\$663,250 for the new International Dentistry Program, \$450,000 for pre-doctoral instruction within the Dental Outpatient Clinic, and \$200,000 for the new School of Nursing Dean).

The University of Texas Health Science Center at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2009

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 24,688,821	21,618,389	22,312,625	694,236	3.2%
Federal Sponsored Programs	111,690,508	116,123,433	160,860,001	44,736,568	38.5%
State Sponsored Programs	7,032,350	2,393,697	3,296,405	902,708	37.7%
Local and Private Sponsored Programs	91,403,847	76,181,953	82,524,256	6,342,303	8.3%
Net Sales and Services of Educational Activities	40,085,501	43,891,700	44,197,400	305,700	0.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	94,941,385	88,748,594	112,640,479	23,891,885	26.9%
Net Auxiliary Enterprises	4,130,027	3,435,000	4,931,900	1,496,900	43.6%
Other Operating Revenues	7,006,507	10,463,498	7,011,936	(3,451,562)	-33.0%
Total Operating Revenues	380,978,946	362,856,264	437,775,002	74,918,738	20.6%
Operating Expenses:					
Instruction	246,136,182	251,164,503	260,241,671	9,077,168	3.6%
Academic Support	28,734,074	30,600,276	33,203,350	2,603,074	8.5%
Research	117,468,899	114,809,511	187,846,167	73,036,656	63.6%
Public Service	26,527,593	25,560,531	27,080,990	1,520,459	5.9%
Hospitals and Clinics	46,887,305	49,755,968	54,135,321	4,379,353	8.8%
Institutional Support	29,341,776	35,759,647	33,326,295	(2,433,352)	-6.8%
Student Services	2,322,459	1,826,076	2,069,079	243,003	13.3%
Operations and Maintenance of Plant	30,927,254	28,782,573	28,589,401	(193,172)	-0.7%
Scholarships and Fellowships	1,955,207	1,825,446	2,239,996	414,550	22.7%
Auxiliary Enterprises	4,313,466	4,284,612	5,216,487	931,875	21.7%
Depreciation and Amortization	22,804,861	26,000,000	31,500,000	5,500,000	21.2%
Total Operating Expenses	557,419,076	570,369,143	665,448,757	95,079,614	16.7%
Operating Surplus/Deficit	(176,440,130)	(207,512,879)	(227,673,755)	(20,160,876)	9.7%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	153,783,437	170,108,682	170,021,045	(87,637)	-0.1%
Gifts in Support of Operations	23,266,442	8,250,000	28,250,000	20,000,000	242.4%
Net Investment Income	27,800,966	28,523,451	29,111,033	587,582	2.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	204,850,845	206,882,133	227,382,078	20,499,945	9.9%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(953,438)	(5,820,339)	(8,978,542)	(3,158,203)	54.3%
Total Transfers and Other	(953,438)	(5,820,339)	(8,978,542)	(3,158,203)	54.3%
Budget Margin (Deficit)	27,457,277	(6,451,085)	(9,270,219)	(2,819,134)	43.7%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	49,672,695	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	8,154,528	3,250,000	8,000,000	4,750,000	146.2%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	18,942,499	7,000,000	15,000,000	8,000,000	114.3%
Transfers for Debt Service - Principal	(10,921,203)	(10,730,487)	(13,308,337)	(2,577,850)	24.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	95,575,652	40,000,000	20,000,000	(20,000,000)	-50.0%
SRECNA Change in Net Assets	\$ 188,881,448	33,068,428	20,421,444	(12,646,984)	-38.2%
Total Revenues and AUF Transfers	\$ 585,829,791	569,738,397	665,157,080	95,418,683	16.7%
Total Expenses (Including Transfers for Interest)	(558,372,514)	(576,189,482)	(674,427,299)	(98,237,817)	17.0%
Budget Margin (Deficit)	\$ 27,457,277	(6,451,085)	(9,270,219)	(2,819,134)	
Reconciliation to Use of Prior Year Balances					
Depreciation		26,000,000	31,500,000		
Capital Outlay		(9,000,000)	(10,200,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(10,730,487)	(13,308,337)		
Budgeted Transfers		1,106,000	1,129,000		
Use of Prior Year Balances		924,428	(149,556)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**U. T. M. D. Anderson Cancer Center
Operating Budget Highlights
For the Year Ending August 31, 2009**

Introduction - Major Goals Addressed by FY 2009 Budget

Strategic Vision for Making Cancer History, 2005-2010

- Recruit world-class basic scientists to match our world-class clinical researchers
- Refine research strategic plan and funding
- Prepare data collection process for future when clinical reimbursement will be performance-based
- Integrate Electronic Medical Records (EMR) with clinical research data
- Manage demand and capacity, both clinical and research
- Continue to focus on efficiency and quality of clinical operations
- Market U. T. M. D. Anderson Cancer Center to selected targets
- Be the employer of choice
- Identify new sources of funding: Pharma/Biotech, U. T. M. D. Anderson Cancer Center Global Oncology, Technology Transfer

Research and Academic Programs Initiatives

- Research Programs – Develop Priority and Bridge Funding programs; recruit/retain world-class faculty and faculty leaders; increase quality, productivity and accountability; provide resources and infrastructure
- Research Priority: Consensus to build on our strengths, focus on excellence and prioritize resources
- Cancer Prevention and Research Institute of Texas
- Meeting the Mission in Education - 4 Challenges: Recognition and Reward, Educating the Generations, Staff Development, and Graduate Education

Clinical Care Initiatives

- Key Clinical Goals: EMR, Performance Management, and Customer Service
- Clinical Productivity
- Patient Access
- Clinical Quality Initiatives
- On-going investment in EMR to be integrated with clinical research data
- Multidisciplinary Program Reviews

Finance and Administration Initiatives

- Living within our financial means
- Global Business Development

Revenue

The FY 2009 budgeted revenue (operating and non-operating) is projected to increase 8.4% over the FY 2008 budget. The hospital and clinics revenue is projected to increase by 8.4% due to increasing clinical volume indicators, strategic pricing initiatives, the opening of satellite facilities and additional clinical faculty FTE growth. The Federal Sponsored Programs minimal growth is reflective of the decreases in the National Cancer Institute's payline decrease.

Expenditures

The FY 2009 budgeted expense is projected to increase 9.0% over the FY 2008 budget. The hospital and clinics expense increase accounts for approximately 64%, or \$147.8 million of the increase over the FY 2008 budget. The remainder of the increase is primarily due to 1) 10.7% increase in research, 2) 14.7% increase in depreciation expense, and 3) 5% increase in the other expense classifications.

