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Committee Meeting: 5/12/2011

Paul L. Foster, Chairman
Printice L. Gary, Vice Chairman
Alex M. Cranberg
Wallace L. Hall, Jr.
Brenda Pejovich

Board Meeting: 5/12/2011
 Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>2:00 p.m.</i> <i>Chairman Foster</i>		
1. U. T. System Board of Regents: Discussion and appropriate action related to approval of <i>Docket No. 146</i>	<i>2:00 p.m.</i> Discussion <i>Dr. Kelley</i>	Action	63
2. U. T. System: Key Financial Indicators Report and Monthly Financial Report	<i>2:05 p.m.</i> Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	63
3. U. T. System: Approval of \$6 million of Available University Funds for a Shared Services Initiative	<i>2:15 p.m.</i> Action <i>Dr. Kelley</i>	Action	97
4. U. T. System: Approval of the Fiscal Year 2012 Budget Preparation Policies and Calendar	<i>2:30 p.m.</i> Action <i>Mr. Wallace</i>	Action	104
5. U. T. System: Update regarding centralized investment of operating funds	<i>2:35 p.m.</i> Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	108
6. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2011	<i>2:50 p.m.</i> Report/Discussion <i>Mr. Zimmerman</i>	Report	116
Adjourn	<i>3:00 p.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action related to approval of Docket No. 146**

RECOMMENDATION

It is recommended that *Docket No. 146* be approved. The Docket is behind the Docket tab.

It is also recommended that the Board confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to appropriate officials of the respective institution involved.

2. **U. T. System: Key Financial Indicators Report and Monthly Financial Report**

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report set forth on Pages 64 - 71 and the March Monthly Financial Report on Pages 72 - 96. The reports represent the consolidated and individual operating results of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2007 through February 2011. Ratios requiring balance sheet data are provided for Fiscal Year 2006 through Fiscal Year 2010.

The Monthly Financial Report includes the detail for each individual institution as of March 2011.


















THE UNIVERSITY OF TEXAS SYSTEM



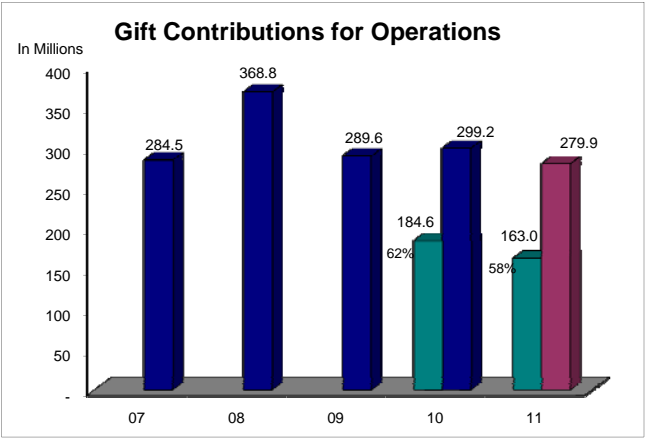
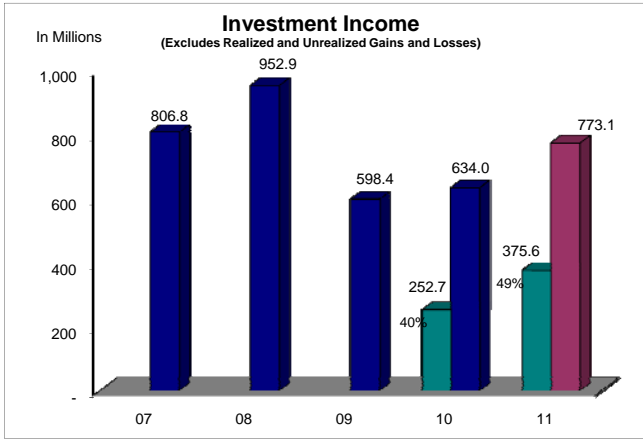
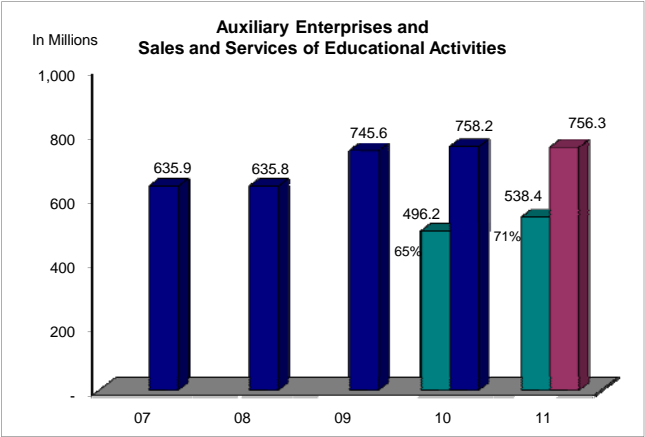
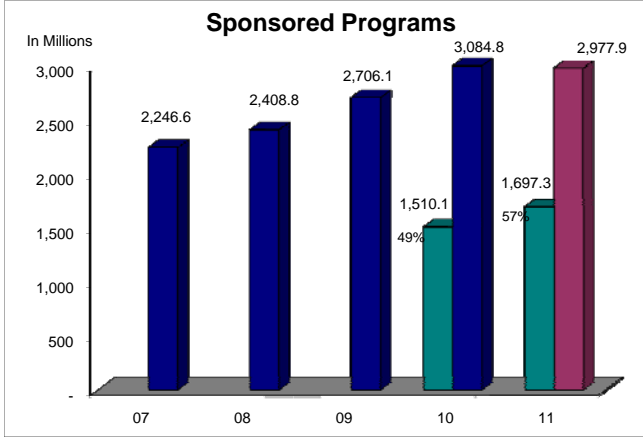
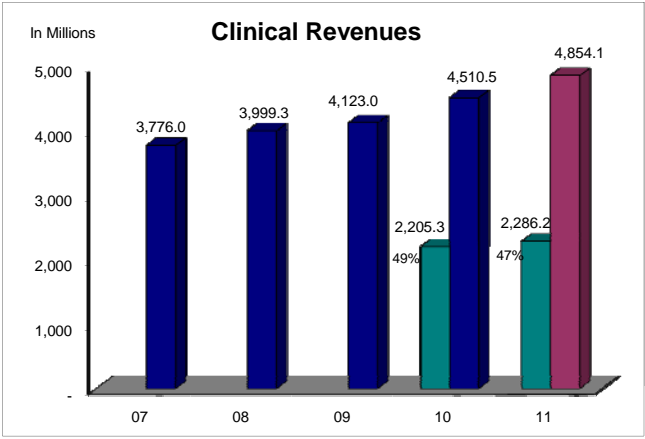
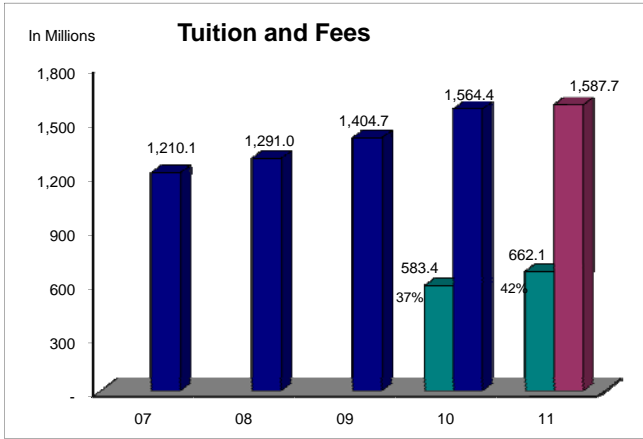
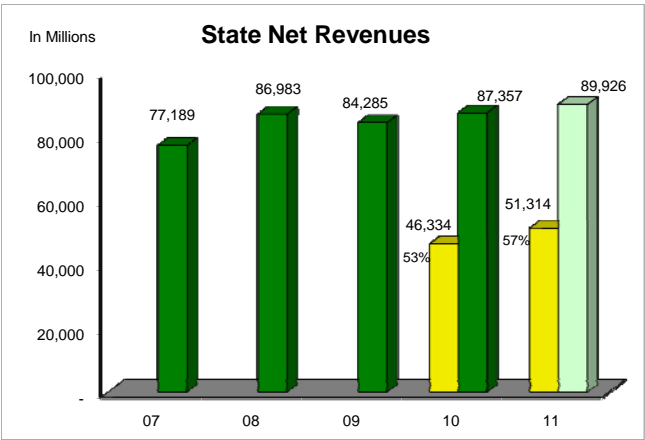
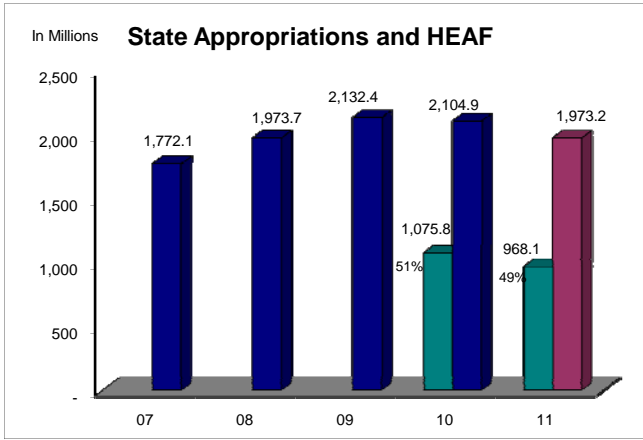
KEY FINANCIAL INDICATORS REPORT

2ND QUARTER FY 2011

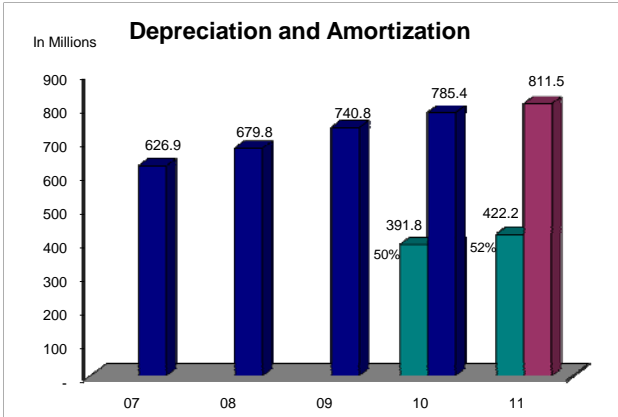
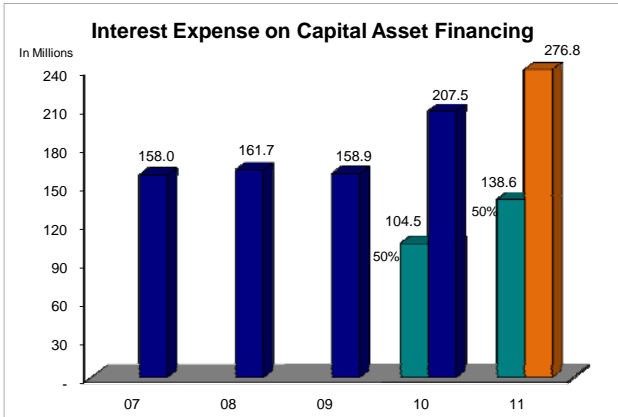
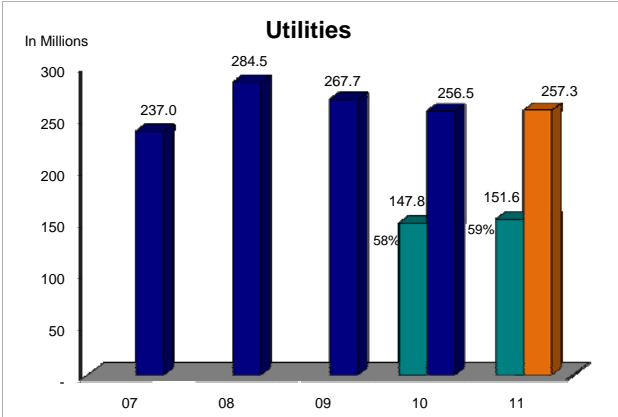
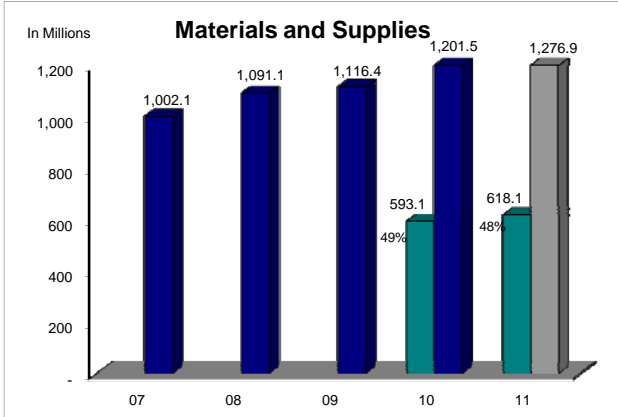
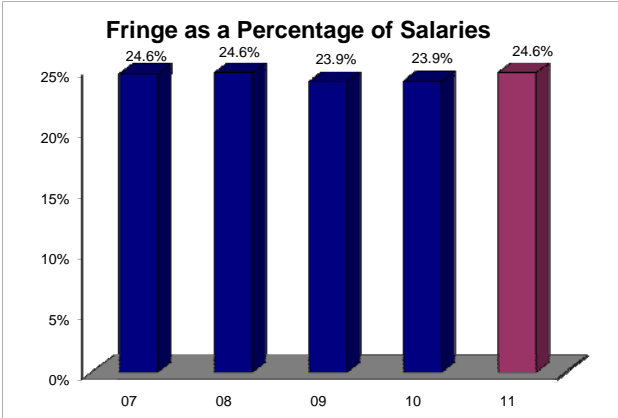
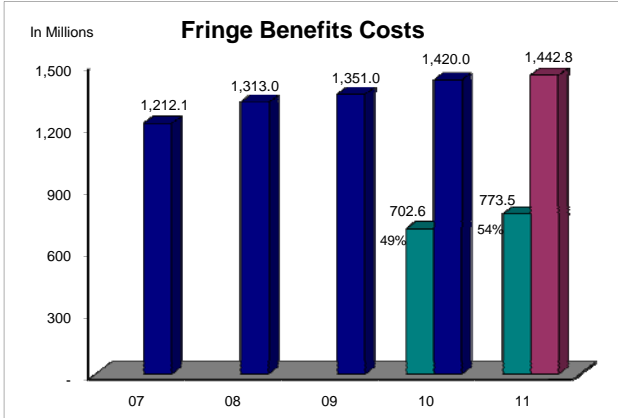
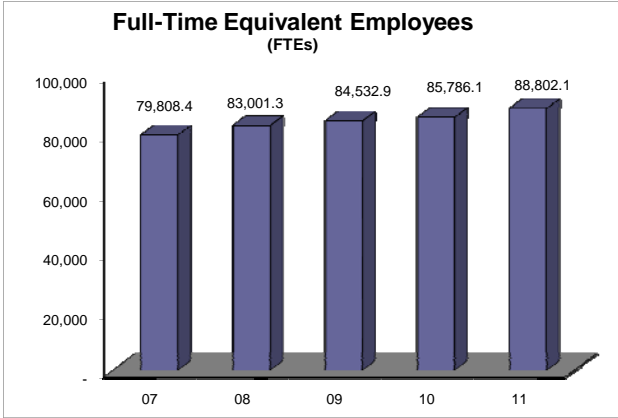
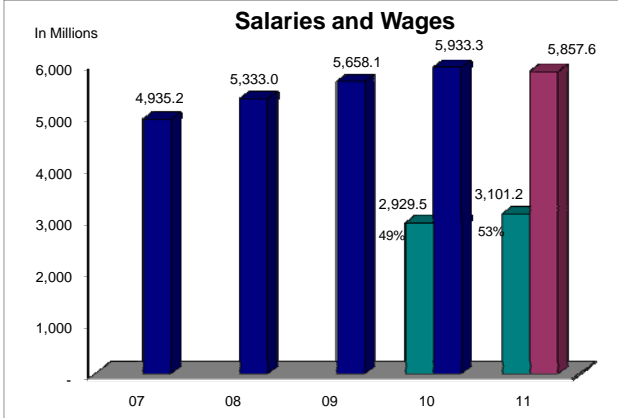
KEY

	Actual Annual Amounts (SOURCE: Annual Financial Reports)
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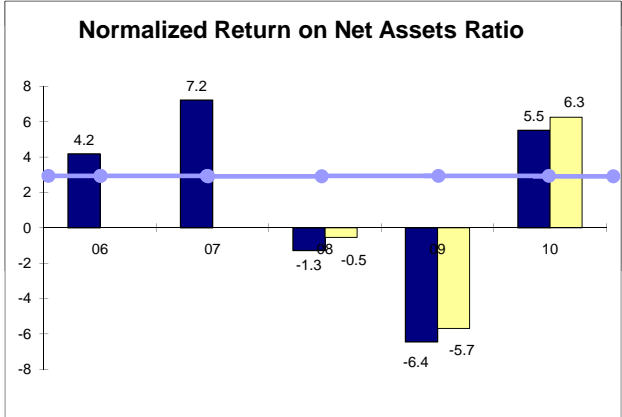
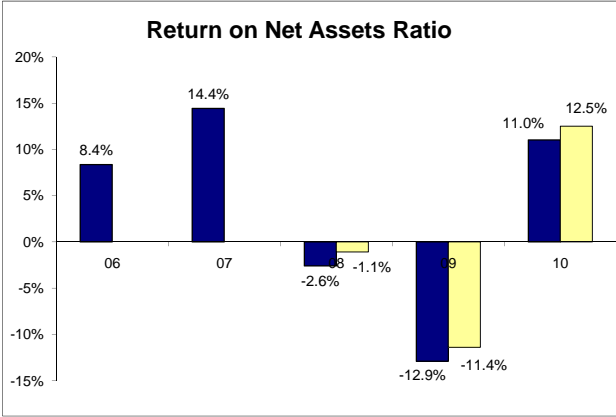
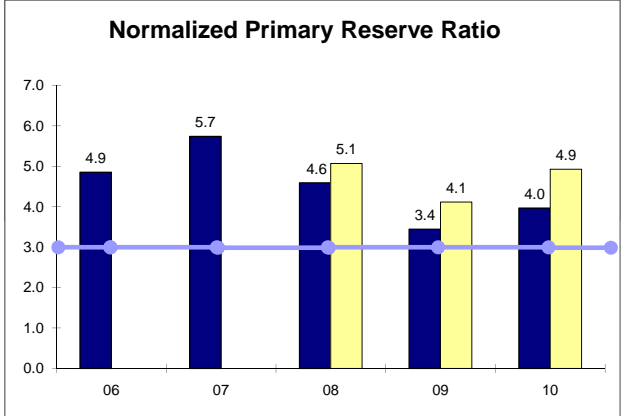
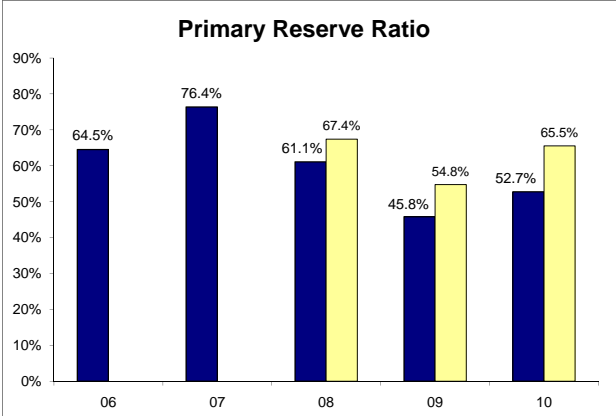
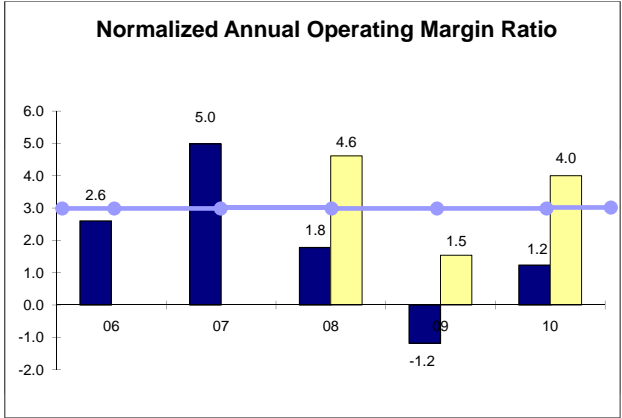
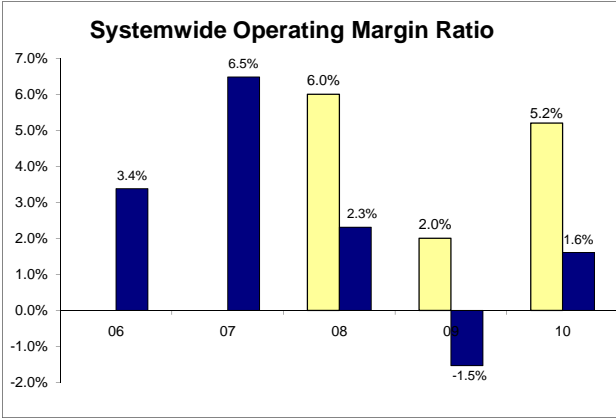
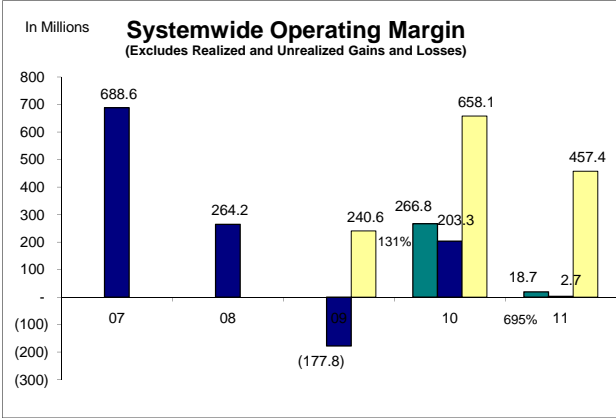
**KEY INDICATORS OF REVENUES
ACTUAL 2007 THROUGH 2010
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YEAR-TO-DATE 2010 AND 2011 FROM FEBRUARY MONTHLY FINANCIAL REPORT**



