

THE UNIVERSITY OF TEXAS SYSTEM OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT *(unaudited)*

JUNE 2019



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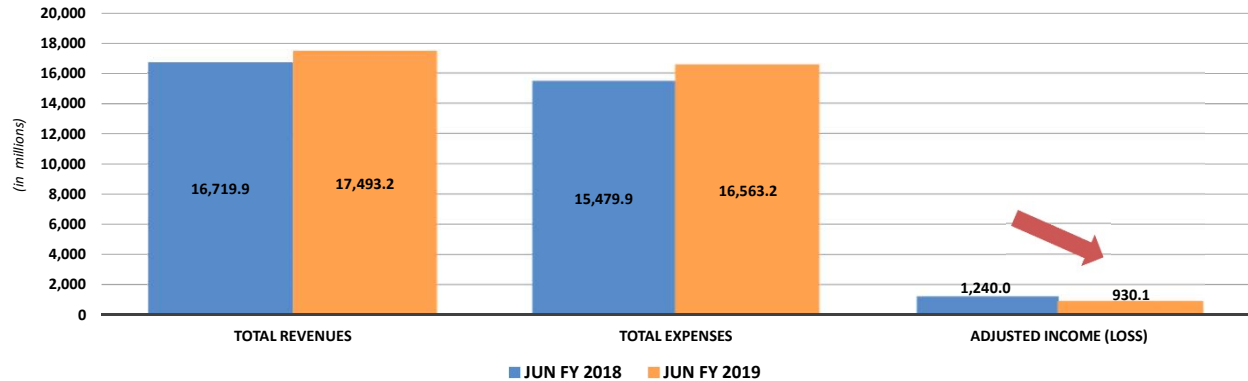
Monthly Financial Report

Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019

U. T. System Consolidated

(Excluding OPEB & Pension Expense)

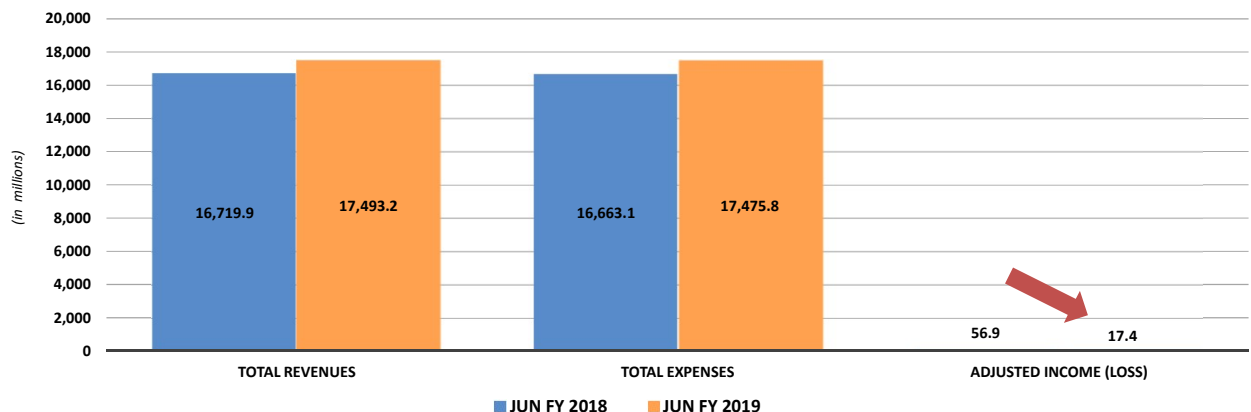


Excluding other postemployment benefits (OPEB) and pension expense, *U. T. System Consolidated* shows year-to-date adjusted income of \$930.1 million, a decrease of \$309.9 million (25.0%) from the prior year. The decrease was primarily due to the following: an increase in salaries and wages and payroll related costs across most of the institutions as a result of increases in faculty and staff positions and merit increases; and a change in methodology to exclude \$115.5 million of Tuition Revenue Bond (TRB) appropriations and the related interest expense from adjusted income (loss) to more accurately reflect revenues that can be used for operations beginning May 2019.

(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 6,805.4	7,436.4	631.0	8,946.3
Sponsored Programs/Nonexchange Sponsored Programs	3,048.7	3,173.6	124.9	3,954.4
State Appropriations	1,921.1	1,759.4	(161.7)	2,100.9
Net Tuition and Fees	1,502.1	1,541.7	39.5	1,843.0
Auxiliary Revenues/Sales & Services of Educational Activities	1,133.7	1,157.1	23.5	1,150.3
Net Investment Income	1,573.3	1,677.6	104.3	1,982.4
Other Operating Revenues/Gift Contributions for Operations	735.7	747.4	11.7	918.1
Total Revenues	16,719.9	17,493.2	773.3	20,895.4
Salaries and Wages/Payroll Related Costs	9,299.8	9,851.0	551.2	11,288.6
Materials and Supplies/Cost of Goods Sold	1,860.1	2,127.1	266.9	2,520.3
Depreciation and Amortization	1,195.4	1,241.9	46.5	1,498.8
Other Contracted Services/Professional Fees & Services	1,109.6	1,210.8	101.2	1,619.0
All Other Operating Expenses	2,015.1	2,132.4	117.4	2,617.0
Total Expenses (Excluding OPEB & Pension Exp)	\$ 15,479.9	16,563.2	1,083.2	19,543.7
Adjusted Income (Loss) Excluding OPEB & Pension Exp	1,240.0	930.1	(309.9)	1,351.7
OPEB Expense	876.7	702.7	(174.0)	843.2
Pension Expense	306.4	210.0	(96.5)	252.0
Adjusted Income (Loss) Excluding TRBs	56.9	17.4	(39.5)	256.5
Adjusted Income (Loss) Including TRBs	56.9	132.9	76.1	395.2
Adjusted Income (Loss) Excluding Depr & Amort Exp	1,252.2	1,259.3	7.0	1,755.3

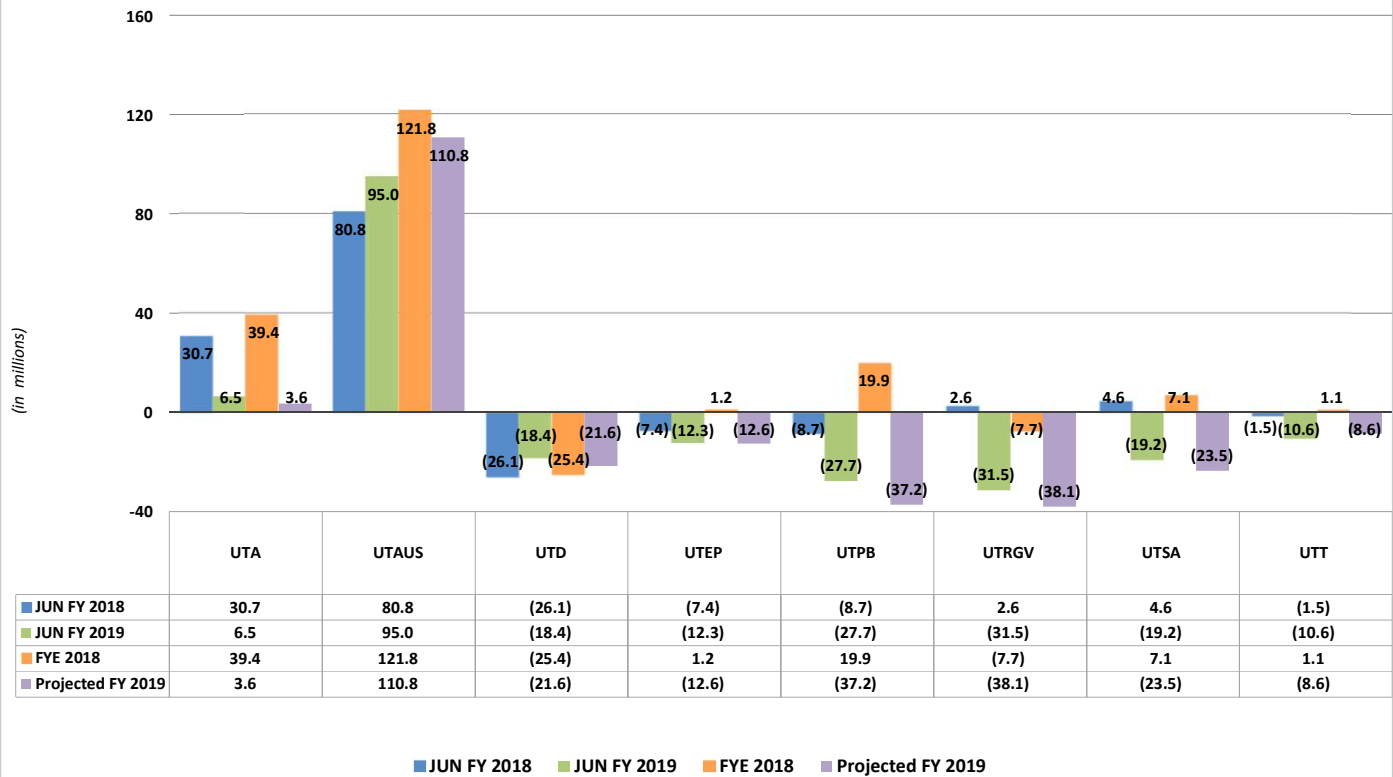
U. T. System Consolidated

(Including OPEB & Pension Expense)

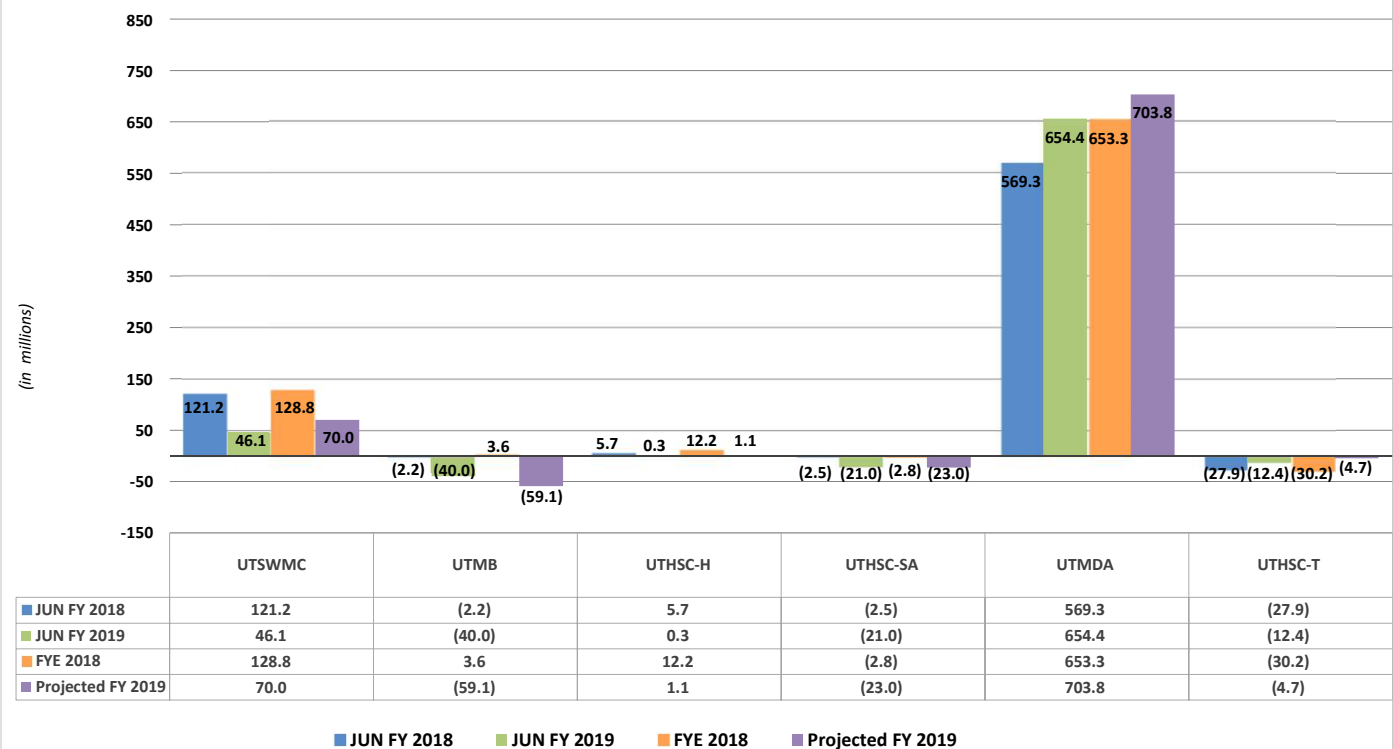


Monthly Financial Report
Comparison of Adjusted Income (Loss)
For the Period Ending June 30, 2019

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



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

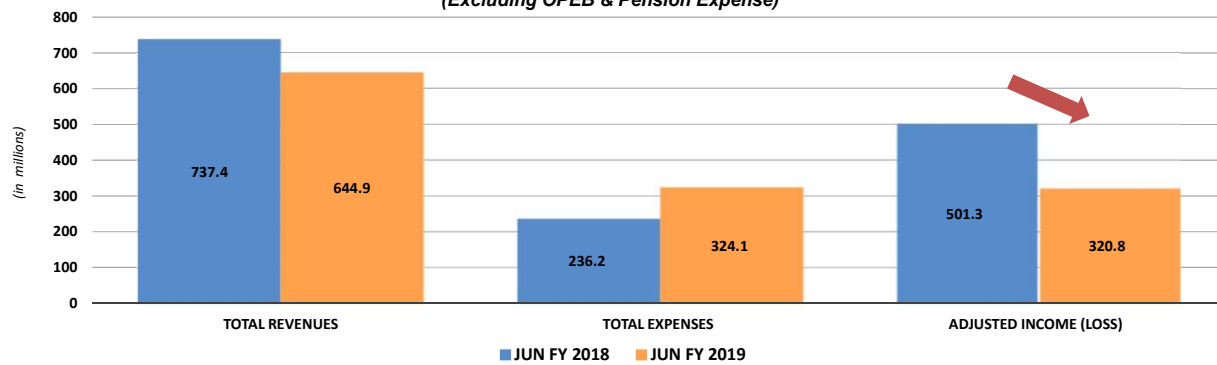


Monthly Financial Report

Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 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 \$320.8 million, a decrease of \$180.5 million (36.0%) 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 \$690.8 million for the year.

