

THE UNIVERSITY OF TEXAS SYSTEM OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT *(unaudited)*

DECEMBER 2019



210 West Seventh Street
Austin, Texas 78701
512.499.4527
www.utsystem.edu/cont

TABLE OF CONTENTS

SYSTEMWIDE COMPARISON.....	1
YEAR-TO-DATE INCOME (LOSS) SUMMARY BY INSTITUTION.....	2
EXECUTIVE SUMMARY OF ADJUSTED INCOME (LOSS).....	3
U. T. SYSTEM ADMINISTRATION	4
U. T. SYSTEM ADMINISTRATION - DETAILED EXPENSE BREAK-OUT	5
U. T. ARLINGTON	6
U. T. AUSTIN	7
U. T. DALLAS	8
U. T. EL PASO	9
U. T. PERMIAN BASIN	10
U. T. RIO GRANDE VALLEY	11
U. T. SAN ANTONIO	12
U. T. TYLER	13
U. T. SOUTHWESTERN MEDICAL CENTER.....	14
U. T. MEDICAL BRANCH - GALVESTON.....	15
U. T. HEALTH SCIENCE CENTER - HOUSTON.....	16
U. T. HEALTH SCIENCE CENTER - SAN ANTONIO	17
U. T. M. D. ANDERSON CANCER CENTER	18
U. T. HEALTH SCIENCE CENTER - TYLER	19

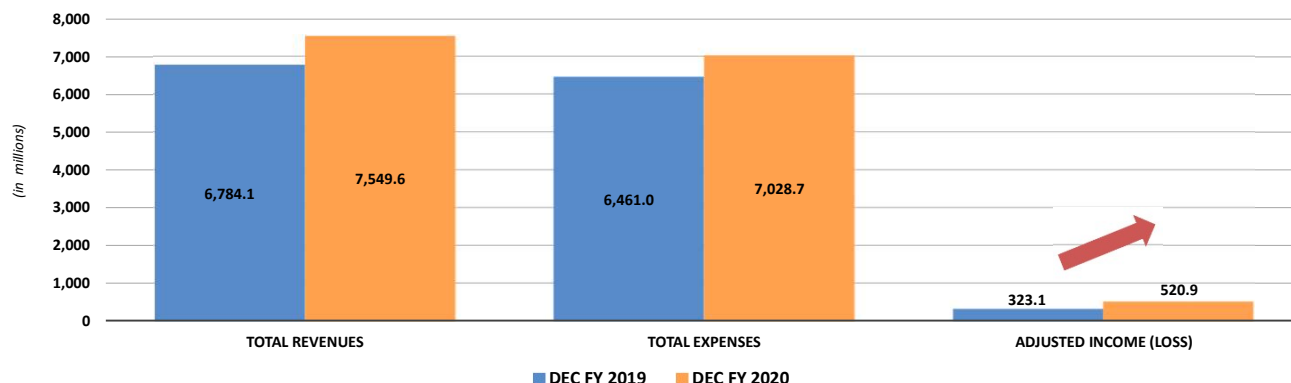
(This page intentionally left blank)

Monthly Financial Report

Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019

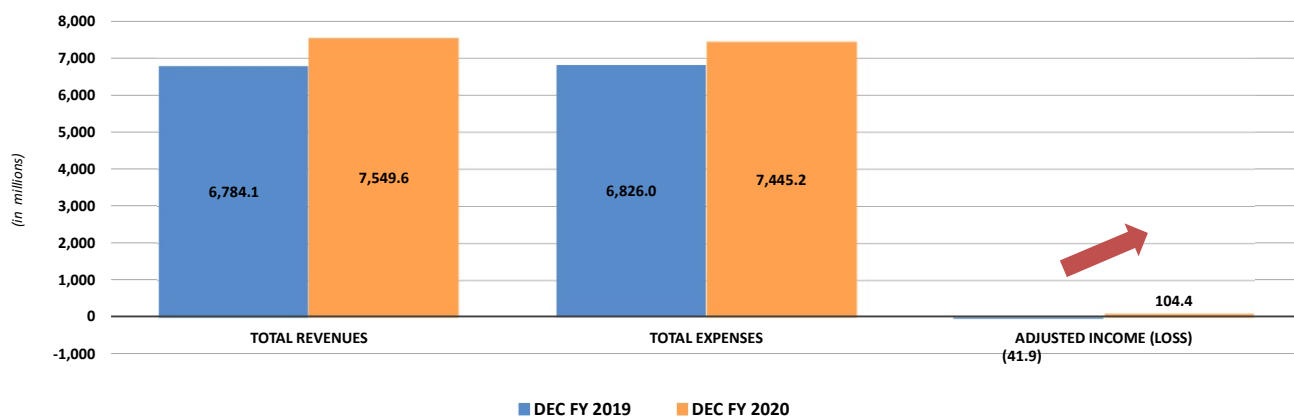
U. T. System Consolidated (Excluding OPEB & Pension Expense)



Excluding other postemployment benefits (OPEB) and pension expense, *U. T. System Consolidated* shows year-to-date adjusted income of \$520.9 million, an increase of \$197.8 million (61%) from the prior year. The increase was primarily due to the following: an increase in clinical revenues as a result of an increase in volume and clinical productivity; an increase in net investment income primarily due to *U. T. M. D. Anderson Cancer Center* receiving a sizable royalty from Takeda Pharmaceutical for a new agreement; and an increase in gift contributions for operations as a result of a large gift *U. T. Austin* received from the Moody Foundation.

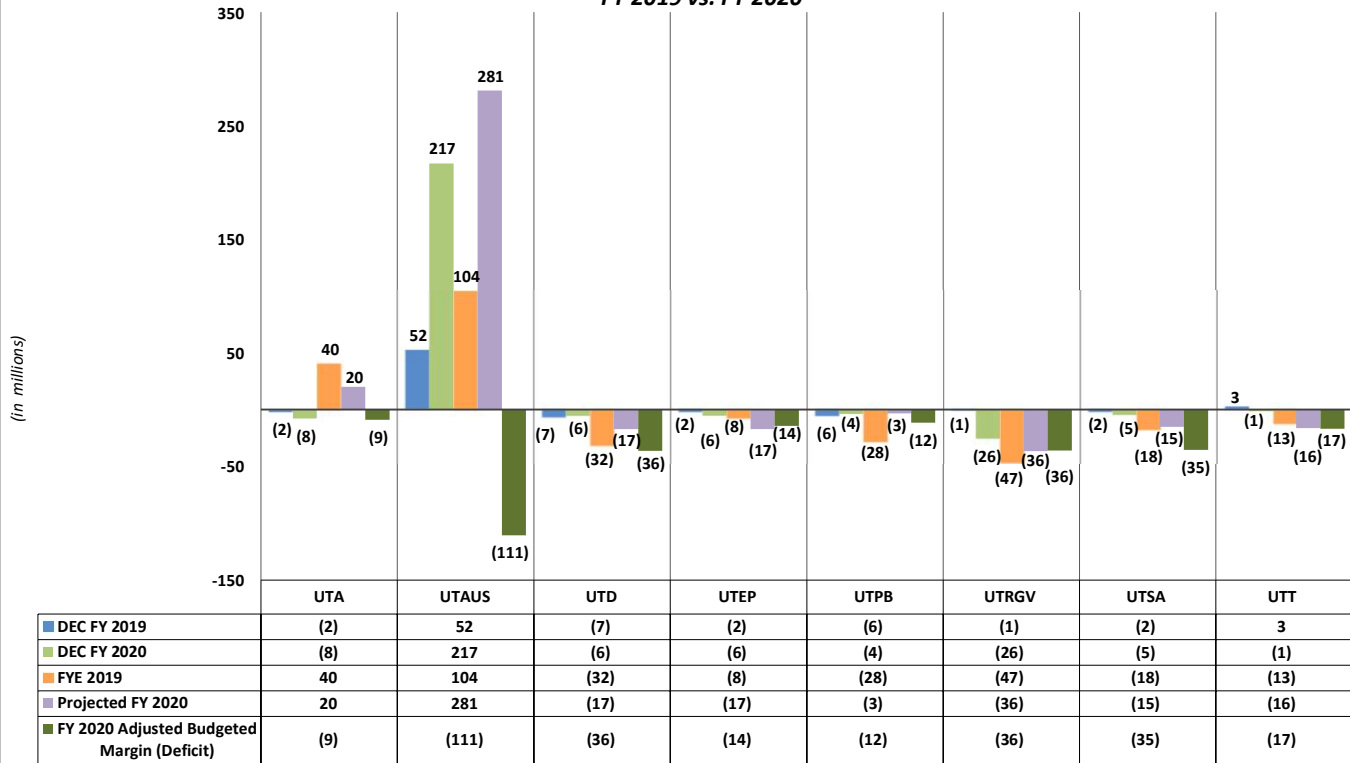
(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Clinical Revenues	\$ 2,849.2	3,161.2	312.0	9,664.8
Sponsored Programs/Nonexchange Sponsored Programs	1,147.9	1,315.8	167.8	4,140.8
State Appropriations	770.7	741.4	(29.2)	2,227.1
Net Tuition and Fees	619.1	652.1	33.0	1,940.3
Auxiliary Revenues/Sales & Services of Educational Activities	480.2	506.9	26.7	1,291.8
Net Investment Income	610.6	735.9	125.3	1,535.4
Other Operating Revenues/Gift Contributions for Operations	306.5	436.3	129.8	1,025.6
Total Revenues	6,784.1	7,549.6	765.5	21,825.8
Salaries and Wages/Payroll Related Costs	3,893.1	4,219.9	326.8	12,214.1
Materials and Supplies/Cost of Goods Sold	800.1	927.8	127.7	2,673.6
Depreciation and Amortization	486.9	516.8	29.8	1,572.5
Other Contracted Services/Professional Fees & Services	441.7	487.1	45.5	1,542.8
All Other Operating Expenses	839.2	877.1	37.9	2,694.3
Total Expenses (Excluding OPEB & Pension Exp)	\$ 6,461.0	7,028.7	567.7	20,697.3
Adjusted Income (Loss) Excluding OPEB & Pension Exp	323.1	520.9	197.8	1,128.4
OPEB Expense	281.1	221.6	(59.5)	664.8
Pension Expense	84.0	194.9	111.0	584.8
Adjusted Income (Loss)	(41.9)	104.4	146.3	(121.2)
Adjusted Income (Loss) Excluding Depr & Amort Exp	445.0	621.2	176.1	1,451.3

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

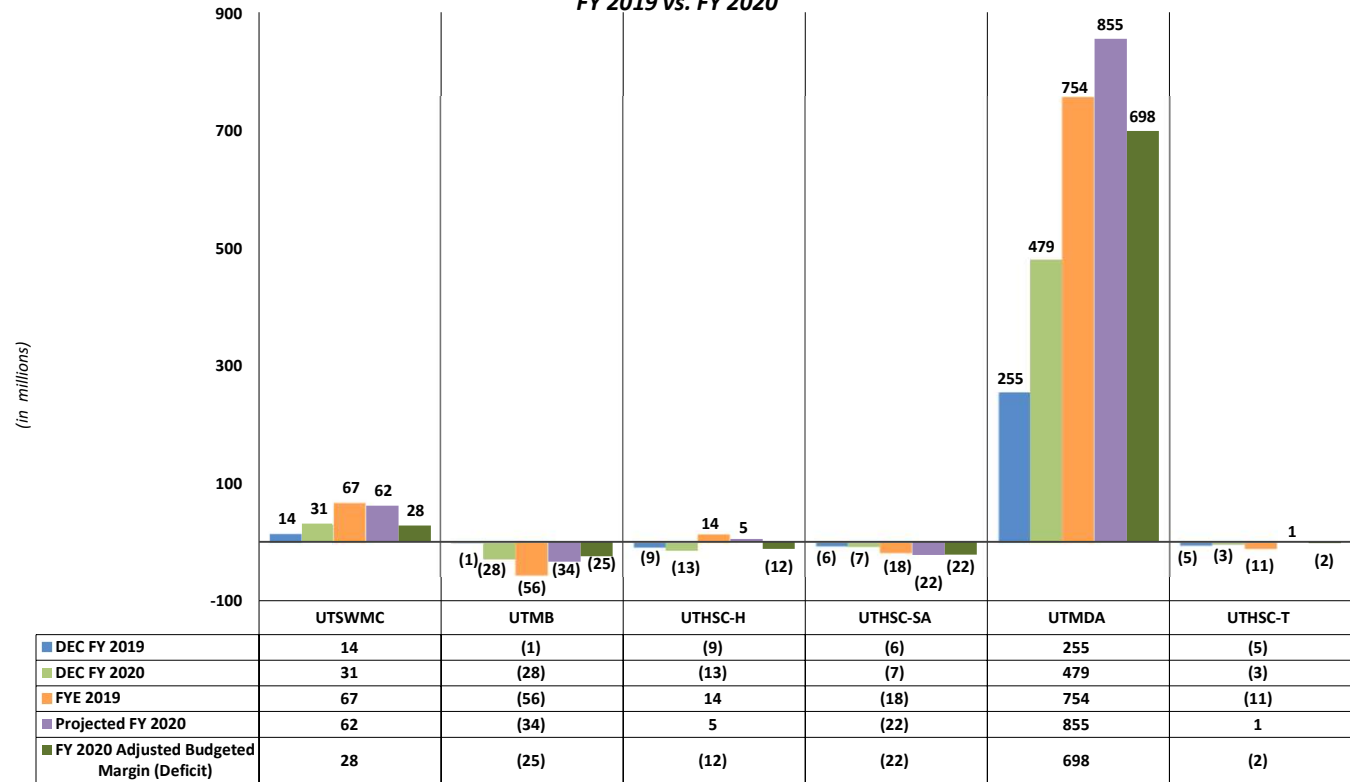


Monthly Financial Report
Comparison of Adjusted Income (Loss)
For the Period Ending December 31, 2019

