

# THE UNIVERSITY OF TEXAS SYSTEM

## OPERATING BUDGET SUMMARIES

AND RESERVE ALLOCATIONS FOR  
LIBRARY, EQUIPMENT, REPAIR  
AND REHABILITATION  
AND FACULTY STARS

### FISCAL YEAR 2020



AUGUST 2019

The University of Texas at Arlington ♦ The University of Texas at Austin ♦ The University of Texas at Dallas ♦  
The University of Texas at El Paso ♦ The University of Texas Permian Basin ♦ The University of Texas Rio  
Grande Valley ♦ The University of Texas at San Antonio ♦ The University of Texas at Tyler ♦  
The University of Texas Southwestern Medical Center ♦ The University of Texas Medical Branch at Galveston  
♦ The University of Texas Health Science Center at Houston ♦ The University of Texas Health Science Center  
at San Antonio ♦ The University of Texas M. D. Anderson Cancer Center ♦ The University of Texas Health  
Science Center at Tyler ♦ The University of Texas System Administration



# THE UNIVERSITY OF TEXAS SYSTEM

## OPERATING BUDGET SUMMARIES AND RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION AND FACULTY STARS

For Fiscal Year Ending August 31, 2020

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# THE UNIVERSITY OF TEXAS SYSTEM

## Operating Budget Highlights

For the Year Ending August 31, 2020

### INTRODUCTION

For more than 130 years, The University of Texas System (the “U. T. System”) has been committed to improving the lives of Texans and people all over the world through education, research and health care.

The U. T. System is one of the nation’s largest systems of higher education, with 14 institutions that educate nearly 240,000 students. Each year, U. T. System institutions award more than one-third of all undergraduate degrees and almost two-thirds of all health professional degrees awarded in Texas. With about 21,000 faculty – including Nobel laureates – and more than 83,000 health care professionals, researchers, student advisors and support staff, the U. T. System is one of the largest employers in the state.

Life-changing research and invention of new technologies at U. T. System institutions places the U. T. System among the top 10 “World’s Most Innovative Universities,” according to Reuters. The U. T. System ranks fifth in the nation in patent applications, and because of the high caliber of scientific research conducted at U. T. institutions, the U. T. System is ranked No. 1 in Texas and No. 3 in the nation in federal research expenditures.

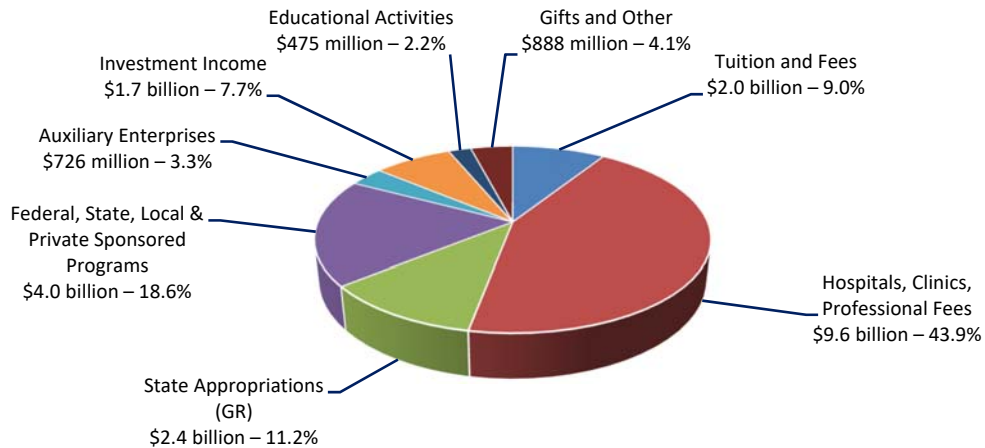
In addition, the U. T. System is home to three of the nation’s National Cancer Institute Designated Cancer Centers – U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center and U. T. Health Science Center at San Antonio – which must meet rigorous criteria for world-class programs in cancer research. Also, the U. T. System is the only system in the country to have four Clinical and Translational Science Awards from the National Institutes of Health.

Transformational initiatives implemented over the past several years have cemented U. T. as a national leader in higher education, including the expansion of educational opportunities in South Texas with the opening of U. T. Rio Grande Valley in 2015. The U. T. System was the only system of higher education in the nation that established not one, but two new medical schools in 2016, at U. T. Austin and at U. T. Rio Grande Valley.

For FY 2020, changes in the operating budget are largely driven by growth in health care activities primarily related to hospital patient income and professional fees charged by U. T. faculty physicians and contractual arrangements with affiliated hospitals and health care systems. In addition, most U. T. System institutions will benefit from a modest tuition increase for 2020.

## REVENUE

**\$21.7 BILLION**



The budget includes both operating and nonoperating revenue used to support the System's activities. Combined revenue for FY 2020 is \$21.7 billion, up 7.9 percent or \$1.6 billion from FY 2019. The most significant areas of growth relate to health care activities and include **Net Sales and Services of Hospitals and Clinics** (9.2 percent, \$621 million), **Local and Private Sponsored Programs** (11.3 percent, \$165 million) and **Net Professional Fees** (6.6 percent, \$137 million). **Tuition and Fee** revenue will also contribute to the increase (7.2 percent, \$176 million). Budgeted **State Appropriations** grow (5.9 percent, \$134 million) as a result of new appropriations from the 86<sup>th</sup> Texas Legislature. Even with the increase in appropriations, general revenue for FY 2020 will decline to 11.5 percent of the total expense budget, compared to 11.7 percent for 2019.

**Net Sales and Services of Hospitals and Clinics** revenue growth is projected at the five health institutions with these operations. For U. T. Southwestern Medical Center (\$121 million) and U. T. M. D. Anderson Cancer Center (\$256 million), FY 2019 actual revenue has significantly outpaced the budget for FY 2019. The growth trend is expected to continue into FY 2020 through a combination of volume, productivity, and price increases. U. T. Medical Branch–Galveston (\$194 million) is experiencing growth resulting from the acquisition of the Clear Lake campus and expansion of the League City campus. U. T. Health Science Center–Tyler (\$44 million) attributes increases to new initiatives in behavioral health and oncology.

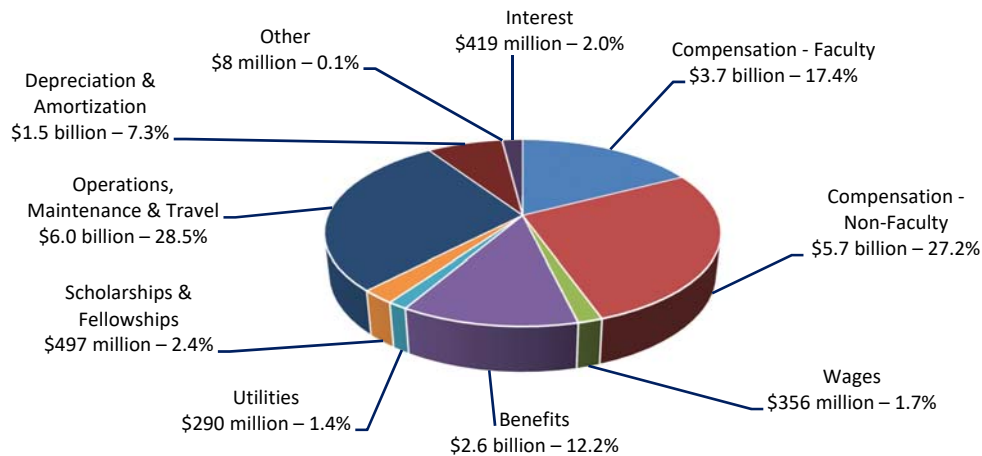
A significant part of the growth in **Local and Private Sponsored Programs** is from health care activities with the largest increase at U. T. Health Science Center–Houston (\$110 million) which anticipates growth in contracts with partner health organizations including a change in the way residents are funded and employed.

**Net Professional Fees'** principally come from the health-related institutions' medical practice plans. The most significant increases are occurring at U. T. M. D. Anderson Cancer Center (\$40 million), U. T. Health Science Center–Houston (\$40 million) and U. T. Health Science Center–San Antonio (\$28 million). U. T. M. D. Anderson Cancer Center projects activity, provider, and productivity growth along with a modest price increase. U. T. Health Science Center–Houston expects increased productivity, practice growth, and revenue cycle optimization along with the transition of the neurosurgery function from a partner organization. U. T. Health Science Center–San Antonio attributes additional revenue to increasing patient volumes as a result of its clinical transformation plan as well as growth in certain oncology services.

**Tuition and Fee** revenue growth is expected from both additional enrollment and U. T. System Board of Regents approved rate increases. The most significant increases are anticipated at U. T. Dallas (\$53 million) and U. T. San Antonio (\$27 million). U. T. Dallas anticipates additional revenue related to the rate increase and as well as FY 2019 actual exceeding budget due to better than anticipated enrollment. U. T. San Antonio's growth is primarily the result of the newly approved rates.

## EXPENSES BY NATURAL CLASSIFICATION

**\$21.1 BILLION**



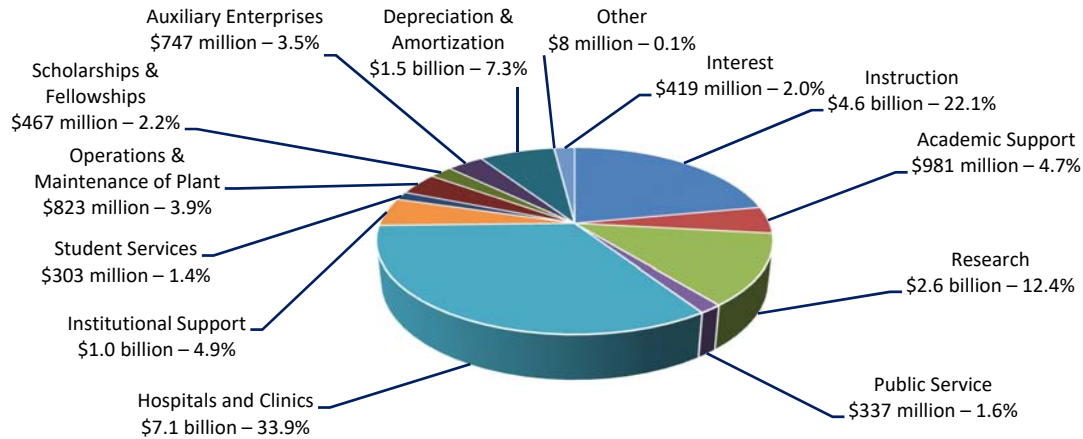
Expenses reflected in the budget include all operational activities, limited nonoperating expenses, and transfers to U. T. System Administration made to fund debt service interest. Depreciation and amortization expenses are also included in the budget. Conversely, capital outlay and transfers for debt service principal payments are excluded. Combined expenses for FY 2020 are \$21.1 billion, up 7.4 percent or \$1.4 billion from FY 2019.

**Personnel Costs** including compensation for both faculty and non-faculty along with wages for temporary employees and students and associated benefits costs for all classes of employees are budgeted to increase by \$939 million (8.3 percent) over FY 2019. For the U. T. System, these costs represent 58.4 percent of Total Expenses. Increases are planned primarily for new faculty lines for both instructional purposes and in support of the medical practice, additional staff largely in support of the medical enterprise, merit salary increases for all eligible individuals and the addition of 1,100 residents to the U. T. Health Science Center–Houston payroll who were formerly outside of the budget in an affiliated entity. In addition, the cost of benefits is budgeted to increase as a result of the growth in employees and compensation levels plus a five percent increase in health insurance premium sharing and an increase in employer contributions to the Teacher Retirement System due to the passage of Senate Bill 12 by the 86<sup>th</sup> Legislature. The most significant increases are projected at U. T. Austin (\$100 million), U. T. Southwestern Medical Center (\$119 million), U. T. Medical Branch–Galveston (\$133 million), U. T. Health Science Center–Houston (\$186 million), and U. T. M. D. Anderson Cancer Center (\$192 million).

Among the non-personnel costs, the most significant change is a \$529 million (7.8 percent) increase in **Operations, Maintenance and Travel** (before adjustment for the capitalized portion). Growth in patient care activity including operations at new or expanded facilities such as U. T. Medical Branch–Galveston’s Clear Lake Campus and League City Campus, and anticipated new initiatives such as the behavioral health and oncology practices at U. T. Health Science Center–Tyler contribute to this increase. Medical and drug supply costs will grow at all health institutions. Additionally, academic institutions budgeted for costs related to research and auxiliaries in correlation to overall revenue growth. In some cases, this category includes reserves not yet allocated. The most significant increases are projected at U. T. Austin (\$93 million), U. T. Southwestern Medical Center (\$71 million), U. T. Medical Branch–Galveston (\$43 million), U. T. M. D. Anderson Cancer Center (\$143 million) and U. T. Health Science Center–Tyler (\$50 million).

## EXPENSES BY NACUBO FUNCTION

**\$21.1 BILLION**



The most significant functional areas of growth include **Hospitals and Clinics** (14.0 percent, \$876 million), **Instruction/Academic Support** (4.1 percent, \$212 million), and **Research** (6.0 percent, \$148 million).

The most significant changes in **Hospitals and Clinics** are at U. T. Southwestern Medical Center (\$174 million), U. T. Medical Branch–Galveston (\$154 million), U. T. Health Science Center–Houston (\$100 million) and U. T. M. D. Anderson Cancer Center (\$287 million). Expenses increase due largely to growth in patient care costs commensurate with increasing patient care revenue including projected increased patient volume at U. T. Southwestern Medical Center and at U. T. M. D. Anderson Cancer Center. In addition, the loss of 340(b) prescription drug pricing at U. T. Southwestern as well as overall increases in pharmacy costs at all health institutions contribute to the expected increase in expenses. The identified budget increase at U. T. Medical Branch–Galveston is attributed to their acquisition of the Clear Lake campus and expansion of the League City campus. U. T. Health Science Center–Houston largely attributes its increase to transitioning approximately 1,100 residents onto its budget from the Medical Foundation business unit.

**Instruction/Academic Support** expenses will increase due to support for new academic and medical faculty, and academic programs. Expansion of medical practice plans continues to require additional physician faculty. At a number of other institutions, faculty and staff merit increases along with new faculty positions contribute to the increase. The most significant increases are projected to be at U. T. Health Science Center–Houston (\$74 million) and U. T. Austin (\$44 million).

The most significant changes in anticipated **Research** expenses will occur at U. T. Austin (\$44 million), U. T. Dallas (\$34 million) and U. T. San Antonio (\$46 million). U. T. Austin and U. T. Dallas anticipate growth in sponsored research. U. T. San Antonio also projects sponsored research growth and is changing the way faculty effort is budgeted in order to capture the institutional contributions to research by separately budgeting for faculty departmental research activities that were previously part of the instruction budget.



## BACKGROUND

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

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

- The budget reflects tuition discounting and related scholarship/fellowship activities in a manner comparable to the GASB *Rules* for the annual financial report.
- Depreciation expense is incorporated into the budgeted expense totals.
- Capital outlay from operating funds is eliminated from budgeted expenditure totals.
- Debt service principal repayments are eliminated from budgeted expenditure totals.

The information presented in this summary document nets budgeted revenues and expenses to arrive at a “Budget Margin (Deficit).” Beginning with this calculated margin, a reconciliation has been included to arrive at a forecasted Change in Net Assets that would be comparable to the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) included in the U. T. System’s Annual Financial Report.

Beginning in FY 2020, expenses are reported in the budget by natural classification meaning that expenses are accumulated based on the nature of each type of expense. This contrasts with functional classification which is a presentation method under which expenses are aggregated and reported by the activities for which they were incurred. Reporting of functional classifications has been preserved as supplemental information.

## PRESENTATION OF FY 2019 PROJECTED ACTUAL TOTALS

All U. T. institutions have prepared a projection of FY 2019 activity in a format comparable to that presented for the FY 2019 adjusted and FY 2020 proposed budgets. This projection was based on activity through May 2019.

## RESTATEMENT AND RECLASSIFICATION OF FY 2019 BUDGET TOTALS

Budget totals for FY 2019 have been restated to reflect \$28.3 million of additional revenue and \$82.3 million of additional expenses related to operations at the Clear Lake Campus hospital and clinic acquired by U. T. Medical Branch-Galveston and the related budget change approved by the U. T. System Board of Regents at their February 2019 meeting.

In certain situations, reclassifications have been made between FY 2019 line items to enhance comparability with the FY 2020 presentation.

## GLOSSARY OF TERMS

### **Operating Revenues:**

**TUITION AND FEES** – All student tuition and fee revenues earned at the U. T. institutions for educational purposes. Tuition is reported gross with an identified offset “Less Discounts and Allowances” to reflect the related scholarship/fellowship discount activities in a manner comparable to the GASB Rules for the annual financial report.

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

**NET SALES AND SERVICES OF EDUCATIONAL ACTIVITIES** – Revenues related to the conduct of instruction, research, and public service and revenues from activities that exist to provide an instructional and laboratory experience for students that create goods and services that may be sold. Examples include revenues received from activities such as performing arts, continuing education, charter schools, the University Interscholastic League, trademarks programs, and sports camps.

**NET SALES AND SERVICES OF HOSPITALS AND CLINICS** – Revenues (net of discounts, allowances, and bad debt expense) generated from U. T. health institutions’ daily patient care, special or other services, as well as revenues from health clinics that are part of a hospital.

**NET PROFESSIONAL FEES** – Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at U. T. health institutions, U. T. Austin and U. T. Rio Grande Valley as part of the medical, dental, and other practice plans. Examples of such fees include doctor’s fees for clinic visits, medical and dental procedures, professional opinions, and anatomical procedures, such as analysis of specimens after a surgical procedure, etc.

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

**OTHER OPERATING REVENUES** – Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories. Also included in this category are Delivery System Reform Incentive Payment funds (DSRIP) which are payments made to providers who agree to participate in Medicaid health care quality and delivery system reforms.

### **Operating Expenses:**

**NATURAL CLASSIFICATION** - A natural expense classification is a method of grouping expenses according to the type of costs that are incurred. The classifications indicate what was purchased rather than why an expense was incurred. Categories included are Compensation-Faculty; Compensation-Non-Faculty; Wages; Benefits; Utilities; Scholarships and Fellowships; Operations, Maintenance, and Travel; and Depreciation and Amortization.

**FUNCTIONAL CLASSIFICATION** – A presentation method for expenses under which expenses are aggregated and reported by the activities for which they were incurred. The classifications indicate why an expense was incurred rather than what was purchased. Functional classification definitions are set by the National Association of College and University Business Officers (NACUBO).

## GLOSSARY OF TERMS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

## **GLOSSARY OF TERMS (CONTINUED)**

### **Nonoperating Revenues (Expenses):**

STATE APPROPRIATIONS – Appropriations from the State of Texas General Revenue Fund, which supplement the U. T. institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support. Also includes estimated state-paid fringe benefits costs and funding for debt service on tuition revenue bonds.

FEDERAL SPONSORED PROGRAMS - NONOPERATING – Funding received from the federal government for which no exchange of goods or services is perceived to have occurred. This typically includes federal Pell Grants and other miscellaneous awards from the State of Texas.

STATE AND LOCAL SPONSORED PROGRAMS - NONOPERATING – Funding received from state or local governments for which no exchange of goods or services is perceived to have occurred. This typically includes Texas Research Incentive Program awards from the State of Texas and funding for the U. T. Austin Medical School provided by the local health care district.

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

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

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

### **Transfers and Other:**

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

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

### **Reconciliation to Change in Net Assets:**

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

## GLOSSARY OF TERMS (CONTINUED)

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

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

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

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

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

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

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





# **THE UNIVERSITY OF TEXAS SYSTEM INSTITUTION BUDGET HIGHLIGHTS AND BUDGET SUMMARIES**

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**The University of Texas System  
Operating Budget  
Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 2,510,403,461	2,453,474,160	2,628,974,339	175,500,179	7.2%
Less Discounts and Allowances	(661,447,670)	(583,696,353)	(666,029,251)	(82,332,898)	14.1%
Federal Sponsored Programs	1,516,600,562	1,451,614,057	1,594,139,357	142,525,300	9.8%
State Sponsored Programs	362,118,906	365,511,395	417,673,976	52,162,581	14.3%
Local and Private Sponsored Programs	1,544,318,681	1,463,034,341	1,627,940,854	164,906,513	11.3%
Net Sales and Services of Educational Activities	450,447,681	458,574,463	475,468,050	16,893,587	3.7%
Net Sales and Services of Hospital and Clinics	6,922,419,612	6,733,345,385	7,354,146,681	620,801,296	9.2%
Net Professional Fees	2,033,035,255	2,061,712,281	2,198,796,329	137,084,048	6.6%
Net Auxiliary Enterprises	674,720,850	688,893,578	726,089,192	37,195,614	5.4%
Other Operating Revenues	479,524,279	423,226,413	462,250,510	39,024,097	9.2%
<b>Total Operating Revenues</b>	<b>15,832,141,617</b>	<b>15,515,689,720</b>	<b>16,819,450,037</b>	<b>1,303,760,317</b>	<b>8.4%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	3,501,436,262	3,443,263,505	3,661,427,310	218,163,805	6.3%
Compensation - Non-Faculty	5,422,597,920	5,235,315,138	5,719,364,433	484,049,295	9.2%
Wages	348,857,213	372,905,523	356,063,372	(16,842,151)	-4.5%
Benefits	2,055,169,679	2,310,561,527	2,563,898,581	253,337,054	11.0%
Personnel Costs	11,328,061,074	11,362,045,693	12,300,753,696	938,708,003	8.3%
Utilities	283,218,481	260,863,351	289,919,448	29,056,097	11.1%
Scholarships and Fellowships	1,127,959,915	1,083,299,564	1,163,356,745	80,057,181	7.4%
Less Discounts and Allowances	(661,373,515)	(583,696,353)	(666,029,251)	(82,332,898)	14.1%
Operations, Maintenance and Travel	8,082,993,546	6,823,336,287	7,352,314,200	528,977,913	7.8%
Less Capitalized Portion	(1,332,573,645)	(1,280,749,118)	(1,353,666,323)	(72,917,205)	5.7%
Depreciation and Amortization	1,496,190,663	1,518,659,846	1,539,533,227	20,873,381	1.4%
<b>Total Operating Expenses</b>	<b>20,324,476,519</b>	<b>19,183,759,270</b>	<b>20,626,181,742</b>	<b>1,442,422,472</b>	<b>7.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(4,492,334,902)</b>	<b>(3,668,069,550)</b>	<b>(3,806,731,705)</b>	<b>(138,662,155)</b>	<b>3.8%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	2,301,988,087	2,292,333,701	2,426,525,311	134,191,610	5.9%
Federal Sponsored Programs (Nonoperating)	390,397,740	355,768,970	364,950,669	9,181,699	2.6%
State/Local Sponsored Programs (Nonoperating)	39,141,623	39,141,623	38,896,681	(244,942)	-0.6%
Gifts in Support of Operations	422,198,351	460,477,818	425,642,608	(34,835,210)	-7.6%
Net Investment Income	1,408,474,432	1,480,645,220	1,661,018,248	180,373,028	12.2%
Other Non-Operating Revenue	470,364	64,492	85,572	21,080	32.7%
Other Non-Operating (Expenses)	(9,073,811)	(5,000,000)	(7,500,000)	(2,500,000)	50.0%
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>4,553,596,786</b>	<b>4,623,431,824</b>	<b>4,909,619,089</b>	<b>286,187,265</b>	<b>6.2%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	500,673,527	468,987,000	516,027,000	47,040,000	10.0%
AUF Transfers (Made) for Operations	(500,673,527)	(468,987,000)	(516,027,000)	(47,040,000)	10.0%
Transfers for Debt Service - Interest	(416,674,475)	(421,396,203)	(419,470,132)	1,926,071	-0.5%
<b>Total Transfers and Other</b>	<b>(416,674,475)</b>	<b>(421,396,203)</b>	<b>(419,470,132)</b>	<b>1,926,071</b>	<b>-0.5%</b>
<b>Budget Margin (Deficit)</b>	<b>(355,412,591)</b>	<b>533,966,071</b>	<b>683,417,252</b>	<b>149,451,181</b>	<b>28.0%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	15,000,000	11,800,000	13,300,000	1,500,000	12.7%
Net Inc./(Dec.) in Fair Value of Investments	(1,119,834,068)	-	-	-	-
Interest Expense on Capital Asset Financings	(315,900,129)	(421,396,203)	(419,470,132)	1,926,071	-0.5%
Capital Approp., Gifts and Sponsored Programs	138,016,474	155,760,227	134,663,715	(21,096,512)	-13.5%
Additions to Permanent Endowments	193,439,936	126,384,267	192,953,667	66,569,400	52.7%
Transfers for Debt Service - Principal	(450,567,980)	(544,013,402)	(614,780,045)	(70,766,643)	13.0%
Reverse Transfers for Debt Service (System Only)	867,242,455	965,409,605	1,034,250,177	68,840,572	7.1%
Transfers and Other	1,272,663,951	180,771,326	28,880,538	(151,890,788)	-84.0%
<b>SRECNP Change in Net Position</b>	<b>\$ 244,648,048</b>	<b>1,008,681,891</b>	<b>1,053,215,172</b>	<b>44,533,281</b>	<b>4.4%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 20,394,812,214</b>	<b>20,144,121,544</b>	<b>21,736,569,126</b>	<b>1,592,447,582</b>	<b>7.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(20,750,224,805)</b>	<b>(19,610,155,473)</b>	<b>(21,053,151,874)</b>	<b>(1,442,996,401)</b>	<b>7.4%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (355,412,591)</b>	<b>533,966,071</b>	<b>683,417,252</b>	<b>149,451,181</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		1,518,659,846	1,539,533,227		
Capital Outlay		(1,280,749,118)	(1,353,666,323)		
Transfers for Debt Service - Principal		(544,013,402)	(614,780,045)		
Budgeted Transfers		(53,116,725)	(87,377,733)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>174,746,672</b>	<b>167,126,378</b>		

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



**The University of Texas System**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 4,231,414,542	4,471,289,607	4,646,409,418	175,119,811	3.9%
Academic Support	913,312,602	943,744,477	981,072,092	37,327,615	4.0%
Research	2,518,546,649	2,455,311,883	2,603,071,766	147,759,883	6.0%
Public Service	357,420,511	303,373,531	337,479,255	34,105,724	11.2%
Hospitals and Clinics	6,543,010,149	6,268,340,244	7,144,210,713	875,870,469	14.0%
Institutional Support	1,995,883,299	980,001,360	1,034,876,048	54,874,688	5.6%
Student Services	291,618,332	290,824,452	302,508,013	11,683,561	4.0%
Operations and Maintenance of Plant	881,640,487	771,945,128	822,949,783	51,004,655	6.6%
Scholarships and Fellowships	413,735,239	473,563,823	467,483,184	(6,080,639)	-1.3%
Auxiliary Enterprises	684,304,047	706,704,919	746,588,242	39,883,323	5.6%
Depreciation and Amortization	1,493,590,663	1,518,659,846	1,539,533,227	20,873,381	1.4%
<b>Total Operating Expenses</b>	<b>\$ 20,324,476,519</b>	<b>19,183,759,270</b>	<b>20,626,181,742</b>	<b>1,442,422,472</b>	<b>7.5%</b>