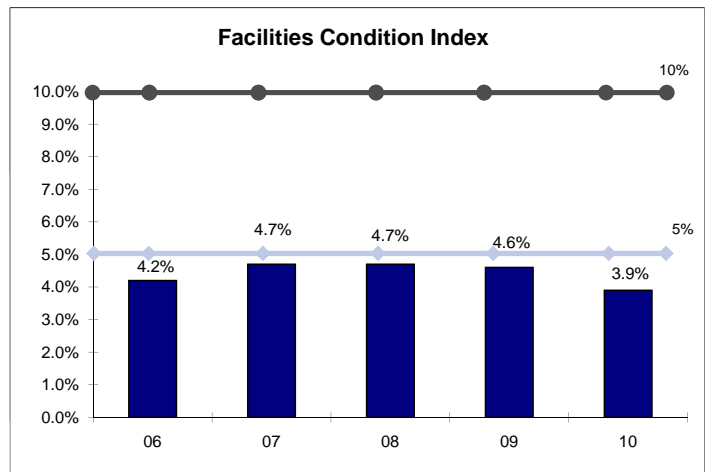
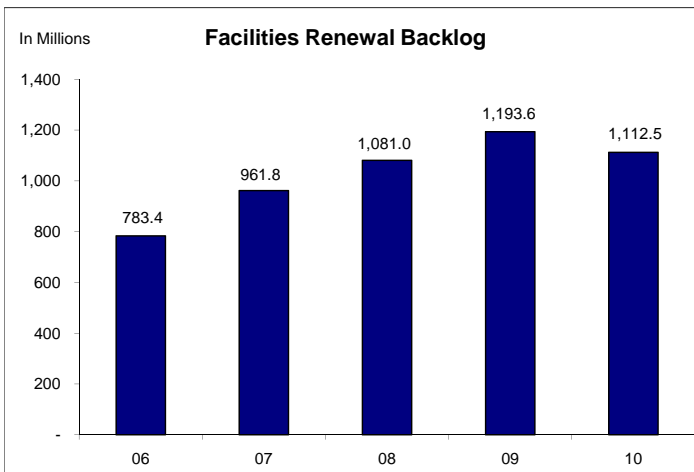
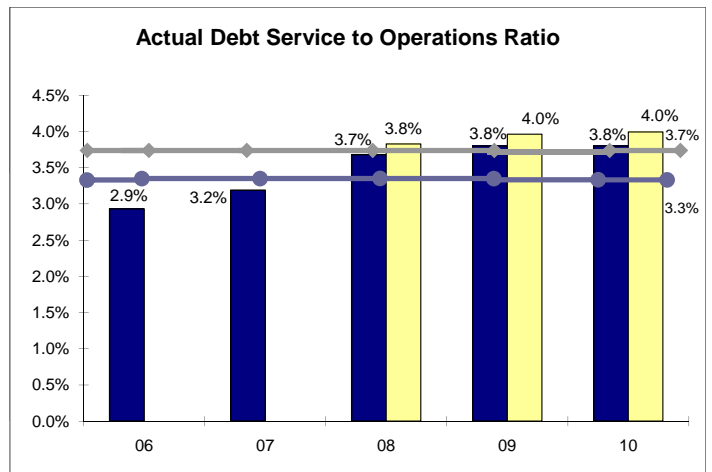
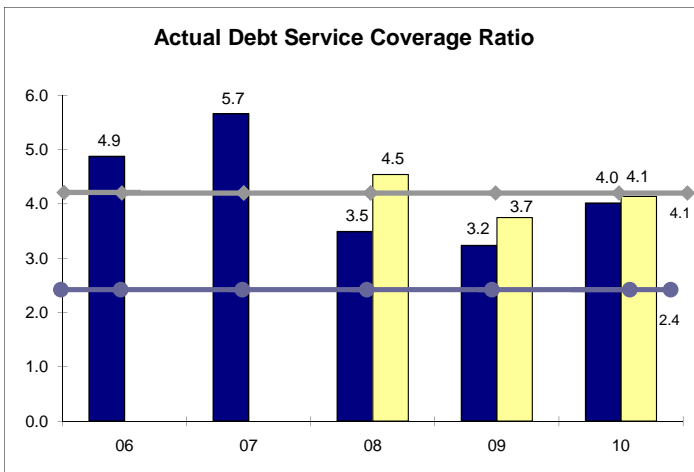
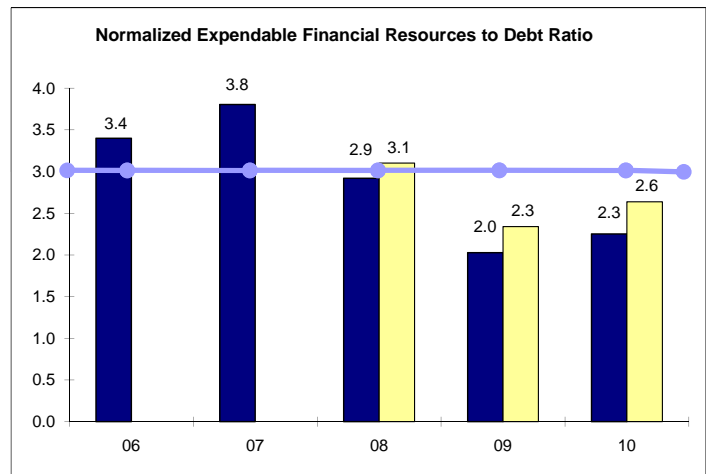
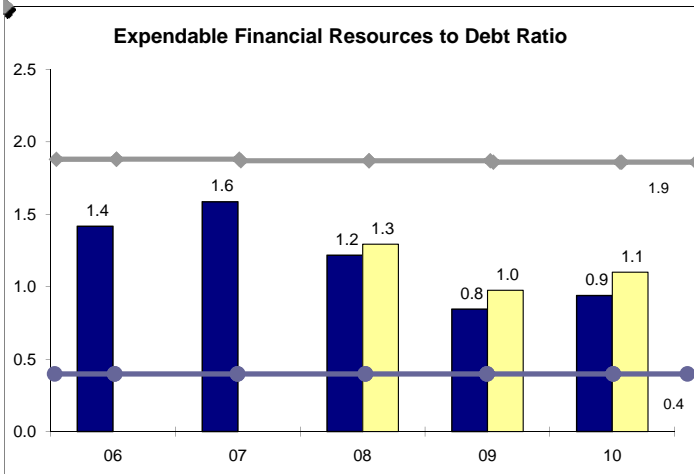
**KEY INDICATORS OF EXPENSES
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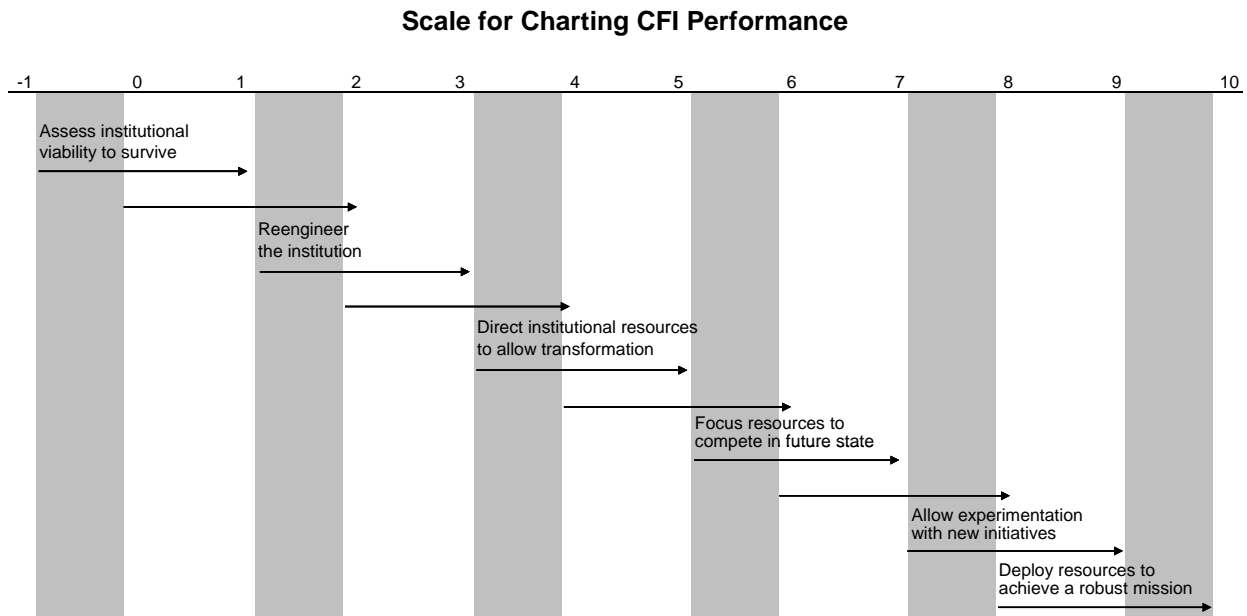
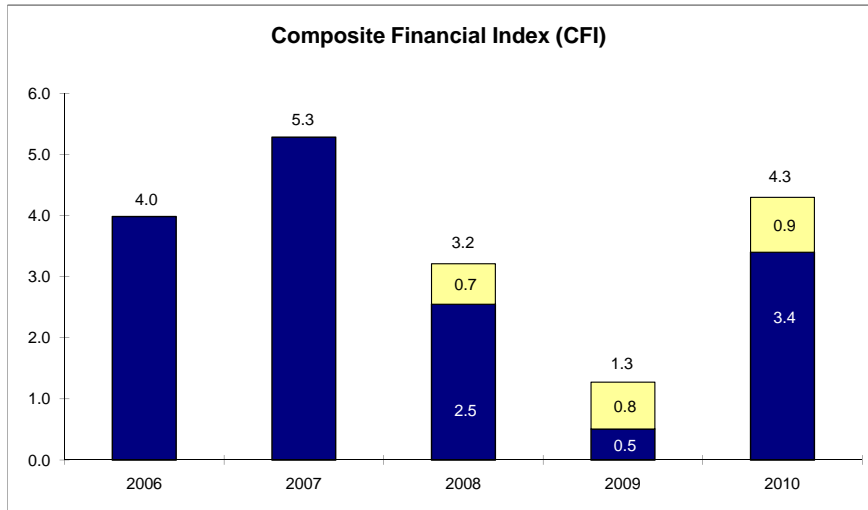
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KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2006 THROUGH 2010

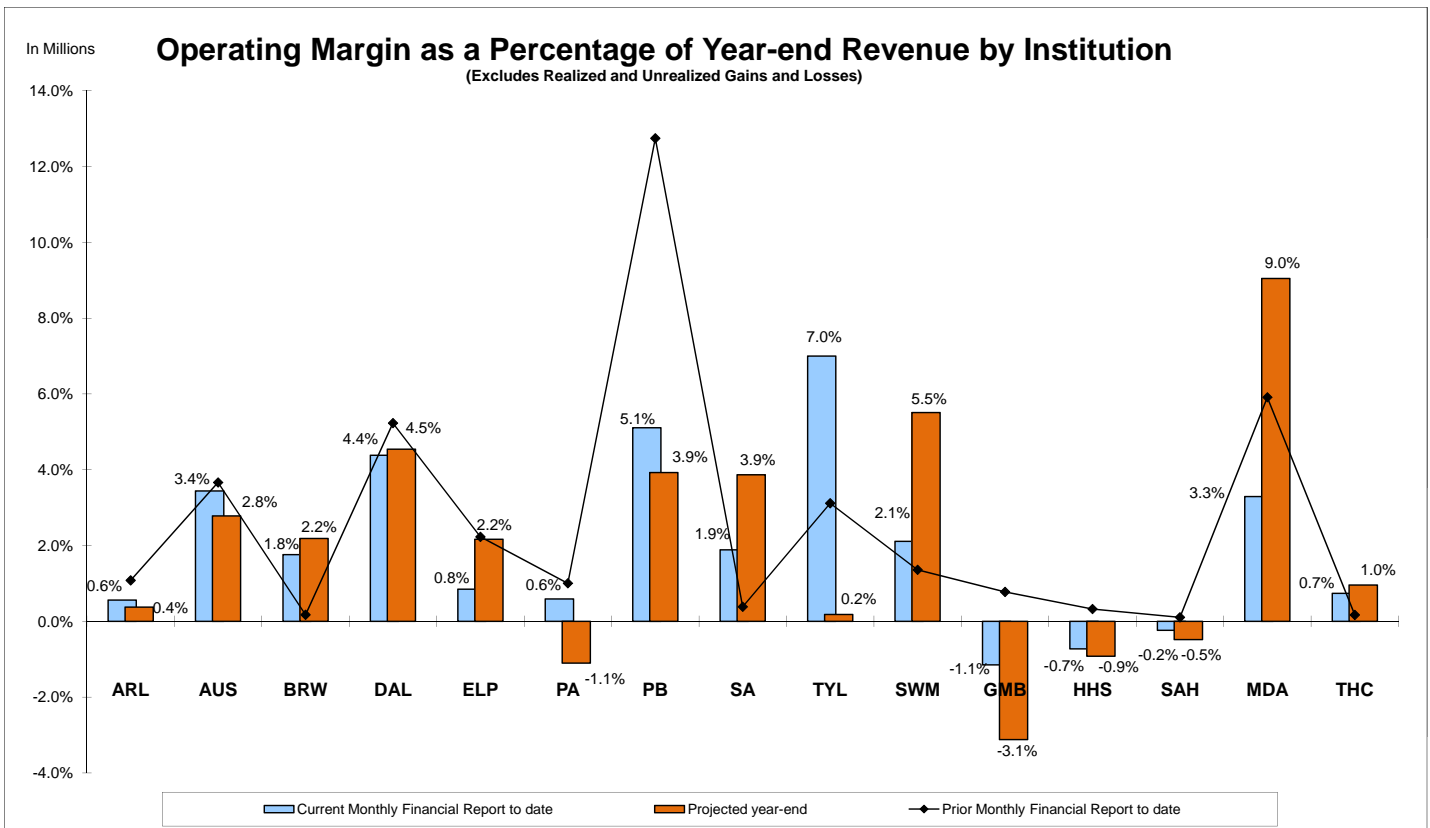
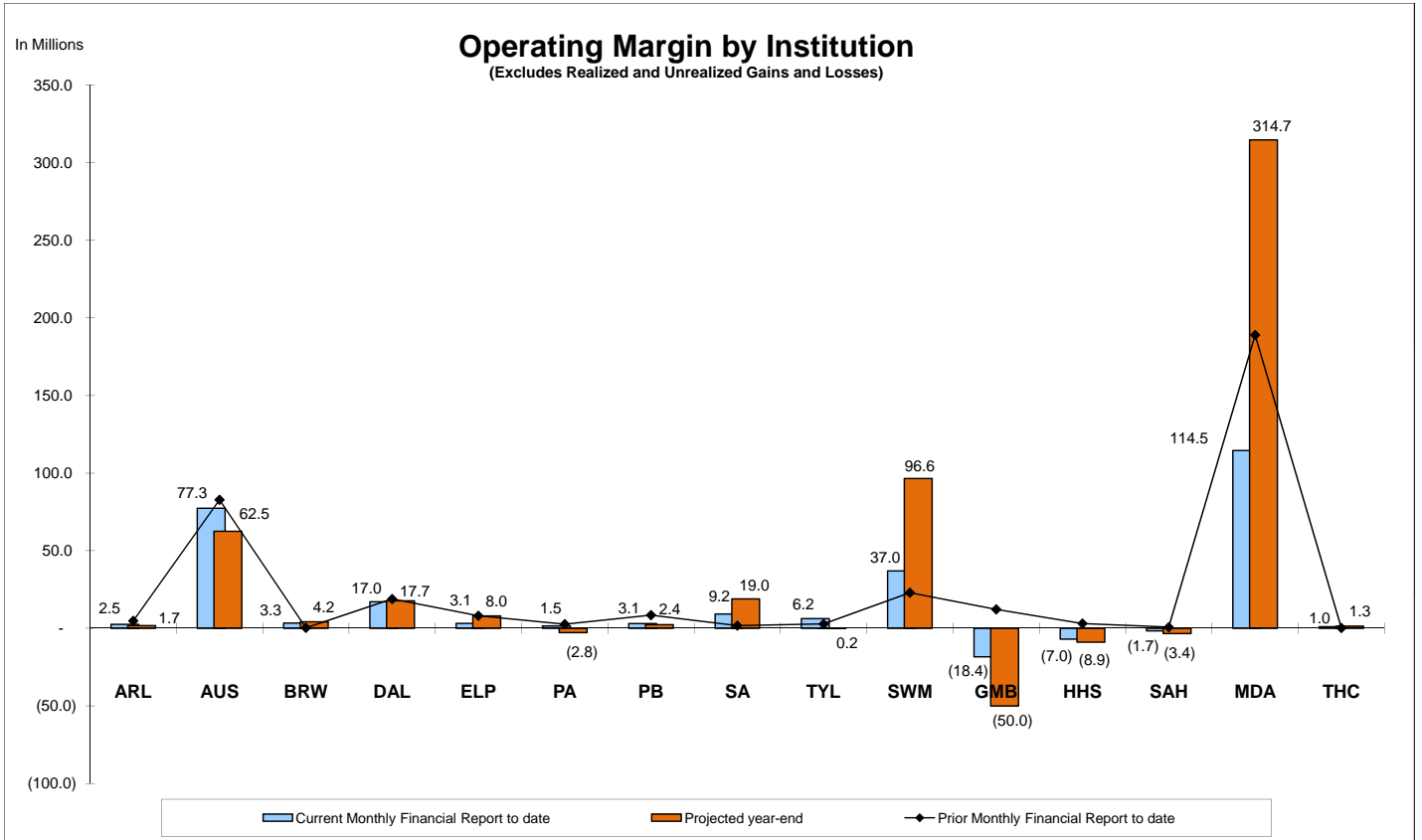


KEY INDICATORS OF FINANCIAL HEALTH 2006 THROUGH 2010



KEY INDICATORS OF RESERVES

YEAR-TO-DATE 2010 AND 2011 FROM FEBRUARY MONTHLY FINANCIAL REPORT PROJECTED 2011 YEAR-END MARGIN



THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

MARCH 2011



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**THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE SEVEN MONTHS ENDING
MARCH 31, 2011**

**The University of Texas System
Monthly Financial Report**

Foreword

The Monthly Financial Report (MFR) compares the results of operations between the current year-to-date cumulative amounts and the prior year-to-date cumulative amounts. Explanations are provided for institutions having the largest variances in Adjusted Income (Loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. In addition, although no significant variance may exist, institutions with losses may be discussed.

