

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	2002	2003	2004	2005	2006
Revenues¹						
Tuition & Fees		\$526,798	\$593,011	\$675,107	\$786,461	\$854,461
State Appropriations		1,615,398	1,585,646	1,578,062	1,557,538	1,735,758
Government Grants & Contracts		1,188,435	1,292,805	1,396,363	1,461,008	1,559,208
Nongovernment Grants & Contracts ²		454,553	485,305	520,438	513,787	577,538
Gifts ²		197,090	193,936	181,915	265,764	254,782
Sales and Services of Hospitals		1,525,988	1,669,380	1,889,355	2,302,552	2,574,851
Sales and Services - Other		393,181	415,484	468,920	534,330	552,414
Physician Fees		587,510	655,725	701,117	772,366	793,311
Other		74,670	447,593	1,708,466	2,019,351	109,848
Total System Revenues		\$6,563,623	\$7,338,885	\$9,119,743	\$10,213,157	\$9,012,171
Expenses³						
Instruction		\$1,723,388	\$1,848,433	\$1,909,495	\$2,110,017	\$2,257,109
Research		1,074,875	1,141,081	1,216,147	1,317,751	1,435,286
Hospitals / Clinics		1,788,349	1,894,748	2,044,783	2,371,851	2,512,902
Institutional Support & Physical Plant		889,729	936,984	971,879	1,048,399	1,161,130
Public Service		185,570	199,278	209,085	216,724	223,373
Academic Support		259,880	247,226	255,754	276,399	353,541
Student Services		113,848	113,442	123,292	133,023	146,053
Scholarships and Fellowships		156,300	184,003	200,034	208,768	223,085
Auxiliary		268,220	289,147	289,906	327,378	351,665
Depreciation		297,507	333,415	372,830	477,825	557,751
Interest Expense		90,644	89,697	90,945	135,005	170,568
Total System Expenses		\$6,848,310	\$7,277,454	\$7,684,150	\$8,623,140	\$9,392,463

¹ 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.

² 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.

³ 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: Exhibit B of Annual Financial Report (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 2002	2003	2004	2005	2006
Total Expenses*	\$40,727	\$48,829	\$51,395	\$70,345	\$80,327
Percent Change	14.0%	19.9%	5.3%	36.9%	14.2%

*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: Exhibit B of Annual Financial Report (AFR)

- Between FY 2005 and FY 2006, U. T. System Administration expenses increased.

U. T. System Administration Employee Demographic Trends

Table IV-3

U. T. System Administration Staff Demographic Composition FY 2006 - FY 2007			
	2006	2007	
Total System Administration Employees	650	670	
Proportion by Ethnic/Racial Group	% System Employees	% System Employees	% Composition Capital Area Workforce Projected 2006
White	73.5%	73.6%	61.5%
Black	6.6	6.6	7.3
Hispanic	16.8	16.0	26.7
Asian	2.5	3.4	OTHER: 4.5
Native American	0.6	0.4	

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 2006 shows that the U. T. System Administration's total employee group includes approximately 12 percent more White workers than the region as a whole.
- The proportion of Hispanic and Black System Administration employees did not change from FY 2006 to FY 2007.

Bond Rating

Table IV-4

	U. T. System Bond Rating 2005 and 2006					
	8/31/2005 Ratings			8/31/2006 Ratings		
	Moody's	Standard and Poor's	Fitch	Moody's	Standard and Poor's	Fitch
Permanent University Fund						
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	Aaa	AAA	AAA
Series 2006A				Aaa	AAA	AAA
Revenue Financing System						
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	Aaa	AAA	AAA
Series 2006A & B				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 three 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. System Academic Institutions

Fiscal Performance

Table IV-5

Key Revenues and Expenses at U. T. Academic Institutions						
(\$ in thousands)						
	FY	2002	2003	2004	2005	2006
Revenues¹						
Arlington		\$237,532	\$245,959	\$270,336	\$302,099	\$318,921
Austin		1,213,687	1,264,015	1,351,634	1,469,575	1,576,708
Brownsville/TSC		92,540	95,719	100,621	114,082	121,960
Dallas		157,791	168,177	203,146	208,746	232,431
El Paso		205,183	217,376	229,337	244,114	269,478
Pan American		141,202	158,923	163,438	172,916	186,584
Permian Basin		26,497	27,187	29,048	33,200	38,672
San Antonio		190,195	214,529	243,498	286,719	322,180
Tyler		41,257	43,708	49,912	54,460	63,880
Total Academic Revenues		\$2,305,884	\$2,435,593	\$2,640,970	\$2,885,911	\$3,130,814
Expenses²						
Arlington		\$225,788	\$232,937	\$244,173	\$280,615	\$302,142
Austin		1,282,557	1,356,317	1,376,923	1,488,474	1,607,672
Brownsville/TSC		84,364	91,579	97,622	110,012	125,826
Dallas		156,063	174,666	182,410	208,668	228,974
El Paso		209,133	217,783	217,149	239,774	261,060
Pan American		138,577	155,276	157,557	176,569	193,522
Permian Basin		24,294	28,381	32,640	33,037	38,630
San Antonio		177,029	205,702	224,794	269,992	293,811
Tyler		38,781	43,980	48,984	55,668	63,377
Total Academic Expenses		\$2,336,586	\$2,506,621	\$2,582,252	\$2,862,809	\$3,115,014

¹ 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.

² 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: Exhibit B of Annual Financial Report (AFR)

- To accommodate enrollment growth, inflation and U. T. System initiatives such as student success and increasing research to keep Texas competitive, revenues and expenses increased at every academic institution. Between FY 2002 and FY 2006 combined revenues for U. T. System academic institutions increased from \$2.31 billion to \$3.13 billion, a 36 percent increase. When adjusted for inflation using the Consumer Price Index – Urban, revenues increased to \$2.81 billion in FY 2006, or by 22 percent.
- Over this same time period, total academic expenses increased from \$2.34 billion to \$3.12 billion, a 33 percent increase. Adjusted for inflation, the expenses increased to \$2.79 billion, representing a 20 percent increase.
- Between FY 2002 and FY 2006 the full-time equivalent student population (annualized) for the U. T. System academic institutions increased from 127,577 to 147,331 students, a 15.5 percent increase.

Table IV-6

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

	FY	2002	2003	2004	2005	2006
Revenues¹						
Tuition & Fees		\$485,301	\$546,224	\$626,307	\$725,492	\$787,733
State Appropriations		725,893	719,033	723,237	727,974	792,041
Government Grants & Contracts		540,067	584,446	631,781	663,609	726,331
Nongovernment Grants & contracts ²		98,878	97,489	110,550	123,797	123,588
Gifts ²		97,107	93,560	78,814	99,244	113,629
Sales and Services - Other		266,487	310,306	325,417	374,183	386,733
Other		92,152	84,535	144,864	171,612	200,759
Total Academic Revenues		\$2,305,885	\$2,435,593	\$2,640,970	\$2,885,911	\$3,130,814
Expenses³						
Instruction		\$726,039	\$817,586	\$829,035	\$901,401	\$982,258
Research		375,262	391,709	401,580	459,736	477,854
Institutional Support & Physical Plant		358,589	384,665	387,764	419,019	483,049
Public Service		87,041	85,938	91,812	98,110	105,492
Academic Support		189,809	172,991	181,126	200,417	223,368
Student Services		101,766	101,746	109,858	122,923	134,318
Scholarships and Fellowships		151,075	175,997	190,147	200,780	214,047
Auxiliary		223,796	243,010	247,483	273,138	289,712
Depreciation		123,209	132,979	143,447	187,285	204,916
Total Academic Expenses		\$2,336,586	\$2,506,621	\$2,582,252	\$2,862,809	\$3,115,014

¹ 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.

