

## IV. Organizational Efficiency and Productivity

### **Values**

The U. T. System is committed to enhancing the efficiency and productivity of its nine universities and six health-related institutions to help them accomplish their educational, research, and service goals.

### **Goals**

- Demonstrate responsible stewardship of financial resources.
- Develop and improve educational, research, and clinical spaces and other resources to support institutional objectives and improve productivity.
- Recruit, retain, and develop human resources (faculty and staff) to enhance productivity and performance.

### **Priorities**

- Achieve greater operational efficiency and productivity, to focus resources on programmatic priorities.
- Develop resources to improve productivity and performance of faculty and staff.
- Establish and improve systems to support patient care and business processes.



## U. T. System Overview: Revenues and Expenses

Table IV-1

Key Revenues and Expenses – U. T. System						
Consolidated Totals						
(\$ in thousands)						
	FY	2001	2002	2003	2004	2005
<b>Revenues<sup>1</sup></b>						
Tuition & Fees		\$593,460	\$526,798	\$593,011	\$675,107	\$786,461
State Appropriations		1,514,637	1,615,398	1,585,646	1,578,062	1,557,538
Government Grants & Contracts		959,917	1,188,435	1,292,805	1,396,363	1,461,008
Nongovernment Grants & Contracts <sup>2</sup>		478,013	454,553	485,305	520,438	513,787
Gifts <sup>2</sup>		206,504	197,090	193,936	181,915	265,764
Sales and Services of Hospitals		1,405,059	1,525,988	1,669,380	1,889,355	2,302,552
Sales and Services - Other		412,347	393,181	415,484	468,920	534,330
Physician Fees		507,396	587,510	655,725	701,117	772,366
Other		383,620	74,670	447,593	1,708,466	2,019,351
<b>Total System Revenues</b>		<b>\$6,460,953</b>	<b>\$6,563,623</b>	<b>\$7,338,885</b>	<b>\$9,119,743</b>	<b>\$10,213,157</b>
<b>Expenses<sup>3</sup></b>						
Instruction		\$1,558,295	\$1,723,388	\$1,848,433	\$1,909,495	\$2,110,017
Research		946,699	1,074,875	1,141,081	1,216,147	1,317,751
Hospitals / Clinics		1,780,409	1,788,349	1,894,748	2,044,783	2,371,851
Institutional Support & Physical Plant		795,730	889,729	936,984	971,879	1,048,399
Public Service		173,080	185,570	199,278	209,085	216,724
Academic Support		240,081	259,880	247,226	255,754	276,399
Student Services		103,518	113,848	113,442	123,292	133,023
Scholarships and Fellowships		273,246	156,300	184,003	200,034	208,768
Auxiliary		260,863	268,220	289,147	289,906	327,378
Depreciation		0	297,507	333,415	372,830	477,825
Interest Expense		0	90,644	89,697	90,945	135,005
<b>Total System Expenses</b>		<b>\$6,131,921</b>	<b>\$6,848,310</b>	<b>\$7,277,454</b>	<b>\$7,684,150</b>	<b>\$8,623,140</b>

<sup>1</sup> These represent revenues reported on the Annual Financial Report. Revenues do not include transfers between entities, such as transfers between System Administration and the component institutions, or transfers between component institutions and other state agencies. This prevents the double counting of the same funds as revenue initially by the entities sending the funds, and then subsequently by the entity receiving the funds.

<sup>2</sup> Due to the implementation of Governmental Accounting Standards Board (GASB) Statement 33 in 2001, gifts are now reported on a separate line. The line titled Private Gifts, Grants, and Contracts has changed to Nongovernmental Grants and Contracts.

<sup>3</sup> Due to the implementation of GASB Statement 35 in 2002, expenses are now accrued and lack capital outlays. Depreciation expense on capital assets is now included. In addition, an entity-wide funds presentation is reflected in the financial statements, not just current funds as in the past.

Source: 2001, Exhibit C of Annual Financial Report (AFR); 2002 through 2005, Exhibit B of AFR

- Revenue and expense trends by themselves are not measures of performance, but they establish an operational baseline that provides a context for assessing financial performance in future studies of U. T. System efficiency and quality.

## U. T. System Administration Expenses

Table IV-2

Total Expenses for U. T. System Administration Operations (\$ in thousands)					
	FY 2001	2002	2003	2004	2005
Total Expenses*	\$35,730	\$40,727	\$48,829	\$51,395	\$70,345
Percent Change	16.5%	14.0%	19.9%	5.3%	36.9%

\*Due to the implementation of GASB Statement 35 in 2002, expenses are now accrued and lack capital outlays. Depreciation expense on capital assets is now included. In addition, an entity-wide funds presentation is reflected in the financial statements, not just current funds as in the past.

Source: 2001, Exhibit C of Annual Financial Report (AFR), 2002 through 2005, Exhibit B of AFR

- Between FY 2004 and FY 2005, U. T. System Administration expenses increased.
- While total expenses have increased, expenses from State funds decreased from \$26.1 million in 2004 to \$25.4 million in 2005.
- The System incurred increases in certain expenses between 2004 and 2005: 118 percent increase in federal grants for instruction; 25 percent increase in service department expenses for institutional support; and 147 percent increase for a new expense of \$1.5 million for depreciation and amortization.

## U. T. System Administration Employee Demographic Trends

Table IV-3

U. T. System Administration Staff Demographic Composition FY 2005 - FY 2006			
	2005	2006	
<b>Total System Administration Employees</b>	<b>600</b>	<b>650</b>	
Proportion by Ethnic/Racial Group	% System Employees	% System Employees	% Composition Capital Area Workforce Projected 2005
White	75.7%	73.5%	60.0%
Black	7.0	6.6	7.5
Hispanic	14.8	16.8	23.4
Asian	1.8	2.5	OTHER:
Native American	0.7	0.6	4.2

Source: U. T. Office of Human Resources and Texas State Data Center Projections of the Population of Texas and Counties in Texas by Age, Sex and Race/Ethnicity for 2000-2004

- This measure addresses the U. T. System's commitment to supporting a diverse working environment.
- Comparison with the Capital Area workforce pattern projected for 2005 shows that the U. T. System Administration's total employee group includes approximately 14 percent more White workers than the region as a whole.
- The proportion of Hispanic System Administration employees increased moderately from 2004 to 2005 but decreased slightly for Black employees.

## Bond Rating

Table IV-4

### U. T. System Bond Rating 2004 and 2005

	8/31/2004 Ratings			8/31/2005 Ratings		
	Standard			Standard		
	Moody's	and Poor's	Fitch	Moody's	and Poor's	Fitch
<b>Permanent University Fund</b>						
Fixed Rate Bonds						
Series 1996	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 1997	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2002A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2004A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2005A & B	-	-	-	Aaa	AAA	AAA
<b>Revenue Financing System</b>						
Fixed Rate Bonds						
Series 1995A	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 1996A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 1998A, B, C, D	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 1999A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2001A	Aaa/VMIG-1	AAA/A-1+	AAA-F-1+	Aaa/VMIG-1	AAA/A-1+	AAA-F-1+
Series 2001B & C	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2002A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2003A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2004A & B	Aaa	AAA	AAA	Aaa	AAA	AAA
Series 2004C & D	-	-	-	Aaa	AAA	AAA

Source: U. T. System Office of Finance

- The Revenue Financing System (RFS) is the primary debt program for the U. T. System. The RFS is supported by a System-wide pledge of all legally available revenues and balances to secure payment of debt issued on behalf of all institutions of the System.
- The U. T. System is one of only two public institutions of higher education to receive the highest possible credit ratings from all three major rating agencies. RFS and PUF debt is currently rated Aaa/AAA/AAA by Moody's, Standard & Poor's, and Fitch, respectively, representing the highest possible credit ratings for long-term debt.
- The RFS bond rating was upgraded to Aaa by Moody's in 2000 and to AAA by both Standard & Poor's and Fitch in 1997 and has remained at those levels since.

#### Implications for Future Planning

- Bond ratings are an indication of financial capacity and viability, and are not necessarily good indicators of performance.
- The U. T. System has a large and growing appetite for debt financing to support its capital investment needs. As a result, the System is steadily using up its RFS debt capacity at the AAA credit level. A reduction in the RFS bond rating from AAA to AA would add \$1 million to \$2 million per year in debt service, based on historical interest rate spreads and the projected amount of debt to be issued in the FY 2006 – FY 2011 Capital Improvement Program.
- The U. T. System tracks three primary measures of debt capacity for its RFS debt program. These three ratios are the Actual Debt Service Coverage Ratio, the Expendable Resources to Debt Ratio, and the Actual Debt Service to Operations Ratio. All three of these financial ratios have declined in recent years, representing reduced financial flexibility.

## IV. Organizational Efficiency and Productivity: U. T. Academic Institutions

### Fiscal Performance

Table IV-5

Key Revenues and Expenses at U. T. Academic Institutions						
(\$ in thousands)						
	FY	2001	2002	2003	2004	2005
<b>Revenues<sup>1</sup></b>						
Arlington		\$221,734	\$237,532	\$245,959	\$270,336	\$302,099
Austin		1,231,579	1,213,687	1,264,015	1,351,634	1,469,575
Brownsville/TSC		88,070	92,540	95,719	100,621	114,082
Dallas		152,371	157,791	168,177	203,146	208,746
El Paso		205,717	205,183	217,376	229,337	244,114
Pan American		132,077	141,202	158,923	163,438	172,916
Permian Basin		27,122	26,497	27,187	29,048	33,200
San Antonio		179,208	190,195	214,529	243,498	286,719
Tyler		43,060	41,257	43,708	49,912	54,460
<b>Total Academic Revenues</b>		<b>\$2,280,938</b>	<b>\$2,305,884</b>	<b>\$2,435,593</b>	<b>\$2,640,970</b>	<b>\$2,885,911</b>
<b>Expenses<sup>2</sup></b>						
Arlington		\$204,651	\$225,788	\$232,937	\$244,173	\$280,615
Austin		1,173,092	1,282,557	1,356,317	1,376,923	1,488,474
Brownsville/TSC		82,043	84,364	91,579	97,622	110,012
Dallas		134,757	156,063	174,666	182,410	208,668
El Paso		196,349	209,133	217,783	217,149	239,774
Pan American		120,568	138,577	155,276	157,557	176,569
Permian Basin		22,506	24,294	28,381	32,640	33,037
San Antonio		163,649	177,029	205,702	224,794	269,992
Tyler		36,161	38,781	43,980	48,984	55,668
<b>Total Academic Expenses</b>		<b>\$2,133,776</b>	<b>\$2,336,586</b>	<b>\$2,506,621</b>	<b>\$2,582,252</b>	<b>\$2,862,809</b>

<sup>1</sup> These represent revenues reported on the Annual Financial Report. Revenues do not include transfers between entities, such as transfers between System Administration and the component institutions, or transfers between component institutions and other state agencies. This prevents the double counting of the same funds as revenue initially by the entities sending the funds, and then subsequently by the entity receiving the funds.