The data is reported in three sections: (1) Operating Revenues, (2) Operating Expenses and (3) Other Nonoperating Adjustments. Presentation of state appropriation revenues are required under GASB 35 to be reflected as nonoperating revenues, so all institutions will report an Operating Loss prior to this adjustment. The MFR provides an Adjusted Income (Loss), which takes into account the nonoperating adjustments associated with core operating activities. An Adjusted Margin (as a percentage of operating and nonoperating revenue adjustments) is calculated for each period and is intended to reflect relative operating contributions to financial health.

UNAUDITED

The University of Texas System Consolidated
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	770,785,802.14	672,936,969.18	97,848,832.96	14.5%
Sponsored Programs	1,666,568,221.11	1,519,170,632.28	147,397,588.83	9.7%
Net Sales and Services of Educational Activities	351,873,774.16	335,173,916.38	16,699,857.78	5.0%
Net Sales and Services of Hospitals	2,042,977,954.74	1,980,945,752.06	62,032,202.68	3.1%
Net Professional Fees	673,846,068.85	618,762,318.54	55,083,750.31	8.9%
Net Auxiliary Enterprises	267,332,974.23	252,206,557.13	15,126,417.10	6.0%
Other Operating Revenues	100,772,134.06	92,601,712.54	8,170,421.52	8.8%
Total Operating Revenues	5,874,156,929.29	5,471,797,858.11	402,359,071.18	7.4%
Operating Expenses				
Salaries and Wages	3,628,275,858.82	3,423,485,238.76	204,790,620.06	6.0%
Payroll Related Costs	911,748,526.34	826,533,740.80	85,214,785.54	10.3%
Cost of Goods Sold	55,142,582.08	52,385,926.88	2,756,655.20	5.3%
Professional Fees and Services	189,700,957.78	225,348,588.22	(35,647,630.44)	-15.8%
Other Contracted Services	291,346,893.24	100,975,763.18	190,371,130.06	188.5%
Travel	69,839,800.42	66,480,472.64	3,359,327.78	5.1%
Materials and Supplies	736,178,433.96	702,152,018.67	34,026,415.29	4.8%
Utilities	174,137,388.36	172,372,120.17	1,765,268.19	1.0%
Communications	75,881,722.23	73,364,312.70	2,517,409.53	3.4%
Repairs and Maintenance	142,226,202.53	126,781,675.92	15,444,526.61	12.2%
Rentals and Leases	81,562,290.35	79,821,775.77	1,740,514.58	2.2%
Printing and Reproduction	18,382,190.21	18,551,959.15	(169,768.94)	-0.9%
Bad Debt Expense	349,080.12	(107,618.20)	456,698.32	424.4%
Claims and Losses	7,365,896.42	25,484,208.67	(18,118,312.25)	-71.1%
Increase in Net OPEB Obligation	265,263,724.83	-	265,263,724.83	100.0%
Scholarships and Fellowships	328,677,265.73	295,519,489.63	33,157,776.10	11.2%
Depreciation and Amortization	492,799,792.76	456,535,074.78	36,264,717.98	7.9%
Federal Sponsored Program Pass-Through to Other State Agencies	15,027,078.09	14,723,509.48	303,568.61	2.1%
State Sponsored Program Pass-Through to Other State Agencies	1,089,457.63	-	1,089,457.63	100.0%
Other Operating Expenses	204,153,192.69	362,123,894.66	(157,970,701.97)	-43.6%
Total Operating Expenses	7,689,148,334.59	7,022,532,151.88	666,616,182.71	9.5%
Operating Loss	(1,814,991,405.30)	(1,550,734,293.77)	(264,257,111.53)	-17.0%
Other Nonoperating Adjustments				
State Appropriations	1,119,834,905.70	1,234,354,664.69	(114,519,758.99)	-9.3%
Nonexchange Sponsored Programs	285,153,004.66	218,281,852.43	66,871,152.23	30.6%
Gift Contributions for Operations	192,605,120.21	198,228,124.41	(5,623,004.20)	-2.8%
Net Investment Income	484,350,527.15	304,424,925.90	179,925,601.25	59.1%
Interest Expense on Capital Asset Financings	(155,421,152.38)	(118,816,539.81)	(36,604,612.57)	-30.8%
Net Other Nonoperating Adjustments	1,926,522,405.34	1,836,473,027.62	90,049,377.72	4.9%
Adjusted Income (Loss) including Depreciation & Amortization	111,531,000.04	285,738,733.85	(174,207,733.81)	-61.0%
Adjusted Margin % including Depreciation & Amortization	1.4%	3.8%		
Investment Gain (Losses)	2,852,104,265.88	1,757,063,712.10	1,095,040,553.78	62.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	2,963,635,265.92	2,042,802,445.95	920,832,819.97	45.1%
Adj. Margin % with Investment Gains (Losses)	27.4%	22.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	604,330,792.80	742,273,808.63	(137,943,015.83)	-18.6%
Adjusted Margin % excluding Depreciation & Amortization	7.6%	10.0%		

**The University of Texas System
Comparison of Adjusted Income (Loss)
For the Seven Months Ending March 31, 2011**

	Including Depreciation and Amortization Expense			Fluctuation Percentage
	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	
		\$	\$	
UT System Administration	(76,391,491.59)	(14,398,916.89)	(61,992,574.70) (1)	-430.5%
UT Arlington	2,402,862.01	2,101,549.00	301,313.01	14.3%
UT Austin	79,659,073.43	80,732,801.43	(1,073,728.00)	-1.3%
UT Brownsville	3,283,801.72	946,728.13	2,337,073.59 (2)	246.9%
UT Dallas	7,339,636.17	15,260,750.00	(7,921,113.83) (3)	-51.9%
UT El Paso	5,325,317.50	10,051,262.04	(4,725,944.54) (4)	-47.0%
UT Pan American	1,209,606.78	1,753,489.00	(543,882.22) (5)	-31.0%
UT Permian Basin	2,188,635.50	8,917,312.38	(6,728,676.88) (6)	-75.5%
UT San Antonio	11,076,778.80	3,483,633.00	7,593,145.80 (7)	218.0%
UT Tyler	5,063,810.95	2,731,560.02	2,332,250.93 (8)	85.4%
UT Southwestern Medical Center	46,903,789.86	29,903,504.54	17,000,285.32 (9)	56.9%
UT Medical Branch - Galveston	(18,670,408.61)	18,069,253.93	(36,739,662.54) (10)	-203.3%
UT Health Science Center - Houston	(1,774,465.34)	4,732,913.41	(6,507,378.75) (11)	-137.5%
UT Health Science Center - San Antonio	3,646,799.62	2,330,207.66	1,316,591.96 (12)	56.5%
UT MD Anderson Cancer Center	141,187,286.39	221,374,482.30	(80,187,195.91) (13)	-36.2%
UT Health Science Center - Tyler	2,697,466.85	852,370.57	1,845,096.28 (14)	216.5%
Elimination of AUF Transfer	(103,617,500.00)	(103,104,166.67)	(513,333.33)	-0.5%
Total Adjusted Income (Loss)	111,531,000.04	285,738,733.85	(174,207,733.81)	-61.0%
Investment Gains (Losses)	2,852,104,265.88	1,757,063,712.10	1,095,040,553.78	62.3%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	\$ 2,963,635,265.92	\$ 2,042,802,445.95	\$ 920,832,819.97	45.1%

	Excluding Depreciation and Amortization Expense			Fluctuation Percentage
	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	
		\$	\$	
UT System Administration	(69,133,783.04)	(8,201,284.20)	(60,932,498.84)	-743.0%
UT Arlington	19,734,448.09	17,258,244.00	2,476,204.09	14.3%
UT Austin	191,061,521.39	178,966,982.92	12,094,538.47	6.8%
UT Brownsville	6,629,940.65	4,250,673.23	2,379,267.42	56.0%
UT Dallas	26,019,719.50	31,132,768.00	(5,113,048.50)	-16.4%
UT El Paso	16,293,828.81	20,576,126.70	(4,282,297.89)	-20.8%
UT Pan American	9,512,036.12	9,594,482.00	(82,445.88)	-0.9%
UT Permian Basin	5,458,984.56	11,306,055.96	(5,847,071.40)	-51.7%
UT San Antonio	33,515,095.43	25,207,551.00	8,307,544.43	33.0%
UT Tyler	11,415,491.62	8,348,002.02	3,067,489.60	36.7%
UT Southwestern Medical Center	97,575,845.72	75,771,864.68	21,803,981.04	28.8%
UT Medical Branch - Galveston	27,140,783.69	61,262,861.84	(34,122,078.15)	-55.7%
UT Health Science Center - Houston	26,802,642.60	27,954,237.01	(1,151,594.41)	-4.1%
UT Health Science Center - San Antonio	24,821,799.62	20,996,874.33	3,824,925.29	18.2%
UT MD Anderson Cancer Center	274,346,404.99	355,905,133.30	(81,558,728.31)	-22.9%
UT Health Science Center - Tyler	6,753,533.05	5,047,402.51	1,706,130.54	33.8%
Elimination of AUF Transfer	(103,617,500.00)	(103,104,166.67)	(513,333.33)	-0.5%
Total Adjusted Income (Loss)	604,330,792.80	742,273,808.63	(137,943,015.83)	-18.6%
Total Adjusted Income (Loss) Excluding Depreciation and Amortization	\$ 604,330,792.80	\$ 742,273,808.63	\$ (137,943,015.83)	-18.6%

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Seven Months Ending March 31, 2011

Explanations are provided for institutions having the largest variances in adjusted income (loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. Explanations are also provided for institutions with a current year-to-date adjusted loss and/or a projected year-to-date loss.

- (1) UT System Administration - The \$62.0 million (430.5%) increase in adjusted loss over the same period last year was primarily due to a change in the monthly financial reporting process to include an accrual for the other post employment benefits (OPEB) expense for the entire *UT System* in 2011. However, the additional expense is partially offset by a large increase in recognized oil and gas lease bonus sales in 2011. As a result, *UT System Administration* experienced a \$76.4 million loss and anticipates ending the year with a \$210.4 million loss which represents -52.1% of projected revenues and includes \$454.7 million of OPEB expense and \$12.4 million of depreciation and amortization expense. *UT System Administration's* adjusted loss was \$69.1 million or -24.5% excluding depreciation and amortization expense.
- (2) UT Brownsville - The \$2.3 million (246.9%) increase in adjusted income over the same period last year was primarily attributable to an increase in nonexchange sponsored programs due to an increase in federal funds for the Pell Grant Program. Excluding depreciation and amortization expense, *UT Brownsville's* adjusted income was \$6.6 million or 5.3%.
- (3) UT Dallas - The \$7.9 million (51.9%) decrease in adjusted income over the same period last year was due to an increase in materials and supplies and a decrease in state appropriations. Materials and supplies increased due to furniture and equipment expenses for renovated spaces. State appropriations decreased as a result of state-wide budget cuts mandated by the state's leadership. Excluding depreciation and amortization expense, *UT Dallas'* adjusted income was \$26.0 million or 11.3%.
- (4) UT El Paso - The \$4.7 million (47.0%) decrease in adjusted income over the same period last year was primarily due to a decrease in state appropriations as a result of state-wide budget cuts mandated by the state's leadership and decreases in gift contributions for operations as a result of decreased pledge commitments. Excluding depreciation and amortization expense, *UT El Paso's* adjusted income was \$16.3 million or 6.7%.
- (5) UT Pan American - The \$544,000 (31.0%) decrease in adjusted income over the same period last year was due to a decrease in state appropriations as a result of state-wide budget cuts mandated by the state's leadership. Excluding depreciation and amortization expense, *UT Pan American's* adjusted income was \$9.5 million or 5.3%. Although *UT Pan American* is currently reporting a positive margin, they anticipate ending the year with a \$1.7 million loss which represents -0.7% of projected revenues and includes \$14.8 million of depreciation and amortization expense. The projected loss is the result of the reduction in state appropriations.
- (6) UT Permian Basin - The \$6.7 million (75.5%) decrease in adjusted income over the same period last year was primarily due to a decrease in state appropriations as a result of state-wide budget cuts mandated by the state's leadership and an increase in interest expense. Sponsored programs also decreased due to the expiring of federal award funding. Excluding depreciation and amortization expense, *UT Permian Basin's* adjusted income was \$5.5 million or 15.1%.
- (7) UT San Antonio - The \$7.6 million (218.0%) increase in adjusted income over the same period last year was due to an increase in nonexchange sponsored programs as a result of increased federal funds for the Pell Grant Program. Excluding depreciation and amortization expense, *UT San Antonio's* adjusted income was \$33.5 million or 11.8%.
- (8) UT Tyler - The \$2.3 million (85.4%) increase in adjusted income over the same period last year was primarily due to a decrease in scholarships and fellowships as a result of a change in the tuition discounting calculation. Excluding depreciation and amortization expense, *UT Tyler's* adjusted income was \$11.4 million or 19.6%.
- (9) UT Southwestern Medical Center - The \$17.0 million (56.9%) increase in adjusted income over the same period last year was primarily due to an increase in net sales and services of hospitals as a result of increased inpatient and outpatient visits. Excluding depreciation and amortization expense, *Southwestern's* adjusted income was \$97.6 million or 9.6%.

(10) UT Medical Branch - Galveston - The \$36.7 million (203.3%) decrease in adjusted income over the same period last year was primarily due to a decrease in state appropriations as a result of the state-wide budget cuts mandated by the state's leadership. Correctional Managed Care (CMC) also incurred a year-to-date loss of \$14.0 million. As a result of these factors, *UTMB* experienced an \$18.7 million year-to-date loss. Excluding depreciation and amortization expense, *UTMB's* adjusted income was \$27.1 million or 3.0%. *UTMB* is forecasting a year-end loss of \$50.0 million which represents -3.1% of projected revenues of which \$32.4 million is attributable to CMC. This forecast includes \$80.8 million of depreciation and amortization expense.

(11) UT Health Science Center - Houston - The \$6.5 million (137.5%) decrease in adjusted income over the same period last year was primarily attributable to a decrease in state appropriations as a result of the state-wide budget cuts mandated by the state's leadership. As a result, *UTHSC-Houston* experienced a \$1.8 million year-to-date loss. *UTHSC-Houston* anticipates ending the year with a \$3.6 million loss which represents -0.4% of projected revenues and includes \$48.9 million of depreciation and amortization expense. Excluding depreciation and amortization expense, *UTHSC-Houston's* adjusted income was \$26.8 million or 4.8%.

(12) UT Health Science Center - San Antonio - The \$1.3 million (56.5%) increase in adjusted income over the same period last year was primarily due to an increase in net professional fees as a result of increased patient volume and a gross charge unit fee increase. Although *UTHSC-San Antonio* is currently reporting a positive margin, they anticipate ending the year with a \$3.3 million loss which represents -0.5% of projected revenues and includes \$36.3 million of depreciation and amortization expense. The projected loss is the result of the reduction in state appropriations. Excluding depreciation and amortization expense, *UTHSC-San Antonio's* adjusted income was \$24.8 million or 5.9%.

(13) UT MD Anderson Cancer Center - The \$80.2 million (36.2%) decrease in adjusted income over the same period last year was primarily due to an overall increase in operating expenses of \$131.3 million. Salaries and wages and payroll related costs increased as a result of full-time employee growth and an increase in rates for group insurance. Other operating expenses increased due to increased conference costs as well as the new MDA+ You Cause Initiative Development project which began in March 2010. Repairs and maintenance increased as a result of increases in accruals for hardware and equipment maintenance for the Radiology and

Oncology Treatment Center and for information security and risk management. Excluding depreciation and amortization expense, *MD Anderson's* adjusted income was \$274.3 million or 14.4%.

(14) UT Health Science Center - Tyler - The \$1.8 million (216.5%) increase in adjusted income over the same period last year was primarily due to a decrease in materials and supplies due to a lower volume of ancillary services using medical supplies. Excluding depreciation and amortization expense, *UTHSC-Tyler's* adjusted income was \$6.8 million or 9.5%.

GLOSSARY OF TERMS

OPERATING REVENUES:

NET STUDENT TUITION - All student tuition and fee revenues earned at the UT institution for educational purposes, net of tuition discounting.

SPONSORED PROGRAMS - Funding received from local, state and federal governments or private agencies, organizations or individuals, excluding Federal Pell Grant Program which is reported as nonoperating. 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 that are 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.

NET SALES AND SERVICES OF HOSPITALS - Revenues (net of discounts, allowances, and bad debt expense) generated from UT health institution's 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 UT health institutions as part of the Medical Practice Plans. These revenues are also identified as Practice Plan income. 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 (e.g., certified nonprofit healthcare company revenues, donated drugs, interest on student loans, etc.)

OPERATING EXPENSES:

SALARIES AND WAGES - Expenses for all salaries and wages of individuals employed by the institution including full-time, part-time, longevity, hourly, seasonal, etc. Includes salary augmentation and incentive compensation.

PAYROLL RELATED COSTS - Expenses for all employee benefits paid by the institution or paid by the state on behalf of the institution. Includes supplemental retirement annuities.

COST OF GOODS SOLD - Purchases of goods for resale and raw materials purchased for use in the manufacture of products intended for sale to others.

PROFESSIONAL FEES AND SERVICES - Payments for services rendered on a fee, contract, or other basis by a person, firm, corporation, or company recognized as possessing a high degree of learning and responsibility. Includes such items as services of a consultant, legal counsel, financial or audit fees, medical contracted services, guest lecturers (not employees) and expert witnesses.

OTHER CONTRACTED SERVICES - Payments for services rendered on a contractual basis by a person, firm, corporation or company that possess a lesser degree of learning and responsibility than that required for Professional Fees and Services. Includes such items as temporary employment expenses, janitorial services, dry cleaning services, etc.

TRAVEL - Payments for travel costs incurred by employees and board members for meetings and training.

MATERIALS AND SUPPLIES - Payments for consumable items. Includes, but is not limited to: computer consumables, office supplies, paper products, soap, lights, plants, fuels and lubricants, chemicals and gasses, medical supplies and copier supplies. Also includes postal services, and subscriptions and other publications not for permanent retention.

UTILITIES - Payments for the purchase of electricity, natural gas, water, and thermal energy.

COMMUNICATIONS - Electronically transmitted communications services (telephone, internet, computation center services, etc.).

REPAIRS AND MAINTENANCE - Payments for the maintenance and repair of equipment, furnishings, motor vehicles, buildings and other plant facilities, and waste disposal. Includes, but is not limited to repair and maintenance to copy machines, furnishings, equipment - including medical and laboratory equipment, office equipment and aircraft.

RENTALS AND LEASES - Payments for rentals or leases of furnishings and equipment, vehicles, land and office buildings (all rental of space).

PRINTING AND REPRODUCTION - Printing and reproduction costs associated with the printing/copying of the institution's documents and publications.

BAD DEBT EXPENSE - Expenses incurred by the university related to nonrevenue receivables such as non-payment of student loans.

CLAIMS AND LOSSES - Payments for claims from self-insurance programs. Other claims for settlements and judgments are considered other operating expenses.

INCREASE IN NET OPEB OBLIGATION - The change in the actuarially estimated liability of the cost of providing healthcare benefits to UT System's employees after they separate from employment (retire).

SCHOLARSHIPS AND FELLOWSHIPS - Payments made for scholarship grants to students authorized by law, net of tuition discounting.

FEDERAL SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - Pass-throughs to other Texas state agencies, including other universities, of federal grants and contracts.

STATE SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - Pass-throughs to other Texas state agencies, including Texas universities.

DEPRECIATION AND AMORTIZATION - Depreciation on capital assets and amortization expense on intangible assets.

OTHER OPERATING EXPENSES - Other operating expenses not identified in other line items above (e.g., certified non-profit healthcare company expenses, property taxes, insurance premiums, credit card fees, hazardous waste disposal expenses, meetings and conferences, etc.).

OPERATING LOSS - Total operating revenues less total operating expenses before other nonoperating adjustments like state appropriations.

OTHER NONOPERATING ADJUSTMENTS:

STATE APPROPRIATIONS - Appropriations from the State General Revenue fund, which supplement the UT institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support.

NONEXCHANGE SPONSORED PROGRAMS - Funding received for the Federal Pell Grant Program, the portion of "state appropriations" funded by the American Recovery and Reinvestment Act, Texas Research Incentive Program (TRIP) and Enrollment Growth funding.