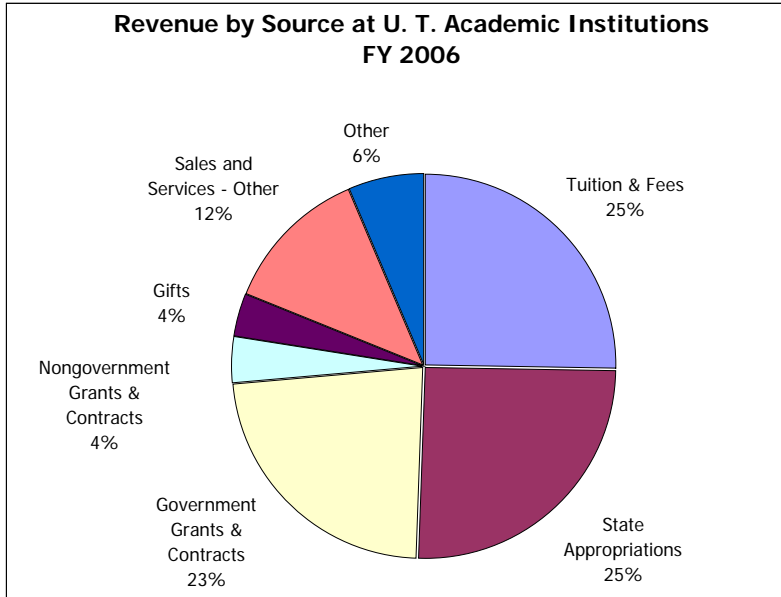
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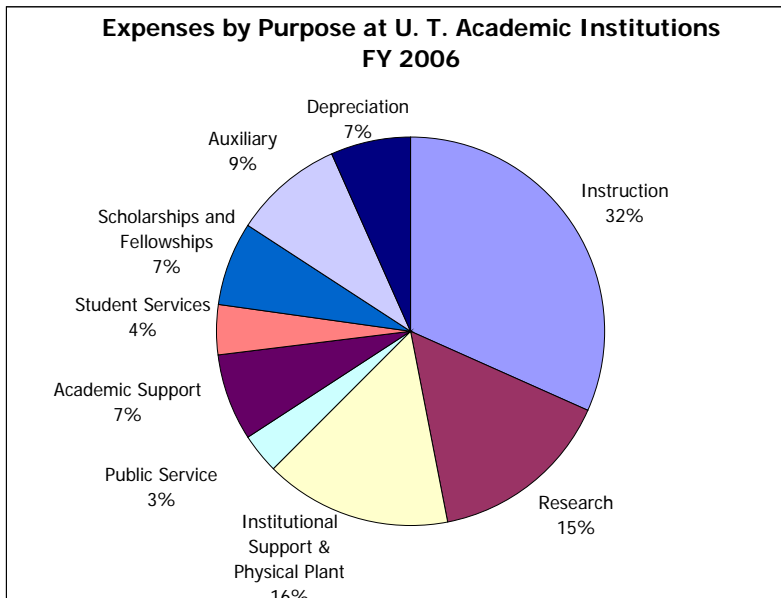
- Revenues from state appropriations were essentially flat from FY 2002 to FY 2005. While state funding increased somewhat in FY 2006, enrollment growth and inflation eroded the amount of support received on a per student basis.
- As a consequence of declining state support, parents and students made up most of the shortfall through increases in tuition and fees.

Figure IV-1



- State appropriations provided 25 percent of revenue to academic institutions in FY 2006.
- Government grants and contracts provided 23 percent in FY 2006.
- Tuition provided 25 percent of revenue in FY 2006.
- The proportion of revenue from state appropriations and from government grants and contracts was unchanged from the previous year. Revenue from tuition and fees declined by one percent.

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 2006, unchanged from FY 2005.
- 15 percent was spent on research in FY 2006, a decline of one percent from FY 2005.

Revenue in Relation to Faculty and Students

Table IV-7

Adjusted Revenue per FTE Student						
U. T. Academic Institutions						
(\$ in thousands)						
	FY	2002	2003	2004	2005	2006
UTA		\$12	\$10	\$11	\$11	\$12
UT Austin		12	12	13	13	14
UTB		4	5	4	5	5
UTD		13	13	13	13	14
UTEP		9	9	9	9	10
UTPA		8	8	8	7	8
UTPB		13	11	10	10	11
UTSA		9	9	9	10	11
UTT		13	12	11	10	11

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

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

Table IV-8

Adjusted Revenue per FTE Faculty						
U. T. Academic Institutions						
(\$ in thousands)						
	FY	2002	2003	2004	2005	2006
UTA		\$235	\$227	\$233	\$237	\$245
UT Austin		251	252	251	258	272
UTB		71	79	79	89	89
UTD		293	285	272	280	298
UTEP		168	165	182	180	198
UTPA		161	165	158	149	163
UTPB		210	196	178	180	193
UTSA		222	215	242	253	265
UTT		156	156	173	162	182

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 four U. T. System academic institutions and increased at five institutions.
- Adjusted total revenue per full-time equivalent faculty has increased at eight institutions, and decreased at one institution.

Figure IV-3

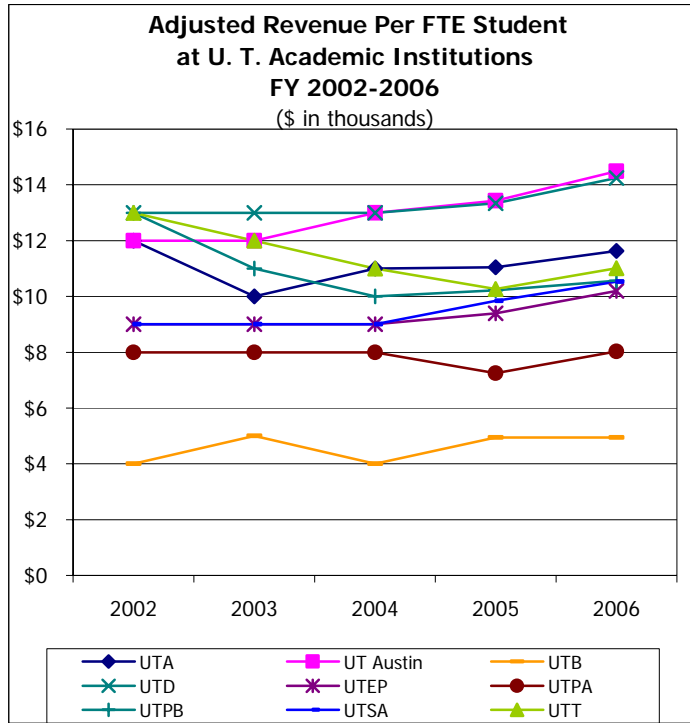
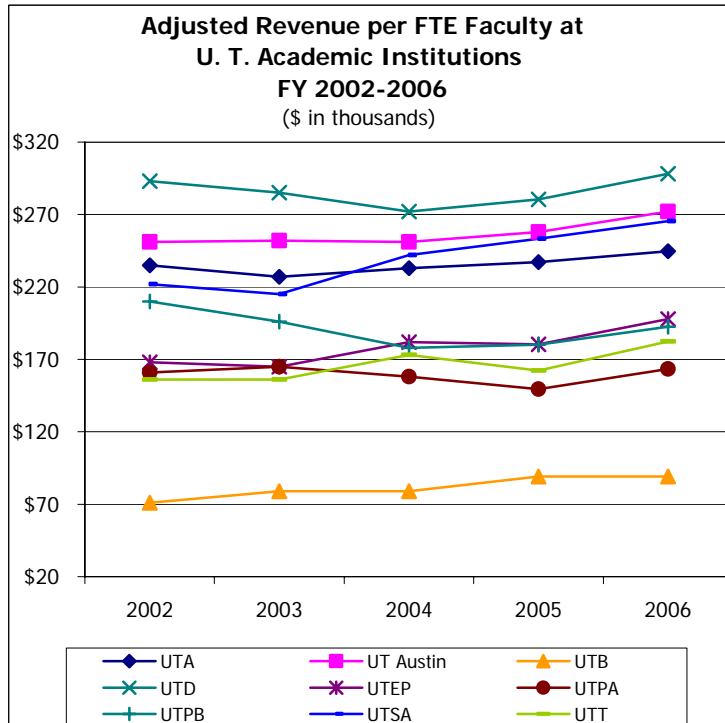


Figure IV-4



Appropriated Funds per FTE Student and FTE Faculty

- Over the past five years, appropriated funds per FTE student held steady or decreased at all U. T. System academic institutions.
- In this period, appropriated funds have decreased per FTE faculty at eight institutions, increasing only at U. T. Brownsville.