(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 40.3	35.5	(4.8)	50.9
State Appropriations	2.8	2.8	-	3.3
Auxiliary Revenues/Sales & Services of Educational Activities	38.1	11.3	(26.8)	13.6
Net Investment Income/Available University Fund (AUF)	620.3	570.9	(49.4)	685.0
Other Operating Revenues/Gift Contributions for Operations	35.9	24.4	(11.5)	29.1
Total Revenues	737.4	644.9	(92.6)	782.0
Salaries and Wages/Payroll Related Costs	73.1	60.9	(12.2)	(209.8)
Materials and Supplies/Cost of Goods Sold	17.1	25.4	8.4	19.3
Depreciation and Amortization	20.7	21.0	0.4	24.2
Other Contracted Services/Professional Fees & Services	41.8	30.7	(11.1)	35.2
All Other Operating Expenses	83.5	186.0	102.6	222.3
Total Expenses (Excluding OPEB & Pension Exp)	\$ 236.2	324.1	87.9	91.2
Adjusted Income (Loss) Excluding OPEB & Pension Exp	501.3	320.8	(180.5)	690.8
OPEB Expense	876.7	702.7	(174.0)	843.2
Pension Expense	306.4	210.0	(96.5)	252.0
Adjusted Income (Loss)	(681.8)	(591.9)	90.0	(404.4)
Adjusted Income (Loss) Excluding Depr & Amort Exp	(661.2)	(570.8)	90.3	(380.2)

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

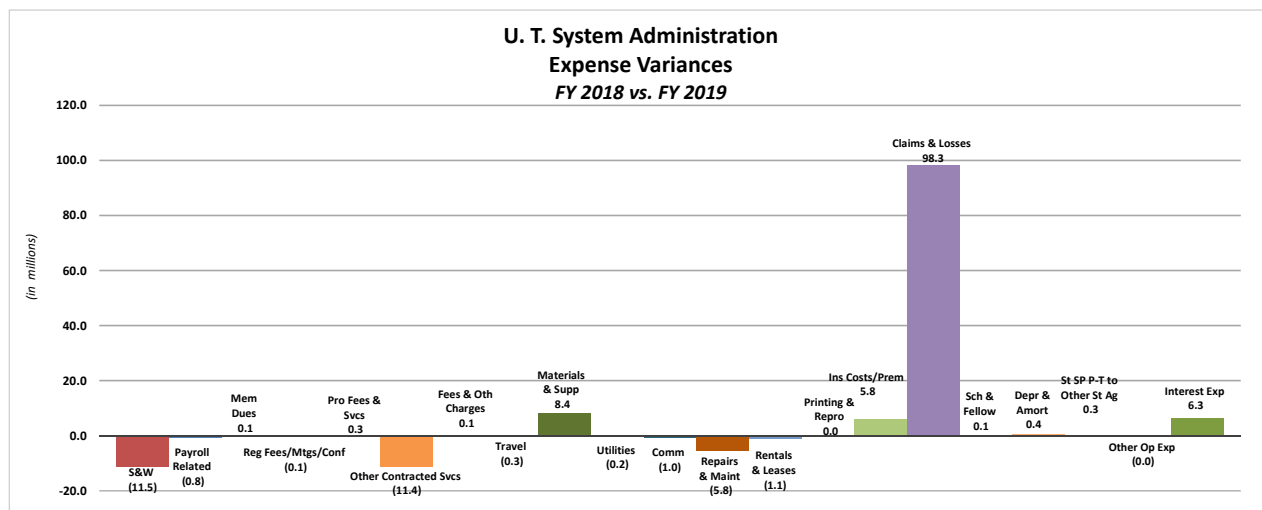


Monthly Financial Report

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

For the Period Ending June 30, 2019

(in millions)	June YTD FY 2018	June YTD FY 2019	Actual Year-End FY 2018	Annual Projected FY 2019
Salaries and Wages	\$ 60.5	49.0	59.0	58.8
Payroll Related Costs	12.7	11.9	(270.0) *	(268.5) *
Membership Dues	0.4	0.5	0.3	0.6
Registration Fees, Meetings, Conferences	0.4	0.3	0.4	0.4
Professional Fees and Services	10.7	11.1	11.8	13.3
Other Contracted Services	31.1	19.6	31.1	21.9
Fees and Other Charges	(0.0)	0.1	(0.0)	0.1
Travel	1.5	1.1	1.6	1.4
Materials and Supplies	17.1	25.4	10.7	19.3
Utilities	0.5	0.3	0.6	0.4
Communications	4.5	3.5	4.0	3.5
Repairs and Maintenance	8.9	3.1	6.7	3.8
Rentals and Leases	3.7	2.6	3.4	3.1
Printing and Reproduction	0.2	0.3	0.4	0.3
Insurance Costs/Premiums	19.4	25.3	7.1	30.3
Claims and Losses	16.2	114.5	65.5	137.4
Scholarships and Fellowships	1.0	1.0	2.3	1.3
Depreciation and Amortization	20.7	21.0	25.2	24.2
State Sponsored Program Pass-Through to Other State Agencies	3.3	3.6	3.2	4.0
Other Operating Expenses	1.4	1.3	0.3	1.6
Interest Expense	22.2	28.5	32.2	34.2
Total Expenses (Excluding OPEB & Pension Expense)	236.2	324.1	(4.0)	91.2
OPEB Expense	876.7	702.7	843.2	843.2
Pension Expense	306.4	210.0	252.0	252.0
Total Expenses (Including OPEB & Pension Expense)	\$ 1,419.3	1,236.7	1,091.1	1,186.4



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

Salaries & Wages – decrease of \$11.5 million due to a change in methodology for PUF salaries, and decreases in the Chancellor's Office, Competency Based Education, and Texas Oil and Gas Institute.

Other Contracted Services - decrease of \$11.4 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 \$8.4 million due to increased expenses for Compliance Software, Alcohol and Assault Prevention, Information Security Compliance, Project DOC, and the Oracle and Microsoft system-wide campus licenses which will be reimbursed from the institutions.

Claims and Losses - increase of \$98.3 million due to increased claims for the Medical/Dental Self-Insurance Plan.

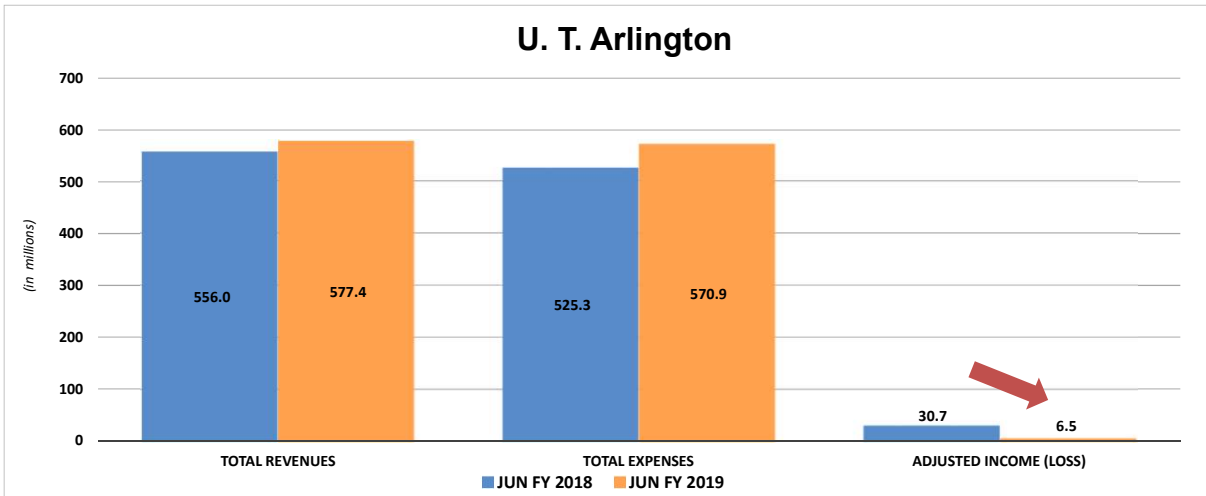
Interest Expense - increase of \$6.3 million due to increase in PUF interest expense as well as no longer reducing interest expense by capitalized interest due to GASB 89.

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

Monthly Financial Report

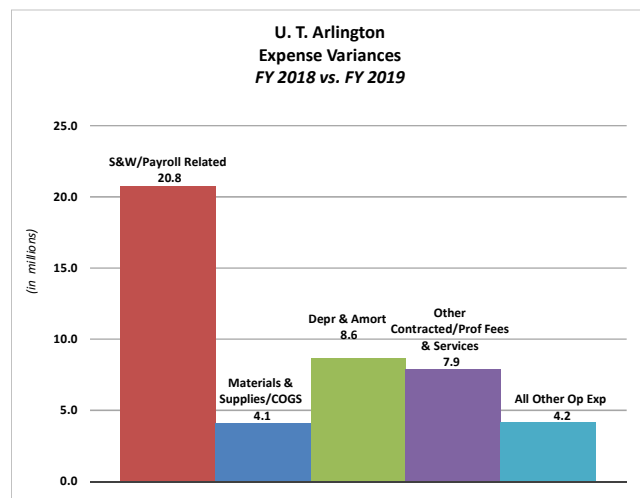
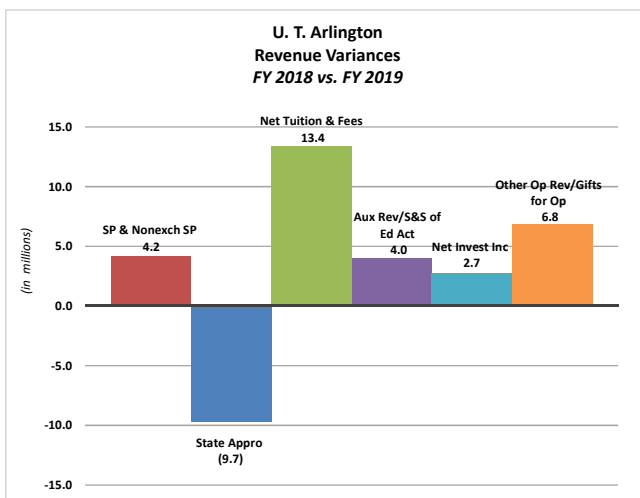
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. Arlington reported year-to-date adjusted income of \$6.5 million, a decrease of \$24.2 million (78.8%) 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; 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 depreciation and amortization expense as a result of new buildings placed into service in 2018; and an increase in other contracted services due to an increase in accelerated online and Instructional Connections program expenses, temporary parking services, and contracted services for the University Center. Including TRBs, *U. T. Arlington's* adjusted income was \$13.6 million. The most current projection received from *U. T. Arlington* reflects income of \$3.6 million for the year.