<sup>2</sup> Due to the implementation of GASB Statement 35 in 2002, expenses are now accrued and lack capital outlays. Depreciation expense on capital assets is now included. In addition, an entity-wide funds presentation is reflected in the financial statements, not just current funds as in the past.

Source: 2001, Exhibit C of Annual Financial Report (AFR); 2002 through 2005, Exhibit B of AFR

- Because of changes in Government Accounting Standards Board reporting requirements, revenues and expenses before 2002 are not completely comparable to those posted earlier. These changes preclude the use of trend lines for the period before 2002.

Table IV-6

**Key Revenues and Expenses by Source and Purpose at U. T. Academic Institutions**  
(\$ in thousands)

	FY	2001	2002	2003	2004	2005
<b>Revenues<sup>1</sup></b>						
Tuition & Fees		\$550,399	\$485,301	\$546,224	\$626,307	\$725,492
State Appropriations		679,919	725,893	719,033	723,237	727,974
Government Grants & Contracts		425,475	540,067	584,446	631,781	663,609
Nongovernment Grants & contracts <sup>2</sup>		92,995	98,878	97,489	110,550	123,797
Gifts <sup>2</sup>		123,703	97,107	93,560	78,814	99,244
Sales and Services - Other		263,661	266,487	310,306	325,417	374,183
Other		144,784	92,152	84,535	144,864	171,612
<b>Total Academic Revenues</b>		<b>\$2,280,936</b>	<b>\$2,305,885</b>	<b>\$2,435,593</b>	<b>\$2,640,970</b>	<b>\$2,885,911</b>
<b>Expenses<sup>3</sup></b>						
Instruction		\$660,572	\$726,039	\$817,586	\$829,035	\$901,401
Research		335,021	375,262	391,709	401,580	459,736
Institutional Support & Physical Plant		315,602	358,589	384,665	387,764	419,019
Public Service		86,882	87,041	85,938	91,812	98,110
Academic Support		180,181	189,809	172,991	181,126	200,417
Student Services		93,128	101,766	101,746	109,858	122,923
Scholarships and Fellowships		249,180	151,075	175,997	190,147	200,780
Auxiliary		213,209	223,796	243,010	247,483	273,138
Depreciation		0	123,209	132,979	143,447	187,285
<b>Total Academic Expenses</b>		<b>\$2,133,775</b>	<b>\$2,336,586</b>	<b>\$2,506,621</b>	<b>\$2,582,252</b>	<b>\$2,862,809</b>

<sup>1</sup> These represent revenues reported on the Annual Financial Report. Revenues do not include transfers between entities, such as transfers between System Administration and the component institutions, or transfers between component institutions and other state agencies. This prevents the double counting of the same funds as revenue initially by the entities sending the funds, and then subsequently by the entity receiving the funds.

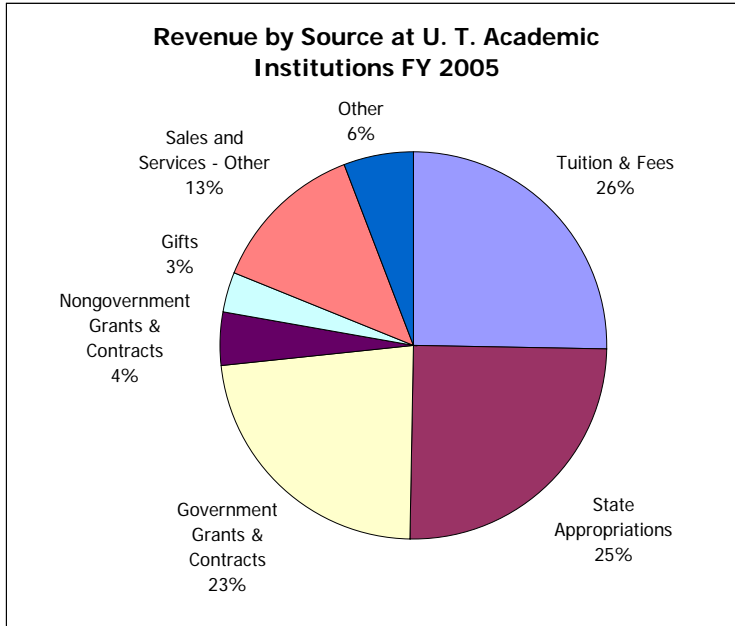
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Source: 2001, Exhibit C of Annual Financial Report (AFR); 2002 through 2005, Exhibit B of AFR

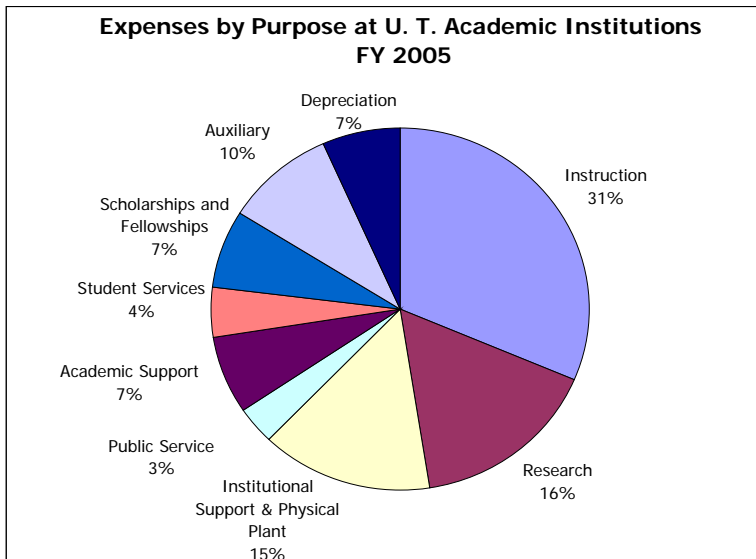
- Because of mandated changes in financial reporting requirements, revenue and expense categories from FY 2002 onward differ from those used earlier. Therefore, longitudinal comparisons before FY 2002 are not reliable.

Figure IV-1



- State appropriations provided 25 percent of revenue to academic institutions in FY 2005, down from 28 percent in FY 2004.
- Government grants and contracts provided 23 percent in FY 2005, down a percentage point from FY 2004.
- Tuition provided 25 percent of revenue in FY 2005, up one percentage point from 2004.

Figure IV-2



- Just under one third of expenses were allocated to instruction.
- 18 percent of expenses went to student services, academic support, and scholarships and fellowships in FY 2004 and FY 2005.
- 16 percent was spent on research in FY 2005, as it was in FY 2004.

## Revenue in Relation to Faculty and Students

**Table IV-7**

<b>Adjusted Revenue per FTE Student</b>					
<b>U. T. Academic Institutions</b>					
(\$ in thousands)					
FY	2001	2002	2003	2004	2005
UTA	\$12	\$12	\$10	\$11	\$11
UT Austin	13	12	12	13	13
UTB/TSC	4	4	5	4	5
UTD	15	13	13	13	13
UTEP	11	9	9	9	9
UTPA	10	8	8	8	7
UTPB	14	13	11	10	10
UTSA	10	9	9	9	10
UTT	13	13	12	11	10

Adjusted total revenue includes tuition, fees, and state appropriations.

*Source: U. T. Office of Business Affairs; FTE data from the THECB*

**Table IV-8**

<b>Adjusted Revenue per FTE Faculty</b>					
<b>U. T. Academic Institutions</b>					
(\$ in thousands)					
FY	2001	2002	2003	2004	2005
UTA	\$232	\$235	\$227	\$233	\$237
UT Austin	265	251	252	251	258
UTB/TSC	77	71	79	79	89
UTD	287	293	285	272	280
UTEP	195	168	165	182	180
UTPA	187	161	165	158	149
UTPB	231	210	196	178	180
UTSA	250	222	215	242	253
UTT	152	156	156	173	162

Adjusted total revenue includes tuition, fees, and state appropriations.

*Source: U. T. Office of Business Affairs; FTE data from the THECB*

- This measure illustrates the trends in state support and tuition in proportion to numbers of faculty and students at U. T. System institutions. It is one indication of resources available to serve students and to recruit and retain faculty.
- Over the past five years, revenue per full-time equivalent student has held steady or decreased at eight U. T. System academic institutions.
- Adjusted total revenue per full-time equivalent faculty has decreased at four institutions, and increased at five institutions.

Figure IV-3

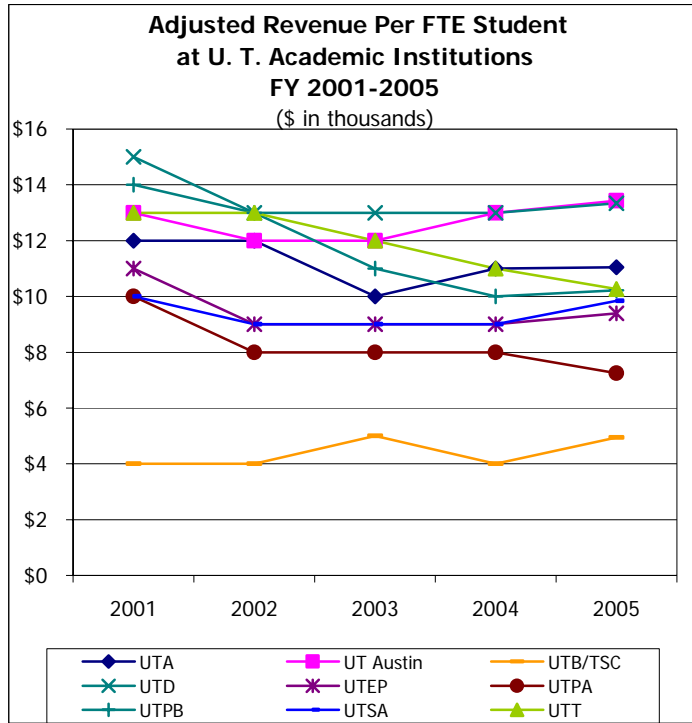
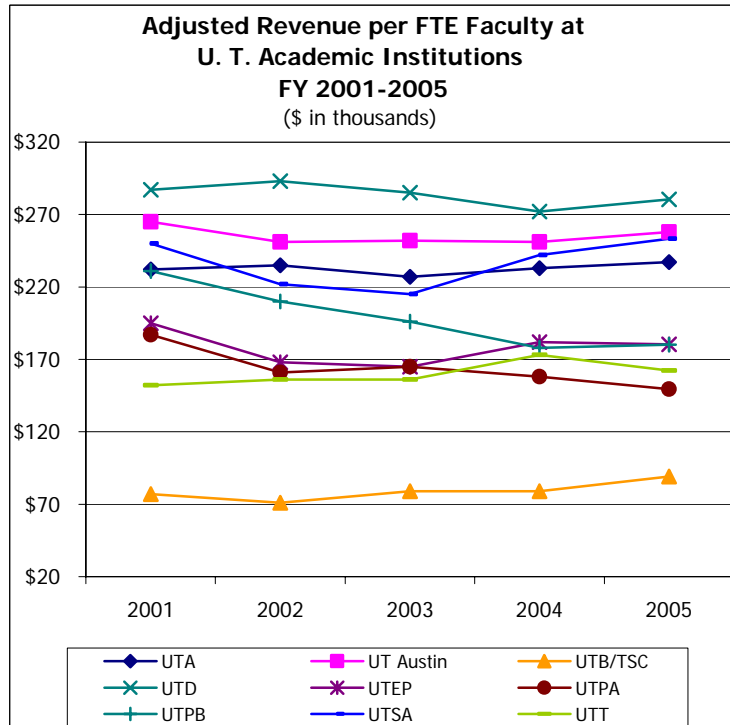