Table IV-9

Appropriated Funds per FTE Student						
U. T. Academic Institutions						
(\$ in thousands)						
	FY	2002	2003	2004	2005	2006
UTA		\$7	\$6	\$5	\$5	\$5
UT Austin		7	6	6	6	7
UTB		4	4	3	4	3
UTD		7	7	7	6	7
UTEP		6	6	5	5	6
UTPA		6	6	5	5	5
UTPB		10	9	7	7	7
UTSA		6	5	4	4	5
UTT		10	9	8	7	7

Source: Appropriated funds are from Exhibit B of Annual Financial Report (AFR)

Table IV-10

Appropriated Funds per FTE Faculty						
U. T. Academic Institutions						
(\$ in thousands)						
	FY	2002	2003	2004	2005	2006
UTA		\$133	\$123	\$116	\$110	\$115
UT Austin		138	132	128	124	128
UTB		60	68	62	66	63
UTD		164	145	137	131	142
UTEP		112	106	108	99	109
UTPA		119	114	106	98	105
UTPB		161	148	132	119	127
UTSA		135	120	115	107	119
UTT		127	117	120	104	115

Source: Appropriated funds are from Exhibit B of Annual Financial Report (AFR)

Endowments — System Overview

- Taken together, the value of U. T. System endowments totaled \$14.5 billion as of August 31, 2006.
- This represents a 26 percent increase from 2002.

Table IV-11

U. T. System Endowments			
	Value*	Value*	% change
	8/31/02	8/31/06	02-06
Arlington	\$28,859,000	\$50,750,000	76%
Austin**	\$1,350,816,000	\$6,268,407,000	364%
Brownsville	\$3,065,000	\$6,373,000	108%
Dallas	\$171,653,000	\$236,111,000	38%
El Paso***	\$96,135,000	\$141,534,000	47%
Pan American	\$32,032,000	\$58,568,000	83%
Permian Basin	\$9,653,000	\$16,747,000	73%
San Antonio	\$21,800,000	\$44,430,000	104%
Tyler	\$37,432,000	\$58,149,000	55%
Total Academic	\$1,751,445,000	\$6,881,069,000	293%
SWMC***	\$608,888,000	\$1,143,426,000	88%
UTMB***	\$295,898,000	\$432,172,000	46%
HSC-H***	\$87,927,000	\$157,148,000	79%
HSC-SA***	\$226,799,000	\$346,235,000	53%
MDACC***	\$263,643,000	\$457,727,000	74%
HC-T***	\$26,136,000	\$39,108,000	50%
Total Health-Related	\$1,509,291,000	\$2,575,816,000	71%
Institution Total	\$3,260,736,000	\$9,456,885,000	190%
System Administration****	\$8,259,705,000	\$5,048,284,000	-39%
U. T. System Total	\$11,520,441,000	\$14,505,169,000	26%

*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.)

** Beginning in FY 2006, endowments for U. T. Austin were increased to include 30 percent of the Permanent University Fund (PUF) market value and endowments for the U. T. System were decreased correspondingly to 37 percent of the PUF market value. This reporting resulted in significant differences in the absolute and the percentage change calculations for the endowment values in FY 2006 and previous years.

***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.

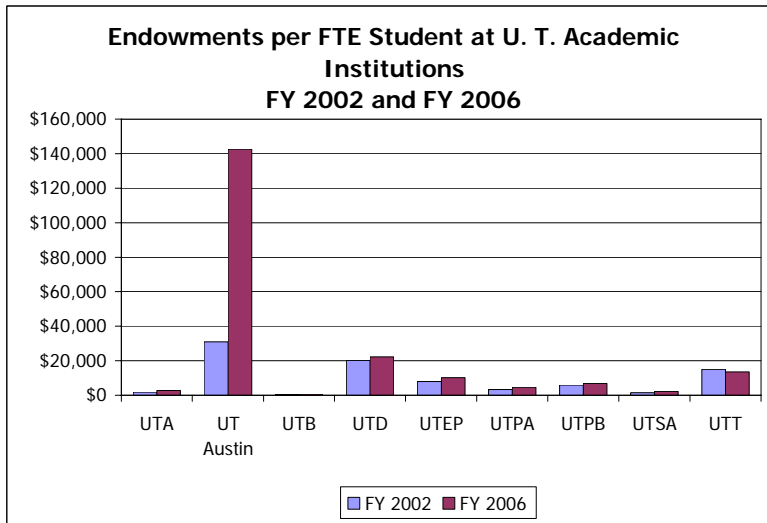
****Endowment values for U. T. System Administration exclude the Permanent Health Fund, which is reported by the institutions.

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

Endowments – U. T. System Academic Institutions

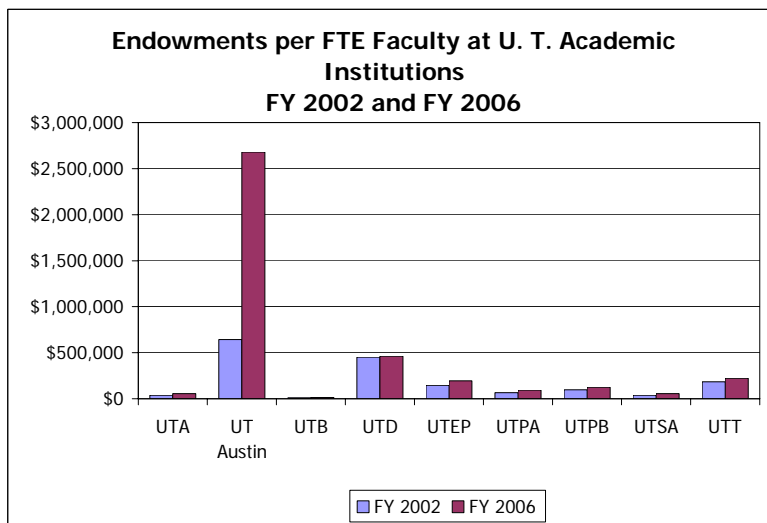
- The dollar value and number of endowments have grown substantially over the FY 2002 to FY 2006 period at all U. T. System academic institutions.
- The ratio of these endowments to FTE students and FTE faculty illustrate the impact of these funds in the support of teaching, research, and other activities 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



- Beginning in FY 2006, endowments for U. T. Austin were increased to include 30 percent of the Permanent University (PUF) market value. This reporting resulted in significant differences in the endowments per FTE student at U. T. Austin.

Figure IV-6



- Beginning in FY 2006, endowments for U. T. Austin were increased to include 30 percent of the Permanent University (PUF) market value. This reporting resulted in significant differences in the endowments per FTE faculty at U. T. Austin.

