THE UNIVERSITY OF TEXAS SYSTEM

OPERATING BUDGET SUMMARIES

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

FISCAL YEAR 2015

AUGUST 2014

The University of Texas at Arlington ◆ The University of Texas at Austin ◆ The University of Texas at Brownsville ◆ The University of Texas at Dallas ◆ The University of Texas at El Paso ◆ The University of Texas–Pan American ◆ The University of Texas of the Permian Basin ◆ The University of Texas at San Antonio ◆ The University of Texas at Tyler ◆ The University of Texas Southwestern Medical Center ◆ 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, 2015

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The University of Texas System
Operating Budget Highlights

For the Year Ending August 31, 2015

INTRODUCTION

The University of Texas System (the "System") is one of the largest and most comprehensive institutions of higher education in the country, as well as one of the largest employers in Texas. The System's nine general academic campuses educate one-third of Texas' public university students and its six health-related campuses educate two-thirds of the health professional students attending Texas' public health-related institutions of higher education.

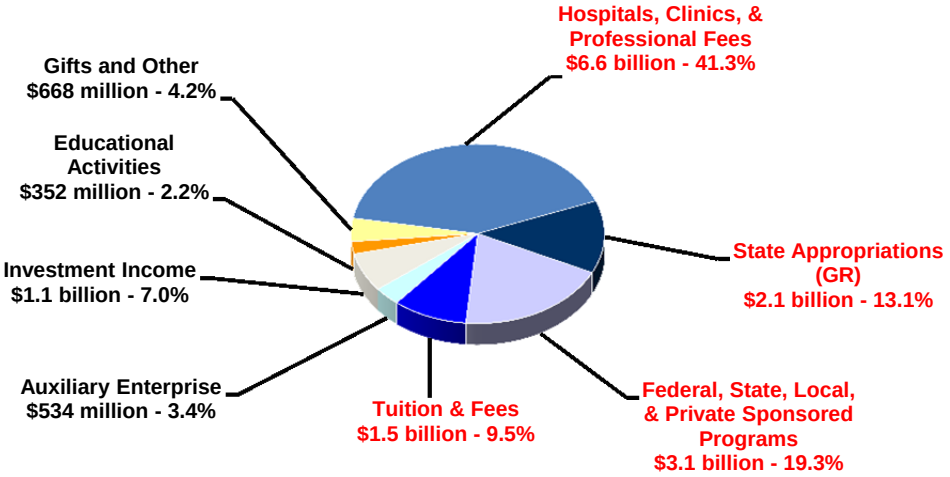
The effect of the System's expenditures on the Texas economy is profound. The State Comptroller of Public Accounts has estimated that every $1 spent generates as much as $5 in additional economic activity.

The operating budget provides a wide range of services for Texans. Beyond the primary mission of higher education and research, a significant amount of health care is provided for uninsured and underinsured Texans and several initiatives are supported to improve K-12 education in the public schools. The University's extensive research and development advancements strengthen the Texas economy. Based on the activity of the 2012 fiscal year (FY), the U. T. System signs a commercialization deal nearly every other day, starts a new company almost weekly, and receives three U.S. patents every week!

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

For FY 2015, changes in the operating budget are driven by growth in health care activities including hospital charges, professional fees and Delivery System Reform Incentive Payments (DSRIP) revenue. DSRIP represents incentive payments made to providers that participate in Medicaid health care quality and delivery system reforms.

REVENUES



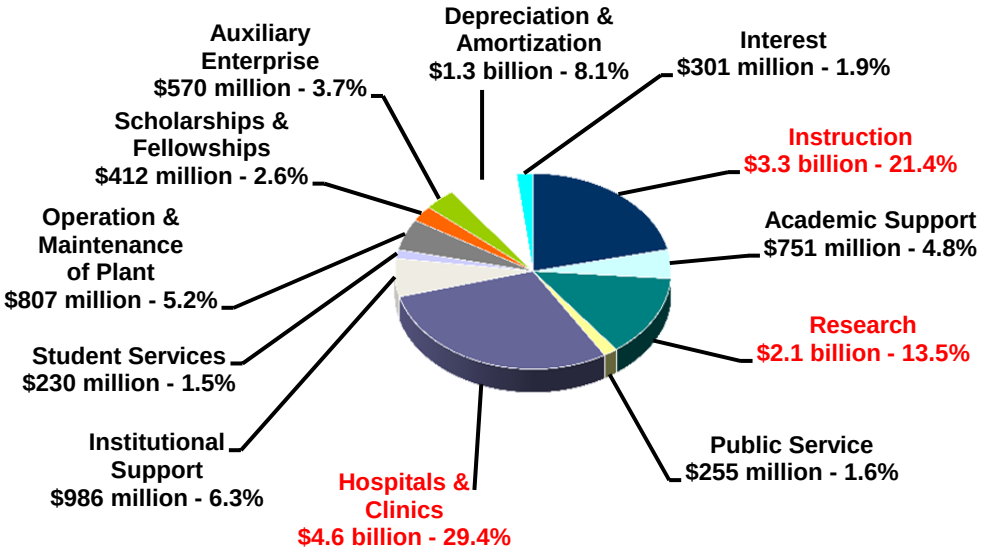
Revenues included in the operating budget summary include both operating and nonoperating revenues used to finance the operating budget. Combined revenues for FY 2015 are $15.9 billion, up 5.9 percent or $888 million from FY 2014. Areas of growth include ***Net Sales and Services of Hospitals and Clinics*** (10.2 percent, $469 million), ***Net Professional Fees*** (8.0 percent, $111 million) and ***Other Operating Revenues*** (66.3 percent, $133 million). Budgeted ***State Appropriations*** are increased slightly (0.8 percent, $16 million) as compared to 2014 resulting principally from growth in group insurance appropriations made by the 83rd Texas Legislature. For FY 2015, general revenue will decline to 13.3 percent of the total expense budget, compared to 14.1 percent for 2014.

Net Sales and Services of Hospital and Clinics primarily includes income generated from patient care at the System's hospitals and the major driver of budget increases for FY 2015. The largest increases are anticipated by U. T. Southwestern Medical Center ($98 million), U. T. Medical Branch - Galveston ($25 million), and U. T. M. D. Anderson Cancer Center ($348 million) and result from volume and price increases along with the planned opening of the new William P. Clements, Jr. University Hospital (Clements Hospital) at U. T. Southwestern Medical Center.

Growth in ***Net Professional Fees*** principally results from growth in the health-related institutions medical practice plans. Contributing to this is the expansion of both practice specialties and clinic locations. The most significant increases are occurring at U. T. Southwestern Medical Center ($47 million), U. T. Health Science Center - Houston ($43 million), and U. T. M. D. Anderson Cancer Center ($22 million).

Delivery System Reforms Incentive Payment (DSRIP) revenues are the main contributor to the growth in ***Other Operating Revenues.*** Virtually all growth relates to the health-related institutions with the largest increase at U. T. M. D. Anderson ($62 million) where growth in DSRIP and alignment of the budget with 2014 projections are driving the increase. All other health-related institutions contribute to the increase, and all identify DSRIP as the principal reason for growth.

EXPENSES



Expenses reflected in the operating budget include all operational functions, 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 2015 are $15.6 billion, up 7.0 percent or $1.0 billion from FY 2014. Significant functional areas of growth include ***Instruction/Academic Support*** (4.6 percent, $181 million), ***Hospital and Clinics*** (12.7 percent, $519 million), and ***Depreciation and Amortization*** (10.6 percent, $121 million).

Instruction/Academic Support expenses increased due to support for new academic and medical faculty, and academic programs such as the medical school at U. T. Austin. Expansion of medical practice plans is triggering a need for additional physician faculty. The most significant increases were at U. T. Austin ($65 million), U. T. Southwestern Medical Center ($46 million) and U. T. Health Science Center - Houston ($76 million).

Hospital and Clinics expenses increased due largely to growth in patient care costs associated with increasing volume and related costs, the transition of U. T. Southwestern Medical Center to the new Clements Hospital, and the continued investment of DSRIP revenue in various projects. The most significant increases are at U. T. Southwestern Medical Center ($130 million), U. T. Medical Branch – Galveston ($44 million), U. T. Health Science Center - Houston ($41 million), and U. T. M. D. Anderson Cancer Center ($275 million).

Depreciation and Amortization has increased largely due to the completion or anticipated completion of a number of major construction and information technology projects, including Clements Hospital, with the most significant increases at U. T. Dallas ($14 million), U. T. Southwestern Medical Center ($32 million) and U. T. M. D. Anderson Cancer Center ($34 million).

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 portion of Higher Education Assistance Fund (HEAF) appropriations expended on items that are capitalized for accounting purposes is eliminated from the budgeted revenue totals.

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

PRESENTATION OF FY 2014 PROJECTED ACTUAL TOTALS

All U. T. institutions have prepared a projection of FY 2014 activity in a format comparable to that presented for the FY 2014 adjusted and FY 2015 proposed budgets. This projection was based on activity through May 2014.

RECLASSIFICATION OF FY 2014 BUDGET TOTALS

In certain situations, reclassifications have been made between line items to enhance comparability with the FY 2015 presentation. Original budget totals approved by the U. T. System Board of Regents for FY 2014 remain unchanged.

GLOSSARY OF TERMS

Operating Revenues:

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

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

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

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

NET PROFESSIONAL FEES – Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at U. T. health institutions as part of the medical, 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.

DISRIP – Delivery System Reforms Incentive Payment funds are payments made to providers who agree to participate in Medicaid health care quality and delivery system reforms.

Operating Expenses:

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).

GLOSSARY OF TERMS (CONTINUED)

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

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

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

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

SCHOLARSHIPS 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.

Nonoperating Revenues (Expenses):

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

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

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

GLOSSARY OF TERMS (CONTINUED)

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 SRECNA Change in Net Assets. This elimination leaves virtually all interest expense for the entire System reflected at System Administration since most of the System's debt is issued in the name of the Board of Regents.

Reconciliation to Change in Net Assets:

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

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

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

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

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

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

GLOSSARY OF TERMS (CONTINUED)

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 SRECNA Change in Net Assets as retirement of principal is a balance sheet transaction and do not impact net assets.

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

TRANSFERS AND OTHER – Includes all interfund transfers and other activity not categorized elsewhere. For U. T. System, this total also includes the 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

The University of Texas System
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	1,524,077,496	1,516,221,554	1,510,907,187	(5,314,367)	-0.4%
Federal Sponsored Programs		1,401,350,259	1,421,814,571	1,402,234,290	(19,580,281)	-1.4%
State Sponsored Programs		273,767,050	262,971,496	276,412,146	13,440,650	5.1%
Local and Private Sponsored Programs		1,063,140,371	1,027,627,705	1,088,794,675	61,166,970	6.0%
Net Sales and Services of Educational Activities		408,831,116	345,268,238	351,993,307	6,725,069	1.9%
Net Sales and Services of Hospital and Clinics		4,754,692,711	4,582,453,952	5,051,236,572	468,782,620	10.2%
Net Professional Fees		1,386,206,924	1,391,820,903	1,503,225,155	111,404,252	8.0%
Net Auxiliary Enterprises		495,012,326	506,466,581	533,575,836	27,109,255	5.4%
Other Operating Revenues		331,895,268	201,392,396	334,876,796	133,484,400	66.3%
Total Operating Revenues		11,638,973,521	11,256,037,396	12,053,255,964	797,218,568	7.1%
Operating Expenses:						
Instruction		3,086,595,273	3,184,609,915	3,348,335,218	163,725,303	5.1%
Academic Support		654,398,138	733,477,731	750,741,736	17,264,005	2.4%
Research		2,075,964,305	2,057,501,750	2,112,216,309	54,714,559	2.7%
Public Service		267,816,397	248,376,856	255,215,304	6,838,448	2.8%
Hospitals and Clinics		4,157,233,842	4,079,273,087	4,597,877,285	518,604,198	12.7%
Institutional Support		1,561,699,516	938,342,728	985,670,194	47,327,466	5.0%
Student Services		216,664,396	222,922,016	230,413,716	7,491,700	3.4%
Operations and Maintenance of Plant		793,599,566	790,081,198	806,503,674	16,422,477	2.1%
Scholarships and Fellowships		433,900,654	410,739,015	411,863,012	1,123,997	0.3%
Auxiliary Enterprises		510,643,748	537,272,853	569,612,236	32,339,384	6.0%
Depreciation and Amortization		1,154,307,666	1,143,543,000	1,264,556,572	121,013,572	10.6%
Total Operating Expenses		14,912,823,501	14,346,140,148	15,333,005,256	986,865,108	6.9%
Operating Surplus/Deficit		(3,273,849,980)	(3,090,102,752)	(3,279,749,292)	(189,646,540)	6.1%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		2,066,203,420	2,057,269,281	2,073,677,048	16,407,767	0.8%
Federal Sponsored Programs (Nonoperating)		315,132,190	291,872,509	301,603,807	9,731,298	3.3%
State Sponsored Programs (Nonoperating)		17,641,675	14,049,437	3,367,124	(10,682,313)	-76.0%
Gifts in Support of Operations		399,135,902	332,136,629	332,791,604	654,975	0.2%
Net Investment Income		1,332,818,520	1,031,119,937	1,105,895,789	74,775,852	7.3%
Other Non-Operating Revenue		557,538	-	-	-	-
Other Non-Operating (Expenses)		(403,696)	-	-	-	-
Net Non-Operating Revenue/(Expenses)		4,131,085,549	3,726,447,793	3,817,335,372	90,887,579	2.4%
Transfers and Other:						
AUF Transfers Received for Operations		285,407,199	260,385,875	313,840,841	53,454,966	20.5%
AUF Transfers (Made) for Operations		(285,407,199)	(260,385,875)	(313,840,841)	(53,454,966)	20.5%
Transfers for Debt Service - Interest		(271,739,414)	(270,231,427)	(301,221,828)	(30,990,401)	11.5%
Total Transfers and Other		(271,739,414)	(270,231,427)	(301,221,828)	(30,990,401)	11.5%
Budget Margin (Deficit)		585,496,155	366,113,614	236,364,252	(129,749,362)	-35.4%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		2,024,000	-	2,000,000	2,000,000	-
Net Inc./(Dec.) in Fair Value of Investments		1,593,274,321	-	-	-	-
Interest Expense on Capital Asset Financings		(321,419,492)	(280,165,520)	(302,471,828)	(22,306,308)	8.0%
Capital Approp., Gifts and Sponsored Programs		257,431,714	442,517,347	353,117,788	(89,399,559)	-20.2%
HEAF (Capitalized)		13,011,662	11,464,800	11,463,200	(1,600)	0.0%
Additions to Permanent Endowments		113,950,720	103,650,456	87,516,318	(16,134,138)	-15.6%
Transfers for Debt Service - Principal		(339,679,203)	(405,987,028)	(427,984,566)	(21,997,538)	5.4%
Reverse Transfers for Debt Service (System Only)		611,418,617	676,218,455	729,206,394	52,987,939	7.8%
Transfers and Other		787,818,656	41,714,245	(38,122,714)	(79,836,959)	-191.4%
SRECNA Change in Net Assets	$	3,303,327,150	955,526,369	651,088,844	(304,437,525)	-31.9%
Total Revenues and AUF Transfers	$	15,770,462,766	14,982,485,189	15,870,591,336	888,106,147	5.9%
Total Expenses (Including Transfers for Interest)		(15,184,966,611)	(14,616,371,575)	(15,634,227,084)	(1,017,855,509)	7.0%
Budget Margin (Deficit)	$	585,496,155	366,113,614	236,364,252	(129,749,362)	
Reconciliation to Use of Prior Year Balances						
Depreciation			1,143,543,000	1,264,556,572		
Capital Outlay			(813,523,964)	(803,393,380)		
HEAF (Capitalized)			11,464,800	11,463,200		
Transfers for Debt Service - Principal			(405,987,028)	(427,984,566)		
Budgeted Transfers			(31,932,788)	(17,366,301)		
Net Additions to (Uses of) Prior Year Balances			269,677,634	263,639,777		

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, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	1,397,118,479	1,389,353,239	1,378,024,337	(11,328,902)	-0.8%
Federal Sponsored Programs		632,260,374	601,861,940	657,615,192	55,753,252	9.3%
State Sponsored Programs		181,134,247	172,702,733	178,229,946	5,527,213	3.2%
Local and Private Sponsored Programs		156,837,460	133,064,848	132,579,634	(485,214)	-0.4%
Net Sales and Services of Educational Activities		299,372,878	266,043,629	273,531,583	7,487,954	2.8%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		396,239,400	404,813,102	428,117,731	23,304,629	5.8%
Other Operating Revenues		25,830,490	19,259,614	15,352,804	(3,906,810)	-20.3%
Total Operating Revenues		3,088,793,328	2,987,099,105	3,063,451,227	76,352,122	2.6%
Operating Expenses:						
Instruction		1,317,468,137	1,414,300,630	1,459,565,405	45,264,775	3.2%
Academic Support		399,799,854	461,318,320	489,668,472	28,350,152	6.1%
Research		734,569,465	704,150,323	727,140,652	22,990,329	3.3%
Public Service		152,380,990	146,249,077	148,718,975	2,469,898	1.7%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		362,994,197	349,057,879	358,711,962	9,654,083	2.8%
Student Services		198,619,709	201,446,968	207,371,127	5,924,159	2.9%
Operations and Maintenance of Plant		318,054,939	304,491,224	310,882,903	6,391,680	2.1%
Scholarships and Fellowships		411,970,190	391,202,969	388,869,690	(2,333,279)	-0.6%
Auxiliary Enterprises		438,890,307	462,270,452	490,397,089	28,126,638	6.1%
Depreciation and Amortization		523,450,147	507,172,347	547,704,683	40,532,336	8.0%
Total Operating Expenses		4,858,197,935	4,941,660,188	5,129,030,958	187,370,770	3.8%
Operating Surplus/Deficit		(1,769,404,607)	(1,954,561,083)	(2,065,579,731)	(111,018,648)	5.7%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		944,205,550	943,163,650	953,815,238	10,651,588	1.1%
Federal Sponsored Programs (Nonoperating)		294,134,629	288,894,013	298,983,807	10,089,794	3.5%
State Sponsored Programs (Nonoperating)		16,788,675	14,049,437	3,367,124	(10,682,313)	-76.0%
Gifts in Support of Operations		173,426,217	170,468,236	157,413,835	(13,054,401)	-7.7%
Net Investment Income		294,353,076	252,305,048	268,922,182	16,617,134	6.6%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		(157,965)	-	-	-	-
Net Non-Operating Revenue/(Expenses)		1,722,750,182	1,668,880,384	1,682,502,186	13,621,802	0.8%
Transfers and Other:						
AUF Transfers Received for Operations		236,801,324	219,060,000	264,250,000	45,190,000	20.6%
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(117,399,720)	(113,489,301)	(118,153,445)	(4,664,144)	4.1%
Total Transfers and Other		119,401,604	105,570,699	146,096,555	40,525,856	38.4%
Budget Margin (Deficit)		72,747,179	(180,110,000)	(236,980,990)	(56,870,990)	31.6%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		27,003,489	-	-	-	-
Interest Expense on Capital Asset Financings		(1,240,641)	(1,300,000)	(1,250,000)	50,000	-3.8%
Capital Approp., Gifts and Sponsored Programs		127,407,111	213,688,464	168,207,980	(45,480,484)	-21.3%
HEAF (Capitalized)		13,011,662	11,464,800	11,463,200	(1,600)	0.0%
Additions to Permanent Endowments		84,223,162	75,268,791	58,772,316	(16,496,475)	-21.9%
Transfers for Debt Service - Principal		(131,878,364)	(128,702,394)	(139,187,116)	(10,484,722)	8.1%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		204,910,808	165,580,234	190,775,890	25,195,656	15.2%
SRECNA Change in Net Assets	$	396,184,406	155,889,895	51,801,280	(104,088,615)	-66.8%
Total Revenues and AUF Transfers	$	5,048,502,799	4,875,039,489	5,010,203,413	135,163,924	2.8%
Total Expenses (Including Transfers for Interest)		(4,975,755,620)	(5,055,149,489)	(5,247,184,403)	(192,034,914)	3.8%
Budget Margin (Deficit)	$	72,747,179	(180,110,000)	(236,980,990)	(56,870,990)	
Reconciliation to Use of Prior Year Balances						
Depreciation			507,172,347	547,704,683		
Capital Outlay			(153,511,953)	(153,774,167)		
HEAF (Capitalized)			11,464,800	11,463,200		
Transfers for Debt Service - Principal			(128,702,394)	(139,187,116)		
Budgeted Transfers			(19,722,631)	(20,180,105)		
Net Additions to (Uses of) Prior Year Balances			36,590,169	9,045,505		