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

**The University of Texas Academic Institutions**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 2,321,341,081	2,275,816,820	2,437,513,771	161,696,951	7.1%
Less Discounts and Allowances	(651,104,143)	(576,660,077)	(658,488,638)	(81,828,561)	14.2%
Federal Sponsored Programs	698,742,765	659,198,645	757,279,766	98,081,121	14.9%
State Sponsored Programs	203,552,858	227,745,482	242,447,486	14,702,004	6.5%
Local and Private Sponsored Programs	224,064,321	216,880,594	206,717,042	(10,163,552)	-4.7%
Net Sales and Services of Educational Activities	366,527,428	367,487,598	392,149,747	24,662,149	6.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	10,066,641	15,275,583	24,186,405	8,910,822	58.3%
Net Auxiliary Enterprises	549,257,219	564,386,217	596,889,079	32,502,862	5.8%
Other Operating Revenues	40,992,817	29,075,611	30,463,382	1,387,771	4.8%
<b>Total Operating Revenues</b>	<b>3,763,440,987</b>	<b>3,779,206,473</b>	<b>4,029,158,040</b>	<b>249,951,567</b>	<b>6.6%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	1,062,036,639	989,388,188	1,083,094,232	93,706,044	9.5%
Compensation - Non-Faculty	1,536,182,762	1,459,345,352	1,555,763,993	96,418,641	6.6%
Wages	164,866,358	186,221,682	184,472,674	(1,749,008)	-0.9%
Benefits	756,269,924	769,051,829	811,980,966	42,929,137	5.6%
Personnel Costs	3,519,355,683	3,404,007,051	3,635,311,865	231,304,814	6.8%
Utilities	140,631,974	138,294,612	142,861,132	4,566,520	3.3%
Scholarships and Fellowships	1,084,831,661	1,046,764,483	1,128,471,008	81,706,525	7.8%
Less Discounts and Allowances	(651,104,144)	(576,660,077)	(658,488,638)	(81,828,561)	14.2%
Operations, Maintenance and Travel	1,527,949,444	1,708,195,506	1,875,144,273	166,948,767	9.8%
Less Capitalized Portion	(195,589,658)	(151,211,056)	(169,319,626)	(18,108,570)	12.0%
Depreciation and Amortization	613,848,387	628,159,665	627,971,754	(187,911)	0.0%
<b>Total Operating Expenses</b>	<b>6,039,923,347</b>	<b>6,197,550,184</b>	<b>6,581,951,768</b>	<b>384,401,584</b>	<b>6.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(2,276,482,360)</b>	<b>(2,418,343,711)</b>	<b>(2,552,793,728)</b>	<b>(134,450,017)</b>	<b>5.6%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	1,079,896,532	1,073,771,522	1,145,778,571	72,007,049	6.7%
Federal Sponsored Programs (Nonoperating)	359,804,251	352,529,485	361,368,048	8,838,563	2.5%
State/Local Sponsored Programs (Nonoperating)	39,141,623	39,141,623	38,896,681	(244,942)	-0.6%
Gifts in Support of Operations	207,200,860	201,781,055	206,106,960	4,325,905	2.1%
Net Investment Income	377,609,142	322,107,177	339,896,756	17,789,579	5.5%
Other Non-Operating Revenue	-	45,000	45,000	-	0.0%
Other Non-Operating (Expenses)	(80,000)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>2,063,572,408</b>	<b>1,989,375,862</b>	<b>2,092,092,016</b>	<b>102,716,154</b>	<b>5.2%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	404,878,527	373,192,000	424,027,000	50,835,000	13.6%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(165,871,210)	(158,439,571)	(151,657,563)	6,782,008	-4.3%
<b>Total Transfers and Other</b>	<b>239,007,317</b>	<b>214,752,429</b>	<b>272,369,437</b>	<b>57,617,008</b>	<b>26.8%</b>
<b>Budget Margin (Deficit)</b>	<b>26,097,365</b>	<b>(214,215,420)</b>	<b>(188,332,275)</b>	<b>25,883,145</b>	<b>-12.1%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(8,601,563)	-	-	-	-
Interest Expense on Capital Asset Financings	(9,832,895)	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	63,474,720	48,096,000	68,751,000	20,655,000	42.9%
Additions to Permanent Endowments	154,464,417	82,843,267	127,919,667	45,076,400	54.4%
Transfers for Debt Service - Principal	(158,055,135)	(204,010,001)	(195,592,795)	8,417,206	-4.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	942,842,880	253,002,209	213,224,956	(39,777,253)	-15.7%
<b>SRECNP Change in Net Position</b>	<b>\$ 1,010,389,789</b>	<b>(34,283,945)</b>	<b>25,970,553</b>	<b>60,254,498</b>	<b>-175.8%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 6,231,971,922</b>	<b>6,141,774,335</b>	<b>6,545,277,056</b>	<b>403,502,721</b>	<b>6.6%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(6,205,874,557)</b>	<b>(6,355,989,755)</b>	<b>(6,733,609,331)</b>	<b>(377,619,576)</b>	<b>5.9%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 26,097,365</b>	<b>(214,215,420)</b>	<b>(188,332,275)</b>	<b>25,883,145</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		628,159,665	627,971,754		
Capital Outlay		(151,211,056)	(169,319,626)		
Transfers for Debt Service - Principal		(204,010,001)	(195,592,795)		
Budgeted Transfers		(52,348,100)	(83,277,041)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>6,375,088</b>	<b>(8,549,983)</b>		

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

**The University of Texas Academic Institutions**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 1,628,267,091	1,837,885,876	1,907,415,723	69,529,847	3.8%
Academic Support	580,800,826	601,121,267	639,616,273	38,495,006	6.4%
Research	879,982,976	806,607,126	938,263,616	131,656,490	16.3%
Public Service	209,072,294	179,750,601	193,220,842	13,470,241	7.5%
Hospitals and Clinics	70,992,978	40,768,232	82,483,113	41,714,881	102.3%
Institutional Support	405,938,686	430,628,851	460,023,568	29,394,717	6.8%
Student Services	266,544,787	266,243,419	276,555,720	10,312,301	3.9%
Operations and Maintenance of Plant	411,377,925	348,245,675	366,597,035	18,351,360	5.3%
Scholarships and Fellowships	386,968,732	442,950,727	441,751,801	(1,198,926)	-0.3%
Auxiliary Enterprises	588,728,666	615,188,745	648,052,322	32,863,577	5.3%
Depreciation and Amortization	611,248,387	628,159,665	627,971,754	(187,911)	0.0%
<b>Total Operating Expenses</b>	<b>\$ 6,039,923,347</b>	<b>6,197,550,184</b>	<b>6,581,951,768</b>	<b>384,401,584</b>	<b>6.2%</b>

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

**The University of Texas Health-Related Institutions**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 189,062,380	177,657,340	191,460,568	13,803,228	7.8%
Less Discounts and Allowances	(10,343,527)	(7,036,276)	(7,540,613)	(504,337)	7.2%
Federal Sponsored Programs	791,489,107	778,155,412	813,359,591	35,204,179	4.5%
State Sponsored Programs	158,566,048	137,765,913	165,019,696	27,253,783	19.8%
Local and Private Sponsored Programs	1,320,254,360	1,246,153,747	1,421,223,812	175,070,065	14.0%
Net Sales and Services of Educational Activities	78,907,924	87,984,665	80,488,249	(7,496,416)	-8.5%
Net Sales and Services of Hospital and Clinics	6,922,419,612	6,733,345,385	7,354,146,681	620,801,296	9.2%
Net Professional Fees	2,022,968,614	2,046,436,698	2,174,609,924	128,173,226	6.3%
Net Auxiliary Enterprises	125,463,631	124,507,361	129,200,113	4,692,752	3.8%
Other Operating Revenues	413,329,846	392,295,538	428,122,835	35,827,297	9.1%
<b>Total Operating Revenues</b>	<b>12,012,117,995</b>	<b>11,717,265,783</b>	<b>12,750,090,856</b>	<b>1,032,825,073</b>	<b>8.8%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	2,439,399,623	2,453,875,317	2,578,333,078	124,457,761	5.1%
Compensation - Non-Faculty	3,827,018,839	3,724,780,724	4,118,387,075	393,606,351	10.6%
Wages	183,990,855	186,277,185	171,028,982	(15,248,203)	-8.2%
Benefits	1,567,328,427	1,529,092,645	1,740,139,281	211,046,636	13.8%
Personnel Costs	8,017,737,744	7,894,025,871	8,607,888,416	713,862,545	9.0%
Utilities	142,179,148	122,568,739	147,058,316	24,489,577	20.0%
Scholarships and Fellowships	41,951,655	34,725,721	33,091,377	(1,634,344)	-4.7%
Less Discounts and Allowances	(10,269,371)	(7,036,276)	(7,540,613)	(504,337)	7.2%
Operations, Maintenance and Travel	5,162,053,428	5,047,651,397	5,402,541,147	354,889,750	7.0%
Less Capitalized Portion	(1,136,983,987)	(1,128,538,062)	(1,183,346,697)	(54,808,635)	4.9%
Depreciation and Amortization	858,174,770	869,999,645	893,239,827	23,240,182	2.7%
<b>Total Operating Expenses</b>	<b>13,074,843,387</b>	<b>12,833,397,035</b>	<b>13,892,931,773</b>	<b>1,059,534,738</b>	<b>8.3%</b>
<b>Operating Surplus/Deficit</b>	<b>(1,062,725,392)</b>	<b>(1,116,131,252)</b>	<b>(1,142,840,917)</b>	<b>(26,709,665)</b>	<b>2.4%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	1,218,780,912	1,216,916,789	1,278,496,740	61,579,951	5.1%
Federal Sponsored Programs (Nonoperating)	3,395,019	3,239,485	3,582,621	343,136	10.6%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	214,121,698	257,627,133	219,072,648	(38,554,485)	-15.0%
Net Investment Income	502,038,816	451,017,156	516,701,862	65,684,706	14.6%
Other Non-Operating Revenue	22,021	19,492	40,572	21,080	108.1%
Other Non-Operating (Expenses)	(7,800,000)	(5,000,000)	(7,500,000)	(2,500,000)	50.0%
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>1,930,558,466</b>	<b>1,923,820,055</b>	<b>2,010,394,443</b>	<b>86,574,388</b>	<b>4.5%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(138,665,589)	(135,685,632)	(145,614,378)	(9,928,746)	7.3%
<b>Total Transfers and Other</b>	<b>(138,665,589)</b>	<b>(135,685,632)</b>	<b>(145,614,378)</b>	<b>(9,928,746)</b>	<b>7.3%</b>
<b>Budget Margin (Deficit)</b>	<b>729,167,485</b>	<b>672,003,171</b>	<b>721,939,148</b>	<b>49,935,977</b>	<b>7.4%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	15,000,000	11,800,000	13,300,000	1,500,000	12.7%
Net Inc./(Dec.) in Fair Value of Investments	(12,511,282)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	74,541,754	80,864,227	61,712,715	(19,151,512)	-23.7%
Additions to Permanent Endowments	38,975,519	43,541,000	65,034,000	21,493,000	49.4%
Transfers for Debt Service - Principal	(241,377,845)	(238,653,401)	(265,617,250)	(26,963,849)	11.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	472,034,800	625,142,776	533,236,887	(91,905,889)	-14.7%
<b>SRECNP Change in Net Position</b>	<b>\$ 1,075,830,431</b>	<b>1,194,697,773</b>	<b>1,129,605,500</b>	<b>(65,092,273)</b>	<b>-5.4%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 13,950,476,461</b>	<b>13,646,085,838</b>	<b>14,767,985,299</b>	<b>1,121,899,461</b>	<b>8.2%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(13,221,308,976)</b>	<b>(12,974,082,667)</b>	<b>(14,046,046,151)</b>	<b>(1,071,963,484)</b>	<b>8.3%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 729,167,485</b>	<b>672,003,171</b>	<b>721,939,148</b>	<b>49,935,977</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		869,999,645	893,239,827		
Capital Outlay		(1,128,538,062)	(1,183,346,697)		
Transfers for Debt Service - Principal		(238,653,401)	(265,617,250)		
Budgeted Transfers		448,485	(162,058)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>175,259,838</b>	<b>166,052,970</b>		

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

**The University of Texas Health-Related Institutions  
Operating Budget - Operating Expenses by Function  
Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 2,603,147,451	2,633,403,731	2,738,993,695	105,589,964	4.0%
Academic Support	321,231,477	334,356,176	333,188,785	(1,167,391)	-0.3%
Research	1,638,563,673	1,648,704,757	1,664,808,150	16,103,393	1.0%
Public Service	144,360,558	121,977,540	142,008,413	20,030,873	16.4%
Hospitals and Clinics	6,472,017,171	6,227,572,012	7,061,727,600	834,155,588	13.4%
Institutional Support	423,034,507	428,782,778	454,187,319	25,404,541	5.9%
Student Services	25,073,545	24,581,033	25,952,293	1,371,260	5.6%
Operations and Maintenance of Plant	467,233,067	423,699,453	456,352,748	32,653,295	7.7%
Scholarships and Fellowships	26,431,787	28,803,736	23,937,023	(4,866,713)	-16.9%
Auxiliary Enterprises	95,575,381	91,516,174	98,535,920	7,019,746	7.7%
Depreciation and Amortization	858,174,770	869,999,645	893,239,827	23,240,182	2.7%
<b>Total Operating Expenses</b>	<b>\$ 13,074,843,387</b>	<b>12,833,397,035</b>	<b>13,892,931,773</b>	<b>1,059,534,738</b>	<b>8.3%</b>

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



**THE UNIVERSITY OF TEXAS**  
**SYSTEM ADMINISTRATION**



**The University of Texas System Administration  
Operating Budget Highlights  
For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The Board of Regents has approved recent operating budgets for The University of Texas System Administration with the expectation that the total U. T. System Administration budget would be reduced both in numbers of full-time equivalent employees (FTEs) and in dependency upon the Available University Fund (AUF) to support operations. To that end, total budgeted FTEs have been reduced from 924 FTEs in the FY 2017 budget to 589 FTEs in the proposed FY 2020 budget, a 36 percent reduction. AUF-funded FTEs have decreased from 538 FTEs in the FY 2017 budget to 341 FTEs in the proposed budget, a 37 percent reduction. In addition, the portion of the AUF distribution used for U. T. System Administration activities, including direct campus support resulting from the 2015 Regents' plan to offset tuition at academic campuses other than U. T. Austin, has been reduced from \$111.4 million in 2017 to \$92.0 million in the proposed FY 2020 budget, a 17 percent reduction.

The FY 2020 budget is built on a recurring AUF requirement of \$92.0 million, down \$3.8 million from FY 2019, and requires the use of \$3.3 million of balances to support ongoing core U. T. System Administration activities and direct campus support.

As part of the 2015 plan to offset tuition at the academic campuses other than U. T. Austin, the Board of Regents approved \$31.4 million of AUF with the stated understanding that this commitment was expected to increase over time and that it would be incorporated into future U. T. System Administration budgets. This segment of the budget, providing direct campus support, is proposed to utilize approximately \$42.6 million of AUF, including balances, and to have 113 FTEs for FY 2020. This represents a budget of no expense growth for FY 2020, in comparison to the FY 2019 budget for this component of U. T. System Administration. The core U. T. System Administration budget for FY 2020 funded from AUF is \$52.3 million, representing a 9.4 percent decrease from the FY 2019 budget. In addition, the FY 2020 budget includes a 13.8 percent reduction in FTEs in the core U. T. System Administration budget to 228, down from 265 in the FY 2019 budget.

**Revenue**

Budgeted revenue for U. T. System Administration is \$423.3 million, up \$67.0 million (18.8 percent). Net Investment Income includes a large increase related to growth in the AUF distribution available to the U. T. System (\$95.9 million), however more than half of the increase is transferred to U. T. Austin and is not reflected as revenue for U. T. System Administration in the budget presentation. Only the portions of the AUF distribution for Permanent University Fund (PUF) bond debt service, for U. T. System Administration operations and any surplus after distributions to U. T. Austin are reflected as revenue.

The growth in Net Investment Income is augmented by a \$9.2 million increase in anticipated federal support for Medicare Part D retiree prescription drug coverage administered as part of the UT SELECT health insurance program. State sponsored program revenue increased from the prior year by \$10.2 million as a result of receiving the biennial funding for the Joint Admission Medical Program in FY 2018, the first year of the biennium. Other operating revenue is also increasing significantly as rental income begins to be collected from all tenants of the UT System Building.

**Expenses**

Budget expenses (including transfers for interest) have decreased \$6.6 million (<2.4> percent) to \$273.5 million. The decrease results from changes in projected PUF bond interest and reduced depreciation expense. Staffing and other reductions in the operations of U. T. System Administration have largely been offset by growth in the expenses associated with the Medicare Part D federal support. A nominal merit, promotion, equity, and reclassification pool for staff has been established as part of the proposed budget.

**The University of Texas System Administration**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ -	-	-	-	-
Less Discounts and Allowances	-	-	-	-	-
Federal Sponsored Programs	26,368,690	14,260,000	23,500,000	9,240,000	64.8%
State Sponsored Programs	-	-	10,206,794	10,206,794	-
Local and Private Sponsored Programs	-	-	-	-	-
Net Sales and Services of Educational Activities	5,012,329	3,102,200	2,830,054	(272,146)	-8.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	25,201,616	1,855,264	3,664,293	1,809,029	97.5%
<b>Total Operating Revenues</b>	<b>56,582,635</b>	<b>19,217,464</b>	<b>40,201,141</b>	<b>20,983,677</b>	<b>109.2%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	-	-	-	-	-
Compensation - Non-Faculty	59,396,319	51,189,062	45,213,365	(5,975,697)	-11.7%
Wages	-	406,656	561,716	155,060	38.1%
Benefits	(268,428,672)	12,417,053	11,778,334	(638,719)	-5.1%
Personnel Costs	(209,032,353)	64,012,771	57,553,415	(6,459,356)	-10.1%
Utilities	407,359	-	-	-	-
Scholarships and Fellowships	1,176,599	1,809,360	1,794,360	(15,000)	-0.8%
Less Discounts and Allowances	-	-	-	-	-
Operations, Maintenance and Travel	1,392,990,674	67,489,384	74,628,780	7,139,396	10.6%
Less Capitalized Portion	-	(1,000,000)	(1,000,000)	-	0.0%
Depreciation and Amortization	24,167,506	20,500,536	18,321,646	(2,178,890)	-10.6%
<b>Total Operating Expenses</b>	<b>1,209,709,785</b>	<b>152,812,051</b>	<b>151,298,201</b>	<b>(1,513,850)</b>	<b>-1.0%</b>
<b>Operating Surplus/Deficit</b>	<b>(1,153,127,150)</b>	<b>(133,594,587)</b>	<b>(111,097,060)</b>	<b>22,497,527</b>	<b>-16.8%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	3,310,643	1,645,390	2,250,000	604,610	36.7%
Federal Sponsored Programs (Nonoperating)	27,198,470	-	-	-	-
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	875,793	1,069,630	463,000	(606,630)	-56.7%
Net Investment Income	528,826,474	707,520,887	804,419,630	96,898,743	13.7%
Other Non-Operating Revenue	448,343	-	-	-	-
Other Non-Operating (Expenses)	(1,193,811)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>559,465,912</b>	<b>710,235,907</b>	<b>807,132,630</b>	<b>96,896,723</b>	<b>13.6%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	95,795,000	95,795,000	92,000,000	(3,795,000)	-4.0%
AUF Transfers (Made) for Operations	(500,673,527)	(468,987,000)	(516,027,000)	(47,040,000)	10.0%
Transfers for Debt Service - Interest	(112,137,676)	(127,271,000)	(122,198,191)	5,072,809	-4.0%
<b>Total Transfers and Other</b>	<b>(517,016,203)</b>	<b>(500,463,000)</b>	<b>(546,225,191)</b>	<b>(45,762,191)</b>	<b>9.1%</b>
<b>Budget Margin (Deficit)</b>	<b>(1,110,677,441)</b>	<b>76,178,320</b>	<b>149,810,379</b>	<b>73,632,059</b>	<b>96.7%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(1,098,721,223)	-	-	-	-
Interest Expense on Capital Asset Financings	(306,067,234)	(421,396,203)	(419,470,132)	1,926,071	-0.5%
Capital Approp., Gifts and Sponsored Programs	-	26,800,000	4,200,000	(22,600,000)	-84.3%
Additions to Permanent Endowments	163,000,000	129,570,775	192,953,667	63,382,892	48.9%
Transfers for Debt Service - Principal	(51,135,000)	(101,350,000)	(153,570,000)	(52,220,000)	51.5%
Reverse Transfers for Debt Service (System Only)	867,242,455	965,409,605	1,034,250,177	68,840,572	7.1%
Transfers and Other	47,786,271	(75,999,603)	(75,011,684)	987,919	-1.3%
<b>SRECNP Change in Net Position</b>	<b>\$(1,488,572,172)</b>	<b>599,212,894</b>	<b>733,162,407</b>	<b>133,949,513</b>	<b>22.4%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 212,363,831</b>	<b>356,261,371</b>	<b>423,306,771</b>	<b>67,045,400</b>	<b>18.8%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(1,323,041,272)</b>	<b>(280,083,051)</b>	<b>(273,496,392)</b>	<b>6,586,659</b>	<b>-2.4%</b>
<b>Budget Margin (Deficit)</b>	<b>\$(1,110,677,441)</b>	<b>76,178,320</b>	<b>149,810,379</b>	<b>73,632,059</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		20,500,536	18,321,646		
Capital Outlay		(1,000,000)	(1,000,000)		
Transfers for Debt Service - Principal		(101,350,000)	(153,570,000)		
Budgeted Transfers		(1,217,110)	(3,938,634)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(6,888,254)</b>	<b>9,623,391</b>		

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



**The University of Texas System Administration**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ -	-	-	-	-
Academic Support	11,280,299	8,267,034	8,267,034	-	0.0%
Research	-	-	-	-	-
Public Service	3,987,659	1,645,390	2,250,000	604,610	36.7%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	1,166,910,106	120,589,731	120,665,161	75,430	0.1%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	3,029,495	-	-	-	-
Scholarships and Fellowships	334,720	1,809,360	1,794,360	(15,000)	-0.8%
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	24,167,506	20,500,536	18,321,646	(2,178,890)	-10.6%
<b>Total Operating Expenses</b>	<b>\$ 1,209,709,785</b>	<b>152,812,051</b>	<b>151,298,201</b>	<b>(1,513,850)</b>	<b>-1.0%</b>

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



**THE UNIVERSITY OF TEXAS**  
**AT ARLINGTON**



**The University of Texas at Arlington**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The University of Texas at Arlington, classified by the Carnegie Foundation in its top list of 131 elite doctoral institutions as an R1 “highest research” institution, is the second-largest campus and one of the most affordable in the U. T. System. With 20 graduate programs ranked among the top in the nation by *US News and World Report*, a Center of Excellence designation from the National League for Nursing – one of only four universities in Texas to receive that designation, ranked by *Military Times* as the top 4-year institution for Veterans in Texas and 12th in the nation, and by *Washington Monthly* as the top 4-year College in Texas for Adult Learners, U. T. Arlington is also the 3rd largest transfer destination in the country and home to the 5th most diverse student population. By all metrics including affordability and degree attainment the University has a national reputation for excellence.

The University focuses on ensuring excellence and access at affordable rates to enable all students to get a top-notch education. In order to enhance educational opportunities for all students and to ensure that the State has a highly skilled workforce, The University of Texas at Arlington’s Strategic Plan “Bold Solutions|Global Impact” charts an ambitious agenda with the goal of ensuring that U. T. Arlington will be one of the “best of the best”, a thought leader, and an institution that sets standards for others to follow. With a focus on enabling a sustainable megacity and developed around four themes of (1) Health and the Human Condition, (2) Sustainable Urban Communities, (3) Global Environmental Impact, and (4) Data-Driven Discovery, the plan fosters the collaborative and cross-disciplinary thinking that the future demands and will help U. T. Arlington address the epic challenges that face the community – an urgent calling as the Dallas-Fort Worth-Arlington Metropolitan Area with almost seven million people today rapidly approaches megacity status.

U. T. Arlington has developed the FY 2020 budget with a focus on meeting the objectives of the strategic plan and continuing progress toward Tier 1 status while simultaneously meeting aggressive student success and student support goals. Budget increases are primarily focused on addressing student success initiatives, student support projects, and faculty and staff recruitment and retention.

**Revenue**

Total annual budgeted revenue is expected to increase by 4.5 percent in FY 2020. The increase in tuition revenue is driven by the tuition rate increases approved by the U. T. System Board of Regents and a two percent increase in enrollment. The increase in tuition dollars is somewhat muted by a decline in non-resident paying students over the previous two fiscal years. The overall expected increase in tuition revenue is 4.5 percent

Restricted grants and contracts are expected to increase as a result of additional external funding. The removal of two residence hall apartment complexes will cause a decrease in auxiliary revenue.

U. T. Arlington received a significant increase (13.6 percent) in state appropriations during the recent legislative session, resulting in approximately \$18 million new dollars to support budgetary increases.

**Expenses**

U. T. Arlington’s operating expenses are expected to increase by 4.9 percent in FY 2020 to a total of \$722 million. Expenditure increases are predominately in research, student services, and academic support related to increased faculty levels, faculty retention initiatives, advising, student success initiatives, and increasing costs related to enrollment growth. Additionally, merit increases for employees and an increase in health insurance rates attribute to expense increases in all areas of the University.

An increase in research related expenditures is anticipated as U. T. Arlington continues its ascent to Tier 1 status. Academic Support and Student Services expenditure increases related to counseling, health services, and student success initiatives were part of the tuition increase proposal approved in 2018.

U. T. Arlington plans to utilize \$38 million from prior year reserves for a building renovation project and several technology and software improvement projects during the fiscal year.

