

THE UNIVERSITY OF TEXAS SYSTEM OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT *(unaudited)*

JULY 2019



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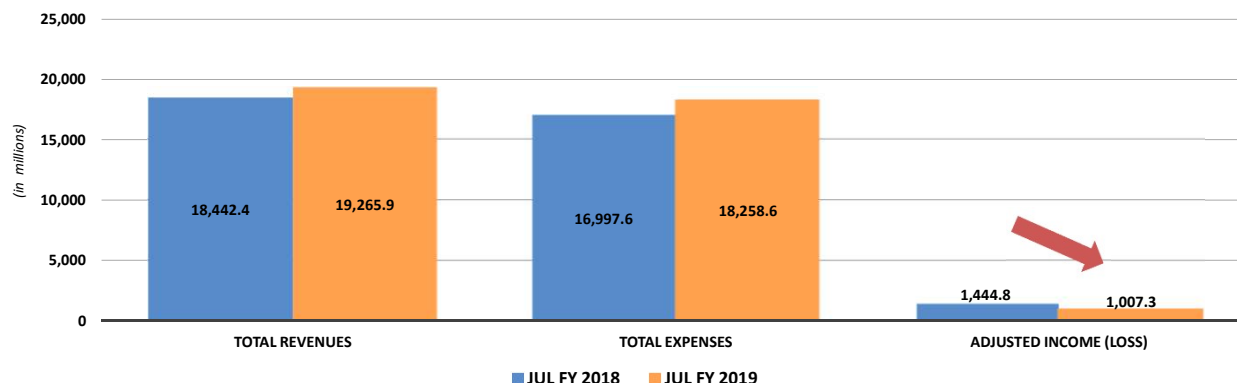
Monthly Financial Report

Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019

U. T. System Consolidated

(Excluding OPEB & Pension Expense)

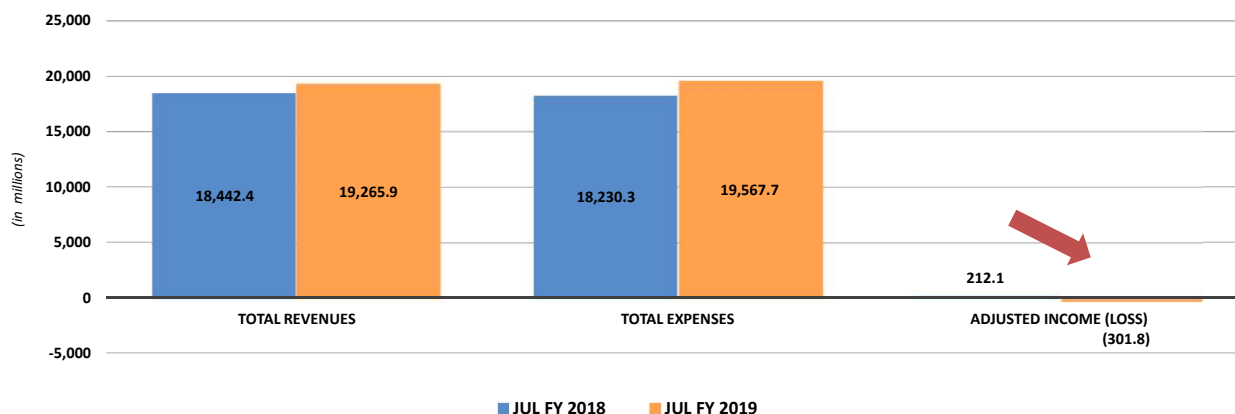


Excluding other postemployment benefits (OPEB) and pension expense, *U. T. System Consolidated* shows year-to-date adjusted income of \$1,007.3 million, a decrease of \$437.5 million (30%) from the prior year. The decrease was primarily due to the following: an increase in salaries and wages to support faculty and clinical services; an increase in materials and supplies required for hospital operations; and an increase in professional services to support clinical partnerships.

(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 7,493.3	8,209.9	716.6	8,958.1
Sponsored Programs/Nonexchange Sponsored Programs	3,366.1	3,507.9	141.8	3,963.4
State Appropriations	2,108.7	1,930.7	(178.0)	2,102.1
Net Tuition and Fees	1,633.0	1,681.0	48.1	1,835.6
Auxiliary Revenues/Sales & Services of Educational Activities	1,218.1	1,254.1	35.9	1,159.0
Net Investment Income	1,768.1	1,840.7	72.7	1,993.6
Other Operating Revenues/Gift Contributions for Operations	855.1	841.5	(13.6)	920.5
Total Revenues	18,442.4	19,265.9	823.5	20,932.3
Salaries and Wages/Payroll Related Costs	10,216.3	10,826.6	610.3	11,423.8
Materials and Supplies/Cost of Goods Sold	2,051.5	2,365.7	314.2	2,526.4
Depreciation and Amortization	1,313.0	1,370.0	57.0	1,500.2
Other Contracted Services/Professional Fees & Services	1,228.0	1,353.5	125.5	1,562.6
All Other Operating Expenses	2,188.8	2,342.8	153.9	2,557.7
Total Expenses (Excluding OPEB & Pension Exp)	\$ 16,997.6	18,258.6	1,261.0	19,570.7
Adjusted Income (Loss) Excluding OPEB & Pension Exp	1,444.8	1,007.3	(437.5)	1,361.6
OPEB Expense	1,001.7	773.0	(228.7)	843.2
Pension Expense	231.0	536.1	305.1	584.8
Adjusted Income (Loss) Excluding TRBs	212.1	(301.8)	(513.9)	(66.5)
Adjusted Income (Loss) Including TRBs	212.1	(174.7)	(386.8)	72.2
Adjusted Income (Loss) Excluding Depr & Amort Exp	1,525.1	1,068.2	(456.9)	1,433.7

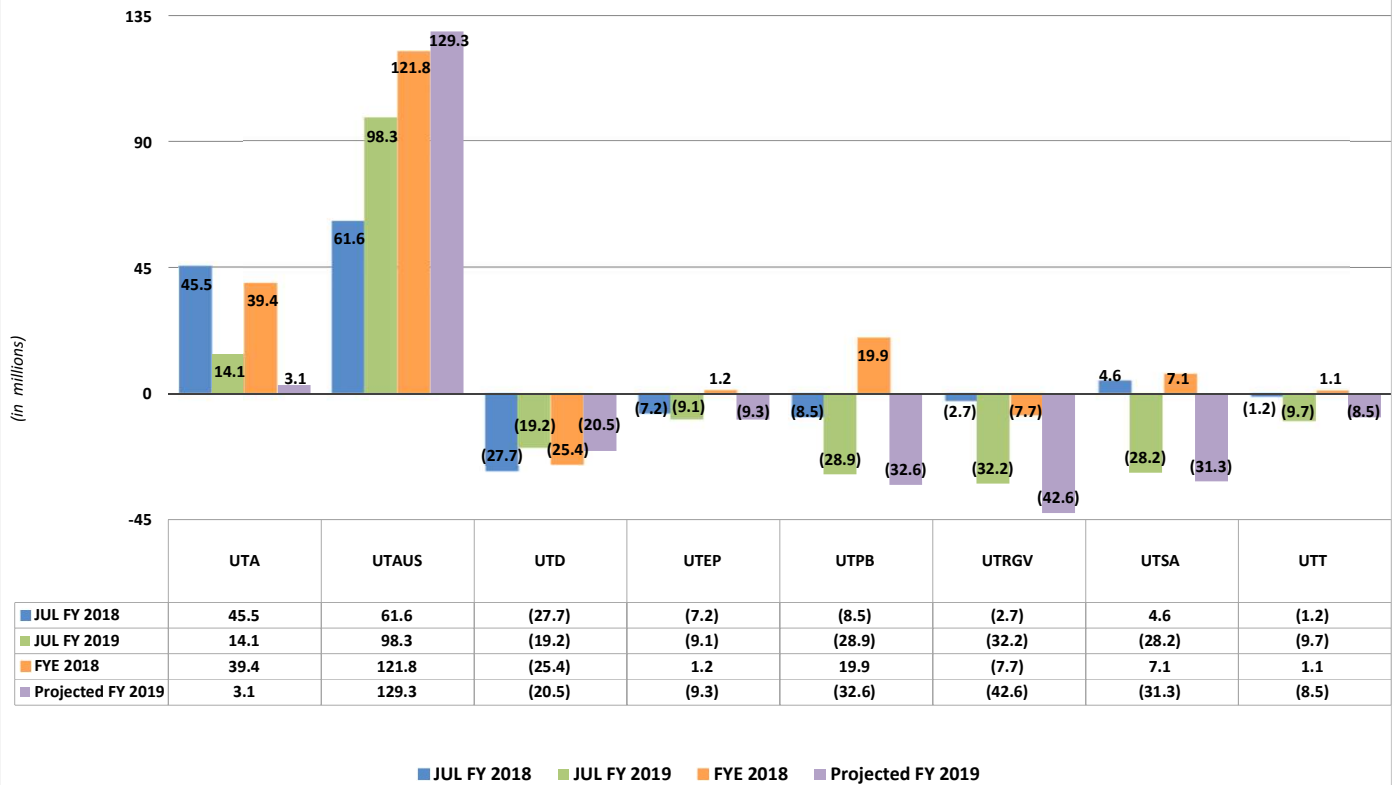
U. T. System Consolidated

(Including OPEB & Pension Expense)

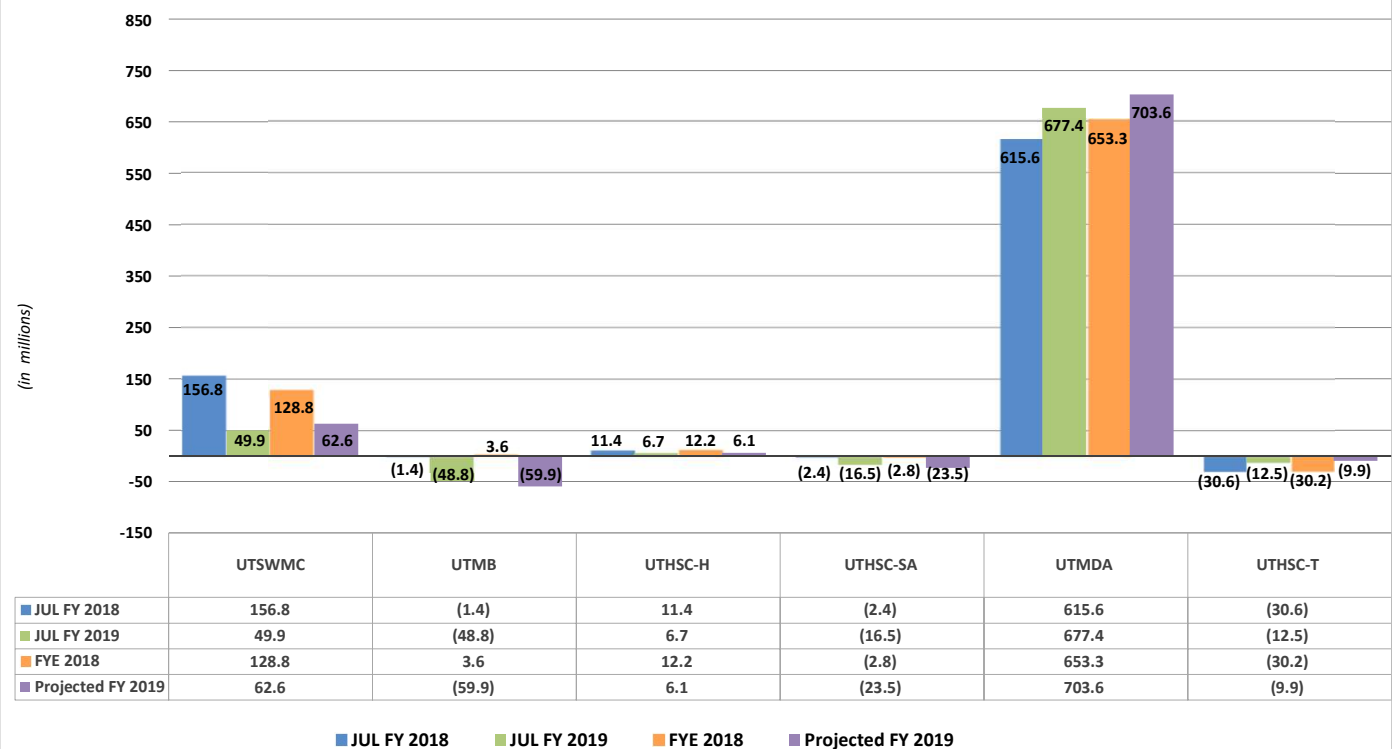


Monthly Financial Report
Comparison of Adjusted Income (Loss)
For the Period Ending July 31, 2019

U. T. Academic Institutions
FY 2018 vs. FY 2019



U. T. Health Institutions
FY 2018 vs. FY 2019



Monthly Financial Report
Comparison of Adjusted Income (Loss)
For the Period Ending July 31, 2019

Executive Summary of Adjusted Income (Loss) (Excluding TRBs)

