

# THE UNIVERSITY OF TEXAS SYSTEM

## OPERATING BUDGET SUMMARIES

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

### FISCAL YEAR 2013



AUGUST 2012

The University of Texas at Arlington ♦ The University of Texas at Austin ♦ The University of Texas at Brownsville ♦ The University of Texas at Dallas ♦ The University of Texas at El Paso ♦ The University of Texas - Pan American ♦ The University of Texas of the Permian Basin ♦ The University of Texas at San Antonio ♦ The University of Texas at Tyler ♦ The University of Texas Southwestern Medical Center ♦ The University of Texas Medical Branch at Galveston ♦ The University of Texas Health Science Center at Houston ♦ The University of Texas Health Science Center at San Antonio ♦ The University of Texas M. D. Anderson Cancer Center ♦ The University of Texas Health Science Center at Tyler ♦ The University of Texas System Administration

**THE UNIVERSITY OF TEXAS SYSTEM**  
**OPERATING BUDGET SUMMARIES AND RESERVE ALLOCATIONS FOR**  
**LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION AND FACULTY STARS**

For Fiscal Year Ending August 31, 2013

**Table of Contents**

	<u>Page</u>
<b>TAB 1 – Operating Budget Summaries</b>	
Operating Budget Highlights (including Background and Glossary of Terms).....	1
The University of Texas System - Combined.....	10
The University of Texas System Academic Institutions - Combined.....	11
The University of Texas System Health Related Institutions - Combined .....	12
The University of Texas System Administration .....	13
The University of Texas at Arlington.....	15
The University of Texas at Austin .....	17
The University of Texas at Austin - Application of Available University Fund.....	19
The University of Texas at Brownsville .....	26
The University of Texas at Dallas .....	28
The University of Texas at El Paso .....	30
The University of Texas - Pan American .....	32
The University of Texas of the Permian Basin .....	34
The University of Texas at San Antonio .....	36
The University of Texas at Tyler.....	38
The University of Southwestern Medical Center at Dallas.....	40
The University of Texas Medical Branch at Galveston .....	42
The University of Texas Health Science Center at Houston .....	44
The University of Texas Health Science Center at San Antonio.....	46
The University of Texas M. D. Anderson Cancer Center.....	48
The University of Texas Health Science Center at Tyler .....	50
<b>TAB 2 – Reserve Allocations for Library, Equipment, Repair and Rehabilitation (LERR)</b>	
LERR Allocations Summary .....	52
<b>TAB 3 – Reserve Allocation for Faculty STARS (Science and Technology Acquisition and Retention)</b>	
Faculty STARS Allocation Summary .....	55
<b>TAB 4 – Budget Rules and Procedures</b>	
Operating Budget Rules and Procedures.....	57
Medical, Dental, and Allied Health Services Research and Development Plans and Physicians Referral Service Budget Rules and Procedures .....	61
Minimum Faculty Academic Workload.....	62
LERR and Faculty STARS Budget Rules and Procedures.....	63
LERR and Faculty STARS Expenditure Guidelines.....	65

# The University of Texas System Operating Budget Highlights

For the Year Ending August 31, 2013

## Introduction

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

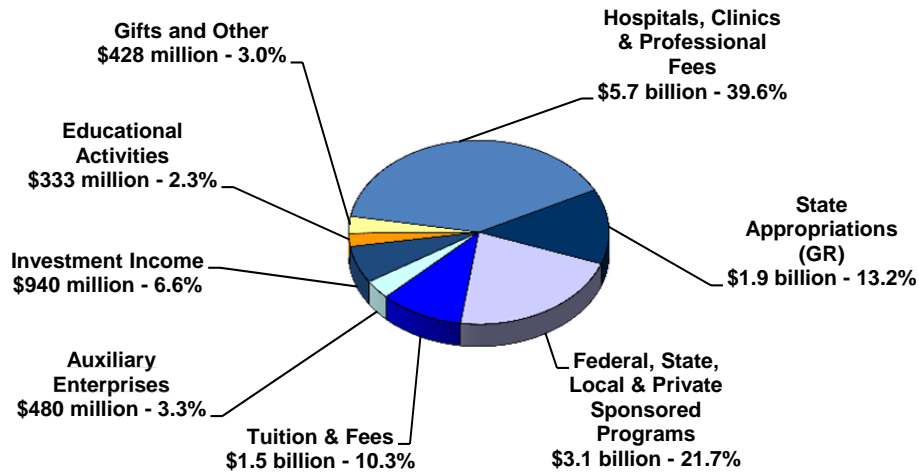
The effect of the System’s expenditures on the Texas economy is profound. The State Comptroller of Public Accounts has estimated that every \$1 spent generates as much as \$5 in additional economic activity.

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

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

For the 2013 fiscal year (FY), changes in the operating budget are driven by robust growth in health care activities including hospital charges and professional fees and by enrollment growth and the attendant increased instructional costs. The conclusion of federal awards resulting from the American Recovery and Reinvestment Act has partially offset the gains made in other areas.

## Revenues



Revenues included in the operating budget summary include both operating and nonoperating revenues used to finance the operating budget. Combined revenues for FY 2013 are \$14.4 billion, up 7.3% or \$981 million from FY 2012. Areas of growth include **Tuition and Fees** (8.1%, \$112 million), **Net Sales and Services of Hospitals and Clinics** (16.5%, \$626 million), and **Net Professional Fees** (7.6%, \$89 million). These growth areas are offset by the reduction in **Federal Sponsored Programs** (-4.1%, \$63 million) resulting from the conclusion of many awards funded by the American Recovery and Reinvestment Act.

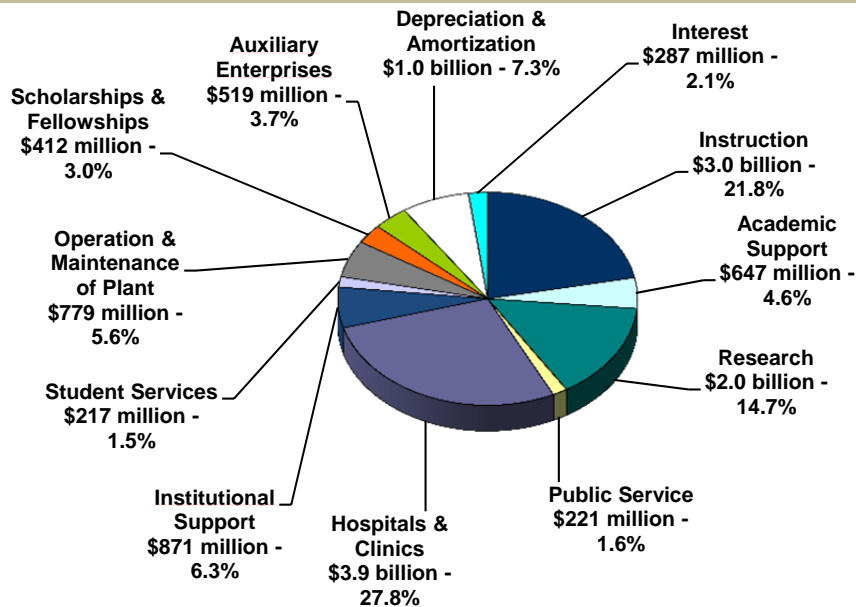
Budgeted **State Appropriations** are virtually unchanged from 2012. For FY 2013, general revenue will amount to 13.6% of the total expense budget, compared to 14.5% for 2012.

Growth in **Tuition and Fees** largely occurs at U. T. academic institutions as a result of enrollment changes and targeted increases in designated tuition and fees adopted by the U. T. System Board of Regents. In addition, the relationships with Academic Partnerships to deliver nontraditional education are driving the increase, most noticeably at U. T. Arlington. Overall, the most significant increases are at U. T. Arlington (\$21 million), U. T. Brownsville (\$14 million) and U. T. Dallas (\$39 million) where the institution is projecting 10% enrollment growth.

**Net Sales and Services of Hospital and Clinics** primarily includes income generated from patient care at the System's hospitals and typically is a major driver of budget increases. While all five health-related institutions with hospitals are budgeting double-digit growth of patient care income, especially significant increases are anticipated by U. T. Southwestern Medical Center (\$95 million), U. T. Medical Branch - Galveston (\$123 million), and U. T. M. D. Anderson Cancer Center (\$388 million). Both volume increases and price changes contribute to the growth.

Growth in **Net Professional Fees** principally results from growth in the health-related institutions medical practice plans. The most significant increases are occurring at U. T. Southwestern Medical Center (\$19 million), U. T. Health Science Center – Houston (\$20 million), and U. T. M. D. Anderson Cancer Center (\$35 million).

## Expenses



Expenses reflected in the operating budget include all operational functions, limited nonoperating expenses, and transfers made to fund debt service interest. Depreciation and Amortization expenses are also included in the budget. Conversely, capital outlay and transfers to U. T. System Administration for debt service principal payments are excluded. Combined expenses for FY 2013 are \$13.9 billion, up 6.4% or \$834 million from FY 2012. Significant functional areas of growth include **Instruction/Academic Support** (3.3%, \$119 million), **Hospital and Clinics** (11.8%, \$408 million), **Institutional Support** (11.7%, \$91 million), and **Depreciation and Amortization** (13.8%, \$123 million).

**Instruction/Academic Support** expenses increased due to support for new faculty and academic programs due to enrollment growth and nominal salary increases. The most significant increases were at U. T. Arlington (\$23 million), U. T. Austin (\$16 million), U. T. Dallas (\$19 million), and U. T. Southwestern Medical Center (\$16 million).

**Hospital and Clinics** expenses increased due largely to growth in patient care costs associated with increasing volume. The most significant increases are at U. T. Southwestern Medical Center (\$79 million), U. T. Medical Branch - Galveston (\$85 million), and U. T. M. D. Anderson Cancer Center (\$185 million).

**Institutional Support** expenses increased at a number of institutions resulting from overall growth necessary to support increased enrollments and patient volumes as well as increasing information technology costs associated with new administrative systems. The most significant increases occur at U. T. Dallas (\$8 million), U. T. M. D. Anderson Cancer Center (\$47 million) and U. T. System Administration (\$15 million). U. T. System Administration has increased costs associated with supporting several initiatives of the U. T. System Board of Regents including the annual audit. Additionally, anticipated expenditure of the Medicare Part D supplement for retiree prescription drugs has grown by \$4 million.

**Depreciation and Amortization** has increased largely due to the completion of a number of major construction and information technology projects with the most significant increases at U. T. Austin (\$54 million), U. T. Southwestern Medical Center (\$15 million) and U. T. M. D. Anderson Cancer Center (\$22 million).

## Resources

### Background

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

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

- The budget reflects tuition discounting and related scholarship/fellowship activities in a manner comparable to the GASB rules for the annual financial report.
- Depreciation expense is incorporated into the budgeted expense totals.
- Capital outlay from operating funds is eliminated from budgeted expenditure totals.
- Debt service principal repayments are eliminated from budgeted expenditure totals.
- The portion of Higher Education Assistance Fund (HEAF) appropriations expended on items that are capitalized for accounting purposes is eliminated from the budgeted revenue totals.

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

### Presentation of FY 2012 Projected Actual Totals

All U. T. institutions have prepared a projection of FY 2012 activity in a format comparable to that presented for the FY 2012 adjusted and FY 2013 proposed budgets. This projection was based on activity through May 2012.

### Reclassification of FY 2012 Budget Totals

In certain situations, reclassifications have been made between line items to enhance comparability with the FY 2013 presentation. Original budget totals approved by the U. T. System Board of Regents for FY 2012 remain unchanged.

## **Glossary of Terms**

### **Operating Revenues:**

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

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

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

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

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

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

**OTHER OPERATING REVENUES** – Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories.

### **Operating Expenses:**

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

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

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

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

## **Glossary of Terms (continued)**

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

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

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

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

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

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

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

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

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

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



## **Glossary of Terms (continued)**

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

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

### **Transfers and Other:**

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

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

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

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

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

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

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

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

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

## **Glossary of Terms (continued)**

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

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

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



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

---

**The University of Texas System  
Operating Budget  
Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,404,106,564	1,374,376,240	1,486,333,409	111,957,169	8.1%
Federal Sponsored Programs	1,571,555,155	1,548,615,787	1,485,472,135	(63,143,652)	-4.1%
State Sponsored Programs	252,246,395	192,956,114	257,369,692	64,413,578	33.4%
Local and Private Sponsored Programs	985,016,291	1,003,503,786	1,037,646,119	34,142,333	3.4%
Net Sales and Services of Educational Activities	387,962,744	317,385,721	333,099,517	15,713,796	5.0%
Net Sales and Services of Hospital and Clinics	4,146,682,209	3,799,498,945	4,425,433,770	625,934,825	16.5%
Net Professional Fees	1,236,038,006	1,179,398,356	1,268,541,063	89,142,707	7.6%
Net Auxiliary Enterprises	440,384,946	441,435,158	479,571,980	38,136,822	8.6%
Other Operating Revenues	154,074,717	129,780,603	136,492,781	6,712,178	5.2%
<b>Total Operating Revenues</b>	<b>10,578,067,027</b>	<b>9,986,950,710</b>	<b>10,909,960,466</b>	<b>923,009,756</b>	<b>9.2%</b>
<b>Operating Expenses:</b>					
Instruction	2,885,550,973	2,957,938,728	3,037,455,494	79,516,766	2.7%
Academic Support	542,378,408	607,304,917	646,753,776	39,448,859	6.5%
Research	1,999,019,649	2,003,813,447	2,048,320,320	44,506,873	2.2%
Public Service	269,040,574	236,289,506	221,223,945	(15,065,561)	-6.4%
Hospitals and Clinics	3,596,927,161	3,461,229,788	3,868,865,895	407,636,107	11.8%
Institutional Support	1,409,575,476	779,533,457	870,584,212	91,050,755	11.7%
Student Services	196,011,868	196,170,994	216,619,599	20,448,605	10.4%
Operations and Maintenance of Plant	756,338,935	760,585,266	778,584,783	17,999,517	2.4%
Scholarships and Fellowships	409,936,121	402,516,119	412,315,153	9,799,034	2.4%
Auxiliary Enterprises	459,291,330	491,878,533	518,606,700	26,728,167	5.4%
Depreciation and Amortization	983,097,378	896,781,776	1,020,214,538	123,432,762	13.8%
<b>Total Operating Expenses</b>	<b>13,507,167,873</b>	<b>12,794,042,531</b>	<b>13,639,544,415</b>	<b>845,501,884</b>	<b>6.6%</b>
<b>Operating Surplus/Deficit</b>	<b>(2,929,100,846)</b>	<b>(2,807,091,821)</b>	<b>(2,729,583,949)</b>	<b>77,507,872</b>	<b>-2.8%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	1,894,814,601	1,897,267,494	1,894,929,197	(2,338,297)	-0.1%
Federal Sponsored Programs (Nonoperating)	344,903,866	317,937,102	319,171,402	1,234,300	0.4%
State Sponsored Programs (Nonoperating)	4,465,594	1,744,788	10,908,650	9,163,862	525.2%
Gifts in Support of Operations	294,624,479	284,416,024	291,508,562	7,092,538	2.5%
Net Investment Income	1,154,482,322	896,653,355	939,679,393	43,026,038	4.8%
Other Non-Operating Revenue	2,250,000	-	-	-	-
Other Non-Operating (Expenses)	(34,706)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>3,695,506,156</b>	<b>3,398,018,763</b>	<b>3,456,197,204</b>	<b>58,178,441</b>	<b>1.7%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	222,184,098	212,185,748	239,423,927	27,238,179	12.8%
AUF Transfers (Made) for Operations	(222,184,098)	(212,185,748)	(239,423,927)	(27,238,179)	12.8%
Transfers for Debt Service - Interest	(265,572,234)	(298,496,552)	(286,981,485)	11,515,067	-3.9%
<b>Total Transfers and Other</b>	<b>(265,572,234)</b>	<b>(298,496,552)</b>	<b>(286,981,485)</b>	<b>11,515,067</b>	<b>-3.9%</b>
<b>Budget Margin (Deficit)</b>	<b>500,833,076</b>	<b>292,430,390</b>	<b>439,631,770</b>	<b>147,201,380</b>	<b>50.3%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	776,645	1,500,000	1,500,000	-	0.0%
Net Inc./(Dec.) in Fair Value of Investments	(609,739,900)	-	-	-	-
Interest Expense on Capital Asset Financings	(320,155,140)	(302,138,480)	(290,323,413)	11,815,067	-3.9%
Capital Approp., Gifts and Sponsored Programs	361,484,247	178,775,883	294,817,294	116,041,411	64.9%
HEAF (Capitalized)	13,223,772	8,798,268	9,406,216	607,948	6.9%
Additions to Permanent Endowments	110,932,205	99,450,996	88,426,089	(11,024,907)	-11.1%
Transfers for Debt Service - Principal	(333,913,633)	(315,333,409)	(270,602,164)	44,731,245	-14.2%
Reverse Transfers for Debt Service (System Only)	-	613,829,961	557,583,649	(56,246,312)	-9.2%
Transfers and Other	246,416,619	(215,688,586)	(242,686,065)	(26,997,479)	12.5%
<b>SRECNA Change in Net Assets</b>	<b>\$ (30,142,109)</b>	<b>361,625,023</b>	<b>587,753,376</b>	<b>226,128,353</b>	<b>62.5%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 14,273,607,889</b>	<b>13,384,969,473</b>	<b>14,366,157,670</b>	<b>981,188,197</b>	<b>7.3%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(13,772,774,813)</b>	<b>(13,092,539,083)</b>	<b>(13,926,525,900)</b>	<b>(833,986,817)</b>	<b>6.4%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 500,833,076</b>	<b>292,430,390</b>	<b>439,631,770</b>	<b>147,201,380</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		896,781,776	1,020,214,538		
Capital Outlay		(658,084,674)	(923,096,233)		
HEAF (Capitalized)		8,798,268	9,406,216		
Transfers for Debt Service - Principal		(315,333,409)	(356,452,164)		
Budgeted Transfers		(17,267,408)	(15,206,493)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>207,324,943</b>	<b>174,497,634</b>		

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

**The University of Texas Academic Institutions**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,289,136,598	1,257,776,029	1,366,668,405	108,892,376	8.7%
Federal Sponsored Programs	657,694,320	571,211,971	585,266,795	14,054,824	2.5%
State Sponsored Programs	167,906,228	129,371,927	147,047,348	17,675,421	13.7%
Local and Private Sponsored Programs	185,994,166	181,777,978	171,254,675	(10,523,303)	-5.8%
Net Sales and Services of Educational Activities	256,895,240	236,975,760	252,805,187	15,829,427	6.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	356,585,999	347,097,963	383,706,588	36,608,625	10.5%
Other Operating Revenues	21,865,782	19,836,025	20,822,085	986,060	5.0%
<b>Total Operating Revenues</b>	<b>2,936,078,333</b>	<b>2,744,047,653</b>	<b>2,927,571,083</b>	<b>183,523,430</b>	<b>6.7%</b>
<b>Operating Expenses:</b>					
Instruction	1,265,577,674	1,308,827,427	1,382,577,214	73,749,787	5.6%
Academic Support	335,064,633	414,981,125	415,267,937	286,812	0.1%
Research	685,842,221	644,339,292	684,922,358	40,583,066	6.3%
Public Service	152,124,686	128,960,687	120,659,112	(8,301,575)	-6.4%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	341,737,861	309,705,665	328,214,702	18,509,037	6.0%
Student Services	177,047,301	175,603,457	196,179,749	20,576,292	11.7%
Operations and Maintenance of Plant	331,855,434	311,719,076	311,804,212	85,136	0.0%
Scholarships and Fellowships	391,470,821	386,171,424	391,750,350	5,578,926	1.4%
Auxiliary Enterprises	394,822,211	425,066,401	449,598,815	24,532,414	5.8%
Depreciation and Amortization	414,540,330	354,686,199	424,965,356	70,279,157	19.8%
<b>Total Operating Expenses</b>	<b>4,490,083,172</b>	<b>4,460,060,753</b>	<b>4,705,939,805</b>	<b>245,879,052</b>	<b>5.5%</b>
<b>Operating Surplus/Deficit</b>	<b>(1,554,004,839)</b>	<b>(1,716,013,100)</b>	<b>(1,778,368,722)</b>	<b>(62,355,622)</b>	<b>3.6%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	876,713,841	880,309,632	879,028,416	(1,281,216)	-0.1%
Federal Sponsored Programs (Nonoperating)	321,704,337	314,603,898	316,308,470	1,704,572	0.5%
State Sponsored Programs (Nonoperating)	3,465,594	1,715,388	10,908,650	9,193,262	535.9%
Gifts in Support of Operations	157,901,088	148,638,409	150,588,343	1,949,934	1.3%
Net Investment Income	245,438,461	223,496,076	235,991,457	12,495,381	5.6%
Other Non-Operating Revenue	2,250,000	-	-	-	-
Other Non-Operating (Expenses)	(34,706)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>1,607,438,615</b>	<b>1,568,763,403</b>	<b>1,592,825,336</b>	<b>24,061,933</b>	<b>1.5%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	179,560,000	205,560,000	201,345,000	(4,215,000)	-2.1%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(101,234,060)	(109,603,740)	(115,269,579)	(5,665,839)	5.2%
<b>Total Transfers and Other</b>	<b>78,325,940</b>	<b>95,956,260</b>	<b>86,075,421</b>	<b>(9,880,839)</b>	<b>-10.3%</b>
<b>Budget Margin (Deficit)</b>	<b>131,759,716</b>	<b>(51,293,437)</b>	<b>(99,467,965)</b>	<b>(48,174,528)</b>	<b>93.9%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(6,811,631)	-	-	-	-
Interest Expense on Capital Asset Financings	(1,500,000)	(1,500,000)	(1,200,000)	300,000	-20.0%
Capital Approp., Gifts and Sponsored Programs	101,261,248	36,940,277	111,620,998	74,680,721	202.2%
HEAF (Capitalized)	13,223,772	8,798,268	9,406,216	607,948	6.9%
Additions to Permanent Endowments	76,905,156	80,470,996	67,907,366	(12,563,630)	-15.6%
Transfers for Debt Service - Principal	(104,298,349)	(110,819,542)	(119,997,315)	(9,177,773)	8.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	232,363,045	416,552,792	170,589,397	(245,963,395)	-59.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 442,902,957</b>	<b>379,149,354</b>	<b>138,858,697</b>	<b>(240,290,657)</b>	<b>-63.4%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 4,723,111,654</b>	<b>4,518,371,056</b>	<b>4,721,741,419</b>	<b>203,370,363</b>	<b>4.5%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(4,591,351,938)</b>	<b>(4,569,664,493)</b>	<b>(4,821,209,384)</b>	<b>(251,544,891)</b>	<b>5.5%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 131,759,716</b>	<b>(51,293,437)</b>	<b>(99,467,965)</b>	<b>(48,174,528)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		354,686,199	424,965,356		
Capital Outlay		(118,566,964)	(136,937,619)		
HEAF (Capitalized)		8,798,268	9,406,216		
Transfers for Debt Service - Principal		(110,819,542)	(119,997,315)		
Budgeted Transfers		(19,825,605)	(17,731,475)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>62,978,919</b>	<b>60,237,198</b>		