Figure IV-4



## Appropriated Funds per FTE Student and FTE Faculty

- Over the past five years, appropriated funds per FTE student have decreased at eight U. T. System academic institutions and increased at U. T. Brownsville/TSC.
- In this period, appropriated funds have decreased per FTE faculty at eight institutions, increasing only at U. T. Brownsville/TSC.

**Table IV-9**

<b>Appropriated Funds per FTE Student</b>					
<b>U. T. Academic Institutions</b>					
(\$ in thousands)					
FY	2001	2002	2003	2004	2005
UTA	\$6	\$7	\$6	\$5	\$5
UT Austin	7	7	6	6	6
UTB/TSC	3	4	4	3	4
UTD	7	7	7	7	6
UTEP	6	6	6	5	5
UTPA	6	6	6	5	5
UTPB	10	10	9	7	7
UTSA	5	6	5	4	4
UTT	9	10	9	8	7

*Source: Appropriated funds are from Exhibit C of Annual Financial Report (AFR) for 2001, and Exhibit B of AFR for 2002 through 2005*

**Table IV-10**

<b>Appropriated Funds per FTE Faculty</b>					
<b>U. T. Academic Institutions</b>					
(\$ in thousands)					
FY	2001	2002	2003	2004	2005
UTA	\$124	\$133	\$123	\$116	\$110
UT Austin	137	138	132	128	124
UTB/TSC	60	60	68	62	66
UTD	146	164	145	137	131
UTEP	112	112	106	108	99
UTPA	122	119	114	106	98
UTPB	177	161	148	132	119
UTSA	138	135	120	115	107
UTT	109	127	117	120	104

*Source: Appropriated funds are from Exhibit C of Annual Financial Report (AFR) for 2001, and Exhibit B of AFR for 2002 through 2005*

## Endowments — System Overview

- Taken together, the value of U. T. System endowments totaled \$5.3 billion as of August 31, 2005.
- This represents a 48 percent increase from 2001.

Table IV-11

<b>U. T. System Endowments</b>			
	Value** 8/31/01	Value** 8/31/05	% change 01-05
Arlington	\$31,366,000	\$45,635,000	45%
Austin	1,463,114,000	2,346,903,000	60%
Brownsville/TSC	927,000	5,599,000	504%
Dallas	190,257,000	222,424,000	17%
El Paso*	105,946,000	132,056,000	25%
Pan American	35,193,000	54,310,000	54%
Permian Basin	10,818,000	15,250,000	41%
San Antonio	23,071,000	36,386,000	58%
Tyler	42,104,000	53,508,000	27%
<b>Total Academic</b>	<b>\$1,902,796,000</b>	<b>\$2,912,071,000</b>	<b>53%</b>
SWMC*	\$644,909,000	\$980,022,000	52%
UTMB*	316,291,000	397,054,000	26%
HSC-H*	88,680,000	141,070,000	59%
HSC-SA*	252,520,000	319,886,000	27%
MDACC*	278,151,000	421,936,000	52%
HC-T*	29,465,000	36,271,000	23%
<b>Total Health-Related</b>	<b>\$1,610,016,000</b>	<b>\$2,296,239,000</b>	<b>43%</b>
<b>Institution Total</b>	<b>\$3,512,812,000</b>	<b>\$5,208,310,000</b>	<b>48%</b>
<b>System Administration***</b>	<b>\$26,674,246</b>	<b>\$31,233,890</b>	<b>17%</b>
<b>U. T. System Total</b>	<b>\$3,539,486,246</b>	<b>\$5,239,543,890</b>	<b>48%</b>

\*Some of the increase in the total market value of endowments of these institutions is attributable to funds distributed through the Permanent Health Fund, as part of the tobacco settlement.

\*\*These totals include endowment funds managed by UTIMCO as well as those held in trust by other entities, as reported to the Council for Aid to Education each year. (Information offered on endowment funds not managed by UTIMCO is reported by each institution. Due to factors beyond control of the U. T. System Administration, amounts reported may represent estimates instead of actual figures.)

\*\*\*Endowment values for U. T. System Administration exclude the Permanent University Fund and the Permanent Health Fund.

Source: U. T. System Office of External Relations and U. T. institution reports to the Council for Aid to Education

## Endowments – U. T. Academic Institutions

- The dollar value and number of endowments have grown substantially over the FY 2001 to FY 2005 period at all U. T. System academic institutions.
- The ratio of these endowments to FTE students and FTE faculty illustrate the impact of these funds in the support of teaching, research, and other activities that serve students and faculty. With accelerating enrollment growth, the value per FTE student has not increased as much as the value per FTE faculty at most academic institutions.

Figure IV-5

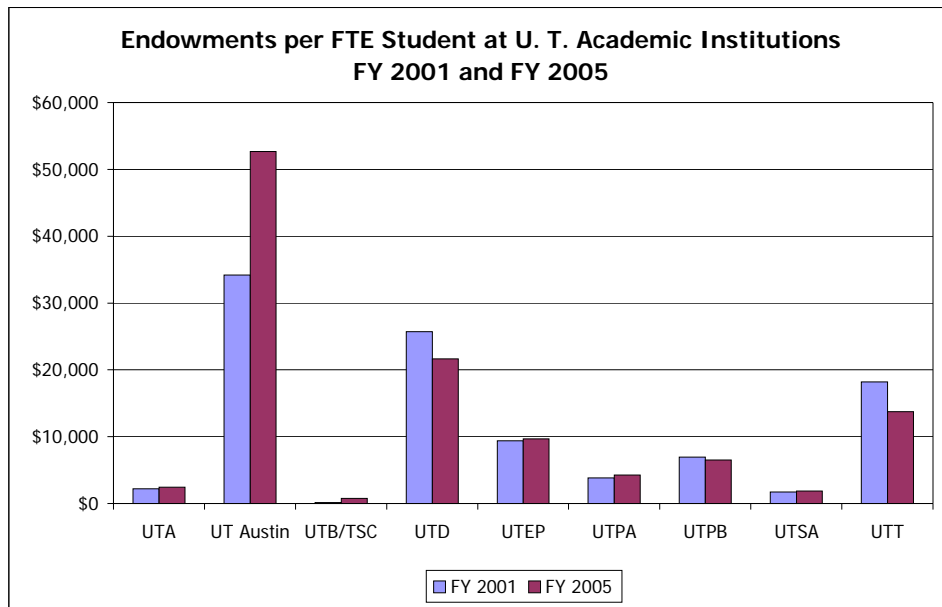
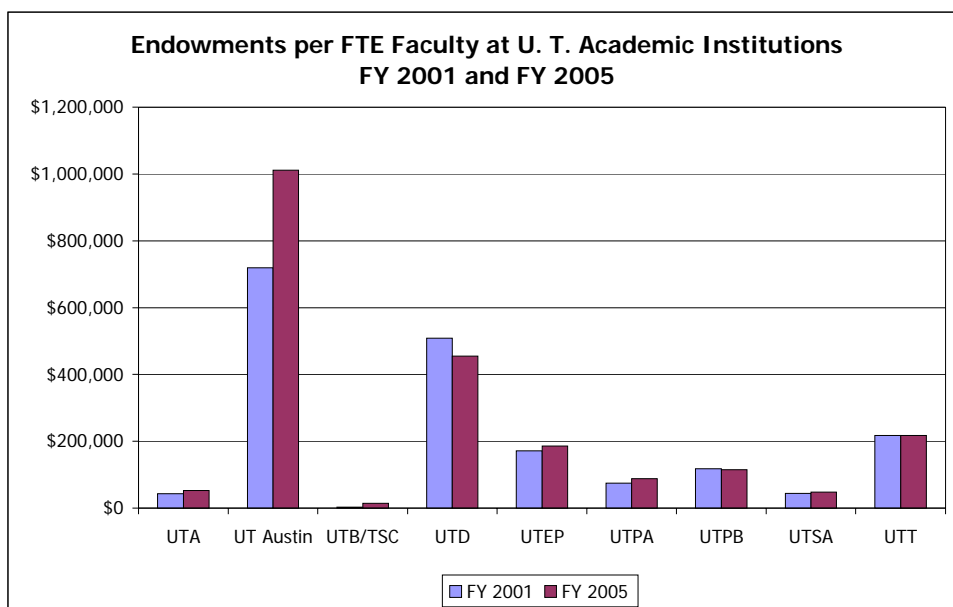