GIFT CONTRIBUTIONS FOR OPERATIONS - Consist of gifts from donors received for use in current operations, excluding gifts for capital acquisition and endowment gifts. Gifts for capital acquisition which can only be used to build or buy capital assets are excluded because they cannot be used to support current operations. Endowment gifts must be held in perpetuity and cannot be spent. The distributed income from endowment gifts must be spent according to the donor's stipulations.

NET INVESTMENT INCOME (on institutions' sheets) - Interest and dividend income on treasury balances, bank accounts, Short Term Fund, Intermediate Term Fund and Long Term Fund. It also includes distributed earnings from the Permanent Health Fund and patent and royalty income.

NET INVESTMENT INCOME (on the consolidated sheet) - Interest and dividend earnings of the Permanent University Fund, Short Term Fund, Intermediate Term Fund, Long Term Fund and Permanent Health Fund. This line item also includes the Available University Fund surface income, oil and gas royalties, and mineral lease bonus sales.

INTEREST EXPENSE ON CAPITAL ASSET FINANCINGS - Interest expenses associated with bond and note borrowings utilized to finance capital improvement projects by an institution. This consists of the interest portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and Permanent University Fund (PUF) bond programs. PUF interest expense is reported on System Administration as the debt legally belongs to the Board of Regents.

ADJUSTED INCOME (LOSS) including Depreciation and Amortization - Total operating revenues less total operating expenses including depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % including Depreciation and Amortization - Percentage of Adjusted Income (Loss) including depreciation and amortization expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

AVAILABLE UNIVERSITY FUND TRANSFER - Includes Available University Fund (AUF) transfer to System Administration for Educational and General operations and to UT Austin for Excellence Funding. These transfers are funded by investment earnings from the Permanent University Fund (PUF), which are required by law to be reported in the PUF at System Administration. On the MFR, investment income for System Administration has been reduced for the amount of the System Administration transfer so as not to overstate investment income for System Administration. The AUF transfers are eliminated at the consolidated level to avoid overstating System-wide revenues, as the amounts will be reflected as transfers at year-end.

INVESTMENT GAINS (LOSSES) - Realized and unrealized gains and losses on investments.

ADJUSTED INCOME (LOSS) excluding Depreciation and Amortization - Total operating revenues less total operating expenses excluding depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % excluding Depreciation and Amortization - Percentage of Adjusted Income (Loss) excluding depreciation and amortization expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

UNAUDITED

The University of Texas System Administration
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	8,435,205.35	26,445,954.64	(18,010,749.29)	-68.1%
Net Sales and Services of Educational Activities	22,191,647.77	19,718,707.53	2,472,940.24	12.5%
Other Operating Revenues	47,348,195.45	3,706,231.92	43,641,963.53	1,177.5%
Total Operating Revenues	77,975,048.57	49,870,894.09	28,104,154.48	56.4%
Operating Expenses				
Salaries and Wages	20,300,031.71	22,886,527.50	(2,586,495.79)	-11.3%
Payroll Related Costs	5,186,750.75	5,233,754.16	(47,003.41)	-0.9%
Professional Fees and Services	883,894.10	1,506,951.81	(623,057.71)	-41.3%
Other Contracted Services	3,827,584.06	11,266,458.75	(7,438,874.69)	-66.0%
Travel	802,591.49	1,188,115.39	(385,523.90)	-32.4%
Materials and Supplies	1,994,278.95	7,927,074.27	(5,932,795.32)	-74.8%
Utilities	273,661.42	237,562.49	36,098.93	15.2%
Communications	2,855,204.49	3,349,380.54	(494,176.05)	-14.8%
Repairs and Maintenance	609,276.36	2,192,992.70	(1,583,716.34)	-72.2%
Rentals and Leases	621,498.90	478,210.21	143,288.69	30.0%
Printing and Reproduction	154,636.99	249,575.04	(94,938.05)	-38.0%
Claims and Losses	7,365,896.42	25,484,208.67	(18,118,312.25)	-71.1%
Increase in Net OPEB Obligation	265,263,724.83	-	265,263,724.83	100.0%
Scholarships and Fellowships	541,250.00	132,900.00	408,350.00	307.3%
Depreciation and Amortization	7,257,708.55	6,197,632.69	1,060,075.86	17.1%
State Sponsored Program Pass-Through to Other State Agencies	1,079,098.64	-	1,079,098.64	100.0%
Other Operating Expenses	5,188,661.49	7,038,490.39	(1,849,828.90)	-26.3%
Total Operating Expenses	324,205,749.15	95,369,834.61	228,835,914.54	239.9%
Operating Loss	(246,230,700.58)	(45,498,940.52)	(200,731,760.06)	-441.2%
Other Nonoperating Adjustments				
State Appropriations	989,672.15	1,166,666.67	(176,994.52)	-15.2%
Nonexchange Sponsored Programs	14,896,208.61	4,960,492.41	9,935,716.20	200.3%
Gift Contributions for Operations	567,730.23	524,733.13	42,997.10	8.2%
Net Investment Income	168,445,877.16	27,029,433.65	141,416,443.51	523.2%
Interest Expense on Capital Asset Financings	(34,153,146.08)	(21,851,063.23)	(12,302,082.85)	-56.3%
Net Other Nonoperating Adjustments	150,746,342.07	11,830,262.63	138,916,079.44	1,174.2%
Adjusted Income (Loss) including Depreciation & Amortization	(95,484,358.51)	(33,668,677.89)	(61,815,680.62)	-183.6%
Adjusted Margin % including Depreciation & Amortization	-36.3%	-40.3%		
Available University Fund Transfer	19,092,866.92	19,269,761.00	(176,894.08)	-0.9%
Adjusted Income (Loss) with AUF Transfer	(76,391,491.59)	(14,398,916.89)	(61,992,574.70)	-430.5%
Adjusted Margin % with AUF Transfer	-27.1%	-14.0%		
Investment Gain (Losses)	1,860,456,045.40	1,507,999,547.66	352,456,497.74	23.4%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$1,784,064,553.81	\$1,493,600,630.77	\$290,463,923.04	19.4%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	83.3%	92.7%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	(69,133,783.04)	(8,201,284.20)	(60,932,498.84)	-743.0%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	-24.5%	-8.0%		

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The University of Texas at Arlington
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	94,535,538.40	89,508,187.00	5,027,351.40	5.6%
Sponsored Programs	41,002,883.92	30,070,933.00	10,931,950.92	36.4%
Net Sales and Services of Educational Activities	8,864,490.69	7,985,474.00	879,016.69	11.0%
Net Auxiliary Enterprises	15,353,659.86	15,460,730.00	(107,070.14)	-0.7%
Other Operating Revenues	2,135,454.82	5,258,668.00	(3,123,213.18)	-59.4%
Total Operating Revenues	161,892,027.69	148,283,992.00	13,608,035.69	9.2%
Operating Expenses				
Salaries and Wages	126,909,332.33	123,143,264.00	3,766,068.33	3.1%
Payroll Related Costs	29,960,138.51	27,650,792.00	2,309,346.51	8.4%
Cost of Goods Sold	180.00	-	180.00	100.0%
Professional Fees and Services	2,586,430.17	2,301,236.00	285,194.17	12.4%
Other Contracted Services	16,354,617.18	8,800,750.60	7,553,866.58	85.8%
Travel	3,322,847.99	3,580,916.00	(258,068.01)	-7.2%
Materials and Supplies	13,996,821.02	12,126,115.00	1,870,706.02	15.4%
Utilities	6,770,594.34	5,895,785.00	874,809.34	14.8%
Communications	4,505,320.25	4,150,779.00	354,541.25	8.5%
Repairs and Maintenance	5,067,764.82	4,948,316.00	119,448.82	2.4%
Rentals and Leases	2,116,503.13	2,136,837.00	(20,333.87)	-1.0%
Printing and Reproduction	1,587,011.21	1,636,509.00	(49,497.79)	-3.0%
Bad Debt Expense	41,118.70	-	41,118.70	100.0%
Scholarships and Fellowships	15,593,844.45	17,204,346.00	(1,610,501.55)	-9.4%
Depreciation and Amortization	17,331,586.08	15,156,695.00	2,174,891.08	14.3%
Federal Sponsored Program Pass-Through to Other State Agencies	889,179.68	1,005,101.00	(115,921.32)	-11.5%
State Sponsored Program Pass-Through to Other State Agencies	10,358.99	-	10,358.99	100.0%
Other Operating Expenses	4,176,812.00	5,843,312.40	(1,666,500.40)	-28.5%
Total Operating Expenses	251,220,460.85	235,580,754.00	15,639,706.85	6.6%
Operating Loss	(89,328,433.16)	(87,296,762.00)	(2,031,671.16)	-2.3%
Other Nonoperating Adjustments				
State Appropriations	60,622,130.92	68,305,774.00	(7,683,643.08)	-11.2%
Nonexchange Sponsored Programs	27,102,534.67	17,500,000.00	9,602,534.67	54.9%
Gift Contributions for Operations	3,674,454.67	2,474,642.00	1,199,812.67	48.5%
Net Investment Income	7,387,404.63	6,488,947.00	898,457.63	13.8%
Interest Expense on Capital Asset Financings	(7,055,229.72)	(5,371,052.00)	(1,684,177.72)	-31.4%
Net Other Nonoperating Adjustments	91,731,295.17	89,398,311.00	2,332,984.17	2.6%
Adjusted Income (Loss) including Depreciation & Amortization	2,402,862.01	2,101,549.00	301,313.01	14.3%
Adjusted Margin % including Depreciation & Amortization	0.9%	0.9%		
Investment Gain (Losses)	24,371,416.80	9,353,682.00	15,017,734.80	160.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	26,774,278.81	11,455,231.00	15,319,047.81	133.7%
Adj. Margin % with Investment Gains (Losses)	9.4%	4.5%		
Adjusted Income (Loss) excluding Depreciation & Amortization	19,734,448.09	17,258,244.00	2,476,204.09	14.3%
Adjusted Margin % excluding Depreciation & Amortization	7.6%	7.1%		

UNAUDITED

The University of Texas at Austin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	265,416,666.67	215,123,431.43	50,293,235.24	23.4%
Sponsored Programs	328,226,133.91	295,179,199.56	33,046,934.35	11.2%
Net Sales and Services of Educational Activities	221,650,589.11	212,033,616.33	9,616,972.78	4.5%
Net Auxiliary Enterprises	153,519,376.45	147,846,876.40	5,672,500.05	3.8%
Other Operating Revenues	3,722,014.28	3,312,492.07	409,522.21	12.4%
Total Operating Revenues	972,534,780.42	873,495,615.79	99,039,164.63	11.3%
Operating Expenses				
Salaries and Wages	651,350,524.30	631,421,261.23	19,929,263.07	3.2%
Payroll Related Costs	156,435,262.22	144,375,369.19	12,059,893.03	8.4%
Professional Fees and Services	17,009,312.89	17,031,110.49	(21,797.60)	-0.1%
Other Contracted Services	72,415,618.66	-	72,415,618.66	100.0%
Travel	24,308,843.42	23,445,011.85	863,831.57	3.7%
Materials and Supplies	81,852,407.26	74,201,114.78	7,651,292.48	10.3%
Utilities	60,014,763.73	55,655,651.77	4,359,111.96	7.8%
Communications	35,070,649.50	33,609,507.41	1,461,142.09	4.3%
Repairs and Maintenance	34,464,230.59	24,807,704.85	9,656,525.74	38.9%
Rentals and Leases	10,775,344.23	12,713,101.29	(1,937,757.06)	-15.2%
Printing and Reproduction	5,790,209.21	6,890,996.69	(1,100,787.48)	-16.0%
Scholarships and Fellowships	68,587,342.33	51,785,493.42	16,801,848.91	32.4%
Depreciation and Amortization	111,402,447.96	98,234,181.49	13,168,266.47	13.4%
Federal Sponsored Program Pass-Through to Other State Agencies	1,668,285.65	1,875,651.00	(207,365.35)	-11.1%
Other Operating Expenses	48,566,854.83	105,122,854.57	(56,555,999.74)	-53.8%
Total Operating Expenses	1,379,712,096.78	1,281,169,010.03	98,543,086.75	7.7%
Operating Loss	(407,177,316.36)	(407,673,394.24)	496,077.88	0.1%
Other Nonoperating Adjustments				
State Appropriations	186,672,972.78	208,182,773.94	(21,509,801.16)	-10.3%
Nonexchange Sponsored Programs	34,895,244.88	28,066,362.62	6,828,882.26	24.3%
Gift Contributions for Operations	70,129,968.88	70,850,379.12	(720,410.24)	-1.0%
Net Investment Income	118,774,323.21	98,876,377.32	19,897,945.89	20.1%
Interest Expense on Capital Asset Financings	(27,253,619.96)	(20,673,864.00)	(6,579,755.96)	-31.8%
Net Other Nonoperating Adjustments	383,218,889.79	385,302,029.00	(2,083,139.21)	-0.5%
Adjusted Income (Loss) including Depreciation & Amortization	(23,958,426.57)	(22,371,365.24)	(1,587,061.33)	-7.1%
Adjusted Margin % including Depreciation & Amortization	-1.7%	-1.7%		
Available University Fund Transfer	103,617,500.00	103,104,166.67	513,333.33	0.5%
Adjusted Income (Loss) with AUF Transfer	79,659,073.43	80,732,801.43	(1,073,728.00)	-1.3%
Adjusted Margin % with AUF Transfer	5.4%	5.8%		
Investment Gain (Losses)	338,716,335.66	58,718,001.00	279,998,334.66	476.9%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$418,375,409.09	\$139,450,802.43	\$278,924,606.66	200.0%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	22.9%	9.7%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	191,061,521.39	178,966,982.92	12,094,538.47	6.8%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	12.9%	12.9%		

UNAUDITED

The University of Texas at Brownsville
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	12,885,773.84	11,605,344.37	1,280,429.47	11.0%
Sponsored Programs	51,829,695.98	49,506,505.05	2,323,190.93	4.7%
Net Sales and Services of Educational Activities	1,410,828.33	1,084,556.20	326,272.13	30.1%
Net Auxiliary Enterprises	774,394.61	830,721.72	(56,327.11)	-6.8%
Other Operating Revenues	61,054.35	14,668.56	46,385.79	316.2%
Total Operating Revenues	66,961,747.11	63,041,795.90	3,919,951.21	6.2%
Operating Expenses				
Salaries and Wages	43,199,634.27	40,211,907.65	2,987,726.62	7.4%
Payroll Related Costs	11,700,066.40	10,494,627.24	1,205,439.16	11.5%
Professional Fees and Services	259,536.31	1,027,320.04	(767,783.73)	-74.7%
Other Contracted Services	561,700.43	5,756.38	555,944.05	9,657.9%
Travel	551,552.85	578,295.39	(26,742.54)	-4.6%
Materials and Supplies	2,507,551.86	3,057,171.56	(549,619.70)	-18.0%
Utilities	2,113,990.65	2,231,203.85	(117,213.20)	-5.3%
Communications	812,747.87	831,559.21	(18,811.34)	-2.3%
Repairs and Maintenance	1,241,030.97	1,097,355.43	143,675.54	13.1%
Rentals and Leases	1,165,165.98	1,154,852.95	10,313.03	0.9%
Printing and Reproduction	181,604.72	145,023.17	36,581.55	25.2%
Bad Debt Expense	-	23,458.54	(23,458.54)	-100.0%
Scholarships and Fellowships	50,224,362.78	47,600,610.45	2,623,752.33	5.5%
Depreciation and Amortization	3,346,138.93	3,303,945.10	42,193.83	1.3%
Federal Sponsored Program Pass-Through to Other State Agencies	28,275.43	63,312.25	(35,036.82)	-55.3%
Other Operating Expenses	3,380,838.78	3,677,701.03	(296,862.25)	-8.1%
Total Operating Expenses	121,274,198.23	115,504,100.24	5,770,097.99	5.0%
Operating Loss	(54,312,451.12)	(52,462,304.34)	(1,850,146.78)	-3.5%
Other Nonoperating Adjustments				
State Appropriations	22,635,752.94	23,691,050.94	(1,055,298.00)	-4.5%
Nonexchange Sponsored Programs	35,114,468.89	29,878,237.44	5,236,231.45	17.5%
Gift Contributions for Operations	306,856.34	248,095.00	58,761.34	23.7%
Net Investment Income	744,985.64	648,934.06	96,051.58	14.8%
Interest Expense on Capital Asset Financings	(1,205,810.97)	(1,057,284.97)	(148,526.00)	-14.0%
Net Other Nonoperating Adjustments	57,596,252.84	53,409,032.47	4,187,220.37	7.8%
Adjusted Income (Loss) including Depreciation & Amortization	3,283,801.72	946,728.13	2,337,073.59	246.9%
Adjusted Margin % including Depreciation & Amortization	2.6%	0.8%		
Investment Gain (Losses)	3,102,957.52	1,649,715.50	1,453,242.02	88.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	6,386,759.24	2,596,443.63	3,790,315.61	146.0%
Adj. Margin % with Investment Gains (Losses)	5.0%	2.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	6,629,940.65	4,250,673.23	2,379,267.42	56.0%
Adjusted Margin % excluding Depreciation & Amortization	5.3%	3.6%		

UNAUDITED

The University of Texas at Dallas
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	95,716,172.42	80,185,332.00	15,530,840.42	19.4%
Sponsored Programs	26,374,769.16	27,001,402.00	(626,632.84)	-2.3%
Net Sales and Services of Educational Activities	9,142,477.74	6,066,642.00	3,075,835.74	50.7%
Net Auxiliary Enterprises	4,986,486.50	5,040,061.00	(53,574.50)	-1.1%
Other Operating Revenues	1,415,437.90	1,597,693.00	(182,255.10)	-11.4%
Total Operating Revenues	137,635,343.72	119,891,130.00	17,744,213.72	14.8%
Operating Expenses				
Salaries and Wages	108,795,986.08	100,844,818.00	7,951,168.08	7.9%
Payroll Related Costs	24,336,615.19	21,234,989.00	3,101,626.19	14.6%
Professional Fees and Services	5,347,924.51	3,451,942.00	1,895,982.51	54.9%
Other Contracted Services	6,276,660.31	-	6,276,660.31	100.0%
Travel	2,922,049.05	2,102,222.00	819,827.05	39.0%
Materials and Supplies	16,277,648.46	9,722,225.00	6,555,423.46	67.4%
Utilities	5,258,242.86	6,070,259.00	(812,016.14)	-13.4%
Communications	823,962.66	560,931.00	263,031.66	46.9%
Repairs and Maintenance	1,807,753.80	1,009,469.00	798,284.80	79.1%
Rentals and Leases	1,218,941.36	1,433,249.00	(214,307.64)	-15.0%
Printing and Reproduction	825,869.09	851,134.00	(25,264.91)	-3.0%
Scholarships and Fellowships	17,557,745.20	12,761,728.00	4,796,017.20	37.6%
Depreciation and Amortization	18,680,083.33	15,872,018.00	2,808,065.33	17.7%
Federal Sponsored Program Pass-Through to Other State Agencies	215,104.34	197,344.00	17,760.34	9.0%
Other Operating Expenses	5,561,592.87	14,222,840.00	(8,661,247.13)	-60.9%
Total Operating Expenses	215,906,179.11	190,335,168.00	25,571,011.11	13.4%
Operating Loss	(78,270,835.39)	(70,444,038.00)	(7,826,797.39)	-11.1%
Other Nonoperating Adjustments				
State Appropriations	53,538,949.00	57,014,748.00	(3,475,799.00)	-6.1%
Nonexchange Sponsored Programs	22,428,685.06	17,299,294.00	5,129,391.06	29.7%
Gift Contributions for Operations	7,444,914.80	9,365,308.00	(1,920,393.20)	-20.5%
Net Investment Income	8,490,754.00	7,027,842.00	1,462,912.00	20.8%
Interest Expense on Capital Asset Financings	(6,292,831.30)	(5,002,404.00)	(1,290,427.30)	-25.8%
Net Other Nonoperating Adjustments	85,610,471.56	85,704,788.00	(94,316.44)	-0.1%
Adjusted Income (Loss) including Depreciation & Amortization	7,339,636.17	15,260,750.00	(7,921,113.83)	-51.9%
Adjusted Margin % including Depreciation & Amortization	3.2%	7.2%		
Investment Gain (Losses)	35,738,499.01	7,024,531.00	28,713,968.01	408.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	43,078,135.18	22,285,281.00	20,792,854.18	93.3%
Adj. Margin % with Investment Gains (Losses)	16.2%	10.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	26,019,719.50	31,132,768.00	(5,113,048.50)	-16.4%
Adjusted Margin % excluding Depreciation & Amortization	11.3%	14.8%		