U. T. Academic Institutions
FY 2019 vs. FY 2020



U. T. Health Institutions
FY 2019 vs. FY 2020



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

Executive Summary of Adjusted Income (Loss)

	December FYTD 2019 (millions)	December FYTD 2020 (millions)	Variance %	Comments
U. T. System Administration (excluding OPEB & Pension Expense)	\$ 41.2	(99.0)	-340%	Decrease in Net Investment Income Projected income of \$66.4 million for the FY
U. T. Arlington	(1.9)	(7.9)	-308%	Increase in Salaries & Wages, Payroll Related, Other Contracted Services Projected income of \$20.1 million for the FY
U. T. Austin	52.2	216.8	315%	Increase in Gifts for Operations, Net Investment Income, Available University Fund (AUF) transfer Projected income of \$280.9 million for the FY
U. T. Dallas	(7.0)	(5.7)	19%	Increase in Nonexchange Sponsored Programs, Sales & Services of Educational Activities Projected loss of (\$17.0) million for the FY
U. T. El Paso	(2.5)	(5.5)	-122%	Increase in Salaries and Wages, Payroll Related Projected loss of (\$17.0) million for the FY
U. T. Permian Basin	(5.8)	(3.9)	33%	Increase in Net Tuition & Fees and Net Auxiliary Enterprises revenue, prior year understated, Sponsored Programs, Nonexchange Sponsored Programs Projected loss of (\$3.4) million for the FY
U. T. Rio Grande Valley	(0.8)	(25.7)	-3,053%	Decrease in Sponsored Programs, Nonexchange Sponsored Programs Increase in Salaries & Wages, Payroll Related Projected loss of (\$36.4) million for the FY
U. T. San Antonio	(2.4)	(5.0)	-112%	Increase in Salaries & Wages, Payroll Related, Professional Fees & Services Projected loss of (\$15.0) million for the FY
U. T. Tyler	2.6	(1.4)	-153%	Increase in Salaries & Wages, Payroll Related Projected loss of (\$16.2) million for the FY
Southwestern	14.4	31.2	117%	Increase in Clinical Revenues Projected income of \$61.6 million for the FY
UTMB	(0.9)	(28.1)	-2,951%	Increase in Salaries & Wages, Payroll Related, Materials & Supplies, Depreciation & Amortization Projected loss of (\$33.7) million
UTHSC-Houston	(8.7)	(13.2)	-52%	Increase in Salaries & Wages, Payroll Related Decrease in DSRIP Projected income of \$5.0 million for the FY
UTHSC-San Antonio	(6.5)	(7.2)	-11%	Increase in Salaries & Wages, Payroll Related, Materials & Supplies Decrease in DSRIP Projected loss of (\$22.1) million for the FY
M. D. Anderson	254.7	479.1	88%	Increase in Net Investment Income, Clinical Revenues Projected income of \$854.6 million for the FY
UTHSC-Tyler	(5.4)	(3.5)	35%	Increase in Clinical Revenues Projected income of \$0.6 million for the FY
Total Adjusted Income (Loss)	\$ 323.1	520.9	61%	

* For additional details on the variances, please see pages 4 through 19.

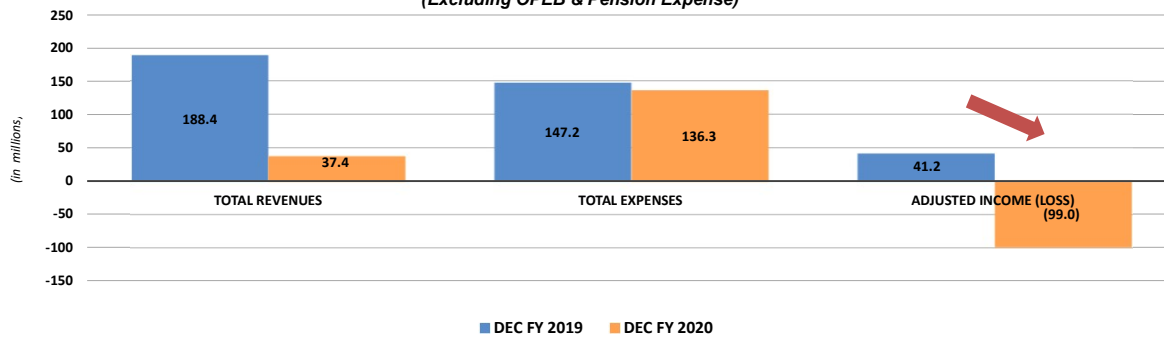
Monthly Financial Report

Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019

U. T. System Administration

(Excluding OPEB & Pension Expense)

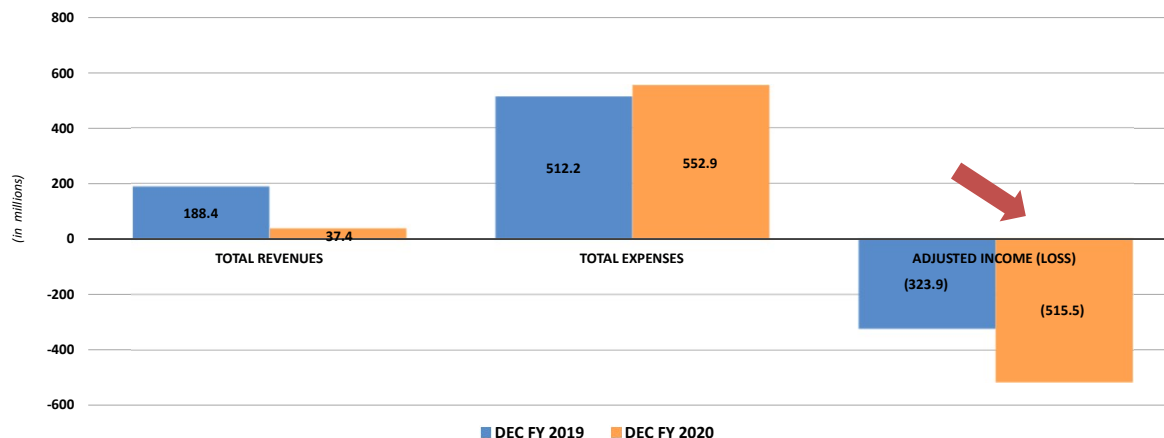


Excluding OPEB and pension expense, *U. T. System Administration* incurred a year-to-date adjusted loss of \$99.0 million, a decrease of \$140.2 million (340%) from the prior year. The decrease was primarily due to a decrease in net investment income as a result of a decrease in Permanent University Fund (PUF) mineral lease bonus sales, oil and gas royalties, PUF investment income, and Available University Fund (AUF) surface income, as well as increases in the Long Term Fund (LTF) distribution and PUF and LTF investment expenses. The most current projection, excluding OPEB and pension expense, reflects income of \$66.4 million for the year.

(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Sponsored Programs/Nonexchange Sponsored Programs	\$ 1.3	17.3	16.0	40.4
State Appropriations	1.1	1.3	0.2	3.9
Auxiliary Revenues/Sales & Services of Educational Activities	10.7	8.7	(2.0)	26.0
Net Investment Income/Available University Fund (AUF)	166.3	3.1	(163.2)	9.2
Other Operating Revenues/Gift Contributions for Operations	9.0	7.0	(2.0)	20.8
Total Revenues	188.4	37.4	(151.0)	100.3
Salaries and Wages/Payroll Related Costs	33.3	24.1	(9.1)	(248.2)
Materials and Supplies/Cost of Goods Sold	14.6	5.2	(9.4)	(16.1)
Depreciation and Amortization	9.0	5.5	(3.4)	16.6
Other Contracted Services/Professional Fees & Services	9.6	15.0	5.4	28.5
All Other Operating Expenses	80.6	86.5	5.8	253.1
Total Expenses (Excluding OPEB & Pension Exp)	\$ 147.2	136.3	(10.8)	33.9
Adjusted Income (Loss) Excluding OPEB & Pension Exp	41.2	(99.0)	(140.2)	66.4
OPEB Expense	281.1	221.6	(59.5)	664.8
Pension Expense	84.0	194.9	111.0	584.8
Adjusted Income (Loss)	(323.9)	(515.5)	(191.7)	(1,183.2)
Adjusted Income (Loss) Excluding Depr & Amort Exp	(314.9)	(510.0)	(195.1)	(1,166.6)

U. T. System Administration

(Including OPEB & Pension Expense)

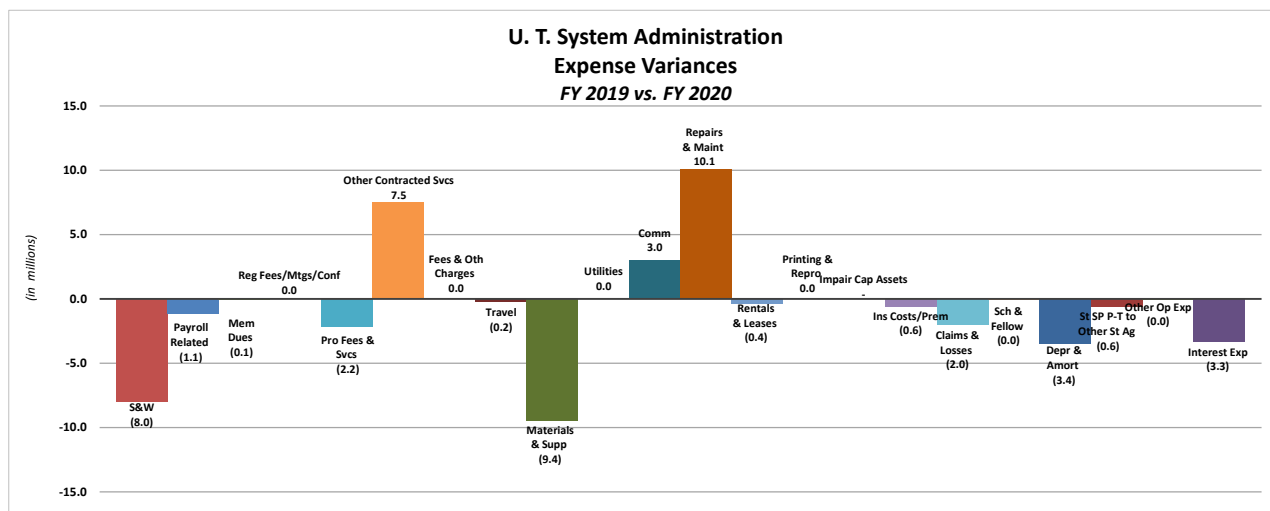


Monthly Financial Report

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

For the Period Ending December 31, 2019

(in millions)	December YTD FY 2019	December YTD FY 2020	Actual Year-End FY 2019	Annual Projected FY 2020
Salaries and Wages	\$ 27.3	19.3	57.9	57.8
Payroll Related Costs	6.0	4.9	(306.4) *	(306.0) *
Membership Dues	0.3	0.2	0.5	0.6
Registration Fees, Meetings, Conferences	0.1	0.1	0.4	0.4
Professional Fees and Services	5.4	3.2	15.4	9.7
Other Contracted Services	4.2	11.8	25.7	18.8
Fees and Other Charges	0.0	0.0	0.1	0.1
Travel	0.7	0.4	1.5	1.3
Materials and Supplies	14.6	5.2	11.4	(16.1)
Utilities	0.2	0.2	0.4	0.5
Communications	0.2	3.2	3.6	3.5
Repairs and Maintenance	3.3	13.4	5.8	40.3
Rentals and Leases	1.4	1.0	2.8	3.0
Printing and Reproduction	0.1	0.1	0.3	0.2
Impairment of Capital Assets	-	-	25.8	-
Insurance Costs/Premiums	23.5	22.9	10.5	68.7
Claims and Losses	36.1	34.1	65.5	102.4
Scholarships and Fellowships	0.1	0.1	1.5	0.2
Depreciation and Amortization	9.0	5.5	23.8	16.6
State Sponsored Program Pass-Through to Other State Agencies	1.8	1.3	4.4	3.5
Other Operating Expenses	0.5	0.5	1.7	1.5
Interest Expense	12.3	9.0	94.3	26.9
Total Expenses (Excluding OPEB & Pension Expense)	147.2	136.3	46.7	33.9
OPEB Expense	281.1	221.6	664.8	664.8
Pension Expense	84.0	194.9	584.8	584.8
Total Expenses (Including OPEB & Pension Expense)	\$ 512.2	552.9	1,296.4	1,283.5



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

Salaries & Wages – decrease of \$8.0 million due to a change in methodology of elimination entries, and a decrease in the Office of Facilities Planning and Construction.

***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 - increase of \$7.5 million due to the timing of the AUF Digital Library Support payment to U. T. Austin.