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, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	126,959,017	126,868,315	132,882,850	6,014,535	4.7%
Federal Sponsored Programs		750,741,272	807,452,631	735,359,098	(72,093,533)	-8.9%
State Sponsored Programs		92,632,803	80,061,969	98,182,200	18,120,231	22.6%
Local and Private Sponsored Programs		906,302,911	894,562,857	956,215,041	61,652,184	6.9%
Net Sales and Services of Educational Activities		85,631,851	76,931,344	76,222,756	(708,588)	-0.9%
Net Sales and Services of Hospital and Clinics		4,754,692,711	4,582,453,952	5,051,236,572	468,782,620	10.2%
Net Professional Fees		1,386,206,924	1,391,820,903	1,503,225,155	111,404,252	8.0%
Net Auxiliary Enterprises		98,772,926	101,653,479	105,458,105	3,804,626	3.7%
Other Operating Revenues		267,691,429	182,132,782	318,824,214	136,691,432	75.1%
Total Operating Revenues		8,469,631,844	8,243,938,232	8,977,605,991	733,667,759	8.9%
Operating Expenses:						
Instruction		1,769,127,136	1,770,309,285	1,888,769,813	118,460,528	6.7%
Academic Support		245,367,659	267,544,098	261,073,264	(6,470,834)	-2.4%
Research		1,341,394,840	1,353,351,427	1,385,075,657	31,724,230	2.3%
Public Service		115,435,407	102,127,779	106,496,329	4,368,550	4.3%
Hospitals and Clinics		4,157,233,842	4,079,273,087	4,597,877,285	518,604,198	12.7%
Institutional Support		536,604,147	508,268,637	546,572,390	38,303,753	7.5%
Student Services		18,044,687	21,475,048	23,042,589	1,567,541	7.3%
Operations and Maintenance of Plant		475,044,738	485,589,974	495,620,771	10,030,797	2.1%
Scholarships and Fellowships		21,611,531	18,162,686	21,248,462	3,085,776	17.0%
Auxiliary Enterprises		71,753,441	75,002,401	79,215,147	4,212,746	5.6%
Depreciation and Amortization		621,122,504	627,027,400	703,715,392	76,687,992	12.2%
Total Operating Expenses		9,372,739,932	9,308,131,822	10,108,707,099	800,575,277	8.6%
Operating Surplus/Deficit		(903,108,088)	(1,064,193,590)	(1,131,101,108)	(66,907,518)	6.3%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		1,111,462,272	1,107,910,130	1,118,223,911	10,313,781	0.9%
Federal Sponsored Programs (Nonoperating)		2,655,017	2,978,496	2,620,000	(358,496)	-12.0%
State Sponsored Programs (Nonoperating)		853,000	-	-	-	-
Gifts in Support of Operations		224,212,385	160,719,662	174,424,669	13,705,007	8.5%
Net Investment Income		305,226,562	293,876,592	300,705,638	6,829,046	2.3%
Other Non-Operating Revenue		241,657	-	-	-	-
Other Non-Operating (Expenses)		(195,696)	-	-	-	-
Net Non-Operating Revenue/(Expenses)		1,644,455,197	1,565,484,880	1,595,974,218	30,489,338	1.9%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(92,516,419)	(88,030,960)	(97,654,715)	(9,623,755)	10.9%
Total Transfers and Other		(92,516,419)	(88,030,960)	(97,654,715)	(9,623,755)	10.9%
Budget Margin (Deficit)		648,830,690	413,260,330	367,218,395	(46,041,935)	-11.1%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		2,024,000	-	2,000,000	2,000,000	-
Net Inc./(Dec.) in Fair Value of Investments		202,748,024	-	-	-	-
Interest Expense on Capital Asset Financings		(7,329,983)	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		130,024,603	228,828,883	184,909,808	(43,919,075)	-19.2%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		29,727,558	28,381,665	28,744,002	362,337	1.3%
Transfers for Debt Service - Principal		(182,375,839)	(182,214,634)	(209,922,450)	(27,707,816)	15.2%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		466,561,246	290,971,494	162,183,586	(128,787,908)	-44.3%
SRECNA Change in Net Assets	$	1,290,210,299	779,227,738	535,133,341	(244,094,397)	-31.3%
Total Revenues and AUF Transfers	$	10,114,282,737	9,809,423,112	10,573,580,209	764,157,097	7.8%
Total Expenses (Including Transfers for Interest)		(9,465,452,047)	(9,396,162,782)	(10,206,361,814)	(810,199,032)	8.6%
Budget Margin (Deficit)	$	648,830,690	413,260,330	367,218,395	(46,041,935)	
Reconciliation to Use of Prior Year Balances						
Depreciation			627,027,400	703,715,392		
Capital Outlay			(655,513,286)	(645,120,488)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(182,214,634)	(209,922,450)		
Budgeted Transfers			(11,252,429)	3,944,421		
Net Additions to (Uses of) Prior Year Balances			191,307,381	219,835,270		

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

The University of Texas System Administration
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The FY 2015 operating budget continues to allow The University of Texas System Administration to fulfill its mission to lead and serve the academic and health institutions to create and sustain excellence in educational opportunities, research, and health care. In fulfilling this role, value is added on behalf of the U. T. institutions through the undertaking of certain central responsibilities that result in greater efficiency or higher quality than could be achieved by individual institutions or that fulfill legal requirements. These responsibilities include facilitation of U. T. institutions' goals, serving as the agent of the U. T. System Board of Regents, exerting leadership on national and state higher education policies, and providing oversight of and assistance for U. T. institution operations.

In support of U. T. System Board of Regents' initiatives and the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System*, U. T. System Administration has made and continues to make strategic investments in staff throughout the organization including a new Office of Business Development. Additional key areas continue to include the Office of Technology Commercialization, the Institute for Transformational Learning, the Office of Strategic Initiatives and in support of the UTShare administrative computing system which as of May 1, 2014, is being utilized by eight U. T. System institutions. In addition, there has been a general upswing in construction activity requiring significant staffing additions in the area of Facilities Planning and Construction.

Through Senate Bill 24, the 83rd Texas Legislature created a new university in South Texas – The University of Texas Rio Grande Valley. U. T. System Administration is making significant investments in personnel to lead this new organization and in start-up activities. These individuals will be employed by U. T. System Administration until U. T. Rio Grande Valley becomes fully operational.

Revenue

Budgeted FY 2015 was fairly stable as compared to FY 2014. Significant drivers include growth in Available University Fund support offset by reductions in funding for Medicare Part D, the Joint Admission Medical Program (JAMP) and the Darrell K Royal Texas Alzheimer's Initiative (DKR Alzheimer's Initiative). All JAMP and DKR Alzheimer's Initiative funding for the biennium is received in the first year of the biennium (FY 2014) and will be expended throughout FY 2014 and FY 2015. The distribution to the Available University Fund from the Permanent University Fund (PUF) is budgeted at 5.5 percent, equivalent to FY 2014.

Expenses

Total expenses are budgeted to increase 9.5 percent or $15.6 million over FY 2014. Virtually all activities at U. T. System Administration are considered to be Institutional Support, with the DKR Alzheimer's Initiative considered to be Academic Support. Institutional Support was relatively flat. Academic Support declined $4.6 million as all DKR Alzheimer's Initiative funds were passed through in FY 2014 to the Texas Council on Alzheimer's Disease and Related Disorders. Depreciation expense increased by 40% due to placing the UTShare administrative computing system into service. Finally, forecasted interest on PUF Bonds is increasing by $16.7 million. Subject to Board of Regents approval, U. T. System Administration recognizes the need to maintain competitive compensation levels for staff through the implementation of a 2.5% percent merit policy.

The University of Texas System Administration
Operating Budget
Fiscal Year Ending August 31, 2015

	FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ -	-	-	-	-
Federal Sponsored Programs	18,348,613	12,500,000	9,260,000	(3,240,000)	-25.9%
State Sponsored Programs	-	10,206,794	-	(10,206,794)	-100.0%
Local and Private Sponsored Programs	-	-	-	-	-
Net Sales and Services of Educational Activities	23,826,387	2,293,265	2,238,968	(54,297)	-2.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	38,373,349	-	699,778	699,778	-
Total Operating Revenues	80,548,349	25,000,059	12,198,746	(12,801,313)	-51.2%
Operating Expenses:					
Instruction	-	-	-	-	-
Academic Support	9,230,625	4,615,313	-	(4,615,313)	-100.0%
Research	-	-	-	-	-
Public Service	-	-	-	-	-
Hospitals and Clinics	-	-	-	-	-
Institutional Support	662,101,172	81,016,212	80,385,842	(630,370)	-0.8%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	499,889	-	-	-	-
Scholarships and Fellowships	318,933	1,373,360	1,744,860	371,500	27.1%
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	9,735,015	9,343,253	13,136,497	3,793,244	40.6%
Total Operating Expenses	681,885,634	96,348,138	95,267,199	(1,080,939)	-1.1%
Operating Surplus/Deficit	(601,337,285)	(71,348,079)	(83,068,453)	(11,720,374)	16.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	10,535,598	6,195,501	1,637,899	(4,557,602)	-73.6%
Federal Sponsored Programs (Nonoperating)	18,342,544	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,497,300	948,731	953,100	4,369	0.5%
Net Investment Income	733,238,882	484,938,297	536,267,969	51,329,672	10.6%
Other Non-Operating Revenue	315,881	-	-	-	-
Other Non-Operating (Expenses)	(50,035)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	763,880,170	492,082,529	538,858,968	46,776,439	9.5%
Transfers and Other:					
AUF Transfers Received for Operations	48,605,875	41,325,875	49,590,841	8,264,966	20.0%
AUF Transfers (Made) for Operations	(285,407,199)	(274,590,875)	(313,840,841)	(39,249,966)	14.3%
Transfers for Debt Service - Interest	(61,823,275)	(68,711,166)	(85,413,668)	(16,702,502)	24.3%
Total Transfers and Other	(298,624,599)	(301,976,166)	(349,663,668)	(47,687,502)	15.8%
Budget Margin (Deficit)	(136,081,714)	118,758,284	106,126,847	(12,631,437)	-10.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	1,363,522,808	-	-	-	-
Interest Expense on Capital Asset Financings	(312,848,868)	(278,865,520)	(301,221,828)	(22,356,308)	8.0%
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	147,000,000	101,719,741	87,516,318	(14,203,423)	-14.0%
Transfers for Debt Service - Principal	(25,425,000)	(95,070,000)	(78,875,000)	16,195,000	-17.0%
Reverse Transfers for Debt Service (System Only)	611,418,617	676,218,455	729,206,394	52,987,939	7.8%
Transfers and Other	173,346,602	(44,561,070)	(45,097,849)	(536,779)	1.2%
SRECNA Change in Net Assets	$ 1,820,932,445	478,199,890	497,654,882	19,454,992	4.1%
Total Revenues and AUF Transfers	$ 607,677,230	283,817,588	286,807,714	2,990,126	1.1%
Total Expenses (Including Transfers for Interest)	(743,758,944)	(165,059,304)	(180,680,867)	(15,621,563)	9.5%
Budget Margin (Deficit)	$ (136,081,714)	118,758,284	106,126,847	(12,631,437)	
Reconciliation to Use of Prior Year Balances					
Depreciation		9,343,253	13,136,497		
Capital Outlay		(4,498,725)	(4,498,725)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(95,070,000)	(78,875,000)		
Budgeted Transfers		(957,728)	(1,130,617)		
Net Additions to (Uses of) Prior Year Balances		27,575,084	34,759,002		

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

The University of Texas at Arlington
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The University of Texas at Arlington is focused on achieving and surpassing Tier 1 status while ensuring that it sets new standards in innovation in the delivery of knowledge, and ensuring high levels of both access and excellence all while meeting the objectives of *A Framework for Advancing Excellence throughout The University of Texas System*. U. T. Arlington's commitment to student success, high levels of faculty scholarship, and research impact drive the investment of finite resources. For example, U. T. Arlington has implemented a First Year Experience Program to begin fall 2014. U. T. Arlington is also in the process of re-envisioning the institution's career center, has expanded scholarship programs, created more efficient and comprehensive orientation programs, preparing to launch new programs targeted at student success, and focusing on faculty cluster hires to build key areas of strategic importance vis-à-vis research.

In addition, U. T. Arlington is nearing the end of a comprehensive and inclusive strategic planning process, which will assist in both focusing on and advancing strategic priorities and ensuring the institution's budget supports the strategic priorities. Key areas of focus in FY 2015 will be strategic faculty cluster and leadership hires, new programs and offerings, restructuring of current programs, potential creation of new units, and re-envisioning and expansion of online/distance education.

Revenue

U. T. Arlington continues to be entrepreneurial in developing new revenue streams and enhancing existing ones as a means of augmenting traditional funding sources such as tuition and auxiliary services. U. T. Arlington continues to expand its efforts to increase private philanthropy and to help build the University's endowment. With the completed rollout of the 20-acre College Park District, new revenues are being generated through retail, student housing, parking, event ticket sales, and concessions.

Total annual revenues for U. T. Arlington are expected to remain relatively constant when compared to the current fiscal year. Revenue increases due to increased general revenue and tuition from online education programs are reflected in the FY 2015 budget and account for a 3.4 percent increase. Auxiliary enterprise revenues are expected to increase 7.8 percent due to modest increases in housing rental rates and parking fees in addition to revenue generated by the College Park District. Revenue from net sales and services of educational activities has increased by 7 percent due to U. T. Arlington's Division of Enterprise Development's continued expansion of operations.

Expenses

U. T. Arlington's budget remains relatively stable when compared to the prior year. U. T. Arlington continues to maintain efficient operations by using its space more efficiently, participating in U. T. System shared business opportunities, strategic sourcing of projects and services, and fostering a culture of efficiency and cost containment. U. T. Arlington's FY 2015 budget reflects a relatively status quo budget with realignment and reallocation of existing resources as investments towards the University's strategic priorities.

Subject to the approval of the Board of Regents, U. T. Arlington plans a strategic merit based salary increase in the FY 2015 academic year. The objective is to attract and retain talented faculty and staff.

Funding for strategic hires, increased scholarship and fellowship opportunities, retention of key faculty and staff, expansion of student success initiatives, increased online learning opportunities and information technology, and infrastructure investments are reflected in U. T. Arlington's budget for FY 2015, all of which are critical for forward motion and to ensure that U. T. Arlington maintains momentum gained over the past year. Not doing this will result in the inability to address key student needs, meet student success and well being regulations, and loss in Tier 1 ability.

The University of Texas at Arlington
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	221,410,548	204,379,000	208,952,211	4,573,211	2.2%
Federal Sponsored Programs		46,044,197	60,735,751	52,789,925	(7,945,826)	-13.1%
State Sponsored Programs		15,108,252	20,507,223	20,536,866	29,643	0.1%
Local and Private Sponsored Programs		10,791,609	14,239,612	12,345,758	(1,893,854)	-13.3%
Net Sales and Services of Educational Activities		19,840,280	18,319,782	19,614,861	1,295,079	7.1%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		35,592,919	30,646,841	33,045,634	2,398,793	7.8%
Other Operating Revenues		5,110,458	7,689,413	5,192,197	(2,497,216)	-32.5%
Total Operating Revenues		353,898,263	356,517,622	352,477,452	(4,040,170)	-1.1%
Operating Expenses:						
Instruction		151,471,710	160,303,387	166,725,398	6,422,011	4.0%
Academic Support		38,880,988	41,147,975	42,619,799	1,471,824	3.6%
Research		67,816,778	71,770,888	64,236,902	(7,533,986)	-10.5%
Public Service		8,634,872	9,138,335	7,920,561	(1,217,774)	-13.3%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		47,705,893	50,487,422	49,557,248	(930,174)	-1.8%
Student Services		48,208,049	51,018,857	54,709,535	3,690,678	7.2%
Operations and Maintenance of Plant		27,180,212	28,764,976	27,579,869	(1,185,107)	-4.1%
Scholarships and Fellowships		31,293,611	27,295,649	24,218,556	(3,077,093)	-11.3%
Auxiliary Enterprises		35,495,558	38,364,890	39,404,380	1,039,490	2.7%
Depreciation and Amortization		44,604,021	36,969,789	44,750,000	7,780,211	21.0%
Total Operating Expenses		501,291,692	515,262,168	521,722,248	6,460,080	1.3%
Operating Surplus/Deficit		(147,393,429)	(158,744,546)	(169,244,796)	(10,500,250)	6.6%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		118,243,383	118,243,383	119,626,285	1,382,902	1.2%
Federal Sponsored Programs (Nonoperating)		45,000,000	45,000,000	45,000,000	-	0.0%
State Sponsored Programs (Nonoperating)		-	1,219,817	325,000	(894,817)	-73.4%
Gifts in Support of Operations		6,378,605	5,130,105	7,115,308	1,985,203	38.7%
Net Investment Income		14,326,757	12,539,103	13,821,797	1,282,694	10.2%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		183,948,745	182,132,408	185,888,390	3,755,982	2.1%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(13,342,240)	(13,446,831)	(12,737,209)	709,622	-5.3%
Total Transfers and Other		(13,342,240)	(13,446,831)	(12,737,209)	709,622	-5.3%
Budget Margin (Deficit)		23,213,076	9,941,031	3,906,385	(6,034,646)	-60.7%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		9,875,000	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		3,900,000	5,818,790	5,936,166	117,376	2.0%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		4,500,000	4,506,580	4,150,000	(356,580)	-7.9%
Transfers for Debt Service - Principal		(19,092,001)	(16,092,001)	(17,367,714)	(1,275,713)	7.9%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		27,639,500	3,171,811	9,190,556	6,018,745	189.8%
SRECNA Change in Net Assets	$	50,035,575	7,346,211	5,815,393	(1,530,818)	-20.8%
Total Revenues and AUF Transfers	$	537,847,008	538,650,030	538,365,842	(284,188)	-0.1%
Total Expenses (Including Transfers for Interest)		(514,633,932)	(528,708,999)	(534,459,457)	(5,750,458)	1.1%
Budget Margin (Deficit)	$	23,213,076	9,941,031	3,906,385	(6,034,646)	
Reconciliation to Use of Prior Year Balances						
Depreciation			36,969,789	44,750,000		
Capital Outlay			(11,336,922)	(15,152,586)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(16,092,001)	(17,367,714)		
Budgeted Transfers			8,024,067	8,122,811		
Net Additions to (Uses of) Prior Year Balances			27,505,964	24,258,896		

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

The University of Texas at Austin
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The University of Texas at Austin remains committed to pursuing the goal of becoming the leading public university in the nation. Budget constraints have limited the ability to make progress on the major goals of 1) faculty expansion, 2) a competitive compensation plan aimed at recruitment and retention of top talent, 3) support of academic initiatives critical to the future, and 4) diversity. Nevertheless, deans and vice presidents are making strategic decisions to reduce budgets to fund these high priority needs.

The student success initiatives included in this budget will continue progress toward an improved four-year graduation rate. Persistence rates are at the highest level ever at U. T. Austin. Expanding course offerings in "bottleneck" courses and improving academic advising are necessary to improve graduation rates and are a focus of this budget. U. T. Austin is also investing in the redesign and sequencing of courses. Another key element of the enrollment and graduation management plan is ensuring that the bottom quartile of incoming students receive the academic support they need when they enter their freshman year. This begins before they arrive on campus and is part of the college readiness initiatives especially for science, technology, engineering, and math (STEM) students. These initiatives – graduation rates and course transformation – are in line with *A Framework for Advancing Excellence throughout The University of Texas System* the Chancellor outlined in August of 2011 and updated in August 2012.

In addition to undergraduate initiatives, quality measures are being implemented for graduate education, which includes external program reviews. Support for graduate students was noted as an area that needed improvement so this budget includes increased support for graduate students.

The new Dell Medical School 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. This will significantly expand upon current campus strengths in biomedical research and attract top faculty and students at all levels. The dean has been selected and plans are underway to begin hiring faculty and staff to develop the medical school.

Crucial to the University's success in meeting its teaching and research mission, and in being counted among the world's best institutions of higher education, is addressing the challenges of providing a diverse campus. The University must continue to devote financial resources to this goal if it is to sustain its progress in diversity.

Revenue

The state general revenue formula funding for FY 2015 remains flat with only a $1.4 million increase for higher education group insurance cost increases. Tuition revenue includes the non-resident undergraduate tuition increase approved by the Board of Regents. The overall Available University Fund (AUF) amount increased by $31 million made up of $8 million to increase the budget for the Dell Medical School to $25 million and $23 million of additional excellence funding due to the Permanent University Fund market value increase and higher distribution rate. Sponsored program estimated revenue increased to align with historical actual revenue.

Expenses

Subject to approval by the Board of Regents, U. T. Austin plans to implement a modest strategic merit-based salary increase policy to remain a leading university that is competitive in attracting and retaining talented faculty and staff. This salary policy is aligned with the five-year strategic plans developed by each college, school, and unit. Central funds for salary increases were not provided. Funding for this program was made possible through budget cuts by the deans and vice presidents, and this action is consistent with the policy of making sacrifices to fund the highest institutional priorities. Faculty and staff benefit increases were also significant due to estimated higher health insurance costs. As mentioned in the revenue section, the AUF budget includes $8 million for development of the Dell Medical School and increases in sponsored program expenditures to align with historical actual activity. AUF increases will also be used to fund instructional budgets for STEM coursework. Expenses also include implementation costs for shared services and administrative system replacement.