UNAUDITED

The University of Texas at El Paso
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	63,818,146.66	55,891,462.08	7,926,684.58	14.2%
Sponsored Programs	44,293,707.88	42,293,663.06	2,000,044.82	4.7%
Net Sales and Services of Educational Activities	2,964,811.19	2,745,008.25	219,802.94	8.0%
Net Auxiliary Enterprises	16,881,014.66	14,364,965.30	2,516,049.36	17.5%
Other Operating Revenues	150,132.27	349.95	149,782.32	42,801.1%
Total Operating Revenues	128,107,812.66	115,295,448.64	12,812,364.02	11.1%
Operating Expenses				
Salaries and Wages	91,839,689.54	88,649,971.19	3,189,718.35	3.6%
Payroll Related Costs	23,088,175.19	21,594,133.27	1,494,041.92	6.9%
Professional Fees and Services	601,755.11	599,959.24	1,795.87	0.3%
Other Contracted Services	10,220,455.61	9,564,343.32	656,112.29	6.9%
Travel	3,970,656.14	3,693,497.18	277,158.96	7.5%
Materials and Supplies	13,983,623.46	13,716,153.08	267,470.38	2.0%
Utilities	3,752,585.99	3,741,478.21	11,107.78	0.3%
Communications	394,318.61	379,938.32	14,380.29	3.8%
Repairs and Maintenance	2,939,093.91	2,952,052.69	(12,958.78)	-0.4%
Rentals and Leases	2,272,803.23	2,098,501.57	174,301.66	8.3%
Printing and Reproduction	499,350.95	475,648.62	23,702.33	5.0%
Scholarships and Fellowships	64,678,077.73	52,689,905.14	11,988,172.59	22.8%
Depreciation and Amortization	10,968,511.31	10,524,864.66	443,646.65	4.2%
Federal Sponsored Program Pass-Through to Other State Agencies	709,781.20	694,236.17	15,545.03	2.2%
Other Operating Expenses	3,535,850.27	3,811,684.36	(275,834.09)	-7.2%
Total Operating Expenses	233,454,728.25	215,186,367.02	18,268,361.23	8.5%
Operating Loss	(105,346,915.59)	(99,890,918.38)	(5,455,997.21)	-5.5%
Other Nonoperating Adjustments				
State Appropriations	54,724,404.00	59,975,825.00	(5,251,421.00)	-8.8%
Nonexchange Sponsored Programs	48,633,254.53	37,368,679.03	11,264,575.50	30.1%
Gift Contributions for Operations	4,612,114.95	9,651,814.17	(5,039,699.22)	-52.2%
Net Investment Income	6,774,824.06	6,001,686.22	773,137.84	12.9%
Interest Expense on Capital Asset Financings	(4,072,364.45)	(3,055,824.00)	(1,016,540.45)	-33.3%
Net Other Nonoperating Adjustments	110,672,233.09	109,942,180.42	730,052.67	0.7%
Adjusted Income (Loss) including Depreciation & Amortization	5,325,317.50	10,051,262.04	(4,725,944.54)	-47.0%
Adjusted Margin % including Depreciation & Amortization	2.2%	4.4%		
Investment Gain (Losses)	24,268,238.39	4,126,631.04	20,141,607.35	488.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	29,593,555.89	14,177,893.08	15,415,662.81	108.7%
Adj. Margin % with Investment Gains (Losses)	11.1%	6.1%		
Adjusted Income (Loss) excluding Depreciation & Amortization	16,293,828.81	20,576,126.70	(4,282,297.89)	-20.8%
Adjusted Margin % excluding Depreciation & Amortization	6.7%	9.0%		

UNAUDITED

The University of Texas - Pan American
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	32,808,551.96	34,904,623.00	(2,096,071.04)	-6.0%
Sponsored Programs	45,532,274.00	45,016,988.00	515,286.00	1.1%
Net Sales and Services of Educational Activities	3,468,667.35	3,220,622.00	248,045.35	7.7%
Net Auxiliary Enterprises	5,248,244.24	4,244,942.00	1,003,302.24	23.6%
Other Operating Revenues	1,128,339.50	952,872.00	175,467.50	18.4%
Total Operating Revenues	88,186,077.05	88,340,047.00	(153,969.95)	-0.2%
Operating Expenses				
Salaries and Wages	64,494,324.10	65,408,377.00	(914,052.90)	-1.4%
Payroll Related Costs	17,327,170.41	16,165,830.00	1,161,340.41	7.2%
Cost of Goods Sold	305,970.08	-	305,970.08	100.0%
Professional Fees and Services	780,316.74	911,083.00	(130,766.26)	-14.4%
Other Contracted Services	4,885,551.40	3,865,743.00	1,019,808.40	26.4%
Travel	2,150,056.80	2,513,480.00	(363,423.20)	-14.5%
Materials and Supplies	6,874,219.01	7,715,315.00	(841,095.99)	-10.9%
Utilities	3,204,173.83	4,133,025.00	(928,851.17)	-22.5%
Communications	285,685.34	255,697.00	29,988.34	11.7%
Repairs and Maintenance	2,257,930.30	2,106,392.00	151,538.30	7.2%
Rentals and Leases	677,379.31	575,338.00	102,041.31	17.7%
Printing and Reproduction	158,381.32	212,857.00	(54,475.68)	-25.6%
Bad Debt Expense	69,460.96	(65,471.00)	134,931.96	206.1%
Scholarships and Fellowships	61,754,122.78	61,880,218.00	(126,095.22)	-0.2%
Depreciation and Amortization	8,302,429.34	7,840,993.00	461,436.34	5.9%
Federal Sponsored Program Pass-Through to Other State Agencies	137,061.43	161,355.00	(24,293.57)	-15.1%
Other Operating Expenses	2,461,487.95	2,345,901.00	115,586.95	4.9%
Total Operating Expenses	176,125,721.10	176,026,133.00	99,588.10	0.1%
Operating Loss	(87,939,644.05)	(87,686,086.00)	(253,558.05)	-0.3%
Other Nonoperating Adjustments				
State Appropriations	41,379,868.15	45,582,644.00	(4,202,775.85)	-9.2%
Nonexchange Sponsored Programs	46,486,593.49	42,203,152.00	4,283,441.49	10.1%
Gift Contributions for Operations	1,497,935.05	1,566,611.00	(68,675.95)	-4.4%
Net Investment Income	2,112,005.47	2,449,413.00	(337,407.53)	-13.8%
Interest Expense on Capital Asset Financings	(2,327,151.33)	(2,362,245.00)	35,093.67	1.5%
Net Other Nonoperating Adjustments	89,149,250.83	89,439,575.00	(290,324.17)	-0.3%
Adjusted Income (Loss) including Depreciation & Amortization	1,209,606.78	1,753,489.00	(543,882.22)	-31.0%
Adjusted Margin % including Depreciation & Amortization	0.7%	1.0%		
Investment Gain (Losses)	6,061,561.17	3,569,178.00	2,492,383.17	69.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	7,271,167.95	5,322,667.00	1,948,500.95	36.6%
Adj. Margin % with Investment Gains (Losses)	3.9%	2.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	9,512,036.12	9,594,482.00	(82,445.88)	-0.9%
Adjusted Margin % excluding Depreciation & Amortization	5.3%	5.3%		

UNAUDITED

The University of Texas of the Permian Basin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	8,878,258.75	6,986,553.96	1,891,704.79	27.1%
Sponsored Programs	2,128,125.39	3,353,045.95	(1,224,920.56)	-36.5%
Net Sales and Services of Educational Activities	236,097.34	306,274.80	(70,177.46)	-22.9%
Net Auxiliary Enterprises	2,417,433.88	2,390,437.57	26,996.31	1.1%
Other Operating Revenues	703,226.84	124,548.57	578,678.27	464.6%
Total Operating Revenues	14,363,142.20	13,160,860.85	1,202,281.35	9.1%
Operating Expenses				
Salaries and Wages	13,049,472.98	12,472,490.67	576,982.31	4.6%
Payroll Related Costs	3,306,338.10	2,787,328.65	519,009.45	18.6%
Professional Fees and Services	1,642,460.40	1,448,913.84	193,546.56	13.4%
Other Contracted Services	941.00	-	941.00	100.0%
Travel	503,290.87	440,200.67	63,090.20	14.3%
Materials and Supplies	2,120,137.22	2,694,819.39	(574,682.17)	-21.3%
Utilities	1,385,249.47	1,431,332.98	(46,083.51)	-3.2%
Communications	401,130.71	251,528.35	149,602.36	59.5%
Repairs and Maintenance	459,917.28	874,825.90	(414,908.62)	-47.4%
Rentals and Leases	337,849.44	271,976.34	65,873.10	24.2%
Printing and Reproduction	105,914.94	140,051.27	(34,136.33)	-24.4%
Scholarships and Fellowships	4,790,406.72	2,166,179.54	2,624,227.18	121.1%
Depreciation and Amortization	3,270,349.06	2,388,743.58	881,605.48	36.9%
Other Operating Expenses	385,649.53	713,488.52	(327,838.99)	-45.9%
Total Operating Expenses	31,759,107.72	28,081,879.70	3,677,228.02	13.1%
Operating Loss	(17,395,965.52)	(14,921,018.85)	(2,474,946.67)	-16.6%
Other Nonoperating Adjustments				
State Appropriations	15,085,602.58	18,707,106.25	(3,621,503.67)	-19.4%
Nonexchange Sponsored Programs	4,212,100.43	3,917,151.49	294,948.94	7.5%
Gift Contributions for Operations	900,453.04	787,216.75	113,236.29	14.4%
Net Investment Income	1,493,465.06	1,775,886.74	(282,421.68)	-15.9%
Interest Expense on Capital Asset Financings	(2,107,020.09)	(1,349,030.00)	(757,990.09)	-56.2%
Net Other Nonoperating Adjustments	19,584,601.02	23,838,331.23	(4,253,730.21)	-17.8%
Adjusted Income (Loss) including Depreciation & Amortization	2,188,635.50	8,917,312.38	(6,728,676.88)	-75.5%
Adjusted Margin % including Depreciation & Amortization	6.1%	23.3%		
Investment Gain (Losses)	3,394,760.87	1,847,044.75	1,547,716.12	83.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	5,583,396.37	10,764,357.13	(5,180,960.76)	-48.1%
Adj. Margin % with Investment Gains (Losses)	14.2%	26.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	5,458,984.56	11,306,055.96	(5,847,071.40)	-51.7%
Adjusted Margin % excluding Depreciation & Amortization	15.1%	29.5%		

UNAUDITED

The University of Texas at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	112,124,526.83	101,798,172.00	10,326,354.83	10.1%
Sponsored Programs	41,564,148.79	41,079,610.00	484,538.79	1.2%
Net Sales and Services of Educational Activities	5,188,913.07	4,600,541.00	588,372.07	12.8%
Net Auxiliary Enterprises	15,153,638.46	13,034,754.00	2,118,884.46	16.3%
Other Operating Revenues	1,349,978.71	923,117.00	426,861.71	46.2%
Total Operating Revenues	175,381,205.86	161,436,194.00	13,945,011.86	8.6%
Operating Expenses				
Salaries and Wages	126,944,340.63	118,819,283.00	8,125,057.63	6.8%
Payroll Related Costs	31,820,653.60	28,886,815.00	2,933,838.60	10.2%
Cost of Goods Sold	618,651.29	-	618,651.29	100.0%
Professional Fees and Services	2,143,482.57	2,362,312.00	(218,829.43)	-9.3%
Other Contracted Services	7,711,257.02	6,920,416.64	790,840.38	11.4%
Travel	4,337,015.87	3,961,909.00	375,106.87	9.5%
Materials and Supplies	15,833,618.13	19,973,864.00	(4,140,245.87)	-20.7%
Utilities	6,577,302.08	6,612,842.00	(35,539.92)	-0.5%
Communications	1,477,308.11	1,909,854.00	(432,545.89)	-22.6%
Repairs and Maintenance	5,029,244.30	5,020,881.00	8,363.30	0.2%
Rentals and Leases	2,075,557.87	2,034,481.00	41,076.87	2.0%
Printing and Reproduction	810,326.99	578,371.00	231,955.99	40.1%
Bad Debt Expense	238,711.46	-	238,711.46	100.0%
Scholarships and Fellowships	24,566,280.98	25,657,444.00	(1,091,163.02)	-4.3%
Depreciation and Amortization	22,438,316.63	21,723,918.00	714,398.63	3.3%
Federal Sponsored Program Pass-Through to Other State Agencies	1,833,277.26	2,044,809.00	(211,531.74)	-10.3%
Other Operating Expenses	8,518,509.02	8,348,057.36	170,451.66	2.0%
Total Operating Expenses	262,973,853.81	254,855,257.00	8,118,596.81	3.2%
Operating Loss	(87,592,647.95)	(93,419,063.00)	5,826,415.05	6.2%
Other Nonoperating Adjustments				
State Appropriations	65,405,328.44	70,622,425.00	(5,217,096.56)	-7.4%
Nonexchange Sponsored Programs	34,219,665.36	23,537,544.00	10,682,121.36	45.4%
Gift Contributions for Operations	3,208,333.33	5,833,333.00	(2,624,999.67)	-45.0%
Net Investment Income	5,159,262.00	6,020,537.00	(861,275.00)	-14.3%
Interest Expense on Capital Asset Financings	(9,323,162.38)	(9,111,143.00)	(212,019.38)	-2.3%
Net Other Nonoperating Adjustments	98,669,426.75	96,902,696.00	1,766,730.75	1.8%
Adjusted Income (Loss) including Depreciation & Amortization	11,076,778.80	3,483,633.00	7,593,145.80	218.0%
Adjusted Margin % including Depreciation & Amortization	3.9%	1.3%		
Investment Gain (Losses)	23,839,212.42	14,364,546.00	9,474,666.42	66.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	34,915,991.22	17,848,179.00	17,067,812.22	95.6%
Adj. Margin % with Investment Gains (Losses)	11.4%	6.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	33,515,095.43	25,207,551.00	8,307,544.43	33.0%
Adjusted Margin % excluding Depreciation & Amortization	11.8%	9.4%		

UNAUDITED

The University of Texas at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	15,050,000.00	15,829,754.90	(779,754.90)	-4.9%
Sponsored Programs	7,650,013.88	5,906,127.15	1,743,886.73	29.5%
Net Sales and Services of Educational Activities	1,654,810.59	1,258,279.30	396,531.29	31.5%
Net Auxiliary Enterprises	3,290,794.71	2,117,743.09	1,173,051.62	55.4%
Other Operating Revenues	73,579.66	235,272.08	(161,692.42)	-68.7%
Total Operating Revenues	27,719,198.84	25,347,176.52	2,372,022.32	9.4%
Operating Expenses				
Salaries and Wages	22,612,264.38	22,114,224.08	498,040.30	2.3%
Payroll Related Costs	6,192,192.40	5,745,919.99	446,272.41	7.8%
Cost of Goods Sold	19,801.94	40,399.85	(20,597.91)	-51.0%
Professional Fees and Services	1,207,424.31	665,344.10	542,080.21	81.5%
Other Contracted Services	2,809,987.83	2,465,917.71	344,070.12	14.0%
Travel	792,269.85	843,507.21	(51,237.36)	-6.1%
Materials and Supplies	2,404,833.32	2,458,600.37	(53,767.05)	-2.2%
Utilities	1,122,433.77	1,192,664.00	(70,230.23)	-5.9%
Communications	663,748.08	678,338.23	(14,590.15)	-2.2%
Repairs and Maintenance	754,440.59	691,561.65	62,878.94	9.1%
Rentals and Leases	170,331.52	187,614.95	(17,283.43)	-9.2%
Printing and Reproduction	387,241.91	356,775.43	30,466.48	8.5%
Bad Debt Expense	-	820.47	(820.47)	-100.0%
Scholarships and Fellowships	3,908,333.00	7,491,731.83	(3,583,398.83)	-47.8%
Depreciation and Amortization	6,351,680.67	5,616,442.00	735,238.67	13.1%
Federal Sponsored Program Pass-Through to Other State Agencies	25,435.52	69,418.49	(43,982.97)	-63.4%
Other Operating Expenses	1,301,268.78	1,386,750.82	(85,482.04)	-6.2%
Total Operating Expenses	50,723,687.87	52,006,031.18	(1,282,343.31)	-2.5%
Operating Loss	(23,004,489.03)	(26,658,854.66)	3,654,365.63	13.7%
Other Nonoperating Adjustments				
State Appropriations	18,770,944.41	21,114,958.39	(2,344,013.98)	-11.1%
Nonexchange Sponsored Programs	8,405,377.28	6,611,075.00	1,794,302.28	27.1%
Gift Contributions for Operations	593,739.51	868,465.21	(274,725.70)	-31.6%
Net Investment Income	2,672,158.58	2,468,427.08	203,731.50	8.3%
Interest Expense on Capital Asset Financings	(2,373,919.80)	(1,672,511.00)	(701,408.80)	-41.9%
Net Other Nonoperating Adjustments	28,068,299.98	29,390,414.68	(1,322,114.70)	-4.5%
Adjusted Income (Loss) including Depreciation & Amortization	5,063,810.95	2,731,560.02	2,332,250.93	85.4%
Adjusted Margin % including Depreciation & Amortization	8.7%	4.8%		
Investment Gain (Losses)	10,595,832.08	2,525,299.50	8,070,532.58	319.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	15,659,643.03	5,256,859.52	10,402,783.51	197.9%
Adj. Margin % with Investment Gains (Losses)	22.8%	8.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	11,415,491.62	8,348,002.02	3,067,489.60	36.7%
Adjusted Margin % excluding Depreciation & Amortization	19.6%	14.8%		

UNAUDITED

The University of Texas Southwestern Medical Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	13,425,126.92	12,666,788.98	758,337.94	6.0%
Sponsored Programs	276,369,638.46	257,171,721.70	19,197,916.76	7.5%
Net Sales and Services of Educational Activities	12,847,959.98	6,487,507.38	6,360,452.60	98.0%
Net Sales and Services of Hospitals	302,691,670.45	270,788,282.87	31,903,387.58	11.8%
Net Professional Fees	235,856,943.84	211,846,593.28	24,010,350.56	11.3%
Net Auxiliary Enterprises	10,092,749.24	9,856,250.66	236,498.58	2.4%
Other Operating Revenues	4,139,545.56	4,035,341.66	104,203.90	2.6%
Total Operating Revenues	855,423,634.45	772,852,486.53	82,571,147.92	10.7%
Operating Expenses				
Salaries and Wages	517,632,376.98	471,922,151.10	45,710,225.88	9.7%
Payroll Related Costs	118,281,707.00	106,547,084.29	11,734,622.71	11.0%
Cost of Goods Sold	1,333,944.47	1,480,442.91	(146,498.44)	-9.9%
Professional Fees and Services	16,630,990.74	17,083,231.21	(452,240.47)	-2.6%
Other Contracted Services	43,374,550.70	42,864,186.98	510,363.72	1.2%
Travel	5,180,876.86	4,732,639.02	448,237.84	9.5%
Materials and Supplies	123,928,769.76	117,666,650.89	6,262,118.87	5.3%
Utilities	19,459,727.38	21,166,545.48	(1,706,818.10)	-8.1%
Communications	4,572,122.11	4,266,456.59	305,665.52	7.2%
Repairs and Maintenance	9,581,181.16	9,129,145.46	452,035.70	5.0%
Rentals and Leases	3,386,582.01	4,776,087.18	(1,389,505.17)	-29.1%
Printing and Reproduction	1,731,618.12	1,891,032.80	(159,414.68)	-8.4%
Scholarships and Fellowships	5,437,197.94	5,391,970.47	45,227.47	0.8%
Depreciation and Amortization	50,672,055.86	45,868,360.14	4,803,695.72	10.5%
Federal Sponsored Program Pass-Through to Other State Agencies	850,062.86	814,818.97	35,243.89	4.3%
Other Operating Expenses	33,594,359.17	36,955,281.58	(3,360,922.41)	-9.1%
Total Operating Expenses	955,648,123.12	892,556,085.07	63,092,038.05	7.1%
Operating Loss	(100,224,488.67)	(119,703,598.54)	19,479,109.87	16.3%
Other Nonoperating Adjustments				
State Appropriations	96,393,602.82	109,417,832.01	(13,024,229.19)	-11.9%
Nonexchange Sponsored Programs	2,380,955.33	74,358.00	2,306,597.33	3,102.0%
Gift Contributions for Operations	14,990,869.87	13,551,510.07	1,439,359.80	10.6%
Net Investment Income	51,066,215.98	39,752,210.00	11,314,005.98	28.5%
Interest Expense on Capital Asset Financings	(17,703,365.47)	(13,188,807.00)	(4,514,558.47)	-34.2%
Net Other Nonoperating Adjustments	147,128,278.53	149,607,103.08	(2,478,824.55)	-1.7%
Adjusted Income (Loss) including Depreciation & Amortization	46,903,789.86	29,903,504.54	17,000,285.32	56.9%
Adjusted Margin % including Depreciation & Amortization	4.6%	3.2%		
Investment Gain (Losses)	159,393,942.42	51,340,436.54	108,053,505.88	210.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	206,297,732.28	81,243,941.08	125,053,791.20	153.9%
Adj. Margin % with Investment Gains (Losses)	17.5%	8.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	97,575,845.72	75,771,864.68	21,803,981.04	28.8%
Adjusted Margin % excluding Depreciation & Amortization	9.6%	8.1%		