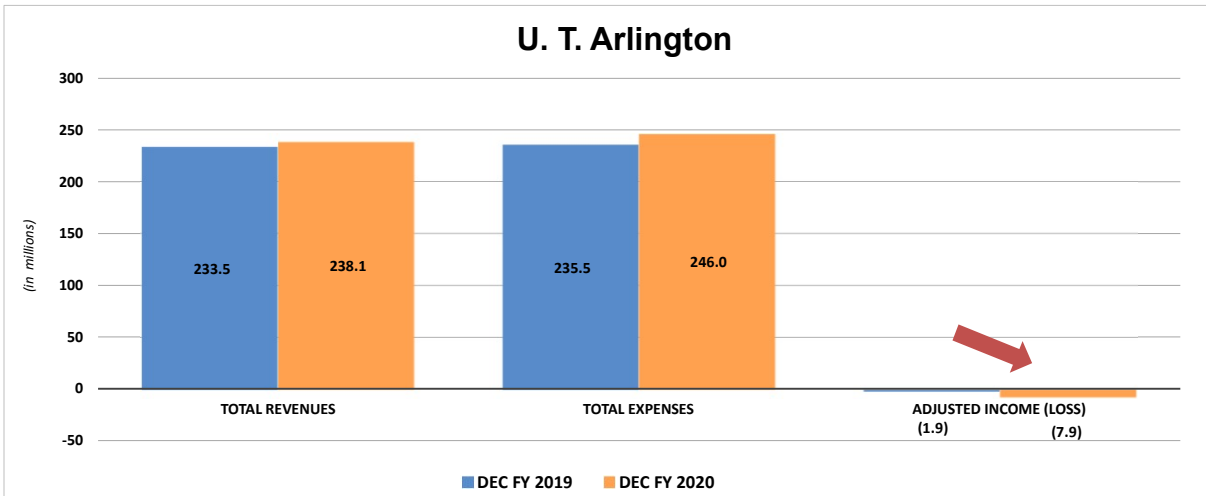
Materials and Supplies – decrease of \$9.4 million due to Oracle Maintenance Agreement software licenses reclassified to repairs and maintenance. An increase in computer software expenses for Microsoft Agreement partially offset the decrease.

Repairs and Maintenance – increase of \$10.1 million due to Oracle Maintenance Agreement software licenses reclassified from materials and supplies to repairs and maintenance.

Monthly Financial Report

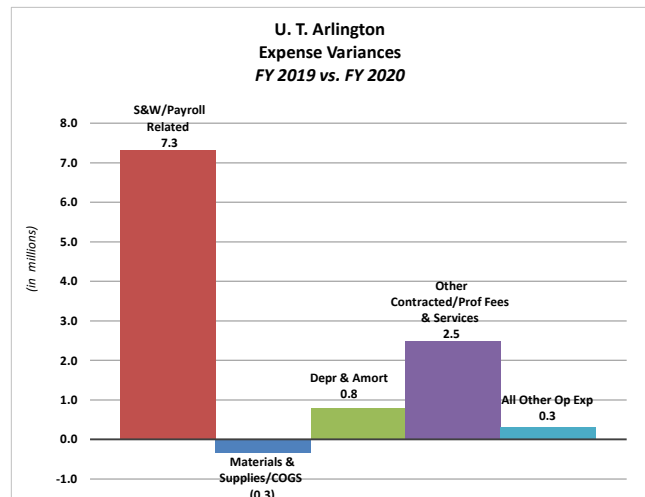
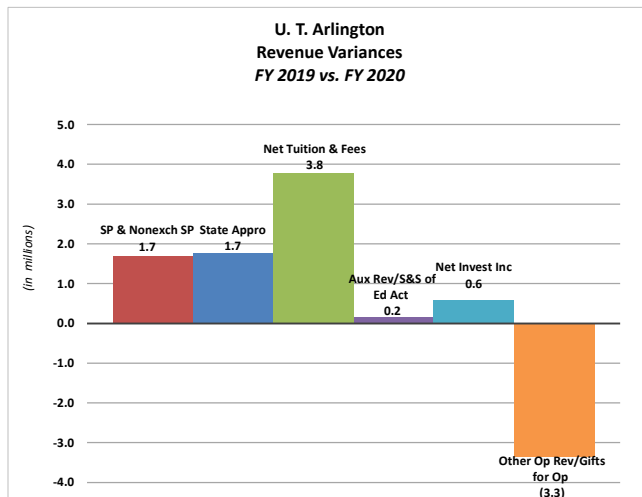
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. Arlington incurred a year-to-date adjusted loss of \$7.9 million, an increase in adjusted loss of \$6.0 million (308%) from the prior year. The increase was primarily attributable to the following: an increase in salaries and wages and payroll related costs due to merit increases; and an increase in other contracted services as a result of an increase in Academic Partnership payments. The most current projection received from *U. T. Arlington* reflects income of \$20.1 million for the year.

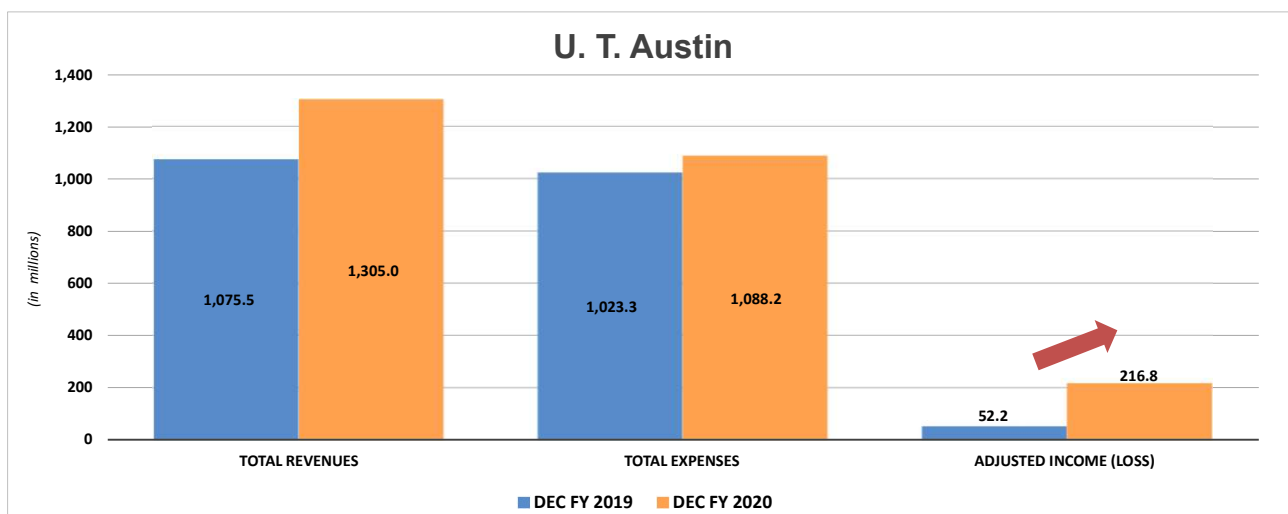
(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Sponsored Programs/Nonexchange Sponsored Programs	\$ 45.4	47.1	1.7	147.6
State Appropriations	44.2	46.0	1.7	138.0
Net Tuition and Fees	105.5	109.2	3.8	331.5
Auxiliary Revenues/Sales & Services of Educational Activities	24.5	24.7	0.2	83.7
Net Investment Income	7.3	7.9	0.6	21.2
Other Operating Revenues/Gift Contributions for Operations	6.6	3.2	(3.3)	16.1
Total Revenues	233.5	238.1	4.6	738.0
Salaries and Wages/Payroll Related Costs	127.9	135.3	7.3	402.7
Materials and Supplies/Cost of Goods Sold	13.5	13.2	(0.3)	35.6
Depreciation and Amortization	18.3	19.1	0.8	55.9
Other Contracted Services/Professional Fees & Services	33.7	36.2	2.5	92.6
All Other Operating Expenses	41.9	42.2	0.3	131.0
Total Expenses	\$ 235.5	246.0	10.5	717.8
Adjusted Income (Loss)	(1.9)	(7.9)	(6.0)	20.1
Adjusted Income (Loss) Excluding Depr & Amort Exp	16.4	11.2	(5.2)	76.1



Monthly Financial Report

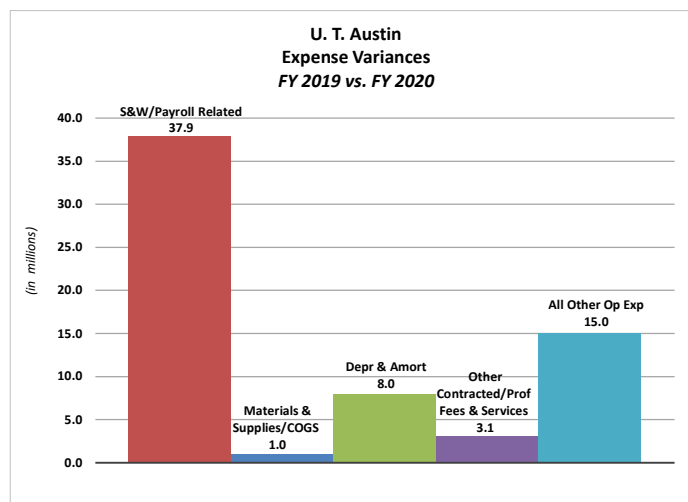
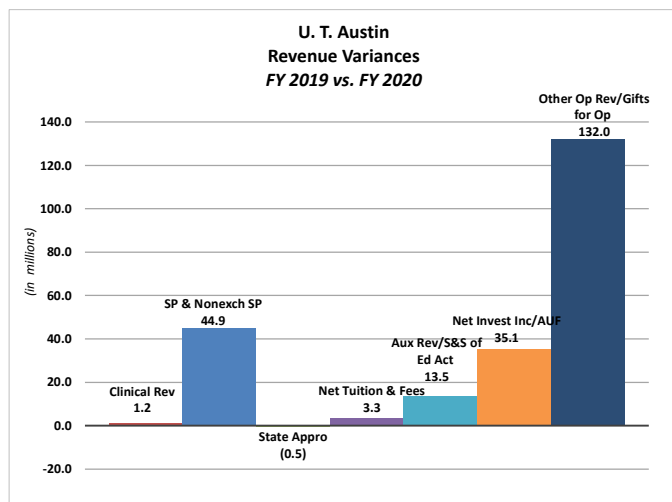
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. Austin reported year-to-date adjusted income of \$216.8 million, an increase of \$164.6 million (315%) from the prior year. The increase was primarily due to the following: an increase in gift contributions for operations as a result of a \$130 million gift from the Moody Foundation; an increase in net investment income; and an increase in the amount of the transfer from the Available University Fund. The most current projection received from *U. T. Austin* reflects income of \$280.9 million for the year.

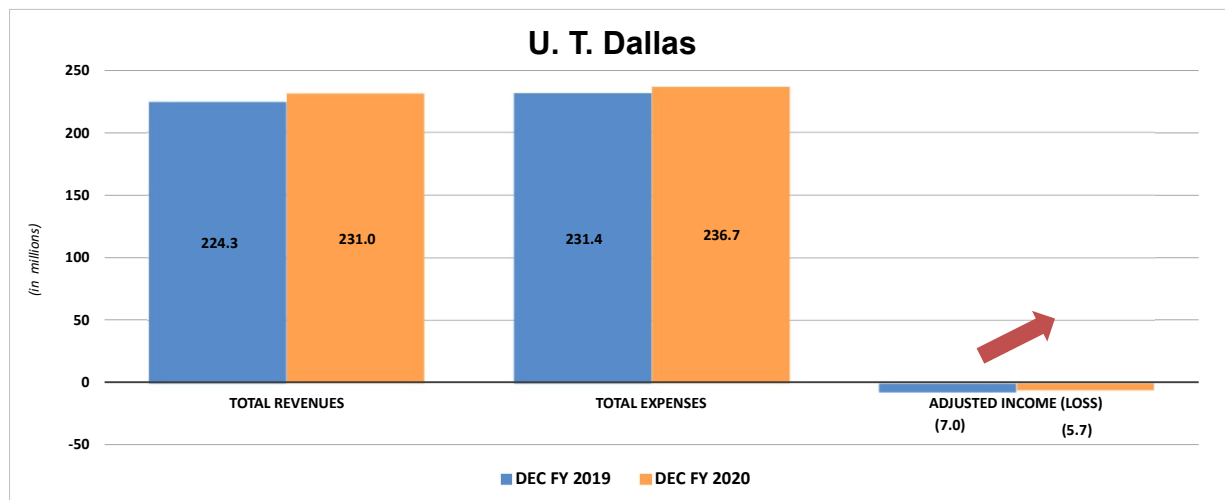
(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Clinical Revenues	\$ 1.4	2.6	1.2	11.0
Sponsored Programs/Nonexchange Sponsored Programs	208.3	253.2	44.9	769.5
State Appropriations	118.7	118.2	(0.5)	354.6
Net Tuition and Fees	173.3	176.7	3.3	530.0
Auxiliary Revenues/Sales & Services of Educational Activities	285.5	299.0	13.5	708.4
Net Investment Income/Available University Fund (AUF)	221.2	256.4	35.1	720.1
Other Operating Revenues/Gift Contributions for Operations	66.9	198.9	132.0	321.9
Total Revenues	1,075.5	1,305.0	229.5	3,415.5
Salaries and Wages/Payroll Related Costs	589.2	627.0	37.9	1,785.9
Materials and Supplies/Cost of Goods Sold	53.1	54.0	1.0	138.3
Depreciation and Amortization	104.7	112.7	8.0	338.0
Other Contracted Services/Professional Fees & Services	66.4	69.5	3.1	226.0
All Other Operating Expenses	210.0	225.0	15.0	646.4
Total Expenses	\$ 1,023.3	1,088.2	64.9	3,134.6
Adjusted Income (Loss)	52.2	216.8	164.6	280.9
Adjusted Income (Loss) Excluding Depr & Amort Exp	156.8	329.4	172.6	618.9