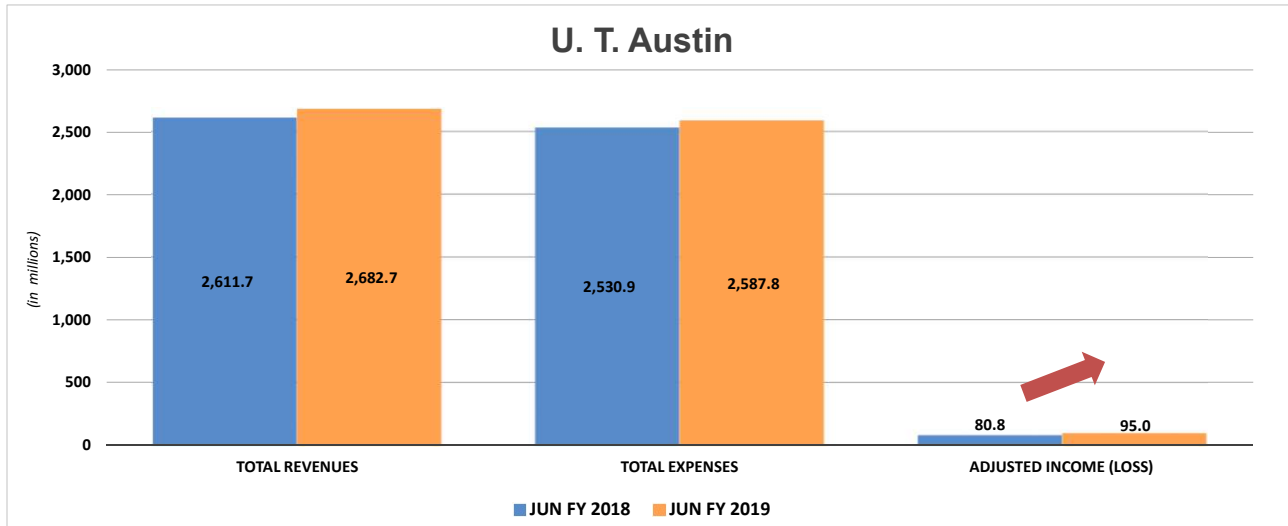
(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 116.4	120.6	4.2	138.4
State Appropriations	109.6	99.9	(9.7)	119.9
Net Tuition and Fees	250.3	263.7	13.4	321.9
Auxiliary Revenues/Sales & Services of Educational Activities	56.1	60.1	4.0	74.5
Net Investment Income	16.4	19.2	2.7	22.6
Other Operating Revenues/Gift Contributions for Operations	7.1	14.0	6.8	16.1
Total Revenues	556.0	577.4	21.3	693.3
Salaries and Wages/Payroll Related Costs	298.8	319.5	20.8	384.2
Materials and Supplies/Cost of Goods Sold	23.6	27.6	4.1	35.6
Depreciation and Amortization	37.1	45.8	8.6	54.9
Other Contracted Services/Professional Fees & Services	65.1	73.0	7.9	89.0
All Other Operating Expenses	100.7	104.9	4.2	125.9
Total Expenses	\$ 525.3	570.9	45.6	689.7
Adjusted Income (Loss) Excluding TRBs	30.7	6.5	(24.2)	3.6
Adjusted Income (Loss) Including TRBs	30.7	13.6	(17.1)	12.1
Adjusted Income (Loss) Excluding Depr & Amort Exp	67.9	52.3	(15.6)	58.5



Monthly Financial Report

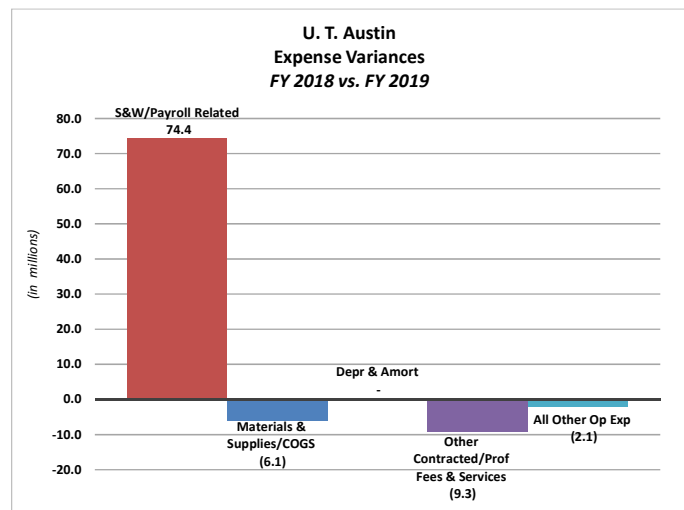
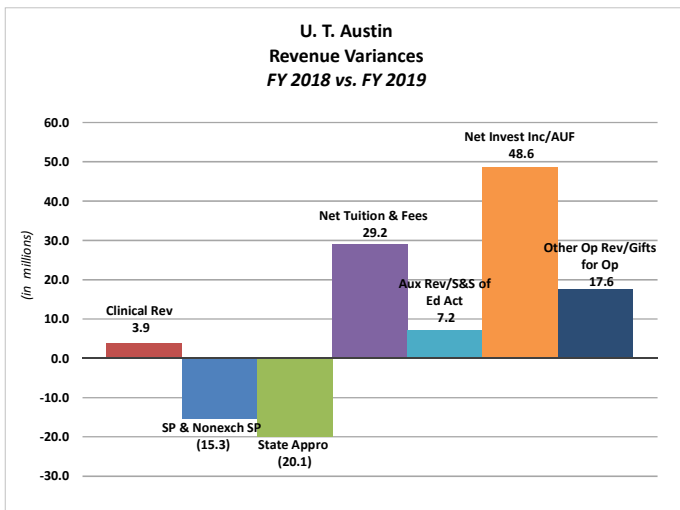
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. Austin reported year-to-date adjusted income of \$95.0 million, an increase of \$14.1 million (17.5%) 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 \$108.1 million. The most current projection received from *U. T. Austin* reflects income of \$110.8 million for the year.

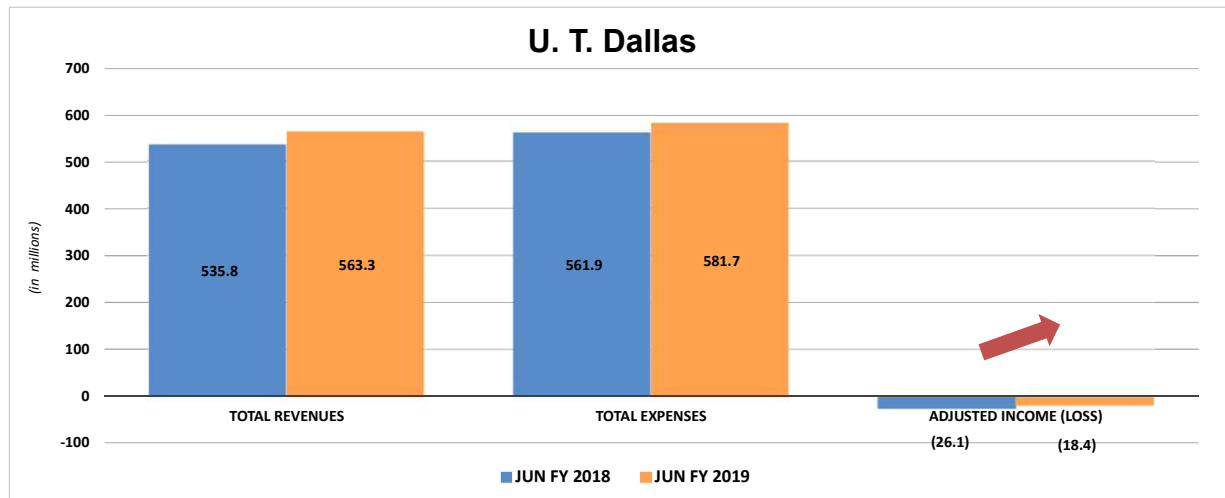
(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 0.9	4.8	3.9	5.7
Sponsored Programs/Nonexchange Sponsored Programs	564.4	549.0	(15.3)	756.4
State Appropriations	300.5	280.4	(20.1)	336.5
Net Tuition and Fees	404.2	433.3	29.2	520.0
Auxiliary Revenues/Sales & Services of Educational Activities	685.1	692.3	7.2	597.6
Net Investment Income/Available University Fund (AUF)	515.0	563.6	48.6	672.4
Other Operating Revenues/Gift Contributions for Operations	141.6	159.2	17.6	177.6
Total Revenues	2,611.7	2,682.7	71.0	3,066.2
Salaries and Wages/Payroll Related Costs	1,414.2	1,488.6	74.4	1,689.5
Materials and Supplies/Cost of Goods Sold	146.5	140.3	(6.1)	138.7
Depreciation and Amortization	261.7	261.7	-	314.0
Other Contracted Services/Professional Fees & Services	181.4	172.0	(9.3)	208.7
All Other Operating Expenses	527.2	525.1	(2.1)	604.5
Total Expenses	\$ 2,530.9	2,587.8	56.9	2,955.4
Adjusted Income (Loss) Excluding TRBs	80.8	95.0	14.1	110.8
Adjusted Income (Loss) Including TRBs	80.8	108.1	27.2	126.5
Adjusted Income (Loss) Excluding Depr & Amort Exp	342.5	356.6	14.1	424.8



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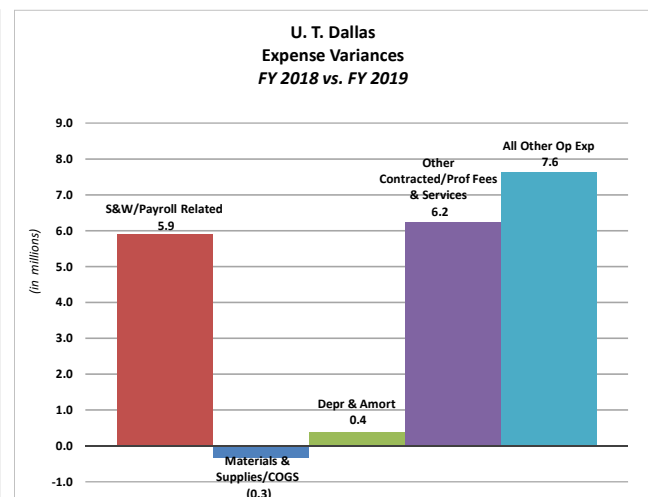
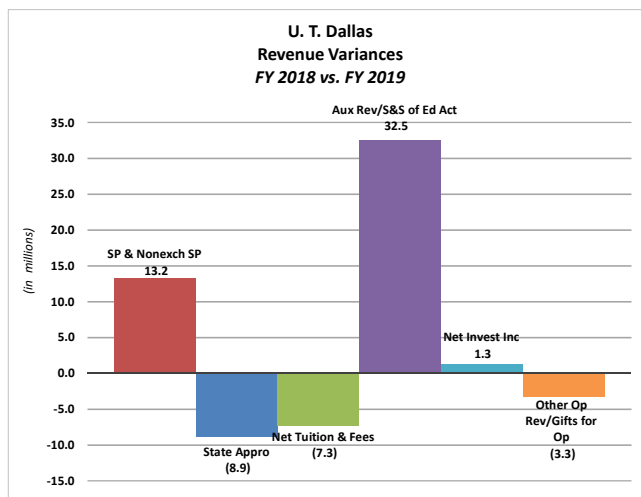
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. Dallas incurred a year-to-date adjusted loss of \$18.4 million, a decrease in adjusted loss of \$7.7 million (29.6%) 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 \$13.8 million. The most current projection received from *U. T. Dallas* reflects a loss of \$21.6 million for the year.