Debt service is increasing due to the financing of newly completed patient care and research facilities and equipment.

FTE Growth and Salary Increases – While managing growing clinical, research and educational demands and initiatives, FY 2009 FTE growth is expected to slightly slow down compared to FY 2008 growth trends. The following overall salary increases for merits, market, equity, and promotions are planned for next year: Faculty 5.29%, Administrative 5.95%, and Classified 5.09%.

The University of Texas M. D. Anderson Cancer Center
Operating Budget
Fiscal Year Ending August 31, 2009

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 574,137	659,609	1,114,467	454,858	69.0%
Federal Sponsored Programs	187,893,630	197,843,792	207,244,524	9,400,732	4.8%
State Sponsored Programs	165,191	1,450,000	500,000	(950,000)	-65.5%
Local and Private Sponsored Programs	55,819,492	58,441,116	74,795,196	16,354,080	28.0%
Net Sales and Services of Educational Activities	2,137,905	2,608,978	2,889,031	280,053	10.7%
Net Sales and Services of Hospital and Clinics	1,717,114,637	1,891,601,054	2,051,250,000	159,648,946	8.4%
Net Professional Fees	271,669,875	283,533,102	299,878,114	16,345,012	5.8%
Net Auxiliary Enterprises	25,319,457	28,097,265	29,449,567	1,352,302	4.8%
Other Operating Revenues	26,657,522	17,145,885	30,444,483	13,298,598	77.6%
Total Operating Revenues	2,287,351,846	2,481,380,801	2,697,565,382	216,184,581	8.7%
Operating Expenses:					
Instruction	78,545,017	95,118,735	89,003,112	(6,115,623)	-6.4%
Academic Support	48,183,822	52,017,117	55,147,138	3,130,021	6.0%
Research	374,619,645	395,149,353	437,284,197	42,134,844	10.7%
Public Service	11,757,566	17,545,255	14,115,029	(3,430,226)	-19.6%
Hospitals and Clinics	1,323,426,528	1,405,691,748	1,553,477,442	147,785,694	10.5%
Institutional Support	170,465,020	174,893,135	184,370,996	9,477,861	5.4%
Student Services	2,459	250,000	250,000	-	0.0%
Operations and Maintenance of Plant	154,583,641	177,433,717	185,540,277	8,106,560	4.6%
Scholarships and Fellowships	481,493	567,979	800,000	232,021	40.9%
Auxiliary Enterprises	16,732,719	18,110,848	19,482,214	1,371,366	7.6%
Depreciation and Amortization	190,834,761	203,000,000	232,831,271	29,831,271	14.7%
Total Operating Expenses	2,369,632,671	2,539,777,887	2,772,301,676	232,523,789	9.2%
Operating Surplus/Deficit	(82,280,825)	(58,397,086)	(74,736,294)	(16,339,208)	28.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	160,130,024	167,739,888	168,131,384	391,496	0.2%
Gifts in Support of Operations	70,500,340	72,308,541	86,322,521	14,013,980	19.4%
Net Investment Income	55,024,180	46,429,243	47,933,521	1,504,278	3.2%
Other Non-Operating Revenue	315,002	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	285,969,546	286,477,672	302,387,426	15,909,754	5.6%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(25,614,737)	(32,834,650)	(31,982,057)	852,593	-2.6%
Total Transfers and Other	(25,614,737)	(32,834,650)	(31,982,057)	852,593	-2.6%
Budget Margin (Deficit)	178,073,984	195,245,936	195,669,075	423,139	0.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	107,338,363	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	9,565,699	50,000,000	35,000,000	(15,000,000)	-30.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	54,029,523	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(53,106,431)	(60,356,021)	(68,940,595)	(8,584,574)	14.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	76,842,650	85,500,000	224,400,000	138,900,000	162.5%
SRECNA Change in Net Assets	\$ 372,743,788	280,389,915	396,128,480	115,738,565	41.3%
Total Revenues and AUF Transfers	\$ 2,573,321,392	2,767,858,473	2,999,952,808	232,094,335	8.4%
Total Expenses (Including Transfers for Interest)	(2,395,247,408)	(2,572,612,537)	(2,804,283,733)	(231,671,196)	9.0%
Budget Margin (Deficit)	\$ 178,073,984	195,245,936	195,669,075	423,139	
Reconciliation to Use of Prior Year Balances					
Depreciation		203,000,000	232,831,271		
Capital Outlay		(356,468,187)	(374,632,688)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(60,356,021)	(68,940,595)		
Budgeted Transfers		-	-		
Use of Prior Year Balances		(18,578,272)	(15,072,937)		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

The University of Texas Health Science Center at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2009

Introduction - Major Goals Addressed by FY 2009 Budget

The FY 2009 Operating budget for The University of Texas Health Science Center at Tyler reflects a period of positive change. The budget includes the reduction of approximately 90 FTEs compared to FY 2008s operating budget, the replacement of the University's Chief Nursing Officer, the addition of a new Chief Operations Officer and a new Vice President of Institutional Advancement, all while including Merit pay and maintaining infrastructure.

Many of the FTE reductions are achieved through attrition, although a small number are achieved through Reductions in Force. The new Chief Operations Officer fills a position left vacant for approximately two years. During FY 2009, he will assist the President in day-to-day operations while implementing improvements geared toward increasing and diversifying revenue streams. The Chief Nursing Officer will work to increase productivity and accountability within the nursing ranks while improving employee satisfaction levels and maintaining extremely high quality, safety, and patient care standards. And finally, the new Vice President for Institutional Advancement will work to reverse a trend of decline, in gifts supporting operations, experienced by the University since the departure of the Director of Institutional Advancement in FY 2006. This will be accomplished by securing new sources of philanthropic support as well as re-connecting with past supporters.

These goals are addressed while including \$1 million for staff Merit pay in the FY 2009 budget compared to no staff Merit pay budgeted in FY 2008 and while including \$3.5 million in capital to maintain infrastructure and make improvements to facilities, designed to contain costs, improve existing revenue streams, and build new ones.

Revenue

An approximate 2% decrease in operating revenue, compared to the FY 2008 budget, results primarily from the natural end of a few large research grants as well as the slow process of re-building the Oncology Program that was left substantially non-functional with the departure of U. T. Health Science Center – Tyler's only Oncologist, late in FY 2005.

While the University is confident that additional sponsored research grant proposals will be accepted and funded, the budget takes a conservative approach to include those funding streams that are in place or imminent.