Monthly Financial Report

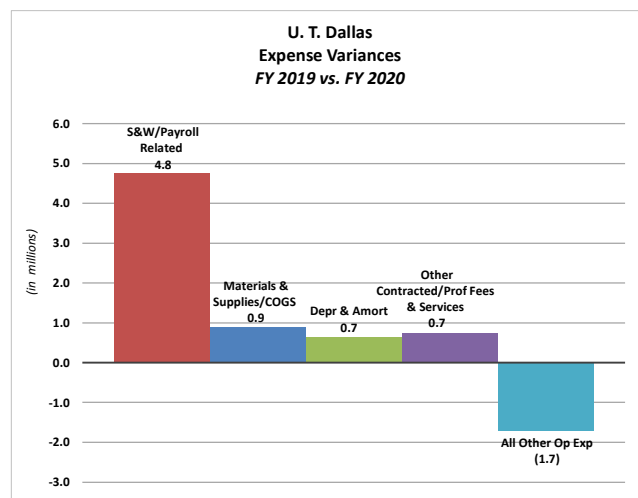
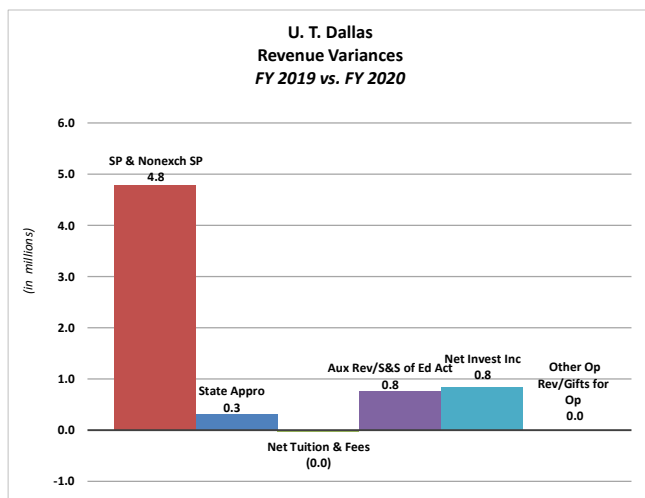
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. Dallas incurred a year-to-date adjusted loss of \$5.7 million, a decrease in adjusted loss of \$1.4 million (19%) from the prior year. The decrease was primarily attributable to the following: an increase in nonexchange sponsored programs attributable to the receipt of Texas Research Incentive Program funds with no such funding received in the prior year; and an increase in net sales and services of educational activities due to increases in executive education and certificate programs. The most current projection received from *U. T. Dallas* reflects a loss of \$17.0 million for the year.

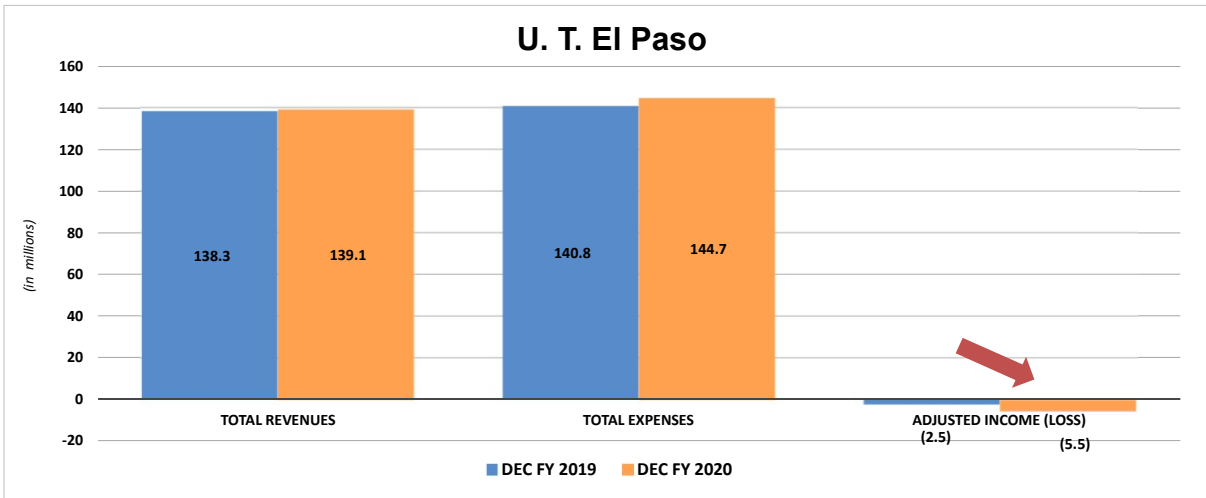
(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Sponsored Programs/Nonexchange Sponsored Programs	\$ 33.1	37.9	4.8	113.7
State Appropriations	41.1	41.4	0.3	124.1
Net Tuition and Fees	102.6	102.6	(0.0)	307.7
Auxiliary Revenues/Sales & Services of Educational Activities	30.0	30.8	0.8	92.4
Net Investment Income	10.8	11.6	0.8	34.8
Other Operating Revenues/Gift Contributions for Operations	6.8	6.8	0.0	20.3
Total Revenues	224.3	231.0	6.7	693.0
Salaries and Wages/Payroll Related Costs	133.1	137.9	4.8	413.7
Materials and Supplies/Cost of Goods Sold	11.1	12.0	0.9	36.1
Depreciation and Amortization	27.3	28.0	0.7	83.9
Other Contracted Services/Professional Fees & Services	10.8	11.5	0.7	34.6
All Other Operating Expenses	48.9	47.2	(1.7)	141.7
Total Expenses	\$ 231.4	236.7	5.3	710.0
Adjusted Income (Loss)	(7.0)	(5.7)	1.4	(17.0)
Adjusted Income (Loss) Excluding Depr & Amort Exp	20.3	22.3	2.0	67.0



Monthly Financial Report

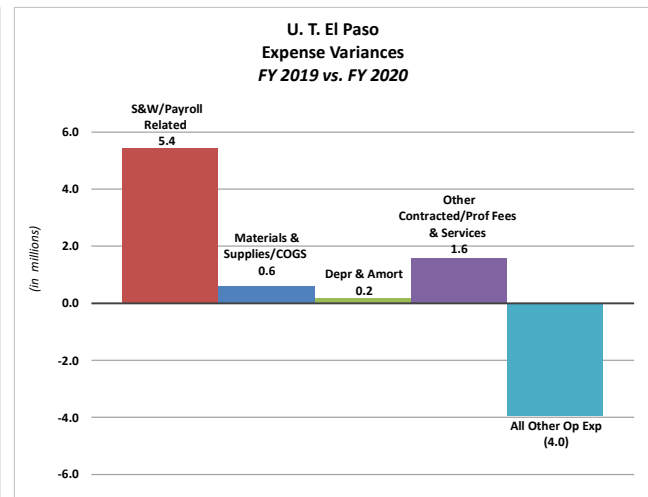
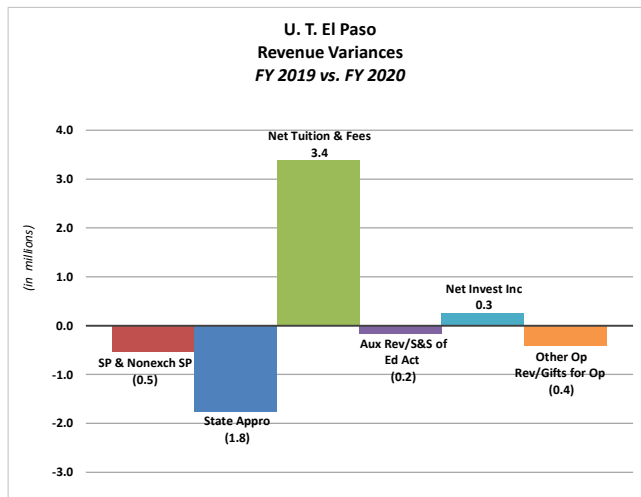
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. El Paso incurred a year-to-date adjusted loss of \$5.5 million, an increase in adjusted loss of \$3.0 million (122%) from the prior year. The increase was primarily due to an increase in salaries and wages and payroll related costs attributable to increased faculty levels and merit increases for faculty and staff. The most current projection received from U. T. El Paso reflects a loss of \$17.0 million for the year.

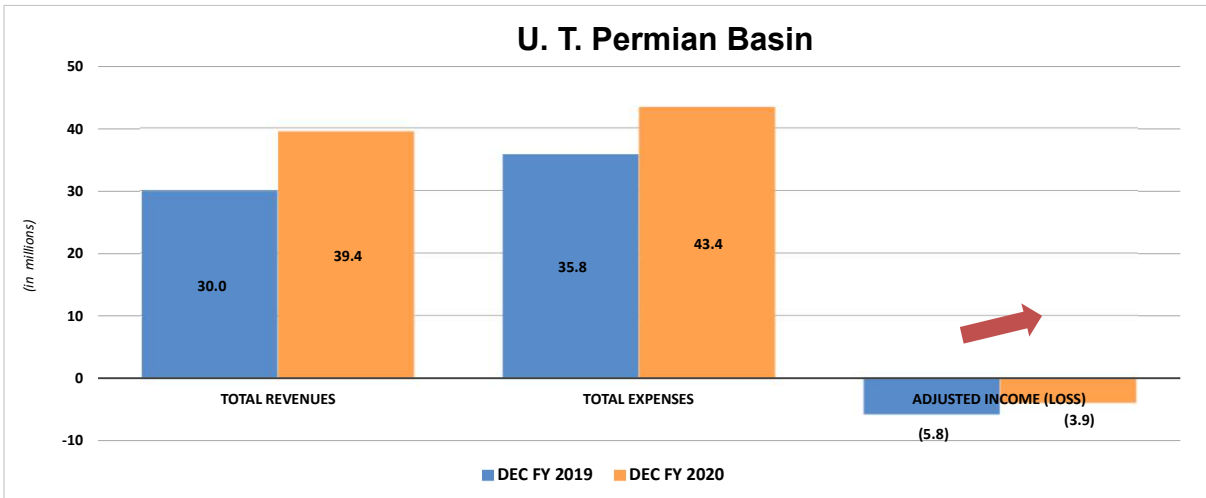
(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Sponsored Programs/Nonexchange Sponsored Programs	\$ 30.4	29.8	(0.5)	153.7
State Appropriations	36.6	34.9	(1.8)	102.0
Net Tuition and Fees	47.2	50.6	3.4	147.0
Auxiliary Revenues/Sales & Services of Educational Activities	16.3	16.1	(0.2)	43.0
Net Investment Income	6.0	6.2	0.3	16.3
Other Operating Revenues/Gift Contributions for Operations	1.9	1.5	(0.4)	4.8
Total Revenues	138.3	139.1	0.8	466.8
Salaries and Wages/Payroll Related Costs	85.5	90.9	5.4	262.6
Materials and Supplies/Cost of Goods Sold	6.5	7.1	0.6	22.4
Depreciation and Amortization	10.0	10.2	0.2	33.2
Other Contracted Services/Professional Fees & Services	11.1	12.7	1.6	33.1
All Other Operating Expenses	27.7	23.7	(4.0)	132.5
Total Expenses	140.8	144.7	3.8	483.8
Adjusted Income (Loss)	(2.5)	(5.5)	(3.0)	(17.0)
Adjusted Income (Loss) Excluding Depr & Amort Exp	7.6	4.7	(2.9)	16.2



Monthly Financial Report

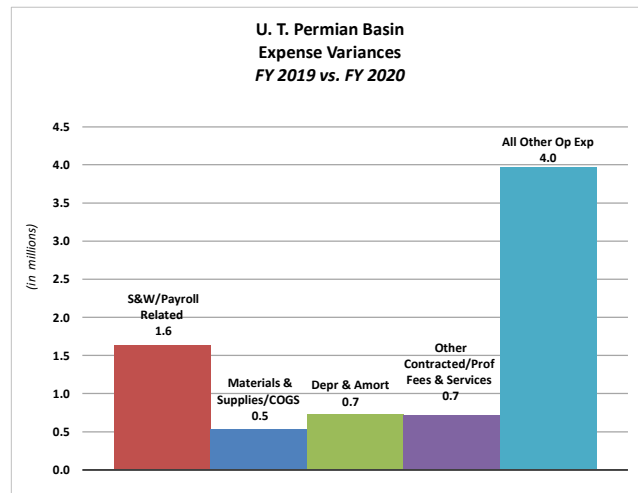
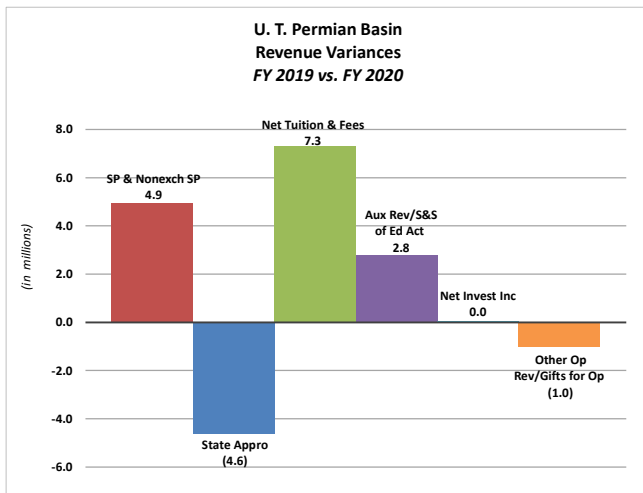
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. Permian Basin incurred a year-to-date adjusted loss of \$3.9 million, a decrease in adjusted loss of \$1.9 million (33%) from the prior year. The decrease was primarily attributable to the following: an increase in net student tuition and fees and net auxiliary enterprises revenue as a result of the understatement of prior year revenue; and an increase in sponsored programs and nonexchange sponsored programs due to continued efforts to process grant billings and Pell financial aid drawdowns on a timely basis as compared to the prior. The most current projection received from *U. T. Permian Basin* reflects a loss of \$3.4 million for the year.