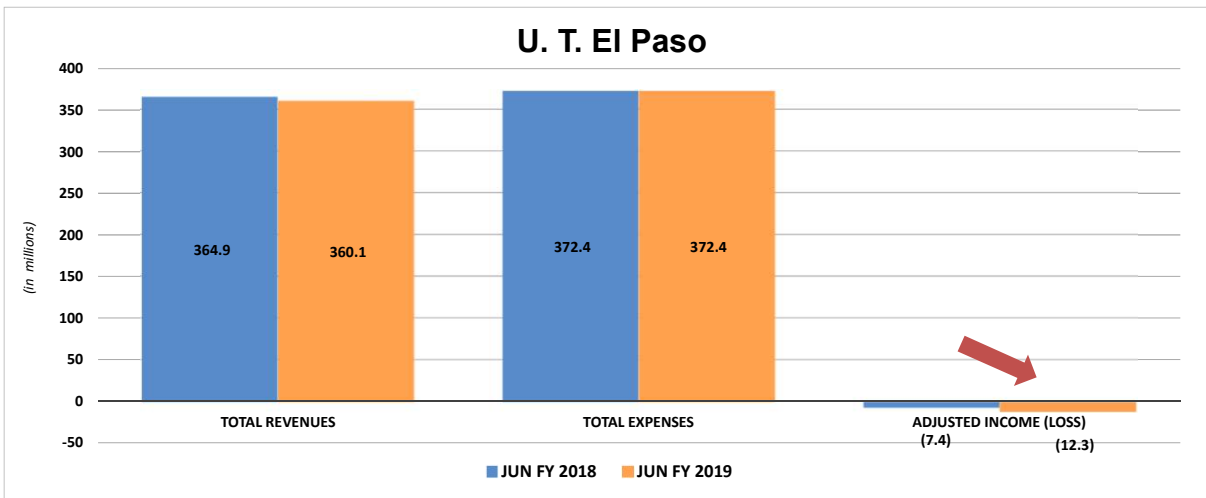
(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 76.8	90.0	13.2	108.0
State Appropriations	104.2	95.3	(8.9)	114.4
Net Tuition and Fees	263.7	256.4	(7.3)	308.1
Auxiliary Revenues/Sales & Services of Educational Activities	48.7	81.3	32.5	97.5
Net Investment Income	25.4	26.6	1.3	32.0
Other Operating Revenues/Gift Contributions for Operations	17.0	13.8	(3.3)	16.5
Total Revenues	535.8	563.3	27.5	676.5
Salaries and Wages/Payroll Related Costs	327.1	333.0	5.9	399.6
Materials and Supplies/Cost of Goods Sold	27.1	26.8	(0.3)	32.1
Depreciation and Amortization	68.0	68.3	0.4	82.0
Other Contracted Services/Professional Fees & Services	22.6	28.8	6.2	34.6
All Other Operating Expenses	117.1	124.8	7.6	149.7
Total Expenses	\$ 561.9	581.7	19.8	698.1
Adjusted Income (Loss) Excluding TRBs	(26.1)	(18.4)	7.7	(21.6)
Adjusted Income (Loss) Including TRBs	(26.1)	(13.8)	12.3	(16.1)
Adjusted Income (Loss) Excluding Depr & Amort Exp	41.8	49.9	8.1	60.4



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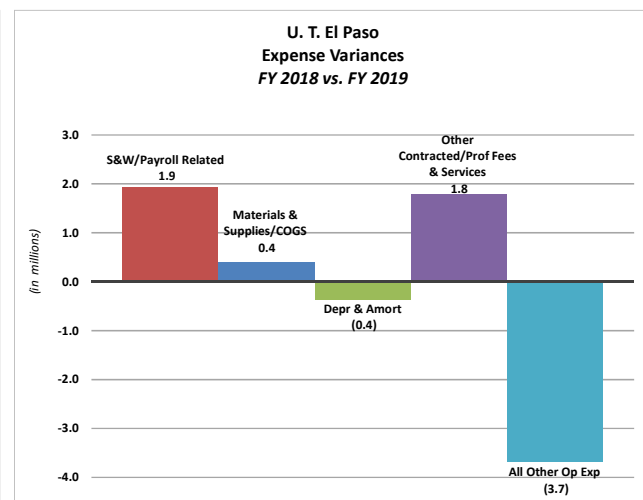
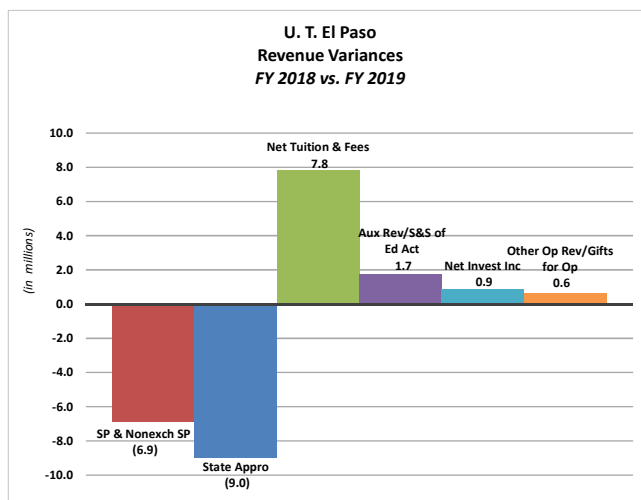
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. El Paso incurred a year-to-date adjusted loss of \$12.3 million, an increase in adjusted loss of \$4.9 million (65.4%) 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 \$5.1 million. The most current projection received from *U. T. El Paso* reflects a loss of \$12.6 million for the year.

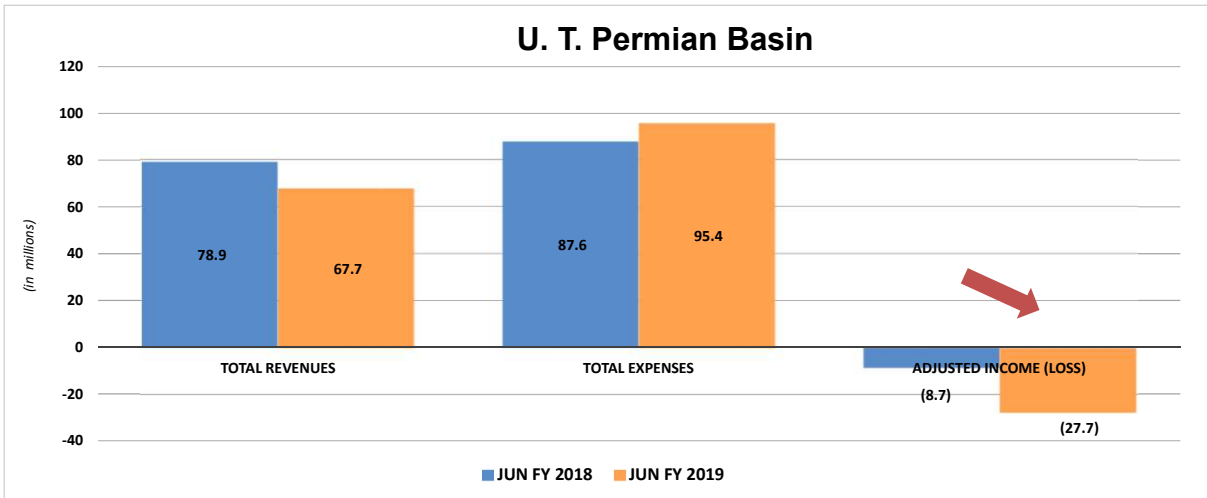
(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 112.6	105.7	(6.9)	146.4
State Appropriations	90.1	81.1	(9.0)	94.9
Net Tuition and Fees	109.4	117.2	7.8	135.8
Auxiliary Revenues/Sales & Services of Educational Activities	36.0	37.7	1.7	43.6
Net Investment Income	12.7	13.6	0.9	16.2
Other Operating Revenues/Gift Contributions for Operations	4.2	4.8	0.6	6.6
Total Revenues	364.9	360.1	(4.8)	443.5
Salaries and Wages/Payroll Related Costs	211.9	213.9	1.9	252.6
Materials and Supplies/Cost of Goods Sold	15.1	15.4	0.4	20.4
Depreciation and Amortization	25.4	25.0	(0.4)	30.2
Other Contracted Services/Professional Fees & Services	24.8	26.6	1.8	29.2
All Other Operating Expenses	95.2	91.6	(3.7)	123.6
Total Expenses	\$ 372.4	372.4	0.0	456.0
Adjusted Income (Loss) Excluding TRBs	(7.4)	(12.3)	(4.9)	(12.6)
Adjusted Income (Loss) Including TRBs	(7.4)	(5.1)	2.3	(4.3)
Adjusted Income (Loss) Excluding Depr & Amort Exp	17.9	12.7	(5.2)	17.6



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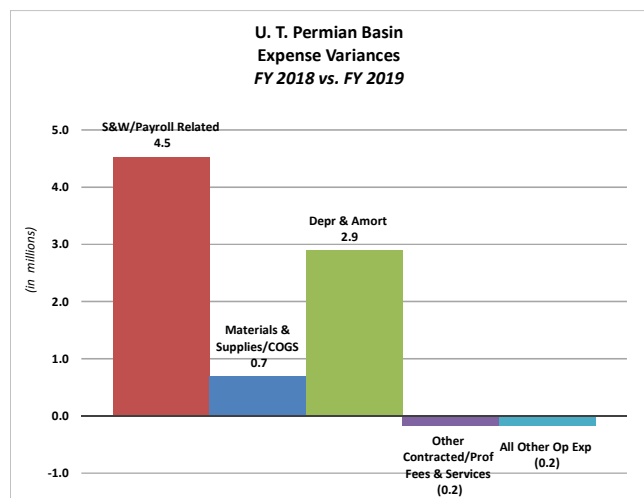
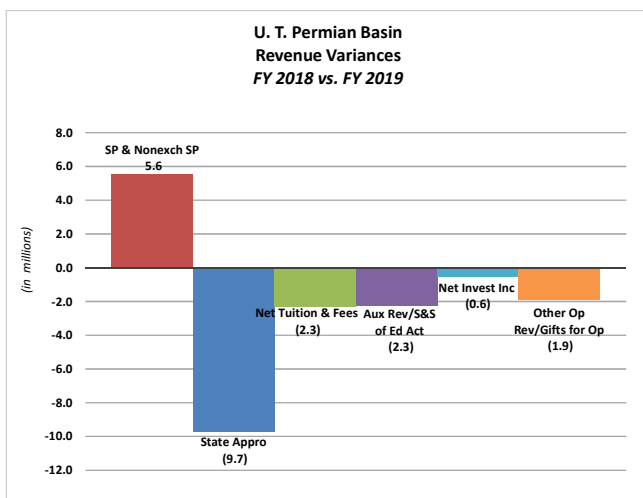
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. Permian Basin incurred a year-to-date adjusted loss of \$27.7 million, an increase in adjusted loss of \$19.0 million (218.5%) from the prior year. The increase was primarily attributable to 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 salaries and wages as a result of vacant positions being filled; an increase in scholarships and fellowships due to an increase in athletic and institutional scholarships; an increase in depreciation and amortization expense as a result of a correction to the in service date related to the Center for Energy and Economic Diversification; a decrease in net auxiliary enterprises due to Fall 2018 revenue which was not properly deferred to 2019, as well as a decrease in enrollment; and a decrease in net student tuition and fees due to Fall 2018 tuition and fees which were not properly deferred to 2019. Including TRBs, *U. T. Permian Basin's* adjusted loss was \$21.0 million. The most current projection received from *U. T. Permian Basin* reflects a loss of \$37.2 million for the year.

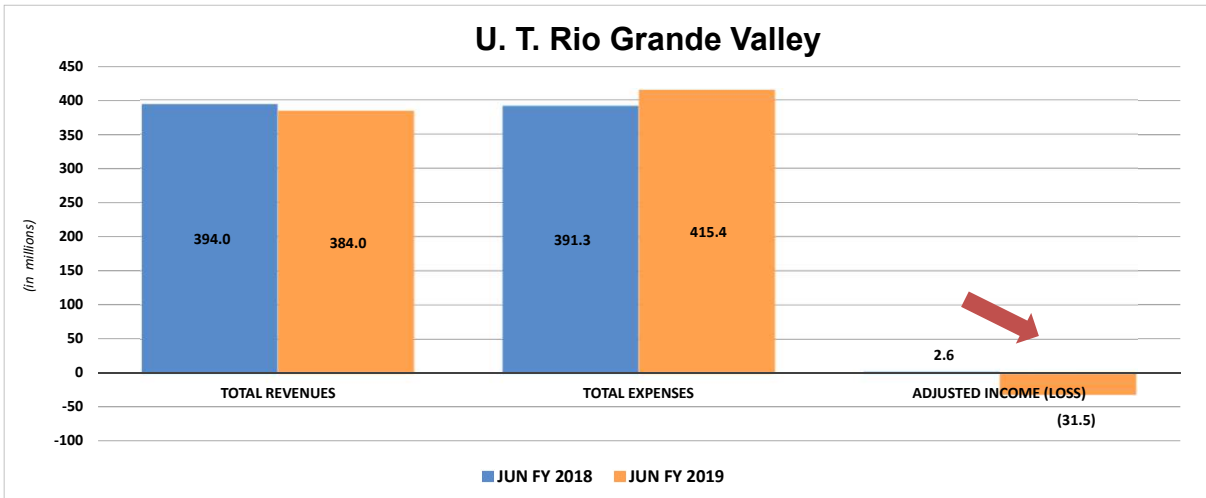
(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 10.0	15.5	5.6	18.6
State Appropriations	30.5	20.8	(9.7)	25.0
Net Tuition and Fees	20.8	18.5	(2.3)	16.1
Auxiliary Revenues/Sales & Services of Educational Activities	7.5	5.3	(2.3)	6.3
Net Investment Income	2.0	1.4	(0.6)	1.7
Other Operating Revenues/Gift Contributions for Operations	8.1	6.2	(1.9)	7.4
Total Revenues	78.9	67.7	(11.2)	75.2
Salaries and Wages/Payroll Related Costs	36.9	41.4	4.5	49.7
Materials and Supplies/Cost of Goods Sold	3.9	4.5	0.7	5.5
Depreciation and Amortization	13.2	16.1	2.9	19.3
Other Contracted Services/Professional Fees & Services	10.3	10.1	(0.2)	12.2
All Other Operating Expenses	23.3	23.2	(0.2)	25.8
Total Expenses	\$ 87.6	95.4	7.8	112.5
Adjusted Income (Loss) Excluding TRBs	(8.7)	(27.7)	(19.0)	(37.2)
Adjusted Income (Loss) Including TRBs	(8.7)	(21.0)	(12.3)	(28.9)
Adjusted Income (Loss) Excluding Depr & Amort Exp	4.5	(11.6)	(16.1)	(17.9)