**The University of Texas at Arlington**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 434,409,036	423,882,086	442,843,430	18,961,344	4.5%
Less Discounts and Allowances	(112,558,789)	(96,519,342)	(106,282,423)	(9,763,081)	10.1%
Federal Sponsored Programs	49,219,547	55,152,618	59,356,580	4,203,962	7.6%
State Sponsored Programs	21,280,271	23,148,439	24,154,201	1,005,762	4.3%
Local and Private Sponsored Programs	5,421,556	12,325,000	12,325,000	-	0.0%
Net Sales and Services of Educational Activities	26,228,016	24,688,127	25,549,162	861,035	3.5%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	48,241,172	46,122,740	42,571,999	(3,550,741)	-7.7%
Other Operating Revenues	6,949,688	6,558,337	6,949,949	391,612	6.0%
<b>Total Operating Revenues</b>	<b>479,190,497</b>	<b>495,358,005</b>	<b>507,467,898</b>	<b>12,109,893</b>	<b>2.4%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	115,292,230	127,261,791	134,091,644	6,829,853	5.4%
Compensation - Non-Faculty	147,416,494	135,750,315	149,263,103	13,512,788	10.0%
Wages	41,833,605	41,881,916	37,788,456	(4,093,460)	-9.8%
Benefits	79,615,828	83,702,371	88,161,833	4,459,462	5.3%
Personnel Costs	384,158,157	388,596,393	409,305,036	20,708,643	5.3%
Utilities	10,000,000	11,406,443	8,226,123	(3,180,320)	-27.9%
Scholarships and Fellowships	156,664,347	139,893,792	152,991,788	13,097,996	9.4%
Less Discounts and Allowances	(112,558,789)	(96,519,342)	(106,282,423)	(9,763,081)	10.1%
Operations, Maintenance and Travel	186,080,617	221,849,635	234,781,667	12,932,032	5.8%
Less Capitalized Portion	-	(29,844,489)	(30,142,934)	(298,445)	1.0%
Depreciation and Amortization	54,949,239	53,153,496	53,265,118	111,622	0.2%
<b>Total Operating Expenses</b>	<b>679,293,571</b>	<b>688,535,928</b>	<b>722,144,375</b>	<b>33,608,447</b>	<b>4.9%</b>
<b>Operating Surplus/Deficit</b>	<b>(200,103,074)</b>	<b>(193,177,923)</b>	<b>(214,676,477)</b>	<b>(21,498,554)</b>	<b>11.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	132,707,102	132,707,102	150,778,956	18,071,854	13.6%
Federal Sponsored Programs (Nonoperating)	59,448,680	56,000,000	58,000,000	2,000,000	3.6%
State/Local Sponsored Programs (Nonoperating)	3,025,000	3,025,000	487,500	(2,537,500)	-83.9%
Gifts in Support of Operations	9,183,938	4,183,274	9,211,344	5,028,070	120.2%
Net Investment Income	22,569,435	13,238,705	10,455,225	(2,783,480)	-21.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>226,934,155</b>	<b>209,154,081</b>	<b>228,933,025</b>	<b>19,778,944</b>	<b>9.5%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(14,715,905)	(15,367,482)	(14,300,330)	1,067,152	-6.9%
<b>Total Transfers and Other</b>	<b>(14,715,905)</b>	<b>(15,367,482)</b>	<b>(14,300,330)</b>	<b>1,067,152</b>	<b>-6.9%</b>
<b>Budget Margin (Deficit)</b>	<b>12,115,176</b>	<b>608,676</b>	<b>(43,782)</b>	<b>(652,458)</b>	<b>-107.2%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(2,124,069)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	500,000	500,000	500,000	-	0.0%
Additions to Permanent Endowments	3,500,000	4,500,000	3,000,000	(1,500,000)	-33.3%
Transfers for Debt Service - Principal	(19,480,000)	(19,747,000)	(19,239,000)	508,000	-2.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	22,500,000	47,800,355	38,000,000	(9,800,355)	-20.5%
<b>SRECNP Change in Net Position</b>	<b>\$ 17,011,107</b>	<b>33,662,031</b>	<b>22,217,218</b>	<b>(11,444,813)</b>	<b>-34.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 706,124,652</b>	<b>704,512,086</b>	<b>736,400,923</b>	<b>31,888,837</b>	<b>4.5%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(694,009,476)</b>	<b>(703,903,410)</b>	<b>(736,444,705)</b>	<b>(32,541,295)</b>	<b>4.6%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 12,115,176</b>	<b>608,676</b>	<b>(43,782)</b>	<b>(652,458)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		53,153,496	53,265,118		
Capital Outlay		(29,844,489)	(30,142,934)		
Transfers for Debt Service - Principal		(19,747,000)	(19,239,000)		
Budgeted Transfers		(14,996,013)	(37,999,997)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(10,825,330)</b>	<b>(34,160,595)</b>		

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

**The University of Texas at Arlington**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 189,028,403	230,085,609	233,346,472	3,260,863	1.4%
Academic Support	50,105,497	47,290,781	56,137,251	8,846,470	18.7%
Research	90,854,812	63,622,736	75,766,278	12,143,542	19.1%
Public Service	16,690,418	17,631,898	14,403,788	(3,228,110)	-18.3%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	48,366,955	64,650,970	71,032,786	6,381,816	9.9%
Student Services	92,692,622	96,683,638	105,252,409	8,568,771	8.9%
Operations and Maintenance of Plant	36,373,772	24,714,678	25,864,955	1,150,277	4.7%
Scholarships and Fellowships	44,105,558	40,362,530	34,805,178	(5,557,352)	-13.8%
Auxiliary Enterprises	56,126,295	50,339,592	52,270,139	1,930,547	3.8%
Depreciation and Amortization	54,949,239	53,153,496	53,265,118	111,622	0.2%
<b>Total Operating Expenses</b>	<b>\$ 679,293,571</b>	<b>688,535,928</b>	<b>722,144,375</b>	<b>33,608,447</b>	<b>4.9%</b>

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



**THE UNIVERSITY OF TEXAS**  
**AT AUSTIN**



**The University of Texas at Austin  
Operating Budget Highlights  
For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The University of Texas at Austin's primary mission is to contribute to the advancement of society through teaching, research, creative activity, scholarly inquiry, and the development and dissemination of new knowledge, including commercialization of University discoveries. Four long-range goals reflect a bold vision for rapidly advancing U. T. Austin as the premier public flagship university in the state of Texas and as one of the nation's leading public research universities: (1) unlock the potential of its students; (2) recruit and retain the world's best faculty; (3) transform health and healthcare; and (4) create a vibrant future for Texas and beyond.

Improving the already substantial value of an undergraduate education at U. T. Austin by unlocking the potential of its students is a central priority for the institution. U. T. Austin seeks to improve access and affordability through the Texas Advance Commitment which in September 2018 had benefitted more than 4,600 students. The University aggressively pursues student success initiatives in this budget which have helped achieve the latest four-year graduation rate of 69.8 percent. U. T. Austin's increase in graduation rates is one of the largest improvements over such a short period of time in American higher education. The University seeks to provide career support to help students succeed after graduation so that students will have experienced high quality approaches to learning by doing. The Experiential Learning Initiative seeks to expand the number of experiential learning opportunities within courses and curricula. To date, the program has awarded stipends to 28 course developers and 15 ambassadors in five colleges and schools. In FY 2020, the program will add faculty awards in the remaining six undergraduate colleges and schools.

Faculty is at the heart of the institution's education and research mission. U. T. Austin has begun a second phase of the Faculty Investment Initiative (FII2). This latest investment includes preemptive retention salary increases for faculty at greatest risk of being recruited away, enhanced replacement hiring, and 40 additional faculty lines for cluster and interdisciplinary hiring. A component of FII2 is to encourage departments to focus on senior faculty hires to increase their current research capacity. There are 135 active faculty searches for FY 2020. Additionally, the institution has implemented the Cluster and Interdisciplinary Hiring Initiative to recruit the highest quality faculty members in strategic areas for the University. While U. T. Austin has made investment in faculty a priority, concern continues that faculty competitiveness may continue to erode as costs of living rise throughout the Austin area.

U. T. Austin is transforming health education and patient care as it seeks to improve healthcare across Central Texas. Dell Medical School continues to focus on recruiting and developing innovative healthcare leaders and will achieve full enrollment of approximately 200 students across four classes this summer. Recruitment of internationally recognized clinician faculty has been successful and additional recruitments are underway. In FY 2020 the medical school will benefit from increased support from the state through the health-related institution formulas due to enrollment growth.

The University is working daily to create a more vibrant future for Texas and beyond. U. T. Austin partners with K-12 districts and schools, colleges, and universities to support student success through programs such as OnRamps and Texas OnCourse. The institution's commitment to these goals and the associated strategies to achieve them translate directly into the University's plans, actions, and investments.

**Revenue**

U. T. Austin realizes a net increase of \$18.1 million in state general revenue funding from an additional \$20.7 million from the General Appropriations Act partially offset by a net \$2.6 million decrease in state paid benefits. Of note, \$9.2 million of the increase is due to state support for the DKR Alzheimer's Initiative being entirely appropriated in the first year of the biennium. Additional general revenue is primarily from a combination of increased formula support as well as additional appropriations from the Texas Research University Fund. Tuition revenue increases approximately \$19.0 million as a result of the second year Board approved 2 percent increase coupled with the addition of a new class of medical students. The overall Available University Fund (AUF) allocation increases by \$50.8 million from the last budget to \$424.0 million. Estimated revenues from gifts and endowment income increase approximately \$13.1 million based on historical trends.

**Expenses**

Subject to approval by the Board of Regents, the University plans to implement an institutionally funded 3 percent average increase for tenured/tenure-track faculty and 2 percent for non-tenured faculty to remain competitive in attracting and retaining talented faculty. U. T. Austin also plans to centrally fund a 2 percent increase for administrative and professional as well as classified staff. From the increased AUF allocation the institution is budgeting more than \$29 million for enhanced academic programs, instructional program services, academic infrastructure, and student program services with an additional \$9.5 million budgeted for recruitment and retention of talent.

**The University of Texas at Austin**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 650,000,000	667,032,012	685,999,332	18,967,320	2.8%
Less Discounts and Allowances	(130,000,000)	(133,406,400)	(136,400,000)	(2,993,600)	2.2%
Federal Sponsored Programs	457,000,000	425,387,041	484,701,501	59,314,460	13.9%
State Sponsored Programs	66,000,000	65,997,220	66,811,425	814,205	1.2%
Local and Private Sponsored Programs	145,900,000	134,061,019	128,056,954	(6,004,065)	-4.5%
Net Sales and Services of Educational Activities	264,300,000	275,780,213	291,663,169	15,882,956	5.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	5,600,000	5,169,908	11,788,738	6,618,830	128.0%
Net Auxiliary Enterprises	329,100,000	342,021,829	373,066,872	31,045,043	9.1%
Other Operating Revenues	8,400,000	7,323,134	8,381,434	1,058,300	14.5%
<b>Total Operating Revenues</b>	<b>1,796,300,000</b>	<b>1,789,365,976</b>	<b>1,914,069,425</b>	<b>124,703,449</b>	<b>7.0%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	447,814,000	386,282,539	433,850,112	47,567,573	12.3%
Compensation - Non-Faculty	842,944,000	777,789,441	816,249,652	38,460,211	4.9%
Wages	26,342,000	43,759,486	43,706,228	(53,258)	-0.1%
Benefits	370,900,000	369,727,341	384,055,242	14,327,901	3.9%
Personnel Costs	1,688,000,000	1,577,558,807	1,677,861,234	100,302,427	6.4%
Utilities	80,400,000	73,416,981	80,843,410	7,426,429	10.1%
Scholarships and Fellowships	270,000,000	322,639,358	336,837,958	14,198,600	4.4%
Less Discounts and Allowances	(130,000,000)	(133,406,400)	(136,400,000)	(2,993,600)	2.2%
Operations, Maintenance and Travel	771,200,000	955,745,301	1,048,422,888	92,677,587	9.7%
Less Capitalized Portion	(99,900,000)	(87,698,235)	(102,869,023)	(15,170,788)	17.3%
Depreciation and Amortization	314,000,000	324,000,000	323,420,000	(580,000)	-0.2%
<b>Total Operating Expenses</b>	<b>2,893,700,000</b>	<b>3,032,255,812</b>	<b>3,228,116,467</b>	<b>195,860,655</b>	<b>6.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(1,097,400,000)</b>	<b>(1,242,889,836)</b>	<b>(1,314,047,042)</b>	<b>(71,157,206)</b>	<b>5.7%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	356,178,585	356,208,589	374,320,087	18,111,498	5.1%
Federal Sponsored Programs (Nonoperating)	44,000,000	44,000,000	45,000,000	1,000,000	2.3%
State/Local Sponsored Programs (Nonoperating)	35,000,000	35,000,000	35,000,000	-	0.0%
Gifts in Support of Operations	167,800,000	157,497,167	156,405,136	(1,092,031)	-0.7%
Net Investment Income	267,500,000	236,365,923	251,047,893	14,681,970	6.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>870,478,585</b>	<b>829,071,679</b>	<b>861,773,116</b>	<b>32,701,437</b>	<b>3.9%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	404,878,527	373,192,000	424,027,000	50,835,000	13.6%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(74,848,585)	(66,279,362)	(65,935,094)	344,268	-0.5%
<b>Total Transfers and Other</b>	<b>330,029,942</b>	<b>306,912,638</b>	<b>358,091,906</b>	<b>51,179,268</b>	<b>16.7%</b>
<b>Budget Margin (Deficit)</b>	<b>103,108,527</b>	<b>(106,905,519)</b>	<b>(94,182,020)</b>	<b>12,723,499</b>	<b>-11.9%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	58,000,000	30,000,000	63,000,000	33,000,000	110.0%
Additions to Permanent Endowments	134,000,000	65,000,000	110,000,000	45,000,000	69.2%
Transfers for Debt Service - Principal	(15,730,000)	(68,823,000)	(61,739,000)	7,084,000	-10.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	754,900,000	55,560,000	41,145,000	(14,415,000)	-25.9%
<b>SRECNP Change in Net Position</b>	<b>\$ 1,034,278,527</b>	<b>(25,168,519)</b>	<b>58,223,980</b>	<b>83,392,499</b>	<b>-331.3%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 3,071,657,112</b>	<b>2,991,629,655</b>	<b>3,199,869,541</b>	<b>208,239,886</b>	<b>7.0%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(2,968,548,585)</b>	<b>(3,098,535,174)</b>	<b>(3,294,051,561)</b>	<b>(195,516,387)</b>	<b>6.3%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 103,108,527</b>	<b>(106,905,519)</b>	<b>(94,182,020)</b>	<b>12,723,499</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		324,000,000	323,420,000		
Capital Outlay		(87,698,235)	(102,869,023)		
Transfers for Debt Service - Principal		(68,823,000)	(61,739,000)		
Budgeted Transfers		(39,441,349)	(45,681,270)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>21,131,897</b>	<b>18,948,687</b>		

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



**The University of Texas at Austin**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 721,700,000	905,605,048	940,462,735	34,857,687	3.8%
Academic Support	313,200,000	325,819,703	335,290,625	9,470,922	2.9%
Research	501,700,000	478,686,042	522,591,285	43,905,243	9.2%
Public Service	131,000,000	113,358,540	121,532,604	8,174,064	7.2%
Hospitals and Clinics	42,000,000	-	42,719,777	42,719,777	-
Institutional Support	165,600,000	158,206,054	166,010,721	7,804,667	4.9%
Student Services	60,800,000	58,803,318	54,905,011	(3,898,307)	-6.6%
Operations and Maintenance of Plant	204,600,000	153,264,182	163,834,790	10,570,608	6.9%
Scholarships and Fellowships	118,800,000	170,995,232	182,622,192	11,626,960	6.8%
Auxiliary Enterprises	322,900,000	343,517,693	374,726,727	31,209,034	9.1%
Depreciation and Amortization	311,400,000	324,000,000	323,420,000	(580,000)	-0.2%
<b>Total Operating Expenses</b>	<b>\$ 2,893,700,000</b>	<b>3,032,255,812</b>	<b>3,228,116,467</b>	<b>195,860,655</b>	<b>6.5%</b>

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

**The University of Texas at Austin  
Application of Available University Fund (AUF)  
Recommended Budget 2019-20**

The mission of the University is to achieve excellence in the interrelated areas of undergraduate education, graduate education, research, and public service. And all sources of funds (appropriated, AUF, tuition, grants, and gifts) are expended to this end.

According to the Texas Constitution, one of the permitted uses of the AUF is for the support and maintenance of the University. Over the years, the AUF has provided the margin of excellence that permits UT Austin to achieve and maintain its place as one of the premier public institutions of higher education in the nation.

The margin of excellence and operations support of the University are described below:

<b>Excellence in Mission:</b>	<b>\$</b>	<b>284,034,017</b>
<b>Instructional Excellence</b>		

<b>Enhanced Academic Programs</b>	<b>\$</b>	<b>193,761,850</b>
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Academic initiatives at the college and departmental level enhanced by the AUF include curriculum innovation, development of new degree programs, interdisciplinary program planning and coordination, honors programs, internship programs, academic technology and facility support, K-12 and community outreach activities, and continuing education. For FY 2020, it also includes reserves to be allocated by executive leadership.

<b>Instructional Program Services</b>		<b>5,560,098</b>
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These services include educational innovation, student success initiatives, college computing services, instructional and technology enhanced teaching support, provision of Web-based student-faculty communication platforms, teaching effectiveness services, credit by examination, new and experienced faculty training, assessment methods, student course-instructor evaluations, the UT Elementary School, and coordination of University-wide K-12 activities.

<b>Instructional Initiatives and Programs</b>		<b>24,639,308</b>
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The School of Undergraduate Studies was developed to enhance the education for all undergraduates through core curriculum, advising, learning communities, signature courses, interdisciplinary programs, and research.

Other instructional initiatives and programs include course transformation and innovation as well as visiting lecturers. Students have access to specialized centers for design and creative technology; pharmacy and nursing experiences; and fine arts productions. Fiscal year 2019-20 also includes funds for the Provost's experiential learning initiative as well as support for Texas Student Media.

**Academic Infrastructure (Libraries, Instructional Technology)** 35,884,000

Instructional technology services include providing access to computing, voice and data networks, internet, and email. Library services include access to comprehensive print and digital resources supporting all disciplines, and access to specialized collections within the Humanities Research Center, and the Benson Latin American Collection.

**Student Programs and Services** 6,876,893

These services encompass new student orientation, career services, welcoming and mentoring programs, enrollment management, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning. Fiscal year 19-20 includes funding for the Center for Career Exploration and Development to help students achieve the skills, experiences, and co-curricular knowledge needed for life after graduation.

**Research Excellence**

**Research Competitiveness** 14,407,057

Support is provided for the critical research infrastructure required for faculty to be competitive for federal, state, and private sector research grant funding, to meet the ever increasing regulatory and compliance requirements associated with this external funding, to provide specialized services for areas such as animal care and high performance computing, and to help support research centers and institutes targeting areas critical to the economic development of Texas and the nation.

**Outreach Excellence**

Academic Program/Community Interface 2,904,811

These programs help define and characterize the role of a flagship institution within the larger community and include such units as: Texas Performing Arts, Blanton Museum, and Winedale Historical Center.

<b>Recruitment and Retention of Talent:</b>		<b>68,729,314</b>
<b>Faculty</b> UT Austin is committed to continuing to advance as one of the world’s finest universities. Achieving this goal is directly connected to our ability to recruit and retain faculty of the highest caliber. UT Austin must compete for this top talent.	2,816,776	
<b>K-12 Outreach and Undergraduate Students</b> Funds for various admission, scholarship and retention programs help insure the quality and diversity of students and make a high quality education affordable and accessible to qualified students. The University Outreach Centers provide an intensive college preparatory program for under-represented students beginning in eighth grade and continuing through high school. The purpose is to increase the number of educationally disadvantaged students who graduate from Texas high schools prepared to matriculate and be successful in Texas colleges and universities.	24,715,566	
<b>Graduate Students</b> The intellectual and research accomplishments of the University depend critically on our ability to recruit and retain the very best graduate students from across the nation. These funds provide the scholarships, fellowships and infrastructure support necessary for UT Austin to compete with its peer institutions for these excellent students. Funding in fiscal year 2019-20 includes support for the graduate student investment initiative providing fellowship funds to selective colleges/programs to improve quality of students and to enable grad student support/funding packages competitive with peer universities.	41,196,972	
<b>Institutional Accountability and Enhanced Connections to the Public</b> Institutional accountability programs and offices are dedicated to providing support services for excellence in teaching, research, and public service. Development efforts expand private support by presenting evidence of the University's distinctive character, valuable service, and efficient management. University Communications has leadership responsibility for the institution's interaction with the media and with the public at large. The Office of the Executive Vice President and Provost serves as the chief academic officer of the university overseeing the academic programs on campus. The Office of Institutional Reporting, Research, and Information Systems provides information and analytical support to university decision makers and submits numerous reports to the Texas Higher Education Coordinating Board and the Department of Education. Financial and Administrative Services is dedicated to enhancing the development and delivery of most supporting services for on-campus clients, including public and environmental safety and the integrity of the physical infrastructure of the campus. Project Information Quest (IQ) uses business intelligence tools to provide critical information to University decision makers. Support in fiscal year 2019-20 includes funding for Workday as well as the newly created Senior Vice Provost for Global Engagement.		<b>43,433,752</b>

**Dell Medical School**

25,010,190

The Dell Medical School at The University of Texas at Austin will improve health in Travis County and throughout the country by training new physicians, providing treatment in a new teaching hospital and conducting research to expand knowledge of medicine and medical technology.

**UT System**

**2,819,727**

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

**UT Austin AUF Budget**

**\$ 424,027,000**

## Details

### Excellence in Mission

#### Instructional Excellence

Enhanced Academic Programs		<b>193,761,850</b>
Colleges and Schools	92,227,159	
Academic Departments and Centers	101,534,691	
Instructional Program Services		<b>5,560,098</b>
Texas Language Center	79,994	
Natural Sciences Dean's Office Communication Group	669,362	
Academic Information Systems	3,760,426	
Fine Arts Office of Computing Technologies	200,262	
Faculty Innovation Center	539,132	
Undergraduate Studies - Assessment	135,741	
UT Elementary School	117,703	
Student Success Initiatives	57,478	
Instructional Initiatives and Programs		<b>24,639,308</b>
Visiting Lecturers and Academic development	80,000	
Provost Initiatives and Innovations	22,161,983	
Experiential Learning Initiative	265,959	
Fine Arts Projects	232,093	
School for Design & Creative Technology	813,786	
Nursing Children's Wellness Center	89,838	
Nursing Learning Center	1,000	
Texas Student Media Support	33,357	
Undergraduate Programs	87,733	
Signature Courses	869,367	
Core Curriculum Development	4,192	
Academic Infrastructure		<b>35,884,000</b>
Instructional Technology	15,761,562	
Libraries	20,122,438	
Student Programs and Services		<b>6,876,893</b>
Dean of Students	2,378,880	
Deaf Interpreter Services	780,565	
Services For Students With Disabilities	601,029	
College to Career	1,077,403	
Enrollment Management - Communications	781,541	
Enrollment Management - Business Services	902,484	
Student Services	280,457	
Mathematics Lab	74,534	

<b>Research Excellence</b>		<b>14,407,057</b>
Research Competitiveness		
Research grant infrastructure, compliance and support		
VP For Research - Research Support And Compliance Office	893,067	
Institutional Capital Projects	818,684	
Research Grants	55,100	
Animal Resources Center	764,815	
Texas Advanced Computing Center	3,381,011	
College of Liberal Arts - Research	333,527	
Statistics & Scientific Computation Program	423,271	
Research Initiatives		
Organized Research Units	5,480,969	
University Of Texas Press	924,761	
Undergraduate Research	4,987	
Center For Studies In Texas History	370,286	
Research Instruments Laboratory	100,635	
Research Enhancement	231,946	
Integrative Biology - Biodiversity Collections	353,088	
Clements Center for National Security	270,910	
<b>Outreach Excellence</b>		<b>2,904,811</b>
Academic Program/Community Interface		
Texas Performing Arts	1,077,518	
Jack S. Blanton Museum of Art	1,706,731	
Winedale Historical Center	111,145	
Public Service	9,417	
<b>Recruitment and Retention of Talent:</b>		<b>68,729,314</b>
Initiatives to ensure quality and diversity		
Faculty	2,816,776	
Faculty Development Program	2,182,569	
Faculty Recruitment	634,207	
Undergraduate Students	24,715,566	
Admission	3,553,052	
Enrollment Analytics	585,130	
Enrollment Management	548,740	
Texas Advance Commitment	12,500,000	
Registrar	519,568	
University Outreach Centers	337,119	
Multicultural Engagement Center	5,133	
Tuition and Fees Scholarship	69,129	
Student Gateway Program	-	
Student Services	1,009,022	
Former Student Records	523,810	
Satellite Admissions Office	-	
Student Financial Services	1,916,704	
Hardship Waivers	3,113,159	
Institutional Tuition Rebates	35,000	

Graduate Students	41,196,972
Vice Provost and Dean of Graduate Studies	2,388,163
Tuition Benefits - Teaching Asst/Asst Instructor	22,760,327
Graduate Fellowships and Scholarships	12,389,575
Graduate Research Fellowships and Scholarships	200,000
Graduate Student Investment Initiative	2,789,230
Graduate and International Admissions	153,274
School Of Law Scholarships	-
Law Admissions Outreach	-
L B J School Of Public Affairs Fellowships and Scholarship	225,000
Natural Sciences Dean's Excellence Graduate Awards	180,000
Natural Sciences Graduate Education	111,403

**Institutional Accountability and Enhanced Connections to the Public**

**43,433,752**

Office of the Executive Vice President And Provost	6,334,563
Institutional Accreditation And Effectiveness	540,873
Institutional Reporting, Research, and Information Systems	1,498,360
Senior Vice President And CFO	5,000
Senior Vice President And CFO Communications Department	537,370
University Communications	3,400,166
Global Engagement	1,342,724
Equal Employment Opportunity	864,686
Division of Diversity and Community Engagement	49,601
IQ Project	2,659,515
Workday Sustainment	11,680,302
Workday Contingency	375,538
ADA Accommodations	6,818
General Faculty Office	266,740
Institutional Memberships	332,800
Institutional Support	475,460
Liberal Arts Public Affairs	435,289
Liberal Arts Business Affairs	976,303
Liberal Arts Centralized Business Office	542,196
Liberal Arts Human Resources	299,743
Natural Sciences Business Services	36,000
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	10,773,705

**Dell Medical School**

**25,010,190**

**UT System**

**2,819,727**

Telecomm Services Office - UT System Support	1,172,694
Telecomm Infrastructure - Network Bandwidth	212,434
Telecomm Infrastructure - Wide Area Network Support	932,000
Information Technology Assessments - UT Austin Support	502,599

**TOTAL**

**\$ 424,027,000**







**THE UNIVERSITY OF TEXAS**  
**AT DALLAS**



**The University of Texas at Dallas  
Operating Budget Highlights  
For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The University of Texas at Dallas is a young, high quality, rapidly expanding research University with national and global aspirations for excellence. At 50 years of age, U. T. Dallas has already achieved the Highest Research Activity status by the Carnegie Foundation and qualified for the State of Texas National Research University Fund in FY 2018. In addition to research excellence, U. T. Dallas' commitment to providing high quality education at an affordable cost has been recognized nationally and internationally, including ranking Top 20 for the lowest student debt after graduation by *U.S. News & World Report*, and Best Value University by *Princeton Review* and *Money Magazine*.

Fall 2018 enrollment stood at 28,755, up 4.0 percent and 35.7 percent from fall 2017 and fall 2013, respectively. U. T. Dallas is anticipating a slight enrollment increase for fall 2019 with a continued decrease in graduate international student enrollment offset by an increase in undergraduate student enrollment. The FY 2020 budget was established based on a modest tuition rate increase, actions to realign operations with available resources, and stricter restrictions on operating cost increases, while preserving funding to further advance the goals in the U. T. Dallas strategic plan.

U. T. Dallas is committed to maintaining quality through enrichment of student experience and success, research innovation, faculty excellence, building capacity in Ph.D. programs, and focusing on improving time to graduation, as well as improvements in efficiency and productivity through automation and technology improvements. The primary challenges for U. T. Dallas in maintaining quality during this period are centered on a need for additional instructional space, especially for the Science, Technology, Engineering, and Mathematics programs.

**Revenue**

Total budgeted revenue for FY 2020 is approximately \$727.6 million, an increase of \$71.9 million over FY 2019. The FY 2020 revenue budget is based on current projections that are exceeding the FY 2019 budgeted amounts due to unanticipated enrollment growth and increased research awards.

Incremental operating revenue is due mainly to increases in net tuition and fees (\$20.7 million), consisting of rate increases (\$15.5 million) and enrollment growth (\$5.2 million). The increase in state appropriations (\$9.4 million) consists of additional funding for special items and formula based appropriations. The increase in sponsored programs (\$28.8 million) is derived from increased grant funding particularly in the federal research area and an anticipated increase in the Available National Research University Fund award.

**Expenses**

Total budgeted expenses for FY 2020, including transfers for interest, total approximately \$758.0 million, an increase of \$60.9 million over FY 2019. Research expenses account for over 50 percent of the total operating expense increase, driven by new federal research grants, TRIP funding, and additional Available National Research University Funding.

The FY 2020 budget includes funding for operating expenses for the Asian Arts Museum (\$2.4 million) and increases in leases and operations for a new building (\$4.0 million). The increase in scholarships and fellowships (\$29.4 million) is due to increases in Pell Grants, TEXAS Grants, and institutionally funded scholarships. Faculty and non-faculty compensation is projected to increase \$23.5 million or 8.7 percent over FY 2019, which includes a reserve for new faculty recruitment, merit program, market salary increases and new positions to support research activity. Benefits related expenses, driven by rate increases in group insurance benefit and retirement contributions, is projected to increase \$7.8 million or 9.6 percent.