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

**The University of Texas Health-Related Institutions**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 114,969,966	116,600,211	119,665,004	3,064,793	2.6%
Federal Sponsored Programs	906,787,533	969,203,816	887,705,340	(81,498,476)	-8.4%
State Sponsored Programs	77,333,373	56,577,393	110,322,344	53,744,951	95.0%
Local and Private Sponsored Programs	799,022,125	821,725,808	866,391,444	44,665,636	5.4%
Net Sales and Services of Educational Activities	85,490,338	77,981,066	78,101,016	119,950	0.2%
Net Sales and Services of Hospital and Clinics	4,146,682,209	3,799,498,945	4,425,433,770	625,934,825	16.5%
Net Professional Fees	1,236,038,006	1,179,398,356	1,268,541,063	89,142,707	7.6%
Net Auxiliary Enterprises	83,798,947	94,337,195	95,865,392	1,528,197	1.6%
Other Operating Revenues	119,297,629	109,944,578	115,670,696	5,726,118	5.2%
<b>Total Operating Revenues</b>	<b>7,569,420,126</b>	<b>7,225,267,368</b>	<b>7,967,696,069</b>	<b>742,428,701</b>	<b>10.3%</b>
<b>Operating Expenses:</b>					
Instruction	1,619,973,299	1,649,111,301	1,654,878,280	5,766,979	0.3%
Academic Support	207,313,775	192,323,792	231,485,839	39,162,047	20.4%
Research	1,313,177,428	1,359,474,155	1,363,397,962	3,923,807	0.3%
Public Service	116,915,888	107,328,819	100,564,833	(6,763,986)	-6.3%
Hospitals and Clinics	3,596,927,161	3,461,229,788	3,868,865,895	407,636,107	11.8%
Institutional Support	438,018,227	417,491,594	475,051,080	57,559,486	13.8%
Student Services	18,964,567	20,567,537	20,439,850	(127,687)	-0.6%
Operations and Maintenance of Plant	424,483,501	448,866,190	466,780,571	17,914,381	4.0%
Scholarships and Fellowships	18,125,233	15,084,695	19,191,443	4,106,748	27.2%
Auxiliary Enterprises	64,469,119	66,812,132	69,007,885	2,195,753	3.3%
Depreciation and Amortization	561,097,837	530,125,308	585,254,988	55,129,680	10.4%
Total Operating Expenses	8,379,466,035	8,268,415,311	8,854,918,626	586,503,315	7.1%
<b>Operating Surplus/Deficit</b>	<b>(810,045,909)</b>	<b>(1,043,147,943)</b>	<b>(887,222,557)</b>	<b>155,925,386</b>	<b>-14.9%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	1,016,479,751	1,015,382,862	1,014,238,312	(1,144,550)	-0.1%
Federal Sponsored Programs (Nonoperating)	3,372,999	3,333,204	2,862,932	(470,272)	-14.1%
State Sponsored Programs (Nonoperating)	1,000,000	29,400	-	(29,400)	-100.0%
Gifts in Support of Operations	135,653,766	135,109,615	139,945,982	4,836,367	3.6%
Net Investment Income	232,130,096	270,901,947	254,911,108	(15,990,839)	-5.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>1,388,636,612</b>	<b>1,424,757,028</b>	<b>1,411,958,334</b>	<b>(12,798,694)</b>	<b>-0.9%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(100,566,507)	(101,656,890)	(94,366,647)	7,290,243	-7.2%
<b>Total Transfers and Other</b>	<b>(100,566,507)</b>	<b>(101,656,890)</b>	<b>(94,366,647)</b>	<b>7,290,243</b>	<b>-7.2%</b>
<b>Budget Margin (Deficit)</b>	<b>478,024,196</b>	<b>279,952,195</b>	<b>430,369,130</b>	<b>150,416,935</b>	<b>53.7%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	776,645	1,500,000	1,500,000	-	0.0%
Net Inc./(Dec.) in Fair Value of Investments	(18,796,202)	-	-	-	-
Interest Expense on Capital Asset Financings	-	(2,141,928)	(2,141,928)	-	0.0%
Capital Approp., Gifts and Sponsored Programs	260,222,999	141,835,606	183,196,296	41,360,690	29.2%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	34,027,049	18,980,000	20,518,723	1,538,723	8.1%
Transfers for Debt Service - Principal	(206,415,284)	(162,948,867)	(91,279,849)	71,669,018	-44.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	255,567,525	316,286,123	201,925,000	(114,361,123)	-36.2%
<b>SRECNA Change in Net Assets</b>	<b>\$ 803,406,928</b>	<b>593,463,129</b>	<b>744,087,372</b>	<b>150,624,243</b>	<b>25.4%</b>
Total Revenues and AUF Transfers	\$ 8,958,056,738	8,650,024,396	9,379,654,403	729,630,007	8.4%
Total Expenses (Including Transfers for Interest)	(8,480,032,542)	(8,370,072,201)	(8,949,285,273)	(579,213,072)	6.9%
<b>Budget Margin (Deficit)</b>	<b>\$ 478,024,196</b>	<b>279,952,195</b>	<b>430,369,130</b>	<b>150,416,935</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		530,125,308	585,254,988		
Capital Outlay		(539,217,710)	(784,658,614)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(162,948,867)	(177,129,849)		
Budgeted Transfers		3,436,000	3,448,000		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>111,346,926</b>	<b>57,283,655</b>		

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

**The University of Texas System Administration  
Operating Budget Highlights  
For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The FY 2013 operating budget allows The University of Texas System Administration to continue to fulfill its mission to lead and serve the academic and health institutions to create and sustain excellence in educational opportunities, research, and health care. In fulfilling this role, value is added on behalf of the U. T. institutions through the undertaking of certain central responsibilities that result in greater efficiency or higher quality than could be achieved by individual institutions or that fulfill legal requirements. These responsibilities include facilitation of U. T. institutions' goals, serving as the agent of the U. T. System Board of Regents, exerting leadership on national and state higher education policies, and providing oversight of and assistance for U. T. institution operations.

In support of U. T. System Board of Regents' initiatives and the Chancellor's *A Framework for Advancing Excellence Throughout The University of Texas System*, U. T. System Administration is making strategic investments in additional staff throughout the organization. Key areas include Systemwide information security assurance, the UTShare information system and the related Shared Business Operations, enhanced federal relations activities, and expansion of technology transfer efforts.

**Revenue**

The FY 2013 budgeted revenues are increasing by 9.6% primarily driven by growth in the System's share of the approved distribution to the Available University Fund (AUF) from the Permanent University Fund (PUF). The U. T. System Board of Regents approved an increase in the PUF distribution rate from 4.75% to 5.0%, per Board of Regents' policy, plus an additional \$78.5 million. The increase was recommended due to a strong year of PUF royalty income and investment performance, the U. T. System Board of Regents' desire to provide The University of Texas at Austin with AUF funding in lieu of a resident undergraduate tuition increase, and the continuation of the constrained State budget situation. Other key changes include an additional \$4.3 million of anticipated federal sponsored program revenue from the Medicare Part D supplement for retiree prescription drugs offset by a decline of \$7.0 million in state sponsored programs due to funding for the 2012-13 biennium related to the Joint Admission Medical Program being received entirely in 2012.

**Expenses**

Total expenses are budgeted to increase 2.1% or \$3.2 million over FY 2012. This results primarily from a \$15.0 million increase in Institutional Support activities offset by declines in Depreciation and Amortization (\$2.0 million) and Interest associated with PUF debt (\$9.9 million). Virtually all activities of U. T. System Administration are considered to be Institutional Support. The principal drivers are the aforementioned initiatives along with external audit fees, a new accounting and revenue system for University Lands, and expenditure of the Medicare Part D support. Subject to U. T. System Board of Regents approval, U. T. System Administration recognizes the need to maintain competitive compensation levels for staff through the implementation of a 2% merit policy.

**The University of Texas System Administration**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	7,073,302	8,200,000	12,500,000	4,300,000	52.4%
State Sponsored Programs	7,006,794	7,006,794	-	(7,006,794)	-100.0%
Local and Private Sponsored Programs	-	-	-	-	-
Net Sales and Services of Educational Activities	45,577,166	2,428,895	2,193,314	(235,581)	-9.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	-	-	-	-	-
Other Operating Revenues	12,911,306	-	-	-	-
<b>Total Operating Revenues</b>	<b>72,568,568</b>	<b>17,635,689</b>	<b>14,693,314</b>	<b>(2,942,375)</b>	<b>-16.7%</b>
<b>Operating Expenses:</b>					
Instruction	-	-	-	-	-
Academic Support	-	-	-	-	-
Research	-	-	-	-	-
Public Service	-	-	-	-	-
Hospitals and Clinics	-	-	-	-	-
Institutional Support	629,819,388	52,336,198	67,318,430	14,982,232	28.6%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	-	-	-	-	-
Scholarships and Fellowships	340,067	1,260,000	1,373,360	113,360	9.0%
Auxiliary Enterprises	-	-	-	-	-
Depreciation and Amortization	7,459,211	11,970,269	9,994,194	(1,976,075)	-16.5%
<b>Total Operating Expenses</b>	<b>637,618,666</b>	<b>65,566,467</b>	<b>78,685,984</b>	<b>13,119,517</b>	<b>20.0%</b>
<b>Operating Surplus/Deficit</b>	<b>(565,050,098)</b>	<b>(47,930,778)</b>	<b>(63,992,670)</b>	<b>(16,061,892)</b>	<b>33.5%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	1,621,009	1,575,000	1,662,469	87,469	5.6%
Federal Sponsored Programs (Nonoperating)	19,826,530	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,069,625	668,000	974,237	306,237	45.8%
Net Investment Income	676,913,765	402,255,332	448,776,828	46,521,496	11.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>699,430,929</b>	<b>404,498,332</b>	<b>451,413,534</b>	<b>46,915,202</b>	<b>11.6%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	42,624,098	32,625,748	39,078,927	6,453,179	19.8%
AUF Transfers (Made) for Operations	(222,184,098)	(212,185,748)	(239,423,927)	(27,238,179)	12.8%
Transfers for Debt Service - Interest	(63,771,667)	(87,235,922)	(77,345,259)	9,890,663	-11.3%
<b>Total Transfers and Other</b>	<b>(243,331,667)</b>	<b>(266,795,922)</b>	<b>(277,690,259)</b>	<b>(10,894,337)</b>	<b>4.1%</b>
<b>Budget Margin (Deficit)</b>	<b>(108,950,836)</b>	<b>89,771,632</b>	<b>109,730,605</b>	<b>19,958,973</b>	<b>22.2%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(584,132,067)	-	-	-	-
Interest Expense on Capital Asset Financings	(318,655,140)	(298,496,552)	(286,981,485)	11,515,067	-3.9%
Capital Approp., Gifts and Sponsored Programs	-	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	101,415,407	66,108,070	88,426,089	22,318,019	33.8%
Transfers for Debt Service - Principal	(23,200,000)	(41,565,000)	(59,325,000)	(17,760,000)	42.7%
Reverse Transfers for Debt Service (System Only)	-	613,829,961	557,583,649	(56,246,312)	-9.2%
Transfers and Other	306,486,049	(429,527,501)	(67,200,462)	362,327,039	-84.4%
<b>SRECNA Change in Net Assets</b>	<b>\$ (627,036,587)</b>	<b>120,610</b>	<b>342,233,396</b>	<b>342,112,786</b>	<b>283652.1%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 592,439,497</b>	<b>242,574,021</b>	<b>265,761,848</b>	<b>23,187,827</b>	<b>9.6%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(701,390,333)</b>	<b>(152,802,389)</b>	<b>(156,031,243)</b>	<b>(3,228,854)</b>	<b>2.1%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (108,950,836)</b>	<b>89,771,632</b>	<b>109,730,605</b>	<b>19,958,973</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		11,970,269	9,994,194		
Capital Outlay		(300,000)	(1,500,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(41,565,000)	(59,325,000)		
Budgeted Transfers		(877,803)	(923,018)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>58,999,098</b>	<b>57,976,781</b>		

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



**The University of Texas at Arlington**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The University of Texas at Arlington continues to maintain its focus to provide an unparalleled education for its students and to pursue its goal of becoming a major national research institution. U. T. Arlington continues to invest its finite resources in initiatives that support the core mission, advance strategic priorities, and fuel the Tier 1 objectives.

U. T. Arlington has experienced significant enrollment growth the past few years, which, with the accompanying formula and tuition and fee revenue, buffered the fiscal impact of 5% and 2.5% reductions in state general revenue appropriations enacted by the House Bill 4, 82<sup>nd</sup> Legislature, Regular Session. While the reductions were not as drastic as proposed by the Texas House and Senate early in the 82<sup>nd</sup> Legislative Session, the effect of sustained reductions in state revenue and appropriations during the past several years cannot be understated, particularly in light of the additional demands of a rapidly growing student population that currently stands at almost 33,500.

U. T. Arlington continues to maintain very efficient operations — conserving and carefully managing all available resources across the institution. Among the initiatives that continue to serve the University well are the flexible hiring freeze whereby all requests to fill or create a position are reviewed by a three-person Hiring Review Committee chaired by the Provost; ongoing reorganization of certain functions and departments; consolidation of financial and human resources; selective outsourcing of services that are not mission-critical; and a continued critical eye toward cost avoidance and cost containment.

U. T. Arlington continues to be entrepreneurial in developing new revenue streams and in enhancing existing ones. U. T. Arlington is actively planning its first comprehensive fundraising campaign to increase private philanthropy and to help build the University's endowment. With the rollout of the 20-acre College Park District this year, new revenues will be generated through retail, student housing, parking, event ticket sales, and concessions. The Division for Enterprise Development continues to expand operations and generate additional revenue. Additionally, the University continues to expand its capacity and offerings in the area of online education.

**Revenue**

Total annual revenues for U. T. Arlington are expected to increase in FY 2013 due to an estimated 2% increase in enrollment, an increase in funding for sponsored programs, an increase in sales and services of educational activities, and increased auxiliary enterprise income. U. T. Arlington continues to augment the classroom experience with blended and online learning, successfully reaching out to more than 6,000 additional students. U. T. Arlington made the strategic decision to request no increase in tuition and fees for academic year 2012-2013 as a means of helping students and their families control the cost of attending college.

**Expenses**

U. T. Arlington's budget for FY 2013 is aligned with the institution's strategic priorities. Resources have been dedicated to faculty recruitment and retention, fellowships and compensation for graduate students, support for online learning, recruitment of additional academic advisors, athletic initiatives, campus information technology, and campus infrastructure.

**The University of Texas at Arlington**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 183,114,150	185,155,245	205,893,775	20,738,530	11.2%
Federal Sponsored Programs	52,494,797	53,015,966	53,212,080	196,114	0.4%
State Sponsored Programs	11,042,802	16,431,817	15,881,073	(550,744)	-3.4%
Local and Private Sponsored Programs	10,606,566	14,760,614	14,984,754	224,140	1.5%
Net Sales and Services of Educational Activities	18,817,865	14,547,311	16,300,814	1,753,503	12.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	29,080,003	22,039,733	31,499,813	9,460,080	42.9%
Other Operating Revenues	5,492,476	6,845,406	7,497,445	652,039	9.5%
<b>Total Operating Revenues</b>	<b>310,648,659</b>	<b>312,796,092</b>	<b>345,269,754</b>	<b>32,473,662</b>	<b>10.4%</b>
<b>Operating Expenses:</b>					
Instruction	147,969,848	143,330,326	154,988,363	11,658,037	8.1%
Academic Support	29,912,272	27,919,433	39,192,736	11,273,303	40.4%
Research	53,634,199	66,258,037	70,248,260	3,990,223	6.0%
Public Service	9,830,497	7,831,566	5,085,388	(2,746,178)	-35.1%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	50,795,028	51,419,644	58,946,493	7,526,849	14.6%
Student Services	25,423,302	32,699,071	43,417,982	10,718,911	32.8%
Operations and Maintenance of Plant	36,200,133	35,909,664	30,342,295	(5,567,369)	-15.5%
Scholarships and Fellowships	28,606,500	28,559,699	36,069,209	7,509,510	26.3%
Auxiliary Enterprises	38,510,353	31,821,016	34,635,626	2,814,610	8.8%
Depreciation and Amortization	34,697,715	32,727,012	34,590,988	1,863,976	5.7%
<b>Total Operating Expenses</b>	<b>455,579,847</b>	<b>458,475,468</b>	<b>507,517,340</b>	<b>49,041,872</b>	<b>10.7%</b>
<b>Operating Surplus/Deficit</b>	<b>(144,931,188)</b>	<b>(145,679,376)</b>	<b>(162,247,586)</b>	<b>(16,568,210)</b>	<b>11.4%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	113,519,881	113,519,881	114,398,393	878,512	0.8%
Federal Sponsored Programs (Nonoperating)	42,000,000	44,000,000	49,000,000	5,000,000	11.4%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	3,545,904	2,516,909	3,122,569	605,660	24.1%
Net Investment Income	11,240,983	9,050,131	9,404,907	354,776	3.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>170,306,768</b>	<b>169,086,921</b>	<b>175,925,869</b>	<b>6,838,948</b>	<b>4.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(11,563,506)	(13,381,770)	(14,109,741)	(727,971)	5.4%
<b>Total Transfers and Other</b>	<b>(11,563,506)</b>	<b>(13,381,770)</b>	<b>(14,109,741)</b>	<b>(727,971)</b>	<b>5.4%</b>
<b>Budget Margin (Deficit)</b>	<b>13,812,074</b>	<b>10,025,775</b>	<b>(431,458)</b>	<b>(10,457,233)</b>	<b>-104.3%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(1,380,506)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	40,665	45,998	5,333	13.1%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	3,859,231	2,579,975	3,496,957	916,982	35.5%
Transfers for Debt Service - Principal	(15,876,864)	(13,057,571)	(15,816,000)	(2,758,429)	21.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	6,840,941	(469,607)	(6,170,255)	(5,700,648)	1213.9%
<b>SRECNA Change in Net Assets</b>	<b>\$ 7,254,876</b>	<b>(880,763)</b>	<b>(18,874,758)</b>	<b>(17,993,995)</b>	<b>2043.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 480,955,427</b>	<b>481,883,013</b>	<b>521,195,623</b>	<b>39,312,610</b>	<b>8.2%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(467,143,353)</b>	<b>(471,857,238)</b>	<b>(521,627,081)</b>	<b>(49,769,843)</b>	<b>10.5%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 13,812,074</b>	<b>10,025,775</b>	<b>(431,458)</b>	<b>(10,457,233)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		32,727,012	34,590,988		
Capital Outlay		(8,028,114)	(10,339,241)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(13,057,571)	(15,816,000)		
Budgeted Transfers		4,419,614	8,024,067		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>26,086,716</b>	<b>16,028,356</b>		

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

**The University of Texas at Austin  
Operating Budget Highlights  
For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

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

The student success initiatives included in this budget will help address the goal of achieving an improved four year graduation rate. U. T. Austin is also investing in redesigning courses and sequences of courses. These two areas – graduation rates and course transformation – are in line with the action plan the Chancellor outlined in August. These initiatives can have the biggest impact on controlling costs and increasing access without diminishing the quality of education or the ability to attract and retain the best faculty.

Crucial to the University's success in meeting its teaching and research mission, and in being counted among the world's elite institutions of higher education, is addressing the challenges of providing for a diverse campus community.

**Revenue**

The state general revenue reflects a reduced level of state appropriations. Tuition revenue includes the non-resident undergraduate and graduate tuition increases approved by the Board of Regents and also assumes a higher enrollment figure, to reflect the upward trend of the last few years. Overall Available University Fund support is down since special funding for faculty support, excellence, and faculty recruitment programs have ended. The U. T. System Board of Regents authorized an increase in the U. T. Austin distribution to replace proposed undergraduate resident tuition increases that were held constant.

**Expenses**

Subject to U. T. System Board of Regents approval, U. T. Austin plans to implement a modest strategic merit-based salary increase policy to remain a leading university that is competitive in recruiting and retaining talented faculty and staff. Funding for this program was made possible through budget cuts by the deans and vice presidents, and this action is consistent with the policy of making sacrifices to fund the highest institutional priorities. Staff benefit increases were also significant due to higher insurance costs.