Figure IV-6



## Administrative Costs in Relation to Total Expenses

Table IV-12

		Amount Expended for Administrative Costs as a Percent of Expenses at U. T. Academic Institutions				
FY		2001	2002	2003	2004	2005
Arlington	Administrative Costs	\$17,837,357	\$21,579,268	\$21,511,273	\$19,760,069	\$25,093,345
	Total expenses	184,283,140	203,533,024	208,510,480	215,692,279	248,058,888
	% Total expenses	9.7%	10.6%	10.3%	9.2%	10.1%
Austin	Administrative Costs	60,063,709	67,677,097	76,221,356	69,876,870	78,644,406
	Total expenses	1,032,620,206	1,138,486,509	1,205,183,325	1,226,185,936	1,329,200,750
	% Total expenses	5.8%	5.9%	6.3%	5.7%	5.9%
Brownsville/TSC	Administrative Costs	7,942,084	9,263,187	9,392,148	9,766,930	10,338,716
	Total expenses	79,743,151	81,778,670	88,405,902	94,151,928	106,017,620
	% Total expenses	10.0%	11.3%	10.6%	10.4%	9.8%
Dallas	Administrative Costs	12,153,366	14,658,832	14,461,491	13,851,220	16,377,438
	Total expenses	127,332,173	147,989,327	165,319,197	171,995,585	197,123,066
	% Total expenses	9.5%	9.9%	8.7%	8.1%	8.3%
El Paso	Administrative Costs	16,978,175	17,924,856	18,958,401	15,792,305	17,267,670
	Total expenses	167,094,714	180,960,988	184,577,195	184,916,787	201,897,595
	% Total expenses	10.2%	9.9%	10.3%	8.5%	8.6%
Pan American	Administrative Costs	11,319,804	12,382,010	12,557,050	12,880,257	13,127,484
	Total expenses	111,421,393	127,475,110	143,526,654	145,519,374	162,921,147
	% Total expenses	10.2%	9.7%	8.7%	8.9%	8.1%
Permian Basin	Administrative Costs	2,571,896	2,949,907	3,180,381	2,782,467	3,066,535
	Total expenses	20,814,390	22,939,693	26,640,735	30,348,776	30,634,758
	% Total expenses	12.4%	12.9%	11.9%	9.2%	10.0%
San Antonio	Administrative Costs	17,528,021	19,436,041	21,882,587	24,986,867	28,924,802
	Total expenses	155,681,582	169,362,224	196,341,610	214,453,142	256,384,848
	% Total expenses	11.3%	11.5%	11.1%	11.7%	11.3%
Tyler	Administrative Costs	4,443,152	5,319,266	6,584,941	7,735,271	7,499,899
	Total expenses	35,422,661	37,178,566	41,847,061	46,435,139	52,001,232
	% Total expenses	12.5%	14.3%	15.7%	16.7%	14.4%
<b>Overall Average</b>		<b>7.9%</b>	<b>8.1%</b>	<b>8.2%</b>	<b>7.6%</b>	<b>7.8%</b>

*Source: Administrative Cost Measures reported to the Legislative Budget Board as an Annual Performance Measure by each institution. Total expenses defined by the LBB exclude expenses of auxiliary enterprises and service departments. Administrative costs also exclude expenses of service departments.*

- For most U. T. System academic institutions, administrative expenses comprise between 8 and 11 percent of total expenses. This relationship is largely a function of size, with larger institutions gaining economies of scale that cause administrative expenses to be a smaller portion of total expenses.
- Since FY 2001, the ratio of administrative expenses to total expenses has stayed level on average, decreasing at five institutions and increasing at three.
- At U. T. Permian Basin, from 2001 to 2005, total expenses have increased by nearly 50 percent to accommodate enrollment growth and expansion in related support services. But, administrative expenses have decreased from 12.4 percent to 10.0 percent, as the campus has made a concerted effort not to increase administrative expenses.

**Facilities**

- The following measures provide baselines for future reports. Data from the Coordinating Board are based on self-reports by each institution. Formulas for these calculations were changed in the past year, so results compared to previous years are not meaningful.

**Table IV-13**

**Assignable Space per FTE Student at U. T. Academic Institutions, FY 2005**

	FTE Students	E&G Assignable Sq. Ft.	Ratio E&G Assignable Sq. Ft. to FTE Student
Arlington	18,592	1,801,776	97
Austin	44,572	8,035,336	180
Brownsville/TSC*	7,262	556,964	77
Dallas	10,282	1,034,706	101
El Paso	13,645	1,329,746	97
Pan American	12,692	1,036,046	82
Permian Basin	2,343	241,269	103
San Antonio	19,565	1,334,538	68
Tyler	3,891	363,686	93

\*Includes Texas Southmost College students

Note: Educational and general (E&G) space is the net assignable space used to carry out institutional missions of instruction, research, and many types of public service.

Source: THECB Campus Planning Website; U. T. System Office of Facilities Planning and Construction

**Table IV-14**

**Space Utilization of Classrooms at U. T. Academic Institutions, FY 2005**

	# of Classrooms	Average Weekly Hours of Use	# of Class Labs	Average Weekly Hours of Use
Arlington	179	31.8	59	22.0
Austin	438	38.3	150	30.6
Brownsville/TSC	79	33.0	49	20.1
Dallas	90	35.7	20	35.5
El Paso	113	35.9	54	22.9
Pan American	132	35.6	36	27.7
Permian Basin	33	32.5	14	25.6
San Antonio	144	40.7	54	30.5
Tyler	58	33.4	6	31.9

Source: THECB Utilization Report

- In 2004, the Texas Higher Education Coordinating Board established a revised state standard of 38 hours of weekly classroom space use. In 2005, U. T. Austin and U. T. San Antonio exceeded the standard.
- The THECB also revised the standard for use of class laboratories, to 25 hours of weekly use. U. T. Austin, U. T. Dallas, U. T. Pan American, U. T. Permian Basin, U. T. San Antonio, and U. T. Tyler exceeded this standard.

## Research Expenditures and Use of Research Space

- The following measure helps to track the productivity of investments in research space.

Table IV-15

	FY 2005		FY 2004	
	Research Expenditures	Research E&G Sq. Ft.	Research Expenditures per Research E&G Sq. Ft	Research Expenditures per Research E&G Sq. Ft
Arlington	\$33,826,960	236,583	\$143	\$95
Austin	422,867,712	1,536,054	275	264
Brownsville	5,374,665	364	14,766	2,323
Dallas	43,110,799	169,553	254	215
El Paso	36,013,585	160,527	224	204
Pan American	5,816,164	48,844	119	132
Permian Basin	1,160,694	12,758	91	238
San Antonio	23,605,844	110,720	213	179
Tyler	501,301	2,834	177	278
<b>Total Academic</b>	<b>\$572,277,724</b>	<b>\$2,278,237</b>	<b>\$251</b>	<b>\$233</b>

*Source: THECB Space Projection Model based on institution self-reports*

Table IV-16

**Construction Projected for U. T. Academic Institutions, FY 2006-2011**

Project Type	All Projects		Repair & Renovation		New Construction		
	# Projects	Total Project Cost	# Projects	Total Project Cost	# Projects	Total Project Cost	
Arlington	Ed/Admin	4	\$76,342,950	1	\$15,000,000	3	\$61,342,950
	Auxiliary	0	0	0	\$0	0	\$0
	Research	0	0	0	\$0	0	\$0
	<b>Total</b>	<b>4</b>	<b>\$76,342,950</b>	<b>1</b>	<b>\$15,000,000</b>	<b>3</b>	<b>\$61,342,950</b>
Austin	Ed/Admin	11	192,894,000	7	\$96,350,000	4	\$96,544,000
	Auxiliary	13	391,795,000	5	\$75,300,000	8	\$316,495,000
	Research	3	12,800,000	0	\$0	3	\$12,800,000
	<b>Total</b>	<b>27</b>	<b>\$597,489,000</b>	<b>12</b>	<b>\$171,650,000</b>	<b>15</b>	<b>\$425,839,000</b>
Brownsville/TSC	U. T. Brownsville has no current CIP projects. For TSC projects, see p. IV-18.						
	<b>Total</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
Dallas	Ed/Admin	2	30,243,750	2	\$30,243,750	0	\$0
	Auxiliary	0	0	0	\$0	0	\$0
	Research	2	98,925,000	1	\$13,925,000	1	\$85,000,000
	<b>Total</b>	<b>4</b>	<b>\$129,168,750</b>	<b>3</b>	<b>\$44,168,750</b>	<b>1</b>	<b>\$85,000,000</b>
El Paso	Ed/Admin	5	10,586,000	5	\$10,586,000	0	\$0
	Auxiliary	1	23,500,000	0	\$0	1	\$23,500,000
	Research	1	30,500,000	0	\$0	1	\$30,500,000
	<b>Total</b>	<b>7</b>	<b>\$64,586,000</b>	<b>5</b>	<b>\$10,586,000</b>	<b>2</b>	<b>\$54,000,000</b>
Pan American	Ed/Admin	9	59,212,000	2	\$12,087,000	7	\$47,125,000
	Auxiliary	2	14,094,000	0	\$0	2	\$14,094,000
	Research	1	5,000,000	0	\$0	1	\$5,000,000
	<b>Total</b>	<b>12</b>	<b>\$78,306,000</b>	<b>2</b>	<b>\$12,087,000</b>	<b>10</b>	<b>\$66,219,000</b>
Permian Basin	Ed/Admin	1	9,350,000	1	\$9,350,000	0	\$0
	Auxiliary	0	0	0	\$0	0	\$0
	Research	0	0	0	\$0	0	\$0
	<b>Total</b>	<b>1</b>	<b>\$9,350,000</b>	<b>1</b>	<b>\$9,350,000</b>	<b>0</b>	<b>\$0</b>
San Antonio	Ed/Admin	7	102,650,000	2	\$3,550,000	5	\$99,100,000
	Auxiliary	1	35,620,000	0	\$0	1	\$35,620,000
	Research	0	0	0	\$0	0	\$0
	<b>Total</b>	<b>8</b>	<b>\$138,270,000</b>	<b>2</b>	<b>\$3,550,000</b>	<b>6</b>	<b>\$134,720,000</b>
Tyler	Ed/Admin	2	45,850,000	1	\$11,000,000	1	\$34,850,000
	Auxiliary	1	1,900,000	0	\$0	1	\$1,900,000
	Research	0	0	0	\$0	0	\$0
	<b>Total</b>	<b>3</b>	<b>\$47,750,000</b>	<b>1</b>	<b>\$11,000,000</b>	<b>2</b>	<b>\$36,750,000</b>
<b>Academic Institution Total</b>		<b>66</b>	<b>\$1,141,262,700</b>	<b>27</b>	<b>\$277,391,750</b>	<b>39</b>	<b>\$863,870,950</b>

Number of projects and total project cost include both new construction and renovation projects; new square footage only includes gross square footage added.