Monthly Financial Report

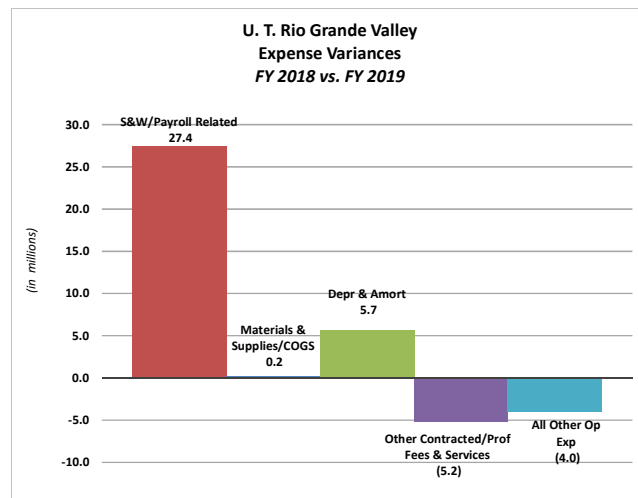
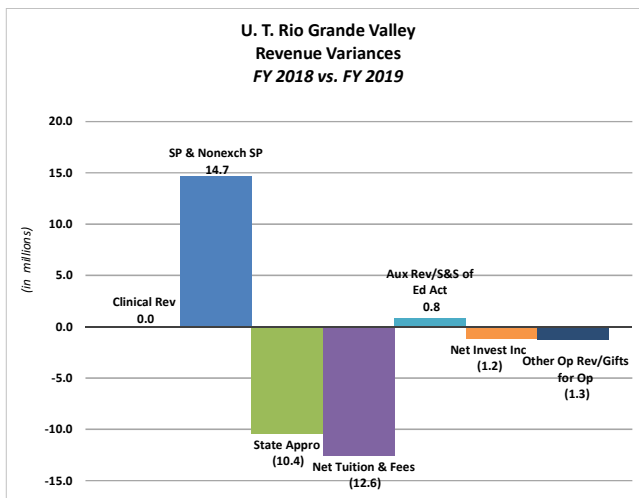
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. Rio Grande Valley incurred a year-to-date adjusted loss of \$31.5 million, a decrease of \$34.1 million (1,287.7%) from the prior year. The decrease 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 depreciation and amortization expense as a result of two new buildings placed into service in 2018; and a decrease in other operating revenues as a result of a decline in Delivery System Reform Incentive Payment (DSRIP) revenues. Including TRBs, *U. T. Rio Grande Valley's* adjusted loss was \$20.5 million. The most current projection received from *U. T. Rio Grande Valley* reflects a loss of \$38.1 million for the year.

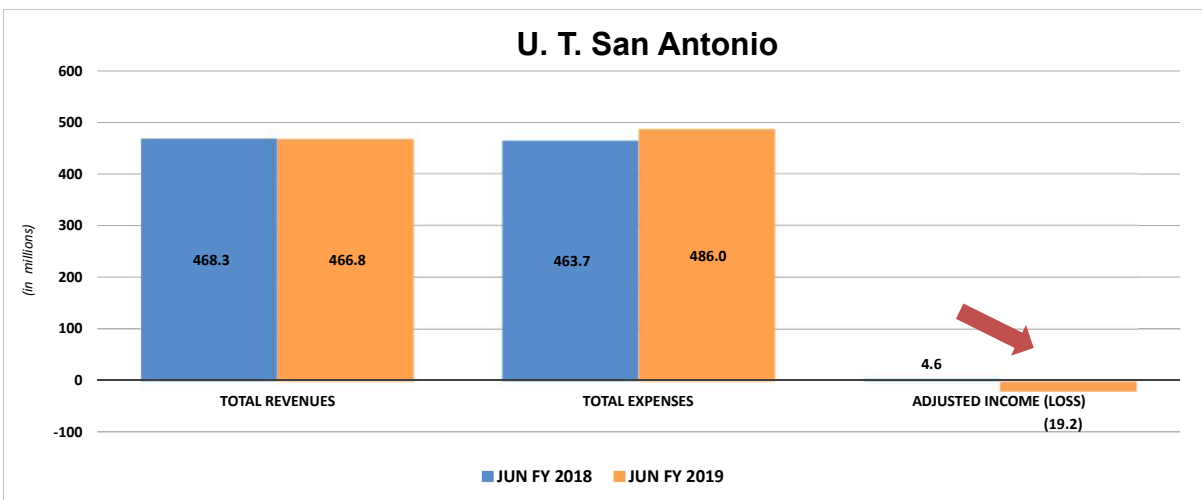
(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 3.1	3.1	0.0	4.7
Sponsored Programs/Nonexchange Sponsored Programs	136.6	151.3	14.7	209.5
State Appropriations	122.3	111.9	(10.4)	127.8
Net Tuition and Fees	94.6	82.0	(12.6)	98.4
Auxiliary Revenues/Sales & Services of Educational Activities	14.1	15.0	0.8	17.3
Net Investment Income	10.0	8.8	(1.2)	8.4
Other Operating Revenues/Gift Contributions for Operations	13.2	11.9	(1.3)	16.7
Total Revenues	394.0	384.0	(10.0)	482.8
Salaries and Wages/Payroll Related Costs	250.1	277.5	27.4	327.3
Materials and Supplies/Cost of Goods Sold	15.9	16.1	0.2	20.6
Depreciation and Amortization	32.4	38.0	5.7	47.7
Other Contracted Services/Professional Fees & Services	18.7	13.5	(5.2)	15.7
All Other Operating Expenses	74.3	70.3	(4.0)	109.5
Total Expenses	\$ 391.3	415.4	24.1	520.9
Adjusted Income (Loss) Excluding TRBs	2.6	(31.5)	(34.1)	(38.1)
Adjusted Income (Loss) Including TRBs	2.6	(20.5)	(23.2)	(24.9)
Adjusted Income (Loss) Excluding Depr & Amort Exp	35.0	6.6	(28.5)	9.7



Monthly Financial Report

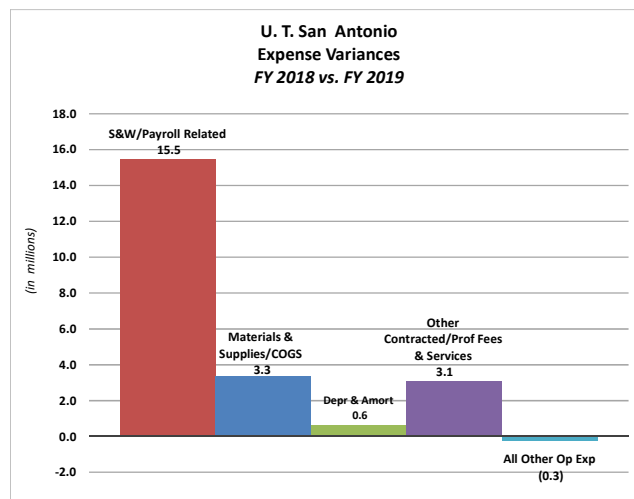
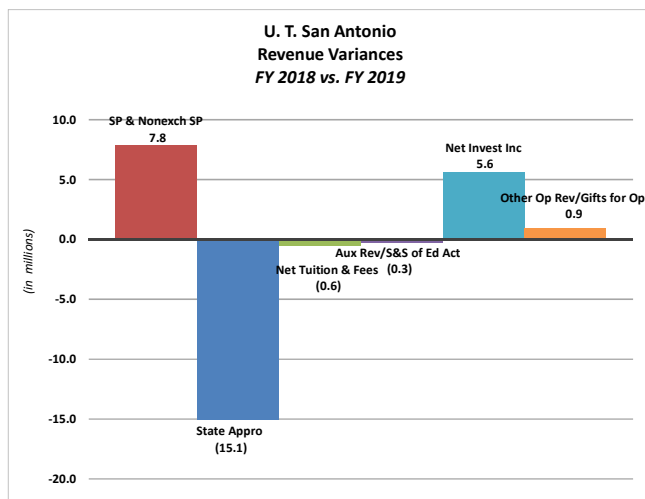
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. San Antonio incurred a year-to-date adjusted loss of \$19.2 million, a decrease of \$23.8 million (518.2%) 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 \$9.5 million. The most current projection received from *U. T. San Antonio* reflects a loss of \$23.5 million for the year.

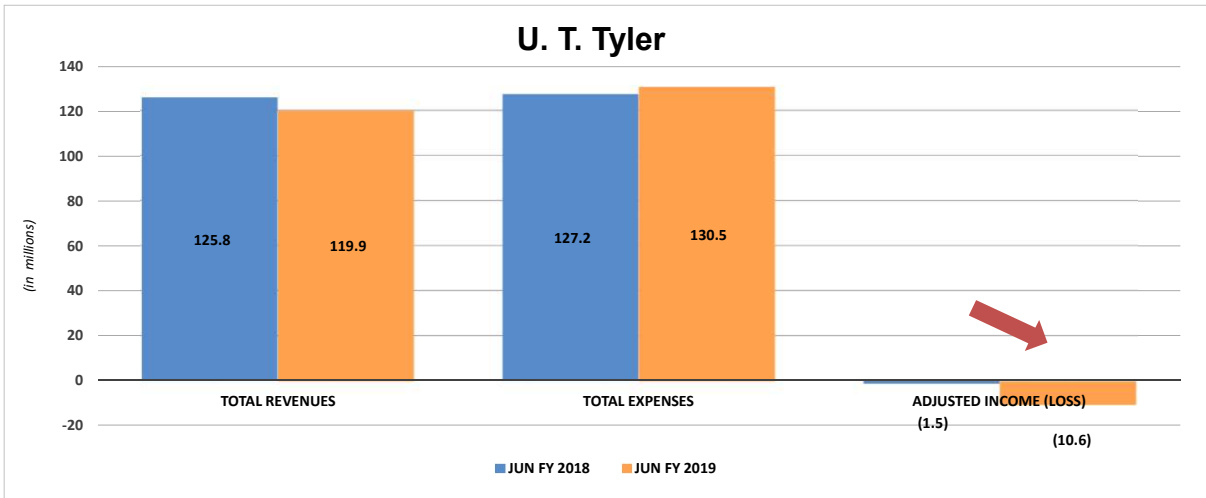
(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 109.2	117.0	7.8	140.4
State Appropriations	112.1	97.0	(15.1)	116.4
Net Tuition and Fees	174.7	174.2	(0.6)	209.0
Auxiliary Revenues/Sales & Services of Educational Activities	51.2	51.0	(0.3)	61.2
Net Investment Income	13.1	18.7	5.6	21.9
Other Operating Revenues/Gift Contributions for Operations	8.0	8.9	0.9	10.7
Total Revenues	468.3	466.8	(1.5)	559.7
Salaries and Wages/Payroll Related Costs	261.4	276.8	15.5	332.2
Materials and Supplies/Cost of Goods Sold	21.0	24.3	3.3	29.2
Depreciation and Amortization	40.9	41.5	0.6	49.8
Other Contracted Services/Professional Fees & Services	23.4	26.5	3.1	31.9
All Other Operating Expenses	117.1	116.8	(0.3)	140.2
Total Expenses	\$ 463.7	486.0	22.3	583.2
Adjusted Income (Loss) Excluding TRBs	4.6	(19.2)	(23.8)	(23.5)
Adjusted Income (Loss) Including TRBs	4.6	(9.5)	(14.1)	(11.9)
Adjusted Income (Loss) Excluding Depr & Amort Exp	45.5	22.3	(23.2)	26.2