**The University of Texas at Austin**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 485,000,000	460,789,450	480,532,371	19,742,921	4.3%
Federal Sponsored Programs	408,969,603	332,466,434	347,895,246	15,428,812	4.6%
State Sponsored Programs	73,818,552	41,388,432	48,050,647	6,662,215	16.1%
Local and Private Sponsored Programs	101,411,845	88,944,454	92,059,030	3,114,576	3.5%
Net Sales and Services of Educational Activities	204,300,000	192,374,974	204,029,869	11,654,895	6.1%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	238,900,000	240,623,245	254,609,705	13,986,460	5.8%
Other Operating Revenues	6,600,000	4,169,059	3,039,490	(1,129,569)	-27.1%
<b>Total Operating Revenues</b>	<b>1,519,000,000</b>	<b>1,360,756,048</b>	<b>1,430,216,358</b>	<b>69,460,310</b>	<b>5.1%</b>
<b>Operating Expenses:</b>					
Instruction	609,700,000	624,844,038	658,673,602	33,829,564	5.4%
Academic Support	164,700,000	238,870,667	221,092,392	(17,778,275)	-7.4%
Research	434,300,000	390,158,951	405,404,936	15,245,985	3.9%
Public Service	82,800,000	78,218,645	71,397,699	(6,820,946)	-8.7%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	128,700,000	98,097,478	94,997,990	(3,099,488)	-3.2%
Student Services	62,400,000	55,635,959	57,935,565	2,299,606	4.1%
Operations and Maintenance of Plant	160,100,000	141,301,860	148,649,069	7,347,209	5.2%
Scholarships and Fellowships	135,700,000	126,278,575	124,728,614	(1,549,961)	-1.2%
Auxiliary Enterprises	227,900,000	254,847,333	264,203,428	9,356,095	3.7%
Depreciation and Amortization	232,100,000	178,100,000	232,100,000	54,000,000	30.3%
<b>Total Operating Expenses</b>	<b>2,238,400,000</b>	<b>2,186,353,506</b>	<b>2,279,183,295</b>	<b>92,829,789</b>	<b>4.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(719,400,000)</b>	<b>(825,597,458)</b>	<b>(848,966,937)</b>	<b>(23,369,479)</b>	<b>2.8%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	296,900,000	296,897,815	295,075,155	(1,822,660)	-0.6%
Federal Sponsored Programs (Nonoperating)	51,500,000	51,500,000	47,000,000	(4,500,000)	-8.7%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	115,000,000	103,385,827	102,531,673	(854,154)	-0.8%
Net Investment Income	183,000,000	170,029,237	176,560,699	6,531,462	3.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>646,400,000</b>	<b>621,812,879</b>	<b>621,167,527</b>	<b>(645,352)</b>	<b>-0.1%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	179,560,000	205,560,000	201,345,000	(4,215,000)	-2.1%
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(41,300,000)	(42,975,076)	(44,283,654)	(1,308,578)	3.0%
<b>Total Transfers and Other</b>	<b>138,260,000</b>	<b>162,584,924</b>	<b>157,061,346</b>	<b>(5,523,578)</b>	<b>-3.4%</b>
<b>Budget Margin (Deficit)</b>	<b>65,260,000</b>	<b>(41,199,655)</b>	<b>(70,738,064)</b>	<b>(29,538,409)</b>	<b>71.7%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	(1,500,000)	(1,500,000)	(1,200,000)	300,000	-20.0%
Capital Approp., Gifts and Sponsored Programs	100,000,000	20,000,000	110,000,000	90,000,000	450.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	42,000,000	50,000,000	40,000,000	(10,000,000)	-20.0%
Transfers for Debt Service - Principal	(39,554,076)	(37,879,000)	(41,610,000)	(3,731,000)	9.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	49,500,000	289,500,000	42,500,000	(247,000,000)	-85.3%
<b>SRECNA Change in Net Assets</b>	<b>\$ 215,705,924</b>	<b>278,921,345</b>	<b>78,951,936</b>	<b>(199,969,409)</b>	<b>-71.7%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 2,344,960,000</b>	<b>2,188,128,927</b>	<b>2,252,728,885</b>	<b>64,599,958</b>	<b>3.0%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(2,279,700,000)</b>	<b>(2,229,328,582)</b>	<b>(2,323,466,949)</b>	<b>(94,138,367)</b>	<b>4.2%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 65,260,000</b>	<b>(41,199,655)</b>	<b>(70,738,064)</b>	<b>(29,538,409)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		178,100,000	232,100,000		
Capital Outlay		(59,557,682)	(68,377,718)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(37,879,000)	(41,610,000)		
Budgeted Transfers		(20,245,346)	(22,401,841)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>19,218,317</b>	<b>28,972,377</b>		

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

**The University of Texas at Austin  
Application of Available University Fund (AUF)  
Recommended Budget 2012-13**

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

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

As state appropriations are reduced, AUF is also being used as a more general source of basic support and maintenance (routine operating expenses). The Board of Regents approved an increase of \$6.6 million in excellence funding for FY 12-13 and FY 13-14 in lieu of tuition increases for resident undergraduate students. These funds will be dedicated to student success initiatives.

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

<b>Excellence in Mission:</b>	<b>\$ 116,711,414</b>
Instructional Excellence	
Enhanced Academic Programs	\$ 26,581,932
Academic initiatives at the college and departmental level enhanced by the AUF include curriculum innovation, development of new degree programs, interdisciplinary program planning and coordination, honors programs, internship programs, academic technology and facility support, K-12 and community outreach activities, and continuing education. In FY 12-13, Teaching Assistants for the College of Liberal Arts were moved to AUF due to budget constraints in state funding sources.	
Instructional Program Services	9,304,296
These services include student success initiatives, college computing services, instructional and technology enhanced teaching support, provision of Web-based student-faculty communication platforms, teaching effectiveness services, credit by examination, new and experienced faculty training, assessment methods, student course-instructor evaluations, the UT Elementary School, and coordination of University-wide K-12 activities.	

Instructional Initiatives and Programs	22,534,164
<p>The School of Undergraduate Studies was developed to enhance the education for all undergraduates through core curriculum, advising, learning communities, signature courses, interdisciplinary programs, and research.</p>	
<p>Other instructional initiatives and programs include course transformation and innovation and visiting lecturers. Students have access to specialized centers for education technology and science education: clinical legal, pharmacy and nursing experiences; student education field experience; fine arts productions; and the master teacher institute.</p>	
Academic Infrastructure (Libraries, Instructional Technology)	29,053,194
<p>Instructional technology services include providing access to computing, voice and data networks, internet, and email. Library services include access to comprehensive print and digital resources supporting all disciplines, and access to specialized collections within the Humanities Research Center, the Benson Latin American Collection and the Law Library.</p>	
Student Programs and Services	4,415,668
<p>These services encompass new student orientation, career services, welcoming and mentoring programs, student organizations, campus and community involvement, Greek life, services for students with disabilities, student governance, judicial services and volunteer and service learning, the University Honors Center, the International Office, and study abroad programs.</p>	
Research Excellence	
Research Competitiveness	20,816,085
<p>Support is provided for the critical research infrastructure required for faculty to be competitive for federal, state, and private sector research grant funding, to meet the ever increasing regulatory and compliance requirements associated with this external funding, to provide specialized services for areas such as animal care and high performance computing, and to help support research centers and institutes targeting areas critical to the economic development of Texas and the nation.</p>	
Outreach Excellence	
Academic Program/Community Interface	4,006,075
<p>These programs help define and characterize the role of a flagship institution within the larger community and include such units as: Performing Arts Center, Blanton Museum, Texas Memorial Museum, and Winedale Historical Center.</p>	

**Recruitment and Retention of Talent: 56,931,375**

Faculty 4,947,771

The faculty development program and the recruitment and start-up package funds enabled UT Austin to add new faculty positions in previous years to lower the student/faculty ratio. Lowering this ratio improved undergraduate educational programs, which is a major institutional goal for this decade. Steady progress was made annually. However, due to budget constraints in fiscal years 11-12 and 12-13, funds were not available to add new faculty positions. The student/faculty ratio is now trending upward.

K-12 Outreach and Undergraduate Students 17,349,990

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

Graduate Students 34,633,614

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

**Institutional Accountability and Enhanced Connections to the Public 25,809,198**

Institutional accountability programs and offices are dedicated to providing support services for excellence in teaching, research, and public service. Development efforts expand private support by presenting evidence of the University's distinctive character, valuable service, and efficient management. University Communications has leadership responsibility for the institution's interaction with the media and with the public at large. The Office of the Executive Vice President and Provost serves as the chief academic officer of the university overseeing the academic programs on campus. The Office of Information Management and Analysis provides information and analytical support to university decision makers and submits numerous reports to the Texas Higher Education Coordinating Board and the Department of Education. University Operations is dedicated to enhancing the development and delivery of most supporting services for on-campus clients, including public and environmental safety and the integrity of the physical infrastructure of the campus. Project Information Quest (IQ) uses business intelligence tools to provide critical information to University decision makers.

**UT System****1,893,013**

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

UT Austin AUF Budget

**\$ 201,345,000****Details****Excellence in Mission****Instructional Excellence**

Enhanced Academic Programs		<b>26,581,932</b>
Colleges and Schools	22,569,780	
Academic Departments and Centers	4,012,152	
Instructional Program Services		<b>9,304,296</b>
Texas Language Center	84,204	
Dean's Office Communication Group	407,032	
Fine Arts-Office of Computing Technologies	240,641	
Division of Instructional Innovation and Assessment	1,689,486	
Undergraduate Studies - Assessment	163,001	
UT Elementary School	119,932	
Student Success Initiatives	6,600,000	
Instructional Initiatives and Programs		<b>22,534,164</b>
Visiting Lecturers and Academic development	130,820	
Bilingual education	76,928	
Education Learning Technology Center	520,258	
Science Education Center	93,235	
Education student field experience	21,253	
Fine Arts ensembles, projects & opera production	24,679	
Fine Arts-Music-Student Opera Production	10,899	
Nursing Children's Wellness Center	88,788	
Clinical legal education	107,748	
E-outreach	176,898	
Master Teacher Institute	286,051	
Provost's Initiatives and Innovations	19,150,000	
Undergraduate Programs	442,290	
Signature Courses	1,198,218	
Core Curriculum Development	206,099	
Academic Infrastructure		<b>29,053,194</b>
Instructional Technology	6,593,365	
Libraries	22,459,829	



Student Programs and Services		<b>4,415,668</b>
Dean of Students	2,309,872	
Deaf interpreters	409,582	
Mathematics lab	59,639	
International Office	795,976	
Study abroad	613,209	
International Student And Scholar Support And Compliance	99,560	
International exchange program	53,198	
University Honors Center	74,632	
<b>Research Excellence</b>		<b>20,816,085</b>
Research Competitiveness		
Research grant infrastructure, compliance and support		
Office of Research Support	885,747	
Institutional Capital Projects	819,934	
Research grants	55,100	
Animal Resources Center	558,665	
Texas Advanced Computing Center	3,226,803	
College of Liberal Arts - Research	215,445	
Statistics & Scientific Computation Program	397,029	
Center for Technology Commercialization	1,235,397	
	<u>7,394,120</u>	
Research Initiatives		
UT Press	1,073,473	
Undergraduate Research	6,237	
Organized Research Units	6,486,301	
Center for Studies in Texas	380,475	
Research Instruments Laboratory	135,479	
Research Enhancement	5,340,000	
	<u>13,421,965</u>	
<b>Outreach Excellence</b>		<b>4,006,075</b>
Academic Program/Community Interface		
Performing Arts Center	1,916,773	
Blanton Museum	856,286	
Texas Memorial Museum	1,121,179	
Winedale	111,837	
<b>Recruitment and Retention of Talent:</b>		<b>56,931,375</b>
Initiatives to ensure quality and diversity		
Faculty		
Faculty Development Program	2,232,025	
Faculty Recruitment	1,880,796	
Recruitment start-up package, special equipment	834,950	
	<u>4,947,771</u>	

Undergraduate Students	
Admission	2,440,588
Registrar	1,640,373
Freshman Admissions Center	1,347,589
Outreach centers	532,753
Multicultural Engagement Center	45,283
Pre-College Youth Development Student Diversity Initiatives	239,977
Tuition and fees scholarship	69,129
Gateway	28,539
Student retention programs	63,957
Student services programs	1,239,932
Former student records	389,763
Satellite Admissions Office	2,375,598
Hardship Waivers	3,113,159
Student financial services	3,115,091
Center for Strategic Advising	363,121
Longhorn Scholars	345,138
	<u>17,349,990</u>

Graduate Students	
Dean of Graduate Studies	2,201,860
Fellowship commitments	200,000
Tuition Benefits - Teaching Asst/Asst Instructor	22,760,327
Graduate fellowships	6,414,575
Special graduate fellowships	750,000
Graduate fellowships	25,000
Graduate research fellowships	200,000
Graduate and international admissions	344,691
Scholarships - School Of Law	1,214,429
Law Admissions Outreach	297,732
LBJ scholarships	225,000
	<u>34,633,614</u>

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

**25,809,198**

Office of President - Staff Ombuds	161,654
Office Of The Executive Vice President And Provost	5,057,920
Office of Information Management and Analysis	2,404,472
Vice President for University Operations	1,143,292
Campus Security and Safety	129,563
University Communications	1,778,785
Equal Employment Affirmative Action	392,425
VP - DDCE Special Allocation	223,441
Employee Communications	364,053
IQ Project	963,322
Non-Student Interpreter Services	32,000
General Faculty Office	218,700
Institutional Membership	332,800
Liberal Arts Public Affairs	237,742
Liberal Arts Business Affairs	1,029,930
Development - support for scholarships, facilities, research, academic programs, faculty endowments, etc.	11,339,099

<b>UT System</b>		<b>1,893,013</b>
Telecomm Services Office - UT System Support	1,204,042	
Telecomm Infrastructure - Network Bandwidth	184,483	
Information Technology Assessments - UT Austin Support	504,488	
	<b>TOTAL</b>	<b><u>\$ 201,345,000</u></b>

**The University of Texas at Brownsville  
Operating Budget Highlights  
For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The University of Texas at Brownsville and Texas Southmost College partnership, that operated both university and junior college programs and services under one institution, known as “UTB-TSC”, is ending on or before August 31<sup>st</sup>, 2015. U. T. Brownsville’s transition from its partnership with Texas Southmost College to a free-standing four year university will require significant changes in organizational structure, most notably in administration, governance, and academic programming and will allow each institution to focus more on its specific mission.

The Chancellor’s Framework for Advancing Excellence (the “Framework”) has provided U. T. Brownsville with an excellent method of organizing work, especially during this evolutionary phase. As a result, the campus has adopted the Framework as its strategic plan, and it is through this structure that U. T. Brownsville will prioritize goals, both for the transitional year and for the foundation being created for a new standalone university. In addition other principles used in developing the budget include: a continuous effort to identify savings, reallocate dollars to areas of high priority, and maintain flexibility during the transition process.

Beginning in 2013-2014 academic year, prospective students must choose to enroll specifically at U. T. Brownsville or Texas Southmost College. To achieve this, U. T. Brownsville and Texas Southmost College are striving for operational separation by August 31, 2013, in order to ensure independent accreditation for Texas Southmost College by August 31, 2015.

FY 2013 is the last combined partnership budget, and serves as a transitional budget year. It begins to address resizing a budget that previously provided services to almost 14,500 students to a new one that will serve approximately 7,400 students. FY 2014 will have a new business plan; however, some of the changes are reflected in the FY 2013 budget and are the source of reallocated resources.

Leaders at U. T. Brownsville and the U. T. System are committed to minimizing any potential adverse impact on students, faculty, and staff during the transition period, and fully expect the re-established university to provide a reenergized campus experience for the U. T. Brownsville community.

**Revenue**

While FY 2013 remains a partnership budget, tuition and fee revenue estimates from each institution were developed based on the modeling for the future U. T. Brownsville. This results in an anticipated shift of semester credit hours from Texas Southmost College to U. T. Brownsville.

Overall revenue growth is budgeted to increase by 2.8% or \$4.7 million for FY 2013. Combined tuition and fees are estimated to generate an increase of \$1.7 million mostly due to a forecasted 1.5% enrollment increase over estimated actual and a rate increases in designated tuition (\$100.65 to \$105.95). The anticipated shift in semester credit hours to U. T. Brownsville causes an increase in budgeted tuition and fees and a corresponding decrease in the Local Sponsored Programs where Texas Southmost College tuition and fees are accounted for within the combined entity. U. T. Brownsville will continue to have the second lowest total academic cost in the U. T. System and sixth lowest out of 37 Texas public institutions. Other revenue increases include \$2.3 million in federal and state sponsored programs, \$2.4 million for budgeting U. T. Brownsville’s goal of local and private gifts.

**Expenses**

Total operating expenses are budgeted to increase by 3.4% or \$5.8 million for FY 2013. This is primarily a result of a \$1.2 million increase in Depreciation and Amortization, \$1.2 million allocated to student success initiatives funded with the increase in designated tuition and \$2.4 million for budgeting U. T. Brownsville’s goal of local and private gifts. The FY 2013 budget also includes increases of \$0.4 million for group insurance and \$0.4 million for faculty expenses to address projected enrollment growth. Reallocation of resources within the budget process allowed funding of \$0.5 million in faculty promotion, tenure, market and merit increases, \$0.3 million for staff salary merit increases, and an additional \$0.5 million to student success initiatives.

**The University of Texas at Brownsville**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 22,222,500	22,660,026	36,875,857	14,215,831	62.7%
Federal Sponsored Programs	15,685,260	11,075,348	12,993,223	1,917,875	17.3%
State Sponsored Programs	6,829,430	4,095,162	4,498,034	402,872	9.8%
Local and Private Sponsored Programs	55,068,733	55,082,548	39,498,406	(15,584,142)	-28.3%
Net Sales and Services of Educational Activities	2,140,400	1,174,679	1,169,599	(5,080)	-0.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	1,569,523	2,188,138	2,201,109	12,971	0.6%
Other Operating Revenues	16,028	16,771	9,103	(7,668)	-45.7%
<b>Total Operating Revenues</b>	<b>103,531,874</b>	<b>96,292,672</b>	<b>97,245,331</b>	<b>952,659</b>	<b>1.0%</b>
<b>Operating Expenses:</b>					
Instruction	44,209,290	45,060,611	47,102,809	2,042,198	4.5%
Academic Support	17,498,214	16,443,552	14,945,357	(1,498,195)	-9.1%
Research	5,798,788	6,020,342	7,700,141	1,679,799	27.9%
Public Service	5,080,852	3,250,264	2,636,774	(613,490)	-18.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	11,214,523	15,543,291	17,459,300	1,916,009	12.3%
Student Services	9,983,886	9,195,581	11,503,654	2,308,073	25.1%
Operations and Maintenance of Plant	12,945,261	12,382,055	11,917,608	(464,447)	-3.8%
Scholarships and Fellowships	50,549,033	42,513,634	41,879,383	(634,251)	-1.5%
Auxiliary Enterprises	8,377,221	10,725,623	10,849,714	124,091	1.2%
Depreciation and Amortization	8,296,958	7,037,400	8,248,621	1,211,221	17.2%
<b>Total Operating Expenses</b>	<b>173,954,026</b>	<b>168,172,353</b>	<b>174,243,361</b>	<b>6,071,008</b>	<b>3.6%</b>
<b>Operating Surplus/Deficit</b>	<b>(70,422,152)</b>	<b>(71,879,681)</b>	<b>(76,998,030)</b>	<b>(5,118,349)</b>	<b>7.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	35,313,221	35,606,830	36,596,525	989,695	2.8%
Federal Sponsored Programs (Nonoperating)	37,692,882	35,000,000	35,000,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	520,306	70,000	2,443,975	2,373,975	3391.4%
Net Investment Income	1,295,562	700,000	1,063,000	363,000	51.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>74,821,971</b>	<b>71,376,830</b>	<b>75,103,500</b>	<b>3,726,670</b>	<b>5.2%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(2,513,084)	(3,098,549)	(2,816,091)	282,458	-9.1%
<b>Total Transfers and Other</b>	<b>(2,513,084)</b>	<b>(3,098,549)</b>	<b>(2,816,091)</b>	<b>282,458</b>	<b>-9.1%</b>
<b>Budget Margin (Deficit)</b>	<b>1,886,735</b>	<b>(3,601,400)</b>	<b>(4,710,621)</b>	<b>(1,109,221)</b>	<b>30.8%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	16,638	-	-	-	-
HEAF (Capitalized)	3,188,377	2,166,668	1,564,816	(601,852)	-27.8%
Additions to Permanent Endowments	347,409	356,021	347,409	(8,612)	-2.4%
Transfers for Debt Service - Principal	(4,019,708)	(3,436,000)	(3,538,000)	(102,000)	3.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	9,394,068	714,177	9,875,258	9,161,081	1282.7%
<b>SRECNA Change in Net Assets</b>	<b>\$ 10,813,519</b>	<b>(3,800,534)</b>	<b>3,538,862</b>	<b>7,339,396</b>	<b>-193.1%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 178,353,845</b>	<b>167,669,502</b>	<b>172,348,831</b>	<b>4,679,329</b>	<b>2.8%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(176,467,110)</b>	<b>(171,270,902)</b>	<b>(177,059,452)</b>	<b>(5,788,550)</b>	<b>3.4%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 1,886,735</b>	<b>(3,601,400)</b>	<b>(4,710,621)</b>	<b>(1,109,221)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		7,037,400	8,248,621		
Capital Outlay		(2,166,668)	(1,564,816)		
HEAF (Capitalized)		2,166,668	1,564,816		
Transfers for Debt Service - Principal		(3,436,000)	(3,538,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>-</b>	<b>-</b>		

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

**The University of Texas at Dallas  
Operating Budget Highlights  
For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The University of Texas at Dallas' focused strategic plan continues to be the cornerstone of the budget formulation. The University must scale up its operations over the next few years to attain the following goals: expand enrollment to 25,000 – 27,000 students within the next five to eight years, expand the faculty to at least 600 to 700 tenured and tenure-track faculty, construct academic and student housing buildings and infrastructure necessary to support growth, provide start-up funds needed to recruit top faculty, raise private funds, and meet the objectives of the Chancellor's Framework for Advancing Excellence.