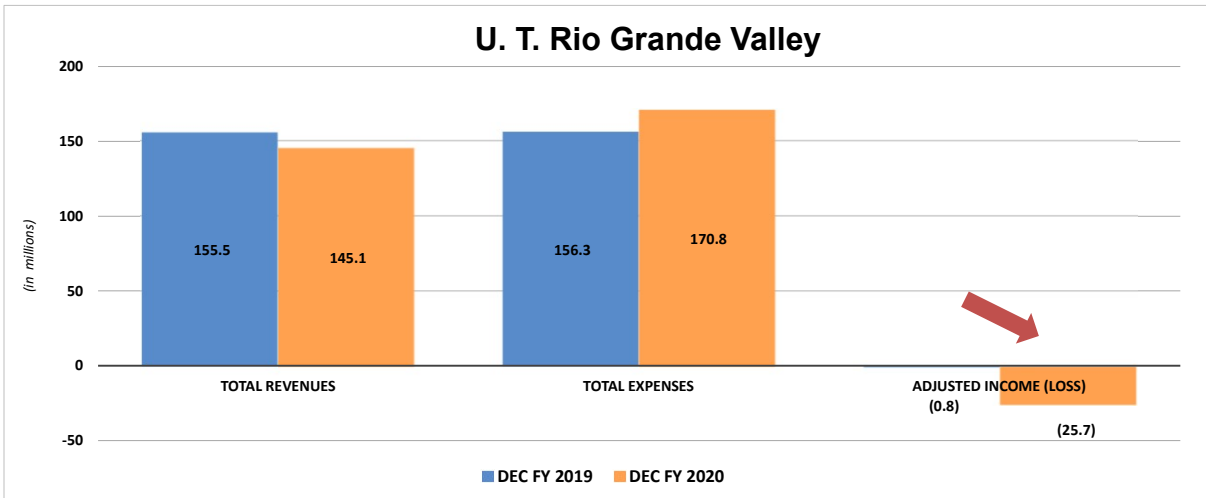
(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Sponsored Programs/Nonexchange Sponsored Programs	\$ 4.3	9.3	4.9	20.4
State Appropriations	11.9	7.3	(4.6)	21.9
Net Tuition and Fees	9.1	16.4	7.3	49.3
Auxiliary Revenues/Sales & Services of Educational Activities	1.6	4.4	2.8	10.8
Net Investment Income	0.6	0.7	0.0	2.0
Other Operating Revenues/Gift Contributions for Operations	2.4	1.4	(1.0)	3.7
Total Revenues	30.0	39.4	9.5	108.0
Salaries and Wages/Payroll Related Costs	16.9	18.5	1.6	55.5
Materials and Supplies/Cost of Goods Sold	1.7	2.2	0.5	6.7
Depreciation and Amortization	5.5	6.2	0.7	18.5
Other Contracted Services/Professional Fees & Services	3.7	4.4	0.7	13.3
All Other Operating Expenses	8.1	12.0	4.0	17.4
Total Expenses	\$ 35.8	43.4	7.6	111.4
Adjusted Income (Loss)	(5.8)	(3.9)	1.9	(3.4)
Adjusted Income (Loss) Excluding Depr & Amort Exp	(0.4)	2.3	2.6	15.2



Monthly Financial Report

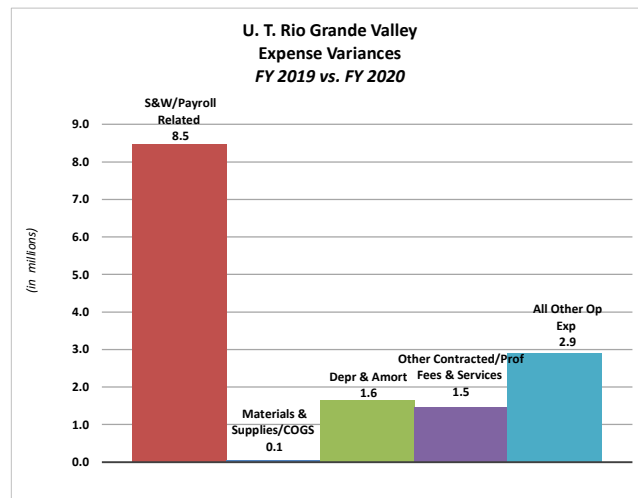
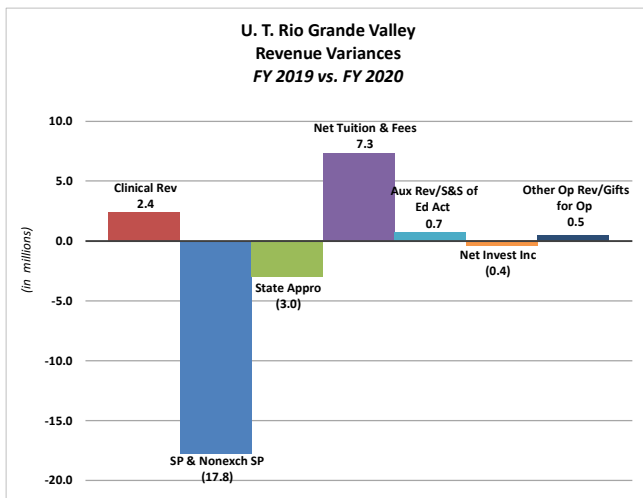
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. Rio Grande Valley incurred a year-to-date adjusted loss of \$25.7 million, an increase in adjusted loss of \$24.9 million (3,053%) from the prior year. The increase was primarily due to the following: a decrease in sponsored programs as a result of reductions in hospital contract revenue for Graduate Medical Education programs and decreased grant revenue from the Valley Baptist Legacy Foundation, Early Head Start and Philosophy Clinical Psychology programs; an increase in salaries and wages and payroll related costs due to increases in staff and faculty positions; and a decrease in nonexchange sponsored programs attributable to a decrease in financial aid awards as compared to the prior year. The most current projection received from *U. T. Rio Grande Valley* reflects a loss of \$36.4 million for the year.

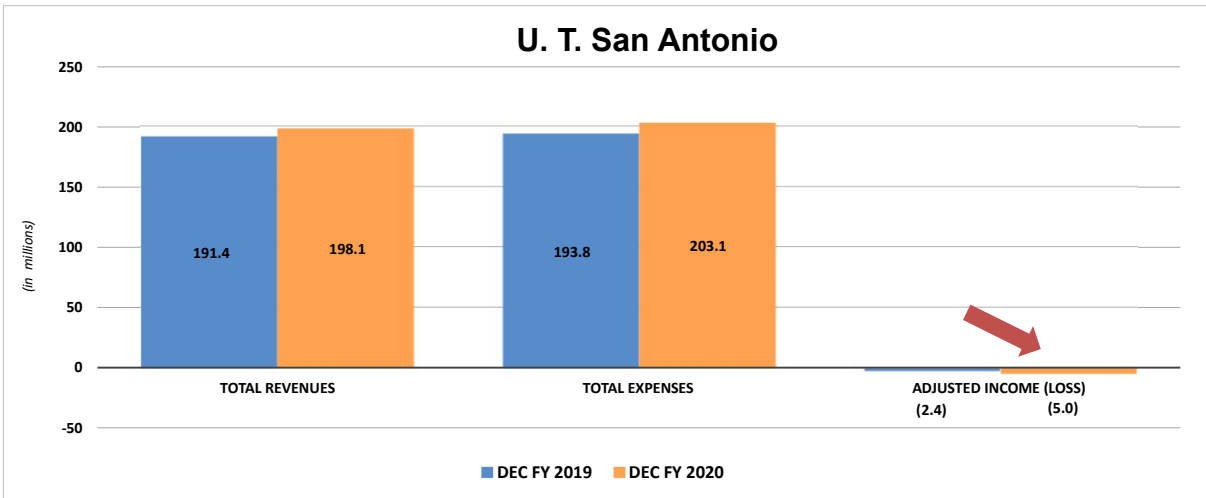
(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Clinical Revenues	\$ 1.4	3.8	2.4	11.1
Sponsored Programs/Nonexchange Sponsored Programs	62.4	44.6	(17.8)	212.0
State Appropriations	48.2	45.2	(3.0)	136.7
Net Tuition and Fees	31.3	38.6	7.3	115.9
Auxiliary Revenues/Sales & Services of Educational Activities	6.1	6.8	0.7	17.9
Net Investment Income	3.6	3.2	(0.4)	9.2
Other Operating Revenues/Gift Contributions for Operations	2.4	2.9	0.5	11.2
Total Revenues	155.5	145.1	(10.3)	514.0
Salaries and Wages/Payroll Related Costs	109.8	118.3	8.5	335.7
Materials and Supplies/Cost of Goods Sold	6.9	6.9	0.1	19.9
Depreciation and Amortization	15.3	16.9	1.6	54.3
Other Contracted Services/Professional Fees & Services	4.9	6.4	1.5	18.4
All Other Operating Expenses	19.4	22.3	2.9	122.1
Total Expenses	\$ 156.3	170.8	14.5	550.4
Adjusted Income (Loss)	(0.8)	(25.7)	(24.9)	(36.4)
Adjusted Income (Loss) Excluding Depr & Amort Exp	14.5	(8.8)	(23.2)	17.9



Monthly Financial Report

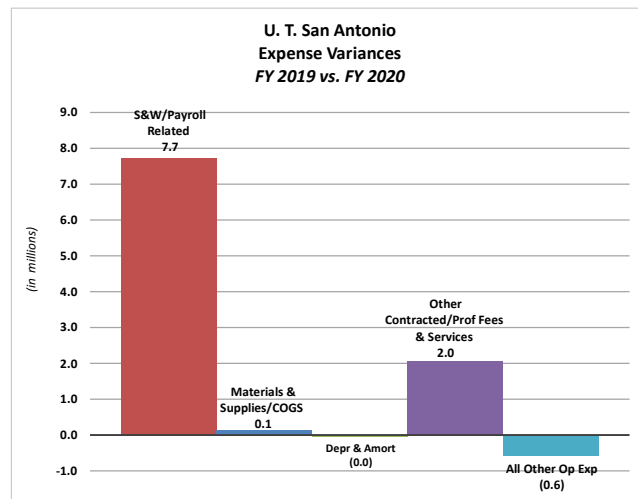
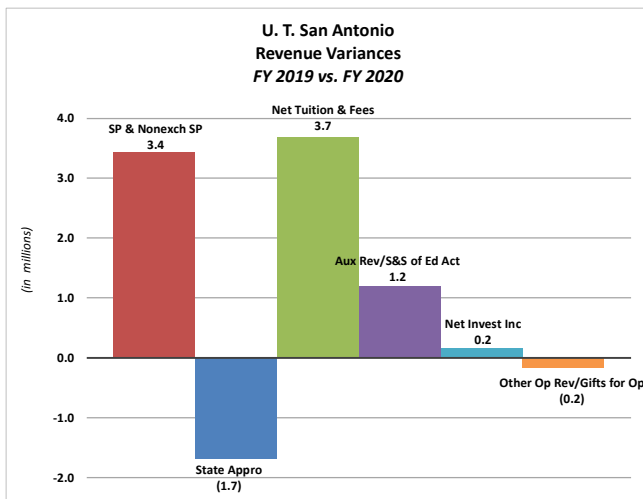
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. San Antonio incurred a year-to-date adjusted loss of \$5.0 million, an increase in adjusted loss of \$2.6 million (112%) from the prior year. The increase was primarily attributable to the following: an increase in salaries and wages and payroll related costs due to merit increases and increases in faculty positions; and an increase in professional fees and services attributable to various strategic initiatives. The most current projection received from *U. T. San Antonio* reflects a loss of \$15.0 million for the year.