Net Professional Fees are down from the FY 2008 budget approximately \$1.6 million to align with projected actual revenues from FY 2008. Toward the end of FY 2005, U. T. Health Science Center - Tyler's only Oncologist terminated employment, leaving the Oncology Program all but suspended until another Oncologist could be recruited. In FY 2008 the University successfully recruited an Oncologist, Dr. Coty Ho, who began the painstaking work of re-building the Oncology Program. Dr. Ho's patient base is growing and Management is confident that Oncology will significantly improve revenues after the program reaches optimum patient and staffing levels.

A conservative approach is taken in the FY 2009 budget, to ensure forward movement combined with realistic expectations and meeting operational and strategic goals as well as investing in capital projects and equipment required take U. T. Health Science Center - Tyler into the future.

Expenses

The main expense category reflecting significant reductions in FY 2009 budgeted expenses compared to FY 2008 budget is Salaries, Wages, and Benefits resulting from the reduction of approximately 90 FTEs. Although the University's current productivity reporting system has enabled progress toward the goal of aligning staff levels with work volume, the system does not provide the real-time data required to make effective staffing adjustments as volume fluctuates. To this end, U. T. Health Science Center at Tyler will make a significant financial investment in FY 2009 to upgrade productivity reporting and decision support tools. Some of this investment includes upgrades to time-and-attendance software that will enable management to implement real-time staffing adjustments to optimize staff levels according to patient load. Additionally the University is replacing signage to reflect the University's new name and logo as well as upgrading financial reporting software. Increased productivity and decreased labor costs allowed the University to include \$1 million in the FY 2009 budget for staff Merit pay as compared to no budgeted Merit pay in FY 2008. Physicians at U. T. Health Science Center - Tyler do not participate in Merit since they are compensated through the Physician Compensation Plan. The University has made great strides in expense reduction, although utilities, supplies, and physical plant operations prove volatile as increased fuel costs drive down-stream commodity price increases.

The University of Texas Health Science Center at Tyler
Operating Budget
Fiscal Year Ending August 31, 2009

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	9,830,229	14,022,875	11,800,000	(2,222,875)	-15.9%
State Sponsored Programs	1,304,046	1,276,700	1,340,200	63,500	5.0%
Local and Private Sponsored Programs	4,663,010	2,219,005	3,650,000	1,430,995	64.5%
Net Sales and Services of Educational Activities	1,034,084	3,457,473	2,872,158	(585,315)	-16.9%
Net Sales and Services of Hospital and Clinics	44,495,098	41,964,605	43,329,290	1,364,685	3.3%
Net Professional Fees	15,068,152	11,268,060	9,635,018	(1,633,042)	-14.5%
Net Auxiliary Enterprises	178,934	202,420	227,192	24,772	12.2%
Other Operating Revenues	673,116	-	-	-	-
Total Operating Revenues	77,246,669	74,411,138	72,853,858	(1,557,280)	-2.1%
Operating Expenses:					
Instruction	7,150,044	4,132,457	4,051,742	(80,715)	-2.0%
Academic Support	367,599	481,551	536,003	54,452	11.3%
Research	11,709,718	20,865,196	23,390,981	2,525,785	12.1%
Public Service	-	-	-	-	-
Hospitals and Clinics	66,259,753	63,696,570	59,004,265	(4,692,305)	-7.4%
Institutional Support	9,662,837	8,513,900	6,684,047	(1,829,853)	-21.5%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	9,187,734	9,076,575	14,404,482	5,327,907	58.7%
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	232,583	189,824	211,963	22,139	11.7%
Depreciation and Amortization	8,955,614	8,930,100	8,861,954	(68,146)	-0.8%
Total Operating Expenses	113,525,882	115,886,173	117,145,437	1,259,264	1.1%
Operating Surplus/Deficit	(36,279,213)	(41,475,035)	(44,291,579)	(2,816,544)	6.8%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	37,764,633	40,480,054	40,873,781	393,727	1.0%
Gifts in Support of Operations	570,517	1,449,327	1,081,137	(368,190)	-25.4%
Net Investment Income	3,623,506	2,905,214	2,511,177	(394,037)	-13.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	41,958,656	44,834,595	44,466,095	(368,500)	-0.8%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(764,767)	(947,425)	(945,795)	1,630	-0.2%
Total Transfers and Other	(764,767)	(947,425)	(945,795)	1,630	-0.2%
Budget Margin (Deficit)	4,914,676	2,412,135	(771,279)	(3,183,414)	-132.0%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	4,940,639	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	197	381,538	250,000	(131,538)	-34.5%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	545,283	-	-	-	-
Transfers for Debt Service - Principal	(1,492,570)	(3,496,513)	(3,714,038)	(217,525)	6.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	3,627,135	2,594,540	2,250,000	(344,540)	-13.3%
SRECNA Change in Net Assets	\$ 12,535,360	1,891,700	(1,985,317)	(3,877,017)	-204.9%
Total Revenues and AUF Transfers	\$ 119,205,325	119,245,733	117,319,953	(1,925,780)	-1.6%
Total Expenses (Including Transfers for Interest)	(114,290,649)	(116,833,598)	(118,091,232)	(1,257,634)	1.1%
Budget Margin (Deficit)	\$ 4,914,676	2,412,135	(771,279)	(3,183,414)	
Reconciliation to Use of Prior Year Balances					
Depreciation		8,930,100	8,861,954		
Capital Outlay		(7,032,000)	(3,500,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(3,496,513)	(3,714,038)		
Budgeted Transfers		-	-		
Use of Prior Year Balances		813,722	876,637		

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

**The University of Texas System
Fiscal Year 2009
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION**

Summary

	PUF Allocation		
	Library & Equipment	Repair & Rehabilitation	Total
Academic Institutions			
University of Texas at Arlington	\$ 613,850	1,523,000	2,136,850
University of Texas at Austin	250,000	4,244,150	4,494,150
University of Texas at Dallas	450,000	1,700,000	2,150,000
University of Texas at El Paso	1,525,000	645,000	2,170,000
University of Texas of the Permian Basin	830,000	-	830,000
University of Texas at San Antonio	-	2,238,000	2,238,000
University of Texas at Tyler	91,000	720,000	811,000
Subtotal Academic Institutions	<u>3,759,850</u>	<u>11,070,150</u>	<u>14,830,000</u>
Health Institutions			
University of Texas Southwestern Medical Center at Dallas	-	1,975,000	1,975,000
University of Texas Medical Branch at Galveston	1,050,000	1,000,000	2,050,000
University of Texas Health Science Center at Houston	175,000	1,800,000	1,975,000
University of Texas Health Science Center at San Antonio	1,000,000	1,000,000	2,000,000
University of Texas M. D. Anderson Cancer Center	-	1,975,000	1,975,000
University of Texas Health Science Center at Tyler	-	1,995,000	1,995,000
Subtotal Health Institutions	<u>2,225,000</u>	<u>9,745,000</u>	<u>11,970,000</u>
University of Texas System Administration			
UT System Academic Libraries Collection Enhancement	2,700,000	-	2,700,000
Subtotal System Administration	<u>2,700,000</u>	<u>-</u>	<u>2,700,000</u>
Collaborative Projects			
University of Texas at El Paso	500,000	-	500,000
Subtotal Collaborative Projects	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Grand Total	\$ <u>9,184,850</u>	<u>20,815,150</u>	<u>30,000,000</u>