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

- The U. T. System's Capital Improvement Program (CIP), approved by the Board of Regents in August 2005, identifies high-priority capital building and renewal needs. The CIP currently manages \$4.1 billion in new construction, repairs, and renovations, including \$1.1 billion for academic institutions and \$3.0 billion for health-related institutions.
- Between August 2001 and August 2005, the CIP for academic institutions has decreased from \$1.16 billion to \$1.14 billion.
- For the future, student enrollment gains may increase at a faster rate than the CIP. This will pose policy, resource, and student service challenges for U. T. System institutions and the U. T. System.
- In addition, U. T. Brownsville/Texas Southmost College has the capacity to fund capital projects through bond issues and student fees, which are not part of the U. T. System's Capital Improvement Program. For FY 2006-2011,

Project Type	All Projects		Repair & Renovation		New Construction	
	# Projects	Total Project Cost	# Projects	Total Project Cost	# Projects	Total Project Cost
Ed/Admin	6	\$63,000,000 *	2	\$19,000,000	4	\$44,000,000
Auxiliary	1	13,500,000 **	0	\$0	1	\$13,500,000 **
Research	1	5,000,000 *	0	\$0	1	\$5,000,000
<b>Total</b>	<b>8</b>	<b>\$81,500,000</b>	<b>2</b>	<b>\$19,000,000</b>	<b>6</b>	<b>\$62,500,000</b>

\* Funding provided through \$68 million Texas Southmost College Bond Issue.

\*\* Funding provided by Student Fee Assessment.

**Table IV-17**

**Facilities Condition Index for U. T. Academic Institutions, FY 2005**

	Gross Sq. Ft.	Campus Replacement Value	Capital Renewal Backlog	Facilities Condition Index
Arlington	4,755,378	\$1,017,252,000	\$19,943,000	0.02
Austin	17,602,779	3,831,742,000	380,897,000	0.1
Brownsville*	248,799	89,704,000	0	0
Dallas	2,030,663	419,328,000	26,762,000	0.06
El Paso	3,607,365	762,080,000	19,741,000	0.03
Pan American	1,996,834	431,895,000	0	0
Permian Basin	728,650	155,529,000	0	0
San Antonio	3,141,785	652,952,000	58,648,000	0.09
Tyler	806,036	\$156,935,000	\$2,299,000	0.01

\* Excludes Texas Southmost College

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

- Nationally, a facilities condition index of 0.05 or less is considered to be a good rating, 0.10 is median, and a rating of 0.15 or more is substandard.
- The FCI of all academic institutions is "good" or "median."

**Energy Use**

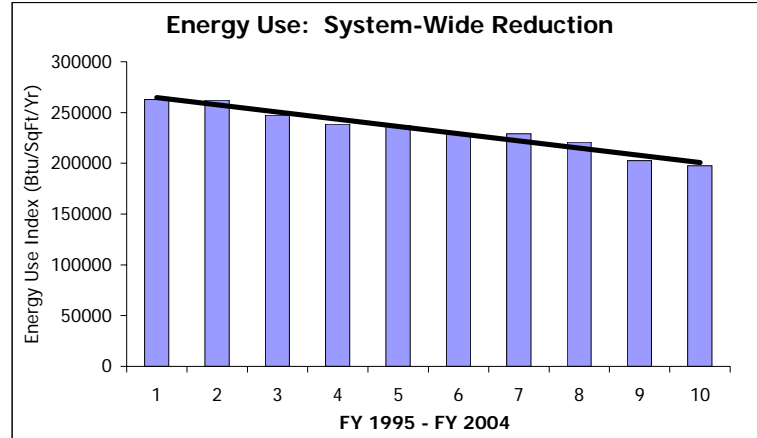
- A new measure, these data illustrate the increasing efficiency of operations of U. T. System academic institution physical plants.
- Utility funding comprises approximately 68 percent of the total operation and maintenance infrastructure support funds distributed by the infrastructure funding formula and appropriated by

the legislature for U. T. System academic institutions; U. T. System health-related institutions allot approximately 50 percent of their formula funding to utilities.

- Reduction of energy use and costs significantly increases the efficiency of operations of U. T. System institutions.
- In 2001, the U. T. System set a goal to reduce energy consumption by 10 to 15 percent by 2011.
- From 1994 to 2004, U. T. System institutions have, on average, reduced energy use by 27 percent per gross square foot, during a period when total gross square footage increased by over 40 percent.

- These savings have been achieved through the construction of more energy-efficient buildings, campus-based initiatives to monitor daily use, and programs to manage energy more efficiently.

**Figure IV-7**



**Energy Use Reductions: U. T. Academic Institutions**

**Table IV-18**

<b>Reduction in Energy Use by U. T. Academic Institutions, 1994-2004</b>		
	2001-2004 Reduction (%)	1994-2004 Reduction (%)
Arlington	16	12
Austin	5	12
Brownsville/TSC	14	3
Dallas	21	11
El Paso	9	29
Pan American	-16	-14
Permian Basin	33	32
San Antonio	21	23
Tyler	19	39

Note: Percentage decrease based on change in Energy Use Index = BTU/SqFt/Yr

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

- Each U. T. System academic institution has set a goal to reduce energy consumption by 15 percent by 2011.
- Most campuses are meeting or exceeding this goal.

## Trends in Small Class Size

- As the table below illustrates, the number of small classes is small in proportion to all classes offered at U. T. System academic institutions and is decreasing on most campuses.
- In 2005, on average, only 5.2 percent of all classes were small – those courses with fewer than ten students at the undergraduate level or fewer than five students at the graduate level.

Table IV-19

### Organized Courses at U. T. System Academic Institutions – Number and Proportion of Small Classes, FY 2002-2005\*

	FY 2002		FY 2003		FY 2004		FY 2005		
	#	% of total classes	#	% of total classes	#	% of total classes	#	% of total classes	% of total SCH
Arlington	232	4.8	138	2.7	161	3.0	64	1.2	0.2
Austin	611	5.8	521	4.8	605	5.6	632	5.8	0.4
Brownsville/TSC	201	12.2	124	7.5	157	9.4	164	9.0	3.9
Dallas	181	7.6	314	12.1	250	9.4	67	2.5	0.4
El Paso	278	7.2	260	6.2	314	7.6	102	2.3	0.3
Pan American	361	10.1	401	10.7	213	5.2	404	8.9	1.4
Permian Basin	120	18.5	178	23.4	153	18.1	124	14.0	3.0
San Antonio	160	4.2	179	4.4	132	3.1	202	4.3	0.5
Tyler	174	12.0	177	11.2	159	9.9	166	9.6	2.4
<b>Total</b>	<b>2,318</b>	<b>7.1%</b>	<b>2,292</b>	<b>6.6%</b>	<b>2,144</b>	<b>6.1%</b>	<b>1,925</b>	<b>5.2%</b>	<b>0.6%</b>

\*Includes fall and spring courses with cross-listed and multi-section courses counted only once per semester.

Note: Instructions for the calculation of small classes for cross-listed or multi-section classes were clarified in FY05; therefore, data from previous years may not be comparable.

Source: THECB; U. T. System Office of Institutional Studies and Policy Analysis

- The Texas Higher Education Coordinating Board permits small organized classes provided that the offerings are approved by the governing board of the university. They may be offered if they are:
  - required course for graduation (the course is not offered each semester or term, and, if canceled, may affect the date of graduation of those enrolled);
  - required course for majors in field and should be completed this semester (or term) to keep proper sequence in courses;
  - in a newly established degree program, concentration, or support area;
  - part of an interdepartmental (cross-listed) course taught as a single class by the same faculty, provided that the combined enrollments do not constitute a small class;
  - a first-time offering;
  - class size-limited by accreditation or state licensing standards;
  - class size-limited by availability of laboratory or clinical facilities; or
  - voluntarily offered by a faculty member in excess of the institutional teaching load requirement and for which the faculty member receives no additional compensation.

- In 2005, 71 percent of undergraduate and 76 percent of graduate small courses were offered because they were cross-listed, needed to maintain proper sequencing, or required for graduation.

Figure IV-8

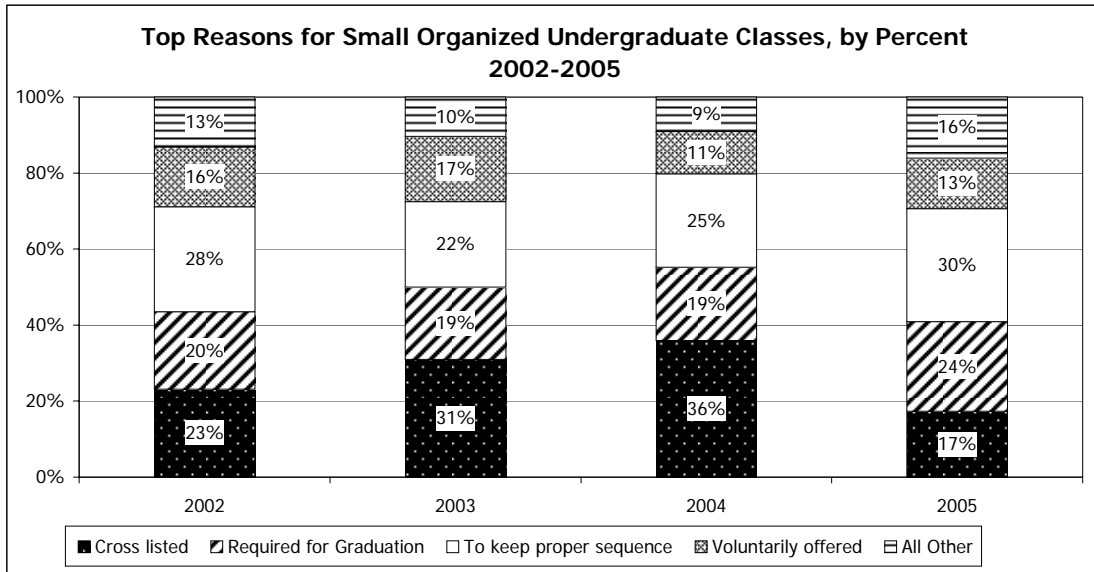
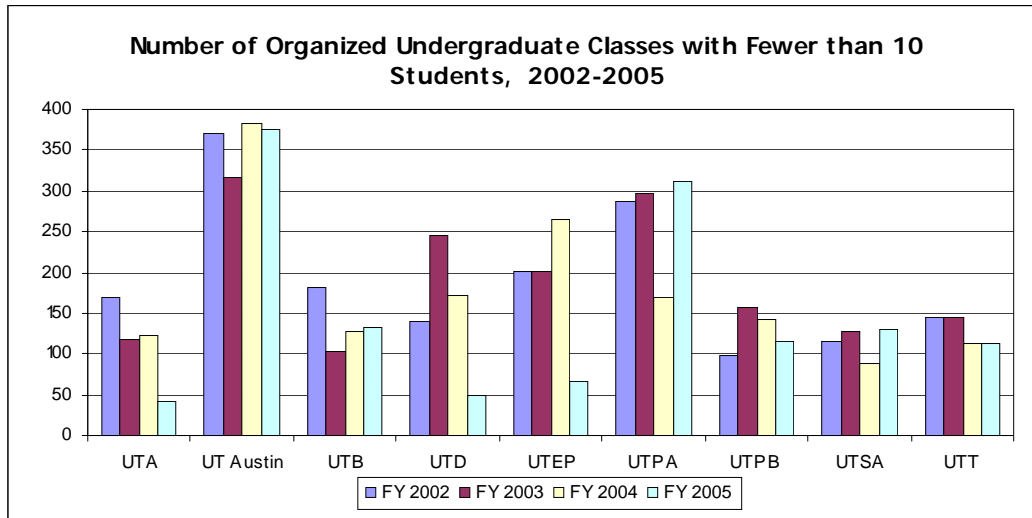


Figure IV-9



- The number of classes enrolling fewer than ten undergraduate students declined between 2002 and 2005 at U. T. Arlington, U. T. Brownsville, U. T. Dallas, U. T. El Paso, and U. T. Tyler.