The University of Texas at Austin
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	505,000,000	482,473,867	484,287,227	1,813,360	0.4%
Federal Sponsored Programs		412,405,593	363,394,828	444,215,721	80,820,893	22.2%
State Sponsored Programs		67,112,823	56,525,741	51,326,352	(5,199,389)	-9.2%
Local and Private Sponsored Programs		123,281,584	93,609,030	92,168,341	(1,440,689)	-1.5%
Net Sales and Services of Educational Activities		238,100,000	217,689,230	223,232,195	5,542,965	2.5%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		254,100,000	263,470,009	280,389,695	16,919,686	6.4%
Other Operating Revenues		9,600,000	3,059,590	2,939,688	(119,902)	-3.9%
Total Operating Revenues		1,609,600,000	1,480,222,295	1,578,559,219	98,336,924	6.6%
Operating Expenses:						
Instruction		613,600,000	661,487,723	697,537,645	36,049,922	5.4%
Academic Support		188,800,000	252,739,430	281,619,342	28,879,912	11.4%
Research		463,700,000	420,511,872	472,509,313	51,997,441	12.4%
Public Service		98,500,000	89,063,428	93,022,506	3,959,078	4.4%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		155,600,000	127,377,513	135,615,975	8,238,462	6.5%
Student Services		58,000,000	60,212,970	58,210,041	(2,002,929)	-3.3%
Operations and Maintenance of Plant		157,500,000	144,834,522	149,757,141	4,922,619	3.4%
Scholarships and Fellowships		164,800,000	155,315,849	162,865,967	7,550,118	4.9%
Auxiliary Enterprises		251,700,000	265,411,243	284,538,810	19,127,567	7.2%
Depreciation and Amortization		302,000,000	302,000,000	312,000,000	10,000,000	3.3%
Total Operating Expenses		2,454,200,000	2,478,954,550	2,647,676,740	168,722,190	6.8%
Operating Surplus/Deficit		(844,600,000)	(998,732,255)	(1,069,117,521)	(70,385,266)	7.0%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		315,500,000	315,512,808	316,926,757	1,413,949	0.4%
Federal Sponsored Programs (Nonoperating)		47,000,000	47,000,000	47,500,000	500,000	1.1%
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		120,000,000	111,281,938	114,395,302	3,113,364	2.8%
Net Investment Income		219,500,000	184,751,434	199,899,746	15,148,312	8.2%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		702,000,000	658,546,180	678,721,805	20,175,625	3.1%
Transfers and Other:						
AUF Transfers Received for Operations		236,801,324	219,060,000	264,250,000	45,190,000	20.6%
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(50,900,000)	(43,644,748)	(45,485,112)	(1,840,364)	4.2%
Total Transfers and Other		185,901,324	175,415,252	218,764,888	43,349,636	24.7%
Budget Margin (Deficit)		43,301,324	(164,770,823)	(171,630,828)	(6,860,005)	4.2%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		-	-	-	-	-
Interest Expense on Capital Asset Financings		(1,240,641)	(1,300,000)	(1,250,000)	50,000	-3.8%
Capital Approp., Gifts and Sponsored Programs		110,088,853	185,000,000	150,000,000	(35,000,000)	-18.9%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		63,546,699	48,300,000	45,000,000	(3,300,000)	-6.8%
Transfers for Debt Service - Principal		(44,046,000)	(44,046,000)	(46,122,926)	(2,076,926)	4.7%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		43,452,942	41,200,000	35,000,000	(6,200,000)	-15.0%
SRECNA Change in Net Assets	$	215,103,177	64,383,177	10,996,246	(53,386,931)	-82.9%
Total Revenues and AUF Transfers	$	2,548,401,324	2,357,828,475	2,521,531,024	163,702,549	6.9%
Total Expenses (Including Transfers for Interest)		(2,505,100,000)	(2,522,599,298)	(2,693,161,852)	(170,562,554)	6.8%
Budget Margin (Deficit)	$	43,301,324	(164,770,823)	(171,630,828)	(6,860,005)	
Reconciliation to Use of Prior Year Balances						
Depreciation			302,000,000	312,000,000		
Capital Outlay			(68,189,934)	(78,514,311)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(44,046,000)	(46,122,926)		
Budgeted Transfers			(23,442,396)	(25,243,969)		
Net Additions to (Uses of) Prior Year Balances			1,550,847	(9,512,034)		

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 2014-15

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, the AUF is appropriated 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:

Excellence in Mission:		**$ 133,258,531**
Instructional Excellence		
Enhanced Academic Programs	$ 69,111,819	
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.		
Instructional Program Services	3,722,401	
These services include 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.		
Instructional Initiatives and Programs	7,492,668	
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 and visiting lecturers. Students have access to specialized centers for education technology and science and mathematics education: clinical legal, pharmacy and nursing experiences; fine arts productions; and the master teacher institute.		

Academic Infrastructure (Libraries, Instructional Technology)	30,083,859	
Instructional technology services include providing access to computing, voice and data networks, internet, and email. Library services include access to comprehensive print and digital resources supporting all disciplines, and access to specialized collections within the Humanities Research Center, the Benson Latin American Collection and the Law Library.		
Student Programs and Services	4,986,901	
These services encompass new student orientation, career services, welcoming and mentoring programs, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning, the International Office, and study abroad programs.		
Research Excellence		
Research Competitiveness	14,993,910	
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	2,866,973	
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.		
Recruitment and Retention of Talent:		**55,765,670**
Faculty	3,251,677	
The faculty development program and the recruitment and start-up package funds enabled UT Austin to add new faculty positions in previous years to lower the student/faculty ratio. Lowering this ratio improved undergraduate educational programs, which is a major institutional goal for this decade. Steady progress was made annually. However, due to budget constraints in recent years, funds have not available to add new faculty positions. The student/faculty ratio is now trending upward.		

K-12 Outreach and Undergraduate Students 17,822,710

The University Outreach Centers provide an intensive college preparatory program for under-represented students beginning in eighth grade and continuing through high school. The purpose is to increase the number of educationally disadvantaged students who graduate from Texas high schools prepared to matriculate and be successful in Texas colleges and universities. Funds for various admission, scholarship and retention programs (Gateway, Multicultural Engagement Center, etc.) help insure the quality and diversity of students.

Graduate Students 34,691,283

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

Institutional Accountability and Enhanced Connections to the Public **48,248,469**

Institutional accountability programs and offices are dedicated to providing support services for excellence in teaching, research, and public service. Implementation of shared services and a new Enterprise Resource Planning system will allow for campus-wide administrative systems to clearly align resources and investments with the University's mission and goals by creating business driven systems and data management and modernizing the administrative IT infrastructure. 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 Information Management and Analysis provides information and analytical support to university decision makers and submits numerous reports to the Texas Higher Education Coordinating Board and the Department of Education. University Operations 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.

Dell Medical School 24,974,765

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		**2,002,565**
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		**$ 264,250,000**
		-

Details

Excellence in Mission

Instructional Excellence		
Enhanced Academic Programs		**69,111,819**
Colleges and Schools	64,668,609	
Academic Departments and Centers	4,443,210	
Instructional Program Services		**3,722,401**
Texas Language Center	108,485	
Natural Sciences Dean's Office Communication Group	507,267	
Education Communication Group	596,574	
Fine Arts Office of Computing Technologies	228,133	
Liberal Arts Instructional Technology Services	96,049	
Center for Teaching & Learning	1,765,957	
Undergraduate Studies - Assessment	177,847	
UT Elementary School	127,744	
Student Success Initiatives	114,345	
Instructional Initiatives and Programs		**7,492,668**
Visiting Lecturers and Academic development	115,640	
Provost Initiatives and Innovations	4,357,689	
Bilingual Education	84,032	
Education Learning Technology Center	16,986	
Science & Mathematics Education Center	99,839	
Fine Arts Projects	164,679	
Nursing Children's Wellness Center	94,495	
Nursing Learning Center	10,000	
Clinical Legal Education	125,132	
UTeach E Outreach	186,072	
UTeach Master Teacher Institute	294,330	
Undergraduate Programs	479,848	
Signature Courses	1,227,668	
Core Curriculum Development	236,258	

Academic Infrastructure		**30,083,859**
Instructional Technology	6,467,365	
Libraries	23,616,494	
Student Programs and Services		**4,986,901**
Dean of Students	2,418,561	
Deaf Interpreter Services	786,490	
Mathematics Lab	118,285	
International Office	915,248	
Study Abroad	748,317	
Research Excellence		**14,993,910**
Research Competitiveness		
Research grant infrastructure, compliance and support		
VP For Research - Research Support And Compliance Office	942,867	
Institutional Capital Projects	818,684	
Research Grants	55,100	
Animal Resources Center	593,603	
Texas Advanced Computing Center	3,410,343	
College of Liberal Arts - Research	249,581	
College of Natural Sciences - Research	279,117	
Statistics & Scientific Computation Program	428,644	
Research Initiatives		
Organized Research Units	6,495,682	
University Of Texas Press	1,153,007	
Undergraduate Research	6,237	
Center For Studies In Texas History	416,737	
Research Instruments Laboratory	144,308	
Outreach Excellence		**2,866,973**
Academic Program/Community Interface		
Texas Performing Arts	1,839,947	
Jack S. Blanton Museum of Art	896,668	
Winedale Historical Center	130,358	
Recruitment and Retention of Talent:		**55,765,670**
Initiatives to ensure quality and diversity		
Faculty	3,251,677	
Faculty Development Program	2,378,117	
Faculty Recruitment	873,560	

Undergraduate Students	17,822,710	
Admission	2,447,772	
Registrar	1,783,393	
Freshman Admissions Center	1,407,340	
University Outreach Centers	336,703	
Multicultural Engagement Center	91,270	
Tuition and Fees Scholarship	69,129	
Student Gateway Program	177,948	
U T Learning Center - Student Retention - Tutorial Services	120,228	
Student Services	1,203,794	
Former Student Records	389,763	
Satellite Admissions Office	2,620,646	
Student Financial Services	3,326,841	
Center for Strategic Advising	369,704	
Hardship Waivers	3,113,159	
Longhorn Scholars	365,020	
Graduate Students	34,691,283	
Dean of Graduate Studies	2,005,816	
Tuition Benefits - Teaching Asst/Asst Instructor	22,760,327	
Graduate Fellowships and Scholarships	7,389,575	
Graduate Research Fellowships and Scholarships	200,000	
Graduate and International Admissions	371,434	
School Of Law Scholarships	1,214,429	
Law Admissions Outreach	344,702	
L B J School Of Public Affairs Fellowships and Scholarship	225,000	
Natural Sciences Dean's Excellence Graduate Awards	180,000	
Institutional Accountability and Enhanced Connections to the Public		**48,248,469**
Office of President - Staff Ombuds	89,008	
Office of the Executive Vice President And Provost	7,255,477	
Enterprise Resource Planning Implementation	18,665,000	
Office of Information Management and Analysis	1,375,470	
Vice President for University Operations	1,233,409	
Campus Security and Safety	138,938	
University Communications	3,550,760	
Equal Employment Opportunity	440,169	
Division of Diversity and Community Engagement	678,564	
VP University Operations Communications Department	407,316	
IQ Project	1,259,166	
Non-Student Deaf Interpreter Services	252,600	
General Faculty Office	251,292	
Institutional Memberships	332,800	
Liberal Arts Public Affairs	312,444	
Liberal Arts Business Affairs	1,145,609	
Liberal Arts Centralized Business Office	433,044	
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	10,427,403	

Dell Medical School		**24,974,765**
UT System		**2,002,565**
Telecomm Services Office - UT System Support	1,275,384	
Telecomm Infrastructure - Network Bandwidth	190,509	
Information Technology Assessments - UT Austin Support	536,672	
TOTAL		**$ 264,250,000**

The University of Texas at Brownsville
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

Over the last year, The University of Texas at Brownsville has operated as an independent entity, finalizing land, facility and utility agreements with Texas Southmost College (TSC). U. T. Brownsville entered negotiations with TSC with three goals in mind. The first goal was to delineate two separate campuses so that both institutions could easily maintain autonomous jurisdiction over security and maintenance of the campus in the future. The second goal was to obtain sufficient land to be able to grow campus enrollment in the future. The third and final goal was to obtain sufficient space to provide services to students and capacity to increase enrollments.

Negotiations were successful in physically dividing the two campuses using Ringgold Street as the line of demarcation. U. T. Brownsville met the second goal of obtaining enough land to grow enrollment on the campus in the future. Approximately 70 acres of land was purchased from TSC and another 70 acres of land was gifted by the City of Brownsville. Together with what U. T. Brownsville already owns, U. T. Brownsville owns 280 adjacent acres giving sufficient land to develop a condensed urban campus. However, the third goal was not met.

U. T. Brownsville completed the negotiations owning only 27 percent of the partnership space while keeping 63 percent of the student population. U. T. Brownsville went from having 85 general purpose classrooms down to 32, a decrease of 60 percent.

While the University greatly appreciates the land and facility purchase by U. T. System, U. T. Brownsville continues to lack sufficient space to service students and grow enrollment. The University is now student and land rich but a building poor institution. This is important as U. T. Brownsville looks to bolster the campus in preparation for The University of Texas Rio Grande Valley.

As a result, U. T. Brownsville finds itself leasing building space from TSC to accommodate our student enrollment. However, it is important to note that this leased space will begin expiring in the near future. By the end of FY 2014, lease for academic labs for 7,501 square feet will expire. By the end of FY 2017, the lease for Music Education, Research Labs and Student Services for a total of 124,329 additional square feet will expire. By the end of FY 2021, the lease for Music, Kinesiology and Administrative space for a total of 136,589 additional square feet will expire.

U. T. Brownsville adopted the Chancellor's *A Framework for Advancing Excellence throughout The University of Texas System* as the strategic plan when the separation with TSC began, and guided the work in developing the FY 2015 budget. Three key budget elements included are: 1) post separation reset, 2) retain excellent faculty and staff, and 3) productivity and efficiency. First, as the University concluded the negotiations with TSC, funds were allocated to cover additional rent and facilities costs. The marketing budget was increased to continue with the rebranding effort that began at the end of the partnership with TSC. Second, the University budget includes funding for merit and market adjustments for faculty and staff as well as new faculty positions to address enrollment growth. As a result of rightsizing, U. T. Brownsville has the highest faculty and staff to student ratios in the U. T. System. Finally, funding was allocated for student and academic support initiatives as well as data center costs as a result of the PeopleSoft implementation.

Revenue

The revenue budgeted for the FY 2015 budget is set to increase 9.3 percent or $10.3 million. This is primarily driven by an increase of $4.7 million in TEXAS Grant scholarships, $4.5 million in Pell Grants (Federal Sponsored Programs - Non-Operating). This budget includes a modest one percent increase in student enrollment for FY 2015 and does not include any increases to tuition and fee rates except the increase to non-resident rates approved by the Board of Regents.

Expenses

The total operating expenses are budgeted to increase by 8.8 percent or $10.2 million for FY 2015. This is primarily as a result of increases of $4.7 million in TEXAS Grant scholarships. The proposed budget includes $1.0 million to cover post separation reset expenses which include increases to rent and facilities cost and rebranding efforts. In addition, the budget includes $1.4 million for merit and market adjustments for faculty and staff as well as new faculty positions to address enrollment growth. Finally, it includes $0.7 million for Student and Academic support initiatives as well as $1.9 million for tuition offset recovery, increases to group insurance and mandatory and set aside increases.

The University of Texas at Brownsville
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	31,478,005	36,524,859	33,059,702	(3,465,157)	-9.5%
Federal Sponsored Programs		12,462,255	8,681,507	12,509,476	3,827,969	44.1%
State Sponsored Programs		8,998,602	4,656,198	9,521,242	4,865,044	104.5%
Local and Private Sponsored Programs		463,103	490,000	490,000	-	0.0%
Net Sales and Services of Educational Activities		1,551,320	967,798	900,574	(67,224)	-6.9%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		1,835,430	1,983,330	1,925,234	(58,096)	-2.9%
Other Operating Revenues		12,264	46,771	46,771	-	0.0%
Total Operating Revenues		56,800,979	53,350,463	58,452,999	5,102,536	9.6%
Operating Expenses:						
Instruction		30,207,813	30,249,482	31,702,552	1,453,070	4.8%
Academic Support		10,839,211	10,886,901	11,789,579	902,678	8.3%
Research		5,576,396	5,276,233	5,958,407	682,174	12.9%
Public Service		2,720,914	2,303,399	2,906,176	602,777	26.2%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		10,755,470	11,471,126	12,116,865	645,739	5.6%
Student Services		5,905,110	5,673,173	6,312,324	639,151	11.3%
Operations and Maintenance of Plant		8,162,589	8,012,256	8,594,839	582,583	7.3%
Scholarships and Fellowships		26,733,822	24,379,623	28,565,070	4,185,447	17.2%
Auxiliary Enterprises		6,402,770	6,672,693	6,841,392	168,699	2.5%
Depreciation and Amortization		8,527,657	8,248,621	8,471,795	223,174	2.7%
Total Operating Expenses		115,831,752	113,173,507	123,258,999	10,085,492	8.9%
Operating Surplus/Deficit		(59,030,773)	(59,823,044)	(64,806,000)	(4,982,956)	8.3%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		37,957,853	36,207,137	37,255,406	1,048,269	2.9%
Federal Sponsored Programs (Nonoperating)		20,332,324	17,850,000	22,304,276	4,454,276	25.0%
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		283,644	2,443,975	2,053,975	(390,000)	-16.0%
Net Investment Income		1,734,868	1,063,000	1,170,000	107,000	10.1%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		60,308,689	57,564,112	62,783,657	5,219,545	9.1%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(3,105,739)	(2,637,689)	(2,795,253)	(157,564)	6.0%
Total Transfers and Other		(3,105,739)	(2,637,689)	(2,795,253)	(157,564)	6.0%
Budget Margin (Deficit)		(1,827,823)	(4,896,621)	(4,817,596)	79,025	-1.6%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		2,550,880	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		-	-	-	-	-
HEAF (Capitalized)		5,057,420	3,500,000	3,500,000	-	0.0%
Additions to Permanent Endowments		254,237	271,496	254,237	(17,259)	-6.4%
Transfers for Debt Service - Principal		(3,594,095)	(3,712,000)	(4,578,000)	(866,000)	23.3%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		53,783	6,849,591	211,400	(6,638,191)	-96.9%
SRECNA Change in Net Assets	$	2,494,402	2,012,466	(5,429,959)	(7,442,425)	-369.8%
Total Revenues and AUF Transfers	$	117,109,668	110,914,575	121,236,656	10,322,081	9.3%
Total Expenses (Including Transfers for Interest)		(118,937,491)	(115,811,196)	(126,054,252)	(10,243,056)	8.8%
Budget Margin (Deficit)	$	(1,827,823)	(4,896,621)	(4,817,596)	79,025	
Reconciliation to Use of Prior Year Balances						
Depreciation			8,248,621	8,471,795		
Capital Outlay			(3,500,000)	(3,500,000)		
HEAF (Capitalized)			3,500,000	3,500,000		
Transfers for Debt Service - Principal			(3,712,000)	(4,578,000)		
Budgeted Transfers			-	-		
Net Additions to (Uses of) Prior Year Balances			(360,000)	(923,801)		

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

The University of Texas at Dallas
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The University of Texas at Dallas continues to refine budget transparency and align budget decisions closely with the University's focused strategic plan and the objectives of the Chancellor's *A Framework for Advancing Excellence throughout The University of Texas System*. Improving undergraduate student access and success remains a very high priority with significant budget investments in student success programs, new faculty, and scholarships for undergraduates. While the overall revenue budget reflects a $39.9 million reduction from the prior year, the key element of U. T. Dallas's strategic plan is continued growth in student enrollment and faculty. U. T. Dallas is anticipating another record year of enrollment. Last fall, enrollment stood at 21,193 (up 7.4 percent from the previous year), and this fall an enrollment of approximately 22,500 students is expected, a 6 percent increase. The budget provides additional funding for growth and expansion including new faculty additions, additional instructional support, increased debt payments for new or upgraded facilities, and increased information resources costs related to an expanded enterprise.

U. T. Dallas is committed to maintaining quality through managed growth and continuous improvement initiatives such as investments in faculty excellence, research emphasizing competitive faculty and awards, building capacity in PhD programs, ensuring high quality, and focusing on improving time to graduation, as well as improvements in efficiency and productivity through participation in shared services and technology improvements. The primary challenges for U. T. Dallas in maintaining quality during this period of rapid growth are centered in a need for additional instructional space, especially for the Science, Technology, Engineering, and Mathematics (STEM) programs, and lagging formula funding. On a positive note, U. T. Dallas is nearing completion of its $200 million campaign, having surpassed its goal already, with a strong record of philanthropic support.