**The University of Texas System
Fiscal Year 2009
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION**

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION	
	TOTAL PROJECT COST	PUF ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED
ACADEMIC INSTITUTIONS				
University of Texas at Arlington				
Magnusson Nano Photonics Office and Laboratory Complex	-	-	1,000,000	600,000
Tunnel Sump Pump Replacement	-	-	110,000	110,000
Fine Arts - Roof Replacement	-	-	325,000	325,000
Music Recording Studio	-	-	300,000	300,000
Nedderman Building North - Roof Replacement	-	-	188,000	188,000
Replacement of Student Workstations in the School of Architecture	85,000	75,000	-	-
Theatre Arts - Lighting Equipment	88,250	88,250	-	-
Facilities Inventory Tracking and Reporting	150,000	150,000	-	-
SUPA Computer Lab Update and Rehabilitation	43,600	43,600	-	-
College of Business Equipment and Software	264,048	100,000	-	-
Computers for Computer Science and Engineering Courses	55,000	55,000	-	-
Undergraduate Systems Lab in the Dept. of Electrical Engineering	102,000	102,000	-	-
TOTAL	\$ 787,898	613,850	1,923,000	1,523,000
University of Texas at Austin				
Engineering Science Building Fire Safety	-	-	1,200,000	1,200,000
Sid Richardson Hall Fire Safety	-	-	450,000	450,000
Engineering Teaching Center Fire Safety	-	-	900,000	900,000
College of Business Administration Fire Safety	-	-	200,000	200,000
Chemical and Petroleum Engineering Building Fire and Life Safety	-	-	200,000	200,000
Ernest Cockrell Jr. Hall Fire Safety	-	-	1,800,000	1,294,150
UT Teach Engineering	250,000	250,000	-	-
TOTAL	\$ 250,000	250,000	4,750,000	4,244,150
University of Texas at Dallas				
Conference Center Roof Replacement	-	-	900,000	900,000
Arts and Technology Program Computer Equipment	450,000	450,000	-	-
Hoblitzelle Hall Roof Replacement	-	-	600,000	600,000
Lightning Protection	-	-	100,000	100,000
HVAC - Air Handler Coil Replacement, Phase I	-	-	250,000	100,000
TOTAL	\$ 450,000	450,000	1,850,000	1,700,000
University of Texas at El Paso				
Life Safety Egress and Stairwell Improvements, Phase II	-	-	200,000	200,000
Public Announcement System	200,000	200,000	-	-
Research and Technology Infrastructure for New Faculty	750,000	750,000	-	-
Technology Infrastructure Upgrade	500,000	500,000	-	-
Physical Therapy Program Equipment	75,000	75,000	-	-
Repair/Replace Electrical Systems at Various Buildings	-	-	120,000	120,000
Accessibility Improvements in Various Buildings, Phase I	-	-	150,000	150,000
Replace Transformers and Switches at Various Locations on Campus	-	-	175,000	175,000
TOTAL	\$ 1,525,000	1,525,000	645,000	645,000
University of Texas of the Permian Basin				
Local Area Network Core Equipment Replacement	120,000	120,000	-	-
Library Collections	235,000	235,000	-	-
Data Communications Laboratory	140,000	140,000	-	-
Instructional Technology Refresh	60,000	60,000	-	-
Personal Computer Technology Refresh	275,000	275,000	-	-
TOTAL	\$ 830,000	830,000	-	-
University of Texas at San Antonio				
Physical Education Building Fire Suppression	-	-	450,000	450,000
Expansion of Library Collection Shelving	-	-	630,000	630,000
Student Safety and Security	-	-	508,000	508,000
ADA Access	-	-	150,000	150,000
Science Building Teaching Lab Safety Rehabilitation	-	-	654,000	500,000
TOTAL	\$ -	-	2,392,000	2,238,000
University of Texas at Tyler				
Safety, Security, and Emergency Response Systems I	91,000	91,000	-	-
Safety, Security, and Emergency Response Systems II	-	-	450,000	450,000
ADA Improvements	-	-	100,000	100,000
Library Renovations	-	-	170,000	170,000
TOTAL	\$ 91,000	91,000	720,000	720,000
SUBTOTAL - ACADEMICS		\$ 3,759,850		11,070,150

The University of Texas System
Fiscal Year 2009
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION	
	TOTAL PROJECT COST	PUF ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED
HEALTH INSTITUTIONS				
University of Texas Southwestern Medical Center at Dallas				
Renovation of Lab and Office Space I	-	-	1,000,000	500,000
Renovation of Lab and Office Space II	-	-	1,000,000	500,000
Renovation of Lab and Office Space III	-	-	626,888	313,444
Renovation of Lab and Office Space IV	-	-	856,438	428,219
Renovation of Lab and Office Space V	-	-	516,674	233,337
TOTAL	\$ -	-	<u>4,000,000</u>	<u>1,975,000</u>
University of Texas Medical Branch at Galveston				
Fire and Life Safety (High Priority Projects)	-	-	1,000,000	1,000,000
Information and Education Resources Enhancement	2,608,607	1,050,000	-	-
TOTAL	\$ <u>2,608,607</u>	<u>1,050,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
University of Texas Health Science Center at Houston				
University Center Tower Emergency Generator Replacement Systems	-	-	1,200,000	1,200,000
Dental Branch Building Emergency Generator Replacement Systems	-	-	600,000	600,000
Consolidated Desktop Management	175,000	175,000	-	-
TOTAL	\$ <u>175,000</u>	<u>175,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
University of Texas Health Science Center at San Antonio				
Fire and Life Safety (High Priority Projects)	-	-	1,000,000	1,000,000
Information Technology Infrastructure Upgrades	2,000,000	1,000,000	-	-
TOTAL	\$ <u>2,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
University of Texas M. D. Anderson Cancer Center				
Campus Flood Hazard Mitigation Project	-	-	1,100,000	900,000
Bastrop Emergency Water System	-	-	1,000,000	800,000
Main Campus Fire Alarm A/V Upgrade and Additions	-	-	400,000	275,000
TOTAL	\$ -	-	<u>2,500,000</u>	<u>1,975,000</u>
University of Texas Health Science Center at Tyler				
Campus Complex Interiors Renovation	-	-	1,995,000	1,995,000
TOTAL	\$ -	-	<u>1,995,000</u>	<u>1,995,000</u>
SUBTOTAL - HEALTHS		\$ <u>2,225,000</u>		<u>9,745,000</u>
SYSTEM ADMINISTRATION				
University of Texas System Administration				
Academic Library Collection Enhancement Program	3,000,000	2,700,000	-	-
TOTAL	\$ <u>3,000,000</u>	<u>2,700,000</u>	-	-
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ <u>2,700,000</u>		-
COLLABORATIVE PROJECTS				
University of Texas at El Paso				
Exposure of a Mexican-American Community to Lead and Toxic Metals, El Paso, Texas: A UT El Paso - UT HSC - Houston Joint Project in Environmental Health Science	700,000	500,000	-	-
TOTAL	\$ <u>700,000</u>	<u>500,000</u>	-	-
SUBTOTAL - COLLABORATIVE PROJECTS		\$ <u>500,000</u>		-
TOTAL - U. T. SYSTEM		\$ <u>9,184,850</u>		<u>20,815,150</u>