**The University of Texas at Dallas**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 419,485,781	391,231,156	443,950,274	52,719,118	13.5%
Less Discounts and Allowances	(110,934,906)	(89,200,704)	(121,223,007)	(32,022,303)	35.9%
Federal Sponsored Programs	48,644,313	36,435,250	56,568,195	20,132,945	55.3%
State Sponsored Programs	15,107,560	18,842,080	24,674,787	5,832,707	31.0%
Local and Private Sponsored Programs	11,975,496	10,826,076	13,632,838	2,806,762	25.9%
Net Sales and Services of Educational Activities	35,780,476	29,647,240	35,893,902	6,246,662	21.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	60,728,091	62,850,175	63,231,955	381,780	0.6%
Other Operating Revenues	5,618,186	4,413,252	4,747,765	334,513	7.6%
<b>Total Operating Revenues</b>	<b>486,404,997</b>	<b>465,044,525</b>	<b>521,476,709</b>	<b>56,432,184</b>	<b>12.1%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	134,317,543	126,449,100	141,444,682	14,995,582	11.9%
Compensation - Non-Faculty	143,371,214	143,010,177	151,596,770	8,586,593	6.0%
Wages	45,459,020	42,217,223	45,978,024	3,760,801	8.9%
Benefits	76,347,291	80,795,249	88,561,082	7,765,833	9.6%
Personnel Costs	399,495,068	392,471,749	427,580,558	35,108,809	8.9%
Utilities	12,098,352	12,632,746	12,632,746	-	0.0%
Scholarships and Fellowships	163,279,360	149,462,282	178,841,560	29,379,278	19.7%
Less Discounts and Allowances	(110,934,906)	(89,200,704)	(121,223,007)	(32,022,303)	35.9%
Operations, Maintenance and Travel	141,245,172	131,143,548	160,979,529	29,835,981	22.8%
Less Capitalized Portion	(14,773,160)	(12,578,983)	(13,768,902)	(1,189,919)	9.5%
Depreciation and Amortization	81,986,884	84,381,017	86,146,119	1,765,102	2.1%
<b>Total Operating Expenses</b>	<b>672,396,770</b>	<b>668,311,655</b>	<b>731,188,603</b>	<b>62,876,948</b>	<b>9.4%</b>
<b>Operating Surplus/Deficit</b>	<b>(185,991,773)</b>	<b>(203,267,130)</b>	<b>(209,711,894)</b>	<b>(6,444,764)</b>	<b>3.2%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	123,162,041	114,886,378	124,241,185	9,354,807	8.1%
Federal Sponsored Programs (Nonoperating)	32,320,044	30,689,196	33,805,495	3,116,299	10.2%
State/Local Sponsored Programs (Nonoperating)	-	-	2,184,181	2,184,181	-
Gifts in Support of Operations	10,891,972	13,859,482	13,521,842	(337,640)	-2.4%
Net Investment Income	32,016,250	31,200,895	32,332,706	1,131,811	3.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>198,390,307</b>	<b>190,635,951</b>	<b>206,085,409</b>	<b>15,449,458</b>	<b>8.1%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(28,355,026)	(28,758,921)	(26,795,078)	1,963,843	-6.8%
<b>Total Transfers and Other</b>	<b>(28,355,026)</b>	<b>(28,758,921)</b>	<b>(26,795,078)</b>	<b>1,963,843</b>	<b>-6.8%</b>
<b>Budget Margin (Deficit)</b>	<b>(15,956,492)</b>	<b>(41,390,100)</b>	<b>(30,421,563)</b>	<b>10,968,537</b>	<b>-26.5%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	15,000,000	3,000,000	(12,000,000)	-80.0%
Additions to Permanent Endowments	6,800,000	4,000,000	5,000,000	1,000,000	25.0%
Transfers for Debt Service - Principal	(34,210,220)	(35,953,001)	(34,752,001)	1,201,000	-3.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	6,044,662	15,000,000	6,000,000	(9,000,000)	-60.0%
<b>SRECNP Change in Net Position</b>	<b>\$(37,322,050)</b>	<b>(43,343,101)</b>	<b>(51,173,564)</b>	<b>(7,830,463)</b>	<b>18.1%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 684,795,304</b>	<b>655,680,476</b>	<b>727,562,118</b>	<b>71,881,642</b>	<b>11.0%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(700,751,796)</b>	<b>(697,070,576)</b>	<b>(757,983,681)</b>	<b>(60,913,105)</b>	<b>8.7%</b>
<b>Budget Margin (Deficit)</b>	<b>\$(15,956,492)</b>	<b>(41,390,100)</b>	<b>(30,421,563)</b>	<b>10,968,537</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		84,381,017	86,146,119		
Capital Outlay		(12,578,983)	(13,768,902)		
Transfers for Debt Service - Principal		(35,953,001)	(34,752,001)		
Budgeted Transfers		(501,169)	(510,719)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(6,042,236)</b>	<b>6,692,934</b>		

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

**The University of Texas at Dallas**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 191,461,279	196,026,608	212,168,200	16,141,592	8.2%
Academic Support	60,197,375	62,966,463	66,707,842	3,741,379	5.9%
Research	101,319,515	78,393,952	112,777,424	34,383,472	43.9%
Public Service	11,297,198	9,290,275	12,519,013	3,228,738	34.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	53,279,183	57,017,896	59,041,434	2,023,538	3.5%
Student Services	18,292,845	18,420,026	20,271,253	1,851,227	10.1%
Operations and Maintenance of Plant	45,070,824	46,943,378	49,945,324	3,001,946	6.4%
Scholarships and Fellowships	54,122,925	52,802,295	50,255,013	(2,547,282)	-4.8%
Auxiliary Enterprises	55,368,742	62,069,745	61,356,981	(712,764)	-1.1%
Depreciation and Amortization	81,986,884	84,381,017	86,146,119	1,765,102	2.1%
<b>Total Operating Expenses</b>	<b>\$ 672,396,770</b>	<b>668,311,655</b>	<b>731,188,603</b>	<b>62,876,948</b>	<b>9.4%</b>

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



**THE UNIVERSITY OF TEXAS**  
**AT EL PASO**



**The University of Texas at El Paso  
Operating Budget Highlights  
For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The University of Texas at El Paso remains dedicated to the advancement of the El Paso region through education, technological advancement, creative and artistic production, and the generation, interpretation, application, and dissemination of knowledge. The FY 2020 operating budget embraces The University's role as an intellectual, cultural, and socioeconomic asset to the region by offering programs that meet human resource needs and contribute to the prosperity and quality of life. The University's recently achieved R1 designation in the Carnegie Classification of Institutions of Higher Education, ranks U.T. El Paso as one of only 131 (4.4 percent) top tier universities. This designation validates the University's success in its commitment to ensuring that excellence is always accompanied by a deep and sustained access commitment.

To meet the institutional strategic plan goal of Access and Excellence, the University has sought to ensure affordability by carefully considering any tuition and fee increases and impact to the students in the region. The University maintains its commitment to further advance initiatives such as enhanced financial aid, scholarships, work-study, dual credit, and early college high school assist with this endeavor. The University will continue to advance student achievement and social mobility through its highly integrated student success initiative, the UTEP EDGE, which expands student engagement in innovatively applied learning activities, experiences and groundbreaking professional development programs to prepare students for leadership on campus, and for the world of work and in the global community.

The FY 2020 Operating Budget also maintains and enhances investments in faculty competitiveness, retention, and research. The University remains invested in developing new programs in order to contribute to the region's economic and civic engagement. Growth in PhD programs remains a top priority, with two new programs in the pipeline, to join the current 22 programs. Completion of the Interdisciplinary Research Building, will provide the much needed space for researchers, students, and faculty to address some of society's biggest issues through interdisciplinary research.

**Revenue**

Projected revenues for FY 2020 are \$489.1 million, which is largely attributable to an increase in tuition and fee revenues, resulting from the 5 percent tuition rate increase approved by the Board of Regents and an increase in projected enrollment of 1 percent. State appropriations increased by \$5.6 million, which include an increase of \$1.1 million for state paid benefits. The increase in Federal Sponsored Programs activity is related to a \$2.8 million increase in federal financial aid programs. This also includes an increase of \$5.9 million for anticipated auxiliary events.

**Expenses**

Total operating expenses are projected at \$484.5 million, the increase of which is largely related to a \$4.6 million investment in instructional budgets for Faculty recruitment and retention. The University has also allocated funds to support a much-deserved 3 percent merit increase for all faculty and staff. The growth of \$4.7 million in scholarships and fellowships (before discounts and allowances) is a result of increases in TEXAS Grants, exemptions for Hazlewood, federal financial aid, and institutionally funded scholarships. Other changes include a 5 percent increase in health insurance premiums and an 11 percent increase in student health insurance premiums. The increase in depreciation expense is attributed to the grand opening of the Interdisciplinary Research Building.

**The University of Texas at El Paso**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 188,494,350	183,539,106	202,480,432	18,941,326	10.3%
Less Discounts and Allowances	(52,778,417)	(47,162,679)	(55,794,724)	(8,632,045)	18.3%
Federal Sponsored Programs	54,634,654	59,511,557	52,327,057	(7,184,500)	-12.1%
State Sponsored Programs	22,820,997	27,588,161	30,702,200	3,114,039	11.3%
Local and Private Sponsored Programs	7,380,768	8,041,376	7,305,737	(735,639)	-9.1%
Net Sales and Services of Educational Activities	4,455,022	5,756,882	6,026,125	269,243	4.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	38,467,592	42,131,121	44,404,738	2,273,617	5.4%
Other Operating Revenues	233,000	60,000	60,000	-	0.0%
<b>Total Operating Revenues</b>	<b>263,707,966</b>	<b>279,465,524</b>	<b>287,511,565</b>	<b>8,046,041</b>	<b>2.9%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	92,896,088	89,365,101	96,579,738	7,214,637	8.1%
Compensation - Non-Faculty	95,873,526	97,802,444	104,806,745	7,004,301	7.2%
Wages	9,726,300	15,249,451	15,611,412	361,961	2.4%
Benefits	56,003,873	55,348,268	58,082,044	2,733,776	4.9%
Personnel Costs	254,499,787	257,765,264	275,079,939	17,314,675	6.7%
Utilities	8,881,441	10,353,955	10,353,955	-	0.0%
Scholarships and Fellowships	122,493,972	109,017,813	113,711,150	4,693,337	4.3%
Less Discounts and Allowances	(52,778,418)	(47,162,679)	(55,794,724)	(8,632,045)	18.3%
Operations, Maintenance and Travel	90,308,778	111,872,023	112,477,864	605,841	0.5%
Less Capitalized Portion	(3,310,218)	(5,127,041)	(4,055,017)	1,072,024	-20.9%
Depreciation and Amortization	30,209,738	31,655,974	32,699,511	1,043,537	3.3%
<b>Total Operating Expenses</b>	<b>450,305,080</b>	<b>468,375,309</b>	<b>484,472,678</b>	<b>16,097,369</b>	<b>3.4%</b>
<b>Operating Surplus/Deficit</b>	<b>(186,597,114)</b>	<b>(188,909,785)</b>	<b>(196,961,113)</b>	<b>(8,051,328)</b>	<b>4.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	107,597,106	109,038,103	114,645,552	5,607,449	5.1%
Federal Sponsored Programs (Nonoperating)	62,005,006	62,005,006	64,853,301	2,848,295	4.6%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	6,741,332	8,750,000	8,555,000	(195,000)	-2.2%
Net Investment Income	15,730,939	13,342,455	13,527,500	185,045	1.4%
Other Non-Operating Revenue	-	45,000	45,000	-	0.0%
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>192,074,383</b>	<b>193,180,564</b>	<b>201,626,353</b>	<b>8,445,789</b>	<b>4.4%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(10,715,934)	(10,737,019)	(10,191,879)	545,140	-5.1%
<b>Total Transfers and Other</b>	<b>(10,715,934)</b>	<b>(10,737,019)</b>	<b>(10,191,879)</b>	<b>545,140</b>	<b>-5.1%</b>
<b>Budget Margin (Deficit)</b>	<b>(5,238,665)</b>	<b>(6,466,240)</b>	<b>(5,526,639)</b>	<b>939,601</b>	<b>-14.5%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(3,715,763)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
Additions to Permanent Endowments	2,873,000	2,873,000	3,017,000	144,000	5.0%
Transfers for Debt Service - Principal	(17,347,000)	(17,347,000)	(18,045,000)	(698,000)	4.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	49,126,850	49,126,850	30,363,850	(18,763,000)	-38.2%
<b>SRECNP Change in Net Position</b>	<b>\$ 25,698,422</b>	<b>28,186,610</b>	<b>9,809,211</b>	<b>(18,377,399)</b>	<b>-65.2%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 455,782,349</b>	<b>472,646,088</b>	<b>489,137,918</b>	<b>16,491,830</b>	<b>3.5%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(461,021,014)</b>	<b>(479,112,328)</b>	<b>(494,664,557)</b>	<b>(15,552,229)</b>	<b>3.2%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (5,238,665)</b>	<b>(6,466,240)</b>	<b>(5,526,639)</b>	<b>939,601</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		31,655,974	32,699,511		
Capital Outlay		(5,127,041)	(4,055,017)		
Transfers for Debt Service - Principal		(17,347,000)	(18,045,000)		
Budgeted Transfers		39,001	13,086		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>2,754,694</b>	<b>5,085,941</b>		

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



**The University of Texas at El Paso**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 125,188,412	128,321,717	140,195,523	11,873,806	9.3%
Academic Support	24,197,492	26,013,825	28,493,221	2,479,396	9.5%
Research	76,877,448	79,424,592	73,535,116	(5,889,476)	-7.4%
Public Service	9,032,050	8,220,161	7,416,770	(803,391)	-9.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	28,902,560	35,890,721	38,947,200	3,056,479	8.5%
Student Services	19,618,452	21,373,639	21,338,728	(34,911)	-0.2%
Operations and Maintenance of Plant	30,540,931	30,338,042	31,698,370	1,360,328	4.5%
Scholarships and Fellowships	56,418,804	55,575,134	57,401,085	1,825,951	3.3%
Auxiliary Enterprises	49,319,193	51,561,504	52,747,154	1,185,650	2.3%
Depreciation and Amortization	30,209,738	31,655,974	32,699,511	1,043,537	3.3%
<b>Total Operating Expenses</b>	<b>\$ 450,305,080</b>	<b>468,375,309</b>	<b>484,472,678</b>	<b>16,097,369</b>	<b>3.4%</b>

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



**THE UNIVERSITY OF TEXAS**

**PERMIAN BASIN**



**The University of Texas Permian Basin  
Operating Budget Highlights  
For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The University of Texas Permian Basin seeks: to provide greater access to higher education for Texans, particularly west Texans; to award degrees of value; to conduct meaningful research; to improve the overall quality of life of the west Texas region; and, to do so while being a good steward of resources entrusted to it. To advance efforts to achieve these goals, U. T. Permian Basin has four strategic pillars in the new strategic plan: 1) Student Success, 2) Serve the Region, 3) Advance Creativity and Knowledge, and 4) Responsible Stewardship.

The success of U. T. Permian Basin students remains the primary focus. Initiatives are planned to help students achieve educational and career goals by addressing graduation, retention, and experiential learning efforts. The University will seek to enhance the campus life and academic experiences for students, and to increase high impact practices that benefit students. It is also critical for the University to recruit and retain high quality faculty to maintain academic excellence. The dramatic increase in the cost of living and lack of available housing in the Permian Basin has increased the recruiting/retention costs for faculty and staff.

Meeting the needs of the region will require that the University significantly increase the number of graduates, and the strategic plan calls for the number of degrees conferred to double over the next 10-12 years. The current workforce shortage is significant and is expected to increase in the coming years. High demand degrees such as engineering, nursing, business, and education are facing the most severe shortages, and efforts are underway to ramp up degree production and to implement more sophisticated enrollment management plans. The FY 2020 budget provides funding for the operation of the new engineering facility.

The University will seek to increase faculty research, particularly applied research to advance knowledge in the region. Artistic expression including music, art, and dance also contribute to the quality of life in the community, and efforts are underway to enhance these aspects of the university as well.

Another major goal of the strategic plan is to promote responsible stewardship of resources. U. T. Permian Basin will develop and implement a five-year plan designed to provide a tool for strategic planning and to help strengthen the financial position of the University over time. The FY 2020 budget provides funding in several critical administrative areas designed to continue the implementation of improved business practices and automation of manual processes. The University will make additional investments to ensure a well -managed, strategic, efficient and transparent enterprise and to increase external funding.

**Revenue**

Total budgeted revenue for FY 2020 is approximately \$97.0 million, an increase of \$2.7 million over the FY 2019 budget. This increase in the revenue budget over the prior year is the net effect of increases in tuition and fees, a slight decrease in overall state funding, an increase in state and local sponsored programs, a decrease in gifts, and an increase in other operating revenues. Resident undergraduate and graduate tuition rates were increased by 4.95 percent for FY 2020, while enrollment is conservatively projected at the levels experienced in FY 2019. Auxiliary revenue is projected to be lower than FY 2019 but at a level moderately higher than generated. Campus housing policies have been strategically modified which should result in increased occupancy by upperclassmen.

**Expenses**

Most faculty and staff at U. T. Permian Basin have not received a pay increase in a number of years. This is believed to be a critical factor in retaining quality faculty and staff dealing with the economy in the region. U. T. Permian Basin is budgeting a merit pool reserve of between 2 percent and 4 percent for faculty and staff who have been with the University for at least one year. The final merit pool will depend on the amount of the reserve needed to address issues arising from the gender equity study being conducted this summer. Projected budgeted expenses for FY 2020, including Transfers for Interest, total approximately \$99.8 million, an increase of \$1.8 million over FY 2019. Increases in expenditures for instruction, academic support, institutional support, and scholarships are budgeted. Most of these increases are to add critical faculty and staff to provide instruction needed in growing programs or to address needs in operational areas.

**The University of Texas Permian Basin**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 32,679,394	36,118,568	36,671,516	552,948	1.5%
Less Discounts and Allowances	(8,450,738)	(8,450,738)	(9,000,000)	(549,262)	6.5%
Federal Sponsored Programs	2,744,657	2,054,226	2,699,081	644,855	31.4%
State Sponsored Programs	5,853,118	7,623,846	9,019,810	1,395,964	18.3%
Local and Private Sponsored Programs	792,840	340,040	1,314,640	974,600	286.6%
Net Sales and Services of Educational Activities	1,606,739	19,038	1,435,000	1,415,962	7437.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	4,953,338	8,888,747	8,631,380	(257,367)	-2.9%
Other Operating Revenues	3,630,802	473,493	598,500	125,007	26.4%
<b>Total Operating Revenues</b>	<b>43,810,150</b>	<b>47,067,220</b>	<b>51,369,927</b>	<b>4,302,707</b>	<b>9.1%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	17,855,661	17,974,924	18,240,490	265,566	1.5%
Compensation - Non-Faculty	20,281,577	20,417,043	21,451,031	1,033,988	5.1%
Wages	2,041,084	2,038,542	1,747,135	(291,407)	-14.3%
Benefits	10,793,027	8,863,967	8,949,277	85,310	1.0%
Personnel Costs	50,971,349	49,294,476	50,387,933	1,093,457	2.2%
Utilities	1,605,748	1,458,054	1,482,671	24,617	1.7%
Scholarships and Fellowships	22,899,296	14,302,506	14,471,123	168,617	1.2%
Less Discounts and Allowances	(8,450,738)	(8,450,738)	(9,000,000)	(549,262)	6.5%
Operations, Maintenance and Travel	28,339,692	18,352,327	20,169,198	1,816,871	9.9%
Less Capitalized Portion	(1,617,650)	(840,000)	(840,000)	-	0.0%
Depreciation and Amortization	19,695,898	15,843,519	15,843,519	-	0.0%
<b>Total Operating Expenses</b>	<b>113,443,595</b>	<b>89,960,144</b>	<b>92,514,444</b>	<b>2,554,300</b>	<b>2.8%</b>
<b>Operating Surplus/Deficit</b>	<b>(69,633,445)</b>	<b>(42,892,924)</b>	<b>(41,144,517)</b>	<b>1,748,407</b>	<b>-4.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	37,132,719	36,729,749	36,444,599	(285,150)	-0.8%
Federal Sponsored Programs (Nonoperating)	7,054,875	5,978,234	5,588,500	(389,734)	-6.5%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	500,000	2,000,000	1,050,000	(950,000)	-47.5%
Net Investment Income	1,851,502	2,474,741	2,500,794	26,053	1.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>46,539,096</b>	<b>47,182,724</b>	<b>45,583,893</b>	<b>(1,598,831)</b>	<b>-3.4%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,998,391)	(8,042,141)	(7,244,123)	798,018	-9.9%
<b>Total Transfers and Other</b>	<b>(7,998,391)</b>	<b>(8,042,141)</b>	<b>(7,244,123)</b>	<b>798,018</b>	<b>-9.9%</b>
<b>Budget Margin (Deficit)</b>	<b>(31,092,740)</b>	<b>(3,752,341)</b>	<b>(2,804,747)</b>	<b>947,594</b>	<b>-25.3%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,200,000	1,200,000	1,000,000	(200,000)	-16.7%
Additions to Permanent Endowments	800,000	800,000	1,000,000	200,000	25.0%
Transfers for Debt Service - Principal	(18,728,740)	(12,229,000)	(11,412,000)	817,000	-6.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	42,887,000	45,887,000	21,800,000	(24,087,000)	-52.5%
<b>SRECNP Change in Net Position</b>	<b>\$ (4,934,480)</b>	<b>31,905,659</b>	<b>9,583,253</b>	<b>(22,322,406)</b>	<b>-70.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 90,349,246</b>	<b>94,249,944</b>	<b>96,953,820</b>	<b>2,703,876</b>	<b>2.9%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(121,441,986)</b>	<b>(98,002,285)</b>	<b>(99,758,567)</b>	<b>(1,756,282)</b>	<b>1.8%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (31,092,740)</b>	<b>(3,752,341)</b>	<b>(2,804,747)</b>	<b>947,594</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		15,843,519	15,843,519		
Capital Outlay		(840,000)	(840,000)		
Transfers for Debt Service - Principal		(12,229,000)	(11,412,000)		
Budgeted Transfers		3,000,000	700,000		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>2,022,178</b>	<b>1,486,772</b>		

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

**The University of Texas Permian Basin**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 34,244,421	31,621,066	32,550,110	929,044	2.9%
Academic Support	6,045,668	5,663,015	6,117,843	454,828	8.0%
Research	1,113,668	1,493,169	2,170,650	677,481	45.4%
Public Service	4,042,471	2,057,254	1,896,910	(160,344)	-7.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	10,807,572	10,267,585	11,076,548	808,963	7.9%
Student Services	3,220,377	3,340,859	3,223,006	(117,853)	-3.5%
Operations and Maintenance of Plant	8,264,937	6,068,449	6,441,309	372,860	6.1%
Scholarships and Fellowships	15,748,467	6,291,686	6,510,457	218,771	3.5%
Auxiliary Enterprises	10,260,117	7,313,542	6,684,092	(629,450)	-8.6%
Depreciation and Amortization	19,695,898	15,843,519	15,843,519	-	0.0%
<b>Total Operating Expenses</b>	<b>\$ 113,443,595</b>	<b>89,960,144</b>	<b>92,514,444</b>	<b>2,554,300</b>	<b>2.8%</b>



**THE UNIVERSITY OF TEXAS**  
**RIO GRANDE VALLEY**



**The University of Texas Rio Grande Valley**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

With the FY 2020 operating budget, The University of Texas Rio Grande Valley seeks to maintain access and affordability, increase research, expand the delivery of online and graduate programs, and increase the use of technology-based instruction to bridge the University's two major campuses.

With the Fall 2019 semester, U. T. Rio Grande Valley will begin the fifth year in operation. Total enrollment for the semester is projected at 29,461 students, an increase of 2.8 percent over Fall 2018. Included are 600 high school students enrolled in the University's math and science academy and dual enrollment programs. Also included are 210 medical students as the School of Medicine adds a fourth class of students and will reach a milestone by graduating its inaugural class.

U. T. Rio Grande Valley continues its tradition of affordability. According to the latest available data, the average total academic cost was the third lowest among Texas public universities. In addition, the University's tuition structure provides predictability with its four-year guaranteed tuition plan. The structure reduces time-to-degree via a 12-hour cap on tuition and mandatory fees that encourages students to take larger class loads. Finally, the high school dual enrollment program allows students to earn college credit at no charge.

**Revenue**

State appropriations totaling \$157.6 million represent an increase of \$9.0 million over FY 2019. General revenue for operations increased by \$10.2 million, including \$1.4 million in new non-formula support for the Cervical Dysplasia and Cancer Immunology Center. This is offset by a \$1.2 million reduction in estimated fringe benefits to be paid by the State.

Tuition and fee revenues, before discounting, are estimated to increase by \$19.7 million primarily due to significant growth in accelerated online programs and the transition of students in expiring tuition plans to higher rates. As compared to the FY 2019 budget, undergraduate and graduate enrollments are expected to grow in FY 2020 by 281 students and 750 students, respectively. The latter is associated with significant growth in graduate enrollments, especially in accelerated online programs. Finally, a 4.1% percent increase in the total academic cost will be in effect for newly enrolled students.

Growth in restricted federal sponsored programs is estimated at \$4.0 million. In addition, an anticipated increase in net professional fees of \$2.3 million is due to the continuing expansion of the clinical operations of the medical school.

**Expenses**

Total expenses are projected at \$556.5 million inclusive of noncash adjustments such as depreciation. Included are \$2.9 million for new academic programs, \$0.6 million in faculty promotions and \$0.9 million in other equity and reclassification adjustments. Other expenses include a 5% increase in health premiums totaling \$1.4 million and an additional \$0.9 million in library support.

The expansion of online and graduate program offerings is supported by \$2.0 million for additional graduate assistantships, \$0.5 million for graduate program coordinators, and \$0.8 million invested in online program coaching, marketing, and support.

Scholarships, before discounts, are projected at \$173.7 million, including \$39.6 million in TEXAS Grants and \$86.0 million in Pell Grants. An additional \$2.1 million is provided for transfer recruitment scholarships and an additional \$2.1 million in financial aid funded by tuition set asides. Also included is \$8.0 million for exemptions, of which \$5.7 million is estimated for Hazlewood recipients.

The ongoing development of the medical school includes \$3.1 million in operating costs for a new medical research facility and an increase in Graduate Medical Education programs to \$3.8 million. Finally, the 10 percent increase in personnel cost is mostly attributable to growth in medical school operations.