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		2002	2003	2004	2005	2006
Arlington	Administrative Costs	\$21,579,268	\$21,511,273	\$19,760,069	\$25,093,345	\$22,194,202
	Total expenses	203,533,024	208,510,480	215,692,279	248,058,888	267,461,663
	% Total expenses	10.6%	10.3%	9.2%	10.1%	8.3%
Austin	Administrative Costs	67,677,097	76,221,356	69,876,870	78,644,406	87,912,899
	Total expenses	1,138,486,509	1,205,183,325	1,226,185,936	1,329,200,750	1,439,021,699
	% Total expenses	5.9%	6.3%	5.7%	5.9%	6.1%
Brownsville	Administrative Costs	9,263,187	9,392,148	9,766,930	10,338,716	11,230,225
	Total expenses	81,778,670	88,405,902	94,151,928	106,017,620	120,197,367
	% Total expenses	11.3%	10.6%	10.4%	9.8%	9.3%
Dallas	Administrative Costs	14,658,832	14,461,491	13,851,220	16,377,438	20,720,942
	Total expenses	147,989,327	165,319,197	171,995,585	197,123,066	215,881,043
	% Total expenses	9.9%	8.7%	8.1%	8.3%	9.6%
El Paso	Administrative Costs	17,924,856	18,958,401	15,792,305	17,267,670	19,063,821
	Total expenses	180,960,988	184,577,195	184,916,787	201,897,595	222,792,873
	% Total expenses	9.9%	10.3%	8.5%	8.6%	8.6%
Pan American	Administrative Costs	12,382,010	12,557,050	12,880,257	13,127,484	14,923,148
	Total expenses	127,475,110	143,526,654	145,519,374	162,921,147	181,855,590
	% Total expenses	9.7%	8.7%	8.9%	8.1%	8.2%
Permian Basin	Administrative Costs	2,949,907	3,180,381	2,782,467	3,066,535	3,560,647
	Total expenses	22,939,693	26,640,735	30,348,776	30,634,758	36,170,253
	% Total expenses	12.9%	11.9%	9.2%	10.0%	9.8%
San Antonio	Administrative Costs	19,436,041	21,882,587	24,986,867	28,924,802	32,995,590
	Total expenses	169,362,224	196,341,610	214,453,142	256,384,848	277,751,520
	% Total expenses	11.5%	11.1%	11.7%	11.3%	11.9%
Tyler	Administrative Costs	5,319,266	6,584,941	7,735,271	7,499,899	9,155,651
	Total expenses	37,178,566	41,847,061	46,435,139	52,001,232	59,352,509
	% Total expenses	14.3%	15.7%	16.7%	14.4%	15.4%
Overall Average		8.1%	8.2%	7.6%	7.8%	7.9%

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 12 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 2002, the ratio of administrative expenses to total expenses has, on average, decreased slightly, decreasing at six institutions and increasing at three.
- Total expenses at three institutions – U. T. Permian Basin, U. T. San Antonio and U. T. Tyler -- increased by more than 50 percent between FY 2002 and FY 2006 to accommodate enrollment growth and expansion in related support services. But, the proportion of expenses for administration decreased at U. T. Permian Basin and increased slightly at U. T. San Antonio and U. T. Tyler, as the campuses made concerted efforts to limit administrative expenses.

Facilities

- The following measures provide baselines for future reports. Data from the Coordinating Board are based on self-reports by each institution.

Table IV-13

Assignable Space per FTE Student at U. T. Academic Institutions, FY 2006

	FTE Students	E&G Assignable Sq. Ft.	Ratio E&G Assignable Sq. Ft. to FTE Student
Arlington	18,740	1,870,341	100
Austin	43,966	8,061,397	183
Brownsville*	7,878	593,704	75
Dallas	10,653	1,052,148	99
El Paso	13,980	1,354,815	97
Pan American	12,786	1,104,643	86
Permian Basin	2,443	231,490	95
San Antonio	20,501	1,250,103	61
Tyler	4,323	359,228	83

*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 2006

	# of Classrooms	Average Weekly Hours of Use	# of Class Labs	Average Weekly Hours of Use
Arlington	176	32.1	59	19.7
Austin	438	37.0	147	30.2
Brownsville	75	37.4	44	29.1
Dallas	91	35.0	25	34.1
El Paso	115	35.8	61	27.1
Pan American	146	34.9	48	24.3
Permian Basin	36	30.9	15	24.9
San Antonio	146	40.8	52	31.7
Tyler	53	36.5	11	33.4

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 2006, 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. Brownsville, U. T. Dallas, U. T. El Paso, 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 2006		FY 2005	
	Research Expenditures	Research E&G Sq. Ft.	Research Expenditures per Research E&G Sq. Ft	Research Expenditures per Research E&G Sq. Ft
Arlington	\$34,865,068	228,346	\$153	\$143
Austin	446,686,603	1,526,360	293	275
Brownsville	5,890,444	8,145	723	1,099
Dallas	43,085,236	167,249	258	254
El Paso	41,933,182	163,628	256	224
Pan American	6,790,592	51,393	132	119
Permian Basin	2,377,656	10,574	225	91
San Antonio	32,316,849	130,842	247	213
Tyler	915,024	2,834	323	177
Total Academic	\$614,860,654	2,289,371	\$269	\$251

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	\$92,972,945	2	\$48,000,000	2	\$44,972,945
	Auxiliary	0	0	0	\$0	0	\$0
	Research	2	110,430,000	0	\$0	2	\$110,430,000
	Total	6	\$203,402,945	2	\$48,000,000	4	\$155,402,945
Austin	Ed/Admin	21	374,835,000	11	\$141,540,000	10	\$233,295,000
	Auxiliary	7	411,100,000	2	\$37,800,000	5	\$373,300,000
	Research	8	443,794,000	1	\$60,000,000	7	\$383,794,000
	Total	36	\$1,229,729,000	14	\$239,340,000	22	\$990,389,000
Brownsville/TSC	Ed/Admin	0	\$0	0	\$0	0	\$0
	Auxiliary	0	0	0	0	0	0
	Research	1	33,800,000	0	0	1	33,800,000
	Total	1	\$33,800,000	0	\$0	1	\$33,800,000
Dallas	Ed/Admin	8	50,224,750	4	\$38,644,750	4	\$11,580,000
	Auxiliary	0	0	0	\$0	0	\$0
	Research	4	141,625,000	1	\$14,625,000	3	\$127,000,000
	Total	12	\$191,849,750	5	\$53,269,750	7	\$138,580,000
El Paso	Ed/Admin	6	12,986,000	6	\$12,986,000	0	\$0
	Auxiliary	2	35,250,000	0	\$0	2	\$35,250,000
	Research	3	154,500,000	2	\$124,000,000	1	\$30,500,000
	Total	11	\$202,736,000	8	\$136,986,000	3	\$65,750,000
Pan American	Ed/Admin	7	102,952,000	1	\$5,657,000	6	\$97,295,000
	Auxiliary	1	12,900,000	0	\$0	1	\$12,900,000
	Research	3	8,495,000	1	\$1,995,000	2	\$6,500,000
	Total	11	\$124,347,000	2	\$7,652,000	9	\$116,695,000
Permian Basin	Ed/Admin	2	12,350,000	1	\$9,350,000	1	\$3,000,000
	Auxiliary	3	64,500,000	0	\$0	3	\$64,500,000
	Research	1	56,000,000	0	\$0	1	\$56,000,000
	Total	6	\$132,850,000	1	\$9,350,000	5	\$123,500,000
San Antonio	Ed/Admin	8	123,155,531	4	\$10,790,000	4	\$112,365,531
	Auxiliary	3	98,945,000	0	\$0	3	\$98,945,000
	Research	2	105,000,000	1	\$22,500,000	1	\$82,500,000
	Total	13	\$327,100,531	5	\$33,290,000	8	\$293,810,531
Tyler	Ed/Admin	0	0	0	\$0	0	\$0
	Auxiliary	2	28,784,000	1	\$11,900,000	1	\$16,884,000
	Research	4	92,250,000	0	\$0	4	\$92,250,000
	Total	6	\$121,034,000	1	\$11,900,000	5	\$109,134,000
Academic Institution Total		102	\$2,566,849,226	38	\$539,787,750	64	\$2,027,061,476

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 2006, identifies high-priority capital building and renewal needs. The CIP currently manages \$6.403 billion in new construction, repairs, and renovations, including \$2.567 billion for academic institutions and \$3.836 billion for health-related institutions.
- Between August 2003 and August 2006, the CIP for academic institutions had increased by approximately 90 percent, from \$1.348 billion to \$2.567 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	\$64,060,410 *	2	\$18,060,410	4	\$46,000,000
Auxiliary	1	26,000,000 **	0	\$0	1	\$26,000,000 **
Research	1	33,800,000	0	\$0	1	\$33,800,000
Total	8	\$123,860,410	2	\$18,060,410	6	\$105,800,000

* 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 2006

	Gross Sq. Ft.	Campus Replacement Value	Capital Renewal Backlog	Facilities Condition Index
Arlington	4,752,728	\$1,065,900,000	\$22,764,000	0.02
Austin	19,763,931	4,459,053,000	286,761,000	0.06
Brownsville*	1,775,748	428,122,000	26,584,000	0.06
Dallas	2,514,708	466,897,000	24,577,000	0.05
El Paso	3,607,365	800,184,000	19,660,000	0.02
Pan American	2,189,697	494,776,000	0	0
Permian Basin	782,158	166,496,000	260,000	0
San Antonio	3,559,254	773,494,000	66,105,000	0.09
Tyler	1,044,036	\$215,715,000	\$2,414,000	0.01