	July FYTD 2018 (millions)	July FYTD 2019 (millions)	Variance %	Comments
U. T. System Administration (excluding OPEB & Pension Expense)	\$ 631.1	366.1	-42%	Decrease in Net Investment Income Increase in Claims & Losses Projected income of \$695.0 million for the FY
U. T. Arlington	45.5	14.1	-69%	Increase in Salaries & Wages, Other Contracted Services, Depreciation & Amortization Projected income of \$3.1 million for the FY
U. T. Austin	61.6	98.3	60%	Increase in Available University Fund (AUF) transfer, Net Tuition & Fees, Gifts for Operations Projected income of \$129.3 million for the FY
U. T. Dallas	(27.7)	(19.2)	31%	Increase in Net Auxiliary Enterprises Revenues Projected loss of (\$20.5) million for the FY
U. T. El Paso	(7.2)	(9.1)	-27%	Increase in Salaries and Wages, Other Contracted Services Projected loss of (\$9.3) million for the FY
U. T. Permian Basin	(8.5)	(28.9)	-241%	Decrease in Tuition & Fees, prior year overstated Prior year correcting entries (revenue & depreciation expense) Projected loss of (\$32.6) million for the FY
U. T. Rio Grande Valley	(2.7)	(32.2)	-1,076%	Increase in Salaries & Wages, Scholarships & Fellowships, Depreciation & Amortization, All Other Operating Expenses Projected loss of (\$42.6) million for the FY
U. T. San Antonio	4.6	(28.2)	-713%	Increase in Salaries & Wages, Materials & Supplies, Professional Fees & Services Projected loss of (\$31.3) million for the FY
U. T. Tyler	(1.2)	(9.7)	-685%	Increase in Materials & Supplies, Depreciation & Amortization Projected loss of (\$8.5) million for the FY
Southwestern	156.8	49.9	-68%	Increase in Salaries & Wages, Materials & Supplies, Professional Fees & Services Projected income of \$62.6 million for the FY
UTMB	(1.4)	(48.8)	-3,335%	Increase in Salaries & Wages and Professional Fees & Services (Clear Lake Hospital expenses), Depreciation & Amortization Projected loss of (\$59.9) million
UTHSC-Houston	11.4	6.7	-41%	Increase in Salaries & Wages, Depreciation & Amortization Decrease in Gifts for Operations Projected income of \$6.1 million for the FY
UTHSC-San Antonio	(2.4)	(16.5)	-576%	Increase in Salaries & Wages (expanded clinical facilities), Materials & Supplies (Cancer Center Pharmacy) Projected loss of (\$23.5) million for the FY
M. D. Anderson	615.6	677.4	10%	Increase in Sales & Services of Hospitals, Net Inv Income Projected income of \$703.6 million for the FY
UTHSC-Tyler	(30.6)	(12.5)	59%	Decrease in Salaries & Wages, Professional Fees & Services, Materials & Supplies Increase in joint venture income and DSRIP revenues Projected loss of (\$9.9) million for the FY
Total Adjusted Income (Loss)	\$ 1,444.8	1,007.3	-30%	

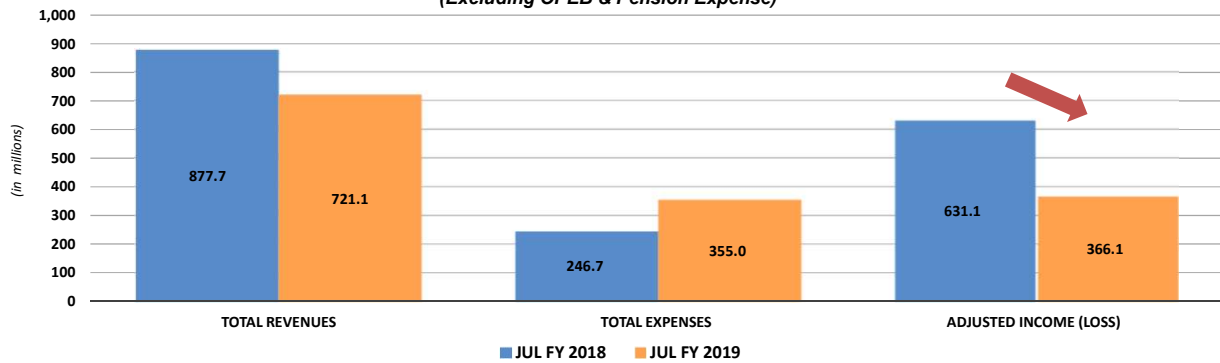
* For additional details on the variances, please see pages 5 through 19.

Monthly Financial Report

Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019

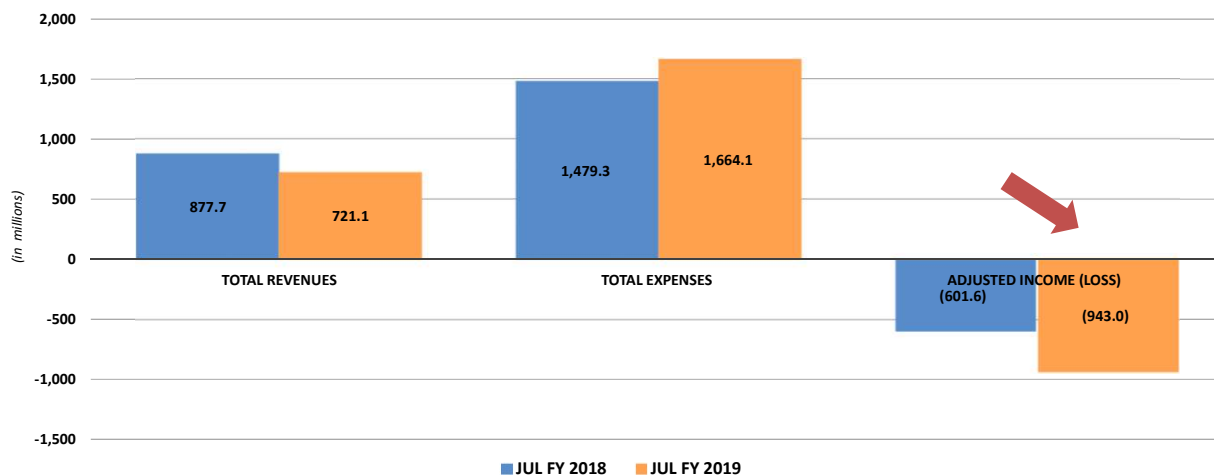
U. T. System Administration (Excluding OPEB & Pension Expense)



Excluding OPEB and pension expense, *U. T. System Administration* reported year-to-date adjusted income of \$366.1 million, a decrease of \$265.0 million (42%) from the prior year. The decrease was primarily due to the following: a decrease in mineral lease bonus sales in the Permanent University Fund; and an increase in claims and losses in the Medical/Dental Self-Insurance Plan. The most current projection, excluding OPEB and pension expense, reflects income of \$695.0 million for the year.

(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 53.9	48.5	(5.4)	51.9
State Appropriations	3.0	3.0	-	3.3
Auxiliary Revenues/Sales & Services of Educational Activities	38.3	9.8	(28.5)	10.7
Net Investment Income/Available University Fund (AUF)	724.8	634.4	(90.4)	692.1
Other Operating Revenues/Gift Contributions for Operations	57.7	25.2	(32.4)	27.4
Total Revenues	877.7	721.1	(156.7)	785.5
Salaries and Wages/Payroll Related Costs	78.7	66.0	(12.7)	(210.8)
Materials and Supplies/Cost of Goods Sold	10.4	25.9	15.5	18.1
Depreciation and Amortization	22.7	22.4	(0.3)	24.2
Other Contracted Services/Professional Fees & Services	43.9	33.1	(10.8)	35.4
All Other Operating Expenses	91.0	207.5	116.5	223.6
Total Expenses (Excluding OPEB & Pension Exp)	\$ 246.7	355.0	108.3	90.5
Adjusted Income (Loss) Excluding OPEB & Pension Exp	631.1	366.1	(265.0)	695.0
OPEB Expense	1,001.7	773.0	(228.7)	843.2
Pension Expense	231.0	536.1	305.1	584.8
Adjusted Income (Loss)	(601.6)	(943.0)	(341.4)	(733.1)
Adjusted Income (Loss) Excluding Depr & Amort Exp	(578.9)	(920.6)	(341.7)	(708.9)

U. T. System Administration (Including OPEB & Pension Expense)

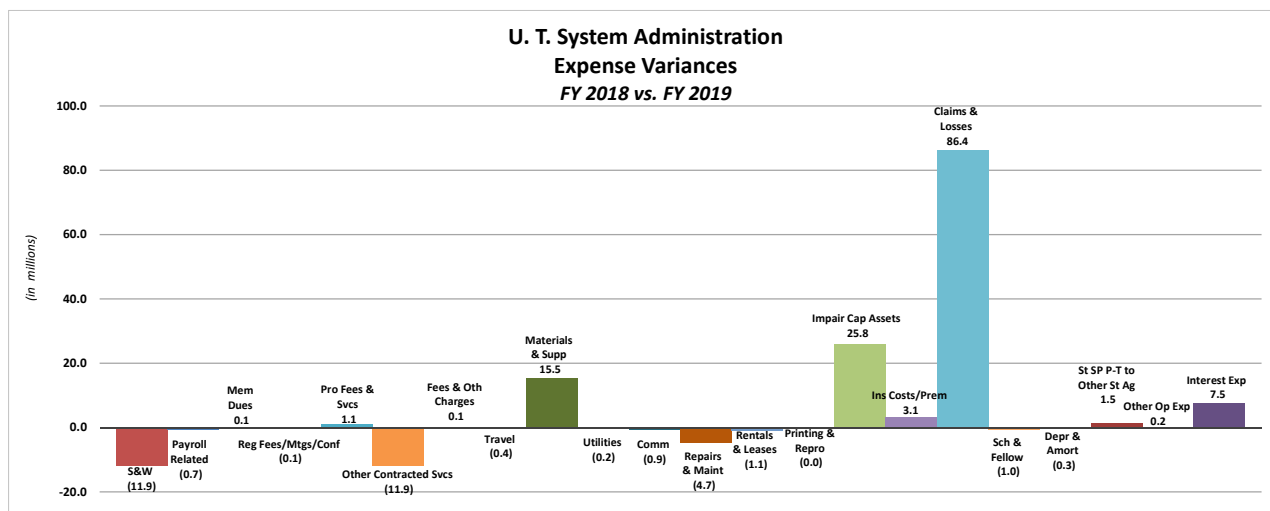


Monthly Financial Report

Detailed Expense Break-out for U. T. System Administration

For the Period Ending July 31, 2019

(in millions)	July YTD FY 2018	July YTD FY 2019	Actual Year-End FY 2018	Annual Projected FY 2019
Salaries and Wages	\$ 65.1	53.1	59.0	58.0
Payroll Related Costs	13.6	12.9	(270.0) *	(268.7) *
Membership Dues	0.4	0.5	0.3	0.5
Registration Fees, Meetings, Conferences	0.4	0.4	0.4	0.4
Professional Fees and Services	11.3	12.4	11.8	13.6
Other Contracted Services	32.6	20.7	31.1	21.8
Fees and Other Charges	(0.0)	0.1	(0.0)	0.1
Travel	1.6	1.3	1.6	1.4
Materials and Supplies	10.4	25.9	10.7	18.1
Utilities	0.6	0.4	0.6	0.4
Communications	4.4	3.5	4.0	3.5
Repairs and Maintenance	8.0	3.3	6.7	3.6
Rentals and Leases	3.8	2.8	3.4	3.0
Printing and Reproduction	0.3	0.3	0.4	0.3
Impairment of Capital Assets	-	25.8	-	25.8
Insurance Costs/Premiums	21.4	24.6	7.1	26.8
Claims and Losses	18.1	104.5	65.5	114.0
Scholarships and Fellowships	2.0	1.1	2.3	1.2
Depreciation and Amortization	22.7	22.4	25.2	24.2
State Sponsored Program Pass-Through to Other State Agencies	3.3	4.8	3.2	5.1
Other Operating Expenses	1.4	1.7	0.3	1.8
Interest Expense	25.2	32.7	32.2	35.7
Total Expenses (Excluding OPEB & Pension Expense)	246.7	355.0	(4.0)	90.5
OPEB Expense	1,001.7	773.0	843.2	843.2
Pension Expense	231.0	536.1	252.0	584.8
Total Expenses (Including OPEB & Pension Expense)	\$ 1,479.3	1,664.1	1,091.1	1,518.5



Brief explanations for *U. T. System Administration's* largest expense variances are provided below:

Salaries & Wages – decrease of \$11.9 million due to a change in methodology of elimination entries, and decreases in the Chancellor's Office, Competency Based Education, and Texas Oil and Gas Institute.

***Payroll Related Costs** - the negative payroll related costs at year-end relate to the pension entry to defer contributions made after the measurement date.

Other Contracted Services - decrease of \$11.9 million due to decreases in University Lands Engineering Services, National Lab Exploration, Competency Based Education, and South Texas Biomedical Research Program.

Materials and Supplies - increase of \$15.5 million due to increased expenses for Oracle and Microsoft system-wide campus licenses which will be reimbursed from the institutions.

Impairment of Capital Assets – increase of \$25.8 million related to software impairments in Project DOC and TEx2.

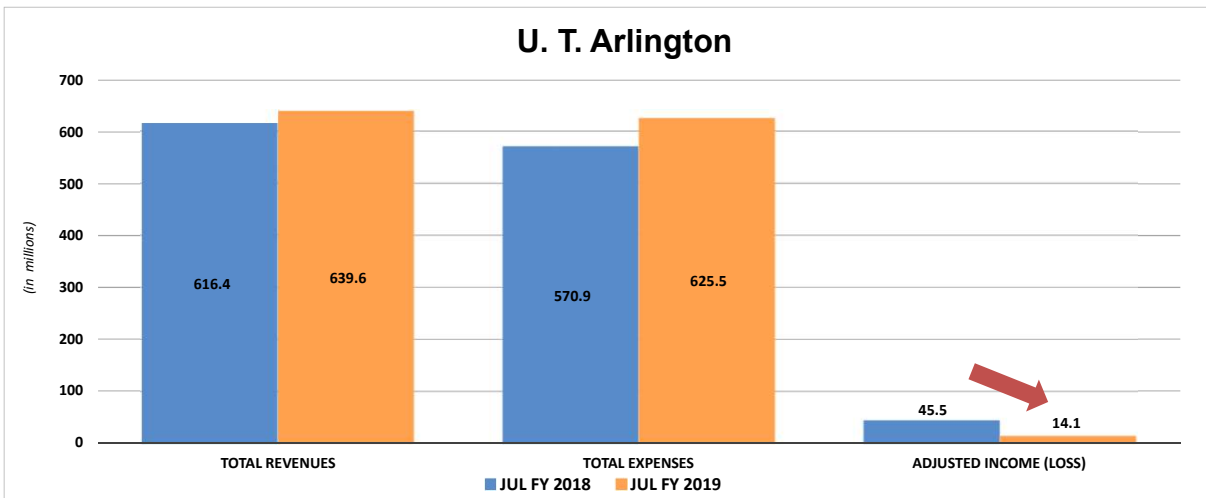
Claims and Losses - increase of \$86.4 million due to increased claims for the Medical/Dental Self-Insurance Plan.