**The University of Texas Rio Grande Valley**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 218,892,421	215,422,134	235,155,169	19,733,035	9.2%
Less Discounts and Allowances	(122,432,465)	(100,171,300)	(114,468,900)	(14,297,600)	14.3%
Federal Sponsored Programs	38,834,259	35,274,604	39,247,222	3,972,618	11.3%
State Sponsored Programs	45,476,964	43,893,994	46,224,407	2,330,413	5.3%
Local and Private Sponsored Programs	35,563,188	34,600,128	32,433,055	(2,167,073)	-6.3%
Net Sales and Services of Educational Activities	7,136,317	6,620,834	6,319,088	(301,746)	-4.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	4,466,641	10,105,675	12,397,667	2,291,992	22.7%
Net Auxiliary Enterprises	10,447,438	9,529,435	10,809,161	1,279,726	13.4%
Other Operating Revenues	12,477,393	9,288,872	8,931,440	(3,576,953)	-38.2%
<b>Total Operating Revenues</b>	<b>250,862,156</b>	<b>264,564,376</b>	<b>277,048,309</b>	<b>12,483,933</b>	<b>4.7%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	114,022,613	104,337,708	115,576,476	11,238,768	10.8%
Compensation - Non-Faculty	112,168,080	116,359,208	128,978,310	12,619,102	10.8%
Wages	23,197,100	25,047,027	25,576,126	529,099	2.1%
Benefits	71,833,593	75,463,368	82,769,143	7,305,775	9.7%
Personnel Costs	321,221,386	321,207,311	352,900,055	31,692,744	9.9%
Utilities	10,004,806	11,738,787	11,895,109	156,322	1.3%
Scholarships and Fellowships	164,116,498	162,573,093	173,685,348	11,112,255	6.8%
Less Discounts and Allowances	(122,432,465)	(100,171,300)	(114,468,900)	(14,297,600)	14.3%
Operations, Maintenance and Travel	97,366,493	85,541,148	84,274,731	(1,266,417)	-1.5%
Less Capitalized Portion	(5,938,619)	(6,180,000)	(8,190,000)	(2,010,000)	32.5%
Depreciation and Amortization	47,454,600	53,855,869	49,759,894	(4,095,975)	-7.6%
<b>Total Operating Expenses</b>	<b>511,792,699</b>	<b>528,564,908</b>	<b>549,856,237</b>	<b>21,291,329</b>	<b>4.0%</b>
<b>Operating Surplus/Deficit</b>	<b>(260,930,543)</b>	<b>(264,000,532)</b>	<b>(272,807,928)</b>	<b>(8,807,396)</b>	<b>3.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	145,841,371	148,548,273	157,572,706	9,024,433	6.1%
Federal Sponsored Programs (Nonoperating)	84,975,646	85,000,000	86,000,000	1,000,000	1.2%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	3,746,603	5,854,117	6,076,623	222,506	3.8%
Net Investment Income	8,438,424	7,117,494	7,661,140	543,646	7.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	(80,000)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>242,922,044</b>	<b>246,519,884</b>	<b>257,310,469</b>	<b>10,790,585</b>	<b>4.4%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,507,270)	(7,510,131)	(6,596,631)	913,500	-12.2%
<b>Total Transfers and Other</b>	<b>(7,507,270)</b>	<b>(7,510,131)</b>	<b>(6,596,631)</b>	<b>913,500</b>	<b>-12.2%</b>
<b>Budget Margin (Deficit)</b>	<b>(25,515,769)</b>	<b>(24,990,779)</b>	<b>(22,094,090)</b>	<b>2,896,689</b>	<b>-11.6%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(3,276,465)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	2,548,720	170,000	140,000	(30,000)	-17.6%
Additions to Permanent Endowments	1,718,750	897,600	930,000	32,400	3.6%
Transfers for Debt Service - Principal	(18,022,875)	(18,022,000)	(17,859,000)	163,000	-0.9%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	51,730,014	21,210,596	59,309,942	38,099,346	179.6%
<b>SRECNP Change in Net Position</b>	<b>\$ 9,182,375</b>	<b>(20,734,583)</b>	<b>20,426,852</b>	<b>41,161,435</b>	<b>-198.5%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 493,864,200</b>	<b>511,084,260</b>	<b>534,358,778</b>	<b>23,274,518</b>	<b>4.6%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(519,379,969)</b>	<b>(536,075,039)</b>	<b>(556,452,868)</b>	<b>(20,377,829)</b>	<b>3.8%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (25,515,769)</b>	<b>(24,990,779)</b>	<b>(22,094,090)</b>	<b>2,896,689</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		53,855,869	49,759,894		
Capital Outlay		(6,180,000)	(8,190,000)		
Transfers for Debt Service - Principal		(18,022,000)	(17,859,000)		
Budgeted Transfers		114,522	107,278		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>4,777,612</b>	<b>1,724,082</b>		

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



**The University of Texas Rio Grande Valley**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 149,082,244	136,920,949	152,792,094	15,871,145	11.6%
Academic Support	46,870,359	50,838,108	55,712,116	4,874,008	9.6%
Research	40,043,435	40,945,070	41,183,871	238,801	0.6%
Public Service	18,155,216	12,874,370	15,229,270	2,354,900	18.3%
Hospitals and Clinics	28,992,978	40,768,232	39,763,336	(1,004,896)	-2.5%
Institutional Support	41,674,648	37,866,178	42,583,727	4,717,549	12.5%
Student Services	30,368,437	27,827,972	27,394,968	(433,004)	-1.6%
Operations and Maintenance of Plant	38,423,219	33,103,841	34,774,343	1,670,502	5.0%
Scholarships and Fellowships	40,845,814	66,137,985	59,840,963	(6,297,022)	-9.5%
Auxiliary Enterprises	29,881,749	27,426,334	30,821,655	3,395,321	12.4%
Depreciation and Amortization	47,454,600	53,855,869	49,759,894	(4,095,975)	-7.6%
<b>Total Operating Expenses</b>	<b>\$ 511,792,699</b>	<b>528,564,908</b>	<b>549,856,237</b>	<b>21,291,329</b>	<b>4.0%</b>

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



**THE UNIVERSITY OF TEXAS**  
**AT SAN ANTONIO**



**The University of Texas at San Antonio**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The University budget process has gone through a transformational change over the last year. The institution is set to implement a new Incentivized Resource Management budget model in FY 2020 that will provide transparency, collaboration, and clear alignment with strategic initiatives for directed and results-driven strategic investments going forward. The University priorities for budget decisions in the FY 2020 Budget encompass strategic initiatives launched last year, along with new initiatives for the future. The first prior year initiative focused on strategic enrollment and student success. A set of strategies was designed to grow enrollment to more than 38,000 students by Fall 2023. Initiatives will continue into the future focusing on graduate level enrollment and maintaining a results-driven focus on retention and student success initiatives. The second initiative launched last year included leadership organizational changes. These changes included hiring a new vice president in Business Affairs, and creating a new vice presidents for Inclusive Excellence and Information Management Technology. The University is now in a position to build on leadership areas that are critical and meaningful to future planning. The third initiative launched last year pertained to academic organizational changes centered on strategic academic initiatives, finance/administrative alignments, faculty success, educational partnerships, graduate school, and career engagement. New budgetary funding for this next year includes several major initiatives centered on personnel, capital facility projects, and research. Areas where funding is budgeted include: 1) Merit pay for faculty and staff; 2) Real estate investment fund to help with smaller short-term agreements to secure larger long-term capital projects; 3) Faculty start-up funds to continue to attract new research faculty; 4) Core research facility funding, along with a director-level position to oversee research; and 5) Seed or strategic investment funding for the new School of Data Sciences and the National Security Collaboration Center. All of these combined will help us reach key elements of the institution's strategic plan, including becoming a model for student success by emphasizing classroom to career learning, achieving public research university Carnegie R1 and National Research University Fund classification status, and implementing strategic growth and innovation excellence as outlined by the Campus Master Plan. These key elements are being supported not only by new funding priorities, but also by institutional administrative efficiency changes and integrated development strategies. As part of the University's faculty hiring process, U. T. San Antonio continues to focus on building clusters through cluster hires geared to academic and research disciplines currently in demand and synergistic with the San Antonio community. The University began cluster hiring in 2017 with cybersecurity, including cloud computing and also in brain health. In 2018, analytics and data science as well as artificial intelligence clusters were started. Another major goal for this 50 year old University pertains to the Southern Association of Colleges and Schools Commission on Colleges accreditation reaffirmation that will take place in 2019-2020. Inherent in this process is to align all around continuous improvement of the University and the processes to support students and to achieve excellence overall.

**Revenue**

The FY 2020 budget includes a revenue increase of \$26.8 million in gross tuition and fees over the FY 2019 budget level, with an offsetting increase of \$12.2 million in tuition discount and allowances for a net increase of \$14.5 million. In FY 2019 the University realized the budgeted level of growth in enrollment and project in the FY 2020 budget a continued growth of 5% percent based on a three year trend analysis. Hazelwood veteran's exemptions continue to create a significant loss in tuition revenue for the University. Projections for FY 2020 are estimated at \$22 million based on a four year average. Overall, sponsored programs are expected to increase \$9.9 million over FY 2019 budgeted levels with a shift from local and private increases to federal sponsored increases. TEXAS Grant funding increases of \$2.7 million are included in the state portion of the sponsored funding. Pell Federal sponsored program is budgeted at \$1 million higher than the FY 2019 level, which was \$9 million higher than FY 2018. Net Sales and Services, including auxiliary areas, are expecting a \$3 million increase primarily due to enrollment growth along with three year trends. Due to enrollment increases in the formula base year the University was fortunate to experience an increase of \$13.2 million in state appropriations that included a new non-formula item for a foster care pilot program of \$1.7 million and an increase of just under \$1 million for the CORE research formula funding.

**Expenses**

As a part of last year's strategic priorities and task force work, U. T. San Antonio identified \$1.7 million to support initiatives for strategic enrollment and student success programs and another \$3.8 million for research initiatives, development support, executive and academic administrative support. A three percent performance-based merit increase is planned for faculty and staff, totaling approximately \$4.3 million for salary and benefits. Faculty support that includes new positions, promotion and tenure, and start-up funding for research faculty is included in this budget at \$6.1 million. Operating increases for the employer share of Texas Retirement System (TRS), state group insurance, utilities and debt service is included at a total of \$2.6 million. Increases to financial aid set asides of \$1.5 million are included. Targeted strategic funding for real estate, new initiatives identified this next year, and replenishment of reserves are budgeted at \$5.5 million.

**The University of Texas at San Antonio**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 298,564,511	281,891,313	308,662,798	26,771,485	9.5%
Less Discounts and Allowances	(89,569,353)	(79,734,582)	(91,962,584)	(12,228,002)	15.3%
Federal Sponsored Programs	45,486,033	41,959,100	59,658,973	17,699,873	42.2%
State Sponsored Programs	24,732,593	31,737,348	29,500,315	(2,237,033)	-7.0%
Local and Private Sponsored Programs	7,529,719	16,352,800	10,824,570	(5,528,230)	-33.8%
Net Sales and Services of Educational Activities	14,896,087	10,528,829	12,282,849	1,754,020	16.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	46,352,081	42,317,371	43,538,720	1,221,349	2.9%
Other Operating Revenues	3,376,148	921,729	757,500	(164,229)	-17.8%
<b>Total Operating Revenues</b>	<b>351,367,819</b>	<b>345,973,908</b>	<b>373,263,141</b>	<b>27,289,233</b>	<b>7.9%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	104,120,259	102,448,916	105,836,098	3,387,182	3.3%
Compensation - Non-Faculty	144,329,346	138,793,732	150,208,923	11,415,191	8.2%
Wages	11,999,451	11,814,024	11,511,589	(302,435)	-2.6%
Benefits	70,321,245	71,542,643	77,931,647	6,389,004	8.9%
Personnel Costs	330,770,301	324,599,315	345,488,257	20,888,942	6.4%
Utilities	14,250,000	13,722,277	13,861,749	139,472	1.0%
Scholarships and Fellowships	152,280,198	118,335,653	125,753,462	7,417,809	6.3%
Less Discounts and Allowances	(89,569,353)	(79,734,582)	(91,962,584)	(12,228,002)	15.3%
Operations, Maintenance and Travel	180,116,736	145,224,768	175,728,863	30,504,095	21.0%
Less Capitalized Portion	(69,073,703)	(7,966,000)	(8,883,600)	(917,600)	11.5%
Depreciation and Amortization	49,719,528	48,632,211	49,438,534	806,323	1.7%
<b>Total Operating Expenses</b>	<b>568,493,707</b>	<b>562,813,642</b>	<b>609,424,681</b>	<b>46,611,039</b>	<b>8.3%</b>
<b>Operating Surplus/Deficit</b>	<b>(217,125,888)</b>	<b>(216,839,734)</b>	<b>(236,161,540)</b>	<b>(19,321,806)</b>	<b>8.9%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	133,090,913	131,466,633	144,668,403	13,201,770	10.0%
Federal Sponsored Programs (Nonoperating)	59,000,000	55,000,000	56,000,000	1,000,000	1.8%
State/Local Sponsored Programs (Nonoperating)	1,116,623	1,116,623	1,225,000	108,377	9.7%
Gifts in Support of Operations	7,000,000	8,300,000	10,000,000	1,700,000	20.5%
Net Investment Income	22,436,785	12,899,540	15,344,800	2,445,260	19.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>222,644,321</b>	<b>208,782,796</b>	<b>227,238,203</b>	<b>18,455,407</b>	<b>8.8%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(14,884,500)	(14,898,917)	(14,279,881)	619,036	-4.2%
<b>Total Transfers and Other</b>	<b>(14,884,500)</b>	<b>(14,898,917)</b>	<b>(14,279,881)</b>	<b>619,036</b>	<b>-4.2%</b>
<b>Budget Margin (Deficit)</b>	<b>(9,366,067)</b>	<b>(22,955,855)</b>	<b>(23,203,218)</b>	<b>(247,363)</b>	<b>1.1%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	514,734	-	-	-	-
Interest Expense on Capital Asset Financings	(9,832,895)	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,101,000	1,101,000	1,101,000	-	0.0%
Additions to Permanent Endowments	3,572,667	3,572,667	3,572,667	-	0.0%
Transfers for Debt Service - Principal	(25,457,300)	(22,810,000)	(23,002,794)	(192,794)	0.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	12,522,233	15,285,267	15,385,267	100,000	0.7%
<b>SRECNP Change in Net Position</b>	<b>\$(26,945,628)</b>	<b>(25,806,921)</b>	<b>(26,147,078)</b>	<b>(340,157)</b>	<b>1.3%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 574,012,140</b>	<b>554,756,704</b>	<b>600,501,344</b>	<b>45,744,640</b>	<b>8.2%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(583,378,207)</b>	<b>(577,712,559)</b>	<b>(623,704,562)</b>	<b>(45,992,003)</b>	<b>8.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$(9,366,067)</b>	<b>(22,955,855)</b>	<b>(23,203,218)</b>	<b>(247,363)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		48,632,211	49,438,534		
Capital Outlay		(7,966,000)	(8,883,600)		
Transfers for Debt Service - Principal		(22,810,000)	(23,002,794)		
Budgeted Transfers		99,644	257,317		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(5,000,000)</b>	<b>(5,393,761)</b>		

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

**The University of Texas at San Antonio**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 160,276,235	149,872,194	134,322,184	(15,550,010)	-10.4%
Academic Support	59,284,206	63,227,342	71,969,591	8,742,249	13.8%
Research	65,757,835	62,878,989	108,919,728	46,040,739	73.2%
Public Service	18,046,942	16,139,692	19,569,829	3,430,137	21.3%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	42,184,728	49,607,528	54,955,949	5,348,421	10.8%
Student Services	29,782,209	27,538,118	31,101,013	3,562,895	12.9%
Operations and Maintenance of Plant	38,260,126	42,802,184	42,949,214	147,030	0.3%
Scholarships and Fellowships	50,840,242	42,260,211	41,030,204	(1,230,007)	-2.9%
Auxiliary Enterprises	54,341,656	59,855,173	55,168,435	(4,686,738)	-7.8%
Depreciation and Amortization	49,719,528	48,632,211	49,438,534	806,323	1.7%
<b>Total Operating Expenses</b>	<b>\$ 568,493,707</b>	<b>562,813,642</b>	<b>609,424,681</b>	<b>46,611,039</b>	<b>8.3%</b>

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



**THE UNIVERSITY OF TEXAS**  
**AT TYLER**



**The University of Texas at Tyler**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The FY 2020 budget reflects The University of Texas at Tyler's vision to be the primary educational and economic driver of East Texas. U. T. Tyler has a culture of excellence and innovation that also provides a nurturing environment to prepare students to be future problem solvers and leaders. U. T. Tyler remains one of the best values in higher education in Texas. With tuition and fees below the mean among the U. T. System, the State, and regional competitors, U. T. Tyler takes great pride in the tradition of offering quality academic programs, expert faculty, active student life programs, and well-rounded service opportunities.

The FY 2020 budget continues to honor the base budget and the financial commitments made by the previous administration. It also reflects a significant investment in initiatives supporting the four pillars of the University's Strategic Plan 2018-2023: student success, student engagement, research and scholarship, and community engagement.

U. T. Tyler's annual operating margin improved in FY 2018 moving to a 0.70 percent positive margin from a 0.70 percent negative margin the prior year. The new administration continues to implement strategies to realign spending levels with annual revenue. These efforts along with the continued focus on the campus strategic plan will result in a more efficient university, improved campus financial performance, and an intentional investment of resources aligned with new strategic initiatives supporting U. T. Tyler student success.

**Revenue**

U. T. Tyler's FY 2020 revenue budget totals \$160.5 million and reflects approximately \$3.3 million in total revenue growth (2.1 percent) over FY 2019. Approximately \$ 4.7 million in revenue growth can be attributed to an increase in tuition (\$2.7 million) and selected mandatory fees (\$0.8 million) and an anticipated 2 percent enrollment growth rate (\$ 1.2 million). Enrollment growth at University Academy, U. T. Tyler's charter school, along with increased state support has yielded an increase of \$1.1 million in state pass through revenue. The Fisch College of Pharmacy Program has completed its fourth year of existence and enrollment has leveled off. The current operating budget reflects a \$1.2 million reduction in program revenue. Even with this anticipated revenue reduction, the Pharmacy Program continues to contribute to campus overhead costs.

The \$1.3 million decrease in nonoperating revenue is due to a reduction of state support for higher education group insurance (\$1.1 million) and a budget correction from the prior years' over-estimated Federal Pell Grant award (\$1.7 million) offset by growth in anticipated net investment income (\$1.6 million).

**Expenses**

Total expenses, including transfers for interest, are budgeted at \$170.5 million, an increase of \$4.9 million (3.0 percent) over the prior year. The FY 2020 budget is centered on investments in the University's highest strategic priorities: student engagement and student success.

The FY 2020 budget includes an additional \$2.4 million (increase of 7.9 percent) dedicated to student success through the establishment of the second Presidential merit scholarship cohort (\$1.1 million) and the first year of athletic scholarship awards (\$1.3 million) in accordance with National Collegiate Athletic Association Division II rules. An additional \$1.3 million has been invested in new faculty lines and adjunct salaries in support of new and growing academic programs. The \$0.8 million increase in depreciation expense is largely offset by a \$0.5 million decrease in interest expense. An additional \$1.1 million will support increased faculty salaries as well as benefits and operating expenses at University Academy. Finally, as U. T. Tyler continues to focus on improving administrative effectiveness and efficiency, a slight (\$0.7 million) decrease is anticipated in administrative support.

**The University of Texas at Tyler**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 78,815,588	76,700,445	81,750,820	5,050,375	6.6%
Less Discounts and Allowances	(24,379,475)	(22,014,332)	(23,357,000)	(1,342,668)	6.1%
Federal Sponsored Programs	2,179,302	3,424,249	2,721,157	(703,092)	-20.5%
State Sponsored Programs	2,281,355	8,914,394	11,360,341	2,445,947	27.4%
Local and Private Sponsored Programs	9,500,754	334,155	824,248	490,093	146.7%
Net Sales and Services of Educational Activities	12,124,771	14,446,435	12,980,452	(1,465,983)	-10.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	10,967,507	10,524,799	10,634,254	109,455	1.0%
Other Operating Revenues	307,600	36,794	36,794	-	0.0%
<b>Total Operating Revenues</b>	<b>91,797,402</b>	<b>92,366,939</b>	<b>96,951,066</b>	<b>4,584,127</b>	<b>5.0%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	35,718,245	35,268,109	37,474,992	2,206,883	6.3%
Compensation - Non-Faculty	29,798,525	29,422,992	33,209,459	3,786,467	12.9%
Wages	4,267,798	4,214,013	2,553,704	(1,660,309)	-39.4%
Benefits	20,455,067	23,608,622	23,470,698	(137,924)	-0.6%
Personnel Costs	90,239,635	92,513,736	96,708,853	4,195,117	4.5%
Utilities	3,391,627	3,565,369	3,565,369	-	0.0%
Scholarships and Fellowships	33,097,990	30,539,986	32,178,619	1,638,633	5.4%
Less Discounts and Allowances	(24,379,475)	(22,014,332)	(23,357,000)	(1,342,668)	6.1%
Operations, Maintenance and Travel	33,291,956	38,466,756	38,309,533	(157,223)	-0.4%
Less Capitalized Portion	(976,308)	(976,308)	(570,150)	406,158	-41.6%
Depreciation and Amortization	15,832,500	16,637,579	17,399,059	761,480	4.6%
<b>Total Operating Expenses</b>	<b>150,497,925</b>	<b>158,732,786</b>	<b>164,234,283</b>	<b>5,501,497</b>	<b>3.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(58,700,523)</b>	<b>(66,365,847)</b>	<b>(67,283,217)</b>	<b>(917,370)</b>	<b>1.4%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	44,186,695	44,186,695	43,107,083	(1,079,612)	-2.4%
Federal Sponsored Programs (Nonoperating)	11,000,000	13,857,049	12,120,752	(1,736,297)	-12.5%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,337,015	1,337,015	1,287,015	(50,000)	-3.7%
Net Investment Income	7,065,807	5,467,424	7,026,698	1,559,274	28.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>63,589,517</b>	<b>64,848,183</b>	<b>63,541,548</b>	<b>(1,306,635)</b>	<b>-2.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(6,845,599)	(6,845,598)	(6,314,547)	531,051	-7.8%
<b>Total Transfers and Other</b>	<b>(6,845,599)</b>	<b>(6,845,598)</b>	<b>(6,314,547)</b>	<b>531,051</b>	<b>-7.8%</b>
<b>Budget Margin (Deficit)</b>	<b>(1,956,605)</b>	<b>(8,363,262)</b>	<b>(10,056,216)</b>	<b>(1,692,954)</b>	<b>20.2%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	125,000	125,000	10,000	(115,000)	-92.0%
Additions to Permanent Endowments	1,200,000	1,200,000	1,400,000	200,000	16.7%
Transfers for Debt Service - Principal	(9,079,000)	(9,079,000)	(9,544,000)	(465,000)	5.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	3,132,121	3,132,141	1,220,897	(1,911,244)	-61.0%
<b>SRECNP Change in Net Position</b>	<b>\$(6,578,484)</b>	<b>(12,985,121)</b>	<b>(16,969,319)</b>	<b>(3,984,198)</b>	<b>30.7%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 155,386,919</b>	<b>157,215,122</b>	<b>160,492,614</b>	<b>3,277,492</b>	<b>2.1%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(157,343,524)</b>	<b>(165,578,384)</b>	<b>(170,548,830)</b>	<b>(4,970,446)</b>	<b>3.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$(1,956,605)</b>	<b>(8,363,262)</b>	<b>(10,056,216)</b>	<b>(1,692,954)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		16,637,579	17,399,059		
Capital Outlay		(976,308)	(570,150)		
Transfers for Debt Service - Principal		(9,079,000)	(9,544,000)		
Budgeted Transfers		(662,736)	(162,736)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(2,443,727)</b>	<b>(2,934,043)</b>		

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



**The University of Texas at Tyler**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 57,286,097	59,432,685	61,578,405	2,145,720	3.6%
Academic Support	20,900,229	19,302,030	19,187,784	(114,246)	-0.6%
Research	2,316,263	1,162,576	1,319,264	156,688	13.5%
Public Service	807,999	178,411	652,658	474,247	265.8%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	15,123,040	17,121,919	16,375,203	(746,716)	-4.4%
Student Services	11,769,845	12,255,849	13,069,332	813,483	6.6%
Operations and Maintenance of Plant	9,844,116	11,010,921	11,088,730	77,809	0.7%
Scholarships and Fellowships	6,086,922	8,525,654	9,286,709	761,055	8.9%
Auxiliary Enterprises	10,530,914	13,105,162	14,277,139	1,171,977	8.9%
Depreciation and Amortization	15,832,500	16,637,579	17,399,059	761,480	4.6%
<b>Total Operating Expenses</b>	<b>\$ 150,497,925</b>	<b>158,732,786</b>	<b>164,234,283</b>	<b>5,501,497</b>	<b>3.5%</b>

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



**THE UNIVERSITY OF TEXAS**  
**SOUTHWESTERN MEDICAL CENTER**



**The University of Texas Southwestern Medical Center**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The University of Texas Southwestern Medical Center, one of the premier academic medical centers in the nation, integrates pioneering biomedical research with exceptional clinical care and education. The mission of U. T. Southwestern Medical Center is to promote health and a healthy society that enables achievement of full human potential in the community, Texas, the nation, and the world. This is accomplished through innovation and education, training physicians, scientists, and caregivers optimally prepared to serve the needs of patients; discovery, conducting high-impact, internationally recognized research that solves for unmet needs by finding better treatments, cures, and prevention with a commitment to ensuring real world application; and healing, delivering the best patient care possible today, with continuous improvement for better care tomorrow. Strategic positioning and programmatic investments are designed to sustain a trajectory of excellence and targeted growth in all these mission areas.

Among the highlights of these investments is the completion of the first phase of the West Campus multi-year reinvestment plan. A new facility, which opened in August 2018, includes faculty offices, outpatient clinics, and a state-of-the-art Simulation Center for education and training. This facility supports the Medical School's Foundation for Excellence Curriculum, which represents an integrated approach to the basic science and clinical components of medical education, emphasizes team-based learning, and provides closer contact with faculty for ongoing mentoring.

U. T. Southwestern Medical Center is dedicated to groundbreaking medical advances and quickly translating science-driven research to new clinical treatments. A notable example is the Peter O'Donnell Jr. Brain Institute, which encompasses both research and clinical programs, including the state-supported Texas Institute for Brain Injury and Repair, which promotes awareness of concussions and other traumatic brain injuries, and the Center for Alzheimer's and Neurodegenerative Diseases, which is advancing the understanding of the causes of Alzheimer's disease. With investments from the state and local community and high-profile attention to brain health in sports, the military, and an aging patient population, U. T. Southwestern Medical Center is making significant strides toward enhancing public health. To support expanded research and co-locate the medical specialties, the Institution began construction of a new brain institute and cancer center facility. This expansion provides the Simmons Comprehensive Cancer Center with the ability to meet increasing patient demands while pursuing the mission of state-of-the-art cancer treatment.

In addition to outstanding education and research programs, the Institution is committed to leadership in patient care and continues to gain recognition through national and international clinical awards. Steady growth of patient volume continues to exceed projections. In September 2020, the University will open a 292-bed third tower for Clements University Hospital that will provide additional inpatient capacity. The Institution will also be requesting Board of Regents approval to expand the Radiation Oncology facility originally opened in April 2017. A driver of clinical growth is Southwestern Health Resources, a partnership with Texas Health Resources (THR) that includes a clinically integrated network of over 3,000 physicians, 27 hospitals, and 300 clinics across 16 counties. It leverages the complementary strengths of U. T. Southwestern Medical Center and THR, enhancing joint initiatives, including significant growth of Accountable Care Organization program offerings with demonstrated improvement in patient outcomes and cost reductions. The Institution has further leveraged the relationship with THR to jointly develop a hospital and medical office building campus opening in 2019 in the rapidly expanding Frisco, Texas market.

University leadership remains focused on placing industry leaders in key executive, department chair, and center director positions. Following national searches, many positions have been filled with individuals who are prominent leaders in their fields. The most recent appointments include W. P. Andrew Lee, M.D., as the new Executive Vice President for Academic Affairs, Provost, and Dean of the Medical School, Anke Henning, Ph.D., as the new Director of the Advanced Imaging Research Center, and William Dauer, M.D., as the new Director of the Peter O'Donnell Brain Institute.

**Revenue**

The FY 2020 revenue budget of \$3.36 billion represents a 2.6 percent increase over the FY 2019 projection, primarily driven by strong patient care volumes for university hospitals and clinics, and growth in professional fees from the faculty practice plan.

**Expenses**

U. T. Southwestern Medical Center continues to identify and implement University-wide cost savings opportunities. Savings achieved continue to be strategically redirected to initiatives that support the Institution's blended mission. The total expense budget for FY 2020 is \$3.33 billion. Budgeted expenses include a 3.0 percent merit pool for faculty and staff. Expense growth related to university hospitals, clinical operations, and instruction are proportional to revenue growth for the upcoming fiscal year. The budget includes sufficient funds to cover projected debt service to finance expansion activities and major information resources projects.