Revenue

Total Operating Revenues are 4.5 percent below the FY 2014 budget, primarily due to reductions in net tuition and fee revenue. Gross revenue estimates are up 2 percent over the prior year, driven principally by an expected 6 percent growth in the student body. An additional $19.8 million in anticipated tuition discounts is budgeted for FY 2015 (to reflect actual prior year experience) resulting in a net reduction in Tuition and Fees of $12.9 million or 4.9 percent below the FY 2014 budget. While sponsored research revenue is increasing, the FY 2015 research revenue budget was reduced in an effort to align the budget with historic and expected trends and to recognize a $9.6 million decrease in Texas Research Incentive Program funds. The Net Auxiliary Enterprises revenue budget is 10.1 percent higher due to the expected opening of a new residence/dining hall in Fall 2014. Other Operating Revenues decreased 27.1 percent, reflecting decreases due to the reclassification of Waterview rentals to Auxiliary revenue (the property was purchased in late 2013), as well the elimination of the U. T. System supported Strength in Numbers and Encryption Project programs. Finally, the Gifts in Support of Operations budget was reduced by 65.2 percent. While U. T. Dallas is well ahead of schedule in its $200 million campaign, donors are increasingly directing gifts to capital projects.

Expenses

With an overall smaller budget, Total Expenses (Including Transfers for Interest) are $5.5 million below FY 2014 budgeted expenses. While the FY 2015 budget reflects an overall reduction, a concentrated effort was made to maintain an expenditure budget reflective of the University's commitment to meeting growth demands. The FY 2015 budget provides new funding for scholarships ($10.0 million), new faculty ($5.0 million), research operations ($3.5 million), and a contingency for enrollment growth ($4.6 million). Transfers for Debt Service - Interest increased 21.7 percent, as newly constructed buildings, including a new student housing complex, will come online in Fall 2014. Net Uses of Prior Year Balances is projected at $8.6 million. However, it is likely that this deficit will not be realized. Enrollment projections as of May 30 indicated an estimated growth rate trending over 10 percent, which is above current budget projections. Experience also indicates that 100 percent of the planned expenditure budget likely will not be realized. In any event, any excess revenue realized will be set aside to reduce the deficit. Additionally, significant enrollment growth over the past two years should be recognized in the funding formula appropriated during the next legislative session.

The University of Texas at Dallas
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	230,649,533	264,855,930	251,955,559	(12,900,371)	-4.9%
Federal Sponsored Programs		38,408,248	43,688,282	38,514,427	(5,173,855)	-11.8%
State Sponsored Programs		8,192,924	11,044,054	13,305,295	2,261,241	20.5%
Local and Private Sponsored Programs		10,697,120	11,608,713	10,359,353	(1,249,360)	-10.8%
Net Sales and Services of Educational Activities		15,090,291	11,555,525	11,439,521	(116,004)	-1.0%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		21,135,622	19,761,360	21,766,955	2,005,595	10.1%
Other Operating Revenues		5,817,390	5,439,708	3,966,556	(1,473,152)	-27.1%
Total Operating Revenues		329,991,128	367,953,572	351,307,666	(16,645,906)	-4.5%
Operating Expenses:						
Instruction		152,664,069	169,106,662	164,978,927	(4,127,735)	-2.4%
Academic Support		46,034,485	45,193,285	46,866,981	1,673,696	3.7%
Research		87,328,328	94,795,678	80,845,410	(13,950,268)	-14.7%
Public Service		7,652,539	7,114,278	7,748,626	634,348	8.9%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		45,610,203	43,730,988	45,597,433	1,866,445	4.3%
Student Services		15,557,389	16,757,436	18,598,215	1,840,779	11.0%
Operations and Maintenance of Plant		34,013,602	27,205,781	29,617,871	2,412,090	8.9%
Scholarships and Fellowships		20,011,161	47,923,489	38,074,137	(9,849,352)	-20.6%
Auxiliary Enterprises		24,927,866	27,228,264	34,334,113	7,105,849	26.1%
Depreciation and Amortization		50,270,409	45,504,162	60,000,000	14,495,838	31.9%
Total Operating Expenses		484,070,051	524,560,023	526,661,713	2,101,690	0.4%
Operating Surplus/Deficit		(154,078,923)	(156,606,451)	(175,354,047)	(18,747,596)	12.0%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		110,779,528	110,779,528	113,454,112	2,674,584	2.4%
Federal Sponsored Programs (Nonoperating)		12,297,791	17,596,013	20,207,300	2,611,287	14.8%
State Sponsored Programs (Nonoperating)		16,188,675	12,729,620	3,042,124	(9,687,496)	-76.1%
Gifts in Support of Operations		14,736,175	29,332,197	10,212,942	(19,119,255)	-65.2%
Net Investment Income		19,341,411	19,952,974	20,187,572	234,598	1.2%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		173,343,580	190,390,332	167,104,050	(23,286,282)	-12.2%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(12,116,116)	(15,555,554)	(18,925,615)	(3,370,061)	21.7%
Total Transfers and Other		(12,116,116)	(15,555,554)	(18,925,615)	(3,370,061)	21.7%
Budget Margin (Deficit)		7,148,541	18,228,327	(27,175,612)	(45,403,939)	-249.1%
Reconciliation to Change in Net Assets:						
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		12,626,444	12,626,444	10,000,000	(2,626,444)	-20.8%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		8,000,000	8,000,000	3,400,000	(4,600,000)	-57.5%
Transfers for Debt Service - Principal		(18,789,971)	(18,789,971)	(22,175,571)	(3,385,600)	18.0%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		61,527,544	61,527,544	89,475,000	27,947,456	45.4%
SRECNA Change in Net Assets	$	70,512,558	81,592,344	53,523,817	(28,068,527)	-34.4%
Total Revenues and AUF Transfers	$	503,334,708	558,343,904	518,411,716	(39,932,188)	-7.2%
Total Expenses (Including Transfers for Interest)		(496,186,167)	(540,115,577)	(545,587,328)	(5,471,751)	1.0%
Budget Margin (Deficit)	$	7,148,541	18,228,327	(27,175,612)	(45,403,939)	
Reconciliation to Use of Prior Year Balances						
Depreciation			45,504,162	60,000,000		
Capital Outlay			(34,303,346)	(19,220,574)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(18,789,971)	(22,175,571)		
Budgeted Transfers			-	-		
Net Additions to (Uses of) Prior Year Balances			10,639,172	(8,571,757)		

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

The University of Texas at El Paso
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The University of Texas at El Paso continues to make progress toward achieving its goal of sustained national respect and recognition for successfully serving residents of our Paso del Norte region and beyond with balanced commitments to both access and excellence. The University climbed five spots on Washington Monthly's 2013 rankings of U.S. colleges and universities to #7, between #6 Stanford and #8 Harvard. U. T. El Paso also ranked #1 for the second year in a row in the social mobility category of Washington Monthly's rankings. Individual programs and colleges have also received national recognition for their excellence. The College of Business Administration has once again been ranked the #1 Business School nationally by Hispanic Business magazine. In Engineering, for the 8th consecutive year, Hispanic Business has designated U. T. El Paso graduate programs among the Top 10 at #3 this year. These have given national visibility to the transformative work being done by dedicated faculty and staff who have enabled U. T. El Paso to become a national leader in redefining public higher education.

The FY 2015 operating budget will continue to invest in academic excellence, student success and expansion of our research portfolio, all in support of the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System*. The FY 2015 budget allocates resources to strategic programs that support undergraduate student success, such as the Campus Office of Undergraduate Research Initiatives (COURI). Through COURI, the University offers undergraduate students unusually robust research experiences. During the past year, 453 undergraduate students were sponsored for participation in research projects across the campus. Additionally, the University will launch a new B.S.-M.B.A. joint degree program that combines certain undergraduate engineering specialties with a Master of Business Administration degree and could cut approximately 18 months from a student's academic calendar. The degree program is a result of a collaborative effort among the colleges of Engineering and Business Administration and the Graduate School and is funded primarily through philanthropy.

The FY 2015 operating budget also allocates resources to expand on-line course offerings. The University will launch 16 new and existing online degree and certificate programs in spring 2015. It is anticipated that a minimum of 10 additional programs will follow over the next several years. The University is currently working to create, compress, or convert over 300 courses to support these new online programs.

Revenue

Total projected revenues for FY 2015 are $393.4 million. Enrollment is expected to grow at a modest rate of approximately 1.5 percent resulting in additional net tuition revenues of $1.9 million. This increase includes the non-resident undergraduate and graduate rate increase approved by the Board of Regents. State general revenue funding will remain relatively stable, reflecting an increase of $1.3 million for group health insurance premiums and other benefits paid by the state. Sponsored program revenues also are projected to remain relatively stable and includes a projected increase in TEXAS Grants of $1.1 million.

Expenses

Total expenses for FY 2015 are $402 million. Staff benefits are expected to increase as a result of anticipated increases in health insurance premiums of approximately $1.6 million. Depreciation expense will also increase as a result of the conversion to PeopleSoft and the anticipated completion of the campus transformation project. In addition, infrastructure and personnel support for PeopleSoft are also included in the operating budget. Resources will continue to be allocated to support U. T. El Paso's mission of access and excellence. FY 2015 budget allocations enhance support for student advising, undergraduate student research, and expansion of online and blended courses.

The University of Texas at El Paso
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	105,732,127	103,914,968	105,788,996	1,874,028	1.8%
Federal Sponsored Programs		57,884,466	55,258,822	51,411,054	(3,847,768)	-7.0%
State Sponsored Programs		21,196,489	22,141,793	23,055,301	913,508	4.1%
Local and Private Sponsored Programs		9,270,324	4,902,013	6,084,180	1,182,167	24.1%
Net Sales and Services of Educational Activities		4,359,618	3,714,996	3,782,580	67,584	1.8%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		29,276,430	28,793,226	30,021,531	1,228,305	4.3%
Other Operating Revenues		7,000	60,000	60,000	-	0.0%
Total Operating Revenues		227,726,454	218,785,818	220,203,642	1,417,824	0.6%
Operating Expenses:						
Instruction		103,546,871	106,939,166	107,934,826	995,660	0.9%
Academic Support		20,642,665	22,466,064	22,237,542	(228,522)	-1.0%
Research		68,117,090	63,262,145	62,236,880	(1,025,265)	-1.6%
Public Service		10,043,379	9,063,539	9,417,410	353,871	3.9%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		26,164,671	29,766,191	30,992,491	1,226,300	4.1%
Student Services		17,900,193	16,475,415	16,467,705	(7,710)	0.0%
Operations and Maintenance of Plant		26,646,457	25,672,328	26,175,196	502,868	2.0%
Scholarships and Fellowships		56,998,958	45,639,142	47,314,779	1,675,637	3.7%
Auxiliary Enterprises		40,544,122	39,618,962	41,197,486	1,578,524	4.0%
Depreciation and Amortization		28,380,127	29,433,036	30,045,830	612,794	2.1%
Total Operating Expenses		398,984,533	388,335,988	394,020,145	5,684,157	1.5%
Operating Surplus/Deficit		(171,258,079)	(169,550,170)	(173,816,503)	(4,266,333)	2.5%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		96,382,927	96,016,327	97,286,190	1,269,863	1.3%
Federal Sponsored Programs (Nonoperating)		54,798,924	50,000,000	52,000,000	2,000,000	4.0%
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		9,014,326	10,614,326	11,312,976	698,650	6.6%
Net Investment Income		12,856,254	11,927,500	12,637,500	710,000	6.0%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		173,052,431	168,558,153	173,236,666	4,678,513	2.8%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(8,413,999)	(8,413,940)	(8,057,912)	356,028	-4.2%
Total Transfers and Other		(8,413,999)	(8,413,940)	(8,057,912)	356,028	-4.2%
Budget Margin (Deficit)		(6,619,647)	(9,405,957)	(8,637,749)	768,208	-8.2%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		7,142,643	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		321,814	518,230	321,814	(196,416)	-37.9%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		3,238,574	6,930,715	1,718,079	(5,212,636)	-75.2%
Transfers for Debt Service - Principal		(11,713,966)	(11,713,966)	(12,330,805)	(616,839)	5.3%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		16,855,780	37,627,422	39,494,172	1,866,750	5.0%
SRECNA Change in Net Assets	$	9,225,198	23,956,444	20,565,511	(3,390,933)	-14.2%
Total Revenues and AUF Transfers	$	400,778,885	387,343,971	393,440,308	6,096,337	1.6%
Total Expenses (Including Transfers for Interest)		(407,398,532)	(396,749,928)	(402,078,057)	(5,328,129)	1.3%
Budget Margin (Deficit)	$	(6,619,647)	(9,405,957)	(8,637,749)	768,208	
Reconciliation to Use of Prior Year Balances						
Depreciation			29,433,036	30,045,830		
Capital Outlay			(5,917,390)	(6,094,914)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(11,713,966)	(12,330,805)		
Budgeted Transfers			(2,135,264)	(2,174,631)		
Net Additions to (Uses of) Prior Year Balances			260,459	807,731		

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

The University of Texas-Pan American
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

Budget development at The University of Texas-Pan American is guided by the nine areas of focus in *A Framework for Advancing Excellence throughout The University of Texas System*; undergraduate student access and success, faculty/administrator/staff excellence, productivity and efficiency, strategic information technology infrastructure, philanthropic success, success in Ph.D. programs, supporting health in Texas, and expanding educational and health opportunities in South Texas.

U. T. Pan American is one of the most affordable public institutions in Texas, having an academic cost for undergraduates ($3,141) that is lower than 35 other public universities in Texas (Fall 2013). This position of affordability compels U. T. Pan American to be exceedingly strategic in developing its operating budget.

Enrollment growth, budgeted at a conservative 1 percent, reallocation of funds, and a 0.5 percent enrollment growth realized over the FY 2014 budgeted growth have allowed the institution to allocate modest amounts of resources to key areas. In this budget, the additional resources have been directed at instruction, utility expenses, and employee benefits.

U. T. Pan American will not be introducing a guaranteed rate tuition plan in FY 2015.

Revenue

Total operating revenues are projected to increase by $3.7 million from FY 2014. Gross tuition and fees (net of discounting) are projected to increase by $2.2 million, primarily due to enrollment growth. Although total academic costs for resident students are being held at current levels, non-resident undergraduate and graduate rates are being increased by 1.7 percent and 2.6 percent respectively. An additional $841,318 in net accelerated graduate program revenue is included in this budget.

State general revenue appropriations increased by $1.0 million, primarily due to an $885,263 increase in state paid employee benefits. Federal sponsored program revenue is increasing $3.5 million due to Pell Grants. State sponsored programs are increasing by $1.0 million due to a $1.9 million increase in TEXAS Grants netted against a $946,977 drop in Top 10 Percent scholarships.

Also budgeted are a $559,264 increase in auxiliary revenue associated with housing and a $470,937 increase in gift income.

Expenses

Total expenses are projected to increase by 4.4 percent or $11.4 million versus FY 2014 levels. Significant among the increases are $800,000 in additional instruction essential to accommodate enrollment growth and ensure course availability, $400,000 for the annual faculty promotion cycle, $371,336 in utilities, and $1.1 million in employee benefits arising from an increase in group insurance. These additional investments were funded in part by $964,871 reallocated from existing activities plus an anticipated centralization of certain expenses at U. T. System; the $1.3 million decrease in institutional support expense arises from this centralization. The increase for research is mostly attributed to $1.2 million for Faculty STARs.

Scholarships (net of discounts) are projected to increase by $3.0 million primarily due to Pell and TEXAS Grants. This category also includes Hazlewood exemptions which continue to be a concern (FY 2015 estimated exemptions exceed $2.6 million). The $511,791 two-year state support for these exemptions covers about 10 percent of the estimated need and was expended entirely in FY 2014.

Finally, depreciation expense is increasing by $3.0 million due to two new buildings, the Fine Arts Academic and Performance Complex and the Student Academic Center.

The University of Texas-Pan American
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	71,660,610	65,222,281	67,431,951	2,209,670	3.4%
Federal Sponsored Programs		15,859,000	16,429,700	16,085,769	(343,931)	-2.1%
State Sponsored Programs		29,884,992	26,047,785	27,028,171	980,386	3.8%
Local and Private Sponsored Programs		1,968,245	1,669,556	1,666,793	(2,763)	-0.2%
Net Sales and Services of Educational Activities		5,524,689	5,190,291	5,382,026	191,735	3.7%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		7,015,055	6,670,614	7,229,878	559,264	8.4%
Other Operating Revenues		2,670,792	1,225,682	1,319,588	93,906	7.7%
Total Operating Revenues		134,583,383	122,455,909	126,144,176	3,688,267	3.0%
Operating Expenses:						
Instruction		86,432,800	87,525,919	91,066,915	3,540,996	4.0%
Academic Support		22,865,619	20,244,866	19,727,905	(516,961)	-2.6%
Research		7,413,419	5,728,868	7,250,500	1,521,632	26.6%
Public Service		6,929,338	7,723,936	7,285,562	(438,374)	-5.7%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		21,350,144	24,155,671	22,818,095	(1,337,576)	-5.5%
Student Services		16,792,250	15,764,696	17,429,326	1,664,630	10.6%
Operations and Maintenance of Plant		17,696,765	17,562,272	17,743,951	181,679	1.0%
Scholarships and Fellowships		53,968,723	41,814,301	44,815,974	3,001,673	7.2%
Auxiliary Enterprises		18,221,986	18,040,318	19,083,455	1,043,137	5.8%
Depreciation and Amortization		16,235,194	16,889,939	19,933,384	3,043,445	18.0%
Total Operating Expenses		267,906,238	255,450,786	267,155,067	11,704,281	4.6%
Operating Surplus/Deficit		(133,322,855)	(132,994,877)	(141,010,891)	(8,016,014)	6.0%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		77,737,304	77,713,159	78,717,826	1,004,667	1.3%
Federal Sponsored Programs (Nonoperating)		52,072,869	48,500,000	51,985,000	3,485,000	7.2%
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		4,688,321	3,092,805	3,563,742	470,937	15.2%
Net Investment Income		4,649,333	3,898,901	3,892,790	(6,111)	-0.2%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		(157,965)	-	-	-	-
Net Non-Operating Revenue/(Expenses)		138,989,862	133,204,865	138,159,358	4,954,493	3.7%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(4,491,456)	(4,495,174)	(4,152,120)	343,054	-7.6%
Total Transfers and Other		(4,491,456)	(4,495,174)	(4,152,120)	343,054	-7.6%
Budget Margin (Deficit)		1,175,551	(4,285,186)	(7,003,653)	(2,718,467)	63.4%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		5,229,433	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		150,000	125,000	150,000	25,000	20.0%
HEAF (Capitalized)		7,954,242	7,964,800	7,963,200	(1,600)	0.0%
Additions to Permanent Endowments		550,000	360,000	250,000	(110,000)	-30.6%
Transfers for Debt Service - Principal		(7,449,000)	(7,462,700)	(7,795,000)	(332,300)	4.5%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		2,708,580	(1,396,134)	(495,238)	900,896	-64.5%
SRECNA Change in Net Assets	$	10,318,806	(4,694,220)	(6,930,691)	(2,236,471)	47.6%
Total Revenues and AUF Transfers	$	273,731,210	255,660,774	264,303,534	8,642,760	3.4%
Total Expenses (Including Transfers for Interest)		(272,555,659)	(259,945,960)	(271,307,187)	(11,361,227)	4.4%
Budget Margin (Deficit)	$	1,175,551	(4,285,186)	(7,003,653)	(2,718,467)	
Reconciliation to Use of Prior Year Balances						
Depreciation			16,889,939	19,933,384		
Capital Outlay			(10,958,000)	(10,966,200)		
HEAF (Capitalized)			7,964,800	7,963,200		
Transfers for Debt Service - Principal			(7,462,700)	(7,795,000)		
Budgeted Transfers			(1,769,038)	(884,316)		
Net Additions to (Uses of) Prior Year Balances			379,815	1,247,415		

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

The University of Texas of the Permian Basin
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The University of Texas of the 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 obtain these goals, U. T. Permian Basin has six institutional initiatives: 1) to grow enrollment, 2) to increase student retention and graduation rates, 3) to enhance the quality of its academic programs, 4) to further develop its research initiatives, 5) to maintain and create new community partnerships, and 6) to strengthen public trust and accountability. Greater access for all Texans is being provided through expanded online and technology assisted degree programs. Efforts to offer degrees of value are being enhanced by expanding degree program options in science, technology, engineering, nursing and mathematics and other critical need areas. Petroleum and Mechanical Engineering Program enrollments continue to grow at well above anticipated levels; and the University's B.S. Nursing Program which starts this fall. Near term goals to grow enrollment and enhance retention and graduation rates are being pursued through strategies aimed at increasing the visibility and profile of the University throughout Texas and by expanding on-line degree program offerings. U.T. Permian Basin's dual credit and remote Early College High School initiatives continue to build growing interest and participation across the state. U. T. Permian Basin's initiative with Academic Partnerships (AP) is another key strategic element as the seven completely online degree programs (4 masters and 3 baccalaureates) introduced in FY 2013 are generating significant enrollment increases that are in-line with expectations. The compressed format – six eight-week "terms" per year – and AP's program of continued contact with registered students have both proven to encourage continued academic progress. Continued construction of new student housing and further investment in the expansion of various Student Success initiatives in the new "one-stop" Student Success Center are also keys to achieving goals of improving the sense of community for resident students.