**The University of Texas System
Fiscal Year 2009
RESERVE ALLOCATIONS FOR
FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) PROGRAM**

University of Texas System Administration

Faculty STARs Program - Academic Institutions
Faculty STARs Program - Health Institutions

10,000,000
10,000,000

Total \$ 20,000,000

Faculty Science and Technology Acquisition and Retention (STARs) Program

In August 2004, the U. T. System Board of Regents approved an allocation of funds to be awarded to institutions to help attract and retain the best qualified faculty. Funded through Permanent University Fund (PUF) bond proceeds, this awards program, named Faculty STARs, provided funding to help purchase state-of-the-art research equipment and make necessary laboratory renovations to encourage faculty members to perform their research at U. T. institutions. The Board has allocated STARs funds as follows.

STARs Allocation History

Academic Institutions

2005 Faculty STARs	\$	32,450,000
2006 Faculty STARs	\$	15,000,000
2007 Faculty STARs	\$	20,000,000
2008 Faculty STARs	\$	10,000,000
2009 Proposed Faculty STARs	\$	10,000,000

Health Institutions

2005 Faculty STARs	\$	26,550,000
2009 Proposed Faculty STARs	\$	10,000,000

With the exception of a portion of funding distributed non-competitively to academic institutions in fiscal year 2005, recipients of the STARs awards are selected through a competitive process. The program is centrally administered by U. T. System to provide start-up or retention packages for tenured faculty of proven quality who are recommended from the institutions by a faculty group at the nominating university. A peer review committee chaired by the appropriate Executive Vice Chancellor examines the STARs award nominees at the U. T. System Administration level and makes final recommendations. The funds are available only for laboratory renovation and equipment purchases. Consistent with other PUF bond funded programs, the STARs awards may not be spent on operations.

The program is making a significant contribution toward accomplishing the goal of developing and further strengthening the research capacity of the institutions within U. T. System. The competitive program has helped U. T. institutions recruit and retain some of the best researchers in the nation, recognized nationally and internationally for their scholarly achievements. Since the program's inception, these individuals have made a significant impact to U. T. System institutions through research grants, collaborations made with outside entities, and pending and issued patents as well as by encouraging future research and excellence.

**THE UNIVERSITY OF TEXAS SYSTEM
BUDGET RULES AND PROCEDURES**

For Fiscal Year Ending August 31, 2009

A. INITIAL BUDGET

1. Any transfers subsequent to the approval of the initial budget shall be made only after careful consideration of the allocations, transfer limitations, and general provisions of the current general appropriations act. (See B: Budget Amendments)
2. All appointments are subject to the provisions of the U. T. System Board of Regents' *Rules and Regulations* for the governance of The University of Texas System.
3. The established merit principle will be observed in determining salary rates.
4. All academic salary rates in the instructional departments of the academic institutions are nine-month rates (September 1 - May 31) unless otherwise specified. In the health-related institutions, all salary rates are twelve-month rates unless otherwise specified.
5. All appointments of classified personnel are based on twelve-month rates and are made within appropriate salary ranges as defined by the classified personnel Pay Plan approved by the president or Chancellor. All appointments of administrative and professional personnel are based on twelve-month rates.
6. Compensation for continuing personnel services (for a period longer than one month), though paid for on an hourly basis, is not to be paid out of maintenance and equipment, or like appropriations, except upon specific approval of the president of the institution or the Chancellor.
7. All maintenance and operation, equipment, and travel appropriations are for twelve months (September 1 - August 31) and should be budgeted and expended accordingly.

B. BUDGET AMENDMENTS

1. ITEMS REQUIRING APPROVAL OF THE U. T. SYSTEM ADMINISTRATION AND SUBSEQUENT APPROVAL BY THE U. T. SYSTEM BOARD OF REGENTS THROUGH THE DOCKET
 - a. Transfers from Unappropriated Educational and General Fund Balance.
 - b. New appointments of tenured faculty.
 - c. Award of tenure to any faculty member.
 - d. New appointment as Dean Emeritus, Chair Emeritus, or Professor Emeritus.
 - e. Appointments, promotions, and salary increases involving the president.

- f Compensation changes, new contracts, or contract changes involving athletic directors or head coaches.
- g Compensation changes for employees whose total annual compensation is \$1,000,000 or above.
- h Increases in budgeted amounts of \$500,000 or more from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.
- i Increases to Plant Funds of \$500,000 or more, which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.

2. ITEMS REQUIRING APPROVAL OF U. T. SYSTEM ADMINISTRATION (NON-DOCKET)

- a. Reappropriation of prior year Educational and General Fund balances of \$100,000 or more.
- b. Increases in budgeted amounts of \$100,000-\$499,999 from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.
- c. Increases to Plant Funds of \$100,000-\$499,999 which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.
- d. Compensation changes for employees whose total annual compensation is \$500,000 or more but less than \$1,000,000.
- e. Salary increases involving tenured faculty of \$10,000 or more at academic institutions and \$25,000 or more at health-related institutions. This includes one-time merit payments.
- f. Appointments and promotions involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent.
- g. Salary increases of \$10,000 or more involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent. This includes one-time merit payments.
- h. All appointments and salary increases of \$10,000 or more involving employees, other than athletic directors and head coaches, serving under written employment contracts. This includes one-time merit payments.

3. ITEMS REQUIRING APPROVAL OF THE PRESIDENT ONLY

- a. All interdepartmental transfers.
- b. All budget transfers between line-item appropriations within a department.