**The University of Texas Southwestern Medical Center**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 28,154,732	27,387,998	28,791,715	1,403,717	5.1%
Less Discounts and Allowances	(1,127,204)	(1,127,204)	(1,127,204)	-	0.0%
Federal Sponsored Programs	193,851,568	209,092,938	195,773,165	(13,319,773)	-6.4%
State Sponsored Programs	44,500,205	41,592,994	44,962,124	3,369,130	8.1%
Local and Private Sponsored Programs	351,308,415	316,726,035	326,745,716	10,019,681	3.2%
Net Sales and Services of Educational Activities	6,964,188	11,095,714	8,029,567	(3,066,147)	-27.6%
Net Sales and Services of Hospital and Clinics	1,458,613,688	1,385,085,088	1,505,990,291	120,905,203	8.7%
Net Professional Fees	702,911,425	714,349,889	712,436,747	(1,913,142)	-0.3%
Net Auxiliary Enterprises	26,476,083	25,784,377	29,276,581	3,492,204	13.5%
Other Operating Revenues	128,692,590	122,005,541	131,562,997	9,557,456	7.8%
<b>Total Operating Revenues</b>	<b>2,940,345,690</b>	<b>2,851,993,370</b>	<b>2,982,441,699</b>	<b>130,448,329</b>	<b>4.6%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	608,042,140	658,221,071	667,568,663	9,347,592	1.4%
Compensation - Non-Faculty	951,084,474	915,034,010	956,185,437	41,151,427	4.5%
Wages	26,096,116	22,203,532	26,997,129	4,793,597	21.6%
Benefits	402,834,487	355,512,923	419,710,818	64,197,895	18.1%
Personnel Costs	1,988,057,217	1,950,971,536	2,070,462,047	119,490,511	6.1%
Utilities	22,035,492	8,404,131	24,209,033	15,804,902	188.1%
Scholarships and Fellowships	4,578,730	4,718,444	4,820,487	102,043	2.2%
Less Discounts and Allowances	(1,127,204)	(1,127,204)	(1,127,204)	-	0.0%
Operations, Maintenance and Travel	1,060,622,800	1,009,304,426	1,080,634,523	71,330,097	7.1%
Less Capitalized Portion	(61,644,804)	(45,000,000)	(90,882,249)	(45,882,249)	102.0%
Depreciation and Amortization	176,966,495	176,966,495	184,966,495	8,000,000	4.5%
<b>Total Operating Expenses</b>	<b>3,189,488,726</b>	<b>3,104,237,828</b>	<b>3,273,083,132</b>	<b>168,845,304</b>	<b>5.4%</b>
<b>Operating Surplus/Deficit</b>	<b>(249,143,036)</b>	<b>(252,244,458)</b>	<b>(290,641,433)</b>	<b>(38,396,975)</b>	<b>15.2%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	193,945,493	193,945,493	202,020,971	8,075,478	4.2%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	60,000,000	55,000,000	60,000,000	5,000,000	9.1%
Net Investment Income	119,126,945	119,126,945	118,779,742	(347,203)	-0.3%
Other Non-Operating Revenue	19,492	19,492	40,572	21,080	108.1%
Other Non-Operating (Expenses)	(7,800,000)	(5,000,000)	(7,500,000)	(2,500,000)	50.0%
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>365,291,930</b>	<b>363,091,930</b>	<b>373,341,285</b>	<b>10,249,355</b>	<b>2.8%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(40,470,109)	(42,843,397)	(48,070,404)	(5,227,007)	12.2%
<b>Total Transfers and Other</b>	<b>(40,470,109)</b>	<b>(42,843,397)</b>	<b>(48,070,404)</b>	<b>(5,227,007)</b>	<b>12.2%</b>
<b>Budget Margin (Deficit)</b>	<b>75,678,785</b>	<b>68,004,075</b>	<b>34,629,448</b>	<b>(33,374,627)</b>	<b>-49.1%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	6,000,000	6,000,000	-	0.0%
Additions to Permanent Endowments	-	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(67,808,372)	(68,449,000)	(71,287,250)	(2,838,250)	4.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	-	253,756,490	228,000,000	(25,756,490)	-10.2%
<b>SRECNP Change in Net Position</b>	<b>\$ 7,870,413</b>	<b>269,311,565</b>	<b>207,342,198</b>	<b>(61,969,367)</b>	<b>-23.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 3,313,437,620</b>	<b>3,220,085,300</b>	<b>3,363,282,984</b>	<b>143,197,684</b>	<b>4.4%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(3,237,758,835)</b>	<b>(3,152,081,225)</b>	<b>(3,328,653,536)</b>	<b>(176,572,311)</b>	<b>5.6%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 75,678,785</b>	<b>68,004,075</b>	<b>34,629,448</b>	<b>(33,374,627)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		176,966,495	184,966,495		
Capital Outlay		(45,000,000)	(90,882,249)		
Transfers for Debt Service - Principal		(68,449,000)	(71,287,250)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>131,521,570</b>	<b>57,426,444</b>		

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

**The University of Texas Southwestern Medical Center**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 1,007,575,530	1,053,618,548	1,029,185,555	(24,432,993)	-2.3%
Academic Support	18,671,801	31,698,168	24,464,307	(7,233,861)	-22.8%
Research	373,312,698	358,016,393	372,184,525	14,168,132	4.0%
Public Service	33,964,264	31,948,588	33,102,723	1,154,135	3.6%
Hospitals and Clinics	1,379,567,865	1,263,428,580	1,437,345,890	173,917,310	13.8%
Institutional Support	72,630,233	86,515,195	75,089,155	(11,426,040)	-13.2%
Student Services	3,977,992	3,985,787	4,038,341	52,554	1.3%
Operations and Maintenance of Plant	90,878,587	68,756,892	80,971,520	12,214,628	17.8%
Scholarships and Fellowships	3,451,526	3,594,280	3,750,009	155,729	4.3%
Auxiliary Enterprises	28,491,735	25,708,902	27,984,612	2,275,710	8.9%
Depreciation and Amortization	176,966,495	176,966,495	184,966,495	8,000,000	4.5%
<b>Total Operating Expenses</b>	<b>\$ 3,189,488,726</b>	<b>3,104,237,828</b>	<b>3,273,083,132</b>	<b>168,845,304</b>	<b>5.4%</b>

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



**THE UNIVERSITY OF TEXAS**  
**MEDICAL BRANCH**  
**AT GALVESTON**



**The University of Texas Medical Branch at Galveston  
Operating Budget Highlights  
For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The FY 2020 operating budget of The University of Texas Medical Branch at Galveston allocates resources to ensure continued support for the University's mission: to improve health for the people of Texas and around the world by offering innovative education and training, pursuing cutting edge research, and providing the highest quality patient care. The University's strategic plan, "The Road Ahead," outlines detailed plans and timelines for achieving its mission goals and identifies four essential strategic priorities: People, Value, Strategic Management and Growth, and Resources.

Addressing the priority of people, the FY 2020 operating budget provides support for over \$19 million in compensation improvements, 75 percent of which is targeted to increase faculty compensation to targeted industry benchmarks. The remainder will fund annual staff merit and market adjustments. As operations grow closer to Houston, there is strong competition for health care workers; as such, the University seeks to enhance talent acquisition, investment in employees, and its reputation as a recognized best place to work.

The University's Value strategies aim to streamline systems, improve outcomes, and deliver the best service and care in FY 2020. As clinical reimbursement from commercial and governmental payors remains flat or declines across the nation, the University continues to identify and implement revenue enhancement and expense reduction opportunities to maintain appropriate margins. Over \$100 million in such opportunities were identified and implemented in FY 2019. As a "High-Value Practicing Organization" through the Best Care initiative, the University promotes evidence-based, high-value approaches to avoid unnecessary expenses. This work includes reducing variations in clinical care such as antibiotic management, blood product usage, opioid stewardship, length of stay, and supply, device, lab and imaging utilization. The University strives to maintain its 5 Star rating in Vizient's Quality and Accountability Study, where it is currently ranked 11<sup>th</sup> among 93 academic medical center peers.

The University's Growth strategies call for enhancing its competitive position and optimizing revenue streams and resources in FY 2020. Growth initiatives include continued expansion of University hospitals and clinics in League City and Clear Lake and leveraging those assets for educational and research activities. Partnerships with healthcare providers in the area, including The University of Texas M. D. Anderson Cancer Center and The University of Texas Health Science Center at Houston, are key to the University's growth. Clinical strategic priorities for those markets include Orthopedics, Gastroenterology, Heart, Women's and Children's, and Neurosciences service lines as well as digital health and primary care expansion. The research strategic plan rollout includes expansion of research about Alzheimer's disease and Zika virus pathogenesis, detection, and vaccines with interdisciplinary activities in neurodysfunction, infection and immunity, and other clinical research programs.

Regarding the Resources strategies, the FY 2020 operating budget reflects growth in revenue and expenses driven by the initiatives noted above and contemplates a <\$10> million budget margin loss. This includes a \$12 million loss on the first full year of Clear Lake Campus operations (a \$29.7 million improvement over FY 2019 budgeted losses) and a \$2.5 million favorable performance on other University operations. The \$2.5 million favorable performance includes absorption of a \$11 million quarter four loss related to expenses opening the new tower in League City as well as a \$5 million increased contribution to the Texas Teacher Retirement System. A planned \$16.2 million (8.8 percent) depreciation increase and a \$3.5 million (11.8 percent) increase in interest expense related to activating new facilities is offset by growth in net patient care revenue resulting from increased volume, revenue cycle optimization, increased education formula funding from the State of Texas, and tuition and fee increases. Clinical volume growth is aggressive but achievable due to expanded facilities and locations; however, significant efficiency gains are required across all areas. The University will optimize existing financial management and forecasting infrastructure, as well as implement measurable action plans to achieve planned financial results for FY 2020 and future years.

**Revenue**

Total budgeted operating revenue for FY 2020 reflects a \$216.5 million (12.1 percent) increase from the FY 2019 budget, primarily related to a full year of Clear Lake Campus Hospital revenue and League City Campus expansion.

**Expenses**

Total budgeted operating expenses for FY 2020 reflect a \$196.1 million (8.8 percent) increase from the FY 2019 budget, primarily attributable to a full year of Clear Lake Hospital expenses, League City Campus expansion, planned merit, faculty and staff market and pay practice changes, inflation, and depreciation, offset by margin improvement initiatives. Depreciation increases are related to the Health Education Center, Clear Lake Campus Hospital, League City Campus expansion, and John Sealy Hospital modernization.

**The University of Texas Medical Branch at Galveston**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 47,702,325	43,346,828	47,037,063	3,690,235	8.5%
Less Discounts and Allowances	(3,938,724)	(1,123,211)	(1,532,906)	(409,695)	36.5%
Federal Sponsored Programs	131,951,688	120,780,236	125,692,546	4,912,310	4.1%
State Sponsored Programs	7,997,072	595,542	11,764,620	11,169,078	1875.4%
Local and Private Sponsored Programs	59,978,040	61,332,270	64,602,888	3,270,618	5.3%
Net Sales and Services of Educational Activities	13,252,735	24,822,432	14,409,688	(10,412,744)	-41.9%
Net Sales and Services of Hospital and Clinics	1,286,260,800	1,249,181,509	1,443,184,779	194,003,270	15.5%
Net Professional Fees	215,811,654	217,825,559	231,120,297	13,294,738	6.1%
Net Auxiliary Enterprises	16,195,314	15,268,125	13,709,881	(1,558,244)	-10.2%
Other Operating Revenues	45,917,396	54,661,819	53,199,180	(1,462,639)	-2.7%
<b>Total Operating Revenues</b>	<b>1,821,128,300</b>	<b>1,786,691,109</b>	<b>2,003,188,036</b>	<b>216,496,927</b>	<b>12.1%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	208,654,896	200,786,695	199,562,879	(1,223,816)	-0.6%
Compensation - Non-Faculty	779,710,401	749,131,303	856,238,420	107,107,117	14.3%
Wages	109,818,366	105,663,589	86,148,419	(19,515,170)	-18.5%
Benefits	296,543,121	318,535,350	364,879,094	46,343,744	14.5%
Personnel Costs	1,394,726,784	1,374,116,937	1,506,828,812	132,711,875	9.7%
Utilities	33,971,634	21,960,430	32,019,482	10,059,052	45.8%
Scholarships and Fellowships	10,061,762	8,969,935	6,323,525	(2,646,410)	-29.5%
Less Discounts and Allowances	(3,938,724)	(1,123,211)	(1,532,906)	(409,695)	36.5%
Operations, Maintenance and Travel	757,942,657	750,931,208	794,041,838	43,110,630	5.7%
Less Capitalized Portion	(104,579,905)	(104,579,905)	(107,512,291)	(2,932,386)	2.8%
Depreciation and Amortization	183,555,284	185,095,371	201,323,474	16,228,103	8.8%
<b>Total Operating Expenses</b>	<b>2,271,739,492</b>	<b>2,235,370,765</b>	<b>2,431,491,934</b>	<b>196,121,169</b>	<b>8.8%</b>
<b>Operating Surplus/Deficit</b>	<b>(450,611,192)</b>	<b>(448,679,656)</b>	<b>(428,303,898)</b>	<b>20,375,758</b>	<b>-4.5%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	374,018,702	374,285,080	380,513,162	6,228,082	1.7%
Federal Sponsored Programs (Nonoperating)	800,000	800,000	1,004,954	204,954	25.6%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	8,237,174	6,986,756	6,967,744	(19,012)	-0.3%
Net Investment Income	64,547,770	43,219,913	63,910,461	20,690,548	47.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>447,603,646</b>	<b>425,291,749</b>	<b>452,396,321</b>	<b>27,104,572</b>	<b>6.4%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(36,851,641)	(28,454,214)	(33,799,922)	(5,345,708)	18.8%
<b>Total Transfers and Other</b>	<b>(36,851,641)</b>	<b>(28,454,214)</b>	<b>(33,799,922)</b>	<b>(5,345,708)</b>	<b>18.8%</b>
<b>Budget Margin (Deficit)</b>	<b>(39,859,187)</b>	<b>(51,842,121)</b>	<b>(9,707,499)</b>	<b>42,134,622</b>	<b>-81.3%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	67,244,667	67,244,667	49,412,715	(17,831,952)	-26.5%
Additions to Permanent Endowments	3,141,000	3,141,000	2,934,000	(207,000)	-6.6%
Transfers for Debt Service - Principal	(61,405,000)	(58,987,401)	(61,405,000)	(2,417,599)	4.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	262,288,727	262,288,727	207,277,618	(55,011,109)	-21.0%
<b>SRECNP Change in Net Position</b>	<b>\$ 231,410,207</b>	<b>221,844,872</b>	<b>188,511,834</b>	<b>(33,333,038)</b>	<b>-15.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 2,268,731,946</b>	<b>2,211,982,858</b>	<b>2,455,584,357</b>	<b>243,601,499</b>	<b>11.0%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(2,308,591,133)</b>	<b>(2,263,824,979)</b>	<b>(2,465,291,856)</b>	<b>(201,466,877)</b>	<b>8.9%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (39,859,187)</b>	<b>(51,842,121)</b>	<b>(9,707,499)</b>	<b>42,134,622</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		185,095,371	201,323,474		
Capital Outlay		(104,579,905)	(107,512,291)		
Transfers for Debt Service - Principal		(58,987,401)	(61,405,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(30,314,056)</b>	<b>22,698,684</b>		

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



**The University of Texas Medical Branch at Galveston**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 361,581,247	355,017,115	386,862,231	31,845,116	9.0%
Academic Support	45,201,343	44,380,760	43,025,701	(1,355,059)	-3.1%
Research	118,764,258	116,608,216	91,292,616	(25,315,600)	-21.7%
Public Service	17,148,973	16,837,651	13,357,200	(3,480,451)	-20.7%
Hospitals and Clinics	1,401,319,737	1,375,880,234	1,529,899,417	154,019,183	11.2%
Institutional Support	63,717,656	62,560,928	79,177,459	16,616,531	26.6%
Student Services	7,752,197	7,611,464	7,372,489	(238,975)	-3.1%
Operations and Maintenance of Plant	49,993,986	49,086,397	60,461,082	11,374,685	23.2%
Scholarships and Fellowships	9,450,623	9,279,057	5,657,842	(3,621,215)	-39.0%
Auxiliary Enterprises	13,254,188	13,013,572	13,062,423	48,851	0.4%
Depreciation and Amortization	183,555,284	185,095,371	201,323,474	16,228,103	8.8%
<b>Total Operating Expenses</b>	<b>\$ 2,271,739,492</b>	<b>2,235,370,765</b>	<b>2,431,491,934</b>	<b>196,121,169</b>	<b>8.8%</b>

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



**THE UNIVERSITY OF TEXAS  
HEALTH SCIENCE CENTER  
AT HOUSTON**



**The University of Texas Health Science Center at Houston**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The University of Texas Health Science Center at Houston is Houston's Health University and Texas' resource for health care education, innovation, scientific discovery, and excellence in patient care. The most comprehensive academic health center in The University of Texas System and the United States Gulf Coast region, U. T. Health Science Center - Houston is home to schools of biomedical informatics, biomedical sciences, dentistry, public health, the Jane and Robert Cizik School of Nursing, and the John P. and Kathrine G. McGovern Medical School. It also includes The University of Texas Harris County Psychiatric Center (HCPC), as well as the growing clinical practices UT Physicians, UT Dentists, and UT Health Services.

The Institution continues its strategy of clinical expansion as a means to support the academic and research mission in FY 2020. The FY 2020 budget includes a full year's impact of the acquisition of the Mischer Neurosciences Associates (MNA), a neurosurgery/neurology clinical enterprise with over a dozen clinic sites, and approximately 200 employees, including 40 physicians/advanced care providers. It significantly increases the Department of Neurosurgery's presence in the Greater Houston area. Additional budget growth is attributed to increases in U. T. Health Science Center - Houston's funding agreements with its primary hospital partners, Memorial Hermann Healthcare System (MHHS), and the Harris County Hospital District (Harris Health). The FY 2020 budget continues to include the 1115 Waiver's Uncompensated Care and Delivery System Reform Incentive Payment initiatives, as well as the Network Access Improvement Program, a critical funding source of the Institution's programs designed to provide quality clinical care to the underserved throughout Greater Houston.

A major change fully implemented in the FY 2020 budget is the transition of the approximately 1,100 residents from employees of the U. T. System Medical Foundation (Med Foundation) to employees of U. T. Health Science Center - Houston. The expenses associated with the Med Foundation have historically been included in the consolidated financials reported on a monthly and annual basis but not included in the U. T. Health Science Center - Houston budget. The transition adds approximately \$70.0 million in revenues and associated expenses compared to previous years.

U. T. Health Science Center - Houston will continue to enhance its information technology infrastructure and facilities in FY 2020. The Institution will kick off its implementation of Epic, a major software project to replace the current electronic health record and revenue cycle systems, in the first quarter of FY 2020 with the goal of enhancing the patient experience while providing continued opportunities for improvements in revenue cycle management. The Institution, along with the Texas Department of Health and Human Services Commission (HHSC), broke ground in late FY 2019 on construction of a \$125.0 million Continuum of Care Campus that will be funded by the state, owned by HHSC, and operated by HCPC physicians and staff. It will include short and long-term care options, residential treatment, and add 240 beds to HCPC's existing 274 to create the largest academic psychiatric hospital in the country. In addition, planning continues on a research building that would be part of the proposed TMC<sup>3</sup> project. TMC<sup>3</sup> seeks to bring researchers and industry experts across the Texas Medical Center into a central location.

**Revenue**

The FY 2020 \$1.8 billion total revenue budget includes an increase of \$177.9 million, or 13.4 percent, in total operating revenues over the FY 2019 budget. This is driven by MHHS and Harris Health contract increases of approximately \$46.6 million, \$59.9 million in Med Foundation contracts for residents services that are now in the U. T. Health Science Center - Houston budget, net professional fees growth (\$40.3 million, 10.4 percent) associated with the MNA acquisition, increased faculty productivity, and revenue cycle optimization.

Non-operating revenues provide an additional \$17.6 million increase in the FY 2020 budget. State appropriations are the primary reason for the increase. The 86<sup>th</sup> Texas Legislature in the General Appropriations Act included increased formula funding, created a new mission specific research formula, and provided additional funding for benefits reimbursements.

**Expenses**

The FY 2020 expense budget is projecting a total increase of \$196.0 million or 12.3 percent. Compensation for both faculty and non-faculty positions, and the associated benefits, tied to enhanced clinical activities and the transition of Med Foundation residents onto the U. T. Health Science Center - Houston payroll are the main drivers of the increase. It should also be noted that depreciation expense is on the rise and will continue to increase as facilities are improved and new buildings come online.

**The University of Texas Health Science Center at Houston**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 60,236,647	56,195,691	61,326,338	5,130,647	9.1%
Less Discounts and Allowances	(1,349,595)	(985,861)	(1,264,972)	(279,111)	28.3%
Federal Sponsored Programs	160,631,850	167,436,360	173,648,338	6,211,978	3.7%
State Sponsored Programs	32,910,015	24,242,017	33,675,116	9,433,099	38.9%
Local and Private Sponsored Programs	524,686,703	504,347,075	613,912,182	109,565,107	21.7%
Net Sales and Services of Educational Activities	23,508,952	23,024,038	23,783,726	759,688	3.3%
Net Sales and Services of Hospital and Clinics	75,710,574	76,448,011	82,101,855	5,653,844	7.4%
Net Professional Fees	383,033,083	386,120,434	426,407,181	40,286,747	10.4%
Net Auxiliary Enterprises	31,351,890	31,671,776	32,886,634	1,214,858	3.8%
Other Operating Revenues	60,748,073	58,722,506	58,644,954	(77,552)	-0.1%
<b>Total Operating Revenues</b>	<b>1,351,468,192</b>	<b>1,327,222,047</b>	<b>1,505,121,352</b>	<b>177,899,305</b>	<b>13.4%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	520,056,018	482,137,363	531,045,087	48,907,724	10.1%
Compensation - Non-Faculty	428,030,021	417,022,446	521,548,155	104,525,709	25.1%
Wages	17,086,780	19,553,315	20,819,589	1,266,274	6.5%
Benefits	214,067,353	203,710,581	234,661,827	30,951,246	15.2%
Personnel Costs	1,179,240,172	1,122,423,705	1,308,074,658	185,650,953	16.5%
Utilities	16,075,000	17,374,025	16,874,714	(499,311)	-2.9%
Scholarships and Fellowships	8,848,547	8,637,899	9,469,070	831,171	9.6%
Less Discounts and Allowances	(1,349,595)	(985,861)	(1,264,972)	(279,111)	28.3%
Operations, Maintenance and Travel	370,855,362	414,049,401	415,505,733	1,456,332	0.4%
Less Capitalized Portion	(11,848,626)	(21,773,552)	(18,613,684)	3,159,868	-14.5%
Depreciation and Amortization	63,012,521	58,253,616	63,958,891	5,705,275	9.8%
<b>Total Operating Expenses</b>	<b>1,624,833,381</b>	<b>1,597,979,233</b>	<b>1,794,004,410</b>	<b>196,025,177</b>	<b>12.3%</b>
<b>Operating Surplus/Deficit</b>	<b>(273,365,189)</b>	<b>(270,757,186)</b>	<b>(288,883,058)</b>	<b>(18,125,872)</b>	<b>6.7%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	216,152,399	214,339,577	234,376,206	20,036,629	9.3%
Federal Sponsored Programs (Nonoperating)	765,849	689,485	727,667	38,182	5.5%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	14,852,986	23,550,000	15,010,000	(8,540,000)	-36.3%
Net Investment Income	48,132,414	46,754,671	52,844,967	6,090,296	13.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>279,903,648</b>	<b>285,333,733</b>	<b>302,958,840</b>	<b>17,625,107</b>	<b>6.2%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(12,390,984)	(12,603,637)	(12,548,549)	55,088	-0.4%
<b>Total Transfers and Other</b>	<b>(12,390,984)</b>	<b>(12,603,637)</b>	<b>(12,548,549)</b>	<b>55,088</b>	<b>-0.4%</b>
<b>Budget Margin (Deficit)</b>	<b>(5,852,525)</b>	<b>1,972,910</b>	<b>1,527,233</b>	<b>(445,677)</b>	<b>-22.6%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	15,000,000	11,800,000	13,300,000	1,500,000	12.7%
Net Inc./(Dec.) in Fair Value of Investments	(11,943,702)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
Additions to Permanent Endowments	15,834,519	10,300,000	30,000,000	19,700,000	191.3%
Transfers for Debt Service - Principal	(20,065,000)	(19,969,000)	(22,878,000)	(2,909,000)	14.6%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	40,122,900	15,000,000	15,000,000	-	0.0%
<b>SRECNP Change in Net Position</b>	<b>\$ 33,096,192</b>	<b>19,103,910</b>	<b>36,949,233</b>	<b>17,845,323</b>	<b>93.4%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 1,631,371,840</b>	<b>1,612,555,780</b>	<b>1,808,080,192</b>	<b>195,524,412</b>	<b>12.1%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(1,637,224,365)</b>	<b>(1,610,582,870)</b>	<b>(1,806,552,959)</b>	<b>(195,970,089)</b>	<b>12.2%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (5,852,525)</b>	<b>1,972,910</b>	<b>1,527,233</b>	<b>(445,677)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		58,253,616	63,958,891		
Capital Outlay		(21,773,552)	(18,613,684)		
Transfers for Debt Service - Principal		(19,969,000)	(22,878,000)		
Budgeted Transfers		628,000	641,000		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>19,111,974</b>	<b>24,635,440</b>		

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

**The University of Texas Health Science Center at Houston**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 731,379,925	720,911,064	791,940,639	71,029,575	9.9%
Academic Support	64,145,546	63,227,376	66,341,080	3,113,704	4.9%
Research	215,390,050	212,306,989	217,380,667	5,073,678	2.4%
Public Service	40,480,180	39,900,753	39,934,034	33,281	0.1%
Hospitals and Clinics	358,369,753	353,240,103	453,072,239	99,832,136	28.3%
Institutional Support	77,326,143	76,219,308	83,274,868	7,055,560	9.3%
Student Services	10,570,046	10,418,748	11,442,499	1,023,751	9.8%
Operations and Maintenance of Plant	38,459,736	37,909,229	39,162,035	1,252,806	3.3%
Scholarships and Fellowships	7,498,952	7,652,038	8,204,098	552,060	7.2%
Auxiliary Enterprises	18,200,529	17,940,009	19,293,360	1,353,351	7.5%
Depreciation and Amortization	63,012,521	58,253,616	63,958,891	5,705,275	9.8%
<b>Total Operating Expenses</b>	<b>\$ 1,624,833,381</b>	<b>1,597,979,233</b>	<b>1,794,004,410</b>	<b>196,025,177</b>	<b>12.3%</b>

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



**THE UNIVERSITY OF TEXAS  
HEALTH SCIENCE CENTER  
AT SAN ANTONIO**



**The University of Texas Health Science Center at San Antonio**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The Fiscal Year 2020 Operating Budget for The University of Texas Health Science Center at San Antonio reflects continued investments in strategic planning efforts to transform clinical care, advance human health research, and educate students through innovative programs of the highest quality to position itself to reach the top echelon of academic medical centers in the United States. Tremendous progress has been made in acquiring the intellectual capital required to advance priority goals. In FY 2020, the Institution will continue to make sizeable investments to effectively compete in value-based health care models and position the research and education missions for long term success. Philanthropy is important in achieving strategic priorities and will continue to be critical in supporting key growth initiatives across all missions. Aggressive marketing efforts will continue to promote brand awareness in order to attract new patients, students, and employees of choice that will serve to strengthen financial performance.

Transforming and expanding the clinical enterprise to compete in the future state of healthcare and being the provider of choice will be achieved by continuing to expand the Institution's primary care network, creating increased capacity and access for patients, growing the geographic reach, and continuing to develop distinguished programs. Continued expansion of primary care services is an essential step to becoming the provider of choice for Central and South Texas. Two new primary care locations opened in FY 2019, and the goal for FY 2020 will be to recruit and fill these practice locations to capacity, as well as to enhance healthcare provided through the Accountable Care Organization. The Institution's primary hospital affiliate, University Hospital System (UHS), has experienced rapid growth and will soon break ground on a women's and children's tower. Pediatrics and Obstetrics & Gynecology will partner with UHS to meet the current and future needs of the surrounding population. UHS is also implementing a new medical records system (Epic), which will dramatically improve charge capture. The Institution's association with The University of Texas M.D. Anderson Cancer Center has helped to bolster cancer patient volumes, and significant volume and revenue growth has been experienced in medical oncology and radiation oncology services. Clinical growth at the Mays Cancer Center is a key focus of investment for FY 2020. With efforts in place to grow cancer market share in San Antonio, the need for new faculty and staff is anticipated as volumes increase and in order to position the institution for longer term growth. Key leadership recruitments planned for FY 2020 include the Chair of Radiation Oncology and the Chief of Hematology/Oncology. Additional clinical priorities include improvement of the patient experience, improving operational efficiency and effectiveness with revenue cycle and billing operations, and better tracking of effort to maximize faculty productivity. Clinical investments included in the FY 2020 budget total \$29 million.