Interest Expense - increase of \$7.5 million due to increase in PUF interest expense as well as no longer reducing interest expense by capitalized interest due to GASB 89.

Monthly Financial Report

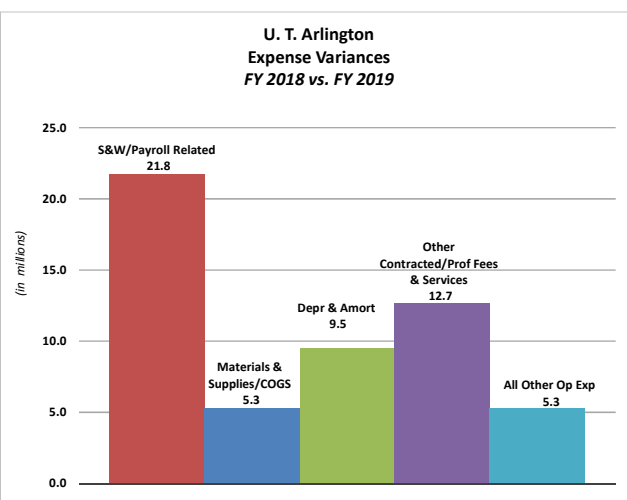
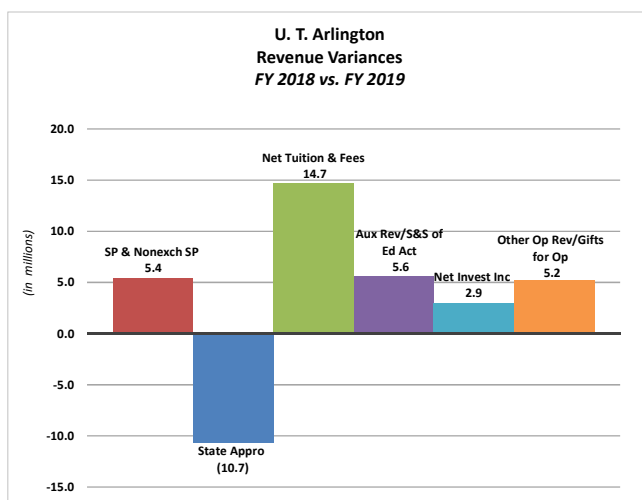
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. Arlington reported year-to-date adjusted income of \$14.1 million, a decrease of \$31.3 million (69%) from the prior year. The decrease was primarily attributable to the following: an increase in salaries and wages and payroll related costs due to increased faculty levels, faculty retention initiatives, and merit increases; an increase in other contracted services due to an increase in accelerated online and Instructional Connections program expenses, and contracted services for the University Center and Office of Information Technology; a change in methodology to exclude TRB appropriations from adjusted income (loss) to more accurately reflect revenues that can be used for operations beginning May 2019; and an increase in depreciation and amortization expense as a result of new buildings placed into service in 2018. Including TRBs, *U. T. Arlington's* adjusted income was \$22.0 million. The most current projection received from *U. T. Arlington* reflects income of \$3.1 million for the year.

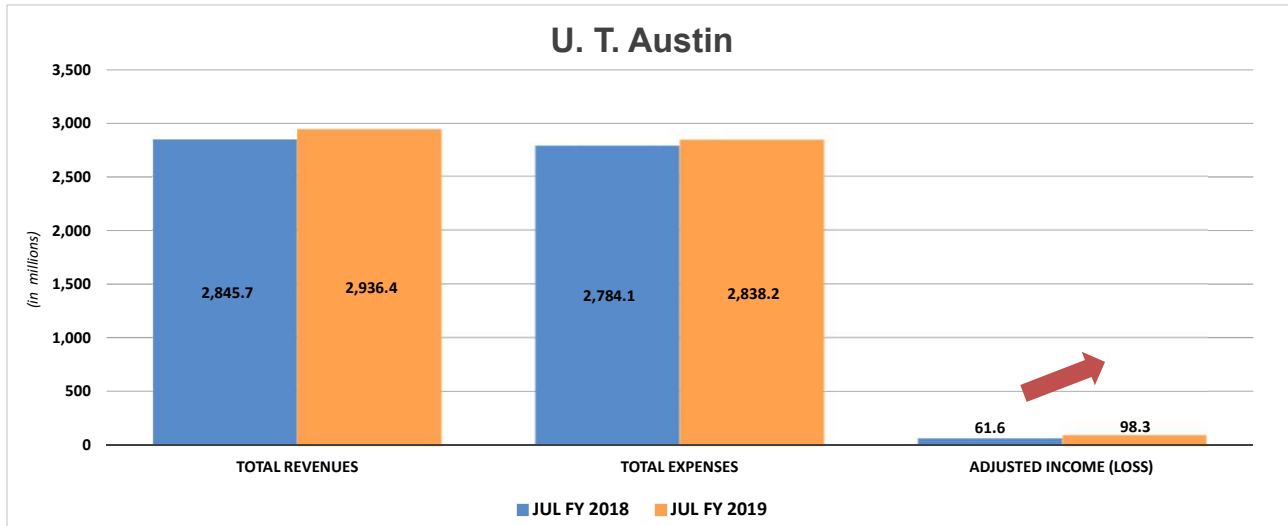
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 130.0	135.4	5.4	138.4
State Appropriations	120.6	109.9	(10.7)	119.9
Net Tuition and Fees	275.3	290.0	14.7	321.9
Auxiliary Revenues/Sales & Services of Educational Activities	62.0	67.6	5.6	74.5
Net Investment Income	18.2	21.2	2.9	21.2
Other Operating Revenues/Gift Contributions for Operations	10.3	15.5	5.2	16.1
Total Revenues	616.4	639.6	23.2	691.9
Salaries and Wages/Payroll Related Costs	323.0	344.8	21.8	384.2
Materials and Supplies/Cost of Goods Sold	25.8	31.1	5.3	35.6
Depreciation and Amortization	40.9	50.4	9.5	54.9
Other Contracted Services/Professional Fees & Services	70.3	82.9	12.7	88.2
All Other Operating Expenses	110.9	116.2	5.3	125.9
Total Expenses	\$ 570.9	625.5	54.6	688.8
Adjusted Income (Loss) Excluding TRBs	45.5	14.1	(31.3)	3.1
Adjusted Income (Loss) Including TRBs	45.5	22.0	(23.5)	11.6
Adjusted Income (Loss) Excluding Depr & Amort Exp	86.3	64.5	(21.8)	58.0



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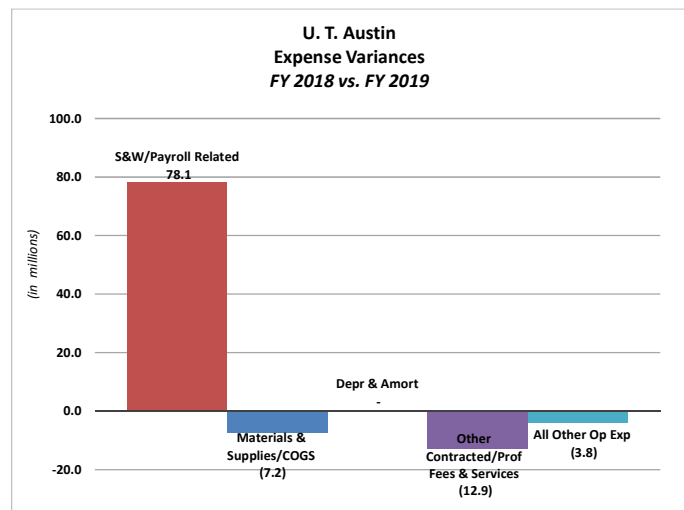
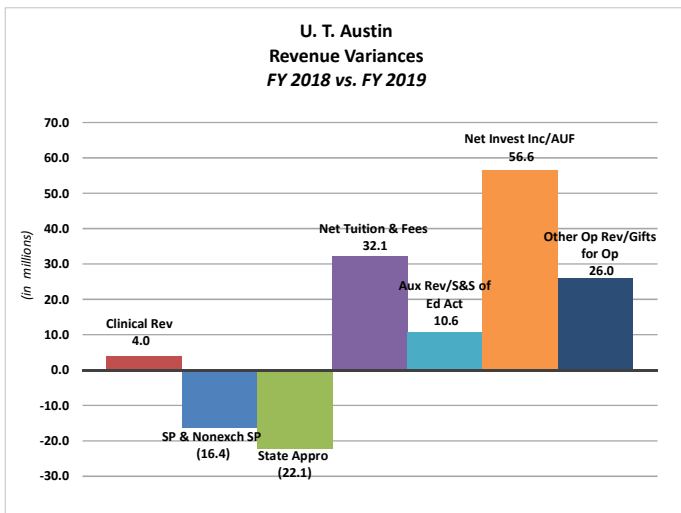
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. Austin reported year-to-date adjusted income of \$98.3 million, an increase of \$36.7 million (60%) from the prior year. The increase was primarily due to the following: an increase in the amount of the transfer from the Available University Fund; an increase in net student tuition and fees due to an increase in flat rate tuition, MBA and PharmD programs; and an increase in gift contributions for operations due to a large gift received from the Littlefield Estate. Including TRBs, *U. T. Austin's* adjusted income was \$112.7 million. The most current projection received from *U. T. Austin* reflects income of \$129.3 million for the year.

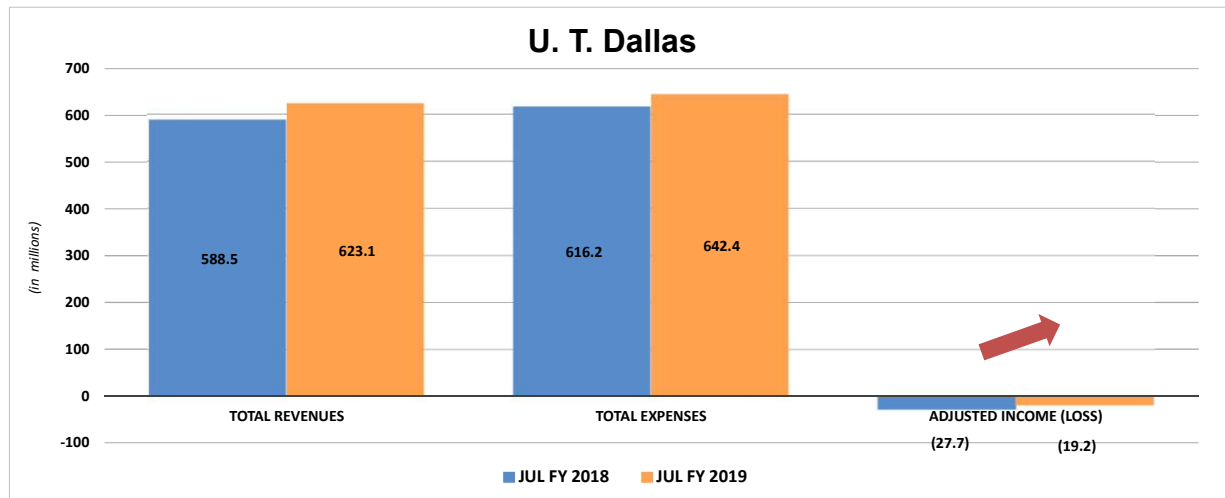
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 1.5	5.5	4.0	6.5
Sponsored Programs/Nonexchange Sponsored Programs	626.2	609.7	(16.4)	751.7
State Appropriations	330.6	308.5	(22.1)	336.5
Net Tuition and Fees	444.6	476.7	32.1	520.0
Auxiliary Revenues/Sales & Services of Educational Activities	731.8	742.4	10.6	598.6
Net Investment Income/Available University Fund (AUF)	564.6	621.2	56.6	676.8
Other Operating Revenues/Gift Contributions for Operations	146.4	172.4	26.0	178.2
Total Revenues	2,845.7	2,936.4	90.8	3,068.3
Salaries and Wages/Payroll Related Costs	1,552.2	1,630.3	78.1	1,689.8
Materials and Supplies/Cost of Goods Sold	160.3	153.0	(7.2)	138.6
Depreciation and Amortization	287.8	287.8	-	314.0
Other Contracted Services/Professional Fees & Services	202.2	189.3	(12.9)	206.0
All Other Operating Expenses	581.5	577.7	(3.8)	590.6
Total Expenses	\$ 2,784.1	2,838.2	54.1	2,939.0
Adjusted Income (Loss) Excluding TRBs	61.6	98.3	36.7	129.3
Adjusted Income (Loss) Including TRBs	61.6	112.7	51.1	145.0
Adjusted Income (Loss) Excluding Depr & Amort Exp	349.4	386.1	36.7	443.3



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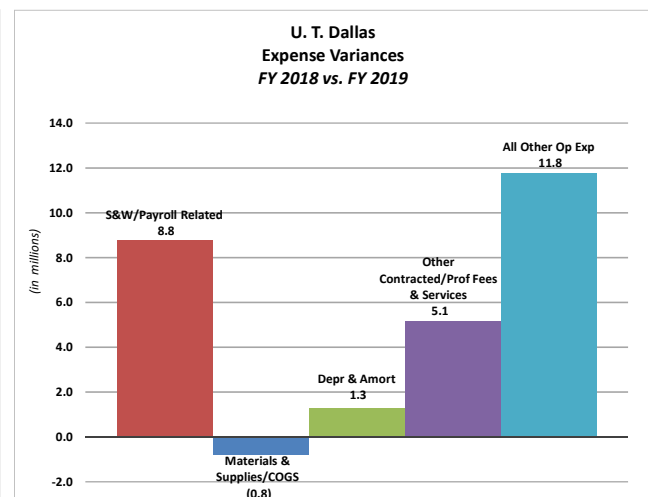
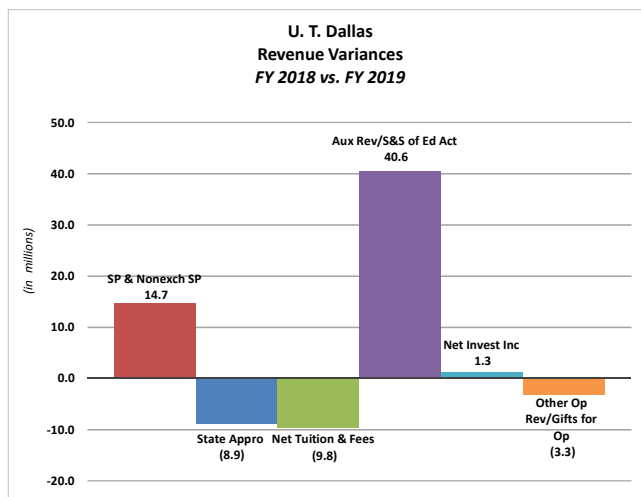
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. Dallas incurred a year-to-date adjusted loss of \$19.2 million, a decrease in adjusted loss of \$8.5 million (31%) from the prior year. This decrease was primarily attributable to an increase in net auxiliary enterprises revenue as a result of housing services being managed internally. Including TRBs, *U. T. Dallas*' adjusted loss was \$14.2 million. The most current projection received from *U. T. Dallas* reflects a loss of \$20.5 million for the year.