- The number of classes enrolling fewer than five graduate students also declined at U. T. Arlington, U. T. Dallas, U. T. El Paso, and U. T. Permian Basin between 2002 and 2005.

Figure IV-10

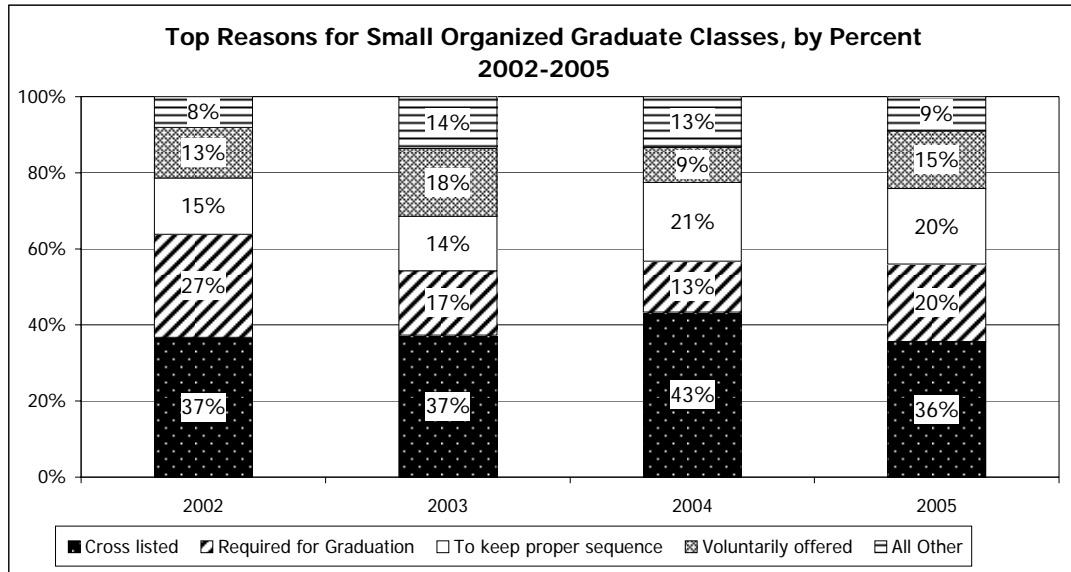
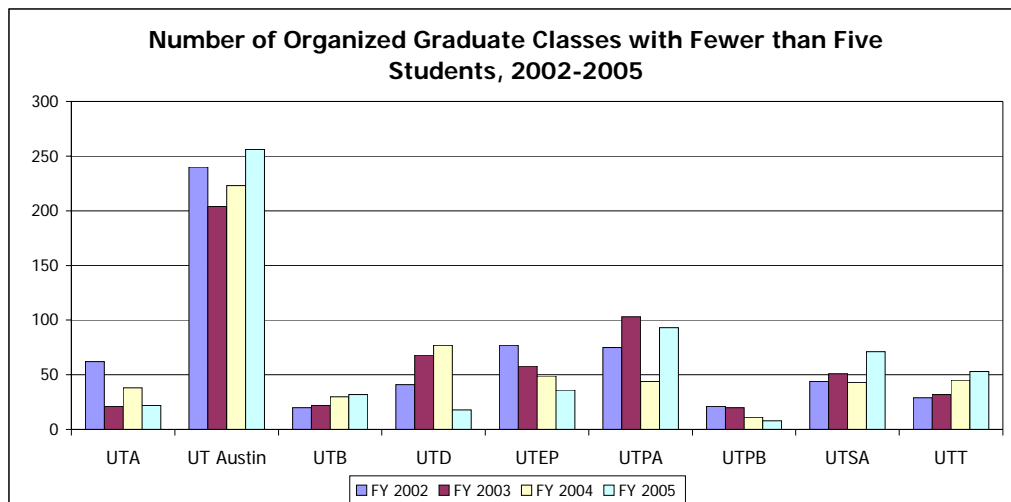


Figure IV-11



## IV. Organizational Efficiency and Productivity: U. T. Health-Related Institutions

### Fiscal Performance

Table IV-20

Key Revenues and Expenses at U. T. Health-Related Institutions						
(\$ in thousands)						
	FY	2001	2002	2003	2004	2005
<b>Revenues*</b>						
SWMC		\$670,645	\$725,174	\$745,386	\$868,586	\$1,114,023
UTMB**		1,229,592	1,246,647	1,261,376	1,286,576	1,365,222
HSC-H		501,601	550,258	572,903	616,105	628,236
HSC-SA		411,845	442,606	457,011	456,334	484,384
MDACC**		1,252,894	1,408,941	1,570,962	1,826,034	2,052,491
HC-T**		99,916	118,184	121,960	124,531	120,475
<b>Total Health Revenues</b>		<b>\$4,166,493</b>	<b>\$4,491,810</b>	<b>\$4,729,598</b>	<b>\$5,178,166</b>	<b>\$5,764,831</b>
<b>Expenses*</b>						
SWMC		\$615,084	\$699,826	\$746,429	\$803,998	\$1,049,016
UTMB**		1,211,619	1,254,959	1,275,215	1,307,590	1,400,443
HSC-H		495,528	547,008	573,053	574,011	601,287
HSC-SA		400,445	429,164	448,826	458,584	494,284
MDACC**		1,145,894	1,367,659	1,511,377	1,742,330	1,948,743
HC-T**		98,496	110,183	117,559	122,306	126,715
<b>Total Health Expenses</b>		<b>\$3,967,066</b>	<b>\$4,408,799</b>	<b>\$4,672,459</b>	<b>\$5,008,819</b>	<b>\$5,620,488</b>

\*See next page for breakdown of sources of revenue and expense purposes.

\*\*Institution has a hospital

Source: 2001, Exhibit C of Annual Financial Report (AFR); 2002 through 2005, Exhibit B of AFR

- Because of mandated changes in financial reporting requirements, revenue and expense categories from FY 2002 onward differ from those used earlier. Therefore, longitudinal comparisons before FY 2002 are not reliable.

Table IV-21

<b>Key Revenues and Expenses by Source and Purpose at U. T. Health-Related Institutions</b>						
(\$ in thousands)						
	FY	2001	2002	2003	2004	2005
<b>Revenues<sup>1</sup></b>						
Tuition & Fees		\$43,060	\$41,499	\$46,789	\$48,801	\$60,970
State Appropriations		825,314	881,042	858,325	848,767	823,491
Government Grants & Contracts		539,094	653,793	718,465	768,920	804,787
Nongovernment Grants & Contracts <sup>2</sup>		385,018	355,675	386,004	408,736	419,424
Gifts <sup>2</sup>		82,408	99,537	99,216	101,960	165,690
Sales and Services of Hospitals		1,405,059	1,525,988	1,669,380	1,889,356	2,302,552
Sales and Services - Other		144,327	124,236	99,060	138,772	146,567
Physician Fees		507,396	587,509	655,726	701,119	772,367
Other		234,817	222,531	196,633	271,735	268,983
<b>Total System Revenues</b>		<b>\$4,166,493</b>	<b>\$4,491,810</b>	<b>\$4,729,598</b>	<b>\$5,178,166</b>	<b>\$5,764,831</b>
<b>Expenses<sup>3</sup></b>						
Instruction		\$898,700	\$997,351	\$1,026,853	\$1,073,255	\$1,200,019
Research		613,078	709,032	763,573	829,525	873,788
Hospitals / Clinics		1,780,409	1,788,350	1,894,749	2,044,782	2,403,634
Institutional Support & Physical Plant		445,779	511,028	535,033	575,971	589,058
Public Service		86,736	98,529	113,240	117,137	118,614
Academic Support		59,932	70,071	74,235	74,627	75,981
Student Services		10,701	12,081	11,697	13,436	10,102
Scholarships and Fellowships		24,076	5,226	8,006	9,889	7,988
Auxiliary		47,655	44,422	46,137	42,420	54,237
Depreciation		0	172,709	198,936	227,777	287,067
<b>Total System Expenses</b>		<b>\$3,967,066</b>	<b>\$4,408,799</b>	<b>\$4,672,459</b>	<b>\$5,008,819</b>	<b>\$5,620,488</b>

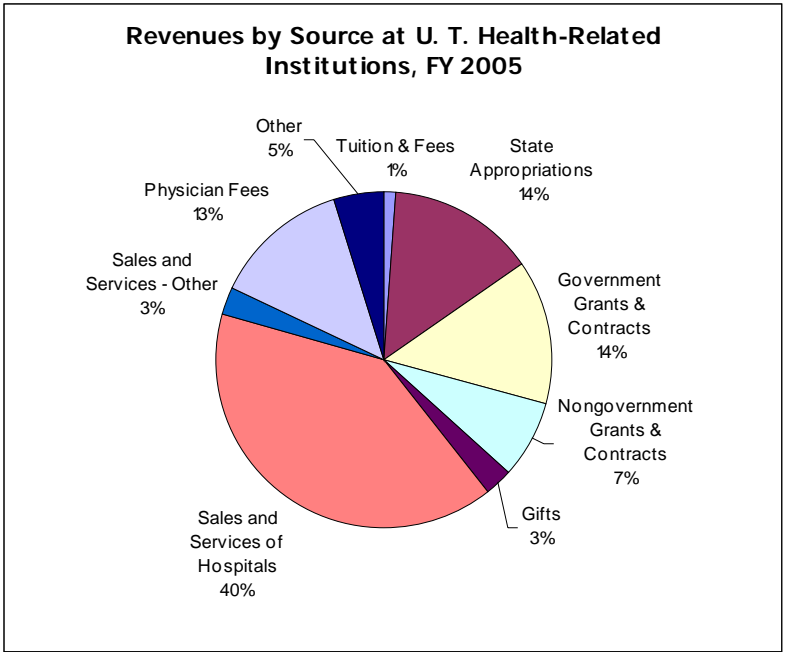
<sup>1</sup> These represent revenues reported on the U. T. System Annual Financial Report. Revenues do not include transfers between entities, such as transfers between System Administration and the component institutions, or transfers between component institutions and other state agencies. This prevents the double counting of the same funds as revenue initially by the entities sending the funds, and then subsequently by the entity receiving the funds.