Research investments will focus on aging, Alzheimer's and other neurodegenerative diseases, brain health, cancer, diabetes, oral health, and precision health, and will enhance translational research collaborations across basic sciences and clinical departments. Educational investments are targeted at attracting and retaining qualified faculty and implement technology upgrades, and new graduate degree and pre-professional certificate offerings are planned in all schools. Combined research and educational investments included in the FY 2020 budget total \$17.6 million.

Given these investments, an operating loss of \$10.8 million has been budgeted for FY 2020 and continues the investment plan begun over the past few years. Reserves are more than sufficient to support these investments, and these investments will both stimulate financial strength and preserve financial health. The Institution has been intentional in preserving resources over the past few years with deliberate awareness that the next three to five years would be transformational and require substantial investment.

**Revenue**

Total revenues for FY 2020 are expected to increase by a net of \$80.9 million (9.0 percent) with changes predominately occurring in the physicians practice plan as efforts continue to move the clinical transformation plan forward (\$47.7 million). Sponsored research programs will increase by \$22.9 million due to growth in federal awards. General revenue will increase by \$12.1 million, of which \$6.5 million represents new funding appropriated to support research activities. Tuition and fees are anticipated to generate \$3.5 million in new revenues, while sales and services, auxiliaries, investment income and other operating revenues will each remain relatively flat with a combined increase of \$7.5 million. Offsetting these increases is a \$12.8 million reduction of gifts for operations, as philanthropic giving will be directed towards endowments and capital projects.

**Expenses**

Total expenses for FY 2020 are expected to increase by \$81.7 million (9.0 percent) with changes predominately occurring from clinical expansion (\$40.2 million), research growth (\$24.2 million), and instructional programs (\$4.1 million). These increases include provisions for a 1.5 percent across the board salary adjustment for all non-faculty employees and a 0.5 percent market adjustment reserve for mission critical staff positions totaling \$4.2 million. Compensation increases and the recruitment of new faculty and staff associated with clinical and research growth will cause benefits to increase by \$7.6 million, while depreciation will increase by \$4 million with the completion of the new Barshop facility and Tuition Revenue Bond supported campus renovations.

**The University of Texas Health Science Center at San Antonio**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 50,786,695	48,686,695	51,964,417	3,277,722	6.7%
Less Discounts and Allowances	(3,800,000)	(3,800,000)	(3,600,000)	200,000	-5.3%
Federal Sponsored Programs	115,989,900	97,541,240	122,696,493	25,155,253	25.8%
State Sponsored Programs	12,431,642	9,390,482	13,150,446	3,759,964	40.0%
Local and Private Sponsored Programs	211,727,060	210,316,344	223,969,221	13,652,877	6.5%
Net Sales and Services of Educational Activities	28,999,687	23,593,258	26,711,741	3,118,483	13.2%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	240,783,046	242,815,234	270,966,288	28,151,054	11.6%
Net Auxiliary Enterprises	5,339,428	6,431,810	6,154,544	(277,266)	-4.3%
Other Operating Revenues	27,310,565	26,133,961	28,615,261	2,481,300	9.5%
<b>Total Operating Revenues</b>	<b>689,568,023</b>	<b>661,109,024</b>	<b>740,628,411</b>	<b>79,519,387</b>	<b>12.0%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	277,359,706	283,302,754	297,324,472	14,021,718	4.9%
Compensation - Non-Faculty	211,435,444	210,756,503	227,720,344	16,963,841	8.0%
Wages	4,245,649	10,695,198	9,037,451	(1,657,747)	-15.5%
Benefits	133,671,382	134,123,129	141,658,416	7,535,287	5.6%
Personnel Costs	626,712,181	638,877,584	675,740,683	36,863,099	5.8%
Utilities	18,050,177	18,676,555	18,907,603	231,048	1.2%
Scholarships and Fellowships	15,554,503	10,118,939	9,544,633	(574,306)	-5.7%
Less Discounts and Allowances	(3,800,000)	(3,800,000)	(3,600,000)	200,000	-5.3%
Operations, Maintenance and Travel	216,620,795	186,468,194	232,404,901	45,936,707	24.6%
Less Capitalized Portion	(10,502,997)	(7,309,584)	(11,557,287)	(4,247,703)	58.1%
Depreciation and Amortization	57,000,000	57,000,000	61,000,000	4,000,000	7.0%
<b>Total Operating Expenses</b>	<b>919,634,659</b>	<b>900,031,688</b>	<b>982,440,533</b>	<b>82,408,845</b>	<b>9.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(230,066,636)</b>	<b>(238,922,664)</b>	<b>(241,812,122)</b>	<b>(2,889,458)</b>	<b>1.2%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	173,073,264	173,073,264	185,206,539	12,133,275	7.0%
Federal Sponsored Programs (Nonoperating)	1,250,000	1,250,000	1,250,000	-	0.0%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	10,351,145	23,666,565	10,898,791	(12,767,774)	-53.9%
Net Investment Income	43,940,872	41,942,243	43,997,879	2,055,636	4.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>228,615,281</b>	<b>239,932,072</b>	<b>241,353,209</b>	<b>1,421,137</b>	<b>0.6%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(10,626,126)	(11,123,724)	(10,386,451)	737,273	-6.6%
<b>Total Transfers and Other</b>	<b>(10,626,126)</b>	<b>(11,123,724)</b>	<b>(10,386,451)</b>	<b>737,273</b>	<b>-6.6%</b>
<b>Budget Margin (Deficit)</b>	<b>(12,077,481)</b>	<b>(10,114,316)</b>	<b>(10,845,364)</b>	<b>(731,048)</b>	<b>7.2%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	5,000,000	5,000,000	5,000,000	-	0.0%
Additions to Permanent Endowments	10,000,000	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(20,861,000)	(20,861,000)	(21,222,000)	(361,000)	1.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	10,000,000	10,000,000	10,000,000	-	0.0%
<b>SRECNP Change in Net Position</b>	<b>\$(7,938,481)</b>	<b>(5,975,316)</b>	<b>(7,067,364)</b>	<b>(1,092,048)</b>	<b>18.3%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 918,183,304</b>	<b>901,041,096</b>	<b>981,981,620</b>	<b>80,940,524</b>	<b>9.0%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(930,260,785)</b>	<b>(911,155,412)</b>	<b>(992,826,984)</b>	<b>(81,671,572)</b>	<b>9.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$(12,077,481)</b>	<b>(10,114,316)</b>	<b>(10,845,364)</b>	<b>(731,048)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		57,000,000	61,000,000		
Capital Outlay		(7,309,584)	(11,557,287)		
Transfers for Debt Service - Principal		(20,861,000)	(21,222,000)		
Budgeted Transfers		(179,515)	(803,058)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>18,535,585</b>	<b>16,572,291</b>		

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



**The University of Texas Health Science Center at San Antonio**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 407,565,331	409,271,963	435,349,092	26,077,129	6.4%
Academic Support	42,738,993	46,457,390	45,652,514	(804,876)	-1.7%
Research	133,950,101	135,013,760	143,081,490	8,067,730	6.0%
Public Service	34,634,651	21,255,316	36,995,698	15,740,382	74.1%
Hospitals and Clinics	155,915,435	135,528,943	166,544,203	31,015,260	22.9%
Institutional Support	38,069,537	40,125,725	40,664,740	539,015	1.3%
Student Services	2,012,881	2,065,034	2,150,099	85,065	4.1%
Operations and Maintenance of Plant	37,257,439	39,598,716	39,797,282	198,566	0.5%
Scholarships and Fellowships	3,202,275	5,997,857	3,420,574	(2,577,283)	-43.0%
Auxiliary Enterprises	7,288,016	7,716,984	7,784,841	67,857	0.9%
Depreciation and Amortization	57,000,000	57,000,000	61,000,000	4,000,000	7.0%
<b>Total Operating Expenses</b>	<b>\$ 919,634,659</b>	<b>900,031,688</b>	<b>982,440,533</b>	<b>82,408,845</b>	<b>9.2%</b>

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



**THE UNIVERSITY OF TEXAS**  
**M. D. ANDERSON**  
**CANCER CENTER**



**The University of Texas M. D. Anderson Cancer Center**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

Under the leadership of Dr. Peter Pisters, president of The University of Texas M. D. Anderson Cancer Center, successful recruitment of the institution's executive leadership team is now complete with all team members scheduled to be in place by September 1, 2019. FY 2019 was the year of planning, incorporating existing near term priorities (Operational Excellence, Patient Centricity and Culture) into an overarching institutional framework that now guides the work of the organization. U. T. M. D. Anderson's institutional framework includes a new strategic plan that will guide market position, program results and services over the next five years; near term operational priorities, ongoing foundational functions or cornerstones that are closely monitored and continuously improved and enterprise risk management.

FY 2020 will see completion of U. T. M. D. Anderson's strategic plan, with execution commencing in Q2. Strategic planning efforts have been inclusive; seeking to understand what matters most to the workforce while at the same time looking externally to assess key environmental factors and competitive forces. The President's Advisory Council (formerly the Shared Governance Committee) has led the planning effort, ensuring that all constituencies are represented. M. D. Anderson's planning approach has been centered on making choices that maximize impact and focus the organization's resources (including FY 2020 budget) on a small number of strategic areas and capabilities, all aimed at bringing the Institution closer to achieving the mission of eliminating cancer. Strategic areas include expanding access or reach of U. T. M.D. Anderson services with particular focus on Houston and the State of Texas, continuing to invest in patient care, education, research, and prevention breakthroughs and preparing for payment disruption by continuing to focus on value, cost efficiency, productivity, and transparency. Capabilities include a focus on workforce and culture, data driven intelligence and partnerships, with emphasis on strengthening those within the U. T. System. A number of operational initiatives, already underway, will align under these new areas and capabilities. Those that do not will be sunseted.

In parallel with and guided by the formulation of this strategy, leadership is also updating its enterprise risk management profile and program and facilities master plan. The facilities master plan will solidify many elements of U. T. M. D. Anderson Cancer Center's long term capital plan; including plans for expansion of the Houston area locations (e.g. the Woodlands location will open in FY 2020); a new research building in TMC<sup>3</sup>, a new inpatient tower to meet capacity demands, and relocation of the Smithville campus to TMC<sup>3</sup> to further the goals of team-based science.

One of the major cornerstones that will be achieved in FY 2020 is the implementation of U. T. M. D. Anderson's Quality Assessment and Performance Improvement Program and related governance structure in response to needs identified through recent surveys conducted by the Centers for Medicare and Medicaid Services. This will involve further investment in people, tools, technology, and processes to ensure M. D. Anderson continues to improve and provide the best quality, safety, experience, and outcomes for patients.

**Revenue**

The FY 2020 total budgeted operating revenue is projected to increase by 7.0 percent or \$344 million over the level budgeted for FY 2019. Both Hospital and Clinics and professional net patient revenues account for about 89 percent for U. T. M. D. Anderson Cancer Center's total operating revenue. The FY 2020 budget is based on current projections that are exceeding the FY 2019 original budget in addition to anticipated increases in clinical activity and rates. It is expected that deductions from revenue will continue to increase one percentage point over the FY 2019 budget, which equates to approximately \$108 million decrease in net patient revenue. Sponsored programs are anticipated to increase by 8.3 percent or \$30 million over FY 2019 budgeted levels led by federal and local and private sponsored programs.

**Expenses**

The FY 2020 total budgeted operating expense is projected to increase by 6.8 percent or \$325 million over the level budgeted for FY 2019. Hospital and Clinic expenses account for 64 percent of U. T. M. D. Anderson Cancer Center's total operating expense. The majority of the increase is driven by increases in patient activity and increasing pharmaceutical costs, which account for \$286 million of the increase in operating expenses. The FY 2020 budget includes 3.2 percent increase for Faculty, 4.0 percent for Administrative and Professional staff and 4.6 percent for Classified staff. Faculty and non-faculty compensation is projected to increase 6.5 percent or \$142 million over levels budgeted for FY 2019 which includes merit/market salary increases as well as new positions to support increased hospital activities. Benefit expenditures is projected to increase by 10.3 percent or \$50 million as a result of increased costs due to merit/market and new positions as well as attributed to projected increases in group insurance benefit costs and employer paid retirement contributions. Personnel costs account for 56 percent of U. T. M. D. Anderson Cancer Center's operating expenses.

**The University of Texas M. D. Anderson Cancer Center**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,798,351	1,698,602	1,851,747	153,145	9.0%
Less Discounts and Allowances	(8,061)	-	(15,531)	(15,531)	-
Federal Sponsored Programs	180,000,497	173,304,638	184,382,893	11,078,255	6.4%
State Sponsored Programs	48,543,057	48,129,878	49,456,203	1,326,325	2.8%
Local and Private Sponsored Programs	161,324,793	144,136,174	161,958,134	17,821,960	12.4%
Net Sales and Services of Educational Activities	2,132,618	2,073,073	2,239,249	166,176	8.0%
Net Sales and Services of Hospital and Clinics	4,057,012,126	3,960,528,799	4,216,411,789	255,882,990	6.5%
Net Professional Fees	463,996,692	462,910,765	503,148,355	40,237,590	8.7%
Net Auxiliary Enterprises	45,938,400	45,160,315	47,011,054	1,850,739	4.1%
Other Operating Revenues	116,616,272	105,225,925	120,893,390	15,667,465	14.9%
<b>Total Operating Revenues</b>	<b>5,077,354,745</b>	<b>4,943,168,169</b>	<b>5,287,337,283</b>	<b>344,169,114</b>	<b>7.0%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	791,066,088	790,026,389	822,809,992	32,783,603	4.1%
Compensation - Non-Faculty	1,405,348,822	1,381,680,562	1,490,715,249	109,034,687	7.9%
Wages	26,126,595	26,916,998	26,996,709	79,711	0.3%
Benefits	493,414,760	489,337,486	539,808,461	50,470,975	10.3%
Personnel Costs	2,715,956,265	2,687,961,435	2,880,330,411	192,368,976	7.2%
Utilities	49,806,258	53,846,890	52,450,140	(1,396,750)	-2.6%
Scholarships and Fellowships	2,787,728	2,201,345	2,830,031	628,686	28.6%
Less Discounts and Allowances	(8,061)	-	(15,531)	(15,531)	-
Operations, Maintenance and Travel	2,695,047,424	2,621,576,161	2,764,711,302	143,135,141	5.5%
Less Capitalized Portion	(945,000,000)	(948,875,021)	(945,781,186)	3,093,835	-0.3%
Depreciation and Amortization	363,234,342	377,680,000	365,290,967	(12,389,033)	-3.3%
<b>Total Operating Expenses</b>	<b>4,881,823,956</b>	<b>4,794,390,810</b>	<b>5,119,816,134</b>	<b>325,425,324</b>	<b>6.8%</b>
<b>Operating Surplus/Deficit</b>	<b>195,530,789</b>	<b>148,777,359</b>	<b>167,521,149</b>	<b>18,743,790</b>	<b>12.6%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	209,427,351	209,211,733	218,310,545	9,098,812	4.3%
Federal Sponsored Programs (Nonoperating)	579,170	500,000	600,000	100,000	20.0%
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	119,483,946	147,423,812	125,000,000	(22,423,812)	-15.2%
Net Investment Income	222,483,713	195,767,190	233,063,000	37,295,810	19.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>551,974,180</b>	<b>552,902,735</b>	<b>576,973,545</b>	<b>24,070,810</b>	<b>4.4%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(36,315,982)	(38,508,623)	(38,734,209)	(225,586)	0.6%
<b>Total Transfers and Other</b>	<b>(36,315,982)</b>	<b>(38,508,623)</b>	<b>(38,734,209)</b>	<b>(225,586)</b>	<b>0.6%</b>
<b>Budget Margin (Deficit)</b>	<b>711,188,987</b>	<b>663,171,471</b>	<b>705,760,485</b>	<b>42,589,014</b>	<b>6.4%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./Dec. in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	2,000,000	2,000,000	1,000,000	(1,000,000)	-50.0%
Additions to Permanent Endowments	10,000,000	10,000,000	12,000,000	2,000,000	20.0%
Transfers for Debt Service - Principal	(65,218,473)	(64,275,000)	(82,295,000)	(18,020,000)	28.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	153,314,936	78,314,936	66,695,532	(11,619,404)	-14.8%
<b>SRECNP Change in Net Position</b>	<b>\$ 811,285,450</b>	<b>689,211,407</b>	<b>703,161,017</b>	<b>13,949,610</b>	<b>2.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 5,629,328,925</b>	<b>5,496,070,904</b>	<b>5,864,310,828</b>	<b>368,239,924</b>	<b>6.7%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(4,918,139,938)</b>	<b>(4,832,899,433)</b>	<b>(5,158,550,343)</b>	<b>(325,650,910)</b>	<b>6.7%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 711,188,987</b>	<b>663,171,471</b>	<b>705,760,485</b>	<b>42,589,014</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		377,680,000	365,290,967		
Capital Outlay		(948,875,021)	(945,781,186)		
Transfers for Debt Service - Principal		(64,275,000)	(82,295,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>27,701,450</b>	<b>42,975,266</b>		

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

**The University of Texas M. D. Anderson Cancer Center**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 81,055,458	80,600,000	83,187,339	2,587,339	3.2%
Academic Support	149,193,503	147,061,817	151,615,339	4,553,522	3.1%
Research	785,617,307	802,901,576	814,888,301	11,986,725	1.5%
Public Service	18,117,228	12,035,232	18,618,758	6,583,526	54.7%
Hospitals and Clinics	3,072,741,176	2,974,612,870	3,261,434,131	286,821,261	9.6%
Institutional Support	161,339,608	149,815,819	164,261,641	14,445,822	9.6%
Student Services	760,429	500,000	948,865	448,865	89.8%
Operations and Maintenance of Plant	218,742,543	220,023,159	226,502,380	6,479,221	2.9%
Scholarships and Fellowships	2,818,319	2,201,345	2,814,500	613,155	27.9%
Auxiliary Enterprises	28,204,043	26,958,992	30,253,913	3,294,921	12.2%
Depreciation and Amortization	363,234,342	377,680,000	365,290,967	(12,389,033)	-3.3%
<b>Total Operating Expenses</b>	<b>\$ 4,881,823,956</b>	<b>4,794,390,810</b>	<b>5,119,816,134</b>	<b>325,425,324</b>	<b>6.8%</b>

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



**THE UNIVERSITY OF TEXAS**  
**HEALTH SCIENCE CENTER**  
**AT TYLER**



**The University of Texas Health Science Center at Tyler**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2020**

**Introduction - Major Goals Addressed by FY 2020 Budget**

The University of Texas Health Science Center at Tyler has completed year one of a five-year planned strategic repositioning designed to: 1) position the institution as the East Texas region's dominant physician practice; 2) leverage size and scope of UT Health East Texas for medical education, clinical/health system research, public health/population health management, and workforce development; 3) expand philanthropic opportunities; and 4) expand The University of Texas brand throughout the East Texas region.

The U. T. Health Science Center at Tyler and Ardent Health Services joint venture that facilitated the joint acquisition of the former East Texas Medical Center (ETMC) has set a new standard for clinical integration in one of the most unique public-private partnerships in the country. The Institution is starting to see the financial benefits of UT Health East Texas. U. T. Health Science Center at Tyler has experienced a 61% improvement in its YTD financial performance through April 2019 in comparison to this same period a year ago. Furthermore, U. T. Health Science Center at Tyler is beginning to see the effect of the turnaround resulting from tough decisions made to restructure its workforce. Through the partnership that created UT Health East Texas, U. T. Health Science Center at Tyler has increased its scope of services and footprint from a standalone organization with annual revenues in the \$190M - \$200M range, to a 30% partner of a nearly \$1 billion enterprise, a greater than 500% increase in size and scope. This partnership has allowed the Institution to expand the mission and geographic reach and to refocus efforts in the research and education space, especially in the critical area of graduate medical education.

The FY 2020 operating budget supports the institution's mission to improve the health of East Texans and educate the next generation of health professionals. U. T. Health Science Center at Tyler is working to expand the geographic reach of the U. T. M. D. Anderson Cancer Center Network partnership; continue to invest in high-need clinical service lines within the region; and grow Centers of Excellence in behavioral health, primary care and disease management, pulmonary medicine, and oncology. U. T. Health Science Center at Tyler continues to expand its graduate medical education programs through the UT Health East Texas Health System; expand its graduate degree granting, certificates, and professional training programs that are aligned with existing academic capabilities; and develop educational infrastructure and online capabilities to better meet the needs of students. The Institution is developing a large, university-based, clinically integrated faculty practice and is building a critical mass of faculty physicians, particularly in specialty areas, to meet the needs of patients, to support growth, and to ensure the success of the health system. It is seeking partnership and collaboration opportunities with local higher education institutions, other U. T. System academic and health-related institutions, and state/federal agencies as well as with philanthropic foundations, while identifying and securing resources to ensure and enhance institutional success. In order to further advance the mission, the Institution continues to strengthen core infrastructure, high-quality resources, and foundational capabilities.

These and other strategies serve the mission, vision, and values of U. T. Health Science Center at Tyler, thereby allowing the institution to continue to provide high quality patient care, education, and research and to retain world-class faculty, students, staff, and administrators.

**Revenue**

U. T. Health Science Center at Tyler budgeted total revenues for FY 2020 are approximately 44 percent higher than the FY 2019 operating budget. This increase is driven primarily by four new initiatives – bringing UT Health East Texas's Behavioral Health service line under the Institution's management; acquisition of a local oncology practice; launching the Physician MSA to establish U. T. Health Science Center at Tyler as the predominant employer of UT Health East Texas's physicians; and growing the Behavioral Health Workforce Expansion program.

**Expenses**

U. T. Health Science Center at Tyler budgeted total expenses and transfers for FY 2020 are approximately 45 percent higher than the FY 2019 operating budget. This increase reflects the investment in four new initiatives - bringing UT Health East Texas's Behavioral Health service line under U. T. Health Science Center at Tyler's management; acquisition of a local oncology practice; launching the Physician MSA to establish U. T. Health Science Center at Tyler as the predominant employer of UT Health East Texas's physicians; and growing the Behavioral Health Workforce Expansion program. The Institution continues to invest in the partnership with U. T. M. D. Anderson Cancer Center and the School of Community and Rural Health, as well as ongoing outlays to improve the quality of and access to healthcare, increase behavioral health clinical capacity and workforce training, expand educational and residency programs and opportunities, maintain and improve infrastructure, and invest in and develop the institution's human capital.

**The University of Texas Health Science Center at Tyler**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 383,630	341,526	489,288	147,762	43.3%
Less Discounts and Allowances	(119,943)	-	-	-	-
Federal Sponsored Programs	9,063,604	10,000,000	11,166,156	1,166,156	11.7%
State Sponsored Programs	12,184,057	13,815,000	12,011,187	(1,803,813)	-13.1%
Local and Private Sponsored Programs	11,229,349	9,295,849	30,035,671	20,739,822	223.1%
Net Sales and Services of Educational Activities	4,049,744	3,376,150	5,314,278	1,938,128	57.4%
Net Sales and Services of Hospital and Clinics	44,822,424	62,101,978	106,457,967	44,355,989	71.4%
Net Professional Fees	16,432,714	22,414,817	30,531,056	8,116,239	36.2%
Net Auxiliary Enterprises	162,516	190,958	161,419	(29,539)	-15.5%
Other Operating Revenues	34,044,950	25,545,786	35,207,053	9,661,267	37.8%
<b>Total Operating Revenues</b>	<b>132,253,045</b>	<b>147,082,064</b>	<b>231,374,075</b>	<b>84,292,011</b>	<b>57.3%</b>
<b>Operating Expenses:</b>					
Compensation - Faculty	34,220,775	39,401,045	60,021,985	20,620,940	52.3%
Compensation - Non-Faculty	51,409,677	51,155,900	65,979,470	14,823,570	29.0%
Wages	617,349	1,244,553	1,029,685	(214,868)	-17.3%
Benefits	26,797,324	27,873,176	39,420,665	11,547,489	41.4%
Personnel Costs	113,045,125	119,674,674	166,451,805	46,777,131	39.1%
Utilities	2,240,587	2,306,708	2,597,344	290,636	12.6%
Scholarships and Fellowships	120,385	79,159	103,631	24,472	30.9%
Less Discounts and Allowances	(45,787)	-	-	-	-
Operations, Maintenance and Travel	60,964,390	65,322,007	115,242,850	49,920,843	76.4%
Less Capitalized Portion	(3,407,655)	(1,000,000)	(9,000,000)	(8,000,000)	800.0%
Depreciation and Amortization	14,406,128	15,004,163	16,700,000	1,695,837	11.3%
<b>Total Operating Expenses</b>	<b>187,323,173</b>	<b>201,386,711</b>	<b>292,095,630</b>	<b>90,708,919</b>	<b>45.0%</b>
<b>Operating Surplus/Deficit</b>	<b>(55,070,128)</b>	<b>(54,304,647)</b>	<b>(60,721,555)</b>	<b>(6,416,908)</b>	<b>11.8%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations	52,163,703	52,061,642	58,069,317	6,007,675	11.5%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State/Local Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,196,447	1,000,000	1,196,113	196,113	19.6%
Net Investment Income	3,807,102	4,206,194	4,105,813	(100,381)	-2.4%
Other Non-Operating Revenue	2,529	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>57,169,781</b>	<b>57,267,836</b>	<b>63,371,243</b>	<b>6,103,407</b>	<b>10.7%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(2,010,747)	(2,152,037)	(2,074,843)	77,194	-3.6%
<b>Total Transfers and Other</b>	<b>(2,010,747)</b>	<b>(2,152,037)</b>	<b>(2,074,843)</b>	<b>77,194</b>	<b>-3.6%</b>
<b>Budget Margin (Deficit)</b>	<b>88,906</b>	<b>811,152</b>	<b>574,845</b>	<b>(236,307)</b>	<b>-29.1%</b>
<b>Reconciliation to Change in Net Position:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(567,580)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	297,087	619,560	300,000	(319,560)	-51.6%
Additions to Permanent Endowments	-	100,000	100,000	-	0.0%
Transfers for Debt Service - Principal	(6,020,000)	(6,112,000)	(6,530,000)	(418,000)	6.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	6,308,237	5,782,623	6,263,737	481,114	8.3%
<b>SRECNP Change in Net Position</b>	<b>\$ 106,650</b>	<b>1,201,335</b>	<b>708,582</b>	<b>(492,753)</b>	<b>-41.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 189,422,826</b>	<b>204,349,900</b>	<b>294,745,318</b>	<b>90,395,418</b>	<b>44.2%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(189,333,920)</b>	<b>(203,538,748)</b>	<b>(294,170,473)</b>	<b>(90,631,725)</b>	<b>44.5%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 88,906</b>	<b>811,152</b>	<b>574,845</b>	<b>(236,307)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		15,004,163	16,700,000		
Capital Outlay		(1,000,000)	(9,000,000)		
Transfers for Debt Service - Principal		(6,112,000)	(6,530,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>8,703,315</b>	<b>1,744,845</b>		

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



**The University of Texas Health Science Center at Tyler**  
**Operating Budget - Operating Expenses by Function**  
**Fiscal Year Ending August 31, 2020**