The FY 2013 budget addresses these aspirations with support targeted at enrollment growth, instruction, research, and infrastructure. U. T. Dallas is anticipating another record year of enrollment growth. Last fall, enrollment stood at 18,864 (up 10% from the previous year) and this fall about 20,750 students are expected or approximately an additional 10% increase. Quality is strong and continues to improve. Growth in enrollment continues to create demand for additional student housing, academic and research facilities, and parking. A \$70 million student housing facility has been approved and is scheduled to be operational for fall 2014 occupancy. Instruction and research facilities will be expanded by the approved bioengineering building and Naveen Jindal School of Management extension. Significant improvements to the infrastructure include the addition of parking structures.

**Revenue**

Overall revenue is anticipated to increase by 15.1% in FY 2013. Tuition and fee revenue increases are estimated at approximately 19% primarily due to the 10% enrollment growth projection and a modest rate increase for newly enrolled students (continuing students generally pay the same tuition rate as the previous year). Other areas with increases over FY 2012 include gifts and matching Texas Research Incentive Program funds, sponsored programs, auxiliary enterprises due to additional student housing revenue, and net investment income.

**Expenses**

Primary factors contributing to the anticipated 14.1% growth in expenditures are related to new faculty hires and related faculty start-up investments, scholarships and financial aid, debt service, and merit increases. The budget provides \$9.0 million for new faculty additions, \$10.3 million for additional scholarships, \$6.7 million for staff merit increases, and \$2.7 million for business systems infrastructure and related staffing. In addition, the budget provides several million dollars to fund facility growth and expansion (e.g., increased utility costs for new buildings). The increases in enrollment and number of students living on campus warrant additional investments in the University police force to ensure the safety and security of the campus. In addition, \$1.2 million has been set aside for student success initiatives, such as enhanced college readiness programs, expansion of improved delivery of academic advising, and gateway course enhancements.

**The University of Texas at Dallas**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 191,755,068	199,364,844	237,949,496	38,584,652	19.4%
Federal Sponsored Programs	40,634,844	48,709,207	47,265,779	(1,443,428)	-3.0%
State Sponsored Programs	9,579,712	5,561,657	9,301,861	3,740,204	67.2%
Local and Private Sponsored Programs	12,651,985	8,595,677	10,317,597	1,721,920	20.0%
Net Sales and Services of Educational Activities	7,576,235	10,155,462	10,637,095	481,633	4.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	13,299,789	11,163,565	15,806,174	4,642,609	41.6%
Other Operating Revenues	3,260,364	5,231,059	6,829,676	1,598,617	30.6%
<b>Total Operating Revenues</b>	<b>278,757,997</b>	<b>288,781,471</b>	<b>338,107,678</b>	<b>49,326,207</b>	<b>17.1%</b>
<b>Operating Expenses:</b>					
Instruction	122,165,879	129,429,657	144,989,203	15,559,546	12.0%
Academic Support	30,880,314	36,813,966	39,870,461	3,056,495	8.3%
Research	75,479,199	74,817,228	85,685,850	10,868,622	14.5%
Public Service	12,452,300	7,027,418	7,480,824	453,406	6.5%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	39,149,069	31,069,699	38,929,810	7,860,111	25.3%
Student Services	13,872,857	14,313,882	16,806,239	2,492,357	17.4%
Operations and Maintenance of Plant	25,552,898	25,270,519	25,864,773	594,254	2.4%
Scholarships and Fellowships	22,058,807	40,985,768	51,727,077	10,741,309	26.2%
Auxiliary Enterprises	20,166,648	22,492,688	25,135,455	2,642,767	11.7%
Depreciation and Amortization	37,654,525	39,463,647	44,277,650	4,814,003	12.2%
<b>Total Operating Expenses</b>	<b>399,432,496</b>	<b>421,684,472</b>	<b>480,767,342</b>	<b>59,082,870</b>	<b>14.0%</b>
<b>Operating Surplus/Deficit</b>	<b>(120,674,499)</b>	<b>(132,903,001)</b>	<b>(142,659,664)</b>	<b>(9,756,663)</b>	<b>7.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	97,566,280	97,566,280	97,562,979	(3,301)	0.0%
Federal Sponsored Programs (Nonoperating)	16,884,612	12,500,000	16,500,000	4,000,000	32.0%
State Sponsored Programs (Nonoperating)	1,715,388	1,715,388	10,908,650	9,193,262	535.9%
Gifts in Support of Operations	13,604,572	17,887,219	19,160,508	1,273,289	7.1%
Net Investment Income	16,569,443	15,955,131	17,964,730	2,009,599	12.6%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>146,340,295</b>	<b>145,624,018</b>	<b>162,096,867</b>	<b>16,472,849</b>	<b>11.3%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(10,923,641)	(11,980,293)	(14,130,719)	(2,150,426)	17.9%
<b>Total Transfers and Other</b>	<b>(10,923,641)</b>	<b>(11,980,293)</b>	<b>(14,130,719)</b>	<b>(2,150,426)</b>	<b>17.9%</b>
<b>Budget Margin (Deficit)</b>	<b>14,742,155</b>	<b>740,724</b>	<b>5,306,484</b>	<b>4,565,760</b>	<b>616.4%</b>
<b>Reconciling to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	1,000,000	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	5,000,000	5,000,000	8,000,000	3,000,000	60.0%
Transfers for Debt Service - Principal	(11,107,073)	(15,172,804)	(16,227,429)	(1,054,625)	7.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	72,000,000	75,999,999	76,000,000	1	0.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 81,635,082</b>	<b>66,567,919</b>	<b>73,079,055</b>	<b>6,511,136</b>	<b>9.8%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 425,098,292</b>	<b>434,405,489</b>	<b>500,204,545</b>	<b>65,799,056</b>	<b>15.1%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(410,356,137)</b>	<b>(433,664,765)</b>	<b>(494,898,061)</b>	<b>(61,233,296)</b>	<b>14.1%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 14,742,155</b>	<b>740,724</b>	<b>5,306,484</b>	<b>4,565,760</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		39,463,647	44,277,650		
Capital Outlay		(16,070,290)	(23,099,900)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(15,172,804)	(16,227,429)		
Budgeted Transfers		(322,000)	(13,538)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>8,639,277</b>	<b>10,243,267</b>		

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

**The University of Texas El Paso  
Operating Budget Highlights  
For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The University of Texas at El Paso remains strongly committed to its mission of offering both access and excellence to residents of the Paso del Norte region, and its vision to become the first national research Tier 1 university with a 21<sup>st</sup> century demographic. Towards this end, the University's FY 2013 Operating Budget supports initiatives focused on building academic and research capacity, enhancing student success, and expanding doctoral programs. The budget supports the institution's core mission activities by providing funding for the hiring of new faculty in mission critical areas, enhancing research capacity, and increasing support for online instruction delivery.

The recent reductions in state appropriations have provided challenges to achieving institutional goals; however in anticipation of these reductions, the University instituted various cost containment and savings measures over the past three years. U. T. El Paso continues a flexible hiring freeze for all staff positions, aggressive management of expenses, departmental reorganization and consolidation, and careful monitoring of utility usage. In an ongoing effort to increase and improve efficiency and maximize resources available for operations, the University has outsourced print shop, copy center, and mail services operations. The University will also begin assessing convenience fees for credit card payments to offset charges of approximately \$650,000. Finally, outsourcing of custodial services continues to expand as permanent positions are eliminated via attrition.

U. T. El Paso is an institution that has made remarkable progress over the past 20 years. Institutionally, the University has made a commitment to keep tuition as affordable as possible. Progress has been achieved within a very modest cost base as compared to its peer institutions. This has been done out of a commitment to the students served by the University, with the understanding that significant tuition costs and increases may deprive many in the region of the only opportunity they may have to fulfill their educational goals and improve their lives and those of their families.

**Revenue**

Total revenues for U. T. El Paso are projected to increase by a modest 2.7%, approximately \$10.4 million. This increase is a result of a modest increase in tuition and fees, projected enrollment growth of 2%, and increases in auxiliary enterprises activities. Budgeted sponsored programs will decrease slightly reflecting an adjustment to overly aggressive projections in the FY 2012 Operating Budget.

**Expenses**

Total expenses are projected to increase by approximately \$9.0 million or 2.3% before depreciation. The FY 2013 Operating Budget includes provisions for a modest merit increase to reward the excellent work of faculty and staff. Additional investments for FY 2013 include provisions for new faculty in critical areas, expansion of blended and on-line learning, investments in student success initiatives, and building support for the recently completed Chemistry and Computer Science Building. Other increases include a 4.5% increase in health insurance premiums and support for technology maintenance agreements.



**The University of Texas at El Paso**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 104,310,739	109,479,411	114,115,034	4,635,623	4.2%
Federal Sponsored Programs	48,772,824	48,035,064	48,849,837	814,773	1.7%
State Sponsored Programs	22,343,352	19,713,745	19,935,297	221,552	1.1%
Local and Private Sponsored Programs	4,284,385	7,128,190	5,055,674	(2,072,516)	-29.1%
Net Sales and Services of Educational Activities	3,713,692	3,252,034	3,504,017	251,983	7.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	27,431,665	25,793,734	28,894,289	3,100,555	12.0%
Other Operating Revenues	21,248	60,000	60,000	-	0.0%
<b>Total Operating Revenues</b>	<b>210,877,905</b>	<b>213,462,178</b>	<b>220,414,148</b>	<b>6,951,970</b>	<b>3.3%</b>
<b>Operating Expenses:</b>					
Instruction	95,175,520	102,164,199	103,201,845	1,037,646	1.0%
Academic Support	21,520,358	19,998,070	21,667,090	1,669,020	8.3%
Research	57,723,154	56,190,095	58,285,605	2,095,510	3.7%
Public Service	8,191,620	7,922,206	7,102,997	(819,209)	-10.3%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	23,984,786	30,466,289	31,968,334	1,502,045	4.9%
Student Services	17,250,997	17,904,720	17,874,705	(30,015)	-0.2%
Operations and Maintenance of Plant	25,963,271	24,416,988	25,861,199	1,444,211	5.9%
Scholarships and Fellowships	58,729,752	59,041,710	59,615,355	573,645	1.0%
Auxiliary Enterprises	38,563,093	37,160,296	38,870,421	1,710,125	4.6%
Depreciation and Amortization	24,675,106	19,886,308	26,128,544	6,242,236	31.4%
<b>Total Operating Expenses</b>	<b>371,777,657</b>	<b>375,150,881</b>	<b>390,576,095</b>	<b>15,425,214</b>	<b>4.1%</b>
<b>Operating Surplus/Deficit</b>	<b>(160,899,752)</b>	<b>(161,688,703)</b>	<b>(170,161,947)</b>	<b>(8,473,244)</b>	<b>5.2%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	88,922,520	88,555,920	89,503,676	947,756	1.1%
Federal Sponsored Programs (Nonoperating)	60,034,113	58,650,490	61,168,950	2,518,460	4.3%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	13,944,738	10,952,948	10,443,426	(509,522)	-4.7%
Net Investment Income	10,753,248	10,436,319	10,952,500	516,181	4.9%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>173,654,619</b>	<b>168,595,677</b>	<b>172,068,552</b>	<b>3,472,875</b>	<b>2.1%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(6,321,212)	(8,791,387)	(8,621,136)	170,251	-1.9%
<b>Total Transfers and Other</b>	<b>(6,321,212)</b>	<b>(8,791,387)</b>	<b>(8,621,136)</b>	<b>170,251</b>	<b>-1.9%</b>
<b>Budget Margin (Deficit)</b>	<b>6,433,655</b>	<b>(1,884,413)</b>	<b>(6,714,531)</b>	<b>(4,830,118)</b>	<b>256.3%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(2,571,423)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	98,526	-	-	-	-
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	4,917,704	4,970,000	4,623,000	(347,000)	-7.0%
Transfers for Debt Service - Principal	(9,782,571)	(9,782,571)	(10,520,216)	(737,645)	7.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	27,585,044	38,053,730	33,297,520	(4,756,210)	-12.5%
<b>SRECNA Change in Net Assets</b>	<b>\$ 26,680,935</b>	<b>31,356,746</b>	<b>20,685,773</b>	<b>(10,670,973)</b>	<b>-34.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 384,532,524</b>	<b>382,057,855</b>	<b>392,482,700</b>	<b>10,424,845</b>	<b>2.7%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(378,098,869)</b>	<b>(383,942,268)</b>	<b>(399,197,231)</b>	<b>(15,254,963)</b>	<b>4.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 6,433,655</b>	<b>(1,884,413)</b>	<b>(6,714,531)</b>	<b>(4,830,118)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		19,886,308	26,128,544		
Capital Outlay		(5,532,958)	(5,587,347)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(9,782,571)	(10,520,216)		
Budgeted Transfers		(1,885,909)	(2,180,640)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>800,457</b>	<b>1,125,810</b>		

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

**The University of Texas - Pan American  
Operating Budget Highlights  
For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The University of Texas - Pan American endeavors to address the goals in its strategic plan: 1) provide students a quality education that they complete in a timely fashion; 2) identify and focus on targeted research relevant to South Texas, emphasizing collaborative partnerships and entrepreneurship; 3) enhance engagement with community constituents to meet challenges and maximize opportunities; 4) collaborate with primary, secondary, and post-secondary schools to increase access, participation, and success in higher education; 5) leverage the University's border location as a gateway for the Americas to initiate projects infused with global perspectives; and, 6) optimize the effectiveness and efficiency, especially of processes that affect students, staff, and faculty, consistent with high quality organizational standards.

Marginal revenue for FY 2013 is focused on essential elements of student success including incentives to encourage undergraduates to enroll in 15 or more hours and strengthened advisement to reduce the unacceptably high number of hours students accumulate. Resources are also directed at online course development (including a partnership with Academic Partnerships, LLC to offer accelerated graduate courses) to mitigate space constraints and to provide multiple educational avenues for students.

Thoughtful resource allocation has allowed U. T. Pan American to maintain its position as one of the most affordable institutions in the state, having an academic cost that is lower than that of 33 other public institutions in Texas (Fall 2011). The University continues that tradition with the centralization of Business Analyst positions; this will improve effectiveness and efficiency at no additional expense (this centralized group will be cross-trained and improve their focus on business process redesign).

Investments are also being made in research with funds set aside to increase the number of graduate assistants to enrich the educational experience while aiding researchers in competing for grant funds. Investments were also made in the Coastal Studies Lab to leverage the existing facility at South Padre Island in conjunction with U. T. Brownsville.

The FY 2013 budget also supports emerging programs in civil engineering and environmental science. The Bachelor's in Computer Engineering and the Master's in Engineering Management programs, now beyond their nascent stage, have been transitioned to the general budget.

U. T. Pan American is also continuing its efforts at strengthening the educational pipeline in the region by working with K-12 schools in efforts to better prepare public school teachers. In the FY 2013 budget, the University has included an investment of \$429,000 in support of the UTeach initiative that prepares teachers in science and mathematics.

Budgetary challenges to meeting the listed goals include the low academic cost which results in a lack of resources with which to pursue improvements, including cost of living adjustments for staff and faculty. Another significant challenge and a source of growing apprehension is the cost of state-mandated Hazlewood tuition and fee exemptions; the FY 2013 estimate of \$1.8 million is a 342% increase over FY 2009 when these exemptions totaled \$407,000.

**Revenue**

Total revenues are projected to decrease by \$10.4 million from FY 2012 due primarily to the loss of the GEAR UP Grant (\$5.6 million). Gross tuition and fees are projected to increase by \$5.2 million (no enrollment growth assumed) primarily due to a designated tuition rate increase from \$115.39 to \$123.65 per semester credit hour; however, this increase is mostly offset by growth in tuition discounting. State general revenue appropriations are essentially flat, and TEXAS Grant funding, an important source of assistance for U. T. Pan American's students, is decreasing by 5.5% (\$1.3 million).

**Expenses**

Total expenses are projected to decrease by 1.7% or \$4.4 million from FY 2012 levels, mostly due to the expiration of the GEAR UP Grant. Conservation efforts and a lower negotiated rate for electricity have resulted in a \$1.5 million savings in utilities. Expense increases include \$1.8 million for the student success initiatives discussed above, \$250,000 to address pay plan deficiencies, and \$175,000 for faculty promotion commitments.

Lastly, \$2.5 million is being set-aside for one-time merit awards for faculty and staff. Due to the paucity of resources, years have elapsed since the last merit awards. By providing non-recurring compensation, the University is taking an approach which, in addition to maintaining morale and productivity, will adhere to a conservative fiscal management philosophy.

**The University of Texas - Pan American**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 56,914,725	62,466,755	62,479,623	12,868	0.0%
Federal Sponsored Programs	19,886,597	23,350,321	16,470,787	(6,879,534)	-29.5%
State Sponsored Programs	27,773,047	26,129,044	24,931,193	(1,197,851)	-4.6%
Local and Private Sponsored Programs	1,859,719	2,207,666	1,621,738	(585,928)	-26.5%
Net Sales and Services of Educational Activities	6,295,052	5,908,744	5,801,163	(107,581)	-1.8%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	7,184,848	6,851,060	6,893,843	42,783	0.6%
Other Operating Revenues	2,104,182	1,616,518	1,475,641	(140,877)	-8.7%
<b>Total Operating Revenues</b>	<b>122,018,170</b>	<b>128,530,108</b>	<b>119,673,988</b>	<b>(8,856,120)</b>	<b>-6.9%</b>
<b>Operating Expenses:</b>					
Instruction	80,755,675	89,559,436	85,486,930	(4,072,506)	-4.5%
Academic Support	16,865,181	18,909,501	19,363,590	454,089	2.4%
Research	6,775,358	6,276,052	5,755,295	(520,757)	-8.3%
Public Service	7,383,642	6,930,716	7,598,746	668,030	9.6%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	20,797,082	20,742,870	21,651,859	908,989	4.4%
Student Services	15,428,259	14,599,300	16,071,901	1,472,601	10.1%
Operations and Maintenance of Plant	18,052,908	19,855,977	17,997,595	(1,858,382)	-9.4%
Scholarships and Fellowships	42,019,826	41,386,443	37,397,589	(3,988,854)	-9.6%
Auxiliary Enterprises	16,169,023	16,105,588	17,105,810	1,000,222	6.2%
Depreciation and Amortization	14,384,060	15,871,832	16,419,553	547,721	3.5%
<b>Total Operating Expenses</b>	<b>238,631,014</b>	<b>250,237,715</b>	<b>244,848,868</b>	<b>(5,388,847)</b>	<b>-2.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(116,612,844)</b>	<b>(121,707,607)</b>	<b>(125,174,880)</b>	<b>(3,467,273)</b>	<b>2.8%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	70,314,354	74,329,939	72,723,051	(1,606,888)	-2.2%
Federal Sponsored Programs (Nonoperating)	50,194,015	45,000,000	45,000,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	3,251,409	2,187,441	2,114,710	(72,731)	-3.3%
Net Investment Income	4,050,936	3,413,898	3,578,816	164,918	4.8%
Other Non-Operating Revenue	2,250,000	-	-	-	-
Other Non-Operating (Expenses)	(34,706)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>130,026,008</b>	<b>124,931,278</b>	<b>123,416,577</b>	<b>(1,514,701)</b>	<b>-1.2%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(3,780,909)	(3,789,575)	(4,802,851)	(1,013,276)	26.7%
<b>Total Transfers and Other</b>	<b>(3,780,909)</b>	<b>(3,789,575)</b>	<b>(4,802,851)</b>	<b>(1,013,276)</b>	<b>26.7%</b>
<b>Budget Margin (Deficit)</b>	<b>9,632,255</b>	<b>(565,904)</b>	<b>(6,561,154)</b>	<b>(5,995,250)</b>	<b>1059.4%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(3,849,402)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	125,000	125,000	175,000	50,000	40.0%
HEAF (Capitalized)	10,035,395	6,631,600	7,841,400	1,209,800	18.2%
Additions to Permanent Endowments	244,455	180,000	240,000	60,000	33.3%
Transfers for Debt Service - Principal	(8,132,596)	(8,132,596)	(7,119,000)	1,013,596	-12.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	34,941,050	(1,438,963)	(1,303,126)	135,837	-9.4%
<b>SRECNA Change in Net Assets</b>	<b>\$ 42,996,157</b>	<b>(3,200,863)</b>	<b>(6,726,880)</b>	<b>(3,526,017)</b>	<b>110.2%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 252,078,884</b>	<b>253,461,386</b>	<b>243,090,565</b>	<b>(10,370,821)</b>	<b>-4.1%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(242,446,629)</b>	<b>(254,027,290)</b>	<b>(249,651,719)</b>	<b>4,375,571</b>	<b>-1.7%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 9,632,255</b>	<b>(565,904)</b>	<b>(6,561,154)</b>	<b>(5,995,250)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		15,871,832	16,419,553		
Capital Outlay		(9,132,800)	(10,603,100)		
HEAF (Capitalized)		6,631,600	7,841,400		
Transfers for Debt Service - Principal		(8,132,596)	(7,119,000)		
Budgeted Transfers		(1,791,964)	(1,659,523)		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>2,880,168</b>	<b>(1,681,824)</b>		

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

**The University of Texas of the Permian Basin  
Operating Budget Highlights  
For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The University of Texas of the Permian Basin seeks: to provide greater access to higher education for Texans, particularly west Texans; to award degrees of value; to conduct meaningful research; to improve the overall quality of life of the West Texas region; and, to do so while being a good steward of resources entrusted to it. To advance efforts to obtain these goals, U. T. Permian Basin has six institutional initiatives: 1) grow enrollment; 2) increase student retention and graduation rates; 3) enhance the quality of its academic programs; 4) further develop its research initiatives; 5) maintain and create new community partnerships; and, 6) strengthen public trust and accountability. Greater access for all Texans is being provided through expanded online and technology assisted degree programs. Efforts to offer degrees of value are being enhanced by expanding degree program options in science, technology, engineering and mathematics and other critical need areas. Petroleum and mechanical engineering program enrollments continue to grow at or above anticipated levels; and the University continues to work toward approval of its proposed Bachelor of Science in Nursing program. Near term goals to grow enrollment and enhance retention and graduation rates are being pursued through strategies aimed at increasing the visibility and profile of the University throughout Texas and by expanding on-line degree program offerings. The \$10,000 Texas Science Scholar Program was approved by the U. T. System Board of Regents in May 2012 and is generating significant interest across the state. U. T. Permian Basin's new initiative with Academic Partnerships ("AP") is another key strategic element as seven new completely online degree programs (four at the Masters and three at the Baccalaureate level) are currently being actively marketed with courses being available for student participation beginning in October. The compressed format – six seven-week "terms" per year – and AP's program of continued contact with registered students have both proven to encourage continued academic progress. New student housing and a substantial investment in redesign and consolidation of various student success initiatives into a "one-stop" Student Success Center are keys to achieving goals of improving the sense of community for resident students.