- c. Increases of less than \$100,000 in budgeted amounts from income for Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.
- d. Reallocation of unallocated Faculty Salaries. All unfilled and uncommitted line-item faculty salary positions will lapse to the institutional "Unallocated Faculty Salaries" account.
- e. Reappropriation of Prior Year Educational and General Fund Balances less than \$100,000.
- f. Promotions involving tenured faculty.
- g. Transactions involving all other personnel except those specified in B.1b, B.1c, B.1d, B.1e, B.1f, B.1g, B.2d, B.2e, B.2f, B.2g and B.2h as defined above.
- h. Changes in sources of funds, changes in time assignments, and other changes in status for personnel categorized in Item B.1, provided no change in the individual's salary rate is involved. In the case of Medical Faculty, this provision applies to "Total Compensation."
- i. Summer Session Budgets.
- j. Clinical faculty appointments or changes, including medical or hospital staff, without salary.

4. EFFECTIVE DATE OF APPOINTMENTS AND SALARY INCREASES

- a. Any increase in an approved salary rate for the current fiscal year without a change in classification or position is not to be effective prior to the first day of the month in which the required final approval of the rate change is obtained.
- b. A salary rate increase resulting from an appointment to another classification or to a position involving new and different duties may be made effective to the time of the first performance of duties under the new appointment.
- c. The effective date of an appointment is the date on which the individual is first to perform service for the institution under that appointment.
- d. The original appointment during a fiscal year of a person not in a budget for that year or not under an existing appointment for that year may relate back to the first performance of duties during the fiscal year although such person may have been employed in a previous fiscal year and although an increased salary rate for the same classification or position is involved.

C. OTHER CONSIDERATIONS

1. All appropriations not actually expended or encumbered by August 31 will automatically lapse to the Unappropriated Balance Account except for those reallocated pursuant to Item B.2a and Item B.3e.
2. Compensation indicated as "MSRDP Funds," "DSRDP Funds," "PRS Funds" or "Allied Health Faculty Services Plan" is contingent upon its being earned or available in accordance with the regulations applicable to the Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service Plan or Allied Health Faculty Services Plan.
3. Budgeted expenditures authorized from sources of funds other than Educational and General Funds are contingent upon receipt of such funds. Appointments from such fund sources will not become an obligation of the institution in the event the supplemental or grant funds are not realized.
4. In accordance with provisions contained in U. T. System Board of Regents' *Rules and Regulations* Series 30201, leaves of absence for a first year or portion thereof or a second consecutive year's leave may be granted by the president. Except in very unusual circumstances as outlined in Section 3.2 and 3.3, a third consecutive year leave of absence will not be granted. Requests for third year leave of absence must be reviewed and approved by the appropriate executive vice chancellor.

THE UNIVERSITY OF TEXAS SYSTEM

**MEDICAL, DENTAL, AND ALLIED HEALTH SERVICES, RESEARCH AND DEVELOPMENT PLANS
AND
PHYSICIANS REFERRAL SERVICE
BUDGET RULES AND PROCEDURES**

For Fiscal Year Ending August 31, 2009

1. These Rules and Procedures are to be used for the Medical, Dental, and Allied Health Services, Research and Development Plans and Physicians Referral Service Budgets in conjunction with the Rules and Procedures for the General Operating Budget.
2. Budgeted expenditures authorized from Medical, Dental, and Allied Health Services Research, and Development Plans and Physicians Referral Service are contingent upon receipt of such funds. Appointments and other budget transactions from such fund sources shall not become an obligation of any institution in the event the funds are not realized.
3. All income for professional services earned by members of the plans, except royalties, payments for editing scientific publications, and consultation fees as a regional or national consultant to any branch of the U.S. Government as approved by the U. T. System Board of Regents shall be deposited in the appropriate institution's institutional Trust Fund Account.
4. Administration, operation, and disbursement of funds shall be in accordance with each institutional plan approved by U. T. System Administration and the U. T. System Board of Regents.
5. At the U. T. M. D. Anderson Cancer Center, associate members' earnings will be contingent upon the earned income of the member in accordance with the services rendered to the patient assigned to the member's specialty by the chief of the major service. All payments will be approved by the Executive Council of the Physicians Referral Service.
6. Budgeted funds can be used for staff retirement and insurance benefits, for actual travel or supplemental travel expenses for attending meetings for the benefit of any institution, for memberships and dues in medical organizations, for official entertainment, and for such other disbursements as may be authorized by the president consistent with the policies approved by the U. T. System Board of Regents and the U. T. System Administration. These expenditures must be in the best interests of the research, educational and patient care activities of any institution and in the best interest of maintaining a distinguished scientific staff for such purposes and activities.

THE UNIVERSITY OF TEXAS SYSTEM

MINIMUM FACULTY ACADEMIC WORKLOAD REQUIREMENTS FOR ACADEMIC INSTITUTIONS

For Fiscal Year Ending August 31, 2009

Minimum Faculty Academic Workload Requirements for General Academic Institutions.

Each person paid full time from "Faculty Salaries" shall be assigned a minimum workload equivalent to eighteen semester credit hours of instruction in organized undergraduate classes each nine-month academic year, or fiscal year at an institution's option, in accordance with guidelines listed below.

When a faculty member is paid partially from a source of funds other than the "Faculty Salaries" line item, the minimum workload shall be proportioned to the percentage of salary paid from "Faculty Salaries."

Teaching assistants shall be used only when given proper guidance and supervision to ensure quality instruction. The minimum faculty workload established below does not apply to graduate teaching assistants or assistant instructors who are pursuing degrees. The president is responsible for assuring that all teaching assistants are carefully supervised.

This policy sets the minimum workload and equivalencies only; an institution may enact more intensive and/or more detailed minimum requirements for inclusion in the institutional Handbook of Operating Procedures, following appropriate approvals. For example, an institution may set individual minimum requirements, consistent with these minimum guidelines, for a specific school or college.

No two institutions in the U. T. System (and, indeed, no two teaching units within a particular institution) are alike in the workload required of individual faculty to meet student needs within the funds appropriated by the Legislature. It is the responsibility of each institutional head to require teaching in excess of the minimum where such teaching is necessary to meet the institution's obligations to its students. Each institution will establish additional standards as necessary in accordance with its role and scope, so long as it satisfies the minimum given herein, to meet the instructional obligations of the institution to the students and to operate effectively within the faculty salary resources available. Faculty members not actively involved in a program of research and publication or in equivalent academic service should typically carry a teaching load greater than the minimum.