* Excludes Texas Southmost College

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

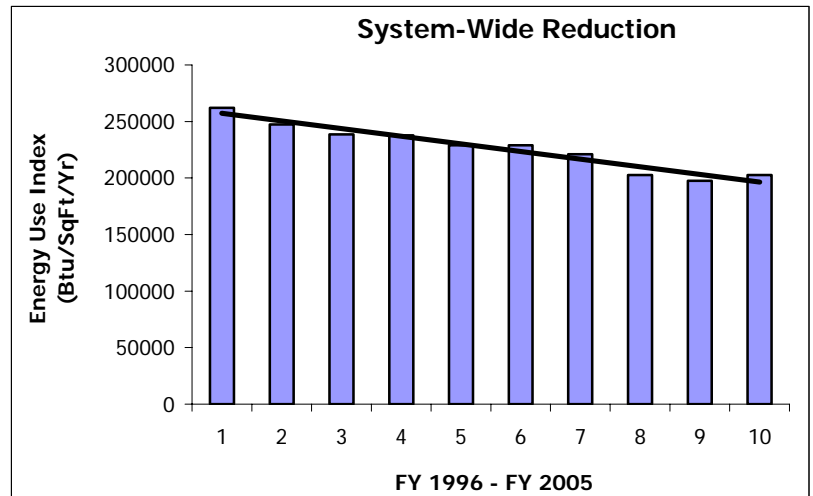
Energy Use

- 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 1996 to 2005, U. T. System institutions have, on average, reduced energy use by 23 percent per gross

square foot, during a period when total gross square footage increased by over 58 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. System Academic Institutions

Table IV-18

	Reduction in Energy Use by U. T. Academic Institutions, 5-Yr, 10-Yr	
	2001-2005 Reduction (%)	1996-2005 Reduction (%)
Arlington	15	0
Austin	10	14
Brownsville/TSC	11	13
Dallas	25	17
El Paso	4	25
Pan American	(23)	(22)
Permian Basin	28	31
San Antonio	17	9
Tyler	(2)	16

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 2006, the proportion of small classes decreased compared with previous years. On average, only 4.9 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. Academic Institutions Number and Proportion of Small Classes, FY 2003-2006*

	FY 2003		FY 2004		FY 2005			FY 2006		
	#	% of total classes	#	% of total classes	#	% of total classes	% of total SCH	#	% of total classes	% of total SCH
Arlington	138	2.7	161	3.0	64	1.2	0.2	50	0.9	0.1
Austin	521	4.8	605	5.6	632	5.8	0.4	669	6.2	0.7
Brownsville/TSC	124	7.5	157	9.4	164	9.0	3.9	159	8.1	4.1
Dallas	314	12.1	250	9.4	67	2.5	0.4	95	3.4	0.5
El Paso	260	6.2	314	7.6	102	2.3	0.3	144	3.2	0.4
Pan American	401	10.7	213	5.2	404	8.9	1.4	307	6.7	1.0
Permian Basin	178	23.4	153	18.1	124	14.0	3.0	120	12.8	2.8
San Antonio	179	4.4	132	3.1	202	4.3	0.5	172	3.6	0.4
Tyler	177	11.2	159	9.9	166	9.6	2.4	123	6.9	1.3
Total	2,292	6.6%	2,144	6.1%	1,925	5.2%	0.6%	1,839	4.9%	0.7%

* 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 2006, 78 percent of undergraduate and 81 percent of graduate small courses were offered because they were cross-listed, needed to maintain proper sequencing, or required for graduation.

Figure IV-8

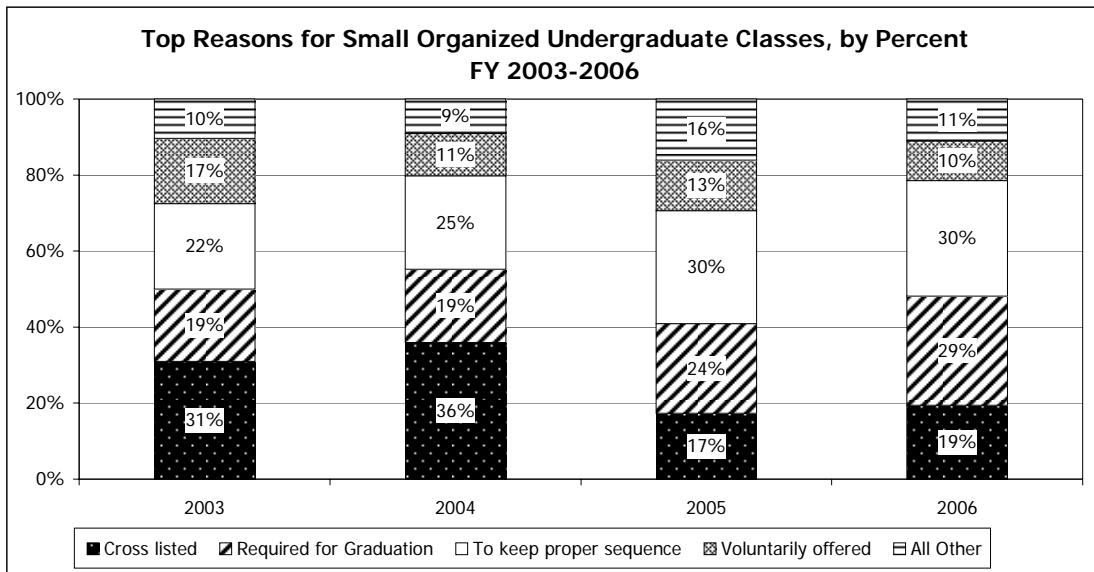
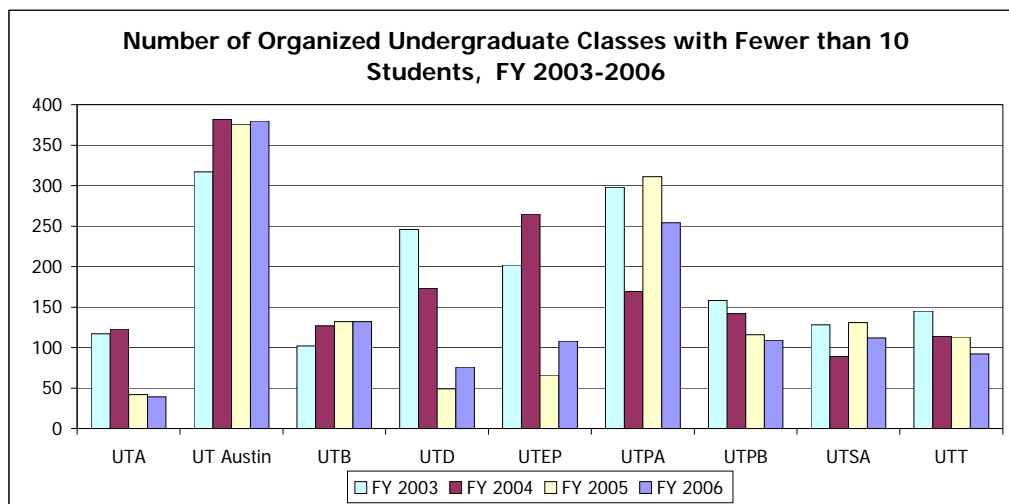


Figure IV-9



- The number of classes enrolling fewer than ten undergraduate students declined between 2003 and 2006 at U. T. Arlington, U. T. Dallas, U. T. El Paso, U. T. Pan American, U. T. Permian Basin, U. T. San Antonio, 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, U. T. Pan American, U. T. Permian Basin, and U. T. Tyler between 2003 and 2006.