**Revenue**

Designated tuition has been increased by \$8.60 per Semester Credit Hour (SCH) beginning in Fall 2012, while other mandatory fees remain at their FY 2012 levels, except for the Energy Fee which has been eliminated. The total SCH estimate which undergirds most academic revenue sources is unchanged from FY 2012. More importantly, it appears that U.T Permian Basin will be able to achieve that estimate in FY 2013 after suffering some erosion during FY 2012 as a result of the booming local economy. During such boom periods, more students and potential students "stop out" or take fewer classes to benefit from the high local income earning potential available to workers without degrees. Auxiliary revenue is projected to continue to grow with 94 more apartment-style beds becoming available for the start of the Fall 2012 semester (and construction of 99 more beds being proposed for planned occupancy one year later). In addition, freshmen resident students will be required to purchase a meal plan.

**Expenses**

U. T. Permian Basin has fully budgeted part-time faculty, summer school faculty salaries, and student wage budgets. Salary increases will be awarded only on the basis of merit. A staff and faculty salary increase pool of 3.0% of FY 2012 salaries has been created; and, budgeted increases will be implemented on February 1, 2012 (making the effective rate increase equal to 1.75%) --- *if certain enrollment targets are attained*. Fringe benefits budgets reflect prior and current year's actual expenses. Notable expense increases result from: 1) a full year of the operation of the Wagner Noël Performing Arts Center – where expected early years' operating losses are more than being offset by income from the related endowment, which was funded on June 1, 2012; 2) the first year of the Academic Partnerships initiative – which is projected to result in expenditures exceeding revenues for its first 18 months of operation (during its ramp-up period) – before eventually becoming a significant source of increased enrollment and net revenue to U.T Permian Basin; and, 3) growth in housing and food service activities.

**The University of Texas of the Permian Basin**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 17,738,855	14,176,842	15,948,078	1,771,236	12.5%
Federal Sponsored Programs	1,055,267	2,598,114	2,454,293	(143,821)	-5.5%
State Sponsored Programs	447,689	1,055,506	1,411,455	355,949	33.7%
Local and Private Sponsored Programs	95,933	212,364	265,527	53,163	25.0%
Net Sales and Services of Educational Activities	105,536	993,569	1,375,012	381,443	38.4%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	4,294,431	3,400,246	4,703,000	1,302,754	38.3%
Other Operating Revenues	1,433,889	2,000	2,000	-	0.0%
<b>Total Operating Revenues</b>	<b>25,171,600</b>	<b>22,438,641</b>	<b>26,159,365</b>	<b>3,720,724</b>	<b>16.6%</b>
<b>Operating Expenses:</b>					
Instruction	14,919,419	17,504,100	17,308,452	(195,648)	-1.1%
Academic Support	4,973,139	4,764,301	7,612,865	2,848,564	59.8%
Research	1,644,962	2,720,562	2,618,065	(102,497)	-3.8%
Public Service	1,262,412	1,029,669	994,185	(35,484)	-3.4%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	2,945,629	3,872,608	4,336,037	463,429	12.0%
Student Services	2,180,530	2,643,007	2,596,846	(46,161)	-1.7%
Operations and Maintenance of Plant	4,705,355	4,691,339	4,798,424	107,085	2.3%
Scholarships and Fellowships	2,716,100	3,141,259	3,244,968	103,709	3.3%
Auxiliary Enterprises	2,907,374	3,396,192	3,962,854	566,662	16.7%
Depreciation and Amortization	10,750,000	11,600,000	11,700,000	100,000	0.9%
<b>Total Operating Expenses</b>	<b>49,004,920</b>	<b>55,363,037</b>	<b>59,172,696</b>	<b>3,809,659</b>	<b>6.9%</b>
<b>Operating Surplus/Deficit</b>	<b>(23,833,320)</b>	<b>(32,924,396)</b>	<b>(33,013,331)</b>	<b>(88,935)</b>	<b>0.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	30,408,175	27,673,856	28,211,740	537,884	1.9%
Federal Sponsored Programs (Nonoperating)	4,432,517	5,953,408	5,639,520	(313,888)	-5.3%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	1,361,395	1,476,535	1,805,462	328,927	22.3%
Net Investment Income	1,477,001	1,975,558	2,393,583	418,025	21.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>37,679,088</b>	<b>37,079,357</b>	<b>38,050,305</b>	<b>970,948</b>	<b>2.6%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(5,534,188)	(5,534,188)	(5,316,690)	217,498	-3.9%
<b>Total Transfers and Other</b>	<b>(5,534,188)</b>	<b>(5,534,188)</b>	<b>(5,316,690)</b>	<b>217,498</b>	<b>-3.9%</b>
<b>Budget Margin (Deficit)</b>	<b>8,311,580</b>	<b>(1,379,227)</b>	<b>(279,716)</b>	<b>1,099,511</b>	<b>-79.7%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(1,936,735)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	16,000,000	1,000,000	(15,000,000)	-93.8%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	14,000,000	10,000,000	2,500,000	(7,500,000)	-75.0%
Transfers for Debt Service - Principal	(5,490,000)	(5,490,000)	(5,859,000)	(369,000)	6.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	3,000,000	11,250,000	10,000,000	(1,250,000)	-11.1%
<b>SRECNA Change in Net Assets</b>	<b>\$ 17,884,845</b>	<b>30,380,773</b>	<b>7,361,284</b>	<b>(23,019,489)</b>	<b>-75.8%</b>
Total Revenues and AUF Transfers	\$ 62,850,688	59,517,998	64,209,670	4,691,672	7.9%
Total Expenses (Including Transfers for Interest)	(54,539,108)	(60,897,225)	(64,489,386)	(3,592,161)	5.9%
<b>Budget Margin (Deficit)</b>	<b>\$ 8,311,580</b>	<b>(1,379,227)</b>	<b>(279,716)</b>	<b>1,099,511</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		11,600,000	11,700,000		
Capital Outlay		(449,152)	(670,497)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(5,490,000)	(5,859,000)		
Budgeted Transfers		-	500,000		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>4,281,621</b>	<b>5,390,787</b>		

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

**The University of Texas at San Antonio**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

U. T. San Antonio is dedicated to the advancement of knowledge through research and discovery, teaching and learning, community engagement, and public service. U. T. San Antonio's focus on excellence in every aspect of what it has to offer has positioned it as a contender for Tier One status. Maintaining and improving the quality of programs offered is a major goal to be addressed by the budget.

To achieve the status of a premier public research university, U. T. San Antonio must remain committed to student success at both the undergraduate and graduate level by providing a rigorous educational environment with the academic and other support services. With the primary goal of strengthening and enhancing undergraduate and graduate educational experiences to increase graduation rates and other measures of student success and learning, the FY 2013 budget includes funding for a comprehensive strategy to improve the four-year and six-year graduation rates to the top quintile of our baseline peer comparison group by 2020. The Graduation Rate Improvement Plan (GRIP) also focuses on improving the persistence rate, enhancing the early college experience, and helping students with the transition from high school to college.

**Revenue**

Total revenues will increase by \$2.4 million. A modest increase is forecast in tuition and fee revenue resulting from approved rate increases and budgeted enrollment growth of 1% offset by growth in tuition discounting. Overall federal sponsored program activities reflect a decrease resulting from an anticipated reduction in Pell grants. Other federal grants and contract awards are projected to be level with FY 2012. Overall auxiliary enterprises revenues are increased with most of the growth attributable to the athletics, parking and transportation, and student housing.

**Expenses**

The institution is making an investment of \$4.0 million to implement GRIP. Central to the plan is hiring ten new faculty to address course availability and scheduling. Another key aspect is the Freshman Focus initiative intended to enhance the first year academic and student support experience. It is comprised of several parts: the formation of a University College; the introduction of an Academic Inquiry course; a requirement that students register their four-year degree plans of study; and streamlining of the core curriculum to improve flexibility should the student later decide to change majors and resulting in fewer throwaway credit hours, a factor affecting progress towards degree completion. Funding will be provided for several bridging programs to improve math and science proficiency for admitted freshmen. These include a Jump Start program and Math Boot Camp. The academic advising program will also be bolstered to improve the student to advisor ratio and implement an early alert system. Student success can be greatly aided through academic and financial early alerts that trigger intervention to address emerging problems. Finally, two new non-need based financial aid programs will award incentives to get students on track for graduation in four years.

Revenue generated from the increase in graduate designated tuition rates will allow the hiring of six new faculty and support for graduate student scholarly activities.

The budget provides for compensation increases for meritorious performance of faculty and staff. A pool of 1% has been budgeted to allow base salary adjustments and a pool of 2% for one-time lump sum payments.

Debt service payments will increase by \$2.7 million, primarily due to the Bauerle Garage and San Saba Residence Hall financing.

**The University of Texas at San Antonio**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 200,280,561	179,861,844	183,281,497	3,419,653	1.9%
Federal Sponsored Programs	61,841,769	50,937,619	49,731,564	(1,206,055)	-2.4%
State Sponsored Programs	13,459,644	13,910,774	15,614,104	1,703,330	12.2%
Local and Private Sponsored Programs	-	4,676,465	5,590,949	914,484	19.6%
Net Sales and Services of Educational Activities	11,207,637	7,103,668	7,219,037	115,369	1.6%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	30,921,985	30,808,500	33,984,483	3,175,983	10.3%
Other Operating Revenues	2,775,847	1,895,212	1,908,730	13,518	0.7%
<b>Total Operating Revenues</b>	<b>320,487,443</b>	<b>289,194,082</b>	<b>297,330,364</b>	<b>8,136,282</b>	<b>2.8%</b>
<b>Operating Expenses:</b>					
Instruction	125,589,444	127,417,303	131,933,352	4,516,049	3.5%
Academic Support	42,843,506	43,664,754	43,544,592	(120,162)	-0.3%
Research	48,242,927	40,605,552	42,400,997	1,795,445	4.4%
Public Service	19,668,586	16,695,991	17,514,892	818,901	4.9%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	46,154,620	48,563,386	46,965,856	(1,597,530)	-3.3%
Student Services	25,019,705	22,925,349	23,255,856	330,507	1.4%
Operations and Maintenance of Plant	42,830,416	41,877,915	40,105,877	(1,772,038)	-4.2%
Scholarships and Fellowships	45,581,764	42,708,328	35,493,848	(7,214,480)	-16.9%
Auxiliary Enterprises	35,586,279	42,789,248	47,610,461	4,821,213	11.3%
Depreciation and Amortization	40,741,796	39,000,000	40,000,000	1,000,000	2.6%
<b>Total Operating Expenses</b>	<b>472,259,043</b>	<b>466,247,826</b>	<b>468,825,731</b>	<b>2,577,905</b>	<b>0.6%</b>
<b>Operating Surplus/Deficit</b>	<b>(151,771,600)</b>	<b>(177,053,744)</b>	<b>(171,495,367)</b>	<b>5,558,377</b>	<b>-3.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	112,003,842	113,367,809	112,751,626	(616,183)	-0.5%
Federal Sponsored Programs (Nonoperating)	50,378,152	55,000,000	50,000,000	(5,000,000)	-9.1%
State Sponsored Programs (Nonoperating)	1,750,206	-	-	-	-
Gifts in Support of Operations	6,000,000	10,000,000	8,000,000	(2,000,000)	-20.0%
Net Investment Income	12,244,004	7,572,019	9,404,310	1,832,291	24.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>182,376,204</b>	<b>185,939,828</b>	<b>180,155,936</b>	<b>(5,783,892)</b>	<b>-3.1%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(15,370,539)	(16,029,146)	(17,462,285)	(1,433,139)	8.9%
<b>Total Transfers and Other</b>	<b>(15,370,539)</b>	<b>(16,029,146)</b>	<b>(17,462,285)</b>	<b>(1,433,139)</b>	<b>8.9%</b>
<b>Budget Margin (Deficit)</b>	<b>15,234,065</b>	<b>(7,143,062)</b>	<b>(8,801,716)</b>	<b>(1,658,654)</b>	<b>23.2%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	2,926,435	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	285,000	300,000	15,000	5.3%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	5,308,747	7,000,000	7,500,000	500,000	7.1%
Transfers for Debt Service - Principal	(7,189,461)	(13,803,000)	(15,046,670)	(1,243,670)	9.0%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	27,946,710	1,500,000	4,500,000	3,000,000	200.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 44,226,496</b>	<b>(12,161,062)</b>	<b>(11,548,386)</b>	<b>612,676</b>	<b>-5.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 502,863,647</b>	<b>475,133,910</b>	<b>477,486,300</b>	<b>2,352,390</b>	<b>0.5%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(487,629,582)</b>	<b>(482,276,972)</b>	<b>(486,288,016)</b>	<b>(4,011,044)</b>	<b>0.8%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 15,234,065</b>	<b>(7,143,062)</b>	<b>(8,801,716)</b>	<b>(1,658,654)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		39,000,000	40,000,000		
Capital Outlay		(17,000,000)	(16,000,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(13,803,000)	(15,046,670)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>1,053,938</b>	<b>151,614</b>		

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

**The University of Texas at Tyler**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The University of Texas at Tyler's vision to create a culture of excellence by providing a nurturing environment to prepare students to be future problem solvers is forefront in the preparation of the FY 2013 budget. With this vision in mind, U. T. Tyler remains one of the best values in higher education in Texas. Tuition and fees at U. T. Tyler are below the mean for the U. T. System, the State, and regional competitors. U. T. Tyler takes great pride in a tradition of offering quality academic programs, expert faculty, fascinating student life, and well-rounded service opportunities.

The FY 2013 budget reflects expected growth in enrollment, addition of faculty and staff, and the need to invest in faculty, staff, and educational programs while expanding programs. Student success programs such as orientation, supplemental instruction, and at-risk intervention programs are sustained. Investments made in student success to increase retention and graduation rates include providing more and better advising, the new Patriot Freshman Connect mentoring program, and a robust academic early warning process. Two new initiatives requiring significant investment in registration, admissions, and information technology have also been planned. Academic Partnerships will deliver three graduate programs on-line and we are partnering with community college systems in Houston to provide engineering completion programs and increase enrollment.

**Revenue**

U. T. Tyler's FY 2013 budget reflects revenue growth of 28.7% when compared to FY 2012 budget. Revenue for FY 2013 is projected based on growth of 2% in undergraduate and 6% in graduate enrollment, as well as a 2.1% and 3.6% increase in undergraduate and graduate designated tuition rates, respectively. Additional programs for FY 2013 include Academic Partnerships, Discovery Science Place, and Innovation Academy (Charter School), which enhance the revenue by \$3.25 million. Mandatory fees are not being increased; in fact, the existing course fee is revamped as an instructional support fee which actually results in reduced fees for students. Approximately \$13.4 million of the revenue increase relates to sponsored program activities which are now being more accurately estimated for budget purposes by using a three year average of actual activity.

**Expenses**

Expenses for FY 2013 increased 26.9% over the FY 2012 budget. Approximately half of the increase results from the more accurate estimation of sponsored program activities. For the first time in three years, a merit pool of 3% has been budgeted with the plan to initiate this merit in December 2012. Other uses of the revenue include additional security guards, enhanced campus lighting, and better directional and emergency signage. The administrative computing system implementation is expected to require in excess of \$800,000.

U. T. Tyler anticipates increasing the percentage who graduate in four years from 42% to 45% in the next four years, and increasing the 4-year graduation rate by 2.5%. To accomplish this, an online management system through Blackboard for Early Warning of freshmen and sophomore students at risk, one additional advisor to support advising through the sophomore year and support transfer advising, and establishment of a tutoring office supervised by a graduate student with undergraduate and graduate tutors as well as community volunteers, have been added to this budget. Patriot Freshman Connect, a new mentoring program, funded with designated tuition, connects every freshman to a faculty or staff member who has been trained as a "mentor". To address the influx of veterans returning from Iraq and Afghanistan, a full-time Veterans Support Officer is budgeted to support these men and women as they transition from the military to a public institution. In an effort to streamline the financial aid processes to ensure that students know in a timely manner what their financial aid package looks like, an additional Financial Aid Advisor has been budgeted.

In Fall 2012, Academic Partnerships begins with the on-line delivery of the Master of Business Administration in Health Management and M.S. degrees in Mechanical and Civil Engineering.



**The University of Texas at Tyler**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 27,800,000	23,821,612	29,592,674	5,771,062	24.2%
Federal Sponsored Programs	8,353,359	1,023,898	6,393,986	5,370,088	524.5%
State Sponsored Programs	2,612,000	1,085,790	7,423,684	6,337,894	583.7%
Local and Private Sponsored Programs	15,000	170,000	1,861,000	1,691,000	994.7%
Net Sales and Services of Educational Activities	2,738,823	1,465,319	2,768,581	1,303,262	88.9%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Net Auxiliary Enterprises	3,903,755	4,229,742	5,114,172	884,430	20.9%
Other Operating Revenues	161,748	-	-	-	-
<b>Total Operating Revenues</b>	<b>45,584,685</b>	<b>31,796,361</b>	<b>53,154,097</b>	<b>21,357,736</b>	<b>67.2%</b>
<b>Operating Expenses:</b>					
Instruction	25,092,599	29,517,757	38,892,658	9,374,901	31.8%
Academic Support	5,871,649	7,596,881	7,978,854	381,973	5.0%
Research	2,243,634	1,292,473	6,823,209	5,530,736	427.9%
Public Service	5,454,777	54,212	847,607	793,395	1463.5%
Hospitals and Clinics	-	-	-	-	-
Institutional Support	17,997,124	9,930,400	12,959,023	3,028,623	30.5%
Student Services	5,487,765	5,686,588	6,717,001	1,030,413	18.1%
Operations and Maintenance of Plant	5,505,192	6,012,759	6,267,372	254,613	4.2%
Scholarships and Fellowships	5,509,039	1,556,008	1,594,307	38,299	2.5%
Auxiliary Enterprises	6,642,220	5,728,417	7,225,046	1,496,629	26.1%
Depreciation and Amortization	11,240,170	11,000,000	11,500,000	500,000	4.5%
<b>Total Operating Expenses</b>	<b>91,044,169</b>	<b>78,375,495</b>	<b>100,805,077</b>	<b>22,429,582</b>	<b>28.6%</b>
<b>Operating Surplus/Deficit</b>	<b>(45,459,484)</b>	<b>(46,579,134)</b>	<b>(47,650,980)</b>	<b>(1,071,846)</b>	<b>2.3%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	31,765,568	32,791,302	32,205,271	(586,031)	-1.8%
Federal Sponsored Programs (Nonoperating)	8,588,046	7,000,000	7,000,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	672,764	161,530	966,020	804,490	498.0%
Net Investment Income	4,807,284	4,363,783	4,668,912	305,129	7.0%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>45,833,662</b>	<b>44,316,615</b>	<b>44,840,203</b>	<b>523,588</b>	<b>1.2%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(3,926,981)	(4,023,756)	(3,726,412)	297,344	-7.4%
<b>Total Transfers and Other</b>	<b>(3,926,981)</b>	<b>(4,023,756)</b>	<b>(3,726,412)</b>	<b>297,344</b>	<b>-7.4%</b>
<b>Budget Margin (Deficit)</b>	<b>(3,552,803)</b>	<b>(6,286,275)</b>	<b>(6,537,189)</b>	<b>(250,914)</b>	<b>4.0%</b>
<b>Reconciling to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	21,084	489,612	100,000	(389,612)	-79.6%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	1,227,610	385,000	1,200,000	815,000	211.7%
Transfers for Debt Service - Principal	(3,146,000)	(4,066,000)	(4,261,000)	(195,000)	4.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	1,155,232	1,443,456	1,890,000	446,544	30.9%
<b>SRECNA Change in Net Assets</b>	<b>\$ (4,294,877)</b>	<b>(8,034,207)</b>	<b>(7,608,189)</b>	<b>426,018</b>	<b>-5.3%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 91,418,347</b>	<b>76,112,976</b>	<b>97,994,300</b>	<b>21,881,324</b>	<b>28.7%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(94,971,150)</b>	<b>(82,399,251)</b>	<b>(104,531,489)</b>	<b>(22,132,238)</b>	<b>26.9%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (3,552,803)</b>	<b>(6,286,275)</b>	<b>(6,537,189)</b>	<b>(250,914)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		11,000,000	11,500,000		
Capital Outlay		(629,300)	(695,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(4,066,000)	(4,261,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>18,425</b>	<b>6,811</b>		

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

**The University of Texas Southwestern Medical Center**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The University of Texas Southwestern Medical Center is one of the leading biomedical research institutions in the country and continues to develop and grow as a world-class academic medical center. Its strategic positioning and programmatic investments will sustain this trajectory into the future. The FY 2013 operating budget continues to support the mission and vision of the University. Goals and objectives of U. T. Southwestern Medical Center are to educate the next generation of healthcare professionals, deliver the highest quality medical care for all people, and conduct cutting-edge research that translates basic science research to clinical and health services research in order to improve the health of all people. U. T. Southwestern Medical Center is guided by the overarching principles of excellence and distinction in all it does. The priorities reflected in this budget continue to support this mission and vision.