State law requires the adoption of rules concerning faculty academic workloads. *Texas Education Code* Section 51.402(b) recognizes that important elements of workload include classroom teaching, basic and applied research, and professional development. Workload for U. T. System faculty members is expressed in terms of classroom teaching, teaching equivalencies and presidential credits for assigned activities.

Teaching Equivalencies.

1. Graduate Instruction. One semester credit hour of graduate instruction will be considered the equivalent of one and one-half semester credit hours of undergraduate instruction.
2. Specialized Instruction. One and one-half contact hours of instruction of regularly scheduled laboratory and clinical courses, physical activity courses, studio art, studio music instruction, and primary music performance organizations, such as ensembles and marching bands, for each week of a long term semester will be considered the equivalent of one semester credit hour of undergraduate instruction.
3. Supervision. Supervision of student teachers, clinical supervision, and intern supervision shall be credited such that 12 total student semester credit hours taught will be considered the equivalent of one semester credit hour.
4. Practicum and Individual Instruction. Supervision of student practicum and individual instruction courses, such as honors programs and individual research projects, shall provide equivalency at the rate of one-tenth semester credit hour for each student semester hour of undergraduate instruction and one-fifth semester hour for each student semester hour of graduate instruction per long-term semester. In no case will individual instruction in a single course generate more semester credit hour equivalence than if the course were taught as a regularly scheduled, organized course.
5. Thesis and Dissertation Supervision. Graduate thesis or dissertation supervision shall provide equivalent credit hours only to the chairperson of the thesis or dissertation committee at the rate of one semester credit hour for each six total student semester hours of thesis research credit and at the rate of one semester credit hour for each three total student semester hours of dissertation credit.
6. Multiple Sections. A faculty member who coordinates several sections of a single course shall be given one semester hour of workload credit for each six sections coordinated up to a maximum of three semester hours of credit per semester.
7. Large Classes. Workload credit may be proportionally increased for teaching a large class that requires extensive grading or evaluation of students' work by the faculty member according to the following weighing factors:

<u>Class Size</u>	<u>Weighing Factor</u>
59 or less	1.0
60 - 69	1.1
70 - 79	1.2
80 - 89	1.3
90 - 99	1.4
100 - 124	1.5
125 - 149	1.6
150 - 174	1.7
175 - 199	1.8
200 - 249	1.9
250 or more	2.0

8. Team Teaching. When more than one teacher participates in the instruction of a single course, the credit is proportioned according to the effort expended.
9. Insufficient Enrollment. A reduced workload may be granted temporarily if assigned classes do not materialize because of insufficient enrollment and when additional classes or other academic duties cannot be assigned to the faculty member. This exception may be granted for two consecutive long-term semesters only for any particular faculty member.

Other Equivalencies.

1. **Administrative Assignments.** Workload credit may be granted for a faculty member who is head of a department or head of a comparable administrative unit up to a maximum of six semester hours of workload credit per semester. When justified by the department/unit head and approved by the president, three hours of credit may be given to faculty members who provide non-teaching academic services to the department/unit head. In no case will the total for departmental administration, including the head, exceed nine workload credits per semester unless the institution's organizational structure includes academic units composed of more than one academic discipline.
2. **New Faculty.** At the recommendation of the head of the department or comparable unit and upon approval of the president, up to three semester hours of workload credit for each of two semesters may be given to a newly-appointed faculty member during the first year of employment for the purpose of developing instructional materials for the courses he or she will teach.
3. **New Course Development.** At the recommendation of the departmental chair and upon approval of the president, workload credit may be granted to a faculty member involved in the creation of a new course, new course format, or new course materials.
4. **Presidential Credits.** Academic workload credit granted by the president for all other purposes is limited to 1% of the total semester credit hours taught at the institution during the comparable (fall or spring) semester in the previous year. With the approval of the president, limited faculty workload credit (within the 1% limit above) may be granted for major academic advising responsibilities, for basic and applied research following a research work plan approved pursuant to institutional policy, for preparing major documents in the fulfillment of programmatic needs or accreditation requirements, or for duties performed in the best interest of the institution's instructional programs as determined by the president.
5. **Faculty with Technical Rank.** Instructional workload equivalents for faculty members holding technical rank may be determined on a clock-hour basis where full-time employment is equivalent to not less than 30 hours of instructionally related activities each week for contact hour courses taught on a quarterly basis.

Compliance with U. T. System Board of Regents' *Rules and Regulations Series 31006.*

1. The president shall designate the officer of the institution who will monitor workloads, review workload reports, and submit the reports to the president for approval and comment, as appropriate, prior to submitting the reports to the U. T. System Board of Regents through U. T. System Administration following the standard reporting format and deadlines as provided by the Texas Higher Education Coordinating Board in accordance with *Texas Education Code*, Section 51.402 and any applicable riders in the current General Appropriations Act.
2. Every faculty member's compliance with these minimum academic workload requirements shall be assessed each academic year. If a faculty member is found to be out of compliance, the institution shall take appropriate steps to address the noncompliance and to prevent such noncompliance in the future.

THE UNIVERSITY OF TEXAS SYSTEM
LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS)
BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2009

A. INITIAL BUDGET

1. U. T. System institutions are authorized to purchase approved Library and Equipment items and to contract for Repair and Rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits as outlined in *UTS 168 Capital Expenditure Policy*. This includes expenditures for Faculty STARS or similar special programs.
2. Transfers by the U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements.
3. Final approval of specific Repair and Rehabilitation projects will be in accordance with U. T. System Board of Regents established procedures for construction projects.
4. All expenditures are subject to the provisions of the U. T. System Board of Regents' *Rules and Regulations* for the governance of The University of Texas System.

B. BUDGET AMENDMENTS

1. ITEMS REQUIRING APPROVAL OF THE U. T. SYSTEM ADMINISTRATION AND SUBSEQUENT APPROVAL BY THE U. T. SYSTEM BOARD OF REGENTS THROUGH THE DOCKET
 - a. Substitute Library and Equipment purchases that are not on the approved list.
 - b. Funding for new Repair and Rehabilitation projects that are not on the approved list.
2. ITEMS REQUIRING APPROVAL OF U. T. SYSTEM ADMINISTRATION (NON-DOCKET)
 - a. Transfers of appropriated funds between approved Library and Equipment items.
 - b. Transfers of appropriated funds between Repair and Rehabilitation items.
 - c. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.
 - d. All transfers of funds are subject to the requirements of the *Capital Expenditure Policy* (UTS 168).