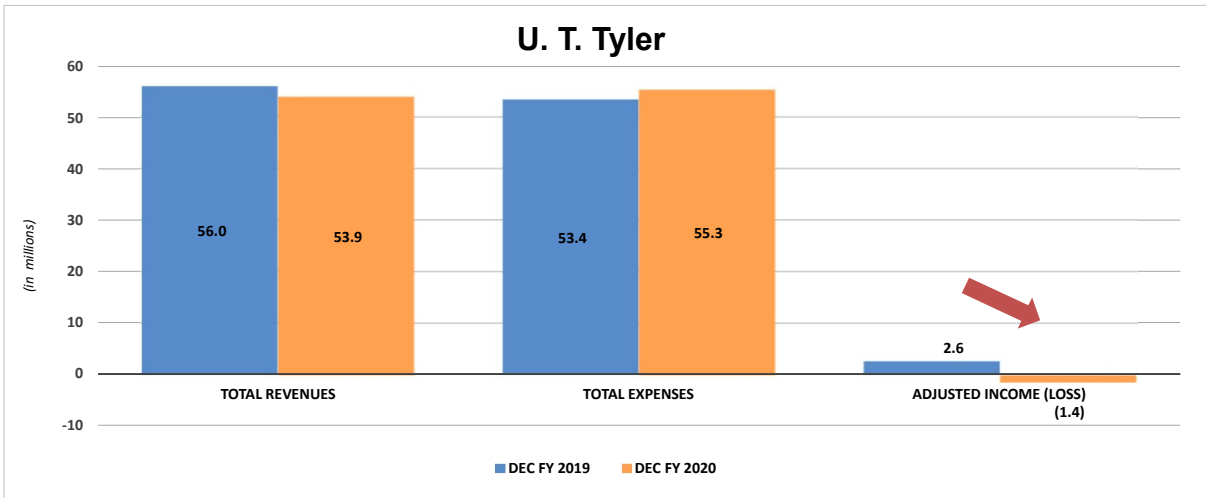
(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Sponsored Programs/Nonexchange Sponsored Programs	\$ 46.1	49.6	3.4	148.7
State Appropriations	44.4	42.7	(1.7)	128.1
Net Tuition and Fees	68.8	72.5	3.7	217.6
Auxiliary Revenues/Sales & Services of Educational Activities	20.7	21.9	1.2	65.8
Net Investment Income	7.5	7.6	0.2	22.9
Other Operating Revenues/Gift Contributions for Operations	3.9	3.7	(0.2)	11.1
Total Revenues	191.4	198.1	6.6	594.2
Salaries and Wages/Payroll Related Costs	109.6	117.3	7.7	352.0
Materials and Supplies/Cost of Goods Sold	9.2	9.4	0.1	28.1
Depreciation and Amortization	16.5	16.4	(0.0)	49.3
Other Contracted Services/Professional Fees & Services	10.3	12.4	2.0	37.1
All Other Operating Expenses	48.2	47.6	(0.6)	142.8
Total Expenses	\$ 193.8	203.1	9.3	609.2
Adjusted Income (Loss)	(2.4)	(5.0)	(2.6)	(15.0)
Adjusted Income (Loss) Excluding Depr & Amort Exp	14.1	11.4	(2.7)	34.3



Monthly Financial Report

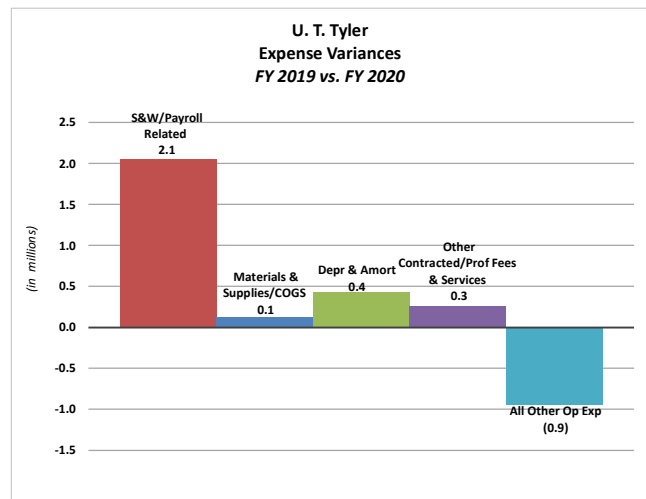
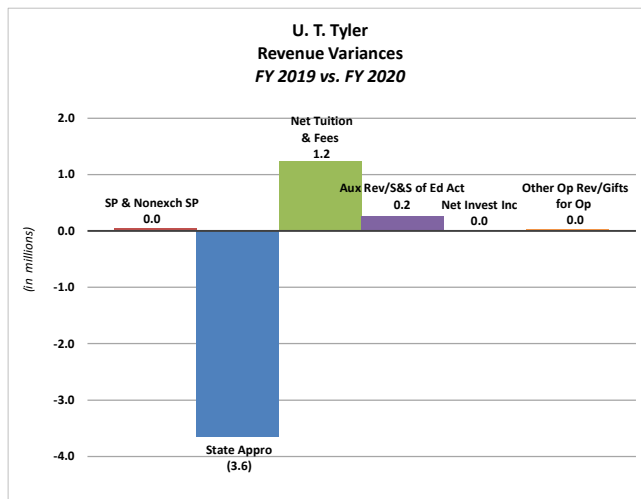
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. Tyler incurred a year-to-date adjusted loss of \$1.4 million, a decrease of \$4.0 million (153%) from the prior year. The decrease was primarily due to an increase in salaries and wages and payroll related costs as a result of increased faculty levels due to new and growing academic programs. The most current projection received from *U. T. Tyler* reflects a loss of \$16.2 million for the year.

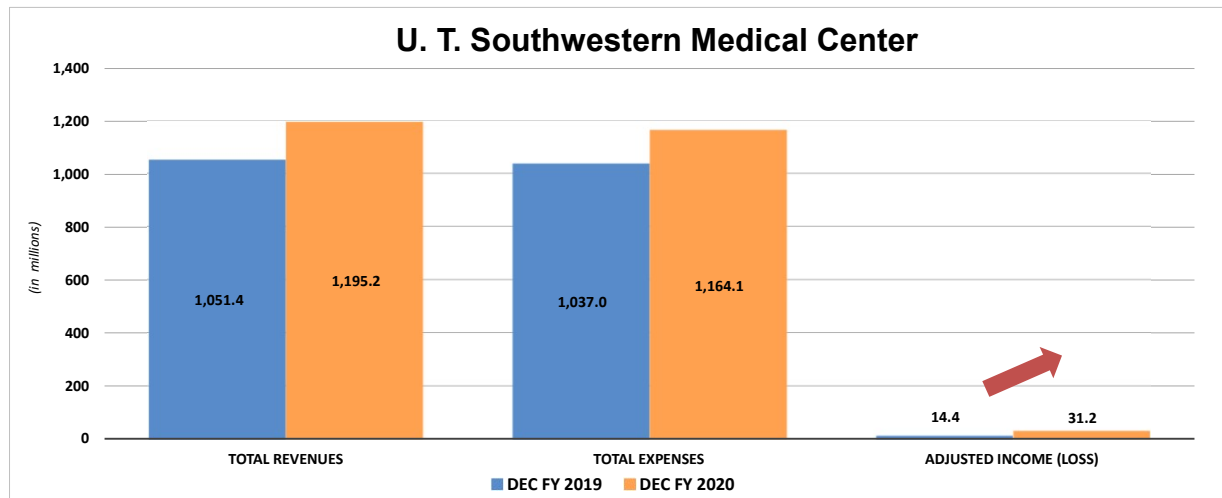
(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Sponsored Programs/Nonexchange Sponsored Programs	\$ 7.8	7.8	0.0	27.3
State Appropriations	14.7	11.1	(3.6)	33.2
Net Tuition and Fees	18.1	19.4	1.2	55.4
Auxiliary Revenues/Sales & Services of Educational Activities	12.6	12.8	0.2	22.4
Net Investment Income	2.0	2.0	0.0	7.1
Other Operating Revenues/Gift Contributions for Operations	0.8	0.8	0.0	2.8
Total Revenues	56.0	53.9	(2.1)	148.3
Salaries and Wages/Payroll Related Costs	30.7	32.8	2.1	94.9
Materials and Supplies/Cost of Goods Sold	3.3	3.5	0.1	10.3
Depreciation and Amortization	5.3	5.7	0.4	17.4
Other Contracted Services/Professional Fees & Services	3.2	3.5	0.3	12.6
All Other Operating Expenses	10.8	9.8	(0.9)	29.2
Total Expenses	53.4	55.3	1.9	164.4
Adjusted Income (Loss)	2.6	(1.4)	(4.0)	(16.2)
Adjusted Income (Loss) Excluding Depr & Amort Exp	7.9	4.4	(3.6)	1.2



Monthly Financial Report

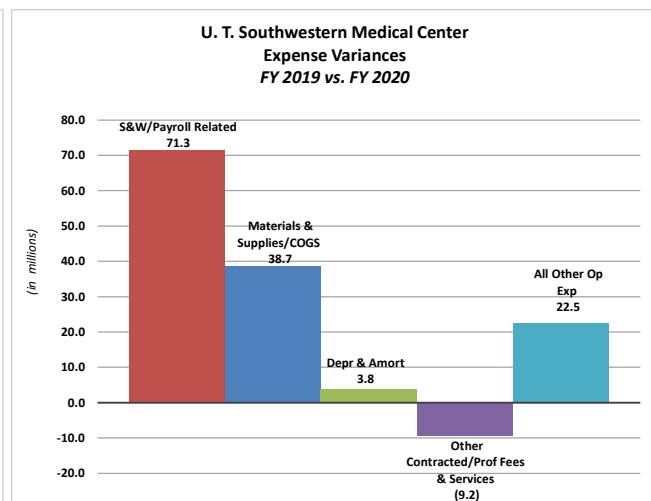
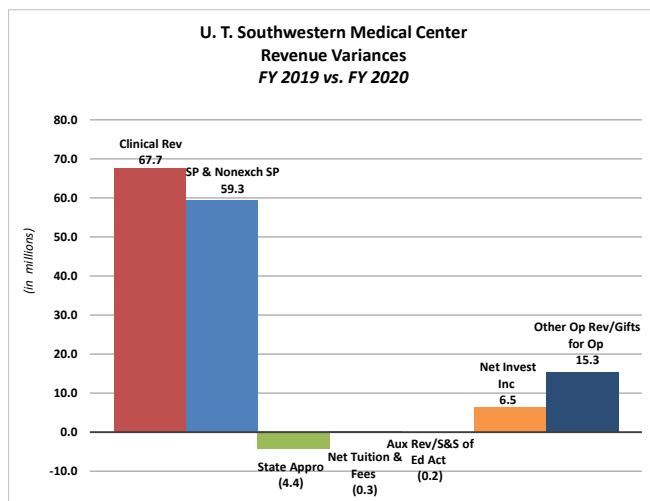
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. Southwestern Medical Center reported year-to-date adjusted income of \$31.2 million, an increase of \$16.8 million (117%) from the prior year. The increase was primarily attributable to the following: an increase in clinical revenues due to increased inpatient and outpatient visits, and increased admissions and surgical volumes; and an increase in sponsored programs attributable to a change in the Medical Group Service Agreement with the Children's Medical Center, combined with an increase in federal, state and private grants. The most current projection received from *U. T. Southwestern Medical Center* reflects income of \$61.6 million for the year.

(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Clinical Revenues	\$ 702.3	770.0	67.7	2,277.7
Sponsored Programs/Nonexchange Sponsored Programs	172.1	231.4	59.3	680.1
State Appropriations	64.6	60.3	(4.4)	183.5
Net Tuition and Fees	9.0	8.7	(0.3)	26.2
Auxiliary Revenues/Sales & Services of Educational Activities	11.8	11.6	(0.2)	36.6
Net Investment Income	42.9	49.4	6.5	118.8
Other Operating Revenues/Gift Contributions for Operations	48.6	64.0	15.3	174.1
Total Revenues	1,051.4	1,195.2	143.9	3,497.0
Salaries and Wages/Payroll Related Costs	664.1	735.4	71.3	2,213.7
Materials and Supplies/Cost of Goods Sold	185.4	224.0	38.7	632.0
Depreciation and Amortization	55.8	59.6	3.8	184.2
Other Contracted Services/Professional Fees & Services	72.7	63.5	(9.2)	173.0
All Other Operating Expenses	59.0	81.5	22.5	232.4
Total Expenses	\$ 1,037.0	1,164.1	127.1	3,435.4
Adjusted Income (Loss)	14.4	31.2	16.8	61.6
Adjusted Income (Loss) Excluding Depr & Amort Exp	70.1	90.8	20.6	245.8

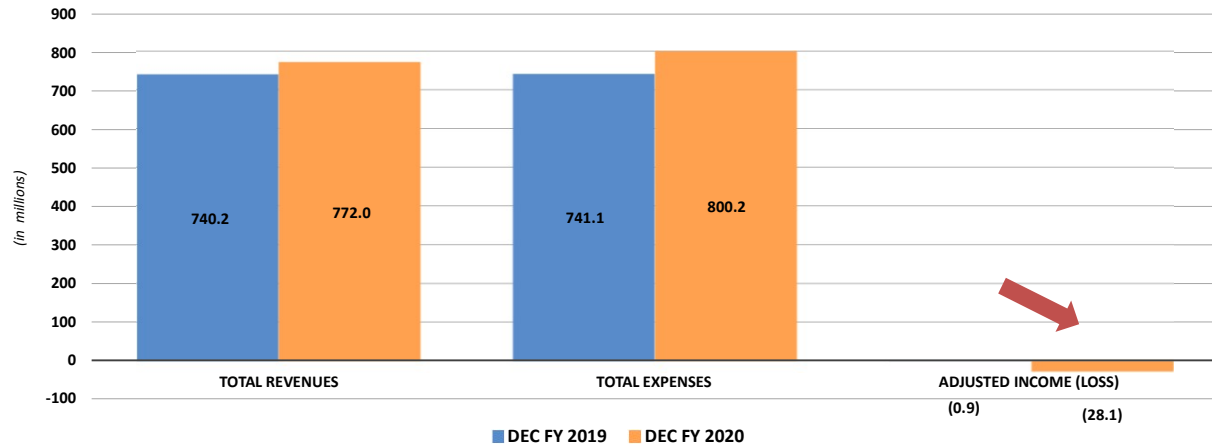


Monthly Financial Report

Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019

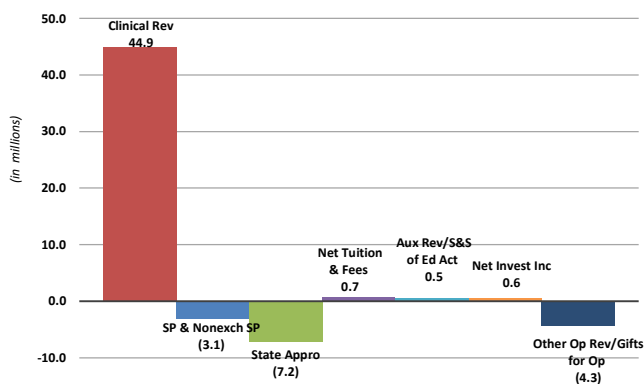
U. T. Medical Branch - Galveston



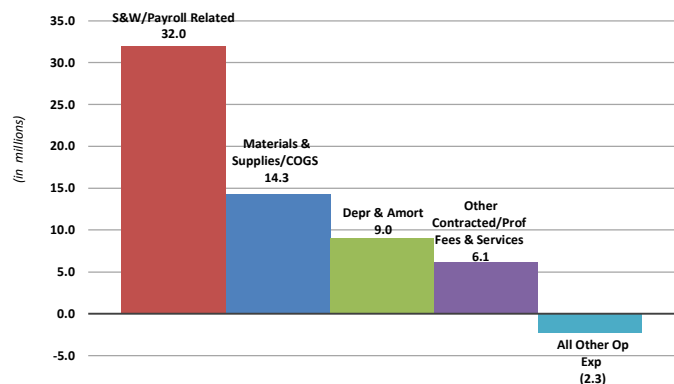
U. T. Medical Branch - Galveston incurred a year-to-date adjusted loss of \$28.1 million, an increase in adjusted loss of \$27.2 million (2,951%) from the prior year. The increase was primarily due to the following: an increase in salaries and wages and payroll related costs as a result of increases in staff and faculty positions associated with the opening of the Clear Lake hospital and merit increases; an increase in materials and supplies due to Clear Lake hospital expenses, an increase in Correctional Managed Care expenses, and an increase in medical supplies for Ambulatory Clinic and Galveston Medical; and an increase in depreciation and amortization expense as a result of various projects placed into service. The most current projection received from *U. T. Medical Branch - Galveston* reflects a loss of \$33.7 million for the year.