Ongoing projects include: 1) construction of the William P. Clements Jr. University Hospital; 2) expansion of laboratory research programs; 3) progress in the transformation of clinical care programs including opening two new off campus ambulatory sites and development of patient-centered medical homes, tiered pricing programs, bundling and Accountable Care Organization infrastructure; and, 4) completion of the final phase of the Enterprise Resource Planning system to improve institutional management capabilities. Initiatives include the establishment of two new major research activities: The Center for the Genetics of Host Defense and The Children's Research Institute at U. T. Southwestern Medical Center, in partnership with Children's Medical Center.

The FY 2013 budget reflects an overall growth in both revenue and expenses resulting in a budgeted margin of approximately \$41.0 million. This budget provides funding for strategic clinical initiatives noted above as well as including an expanded bone marrow transplant inpatient unit in University Hospital. This budget also provides necessary funding for depreciation, debt service, and a modest increase in faculty and staff salaries.

**Revenue**

The revenue budget for FY 2013 is \$1.94 billion. The total research portfolio is relatively stable in a challenging funding climate, despite the loss of ARRA federal funding beginning this year. Based on the merits of grant applications, as assessed through a rigorous peer review process, U. T. Southwestern Medical Center faculty continue to lead the way in collectively garnering more support from the Cancer Prevention and Research Institute of Texas than any other institution. Patient care revenue for our hospital and clinical operations continues to enjoy healthy growth, resulting in an overall revenue increase of approximately 7.0% for the next fiscal year.

**Expenses**

The expenditure budget for FY 2013 amounts to approximately \$1.90 billion, which represents a 6.4% increase over the current fiscal year. The FY 2013 budget includes a 2.5% merit increase for faculty, administrative and professional, and classified employees. The growth in expenses related to University Hospital, clinical operations, research, and instruction are in proportion to the growth in revenue for the upcoming fiscal year. The budgeted expenses also include sufficient funds to cover projected debt service to finance the expansion of the North Campus and administrative systems for clinical trials, patient billing, and the PeopleSoft administrative system.

**The University of Texas Southwestern Medical Center**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 16,372,143	18,281,903	19,097,827	815,924	4.5%
Federal Sponsored Programs	217,143,218	218,451,198	213,230,942	(5,220,256)	-2.4%
State Sponsored Programs	18,534,382	17,710,462	31,128,957	13,418,495	75.8%
Local and Private Sponsored Programs	221,843,895	263,122,752	254,053,993	(9,068,759)	-3.4%
Net Sales and Services of Educational Activities	12,192,876	8,860,278	8,930,897	70,619	0.8%
Net Sales and Services of Hospital and Clinics	654,807,904	604,977,246	699,941,631	94,964,385	15.7%
Net Professional Fees	417,028,502	376,671,045	395,617,124	18,946,079	5.0%
Net Auxiliary Enterprises	17,718,430	21,733,208	21,944,391	211,183	1.0%
Other Operating Revenues	16,907,181	21,443,040	19,968,367	(1,474,673)	-6.9%
<b>Total Operating Revenues</b>	<b>1,592,548,531</b>	<b>1,551,251,132</b>	<b>1,663,914,129</b>	<b>112,662,997</b>	<b>7.3%</b>
<b>Operating Expenses:</b>					
Instruction	538,281,742	565,864,499	581,123,413	15,258,914	2.7%
Academic Support	30,296,574	31,849,038	32,497,901	648,863	2.0%
Research	308,178,732	323,970,498	324,588,816	618,318	0.2%
Public Service	27,170,491	28,562,768	28,966,541	403,773	1.4%
Hospitals and Clinics	580,610,150	552,802,420	632,243,805	79,441,385	14.4%
Institutional Support	50,373,039	52,954,266	53,918,670	964,404	1.8%
Student Services	4,031,815	4,238,414	4,248,653	10,239	0.2%
Operations and Maintenance of Plant	89,010,056	93,571,130	93,635,404	64,274	0.1%
Scholarships and Fellowships	687,961	723,214	725,692	2,478	0.3%
Auxiliary Enterprises	17,433,746	18,327,090	18,346,242	19,152	0.1%
Depreciation and Amortization	103,543,067	89,453,255	104,404,812	14,951,557	16.7%
<b>Total Operating Expenses</b>	<b>1,749,617,373</b>	<b>1,762,316,592</b>	<b>1,874,699,949</b>	<b>112,383,357</b>	<b>6.4%</b>
<b>Operating Surplus/Deficit</b>	<b>(157,068,842)</b>	<b>(211,065,460)</b>	<b>(210,785,820)</b>	<b>279,640</b>	<b>-0.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	156,987,567	150,991,282	151,865,421	874,139	0.6%
Federal Sponsored Programs (Nonoperating)	35,207	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	32,013,440	27,160,438	30,731,564	3,571,126	13.1%
Net Investment Income	81,151,654	88,429,835	92,032,359	3,602,524	4.1%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>270,187,868</b>	<b>266,581,555</b>	<b>274,629,344</b>	<b>8,047,789</b>	<b>3.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(29,977,262)	(26,142,060)	(22,936,833)	3,205,227	-12.3%
<b>Total Transfers and Other</b>	<b>(29,977,262)</b>	<b>(26,142,060)</b>	<b>(22,936,833)</b>	<b>3,205,227</b>	<b>-12.3%</b>
<b>Budget Margin (Deficit)</b>	<b>83,141,764</b>	<b>29,374,035</b>	<b>40,906,691</b>	<b>11,532,656</b>	<b>39.3%</b>
<b>Reconciling to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./Dec. in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	3,000,000	3,000,000	3,000,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	6,000,000	6,000,000	6,000,000	-	0.0%
Transfers for Debt Service - Principal	(53,162,028)	(59,120,867)	(66,974,241)	(7,853,374)	13.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	85,100,000	221,100,000	30,000,000	(191,100,000)	-86.4%
<b>SRECNA Change in Net Assets</b>	<b>\$ 124,079,736</b>	<b>200,353,168</b>	<b>12,932,450</b>	<b>(187,420,718)</b>	<b>-93.5%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 1,862,736,399</b>	<b>1,817,832,687</b>	<b>1,938,543,473</b>	<b>120,710,786</b>	<b>6.6%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(1,779,594,635)</b>	<b>(1,788,458,652)</b>	<b>(1,897,636,782)</b>	<b>(109,178,130)</b>	<b>6.1%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 83,141,764</b>	<b>29,374,035</b>	<b>40,906,691</b>	<b>11,532,656</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		89,453,255	104,404,812		
Capital Outlay		(21,284,463)	(25,968,253)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(59,120,867)	(66,974,241)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>38,421,960</b>	<b>52,369,009</b>		

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

**The University of Texas Medical Branch at Galveston**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The FY 2013 operating budget of The University of Texas Medical Branch at Galveston incorporates investments in people, quality, education, research, health system, strategic management and growth, financial success, and community - the pillars that support the Institution's mission to improve health for the people of Texas and the world. In an environment where federal and state funding is decreasing, the importance of growing clinical revenue is further underscored. The Clinical Strategic Plan continues to serve as a guide for clinical growth strategy with adjustments, as appropriate, for changes in the environment. People, the faculty and staff of the U. T. Medical Branch – Galveston, are integral to achieving the Institution's goals, and accordingly the FY 2013 operating budget allows for a modest salary administration pool to aid in retaining and attracting talent in the competitive Houston healthcare sector. Likewise, providing state-of-the-art, cost effective healthcare is imperative to securing future revenue streams to support the Institution's education and research missions. The FY 2013 operating budget contains investments in quality patient care, such as regaining Nursing Magnet status designation, and investments in innovative healthcare delivery, including improved ambulatory access models, chronic disease management, and patient centered medical homes. A major investment is being made in the implementation of a new registration/scheduling/professional and technical billing system to improve the revenue cycle and maximize the functionality of the electronic health record. Last, but certainly not least, are the investments in facilities and equipment to restore assets damaged by Hurricane Ike and enhance revenue-generating ability such as increased bed capacity in the John Sealy Hospital to address demand while construction of the new Jennie Sealy Hospital and Clinical Services Wing are completed. Operating expenses associated with these major projects, as well as growing depreciation as projects are implemented, are anticipated in the FY 2013 operating budget.

Challenges in preparing a balanced FY 2013 operating budget are significant. Base General Revenue for the FY 2012-2013 biennium was reduced by \$114.2 million prior to the House Bill 4 addition of \$19.9 million which included \$11.0 million for debt service associated with the new Jennie Sealy Hospital. A \$9.7 million reduction in Department of State Health Services contracts greatly impacted the OB/GYN and Internal Medicine departments, and sponsored research awards have continued to decrease over time causing the Institution to find ways of shifting faculty effort to other funded initiatives or to consider adjusting salaries and programs where new funding sources are not available. The extraordinary number of capital projects underway on campus are impacting the operating budget in several ways: (1) as new assets come online, in many instances replacing assets that were fully depreciated, depreciation expense increases significantly each year until the Jennie Sealy Hospital becomes fully operational, and (2) total project costs are not all capital in nature. Operating costs associated with large capital projects negatively impact margin during the project phase. Added to the preceding challenges, normal expense inflation added approximately \$40 million to the operating budget.

**Revenue**

FY 2013 total revenue is 6.6% greater than budgeted in FY 2012, despite significant planned decreases in Federal, State and Local grants and contract revenue. A 17.3% increase in budgeted Hospital and Clinic revenue accounts for the overall planned increase in operating revenue. Projected volume increases in hospital admissions and clinic visits are major contributors to the increase in clinical revenue, partly driven by expanding services such as beginning TomoTherapy treatments and providing urgent care services at the Specialty Care Center at Victory Lakes. Initiatives to optimize scheduling and charge capture, as well as plans for continuous use of resources, also contribute to the planned revenue growth. In addition, budgeted Texas Department of Criminal Justice contract revenue increased by \$45.9 million, or 13.5%, assuming that U. T. Medical Branch – Galveston will be reimbursed for costs incurred in providing correctional healthcare services. The \$10.5 million increase in State Appropriations is associated with general revenue appropriated for tuition revenue bond debt service related to the construction of the new Jennie Sealy Hospital.

**Expenses**

FY 2013 total expenses are 6.7% higher than FY 2012 largely driven by expected expense inflation, growth in clinical volumes, projected cost to deliver correctional healthcare services, and operating expenses associated with capital projects. Offsetting these increases are planned expense decreases, in the form of salary and program adjustments, as a result of reduced grant and contract revenue. In addition, the operating budget contains planned expense decreases from improvements in supply chain management, consolidation of administrative functions, and various other process improvements. Depreciation expense is expected to increase 9.1% as Ike re-build and other capital projects are completed and new equipment is placed in service. Interest expense is decreasing 9.6% due to lower interest rate assumptions.

**The University of Texas Medical Branch at Galveston**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 30,566,392	29,666,380	30,782,779	1,116,399	3.8%
Federal Sponsored Programs	147,140,474	158,375,600	137,430,862	(20,944,738)	-13.2%
State Sponsored Programs	13,317,063	15,855,063	12,817,722	(3,037,341)	-19.2%
Local and Private Sponsored Programs	66,672,988	72,874,446	62,273,323	(10,601,123)	-14.5%
Net Sales and Services of Educational Activities	16,081,557	16,589,198	15,020,356	(1,568,842)	-9.5%
Net Sales and Services of Hospital and Clinics	768,856,051	711,376,299	834,376,828	123,000,529	17.3%
Net Professional Fees	133,858,800	137,035,000	138,177,197	1,142,197	0.8%
Net Auxiliary Enterprises	6,746,239	7,206,420	7,018,521	(187,899)	-2.6%
Other Operating Revenues	20,696,182	12,173,446	15,394,302	3,220,856	26.5%
<b>Total Operating Revenues</b>	<b>1,203,935,746</b>	<b>1,161,151,852</b>	<b>1,253,291,890</b>	<b>92,140,038</b>	<b>7.9%</b>
<b>Operating Expenses:</b>					
Instruction	247,215,927	250,941,368	256,513,505	5,572,137	2.2%
Academic Support	24,187,430	26,499,385	25,097,098	(1,402,287)	-5.3%
Research	102,956,859	119,692,340	106,828,978	(12,863,362)	-10.7%
Public Service	7,797,625	14,566,532	8,090,887	(6,475,645)	-44.5%
Hospitals and Clinics	932,581,066	882,293,014	967,659,474	85,366,460	9.7%
Institutional Support	53,648,964	51,219,332	55,666,655	4,447,323	8.7%
Student Services	5,066,849	5,534,571	5,257,409	(277,162)	-5.0%
Operations and Maintenance of Plant	74,680,583	63,561,362	77,489,256	13,927,894	21.9%
Scholarships and Fellowships	7,632,120	4,233,668	7,919,157	3,685,489	87.1%
Auxiliary Enterprises	6,056,037	3,868,909	6,283,799	2,414,890	62.4%
Depreciation and Amortization	83,784,022	83,905,000	91,500,000	7,595,000	9.1%
<b>Total Operating Expenses</b>	<b>1,545,607,482</b>	<b>1,506,315,481</b>	<b>1,608,306,218</b>	<b>101,990,737</b>	<b>6.8%</b>
<b>Operating Surplus/Deficit</b>	<b>(341,671,736)</b>	<b>(345,163,629)</b>	<b>(355,014,328)</b>	<b>(9,850,699)</b>	<b>2.9%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	310,197,774	313,377,736	323,831,161	10,453,425	3.3%
Federal Sponsored Programs (Nonoperating)	735,000	750,000	750,000	-	0.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	8,849,383	10,213,519	8,197,654	(2,015,865)	-19.7%
Net Investment Income	31,366,107	32,820,901	31,930,245	(890,656)	-2.7%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>351,148,264</b>	<b>357,162,156</b>	<b>364,709,060</b>	<b>7,546,904</b>	<b>2.1%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(7,785,059)	(9,477,000)	(8,564,927)	912,073	-9.6%
<b>Total Transfers and Other</b>	<b>(7,785,059)</b>	<b>(9,477,000)</b>	<b>(8,564,927)</b>	<b>912,073</b>	<b>-9.6%</b>
<b>Budget Margin (Deficit)</b>	<b>1,691,469</b>	<b>2,521,527</b>	<b>1,129,805</b>	<b>(1,391,722)</b>	<b>-55.2%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	(14,678,451)	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	179,565,683	128,285,606	169,346,296	41,060,690	32.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	3,601,552	980,000	2,518,723	1,538,723	157.0%
Transfers for Debt Service - Principal	(33,573,256)	(27,895,000)	(38,357,464)	(10,462,464)	37.5%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	92,290,724	45,800,000	129,100,000	83,300,000	181.9%
<b>SRECNA Change in Net Assets</b>	<b>\$ 228,897,721</b>	<b>149,692,133</b>	<b>263,737,360</b>	<b>114,045,227</b>	<b>76.2%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 1,555,084,010</b>	<b>1,518,314,008</b>	<b>1,618,000,950</b>	<b>99,686,942</b>	<b>6.6%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(1,553,392,541)</b>	<b>(1,515,792,481)</b>	<b>(1,616,871,145)</b>	<b>(101,078,664)</b>	<b>6.7%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 1,691,469</b>	<b>2,521,527</b>	<b>1,129,805</b>	<b>(1,391,722)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		83,905,000	91,500,000		
Capital Outlay		(96,992,293)	(113,380,284)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(27,895,000)	(38,357,464)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>(38,460,766)</b>	<b>(59,107,943)</b>		

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

**The University of Texas Health Science Center at Houston**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

Despite funding concerns at both the state and federal level, The University of Texas Health Science Center at Houston will continue to show overall financial growth in FY 2013. This will be the first full year for the new U. T. School of Dentistry - Houston building and the resulting increase in class size, moving from 84 to 100 dental students per year. Extraordinary class size gains made over the past two years by the U. T. School of Public Health - Houston and the U. T. School of Nursing - Houston will be maintained in the new fiscal year. And while the 2013 budget does factor in some reduction in research activities, U. T. Health Science Center - Houston's research mission will be enhanced by the reinstatement of its Clinical and Translational Science Award program, a five-year \$20 million award, beginning June, 2012.

With the support of U. T. Health Science Center - Houston's primary teaching hospital partner, Memorial Hermann Healthcare System (MHHS), the U. T. Medical School – Houston's practice plan (MSRDP) continues its strategic expansion – in numbers, breadth of services, and in geographic coverage throughout the greater Houston area. This extends U. T. Health Science Center - Houston from what was primarily a Texas Medical Center focus, to one that also reaches out to provide primary and specialty care to many surrounding communities. U. T. Health Science Center - Houston continues to accomplish this growth through multiple means: targeted individual recruitments and affiliated clinicians are placed in new clinics; partnerships with community primary care practices co-located with U. T. Medical School - Houston specialists; and, absorption of some primary care practices.

**Revenue**

Institutional growth will be driven primarily by U. T. Health Science Center - Houston's clinical mission, led by MSRDP which is projecting a 14% or \$45 million increase in total revenues. MSRDP's strategic expansion into the greater Houston area, with the assistance of MHHS, will increase related faculty full time equivalents (FTEs) by 35.5 and support staff by approximately 150 FTEs. Physician increases are the primary driver for the 12.7% increase in professional fee income (\$19.9 million). Overall, U. T. Health Science Center - Houston is projecting a minor reduction in combined sponsored program revenue (\$5.1 million). Federal sponsored program activities are decreasing largely due to completion of American Recovery and Reinvestment Act projects and a more conservative pay-line for federal awards. The reduction is diminished considerably by the additional \$24.6 million U. T. Health Science Center - Houston will receive on the clinical side from its hospital partners, MHHS and Harris County Hospital District. U. T. Health Science Center – Houston is projecting significant growth in net sales of hospitals and clinics in comparison to the prior year. This is attributed to greater than 20% increases in both Gulf States Hemophilia and Thrombophilia Center (GSHTC) activities (\$23.8 million to \$29.4 million) as well as the Harris County Psychiatric Center (HCPC) (\$30.6 million to \$37.0 million). HCPC's growth is due to additional state contracts it has received for competency restoration and expansion of acute care services.

**Expenses**

The significant increases and decreases in expense budgets are directly tied to their revenue sources. As noted, U. T. Health Science Center - Houston is budgeting a fairly significant drop in research expense (\$30.7 million), offset by increases in instruction (primarily MSRDP-related) and hospital and clinic expenses associated with HCPC, MSRDP, and GSHTC activities. Expenses in excess of revenues (approximately \$3.2 million) have been budgeted in MSRDP for FY 2013. This is attributed to the clinic expansion and the significant investment in information technology infrastructure, as well as the typical lag in professional fee generation when starting up a new clinic. While this is something U. T. Health Science Center - Houston would normally absorb by offsetting with other budgetary reductions, the institution is also increasing its depreciation expense by \$3.2 million (6.4%) due to the recognition of a full year of depreciation of the new U. T. School of Dentistry – Houston facility. In addition, Auxiliary Enterprises will be budgeting a substantial amount of capital outlay (\$3.2 million) associated with deferred maintenance work performed at the UT Professional Building and its garage.

**The University of Texas Health Science Center at Houston**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 34,407,277	34,888,727	35,278,812	390,085	1.1%
Federal Sponsored Programs	177,954,791	206,113,310	168,373,983	(37,739,327)	-18.3%
State Sponsored Programs	12,238,597	19,712,633	20,098,666	386,033	2.0%
Local and Private Sponsored Programs	224,613,065	207,394,334	247,861,835	40,467,501	19.5%
Net Sales and Services of Educational Activities	29,293,796	19,718,911	20,997,550	1,278,639	6.5%
Net Sales and Services of Hospital and Clinics	68,992,574	61,004,199	73,425,974	12,421,775	20.4%
Net Professional Fees	159,156,369	156,293,336	176,199,702	19,906,366	12.7%
Net Auxiliary Enterprises	18,346,488	23,857,448	24,933,815	1,076,367	4.5%
Other Operating Revenues	11,894,910	7,028,092	6,889,449	(138,643)	-2.0%
<b>Total Operating Revenues</b>	<b>736,897,867</b>	<b>736,010,990</b>	<b>774,059,786</b>	<b>38,048,796</b>	<b>5.2%</b>
<b>Operating Expenses:</b>					
Instruction	418,253,629	403,733,175	409,376,981	5,643,806	1.4%
Academic Support	33,262,613	41,408,370	44,203,476	2,795,106	6.8%
Research	189,059,889	222,547,841	191,855,205	(30,692,636)	-13.8%
Public Service	28,729,728	19,008,518	20,590,327	1,581,809	8.3%
Hospitals and Clinics	116,893,216	109,515,412	163,611,310	54,095,898	49.4%
Institutional Support	43,460,086	41,362,599	45,164,214	3,801,615	9.2%
Student Services	6,633,082	6,427,496	6,273,357	(154,139)	-2.4%
Operations and Maintenance of Plant	30,725,071	37,349,465	34,887,140	(2,462,325)	-6.6%
Scholarships and Fellowships	7,038,008	5,577,277	6,119,222	541,945	9.7%
Auxiliary Enterprises	15,202,050	15,530,808	15,296,744	(234,064)	-1.5%
Depreciation and Amortization	51,634,337	50,370,331	53,568,481	3,198,150	6.3%
<b>Total Operating Expenses</b>	<b>940,891,709</b>	<b>952,831,292</b>	<b>990,946,457</b>	<b>38,115,165</b>	<b>4.0%</b>
<b>Operating Surplus/Deficit</b>	<b>(203,993,842)</b>	<b>(216,820,302)</b>	<b>(216,886,671)</b>	<b>(66,369)</b>	<b>0.0%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	178,254,528	178,521,810	176,558,689	(1,963,121)	-1.1%
Federal Sponsored Programs (Nonoperating)	1,102,792	1,083,204	462,932	(620,272)	-57.3%
State Sponsored Programs (Nonoperating)	-	29,400	-	(29,400)	-100.0%
Gifts in Support of Operations	15,425,631	16,735,658	16,909,817	174,159	1.0%
Net Investment Income	28,221,561	26,591,043	27,329,258	738,215	2.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>223,004,512</b>	<b>222,961,115</b>	<b>221,260,696</b>	<b>(1,700,419)</b>	<b>-0.8%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(12,605,264)	(11,863,562)	(12,046,775)	(183,213)	1.5%
<b>Total Transfers and Other</b>	<b>(12,605,264)</b>	<b>(11,863,562)</b>	<b>(12,046,775)</b>	<b>(183,213)</b>	<b>1.5%</b>
<b>Budget Margin (Deficit)</b>	<b>6,405,406</b>	<b>(5,722,749)</b>	<b>(7,672,750)</b>	<b>(1,950,001)</b>	<b>34.1%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	771,359	1,500,000	1,500,000	-	0.0%
Net Inc./(Dec.) in Fair Value of Investments	(14,117,751)	-	-	-	-
Interest Expense on Capital Asset Financings	-	(2,141,928)	(2,141,928)	-	0.0%
Capital Approp., Gifts and Sponsored Programs	657,316	2,750,000	2,750,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	7,405,497	2,000,000	2,000,000	-	0.0%
Transfers for Debt Service - Principal	(12,288,000)	(9,676,000)	(14,593,144)	(4,917,144)	50.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	7,805,315	16,835,000	5,225,000	(11,610,000)	-69.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ (3,360,858)</b>	<b>5,544,323</b>	<b>(12,932,822)</b>	<b>(18,477,145)</b>	<b>-333.3%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 959,902,379</b>	<b>958,972,105</b>	<b>995,320,482</b>	<b>36,348,377</b>	<b>3.8%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(953,496,973)</b>	<b>(964,694,854)</b>	<b>(1,002,993,232)</b>	<b>(38,298,378)</b>	<b>4.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 6,405,406</b>	<b>(5,722,749)</b>	<b>(7,672,750)</b>	<b>(1,950,001)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		50,370,331	53,568,481		
Capital Outlay		(14,840,954)	(18,883,590)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(9,676,000)	(14,593,144)		
Budgeted Transfers		2,725,000	2,725,000		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>22,855,628</b>	<b>15,143,997</b>		

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

**The University of Texas Health Science Center at San Antonio**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The FY 2013 Budget for The University of Texas Health Science Center at San Antonio has been written with the overarching goal of becoming an elite academic health center. With the Medical Arts and Research Center (MARC), Cancer Therapy and Research Center (CTRC), South Texas Research Facility (STRF) and the Center for Oral Health Care at the MARC, the institution has superb venues to perform its missions. Despite State funding challenges, the institution remains committed to growing the research and clinical enterprises and enhancing the educational mission through the leadership of its deans, chairs, and faculty. This budget reflects such dedication through investments associated with strategic planning initiatives consistent with the Chancellor's *Framework for Advancing Excellence* that will move the institution to the forefront of academic health centers to achieve regional and national excellence. Providing competitive compensation for faculty and staff remains a priority to keep pace with competition from national medians, regional private sectors, and other state government and higher education entities. Merit increases were funded in FY 2012 and compensation and incentive levels will continue to be evaluated; however, no merit plans were developed for FY 2013.