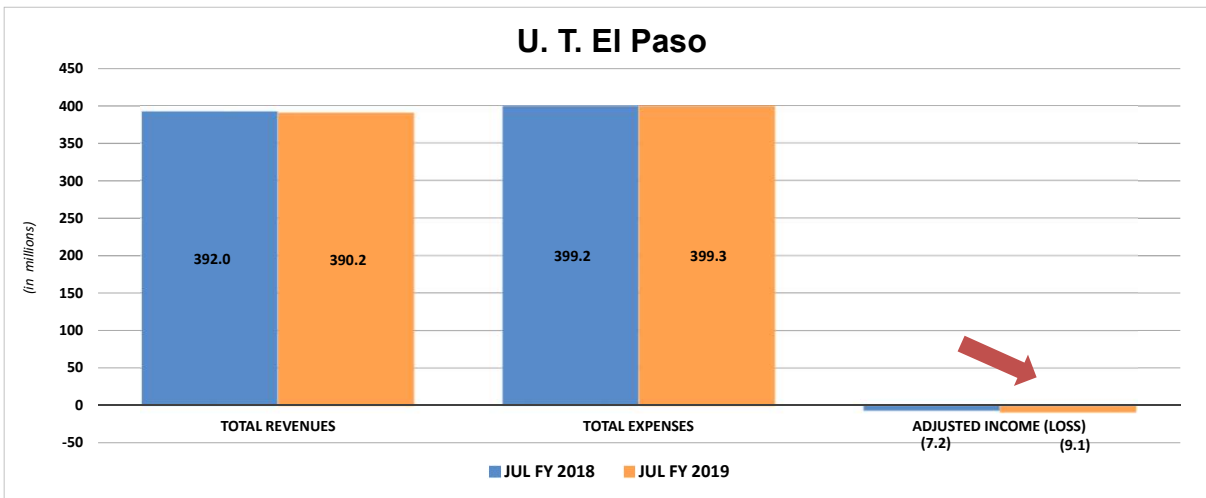
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 84.7	99.4	14.7	108.4
State Appropriations	113.7	104.9	(8.9)	114.4
Net Tuition and Fees	290.6	280.9	(9.8)	306.9
Auxiliary Revenues/Sales & Services of Educational Activities	52.8	93.3	40.6	101.8
Net Investment Income	27.9	29.2	1.3	31.9
Other Operating Revenues/Gift Contributions for Operations	18.7	15.5	(3.3)	16.9
Total Revenues	588.5	623.1	34.6	680.3
Salaries and Wages/Payroll Related Costs	358.1	366.9	8.8	400.3
Materials and Supplies/Cost of Goods Sold	31.2	30.4	(0.8)	33.1
Depreciation and Amortization	73.9	75.2	1.3	82.0
Other Contracted Services/Professional Fees & Services	26.3	31.5	5.1	34.3
All Other Operating Expenses	126.7	138.5	11.8	151.1
Total Expenses	\$ 616.2	642.4	26.1	700.8
Adjusted Income (Loss) Excluding TRBs	(27.7)	(19.2)	8.5	(20.5)
Adjusted Income (Loss) Including TRBs	(27.7)	(14.2)	13.5	(15.0)
Adjusted Income (Loss) Excluding Depr & Amort Exp	46.2	55.9	9.7	61.5



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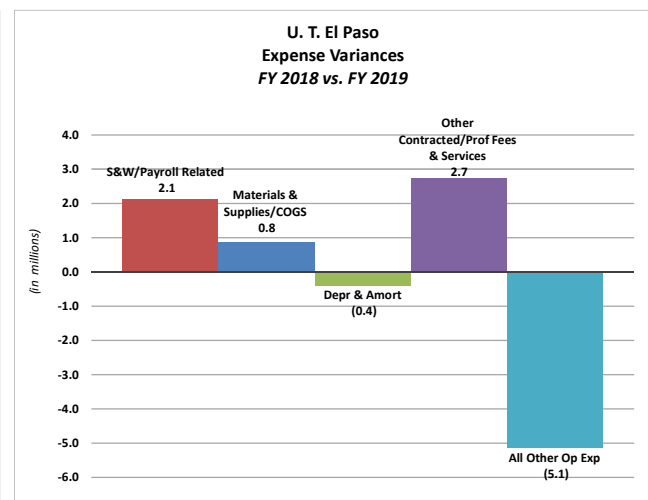
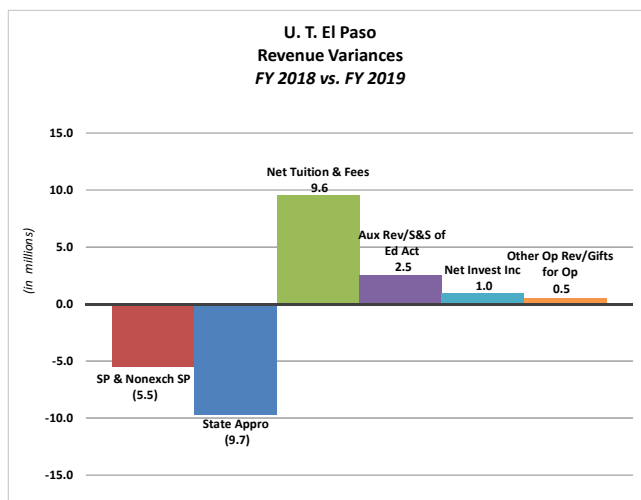
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. El Paso incurred a year-to-date adjusted loss of \$9.1 million, an increase in adjusted loss of \$1.9 million (27%) from the prior year. The increase was primarily due to a change in methodology to exclude TRB appropriations from adjusted income (loss) to more accurately reflect revenues that can be used for operations beginning May 2019. Including TRBs, *U. T. El Paso's* adjusted loss was \$1.4 million. The most current projection received from *U. T. El Paso* reflects a loss of \$9.3 million for the year.

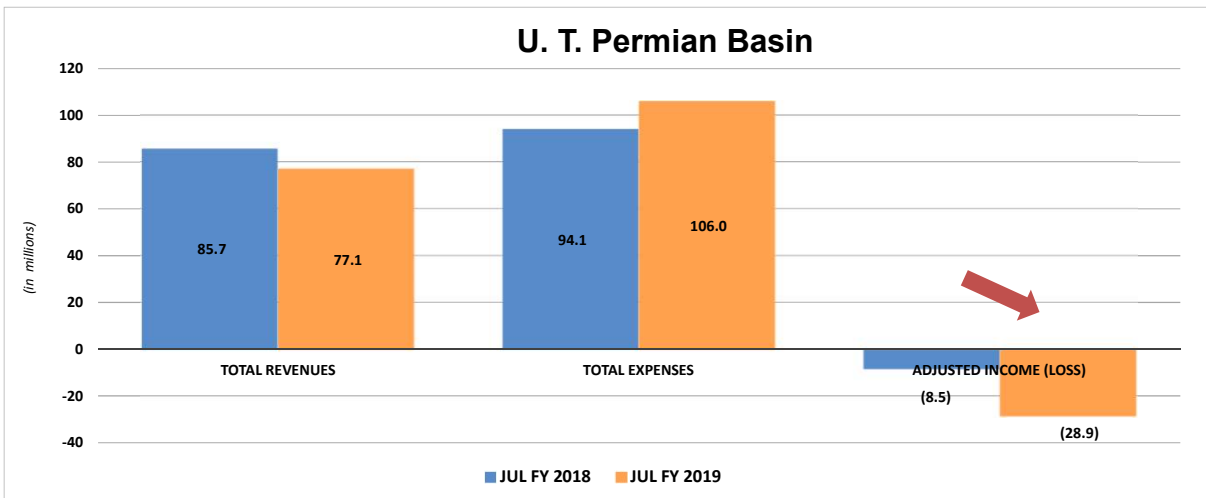
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 118.1	112.6	(5.5)	146.5
State Appropriations	98.4	88.7	(9.7)	95.6
Net Tuition and Fees	119.5	129.1	9.6	138.5
Auxiliary Revenues/Sales & Services of Educational Activities	37.3	39.8	2.5	44.8
Net Investment Income	13.8	14.8	1.0	16.1
Other Operating Revenues/Gift Contributions for Operations	4.8	5.3	0.5	5.9
Total Revenues	392.0	390.2	(1.8)	447.4
Salaries and Wages/Payroll Related Costs	229.1	231.2	2.1	249.2
Materials and Supplies/Cost of Goods Sold	16.9	17.8	0.8	20.5
Depreciation and Amortization	27.9	27.5	(0.4)	30.1
Other Contracted Services/Professional Fees & Services	26.9	29.6	2.7	31.7
All Other Operating Expenses	98.4	93.2	(5.1)	125.2
Total Expenses	399.2	399.3	0.2	456.7
Adjusted Income (Loss) Excluding TRBs	(7.2)	(9.1)	(1.9)	(9.3)
Adjusted Income (Loss) Including TRBs	(7.2)	(1.4)	5.8	(1.1)
Adjusted Income (Loss) Excluding Depr & Amort Exp	20.7	18.4	(2.3)	20.8



Monthly Financial Report

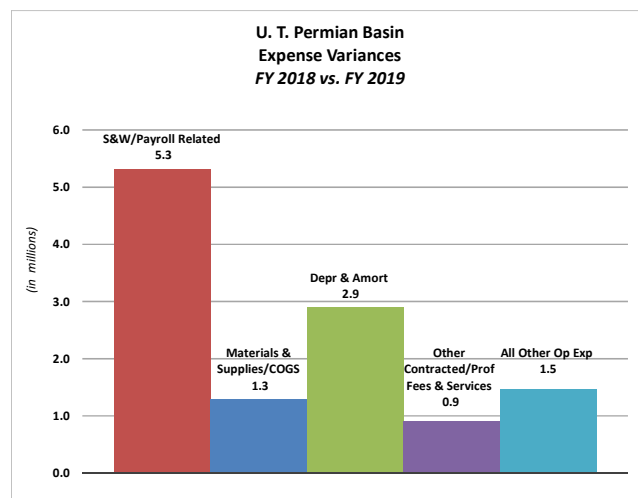
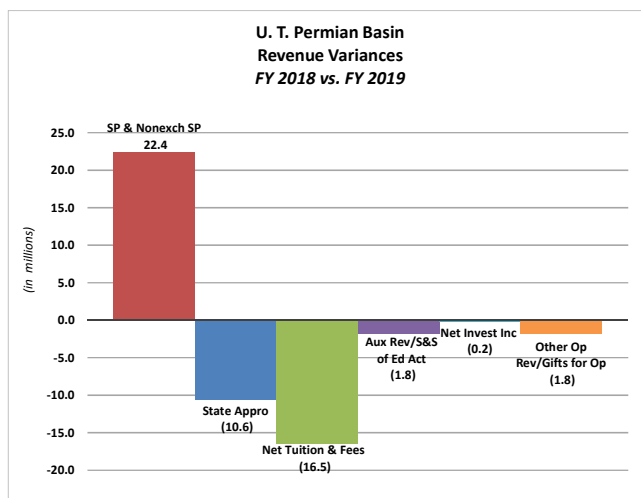
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. Permian Basin incurred a year-to-date adjusted loss of \$28.9 million, an increase in adjusted loss of \$20.4 million (241%) from the prior year. The increase was primarily attributable to prior year revenue being overstated due to Fall 2018 tuition and fees which were not properly deferred to 2019 and a change in methodology to exclude TRB appropriations from adjusted income (loss) to more accurately reflect revenues that can be used for operations beginning May 2019. A portion of the adjusted loss is due to prior year correcting entries, which include revenue and depreciation and amortization expense. Including TRBs, *U. T. Permian Basin's* adjusted loss was \$21.4 million. The most current projection received from *U. T. Permian Basin* reflects a loss of \$32.6 million for the year.