UNAUDITED

The University of Texas Medical Branch at Galveston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	16,657,277.11	13,166,535.17	3,490,741.94	26.5%
Sponsored Programs	161,767,017.59	155,308,612.60	6,458,404.99	4.2%
Net Sales and Services of Educational Activities	10,077,041.29	19,471,771.33	(9,394,730.04)	-48.2%
Net Sales and Services of Hospitals	415,942,576.47	405,277,638.45	10,664,938.02	2.6%
Net Professional Fees	75,237,351.38	74,033,894.40	1,203,456.98	1.6%
Net Auxiliary Enterprises	3,960,913.76	3,272,978.37	687,935.39	21.0%
Other Operating Revenues	(8,451,075.52)	5,786,765.28	(14,237,840.80)	-246.0%
Total Operating Revenues	675,191,102.08	676,318,195.60	(1,127,093.52)	-0.2%
Operating Expenses				
Salaries and Wages	462,689,833.22	453,702,069.77	8,987,763.45	2.0%
Payroll Related Costs	118,875,355.56	109,712,644.77	9,162,710.79	8.4%
Cost of Goods Sold	38,098,552.95	37,633,366.17	465,186.78	1.2%
Professional Fees and Services	25,615,955.40	24,859,511.80	756,443.60	3.0%
Other Contracted Services	45,590,322.75	-	45,590,322.75	100.0%
Travel	3,664,843.97	3,459,504.53	205,339.44	5.9%
Materials and Supplies	72,227,756.70	67,685,548.77	4,542,207.93	6.7%
Utilities	16,154,465.81	15,708,842.37	445,623.44	2.8%
Communications	8,884,582.36	8,806,747.38	77,834.98	0.9%
Repairs and Maintenance	23,504,644.67	25,383,878.33	(1,879,233.66)	-7.4%
Rentals and Leases	12,803,005.63	13,820,327.10	(1,017,321.47)	-7.4%
Printing and Reproduction	914,589.51	824,687.75	89,901.76	10.9%
Bad Debt Expense	(211.00)	(68,041.21)	67,830.21	99.7%
Scholarships and Fellowships	3,776,913.95	4,025,933.95	(249,020.00)	-6.2%
Depreciation and Amortization	45,811,192.30	43,193,607.91	2,617,584.39	6.1%
Federal Sponsored Program Pass-Through to Other State Agencies	2,212,480.53	2,739,187.68	(526,707.15)	-19.2%
Other Operating Expenses	27,560,054.87	81,379,436.82	(53,819,381.95)	-66.1%
Total Operating Expenses	908,384,339.18	892,867,253.89	15,517,085.29	1.7%
Operating Loss	(233,193,237.10)	(216,549,058.29)	(16,644,178.81)	-7.7%
Other Nonoperating Adjustments				
State Appropriations	194,523,307.41	214,366,250.59	(19,842,943.18)	-9.3%
Nonexchange Sponsored Programs	600,341.53	(1,183.00)	601,524.53	50,847.4%
Gift Contributions for Operations	5,991,497.94	6,463,977.04	(472,479.10)	-7.3%
Net Investment Income	18,217,230.83	17,763,748.50	453,482.33	2.6%
Interest Expense on Capital Asset Financings	(4,809,549.22)	(3,974,480.91)	(835,068.31)	-21.0%
Net Other Nonoperating Adjustments	214,522,828.49	234,618,312.22	(20,095,483.73)	-8.6%
Adjusted Income (Loss) including Depreciation & Amortization	(18,670,408.61)	18,069,253.93	(36,739,662.54)	-203.3%
Adjusted Margin % including Depreciation & Amortization	-2.1%	2.0%		
Investment Gain (Losses)	60,253,276.28	9,074,915.39	51,178,360.89	564.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	41,582,867.67	27,144,169.32	14,438,698.35	53.2%
Adj. Margin % with Investment Gains (Losses)	4.4%	2.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	27,140,783.69	61,262,861.84	(34,122,078.15)	-55.7%
Adjusted Margin % excluding Depreciation & Amortization	3.0%	6.7%		

UNAUDITED

The University of Texas Health Science Center at Houston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	21,408,809.55	18,303,741.37	3,105,068.18	17.0%
Sponsored Programs	261,762,012.36	208,910,905.52	52,851,106.84	25.3%
Net Sales and Services of Educational Activities	27,709,510.04	23,411,814.52	4,297,695.52	18.4%
Net Sales and Services of Hospitals	21,528,102.05	22,468,930.41	(940,828.36)	-4.2%
Net Professional Fees	83,940,818.93	79,615,638.02	4,325,180.91	5.4%
Net Auxiliary Enterprises	13,371,370.43	12,845,776.04	525,594.39	4.1%
Other Operating Revenues	6,106,484.28	27,644,498.92	(21,538,014.64)	-77.9%
Total Operating Revenues	435,827,107.64	393,201,304.80	42,625,802.84	10.8%
Operating Expenses				
Salaries and Wages	303,972,463.66	255,583,444.02	48,389,019.64	18.9%
Payroll Related Costs	66,944,536.07	55,649,229.51	11,295,306.56	20.3%
Cost of Goods Sold	11,532,886.68	10,795,204.82	737,681.86	6.8%
Professional Fees and Services	29,499,636.11	47,177,504.32	(17,677,868.21)	-37.5%
Other Contracted Services	25,931,625.26	-	25,931,625.26	100.0%
Travel	4,245,329.73	4,021,287.15	224,042.58	5.6%
Materials and Supplies	27,283,023.30	23,106,469.00	4,176,554.30	18.1%
Utilities	9,924,413.49	10,001,714.54	(77,301.05)	-0.8%
Communications	2,316,673.61	1,839,265.51	477,408.10	26.0%
Repairs and Maintenance	5,487,256.71	3,362,730.00	2,124,526.71	63.2%
Rentals and Leases	12,335,435.00	8,026,179.41	4,309,255.59	53.7%
Printing and Reproduction	3,813,606.06	2,899,562.71	914,043.35	31.5%
Bad Debt Expense	-	1,615.00	(1,615.00)	-100.0%
Scholarships and Fellowships	3,088,185.68	3,478,019.03	(389,833.35)	-11.2%
Depreciation and Amortization	28,577,107.94	23,221,323.60	5,355,784.34	23.1%
Federal Sponsored Program Pass-Through to Other State Agencies	4,944,537.61	3,811,179.45	1,133,358.16	29.7%
Other Operating Expenses	18,746,200.83	59,686,551.50	(40,940,350.67)	-68.6%
Total Operating Expenses	558,642,917.74	512,661,279.57	45,981,638.17	9.0%
Operating Loss	(122,815,810.10)	(119,459,974.77)	(3,355,835.33)	-2.8%
Other Nonoperating Adjustments				
State Appropriations	93,642,071.00	101,076,167.01	(7,434,096.01)	-7.4%
Nonexchange Sponsored Programs	5,013,294.27	6,003,214.44	(989,920.17)	-16.5%
Gift Contributions for Operations	11,824,018.80	8,559,887.42	3,264,131.38	38.1%
Net Investment Income	16,961,295.31	13,814,232.31	3,147,063.00	22.8%
Interest Expense on Capital Asset Financings	(6,399,334.62)	(5,260,613.00)	(1,138,721.62)	-21.6%
Net Other Nonoperating Adjustments	121,041,344.76	124,192,888.18	(3,151,543.42)	-2.5%
Adjusted Income (Loss) including Depreciation & Amortization	(1,774,465.34)	4,732,913.41	(6,507,378.75)	-137.5%
Adjusted Margin % including Depreciation & Amortization	-0.3%	0.9%		
Investment Gain (Losses)	50,706,308.31	21,263,488.43	29,442,819.88	138.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	48,931,842.97	25,996,401.84	22,935,441.13	88.2%
Adj. Margin % with Investment Gains (Losses)	8.0%	4.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	26,802,642.60	27,954,237.01	(1,151,594.41)	-4.1%
Adjusted Margin % excluding Depreciation & Amortization	4.8%	5.3%		

UNAUDITED

The University of Texas Health Science Center at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	17,228,305.50	16,274,694.92	953,610.58	5.9%
Sponsored Programs	161,531,020.96	155,800,305.24	5,730,715.72	3.7%
Net Sales and Services of Educational Activities	22,755,386.31	24,835,329.36	(2,079,943.05)	-8.4%
Net Professional Fees	81,143,167.48	65,633,325.81	15,509,841.67	23.6%
Net Auxiliary Enterprises	3,039,573.36	2,888,849.21	150,724.15	5.2%
Other Operating Revenues	6,881,171.43	9,086,529.79	(2,205,358.36)	-24.3%
Total Operating Revenues	292,578,625.04	274,519,034.33	18,059,590.71	6.6%
Operating Expenses				
Salaries and Wages	226,597,722.51	224,183,584.38	2,414,138.13	1.1%
Payroll Related Costs	60,434,116.80	55,831,465.08	4,602,651.72	8.2%
Professional Fees and Services	7,689,189.35	9,237,623.00	(1,548,433.65)	-16.8%
Other Contracted Services	14,270,002.30	15,222,189.80	(952,187.50)	-6.3%
Travel	2,865,573.85	2,938,504.79	(72,930.94)	-2.5%
Materials and Supplies	24,864,412.26	23,784,368.27	1,080,043.99	4.5%
Utilities	9,507,638.00	9,725,592.33	(217,954.33)	-2.2%
Communications	7,119,939.15	6,618,451.65	501,487.50	7.6%
Repairs and Maintenance	2,830,593.40	3,294,876.54	(464,283.14)	-14.1%
Rentals and Leases	3,578,559.94	4,055,215.67	(476,655.73)	-11.8%
Printing and Reproduction	1,107,970.56	1,264,232.16	(156,261.60)	-12.4%
Scholarships and Fellowships	3,317,221.49	2,921,534.80	395,686.69	13.5%
Depreciation and Amortization	21,175,000.00	18,666,666.67	2,508,333.33	13.4%
Federal Sponsored Program Pass-Through to Other State Agencies	875,000.00	700,000.00	175,000.00	25.0%
Other Operating Expenses	24,913,528.56	22,946,072.46	1,967,456.10	8.6%
Total Operating Expenses	411,146,468.17	401,390,377.60	9,756,090.57	2.4%
Operating Loss	(118,567,843.13)	(126,871,343.27)	8,303,500.14	6.5%
Other Nonoperating Adjustments				
State Appropriations	100,359,893.33	106,326,963.57	(5,967,070.24)	-5.6%
Nonexchange Sponsored Programs	583,333.33	532,000.00	51,333.33	9.6%
Gift Contributions for Operations	8,713,922.28	9,406,453.25	(692,530.97)	-7.4%
Net Investment Income	18,243,845.67	18,224,895.11	18,950.56	0.1%
Interest Expense on Capital Asset Financings	(5,686,351.86)	(5,288,761.00)	(397,590.86)	-7.5%
Net Other Nonoperating Adjustments	122,214,642.75	129,201,550.93	(6,986,908.18)	-5.4%
Adjusted Income (Loss) including Depreciation & Amortization	3,646,799.62	2,330,207.66	1,316,591.96	56.5%
Adjusted Margin % including Depreciation & Amortization	0.9%	0.6%		
Investment Gain (Losses)	62,440,180.05	17,318,148.51	45,122,031.54	260.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	66,086,979.67	19,648,356.17	46,438,623.50	236.3%
Adj. Margin % with Investment Gains (Losses)	13.7%	4.6%		
Adjusted Income (Loss) excluding Depreciation & Amortization	24,821,799.62	20,996,874.33	3,824,925.29	18.2%
Adjusted Margin % excluding Depreciation & Amortization	5.9%	5.1%		

UNAUDITED

The University of Texas M. D. Anderson Cancer Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	832,647.53	692,348.00	140,299.53	20.3%
Sponsored Programs	199,413,663.65	167,685,616.00	31,728,047.65	18.9%
Net Sales and Services of Educational Activities	920,500.95	1,116,006.00	(195,505.05)	-17.5%
Net Sales and Services of Hospitals	1,272,128,488.26	1,254,721,089.00	17,407,399.26	1.4%
Net Professional Fees	190,963,047.04	181,921,523.00	9,041,524.04	5.0%
Net Auxiliary Enterprises	19,111,912.39	17,884,474.00	1,227,438.39	6.9%
Other Operating Revenues	33,693,438.06	28,840,737.00	4,852,701.06	16.8%
Total Operating Revenues	1,717,063,697.88	1,652,861,793.00	64,201,904.88	3.9%
Operating Expenses				
Salaries and Wages	816,156,195.08	760,581,605.00	55,574,590.08	7.3%
Payroll Related Costs	228,339,925.43	205,750,712.00	22,589,213.43	11.0%
Cost of Goods Sold	3,213,155.25	2,420,572.13	792,583.12	32.7%
Professional Fees and Services	73,513,549.41	91,250,336.00	(17,736,786.59)	-19.4%
Other Contracted Services	32,684,627.34	-	32,684,627.34	100.0%
Travel	9,924,762.28	8,746,560.00	1,178,202.28	13.5%
Materials and Supplies	322,606,536.07	307,412,973.87	15,193,562.20	4.9%
Utilities	26,561,463.33	26,666,539.00	(105,075.67)	-0.4%
Communications	5,096,956.33	5,178,092.00	(81,135.67)	-1.6%
Repairs and Maintenance	44,644,900.85	37,913,616.00	6,731,284.85	17.8%
Rentals and Leases	27,494,279.57	25,428,107.00	2,066,172.57	8.1%
Scholarships and Fellowships	846,840.00	331,475.00	515,365.00	155.5%
Depreciation and Amortization	133,159,118.60	134,530,651.00	(1,371,532.40)	-1.0%
Federal Sponsored Program Pass-Through to Other State Agencies	582,018.20	381,413.00	200,605.20	52.6%
Other Operating Expenses	15,123,797.60	2,095,328.00	13,028,469.60	621.8%
Total Operating Expenses	1,739,948,125.34	1,608,687,980.00	131,260,145.34	8.2%
Operating Loss	(22,884,427.46)	44,173,813.00	(67,058,240.46)	-151.8%
Other Nonoperating Adjustments				
State Appropriations	93,653,088.92	103,868,331.00	(10,215,242.08)	-9.8%
Nonexchange Sponsored Programs	180,947.00	331,475.00	(150,528.00)	-45.4%
Gift Contributions for Operations	57,964,449.84	57,668,757.00	295,692.84	0.5%
Net Investment Income	36,313,665.42	34,533,590.00	1,780,075.42	5.2%
Interest Expense on Capital Asset Financings	(24,040,437.33)	(19,201,483.70)	(4,838,953.63)	-25.2%
Net Other Nonoperating Adjustments	164,071,713.85	177,200,669.30	(13,128,955.45)	-7.4%
Adjusted Income (Loss) including Depreciation & Amortization	141,187,286.39	221,374,482.30	(80,187,195.91)	-36.2%
Adjusted Margin % including Depreciation & Amortization	7.4%	12.0%		
Investment Gain (Losses)	182,482,027.88	45,316,301.00	137,165,726.88	302.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	323,669,314.27	266,690,783.30	56,978,530.97	21.4%
Adj. Margin % with Investment Gains (Losses)	15.5%	14.1%		
Adjusted Income (Loss) excluding Depreciation & Amortization	274,346,404.99	355,905,133.30	(81,558,728.31)	-22.9%
Adjusted Margin % excluding Depreciation & Amortization	14.4%	19.2%		

UNAUDITED

The University of Texas Health Science Center at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	8,687,909.83	8,440,042.81	247,867.02	2.9%
Net Sales and Services of Educational Activities	790,042.41	831,766.38	(41,723.97)	-5.0%
Net Sales and Services of Hospitals	30,687,117.51	27,689,811.33	2,997,306.18	10.8%
Net Professional Fees	6,704,740.18	5,711,344.03	993,396.15	17.4%
Net Auxiliary Enterprises	131,411.68	126,997.77	4,413.91	3.5%
Other Operating Revenues	315,156.47	1,081,926.74	(766,770.27)	-70.9%
Total Operating Revenues	47,316,378.08	43,881,889.06	3,434,489.02	7.8%
Operating Expenses				
Salaries and Wages	31,731,667.05	31,540,260.17	191,406.88	0.6%
Payroll Related Costs	9,519,522.71	8,873,046.65	646,476.06	7.3%
Cost of Goods Sold	19,439.42	15,941.00	3,498.42	21.9%
Professional Fees and Services	4,289,099.66	4,434,209.37	(145,109.71)	-3.3%
Other Contracted Services	4,431,391.39	-	4,431,391.39	100.0%
Travel	297,239.40	234,822.46	62,416.94	26.6%
Materials and Supplies	7,422,797.18	8,903,555.42	(1,480,758.24)	-16.6%
Utilities	2,056,682.21	1,901,082.15	155,600.06	8.2%
Communications	601,373.05	677,786.51	(76,413.46)	-11.3%
Repairs and Maintenance	1,546,942.82	1,995,878.37	(448,935.55)	-22.5%
Rentals and Leases	533,053.23	631,697.10	(98,643.87)	-15.6%
Printing and Reproduction	313,858.63	135,502.51	178,356.12	131.6%
Scholarships and Fellowships	9,140.70	-	9,140.70	100.0%
Depreciation and Amortization	4,056,066.20	4,195,031.94	(138,965.74)	-3.3%
Federal Sponsored Program Pass-Through to Other State Agencies	56,578.38	165,683.47	(109,105.09)	-65.9%
Other Operating Expenses	1,137,726.14	6,550,143.85	(5,412,417.71)	-82.6%
Total Operating Expenses	68,022,578.17	70,254,640.97	(2,232,062.80)	-3.2%
Operating Loss	(20,706,200.09)	(26,372,751.91)	5,666,551.82	21.5%
Other Nonoperating Adjustments				
State Appropriations	21,437,316.85	24,935,148.32	(3,497,831.47)	-14.0%
Gift Contributions for Operations	183,860.68	406,942.25	(223,081.57)	-54.8%
Net Investment Income	2,400,347.21	2,279,004.91	121,342.30	5.3%
Interest Expense on Capital Asset Financings	(617,857.80)	(395,973.00)	(221,884.80)	-56.0%
Net Other Nonoperating Adjustments	23,403,666.94	27,225,122.48	(3,821,455.54)	-14.0%
Adjusted Income (Loss) including Depreciation & Amortization	2,697,466.85	852,370.57	1,845,096.28	216.5%
Adjusted Margin % including Depreciation & Amortization	3.8%	1.2%		
Investment Gain (Losses)	6,283,671.62	1,572,245.78	4,711,425.84	299.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	8,981,138.47	2,424,616.35	6,556,522.12	270.4%
Adj. Margin % with Investment Gains (Losses)	11.6%	3.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	6,753,533.05	5,047,402.51	1,706,130.54	33.8%
Adjusted Margin % excluding Depreciation & Amortization	9.5%	7.1%		

3. U. T. System: Approval of \$6 million of Available University Funds for a Shared Services Initiative

RECOMMENDATION

The Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Executive Vice Chancellor for Health Affairs concur in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve \$6 million of Available University Funds (AUF) for the Shared Services Initiative projects as follows:

- a. the creation and implementation of a shared services business office at U. T. System Administration that will provide selected centralized services to U. T. System Administration, U. T. Brownsville, U. T. Permian Basin, and U. T. Tyler (\$2 million); and
- b. operational support for the shared services business office for Fiscal Year 2013 through Fiscal Year 2016 (\$4 million).