Figure IV-10

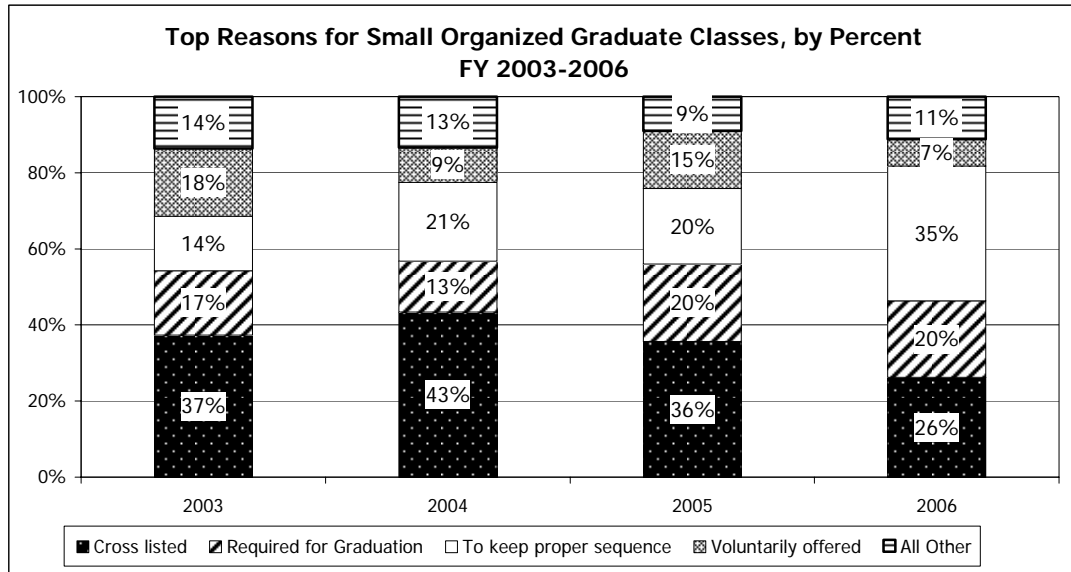
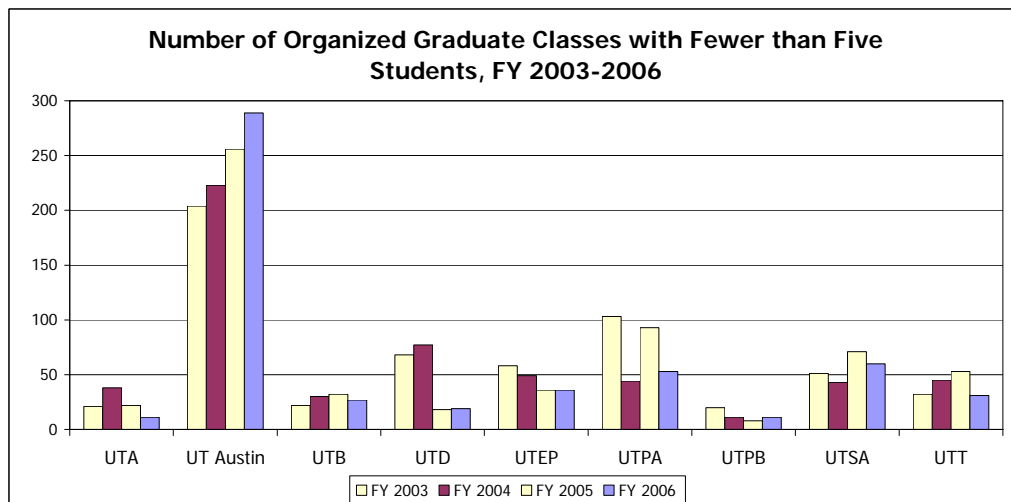


Figure IV-11



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

Fiscal Performance

Table IV-20

Key Revenues and Expenses at U. T. Health-Related Institutions						
(\$ in thousands)						
	FY	2002	2003	2004	2005	2006
Revenues*						
SWMC**		\$725,174	\$745,386	\$868,586	\$1,114,023	\$1,252,722
UTMB**		1,246,647	1,261,376	1,286,576	1,365,222	1,406,672
HSC-H		550,258	572,903	616,105	628,236	682,266
HSC-SA		442,606	457,011	456,334	484,384	526,255
MDACC**		1,408,941	1,570,962	1,826,034	2,052,491	2,304,999
HC-T**		118,184	121,960	124,531	120,475	119,977
Total Health Revenues		\$4,491,810	\$4,729,598	\$5,178,166	\$5,764,831	\$6,292,891
Expenses*						
SWMC**		\$699,826	\$746,429	\$803,998	\$1,049,016	\$1,206,553
UTMB**		1,254,959	1,275,215	1,307,590	1,400,443	1,414,311
HSC-H		547,008	573,053	574,011	601,287	646,595
HSC-SA		429,164	448,826	458,584	494,284	531,607
MDACC**		1,367,659	1,511,377	1,742,330	1,948,743	2,174,426
HC-T**		110,183	117,559	122,306	126,715	121,512
Total Health Expenses		\$4,408,799	\$4,672,459	\$5,008,819	\$5,620,488	\$6,095,004

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

**Institution has a hospital

Source: Exhibit B of Annual Financial Report (AFR)

- To accommodate enrollment growth, inflation and U. T. System initiatives such as improving health in Texas and increasing research to keep Texas competitive, revenues and expenses increased at every health-related institution. From FY 2002 to FY 2006, total system revenues for U. T. System health-related institutions increased from \$4.49 billion to \$6.29 billion, a 40 percent increase. When adjusted for inflation, using the Consumer Price Index-Urban, the increase was nearly 26 percent.
- Over this same period of time, expenses at increased by 38 percent or 24 percent when adjusted for inflation.

Table IV-21

Key Revenues and Expenses by Source and Purpose at U. T. Health-Related Institutions						
(\$ in thousands)						
	FY	2002	2003	2004	2005	2006
Revenues¹						
Tuition & Fees		\$41,499	\$46,789	\$48,801	\$60,970	\$66,730
State Appropriations		881,042	858,325	848,767	823,491	937,560
Government Grants & Contracts		653,793	718,465	768,920	804,787	831,894
Nongovernment Grants & Contracts ²		355,675	386,004	408,736	419,424	485,467
Gifts ²		99,537	99,216	101,960	165,690	140,275
Sales and Services of Hospitals		1,525,988	1,669,380	1,889,356	2,302,552	2,574,850
Sales and Services - Other		124,236	99,060	138,772	146,567	156,281
Physician Fees		587,509	655,726	701,119	772,367	793,311
Other		222,531	196,633	271,735	268,983	306,523
Total System Revenues		\$4,491,810	\$4,729,598	\$5,178,166	\$5,764,831	\$6,292,891
Expenses³						
Instruction		\$997,351	\$1,026,853	\$1,073,255	\$1,200,019	\$1,266,913
Research		709,032	763,573	829,525	873,788	974,929
Hospitals / Clinics		1,788,350	1,894,749	2,044,782	2,403,634	2,544,684
Institutional Support & Physical Plant		511,028	535,033	575,971	589,058	629,350
Public Service		98,529	113,240	117,137	118,614	117,882
Academic Support		70,071	74,235	74,627	75,981	130,174
Student Services		12,081	11,697	13,436	10,102	11,736
Scholarships and Fellowships		5,226	8,006	9,889	7,988	9,038
Auxiliary		44,422	46,137	42,420	54,237	61,953
Depreciation		172,709	198,936	227,777	287,067	348,345
Total System Expenses		\$4,408,799	\$4,672,459	\$5,008,819	\$5,620,488	\$6,095,004

¹ 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.