Monthly Financial Report

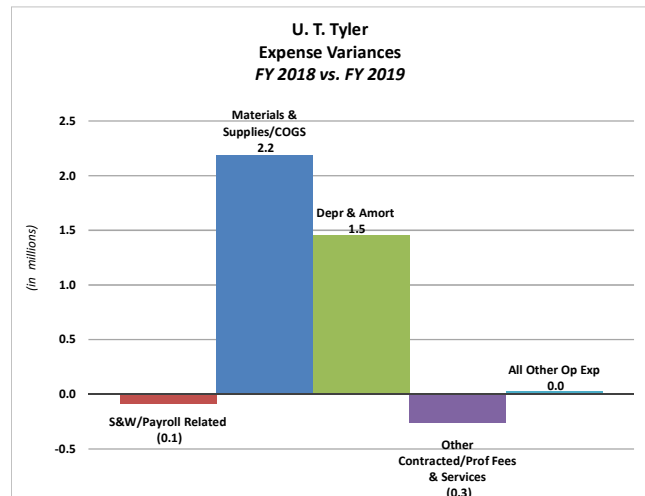
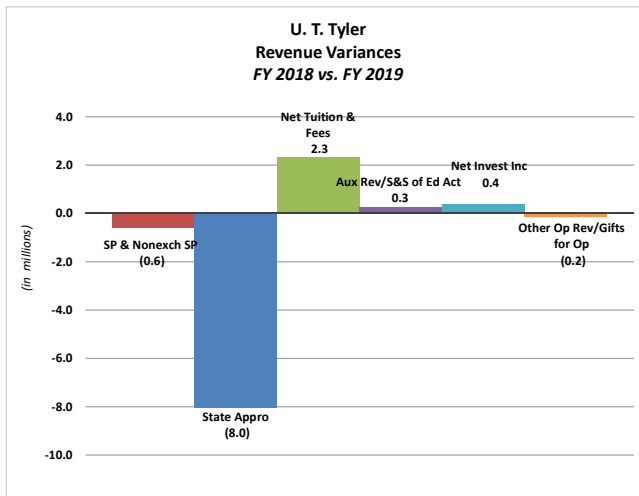
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. Tyler incurred a year-to-date adjusted loss of \$10.6 million, an increase in adjusted loss of \$9.1 million (621.2%) 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 for the STEM Business building; 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 \$5.2 million. The most current projection received from *U. T. Tyler* reflects a loss of \$8.6 million for the year.

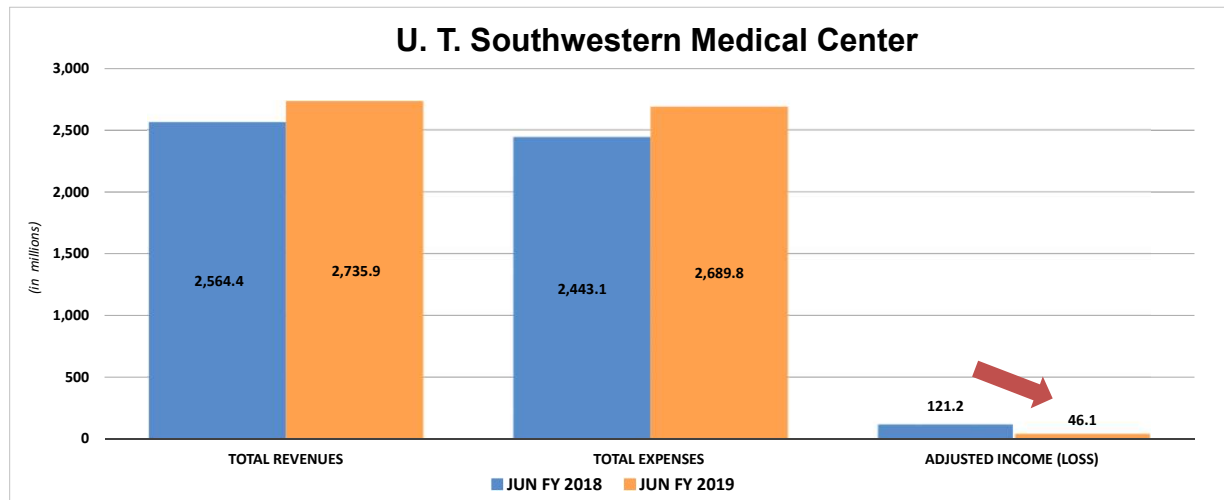
(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Sponsored Programs/Nonexchange Sponsored Programs	\$ 20.4	19.8	(0.6)	25.3
State Appropriations	36.6	28.6	(8.0)	34.3
Net Tuition and Fees	43.0	45.4	2.3	54.4
Auxiliary Revenues/Sales & Services of Educational Activities	19.7	20.0	0.3	23.1
Net Investment Income	4.6	5.0	0.4	7.3
Other Operating Revenues/Gift Contributions for Operations	1.4	1.3	(0.2)	1.7
Total Revenues	125.8	119.9	(5.8)	146.2
Salaries and Wages/Payroll Related Costs	76.9	76.8	(0.1)	90.2
Materials and Supplies/Cost of Goods Sold	5.3	7.5	2.2	8.1
Depreciation and Amortization	13.0	14.5	1.5	17.3
Other Contracted Services/Professional Fees & Services	9.4	9.2	(0.3)	12.0
All Other Operating Expenses	22.6	22.7	0.0	27.0
Total Expenses	\$ 127.2	130.5	3.3	154.7
Adjusted Income (Loss) Excluding TRBs	(1.5)	(10.6)	(9.1)	(8.6)
Adjusted Income (Loss) Including TRBs	(1.5)	(5.2)	(3.7)	(2.1)
Adjusted Income (Loss) Excluding Depr & Amort Exp	11.5	3.9	(7.7)	8.8



Monthly Financial Report

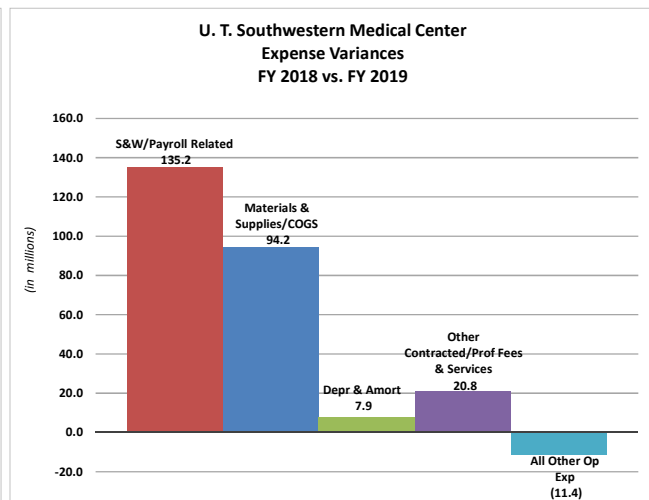
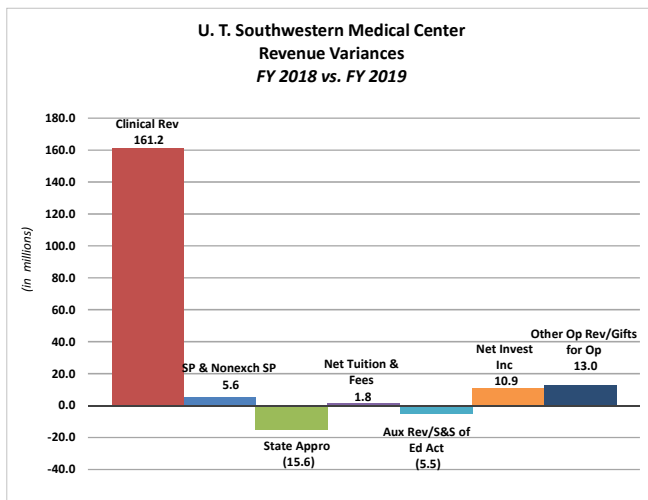
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. Southwestern Medical Center reported year-to-date adjusted income of \$46.1 million, a decrease of \$75.1 million (62.0%) 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; 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 \$57.3 million. The most current projection received from *U. T. Southwestern Medical Center* reflects income of \$70.0 million for the year.

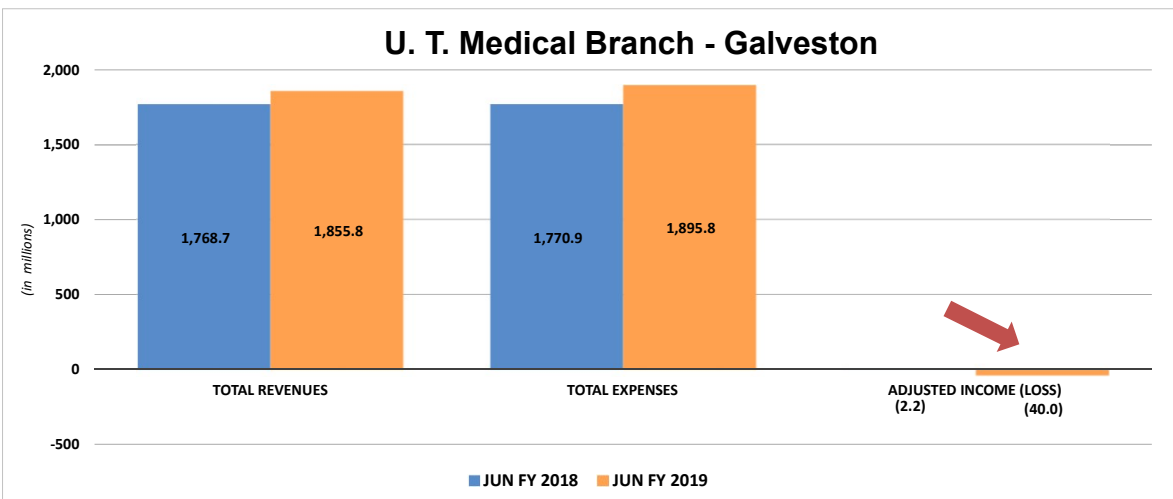
(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 1,634.9	1,796.1	161.2	2,161.5
Sponsored Programs/Nonexchange Sponsored Programs	489.1	494.7	5.6	589.7
State Appropriations	161.1	145.5	(15.6)	175.4
Net Tuition and Fees	20.7	22.5	1.8	27.0
Auxiliary Revenues/Sales & Services of Educational Activities	33.2	27.7	(5.5)	33.4
Net Investment Income	97.2	108.1	10.9	119.1
Other Operating Revenues/Gift Contributions for Operations	128.2	141.2	13.0	188.7
Total Revenues	2,564.4	2,735.9	171.5	3,294.9
Salaries and Wages/Payroll Related Costs	1,529.5	1,664.7	135.2	1,988.1
Materials and Supplies/Cost of Goods Sold	411.1	505.3	94.2	607.4
Depreciation and Amortization	142.3	150.2	7.9	177.0
Other Contracted Services/Professional Fees & Services	176.6	197.4	20.8	256.8
All Other Operating Expenses	183.5	172.1	(11.4)	195.7
Total Expenses	\$ 2,443.1	2,689.8	246.6	3,224.9
Adjusted Income (Loss) Excluding TRBs	121.2	46.1	(75.1)	70.0
Adjusted Income (Loss) Including TRBs	121.2	57.3	(63.9)	83.5
Adjusted Income (Loss) Excluding Depr & Amort Exp	263.6	196.4	(67.2)	247.0



Monthly Financial Report

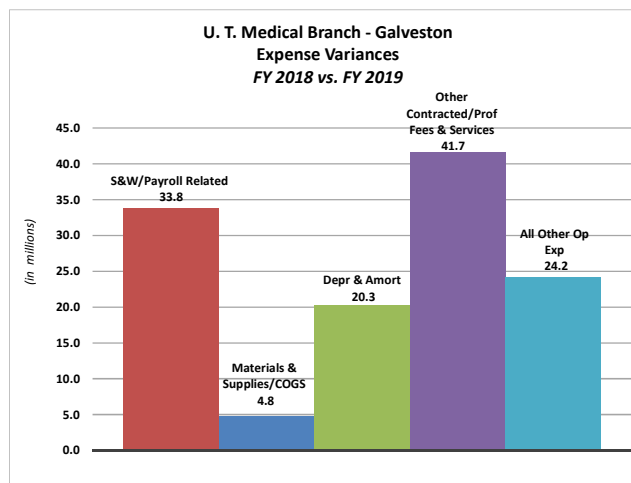
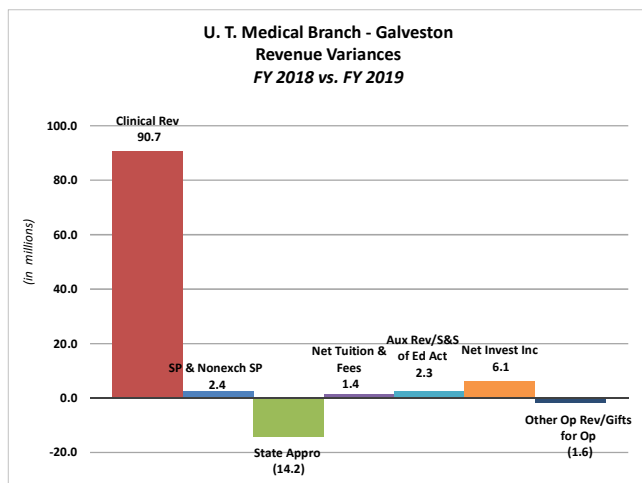
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. Medical Branch - Galveston incurred a year-to-date adjusted loss of \$40.0 million, an increase in adjusted loss of \$37.8 million (1,706.5%) 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 \$28.1 million. The most current projection received from *U. T. Medical Branch - Galveston* reflects a loss of \$59.1 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.