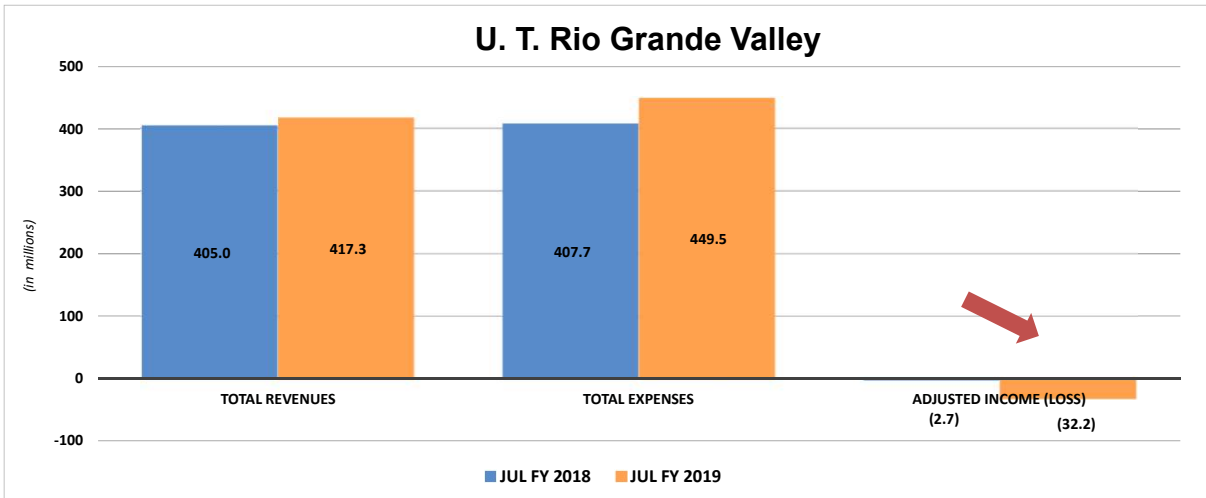
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 10.2	32.5	22.4	35.5
State Appropriations	33.6	23.0	(10.6)	25.1
Net Tuition and Fees	23.3	6.8	(16.5)	6.5
Auxiliary Revenues/Sales & Services of Educational Activities	7.7	5.9	(1.8)	6.4
Net Investment Income	2.2	2.0	(0.2)	2.2
Other Operating Revenues/Gift Contributions for Operations	8.8	7.0	(1.8)	7.5
Total Revenues	85.7	77.1	(8.5)	83.1
Salaries and Wages/Payroll Related Costs	39.8	45.1	5.3	49.2
Materials and Supplies/Cost of Goods Sold	4.6	5.9	1.3	6.4
Depreciation and Amortization	14.5	17.4	2.9	19.0
Other Contracted Services/Professional Fees & Services	10.7	11.6	0.9	12.7
All Other Operating Expenses	24.5	26.0	1.5	28.4
Total Expenses	\$ 94.1	106.0	11.9	115.7
Adjusted Income (Loss) Excluding TRBs	(8.5)	(28.9)	(20.4)	(32.6)
Adjusted Income (Loss) Including TRBs	(8.5)	(21.4)	(13.0)	(24.3)
Adjusted Income (Loss) Excluding Depr & Amort Exp	6.1	(11.5)	(17.5)	(13.6)



Monthly Financial Report

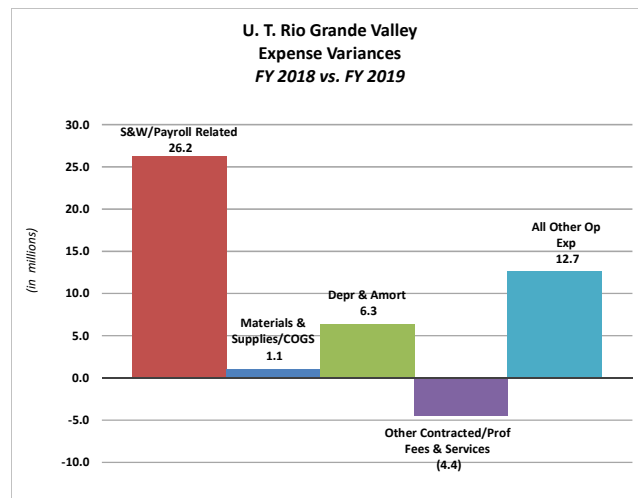
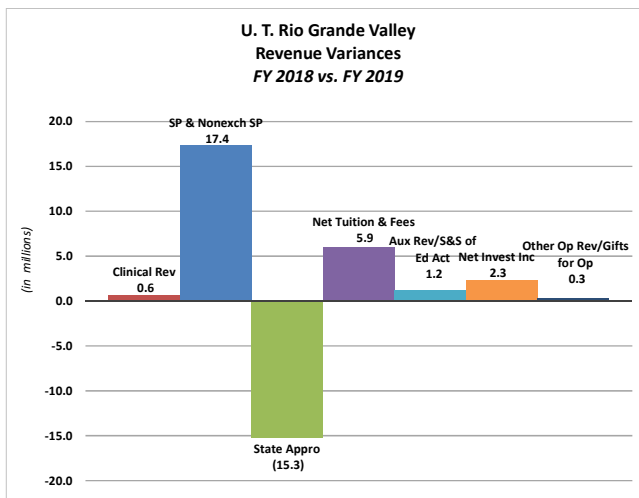
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. Rio Grande Valley incurred a year-to-date adjusted loss of \$32.2 million, an increase in adjusted loss of \$29.4 million (1,076%) from the prior year. The increase was primarily attributable to the following: an increase in salaries and wages and payroll related costs due to increases in staff and faculty positions; a change in methodology to exclude TRB appropriations from adjusted income (loss) to more accurately reflect revenues that can be used for operations beginning May 2019; an increase in scholarships and fellowships due to an increase in enrollment; and an increase in depreciation and amortization expense as a result of two new buildings placed into service in 2018. Including TRBs, *U. T. Rio Grande Valley's* adjusted loss was \$20.1 million. The most current projection received from *U. T. Rio Grande Valley* reflects a loss of \$42.6 million for the year.

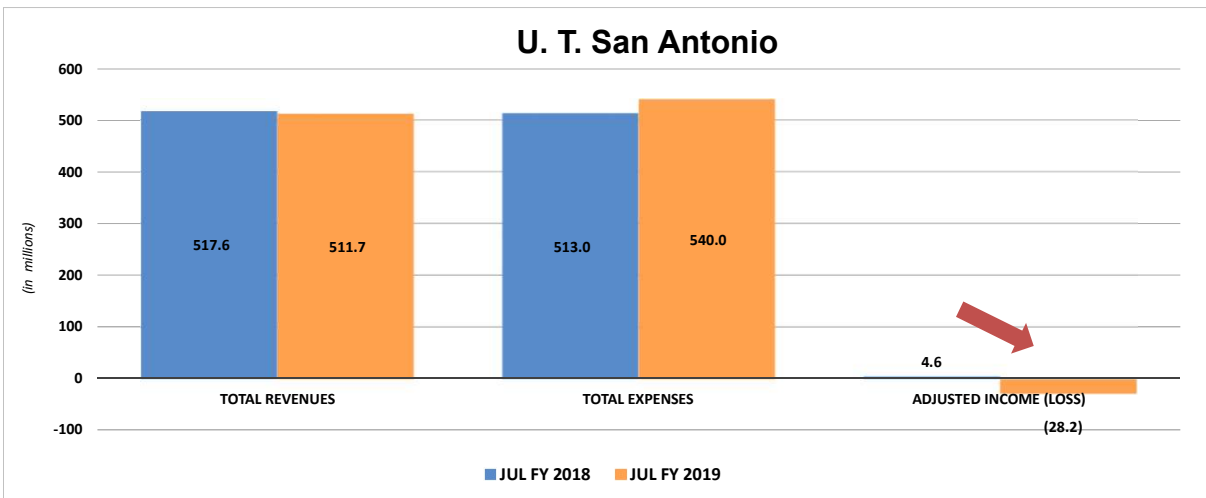
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 3.6	4.2	0.6	4.1
Sponsored Programs/Nonexchange Sponsored Programs	144.8	162.1	17.4	209.3
State Appropriations	134.5	119.3	(15.3)	127.8
Net Tuition and Fees	84.6	90.6	5.9	98.8
Auxiliary Revenues/Sales & Services of Educational Activities	14.6	15.7	1.2	17.6
Net Investment Income	7.3	9.6	2.3	8.4
Other Operating Revenues/Gift Contributions for Operations	15.6	15.9	0.3	16.6
Total Revenues	405.0	417.3	12.4	482.6
Salaries and Wages/Payroll Related Costs	275.5	301.7	26.2	328.9
Materials and Supplies/Cost of Goods Sold	17.2	18.2	1.1	21.5
Depreciation and Amortization	35.5	41.8	6.3	47.8
Other Contracted Services/Professional Fees & Services	20.3	15.8	(4.4)	17.0
All Other Operating Expenses	59.3	71.9	12.7	110.1
Total Expenses	\$ 407.7	449.5	41.8	525.2
Adjusted Income (Loss) Excluding TRBs	(2.7)	(32.2)	(29.4)	(42.6)
Adjusted Income (Loss) Including TRBs	(2.7)	(20.1)	(17.4)	(29.5)
Adjusted Income (Loss) Excluding Depr & Amort Exp	32.7	9.6	(23.1)	5.2



Monthly Financial Report

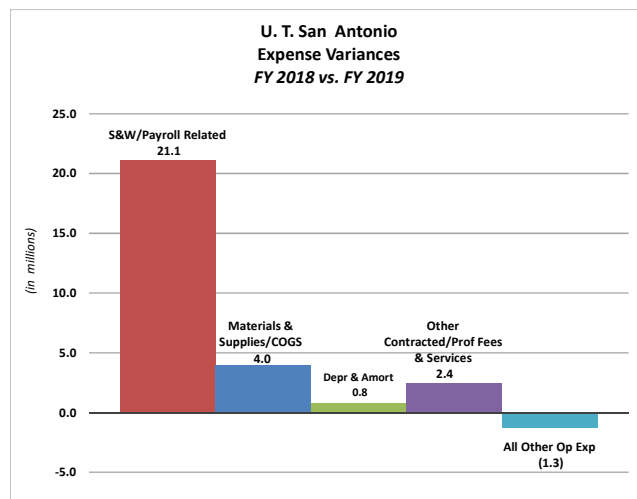
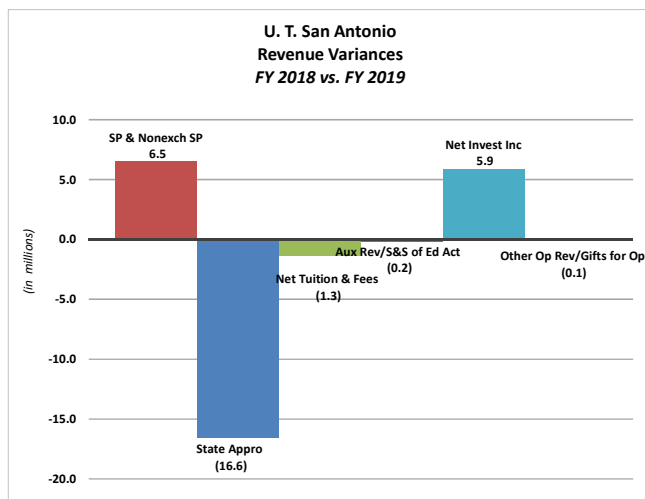
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. San Antonio incurred a year-to-date adjusted loss of \$28.2 million, a decrease of \$32.9 million (713%) from the prior year. The decrease was primarily attributable to the following: an increase in salaries and wages and payroll related costs due to merit increases and vacant positions being filled; a change in methodology to exclude TRB appropriations from adjusted income (loss) to more accurately reflect revenues that can be used for operations beginning May 2019; an increase in materials and supplies due to an increase in software expenses and non-capitalized expenses for furniture and equipment; and an increase in professional fees and services due to various new Presidential strategic initiatives. Including TRBs, *U. T. San Antonio's* adjusted loss was \$17.6 million. The most current projection received from *U. T. San Antonio* reflects a loss of \$31.3 million for the year.

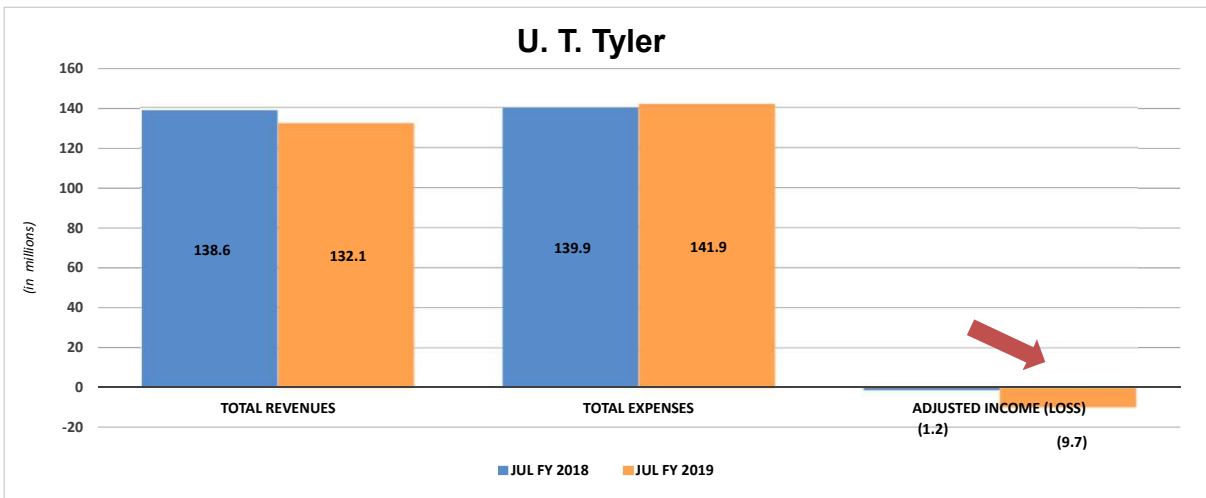
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 121.5	128.0	6.5	139.6
State Appropriations	123.3	106.7	(16.6)	116.4
Net Tuition and Fees	192.9	191.6	(1.3)	209.0
Auxiliary Revenues/Sales & Services of Educational Activities	55.7	55.5	(0.2)	60.6
Net Investment Income	14.7	20.6	5.9	21.9
Other Operating Revenues/Gift Contributions for Operations	9.5	9.4	(0.1)	10.2
Total Revenues	517.6	511.7	(5.9)	557.8
Salaries and Wages/Payroll Related Costs	288.7	309.8	21.1	338.0
Materials and Supplies/Cost of Goods Sold	23.3	27.3	4.0	29.8
Depreciation and Amortization	44.9	45.7	0.8	49.9
Other Contracted Services/Professional Fees & Services	26.3	28.8	2.4	31.4
All Other Operating Expenses	129.7	128.4	(1.3)	140.0
Total Expenses	\$ 513.0	540.0	27.0	589.1
Adjusted Income (Loss) Excluding TRBs	4.6	(28.2)	(32.9)	(31.3)
Adjusted Income (Loss) Including TRBs	4.6	(17.6)	(22.2)	(19.7)
Adjusted Income (Loss) Excluding Depr & Amort Exp	49.5	17.5	(32.1)	18.6