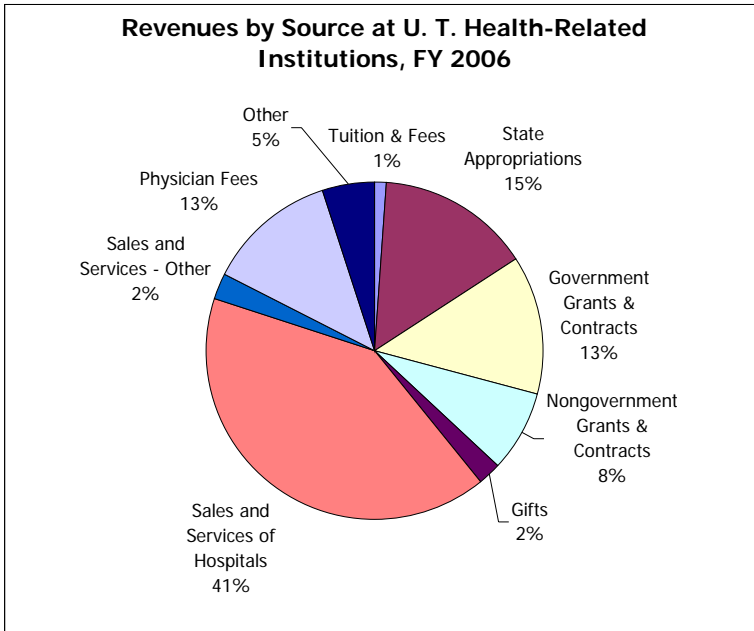
² Due to the implementation of Governmental Accounting Standards Board (GASB) Statement 33 in 2001, gifts are now reported on a separate line. The line titled Private Gifts, Grants and Contracts has changed to Nongovernmental Grants and Contracts.

³ 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: Exhibit B of Annual Financial Report (AFR)

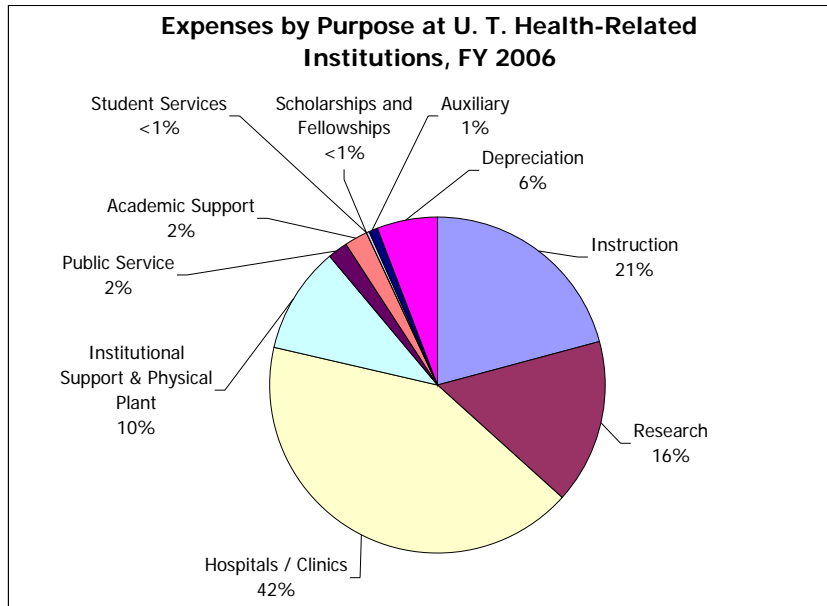
- In FY 2006 the primary sources of revenue for the U. T. System health-related institutions were sales and services of hospitals (41%), state appropriations (15%), government grants and contracts (13%) and Physician Fees (13%). Tuition and fees account for one percent of the total revenues.
- While state appropriations increased significantly from 2005 to 2006, they remain less than 15 percent of institution revenues, down from 20 percent in 2002. Over this same time period, inflation, as measured by the Consumer Price Index –Urban, increased by 11.5 percent.

Figure IV-12



- Between FY 2005 and FY 2006, state appropriations increased slightly from 14 to 15 percent of total revenue for U. T. System health-related institutions.

Figure IV-13



- Research expenses as a proportion of total expenses remained stable at 16% from FY 2005 to FY 2006.
- Hospital/clinic expenses decreased by one percent from 43 percent in FY 2005 to 42 percent in FY 2006.

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

Table IV-22

Total U. T. System Patient Care Revenue at U. T. Health-Related Institutions					
(\$ in thousands)					
	FY 01	FY 02	FY 03	FY 04	FY 05
Total Net Hospital and Clinic Revenue	\$1,028,427	\$1,201,607	\$1,362,389	\$1,594,990	\$1,876,742
MSRDP (Practice Plan) Net Revenue*	582,624	579,463	648,388	701,117	772,366
Total Patient Care Revenue	\$1,611,051	\$1,781,070	\$2,010,777	\$2,296,107	\$2,649,108

*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.
- In FY 2005, total patient care revenue increased to almost \$2.65 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 illustrate the productivity of clinic and hospital care relative to the amount of State General Revenue support for the hospital.

Table IV-23

General Revenue Per Hospital Admission					
	FY 01	FY 02	FY 03	FY 04	FY 05
UTMB	\$3,280	\$3,155	\$3,068	\$3,162	\$3,069
MDACC	\$5,894	\$4,793	\$4,677	\$4,839	\$4,745
UTHC-T	\$4,691	\$4,981	\$4,845	\$4,759	\$5,634
HCPC (Harris County Psychiatric Center)	\$3,681	\$3,470	\$3,572	\$3,464	\$3,597
Amount of General Revenue Per Patient Day					
UTMB	\$614	\$592	\$586	\$640	\$641
MDACC	\$810	\$667	\$620	\$652	\$631
UTHC-T	\$601	\$653	\$677	\$647	\$856
HCPC	\$357	\$336	\$331	\$328	\$347
Amount of General Revenue Per Hospital Outpatient and Clinic Visit					
UTMB	\$136	\$130	\$134	\$151	\$152
MDACC	\$232	\$179	\$168	\$163	\$128
UTHC-T	\$114	\$140	\$134	\$105	\$143
Hospital General Revenue as a Percent of Hospital Charity Care Provided					
UTMB	58%	47%	37%	35%	35%
MDACC	119%	79%	63%	54%	46%
UTHC-T	82%	101%	126%	54%	50%
HCPC	86%	79%	87%	80%	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. System Health-Related Institutions

Table IV-24

Value of Endowments for U. T. Health-Related Institutions			
	Value** 8/31/02	Value** 8/31/06	% change 02-06
SWMC*	\$608,888,000	\$1,143,426,000	88%
UTMB*	295,898,000	432,172,000	46%
HSC-H*	87,927,000	157,148,000	79%
HSC-SA*	226,799,000	346,235,000	53%
MDACC*	263,643,000	457,727,000	74%
HC-T*	26,136,000	39,108,000	50%
Total Health-Related	\$1,509,291,000	\$2,575,816,000	71%

*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

- The value of endowments for U. T. System health-related institutions was 2.58 billion dollars as of August 31, 2006, a 71 percent increase over the value in 2002.

Figure IV-14

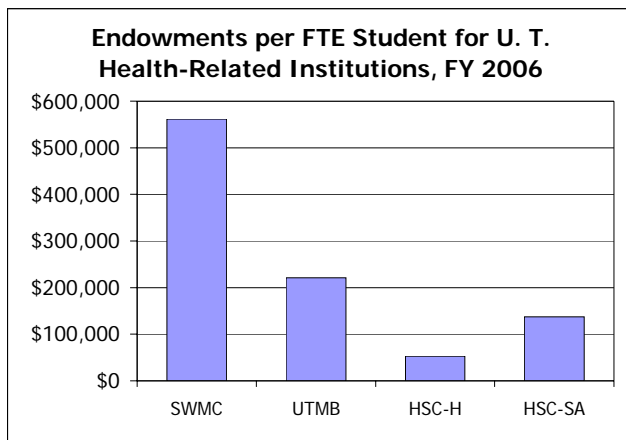
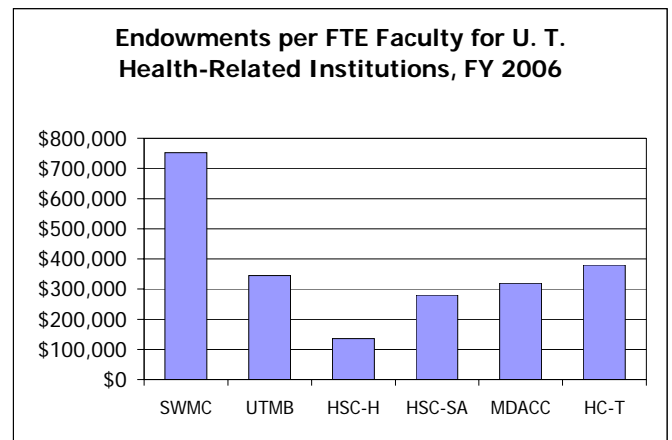