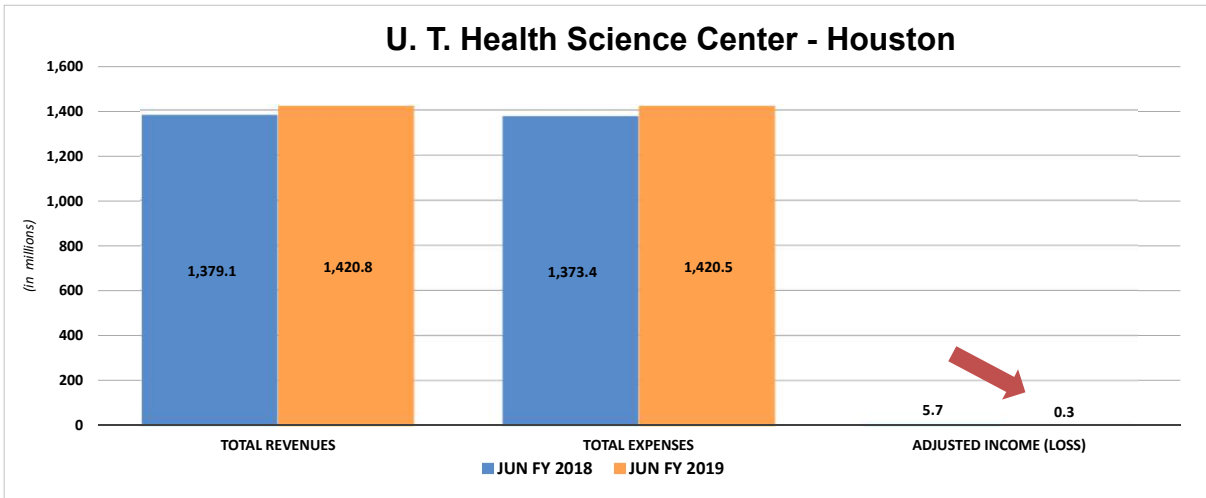
(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 1,140.6	1,231.3	90.7	1,494.1
Sponsored Programs/Nonexchange Sponsored Programs	164.7	167.0	2.4	201.9
State Appropriations	308.7	294.5	(14.2)	351.9
Net Tuition and Fees	34.2	35.6	1.4	43.4
Auxiliary Revenues/Sales & Services of Educational Activities	22.2	24.5	2.3	29.5
Net Investment Income	47.4	53.6	6.1	64.9
Other Operating Revenues/Gift Contributions for Operations	50.9	49.3	(1.6)	54.4
Total Revenues	1,768.7	1,855.8	87.1	2,240.1
Salaries and Wages/Payroll Related Costs	1,122.1	1,155.8	33.8	1,266.9
Materials and Supplies/Cost of Goods Sold	226.9	231.8	4.8	284.4
Depreciation and Amortization	128.8	149.1	20.3	180.4
Other Contracted Services/Professional Fees & Services	128.0	169.7	41.7	277.9
All Other Operating Expenses	165.1	189.4	24.2	289.6
Total Expenses	\$ 1,770.9	1,895.8	124.9	2,299.2
Adjusted Income (Loss) Excluding TRBs	(2.2)	(40.0)	(37.8)	(59.1)
Adjusted Income (Loss) Including TRBs	(2.2)	(28.1)	(25.9)	(44.9)
Adjusted Income (Loss) Excluding Depr & Amort Exp	126.5	109.1	(17.4)	121.4



Monthly Financial Report

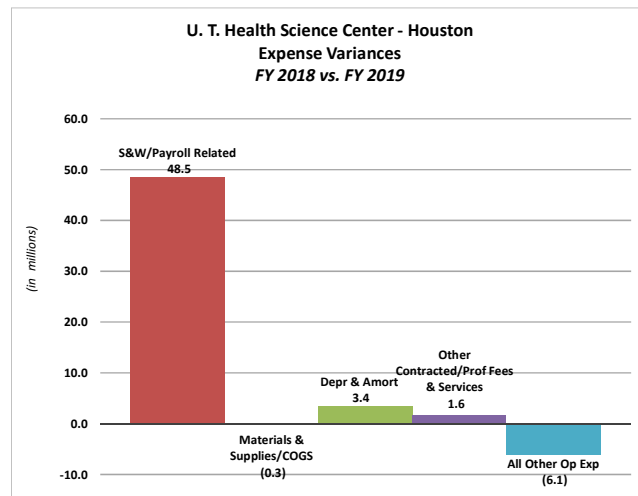
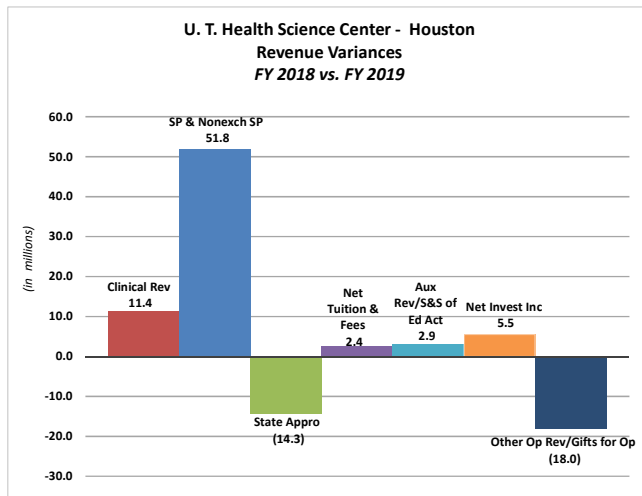
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. Health Science Center - Houston reported year-to-date adjusted income of \$0.3 million, a decrease of \$5.4 million (94.8%) 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; a decrease in gift contributions for operations as a result of a decline in pledges as compared to the prior year; and a decrease in other operating revenues as a result of a decline in DSRIP revenues. Including TRBs, *U. T. Health Science Center - Houston's* adjusted income was \$11.0 million. The most current projection received from *U. T. Health Science Center - Houston* reflects income of \$1.1 million for the year.

(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 365.4	376.8	11.4	456.9
Sponsored Programs/Nonexchange Sponsored Programs	613.5	665.4	51.8	801.9
State Appropriations	179.4	165.1	(14.3)	197.4
Net Tuition and Fees	48.3	50.7	2.4	59.8
Auxiliary Revenues/Sales & Services of Educational Activities	57.0	59.9	2.9	67.8
Net Investment Income	37.1	42.6	5.5	59.0
Other Operating Revenues/Gift Contributions for Operations	78.3	60.3	(18.0)	80.3
Total Revenues	1,379.1	1,420.8	41.7	1,723.2
Salaries and Wages/Payroll Related Costs	995.6	1,044.0	48.5	1,254.2
Materials and Supplies/Cost of Goods Sold	74.0	73.7	(0.3)	94.8
Depreciation and Amortization	52.7	56.1	3.4	67.1
Other Contracted Services/Professional Fees & Services	111.5	113.1	1.6	145.8
All Other Operating Expenses	139.6	133.5	(6.1)	160.2
Total Expenses	\$ 1,373.4	1,420.5	47.1	1,722.1
Adjusted Income (Loss) Excluding TRBs	5.7	0.3	(5.4)	1.1
Adjusted Income (Loss) Including TRBs	5.7	11.0	5.3	13.9
Adjusted Income (Loss) Excluding Depr & Amort Exp	58.4	56.4	(2.0)	68.2

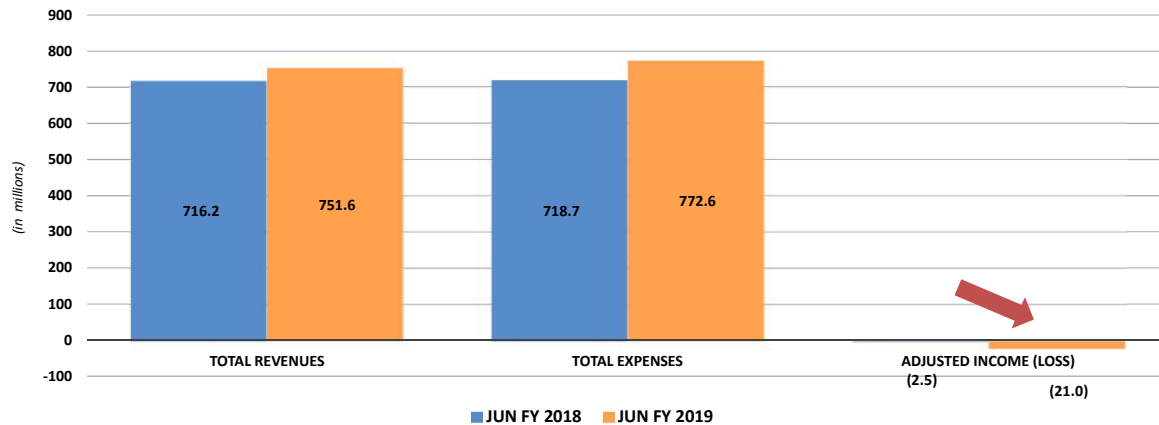


Monthly Financial Report

Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019

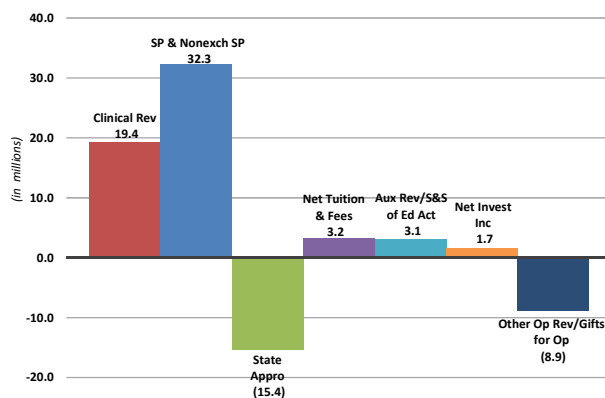
U. T. Health Science Center - San Antonio



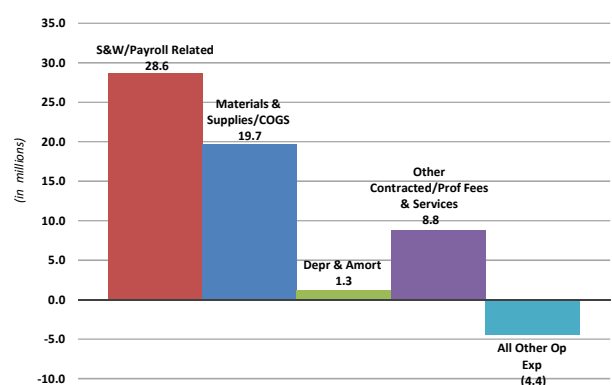
U. T. Health Science Center - San Antonio incurred a year-to-date loss of \$21.0 million, an increase in adjusted loss of \$18.5 million (741.7%) from the prior year. The increase was primarily due to the following: an increase in salaries and wages attributable to increased clinical faculty and staff 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; 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 decline in DSRIP revenues. Including TRBs, *U. T. Health Science Center - San Antonio's* adjusted loss was \$12.1 million. The most current projection received from *U. T. Health Science Center - San Antonio* reflects a loss of \$23.0 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)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 175.9	195.3	19.4	240.3
Sponsored Programs/Nonexchange Sponsored Programs	259.0	291.3	32.3	344.3
State Appropriations	146.4	131.0	(15.4)	157.2
Net Tuition and Fees	37.1	40.4	3.2	47.0
Auxiliary Revenues/Sales & Services of Educational Activities	23.1	26.2	3.1	31.3
Net Investment Income	36.3	38.0	1.7	45.6
Other Operating Revenues/Gift Contributions for Operations	38.4	29.5	(8.9)	41.0
Total Revenues	716.2	751.6	35.4	906.7
Salaries and Wages/Payroll Related Costs	489.1	517.8	28.6	630.6
Materials and Supplies/Cost of Goods Sold	53.0	72.7	19.7	86.8
Depreciation and Amortization	46.3	47.5	1.3	57.0
Other Contracted Services/Professional Fees & Services	38.4	47.2	8.8	54.1
All Other Operating Expenses	91.9	87.5	(4.4)	101.2
Total Expenses	\$ 718.7	772.6	53.9	929.7
Adjusted Income (Loss) Excluding TRBs	(2.5)	(21.0)	(18.5)	(23.0)
Adjusted Income (Loss) Including TRBs	(2.5)	(12.1)	(9.6)	(12.3)
Adjusted Income (Loss) Excluding Depr & Amort Exp	43.8	26.5	(17.3)	34.0