Monthly Financial Report

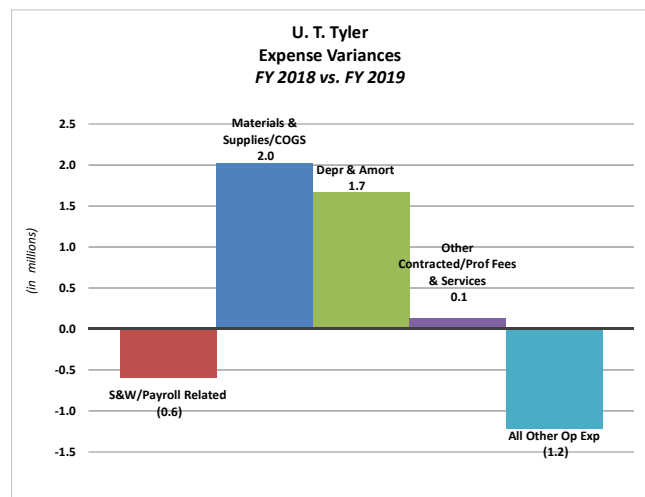
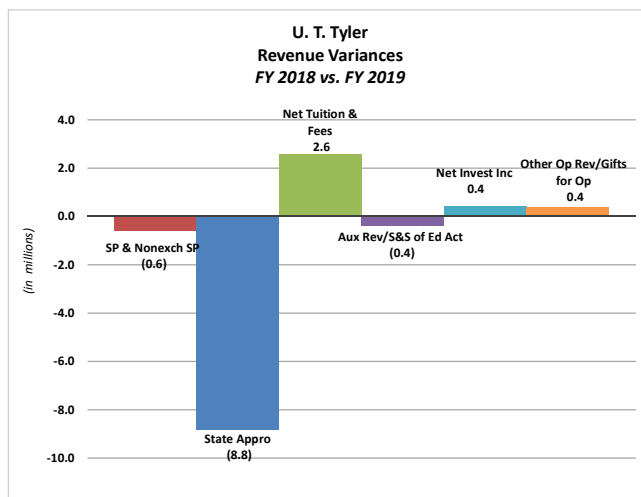
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. Tyler incurred a year-to-date adjusted loss of \$9.7 million, an increase in adjusted loss of \$8.5 million (685%) from the prior year. The increase was primarily a result of the following: a change in methodology to exclude TRB appropriations from adjusted income (loss) to more accurately reflect revenues that can be used for operations beginning May 2019; an increase in materials and supplies for non-capitalized furnishings and equipment, books and uniforms; and an increase in depreciation and amortization expense due to the STEM Business building which was placed into service in 2018. Including TRBs, *U. T. Tyler's* adjusted loss was \$3.8 million. The most current projection received from *U. T. Tyler* reflects a loss of \$8.5 million for the year.

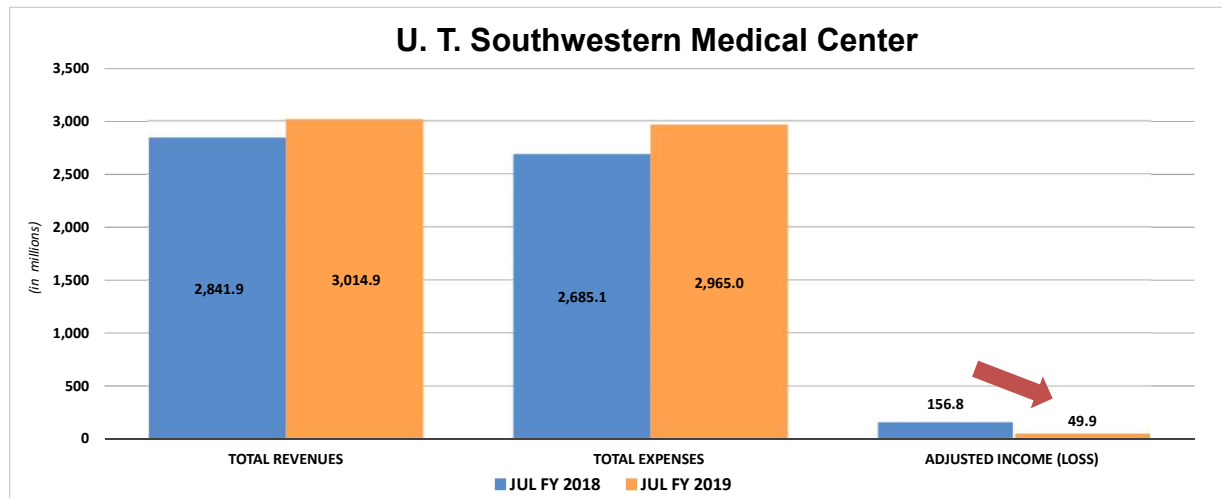
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 22.9	22.3	(0.6)	25.9
State Appropriations	40.3	31.5	(8.8)	34.3
Net Tuition and Fees	47.3	49.9	2.6	54.4
Auxiliary Revenues/Sales & Services of Educational Activities	21.7	21.3	(0.4)	23.1
Net Investment Income	4.8	5.2	0.4	7.6
Other Operating Revenues/Gift Contributions for Operations	1.6	2.0	0.4	1.7
Total Revenues	138.6	132.1	(6.5)	147.1
Salaries and Wages/Payroll Related Costs	83.2	82.6	(0.6)	90.1
Materials and Supplies/Cost of Goods Sold	6.8	8.8	2.0	9.6
Depreciation and Amortization	14.3	16.0	1.7	17.4
Other Contracted Services/Professional Fees & Services	10.1	10.2	0.1	11.0
All Other Operating Expenses	25.5	24.3	(1.2)	27.4
Total Expenses	\$ 139.9	141.9	2.0	155.6
Adjusted Income (Loss) Excluding TRBs	(1.2)	(9.7)	(8.5)	(8.5)
Adjusted Income (Loss) Including TRBs	(1.2)	(3.8)	(2.6)	(2.0)
Adjusted Income (Loss) Excluding Depr & Amort Exp	13.1	6.3	(6.8)	8.9



Monthly Financial Report

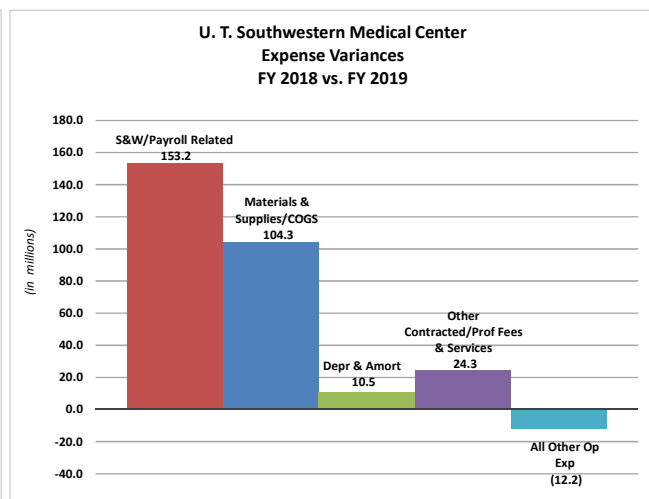
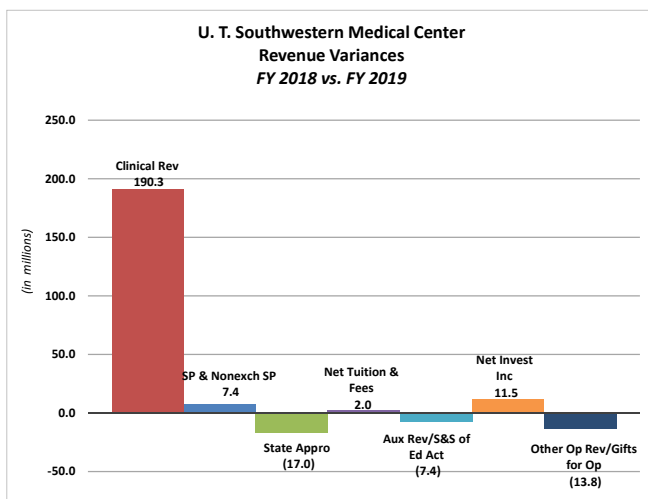
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. Southwestern Medical Center reported year-to-date adjusted income of \$49.9 million, a decrease of \$107.0 million (68%) from the prior year. The decrease was primarily due to the following: an increase in salaries and wages and payroll related costs as a result of growth in both the hospital and the physician practice plan; an increase in materials and supplies as a result of increased drugs and medical supplies driven by patient volumes and patient acuity; an increase in professional fees and services related to patient care, facility and construction projects, and Accounting Financial Services for various departments, as well as an increase in federal grant sub-recipient expenses and lab testing expenses; and a change in methodology to exclude TRB appropriations from adjusted income (loss) to more accurately reflect revenues that can be used for operations beginning May 2019. Including TRBs, *U. T. Southwestern Medical Center's* adjusted income was \$62.2 million. The most current projection received from *U. T. Southwestern Medical Center* reflects income of \$62.6 million for the year.

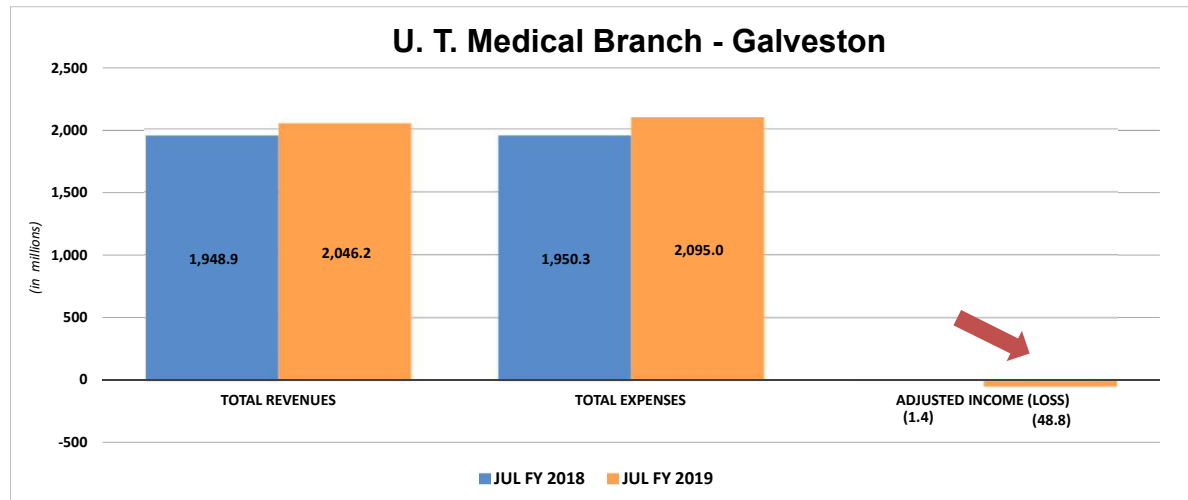
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 1,798.3	1,988.6	190.3	2,172.9
Sponsored Programs/Nonexchange Sponsored Programs	531.9	539.3	7.4	588.3
State Appropriations	177.2	160.2	(17.0)	175.4
Net Tuition and Fees	22.8	24.8	2.0	27.0
Auxiliary Revenues/Sales & Services of Educational Activities	37.2	29.8	(7.4)	32.5
Net Investment Income	106.1	117.6	11.5	119.1
Other Operating Revenues/Gift Contributions for Operations	168.4	154.6	(13.8)	189.3
Total Revenues	2,841.9	3,014.9	173.0	3,304.7
Salaries and Wages/Payroll Related Costs	1,675.7	1,828.9	153.2	1,982.8
Materials and Supplies/Cost of Goods Sold	454.2	558.4	104.3	610.6
Depreciation and Amortization	156.9	167.4	10.5	178.8
Other Contracted Services/Professional Fees & Services	195.8	220.1	24.3	265.8
All Other Operating Expenses	202.5	190.2	(12.2)	204.0
Total Expenses	\$ 2,685.1	2,965.0	280.0	3,242.0
Adjusted Income (Loss) Excluding TRBs	156.8	49.9	(107.0)	62.6
Adjusted Income (Loss) Including TRBs	156.8	62.2	(94.6)	76.1
Adjusted Income (Loss) Excluding Depr & Amort Exp	313.7	217.2	(96.5)	241.4



Monthly Financial Report

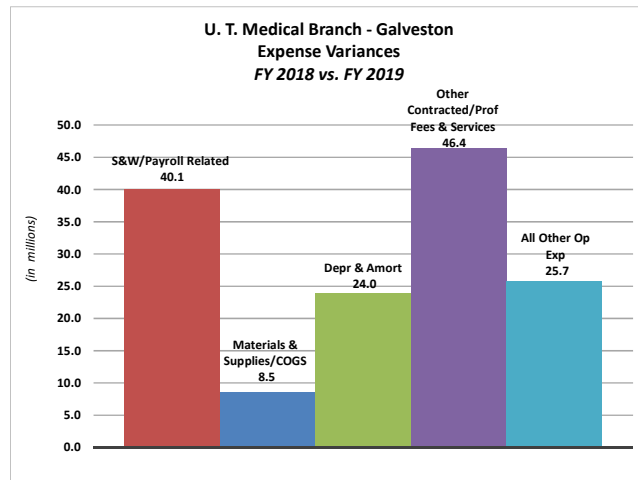
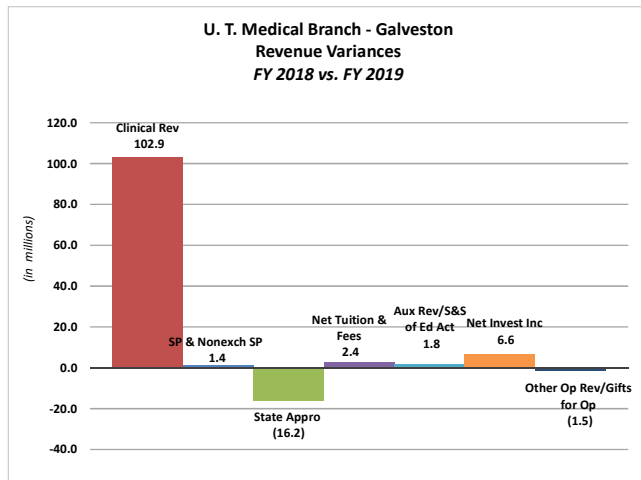
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. Medical Branch - Galveston incurred a year-to-date adjusted loss of \$48.8 million, an increase in adjusted loss of \$47.4 million (3,335%) from the prior year. The increase was primarily due to the following: an increase in salaries and wages and payroll related costs as a result of increases in staff and faculty positions associated with the opening of the Clear Lake hospital and merit increases; an increase in professional fees and services due to an increase in consulting services from external consulting firms, a clinical partnership contract with *U. T. M. D. Anderson Cancer Center*, and Clear Lake hospital startup activity; an increase in depreciation and amortization expense due to various projects placed into service; and a change in methodology to exclude TRB appropriations from adjusted income (loss) to more accurately reflect revenues that can be used for operations beginning May 2019. Including TRBs, *U. T. Medical Branch - Galveston's* adjusted loss was \$35.8 million. The most current projection received from *U. T. Medical Branch - Galveston* reflects a loss of \$59.9 million for the year primarily as a result of startup costs related to the opening of the Clear Lake hospital in March and the exclusion of TRB appropriations.