(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Clinical Revenues	\$ 480.6	525.5	44.9	1,710.8
Sponsored Programs/Nonexchange Sponsored Programs	63.9	60.7	(3.1)	182.8
State Appropriations	126.9	119.7	(7.2)	358.5
Net Tuition and Fees	14.6	15.3	0.7	46.3
Auxiliary Revenues/Sales & Services of Educational Activities	9.7	10.2	0.5	31.3
Net Investment Income	21.7	22.3	0.6	63.3
Other Operating Revenues/Gift Contributions for Operations	22.8	18.5	(4.3)	49.5
Total Revenues	740.2	772.0	31.9	2,442.5
Salaries and Wages/Payroll Related Costs	456.8	488.7	32.0	1,493.2
Materials and Supplies/Cost of Goods Sold	88.7	103.0	14.3	303.5
Depreciation and Amortization	54.8	63.8	9.0	197.4
Other Contracted Services/Professional Fees & Services	62.5	68.7	6.1	231.8
All Other Operating Expenses	78.3	76.1	(2.3)	250.4
Total Expenses	\$ 741.1	800.2	59.1	2,476.3
Adjusted Income (Loss)	(0.9)	(28.1)	(27.2)	(33.7)
Adjusted Income (Loss) Excluding Depr & Amort Exp	53.9	35.6	(18.2)	163.6

U. T. Medical Branch - Galveston
Revenue Variances
FY 2019 vs. FY 2020



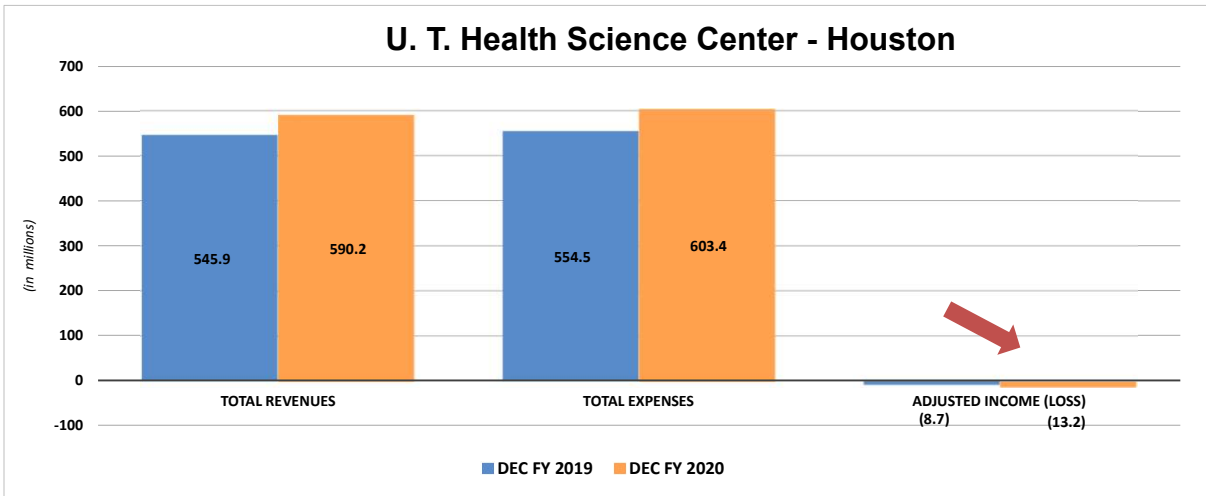
U. T. Medical Branch - Galveston
Expense Variances
FY 2019 vs. FY 2020



Monthly Financial Report

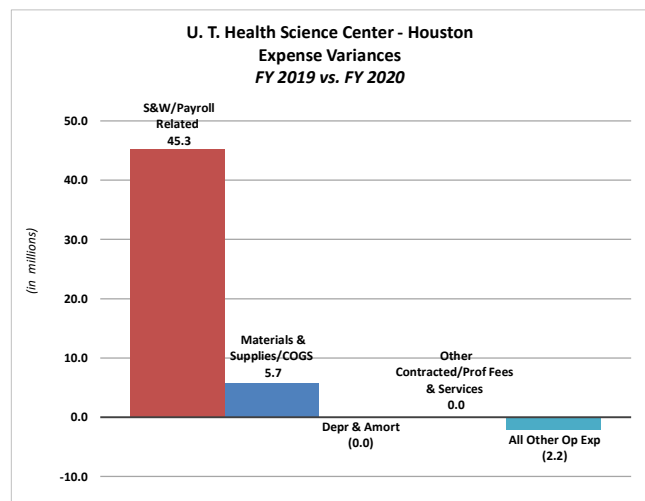
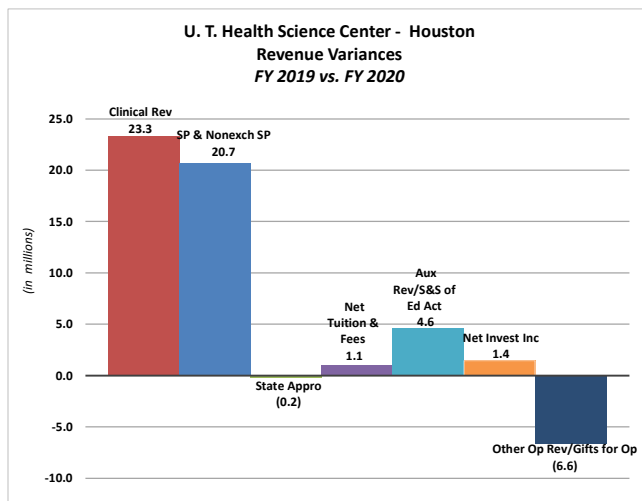
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. Health Science Center - Houston incurred a year-to-date adjusted loss of \$13.2 million, an increase in adjusted loss of \$4.5 million (52%) from the prior year. The increase was primarily attributable to the following: an increase in salaries and wages and payroll related costs as a result of growth in the physician practice plan; and a decrease in other operating revenues due to the timing of revenue recognition associated with Delivery System Reform Incentive Payment (DSRIP). The most current projection received from *U. T. Health Science Center - Houston* reflects income of \$5.0 million for the year.

(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Clinical Revenues	\$ 144.8	168.1	23.3	508.9
Sponsored Programs/Nonexchange Sponsored Programs	247.8	268.5	20.7	846.9
State Appropriations	71.9	71.8	(0.2)	214.6
Net Tuition and Fees	21.9	23.0	1.1	63.1
Auxiliary Revenues/Sales & Services of Educational Activities	21.9	26.4	4.6	66.5
Net Investment Income	17.4	18.9	1.4	71.7
Other Operating Revenues/Gift Contributions for Operations	20.1	13.5	(6.6)	74.9
Total Revenues	545.9	590.2	44.3	1,846.5
Salaries and Wages/Payroll Related Costs	403.6	448.9	45.3	1,383.6
Materials and Supplies/Cost of Goods Sold	27.7	33.4	5.7	95.5
Depreciation and Amortization	22.4	22.4	(0.0)	67.2
Other Contracted Services/Professional Fees & Services	41.9	42.0	0.0	146.9
All Other Operating Expenses	58.9	56.8	(2.2)	148.3
Total Expenses	\$ 554.5	603.4	48.8	1,841.6
Adjusted Income (Loss)	(8.7)	(13.2)	(4.5)	5.0
Adjusted Income (Loss) Excluding Depr & Amort Exp	13.8	9.2	(4.6)	72.2

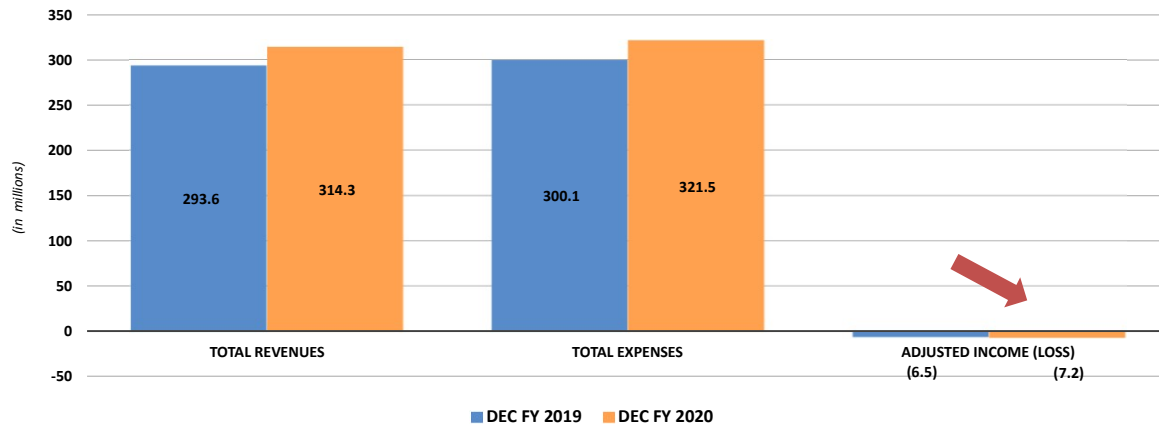


Monthly Financial Report

Comparison of Operating Results, Margin and Projected Year-End

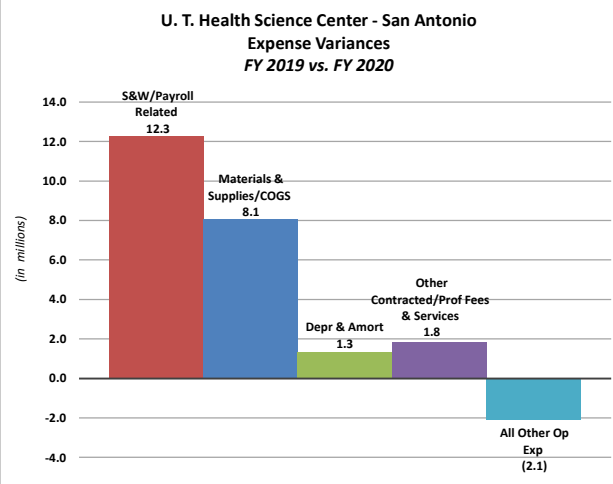
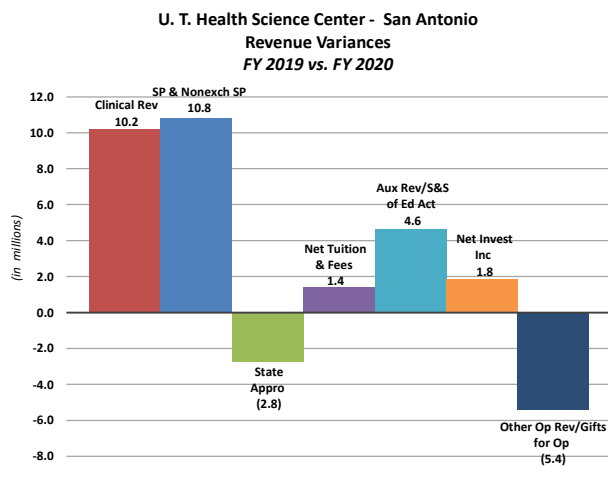
For the Period Ending December 31, 2019

U. T. Health Science Center - San Antonio



U. T. Health Science Center - San Antonio incurred a year-to-date adjusted loss of \$7.2 million, an increase in adjusted loss of \$0.7 million (11%) from the prior year. The increase was primarily due to the following: an increase in salaries and wages and payroll related costs 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 supply purchases related to the Cancer Center Pharmacy, the UT Nursing Clinical Enterprise and the Pediatrics-Hemophilia Center; and a decrease in other operating revenues attributable to a decline in DSRIP revenues. The most current projection received from *U. T. Health Science Center - San Antonio* reflects a loss of \$22.1 million for the year due to expansion of the clinical enterprise and strengthening of the research mission.