U. T. Health Science Center - San Antonio
Revenue Variances
FY 2018 vs. FY 2019



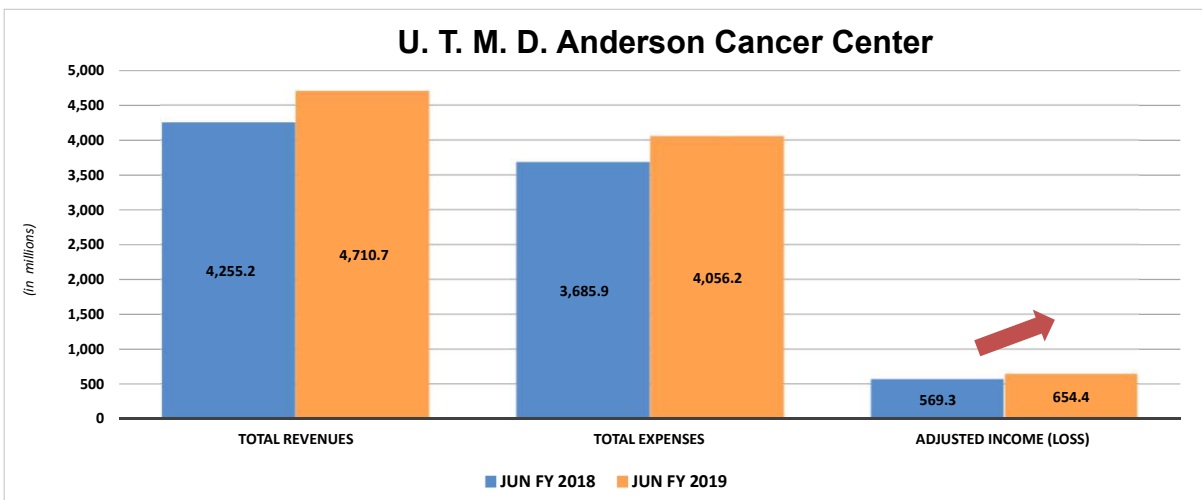
U. T. Health Science Center - San Antonio
Expense Variances
FY 2018 vs. FY 2019



Monthly Financial Report

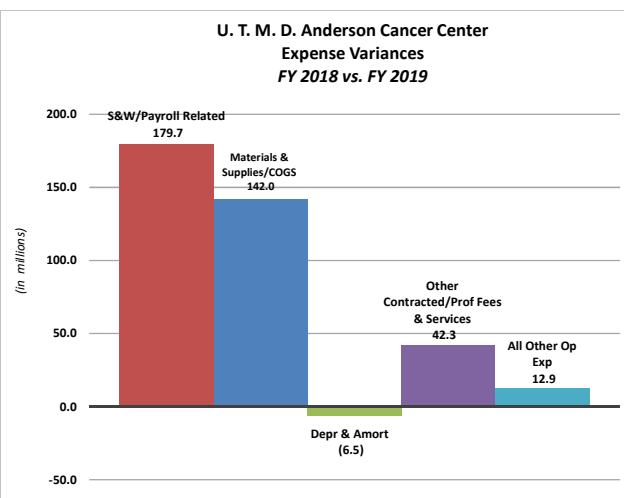
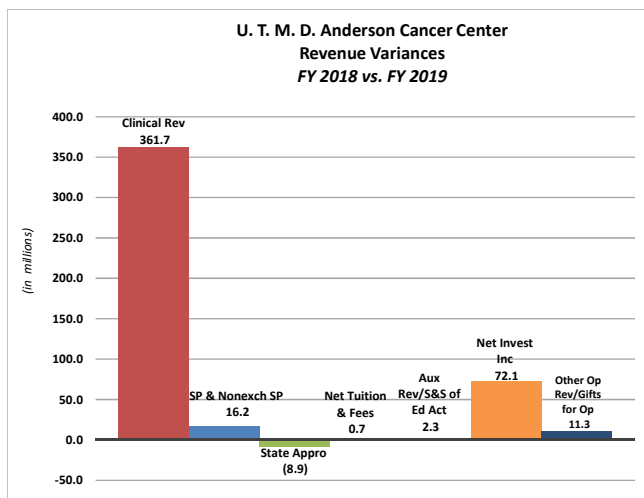
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. M. D. Anderson Cancer Center reported year-to-date adjusted income of \$654.4 million, an increase of \$85.2 million (15.0%) 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 \$660.6 million. The most current projection received from U. T. M. D. Anderson Cancer Center reflects income of \$703.8 million for the year.

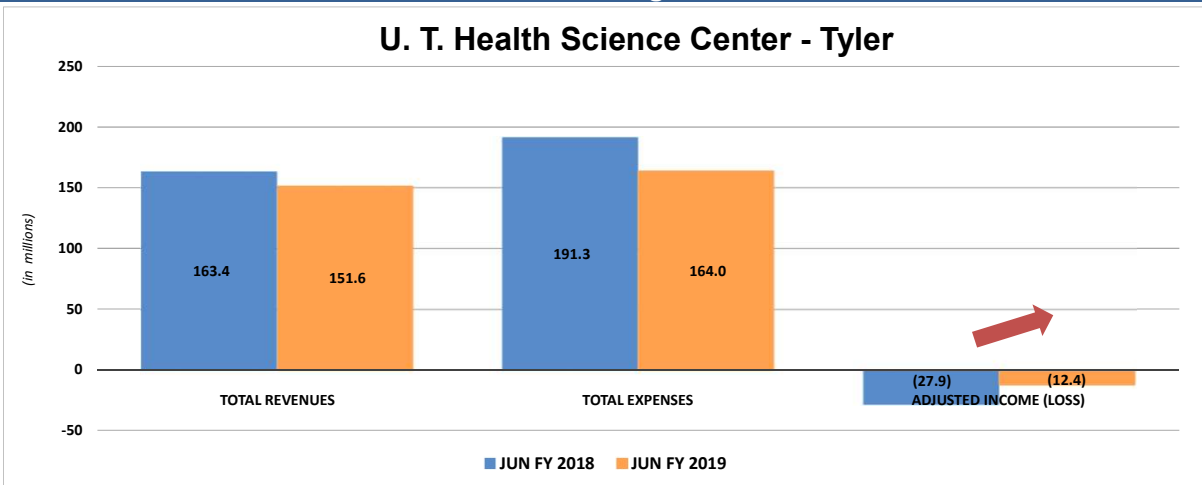
(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 3,417.2	3,778.9	361.7	4,521.0
Sponsored Programs/Nonexchange Sponsored Programs	308.3	324.5	16.2	390.4
State Appropriations	174.1	165.1	(8.9)	198.1
Net Tuition and Fees	1.0	1.8	0.7	1.8
Auxiliary Revenues/Sales & Services of Educational Activities	38.4	40.7	2.3	48.1
Net Investment Income	132.3	204.4	72.1	222.5
Other Operating Revenues/Gift Contributions for Operations	183.8	195.1	11.3	236.1
Total Revenues	4,255.2	4,710.7	455.5	5,618.0
Salaries and Wages/Payroll Related Costs	2,098.7	2,278.4	179.7	2,716.0
Materials and Supplies/Cost of Goods Sold	795.7	937.6	142.0	1,116.1
Depreciation and Amortization	301.5	295.0	(6.5)	363.2
Other Contracted Services/Professional Fees & Services	230.7	273.1	42.3	392.2
All Other Operating Expenses	259.3	272.2	12.9	326.7
Total Expenses	\$ 3,685.9	4,056.2	370.3	4,914.2
Adjusted Income (Loss) Excluding TRBs	569.3	654.4	85.2	703.8
Adjusted Income (Loss) Including TRBs	569.3	660.6	91.3	711.2
Adjusted Income (Loss) Excluding Depr & Amort Exp	870.8	949.4	78.6	1,067.1



Monthly Financial Report

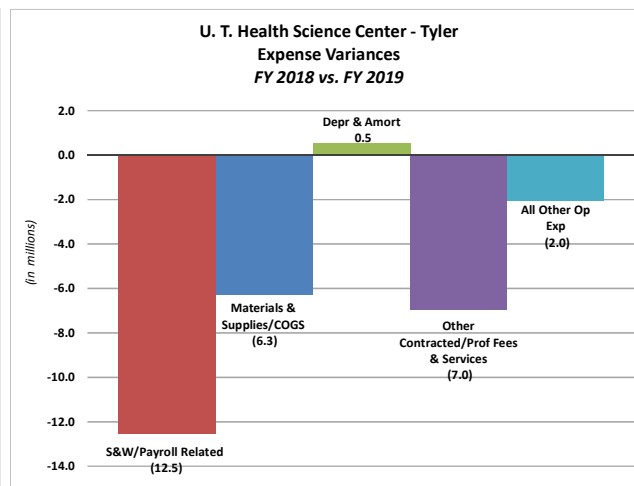
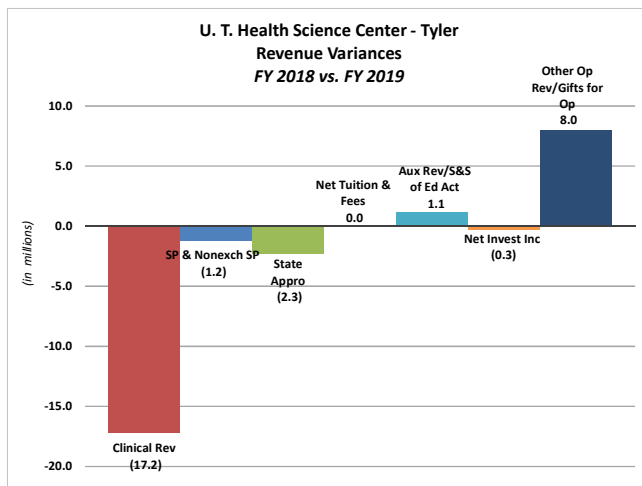
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending June 30, 2019



U. T. Health Science Center - Tyler incurred a year-to-date loss of \$12.4 million, a decrease in adjusted loss of \$15.5 million (55.5%) from the prior year. The decrease was primarily due to the following: lower salaries and wages and payroll related costs attributable to workforce restructuring initiatives; 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; an increase in other operating income from the UTHET joint venture; 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 \$10.3 million. The most current projection received from *U. T. Health Science Center - Tyler* reflects a loss of \$4.7 million for the year.

(in millions)	June YTD FY 2018	June YTD FY 2019	Variance	Annual Projected FY 2019
Clinical Revenues	\$ 67.3	50.1	(17.2)	61.9
Sponsored Programs/Nonexchange Sponsored Programs	27.5	26.3	(1.2)	32.4
State Appropriations	42.6	40.3	(2.3)	48.4
Net Tuition and Fees	0.2	0.2	0.0	0.3
Auxiliary Revenues/Sales & Services of Educational Activities	3.1	4.2	1.1	5.5
Net Investment Income	3.4	3.1	(0.3)	3.7
Other Operating Revenues/Gift Contributions for Operations	19.4	27.4 *	8.0	35.0 *
Total Revenues	163.4	151.6	(11.8)	187.2
Salaries and Wages/Payroll Related Costs	114.4	101.9	(12.5)	117.4
Materials and Supplies/Cost of Goods Sold	24.1	17.8	(6.3)	21.3
Depreciation and Amortization	11.6	12.1	0.5	14.5
Other Contracted Services/Professional Fees & Services	26.7	19.8	(7.0)	23.7
All Other Operating Expenses	14.5	12.5	(2.0)	15.0
Total Expenses	\$ 191.3	164.0	(27.3)	191.9
Adjusted Income (Loss) Excluding TRBs	(27.9)	(12.4)	15.5	(4.7)
Adjusted Income (Loss) Including TRBs	(27.9)	(10.3)	17.6	(2.2)
Adjusted Income (Loss) Excluding Depr & Amort Exp	(16.3)	(0.3)	16.0	9.8



*Other Operating Income includes 30% of UTHET's net adjusted income which was \$6.8 million through June. The projected loss of \$4.7 million includes \$8.3 million of UTHET's net adjusted income for the year.