Figure IV-15



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		2002	2003	2004	2005	2006
SWMC	Administrative Costs	\$42,205,477	\$42,387,679	\$40,130,750	\$44,853,964	\$49,366,176
	Total Expenses	690,232,692	735,989,189	793,614,735	1,032,539,467	1,191,523,468
	% of Total Expenses	6.1%	5.8%	5.1%	4.3%	4.1%
UTMB	Administrative Costs	47,712,199	56,416,463	60,827,371	27,224,308	26,658,023
	Total Expenses	1,250,116,030	1,270,372,660	1,299,079,042	1,385,806,681	1,402,756,596
	% of Total Expenses	3.8%	4.4%	4.7%	2.0%	1.9%
HSC-H	Administrative Costs	42,586,601	53,784,642	52,038,601	57,436,074	65,848,723
	Total Expenses	529,561,107	556,851,437	559,110,020	585,123,963	628,937,442
	% of Total Expenses	8.0%	9.7%	9.3%	9.8%	10.5%
HSC-SA	Administrative Costs	29,389,937	21,900,153	24,368,830	29,929,278	33,394,759
	Total Expenses	426,495,884	445,497,569	452,422,247	486,377,061	524,712,872
	% of Total Expenses	6.9%	4.9%	5.4%	6.2%	6.4%
MDACC	Administrative Costs	115,533,058	132,292,905	143,898,025	149,412,496	155,790,684
	Total Expenses	1,337,644,384	1,492,951,108	1,724,249,855	1,936,133,125	2,134,555,381
	% of Total Expenses	8.6%	8.9%	8.3%	7.7%	7.3%
HC-T	Administrative Costs	5,421,006	8,083,042	8,520,041	9,202,113	9,696,777
	Total Expenses	107,798,331	115,092,220	119,374,181	124,549,135	120,964,198
	% of Total Expenses	5.0%	7.0%	7.1%	7.4%	8.0%
Overall Average		6.5%	6.8%	6.7%	5.7%	5.7%

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 remained at 5.7 percent in FY 2006, unchanged from FY 2005 and lower than FY 2002 through FY 2004.
- Between FY 2002 and FY 2006, administrative expenses as a proportion of total expenses have decreased at four of the six health-related institutions, increasing at two.

Clinical Revenue Related to Faculty Activity

Table IV-26

U. T. Health-Related Institutions					
Gross Patient Charges per FTE Clinical Faculty*					
	FY 01	FY 02	FY 03	FY 04	FY 05
SWMC	\$2,075,879	\$1,875,744	\$1,887,877	\$2,298,957	\$2,431,665
UTMB	1,164,058	1,167,720	1,271,177	1,265,074	1,380,701
HSC-H ***	1,128,029	1,244,127	1,329,066	820,704	900,918
HSC-SA**	861,381	794,409	767,370	624,550	751,590
MDACC	830,782	981,073	1,150,130	1,206,878	1,330,244
HC-T	469,517	503,005	481,916	531,309	589,639
Net Patient Revenues per FTE Clinical Faculty					
	FY 01	FY 02	FY 03	FY 04	FY 05
SWMC	\$596,028	\$537,835	\$524,252	\$630,618	\$681,975
UTMB	371,874	355,685	377,801	363,316	409,024
HSC-H ***	332,052	365,754	391,423	196,942	204,091
HSC-SA	341,747	238,141	269,250	191,290	221,976
MDACC	353,664	361,555	427,927	452,767	495,229
HC-T	149,618	162,769	162,839	179,726	160,767

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

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

*** Restated from previous years to reflect budgeted clinical FTE faculty from all schools.

Source: MSRDP Report and Faculty Salary Report

- 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 five 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

Research Space at U. T. Health-Related Institutions					
	FY 2006			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	Research Expenditures per Research E&G Sq. Ft
SWMC	\$333,256,162	671,047	\$497	\$514	\$504
UTMB	155,036,202	483,170	\$321	\$332	\$298
HSC-H	175,153,808	340,446	\$514	\$440	\$450
HSC-SA	139,778,732	510,113	\$274	\$271	\$288
MDACC	409,679,711	620,974	\$660	\$589	\$556
HC-T	12,598,871	53,520	\$235	\$288	\$259

*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

Facilities Condition Index for U. T. Health-Related Institutions, FY 2006				
	Gross Sq. Ft.	Campus Replacement Value	Capital Renewal Backlog	Facilities Condition Index
SWMC	8,436,307	\$2,296,421,000	\$0	0.00
UTMB	6,303,024	2,075,037,000	111,286,000	0.05
HSC-H	4,847,720	1,262,084,000	98,183,000	0.08
HSC-SA	2,830,115	920,572,000	76,585,000	0.08
MDACC	9,179,947	2,874,160,000	39,240,000	0.01
HC-T	696,093	\$255,993,000	\$7,485,000	0.03

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

- Between August 2003 and August 2006, the CIP for health-related institutions has increased by approximately 18 percent, from \$3.243 billion to \$3.836 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	1	\$2,800,000	0	\$0	1	\$2,800,000
	Auxiliary	0	\$0	0	\$0	0	\$0
	Research	4	\$546,300,000	0	\$0	4	\$546,300,000
	Clinical	1	\$62,400,000	0	\$0	1	\$62,400,000
	Total	6	\$611,500,000	0	\$0	6	\$611,500,000
UTMB	Ed/Admin	4	\$51,620,254	3	\$24,260,000	1	\$27,360,254
	Auxiliary	1	\$18,780,000	0	\$0	1	\$18,780,000
	Research	5	\$264,250,673	3	\$93,030,000	2	\$171,220,673
	Clinical	2	\$285,000,000	0	\$0	2	\$285,000,000
	Total	12	\$619,650,927	6	\$117,290,000	6	\$502,360,927
HSC-H	Ed/Admin	3	\$16,231,250	2	\$13,000,000	1	\$3,231,250
	Auxiliary	1	\$7,500,000	0	\$0	1	\$7,500,000
	Research	5	\$336,200,000	0	\$0	5	\$336,200,000
	Clinical	2	\$82,500,000	1	\$60,000,000	1	\$22,500,000
	Total	11	\$442,431,250	3	\$73,000,000	8	\$369,431,250
HSC-SA	Ed/Admin	3	\$32,172,029	2	\$10,822,029	1	\$21,350,000
	Auxiliary	0	\$0	0	\$0	0	\$0
	Research	5	\$181,000,000	2	\$10,000,000	3	\$171,000,000
	Clinical	3	\$133,200,000	0	\$0	3	\$133,200,000
	Total	11	\$346,372,029	4	\$20,822,029	7	\$325,550,000
MDACC	Ed/Admin	20	\$470,300,000	14	\$289,700,000	6	\$180,600,000
	Auxiliary	7	\$227,500,000	1	\$21,000,000	6	\$206,500,000
	Research	10	\$863,500,000	2	\$70,000,000	8	\$793,500,000
	Clinical	5	\$251,600,000	4	\$50,200,000	1	\$201,400,000
	Total	42	\$1,812,900,000	21	\$430,900,000	21	\$1,382,000,000
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	0	\$3,500,000
	Total	1	\$3,500,000	0	\$0	0	\$3,500,000
Health-Related Total	83	\$3,836,354,206	34	\$642,012,029	48	\$3,194,342,177	

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

Reduction in Energy Use by U. T. Health-Related Institutions, 5-Yr, 10-Yr

	2001-2005 Reduction (%)	1996-2005 Reduction (%)
SWMC	31	44
UTMB	(14)	45
HSC-H	23	38
HSC-SA	(17)	30
MDACC	23	10
HC-T	(9)	7

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

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

- 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 2007.
- 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 2007.
- 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.
- Specific measures related to the 10-year U. T. System strategic plan will be refined, added, or eliminated.