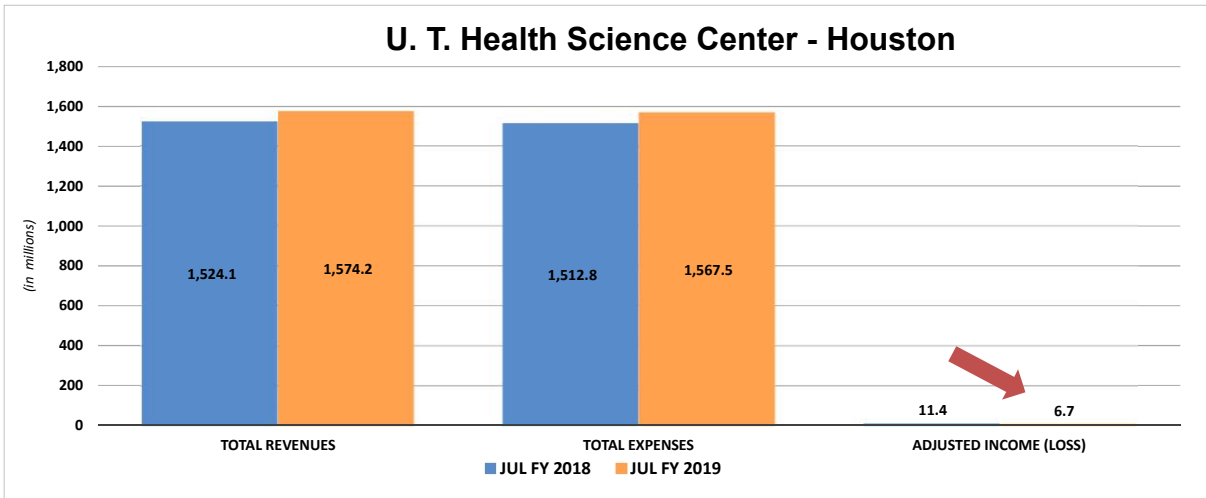
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 1,260.4	1,363.3	102.9	1,495.8
Sponsored Programs/Nonexchange Sponsored Programs	182.4	183.8	1.4	200.3
State Appropriations	339.5	323.3	(16.2)	352.0
Net Tuition and Fees	37.5	39.9	2.4	43.7
Auxiliary Revenues/Sales & Services of Educational Activities	24.7	26.5	1.8	29.4
Net Investment Income	51.2	57.7	6.6	65.4
Other Operating Revenues/Gift Contributions for Operations	53.3	51.8	(1.5)	54.3
Total Revenues	1,948.9	2,046.2	97.3	2,240.8
Salaries and Wages/Payroll Related Costs	1,235.2	1,275.3	40.1	1,397.1
Materials and Supplies/Cost of Goods Sold	249.5	258.0	8.5	281.5
Depreciation and Amortization	141.3	165.3	24.0	180.0
Other Contracted Services/Professional Fees & Services	141.3	187.7	46.4	209.5
All Other Operating Expenses	183.0	208.7	25.7	232.5
Total Expenses	\$ 1,950.3	2,095.0	144.7	2,300.7
Adjusted Income (Loss) Excluding TRBs	(1.4)	(48.8)	(47.4)	(59.9)
Adjusted Income (Loss) Including TRBs	(1.4)	(35.8)	(34.4)	(45.7)
Adjusted Income (Loss) Excluding Depr & Amort Exp	139.9	116.5	(23.4)	120.1



Monthly Financial Report

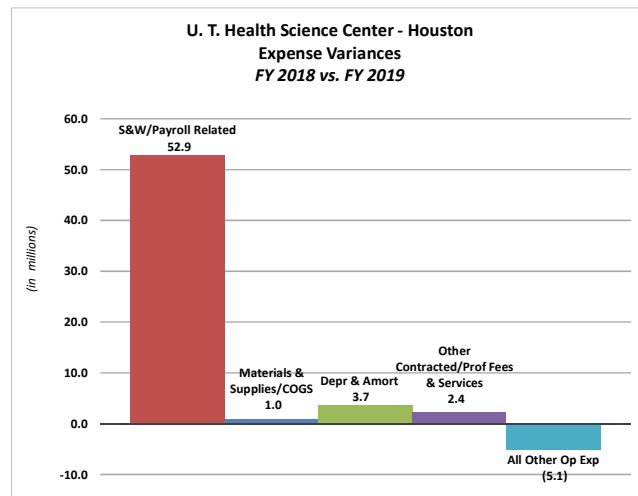
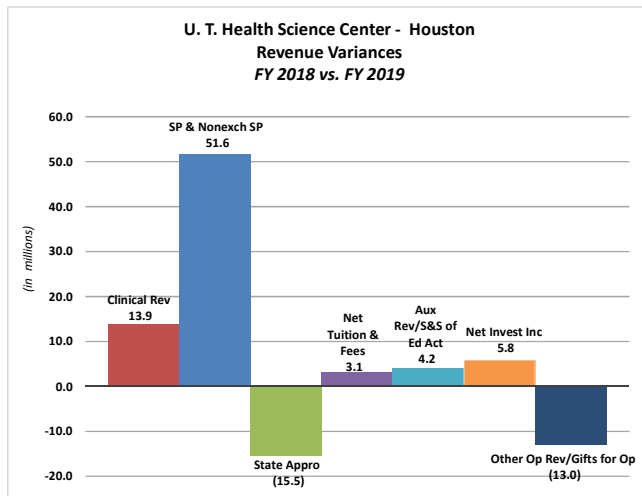
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. Health Science Center - Houston reported year-to-date adjusted income of \$6.7 million, a decrease of \$4.7 million (41%) from the prior year. The decrease was attributable to the following: an increase in salaries and wages and payroll related costs as a result of growth in the physician practice plan; a change in methodology to exclude TRB appropriations from adjusted income (loss) to more accurately reflect revenues that can be used for operations beginning May 2019; and a decrease in gift contributions for operations as a result of a decline in pledges as compared to the prior year. Including TRBs, *U. T. Health Science Center - Houston's* adjusted income was \$18.5 million. The most current projection received from *U. T. Health Science Center - Houston* reflects income of \$6.1 million for the year.

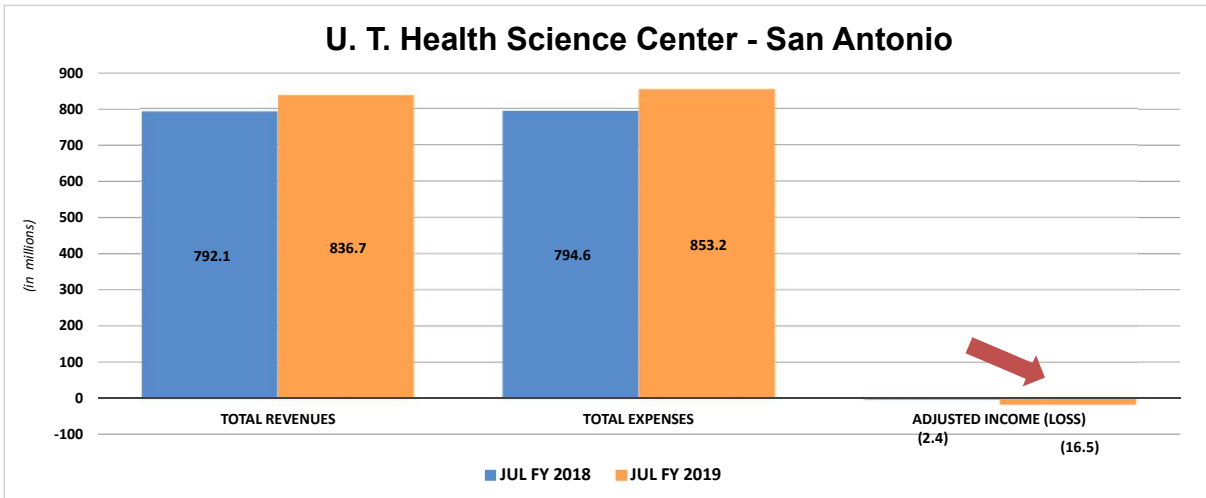
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 403.5	417.4	13.9	455.9
Sponsored Programs/Nonexchange Sponsored Programs	681.2	732.8	51.6	798.4
State Appropriations	197.3	181.8	(15.5)	197.8
Net Tuition and Fees	52.7	55.9	3.1	60.0
Auxiliary Revenues/Sales & Services of Educational Activities	62.5	66.7	4.2	73.4
Net Investment Income	38.7	44.5	5.8	59.0
Other Operating Revenues/Gift Contributions for Operations	88.2	75.2	(13.0)	82.9
Total Revenues	1,524.1	1,574.2	50.1	1,727.3
Salaries and Wages/Payroll Related Costs	1,099.2	1,152.1	52.9	1,257.5
Materials and Supplies/Cost of Goods Sold	81.0	82.0	1.0	93.5
Depreciation and Amortization	58.0	61.6	3.7	67.2
Other Contracted Services/Professional Fees & Services	123.6	126.0	2.4	145.9
All Other Operating Expenses	151.0	145.8	(5.1)	157.1
Total Expenses	\$ 1,512.8	1,567.5	54.8	1,721.2
Adjusted Income (Loss) Excluding TRBs	11.4	6.7	(4.7)	6.1
Adjusted Income (Loss) Including TRBs	11.4	18.5	7.1	19.0
Adjusted Income (Loss) Excluding Depr & Amort Exp	69.3	68.3	(1.0)	73.3



Monthly Financial Report

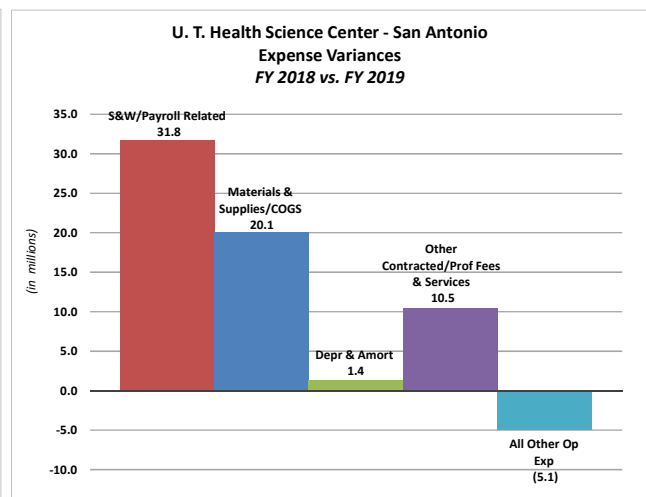
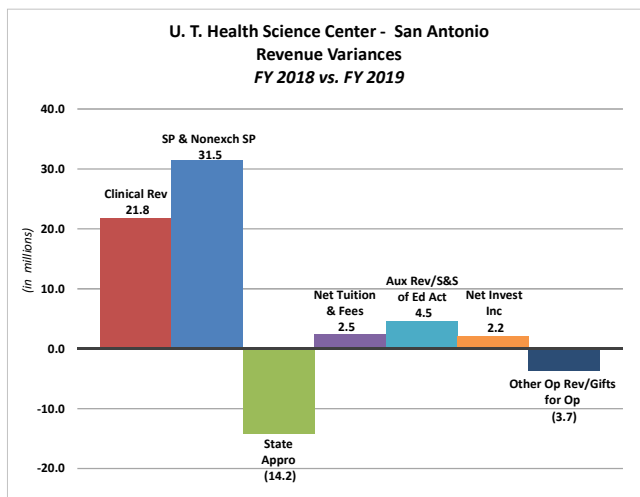
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. Health Science Center - San Antonio incurred a year-to-date loss of \$16.5 million, an increase in adjusted loss of \$14.1 million (576%) from the prior year. The increase was primarily due to the following: an increase in salaries and wages attributable to increased clinical faculty and staff positions as a result of growth associated with expanded clinical facilities; an increase in materials and supplies due to an increase in drug and medication supplies among the Cancer Center Pharmacy and the UT Health Physicians clinics; and a change in methodology to exclude TRB appropriations from adjusted income (loss) to more accurately reflect revenues that can be used for operations beginning May 2019. Including TRBs, *U. T. Health Science Center - San Antonio's* adjusted loss was \$6.7 million. The most current projection received from *U. T. Health Science Center - San Antonio* reflects a loss of \$23.5 million for the year due to expansion of the clinical enterprise and strengthening of the research mission combined with the exclusion of TRB appropriations.