Revenue

Resident undergraduate tuition and fee rates are unchanged from FY 2013. We sought and were granted a decrease in graduate program tuition in an effort to better align costs of the U.T. Permian Basin degree being sought with earning expectations. The total semester credit hour (SCH) estimate which undergirds most academic revenue sources has been increased from FY 2014. U. T. Permian Basin has been able to improve SCH enrollments after suffering some erosion during FY 2013. However, in response to the booming local economy, tuition discounting and scholarships offered continue to increase in an effort to attract and retain students. During such boom periods, more students and potential students "stop out" or take fewer classes to benefit from the high local income earning potential available to workers without degrees. State appropriations are essentially flat during this second year of the biennium. Auxiliary revenues are projected to continue to grow with 196 more apartment-style beds becoming available for the start of the fall 2014 semester. Freshmen resident students will continue to be required to purchase a meal plan. Overall, meal plan sales have increased as the University's outsourced provider has effectively assured that meals on campus are attractively priced in relation to the overcrowded fast food establishments that surround the campus.

Expenses

U. T. Permian Basin has fully budgeted part-time faculty, summer school faculty salaries, and student wage budgets. A staff and faculty salary increase pool of 3.0 percent of FY 2014 salaries has been created, and budgeted increases will be implemented on September 1, 2014. Salary increases will be awarded only on the basis of merit. Merit increases are a critical component of plans designed to retain existing employees in the face of the boom economy that surrounds the University's operating culture. Fringe benefits budgets reflect prior and current year's actual expenses.

The University of Texas of the Permian Basin
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	18,975,006	11,897,479	16,182,501	4,285,022	36.0%
Federal Sponsored Programs		1,414,663	1,524,732	1,965,000	440,268	28.9%
State Sponsored Programs		1,464,756	1,578,723	1,880,529	301,806	19.1%
Local and Private Sponsored Programs		197,034	212,364	2,020,764	1,808,400	851.6%
Net Sales and Services of Educational Activities		1,069,003	387,800	215,500	(172,300)	-44.4%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		6,248,462	6,499,000	5,524,000	(975,000)	-15.0%
Other Operating Revenues		55,709	2,000	7,154	5,154	257.7%
Total Operating Revenues		29,424,633	22,102,098	27,795,448	5,693,350	25.8%
Operating Expenses:						
Instruction		18,266,904	16,367,104	17,936,670	1,569,566	9.6%
Academic Support		5,748,198	5,008,634	5,499,028	490,394	9.8%
Research		2,204,138	2,072,178	1,523,564	(548,614)	-26.5%
Public Service		1,046,561	972,496	918,730	(53,766)	-5.5%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		4,794,224	4,279,746	4,700,757	421,011	9.8%
Student Services		2,679,177	2,284,396	2,427,224	142,828	6.3%
Operations and Maintenance of Plant		6,347,538	5,709,798	5,443,743	(266,055)	-4.7%
Scholarships and Fellowships		8,368,256	1,959,890	3,263,488	1,303,598	66.5%
Auxiliary Enterprises		5,983,434	5,419,665	5,345,206	(74,459)	-1.4%
Depreciation and Amortization		12,950,000	12,035,000	13,965,000	1,930,000	16.0%
Total Operating Expenses		68,388,430	56,108,907	61,023,410	4,914,503	8.8%
Operating Surplus/Deficit		(38,963,797)	(34,006,809)	(33,227,962)	778,847	-2.3%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		29,543,341	29,833,417	29,728,371	(105,046)	-0.4%
Federal Sponsored Programs (Nonoperating)		5,295,721	4,548,000	3,307,676	(1,240,324)	-27.3%
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		3,547,900	968,890	669,090	(299,800)	-30.9%
Net Investment Income		2,176,689	2,250,000	2,080,000	(170,000)	-7.6%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		40,563,651	37,600,307	35,785,137	(1,815,170)	-4.8%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(4,980,900)	(5,024,356)	(5,868,903)	(844,547)	16.8%
Total Transfers and Other		(4,980,900)	(5,024,356)	(5,868,903)	(844,547)	16.8%
Budget Margin (Deficit)		(3,381,046)	(1,430,858)	(3,311,728)	(1,880,870)	131.5%
Reconciliation to Change in Net Assets:						
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		-	500,000	800,000	300,000	60.0%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		1,900,000	1,900,000	1,000,000	(900,000)	-47.4%
Transfers for Debt Service - Principal		(6,100,000)	(6,179,756)	(6,514,000)	(334,244)	5.4%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		5,388,421	9,200,000	10,000,000	800,000	8.7%
SRECNA Change in Net Assets	$	(2,192,625)	3,989,386	1,974,272	(2,015,114)	-50.5%
Total Revenues and AUF Transfers	$	69,988,284	59,702,405	63,580,585	3,878,180	6.5%
Total Expenses (Including Transfers for Interest)		(73,369,330)	(61,133,263)	(66,892,313)	(5,759,050)	9.4%
Budget Margin (Deficit)	$	(3,381,046)	(1,430,858)	(3,311,728)	(1,880,870)	
Reconciliation to Use of Prior Year Balances						
Depreciation			12,035,000	13,965,000		
Capital Outlay			(569,900)	(617,000)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(6,179,756)	(6,514,000)		
Budgeted Transfers			(400,000)	-		
Net Additions to (Uses of) Prior Year Balances			3,454,486	3,522,272		

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

The University of Texas at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The University of Texas at San Antonio continues to implement strategic priorities outlined in *A Framework for Advancing Excellence throughout The University of Texas System*. U. T. San Antonio has developed the *Graduation Rate Improvement Plan* (GRIP), which outlines a comprehensive, university-wide effort to enhance student access and success. The institution is engaged in developing a new strategic plan for research with a focus on multidisciplinary research and cluster of excellence approach. Although the research funding has declined this year, U. T. San Antonio anticipates an increase in research funding for the upcoming year. Included in the budget is a re-allocation of resources to support undergraduate student access and success, resources to operate a new building that will decrease the current space deficit of one million square feet, and a reduction in operating expenses to balance the budget. The institution continues to look for ways to optimize the use of its resources and develop strategies to promote productivity and efficiency. U. T. San Antonio is consolidating work functions and optimizing the workload of each individual. The next phase of the university's capital campaign will focus on greater investment in graduate students who conduct research, undergraduate programs that recruit top students, faculty research that fuels innovation and discovery, and athletic facilities. U. T. San Antonio will be faced with many challenges in the upcoming year. The budget does not include additional faculty or staff and new resource intensive strategies such as permanent funding for financial aid programs related to the GRIP. In addition, needed technologies and infrastructure will be difficult to address in the current budget. Office of Technology staffing levels have been below 2009 levels for the past 4 years even though demands on information technology services and infrastructure have been steadily increasing. Other fee funded areas have not had fee increases and have also seen a decrease in funding. The budget does not include a permanent merit adjustment to base salaries (nor a one-time distribution) as there is not sufficient funding to support this initiative. Faculty and staff continue to have concerns about salary lag and market competitiveness as U. T. San Antonio's merit policy has been lower than other public institutions.

Revenue

The General Appropriations Act reflects an increase in general revenue of $301,921, and additional increases of $1.2 million for the Higher Education Employees Group Insurance contribution and other benefits. The FY 2015 budget includes an $8 rate increase in undergraduate non-resident statutory tuition and 3 percent increase in Total Academic Costs for non-resident undergraduates and non-resident graduate students. The budget includes a 6.7 percent decrease in paid semester credit hours compared to the FY 2014 budget resulting in a decrease in tuition revenue of $7.0 million; tuition discount and allowances have increased by $1.3 million. The Hazlewood exemptions and particularly the "legacy" component have presented significant lost tuition revenue and are expected to total approximately $11.2 million in FY 2015, an increase of 630 percent since FY 2009. Mandatory fees and incidental fees have declined $5.6 million. Approximately, $5.8 million that was previously temporarily budgeted or held for FY 2015 will be utilized to offset revenue shortfalls. Gifts in support of operations are projected to be $9.2 million by the end of FY 2014 and are budgeted in FY 2015 at $8.0 million, an increase of $500,000. Sponsored program revenue due to grants and contracts is budgeted $10.3 million lower than FY 2014 budget. Current revenues for TEXAS Grants are estimated at $17.8 million, reflecting a $400,000 shortfall from the current year's budget of $18.2 million. A $600,000 increase in TEXAS Grants is expected and therefore budgeted revenues will increase to $18.8 million. Pell grant revenue declined by $1.7 million. The increase in budgeted Auxiliary revenue of $274,000 can be attributed to an increase in intercollegiate athletics of $1.4 million due to the increases in the Bowl Championship Series and Conference USA revenues offset by a decline in football guarantees. In addition, commission revenue decreased by $1.0 million from dormitories due to a decline in occupancy.

Expenses

During the previous two budget cycles, U. T. San Antonio allocated resources to support the GRIP. Implementation of a major portion of the plan is scheduled for the Fall 2014 and includes strategies designed to improve student retention, time to graduate, and degrees awarded. Freshman students will be required to participate in the *First Year Experience* program that includes a cohort experience, peer mentorship, and teaching assistant support. The institution is also introducing enhanced online services (to include an early alert system) and improved advising model. One-time funds of $1.5 million will be used to fund financial aid programs that will help provide room and board grants to under-resourced students that will help mitigate financial issues. In addition, one-time funding will be used to provide $300,000 for a new Distinguished Transfer Scholarship that focuses on incoming community college transfer students. Resources are being re-allocated to support the Distinguished Presidential Scholarship. $196,000 will be used to support faculty tenure and promotion and $614,130 for increases in benefit costs. Approximately $801,572 will be allocated to operate the new North Paseo building that is scheduled to open in September 2014. The institution will reallocate funds for targeted seed funding programs to promote innovative ideas and collaborative projects, and expand support for high quality graduate students in targeted areas.

The University of Texas at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	180,431,228	191,085,222	177,189,403	(13,895,819)	-7.3%
Federal Sponsored Programs		43,100,088	46,731,564	34,707,066	(12,024,498)	-25.7%
State Sponsored Programs		21,324,646	19,219,104	19,793,380	574,276	3.0%
Local and Private Sponsored Programs		168,441	5,074,085	6,184,970	1,110,885	21.9%
Net Sales and Services of Educational Activities		10,903,885	6,088,933	6,847,559	758,626	12.5%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		36,682,944	41,907,105	42,181,205	274,100	0.7%
Other Operating Revenues		2,283,671	1,736,450	1,820,850	84,400	4.9%
Total Operating Revenues		294,894,903	311,842,463	288,724,433	(23,118,030)	-7.4%
Operating Expenses:						
Instruction		128,072,177	137,199,361	133,979,120	(3,220,241)	-2.3%
Academic Support		56,096,420	54,793,841	49,725,453	(5,068,388)	-9.2%
Research		31,483,068	36,553,432	28,597,551	(7,955,881)	-21.8%
Public Service		15,702,012	18,612,861	17,231,360	(1,381,501)	-7.4%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		38,681,625	43,661,424	43,182,770	(478,654)	-1.1%
Student Services		26,766,667	24,464,507	24,501,292	36,785	0.2%
Operations and Maintenance of Plant		34,836,539	40,184,624	39,313,157	(871,467)	-2.2%
Scholarships and Fellowships		32,357,536	42,885,839	37,866,202	(5,019,637)	-11.7%
Auxiliary Enterprises		48,809,951	54,313,475	52,038,817	(2,274,658)	-4.2%
Depreciation and Amortization		48,817,799	44,500,000	46,700,000	2,200,000	4.9%
Total Operating Expenses		461,623,794	497,169,363	473,135,722	(24,033,641)	-4.8%
Operating Surplus/Deficit		(166,728,891)	(185,326,900)	(184,411,289)	915,611	-0.5%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		121,751,496	122,102,390	123,667,686	1,565,296	1.3%
Federal Sponsored Programs (Nonoperating)		48,646,800	50,000,000	48,279,555	(1,720,445)	-3.4%
State Sponsored Programs (Nonoperating)		600,000	100,000	-	(100,000)	-100.0%
Gifts in Support of Operations		9,500,000	7,500,000	8,000,000	500,000	6.7%
Net Investment Income		15,321,118	9,489,923	10,217,916	727,993	7.7%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		195,819,414	189,192,313	190,165,157	972,844	0.5%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(16,546,627)	(16,615,364)	(15,913,375)	701,989	-4.2%
Total Transfers and Other		(16,546,627)	(16,615,364)	(15,913,375)	701,989	-4.2%
Budget Margin (Deficit)		12,543,896	(12,749,951)	(10,159,507)	2,590,444	-20.3%
Reconciliation to Change in Net Assets:						
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		320,000	2,600,000	500,000	(2,100,000)	-80.8%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		2,233,652	4,000,000	2,000,000	(2,000,000)	-50.0%
Transfers for Debt Service - Principal		(16,767,331)	(16,380,000)	(17,600,100)	(1,220,100)	7.4%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		5,700,000	4,500,000	5,000,000	500,000	11.1%
SRECNA Change in Net Assets	$	4,030,217	(18,029,951)	(20,259,607)	(2,229,656)	12.4%
Total Revenues and AUF Transfers	$	490,714,317	501,034,776	478,889,590	(22,145,186)	-4.4%
Total Expenses (Including Transfers for Interest)		(478,170,421)	(513,784,727)	(489,049,097)	24,735,630	-4.8%
Budget Margin (Deficit)	$	12,543,896	(12,749,951)	(10,159,507)	2,590,444	
Reconciliation to Use of Prior Year Balances						
Depreciation			44,500,000	46,700,000		
Capital Outlay			(13,000,000)	(16,550,000)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(16,380,000)	(17,600,100)		
Budgeted Transfers			-	-		
Net Additions to (Uses of) Prior Year Balances			2,370,049	2,390,393		

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

The University of Texas at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

This FY 2015 budget furthers The University of Texas at Tyler's vision to be nationally recognized as a destination university for high-ability, flagship-capable students, one that is focused on excellence in undergraduate and professional graduate education. U. T. Tyler has a culture of excellence and innovation and 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 for the System, the State, and its regional competitors, U. T. Tyler takes great pride in the tradition of offering quality academic programs, expert faculty, fascinating student life, and well-rounded service opportunities.

The FY 2015 budget reflects U. T. Tyler's effort to make substantial progress on the goals of the Chancellor's, *A Framework for Advancing Excellence throughout The University of Texas System*. With respect to student access and affordability, tuition and fees will remain constant while responding to student requests to increase advising and summer learning opportunities. With respect to attracting and keeping top faculty, merit raises, and market adjustments will be provided for a second year in a row as part of a three-year plan to raise faculty salaries to appropriate levels.

Through legislation approved by the 83rd Legislature, U. T. Tyler received permission to start a School of Pharmacy. Based on the enabling legislation, the school will not be eligible for State support through the funding formulas and will be supported by tuition, gifts, grants, and other institutional or U. T. System funds made available. The FY 2015 budget provides funds from institutional reserves for this purpose.

Revenue

U. T. Tyler's FY 2015 budget reflects operating revenue growth of 11 percent compared to FY 2014. The university achieved a 10 percent enrollment growth in the spring 2014 semester. The revenue projections assume the increase will be maintained going into FY 2014-2015. No mandatory fees are being increased.

State Appropriations increased 1.1 percent for FY 2015. TEXAS Grants went down by half a million dollars.

Expenses

Operating expenses for FY 2015 increased 1.5 percent over FY 2014 budget. This includes permanent increases in salaries as part of the strategic plan to normalize salaries. Salary increases will be based on merit with market adjustments also being considered. New or increased academic departments for FY 2015 include Pharmacy, the International English Language Institute, and Teaching Innovations of which Patriots Applying Technology for Success and Savings is a part.

The University included $2.1 million in one-time funds from reserves to cover the furniture, equipment and other startup cost for the new College of Pharmacy. These projects will allow the University to continue attracting and retaining more high-ability students, graduate more students in high-demand fields, and increase revenue.

The University of Texas at Tyler
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	31,781,422	28,999,633	33,176,787	4,177,154	14.4%
Federal Sponsored Programs		4,681,864	5,416,754	5,416,754	-	0.0%
State Sponsored Programs		7,850,763	10,982,112	11,782,810	800,698	7.3%
Local and Private Sponsored Programs		-	1,259,475	1,259,475	-	0.0%
Net Sales and Services of Educational Activities		2,933,792	2,129,274	2,116,767	(12,507)	-0.6%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		-	-	-	-	-
Net Auxiliary Enterprises		4,352,538	5,081,617	6,033,599	951,982	18.7%
Other Operating Revenues		273,206	-	-	-	-
Total Operating Revenues		51,873,585	53,868,865	59,786,192	5,917,327	11.0%
Operating Expenses:						
Instruction		33,205,793	45,121,826	47,703,352	2,581,526	5.7%
Academic Support		9,892,268	8,837,324	9,582,843	745,519	8.4%
Research		930,248	4,179,029	3,982,125	(196,904)	-4.7%
Public Service		1,151,375	2,256,805	2,268,044	11,239	0.5%
Hospitals and Clinics		-	-	-	-	-
Institutional Support		12,331,967	14,127,798	14,130,328	2,530	0.0%
Student Services		6,810,874	8,795,518	8,715,465	(80,053)	-0.9%
Operations and Maintenance of Plant		5,671,237	6,544,667	6,657,136	112,469	1.7%
Scholarships and Fellowships		17,438,123	3,989,187	1,885,517	(2,103,670)	-52.7%
Auxiliary Enterprises		6,804,620	7,200,942	7,613,430	412,488	5.7%
Depreciation and Amortization		11,664,940	11,591,800	11,838,674	246,874	2.1%
Total Operating Expenses		105,901,445	112,644,896	114,376,914	1,732,018	1.5%
Operating Surplus/Deficit		(54,027,860)	(58,776,031)	(54,590,722)	4,185,309	-7.1%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		36,309,718	36,755,501	37,152,605	397,104	1.1%
Federal Sponsored Programs (Nonoperating)		8,690,200	8,400,000	8,400,000	-	0.0%
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		5,277,246	104,000	90,500	(13,500)	-13.0%
Net Investment Income		4,446,646	6,432,213	5,014,861	(1,417,352)	-22.0%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		54,723,810	51,691,714	50,657,966	(1,033,748)	-2.0%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(3,502,643)	(3,655,645)	(4,217,946)	(562,301)	15.4%
Total Transfers and Other		(3,502,643)	(3,655,645)	(4,217,946)	(562,301)	15.4%
Budget Margin (Deficit)		(2,806,693)	(10,739,962)	(8,150,702)	2,589,260	-24.1%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		2,205,533	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		-	6,500,000	500,000	(6,000,000)	-92.3%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		-	1,000,000	1,000,000	-	0.0%
Transfers for Debt Service - Principal		(4,326,000)	(4,326,000)	(4,703,000)	(377,000)	8.7%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		41,584,258	2,900,000	2,900,000	-	0.0%
SRECNA Change in Net Assets	$	36,657,098	(4,665,962)	(8,453,702)	(3,787,740)	81.2%
Total Revenues and AUF Transfers	$	106,597,395	105,560,579	110,444,158	4,883,579	4.6%
Total Expenses (Including Transfers for Interest)		(109,404,088)	(116,300,541)	(118,594,860)	(2,294,319)	2.0%
Budget Margin (Deficit)	$	(2,806,693)	(10,739,962)	(8,150,702)	2,589,260	
Reconciliation to Use of Prior Year Balances						
Depreciation			11,591,800	11,838,674		
Capital Outlay			(5,736,461)	(3,158,582)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(4,326,000)	(4,703,000)		
Budgeted Transfers			-	-		
Net Additions to (Uses of) Prior Year Balances			(9,210,623)	(4,173,610)		

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

The University of Texas Southwestern Medical Center
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The University of Texas Southwestern Medical Center is among the leading biomedical research institutions in the country and continues to develop and grow as a world-class academic medical center. Its strategic positioning and programmatic investments will sustain this trajectory into the future. The FY 2015 operating budget continues to enhance the mission and vision of the University.

The goals and objectives of U. T. Southwestern Medical Center are: to improve health care in our community, Texas, our nation, and the world through innovation and education; to educate the next generation of leaders in patient care, biomedical science, and disease prevention; to conduct high-impact, internationally recognized research; to deliver patient care that brings U. T. Southwestern Medical Center's scientific advances to the delivery of clinical care – focusing on quality, safety, and service. U. T. Southwestern Medical Center is guided by the overarching principles of excellence and distinction in all it does in fulfilling its missions. The William P. Clements, Jr. University Hospital is approaching completion in November 2014. Other ongoing projects include expansion of laboratory research programs and progress in the transformation of clinical care programs, which include the recent opening of several off-campus ambulatory sites and development of patient-centered medical homes, tiered pricing programs, bundling, and an Accountable Care Organization infrastructure.

Following Board of Regents approval in May of 2013 and after amending the Capital Improvement Plan with the Texas Higher Education Coordinating Board, the University is planning a major, multi-year redevelopment of its West Campus site. The West Campus is the current site of the University's St. Paul Hospital which will be demolished once the William P. Clements, Jr. University Hospital opens in late 2014. The redeveloped site will eventually include five new buildings, providing innovative, high-tech educational and academic space as well as expanded outpatient clinical facilities.