<sup>2</sup> Due to the implementation of Governmental Accounting Standards Board (GASB) Statement 33 in 2001, gifts are now reported on a separate line. The line titled Private Gifts, Grants and Contracts has changed to Nongovernmental Grants and Contracts.

<sup>3</sup> Due to the implementation of GASB Statement 35 in 2002, expenses are now accrued and lack capital outlays. Depreciation expense on capital assets is now included. In addition, an entity-wide funds presentation is reflected in the financial statements, not just current funds as in the past.

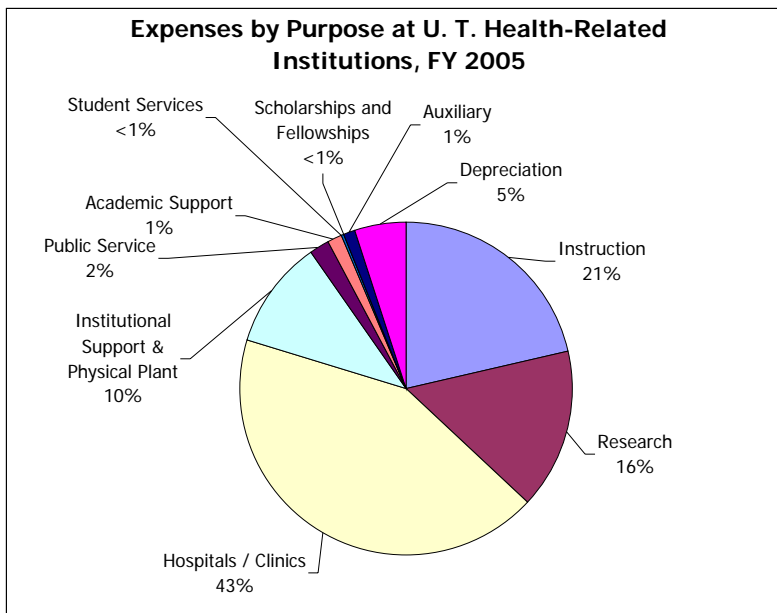
Source: 2001, Exhibit C of Annual Financial Report (AFR); 2002 through 2005, Exhibit B of AFR

Figure IV-12



- Between FY 2004 and FY 2005, state appropriations decreased from 16 to 14 percent of total revenue for U. T. System health-related institutions.

Figure IV-13



- As a proportion of total expenses, research declined slightly from 17 percent in FY 2004 to 16 percent in FY 2005.
- Hospital/clinic expenses increased from 41 percent in FY 2004 to 43 percent in FY 2005.

## Patient Care: Total U. T. System Patient Care Revenue

Table IV-22

<b>Total U. T. System Patient Care Revenue at U. T. Health-Related Institutions</b>					
(\$ in thousands)					
	FY 00	FY 01	FY 02	FY 03	FY 04
Total Net Hospital and Clinic Revenue	\$901,380	\$1,028,427	\$1,201,607	\$1,362,389	\$1,594,990
MSRDP (Practice Plan) Net Revenue*	519,809	582,624	579,463	648,388	701,117
<b>Total Patient Care Revenue</b>	<b>\$1,421,189</b>	<b>\$1,611,051</b>	<b>\$1,781,070</b>	<b>\$2,010,777</b>	<b>\$2,296,107</b>

\*Includes Medical Services, Research and Development Programs

Source: U. T. System Hospital Reports, MSRDP and institutional reports

- The U. T. System health-related institutions provide a very significant portion of health services to Texans throughout the state.
- Since 2000, total patient care revenue has increased to almost \$2.3 billion, reflecting the growing base of patients and scope of service by U. T. System health-related institutions.

## Hospital and Clinic Service in Relation to Hospital General Revenue

- These measures compare State support through general revenue to the productivity of clinic and hospital care.

Table IV-23

<b>General Revenue Per Hospital Admission</b>					
	FY 00	FY 01	FY 02	FY 03	FY 04
UTMB	\$3,357	\$3,280	\$3,155	\$3,068	\$2,967
MDACC	\$6,268	\$5,894	\$4,793	\$4,677	\$4,839
UTHC-T	\$4,492	\$4,691	\$4,981	\$4,845	\$4,759
HCPC (Harris County Psychiatric Center)	\$3,978	\$3,715	\$3,544	\$3,572	\$3,464
<b>Amount of General Revenue Per Patient Day</b>					
UTMB	\$639	\$614	\$592	\$586	\$601
MDACC	\$832	\$810	\$667	\$620	\$652
UTHC-T	\$560	\$601	\$653	\$677	\$647
HCPC	\$378	\$357	\$336	\$331	\$328
<b>Amount of General Revenue Per Hospital Outpatient and Clinic Visit</b>					
UTMB	\$139	\$136	\$130	\$134	\$142
MDACC	\$242	\$232	\$179	\$168	\$163
UTHC-T	\$125	\$114	\$140	\$134	\$105
<b>Hospital General Revenue as a Percent of Hospital Charity Care Provided</b>					
UTMB	58%	58%	47%	37%	33%
MDACC	119%	119%	79%	63%	54%
UTHC-T	102%	82%	101%	126%	108%
HCPC	99%	86%	79%	87%	81%

Source: The University of Texas System Annual Hospital Report and institutions reports, and institutions report of General Revenue for hospital operations

## Endowments – U. T. Health-Related Institutions

Table IV-24

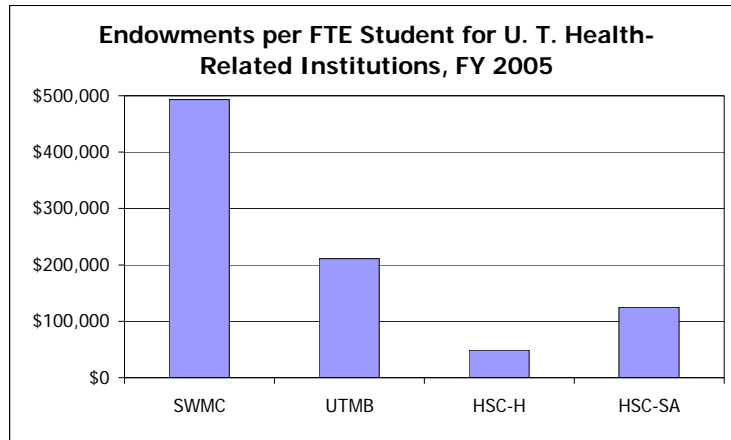
Value of Endowments for U. T. Health-Related Institutions			
	Value** 8/31/01	Value** 8/31/05	% change 01-05
SWMC*	\$644,909,000	\$980,022,000	52%
UTMB*	316,291,000	397,054,000	26%
HSC-H*	88,680,000	141,070,000	59%
HSC-SA*	252,520,000	319,886,000	27%
MDACC*	278,151,000	421,936,000	52%
HC-T*	29,465,000	36,271,000	23%
<b>Total Health-Related</b>	<b>\$1,610,016,000</b>	<b>\$2,296,239,000</b>	<b>43%</b>

\*Some of the increase in the total market value of endowments of these institutions is attributable to funds distributed through the Permanent Health Fund, as part of the tobacco settlement.

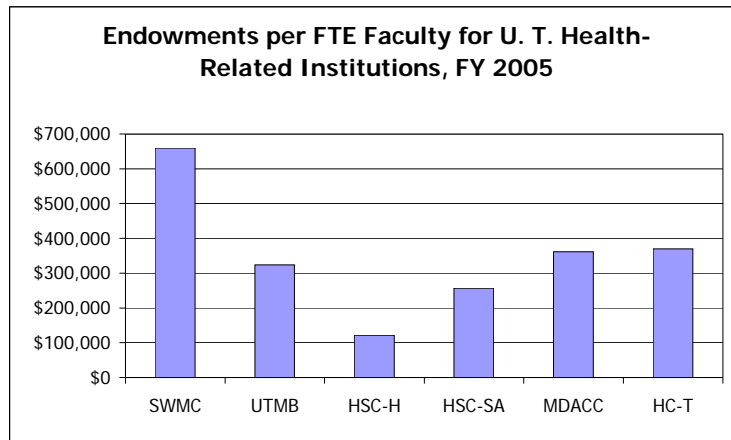
\*\*These totals include endowment funds managed by UTIMCO as well as those held in trust by other entities, as reported to the Council for Aid to Education each year. (Information offered on endowment funds not managed by UTIMCO is reported by each institution. Due to factors beyond control of the U. T. System Administration, amounts reported may represent estimates instead of actual figures.)

*Source: U. T. System Office of External Relations and U. T. institution reports to the Council for Aid to Education*

**Figure IV-14**



**Figure IV-15**



## Administrative Costs in Relation to Total Expenses

Table IV-25

		Amount Expended for Administrative Costs as a Percent of Expenses at U. T. Health-Related Institutions				
FY		2001	2002	2003	2004	2005
SWMC	Administrative Costs	\$44,457,636	\$42,205,477	\$42,387,679	\$40,130,750	\$44,853,964
	Total Expenses	606,861,869	690,232,692	735,989,189	793,614,735	1,032,539,467
	% of Total Expenses	7.3%	6.1%	5.8%	5.1%	4.3%
UTMB	Administrative Costs	46,117,165	47,712,199	56,416,463	60,827,371	27,224,308
	Total Expenses	1,205,128,899	1,250,116,030	1,270,372,660	1,299,079,042	1,385,806,681
	% of Total Expenses	3.8%	3.8%	4.4%	4.7%	2.0%
HSC-H	Administrative Costs	38,128,782	42,586,601	53,784,642	52,038,601	57,436,074
	Total Expenses	481,106,061	529,561,107	556,851,437	559,110,020	585,123,963
	% of Total Expenses	7.9%	8.0%	9.7%	9.3%	9.8%
HSC-SA	Administrative Costs	26,088,462	29,389,937	21,900,153	24,368,830	29,929,278
	Total Expenses	393,704,929	426,495,884	445,497,569	452,422,247	486,377,061
	% of Total Expenses	6.6%	6.9%	4.9%	5.4%	6.2%
MDACC	Administrative Costs	83,818,920	115,533,058	132,292,905	143,898,025	149,412,496
	Total Expenses	1,116,711,352	1,337,644,384	1,492,951,108	1,724,249,855	1,936,133,125
	% of Total Expenses	7.5%	8.6%	8.9%	8.3%	7.7%
HC-T	Administrative Costs	5,569,048	5,421,006	8,083,042	8,520,041	9,202,113
	Total Expenses	97,935,722	107,798,331	115,092,220	119,374,181	124,549,135
	% of Total Expenses	5.7%	5.0%	7.0%	7.1%	7.4%
<b>Overall Average</b>		<b>6.3%</b>	<b>6.5%</b>	<b>6.8%</b>	<b>6.7%</b>	<b>5.7%</b>

Source: Administrative Cost Measures reported to the Legislative Budget Board as an Annual Performance Measure by each institution. Total expenses defined by the LBB exclude expenses of auxiliary enterprises and service departments. Administrative costs also exclude expenses of service departments.