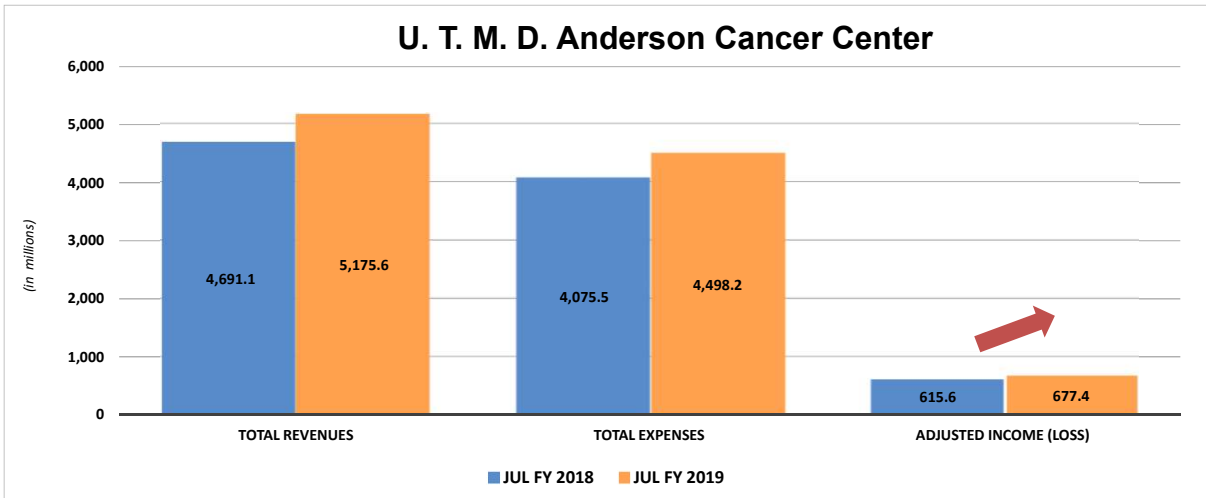
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 194.9	216.7	21.8	238.6
Sponsored Programs/Nonexchange Sponsored Programs	287.6	319.1	31.5	346.0
State Appropriations	158.3	144.1	(14.2)	157.2
Net Tuition and Fees	40.6	43.1	2.5	47.0
Auxiliary Revenues/Sales & Services of Educational Activities	25.9	30.5	4.5	32.1
Net Investment Income	39.7	41.8	2.2	45.6
Other Operating Revenues/Gift Contributions for Operations	45.1	41.5	(3.7)	42.9
Total Revenues	792.1	836.7	44.5	909.5
Salaries and Wages/Payroll Related Costs	536.9	568.7	31.8	629.8
Materials and Supplies/Cost of Goods Sold	61.9	81.9	20.1	89.0
Depreciation and Amortization	50.9	52.3	1.4	57.0
Other Contracted Services/Professional Fees & Services	44.1	54.6	10.5	57.7
All Other Operating Expenses	100.8	95.7	(5.1)	99.5
Total Expenses	\$ 794.6	853.2	58.6	933.0
Adjusted Income (Loss) Excluding TRBs	(2.4)	(16.5)	(14.1)	(23.5)
Adjusted Income (Loss) Including TRBs	(2.4)	(6.7)	(4.3)	(12.9)
Adjusted Income (Loss) Excluding Depr & Amort Exp	48.4	35.7	(12.7)	33.5



Monthly Financial Report

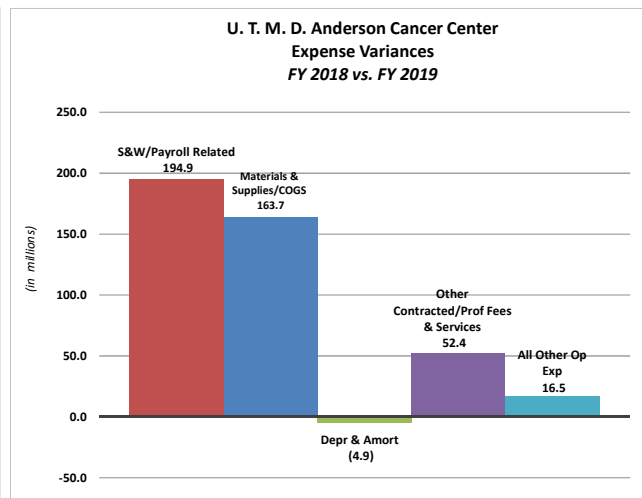
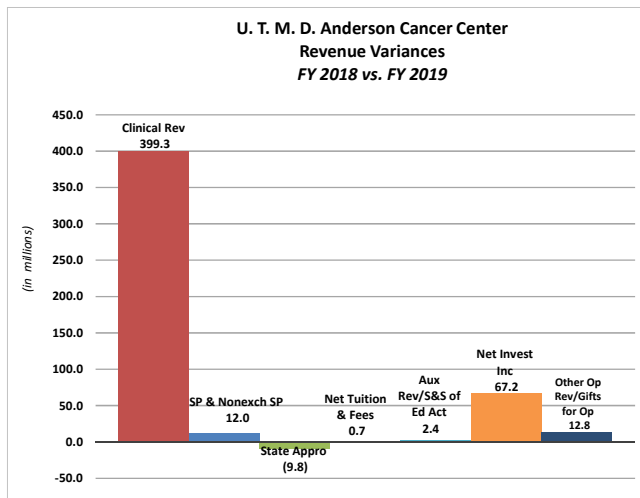
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. M. D. Anderson Cancer Center reported year-to-date adjusted income of \$677.4 million, an increase of \$61.8 million (10%) from the prior year. The increase was primarily attributable to an increase in net sales and services of hospitals due to an increase in admissions, patient days, and outpatient visits. An increase in net investment income due to improved market conditions also contributed to the favorable variance. Including TRBs, *U. T. M. D. Anderson Cancer Center's* adjusted income was \$684.1 million. The most current projection received from *U. T. M. D. Anderson Cancer Center* reflects income of \$703.6 million for the year.

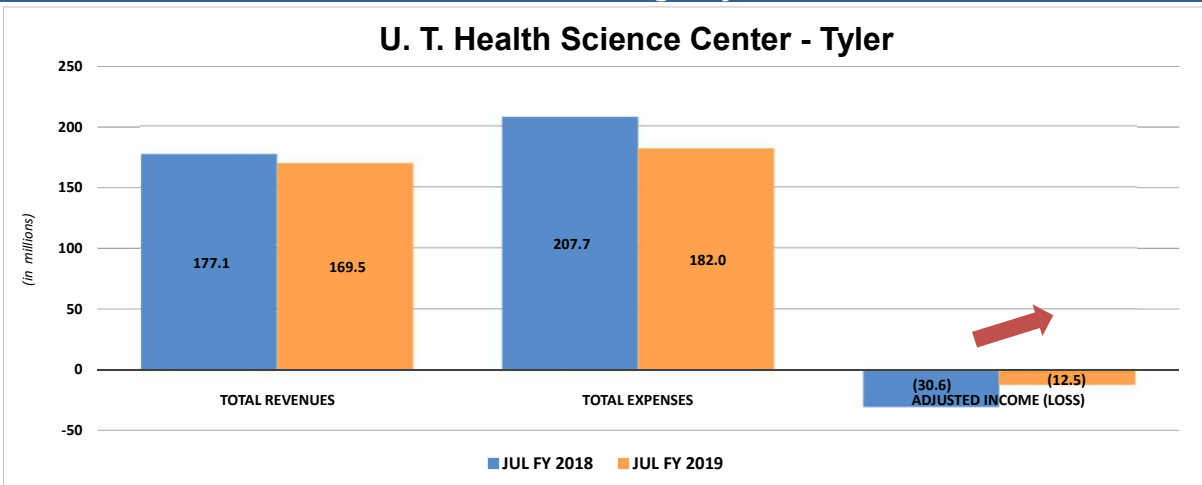
(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 3,758.4	4,157.7	399.3	4,521.0
Sponsored Programs/Nonexchange Sponsored Programs	340.9	352.9	12.0	390.4
State Appropriations	191.5	181.7	(9.8)	198.1
Net Tuition and Fees	1.0	1.8	0.7	1.8
Auxiliary Revenues/Sales & Services of Educational Activities	42.3	44.7	2.4	48.1
Net Investment Income	150.4	217.6	67.2	222.5
Other Operating Revenues/Gift Contributions for Operations	206.5	219.3	12.8	236.1
Total Revenues	4,691.1	5,175.6	484.5	5,618.0
Salaries and Wages/Payroll Related Costs	2,316.4	2,511.3	194.9	2,716.0
Materials and Supplies/Cost of Goods Sold	882.6	1,046.3	163.7	1,116.1
Depreciation and Amortization	330.8	325.9	(4.9)	363.2
Other Contracted Services/Professional Fees & Services	257.9	310.3	52.4	392.2
All Other Operating Expenses	287.9	304.4	16.5	326.9
Total Expenses	\$ 4,075.5	4,498.2	422.7	4,914.4
Adjusted Income (Loss) Excluding TRBs	615.6	677.4	61.8	703.6
Adjusted Income (Loss) Including TRBs	615.6	684.1	68.5	711.0
Adjusted Income (Loss) Excluding Depr & Amort Exp	946.4	1,003.3	56.9	1,066.8



Monthly Financial Report

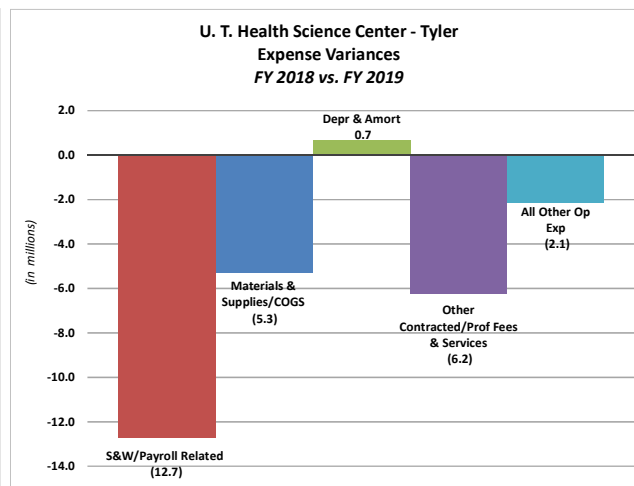
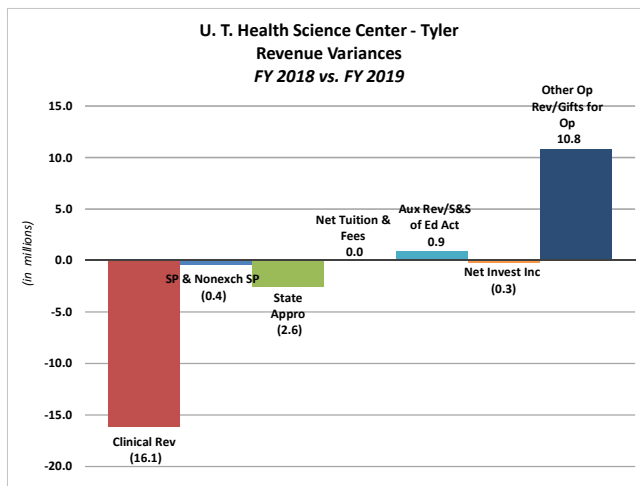
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending July 31, 2019



U. T. Health Science Center - Tyler incurred a year-to-date loss of \$12.5 million, a decrease in adjusted loss of \$18.1 million (59%) from the prior year. The decrease was primarily due to the following: lower salaries and wages and payroll related costs attributable to prior year workforce restructuring initiatives; an increase in other operating income from the UT Health East Texas (UTHET) joint venture and an increase in Delivery System Reform Incentive Payment revenues; a decrease in professional fees as a result of lower medical services expenses and one-time consulting and legal expenses associated with entry into the UT Health East Texas (UTHET) joint venture in 2018; and a decrease in medical supplies corresponding with lower direct hospital revenue associated with entry into the UTHET joint venture. Including TRBs, *U. T. Health Science Center - Tyler's* adjusted loss was \$10.1 million. The most current projection received from *U. T. Health Science Center - Tyler* reflects a loss of \$9.9 million for the year.

(in millions)	July YTD FY 2018	July YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 72.8	56.6	(16.1)	63.3
Sponsored Programs/Nonexchange Sponsored Programs	29.9	29.5	(0.4)	32.8
State Appropriations	46.8	44.3	(2.6)	48.3
Net Tuition and Fees	0.2	0.2	0.0	0.3
Auxiliary Revenues/Sales & Services of Educational Activities	3.6	4.5	0.9	5.5
Net Investment Income	3.6	3.3	(0.3)	3.7
Other Operating Revenues/Gift Contributions for Operations	20.2	31.0 *	10.8	34.5 *
Total Revenues	177.1	169.5	(7.6)	188.2
Salaries and Wages/Payroll Related Costs	124.4	111.7	(12.7)	121.6
Materials and Supplies/Cost of Goods Sold	26.0	20.7	(5.3)	22.6
Depreciation and Amortization	12.7	13.4	0.7	14.6
Other Contracted Services/Professional Fees & Services	28.3	22.0	(6.2)	23.9
All Other Operating Expenses	16.3	14.2	(2.1)	15.5
Total Expenses	\$ 207.7	182.0	(25.7)	198.1
Adjusted Income (Loss) Excluding TRBs	(30.6)	(12.5)	18.1	(9.9)
Adjusted Income (Loss) Including TRBs	(30.6)	(10.1)	20.4	(7.4)
Adjusted Income (Loss) Excluding Depr & Amort Exp	(17.8)	0.9	18.8	4.7



*Other Operating Income includes 30% of UTHET's net adjusted income which was \$7.1 million through July. The projected loss of \$9.9 million includes \$7.5 million of UTHET's net adjusted income for the year.