Other initiatives include the Texas Institute for Brain Injury and Repair, a new research partnership with The University of Texas at Dallas. U. T. Southwestern Medical Center is uniquely positioned to make dramatic progress in traumatic brain injury prevention, novel brain preservation strategies, and restoring brain function for thousands of affected veterans, accident victims, and athletes across Texas. Collaboration with U. T. Dallas will add critical infrastructure and expertise in applied sciences such as bioengineering and computer sciences, and will contribute to the overall success of the Institute.

The FY 2015 budget reflects an overall growth in both revenue and expenses. This budget provides funding for strategic clinical initiatives noted above, as well as providing necessary funding for depreciation, debt service, and a modest increase in faculty and staff salaries.

Revenue

The revenue budget of $2.24 billion for FY 2015 represents an 8.4 percent growth over the prior fiscal year. The budget for Sponsored Programs for Research reflects modest downward pressure for the next year, primarily due to reductions in federal funding. However, growth in grants and contracts from state and local government agencies and from the private sector are projected to offset most of the losses in federal awards. The above average increase in Practice Plan and University Hospital operations have contributed to the overall growth in revenue.

Expenses

The expenditure budget for FY 2015 is $2.24 billion. Budgeted expenses include a 2.5 percent merit pool for faculty, administrative and professional, and classified employees. The growth in expenses related to University Hospital, Clinical Operations, and Instruction are in proportion to growth in revenue for the upcoming fiscal year. Costs associated with the transition and opening of the new Clements Hospital are included in this year's budget, including large increases in depreciation and a one-time, non-cash write-off of improvements at St. Paul Hospital. The budgeted expenses also include sufficient funds to cover projected debt service to finance the expansion of the North Campus and information resources systems for clinical trials, patient billing, and administrative systems.

The University of Texas Southwestern Medical Center
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	18,887,000	19,855,028	21,066,585	1,211,557	6.1%
Federal Sponsored Programs		198,358,373	194,404,701	182,082,236	(12,322,465)	-6.3%
State Sponsored Programs		31,897,600	31,261,818	29,031,665	(2,230,153)	-7.1%
Local and Private Sponsored Programs		265,706,027	260,409,983	281,904,039	21,494,056	8.3%
Net Sales and Services of Educational Activities		16,394,000	9,062,369	10,183,436	1,121,067	12.4%
Net Sales and Services of Hospital and Clinics		828,437,000	769,930,628	867,600,312	97,669,684	12.7%
Net Professional Fees		454,917,000	443,943,048	491,339,089	47,396,041	10.7%
Net Auxiliary Enterprises		20,617,000	22,749,163	22,523,937	(225,226)	-1.0%
Other Operating Revenues		34,625,000	19,670,793	33,235,472	13,564,679	69.0%
Total Operating Revenues		1,869,839,000	1,771,287,531	1,938,966,771	167,679,240	9.5%
Operating Expenses:						
Instruction		632,055,597	627,372,326	673,515,196	46,142,870	7.4%
Academic Support		32,881,335	32,637,698	32,690,566	52,868	0.2%
Research		321,152,831	318,773,221	314,660,121	(4,113,100)	-1.3%
Public Service		29,311,087	29,093,904	29,084,388	(9,516)	0.0%
Hospitals and Clinics		704,632,860	699,411,822	829,788,974	130,377,152	18.6%
Institutional Support		59,342,640	58,902,936	64,667,361	5,764,425	9.8%
Student Services		4,316,724	4,284,739	4,655,928	371,189	8.7%
Operations and Maintenance of Plant		97,028,657	96,309,715	96,401,828	92,113	0.1%
Scholarships and Fellowships		755,616	750,017	750,666	649	0.1%
Auxiliary Enterprises		19,615,653	19,470,309	22,702,079	3,231,770	16.6%
Depreciation and Amortization		116,771,000	109,053,149	140,790,821	31,737,672	29.1%
Total Operating Expenses		2,017,864,000	1,996,059,836	2,209,707,928	213,648,092	10.7%
Operating Surplus/Deficit		(148,025,000)	(224,772,305)	(270,741,157)	(45,968,852)	20.5%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		168,298,000	168,083,514	169,363,068	1,279,554	0.8%
Federal Sponsored Programs (Nonoperating)		-	-	-	-	-
State Sponsored Programs (Nonoperating)		3,000	-	-	-	-
Gifts in Support of Operations		54,805,000	35,000,000	40,000,000	5,000,000	14.3%
Net Investment Income		88,867,000	92,000,000	92,000,000	-	0.0%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		311,973,000	295,083,514	301,363,068	6,279,554	2.1%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(26,098,000)	(20,571,622)	(29,501,805)	(8,930,183)	43.4%
Total Transfers and Other		(26,098,000)	(20,571,622)	(29,501,805)	(8,930,183)	43.4%
Budget Margin (Deficit)		137,850,000	49,739,587	1,120,106	(48,619,481)	-97.7%
Reconciliation to Change in Net Assets:						
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	6,000,000	-	0.0%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		10,000,000	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal		(60,692,048)	(60,692,048)	(61,012,628)	(320,580)	0.5%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		75,000,000	75,000,000	19,703,086	(55,296,914)	-73.7%
SRECNA Change in Net Assets	$	168,157,952	80,047,539	(24,189,436)	(104,236,975)	-130.2%
Total Revenues and AUF Transfers	$	2,181,812,000	2,066,371,045	2,240,329,839	173,958,794	8.4%
Total Expenses (Including Transfers for Interest)		(2,043,962,000)	(2,016,631,458)	(2,239,209,733)	(222,578,275)	11.0%
Budget Margin (Deficit)	$	137,850,000	49,739,587	1,120,106	(48,619,481)	
Reconciliation to Use of Prior Year Balances						
Depreciation			109,053,149	140,790,821		
Capital Outlay			(35,000,000)	(45,000,000)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(60,692,048)	(61,012,628)		
Budgeted Transfers			-	-		
Net Additions to (Uses of) Prior Year Balances			63,100,688	35,898,299		

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

The University of Texas Medical Branch at Galveston
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The FY 2015 operating budget of The University of Texas Medical Branch at Galveston supports its mission to improve health for the people of Texas and around the world. The University's Strategic Plan, supported by goals that link to *A Framework for Advancing Excellence throughout The University of Texas System*, provides a road map for achieving this important mission and guides resource allocation decisions. Eight institutional pillars serve as the focus for all integrated planning and operations. These pillars are: people, value, education, research, health system, strategic management and growth, financial success, and community.

Investment in our faculty and staff continues to be a priority. The FY 2015 operating budget provides for a mid-year 3 percent merit increase for classified staff and 2.5 percent increase for administrative and professional personnel, excluding those employees who deliver prison healthcare services. The Texas Department of Criminal Justice (TDCJ) did not receive an appropriation from the 83rd Legislature to fund salary increases in the second year of the current biennium. The operating budget also supports a faculty compensation and incentive plan, launched March 1, 2014, that promotes and rewards outstanding performance and creates better linkages to clinical, educational, and research productivity. Strategic investments in information technology are planned to improve access to timely information for business decisions, facilitate student and staff learning, and improve the safety and quality of patient care. These investments include: expanding the data warehouse to capture elements from the Electronic Health Record to use for monitoring patient safety and clinical outcomes; improving access for physicians and patients using portal technologies; growing telemedicine capabilities related to Correctional Managed Care services and remote research initiatives; and implementing bar coding technology for medication administration.

The FY 2015 budget deploys resources to ensure the University's continued financial success. Major construction projects underway that support future clinical growth plans include the Victory Lakes Hospital ($90.0 million Total Project Cost (TPC)), scheduled to open in late summer, FY 2015, and the Jennie Sealy Hospital ($438.0 million TPC), which is scheduled to open mid-FY 2016. In addition, kitchen, pharmacy, laboratory services, and sterile processing functions displaced by Hurricane Ike damage will be permanently relocated to the new Clinical Services Wing (CSW) ($125.0 million TPC) in mid FY 2015 to support the hospitals on Galveston Island. Besides CSW, the District Heating and Cooling System ($278.0 million TPC) is the last major Hurricane Ike recovery project underway and will repair critical utilities infrastructure and harden these systems against future flooding events. These investments are key to help ensure future financial success but will challenge the University's ability to achieve positive margins in the short term as revenue growth catches up with depreciation and other new facility implementation expenses. It is therefore important that planned growth in clinical revenue is coupled with strategies to reduce healthcare delivery and other institutional expenses. Examples of cost saving initiatives include: implementing Patient-Centered Medical Homes; developing care management approaches to reduce readmissions and avoidable complications; optimizing capacity in the operating room using a Systems Engineering approach; advancing business intelligence initiatives to support decision-making; leveraging group purchasing power and greater standardization in procurement practices; and improving the utilization of research space. U. T. Medical Branch - Galveston will continue to serve as the Anchor for Region 2 and lead the region-wide learning collaborative as well as implementing a variety of projects funded by the Medicaid 1115 Waiver program to improve access and provide innovative care models to address health reform.

Revenue

Budgeted revenue for FY 2015 reflects a $54.5 million (3.2 percent) increase from the FY 2014 budget and is primarily related to clinical volume growth and productivity gains. Also, growth in TDCJ contract operating revenue is consistent with expected expense increases based on actuarial volume assumptions. Overall, volume growth is consistent with the Clinical Strategic Plan and Mainland development strategy. Sponsored program revenue is flat year over year with reductions in federal support offset by state, local, and private funding. Growth in other operating revenue is related to Medicaid 1115 Waiver funding ($25.5 million). General revenue reflects a $3.1 million (0.9 percent) increase related to staff benefit growth over the FY 2014 budget.

Expenses

Budgeted expenses for FY 2015, including depreciation, reflect a $52.5 million (3.1 percent) increase from the FY 2014 budget that is primarily related to clinical volume growth, projected TDCJ contract expenses, and salary administration for faculty and staff. Depreciation expense has increased $6.9 million (6.5 percent) from the FY 2014 budget due to replacement of depreciated assets destroyed by Hurricane Ike and the construction of the CSW and the Victory Lakes Hospital.

The University of Texas Medical Branch at Galveston
Operating Budget
Fiscal Year Ending August 31, 2015

	FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 31,433,949	31,386,954	31,660,134	273,180	0.9%
Federal Sponsored Programs	113,495,492	126,914,576	126,035,900	(878,676)	-0.7%
State Sponsored Programs	10,005,343	8,568,541	10,473,009	1,904,468	22.2%
Local and Private Sponsored Programs	60,237,089	54,443,101	55,817,232	1,374,131	2.5%
Net Sales and Services of Educational Activities	17,923,725	18,307,897	18,761,510	453,613	2.5%
Net Sales and Services of Hospital and Clinics	863,938,200	860,775,510	886,089,355	25,313,845	2.9%
Net Professional Fees	150,768,677	162,182,275	162,802,275	620,000	0.4%
Net Auxiliary Enterprises	6,829,361	6,378,605	7,076,563	697,958	10.9%
Other Operating Revenues	46,999,895	33,481,361	50,911,672	17,430,311	52.1%
Total Operating Revenues	1,301,631,731	1,302,438,820	1,349,627,650	47,188,830	3.6%
Operating Expenses:					
Instruction	254,984,897	257,320,603	260,319,305	2,998,702	1.2%
Academic Support	32,546,303	46,399,740	33,227,187	(13,172,553)	-28.4%
Research	100,132,296	110,246,919	102,227,112	(8,019,807)	-7.3%
Public Service	11,053,611	11,427,148	11,284,858	(142,290)	-1.2%
Hospitals and Clinics	1,014,769,785	991,912,348	1,036,308,671	44,396,323	4.5%
Institutional Support	70,722,218	52,688,152	72,201,761	19,513,609	37.0%
Student Services	5,503,234	5,873,063	5,618,364	(254,699)	-4.3%
Operations and Maintenance of Plant	75,224,811	77,537,491	76,798,551	(738,940)	-1.0%
Scholarships and Fellowships	7,569,790	6,422,497	7,728,154	1,305,657	20.3%
Auxiliary Enterprises	6,179,017	6,359,791	6,308,285	(51,506)	-0.8%
Depreciation and Amortization	101,797,693	106,797,693	113,720,536	6,922,843	6.5%
Total Operating Expenses	1,680,483,655	1,672,985,445	1,725,742,784	52,757,339	3.2%
Operating Surplus/Deficit	(378,851,924)	(370,546,625)	(376,115,134)	(5,568,509)	1.5%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	342,094,309	340,820,472	343,945,958	3,125,486	0.9%
Federal Sponsored Programs (Nonoperating)	-	850,000	850,000	-	0.0%
State Sponsored Programs (Nonoperating)	850,000	-	-	-	-
Gifts in Support of Operations	8,064,892	4,900,321	6,168,556	1,268,235	25.9%
Net Investment Income	36,192,597	32,989,767	35,939,471	2,949,704	8.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	387,201,798	379,560,560	386,903,985	7,343,425	1.9%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,329,983)	(7,894,680)	(7,592,800)	301,880	-3.8%
Total Transfers and Other	(7,329,983)	(7,894,680)	(7,592,800)	301,880	-3.8%
Budget Margin (Deficit)	1,019,891	1,119,255	3,196,051	2,076,796	185.6%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	(7,329,983)	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	107,336,103	214,210,653	164,309,808	(49,900,845)	-23.3%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	3,259,066	1,350,950	2,644,002	1,293,052	95.7%
Transfers for Debt Service - Principal	(47,333,862)	(45,237,703)	(48,761,052)	(3,523,349)	7.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	225,000,000	83,219,072	20,000,000	(63,219,072)	-76.0%
SRECNA Change in Net Assets	$ 281,951,215	254,662,227	141,388,809	(113,273,418)	-44.5%
Total Revenues and AUF Transfers	$ 1,688,833,529	1,681,999,380	1,736,531,635	54,532,255	3.2%
Total Expenses (Including Transfers for Interest)	(1,687,813,638)	(1,680,880,125)	(1,733,335,584)	(52,455,459)	3.1%
Budget Margin (Deficit)	$ 1,019,891	1,119,255	3,196,051	2,076,796	
Reconciliation to Use of Prior Year Balances					
Depreciation		106,797,693	113,720,536		
Capital Outlay		(52,830,000)	(27,559,146)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(45,237,703)	(48,761,052)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		9,849,245	40,596,389		

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

The University of Texas Health Science Center at Houston
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The University of Texas Health Science Center at Houston continues the strategic expansion of its clinical enterprise in FY 2015, primarily through its partnership with hospital affiliates, Memorial Hermann Healthcare System (MHHS) and the Harris County Hospital District (Harris Health), and secondarily through the Delivery System Reform Incentive Program (DSRIP) provided by the Centers for Medicare and Medicaid Service's (CMS) 1115 Waiver. This expansion not only increases the visibility of the institution in the Greater Houston area, but also improves access to care in an ever-evolving healthcare environment while providing additional training opportunities for the institution's students and residents. The benefits of the growth also extend beyond the clinical and educational missions, however, as it has permitted U. T. Health Science Center - Houston to retain its historically productive as well as promising junior research faculty during the downturn in external sponsored program support. This strategy appears to be validated as sponsored program awards received in the current year have now rebounded after a two-year downturn.

Revenue

The FY 2015 budget includes a 14.8 percent increase in operating revenue, to be predominantly generated through U. T. Health Science Center - Houston's clinical activities. The growth in local and private sponsored programs, $57.2 million or 21.2 percent, which oftentimes is associated with research, can almost entirely be attributed with increased contractual support from MHHS and Harris Health. The $43.3 million or 20.5 percent budgeted increase in net professional fees will be driven by clinical faculty additions and increased clinical productivity. The DSRIP support provided through the CMS 1115 waiver provides the $15.4 million or 48.1 percent increase in other operating revenues. In contrast to the aforementioned clinical increases, net sales and services of hospitals and clinics are budgeted to decline by $2.2 million. This is a combination of a $1.2 million increase in hospital income associated with the Harris County Psychiatric Center and $3.4 million projected decrease in Gulf States Hemophilia and Thrombosis pharmacy sales.

While not as large as the clinical increase, the FY 2015 budget also includes significant percentage increases in its tuition and fees (8.2 percent) and net auxiliary enterprises revenue budgets (8.6 percent). While the majority of the tuition and fee budget increase is due to the recent Board of Regents' approved rate increase, approximately 40 percent of the increase is attributed to a somewhat conservative FY 2014 budget. Current year tuition and fees are projected to exceed the FY 2014 budget by 3 percent. Rental income growth associated with a 21 percent increase in student apartment units (806 to 979) is the primary contributor to the auxiliary enterprise revenue growth.

Expenses

With FY 2015 being the second year of the biennium, the increase in instruction ($73.3 million or 15.7 percent), absent that associated with the tuition and fee increase, and the hospital and clinic expense growth, which accounts for an additional $40.5 million, a 21 percent increase, can be attributed to U. T. Health Science Center - Houston's Medical School Practice Plan (Practice Plan) expansion. In comparison to the FY 2014 budget, the Practice Plan is budgeting an additional 18 clinic sites throughout the Greater Houston area, growing from 77 to 95, a 23 percent increase. Included in this expansion are 4 DSRIP-funded primary care clinics/prevention and wellness community health centers to be located in the under-served, low income areas in the region. Personnel costs (salaries and benefits) are the predominant driver of the budget growth, accounting for $75.5 million of the $111.5 million Practice Plan increase in operating expenses with maintenance and operating costs making up the balance. Institution-wide, the FY 2015 budget adds 362 FTEs, including 66 additional faculty members, increasing from 5,929 to 6,286 FTEs.

The University of Texas Health Science Center at Houston
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	40,737,087	39,537,392	42,764,489	3,227,097	8.2%
Federal Sponsored Programs		172,103,504	161,003,224	164,583,576	3,580,352	2.2%
State Sponsored Programs		8,839,955	16,589,640	17,150,991	561,351	3.4%
Local and Private Sponsored Programs		303,987,356	270,325,184	327,558,388	57,233,204	21.2%
Net Sales and Services of Educational Activities		29,257,886	19,046,412	20,021,880	975,468	5.1%
Net Sales and Services of Hospital and Clinics		59,475,265	64,615,729	62,415,807	(2,199,922)	-3.4%
Net Professional Fees		231,993,646	211,912,331	255,252,200	43,339,869	20.5%
Net Auxiliary Enterprises		24,489,251	25,790,952	28,002,352	2,211,400	8.6%
Other Operating Revenues		26,398,812	31,972,934	47,352,307	15,379,373	48.1%
Total Operating Revenues		897,282,762	840,793,798	965,101,990	124,308,192	14.8%
Operating Expenses:						
Instruction		480,743,667	468,373,262	541,702,712	73,329,450	15.7%
Academic Support		41,872,415	45,631,588	48,782,394	3,150,806	6.9%
Research		181,843,069	181,073,143	183,016,450	1,943,307	1.1%
Public Service		29,396,585	20,692,991	22,250,933	1,557,942	7.5%
Hospitals and Clinics		215,760,640	192,579,037	233,083,053	40,504,016	21.0%
Institutional Support		57,166,356	48,713,952	51,258,563	2,544,611	5.2%
Student Services		7,148,416	6,662,894	8,336,599	1,673,705	25.1%
Operations and Maintenance of Plant		30,739,886	35,305,987	35,179,217	(126,770)	-0.4%
Scholarships and Fellowships		8,301,593	6,139,759	6,664,326	524,567	8.5%
Auxiliary Enterprises		14,715,316	16,348,260	16,644,164	295,904	1.8%
Depreciation and Amortization		55,073,521	53,800,000	55,058,535	1,258,535	2.3%
Total Operating Expenses		1,122,761,464	1,075,320,873	1,201,976,946	126,656,073	11.8%
Operating Surplus/Deficit		(225,478,702)	(234,527,075)	(236,874,956)	(2,347,881)	1.0%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		198,291,436	195,288,439	199,152,497	3,864,058	2.0%
Federal Sponsored Programs (Nonoperating)		505,017	478,496	520,000	41,504	8.7%
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		17,600,000	17,669,185	18,500,000	830,815	4.7%
Net Investment Income		29,449,008	29,543,103	30,600,479	1,057,376	3.6%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		245,845,461	242,979,223	248,772,976	5,793,753	2.4%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(11,274,610)	(11,415,499)	(11,731,399)	(315,900)	2.8%
Total Transfers and Other		(11,274,610)	(11,415,499)	(11,731,399)	(315,900)	2.8%
Budget Margin (Deficit)		9,092,149	(2,963,351)	166,621	3,129,972	-105.6%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		2,000,000	-	2,000,000	2,000,000	-
Net Inc./(Dec.) in Fair Value of Investments		34,128,024	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		1,680,000	518,230	2,000,000	1,481,770	285.9%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		6,218,492	6,930,715	6,000,000	(930,715)	-13.4%
Transfers for Debt Service - Principal		(16,540,501)	(16,540,501)	(16,330,484)	210,017	-1.3%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		28,366,938	37,627,422	9,725,000	(27,902,422)	-74.2%
SRECNA Change in Net Assets	$	64,945,102	25,572,515	3,561,137	(22,011,378)	-86.1%
Total Revenues and AUF Transfers	$	1,143,128,223	1,083,773,021	1,213,874,966	130,101,945	12.0%
Total Expenses (Including Transfers for Interest)		(1,134,036,074)	(1,086,736,372)	(1,213,708,345)	(126,971,973)	11.7%
Budget Margin (Deficit)	$	9,092,149	(2,963,351)	166,621	3,129,972	
Reconciliation to Use of Prior Year Balances						
Depreciation			53,800,000	55,058,535		
Capital Outlay			(20,083,286)	(22,515,165)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(16,540,501)	(16,330,484)		
Budgeted Transfers			3,310,000	3,322,000		
Net Additions to (Uses of) Prior Year Balances			17,522,862	19,701,507		

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

The University of Texas Health Science Center at San Antonio
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction – Major Goals Addressed by FY 2015 Budget

The FY 2015 Operating Budget for The University of Texas Health Science Center at San Antonio has been written with the overarching goal of aligning resources to support strategic planning efforts that are consistent with the Chancellor's *A Framework for Advancing Excellence throughout The University of Texas System*. The institution's Strategic Plan places major emphasis on the quality of professional education, excellence of faculty, productivity and efficiency, research collaborations, clinical care expansion, and philanthropic success. Flat funding from the State coupled with declining sponsored program revenues have created financial challenges and have stressed available resources. While aggressive cost containment efforts from prior fiscal years have allowed the institution to realize cumulative savings in excess of $70 million, strategic investments in revenue producing initiatives will be critical to its success going forward. A new level of performance will be demanded across all functions and missions, both in terms of reduced costs and improved services. Over the past year, the efforts of the Institutional Sustainability Task Force (ISTF) have focused on identifying revenue side solutions and efficiency strategies to ensure the institution's long term financial stability and organizational success. External management consultants were engaged to work alongside the ISTF to assess administrative, clinical, and research opportunities. Nineteen recommendations were provided to the President with potential opportunities to enhance revenues and further reduce expenses totaling over $30 million, with the majority being achieved in the clinical and research areas. The ISTF will continue to work towards implementing these recommendations as feasible during FY 2015.