The Shared Services Initiative projects are more fully described in the Resource Analysis for Shared Services - Treasury and Business Shared Services Office found on Pages 98 - 103.

BACKGROUND INFORMATION

"Shared services" is the name given to a specific model for consolidating redundant information technology and business services in large organizations with multiple, geographically distributed units. It is a proven organizational strategy for achieving:

1. cost savings realized through economies of scale;
2. process improvements attained through standardization; and
3. universal application of institutionally preferred practices.

The formalization of a Shared Services Initiative with clear definition and objectives, utilization of best practices, and direct U. T. System investment, was approved by the Board of Regents on October 4, 2006. This additional Shared Services Initiative project is consistent with the Board's intent and with the U. T. System Strategic Plan for 2006-2015. The Plan noted that shared services was a logical way to improve productivity and efficiency.

ANALYSIS FOR SHARED SERVICES – TREASURY AND BUSINESS SHARED SERVICES OFFICE

Dr. Scott C. Kelley

Executive Vice Chancellor for Business Affairs

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The University of Texas System Board of Regents' Meeting
Finance and Planning Committee
May 2011



THE UNIVERSITY of TEXAS SYSTEM

Nine Universities. Six Health Institutions. Unlimited Possibilities.

Summary

- PeopleSoft implementation
 - U. T. System Administration
 - U. T. Brownsville
 - U. T. Permian Basin
 - U. T. Tyler
- Create a shared services business office at U. T. System Administration
- Economies of scale, process standardization and best practices

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Functions

- Payroll Services
- Accounts Payable – vendor payments and employee reimbursements
- Accounts Receivable
- Financial Aid

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Investment

- Creation and implementation of a shared services business office at U. T. System Administration (\$2 million).
- Operational support for Fiscal Year 2013 through Fiscal Year 2016 (\$4 million).

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	FY2012	FY2013	FY2014	FY2015	FY2016
Incremental Investment	(\$2,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Incremental Savings	\$0	\$1,425,000	\$1,900,000	\$1,900,000	\$1,900,000
Net (Investment) / Savings	(\$2,000,000)	\$425,000	\$900,000	\$900,000	\$900,000
Cumulative Net Savings	(\$2,000,000)	(\$1,575,000)	(\$675,000)	\$225,000	\$1,125,000
IRR	18.4%				



Benefits

- Savings from economies of scale
- Risk reduction through standardization and business process automation
- Improved transaction processing times
- Benchmarking and performance measurement
- Employees focus on higher value activities
- Improved infrastructure and data center reliability

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Next Steps

- Engage campuses
- Coordinate with PeopleSoft implementation
- Develop governance structure
- Update policies and streamline business processes
- Develop metrics and monitor progress
- Evaluate other opportunities

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4. **U. T. System: Approval of the Fiscal Year 2012 Budget Preparation Policies and Calendar**

RECOMMENDATION

With the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs, the Chancellor recommends that the U. T. System Board of Regents approve the Budget Preparation Policies and Calendar on Page 107 for use in preparing the Fiscal Year 2012 Operating Budget for the U. T. System as set out below:

U. T. System Fiscal Year 2012 Budget Preparation Policies

1. General Guidelines - The regulations and directives that will be included in the General Appropriations Act to be enacted by the 82nd Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2012 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act. The Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the institutional budget process.

The president of each institution should examine the resources used at the institution and, where possible, redirect resources toward high priority mission-critical activities and strategic competitive investments that are consistent with the goals and objectives included in the institution's Strategic Plan.

Overall budget totals, including retaining reasonable reserves for potential future financial shortfall, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, and limited use of institutional unappropriated balances.

2. Maintenance of Operating Margin and Use of Prior Year Balances - Institutions should make all reasonable efforts to maintain a favorable operating margin within the FY 2012 Operating Budget. Use of prior year balances should be limited to critical items, unique opportunities, or projects funded from prior year income committed for that purpose. Generally, balance usage should be reserved for nonrecurring activities. For FY 2012, no balance usage can be recommended to the U. T. System Board of Regents for approval without the consent of the Chancellor, the appropriate Executive Vice Chancellor, and the Associate Vice Chancellor - Controller and Chief Budget Officer.

3. Salary Guidelines - Recommendations regarding salary policy are subject to the following directives:

A. Salaries Proportional by Fund - Unless otherwise restricted, payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in *Texas Education Code* Section 51.009 (a) and (c), shall be proportional to the source of funds.

B. Merit Increases and Promotions - Subject to available resources and resolution of any major salary inequities, institutions should give priority to implementing merit salary increases for faculty and staff.

Merit increases or advances in rank for faculty are to be on the basis of teaching effectiveness, research, and public service.

Merit increases or promotions for administrative and professional staff and classified staff are to be based on evaluation of performance in areas appropriate to work assignments.

To be eligible for a merit increase on September 1, 2011, administrative and professional staff and classified staff must have been employed by the institution for at least six consecutive months ending August 31, 2011, and at least six months must have elapsed since the employee's last merit salary increase.

C. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments should also consider merit where appropriate, subject to available resources. Subject to guidance issued by the Chancellor, such increases should be noted and explained in the supplemental data accompanying the budget.

D. New Positions - Subject to available resources, new administrative and professional staff, classified staff, and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.

E. Reporting - The Chancellor will issue guidance on reporting of salary changes and amounts. It is expected that required reports will encompass high-ranking staff covered by Regents' *Rules and Regulations*, Rules 20203 and 20204 along with those staff receiving significant changes in compensation.

- F. Staffing Changes - Planned furloughs, reductions in force, and other significant activities impacting staffing and compensation should be reflected in the operating budget. Such activities may be pending legislative authorization and require the advance approval of the Chancellor and the appropriate Executive Vice Chancellor.

- 4. Staff Benefits Guidelines - Recommendations regarding the State contribution for employee staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the General Appropriations Act. The Chancellor will issue instructions regarding the implementation of the benefits into the budget process.

- 5. Other Employee Benefits - Employer contributions to the self-insured Unemployment Compensation Fund are based on an actuarial study. Workers' Compensation Insurance rates are experience-rated for each institution. Appropriate instructions will be issued regarding the implementation of Unemployment Compensation Fund and Workers' Compensation Insurance Benefits.

- 6. Other Operating Expenses Guidelines - Increases in Maintenance, Operation, Equipment, and Travel are to be justified by expanded workloads, for developing new programs, or for correcting past deferrals or deficiencies.

- 7. Calendar - In the event of unforeseen circumstances, authority is delegated to the Chancellor to modify the Operating Budget Calendar.

BACKGROUND INFORMATION

The U. T. System FY 2012 Budget Preparation Policies will be consistent with the regulations and directives included in the General Appropriations Act and other general law to be enacted by the 82nd Texas Legislature. As written, this policy provides general direction to the U. T. System institutions and may be modified as necessary to conform to the legislation, as finally passed.



**THE UNIVERSITY OF TEXAS SYSTEM
FY 2012 OPERATING BUDGET CALENDAR**

May 12, 2011	Board of Regents approves budget policies
June 1 – 10, 2011	Major goals, priorities, and resource allocation hearings with U. T. System
June 29, 2011	Draft budget documents due to U. T. System
June 29, 2011	High-ranking staff covered by Regents' Rules 20203 and 20204 and Top Ten salary reports due to U. T. System
July 5 – 7, 2011	Technical budget review with U. T. System
July 13 - 14, 2011	U. T. System Board of Regents' Special Compensation Committee to review Presidents and Executive Officers compensation
July 18, 2011	Final budget documents due to U. T. System
August 15, 2011	Salary change report due to U. T. System
August 25, 2011	U. T. System Board of Regents takes appropriate action on Operating Budget and Presidents and Executive Officers compensation

5. **U. T. System: Update regarding centralized investment of operating funds**

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will provide an update on the centralized investment of U. T. System operating funds, which was implemented on February 1, 2006. The presentation, as set forth on Pages 109 - 115, reviews the results of the first five years of the centralization strategy, including a look at investment performance, volatility, liquidity, and value added.

U. T. System: Five Year Update Regarding Centralized Investment of Operating Funds

Dr. Scott C. Kelley
Executive Vice Chancellor for Business Affairs

Meeting of the U. T. System Board of Regents
May 11-12, 2011

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Centralized Investment of Operating Funds

- The U. T. System Board of Regents approved centralized investment of operating funds on July 8, 2005.
- On February 1, 2006, all U. T. System operating funds were consolidated into the Short Term Fund (STF) and the newly created Intermediate Term Fund (ITF).
- The purpose of centralized investing is to provide for daily institutional liquidity needs in a money market fund (STF) and to pool the remaining assets into a diversified investment fund (ITF) with a longer time horizon and the potential for increased investment returns.

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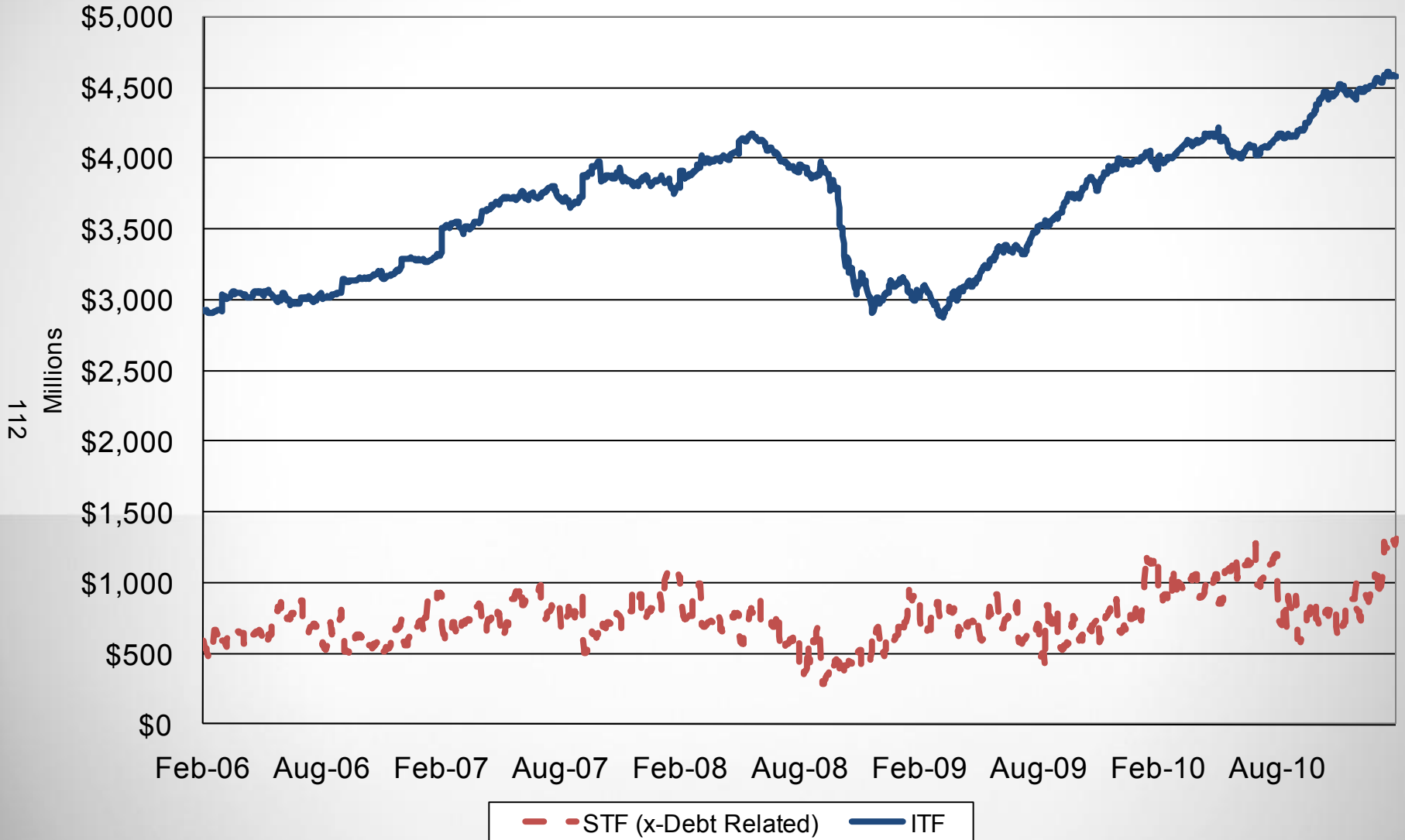
Centralized Investment of Operating Funds

- An investment advisory group, consisting of selected campus Chief Business Officers, the EVC for Business Affairs, the UTIMCO CEO and U. T. System Office of Finance staff was formed and meets periodically to review investment objectives and suggest policy revisions.
- By U. T. System policy, U. T. institutions invest 10% in the STF and 90% in the ITF as a target allocation.
- The target allocation to the STF and ITF was determined using historical data and is reviewed periodically to ensure ample liquidity.
- It was anticipated that the ITF would incur greater volatility than a bond fund. The ITF has fixed income, real estate, natural resources, equity and hedge fund investments.

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Operating Funds Balance



Five Year Operating Funds Performance

	One Year Ended January 2011	Since ITF Inception ⁽¹⁾ (5 Years)
Operating Funds		
Short Term Fund	0.25%	2.74%
Intermediate Term Fund	14.34%	5.08%
Benchmarks		
Short Term Fund: 90 Day Treasury Bills Average Yield	0.13%	2.36%
Intermediate Term Fund: Policy Portfolio	11.26%	2.70%
Net Return Above Benchmark ⁽²⁾		
Short Term Fund	0.12%	0.38%
Intermediate Term Fund	3.08%	2.38%

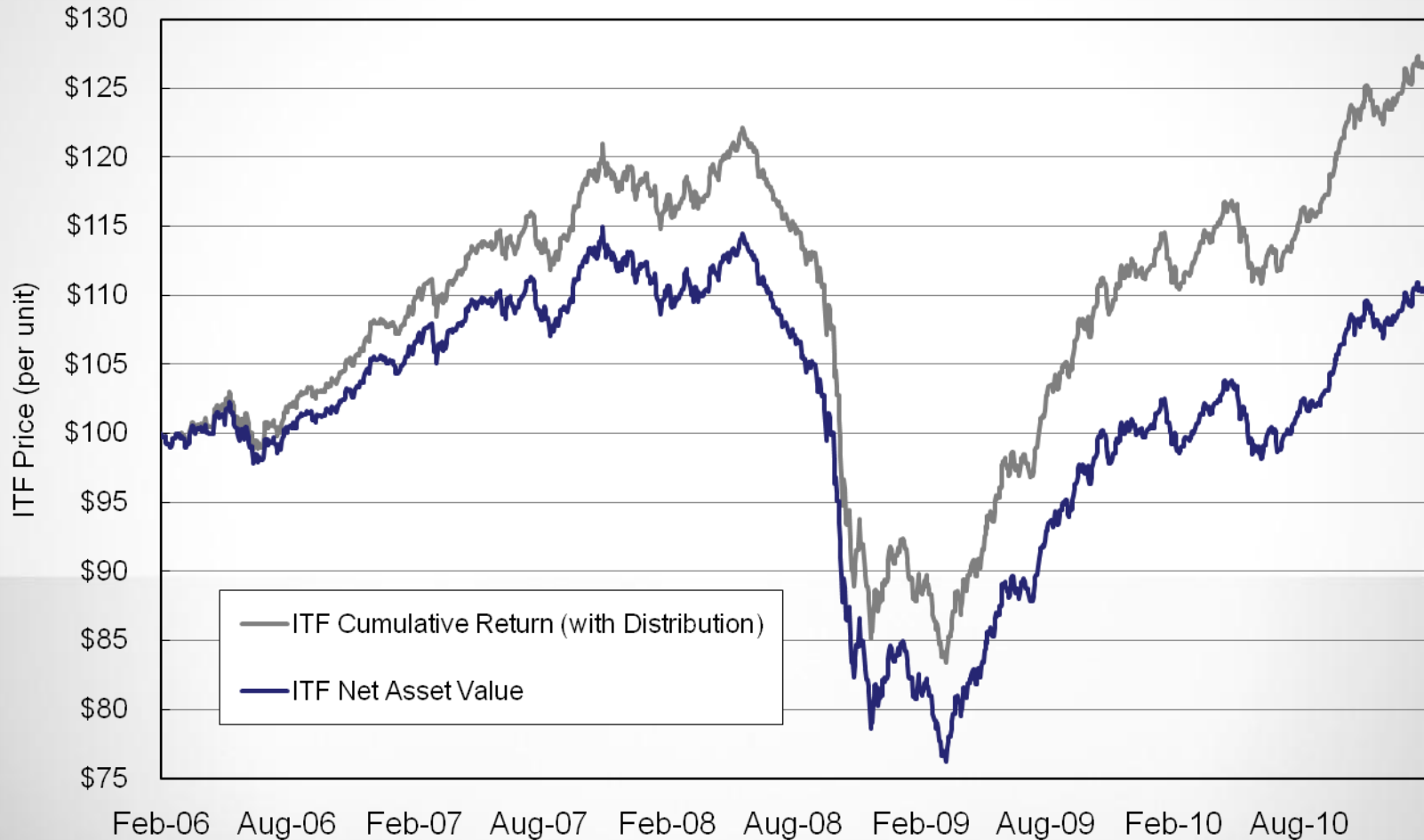
(1) Returns since ITF inception (5 years) are annualized.

(2) Net Return Above Benchmark is a measure of the difference between actual returns and benchmark or policy portfolio returns.

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ITF Net Asset Value and Cumulative Return



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Value Added from Centralization

Institution	Since ITF Inception (Five Years)
U. T. Arlington	\$ 21,647,824
U. T. Austin	97,169,538
U. T. Brownsville	1,182,573
U. T. Dallas	7,076,991
U. T. El Paso	9,875,970
U. T. Pan American	3,887,531
U. T. Permian Basin	4,098,724
U. T. San Antonio	17,669,679
U. T. Tyler	4,061,829
U. T. Southwestern Medical Center - Dallas	40,178,207
U. T. Medical Branch - Galveston	(9,164,003)
U. T. Health Science Center - Houston	18,565,571
U. T. Health Science Center - San Antonio	8,510,150
U. T. M. D. Anderson Cancer Center	88,762,081
U. T. Health Science Center - Tyler	144,150
Subtotal Value Added - U.T. System Institutions	\$ 313,666,815
Value Added U. T. System Administration	9,921,677
Total Value Added ⁽¹⁾	\$ 323,588,492

⁽¹⁾ Value added is the actual dollar return for the operating funds in excess of the proxy returns that would have been earned based on allocations as of August 31, 2005.

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6. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2011**

REPORT

The February 28, 2011 UTIMCO Performance Summary Report is attached on Page 117.

The Investment Reports for the quarter ended February 28, 2011, are set forth on Pages 118 - 121.

Item I on Page 118 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 6.48% versus its composite benchmark return of 6.52%. The PUF's net asset value increased during the quarter to \$12,339 million. The increase was due to \$98 million from PUF Land receipts, net investment return of \$748 million, less the quarterly distribution to the Available University Fund (AUF) of \$127 million.

Item II on Page 119 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 6.52% versus its composite benchmark return of 6.52%. The GEF's net asset value increased by \$478 million during the quarter to \$6,977 million.

Item III on Page 120 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was 5.12% versus its composite benchmark return of 5.14%. The net asset value increased during the quarter to \$4,710 million due to net investment return of \$228 million, net contributions of \$105 million, less distributions of \$34 million.

All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on Page 121 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, increased by \$60 million to \$2,517 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$24 million versus \$24 million at the beginning of the period; equities: \$54 million versus \$49 million at the beginning of the period; and other investments: \$5 million versus \$5 million at the beginning of the period.