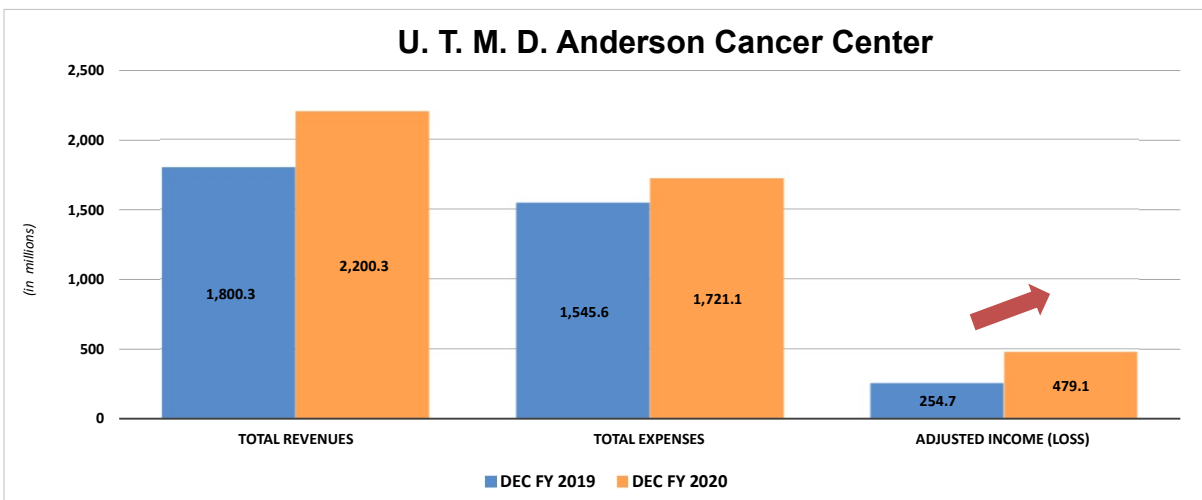
(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Clinical Revenues	\$ 72.2	82.4	10.2	267.8
Sponsored Programs/Nonexchange Sponsored Programs	107.3	118.1	10.8	365.3
State Appropriations	59.2	56.4	(2.8)	169.3
Net Tuition and Fees	16.0	17.4	1.4	48.2
Auxiliary Revenues/Sales & Services of Educational Activities	11.0	15.6	4.6	32.0
Net Investment Income	15.8	17.6	1.8	45.3
Other Operating Revenues/Gift Contributions for Operations	12.1	6.7	(5.4)	40.9
Total Revenues	293.6	314.3	20.7	968.9
Salaries and Wages/Payroll Related Costs	204.3	216.6	12.3	672.2
Materials and Supplies/Cost of Goods Sold	23.8	31.9	8.1	103.6
Depreciation and Amortization	19.0	20.3	1.3	59.5
Other Contracted Services/Professional Fees & Services	15.0	16.8	1.8	48.7
All Other Operating Expenses	38.0	35.9	(2.1)	107.1
Total Expenses	\$ 300.1	321.5	21.4	991.0
Adjusted Income (Loss)	(6.5)	(7.2)	(0.7)	(22.1)
Adjusted Income (Loss) Excluding Depr & Amort Exp	12.5	13.1	0.6	37.4



Monthly Financial Report

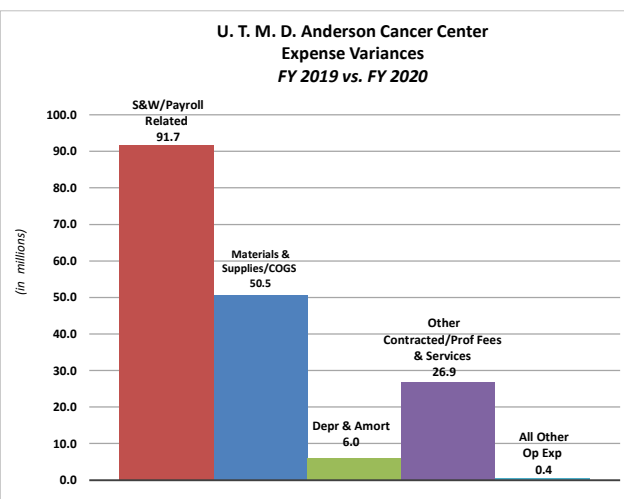
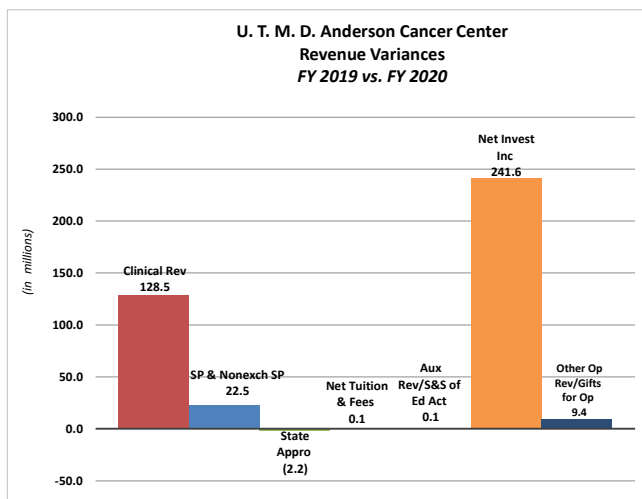
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. M. D. Anderson Cancer Center reported year-to-date adjusted income of \$479.1 million, an increase of \$224.4 million (88%) from the prior year. The increase was primarily attributable to an increase in net investment income due to the receipt of a sizable royalty from Takeda Pharmaceutical for a new agreement. As part of the agreement, *U. T. M. D. Anderson Cancer Center* will be distributing a portion of the royalty to various contributors in the coming months. An increase in clinical revenues as a result of an increase in admissions, patient days and outpatient visits also contributed to the favorable variance. The most current projection received from *U. T. M. D. Anderson Cancer Center* reflects income of \$854.6 million for the year.

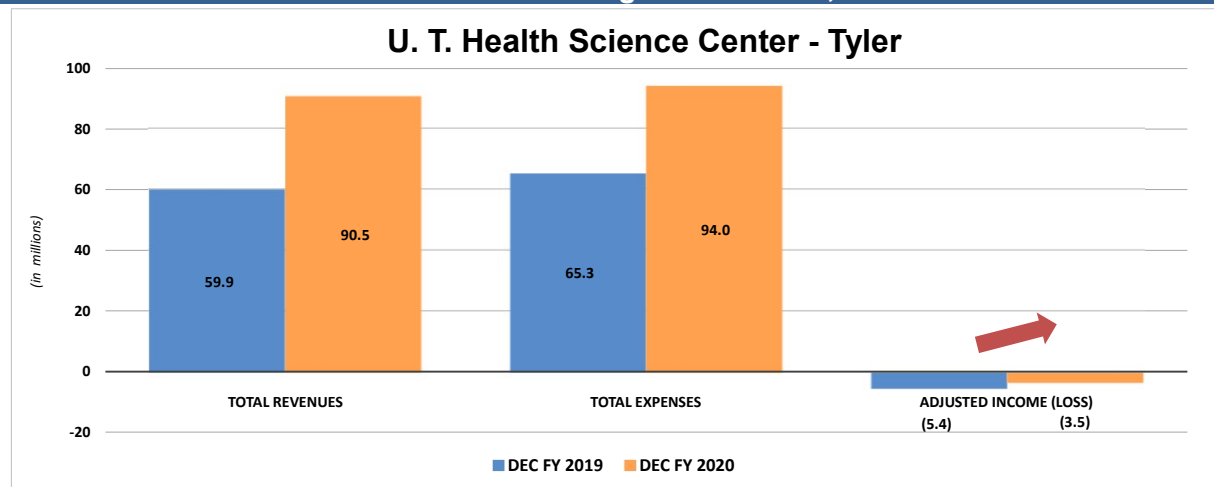
(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Clinical Revenues	\$ 1,427.6	1,556.0	128.5	4,714.6
Sponsored Programs/Nonexchange Sponsored Programs	108.6	131.1	22.5	403.7
State Appropriations	69.9	67.6	(2.2)	205.8
Net Tuition and Fees	1.3	1.5	0.1	1.9
Auxiliary Revenues/Sales & Services of Educational Activities	16.3	16.3	0.1	50.5
Net Investment Income	86.3	327.9	241.6	389.5
Other Operating Revenues/Gift Contributions for Operations	90.4	99.8	9.4	247.5
Total Revenues	1,800.3	2,200.3	400.0	6,013.6
Salaries and Wages/Payroll Related Costs	887.0	978.8	91.7	2,848.6
Materials and Supplies/Cost of Goods Sold	347.7	398.2	50.5	1,190.2
Depreciation and Amortization	118.3	124.2	6.0	379.9
Other Contracted Services/Professional Fees & Services	88.2	115.1	26.9	417.4
All Other Operating Expenses	104.4	104.9	0.4	322.9
Total Expenses	\$ 1,545.6	1,721.1	175.5	5,159.0
Adjusted Income (Loss)	254.7	479.1	224.4	854.6
Adjusted Income (Loss) Excluding Depr & Amort Exp	373.0	603.4	230.4	1,234.5



Monthly Financial Report

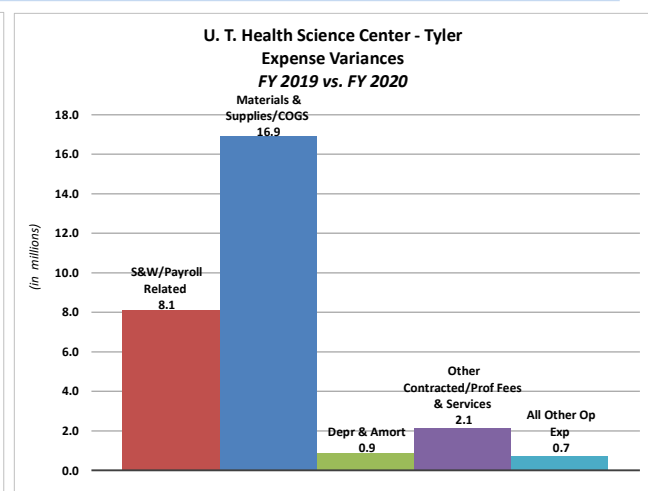
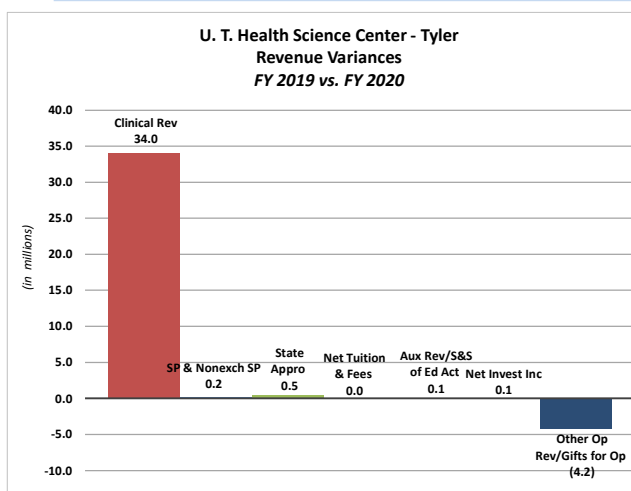
Comparison of Operating Results, Margin and Projected Year-End

For the Period Ending December 31, 2019



U. T. Health Science Center - Tyler incurred a year-to-date adjusted loss of \$3.5 million, a decrease in adjusted loss of \$1.9 million (35%) from the prior year. The decrease was primarily due to an increase in clinical revenues related to the acquisition of the Hope Oncology practice. The most current projection received from *U. T. Health Science Center - Tyler* reflects income of \$0.6 million for the year.

(in millions)	December YTD FY 2019	December YTD FY 2020	Variance	Annual Projected FY 2020
Clinical Revenues	\$ 18.9	52.9	34.0	162.9
Sponsored Programs/Nonexchange Sponsored Programs	9.2	9.4	0.2	28.6
State Appropriations	17.1	17.6	0.5	52.9
Net Tuition and Fees	0.1	0.1	0.0	0.4
Auxiliary Revenues/Sales & Services of Educational Activities	1.5	1.5	0.1	4.5
Net Investment Income	1.2	1.3	0.1	3.8
Other Operating Revenues/Gift Contributions for Operations	11.9	7.7 *	(4.2)	26.0 *
Total Revenues	59.9	90.5	30.6	279.1
Salaries and Wages/Payroll Related Costs	41.2	49.4	8.1	148.1
Materials and Supplies/Cost of Goods Sold	7.0	23.9	16.9	67.6
Depreciation and Amortization	4.8	5.7	0.9	17.0
Other Contracted Services/Professional Fees & Services	7.3	9.4	2.1	28.8
All Other Operating Expenses	4.9	5.6	0.7	16.9
Total Expenses	\$ 65.3	94.0	28.7	278.5
Adjusted Income (Loss)	(5.4)	(3.5)	1.9	0.6
Adjusted Income (Loss) Excluding Depr & Amort Exp	(0.5)	2.2	2.8	17.7



*Other Operating Income includes 30% of UT Health East Texas' (UTHET's) net adjusted loss which was \$0.3 million through December. The projected income of \$0.6 million includes \$0.3 million of UTHET's net adjusted income for the year.