The institution has prepared a budget for FY 2015 that recognizes a positive margin of $5.8 million. It assumes incremental clinical contract revenues of $21.5 million; a net of $4.1 million from participating in the Uncompensated Care (UC) Pool and Delivery System Reform Incentive Payment (DSRIP) Program associated with the Medicaid reimbursement waiver under Section 1115 of the Social Security Act of 2011; incremental net tuition and fee revenues of $1.4 million; reductions of $15.2 million to federally sponsored programs caused by declines in research; continued investments of $5 million in strategic planning initiatives; and a 2 percent merit salary increase for non-faculty staff at a cost of $3.7 million. Efforts will continue to focus on improving revenue among clinical trial activity and practice plan operations, aggressively administering the faculty incentive compensation plan based on productivity measures, and becoming more cost effective by implementing recommendations proposed by the ISTF.

Although a positive margin is projected, the FY 2015 budget is not without vulnerabilities. Revenue growth in clinical operations and achieving clinical revenue targets will be critically important in order to retain productive faculty, to continue to subsidize the institution's graduate medical educational and research missions, and to fund infrastructure needs associated with healthcare reform. Alignment of revenue and incentive compensation through revisions to the institutional XYZ compensation plan in conjunction with improved relations with healthcare partners will be imperative to achieving clinical, research, and educational budgets. DSRIP projects have been included in the budget at conservative amounts, but hinge on meeting milestones and timely reimbursement from the Centers for Medicare and Medicaid Services. Finally, with depreciation estimated at $52.5 million and mounting deferred maintenance as building square footage increases, the institution will be prohibited from directing adequate internal resources toward fully addressing needed upgrades to its facilities and technology infrastructure, and therefore will seek Permanent University Fund and Tuition Revenue Bond financing for this purpose.

Revenue

The revenue budget for FY 2015 reflects a $22.6 million (2.9 percent) increase from the FY 2014 budget primarily attributable to the physicians practice plan. Clinical operations are projected to experience a $21.5 million increase in contract revenues, while UC and DSRIP payments under the 1115 waiver program are expected to increase by $13.1 million over the prior year. Investment income will increase by $1.9 million due to favorable economic conditions, gross tuition increases were approved at $1.5 million, and gifts will increase by $2.9 million due to improved philanthropic efforts and giving trends. Offsetting these increases are anticipated declines of $15.2 million in federally sponsored research activities and $2.8 million in fee for service revenues in the dental practice plan due to the loss of twenty faculty members who left the institution for private practice or offers from other universities.

Expenses

The expense budget for FY 2015 reflects an $18.2 million (2.4 percent) increase from the prior budget. Clinical activities will experience increases of nearly $24.9 million consistent with the net revenue growth discussed above. Non-faculty salary expenses will increase by $3.7 million due to the authorization of a 2 percent merit pool, employee group insurance benefits expenses will increase by $2.3 million and depreciation expense will increase by $2.5 million due to facilities and capital investments. Offsetting these increases are corresponding declines of $15.2 million associated with federally sponsored research activities discussed above.

The University of Texas Health Science Center at San Antonio
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	34,291,539	34,291,539	35,604,467	1,312,928	3.8%
Federal Sponsored Programs		99,864,535	117,099,616	106,572,171	(10,527,445)	-9.0%
State Sponsored Programs		5,706,545	4,710,507	6,340,345	1,629,838	34.6%
Local and Private Sponsored Programs		179,756,164	170,145,991	188,138,638	17,992,647	10.6%
Net Sales and Services of Educational Activities		18,117,636	26,000,000	22,615,478	(3,384,522)	-13.0%
Net Sales and Services of Hospital and Clinics		-	-	-	-	-
Net Professional Fees		152,584,828	163,802,814	159,680,775	(4,122,039)	-2.5%
Net Auxiliary Enterprises		5,591,745	5,300,000	6,432,515	1,132,515	21.4%
Other Operating Revenues		18,576,262	16,686,841	28,814,984	12,128,143	72.7%
Total Operating Revenues		514,489,254	538,037,308	554,199,373	16,162,065	3.0%
Operating Expenses:						
Instruction		325,003,321	333,842,933	335,246,690	1,403,757	0.4%
Academic Support		33,502,066	35,398,794	37,703,711	2,304,917	6.5%
Research		113,014,097	127,131,232	115,576,200	(11,555,032)	-9.1%
Public Service		39,174,124	35,132,342	34,784,591	(347,751)	-1.0%
Hospitals and Clinics		81,801,324	75,809,422	97,972,514	22,163,092	29.2%
Institutional Support		39,314,929	40,311,773	39,928,956	(382,817)	-0.9%
Student Services		1,076,313	4,654,352	4,431,698	(222,654)	-4.8%
Operations and Maintenance of Plant		38,566,252	41,722,688	43,395,416	1,672,728	4.0%
Scholarships and Fellowships		3,484,532	3,339,132	4,229,086	889,954	26.7%
Auxiliary Enterprises		5,701,234	7,033,297	7,162,867	129,570	1.8%
Depreciation and Amortization		50,000,000	50,000,000	52,500,000	2,500,000	5.0%
Total Operating Expenses		730,638,192	754,375,965	772,931,729	18,555,764	2.5%
Operating Surplus/Deficit		(216,148,938)	(216,338,657)	(218,732,356)	(2,393,699)	1.1%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		174,224,422	174,224,422	176,235,047	2,010,625	1.2%
Federal Sponsored Programs (Nonoperating)		1,650,000	1,650,000	1,250,000	(400,000)	-24.2%
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		17,474,797	17,500,000	20,354,269	2,854,269	16.3%
Net Investment Income		36,702,425	33,750,000	35,683,485	1,933,485	5.7%
Other Non-Operating Revenue		-	-	-	-	-
Other Non-Operating (Expenses)		-	-	-	-	-
Net Non-Operating Revenue/(Expenses)		230,051,644	227,124,422	233,522,801	6,398,379	2.8%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(9,337,498)	(9,359,618)	(8,973,103)	386,515	-4.1%
Total Transfers and Other		(9,337,498)	(9,359,618)	(8,973,103)	386,515	-4.1%
Budget Margin (Deficit)		4,565,208	1,426,147	5,817,342	4,391,195	307.9%
Reconciliation to Change in Net Assets:						
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	2,500,000	(2,500,000)	-50.0%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		5,000,000	5,000,000	5,000,000	-	0.0%
Transfers for Debt Service - Principal		(11,597,000)	(11,597,000)	(12,672,000)	(1,075,000)	9.3%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		13,000,000	13,000,000	40,000,000	27,000,000	207.7%
SRECNA Change in Net Assets	$	15,968,208	12,829,147	40,645,342	27,816,195	216.8%
Total Revenues and AUF Transfers	$	744,540,898	765,161,730	787,722,174	22,560,444	2.9%
Total Expenses (Including Transfers for Interest)		(739,975,690)	(763,735,583)	(781,904,832)	(18,169,249)	2.4%
Budget Margin (Deficit)	$	4,565,208	1,426,147	5,817,342	4,391,195	
Reconciliation to Use of Prior Year Balances						
Depreciation			50,000,000	52,500,000		
Capital Outlay			(9,500,000)	(9,000,000)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(11,597,000)	(12,672,000)		
Budgeted Transfers			(14,562,429)	622,421		
Net Additions to (Uses of) Prior Year Balances			15,766,718	37,267,763		

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 Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The mission of The University of Texas M. D. Anderson Cancer Center is to eliminate cancer in Texas, the nation, and the world through outstanding programs that integrate patient care, research and prevention, and through education for undergraduate and graduate students, trainees, professionals, employees and the public. The institution's FY2010 – FY2015 Strategic Vision focuses on seven key goals for future advancement: Patient Care, Research, Education, Prevention, Our People, Collaboration and Resources.

As presented in the FY 2015 Budget Goals and Priorities Videoconference, U. T. M. D. Anderson Cancer Center's Strategic Planning Process began in the summer of 2013 where key faculty and administrative leaders gathered to develop a bold, patient-centered framework to lead U. T. M. D. Anderson Cancer Center into the next decade and beyond. Three critical areas of focus were identified: 1) *Innovate Clinical Care* using novel and effective practices to improve patient outcomes 2) *Expansion of our network and knowledge* to share our standard of care, educate the public, and increase access to, and enrollment in, our clinical trials 3) *Transformative, sustainable and accountable research* programs to build our own knowledge during a time of unpredictable governmental resources. The strategic plan is another part of this larger institutional plan, and it identifies our priorities for change. The institutional plan is guided by our vision, mission, input from our faculty and staff, and to some extent, by external factors. Woven throughout the strategic focus areas are our culture, values, people, educational responsibilities, expansion efforts, and multidisciplinary approach to patient care.

U. T. M. D. Anderson Cancer Center has a number of critical ongoing capital projects that are aligned to the strategic plan. Pavilion ($198.0 million), Zayed ($333.0 million), Build-out of three inpatient floors ($54.0 million), MRI Suite renovation ($13.5 million), Rotary House International room refresh ($18.2 million). In addition, U. T. M. D. Anderson Cancer Center will explore potential real estate purchases that include a land swap with the Texas Medical Center for the North Garage, mid-campus area opportunities as they become available and Regional Care Center opportunities (lease, buy or construct). The Electronic Health Record (EHR) capital investment will continue into FY 2015. The EHR project team has successfully completed decision dates on key deliverables, is continuing to develop plans to optimize operational processes for the best possible patient experience and to ease the transition to the EPIC system for our providers, and is building all systems in a manner that allows for data integration and compatibility with the latest analytics.

Revenue

The FY 2015 budgeted operating revenue is projected to increase by 9.9 percent over the FY 2014 budget. Both Hospital & Clinics and professional net patient revenues account for about 89 percent of U. T. M. D. Anderson Cancer Center's total operating revenue. Due to expected decreases in reimbursement from government and non-government payers, and the uncertainty of other healthcare reform outcomes, continued focus on clinical productivity and operational efficiencies is essential. Federal Sponsored Programs and the associated indirect cost recovery is expected to decrease due to the possibility of federal budget shortfalls and pay line reductions. The significant increase in State Sponsored Programs is primarily due to new Cancer Prevention Research Institute of Texas (CPRIT) projects expected to be awarded and funded. The significant decrease in Local & Private Sponsored Programs is primarily due to the submission of an aggressive FY 2014 budget. The FY 2015 State Appropriations budget is expected to remain flat due to it being a non-legislative session fiscal year.

Expenses

The FY 2015 budgeted operating expense is projected to increase 10.4 percent over the FY 2014 budget. Hospital & Clinic expenses accounts for about 57 percent of U. T. M. D. Anderson Cancer Center's total operating expenses. A component of the institution's financial and operational goals is to grow clinical providers by 3.5 percent and appropriately staff clinical care teams for the new upcoming patient care facilities. In addition to compensation increases, this is the primary reason why Hospital & Clinics expenses are expected to increase by 13.6 percent over the FY 2014 budget. It is important to note that personnel costs continue to account for over 60 percent of all U. T. M. D. Anderson Cancer Center expenses. The significant percent changes in Instruction, Academic Support and Institutional Support are primarily due to functional expense reclassifications and adjustments to medical staff effort allocations. Due to the expected increases in State Sponsored Programs and internally supported research programs, overall research expenditures will grow in FY 2015 by 8.3 percent. The FY 2015 budget includes a 4 percent merit salary increase for faculty, administrative, and classified staff.

The University of Texas M. D. Anderson Cancer Center
Operating Budget
Fiscal Year Ending August 31, 2015

		FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:						
Tuition and Fees	$	1,498,975	1,797,402	1,787,175	(10,227)	-0.6%
Federal Sponsored Programs		157,431,858	195,155,263	145,555,145	(49,600,118)	-25.4%
State Sponsored Programs		34,348,769	17,424,577	33,150,000	15,725,423	90.2%
Local and Private Sponsored Programs		94,459,115	135,911,701	100,402,538	(35,509,163)	-26.1%
Net Sales and Services of Educational Activities		2,521,352	3,161,129	3,250,000	88,871	2.8%
Net Sales and Services of Hospital and Clinics		2,946,988,845	2,828,102,368	3,176,331,158	348,228,790	12.3%
Net Professional Fees		383,903,335	396,865,466	419,260,984	22,395,518	5.6%
Net Auxiliary Enterprises		41,077,188	41,250,084	41,258,500	8,416	0.0%
Other Operating Revenues		108,872,963	58,971,789	120,750,000	61,778,211	104.8%
Total Operating Revenues		3,771,102,400	3,678,639,779	4,041,745,500	363,105,721	9.9%
Operating Expenses:						
Instruction		65,140,000	69,925,135	66,350,716	(3,574,419)	-5.1%
Academic Support		103,800,000	106,477,109	107,874,095	1,396,986	1.3%
Research		609,000,000	602,640,415	652,711,187	50,070,772	8.3%
Public Service		6,500,000	5,781,394	9,091,559	3,310,165	57.3%
Hospitals and Clinics		2,044,151,059	2,025,191,102	2,300,688,514	275,497,412	13.6%
Institutional Support		302,500,000	299,239,411	310,663,824	11,424,413	3.8%
Student Services		-	-	-	-	-
Operations and Maintenance of Plant		218,500,000	219,887,745	228,277,875	8,390,130	3.8%
Scholarships and Fellowships		1,500,000	1,511,281	1,876,230	364,949	24.1%
Auxiliary Enterprises		25,400,000	25,643,755	26,250,000	606,245	2.4%
Depreciation and Amortization		287,541,806	297,526,558	331,500,000	33,973,442	11.4%
Total Operating Expenses		3,664,032,865	3,653,823,905	4,035,284,000	381,460,095	10.4%
Operating Surplus/Deficit		107,069,535	24,815,874	6,461,500	(18,354,374)	-74.0%
Budgeted Nonoperating Revenues (Expenses):						
State Appropriations & HEAF (Non-capitalized)		185,781,543	185,781,543	185,400,000	(381,543)	-0.2%
Federal Sponsored Programs (Nonoperating)		500,000	-	-	-	-
State Sponsored Programs (Nonoperating)		-	-	-	-	-
Gifts in Support of Operations		125,612,211	84,248,312	88,000,000	3,751,688	4.5%
Net Investment Income		109,990,733	101,437,297	103,000,000	1,562,703	1.5%
Other Non-Operating Revenue		241,657	-	-	-	-
Other Non-Operating (Expenses)		(195,696)	-	-	-	-
Net Non-Operating Revenue/(Expenses)		421,930,448	371,467,152	376,400,000	4,932,848	1.3%
Transfers and Other:						
AUF Transfers Received for Operations		-	-	-	-	-
AUF Transfers (Made) for Operations		-	-	-	-	-
Transfers for Debt Service - Interest		(36,952,047)	(37,202,047)	(38,362,281)	(1,160,234)	3.1%
Total Transfers and Other		(36,952,047)	(37,202,047)	(38,362,281)	(1,160,234)	3.1%
Budget Margin (Deficit)		492,047,936	359,080,979	344,499,219	(14,581,760)	-4.1%
Reconciliation to Change in Net Assets:						
Net Non-Profit Health Corp Activity		-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments		165,720,000	-	-	-	-
Interest Expense on Capital Asset Financings		-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs		10,000,000	3,000,000	10,000,000	7,000,000	233.3%
HEAF (Capitalized)		-	-	-	-	-
Additions to Permanent Endowments		5,000,000	5,000,000	5,000,000	-	0.0%
Transfers for Debt Service - Principal		(41,550,453)	(43,797,953)	(65,865,000)	(22,067,047)	50.4%
Reverse Transfers for Debt Service (System Only)		-	-	-	-	-
Transfers and Other		96,255,000	79,900,000	69,900,000	(10,000,000)	-12.5%
SRECNA Change in Net Assets	$	727,472,483	403,183,026	363,534,219	(39,648,807)	-9.8%
Total Revenues and AUF Transfers	$	4,193,228,544	4,050,106,931	4,418,145,500	368,038,569	9.1%
Total Expenses (Including Transfers for Interest)		(3,701,180,608)	(3,691,025,952)	(4,073,646,281)	(382,620,329)	10.4%
Budget Margin (Deficit)	$	492,047,936	359,080,979	344,499,219	(14,581,760)	
Reconciliation to Use of Prior Year Balances						
Depreciation			297,526,558	331,500,000		
Capital Outlay			(535,000,000)	(537,946,177)		
HEAF (Capitalized)			-	-		
Transfers for Debt Service - Principal			(43,797,953)	(65,865,000)		
Budgeted Transfers			-	-		
Net Additions to (Uses of) Prior Year Balances			77,809,584	72,188,042		

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

The University of Texas Health Science Center at Tyler
Operating Budget Highlights
For the Year Ending August 31, 2015

Introduction - Major Goals Addressed by FY 2015 Budget

The Operating Budget for The University of Texas Health Science Center at Tyler for FY 2015 supports the Chancellor's *A Framework for Advancing Excellence throughout The University of Texas System* (Chancellor's Framework).

U. T. Health Science Center - Tyler is making strategic investments in Information Technology and Infrastructure by migrating to cloud-based solutions, continuing to build data models and infrastructure for 1115 Waiver reporting, and is implementing a major upgrade to its payroll-timekeeping and productivity management software. These information technology investments are designed to increase quality, efficiency, effectiveness, productivity, and stakeholder access to information resources.

U. T. Health Science Center - Tyler's Academic and Research organization plans a major remodel of its vivarium facility along with upgrading a number of research laboratories in order to maintain a state-of-the-art research facility. During FY 2014 the organization hired a Chair of Cellular and Molecular Biology who oversees the Biotechnology Graduate Program, coordinates the research and educational activities of research faculty, and conducts targeted research. These activities support future growth of research and academic programs by attracting and retaining the highest quality researchers, students, and sponsored research initiatives.

U. T. Health Science Center - Tyler continues to build its behavioral health programs which results in increased access to care for this underserved population in the region and serves to diversify the revenue stream of the organization. The organization is also focused on growth in Oncology, 1115 Waiver related activities, primary care and other services, much of which were initiated prior to and during FY 2013. Increasing revenues in and the scheduled opening of institution's first Geriatric Behavioral Health Unit in the early part of FY 2015 is evidence of these strategies.

Workforce excellence is a key focus at U. T. Health Science Center - Tyler as the organization seeks to recruit and retain world-class faculty, administrators and staff. These strategies and others serve the mission, vision and values of the U. T. Health Science Center - Tyler in its support of the Chancellor's Framework.

Revenue

Revenues in the U. T. Health Science Center - Tyler operating budget for FY 2015 are up approximately 9.2 percent driven mostly by a new Geriatric Behavioral Health Unit and expansion of the institution's other behavioral health programs in Residential and Acute Care.

Expenses

Expenses in the FY 2015 budget reflect an increase of about 4.7 percent which is attributable primarily to the expansion of U. T. Health Science Center - Tyler's behavioral health programs, and increased pharmaceutical costs associated with the loss of the organization's 340b status. Growth in behavioral health accounts for approximately $7.0 million in additional costs, while loss of 340b status accounts for approximately $4.0 million in additional expenses. As the U. T. Health Science Center - Tyler continues to grow its operations, management remains focused on controlling costs and increasing efficiencies.