Given the need to strategically invest in faculty, staff, educational programs, and the research and healthcare missions, the budget for FY 2013 recognizes a margin loss of \$10.1 million supported by a projected \$193.8 million in unrestricted net assets. It is anticipated that balances available at the end of FY 2012 will be sufficient to cover the deficit budget projections and planned investments for FY 2013, while maintaining reserves that will cover 3.1 months of operating expenses.

Prior to any mandate imposed by State leadership through consecutive budget reductions in excess of \$70 million over FY 2010-2013, great efforts were made to contain costs and become more cost effective. As a result of its fiscal discipline, the institution has recognized approximately \$20 million in operational efficiencies since FY 2009. Concerns remain, however, that State budgetary challenges will continue for higher education into the next biennium. If these challenges persist, and particularly if \$22.8 million in supplemental funding provided in House Bill 4 is not re-appropriated, the institution may face enrollment and program reductions; will be required to reduce funding allocations to regional campuses; will be unable to maintain competitive compensation practices, which will impact recruitment and retention; and, strategic planning efforts will be inhibited. In addition, increases in utility costs and operating square footage, coupled with declining Infrastructure formula funding, has prohibited directing budget resources towards fully addressing needed investments in depreciating facilities and technology infrastructure. The current deferred maintenance backlog is approaching \$35 million with significant support from Permanent University Fund allocations ending at the end of FY 2013.

The institution continues to assess the impacts of healthcare reform on operations and needed capital investments to improve healthcare delivery systems, implement an health information exchange with affiliated partners, develop a primary care expansion strategy, and identify opportunities to benefit from participation in the 1115 Waiver pools. Pressure to transition the Regional Academic Health Center to a free-standing medical school remains acute, and implementation of the South Texas Health Initiative is rapidly evolving, along with the new vision for the Regional Campus in Laredo. The institution will continue to work with the U. T. System Board of Regents and the Texas Legislature on these south Texas initiatives, and will continue to evaluate local opportunities for new hospital ventures. U. T. Health Science Center - San Antonio remains fully committed to investing in its schools, deans, chairs, faculty and staff in order to secure its trajectory growth as a premier academic health center in Texas.

**Revenue**

Revenue for FY 2013 reflects a \$16.5 million (2.2%) increase from FY 2012 primarily due to efforts to improve clinical trial and practice plan operations at CTRC and the MARC (\$11.1 million). This will be accomplished by implementing faculty incentive compensation plans based on productivity measures in the School of Medicine. Federal sponsored programs for research activities are expected to remain relatively flat as a result of stagnant National Institutes of Health awards. Gift giving is expected to increase \$2.5 million with enhanced philanthropic efforts supported by U.T. System through the "Strength in Numbers" program and with the anticipated recovery of the economy. Total incremental tuition and fees amounts to \$0.6 million (0.08% of total budgeted revenues), which is budgeted to support faculty enhancements, scholarships and financial assistance, and technology and curriculum development.

**Expenses**

Expenses for FY 2013 reflect a \$22.8 million (3.1%) increase from FY 2012 primarily in response to clinical productivity increases (\$8.8 million), from depreciation increases associated with the STRF being fully operational (\$7 million), and in order to make planned investments that will enhance educational, clinical, research, and public service programs in line with strategic planning efforts (\$5 million).



**The University of Texas Health Science Center at San Antonio**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 32,445,508	32,145,508	32,979,823	834,315	2.6%
Federal Sponsored Programs	140,809,426	132,590,140	136,572,920	3,982,780	3.0%
State Sponsored Programs	3,893,545	1,977,598	3,886,418	1,908,820	96.5%
Local and Private Sponsored Programs	161,933,795	164,637,347	166,272,850	1,635,503	1.0%
Net Sales and Services of Educational Activities	24,448,976	28,500,000	28,500,000	-	0.0%
Net Sales and Services of Hospital and Clinics	-	-	-	-	-
Net Professional Fees	151,837,697	144,810,119	157,898,606	13,088,487	9.0%
Net Auxiliary Enterprises	5,985,908	5,745,164	5,250,000	(495,164)	-8.6%
Other Operating Revenues	7,724,810	10,800,000	9,500,000	(1,300,000)	-12.0%
<b>Total Operating Revenues</b>	<b>529,079,665</b>	<b>521,205,876</b>	<b>540,860,617</b>	<b>19,654,741</b>	<b>3.8%</b>
<b>Operating Expenses:</b>					
Instruction	343,040,466	323,145,054	331,421,135	8,276,081	2.6%
Academic Support	27,571,380	29,406,738	34,414,510	5,007,772	17.0%
Research	143,846,145	157,985,320	151,283,942	(6,701,378)	-4.2%
Public Service	45,547,187	34,691,001	35,167,078	476,077	1.4%
Hospitals and Clinics	51,673,824	57,389,954	58,579,199	1,189,245	2.1%
Institutional Support	36,999,921	37,561,637	38,041,475	479,838	1.3%
Student Services	3,232,821	4,367,056	4,660,431	293,375	6.7%
Operations and Maintenance of Plant	27,319,271	34,086,386	40,395,278	6,308,892	18.5%
Scholarships and Fellowships	1,647,144	2,970,536	3,299,407	328,871	11.1%
Auxiliary Enterprises	4,882,749	7,071,837	7,561,112	489,275	6.9%
Depreciation and Amortization	46,000,000	40,500,000	47,500,000	7,000,000	17.3%
<b>Total Operating Expenses</b>	<b>731,760,908</b>	<b>729,175,519</b>	<b>752,323,567</b>	<b>23,148,048</b>	<b>3.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(202,681,243)</b>	<b>(207,969,643)</b>	<b>(211,462,950)</b>	<b>(3,493,307)</b>	<b>1.7%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	161,311,992	166,311,992	160,246,176	(6,065,816)	-3.6%
Federal Sponsored Programs (Nonoperating)	1,500,000	1,500,000	1,650,000	150,000	10.0%
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	13,772,609	15,000,000	17,500,000	2,500,000	16.7%
Net Investment Income	32,265,694	31,750,000	32,000,000	250,000	0.8%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>208,850,295</b>	<b>214,561,992</b>	<b>211,396,176</b>	<b>(3,165,816)</b>	<b>-1.5%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(10,363,218)	(10,401,986)	(10,040,492)	361,494	-3.5%
<b>Total Transfers and Other</b>	<b>(10,363,218)</b>	<b>(10,401,986)</b>	<b>(10,040,492)</b>	<b>361,494</b>	<b>-3.5%</b>
<b>Budget Margin (Deficit)</b>	<b>(4,194,166)</b>	<b>(3,809,637)</b>	<b>(10,107,266)</b>	<b>(6,297,629)</b>	<b>165.3%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	5,000,000	5,000,000	5,000,000	-	0.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	5,000,000	5,000,000	5,000,000	-	0.0%
Transfers for Debt Service - Principal	(10,582,000)	(10,582,000)	(11,082,000)	(500,000)	4.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	11,750,000	11,000,000	11,000,000	-	0.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 6,973,834</b>	<b>6,608,363</b>	<b>(189,266)</b>	<b>(6,797,629)</b>	<b>-102.9%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 737,929,960</b>	<b>735,767,868</b>	<b>752,256,793</b>	<b>16,488,925</b>	<b>2.2%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(742,124,126)</b>	<b>(739,577,505)</b>	<b>(762,364,059)</b>	<b>(22,786,554)</b>	<b>3.1%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ (4,194,166)</b>	<b>(3,809,637)</b>	<b>(10,107,266)</b>	<b>(6,297,629)</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		40,500,000	47,500,000		
Capital Outlay		(18,000,000)	(12,500,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(10,582,000)	(11,082,000)		
Budgeted Transfers		711,000	723,000		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>8,819,363</b>	<b>14,533,734</b>		

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

**The University of Texas M. D. Anderson Cancer Center**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

The mission of The University of Texas M. D. Anderson Cancer Center is to eliminate cancer in Texas, the nation, and the world through outstanding programs that integrate patient care, research and prevention, and through education for undergraduate and graduate students, trainees, professionals, employees, and the public. U. T. M. D. Anderson Cancer Center strives to be the premier cancer center in the world, based on the excellence of its people, its research-driven patient care and its science. The institution's FY 2010-2015 Strategic Vision focuses on seven key goals for future advancement: patient care, research, education, prevention, our people, collaboration and resources.

U. T. M. D. Anderson Cancer Center's key institutional priorities included four critical highlights: infrastructure, patient care and education, moonshots and platforms, and resource challenges. With respect to infrastructure, an external review of the institution's administrative and business functions will result in expected infrastructure cost savings and opportunities to enhance efficiencies. In addition, a critical examination of current information technology systems and strategy to enhance or bring in new platforms will be key infrastructure project initiatives. Patient Safety on the main campus, the regional care centers and the Banner facility in Phoenix, Arizona will be a high priority involving patient care. In regards to education, the institution will focus on improving both the quality of students and effectiveness of courses for the Graduate School of Biomedical Sciences program. This key priority will also ensure the institution's regional and national strategy for clinical care clinical research will center around mission, margin and research. Moonshots and Platforms represent the institution's stated objective to cure several major cancers. The Institute for Applied Cancer Science, which focuses on accelerating the delivery of new, safe and highly effective therapeutics for cancer patients, the Translational Research Continuum and Immunology are critical components of this priority. Continued investments in the recruitment of world class investigators and focus on technology discovery and commercialization will be additional high priorities during FY 2013. Resource challenges include the institution's acute shortage of laboratory space, based on a current needs assessment for research space. In regards to a philanthropic fund raising strategy, U. T. M. D. Anderson Cancer Center will need innovation and the ability to reach beyond the state of Texas. It is also clear that there will be a need for state-of-the-art national branding and cause marketing to achieve the mission of the institution.

**Revenue**

Total revenue is projected to increase by 12.8% over the FY 2012 budget. Both hospital and clinics and professional net patient revenue account for about 86% of U. T. M. D. Anderson Cancer Center's total operating revenue. Due to expected decreases in reimbursement from government and non-government payers, and the uncertainty of other healthcare reform outcomes, continued focus on clinical productivity and operational efficiencies is essential. Federal Sponsored Programs, including the associated indirect cost recovery, is expected to decrease due to the ending of American Recovery and Reinvestment Act funding. The significant increase in State Sponsored Programs is primarily due to the projected Cancer Prevention Research Institute of Texas awards. Within Local and Private Sponsored Programs, foundation and private industry programs are expected to increase. The FY 2013 State Appropriations budget has decreased slightly due to the 82<sup>nd</sup> Legislative Session reductions.

**Expenses**

Total budgeted expenses are projected to increase 9.3% over the FY 2012 budget. Hospital and Clinic expenses account for about 56% of U. T. M. D. Anderson Cancer Center's operating expenses. Due to the expected increase in clinical faculty and related infrastructure personnel required to support targeted clinical activity, Hospital and Clinics expenses are expected to increase 10.3% over the FY 2012 budget. It is important to note that personnel costs continue to account for about 60% of all U. T. M. D. Anderson Cancer Center expenses. The significant percent changes in Instruction, Academic Support and Institutional Support are primarily due to functional expense reclassifications and adjustments to medical staff allocations. Due to the expected increases in State, Local and Private Sponsored Programs and internally supported research programs, overall research expenditures will grow in FY 2013 by 10.3%. The following overall salary increases for merits, market and equity are planned for next year: faculty 5.69%, administrative 5.13%, and classified 3.22%.

**The University of Texas M. D. Anderson Cancer Center**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 1,178,646	1,617,693	1,525,763	(91,930)	-5.7%
Federal Sponsored Programs	215,000,000	242,500,241	220,681,391	(21,818,850)	-9.0%
State Sponsored Programs	28,000,000	-	41,000,000	41,000,000	-
Local and Private Sponsored Programs	120,948,067	110,781,731	133,018,172	22,236,441	20.1%
Net Sales and Services of Educational Activities	1,900,000	1,800,000	2,100,000	300,000	16.7%
Net Sales and Services of Hospital and Clinics	2,601,296,615	2,373,000,000	2,760,513,257	387,513,257	16.3%
Net Professional Fees	360,707,328	352,866,202	387,760,378	34,894,176	9.9%
Net Auxiliary Enterprises	34,856,222	35,568,316	36,599,033	1,030,717	2.9%
Other Operating Revenues	60,656,784	58,500,000	62,000,000	3,500,000	6.0%
<b>Total Operating Revenues</b>	<b>3,424,543,662</b>	<b>3,176,634,183</b>	<b>3,645,197,994</b>	<b>468,563,811</b>	<b>14.8%</b>
<b>Operating Expenses:</b>					
Instruction	61,594,480	96,031,844	64,366,231	(31,665,613)	-33.0%
Academic Support	91,017,003	62,500,000	94,250,481	31,750,481	50.8%
Research	555,652,484	521,281,972	574,817,889	53,535,917	10.3%
Public Service	7,670,857	10,500,000	7,750,000	(2,750,000)	-26.2%
Hospitals and Clinics	1,841,239,338	1,790,000,000	1,974,802,631	184,802,631	10.3%
Institutional Support	245,193,756	227,000,000	273,590,161	46,590,161	20.5%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	188,862,714	205,000,000	205,937,257	937,257	0.5%
Scholarships and Fellowships	1,120,000	1,580,000	1,127,965	(452,035)	-28.6%
Auxiliary Enterprises	20,793,916	21,838,558	21,417,733	(420,825)	-1.9%
Depreciation and Amortization	268,233,028	257,254,340	279,460,939	22,206,599	8.6%
<b>Total Operating Expenses</b>	<b>3,281,377,576</b>	<b>3,192,986,714</b>	<b>3,497,521,287</b>	<b>304,534,573</b>	<b>9.5%</b>
<b>Operating Surplus/Deficit</b>	<b>143,166,086</b>	<b>(16,352,531)</b>	<b>147,676,707</b>	<b>164,029,238</b>	<b>-1003.1%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	163,800,000	163,800,000	163,325,477	(474,523)	-0.3%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	1,000,000	-	-	-	-
Gifts in Support of Operations	65,000,000	65,000,000	65,000,000	-	0.0%
Net Investment Income	55,000,000	88,014,131	68,250,000	(19,764,131)	-22.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>284,800,000</b>	<b>316,814,131</b>	<b>296,575,477</b>	<b>(20,238,654)</b>	<b>-6.4%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(38,400,000)	(42,056,000)	(39,075,000)	2,981,000	-7.1%
<b>Total Transfers and Other</b>	<b>(38,400,000)</b>	<b>(42,056,000)</b>	<b>(39,075,000)</b>	<b>2,981,000</b>	<b>-7.1%</b>
<b>Budget Margin (Deficit)</b>	<b>389,566,086</b>	<b>258,405,600</b>	<b>405,177,184</b>	<b>146,771,584</b>	<b>56.8%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./((Dec.) in Fair Value of Investments	10,000,000	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	72,000,000	2,500,000	3,000,000	500,000	20.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	12,000,000	5,000,000	5,000,000	-	0.0%
Transfers for Debt Service - Principal	(94,500,000)	(53,219,000)	42,925,000	96,144,000	-180.7%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	55,395,153	19,900,000	24,900,000	5,000,000	25.1%
<b>SRECNA Change in Net Assets</b>	<b>\$ 444,461,239</b>	<b>232,586,600</b>	<b>481,002,184</b>	<b>248,415,584</b>	<b>106.8%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 3,709,343,662</b>	<b>3,493,448,314</b>	<b>3,941,773,471</b>	<b>448,325,157</b>	<b>12.8%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(3,319,777,576)</b>	<b>(3,235,042,714)</b>	<b>(3,536,596,287)</b>	<b>(301,553,573)</b>	<b>9.3%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 389,566,086</b>	<b>258,405,600</b>	<b>405,177,184</b>	<b>146,771,584</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		257,254,340	279,460,939		
Capital Outlay		(385,000,000)	(610,826,487)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(53,219,000)	(42,925,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>77,440,940</b>	<b>30,886,636</b>		

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

**The University of Texas Health Science Center at Tyler**  
**Operating Budget Highlights**  
**For the Year Ending August 31, 2013**

**Introduction - Major Goals Addressed by FY 2013 Budget**

In addition to building on previous successes, the operating budget for The University of Texas Health Science Center at Tyler addresses several major strategic goals in FY 2013.

First, U. T. Health Science Center – Tyler’s School of Medical Biological Sciences is accepting its first class of students into its Master’s degree program in Cellular and Molecular Biology in the fall of 2012. In FY 2012, the school submitted its application for accreditation to the Southern Association of Colleges and Schools. The Texas Higher Education Coordinating Board approved a new master’s degree program in FY 2012.

Next, this budget addresses the growth of U. T. Health Science Center – Tyler’s already successful cancer treatment center. The growth and popularity of this new center, which opened its doors at the beginning of FY 2012, has fueled the need to recruit additional oncologists in order to serve the growing demand for services at the center. Two new oncologists began work on July 1, 2012.

The budget also provides for operations and maintenance of U. T. Health Science Center – Tyler’s new Internal Medicine Residency Program. Eighteen new first-year residents started the program in July 2012. This residency program received accreditation from the Accreditation Council for Graduate Medical Education in the summer of 2011. Between July 2012 and July 2014, this program will grow to include 54 internal medicine residents, more than doubling the current number of residents at U. T. Health Science Center – Tyler.

The budget includes funding and related revenue increases to grow philanthropic giving at U. T. Health Science Center – Tyler. This includes expenses related to implementing new programs and activities such as an employee giving campaign, a fund-raising golf tournament, establishment of a Women’s Auxiliary, and a new donor newsletter. Additionally, late in FY 2012, U. T. Health Science Center – Tyler hired a major gifts officer and a grant writer in the Institutional Advancement Office. These two new employees are expected to generate a significant increase in philanthropic support of U. T. Health Science Center – Tyler.

Finally, the budget includes revenues and expenditures related to the revitalization of U. T. Health Science Center – Tyler’s cardiology services program. A new invasive cardiologist began work on August 1, 2012, followed by an interventional cardiologist who will begin on September 1, 2012.

U. T. Health Science Center – Tyler is investing in these and other goals in FY 2013 to continue serving the citizens in east Texas and beyond, through excellent patient care and community health, comprehensive education, and innovative research.

**Revenue**

U. T. Health Science Center – Tyler’s FY 2013 budget reflects revenue growth of 6.4%, compared to the FY 2012 budget, which is driven primarily by the additional faculty positions represented above, but also includes additional revenues from U. T. Health Science Center – Tyler’s new Internal Medicine Residency program and increased philanthropic support.

**Expenses**

Expenses in this budget are increased over the FY 2012 budget by approximately 5.0% which represent planned investments to address the goals previously referenced. These investments are being used to ramp up operations on new programs as well as to continue the programs that add value to U. T. Health Science Center – Tyler and its customers, students, and other stakeholders.