	FY 2019 Projected	FY 2019 Adjusted Budget	FY 2020 Operating Budget	Budget Increases (Decreases) From 2019 to 2020	
				Amount	Percent
<b>Operating Expenses:</b>					
Instruction	\$ 13,989,960	13,985,041	12,468,839	(1,516,202)	-10.8%
Academic Support	1,280,291	1,530,665	2,089,844	559,179	36.5%
Research	11,529,259	23,857,823	25,980,551	2,122,728	8.9%
Public Service	15,262	-	-	-	-
Hospitals and Clinics	104,103,205	124,881,282	213,431,720	88,550,438	70.9%
Institutional Support	9,951,330	13,545,803	11,719,456	(1,826,347)	-13.5%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	31,900,776	8,325,060	9,458,449	1,133,389	13.6%
Scholarships and Fellowships	10,092	79,159	90,000	10,841	13.7%
Auxiliary Enterprises	136,870	177,715	156,771	(20,944)	-11.8%
Depreciation and Amortization	14,406,128	15,004,163	16,700,000	1,695,837	11.3%
<b>Total Operating Expenses</b>	<b>\$ 187,323,173</b>	<b>201,386,711</b>	<b>292,095,630</b>	<b>90,708,919</b>	<b>45.0%</b>

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



## The University of Texas System

Fiscal Year 2020

### RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

#### Summary

	PUF Allocation			Total
	Library & Equipment	Repair & Rehabilitation	Faculty STARs Program	
<b>Academic Institutions</b>				
The University of Texas at Arlington	\$ 1,000,000	1,000,000	-	2,000,000
The University of Texas at Austin	150,000	3,500,000	-	3,650,000
The University of Texas at Dallas	1,000,000	1,300,000	-	2,300,000
The University of Texas at El Paso	1,200,000	750,000	-	1,950,000
The University of Texas Permian Basin	139,091	877,500	-	1,016,591
The University of Texas Rio Grande Valley	960,000	1,360,000	-	2,320,000
The University of Texas at San Antonio	2,500,000	-	-	2,500,000
The University of Texas at Tyler	200,000	838,409	-	1,038,409
Subtotal Academic Institutions	<u>7,149,091</u>	<u>9,625,909</u>	-	<u>16,775,000</u>
<b>Health Institutions</b>				
The University of Texas Southwestern Medical Center	-	2,200,000	-	2,200,000
The University of Texas Medical Branch at Galveston	1,200,000	1,100,000	-	2,300,000
The University of Texas Health Science Center at Houston	750,000	1,500,000	-	2,250,000
The University of Texas Health Science Center at San Antonio	1,700,000	600,000	-	2,300,000
The University of Texas M. D. Anderson Cancer Center	-	1,950,000	-	1,950,000
The University of Texas Health Science Center at Tyler	-	2,725,000	-	2,725,000
Subtotal Health Institutions	<u>3,650,000</u>	<u>10,075,000</u>	-	<u>13,725,000</u>
<b>The University of Texas System Administration</b>				
Academic Library Collection Enhancement Program	4,500,000	-	-	4,500,000
Faculty STARs Program - Academic Institutions	-	-	17,500,000	17,500,000
Faculty STARs Program - Health Institutions	-	-	17,500,000	17,500,000
Subtotal System Administration	<u>4,500,000</u>	-	<u>35,000,000</u>	<u>39,500,000</u>
<b>Grand Total</b>	<b>\$ <u>15,299,091</u></b>	<b><u>19,700,909</u></b>	<b><u>35,000,000</u></b>	<b><u>70,000,000</u></b>

## The University of Texas System

Fiscal Year 2020

### RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL	PUF	TOTAL	PUF	PUF
	PROJECT COST	ALLOCATION	PROJECT COST	ALLOCATION	ALLOCATION
<b>ACADEMIC INSTITUTIONS</b>					
<b>The University of Texas at Arlington</b>					
Energy Management HVAC Control System Upgrade - Phase 1			1,400,000	1,000,000	
Network Wireless Distribution Access Switch Upgrade - Phase 2	1,000,000	1,000,000			
<b>TOTAL</b>	<b>\$ 1,000,000</b>	<b>1,000,000</b>	<b>1,400,000</b>	<b>1,000,000</b>	<b>-</b>
<b>The University of Texas at Austin</b>					
Information Security Office - Vulnerability Management Program	150,000	150,000			
Proprietary Supervising Station Alarm System Upgrade Phase 1			1,650,000	1,500,000	
Flammable and Toxic Gas Monitoring System			300,000	250,000	
Bureau of Economic Geology Fire Sprinkler Upgrade			2,100,000	1,750,000	
<b>TOTAL</b>	<b>\$ 150,000</b>	<b>150,000</b>	<b>4,050,000</b>	<b>3,500,000</b>	<b>-</b>
<b>The University of Texas at Dallas</b>					
Academic Affairs Science and Engineering Laboratory Equipment	1,000,000	1,000,000			
Elevator Repair and Upgrades Various Buildings			600,000	600,000	
Roof Replacement and Envelope Repairs for Waterview Science and Technology and Green Hal			700,000	700,000	
<b>TOTAL</b>	<b>\$ 1,000,000</b>	<b>1,000,000</b>	<b>1,300,000</b>	<b>1,300,000</b>	<b>-</b>
<b>The University of Texas at El Paso</b>					
Research and Technology Infrastructure for New Faculty	1,000,000	1,000,000			
High Performance Computing Enhancement	300,000	200,000			
Bioscience Building Mechanical and HVAC Repair and Rehabilitation			250,000	250,000	
Campus Fire Alarm Network Upgrades			200,000	200,000	
Magoffin Auditorium			225,000	225,000	
Engineering Core Biomedical and Bioinformatics Annex Cracked Precast Stone Replacement			75,000	75,000	
<b>TOTAL</b>	<b>\$ 1,300,000</b>	<b>1,200,000</b>	<b>750,000</b>	<b>750,000</b>	<b>-</b>
<b>The University of Texas Permian Basin</b>					
Complete Renovation of Mesa Building 4th Floor			600,000	600,000	
Install Whiteboards for Instructional Purposes	32,091	32,091			
Stand Alone Boiler-Science and Technology Complex			187,500	187,500	
Install Lighting and Control System for Instructional Purposes	10,000	10,000			
Replace or Upgrade Musical Instruments	97,000	97,000			
Mesa Building Interactive Way Finding			55,000	55,000	
Remodel Center for Energy and Economic Diversification Auditorium for Acoustical Treatment			35,000	35,000	
<b>TOTAL</b>	<b>\$ 139,091</b>	<b>139,091</b>	<b>877,500</b>	<b>877,500</b>	<b>-</b>
<b>The University of Texas Rio Grande Valley</b>					
Deferred Maintenance Library Phase II - Edinburg Campus			1,480,000	1,360,000	
Deferred Maintenance - Technology Phase I	960,000	960,000			
<b>TOTAL</b>	<b>\$ 960,000</b>	<b>960,000</b>	<b>1,480,000</b>	<b>1,360,000</b>	<b>-</b>
<b>The University of Texas at San Antonio</b>					
North Thermal Plant Chiller Replacement Project	2,750,000	2,500,000			
<b>TOTAL</b>	<b>\$ 2,750,000</b>	<b>2,500,000</b>			
<b>The University of Texas at Tyler</b>					
College of Arts and Science Building HVAC and Infrastructure Upgrades Phase 1			1,500,000	623,409	
Emergency Management Live Mass Notification System	200,000	200,000			
Secure Network Core Switch Upgrade			215,000	215,000	
<b>TOTAL</b>	<b>\$ 200,000</b>	<b>200,000</b>	<b>1,715,000</b>	<b>838,409</b>	<b>-</b>
<b>SUBTOTAL - ACADEMIC INSTITUTIONS</b>		<b>\$ 7,149,091</b>		<b>9,625,909</b>	<b>-</b>

## The University of Texas System

Fiscal Year 2020

### RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
	TOTAL	PUF	TOTAL	PUF	PUF
	PROJECT COST	ALLOCATION	PROJECT COST	ALLOCATION	ALLOCATION
<b>HEALTH INSTITUTIONS</b>					
<b>The University of Texas Southwestern Medical Center</b>					
Renovation and Rehabilitation in support of the UT Southwestern Research Infrastructure			6,660,000	2,200,000	
TOTAL	\$ -	-	<u>6,660,000</u>	<u>2,200,000</u>	-
<b>The University of Texas Medical Branch at Galveston</b>					
Information and Educational Resources	2,756,000	1,200,000			
Library - Life Safety Compliance			550,000	550,000	
Enhancement of Egress Pathways for John Sealy Hospital Courtyard			850,000	550,000	
TOTAL	\$ <u>2,756,000</u>	<u>1,200,000</u>	<u>1,400,000</u>	<u>1,100,000</u>	-
<b>The University of Texas Health Science Center at Houston</b>					
Operations Center Building Infrastructure Upgrade			1,250,000	1,250,000	
School of Dentistry Library Student Space Rehabilitation			250,000	250,000	
Protect Patient Privacy and Mitigate Ransomware Risk Via Implementing Updated Firewall Technology	2,620,000	750,000			
TOTAL	\$ <u>2,620,000</u>	<u>750,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	-
<b>The University of Texas Health Science Center at San Antonio</b>					
Perpetual Digital Journals and Databases	700,000	700,000			
Technology Refresh and Expansion	1,000,000	1,000,000			
Lab Animal Research Facility Renovation - Phase 1			1,000,000	600,000	
TOTAL	\$ <u>1,700,000</u>	<u>1,700,000</u>	<u>1,000,000</u>	<u>600,000</u>	-
<b>The University of Texas M. D. Anderson Cancer Center</b>					
Install Hydraulic Operators for Main Building Flood Gates			700,000	350,000	
Install Automated Pinch Valves in Main Building Complex			1,150,000	600,000	
Texas Medical Center Campus Vivarium Renovations			2,000,000	1,000,000	
TOTAL	\$ -	-	<u>3,850,000</u>	<u>1,950,000</u>	-
<b>The University of Texas Health Science Center at Tyler</b>					
Campus Utilities and Improvements			4,800,000	2,725,000	
TOTAL	\$ -	-	<u>4,800,000</u>	<u>2,725,000</u>	-
SUBTOTAL - HEALTH INSTITUTIONS		\$ <u>3,650,000</u>		<u>10,075,000</u>	-
<b>SYSTEM ADMINISTRATION</b>					
<b>The University of Texas System Administration</b>					
UT System Academic Library Collection Enhancement Program (ALCEP)	4,500,000	4,500,000			
Faculty STARs Program - Academic Institutions					17,500,000
Faculty STARs Program - Health Institutions					17,500,000
TOTAL	\$ <u>4,500,000</u>	<u>4,500,000</u>	-	-	<u>35,000,000</u>
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ <u>4,500,000</u>		-	<u>35,000,000</u>
TOTAL - U. T. SYSTEM		\$ <u>15,299,091</u>		<u>19,700,909</u>	<u>35,000,000</u>



## Faculty Science and Technology Acquisition and Retention (STARs) Program

In August 2004, the U. T. System Board of Regents approved an allocation of funds to be awarded to institutions to help attract and retain the best-qualified faculty. Funded through Permanent University Fund (PUF) bond proceeds, this awards program, named Faculty STARs, provided funding to help purchase state-of-the-art research equipment and make necessary laboratory renovations to encourage faculty members to perform their research at U. T. institutions. In support of exceptional younger tenure-track faculty, the Rising STARs program was established in 2016. The Board has allocated STARs funds as follows.

### STARs Allocation History

Academic Institutions					
<b>2005 Faculty STARs</b>	\$	32,450,000	<b>2013 Faculty STARs</b>	\$	10,000,000
<b>2006 Faculty STARs</b>	\$	15,000,000	<b>2014 Faculty STARs</b>	\$	10,000,000
<b>2007 Faculty STARs</b>	\$	20,000,000	<b>2015 Faculty STARs</b>	\$	10,000,000
<b>2008 Faculty STARs</b>	\$	10,000,000	<b>2016 Faculty STARs*</b>	\$	20,000,000
<b>2009 Faculty STARs</b>	\$	10,000,000	<b>2017 Faculty STARs</b>	\$	15,000,000
<b>2010 Faculty STARs</b>	\$	15,000,000	<b>2018 Faculty STARs</b>	\$	10,000,000
<b>2011 Faculty STARs</b>	\$	10,000,000	<b>2019 Faculty STARs**</b>	\$	29,500,000
<b>2012 Faculty STARs</b>	\$	10,000,000	<b>2020 Faculty STARs</b>	\$	17,500,000
Health Institutions					
<b>2005 Faculty STARs</b>	\$	26,550,000	<b>2014 Faculty STARs</b>	\$	10,000,000
<b>2009 Faculty STARs</b>	\$	10,000,000	<b>2015 Faculty STARs</b>	\$	10,000,000
<b>2010 Faculty STARs</b>	\$	15,000,000	<b>2016 Faculty STARs*</b>	\$	20,000,000
<b>2011 Faculty STARs</b>	\$	10,000,000	<b>2017 Faculty STARs</b>	\$	15,000,000
<b>2011 Faculty STARs (2 years only)</b>	\$	15,000,000	<b>2018 Faculty STARs</b>	\$	10,000,000
<b>2012 Faculty STARs</b>	\$	10,000,000	<b>2019 Faculty STARs</b>	\$	17,500,000
<b>2013 Faculty STARs</b>	\$	10,000,000	<b>2020 Faculty STARs</b>	\$	17,500,000

\*8/2015 \$15,000,000 was approved and additional \$5,000,000 approved in 2/2016 for Academic and Health STARs.

\*\*7/2019 \$12,000,000 was approved for Academic STARs

The STARs and Rising STARs programs are centrally administered by U. T. System. STARs awards are available to provide start-up or retention packages for tenured faculty of proven quality that are recommended from the institutions through the office of the president or designee. Rising STARs awards are available for recruitment of promising faculty who are recruited in a tenure-track position at any academic level. A peer review committee chaired by the appropriate Executive Vice Chancellor examines the STARs award nominees at the U. T. System Administration level and makes final recommendations. The funds are available only for laboratory renovation and equipment purchases. Consistent with other PUF bond funded programs, the STARs awards may not be spent on operations.

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





# THE UNIVERSITY OF TEXAS SYSTEM

## BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2020

### A. INITIAL BUDGET

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

## B. BUDGET AMENDMENTS

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
  - a. New appointments of tenured faculty (Regents' Rule 31007).
  - b. Award of tenure to any faculty member (Regents' Rule 31007).
  - c. New appointments as Regental Professor (Regents' Rule 31001). Titles set forth in Regents' Rule 20301 including Chancellor Emeritus, President Emeritus and similar honorary designations are conferred by the U. T. System Board of Regents through the full agenda.
  - d. Appointments, promotions, and salary increases involving the president (Regents' Rules 20201, 20202, 20203).
  - e. New contracts or contract changes involving athletic directors or head coaches whose total annual compensation, or total contractual compensation, equals or exceeds the amounts specified by Regents' Rule 10501 Section 2.2.12.
  - f. Compensation changes for employees whose total annual compensation is \$1,000,000 or above (Regents' Rule 20204).
  - g. Compensation changes for Key Executives as defined by Regents' Rule 20203.
  - h. Increases in budgeted amounts from income or unappropriated balances for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds, subject to the thresholds established in B.5 below.
  - i. Increases to Plant Funds which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
  - a. Reappropriation of prior year Educational and General Fund balances, subject to the thresholds established in B.5 below.
  - b. Increases in budgeted amounts from income or unappropriated balances for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds, subject to the thresholds established in B.5 below.
  - c. Increases to Plant Funds which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
  - d. Compensation changes for employees whose total annual compensation is \$500,000 or more but less than \$1,000,000 (Regents' Rule 20204).

- e. Compensation increases involving tenured faculty of \$10,000 or more at academic institutions and \$25,000 or more at health-related institutions. This includes one-time merit payments. Incentive payments and other compensation that are part of a tenured health faculty member's approved compensation plan (i.e. the XYZ Plan) do not require approval from U. T. System so long as the payments are within the approved plan maximum totals and the total of all compensation does not equal or exceed \$500,000.
  - f. Appointments and promotions involving administrative and professional personnel reporting directly to the president.
  - g. Compensation increases of \$10,000 or more involving administrative and professional personnel reporting directly to the president. This includes one-time merit payments.
3. Items requiring approval of the president only (Chancellor for U. T. System Administration)
- a. All interdepartmental transfers.
  - b. All budget transfers between line-item appropriations within a department.
  - c. Increases in budgeted amounts from income or unappropriated balances for Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
  - d. Reallocation of unallocated Faculty Salaries. All unfilled and uncommitted line-item faculty salary positions will lapse to the institutional "Unallocated Faculty Salaries" account.
  - e. Reappropriation of Prior Year Educational and General Fund Balances, subject to the thresholds established in B.5 below.
  - f. Promotions involving tenured faculty.
  - g. New honorary title appointments as Dean Emeritus, Chair Emeritus, Professor Emeritus, and similar honorary designations (Regents' Rule 31001).
  - h. Transactions involving all other personnel except those specified in B.1b, B.1c, B.1d, B.1e, B.1f, B.1g, B.1h, B.2d, B.2e, B.2f, and B.2g as defined above.
  - i. Changes in sources of funds, changes in time assignments, and other changes in status for personnel categorized in Item B.1, provided no change in the individual's salary rate is involved. In the case of Medical Faculty, this provision applies to "Total Compensation."
  - j. Summer Session Budgets.
  - k. Clinical faculty appointments or changes, including medical or hospital staff, without salary.

#### 4. Effective date of appointments and compensation increases

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

#### 5. Budget amendment criteria

- a. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, of \$1 billion or more will have a threshold of:
  - i. For B.1h and B.1i – Equal to or greater than \$5,000,000 (budget increase approval on Consent Agenda)
  - ii. For B.2a – Equal to or greater than \$2,000,000 (reappropriation of E&G balances approval by U. T. System Administration)
  - iii. For B.2b and B.2c – Equal to or greater than \$2,000,000 and less than \$5,000,000 (budget increase approval by U. T. System Administration)
  - iv. For B.3c and B.3e – Less than \$2,000,000 (approval by president)
- b. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, between \$250 million and \$1 billion will have a threshold of:
  - i. For B.1h and B.1i – Equal to or greater than \$2,500,000 (budget increase approval on Consent Agenda)
  - ii. For B.2a – Equal to or greater than \$1,000,000 (reappropriation of E&G balances approval by U. T. System Administration)
  - iii. For B.2b and B.2c – Equal to or greater than \$1,000,000 and less than \$2,500,000 (budget increase approval by U. T. System Administration)
  - iv. For B.3c and B.3e – Less than \$1,000,000 (approval by president)
- c. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, less than \$250 million will have a threshold of:
  - i. For B.1h and B.1i – Equal to or greater than \$1,000,000 (budget increase approval on Consent Agenda)
  - ii. For B.2a – Equal to or greater than \$250,000 (reappropriation of E&G balances approval by U. T. System Administration)
  - iii. For B.2b and B.2c – Equal to or greater than \$250,000 and less than \$1,000,000 (budget increase approval by U. T. System Administration)
  - iv. For B.3c and B.3e – Less than \$250,000 (approval by president)

- d. U. T. System Administration will have a threshold of:
- i. For B.1h and B.1i – Equal to or greater than \$1,000,000 (budget increase approval on Consent Agenda)
  - ii. For B.2a and B.3e – All amounts may be approved by the Chancellor (reappropriation of E&G balances)
  - iii. For B.2b, B.2c, and B.3c – All amounts less than \$1,000,000 may be approved by the Chancellor (budget increase approval)
  - iv. Notwithstanding i., ii., and iii., the Chancellor may authorize any budget amendment in the U. T. System revolving insurance funds without limitation.

## C. OTHER CONSIDERATIONS

1. All appropriations not actually expended or encumbered by August 31 will automatically lapse to the Unappropriated Balance Account except for those reallocated pursuant to Item B.2a and Item B.3e.
2. Compensation indicated as "MSRDP Funds," "DSRDP Funds," "PRS Funds," "FSRDP Funds," "Allied Health Faculty Services Plan" or "Nursing Clinical Enterprise Health Services, Research and Development Plan" is contingent upon its being earned or available in accordance with the regulations applicable to the appropriate Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service Plan, Faculty Services Research and Development Plan, Allied Health Faculty Services Plan, or Nursing Clinical Enterprise Health Services Research and Development Plan.
3. Budgeted expenditures authorized from sources of funds other than Educational and General Funds are contingent upon receipt of such funds. Appointments from such fund sources will not become an obligation of the institution in the event the supplemental or grant funds are not realized.
4. Leaves of Absence may be granted only in accordance with provisions contained in Regents' Rule 30201.
5. In these Rules, Compensation means total annual compensation as defined by Regents' Rule 20204 or total compensation under a multiyear contract.
6. Appropriations of the Available University Fund are subject to the appropriation limitations and notice requirements found in the General Appropriations Act.

# THE UNIVERSITY OF TEXAS SYSTEM

## ACADEMIC WORKLOAD REQUIREMENTS FOR ACADEMIC INSTITUTIONS

For Fiscal Year Ending August 31, 2020

### Academic Workload Requirements for General Academic Institutions

The general workload requirements for U. T. System academic institutions are set forth in Regents' *Rule* 31006. Through established shared governance processes, each academic institution has been authorized by the U. T. System Board of Regents to establish a faculty workload policy that adheres to the provisions and reporting requirements of *Rule* 31006. As required by *Texas Education Code Section* 51.402 and *Rule* 31006, each academic institution has included their faculty workload policy in this operating budget.

# THE UNIVERSITY OF TEXAS SYSTEM

## MEDICAL, DENTAL, NURSING, FACULTY SERVICES RESEARCH AND DEVELOPMENT PLANS, ALLIED HEALTH FACULTY SERVICES PLAN AND PHYSICIANS REFERRAL SERVICE

For Fiscal Year Ending August 31, 2020

### Rules and Procedures

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



# THE UNIVERSITY OF TEXAS SYSTEM

## PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS) AND SIMILAR FUNDED PROGRAMS BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2020

### A. INITIAL BUDGET

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

### B. BUDGET AMENDMENTS

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
  - a. Substitute Library and Equipment purchases in excess of \$1 million that are not on the approved list.
  - b. Funding for new Repair and Rehabilitation projects in excess of \$1 million that are not on the approved list.
2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
  - a. Substitute Library and Equipment purchases of \$1 million or less that are not on the approved list.
  - b. Funding for new Repair and Rehabilitation projects of \$1 million or less that are not on the approved list.
  - c. Transfers of appropriated funds between approved Library and Equipment items.

- d. Transfers of appropriated funds between Repair and Rehabilitation items.
- e. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.
- f. All transfers of funds are subject to the requirements of the UTS 168 Capital Expenditure Policy.

## **C. OTHER CONSIDERATIONS**

1. All Library and Equipment or Repair and Rehabilitation appropriations must be expended within 36 months from the date of the award or the appropriation will lapse and be made available for future Systemwide reallocation.
2. All Faculty STARS or similar program appropriations must be expended within 36 months from the time the faculty member arrives on campus or the appropriation will lapse and be made available for future Systemwide reallocation.
3. Notwithstanding the limitations adopted at the time LERR, Faculty STARS, or other similar funding was authorized, these Budget Rules and Procedures apply to all previously authorized LERR, Faculty STARS and similar funding.
4. In accordance with the UTS 168 Capital Expenditure Policy, LERR and Faculty STARS funding that is incorporated into a Major Project will be defined as PUF and will be subject to rules applicable to all Major Projects. Major Projects are defined by Regents' Rule 80301.

# THE UNIVERSITY OF TEXAS SYSTEM

## PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) AND SIMILAR FUNDED PROGRAMS EXPENDITURE GUIDELINES

For Fiscal Year Ending August 31, 2020

### A. AUTHORIZATION OF PUF BOND PROCEEDS FOR LERR, STARs, OR SIMILAR FUNDED PROGRAMS

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

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

It is for the last three purposes noted above that the U. T. System Board of Regents has established the LERR, Faculty STARs, and similar funded programs.

### B. RETENTION OF RECORDS

The Internal Revenue Service requires that invoice documentation supporting capital expenditures, including LERR, Faculty STARs and similar programs funded with proceeds of tax-exempt bonds, be maintained for a period ending three years after the complete extinguishment of the bonds. Pursuant to the Texas *Constitution*, PUF bonds may be structured with a maximum maturity of 30 years. In order to comply with the IRS requirement and *UTS 181 Policy for Post Bond Issuance Federal Tax Compliance*, U. T. institutions shall maintain invoice documentation for 35 years for any capital expenditures funded with tax-exempt proceeds.

### C. ELIGIBILITY FOR PROGRAM FUNDS

Eligibility for LERR, STARs, or other similar funded programs is the same as eligibility for PUF bond proceeds as set forth in the *Constitution*.

## D. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS

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

### ***Repair and Rehabilitation of Buildings or Other Permanent Improvements***

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

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

### ***Acquisition of Capital Equipment***

Capital equipment is generally regarded as nonexpendable, tangible personal property having a useful life of more than one year. The acquisition cost for equipment includes the net invoice price, including any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. In addition, taxes, duty, in-transit insurance, freight, and installation charges are also included as part of the acquisition cost. Capital equipment, including software, that will be used Systemwide, or between and among U. T. institutions and System Administration, is eligible for LERR, Faculty STARS, or similar program funds.

### **Warranties and Similar Service Features**

The cost of warranties and similar service features related to a purchase of capital equipment (such as maintenance agreements and loaner programs) are not eligible for LERR, Faculty STARS, or similar program funds as these are considered operating expenses. This ineligibility also applies to warranty and similar service feature costs separately identified during original purchase. For example, a warranty agreement charge that is separately identified on a Laptop purchase is not allowed.

### **Software**

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR, Faculty STARS, or similar funded programs if they are incurred in the Application Development Stage. This principle applies whether the salaries are paid to employees of the institution or to outside parties. See *UTS 142.13 Accounting and Financial Reporting for Intangible Assets* at <https://www.utsystem.edu/sites/policy-library/policies/uts-14213-accounting-and-financial-reporting-intangible-assets>. Training costs related to software usage are discussed below.

The purchase of bundled software included as part of the initial acquisition of computer hardware is capitalizable regardless of threshold and therefore eligible for LERR, Faculty STARS, or similar program funds.

Software maintenance costs are considered operating expenses and therefore are not eligible for LERR, Faculty STARS, or similar program funds as these are considered operating expense.

Costs for software licenses with a useful life extending beyond one year that will be owned are eligible for LERR, Faculty STARS, or similar program funds. Leased or licensed software that requires the payment of an annual fee (i.e., does not have a useful life extending beyond one year) and that will not be owned when the license expires is not eligible for LERR, Faculty STARS, or similar program funds.

### **Employee Training and Travel Costs**

Employee training and travel costs are not eligible for LERR or STARS program funds as these are considered operating expenses.

### **Operating Expenses**

Consumables, which generally include those items that have an expected useful life of less than one year, are not eligible for LERR or STARS program funds as these are considered operating expenses. Some examples include, but are not limited to: chemicals, gases, paper, staplers and other office supplies, toner cartridges, medical supplies, disposal services, and laboratory supplies.

Examples of other operating expenses that are not eligible for LERR or STARS program funds include, but are not limited to: monthly telephone services, animals, software maintenance cost, and routine maintenance.

### ***Acquisition of Library Books and Library Materials***

The acquisition of library books and library materials is eligible for LERR. A library book is generally defined as a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library materials are information sources other than books, including journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items that provide information essential to the learning process or enhance the quality of university library programs. A purchase of a license for library materials is allowable if the license period is in excess of one year. Annual license subscriptions and payments are not eligible for LERR.

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

### ***Prohibition for Student Housing, Athletics, and Auxiliary Enterprises***

Article VII, Section 18 (d) of the *Constitution* prohibits the use of PUF bond proceeds, and therefore the use of LERR, Faculty STARS, and similar program funds, for student housing, intercollegiate athletics, or auxiliary enterprises.

## E. SPECIAL PROGRAM FUNDING

### Faculty STARS Program

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

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

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