- The average ratio of administrative costs to total expenses has decreased to 5.7 percent in FY 2005 from 6.3 percent in FY 2001 at U. T. System health-related institutions. This change reflects efforts to operate more efficiently.
- Between FY 2001 and FY 2005, administrative expenses as a proportion of total expenses have decreased at three of the six health-related institutions, increasing at the other three.

## Clinical Revenue Related to Faculty Activity

Table IV-26

<b>U. T. Health-Related Institutions</b>					
<b>Gross Patient Charges per FTE Clinical Faculty*</b>					
	FY 00	FY 01	FY 02	FY 03	FY 04
SWMC	\$1,877,040	\$2,075,879	\$1,875,744	\$1,887,877	\$2,298,957
UTMB	1,007,724	1,164,058	1,167,720	1,271,177	1,265,074
HSC-H	1,049,428	1,128,029	1,244,127	1,329,066	1,697,852
HSC-SA**	--	861,381	794,409	767,370	624,550
MDACC	680,110	830,782	981,073	1,150,130	1,206,878
HC-T	713,317	469,517	503,005	481,916	531,309
<b>Net Patient Revenues per FTE Clinical Faculty</b>					
	FY 00	FY 01	FY 02	FY 03	FY 04
SWMC	\$539,599	\$596,028	\$537,835	\$524,252	630,618
UTMB	354,874	371,874	355,685	377,801	363,316
HSC-H	330,841	332,052	365,754	391,423	407,430
HSC-SA	--	341,747	238,141	269,250	191,290
MDACC	322,134	353,664	361,555	427,927	452,767
HC-T	296,015	149,618	162,769	162,839	179,726

\*Based on operating budget figures; actual FTEs may change over the course of a year.

\*\*Include gross charges (FSS and capitated plans).

Source: MSRDP Report and Faculty Salary Report

- Gross patient charges illustrate the volume of care that faculty provide.
- Net collections differ due to varying contractual allowances, the provision of indigent care, and billing and collection practices, among other issues.
- In most cases, the net collections per FTE clinical faculty have increased over the past four years.
- U. T. Health Center-Tyler does not have full-time medical staff consistent with certain surgical subspecialties; these specific subspecialties are provided by community physicians in private practice.

## Facilities

- This measure provides a baseline for the analysis in future reports of the productivity of investments in research space.

**Table IV-27**

	<b>Research Space at U. T. Health-Related Institutions</b>				
	FY 2005			FY 2004	FY 2003
	Research Expenditures*	Research E&G Sq. Ft.**	Research Expenditures per Research E&G Sq. Ft	Research Expenditures per Research E&G Sq. Ft	Research Expenditures per Research E&G Sq. Ft
SWMC	\$320,801,884	623,651	\$514	\$504	\$442
UTMB	149,957,462	452,233	\$332	\$298	\$291
HSC-H	156,519,695	355,412	\$440	\$450	\$413
HSC-SA	134,058,535	494,203	\$271	\$288	\$299
MDACC	341,978,679	580,846	\$589	\$556	\$582
HC-T	11,420,260	39,688	\$288	\$259	\$233

\*Includes funding for clinical trials.

\*\*Excludes research space used for clinical trials.

*Source: THECB Space Projection Model based on institution self-reported data*

**Table IV-28**

<b>Facilities Condition Index for U. T. Health-Related Institutions, FY 2005</b>				
	Gross Sq. Ft.	Campus Replacement Value	Capital Renewal Backlog	Facilities Condition Index
SWMC	8,322,991	\$2,138,702,000	--	0.00
UTMB	6,255,501	1,945,927,000	\$83,484,000	0.04
HSC-H	3,278,390	942,865,000	96,865,000	0.10
HSC-SA	2,780,678	858,377,000	73,133,000	0.09
MDACC	9,047,797	2,710,002,000	38,788,000	0.01
HC-T	656,026	232,211,000	7,337,000	0.03

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

- Nationally, a facilities condition index of 0.05 or less is considered to be a good rating, 0.10 is median, and 0.15 or more is considered substandard.
- The FCI of all health-related institutions is "good" or "median."

- Between August 2001 and August 2005, the CIP for health-related institutions has increased from \$2.24 billion to \$2.97 billion.

Table IV-29

**Construction Projected for U. T. Health-Related Institutions, FY 2006-2011**

Project Type	All Projects		Repair & Renovation		New Construction		
	# Projects	Total Project Cost	# Projects	Total Project Cost	# Projects	Total Project Cost	
SWMC	Ed/Admin	0	\$0	0	\$0	0	\$0
	Auxiliary	0	\$0	0	\$0	0	\$0
	Research	3	\$335,400,000	0	\$0	3	\$335,400,000
	Clinical	1	\$62,400,000	0	\$0	1	\$62,400,000
	<b>Total</b>	<b>4</b>	<b>\$397,800,000</b>	<b>0</b>	<b>\$0</b>	<b>4</b>	<b>\$397,800,000</b>
UTMB	Ed/Admin	2	\$35,260,254	1	\$7,900,000	1	\$27,360,254
	Auxiliary	1	\$18,780,000	0	\$0	1	\$18,780,000
	Research	4	\$97,110,000	3	\$92,980,000	1	\$4,130,000
	Clinical	5	\$463,500,673	2	\$16,410,000	3	\$447,090,673
	<b>Total</b>	<b>12</b>	<b>\$614,650,927</b>	<b>6</b>	<b>\$117,290,000</b>	<b>6</b>	<b>\$497,360,927</b>
HSC-H	Ed/Admin	2	\$13,000,000	2	\$13,000,000	0	\$0
	Auxiliary	1	\$7,500,000	0	\$0	1	\$7,500,000
	Research	2	\$200,530,000	0	\$0	2	\$200,530,000
	Clinical	2	\$82,500,000	1	\$60,000,000	1	\$22,500,000
	<b>Total</b>	<b>7</b>	<b>\$303,530,000</b>	<b>3</b>	<b>\$73,000,000</b>	<b>4</b>	<b>\$230,530,000</b>
HSC-SA	Ed/Admin	2	\$38,200,000	0	\$0	2	\$38,200,000
	Auxiliary	0	\$0	0	\$0	0	\$0
	Research	2	\$27,000,000	1	\$9,000,000	1	\$18,000,000
	Clinical	1	\$95,000,000	0	\$0	1	\$95,000,000
	<b>Total</b>	<b>5</b>	<b>\$160,200,000</b>	<b>1</b>	<b>\$9,000,000</b>	<b>4</b>	<b>\$151,200,000</b>
MDACC	Ed/Admin	19	\$586,100,000	14	\$294,500,000	5	\$291,600,000
	Auxiliary	6	\$111,400,000	0	\$0	6	\$111,400,000
	Research	9	\$433,800,000	2	\$50,000,000	7	\$383,800,000
	Clinical	7	\$354,200,000	5	\$54,200,000	2	\$300,000,000
	<b>Total</b>	<b>41</b>	<b>\$1,485,500,000</b>	<b>21</b>	<b>\$398,700,000</b>	<b>20</b>	<b>\$1,086,800,000</b>
HC-T	Ed/Admin	0	\$0	0	\$0	0	\$0
	Auxiliary	0	\$0	0	\$0	0	\$0
	Research	0	\$0	0	\$0	0	\$0
	Clinical	1	\$3,500,000	0	\$0	1	\$3,500,000
	<b>Total</b>	<b>1</b>	<b>\$3,500,000</b>	<b>0</b>	<b>\$0</b>	<b>1</b>	<b>\$3,500,000</b>
<b>Health-Related Total</b>		<b>70</b>	<b>\$2,965,180,927</b>	<b>31</b>	<b>\$597,990,000</b>	<b>39</b>	<b>\$2,367,190,927</b>

Number of projects and total project cost include both new construction and renovation projects; new square footage only includes gross square footage added.

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

## Energy Use

Table IV-30

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**Reduction in Energy Use by U. T. Health-Related Institutions, 1994-2004**

	2001-2004 Reduction (%)	1994-2004 Reduction (%)
SWMC	28	45
UTMB	(10)	47
HSC-H	24	60
HSC-SA	11	31
MDACC	35	28
HC-T	1	11

Note: Percentage decrease based on change in Energy Use Index = BTU/SqFt/Yr.

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

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- These data illustrate the increasing efficiency of operations of U. T. System health-related institutions.
- Each institution has set a goal to reduce energy consumption by 15 percent by 2011.
- Most campuses are meeting or exceeding this goal.

## **Organizational Efficiency and Productivity: Implications for Future Planning and Measures for Future Development**

### **Implications for Future Planning**

- Financial resources. The U. T. System will depend increasingly on a combination of tuition, tuition revenue bonds, appropriations, private donations, and patient care revenues to obtain resources necessary to achieve its goals in teaching, research, health care, and service. Using these funds most efficiently will present an increasingly important challenge as demands to serve students and patients continue to grow. This report summarizes much more detailed information that helps assess the impact of shifts in this complex resource base.
- Private giving and endowments. Private sources of support will become increasingly important; this report should, in future years, illustrate the impact of these investments and the benchmarking and development of operation enhancements at U. T. System institutions.
- Productivity and efficiency studies. The U. T. System has begun an analysis of the measures and comparative benchmarks it will use in the future to assess the productivity and efficiency of its operations. Results and recommendations are expected in 2006.
- Human resource data and trends. The U. T. System continues to lack a consistent, centralized process for analyzing staff trends including trends in salaries, FTEs, and professional development for employees in various classes. These issues are being addressed by the U. T. System Administration. Recommendations are expected in 2006.
- Human resource development. Investment of resources in recruiting, retaining, and developing faculty and staff is and will be a critical success factor for U. T. System institutions. This report provides a framework for the future assessment of the effectiveness of these investments.

### **Measures for Future Development**

- Define measures of productivity, based on System recommendations.
- Refine the methodology for collecting and analyzing all faculty and staff (human resources) data.