**The University of Texas Health Science Center at Tyler**  
**Operating Budget**  
**Fiscal Year Ending August 31, 2013**

	FY 2012 Projected	FY 2012 Adjusted Budget	FY 2013 Operating Budget	Budget Increases (Decreases) From 2012 to 2013	
				Amount	Percent
<b>Operating Revenues:</b>					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	8,739,624	11,173,327	11,415,242	241,915	2.2%
State Sponsored Programs	1,349,786	1,321,637	1,390,581	68,944	5.2%
Local and Private Sponsored Programs	3,010,315	2,915,198	2,911,271	(3,927)	-0.1%
Net Sales and Services of Educational Activities	1,573,133	2,512,679	2,552,213	39,534	1.6%
Net Sales and Services of Hospital and Clinics	52,729,065	49,141,201	57,176,080	8,034,879	16.4%
Net Professional Fees	13,449,310	11,722,654	12,888,056	1,165,402	9.9%
Net Auxiliary Enterprises	145,660	226,639	119,632	(107,007)	-47.2%
Other Operating Revenues	1,417,762	-	1,918,578	1,918,578	-
<b>Total Operating Revenues</b>	<b>82,414,655</b>	<b>79,013,335</b>	<b>90,371,653</b>	<b>11,358,318</b>	<b>14.4%</b>
<b>Operating Expenses:</b>					
Instruction	11,587,055	9,395,361	12,077,015	2,681,654	28.5%
Academic Support	978,775	660,261	1,022,373	362,112	54.8%
Research	13,483,319	13,996,184	14,023,132	26,948	0.2%
Public Service	-	-	-	-	-
Hospitals and Clinics	73,929,567	69,228,988	71,969,476	2,740,488	4.0%
Institutional Support	8,342,461	7,393,760	8,669,905	1,276,145	17.3%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	13,885,806	15,297,847	14,436,236	(861,611)	-5.6%
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	100,621	174,930	102,255	(72,675)	-41.5%
Depreciation and Amortization	7,903,383	8,642,382	8,820,756	178,374	2.1%
<b>Total Operating Expenses</b>	<b>130,210,987</b>	<b>124,789,713</b>	<b>131,121,148</b>	<b>6,331,435</b>	<b>5.1%</b>
<b>Operating Surplus/Deficit</b>	<b>(47,796,332)</b>	<b>(45,776,378)</b>	<b>(40,749,495)</b>	<b>5,026,883</b>	<b>-11.0%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF (Non-capitalized)	45,927,890	42,380,042	38,411,388	(3,968,654)	-9.4%
Federal Sponsored Programs (Nonoperating)	-	-	-	-	-
State Sponsored Programs (Nonoperating)	-	-	-	-	-
Gifts in Support of Operations	592,703	1,000,000	1,606,947	606,947	60.7%
Net Investment Income	4,125,080	3,296,037	3,369,246	73,209	2.2%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>50,645,673</b>	<b>46,676,079</b>	<b>43,387,581</b>	<b>(3,288,498)</b>	<b>-7.0%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(1,435,704)	(1,716,282)	(1,702,620)	13,662	-0.8%
<b>Total Transfers and Other</b>	<b>(1,435,704)</b>	<b>(1,716,282)</b>	<b>(1,702,620)</b>	<b>13,662</b>	<b>-0.8%</b>
<b>Budget Margin (Deficit)</b>	<b>1,413,637</b>	<b>(816,581)</b>	<b>935,466</b>	<b>1,752,047</b>	<b>-214.6%</b>
<b>Reconciliation to Change in Net Assets:</b>					
Net Non-Profit Health Corp Activity	5,286	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	-	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	-	300,000	100,000	(200,000)	-66.7%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	20,000	-	-	-	-
Transfers for Debt Service - Principal	(2,310,000)	(2,456,000)	(3,198,000)	(742,000)	30.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	3,226,333	1,651,123	1,700,000	48,877	3.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 2,355,256</b>	<b>(1,321,458)</b>	<b>(462,534)</b>	<b>858,924</b>	<b>-65.0%</b>
<b>Total Revenues and AUF Transfers</b>	<b>\$ 133,060,328</b>	<b>125,689,414</b>	<b>133,759,234</b>	<b>8,069,820</b>	<b>6.4%</b>
<b>Total Expenses (Including Transfers for Interest)</b>	<b>(131,646,691)</b>	<b>(126,505,995)</b>	<b>(132,823,768)</b>	<b>(6,317,773)</b>	<b>5.0%</b>
<b>Budget Margin (Deficit)</b>	<b>\$ 1,413,637</b>	<b>(816,581)</b>	<b>935,466</b>	<b>1,752,047</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		8,642,382	8,820,756		
Capital Outlay		(3,100,000)	(3,100,000)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(2,456,000)	(3,198,000)		
Budgeted Transfers		-	-		
<b>Net Additions to (Uses of) Prior Year Balances</b>		<b>2,269,801</b>	<b>3,458,222</b>		

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

**The University of Texas System  
Fiscal Year 2013  
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION  
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

**Summary**

	<b>PUF Allocation</b>			<b>Total</b>
	<b>Library &amp; Equipment</b>	<b>Repair &amp; Rehabilitation</b>	<b>Faculty STARs Program</b>	
<b>Academic Institutions</b>				
The University of Texas at Arlington	\$ 500,000	1,500,000	-	2,000,000
The University of Texas at Austin	1,000,000	2,600,000	-	3,600,000
The University of Texas at Dallas	600,000	1,400,000	-	2,000,000
The University of Texas at El Paso	1,350,000	685,000	-	2,035,000
The University of Texas of the Permian Basin	684,200	-	-	684,200
The University of Texas at San Antonio	-	2,000,000	-	2,000,000
The University of Texas at Tyler	-	770,800	-	770,800
Subtotal Academic Institutions	<u>4,134,200</u>	<u>8,955,800</u>	<u>-</u>	<u>13,090,000</u>
<b>Health Institutions</b>				
The University of Texas Southwestern Medical Center	-	1,773,250	-	1,773,250
The University of Texas Medical Branch at Galveston	1,386,750	450,000	-	1,836,750
The University of Texas Health Science Center at Houston	-	1,800,000	-	1,800,000
The University of Texas Health Science Center at San Antonio	800,000	1,000,000	-	1,800,000
The University of Texas M. D. Anderson Cancer Center	400,000	1,350,000	-	1,750,000
The University of Texas Health Science Center at Tyler	-	1,750,000	-	1,750,000
Subtotal Health Institutions	<u>2,586,750</u>	<u>8,123,250</u>	<u>-</u>	<u>10,710,000</u>
<b>The University of Texas System Administration</b>				
Academic Library Collection Enhancement Program	2,700,000	-	-	2,700,000
Faculty STARs Program - Academic Institutions	-	-	10,000,000	10,000,000
Faculty STARs Program - Health Institutions	-	-	10,000,000	10,000,000
Subtotal System Administration	<u>2,700,000</u>	<u>-</u>	<u>20,000,000</u>	<u>22,700,000</u>
<b>Collaborative Projects</b>				
UT Health Science Center - Tyler with UT Tyler	-	3,500,000	-	3,500,000
Subtotal Collaborative Projects	<u>-</u>	<u>3,500,000</u>	<u>-</u>	<u>3,500,000</u>
<b>Grand Total</b>	<b>\$ <u>9,420,950</u></b>	<b><u>20,579,050</u></b>	<b><u>20,000,000</u></b>	<b><u>50,000,000</u></b>

The University of Texas System  
Fiscal Year 2013  
**RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION  
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARS
	TOTAL PROJECT COST	PUF ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED	PUF ALLOCATED
<b>ACADEMIC INSTITUTIONS</b>					
<b>The University of Texas at Arlington</b>					
High Priority Fire and Life Safety Corrections			1,250,000	1,250,000	
Classroom Technology Enhancements	2,701,276	500,000			
ADA (TAS) Compliance Improvements			250,000	250,000	
<b>TOTAL</b>	<b>\$ 2,701,276</b>	<b>500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>-</b>
<b>The University of Texas at Austin</b>					
Information Quest - Data Warehousing/Business Intelligence Project	325,000	225,000			
University Intrusion Detection Infrastructure Upgrade	275,000	275,000			
Harry Ransom Center's Exterior Maintenance Project			400,000	400,000	
Perry-Castaneda Library Fire Alarm System			625,000	550,000	
Campus Emergency Lighting			500,000	450,000	
Libraries Digital Infrastructure	500,000	500,000			
Campus Emergency Communications			1,100,000	1,000,000	
Pickle Research Campus State Fire Marshall Compliance Issues			225,000	200,000	
<b>TOTAL</b>	<b>\$ 1,100,000</b>	<b>1,000,000</b>	<b>2,850,000</b>	<b>2,600,000</b>	<b>-</b>
<b>The University of Texas at Dallas</b>					
Central Energy Plant Cooling Towers Replacement Phase I			500,000	500,000	
Academic Affairs Scientific and Engineering Equipment for Labs 13-1	600,000	600,000			
Jonsson Building Roof Replacement			1,000,000	900,000	
<b>TOTAL</b>	<b>\$ 600,000</b>	<b>600,000</b>	<b>1,500,000</b>	<b>1,400,000</b>	<b>-</b>
<b>The University of Texas at El Paso</b>					
Research and Technology Infrastructure for New Faculty	1,000,000	1,000,000			
Increasing Access and Mobility for Students Via Adopting Mobility Solutions	241,000	100,000			
High Performance Computing Research Storage	500,000	250,000			
Roof Refurbish - Fox Fine Arts Building			160,000	160,000	
Fire Protection System Replacements			350,000	350,000	
Exterior Lighting Project			250,000	175,000	
<b>TOTAL</b>	<b>\$ 1,741,000</b>	<b>1,350,000</b>	<b>760,000</b>	<b>685,000</b>	<b>-</b>
<b>The University of Texas of the Permian Basin</b>					
Library Collection	230,000	230,000			
Technology Refresh and Upgrades	304,200	304,200			
Biology and Kinesiology Department Equipment	199,000	35,000			
Nursing Program Simulation Equipment	115,000	115,000			
<b>TOTAL</b>	<b>\$ 848,200</b>	<b>684,200</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>The University of Texas at San Antonio</b>					
McKinney Humanities Building Safety and Renewal			1,800,000	1,300,000	
Thermal Energy Plant Chiller 2 Replacement			4,000,000	700,000	
<b>TOTAL</b>	<b>\$ -</b>	<b>-</b>	<b>5,800,000</b>	<b>2,000,000</b>	<b>-</b>
<b>The University of Texas at Tyler</b>					
IT - Telecommunications - VoIP Conversion Phase III			478,750	478,750	
Chiller Plant Energy Optimization and Repair			394,600	292,050	
<b>TOTAL</b>	<b>\$ -</b>	<b>-</b>	<b>873,350</b>	<b>770,800</b>	<b>-</b>
<b>SUBTOTAL - ACADEMICS</b>		<b>\$ 4,134,200</b>		<b>8,955,800</b>	<b>-</b>

The University of Texas System  
Fiscal Year 2013  
**RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION  
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARS
	TOTAL PROJECT COST	PUF ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED	PUF ALLOCATED
<b>HEALTH INSTITUTIONS</b>					
<b>The University of Texas Southwestern Medical Center</b>					
Renovation of Lab and Office Space - Internal Medicine			4,000,000	1,324,250	
Fire Safety Renovations			846,900	449,000	
TOTAL	\$ -	-	4,846,900	1,773,250	-
<b>The University of Texas Medical Branch at Galveston</b>					
Information and Education Resources Enhancement	1,730,000	1,200,000			
Library Educational Computing Equipment	186,750	186,750			
Old Red Student Study Space			500,000	450,000	
TOTAL	\$ 1,916,750	1,386,750	500,000	450,000	-
<b>The University of Texas Health Science Center at Houston</b>					
Fire and Life Safety Compliance			2,300,000	1,800,000	
TOTAL	\$ -	-	2,300,000	1,800,000	-
<b>The University of Texas Health Science Center at San Antonio</b>					
Facilities Infrastructure			1,000,000	1,000,000	
Library Collection	600,000	600,000			
Technology Infrastructure	1,000,000	200,000			
TOTAL	\$ 1,600,000	800,000	1,000,000	1,000,000	-
<b>The University of Texas M. D. Anderson Cancer Center</b>					
Library Collection Enhancements	500,000	400,000			
Bastrop Keeling Campus Wildfire Risk Mitigation			1,600,000	800,000	
Smithville Campus Wildfire Risk Mitigation			3,650,000	550,000	
TOTAL	\$ 500,000	400,000	5,250,000	1,350,000	-
<b>The University of Texas Health Science Center at Tyler</b>					
Radiology Alterations and Additions			2,500,000	1,750,000	
TOTAL	\$ -	-	2,500,000	1,750,000	-
SUBTOTAL - HEALTHS		\$ 2,586,750		8,123,250	-
<b>SYSTEM ADMINISTRATION</b>					
<b>The University of Texas System Administration</b>					
Academic Library Collection Enhancement Program	2,700,000	2,700,000			
Faculty STARs Program - Academic Institutions					10,000,000
Faculty STARs Program - Health Institutions					10,000,000
TOTAL	\$ 2,700,000	2,700,000	-	-	20,000,000
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ 2,700,000		-	20,000,000
<b>COLLABORATIVE PROJECTS</b>					
<b>UT Health Science Center - Tyler with UT Tyler</b>					
Vivarium Alterations and Additions			3,500,000	3,500,000	
TOTAL	\$ -	-	3,500,000	3,500,000	-
SUBTOTAL - COLLABORATIVE PROJECTS		\$ -		3,500,000	-
TOTAL - U. T. SYSTEM		\$ 9,420,950		20,579,050	20,000,000



**The University of Texas System  
Fiscal Year 2013  
RESERVE ALLOCATIONS FOR  
FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs) PROGRAM**

**University of Texas System Administration**

Faculty STARs Program - Academic Institutions  
Faculty STARs Program - Health Institutions

10,000,000  
10,000,000

**Total \$ 20,000,000**

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

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

### STARs Allocation History

#### Academic Institutions

2005 Faculty STARs	\$	32,450,000
2006 Faculty STARs	\$	15,000,000
2007 Faculty STARs	\$	20,000,000
2008 Faculty STARs	\$	10,000,000
2009 Faculty STARs	\$	10,000,000
2010 Faculty STARs	\$	15,000,000
2011 Faculty STARs	\$	10,000,000
2012 Faculty STARs	\$	10,000,000
2013 Proposed Faculty STARs	\$	10,000,000

#### Health Institutions

2005 Faculty STARs	\$	26,550,000
2009 Faculty STARs	\$	10,000,000
2010 Faculty STARs	\$	15,000,000
2011 Faculty STARs	\$	10,000,000
2011 Faculty STARs (2 years only)	\$	15,000,000
2012 Faculty STARs	\$	10,000,000
2013 Proposed Faculty STARs	\$	10,000,000

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

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

**THE UNIVERSITY OF TEXAS SYSTEM**  
**BUDGET RULES AND PROCEDURES**

For Fiscal Year Ending August 31, 2013

**A. INITIAL BUDGET**

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

**B. BUDGET AMENDMENTS**

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
  - a. Transfers from Unappropriated Educational and General Fund Balance.
  - b. New appointments of tenured faculty.
  - c. Award of tenure to any faculty member.
  - d. New appointment as Dean Emeritus, Chair Emeritus, or Professor Emeritus.
  - e. Appointments, promotions, and salary increases involving the president.

- f. Compensation changes, new contracts, or contract changes involving athletic directors or head coaches whose total annual compensation is \$250,000 or above.
  - g. Compensation changes for employees whose total annual compensation is \$1,000,000 or above.
  - h. Increases in budgeted amounts of \$500,000 or more from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.
  - i. Increases to Plant Funds of \$500,000 or more, which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.
2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
- a. Reappropriation of prior year Educational and General Fund balances of \$100,000 or more.
  - b. Increases in budgeted amounts of \$100,000-\$499,999 from income for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds.
  - c. Increases to Plant Funds of \$100,000-\$499,999 which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.
  - d. Compensation changes for employees whose total annual compensation is \$500,000 or more but less than \$1,000,000.
  - e. Salary increases involving tenured faculty of \$10,000 or more at academic institutions and \$25,000 or more at health-related institutions. This includes one-time merit payments.
  - f. Appointments and promotions involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent.
  - g. Salary increases of \$10,000 or more involving administrative and professional personnel reporting directly to the president, a vice president, or the equivalent. This includes one-time merit payments.
  - h. All appointments and salary increases of \$10,000 or more involving employees, other than athletic directors and head coaches, serving under written employment contracts. This includes one-time merit payments.

3. Items requiring approval of the president only

- a. All interdepartmental transfers.
- b. All budget transfers between line-item appropriations within a department.
- c. Increases of less than \$100,000 in budgeted amounts from income for Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds.
- d. Reallocation of unallocated Faculty Salaries. All unfilled and uncommitted line-item faculty salary positions will lapse to the institutional "Unallocated Faculty Salaries" account.
- e. Reappropriation of Prior Year Educational and General Fund Balances less than \$100,000.
- f. Promotions involving tenured faculty.
- g. Transactions involving all other personnel except those specified in B.1b, B.1c, B.1d, B.1e, B.1f, B.1g, B.2d, B.2e, B.2f, B.2g and B.2h as defined above.
- h. Changes in sources of funds, changes in time assignments, and other changes in status for personnel categorized in Item B.1, provided no change in the individual's salary rate is involved. In the case of Medical Faculty, this provision applies to "Total Compensation."
- i. Summer Session Budgets.
- j. Clinical faculty appointments or changes, including medical or hospital staff, without salary.

4. Effective date of appointments and salary increases

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

## C. OTHER CONSIDERATIONS

1. All appropriations not actually expended or encumbered by August 31 will automatically lapse to the Unappropriated Balance Account except for those reallocated pursuant to Item B.2a and Item B.3e.
2. Compensation indicated as "MSRDP Funds," "DSRDP Funds," "PRS Funds", "Allied Health Faculty Services Plan" or "Nursing Clinical Enterprise Health Services, Research and Development Plan" is contingent upon its being earned or available in accordance with the regulations applicable to the Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service Plan, Allied Health Faculty Services Plan or Nursing Clinical Enterprise Health Services, Research and Development Plan.
3. Budgeted expenditures authorized from sources of funds other than Educational and General Funds are contingent upon receipt of such funds. Appointments from such fund sources will not become an obligation of the institution in the event the supplemental or grant funds are not realized.
4. Leaves of Absence may be granted only in accordance with provisions contained in U. T. System Board of Regents' *Rules and Regulations*, Rule 30201.

**THE UNIVERSITY OF TEXAS SYSTEM**

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

For Fiscal Year Ending August 31, 2013

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

**THE UNIVERSITY OF TEXAS SYSTEM**

**ACADEMIC WORKLOAD  
REQUIREMENTS FOR ACADEMIC INSTITUTIONS**

For Fiscal Year Ending August 31, 2013

**Academic Workload Requirements for General Academic Institutions**

Academic workload requirements for U. T. System general academic institutions are set forth in U. T. System Board of Regents' *Rules and Regulations*, Rule 31006.

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



THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2013

**A. INITIAL BUDGET**

1. U. T. System institutions are authorized to purchase approved Library and Equipment items and to contract for Repair and Rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits as outlined in *UTS 168 Capital Expenditure Policy*. This includes expenditures for Faculty STARS or similar funded programs.
2. Transfers by the U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements.
3. Final approval of specific Repair and Rehabilitation projects will be in accordance with U. T. System Board of Regents established procedures for construction projects.
4. All expenditures are subject to the provisions of the *Constitution* of the State of Texas and the U. T. System Board of Regents' *Rules and Regulations* for the governance of The University of Texas System.

**B. BUDGET AMENDMENTS**

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents through the Consent Agenda
  - a. Substitute Library and Equipment purchases that are not on the approved list.
  - b. Funding for new Repair and Rehabilitation projects that are not on the approved list.
2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
  - a. Transfers of appropriated funds between approved Library and Equipment items.
  - b. Transfers of appropriated funds between Repair and Rehabilitation items.
  - c. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.
  - d. All transfers of funds are subject to the requirements of the *Capital Expenditure Policy* (UTS 168).

## C. OTHER CONSIDERATIONS

1. All Library and Equipment or Repair and Rehabilitation appropriations must be expended within 36 months from the date of the award or the appropriation will lapse and be made available for future Systemwide reallocation.
2. All Faculty STARS or similar program appropriations must be expended within 36 months from the time the faculty member arrives on campus or the appropriation will lapse and be made available for future Systemwide reallocation.
3. Notwithstanding the limitations adopted at the time LERR, Faculty STARS, or other similar funding was authorized, these *Budget Rules and Procedures* apply to all previously authorized LERR, Faculty STARS and similar funding.

## THE UNIVERSITY OF TEXAS SYSTEM

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

For Fiscal Year Ending August 31, 2013

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

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

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

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

#### **B. ELIGIBILITY FOR PROGRAM FUNDS**

Eligibility for LERR, STARS, or other similar funded programs is the same as eligibility for PUF bond proceeds as set forth in the *Constitution*. Eligible entities include U. T. System Administration, all U. T. academic institutions except for U. T. Pan American and U. T. Brownsville, and all U. T. health institutions.

#### **C. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS**

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

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

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

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

## **Acquisition of Capital Equipment**

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

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

The cost of warranties and similar service features related to a purchase of capital equipment (such as maintenance agreements and loaner programs) are not eligible for LERR, Faculty STARS, or similar program funds as these are considered operating expenses.

### **Software**

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR, Faculty STARS, or similar funded programs if they are incurred in the Application Development Stage. This principle applies whether the salaries are paid to employees of the institution or to outside parties. See *UTS 142.13 Accounting and Financial Reporting for Intangible Assets* at [http://www.utsystem.edu/bor/procedures/policy/policies/uts142\\_13.html](http://www.utsystem.edu/bor/procedures/policy/policies/uts142_13.html). Training costs related to software usage are discussed below.

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

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

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

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

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

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

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

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

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

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

## **D. SPECIAL PROGRAM FUNDING**

### **Faculty STARS Program**

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

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

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

Additional information regarding the STARS program is available from the Offices of Academic and Health Affairs.