C. OTHER CONSIDERATIONS

1. All Library and Equipment or Repair and Rehabilitation appropriations not expended or obligated by contract/ purchase order within six months after the close of the fiscal year for which is was allocated is to lapse and be made available for future System-wide reallocation unless specific authorization to extend the obligation of funds is given by the Associate Vice Chancellor – Controller and Chief Budget Officer on recommendation of the institutional president and the appropriate executive vice chancellor. Such specific authorization will extend the obligation of funds for no more than 12 additional months from the time the extension is granted.
2. All Faculty STARS or similar program appropriations not expended or obligated by contract/ purchase order within eighteen months after the date of award by the appropriate executive vice chancellor are to be available for future System-wide reallocation unless specific authorization to continue obligating the funds is given by the Associate Vice Chancellor – Controller and Chief Budget Officer on recommendation of the institutional president and the appropriate executive vice chancellor. Such specific authorization will extend the obligation of funds for no more than 12 additional months from the time the extension is granted.

THE UNIVERSITY OF TEXAS SYSTEM

EXPENDITURE GUIDELINES – PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS)

For Fiscal Year Ending August 31, 2009

A. AUTHORIZATION OF PUF BOND PROCEEDS FOR LERR OR STARS

Article VII, Section 18 (b) of the Texas Constitution authorizes the Board of Regents to issue bonds and notes secured by the U. T. System's interest in the Available University Fund for the purpose of:

- acquiring land, with or without permanent improvements;
- constructing and equipping buildings or other permanent improvements;
- major repair and rehabilitation of buildings and other permanent improvements;
- acquiring capital equipment; and
- acquiring library books and library materials.

It is for the last three purposes noted above that the U. T. System Board of Regents has established the LERR and Faculty STARS Programs.

B. ELIGIBILITY FOR PROGRAM FUNDS

Eligibility for LERR or STARS program funds is the same as eligibility for PUF bond proceeds as set forth in the Constitution. Eligible entities include U. T. System Administration, all U. T. academic institutions except for U. T. Pan American and U. T. Brownsville, and all U. T. health institutions.

C. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS

In addition to meeting the constitutional requirements outlined above, the general guideline to determine whether an item is eligible for LERR or STARS is that it must have a useful life of at least one year. The following sections are provided to assist with that determination. These guidelines are not intended to be exhaustive and any questions regarding LERR or STARS eligibility should be directed to the U. T. System Administration Office of the Controller.

Repair and Rehabilitation of Buildings or Other Permanent Improvements

Major repairs or rehabilitation of buildings or other permanent improvements include, but are not limited to, repairs, renovations, replacements, or betterments that are normally expected to extend the useful life, improve operating efficiency, eliminate health and safety hazards, correct structural or mechanical defects, upgrade the quality of existing facilities, or convert these assets to more useful functions, but that are not considered routine maintenance.

The cost of major repairs or rehabilitation of buildings or other improvements can include the contract price or cost of construction and other costs that would be applicable to make the building or improvement suitable for its intended use.

Acquisition of Capital Equipment

Capital equipment is generally regarded as nonexpendable, tangible personal property having a useful life of more than one year.

The acquisition cost for equipment includes the net invoice price, including any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. In addition, taxes, duty, in-transit insurance, freight, and installation charges are also included as part of the acquisition cost. Capital equipment, including software, that will be used system-wide, or between and among U. T. institutions and System Administration, is eligible for LERR or STARs program funds.

Warranties and Similar Service Features

The cost of warranties and similar service features related to a purchase of capital equipment (such as maintenance agreements and loaner programs) may be included in the acquisition cost only if the purchase of such warranty or similar feature is required in connection with the purchase of the related capital equipment and the cost of such warranty or similar feature is included in the net invoice price. The cost of warranties and similar service features that are purchased at the election of the purchasing entity or that are identified separately in a different invoice or on a different line-item of the equipment purchase invoice are considered operating expenses and therefore are not eligible for LERR or STARs program funds.

Software

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR or STARs. This principle applies whether the salaries are paid to employees of the institution or to outside parties. Training costs related to software usage are discussed below.

The purchase of bundled software included as part of the initial acquisition of computer hardware is capitalizable and therefore eligible for LERR or STARs program funds.

Software maintenance costs are considered operating expenses and therefore are not eligible for LERR or STARs program funds unless the costs are part of the initial cost of the software.

Costs for software licenses that will be permanently owned are eligible for LERR or STARs funds. Leased or licensed software that requires the payment of an annual fee and that will not be owned when the license expires is not eligible for LERR or STARs.

Employee Training and Travel Costs

In some instances, non-recurring costs to train employees to operate new equipment (including software) may be capitalized. In order to determine whether travel and training costs may be capitalized and should be included in the acquisition cost for capital equipment, consideration should be given to whether:

- licensed personnel are required to operate the equipment;
- the equipment poses a danger to public safety;
- training will yield long term benefits to the institution;
- the equipment has been recently introduced and represents the first use of its kind by the institution; and
- the equipment is constructed specifically for the institution or is purchased off the shelf.

For capital equipment constructed specifically for the institution, initial training costs to operate the equipment may be capitalized. For capital equipment purchased off-the-shelf, employee-training costs may be capitalized if they are extraordinary, one-time costs and are expected to yield long-term benefits.

Routine training not attributable to equipment acquisition cannot be capitalized and therefore is not eligible for LERR or STARs.

Acquisition of Library Books and Library Materials

The acquisition of library books and library materials is eligible for LERR. A library book is generally defined as a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library materials are information sources other than books, including journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items that provide information essential to the learning process or enhance the quality of university library programs.

The acquisition cost of library books and library materials can include the invoice price, freight-in, handling and insurance, binding, electronic access charges, reproduction and other like costs required to put these assets in place, with the exception of library salaries.

Prohibition for Student Housing, Athletics, and Auxiliary Enterprises

The Constitution prohibits the use of PUF bond proceeds, and therefore the use of LERR or STARs program funds, for student housing, intercollegiate athletics, or auxiliary enterprises.

D. SPECIAL PROGRAM FUNDING

Faculty STARS Program

The Faculty STARS program funded by PUF bond proceeds supports the recruitment and retention of the best-qualified faculty at both academic and health institutions by providing additional resources to build and enhance research infrastructure. Because the STARS program is funded in the same manner as LERR, the same guidelines apply and each item must have a useful life of more than one year. STARS funds are available for laboratory renovation and equipment purchases; however, faculty salaries cannot be paid from STARS funds.

There are three related program goals that form the basis of the STARS program:

- to recruit senior faculty with national prominence; and
- to improve the quality of new faculty and research capacity of the institutions by augmenting the start-up packages for tenure and tenure-track faculty; and
- to retain high quality faculty who have had offers from another research institution or have the potential to leave because of limited access to quality equipment or laboratories.

Additional information regarding the STARS program is available from the Office of Academic Affairs.