UTIMCO Performance Summary

February 28, 2011

	Net Asset Value 2/28/2011 (in Millions)	Periods Ended February 28, 2011 (Returns for Periods Longer Than One Year are Annualized)							
		Short Term		Year to Date		Historic Returns			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
ENDOWMENT FUNDS									
Permanent University Fund	\$ 12,339	2.64%	6.48%	13.70%	3.00%	17.30%	2.02%	5.39%	6.68%
General Endowment Fund		2.64	6.52	13.76	3.01	17.35	1.96	5.49	6.91
Permanent Health Fund	1,006	2.64	6.51	13.73	3.03	17.24	1.88	5.42	6.81
Long Term Fund	5,971	2.64	6.51	13.73	3.03	17.25	1.88	5.42	6.83
Separately Invested Funds	225	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	19,541								
OPERATING FUNDS									
Short Term Fund	2,374	0.02	0.06	0.13	0.04	0.25	1.01	2.68	2.49
Intermediate Term Fund	4,710	1.54	5.12	10.97	1.77	14.75	3.15	5.43	N/A
Total Operating Funds	7,084								
Total Investments	\$ 26,625								
VALUE ADDED (Percent)									
Permanent University Fund		1.14%	-0.04%	0.85%	0.84%	2.01%	2.94%	2.32%	2.20%
General Endowment Fund		1.14	-	0.91	0.85	2.06	2.88	2.42	2.42
Short Term Fund		-	0.02	0.06	0.02	0.11	0.43	0.38	0.21
Intermediate Term Fund		0.38	-0.02	0.93	0.30	2.97	2.59	2.47	N/A
VALUE ADDED (\$ IN MILLIONS)									
Permanent University Fund		\$ 137	\$ (4)	\$ 95	\$ 101	\$ 213	\$ 1,046	\$ 1,316	\$ 2,473
General Endowment Fund		79	0	56	58	122	577	770	1,450
Intermediate Term Fund		18	(1)	39	14	120	334	496	N/A
Total Value Added		\$ 234	\$ (5)	\$ 190	\$ 173	\$ 455	\$ 1,957	\$ 2,582	\$ 3,923

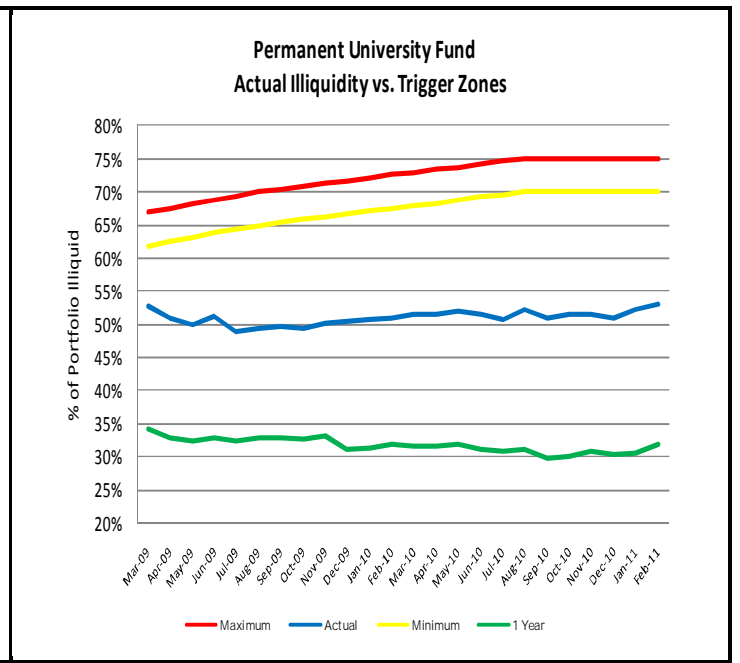
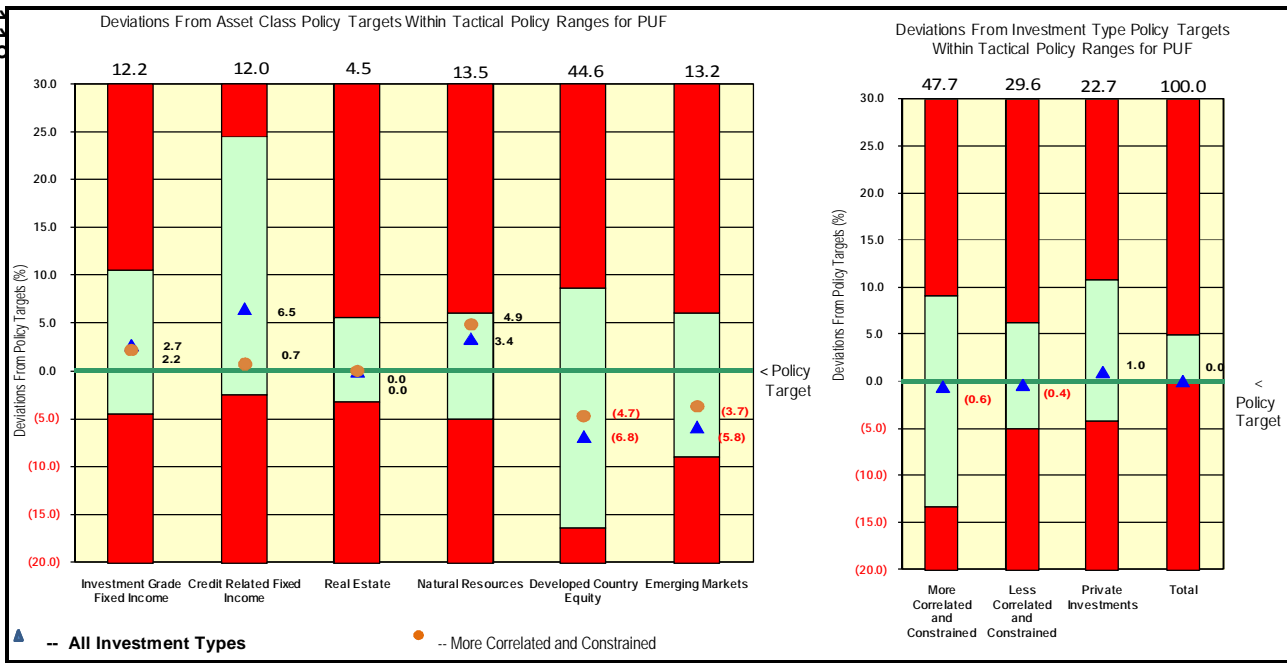
I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended February 28, 2011

Prepared in accordance with *Texas Education Code Sec. 51.0032*

<u>Summary of Capital Flows</u>			
(\$ millions)	Fiscal Year Ended August 31, 2010	Quarter Ended February 28, 2011	Fiscal Year to Date February 28, 2011
Beginning Net Assets	\$ 9,674	\$ 11,620	\$ 10,725
PUF Lands Receipts	338	98	392
Investment Return (Net of Expenses)	1,229	748	1,475
Distributions to AUF	(516)	(127)	(253)
Ending Net Assets	<u>\$ 10,725</u>	<u>\$ 12,339</u>	<u>\$ 12,339</u>

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	1.18%	1.77%	-0.49%	-0.07%	-0.56%
Credit-Related	16.56%	9.74%	0.03%	0.00%	0.03%
Real Estate	19.83%	20.26%	-0.02%	0.00%	-0.02%
Natural Resources	28.11%	34.45%	0.53%	-0.33%	0.20%
Developed Country	26.01%	26.06%	-0.71%	-0.03%	-0.74%
Emerging Markets	14.12%	14.95%	-0.09%	-0.12%	-0.21%
Total More Correlated and Constrained	17.14%	19.80%	-0.75%	-0.55%	-1.30%
Less Correlated and Constrained	9.57%	6.85%	0.11%	0.77%	0.88%
Private Investments	11.96%	5.94%	-0.27%	1.54%	1.27%
Total	13.70%	12.85%	-0.91%	1.76%	0.85%

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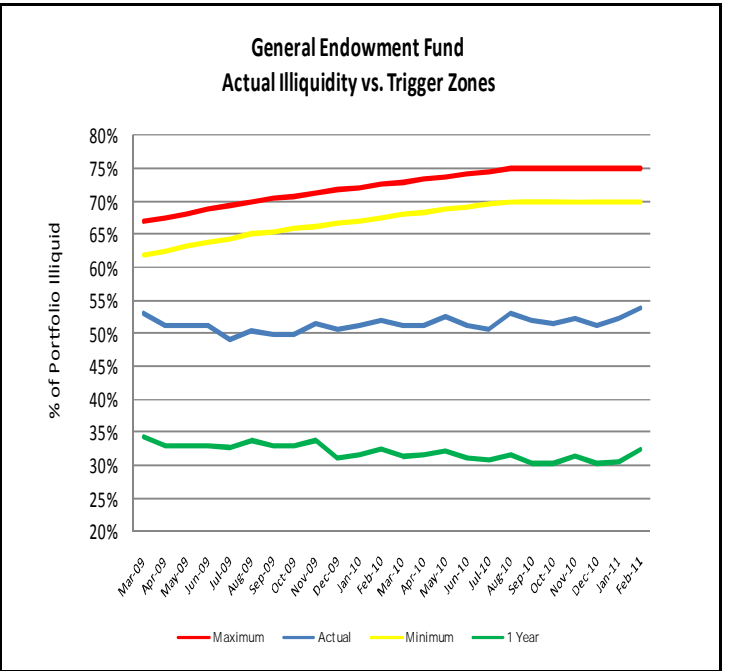
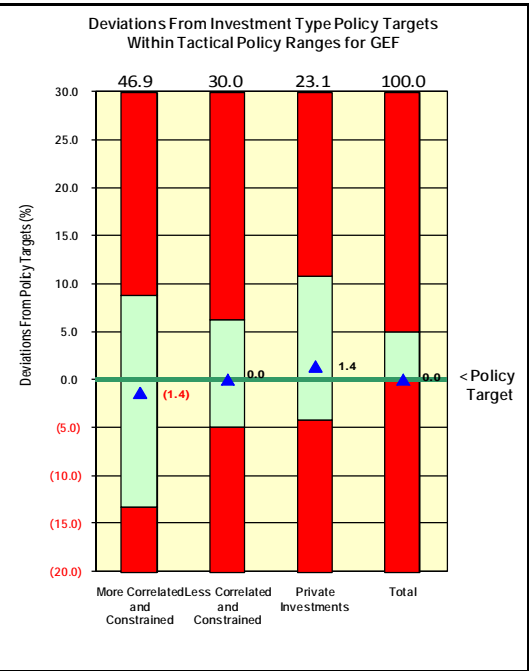
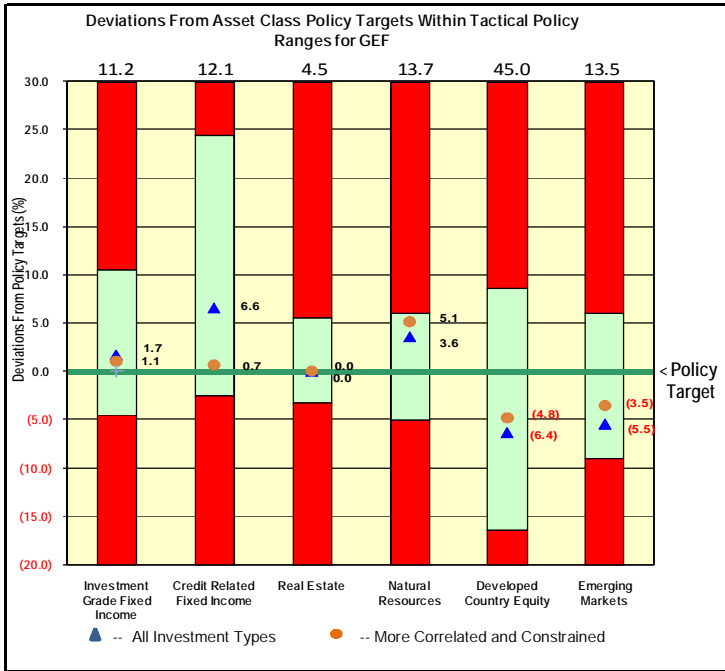
II. GENERAL ENDOWMENT FUND Investment Reports for Periods Ended February 28, 2011

Prepared in accordance with *Texas Education Code Sec. 51.0032*

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2010	Quarter Ended February 28, 2011	Fiscal Year to Date February 28, 2011
Beginning Net Assets	\$ 5,359	\$ 6,499	\$ 6,035
Contributions	285	127	256
Withdrawals	(11)	(1)	(6)
Distributions	(298)	(81)	(161)
Investment Return (Net of Expenses)	700	433	853
Ending Net Assets	<u>\$ 6,035</u>	<u>\$ 6,977</u>	<u>\$ 6,977</u>

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	1.79%	1.77%	-0.49%	-0.02%	-0.51%
Credit-Related	16.61%	9.74%	0.03%	0.00%	0.03%
Real Estate	19.80%	20.26%	-0.03%	0.00%	-0.03%
Natural Resources	28.09%	34.45%	0.51%	-0.33%	0.18%
Developed Country	26.23%	26.06%	-0.75%	0.02%	-0.73%
Emerging Markets	14.16%	14.95%	-0.10%	-0.13%	-0.23%
Total More Correlated and Constrained	17.26%	19.80%	-0.83%	-0.46%	-1.29%
Less Correlated and Constrained	9.57%	6.85%	0.12%	0.80%	0.92%
Private Investments	11.97%	5.94%	-0.26%	1.54%	1.28%
Total	13.76%	12.85%	-0.97%	1.88%	0.91%

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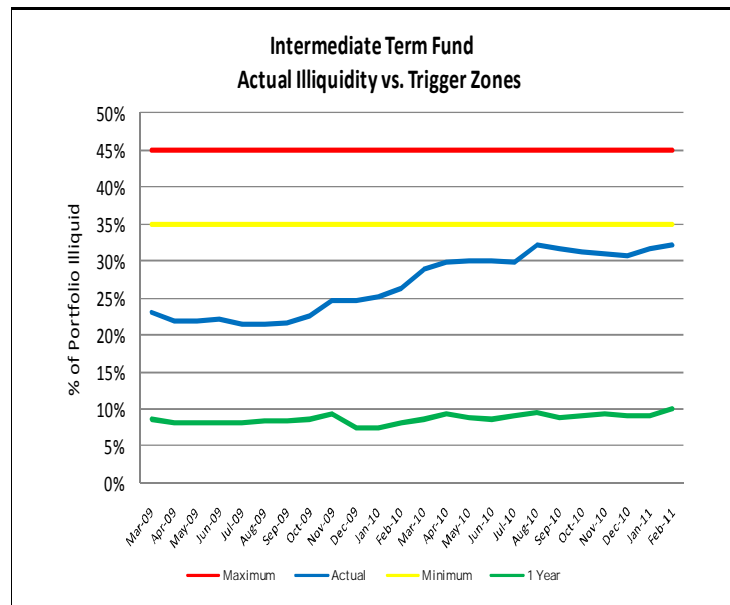
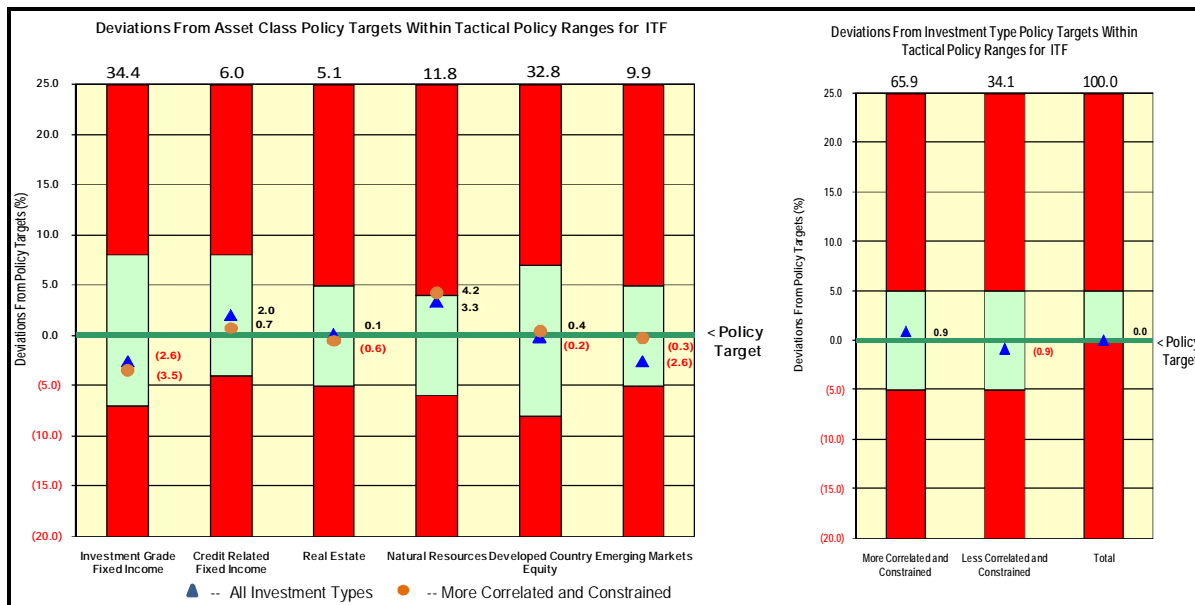
III. INTERMEDIATE TERM FUND

Investment Reports for Periods Ended February 28, 2011

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2010	Quarter Ended February 28, 2011	Fiscal Year to Date February 28, 2011
Beginning Net Assets	\$ 3,572	\$ 4,411	\$ 4,156
Contributions	409	121	200
Withdrawals	(112)	(16)	(39)
Distributions	(119)	(34)	(67)
Investment Return (Net of Expenses)	406	228	460
Ending Net Assets	\$ 4,156	\$ 4,710	\$ 4,710

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	2.05%	1.77%	0.14%	0.11%	0.25%
Credit-Related	19.45%	9.74%	0.07%	0.00%	0.07%
Real Estate	19.60%	20.26%	-0.04%	-0.04%	-0.08%
Natural Resources	26.89%	34.45%	0.35%	-0.47%	-0.12%
Developed Country	25.04%	26.06%	0.04%	-0.09%	-0.05%
Emerging Markets	14.03%	14.95%	-0.01%	-0.08%	-0.09%
Total More Correlated and Constrained	11.69%	11.75%	0.55%	-0.57%	-0.02%
Less Correlated and Constrained	9.60%	6.85%	0.08%	0.87%	0.95%
Private Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Total	10.97%	10.04%	0.63%	0.30%	0.93%



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at February 28, 2011
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (SHORT TERM FUND)		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:																
Beginning value 11/30/10	-	-	1,930	1,930	37,706	37,706	1,244	1,244	183,364	183,364	224,244	224,244	2,232,622	2,232,622	2,456,866	2,456,866
Increase/(Decrease)	-	-	1,045	1,045	(935)	(935)	1,334	1,334	(83,255)	(83,255)	(81,811)	(81,811)	141,786	141,786	59,975	59,975
Ending value 02/28/11	-	-	2,975	2,975	36,771	36,771	2,578	2,578	100,109	100,109	142,433	142,433	2,374,408	2,374,408	2,516,841	2,516,841
Debt Securities:																
Beginning value 11/30/10	-	-	151	151	10,897	11,923	11,351	12,221	-	-	22,399	24,295	-	-	22,399	24,295
Increase/(Decrease)	-	-	(50)	(50)	283	(17)	(96)	(648)	-	-	137	(715)	-	-	137	(715)
Ending value 02/28/11	-	-	101	101	11,180	11,906	11,255	11,573	-	-	22,536	23,580	-	-	22,536	23,580
Equity Securities:																
Beginning value 11/30/10	147	3,158	304	273	29,905	31,533	14,201	13,687	-	-	44,557	48,651	-	-	44,557	48,651
Increase/(Decrease)	-	1,047	573	575	240	2,801	(263)	828	-	-	550	5,251	-	-	550	5,251
Ending value 02/28/11	147	4,205	877	848	30,145	34,334	13,938	14,515	-	-	45,107	53,902	-	-	45,107	53,902
Other:																
Beginning value 11/30/10	-	-	3,554	3,554	-	-	386	137	1,100	1,100	5,040	4,791	-	-	5,040	4,791
Increase/(Decrease)	-	-	(3,565)	(3,565)	11	11	16	2	3,453	3,453	(85)	(99)	-	-	(85)	(99)
Ending value 02/28/11	-	-	(11)	(11)	11	11	402	139	4,553	4,553	4,955	4,692	-	-	4,955	4,692
Total Assets:																
Beginning value 11/30/10	147	3,158	5,939	5,908	78,508	81,162	27,182	27,289	184,464	184,464	296,240	301,981	2,232,622	2,232,622	2,528,862	2,534,603
Increase/(Decrease)	-	1,047	(1,997)	(1,995)	(401)	1,860	991	1,516	(79,802)	(79,802)	(81,209)	(77,374)	141,786	141,786	60,577	64,412
Ending value 02/28/11	147	4,205	3,942	3,913	78,107	83,022	28,173	28,805	104,662	104,662	215,031	224,607	2,374,408	2,374,408	2,589,439	2,599,015

Details of individual assets by account furnished upon request.