The University of Texas Health Science Center at Tyler
Operating Budget
Fiscal Year Ending August 31, 2015

	FY 2014 Projected	FY 2014 Adjusted Budget	FY 2015 Operating Budget	Budget Increases (Decreases) From 2014 to 2015 Amount	Percent
Operating Revenues:					
Tuition and Fees	$ 110,467	-	-	-	-
Federal Sponsored Programs	9,487,510	12,875,251	10,530,070	(2,345,181)	-18.2%
State Sponsored Programs	1,834,591	1,506,886	2,036,190	529,304	35.1%
Local and Private Sponsored Programs	2,157,160	3,326,897	2,394,206	(932,691)	-28.0%
Net Sales and Services of Educational Activities	1,417,252	1,353,537	1,390,452	36,915	2.7%
Net Sales and Services of Hospital and Clinics	55,853,401	59,029,717	58,799,940	(229,777)	-0.4%
Net Professional Fees	12,039,438	13,114,969	14,889,832	1,774,863	13.5%
Net Auxiliary Enterprises	168,381	184,675	164,238	(20,437)	-11.1%
Other Operating Revenues	32,218,497	21,349,064	37,759,779	16,410,715	76.9%
Total Operating Revenues	115,286,697	112,740,996	127,964,707	15,223,711	13.5%
Operating Expenses:					
Instruction	11,199,654	13,475,026	11,635,194	(1,839,832)	-13.7%
Academic Support	765,540	999,169	795,311	(203,858)	-20.4%
Research	16,252,547	13,486,497	16,884,587	3,398,090	25.2%
Public Service	-	-	-	-	-
Hospitals and Clinics	96,118,174	94,369,356	100,035,559	5,666,203	6.0%
Institutional Support	7,558,004	8,412,413	7,851,925	(560,488)	-6.7%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	14,985,132	14,826,348	15,567,884	741,536	5.0%
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	142,221	146,989	147,752	763	0.5%
Depreciation and Amortization	9,938,484	9,850,000	10,145,500	295,500	3.0%
Total Operating Expenses	156,959,756	155,565,798	163,063,712	7,497,914	4.8%
Operating Surplus/Deficit	(41,673,059)	(42,824,802)	(35,099,005)	7,725,797	-18.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	42,772,562	43,711,740	44,127,341	415,601	1.0%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	655,485	1,401,844	1,401,844	-	0.0%
Net Investment Income	4,024,799	4,156,425	3,482,203	(674,222)	-16.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	47,452,846	49,270,009	49,011,388	(258,621)	-0.5%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,524,281)	(1,587,494)	(1,493,327)	94,167	-5.9%
Total Transfers and Other	(1,524,281)	(1,587,494)	(1,493,327)	94,167	-5.9%
Budget Margin (Deficit)	4,255,506	4,857,713	12,419,056	7,561,343	155.7%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	24,000	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	2,900,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	8,500	100,000	100,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	250,000	100,000	100,000	-	0.0%
Transfers for Debt Service - Principal	(4,661,975)	(4,349,429)	(5,281,286)	(931,857)	21.4%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	28,939,308	2,225,000	2,855,500	630,500	28.3%
SRECNA Change in Net Assets	$ 31,715,339	2,933,284	10,193,270	7,259,986	247.5%
Total Revenues and AUF Transfers	$ 162,739,543	162,011,005	176,976,095	14,965,090	9.2%
Total Expenses (Including Transfers for Interest)	(158,484,037)	(157,153,292)	(164,557,039)	(7,403,747)	4.7%
Budget Margin (Deficit)	$ 4,255,506	4,857,713	12,419,056	7,561,343	
Reconciliation to Use of Prior Year Balances					
Depreciation		9,850,000	10,145,500		
Capital Outlay		(3,100,000)	(3,100,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(4,349,429)	(5,281,286)		
Budgeted Transfers		-	-		
Net Additions to (Uses of) Prior Year Balances		7,258,284	14,183,270		

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

The University of Texas System
Fiscal Year 2015
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

Summary

	PUF Allocation			
	Library & Equipment	**Repair & Rehabilitation**	**Faculty STARs Program**	**Total**
Academic Institutions				
The University of Texas at Arlington	$ 1,800,000	400,000	-	2,200,000
The University of Texas at Austin	1,275,000	2,640,700	-	3,915,700
The University of Texas at Dallas	1,000,000	1,261,000	-	2,261,000
The University of Texas at El Paso	1,383,000	875,000	-	2,258,000
The University of Texas of the Permian Basin	921,800	140,000	-	1,061,800
The University of Texas at San Antonio	-	2,250,000	-	2,250,000
The University of Texas at Tyler	173,500	895,000	-	1,068,500
Subtotal Academic Institutions	6,553,300	8,461,700	-	15,015,000
Health Institutions				
The University of Texas Southwestern Medical Center	-	2,000,000	-	2,000,000
The University of Texas Medical Branch at Galveston	1,200,000	965,000	-	2,165,000
The University of Texas Health Science Center at Houston	580,000	1,420,000	-	2,000,000
The University of Texas Health Science Center at San Antonio	1,060,000	1,000,000	-	2,060,000
The University of Texas M. D. Anderson Cancer Center	-	2,000,000	-	2,000,000
The University of Texas Health Science Center at Tyler	-	2,060,000	-	2,060,000
Subtotal Health Institutions	2,840,000	9,445,000	-	12,285,000
The University of Texas System Administration				
Academic Library Collection Enhancement Program	2,700,000	-	-	2,700,000
Faculty STARs Program - Academic Institutions	-	-	10,000,000	10,000,000
Faculty STARs Program - Health Institutions	-	-	10,000,000	10,000,000
Subtotal System Administration	2,700,000	-	20,000,000	22,700,000
Grand Total	**$ 12,093,300**	**17,906,700**	**20,000,000**	**50,000,000**

The University of Texas System
Fiscal Year 2015
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
INSTITUTION/NAME OF PROJECT	**TOTAL PROJECT COST**	**PUF ALLOCATION**	**TOTAL PROJECT COST**	**PUF ALLOCATION**	**PUF ALLOCATION**
ACADEMIC INSTITUTIONS					
The University of Texas at Arlington					
Edge Network Refresh and Failover	1,200,000	1,200,000			
Police Department Equipment	1,499,364	406,000			
Campus Building Remote Lock Down Project - Phase Four	200,000	194,000			
Business Building Fire & Life Safety Improvements			400,000	400,000	
TOTAL	$ 2,899,364	1,800,000	400,000	400,000	-
The University of Texas at Austin					
Information Quest - Data Warehousing/Business Intelligence Project	450,000	450,000			
Robert A. Welch Hall 1961 West Wing Fire Alarm Upgrade			495,000	450,000	
Will C. Hogg Building Fire Alarm Upgrade			220,000	200,000	
UT Austin Libraries Digital Infrastructure	500,000	500,000			
Lake Austin Center Fire Sprinkler and Egress Upgrades			770,000	700,000	
McDonald Observatory Fire Protection Upgrades			2,600,000	600,000	
Robert A. Welch Hall Foam Concentration Increase - Fischer Lab			82,500	75,000	
Briscoe Center - Digitization of Texas and American History Special Collections	985,000	325,000			
Fire Alarm Upgrades			1,200,000	615,700	
TOTAL	$ 1,935,000	1,275,000	5,367,500	2,640,700	-
The University of Texas at Dallas					
Academic Affairs Science and Engineering Laboratory Equipment FY15	1,000,000	1,000,000			
Repair/Renovation of Academic Buildings (Common Spaces) Phase I			500,000	500,000	
Callier South HVAC Renovations and Repairs			850,000	561,000	
Electrical Repairs Various Buildings Phase I			900,000	200,000	
TOTAL	$ 1,000,000	1,000,000	2,250,000	1,261,000	-
The University of Texas at El Paso					
Research and Technology Infrastructure for New Faculty	800,000	800,000			
Fox Fine Arts Recital Hall Refurbishment			360,000	200,000	
Collaborative Research Facilities	333,000	333,000			
Campus Wireless Network Infrastructure Upgrade	250,000	250,000			
Anatomy Laboratory Expansion			500,000	375,000	
Fire Code Compliance: Fire Code Upgrades at Education Building			300,000	300,000	
TOTAL	$ 1,383,000	1,383,000	1,160,000	875,000	-
The University of Texas of the Permian Basin					
Active Learning Technology Classrooms	400,000	400,000			
Library Materials	225,000	225,000			
Undergraduate Success Center Renovation			140,000	140,000	
Technology Refresh	335,000	235,000			
Music Program Support	171,800	61,800			
TOTAL	$ 1,131,800	921,800	140,000	140,000	-
The University of Texas at San Antonio					
Teaching Space Renovations			1,200,000	1,200,000	
Fire and Life Safety Compliance Improvement - John Peace Library			800,000	800,000	
Fire and Safety Campus-wide Egress Compliance Improvements			900,000	250,000	
TOTAL	$ -	-	2,900,000	2,250,000	-
The University of Texas at Tyler					
Remodel Psychology and Counseling Clinic Space			40,000	35,000	
Remodeling Chemistry & Biochemistry Pre-Lab and Teaching Space to Research Lab Space			150,000	150,000	
Security Systems for Satellite Campuses			60,000	60,000	
Campus Video Surveillance	59,500	59,500			
Power Plant Chiller/Cooling Tower Installation			600,000	600,000	
Library Network Wiring and Repair	14,000	14,000			
Fire Suppression System Installation			50,000	50,000	
Server and Network Storage Replacements	130,000	100,000			
TOTAL	$ 203,500	173,500	900,000	895,000	-
SUBTOTAL - ACADEMIC INSTITUTIONS		$ 6,553,300		8,461,700	-

The University of Texas System
Fiscal Year 2015
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)

	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARs
INSTITUTION/NAME OF PROJECT	**TOTAL PROJECT COST**	**PUF ALLOCATION**	**TOTAL PROJECT COST**	**PUF ALLOCATION**	**PUF ALLOCATION**
HEALTH INSTITUTIONS					
The University of Texas Southwestern Medical Center					
Expansion of Educational Facilities			4,000,000	2,000,000	
TOTAL	$ -	-	4,000,000	2,000,000	-
The University of Texas Medical Branch at Galveston					
Information and Education Resources	2,150,000	1,200,000			
Library Plaza Renovations			550,000	400,000	
Levin Hall Dining and Event Space Improvements			445,000	345,000	
Rebecca Sealy Security and Lighting			320,000	220,000	
TOTAL	$ 2,150,000	1,200,000	1,315,000	965,000	-
The University of Texas Health Science Center at Houston					
Fire/Smoke Partition Repairs			500,000	500,000	
Building Envelope Repairs			800,000	800,000	
Improving Physician Efficiency and Clinic Workflow through Improved Security	400,000	400,000			
POS-Ready Computer Network	180,000	180,000			
Institute of Molecular Medicine Wireless Infrastructure			195,000	120,000	
TOTAL	$ 580,000	580,000	1,495,000	1,420,000	-
The University of Texas Health Science Center at San Antonio					
FY15 Fire & Safety Initiative			1,000,000	1,000,000	
Information Technology and Library Enhancements	1,350,000	1,060,000			
TOTAL	$ 1,350,000	1,060,000	1,000,000	1,000,000	-
The University of Texas M. D. Anderson Cancer Center					
Smithville Water, Waste and Fire Underground Piping Replacements			1,391,300	1,000,000	
Smithville Campus Wildfire Risk Mitigation			1,000,000	800,000	
Bastrop Keeling Center Perimeter Security Fence			400,000	200,000	
TOTAL	$ -	-	2,791,300	2,000,000	-
The University of Texas Health Science Center at Tyler					
Patient Tower Improvements and Campus Staff Organization Project			3,600,000	2,060,000	
TOTAL	$ -	-	3,600,000	2,060,000	-
SUBTOTAL - HEALTH INSTITUTIONS		$ 2,840,000		9,445,000	-
SYSTEM ADMINISTRATION					
The University of Texas System Administration					
UT System Academic Library Collection Enhancement Program (ALCEP)	2,700,000	2,700,000			
Faculty STARs Program - Academic Institutions					10,000,000
Faculty STARs Program - Health Institutions					10,000,000
TOTAL	$ 2,700,000	2,700,000	-	-	20,000,000
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		$ 2,700,000		-	20,000,000
TOTAL - U. T. SYSTEM		$ 12,093,300		17,906,700	20,000,000

The University of Texas System
Fiscal Year 2015
RESERVE ALLOCATIONS FOR
FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) PROGRAM

University of Texas System Administration	
Faculty STARs Program - Academic Institutions	10,000,000
Faculty STARs Program - Health Institutions	10,000,000
Total $	**20,000,000**

Faculty Science and Technology Acquisition and Retention (STARs) Program

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

STARs Allocation History

Academic Institutions			
2005 Faculty STARs	$ 32,450,000	**2011 Faculty STARs**	$ 32,450,000
2006 Faculty STARs	$ 15,000,000	**2012 Faculty STARs**	$ 15,000,000
2007 Faculty STARs	$ 20,000,000	**2013 Faculty STARs**	$ 20,000,000
2008 Faculty STARs	$ 10,000,000	**2014 Faculty STARs**	$ 10,000,000
2009 Faculty STARs	$ 10,000,000	**2015 Proposed Faculty STARs**	$ 10,000,000
2010 Faculty STARs	$ 15,000,000		

Health Institutions			
2005 Faculty STARs	$ 26,550,000	**2012 Faculty STARs**	$ 10,000,000
2009 Faculty STARs	$ 10,000,000	**2013 Faculty STARs**	$ 10,000,000
2010 Faculty STARs	$ 15,000,000	**2014 Faculty STARs**	$ 10,000,000
2011 Faculty STARs	$ 10,000,000	**2015 Proposed Faculty STARs**	$ 10,000,000
2011 Faculty STARs (2 years only)	$ 15,000,000		

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

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

THE UNIVERSITY OF TEXAS SYSTEM
BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2015

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. Transfers from unappropriated Educational and General Fund Balance.

   b. New appointments of tenured faculty (Regents' *Rule* 31007).

   c. Award of tenure to any faculty member (Regents' *Rule* 31007).

   d. New appointments as Regental Professor, Dean Emeritus, Chair Emeritus, or Professor Emeritus (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.

   e. Appointments, promotions, and salary increases involving the president (Regents' *Rules* 20201, 20202, 20203).

   f. New contracts or contract changes involving athletic directors or head coaches whose total annual compensation equals or exceeds the amount specified by Regents' *Rule* 10501 Section 2.2.12.

   g. Compensation changes for employees whose total annual compensation is $1,000,000 or above (Regents' *Rule* 20204).

   h. Compensation changes for Key Executives as defined by Regents' *Rule* 20203.

   i. Increases in budgeted amounts from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds, subject to the thresholds established in B.5 below.

   j. 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 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. Salary increases involving tenured faculty of $10,000 or more at academic institutions and $25,000 or more at health-related institutions. This includes one-time merit payments.

f. Appointments and promotions involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent.

g. Salary increases of $10,000 or more involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent. This includes one-time merit payments.

h. All appointments and salary increases of $10,000 or more involving employees serving under written employment contracts. This includes one-time merit payments.

3. Items requiring approval of the president only

a. All interdepartmental transfers.

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

c. Increases in budgeted amounts from income for 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. 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, B.2g and B.2h as defined above.

h. Changes in sources of funds, changes in time assignments, and other changes in status for personnel categorized in Item B.1, provided no change in the individual's salary rate is involved. In the case of Medical Faculty, this provision applies to "Total Compensation."

i. Summer Session Budgets.

j. Clinical faculty appointments or changes, including medical or hospital staff, without salary.

4. Effective date of appointments and salary increases

a. Any increase in an approved salary rate for the current fiscal year without a change in classification or position is not to be effective prior to the first day of the month in which the required final approval of the rate change is obtained.

b. A salary rate increase resulting from an appointment to another classification or to a position involving new and different duties may be made effective to the time of the first performance of duties under the new appointment.

c. The effective date of an appointment is the date on which the individual is first to perform service for the institution under that appointment.

d. The original appointment during a fiscal year of a person not in a budget for that year or not under an existing appointment for that year may relate back to the first performance of duties during the fiscal year although such person may have been employed in a previous fiscal year and although an increased salary rate for the same classification or position is involved.

5. Budget amendment criteria

a. Institutions with budgeted revenue, including transfers from the Available University Fund, of $1 billion or more will have a threshold of:
   i. For B.1i and B.1j - Equal to or greater than $2,000,000
   ii. For B.2a – Equal to or greater than $1,000,000
   iii. For B.2b and B.2c – Equal to or greater than $1,000,000 and less than $2,000,000
   iv. For B.3c and B.3e – Less than $1,000,000

b. Institutions with budgeted revenue, including transfers from the Available University Fund, between $250 million and $1 billion will have a threshold of:
   i. For B.1i and B.1j – Equal to or greater than $1,000,000
   ii. For B.2a – Equal to or greater than $500,000
   iii. For B.2b and B.2c – Equal to or greater than $500,000 and less than $1,000,000
   iv. For B.3c and B.3e – Less than $1,000,000

c. Institutions with budgeted revenue, including transfers from the Available University Fund, less than $250 million will have a threshold of:
   i. For B.1i and B.1j – Equal to or greater than $500,000
   ii. For B.2a – Equal to or greater than $100,000
   iii. For B.2b and B.2c – Equal to or greater than $100,000 and less than $500,000
   iv. For B.3c and B.3e – Less than $1,000,000

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", “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 Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service 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.

THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2015

1. These *Rules and Procedures* are to be used for the Medical, Dental, Nursing, and Allied Health Services, Research and Development Plans and Physicians Referral Service Budgets in conjunction with the Rules and Procedures for the General Operating Budget.

2. Budgeted expenditures authorized from Medical, Dental, Nursing, and Allied Health Services Research, and Development Plans and Physicians Referral Service are contingent upon receipt of such funds. Appointments and other budget transactions from such fund sources shall not become an obligation of any institution in the event the funds are not realized.

3. All income for professional services earned by members of the plans, except royalties, payments for editing scientific publications, and consultation fees as a regional or national consultant to any branch of the U.S. Government as approved by the U. T. System Board of Regents shall be deposited in the appropriate institution's institutional Trust Fund Account.

4. Administration, operation, and disbursement of funds shall be in accordance with each institutional plan approved by U. T. System Administration and the U. T. System Board of Regents.

5. At the U. T. M. D. Anderson Cancer Center, associate members' earnings will be contingent upon the earned income of the member in accordance with the services rendered to the patient assigned to the member's specialty by the chief of the major service. All payments will be approved by the Executive Council of the Physicians Referral Service.

6. Budgeted funds can be used for staff retirement and insurance benefits, for actual travel or supplemental travel expenses for attending meetings for the benefit of any institution, for memberships and dues in medical organizations, for official entertainment, and for such other disbursements as may be authorized by the president consistent with the policies approved by the U. T. System Board of Regents and the U. T. System Administration. These expenditures must be in the best interests of the research, educational and patient care activities of any institution and in the best interest of maintaining a distinguished scientific staff for such purposes and activities.

THE UNIVERSITY OF TEXAS SYSTEM

ACADEMIC WORKLOAD
REQUIREMENTS FOR ACADEMIC INSTITUTIONS

For Fiscal Year Ending August 31, 2015

Academic Workload Requirements for General Academic Institutions

Academic workload requirements for U. T. System general academic institutions are set forth in Regents' *Rules* 31006.

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

THE UNIVERSITY OF TEXAS SYSTEM

**LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS)
AND SIMILAR FUNDED PROGRAMS
BUDGET RULES AND PROCEDURES**

For Fiscal Year Ending August 31, 2015

A. INITIAL BUDGET

1. U. T. System institutions are authorized to purchase approved Library and Equipment items and to contract for Repair and Rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits as outlined in *UTS 168 Capital Expenditure Policy*. This includes expenditures for Faculty STARs or similar 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 that are not on the approved list.

   b. Funding for new Repair and Rehabilitation projects that are not on the approved list.

2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)

   a. Transfers of appropriated funds between approved Library and Equipment items.

   b. Transfers of appropriated funds between Repair and Rehabilitation items.

   c. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.

   d. All transfers of funds are subject to the requirements of the *Capital Expenditure Policy* (UTS 168).

C. OTHER CONSIDERATIONS

1. All Library and Equipment or Repair and Rehabilitation appropriations 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.

THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2015

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. 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*. Eligible entities include U. T. System Administration, all U. T. academic institutions except for U. T. Pan American and U. T. Brownsville, and all U. T. health institutions.

C. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS

In addition to meeting the constitutional requirements outlined above, the general guideline to determine whether an item is eligible for LERR, 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 the Controller.

Repair and Rehabilitation of Buildings or Other Permanent Improvements

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

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

Acquisition of Capital Equipment

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

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 http://www.utsystem.edu/bor/procedures/policy/policies/uts142_13.html. 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.

Acquisition of Library Books and Library Materials

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

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

Prohibition for Student Housing, Athletics, and Auxiliary Enterprises

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.

D. SPECIAL PROGRAM FUNDING

Faculty STARs Program

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

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

- 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.

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